



Arctic Fish

Q4 Presentation

23rd February 2022

Disclaimer

Cautionary note regarding forward-looking statements

This presentation is the managements summary of the 4th quarter report, it includes forward-looking statements that reflect the Company's current views with respect to future events and financial and operational performance. These forward-looking statements may be identified by the use of forward-looking terminology.

These forward-looking statements are not historic facts. The forward-looking statements are not guarantees of future performance. The Company's actual financial position, operating results and liquidity, and the development of the industry in which the Company operates, may differ materially from those made in, or suggested, by the forward-looking statements.

The Company cannot guarantee that the intentions, beliefs, or current expectations upon which its forward-looking statements are based will occur.

By their nature, forward-looking statements involve, and are subject to, known and unknown risks, uncertainties, and assumptions as they relate to events and depend on circumstances that may or may not occur in the future. Because of these known and unknown risks, uncertainties and assumptions, the outcome may differ materially from those set out in the forward-looking statements.

These forward-looking statements speak only as at the date on which they are made. The Company undertakes no obligation to publicly update or publicly revise any forward-looking statement, whether as a result of new information, future events or otherwise. All subsequent written and oral forward-looking statements attributable to the Company or to persons acting on the Company's behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this presentation.



1	Highlights for the period
2	Operational performance & Group financials
3	Building blocks
4	Markets
5	Growth projects
6	Outlook and summary

Highlights in Q4 2021



Historically the largest year in terms of sales volume

Harvested 2,938 tonnes in the quarter, bringing the year total to 11,479 tonnes harvested – a 54% increase YoY.



Farming EBIT of 10.1 NOK pr.kg - an improvement of 14.7 NOK pr. kg from Q4 20.



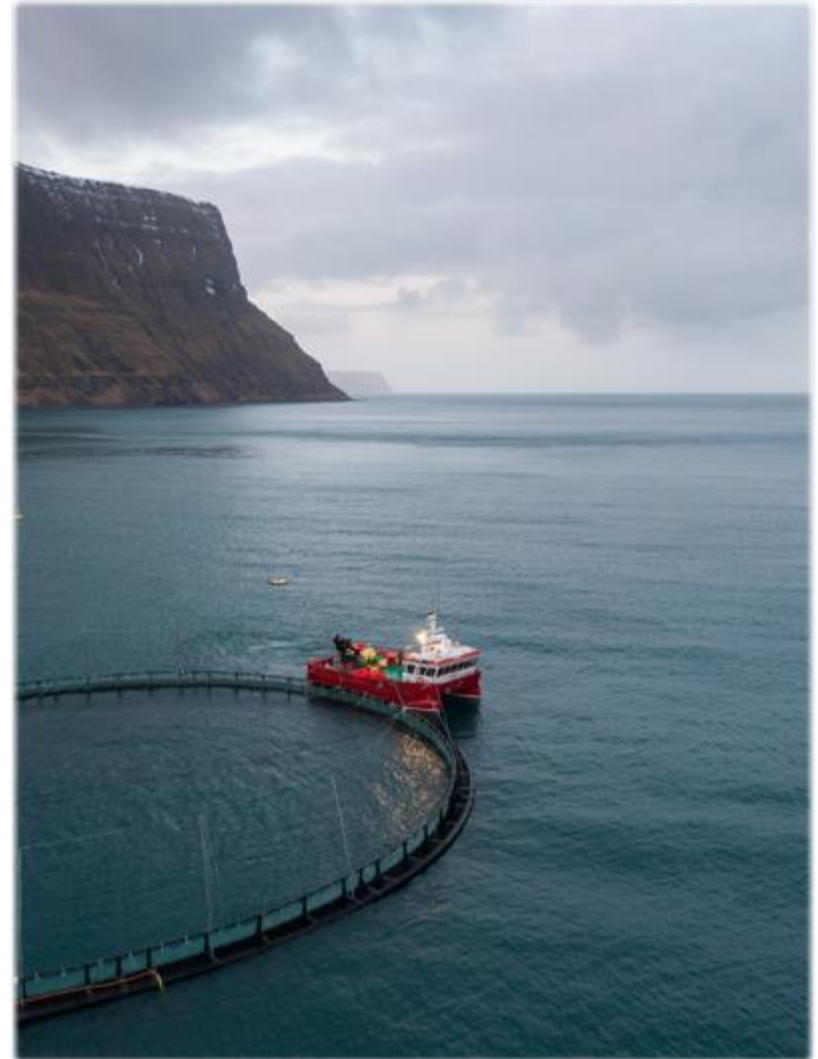
The growth developed positively YoY (3.2% increase), growing 4,015 tonnes compared to 3,890 in Q4 20.



Arctic Fish continues to deliver a high percentage (96.7%) of superior quality salmon to the market.



Improved price achievement having a positive effect on the Farming EBIT pr. kg.

