



Arctic Fish

Q1 2022 Presentation

25th of May 2022

Disclaimer

Cautionary note regarding forward-looking statements

This presentation is the managements summary of the 1st 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 Q1 2022



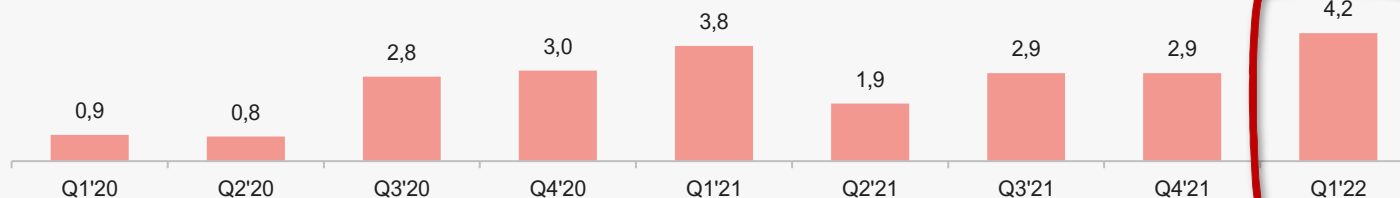
A quarter filled with operational challenges alongside good market conditions

- **Farming Operational EBIT of 20.4 NOK pr. kg**
An improvement of 14.7 NOK pr. kg from Q1 2021
- **High salmon prices in markets and relatively stable cost performance**
An overall positive effect on the Farming EBIT pr. kg
- **Extraordinarily high mortality in Dyrafjordur, at two of our sites in the fjord**
Total realized mortality due to the incident was 2.512 tonnes LW.
- **Historically the largest quarter in terms of sales volume**
Harvested 4,221 tonnes in the quarter – an 11% increase YoY
- **Awarded a new license of 4.000 tonnes which brings the total license portfolio to 27.100 tonnes**
New license awarded in a new production area in Arnarfjordur.
Licenses in 5 different fjords are securing growth plans and are reducing biological risk

Quarterly Key Performance Indicators (KPI's)

Quarterly harvest volumes

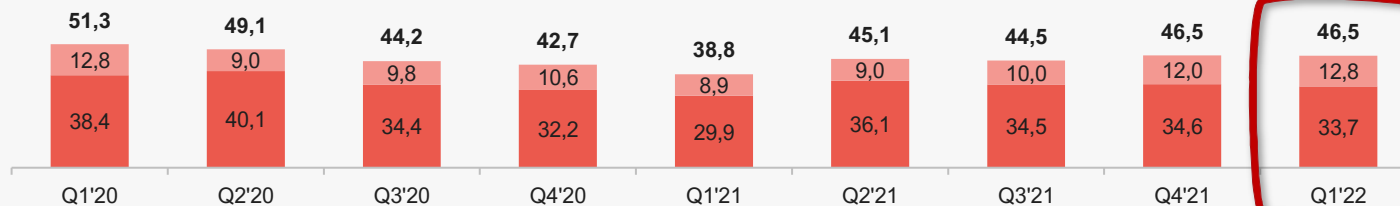
In thousand tonnes, HOG



Quarterly production costs

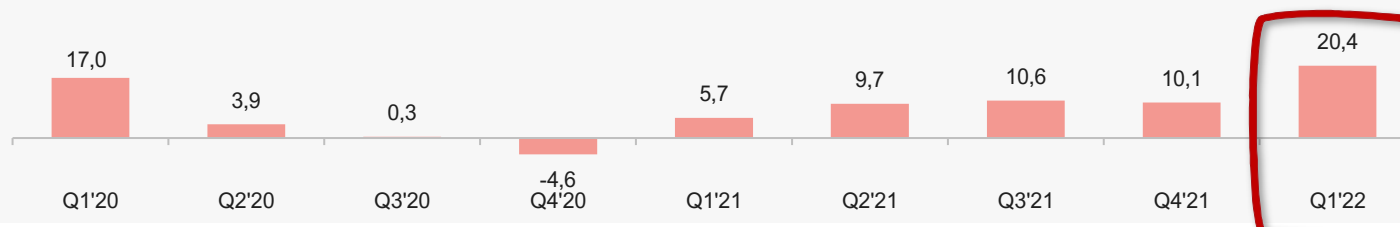
NOK pr. kg

■ Production costs ■ Harvesting/wellboat costs



Quarterly Operational EBIT pr. kg

NOK pr. kg





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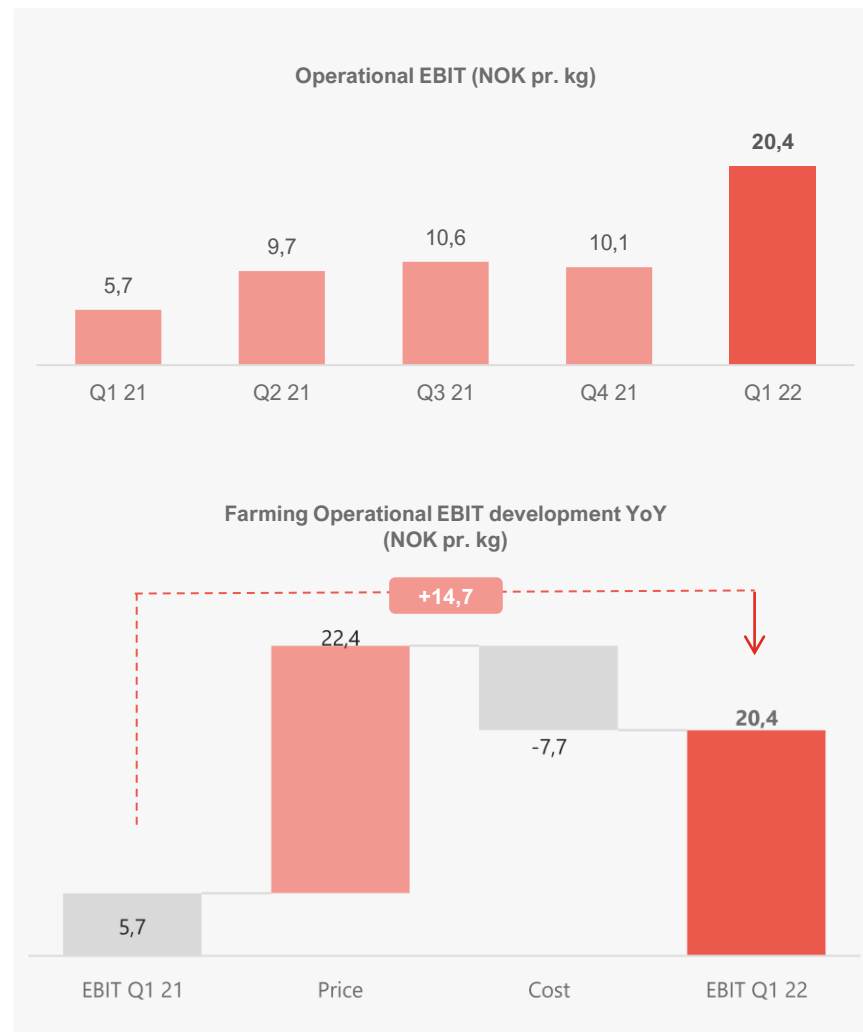
Operational performance

