



Arctic Fish

Q1 2023

Management Report

10th of May 2023

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.

Q1 2023 Presentation

Highlights for the period



Sea Site Eyrarhlíð



Highlights in Q1 2023

Revenues:

Revenues amounted to **417.6 MNOK** in the quarter. For the same period last year revenues amounted to 282.5 MNOK.

Harvesting quantities:

The company harvested **4,866 tonnes** in the quarter. For the same period last year the company harvested 4,221 tonnes.

Price achievement:

Price achievement amounted to **85.6 NOK pr. kg**, for the same period last year price achievement amounted to 66.9 NOK pr. kg.

Production costs:

Production costs amounted to **61.1 NOK pr. kg**, for the same period last year production costs amounted to 46.5 NOK pr. kg. *Increase in production costs can largely be traced to raw material increases, inflation, and harvesting via external harvest vessel.*

Capital Expenditures:

CAPEX investments amounted to **159.5 MNOK** in the quarter.

Key notable events:

Fire at Arctic Smolt construction site.
Seawater production was seasonally low in the quarter.
Cold seawater also caused some elevated mortality.

Q1 2023 Presentation

Operational performance



Operational performance

Operational EBIT pr. kg driven by large price change

Salmon prices in the quarter drive up the operational EBIT positively pr. Kg, despite that an increase in production costs was realized. The EBIT development compared to Q1 2022 is an increase by 2.9 NOK pr. kg.

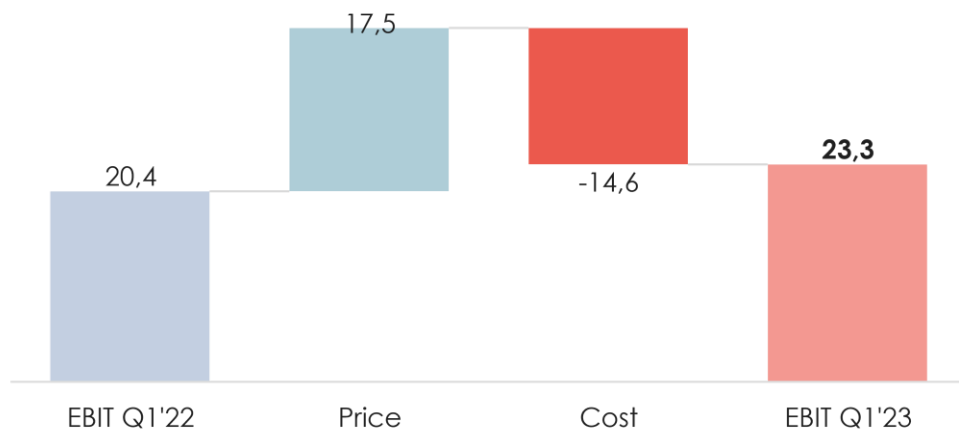
Operational Farming EBIT pr. kg has developed positively YoY as a result of the following factors

Price achievement increased by 17.5 NOK pr. kg.

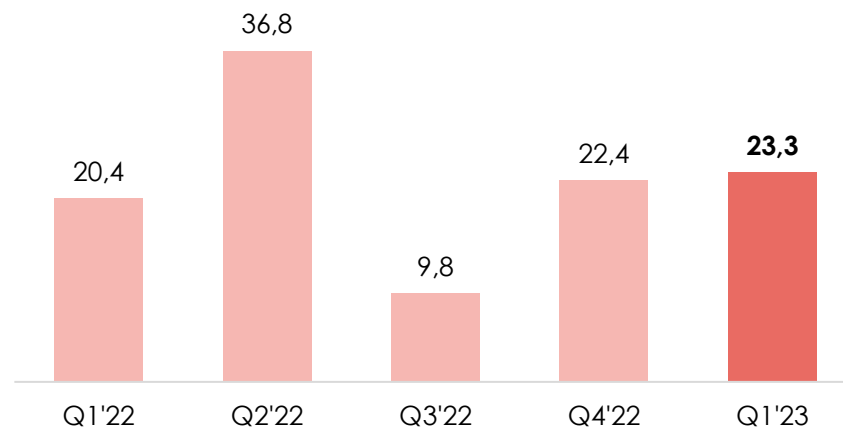
Production cost increased by 14.6 NOK pr. kg.

Total increase 2.9 NOK pr. kg.