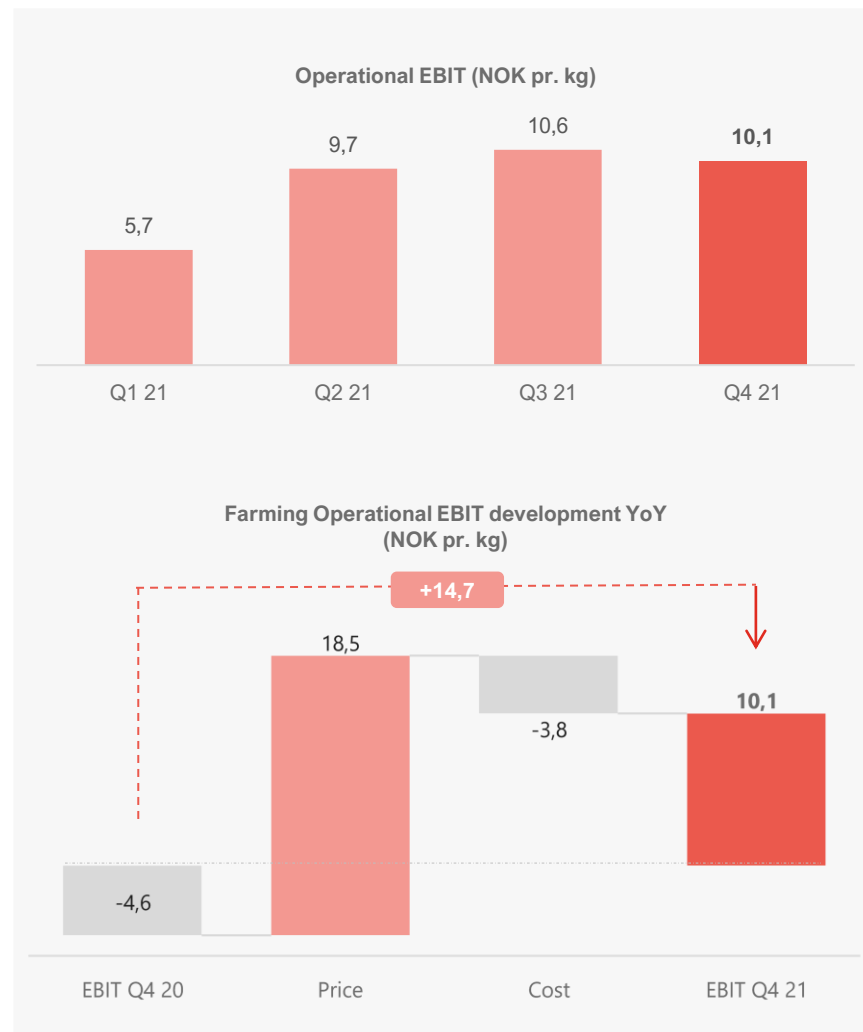




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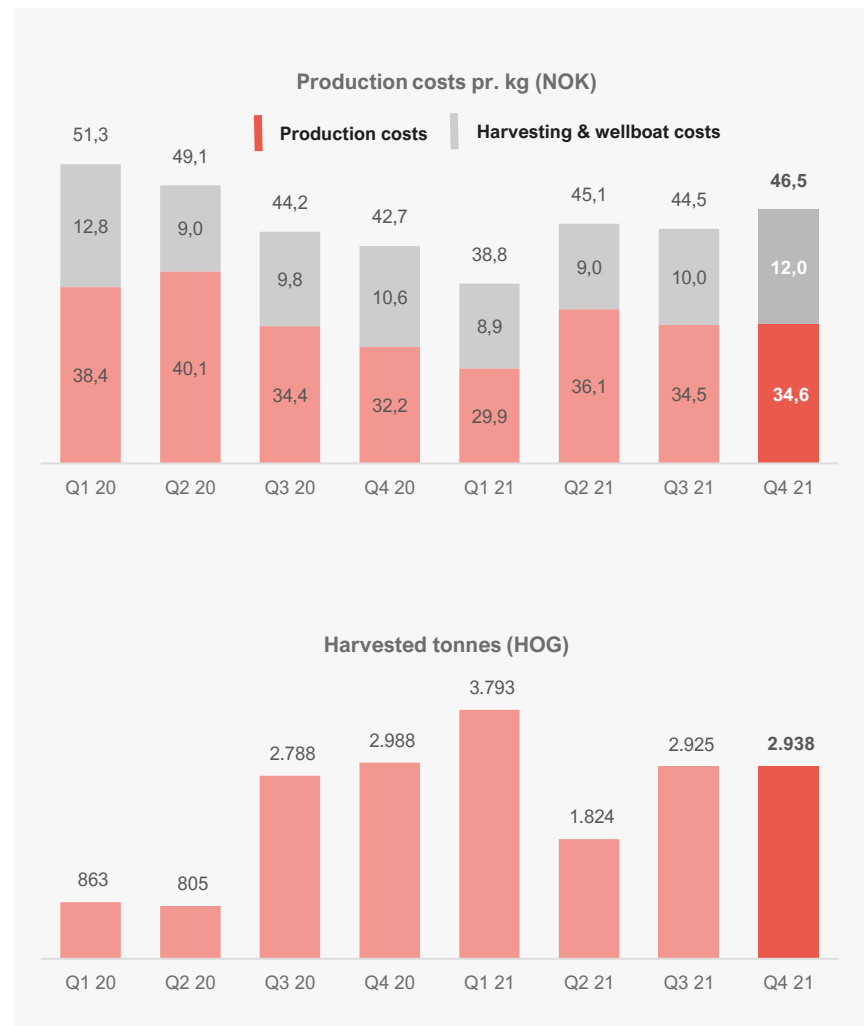
Operational performance

- **Operational EBIT pr. kg down by 0.5 NOK pr. kg, a 5% decrease from Q3 21**
 - An increase in associated costs of harvesting affected the production costs.
- **Operational Farming EBIT of 10.1 NOK pr. kg has developed positively YoY due to the following factors**
 - Price achievement increased by 18.5 NOK pr. kg.
 - Production cost increased by 3.8 NOK pr. kg.



Operational performance cont.

- **Harvested 2,938 tonnes GW, 50 tonnes less than in Q4 20**
- Production cost pr. kg in Q4 21 up by 2.0 NOK pr. kg from Q3 21.
 - Production costs up mostly due to an increase in associated costs such as wellboat and harvesting costs.
 - Expecting higher production costs in Q1 22 due to the Dyrafjordur incident.
- **Biomass in sea increasing**
 - Biomass in sea increased by 4.9% QoQ and increased by 964 tonnes LW (9%) from Q4 20.
 - The growth developed positively YoY by 3.2%, with the fish in sea growing 4,015 tonnes (LW) compared to 3,890 (LW) in 2020.



Q1 expectations due to Dyrafjordur incident

As previously stated, the compromised fish health and consequent mortalities in Dyrafjordur is thought to have been caused by the following:

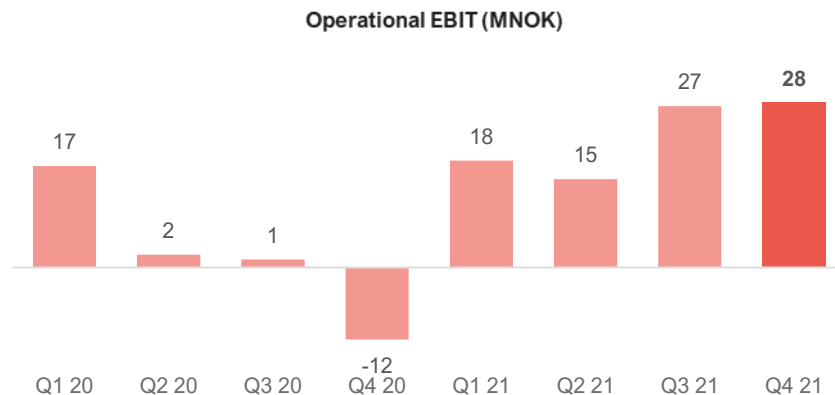
- The highest mortality is related to cages with the highest average weight. Examination on fish shows mortality related to circulation problems, suboptimal gill conditions and Heart and Skeletal Muscle Inflammation (HSMI). HSMI are characterized as endemic in Iceland.
- Limitations on the harvesting capacity has increased the loss for the company, both as a preventive measurement and to reduce the loss when the situation occurred.
- The situation is stable with necessary measures taken to minimize losses, this includes speeding up on harvesting. Further examinations and analysis are ongoing to secure a sufficient evaluation and conclusions, including implementation of relevant measurement to prevent similar incidents in the future.

The material effect is expected to be as follows and taken in Q1 of 2022

- There will be a write down of biological assets and non recurring costs for dead fish handling that currently estimated to be 106 MNOK that will be accounted for in Q1 22. Estimated mortality is 3.0 thousand tonnes LW.
- The harvesting estimates for the year 2022 will be 10.1 thousand tonnes GW and 13.0 Thousand tonnes GW for the year 2023.

Profit and loss

- Operating revenues of 166.3 MNOK.
- Operational EBIT of 27.5 MNOK.
- Harvested volume of 2,938 tonnes (YoY 2% decrease).
- Negative fair value adjustment of 13.9 MNOK.
- Production tax of 0.8 MNOK.
- Net financial items (gains) of 0.3 MNOK.



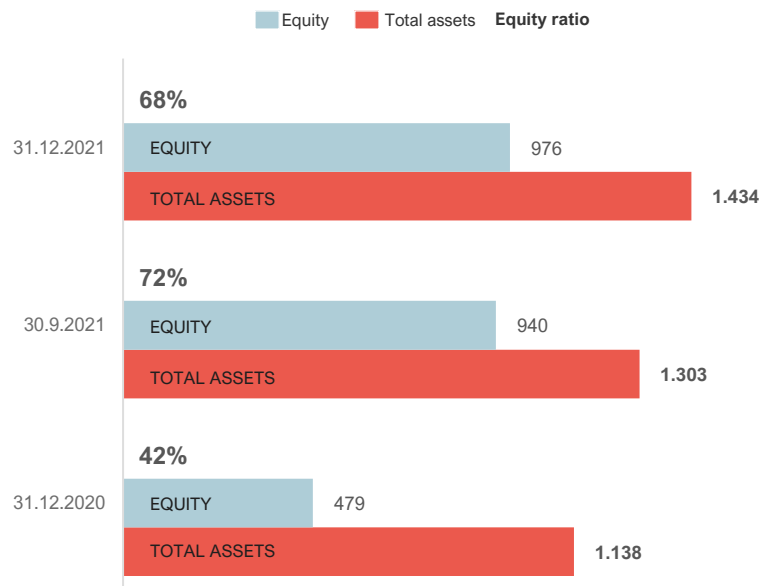
Key figures from P/L

KEY FIGURES (NOK '000)	Q4 2021	Q4 2020	FY 2021	FY 2020
Operating revenues	166.253	130.509	595.895	375.667
Operational EBIT	27.530	-11.706	86.944	6.319
Fair value adjustments	-13.940	-4.638	44.897	-4.638
Production tax	-790	0	-3.843	-312
EBIT	12.800	-16.344	127.998	1.369
Net financial items	294	-20.799	2.580	-39.870
Earnings before tax (EBT)	13.094	-37.143	130.578	-38.500
Earnings per share	1,10	-1,17	4,79	-1,21
Volume harvested GW	2.938	2.988	11.479	7.443
Operational EBIT pr.kg (farming)	10,05	-4,62	8,67	0,64

Financial position

- Investments in Sea Farming equipment.
- Investments in Smolt Production facility.
- Additional costs due to license investments in the quarter.

