

# Quarterly Report

23 August 2023



## Q2 | 2023

### Report



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## Highlights Second quarter 2023

- Harvested quantities were in line with the company's short term and long-term plans, resulting in low volumes while moving all harvesting operations to the company's own new state of the art harvesting facility.
- The new harvesting facility in Bolungarvík was tested at the end of the quarter with full operations commencing in July. Testing and operations has gone according to plans.
- Due to small volume previously mentioned it was a low-income quarter.
- Biological production in line with expectations for the quarter.
- CAPEX investments amounted to 104.4 MNOK in the quarter, mainly related to the harvesting facility.
- Refinancing term sheet was finalized that will enable the company to realize its long-term growth plans.
- In the quarter expansion of the licenses reached a major milestone with the potential to increase the production with a MAB license of 8,000 tonnes, there of 5,200 tonnes of salmon and the rest for trout.

Arctic Fish - main figures	Q2 2023	Q2 2022	YTD Q2 2023	YTD Q2 2022	2022
(NOK '000)					
Operational revenue and other income	22.836	87.001	440.433	369.526	583.446
Operational EBITDA	19.734	49.187	148.402	16.694	90.288
Operational EBIT	-2.311	35.832	110.909	-9.155	35.853
Net interest-bearing debt (NIBD)	1.056.060	336.514	1.056.060	336.514	729.366
Underlying EPS (NOK)	0,06	0,80	3,94	-0,49	0,75
Net cash flow per share (NOK)	-4,30	-3,77	-8,86	-0,34	-12,01
ROCE	-0,1%	2,9%	5,6%	-1,0%	2,1%
Equity ratio	42,6%	64,9%	42,6%	64,9%	50,0%
Harvest volume (GWT)	100	1.029	4.966	5.250	8.561
Operational EBIT - NOK per kg	-23,11	34,82	22,33	-1,74	4,19

## Principal activities

The Group's principal activity is salmon farming, producing smolt in its own freshwater hatchery and farming salmon at sea before the fish is harvested and finally sold to the market.