Operational EBIT pr. kg up by 14.7 NOK from Q1 21

- An increase in associated costs of harvesting affected the production costs as well as other biological production factors that caused a higher cost pr. kg.
- Negative factors were however outweighed by the high salmon prices in the quarter.

Operational Farming EBIT of 20.4 NOK pr. kg has developed positively YoY due to the following factors:

- Prices increased by 22.4 NOK pr. kg
- Production cost increased by 7.7 NOK pr. kg



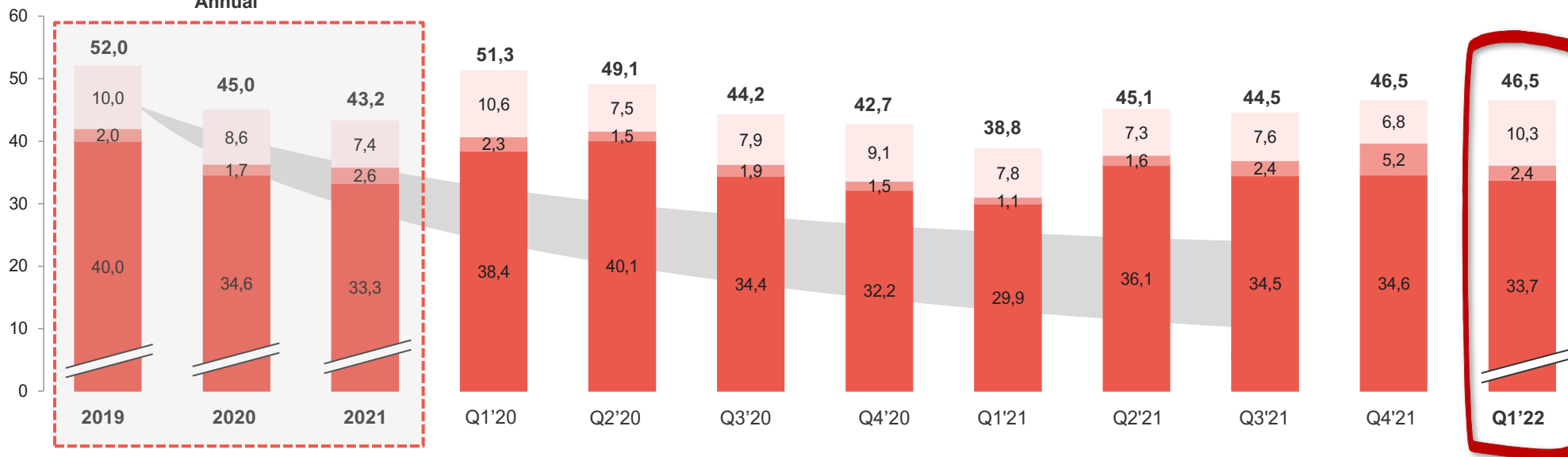
Stable and strong cost performance over time

Historical production cost development and medium-term target

NOK pr. kg (HOG)

Harvesting & packing Wellboat COGS

Annual



Arctic Fish expects to stabilize and decrease production cost through:

1 Biological performance

- Increased size of smolt is expected to improve survival rate and decrease production time.
- Expansions and improvements in the RAS facility will lead to better utilization and fish health

2 Operational efficiency

- Constant improvements and economies of increased knowledge e.g., in feeding and fish health
- Full control of harvesting capacity will optimize timing both with regards to the market and the production in sea

3 Primary processing

- A new facility will decrease cost and secure sufficient capacity
- Increased and stable volumes with full control on harvesting capacity

Q1 Dyrafjordur incident

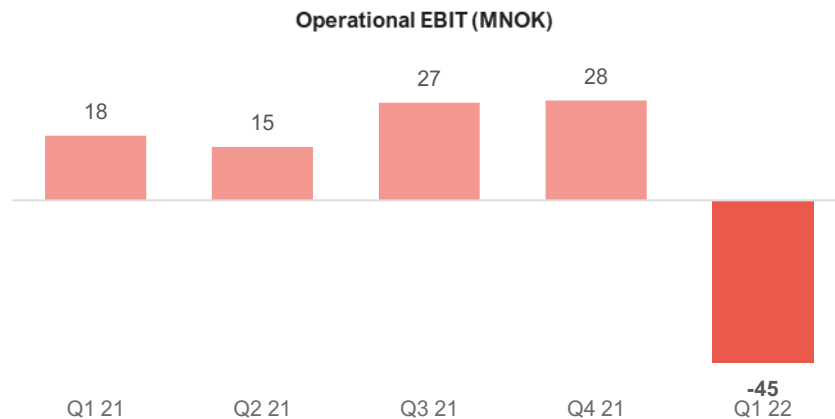
As previously stated regarding the incident in Dyrafjordur, the following had an effect in Q1:

- There was an extraordinarily high mortality in Dyrafjordur, at two of our sites in the fjord. Due to this situation, there was a write down of biological assets and non-recurring costs for dead fish handling which is estimated at 129 MNOK in the quarter up from 106 MNOK estimated in the Q4-21 report. Total realized mortality due to the incident was 2.512 tonnes LW, which is a reduction from the 3.0 thousand tonnes LW reported in the Q4-21 report.
- The mortality was related to weakened, harvest ready fish. Insufficient harvesting capacity contributed to a significant part of the mortality.
- Mitigation measures in the operational planning and execution are implemented to reduce biological risk and avoid similar incidents. Additionally, an emphasis is put on securing the needed harvesting capacity.