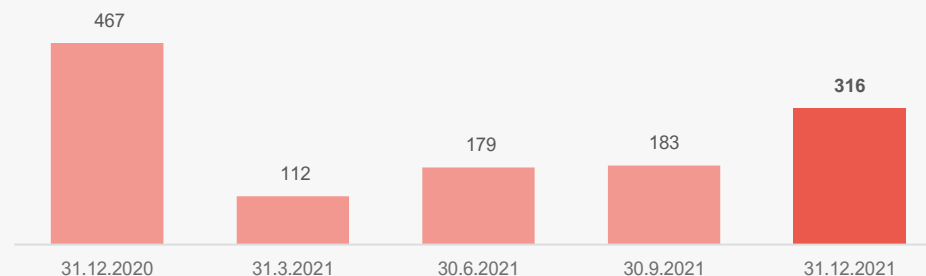
Total assets & Equity (MNOK)



Key figures from Balance sheet

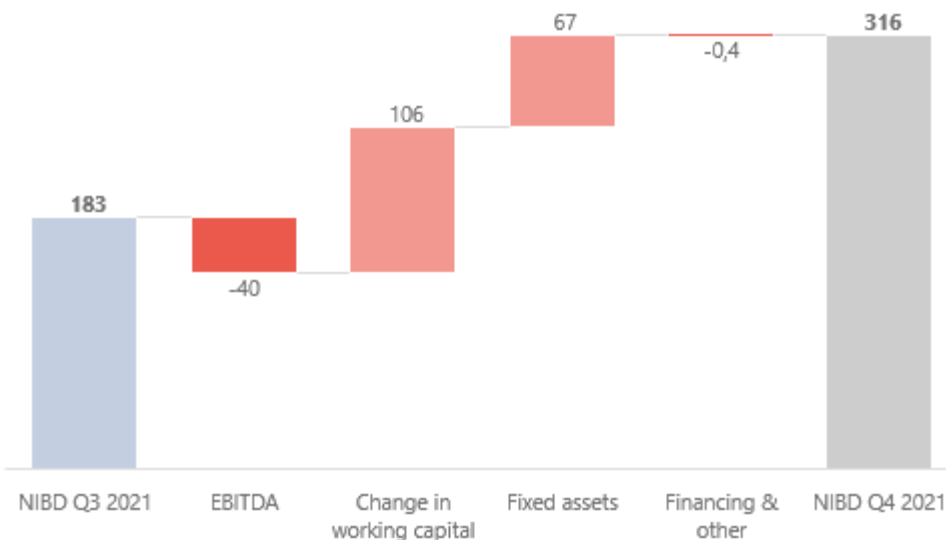
KEY FIGURES (NOK '000)	31.12.2021	30.9.2021	31.12.2020
Intangible assets	52.119	49.340	34.297
Deferred tax assets	19.479		
Property, plant and equipment	657.161	605.124	559.988
Right of use assets	4.435	0	0
Non-current financial assets	629	629	626
Non-current assets	733.824	655.094	594.911
Biological assets	512.010	496.880	429.237
Other inventory	33.785	18.800	
Receivables	115.951	76.480	34.528
Bank deposits	38.126	55.517	79.171
Current assets	699.871	647.676	542.936
TOTAL ASSETS	1.433.695	1.302.770	1.137.847
Equity	975.508	940.429	478.805
Provisions	0	2.506	2.506
Interest-bearing debt	354.215	238.342	548.844
Long term leasing liabilities	3.424	0	0
Short term leasing liabilities	1.138	0	0
Trade payables	91.052	112.110	100.703
Other current liabilities	8.357	9.384	9.495
TOTAL EQUITY AND LIABILITIES	1.433.695	1.302.770	1.137.847

NIBD development (MNOK)



NIBD development and financial covenants

NIBD development (MNOK)



Summary

- Net interest bearing debt up by 133 MNOK in the quarter due to an increase in working capital and fixed assets.

Alternate performance measures

Net interest bearing debt

NET INTEREST BEARING DEBT			
(NOK '000)	31.12.2021	30.9.2021	31.12.2020
Reported long term interest bearing debt	318.152	201.720	245.184
Reported short term interest bearing debt	36.063	36.621	301.154
Reported bank deposits	- 38.126	- 55.517	- 79.171
Total net interest bearing debt	316.090	182.825	467.167

Equity ratio

EQUITY RATIO			
(NOK '000)	31.12.2021	30.9.2021	31.12.2020
Reported equity	975.508	940.429	478.805
Reported total assets	1.433.695	1.302.770	1.137.847
Equity ratio	68,0%	72,2%	42,1%

Interest bearing debt overview

INTEREST BEARING DEBT OVERVIEW				
(NOK '000)	31.12.2021	30.9.2021	Loan agreement	Unused 31.12.2021
Total interest bearing debt	354.215	238.342	781.432	427.217

Bank covenants

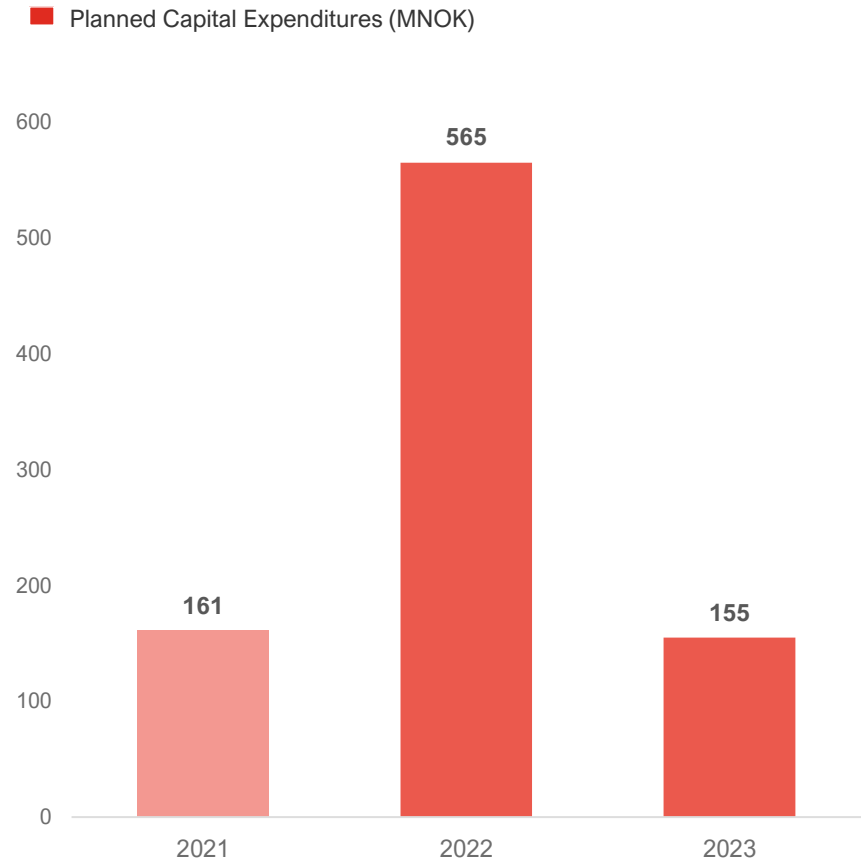
- Equity ratio has to remain above 40%.
- Minimum EBITDA on a 12 month rolling basis has to remain over 30 MNOK.
 - In compliance with the bank covenants, with good headroom. EBITDA is 129,6 million NOK for a rolling 12 month period ending on the 31st of December 2021.

CAPEX

Ongoing investments

- **Expansion of smolt capacity**
- **Farming equipment**
- **Branding initiatives**
- **Biomass build-up**
- **Increase harvesting capacity**
 - Within the 2022 Capex there are still pending final decisions by the BOD about a 230 MNOK investment in a new harvesting project. Final decision to be made in Q1 2022.