Operational EBIT YoY (NOK pr. kg)



Operational EBIT (NOK pr. kg)

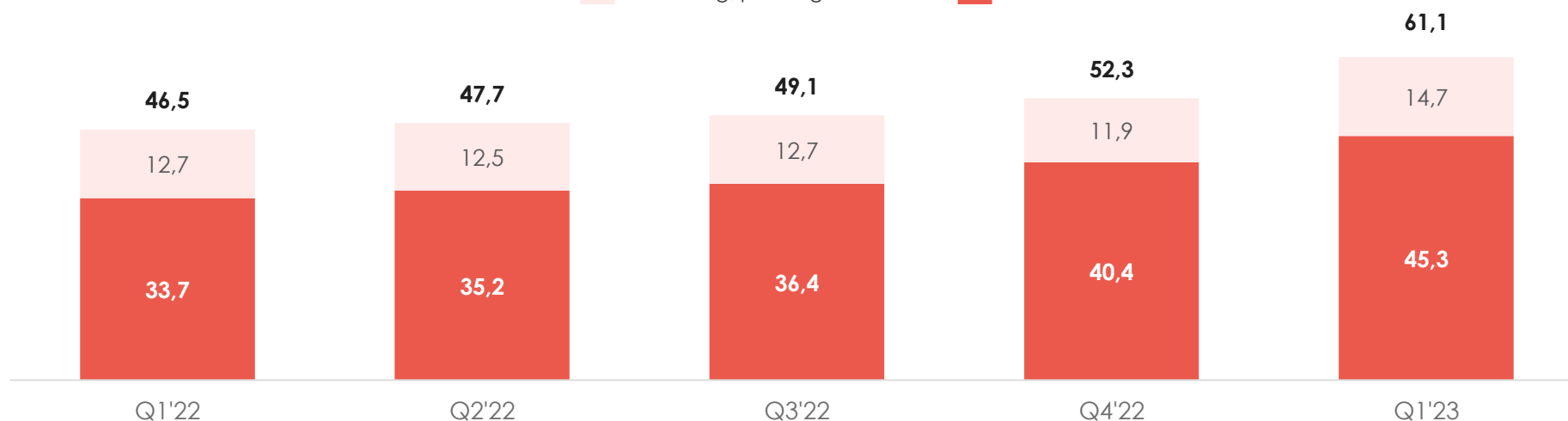


Production cost development

Production cost from 2022 and onwards

NOK pr. kg (HOG)

Harvesting, packing & Wellboat COGS



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 license utilization and fish health.

2 Operational efficiency

- Constant improvements and economies of increased knowledge.
- 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.

Profit and Loss

Key P&L items in the quarter

Revenue
417.6
MNOK

Op. EBIT
113.5
MNOK

Harvested
4,866
Tonnes

Fair Value
-44.5
MNOK

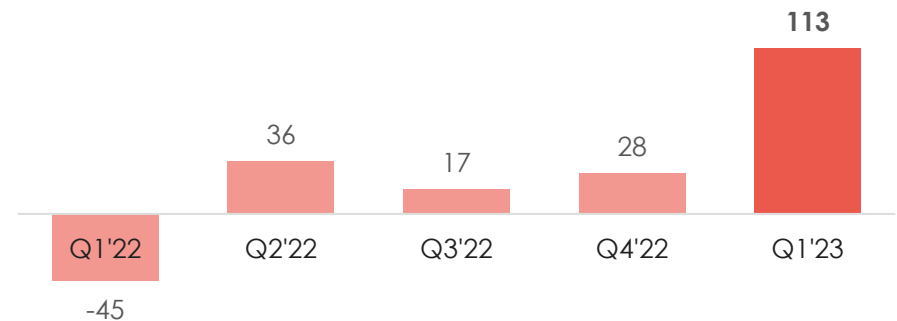
Production Tax
6.4
MNOK

Financial items
-96.1
MNOK

Commentary

Revenues increased by 47% YoY, which is due to the fact that price achievement increased substantially and harvesting volumes were 15% more in Q1 2023 than in Q1 2022. When looking past that, the Operational EBIT achieved in Q1 2023 was 158 MNOK higher than last year, due to previous year being skewed by a large mortality event in Dýrafjörður, where 2.512 tonnes LW were lost.

Operational EBIT (MNOK)