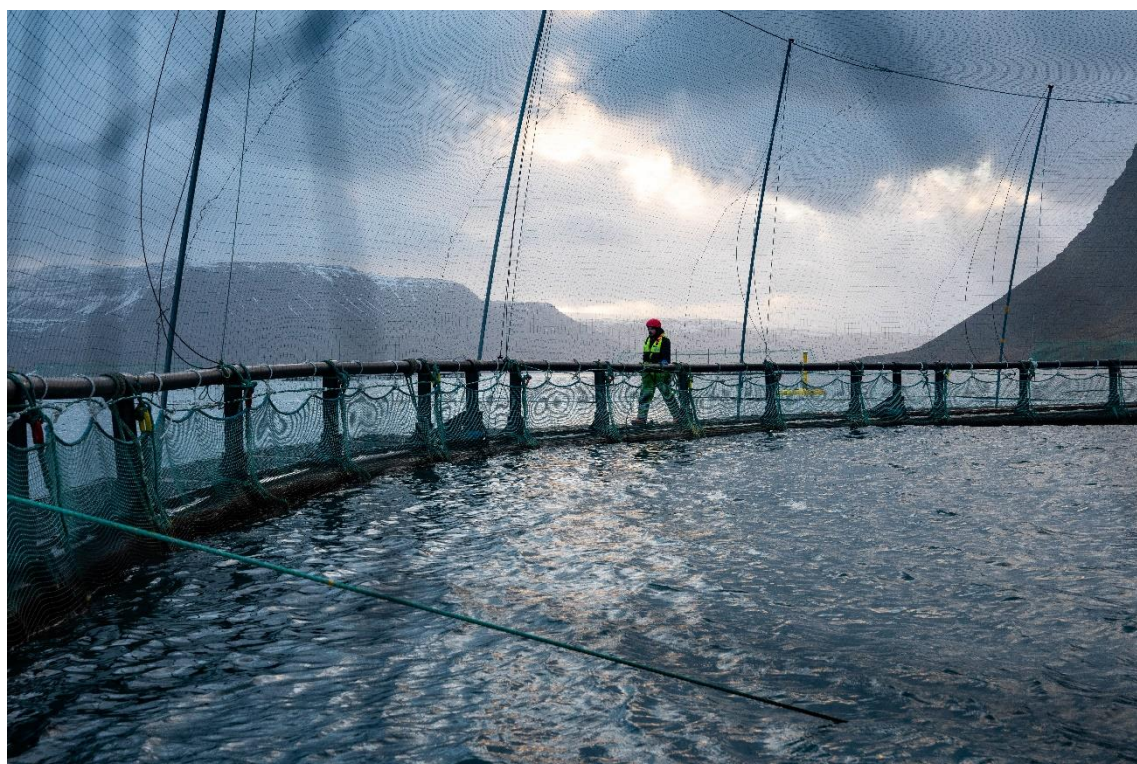
### Freshwater smolt

The Group has a modern freshwater hatchery in Norðurbotn (Tálknafjörður), using RAS technology. The Group owns a 36.3 km<sup>2</sup> land area surrounding the smolt facility, which it is using for a smolt facility expansion.

### Seawater sites

The Group's seawater sites are strategically located in all fjords on the West Coast of Iceland, with ten sites with granted licenses, and another three sites with license applications pending. This ensures that production may be alternated to minimise biological risk with a proven low mortality rate and feed conversion ratio.

The Group currently holds licenses for a production capacity of 27,100 tonnes MAB with additional applications for 4,800 tonnes MAB that the Group expects to receive in the near future. Existing licenses are divided into 21,800 tonnes MAB of salmon and 5,300 tonnes MAB of trout that is in process of being converted to salmon licenses in 2023 as well.





## Processing

All processing of the Group's salmon from Q3 2023 and onwards will take place in its brand-new state of the art harvesting facility in Bolungarvík. The facility has been designed to fulfil the short and long term needs of Arctic Fish, with growth possibilities for external service contracts with other farmers as well.



## Sales

The fish are currently sold "Free Carriage" through a sales agreement with Seaborn AS, a major distributor of Icelandic and Norwegian salmon. The Group has already made decisions to utilize the synergies from the majority owner MOWI with sales to be handled by MOWI from September 2023 and onwards. Routes have developed positively, and there is potential to enter new markets in the future efficiently.

## Q2 2023 Performance

The second quarter's performance will be broken down into the main operating categories, investments, and financing. In brackets some historical performance for the year 2022 is provided.

### Key financial Performance

*(Figures in brackets = 2022, unless otherwise specified).*

#### Revenues and results

Arctic Fish posted operating revenues of NOK 22.8 million (Q2'2022: NOK 87.0 million) in the second quarter of 2023, a decrease of 74% from the corresponding prior-year period which can be traced to substantially lower volumes. The sold volume HOG was 100 tonnes in the quarter (in Q2'2022 1,029 tonnes).

The Group achieved a negative operational EBIT of NOK -2.3 million (Q2'2022: NOK 35.8 million), which is a result of the very low harvest volumes in the quarter. The Group recognised a positive fair value adjustment of NOK 49.0 million (Q2'2022: NOK 36.9 million) on the biomass in sea, an increase of NOK 12.1 million compared to the corresponding quarter in 2022. The positive fair value adjustment in the quarter can largely be attributed to higher forward price indications and more fish in the sea.

#### Financial items

Net financial losses were NOK -62.7 million in the quarter (Q2'2022: NOK -25.0 million). Net interest payments in the quarter amounted to 27.3 million NOK in the period, whilst there was a 35.2 MNOK currency loss.

#### Balance sheet

At the end of the reporting period, total assets amounted to NOK 2,330 million, an increase of NOK 82.4 million from the prior period (Q1'2023). The change in total assets is attributable to several factors. Property, plant, and equipment increased by NOK 80.0 million. Receivables decreased by NOK 93.7 million, and cash decreased by NOK 104.0 million. Biological assets and other inventories increased by 173.6 million NOK.

The Group's net interest-bearing debt (NIBD) increased by NOK 163 million, from NOK 893 million at the end of the first quarter of 2023 to NOK 1,056 million at the end of the second quarter 2023.

At the end of the quarter, the Group's equity totalled NOK 992.1 million, a decrease of NOK 17.6 million from the end of the previous quarter. The equity ratio at the end of the quarter amounted to 42.6%.