Profit and loss

- Operating revenues of 282.5 MNOK
- Non recurring costs of 129 MNOK related to the incident in Dyrafjordur.
- Operational EBIT of -45.0 MNOK
- Harvested volume of 4,221 tonnes (YoY 11% increase)
- Positive fair value adjustment of 24.3 MNOK due to increased forward prices



Key figures from P/L

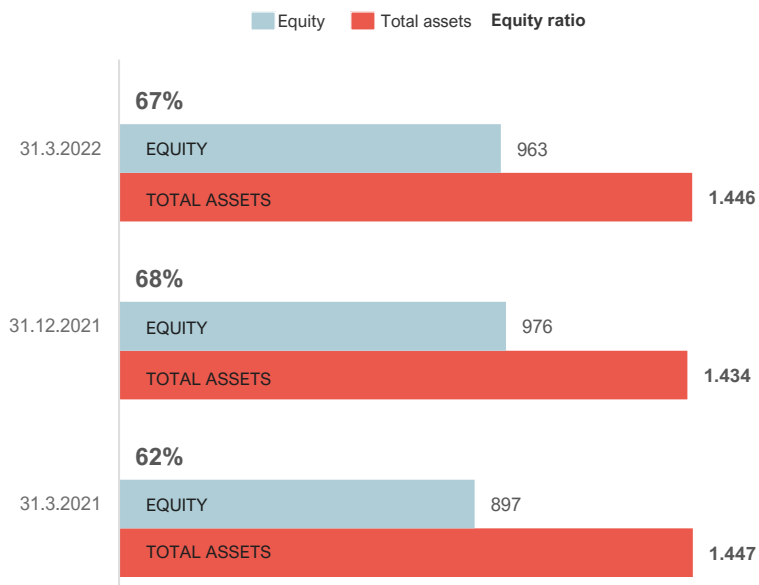
KEY FIGURES (NOK '000)	Q1 2022	Q1 2021	FY 2021
Operating revenues	282.525	130.509	595.895
Operational EBIT	-44.988	17.800	86.944
Fair value adjustments	24.250	40.273	44.897
Production tax	-3.535	-1.633	-3.843
EBIT	-24.273	56.439	127.998
Net financial items	8.918	17.282	2.580
Earnings before tax (EBT)	-15.355	73.721	130.578
Volume harvested GW	4.221	3.793	11.479
Operational EBIT pr.kg (farming)	20,43	5,67	8,67

Financial position

Ongoing investments

- Sea Farming equipment
- Expansion of Smolt Production
- Investments in Harvesting facility

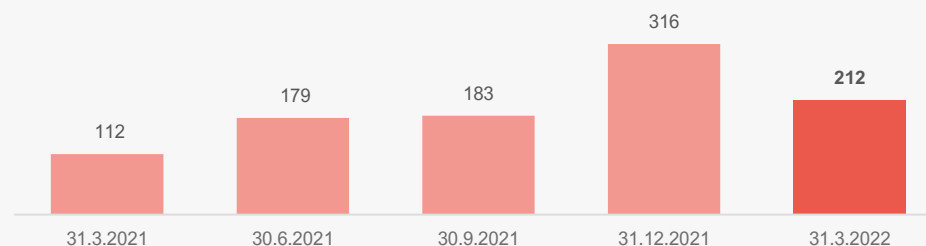
Total assets & Equity (MNOK)



Key figures from Balance sheet

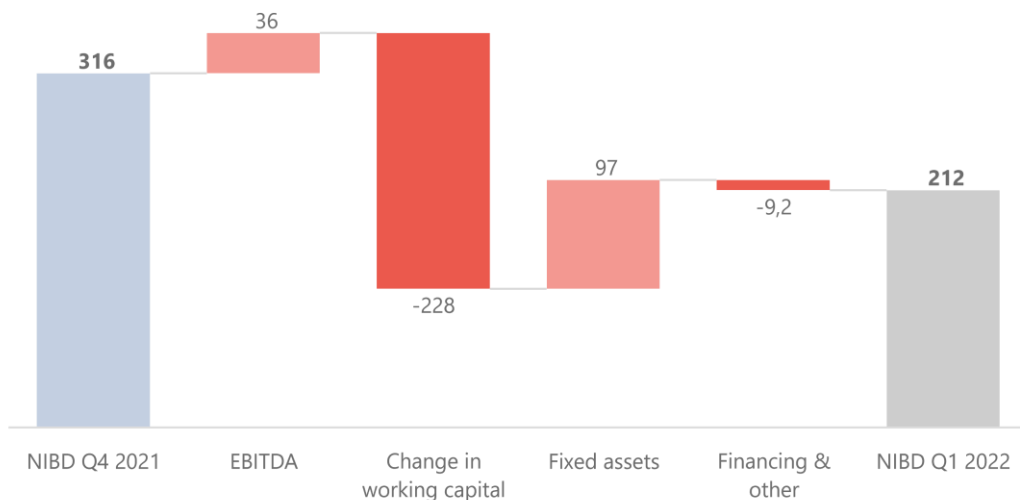
KEY FIGURES (NOK '000)	31.3.2022	31.3.2021	31.12.2021
Deferred tax assets	19.479	0	19.479
Intangible assets	53.136	40.149	52.119
Property, plant and equipment	741.014	581.274	657.161
Right of use assets	4.234	0	4.435
Non-current financial assets	629	629	629
Non-current assets	821.563	622.052	733.824
Biological assets	335.904	401.729	512.010
Other inventory	28.725	19.500	33.785
Receivables	129.175	56.449	115.951
Bank deposits	133.926	347.691	38.126
Current assets	627.730	825.370	699.871
TOTAL ASSETS	1.449.293	1.447.423	1.433.695
Equity	963.223	896.667	975.508
Provisions	0	2.506	0
Interest-bearing debt	345.935	459.309	354.215
Long term leasing liabilities	3.254	0	3.424
Short term leasing liabilities	1.165	0	1.138
Trade payables	123.479	80.998	91.052
Other current liabilities	12.237	7.943	8.357
TOTAL EQUITY AND LIABILITIES	1.449.293	1.447.423	1.433.695

NIBD development (MNOK)



NIBD development and financial covenants

NIBD development (MNOK)



Summary

- Net interest-bearing debt (NIBD) down by 104 MNOK in the quarter. The decrease is due to working capital changes.