Planned capital expenditure going forward



Existing Credit facilities from bank

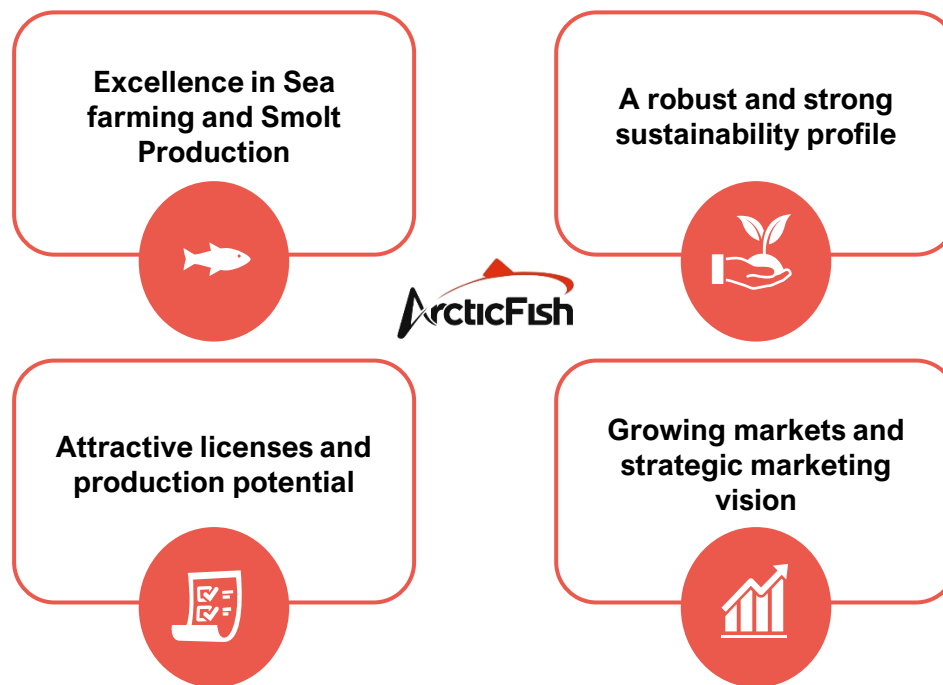
- **Existing loan agreement components are as follows:**
 - 300 MNOK revolving facility for Biomass.
 - 321 MNOK long term loan, 20 MNOK has been repaid reducing the availability under this part of the loan agreement.
 - 30 MNOK overdraft facility.
- **Additional facility approved by bank to be finalized in line with construction project needs and definitions:**
 - 150 MNOK construction facility.
- **Covenants:**
 - 40 % Equity ratio.
 - 12 month EBITDA has to be at least 30 MNOK.
 - Leverage ratios to be tested and need to be 4.5:1.



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The building blocks of Arctic Fish



**Excellence in Sea
farming and Smolt
Production**



Excellence in Sea Farming and Smolt Production

Smolt production

- Produced 3.4 million smolt at an average weight of 152 gr.
- At year end the biomass in the facility was 5.0 million smolt at an average weight of 10.5 gr.
- Production conditions good with well functioning RAS and stability in systems.
- Expansion of smolt production started and on track, expected to finalize in Q1 2023.



Sea Farming

- Growth in line with expectations and improved by 3.2% YoY.
- At year end the biomass in sea was 4.6 million fish at an average weight of 2,490 gr.
- Harvested 2,938 tonnes in the quarter, bringing the year total to 11,479 tonnes harvested, which represents the largest year in the history of the company in terms of harvesting and sales.



A robust and strong
sustainability profile



A robust and strong sustainability profile

ESG focus

- **All sites ASC certified**
- Reducing CO₂ emissions with:
 - Prioritizing green energy use in land farming and sea farming.
 - Hybrid barges.
 - CO₂ awareness in purchasing.
- Low medicine use and alternative treatment.
- Constant feeding monitoring focussing on efficiency and sustainability.
- Active social involvement and social awareness.



First of its kind hi-tech smolt facility with 100% green energy



All Icelandic attributes preserved; low sea temperature and density



No antibiotics has ever been used on Arctic Fish sites

Arctic Fish strives to use non-medical methods to battle sea and fish lice

- ✓ **Area based management:** Strategically placed sites with alternating production cycles between fjords.
- ✓ **Lumpfish:** By eating sea lice parasites off the salmon, high quality Icelandic lumpfish is an effective, preventive method.
- ✓ **Environmental monitoring:** Benthic monitoring and parasiticide residue levels is carried out.

Attractive licenses and production potential



Licenses enabling growth and production potential

I

New 4,000 tonnes (MAB) license in Arnarfjörður had already advertised to be issued, a new license in a new site and new fjord for Arctic Fish. The licenses are expected to be issued and granted in Q2 2022. The issuing agencies are delayed (from the previously stated Q4 2021) due to legal and technical inefficiencies that influence all issuance of salmon farming licenses in Iceland.

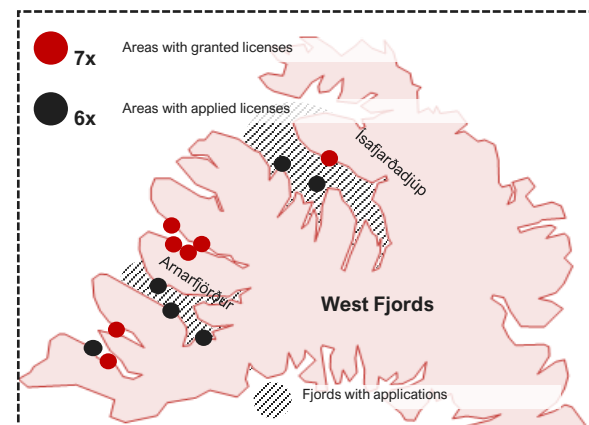
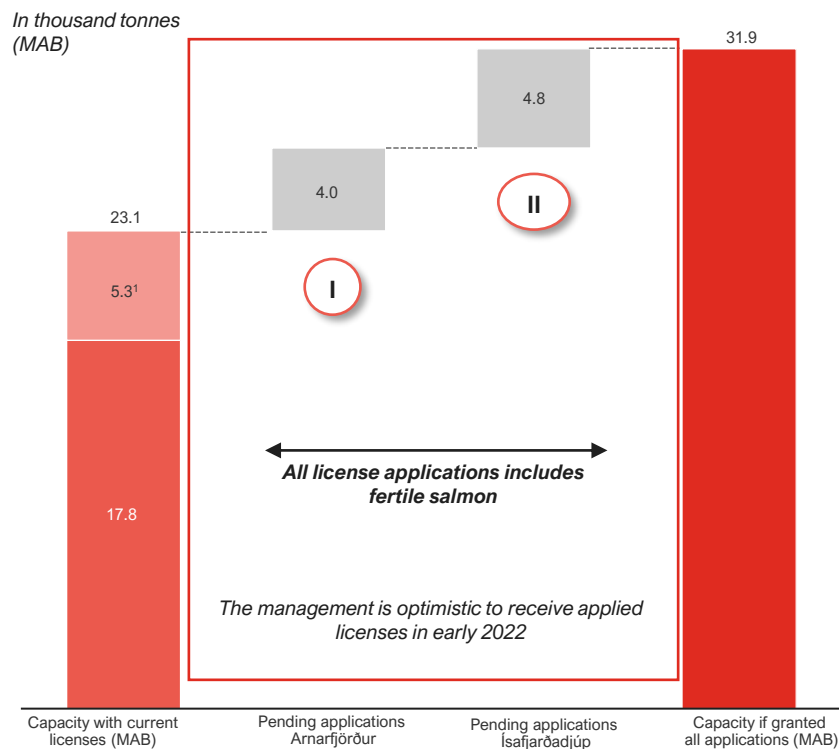
II

Arctic Fish has pending applications in the final stages for additional 4.8kt MAB in Ísafjarðardjúp.

It is expected that the current existing MAB for trout farming up to 5.3 thousand tonnes will be converted to salmon in the same process.

The licenses are expected to be issued and granted in Q2 2022. The issuing agencies are delayed to legal and technical inefficiencies that influence all issuance of salmon farming licenses in Iceland.