Financial Position

Key Balance Sheet item changes the quarter

Property, Plant & Equipment

143

MNOK increase

Biological Assets

-152

MNOK decrease

Receivables

87

MNOK increase

Bank Deposits

110

MNOK increase

Total Assets

155

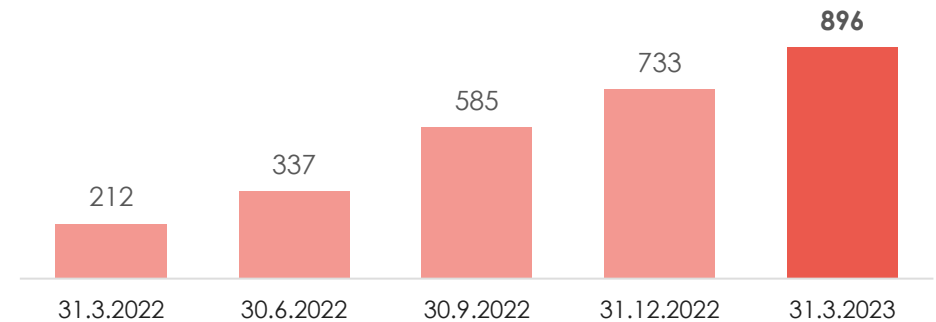
MNOK increase

NIBD

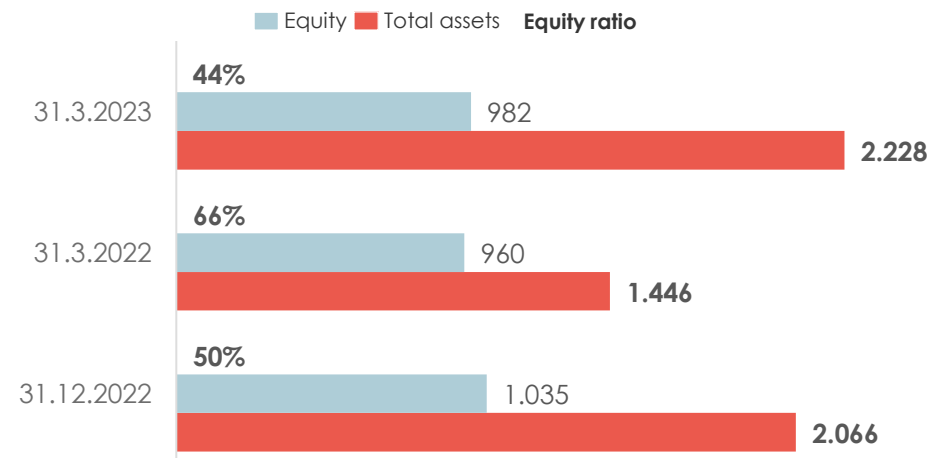
164

MNOK increase

NIBD development (MNOK)



Total assets & Equity (MNOK)



NIBD development

NIBD development (MNOK)

Net Interest-bearing debt

(NOK '000)

	31.03.2023	31.3.2022	31.12.2022
Reported long-term interest-bearing debt	744.106	308.021	707.115
Reported short-term interest-bearing debt	358.699	37.914	122.172
Reported bank deposits	-206.308	-133.926	-95.949
Total net interest bearing debt	896.496	212.008	733.338

Summary

- Net interest-bearing debt (NIBD) up by 164 MNOK in the quarter.
- The increase is largely due to working capital changes, fixed asset additions and financing.

Bank covenants

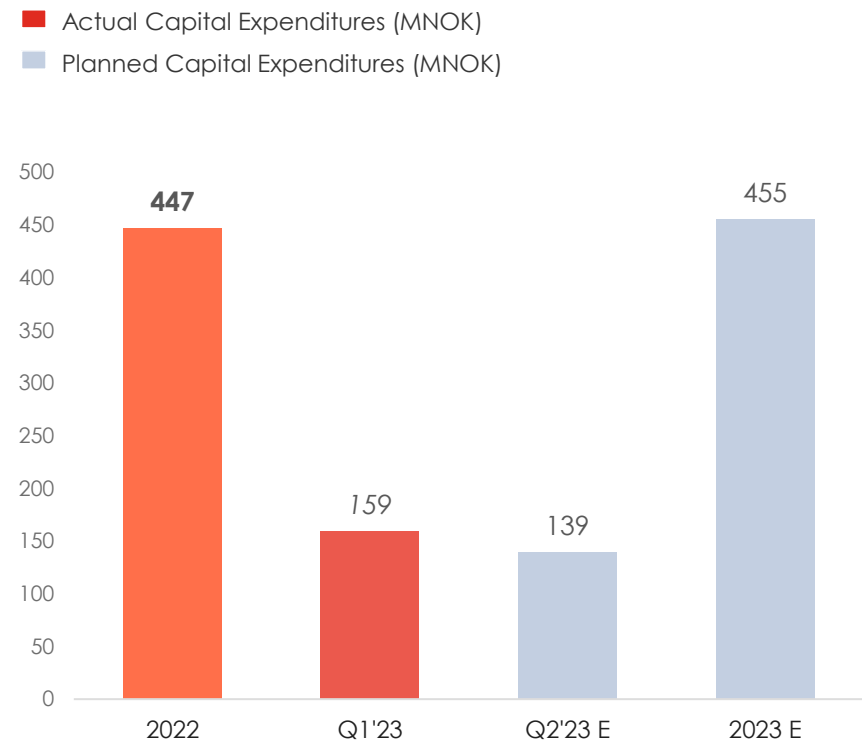
- Equity ratio has to remain above 40%.
- NIBD/EBITDA ratio cannot be higher 4.5.