Alternate performance measures (APM)

Net interest bearing debt

(NOK '000)	31.03.2022	31.3.2021	31.12.2021
Reported long-term interest-bearing debt	308.021	214.847	318.152
Reported short-term interest-bearing debt	37.914	244.462	36.063
Reported bank deposits	-133.926	-347.691	-38.126
Total net interest bearing debt	212.008	111.618	316.090

Equity ratio

(NOK '000)	31.03.2022	31.03.2021	31.12.2021
Reported equity	963.223	896.667	975.508
Reported total assets	1.446.222	1.447.423	1.442.516
Equity ratio	66,5 %	61,9 %	67,6 %

Interest bearing debt overview

(NOK '000)	31.03.2022	31.12.2021	Loan agreement	Unused 31.3.2022
Total interest bearing debt	345.935	354.215	771.432	425.940

Bank covenants

- Equity ratio has to remain above 40%
- NIBD/EBITDA ratio cannot be higher 4.5, this covenant has been waived in the quarter. The Q1 results will not be used in further NIBD/EBITDA calculations in 2022.

CAPEX

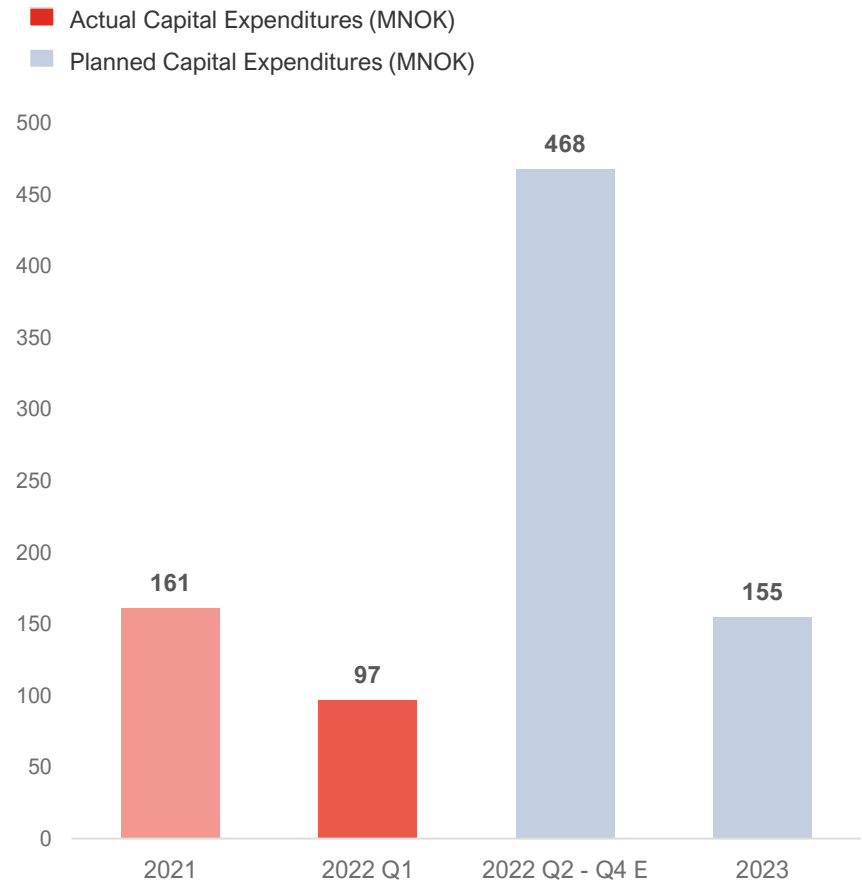
Ongoing investments

- We are committing to our growth plan with extensive investments in our Smolt Production capacity and in a Harvesting facility.
- Both investments are aimed at securing larger parts of our value chain, improving operational scale, less biological risk and ultimately decreasing our production cost.



Harvesting facility building in Bolungarvík

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 facilities approved by bank to be finalized in line with construction project needs and definitions:

- 150 MNOK smolt expansion facility
- 175 MNOK harvesting plant facility (approved by banks after Q1-22)

Covenants:

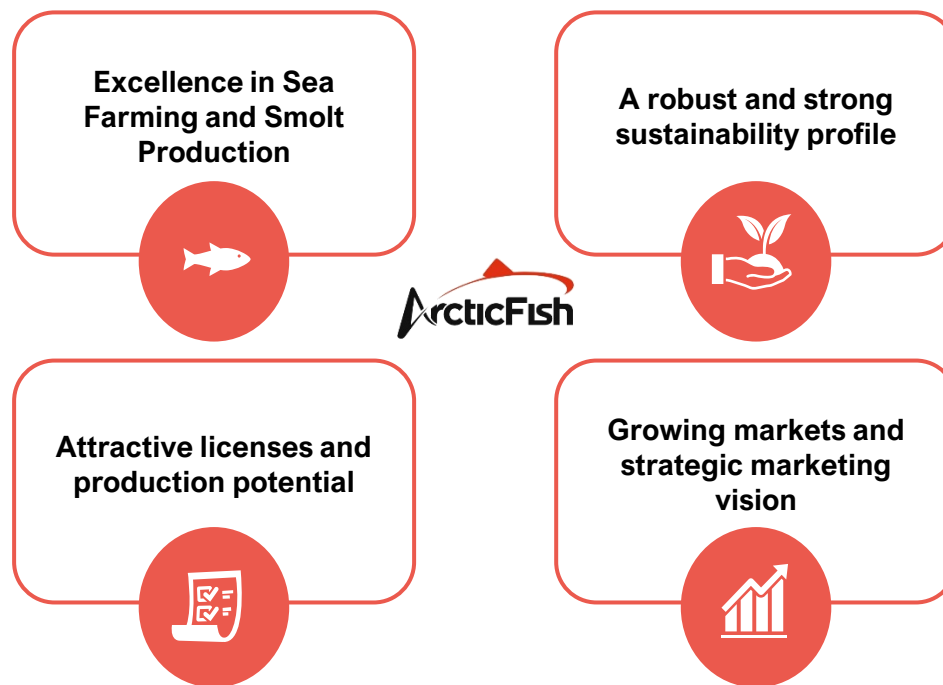
- 40 % Equity ratio
- Leverage ratios to be tested and need to be less than 4.5:1, this has been waived by the bank and Q1-22 results will not be used in calculations for the remainder of 2022.