## Seawater

The biomass at the end of the quarter was 9,194 tonnes in the sea and the closing average weight was close to 1.7 kgs, resulting in more fish and more biomass in the sea compared to Q1'2023, at a greater average weight (at the end of Q1'2023 the biomass was 6,598 tonnes in the sea and the closing average weight was close to 1.5 kgs).

## Smolt production

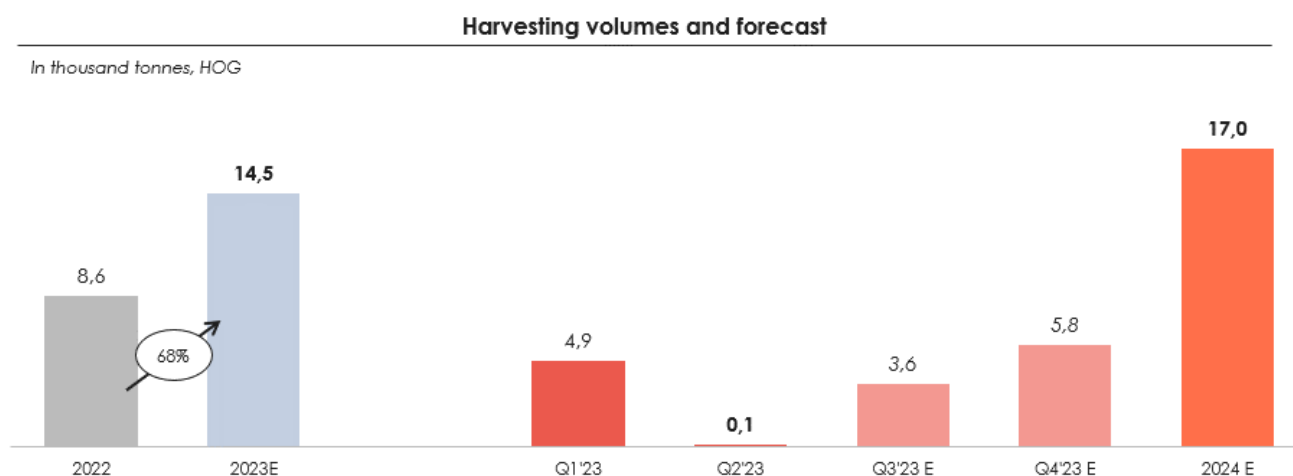
In the smolt facility at the end of the period there are 6.4 million fry and smolt at an average weight of 26.6 grams, compared to 6.0 million fry and smolt at an average weight of 28.8 grams last year.



## Outlook

### Markets and sales

Arctic Fish continues developing according to its growth plan. Harvesting volumes in 2022 amounted to 25% less than realized in 2021 overall, coming in at a total of 8.6 thousand tonnes. The Company plans to harvest 14.5 thousand tonnes in 2023, or a 68% increase year over year from 2022 and is very optimistic on continuing strong market performance moving forward and believes that it can generate a healthy margin on sold quantities in the latter half of the year.



### Investments

Construction project expenditure related to the smolt expansion in Tálknafjörður and the harvesting facility in Bolungarvík were the key investments in the quarter. Minor investments were made in farming and other smaller smolt production investments.

It should be noted that the smolt expansion is still in a redesign phase after the fire incident earlier this year. It is expected that construction will commence again in the third quarter of 2023.