CAPEX overview

Ongoing investments

- We are committing to our growth plan with extensive investments in our Smolt Production capacity and in a Harvesting facility. Further details on each project can be found in later slides.
- Both investments are aimed at securing larger parts of our value chain, improving operational scale, less biological risk and ultimately decreasing our production cost.
- Investments are also aimed towards supporting future plans for growth.
- The fire at the Arctic Smolt construction facility will have an impact on the CAPEX forecast for 2023 and possibly onwards.

Planned capital expenditure going forward



Existing Credit facilities from bank



Existing loan agreement components

- 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.
- 150 MNOK smolt expansion facility.
- 175 MNOK harvesting plant facility.
- 250 MNOK Bridge loan.

Covenants

- 40 % Equity ratio.
- Leverage ratios to be tested and need to be less than 4.5:1. Q1 2022 results will be excluded from calculations for the remainder of 2022.

Q1 2023 Presentation

Key features



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



There has not been a need for antibiotic treatment in the farming activities



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 salmon farmer from Iceland to receive an ASC certification.

Socially responsible

Ethical guidelines



Healthy, safety and environment



Education and development



Customers

Product Certification



Healthy and safe seafood



Environment

Prevent escapes



Sea lice management



Sustainable and efficient fish feed



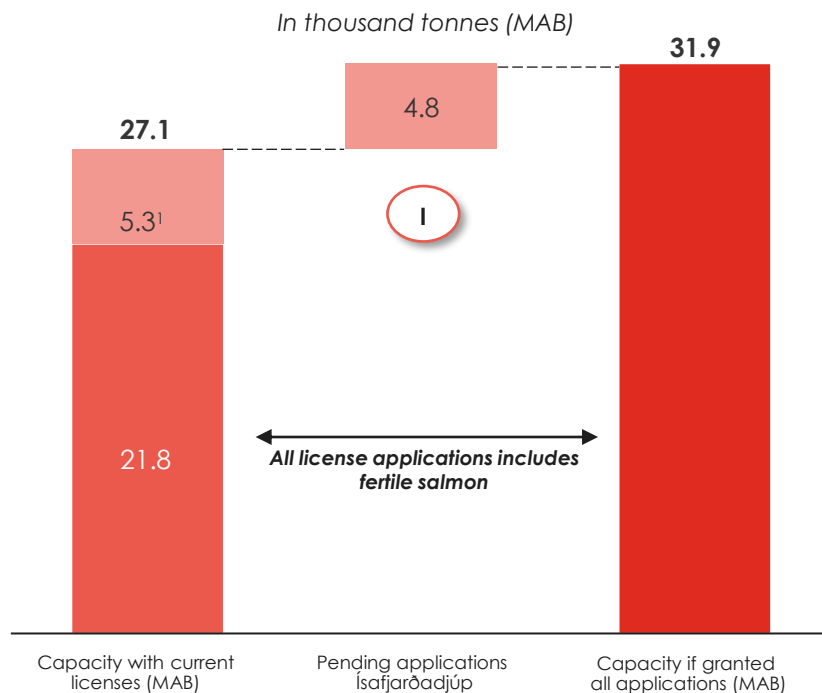
Source: Company

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



Licenses enabling growth and production potential

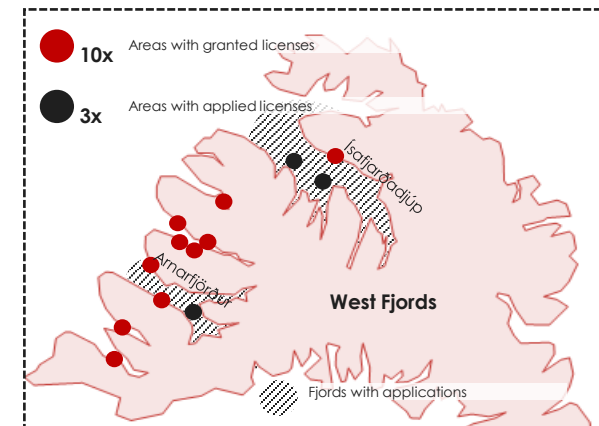
Licenses and applications are well positioned for future growth with locations in different fjords