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The building blocks of Arctic Fish





Excellence in Sea Farming and Smolt Production

Smolt Farming

- In 2021 Produced 3.4 million smolt at an average weight of 152 gr.
- Have produced more than 12 million quality smolt since 2017.
- Smolt production based on RAS. Water environment has vital focus reinforced by characteristics of the water parameters.
- Production processes being researched by academics and becoming reference work for other RAS facilities.
- Expansion of smolt production on track and expected to be finalized early 2023.



Sea Farming

- Despite the incident in Dyrafjordur it should be noted that the growth has been as expected in sites that have benefited from optimal production planning and site structure
- Low levels of mortality and good feed conversion ratios.
- Fish harvested after 16 months in the sea, demonstrating a very competitive production cycle that will be a benchmark for years to come
- In general, a very high percentage of superior quality of salmon and low level of claims has been a part of our identity



A robust and strong sustainability profile



First of its kind hi-tech smolt facility with 100% green energy¹



All Icelandic attributes preserved; low sea temperature and density



No antibiotics have ever been used on Arctic Fish sites

A robust and strong sustainability profile



Certifications

100%

All sites ASC certified

- All fish sold and all sites in use have been ASC certified or accepted certified since 2016
- The Company was the first Icelandic salmon farmer to receive an ASC certification

Committed to people

Ethical guidelines



Healthy, safety and environment



Education and development



Committed to customers

Product Certification



Healthy and safe seafood



Committed to nature

Prevent escapes



Sea lice management



Sustainable and efficient fish feed



Source: Company

¹ Iceland's energy production is about 73% hydropower and 27% geothermal power

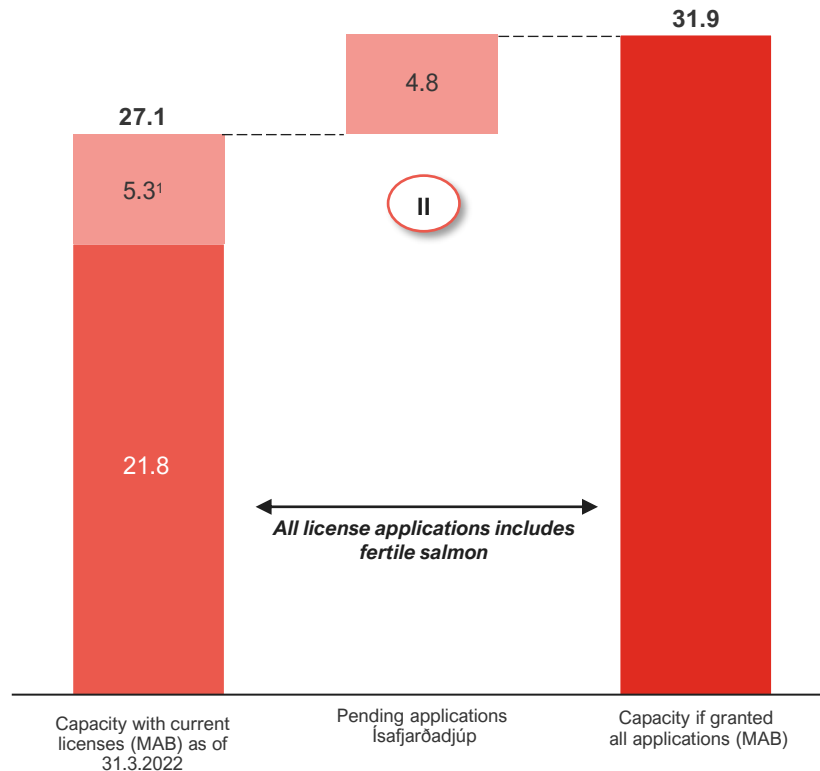
Attractive licenses and
production potential



Licenses enabling growth and production potential

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

In thousand tonnes (MAB)