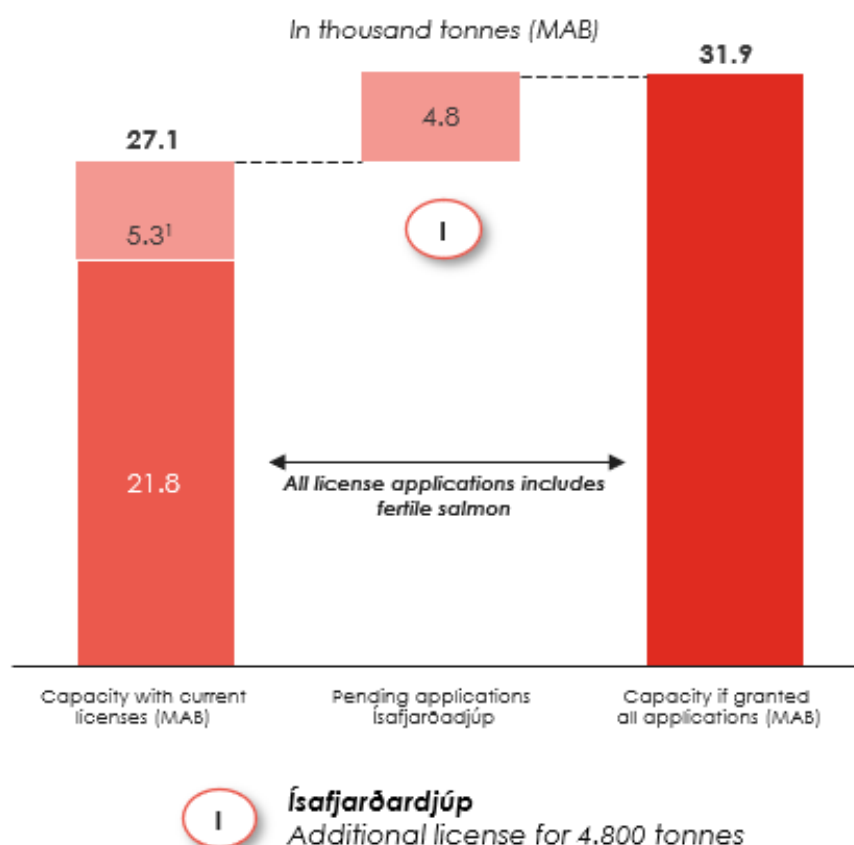


## Licenses

In the quarter MAST (Iceland Food and Veterinary Authority) and Umhverfisstofnun (The Environment Agency of Iceland) both advertised their proposal of new farming licenses for Arctic Sea Farm, a 100% owned subsidiary of Arctic Fish Holding AS for 8,000 tonnes (MAB) in Ísafjarðardjúp. Of which the maximum biomass of fertile salmon can amount to a maximum of 5,200 tonnes at any given point in time, the remaining or all can be rainbow trout. This license replaces a previously issued rainbow trout license for 5,300 tonnes at one site in Ísafjarðardjúp, with two new sites being added and biomass production increased from 5,300 tonnes to 8,000 tonnes.

Furthermore, within the course of 2023 the Group also expects to receive the following salmon sea farming license:

- Conversion of 5,300 tonnes of trout licenses to salmon licenses and further expansion up to 10,100 tonnes in Ísafjarðardjúp.



- Arctic Fish sites
- Pending applications
- Smolt
- Harvesting plant
- Office



## Board Declaration

### RESPONSIBILITY STATEMENT FROM THE BOARD OF DIRECTORS AND CEO

We confirm, to the best of our knowledge, that the financial report for the first half of 2023 has been prepared in accordance with IAS 34 – Interim Financial Reporting, as adopted by EU, and gives a true and fair view of the Group's assets, liabilities, financial position and profits and loss for the period.

Furthermore, we confirm that the interim management report includes a fair view of the information required under the Norwegian Securities Trading Act § 5-6, fourth paragraph.