Licenses and applications are well positioned for future growth with locations in different fjords



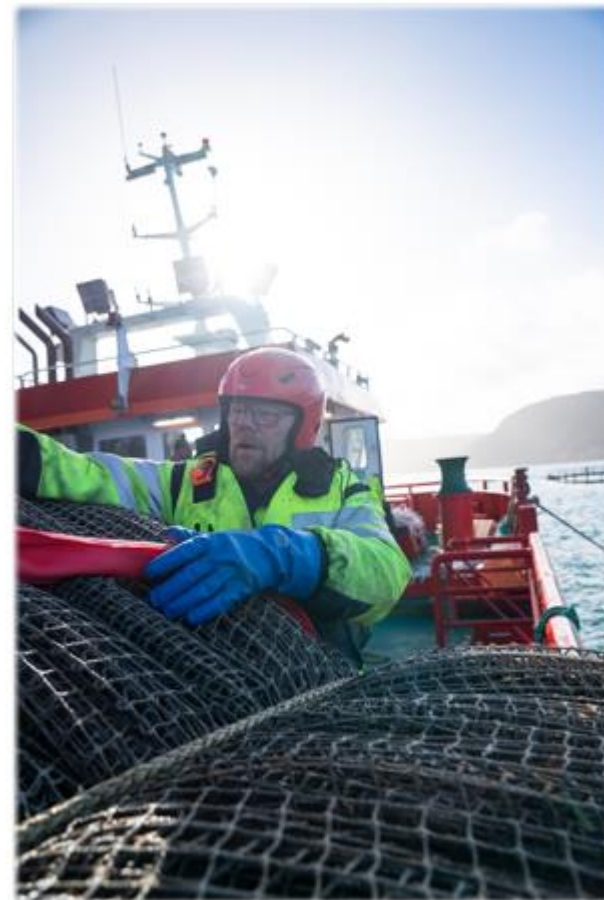
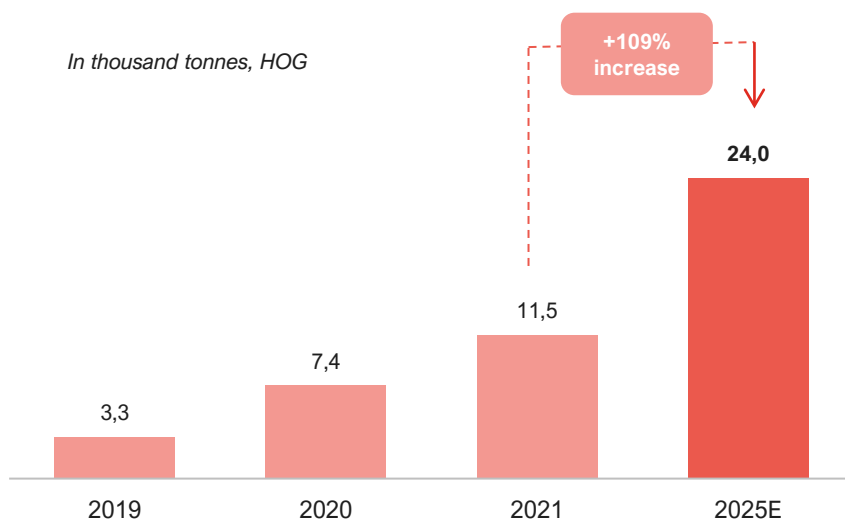
1: 5.3 thousand tonnes MAB for Trout farming that is in the process of being converted to salmon

Growing markets and strategic marketing vision



Growing markets and strategic marketing vision

- Since 2019 we have more than tripled our annual sales
- 2021 was the highest volumes of harvesting in the history of the company, 54% increase YoY.
- The fish delivered continues to be of a high quality.
- Indications for good prices in Q1 and Q2 2022.



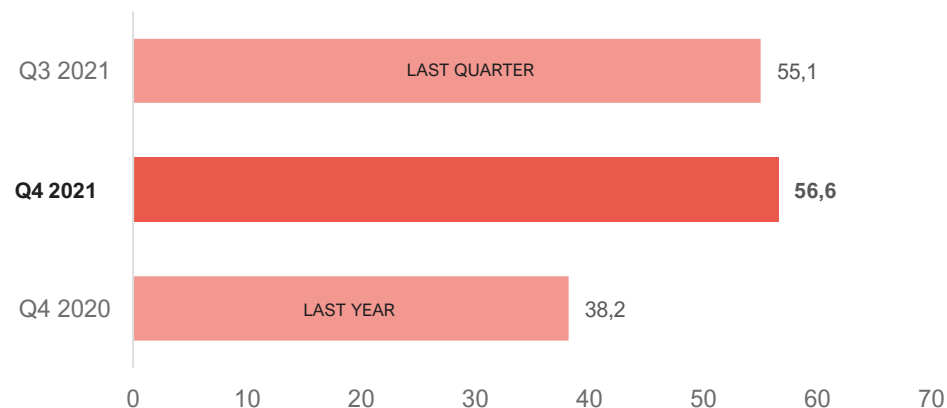


Agenda

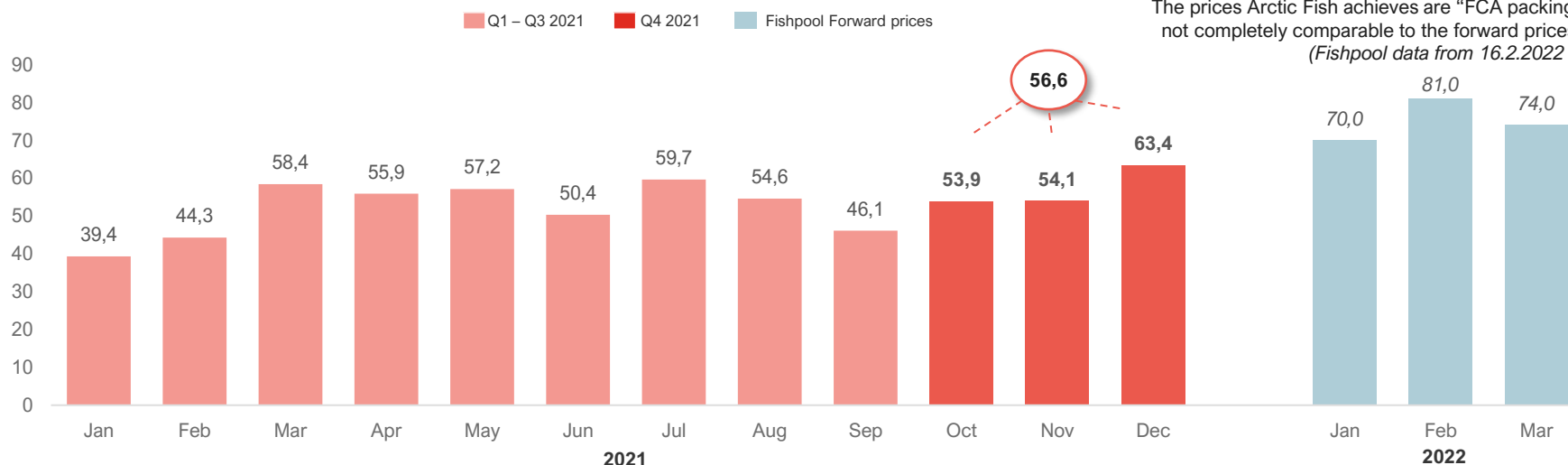
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Market outlook

- **Q4 price achievement increased by 18.5 NOK pr. kg, or by 48% YoY**
 - The price achievement increase can mostly be traced back to Covid-19 effects in 2020.
- **Price achievement increased by 1.5 NOK pr. kg QoQ**
 - Good timing of harvesting, attractive market conditions and big size of fish contributed positively to the good price achievement in the quarter.