Awarded licenses in Q1 2022

I



Arnarfjörður
A license for 4.000 tonnes

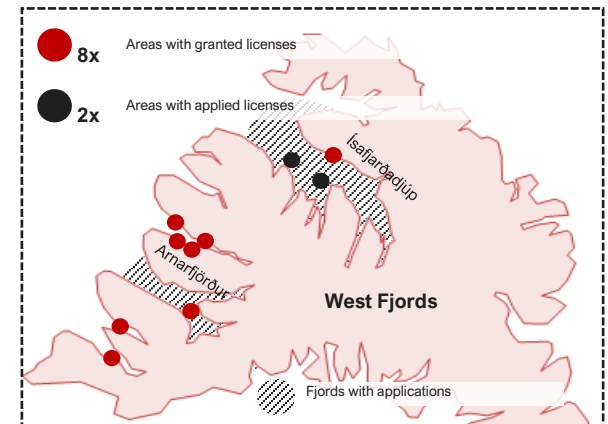


Current license applications

II



Ísafjarðardjúp
Additional license for 4.800 tonnes



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

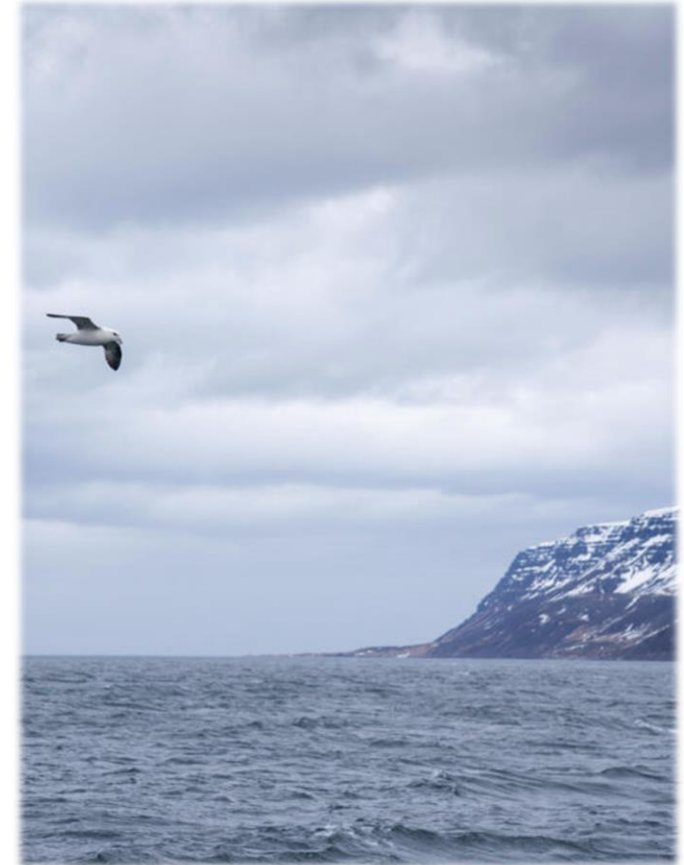
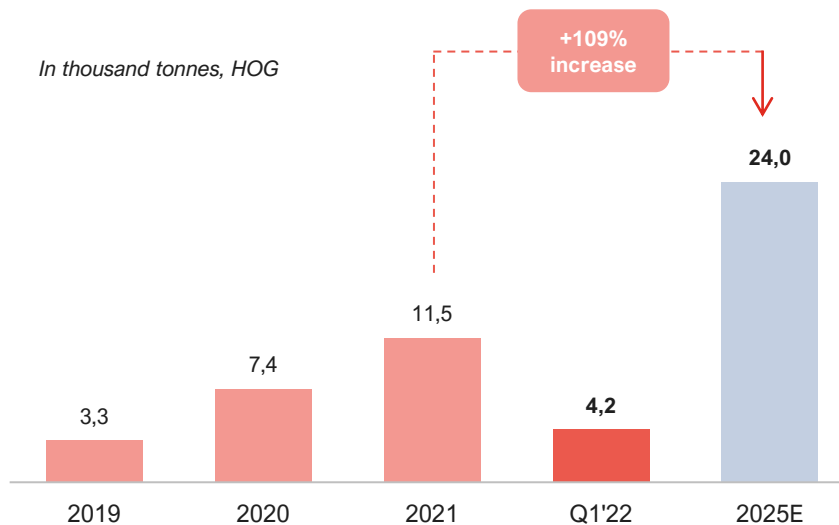


Growing markets and strategic marketing vision

Since 2019 we have more than tripled our annual sales

- Historically Q1 2022 was the largest quarter in terms of sales volume
Harvested 4,221 tonnes in the quarter – an 11% increase YoY
- Indications for a strong market moving forward

In thousand tonnes, HOG





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Markets and sales

Q1 prices increased by 22.4 NOK pr. kg, or by 50% YoY

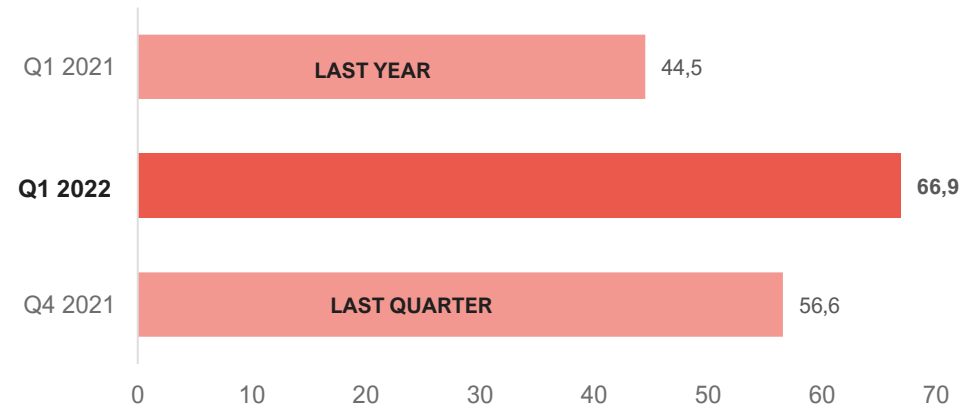
- The markets for salmon were strong in the quarter opposed to the previous year.

Impacted by the incident

- Despite the good market conditions the price achievement was not optimal as the excess volume, and emergency harvesting with consequent quality issues impacted sales efforts.

Strong outlook

- Despite uncertainty, the forward prices for salmon are at high levels compared to 2021 and should remain at strong levels for the remainder of the year.





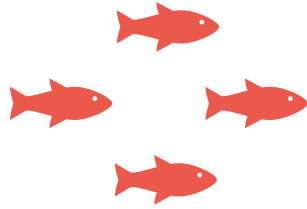
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Ongoing Growth Projects

1

Increased smolt capacity



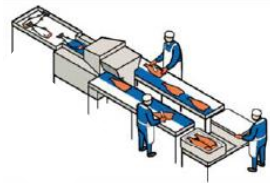
- A proven track record, building on our proven approach to RAS smolt production
- With the planned expansion, the smolt capacity will be ~1,000 tonnes ~ 5 million smolt at ~ 200 grams.
- Existing smolt production can facilitate 17.5kt HOG salmon production volume with planned expansion increasing capacity to ~25kt HOG to meet future expected licenses.



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

2

Increased harvesting capacity



- Ongoing finalization of all suppliers' agreements
- Construction on site ongoing
- Overall target is to substantially bring down the cost levels of harvesting from 2023 onwards.
- Ongoing progress to secure additional external volume



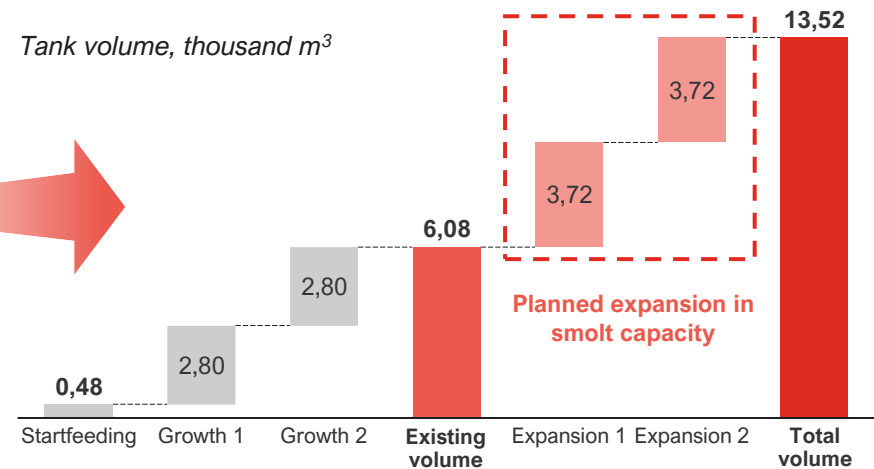
**Project on track,
on site
construction in
progress**