**23.08.2023**

### The Board of Directors of Arctic Fish Holding AS

Svein Sivertsen

**Chairman**



Ivan Vindheim

**Board member**



Gunnthor Ingvason

**Board member**



Øyvind Oaland

**Board member**



Hildur Árnadóttir

**Board member**



### The Management of Arctic Fish Holding AS

Stein Ove Tveiten

**CEO**

Neil Shiran Thorisson

**CFO**

## Consolidated Income Statement

(NOK '000)	Q2 2023	Q2 2022	YTD Q2 2023	YTD Q2 2022	2022
<b>Revenue</b>	<b>22.836</b>	<b>87.001</b>	<b>440.433</b>	<b>369.526</b>	<b>583.446</b>
Cost of materials	44.333	9.270	-178.865	-275.537	-308.790
Net fair value adjustment biomass	49.045	36.913	4.530	61.163	107.960
Salaries and personnel expenses	-22.216	-15.966	-40.901	-29.638	-59.914
Other operating expenses	-31.157	-31.119	-78.205	-47.657	-124.454
Depreciation and amortisation	-16.107	-13.355	-31.554	-25.849	-54.435
License/Production fee	-143	-897	-6.560	-4.432	-7.225
Impairment losses and write-downs	-5.939		-5.939		
<b>Earnings before financial items (EBIT)</b>	<b>40.652</b>	<b>71.849</b>	<b>102.941</b>	<b>47.576</b>	<b>136.588</b>
Interest expenses	-27.321	-4.586	-48.404	-9.816	-31.336
Net currency effects	-35.223	-20.272	-109.773	-6.115	-30.786
Other financial items	-152	-93	-605	-103	-32
<b>Earnings before tax</b>	<b>-22.044</b>	<b>46.898</b>	<b>-55.841</b>	<b>31.543</b>	<b>74.435</b>
Income taxes	4.408	-9.380	11.168	-6.309	-13.151
<b>Profit or loss for the period</b>	<b>-17.636</b>	<b>37.518</b>	<b>-44.673</b>	<b>25.234</b>	<b>61.283</b>
<b>Total comprehensive income for the period attributable to</b>					
Owners of Arctic Fish Holding AS	-17.636	37.518	-44.673	25.234	61.283
Basic earnings per share (NOK)	-0,55	1,18	-1,40	0,79	1,92



## Statement of Financial Position

(NOK '000)	30.6.2023	31.3.2023	31.12.2022	30.6.2022
<b>Assets</b>				
Farming licenses	53.079	50.648	49.516	47.345
Goodwill	6.915	6.915	6.915	6.915
Deferred tax assets	17.495	13.087	6.327	13.170
Other intangible assets	18	22	26	31
Property, plant & equipment	1.272.599	1.192.633	1.049.722	827.582
Other shares and other non-current assets	650	650	650	650
<b>Total non current assets</b>	<b>1.350.756</b>	<b>1.263.955</b>	<b>1.113.157</b>	<b>895.693</b>
Inventory	32.232	12.583	34.461	23.881
Biological assets	740.146	566.585	718.818	439.584
Current receivables	104.548	198.204	110.712	119.499
Trade receivables within group				
Cash	102.329	206.308	95.949	63.369
<b>Total current assets</b>	<b>979.255</b>	<b>983.680</b>	<b>959.941</b>	<b>646.334</b>
<b>Total assets</b>	<b>2.330.011</b>	<b>2.247.635</b>	<b>2.073.097</b>	<b>1.542.027</b>
<b>Equity and liabilities</b>				
Equity	992.119	1.009.755	1.036.791	1.000.742
Non controlling interest				
<b>Total equity</b>	<b>992.119</b>	<b>1.009.755</b>	<b>1.036.791</b>	<b>1.000.742</b>
Deferred tax liability				
Non current interest bearing debt	764.983	741.294	732.998	358.747
Non current interest bearing debt within group				
Non current leasing liabilities	2.721	2.812	3.972	3.420
Trade payables within group				
Other non current liabilities				
<b>Total non current liabilities</b>	<b>767.704</b>	<b>744.105</b>	<b>736.970</b>	<b>362.167</b>
Current interest bearing debt	393.407	357.629	92.317	41.135
Current leasing liabilities	1.070	1.070		1.252
Other current liabilities	175.712	135.076	207.019	136.730
<b>Total current liabilities</b>	<b>570.189</b>	<b>493.775</b>	<b>299.336</b>	<b>179.118</b>
<b>Total equity and liabilities</b>	<b>2.330.011</b>	<b>2.247.635</b>	<b>2.073.097</b>	<b>1.542.027</b>

## Statement of Equity

### 2023

(NOK '000)	Share capital	Other paid in capital	Other equity reserves	Total equity
Equity 01.01.2023	31.877	1.001.740	3.174	1.036.791
Comprehensive income			-44.673	-44.673
Transactions with owners				
Total Equity end of period	31.877	1.001.740	-41.499	992.119

### 2022

(NOK '000)	Share capital	Other paid in capital	Other equity reserves	Total equity
Equity 01.01.2022	31.877	1.001.740	-58.109	975.508
Comprehensive income			61.283	61.283
Transactions with owners				
Total Equity 31.12.2023	31.877	1.001.740	3.174	1.036.791