Ísafjarðardjúp

Additional license for 4.800 tonnes

Current license applications



Commentary

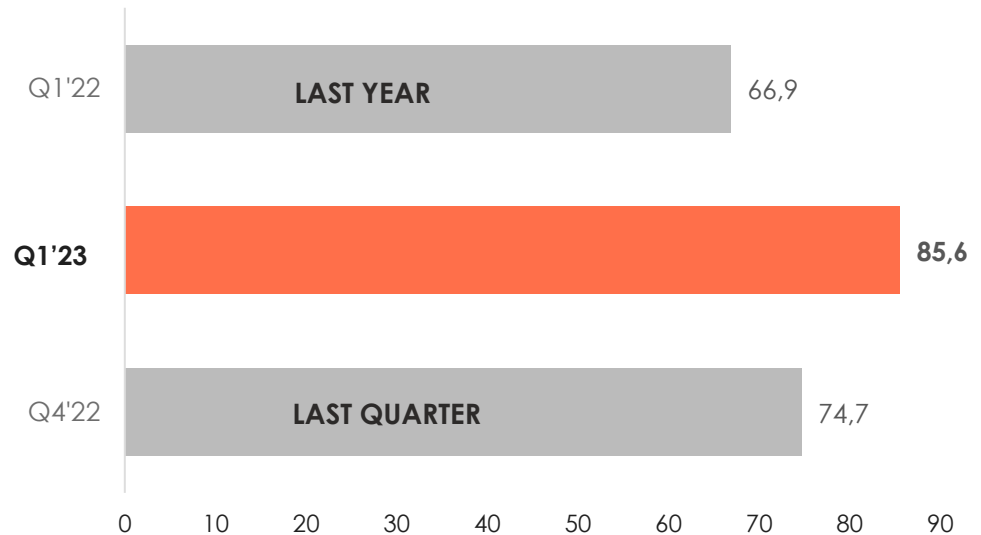
- Ísafjarðardjúp is still in process, and is expected to be finalized in the near future.

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

Markets and sales

- The markets for salmon continued to move upwards from the previous quarter and increased by 28% year over year as well.
- Price achievement was affected by logistics as well as lower superior grade, due to harvesting via external harvesting vessel and a non-optimal solution on the whole harvesting process.
- Only 7% of the volumes were harvested in March when prices peaked during the quarter.
- The forward prices for salmon are at high levels compared to earlier forecasts and are likely to remain at strong levels throughout the year.
- Fixed price contracts did not affect the price as there are no fixed price contracts open.

Price achievement development



Q1 2023 Presentation

Growth Projects



Fire at Construction Site

On February 23, 2023 at approximately 9:30 AM CEST, a fire broke out at a construction site of Arctic Smolt. 2 minor injuries were sustained to people at site and now the injured workers have fully recovered. The scope of the fire was large but it was limited only to the extension project, our other smolt production were not affected.

When the facility caught fire the project was in its final stages, with a couple of months left of construction. It had accumulated costs that amounted to 240 MNOK.

Insurance dialog is in progress but due to the size and complexity of the case and project, it is expected that a conclusion will be drawn out, and a clear timeline cannot be given at this point of time.

Police reports show that the fire was caused due to construction hot work that emitted a spark into flammable material. These results impact the ongoing dialog with insurance companies and contractors on site.

Cleaning work at site has gone well and the construction will continue after cleaning work is done, a one year delay can be expected for the whole project to be completed.

Smolt stocking in 2023 is going to proceed as planned. Smolt stocking in 2024 will depend on the timing of the finalization of the construction as well as internal and external smolt capacity.

CAPEX projects

Smolt construction



Total costs
400 MNOK*



Current costs
243 MNOK



Expected completion
2024*

Harvesting facility



Total costs
347 MNOK



Current costs
215 MNOK



Expected completion
June 2023

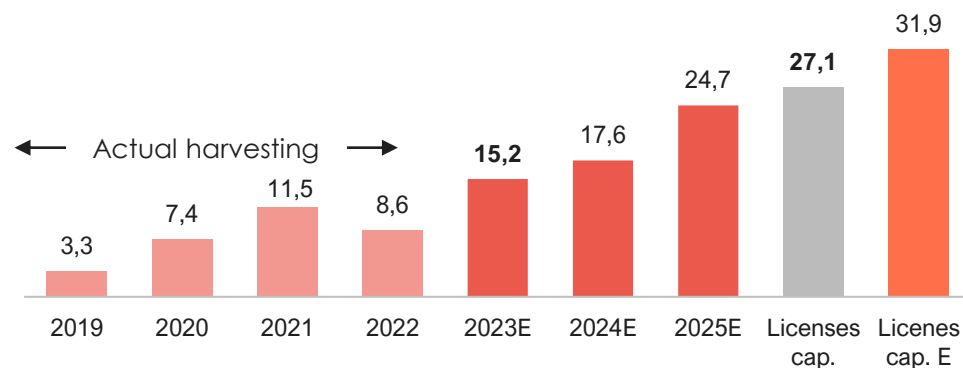
* This figure is still under re evaluation and is the best estimate at this current time

Harvesting Facility Bolungarvík

Commentary

- Arctic Fish is in the process of constructing a primary processing facility in Bolungarvík which is expected to be completed in July. Until then, Arctic Fish is dependent on external harvesting capacity. In the first quarter it was not possible to get priority at the external processing plant. Harvesting was instead performed by utilising external harvest vessel capacity. This had a negative earnings impact.
- Strategic investment plan with possibilities to increase capacity, up to 120 thousand tonnes.
- Further possibilities at this specific site for value added processing, box manufacturing, fish meal & oil as well as possibilities for waiting cages.
- New logistical routes with exiting direct ocean freight possibilities from the closes export port in Ísafjörður to USA now achievable.