Smolt expansion plan

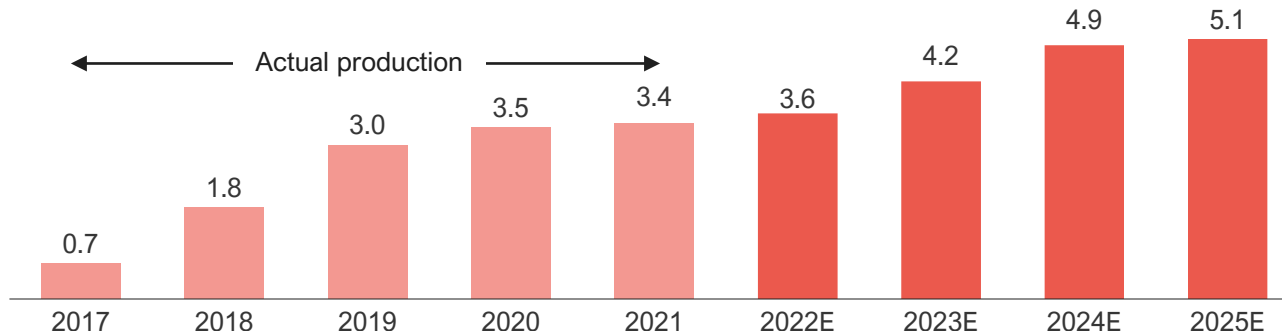
Commentary

- 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 making headway



Construction on track

- With warmer weathers and better conditions overall, the construction is ramping up and making good progress with opportunities to move ahead of the schedule over the next months
- The timeline expectations of completing the expansion in the first half of 2023 is still intact

Bolungarvik - New harvesting facility in progress

Commentary

- Design criteria aims at securing a capacity of 50.000 tonnes per year on single dayshift with additional extension possibilities.
- The facility will fulfil our internal needs and there are external growth opportunities with volume from other producers. Overall harvesting capacity will increase with this addition to the existing harvesting capacity in the Westfjords.
- Cost efficient investment approach, where add-on process equipment will secure relevant capacity in line with existing growth plan and volumes.
- The strategic location related to logistical efficiency and solutions will strengthen and create new and better market opportunities.

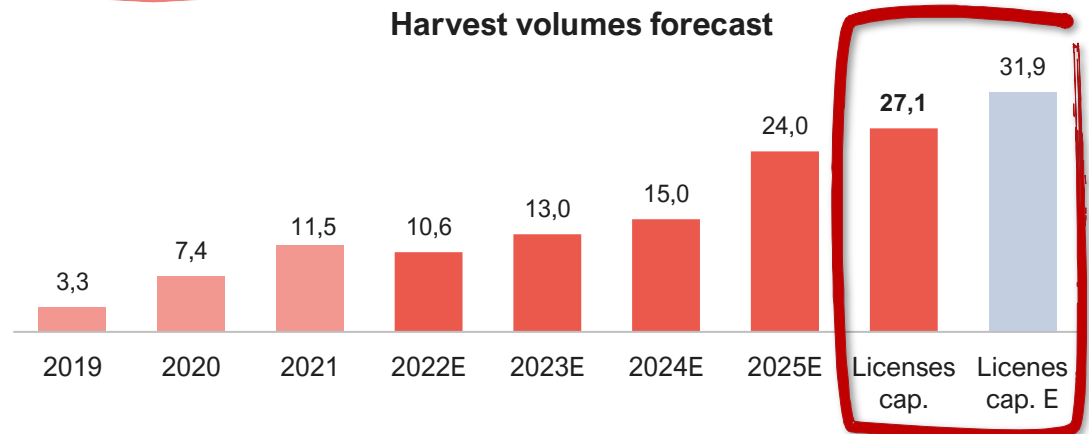
Design



Suitability of the location

Low biological risk for production areas	✓
Proximity to sea cargo solutions	✓
Area for VAP, freezing and box factory available	✓
Developed labor market and supply industry	✓

Harvest volumes forecast





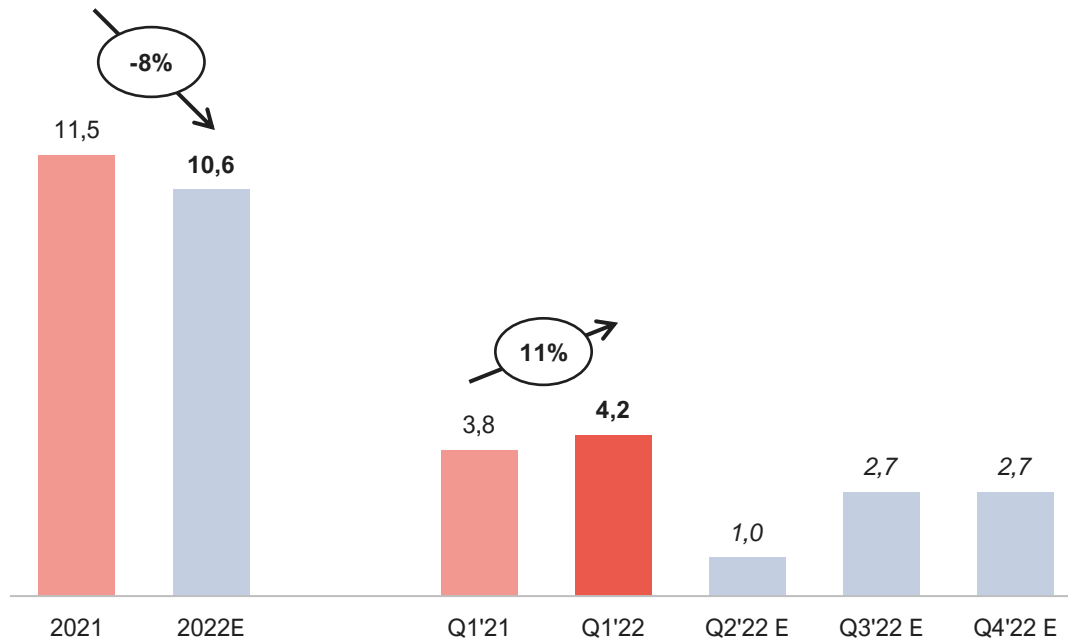
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Harvesting estimates

Harvesting volumes and forecast

In thousand tonnes, HOG



- Arctic Fish continues developing according to its growth plan but harvesting quantities in 2022 take a substantial hit due to the mortality incident which occurred in Q1 2022. Harvesting volumes in 2022 are expected to be 8% lower than in 2021.
- In Q1, the Company harvested 4.2 thousand tonnes (HOG) compared to 3.8 thousand tonnes for the same period the year before (2021) which is an 11% increase.