## Statement of Cash Flow

(NOK '000)	Q2 2023	Q2 2022	YTD Q2 2023	YTD Q2 2022	2022
Earnings before tax	-22.044	46.898	-55.841	31.543	74.435
Interest expense	27.321	4.586	48.404	9.816	31.336
Net currency effect	35.223	20.272	109.773	6.115	30.786
Other financial item(s)	152	93	605	103	32
Net fair value adjustment and onerous contracts	-49.045	-36.913	-4.530	-61.163	-107.960
Impairment losses, depreciation and amortization	22.045	13.355	37.492	25.849	54.435
Change in inventory, trade payables and trade receivables	-10.731	-51.139	-44.095	177.466	12.004
<b>Cash flow from operations</b>	<b>2.921</b>	<b>-2.849</b>	<b>91.808</b>	<b>189.728</b>	<b>95.067</b>
Purchase of fixed assets and additions to intangible assets	-104.438	-96.865	-263.924	-194.028	-446.920
<b>Cash flow from investments</b>	<b>-104.438</b>	<b>-96.865</b>	<b>-263.924</b>	<b>-194.028</b>	<b>-446.920</b>
Net proceeds from new interest-bearing debt	62.422	31.508	282.093	52.850	485.344
Downpayments interest bearing debt	-33.313	-15	-60.822	-18.957	-44.598
Downpayment leasing debt	-91	254	-181	111	-589
Net interest and financial items paid	-26.616	-4.729	-44.625	-10.120	-30.049
Currency effects	-4.865	2.138	2.031	5.660	-432
<b>Cash flow from financing</b>	<b>-2.462</b>	<b>29.157</b>	<b>178.496</b>	<b>29.543</b>	<b>409.676</b>
Change in cash in the period	-103.979	-70.557	6.380	25.243	57.823
Cash - opening balance	206.308	133.926	95.949	38.126	38.126
<b>Cash - closing balance</b>	<b>102.329</b>	<b>63.369</b>	<b>102.329</b>	<b>63.369</b>	<b>95.949</b>

## Selected notes to the Interim Financial Statements

### Note 1 General Information

Arctic Fish Holding AS and its subsidiaries (collectively "the Group", or "Arctic Fish Group") is a publicly listed company on Euronext Growth, with the ticker symbol AFISH.

Arctic Fish Holding AS is a Company incorporated in Norway with headquarters in Iceland. Arctic Fish's headquarter is located at Sindragata 10, 400 Isafjordur, Iceland.

The consolidated financial statements of the Group were authorised for issue in accordance with a resolution of the Board of Directors.



## Note 2 Accounting Principles

The structure of the Group was changed in 2021. Arctic Fish Holding AS is a newly established entity that owns 100% of the shares in Arctic Fish ehf. the Icelandic mother company of the Icelandic subsidiaries Arctic Oddi, Arctic Smolt and Arctic Sea Farm.

In the consolidated financial statements of Arctic Fish Group the values of Arctic Fish Iceland and subsidiaries are continued. The Group has accounted for the reorganization as a continuation of Arctic Fish ehf. The consolidated financial statements are presented as if the Group and Arctic Fish Holding AS as the parent company, had always existed.

Comparative financial information is provided for the preceding period in the Consolidated statement of comprehensive income, Consolidated statement of financial position and Consolidated statement of cash flows.

These condensed, consolidated interim financial statements have been drawn up in accordance with International Financial Reporting Standards (IFRSs) and such interpretations as are determined by the EU and published by the International Accounting Standards Board, including the interim reporting standard (IAS 34). The interim financial statements do not include all the information required of an annual financial report.

The condensed consolidated interim financial statements have not been audited. As a result of rounding differences, numbers or percentages may not add up to the total.

The consolidated financial statements are presented in Norwegian Kroner (NOK) which is the functional currency of the Group as of 01.01.2021 and onwards, up until 01.07.2023 where the Group converted the operational currency to Euros (EUR).