Harvest volumes forecast



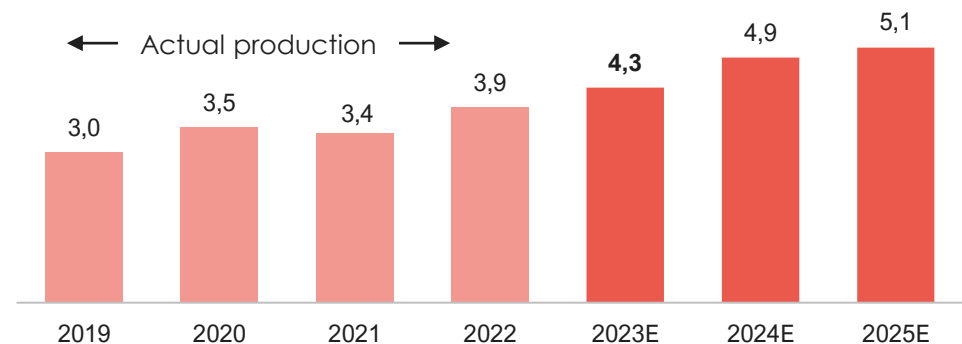
Smolt Facility Norðurbotn



Commentary

- Two-step plan to increase tank volume with 7,500m³ and increase smolt capacity to 5 million smolt.
- In February, there was a fire at the expansion unit at the smolt facility in Norðurbotn. This is expected to cause a delay of 1 year with regards to finalisation of the construction. Smolt stocking in 2023 is expected to proceed as planned. Smolt stocking in 2024 will depend on the timing of the finalization of the construction as well as internal and external smolt capacity.
- Total investment will strengthen the position of Arctic Fish as leading smolt producer as well as support its future growth target in terms of harvest volume.

Smolt capacity forecast (in million)



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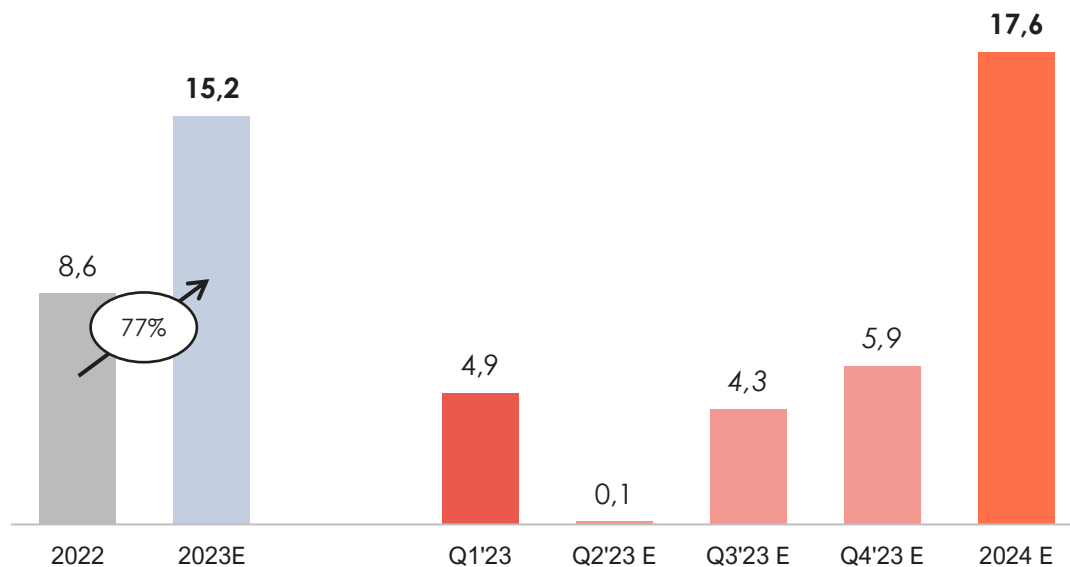
Outlook and summary



Harvesting estimates

Harvesting volumes and forecast

In thousand tonnes, HOG



- In Q1 2023, the Company harvested 4.9 thousand tonnes (HOG) compared to 4.2 thousand tonnes for the same period the year before (Q1 2022) which is a 15% increase.