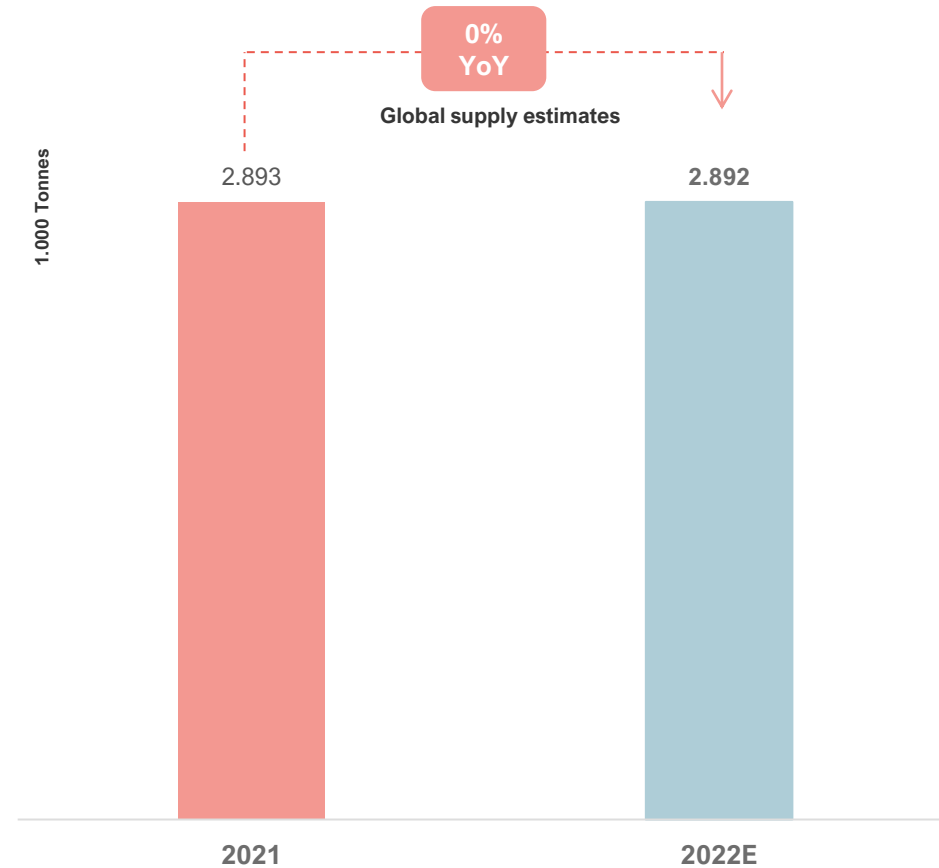
Price achievement development



The prices Arctic Fish achieves are "FCA packing station" which are not completely comparable to the forward prices used by Fish Pool (Fishpool data from 16.2.2022 price status report)

Global harvest volumes – expectations for 2022

- **Overall market expectations are indicating growth stagnation for global supply**
- Due to lower smolt stocking in 2020 result in a global supply growth stagnation expected in 2022 should support high prices.





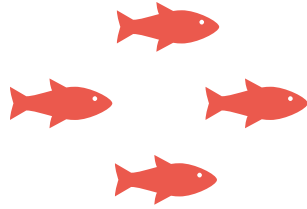
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Ongoing Growth Projects

1

Increased smolt capacity



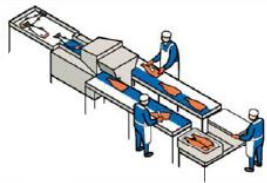
- The hatchery has a proven record of smolt production, with roughly 12 million smolt having been produced at the hatchery since 2017.
- With the planned expansion, the smolt capacity will be ~1,000 tonnes ~ 5 million smolt at ~200 grams.
- Existing smolt production can facilitate 17.5kt HOG salmon production volume with planned expansion increasing capacity to ~25kt HOG to meet future expected licenses.



**Project on track,
timeline and cost
wise**

2

Increased harvesting capacity



- Current harvesting limitations have been addressed with a purchase of a brand-new facility.
- The project has interest from other farmers that want to secure services from the new planned facility, this can create more economies of scale.
- Ongoing work in the quarter to design and optimize the facility, secure capacity to lower the current high harvesting costs to competitive levels.
- Overall target is to substantially bring down the cost levels of harvesting from 2023 onwards.



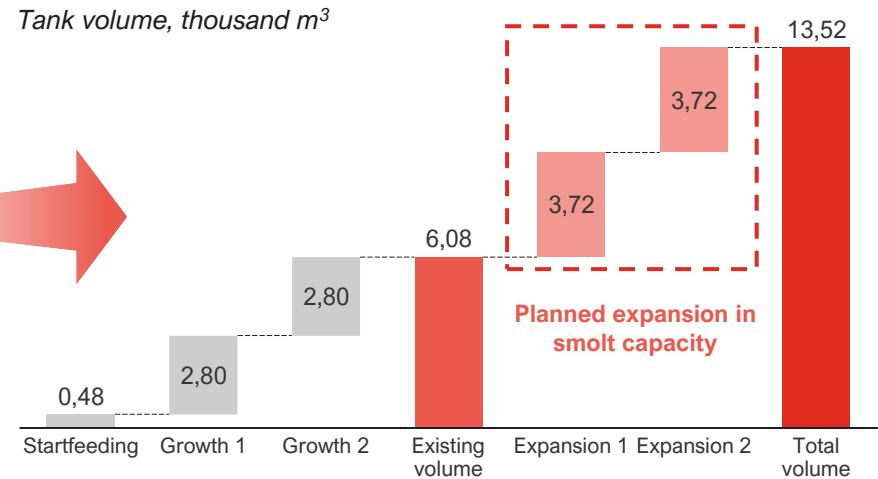
**A new facility has
been purchased
that can be ready
for operation in
the first quarter
of 2023**

Smolt expansion plan

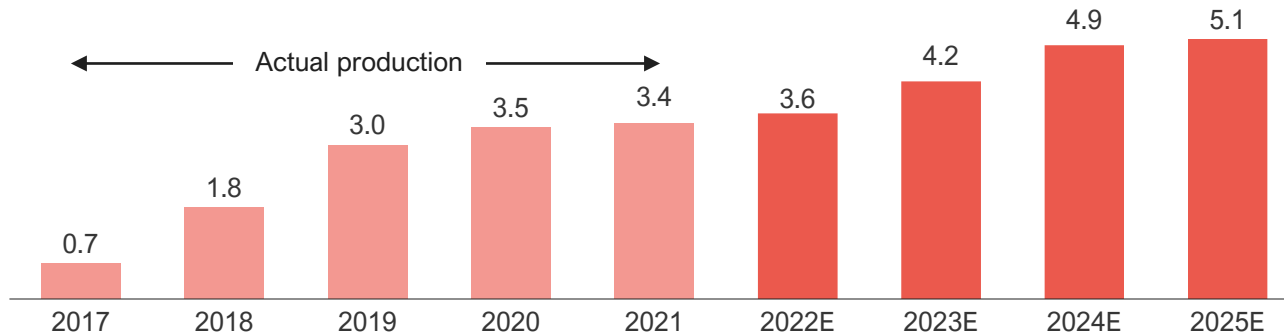
Commentary

- Two-step plan to increase tank volume with 7,500m³ and increase smolt capacity to 5 million smolt.
- It is expected that the expansion will be finished first half of 2023.
- Total cost is estimated to 260 MNOK.
- Aiming to get fish in first half in Q2 2023 to support the growth trajectory of Arctic Fish and cater for planned harvest volumes going forward.

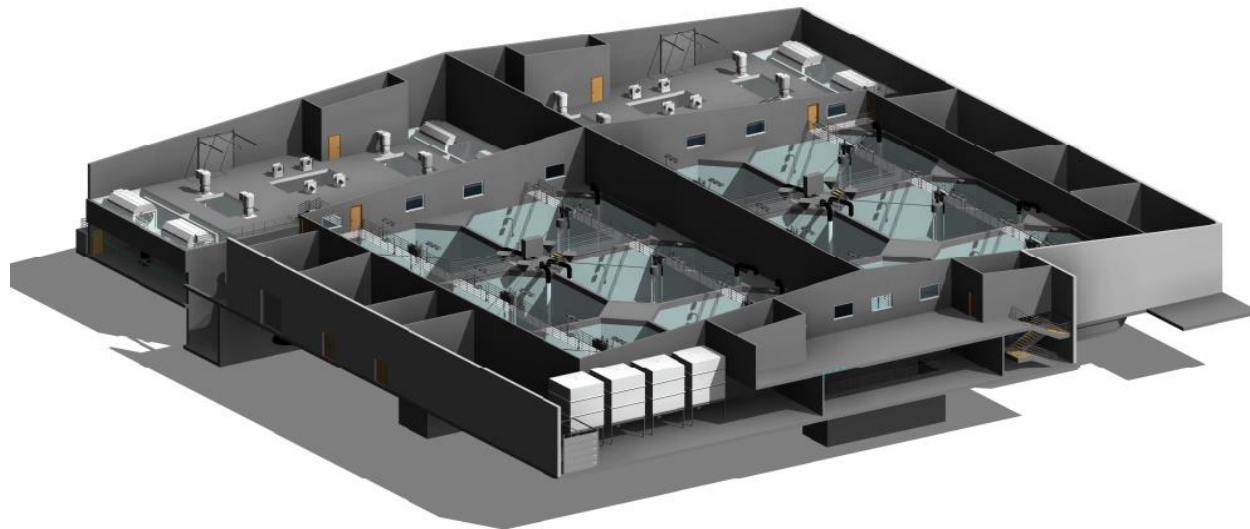
Expected tank volume increase from 6,000 m³ to 13,500m³