## Note 3 Estimates and Risk Exposure

The preparation of financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting principles and recognised amounts of assets, liabilities, income and expenses. The most significant estimates relate to the valuation of biological assets. Estimates and underlying assumptions are reviewed on an ongoing basis and are based on the management's best assessment at the time of reporting. All changes in estimates are reflected in the financial statements as they occur.

Arctic Fish is exposed to a number of risk factors: Operational risks, licenses, legal and regulatory framework and financial risk. The "Operational risk and risk management" section in the Annual Report contains a detailed description of risks and mitigation actions.

## Note 4 Biological Assets

(NOK '000)	TOTAL
<b>Net fair value adjustment biomass in the statement of comprehensive income</b>	
Q2 2023	49.045
Q2 2022	36.913
YTD 2023	4.530
YTD 2022	61.163
2022	107.960
<b>Volumes of biomass in sea (tonnes)</b>	
30 June 2023	9.194
31 March 2023	6.598
31 December 2022	11.375
30 June 2022	5.351
<b>Fair value adjustment on biological assets in the statement of financial position</b>	
<b>30 June 2023</b>	
Fair value adjustment on biological assets	164.722
Cost on stock for fish in sea	512.524
Cost on stock for freshwater and cleanerfish	62.900
<b>Total biological assets</b>	<b>740.146</b>
<b>31 March 2023</b>	
Fair value adjustment on biological assets	115.677
Cost on stock for fish in sea	388.774
Cost on stock for freshwater and cleanerfish	62.133
<b>Total biological assets</b>	<b>566.585</b>
<b>31 December 2022</b>	
Fair value adjustment on biological assets	160.192
Cost on stock for fish in sea	521.254
Cost on stock for freshwater and cleanerfish	37.373
<b>Total biological assets</b>	<b>718.818</b>

## Note 5 Financial Items

(NOK '000)	Q2 2023	Q2 2022	YTD 2023	YTD 2022	2022
Interest expenses	-27.188	-4.537	-48.271	-9.716	-31.140
Interest expenses leasing (IFRS 16)	-132	-50	-132	-100	-196
<b>Net interest expenses</b>	<b>-27.321</b>	<b>-4.586</b>	<b>-48.404</b>	<b>-9.816</b>	<b>-31.336</b>
Net currency effect on long term positions	-28.914	-22.403	-107.994	-11.757	-30.337
Net currency effects on short term positions	-6.176	239	-1.513	2.820	-3.078
Net currency effects on short term currency hedges		2.283		3.262	2.763
Currency effects on leasing (IFRS 16)	-133	-391	-266	-439	-134
<b>Net currency effects</b>	<b>-35.223</b>	<b>-20.272</b>	<b>-109.773</b>	<b>-6.115</b>	<b>-30.786</b>
Net other financial items	-152	-93	-605	-103	-32
<b>Other financial items</b>	<b>-152</b>	<b>-93</b>	<b>-605</b>	<b>-103</b>	<b>-32</b>
<b>Net financial items</b>	<b>-62.696</b>	<b>-24.951</b>	<b>-158.781</b>	<b>-16.033</b>	<b>-62.153</b>



## Note 6 Share Capital

### Share capital

(NOK '000)	No. of shares	Share capital	Other paid in capital
<b>Share capital</b>			
Issued at the beginning of 2023	31.876.653	31.877	1.001.740
Changes during the period	0	0	0
<b>Issued at the end of period</b>	<b>31.876.653</b>	<b>31.877</b>	<b>1.001.740</b>

## Note 7 Shareholders

Major shareholders as of 30.06.2023:

Name of shareholder	No. of shares	%
MOWI ASA	16.346.824	51,28%
Síldarvinnslan hf.**	10.899.684	34,19%
J.P. Morgan SE	2.099.817	6,59%
Landsbankinn hf.	481.075	1,51%
CLEARSTREAM BANKING S.A.	248.926	0,78%
KVERVA FINANS AS	223.776	0,70%
VERDIPAPIRFONDET EKA SPAR	167.406	0,53%
MP PENSJON PK	165.000	0,52%
PACTUM AS	153.751	0,48%
Íslandsbanki hf.	145.225	0,46%
State Street Bank and Trust Comp	134.000	0,42%
VERDIPAPIRFONDET EKA NORGE	121.659	0,38%
VERDIPAPIRFONDET PARETO INVESTMENT	105.000	0,33%
ROTH	80.000	0,25%
SKEIE ALPHA INVEST AS	42.575	0,13%
RAMSFJELL AS	40.849	0,13%
Euroclear Bank S.A./N.V.	40.000	0,13%
VERDIPAPIRFONDET EKA ALPHA	33.705	0,11%
Saxo Bank A/S	31.018	0,10%
DNB Luxembourg S.A.	25.231	0,08%
VERDIPAPIRFONDET EKA BALANSERT	18.432	0,06%
<b>Total 20 largest shareholders</b>	<b>31.603.953</b>	<b>99,14%</b>
Total other	272.700	0,86%
<b>Total number of shares 30.06.2023</b>	<b>31.876.653</b>	<b>100,00%</b>

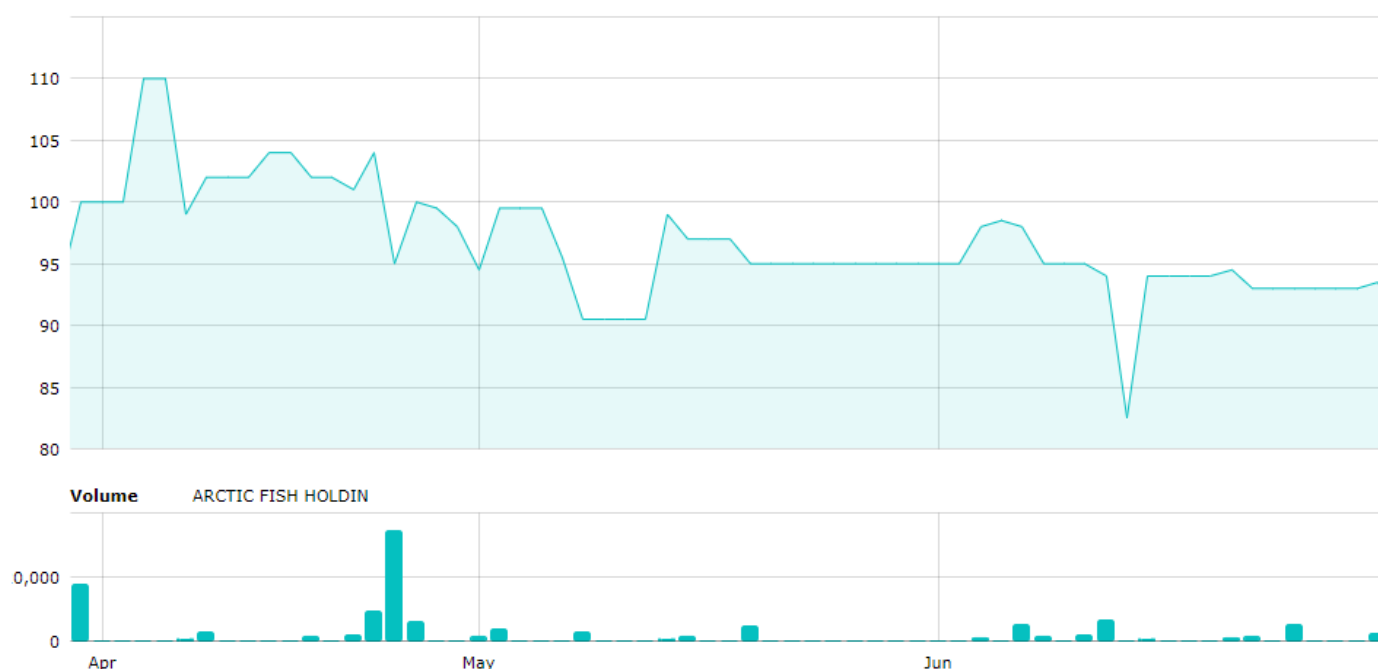
20 largest shareholders list includes nominee accounts that are composed of multiple individual shareholders.

\*\*Síldarvinnslan hf is a part of the nominee account "J.P. Morgan SE".

**Arctic Fish Holding AS does not own any of its own shares.**

## Note 8 Share Price Development

Share price development at Euronext Growth (ticker AFISH)



## Forward looking statements

This quarterly report 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 report.