Finance

Group Financials

Change in reporting structure

Arctic Fish is changing the reporting structure to align itself with the reporting structure and cost categorization of the majority owner MOWI.

It has also been decided that the Group will be reporting in Euros starting from the 1st of July 2023. Q3 2023 will be the first quarter to be reported in Euros.

The first quarter of 2023 is now reported in NOK and presented in this management report.

Comparative numbers for 2022 can be affected with the change in reporting structure and categorization of costs. Key results and metrics remain unchanged, in the comparative figures.

A full interim report will be published with the Q2 results. The Q2 results will be presented in NOK.

Group income statement

Income statement	Q1 2023	Q1 2022*	FY 2022*
Revenue	417.597	282.525	583.446
Cost of materials	-150.422	-282.424	-304.018
Net fair value adjustment biomass	-44.514	24.250	107.960
Salaries and personnel expenses	-30.643	-17.989	-69.486
Other operating expenses	-92.934	-14.859	-119.653
Depreciation and amortisation	-30.378	-12.241	-54.435
License/Production fee	-6.417	-3.535	-7.225
Earnings before financial items (EBIT)	62.289	-24.273	136.588
Interest expenses	-21.083	-5.229	-41.406
Net currency effects	-74.550	14.206	-30.786
Other financial items	-452	-58	10.038
Earnings before tax	-33.796	-15.355	74.435
Income taxes	6.760	3.071	-13.151
Profit or loss for the period	-27.036	-12.284	61.283

* 2022 figures being restated now with reference to a setup aligned with MOWI reporting structure.

Statement of the financial position

Balance sheet	Q1 2023	Q1 2022*	FY 2022*
Farming licenses	50.648	46.166	49.516
Goodwill	6.915	6.915	6.915
Deferred tax assets	13.087	19.479	6.327
Other intangible assets	22	93	26
Property, plant & equipment	1.192.633	745.411	1.049.722
Other shares and other non-current assets	650	629	650
Total non current assets	1.263.955	818.693	1.113.157
Inventory	12.583	28.725	34.461
Biological assets	566.585	335.904	718.818
Current receivables	198.189	128.356	110.712
Cash	206.308	133.926	95.949
Total current assets	983.665	626.911	959.941
Total assets	2.247.620	1.445.604	2.073.097
Equity	1.009.755	963.223	1.036.791
Total equity	1.009.755	963.223	1.036.791
Non current interest bearing debt	741.294	308.021	704.213
Non current leasing liabilities	2.812	3.254	2.902
Total non current liabilities	744.105	311.275	707.115
Current interest bearing debt	357.629	37.914	121.102
Current leasing liabilities	1.070	1.165	1.070
Other current liabilities	135.061	132.027	207.019
Total current liabilities	493.759	171.106	329.191
Total equity and liabilities	2.247.620	1.445.604	2.073.097

* 2022 figures being restated now with reference to a setup aligned with MOWI reporting structure.

Group cash flow statement

Cash flow	Q1 2023	Q1 2022*	FY 2022*
Earnings before taxes (EBT)	-33.796	-15.355	74.435
Interest expense	21.083	5.229	41.406
Net currency effect	74.550	-14.206	30.786
Other financial item(s)	452	58	-10.038
Net fair value adjustment and onerous contracts	44.514	-24.250	-107.960
Impairment losses, depreciation and amortization	30.378	12.241	54.435
Change in inventory, trade payables and trade receivables	-40.008	228.499	13.323
Other adjustments	2.136	252	
Cash flow from operations	99.309	192.469	96.386
Purchase of fixed assets and additions to intangible assets	-159.486	-97.163	-446.920
Cash flow from investments	-159.486	-97.163	-446.920
Net proceeds from new interest-bearing debt	273.608	-6.326	471.152
Down payment leasing debt	-91	-143	-1.057
Net interest and financial items paid	-21.535	-3.682	-31.368
Currency effects	-81.445	10.646	-30.370
Cash flow from financing	170.536	495	408.358
Change in cash in the period	110.359	95.801	57.823
Cash - opening balance	95.949	38.126	38.126
Cash - closing balance	206.308	133.926	95.949

* 2022 figures being restated now with reference to a setup aligned with MOWI reporting structure.