Smolt capacity forecast (in million)



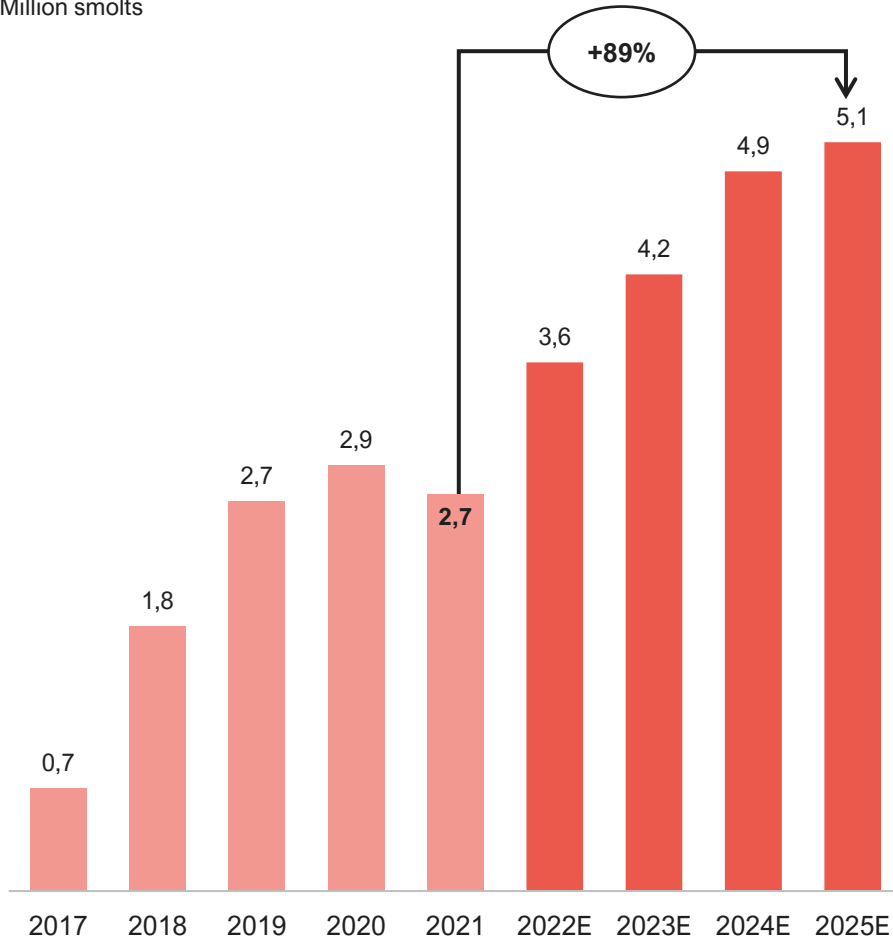
Smolt construction progress and layout



Targeting ~24kt harvest volume in 2025

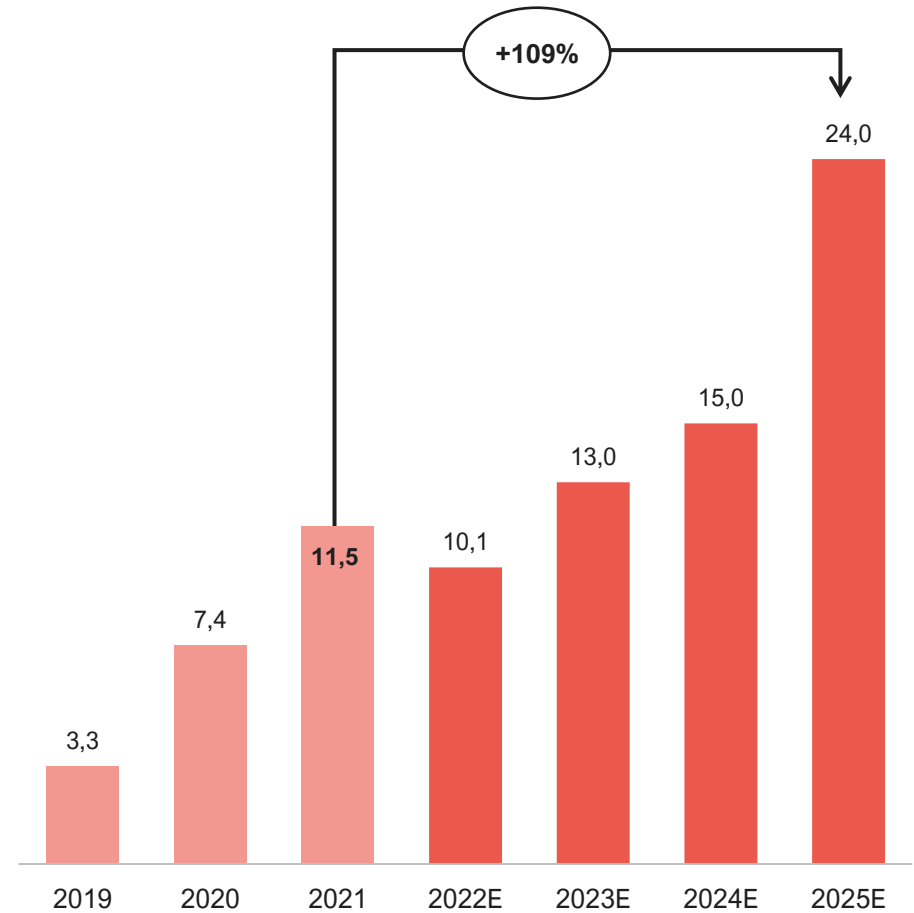
Smolt release forecast

Million smolts



Harvest volumes forecast

In thousand tonnes, HOG





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Harvesting estimates

Harvested quantity in Q4 decreased 2% YoY:

2020 Q4: 2,988 tonnes

2021 Q4: 2,938 tonnes

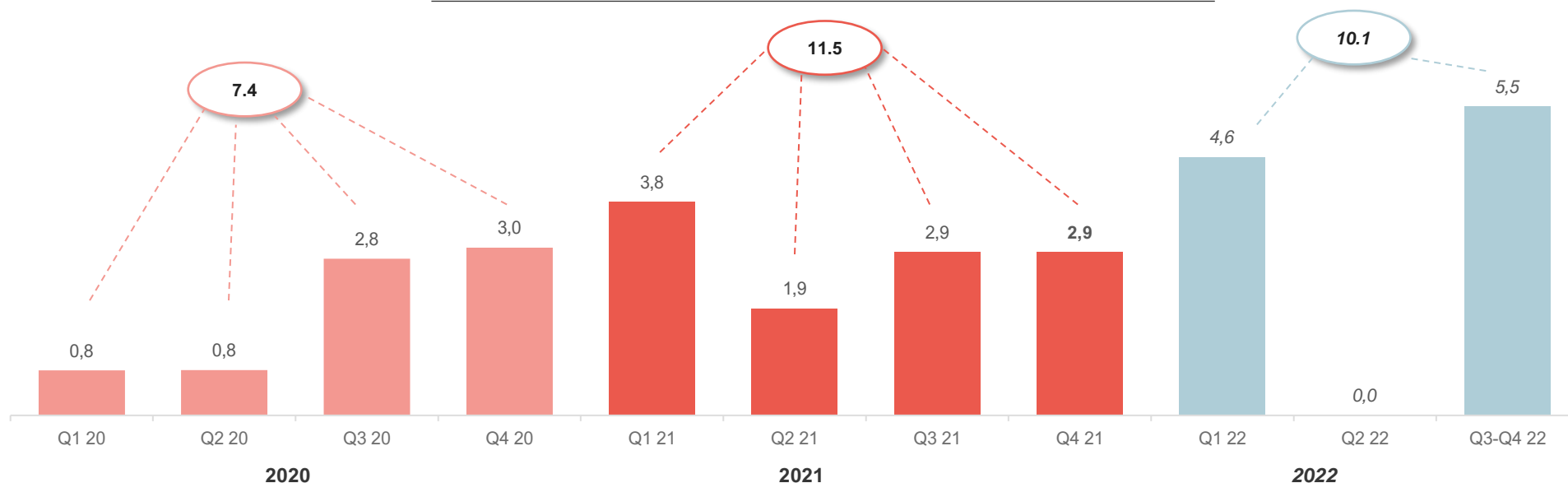
Total harvested quantity increased by 54% YoY:

2020: 7,443 tonnes

2021: 11,479 tonnes

2022E: 10,100 tonnes

Harvested quantity pr. quarter ('000 tonnes)



Appendix: Group financials



Group income statement

CONSOLIDATED INCOME STATEMENT

(NOK '000)	Q4 2021	Q4 2020	FY 2021	FY 2020
Operating revenues	166.253	130.509	595.895	375.667
Cost of goods sold	90.732	92.956	299.189	192.800
Salaries	11.526	11.932	54.151	42.025
Depreciation	12.940	11.755	46.501	40.113
Other operating costs	23.526	25.572	109.110	94.410
Operational EBIT	27.530	-11.706	86.944	6.319
Fair value adjustments	-13.940	-4.638	44.897	-4.638
Production tax	-790	0	-3.843	-312
EBIT	12.800	-16.344	127.998	1.369
Other net financial items	294	-20.799	2.580	-39.870
Earnings before tax (EBT)	13.094	-37.143	130.578	-38.500
Taxes	21.985	0	21.985	0
Net profit/loss	35.079	-37.143	152.563	-38.500
Profit attributable to:				
Parent company shareholders	35.079	-37.143	152.563	-38.500
Minority interests	0	0	0	0
Earnings per share (NOK)	1,10	-1,17	4,79	-1,21
Earnings per share - diluted	1,10	-1,17	4,79	-1,21

COMPREHENSIVE INCOME STATEMENT

(NOK '000)	Q4 2021	Q4 2020	FY 2021	FY 2020
Net profit/loss	35.079	-37.143	152.563	-38.500
Total comprehensive income	35.079	-37.143	152.563	-38.500
Total comprehensive income attributable to:				
Parent company shareholders	35.079	-37.143	152.563	-38.500

Statement of the financial position

STATEMENT OF FINANCIAL POSITION

(NOK '000)	31.12.2021	30.9.2021	31.12.2020
Deferred tax assets	19.479	0	0
Intangible assets	52.119	49.340	34.297
Property, plant and equipment	657.161	605.124	559.988
Right of use assets	4.435	0	0
Non-current financial assets	629	629	626
Non-current assets	733.824	655.094	594.911
Biological assets	512.010	496.880	402.191
Other inventory	33.785	18.800	27.046
Receivables	115.951	76.480	34.528
Bank deposits	38.126	55.517	79.171
Current assets	699.871	647.676	542.936
TOTAL ASSETS	1.433.695	1.302.770	1.137.847
Share capital	31.877	31.877	689.476
Other equity	943.631	908.552	-210.672
Equity	975.508	940.429	478.805
Deferred tax	0	2.506	2.506
Provisions	0	2.506	2.506
Long-term interest-bearing debt	318.152	201.720	245.184
Long term leasing liabilities	3.424	0	0
Short-term interest-bearing debt	36.063	36.621	301.154
Short term leasing liabilities	1.138	0	0
Trade payables	91.052	112.110	100.703
Other current liabilities	8.357	9.384	9.495
Current liabilities	136.610	158.115	411.353
TOTAL EQUITY AND LIABILITIES	1.433.695	1.302.770	1.137.847

Statement of equity

STATEMENT OF EQUITY

31.12.2021	Equity allocated to parent company shareholders					
(NOK '000)	Share capital	Treasury shares	Retained earnings	Total	Non-controlling interests	Total equity
Equity at 01.01.2021	689.476	0	-210.672	478.805	0	478.805
Total comprehensive income	0	0	152.563	152.563	0	152.563
Transactions with shareholders						
Reclassification due to new parent	-689.476		12.888	-676.588		-676.588
Issued share capital	26.158		650.431	676.588		676.588
Issued share capital	5.719		344.281	350.000		350.000
Transaction costs			-5.859	-5.859		-5.859
Total transactions with shareholders	-657.600	0	1.001.740	344.141	0	344.141
Equity at 31.12.2021	31.877	0	943.632	975.508	0	975.508

31.12.2020	Equity allocated to parent company shareholders					
(NOK '000)	Share capital	Treasury shares	Retained earnings	Total	Non-controlling interests	Total equity
Equity at 31.12.2019 (ICEGAAP)	457.719	0	-189.415	268.304	0	268.304
Effect of implementation IFRS			17.244	17.244		17.244
Equity at 01.01.2020 (IFRS)	457.719	0	-172.171	285.548	0	285.548
Total comprehensive income	0	0	-38.500	-38.500	0	-38.500
Transactions with shareholders						
Issued share capital	231.757			231.757		231.757
Total transactions with shareholders	231.757	0	0	231.757	0	231.757
Equity at 31.12.2020	689.476	0	-210.672	478.805	0	478.805

Group cash flow statement

Statement of cash flow

	Q4	Q4	FY	FY
(NOK '000)	2021	2020	2021	2020
Operational EBIT	27.218	-11.706	86.944	6.319
Adjusted for:				
Depreciation	12.940	11.755	46.501	40.113
Production tax	-790	0	-3.843	-312
Change in inventories/biological assets	-44.055	-16.925	-71.661	-146.716
Change in account receivables and accounts payables	-60.528	24.515	-91.074	69.957
Change in other current assets and liabilities	-1.026	1.349	-1.138	5.856
Net cash flow from operating activities	-65.930	8.988	-34.271	-24.782
Cash flow from investing activities				
Payments for purchase of fixed assets and licenses (MAB)	-67.101	-28.872	-160.846	-99.705
Net cash flow from investing activities	-67.101	-28.872	-160.846	-99.705
Cash flow from financing activities				
Proceeds from borrowings	119.797	518.424	119.797	597.944
Repayment of borrowings	-9	-590.948	-69.747	-622.640
Installments on right to use liabilities	-528	0	-528	0
Interest payments for right to use liabilities	-153	0	-153	0
Current debt change	-3.914	-93.466	-242.172	26.306
Issued new share capital	0	231.757	344.140	231.757
Net interest payments	-5.812	-20.799	-22.311	-39.870
Adjustment due to Currency difference	6.259	0	25.044	0
Net cash flow from financing activities	115.640	44.968	154.071	193.497
Net increase in bank deposits	-17.391	25.084	-41.046	69.010
Bank deposits as of start of period	55.517	54.088	79.171	10.162
Bank deposits as of 31st of December	38.126	79.171	38.126	79.171

Shareholders

Ownership structure: The largest 20 shareholders as of 31.12.2021*

Rank	Name	# of shares	% ownership
1	NORWAY ROYAL SALMON ASA	16.346.824	51,28%
2	BREMESCO HOLDINGS LIMITED	9.104.582	28,56%
3	J.P. Morgan Bank Luxembourg S.A.	3.031.424	9,51%
4	Landsbankinn hf.	519.716	1,63%
5	VERDIPAPIRFONDET PARETO INVESTMENT	351.000	1,10%
6	KVERVA FINANS AS	258.000	0,81%
7	VERDIPAPIRFONDET NORDEA AVKASTNING	237.107	0,74%
8	VERDIPAPIRFONDET NORDEA KAPITAL	193.100	0,61%
9	CLEARSTREAM BANKING S.A.	181.391	0,57%
10	VERDIPAPIRFONDET EIKA SPAR	172.312	0,54%
11	MP PENSJON PK	165.000	0,52%
12	PACTUM AS	152.751	0,48%
13	VERDIPAPIRFONDET EIKA NORGE	125.225	0,39%
14	J.P. Morgan Bank Luxembourg S.A.	83.849	0,26%
15	VERDIPAPIRFONDET NORDEA NORGE PLUS	82.702	0,26%
16	State Street Bank and Trust Comp	80.605	0,25%
17	ROTH	80.000	0,25%
18	Euroclear Bank S.A./N.V.	68.154	0,21%
19	VERDIPAPIRFONDET HOLBERG TRITON	50.733	0,16%
20	TRETHOM AS	41.101	0,13%
Ownership of 20 largest shareholders		31.325.576	98,27%
Total number of shares		31.876.653	100,00%

Arctic Fish Holding does not own any of it's shares

*20 largest shareholders list includes nominee accounts that are composed of multiple individual shareholders.