Appendix: Group financials



Group income statement

CONSOLIDATED INCOME STATEMENT

(NOK '000)	Q1 2022	Q1 2021	FY 2021
Operating revenues	282.525	168.843	595.895
Cost of goods sold	174.691	102.873	299.189
Salaries	17.163	12.098	54.151
Depreciation	12.494	10.390	46.501
Other operating costs	123.164	25.682	109.110
Operational EBIT	-44.988	17.800	86.944
Fair value adjustments	24.250	40.273	44.897
Production tax	-3.535	-1.633	-3.843
EBIT	-24.273	56.439	127.998
Other net financial items	8.918	17.282	2.580
Earnings before tax (EBT)	-15.355	73.721	130.578
Taxes	3.071	0	21.985
Net profit/loss	-12.284	73.721	152.563
Profit attributable to:			
Parent company shareholders	-12.284	73.721	152.563
Minority interests	0	0	0
Earnings per share (NOK)	-0,39	2,31	4,79
Earnings per share - diluted	-0,39	2,31	4,79

Statement of the financial position

STATEMENT OF FINANCIAL POSITION

(NOK '000)	31.3.2022	31.3.2021	31.12.2021
Deferred tax assets	22.550	0	19.479
Intangible assets	53.136	40.149	52.119
Property, plant and equipment	741.014	581.274	657.161
Right of use assets	4.234	0	4.435
Non-current financial assets	629	629	629
Non-current assets	821.563	622.052	733.824
Biological assets	335.904	401.729	512.010
Other inventory	28.725	19.500	33.785
Receivables	129.175	56.449	115.951
Bank deposits	133.926	347.691	38.126
Current assets	627.730	825.370	699.871
TOTAL ASSETS	1.449.293	1.447.423	1.433.695
Share capital	31.877	31.877	31.877
Other equity	931.347	864.790	943.631
Equity	963.223	896.667	975.508
Deferred tax	0	2.506	0
Provisions	0	2.506	0
Long-term interest-bearing debt	308.021	214.847	318.152
Long term leasing liabilities	3.254	0	3.424
Total non-current liabilities	311.275	214.847	321.576
Short-term interest-bearing debt	37.914	244.462	36.063
Short term leasing liabilities	1.165	0	1.138
Trade payables	123.479	80.998	91.052
Other current liabilities	12.237	7.943	8.357
Current liabilities	174.795	333.403	136.610
TOTAL EQUITY AND LIABILITIES	1.449.293	1.447.423	1.433.695

Statement of equity

STATEMENT OF EQUITY

31.3.2022	Equity allocated to parent company shareholders		Accumulated earnings	Total equity
	Share capital	Share premium		
(NOK '000)				
Equity at 01.01.2022	31.877	1.001.740	-58.109	975.508
Total comprehensive income	0	0	-12.284	-12.284
Transactions with shareholders				
Dividend	0	0	0	0
Total transactions with shareholders	0	0	0	0
Equity at 31.03.2022	31.877	1.001.740	-70.394	963.223

31.3.2021	Equity allocated to parent company shareholders		Accumulated earnings	Total equity
	Share capital	Share premium		
(NOK '000)				
Equity at 01.01.2021	689.476	0	-210.672	478.805
Total comprehensive income	0	0	73.721	73.721
Transactions with shareholders				
Reclassification due to new parent company	-689.476	12.888	0	-676.588
Proceeds from issue of new share capital	26.158	650.431	0	676.588
Proceeds from issue of new share capital	5.719	344.281	0	350.000
Transaction costs	0	-5.859	0	-5.859
Total transactions with shareholders	-657.600	1.001.740	0	344.141
Equity at 31.03.2021	31.877	1.001.740	-136.950	896.667

Group cash flow statement

STATEMENT OF CASH FLOW

(NOK '000)	Q1 2022	Q1 2021	FY 2021
Operational EBIT	-44.988	17.800	86.944
Adjusted for:			
Depreciation	12.494	10.390	46.501
Production tax	-3.535	-1.633	-3.843
Change in inventories/biological assets	205.416	48.281	-71.661
Change in account receivables and accounts payables	19.203	-41.627	-91.074
Change in other current assets and liabilities	3.880	-1.552	-1.138
Net cash flow from operating activities	192.469	31.657	-34.271
Cash flow from investing activities			
Payments for purchase of fixed assets and licenses (MAB)	-97.163	-37.531	-160.846
Net cash flow from investing activities	-97.163	-37.531	-160.846
Cash flow from financing activities			
Proceeds from borrowings	22.968	0	119.797
Repayment of borrowings	-18.943	-30.337	-39.425
Installments on right to use liabilities	-143	0	-528
Interest payments for right to use liabilities	-50	0	-153
Current debt change	1.851	-34.078	-247.450
Issued new share capital	0	344.141	344.140
Net interest payments	-5.189	-5.333	-22.311
Net cash flow from financing activities	494	274.393	154.070
Net increase in bank deposits	95.800	268.520	-41.046
Bank deposits as of start of period	38.126	79.171	79.171
Bank deposits at the end of the period	133.926	347.691	38.126

Shareholders

Ownership structure: The largest 20 shareholders as of 31.3.2022*

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.	3.023.139	9,48%
4	Landsbankinn hf.	548.137	1,72%
5	VERDIPAPIRFONDET PARETO INVESTMENT	352.932	1,11%
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.	182.212	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	State Street Bank and Trust Comp	98.555	0,31%
15	J.P. Morgan Bank Luxembourg S.A.	83.849	0,26%
16	VERDIPAPIRFONDET NORDEA NORGE PLUS	82.702	0,26%
17	ROTH	80.000	0,25%
18	VERDIPAPIRFONDET HOLBERG TRITON	59.300	0,19%
19	Euroclear Bank S.A./N.V.	49.275	0,15%
20	TRETHOM AS	41.101	0,13%
Ownership of 20 largest shareholders		31.356.103	98,37%
Total number of shares		31.876.653	100,00%

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

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