Shareholders

Ownership structure

Shareholders

Rank	Name	# of shares	% ownership
1	MOWI ASA	16.346.824	51,28%
2	Sildarinnslan hf.	10.899.684	34,19%
2	J.P. Morgan SE *	2.106.536	6,27%
3	Landsbankinn hf.	478.257	1,51%
4	KVERVA FINANS AS	257.718	0,81%
5	CLEARSTREAM BANKING S.A.	254.366	0,79%
6	VERDIPAPIRFONDET EIKA SPAR	167.406	0,57%
7	MP PENSJON PK	165.000	0,53%
8	PACTUM AS	154.386	0,52%
9	VERDIPAPIRFONDET PARETO INVESTMENT	129.800	0,48%
10	State Street Bank and Trust Comp	124.467	0,42%
11	VERDIPAPIRFONDET EIKA NORGE	121.659	0,38%
12	Íslandsbanki hf.	85.347	0,37%
13	ROTH	80.000	0,25%
14	SKEIE ALPHA INVEST AS	42.575	0,15%
15	RAMSFJELL AS	40.849	0,13%
16	Euroclear Bank S.A./N.V.	40.000	0,13%
17	VERDIPAPIRFONDET EIKA ALPHA	33.705	0,11%
18	Saxo Bank A/S	31.168	0,10%
19	DNB Luxembourg S.A.	25.231	0,08%
20	VERDIPAPIRFONDET EIKA BALANSERT	18.432	0,06%
Ownership of 20 largest shareholders		31.603.410	99,14%
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.



Q1 2023 Presentation

Thank you



Notes

Relevant notes

Appendix

Biomass

Book value of inventory:

(NOK '000)	31.3.2023	31.3.2022	31.12.2022
Raw materials	12.583	28.725	34.461
Biological assets - freshwater	62.134	47.496	37.373
Biological assets - seawater	504.451	288.408	681.445
Total inventory	579.168	364.629	753.279

Specification of the biological assets:

(NOK '000)	31.3.2023	31.3.2022	31.12.2022
Biological assets at cost	450.908	255.717	558.626
Fair value adjustments of the biomass	115.677	80.187	160.192
Book value biological assets	566.585	335.904	718.818

Biomass

Specification of biological assets - tonnes

(NOK '000)	Q1 2023	Q1 2022	Q4 2022
Opening balance biological assets	11.376	11.477	8.262
Increase due to fish put in the sea	0	0	97
Increase due to production in the period	1.373	1.324	4.653
Reduction due to mortality in the period	-479	-54	-72
Reduction due to harvesting in the period	-5.671	-4.920	-1.564
Non-recurring events and other		-2.512	0
Closing balance biological assets	6.598	5.315	11.376

Specification of changes in book value of biological assets:

(NOK '000)	Q1 2023	Q1 2022	Q4 2022
Opening balance biological assets	718.818	512.010	506.041
Increase due to production in the period	112.703	85.246	211.375
Non-recurring events and other at cost	0	-120.801	0
Reduction due to harvesting in the period	-220.422	-168.507	-56.080
Fair value adjustments of the biological assets	-44.514	27.955	57.482
Closing balance biological assets	566.585	335.903	718.818

Biomass cont.

Groups of biological assets in sea, status as of 31.3.2023	Number of fish (1000)	Biomass (tonnes)	Costs	Fair value adjustments	Book value
Smaller than 1 kg	2.343	993	68.047	17.457	85.504
1-4 kg	2.145	5.585	382.860	98.220	481.080
Larger than 4 kg			0	0	0
Biological assets	4.488	6.578	450.908	115.677	566.585

Groups of biological assets in sea, status as of 31.3.2022	Number of fish (1000)	Biomass (tonnes)	Costs	Fair value adjustments	Book value
Smaller than 1 kg	1.076	494	19.337	7.447	26.784
1-4 kg	1.944	4.392	172.043	66.255	238.298
Larger than 4 kg	73	430	16.840	6.485	23.326
Biological assets	3.093	5.315	208.220	80.187	288.408

Groups of biological assets in sea, status as of 31.12.2022	Number of fish (1000)	Biomass (tonnes)	Costs	Fair value adjustments	Book value
Smaller than 1 kg	2.522	771	37.855	10.855	48.710
1-4 kg	2.305	5.215	256.089	73.436	329.526
Larger than 4 kg	890	5.390	264.682	75.900	340.582
Biological assets	5.717	11.376	558.626	160.192	718.818

Fair Value Adjustments

(NOK '000)	Q1 2023	Q1 2022	FY 2022
Change in fair value adjustments of the biomass	-44.514	27.417	107.422
Change in provision for onerous sales contracts	0	-3.167	538
Total fair value adjustments	-44.514	24.250	107.960

The fair value adjustments has the following effect in the balance sheet:

(NOK '000)	31.3.2023	31.3.2022	31.12.2022
Fair value adjustments biomass (biological assets)	115.677	80.187	160.192
Provision for onerous sales contracts (other current liabilities)	0	-3.705	0
Net fair value adjustments in the balance sheet	115.677	76.482	160.192

Equity ratio

Equity ratio

(NOK '000)	31.03.2023	31.03.2022	31.12.2022
Reported equity	982.069	960.152	1.034.610
Reported total assets	2.228.213	1.446.222	2.066.036
Equity ratio	44,1 %	66,4 %	50,1 %