



Ice Fish Farm AS

Second quarter 2022 results

29 September 2022

Guðmundur Gíslason, CEO

Róbert Róbertsson, CFO

ICE FISH FARM AS post transaction:

Key Highlights



100% control of Region

14 farming locations and 43,8th tonnes MAB licenses



First to put up production zones

Biosecurity



Smolt production capacity

7-8 million 400g smolt reduced time in sea



State of the art equipment

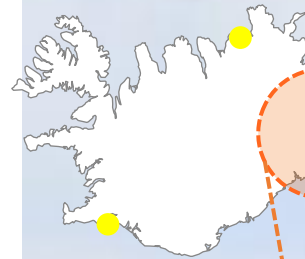
New barges, boats, cages, smolt stations.



License

43.800 MAB granted

Established farming stronghold



5 Smolt stations
Total cubic over 40th
Capacity of 10M

- ★ Fjords with granted licenses
- Fjords that will have granted licenses in 2022
- Fjords still waiting to get biomass measurements, before an auction process. ICE FISH FARM has active application on these sites, giving ICE FISH FARM advantage

Farming locations:

- Seyðisfjörður
- Mjóifjörður
- ★ Reyðarfjörður
- ★ Fáskrúðsfjörður
- ★ Stöðvarfjörður
- ★ Berufjörður

Potential of total 18 farming locations

Actions already taken and Q2 results

Business combination



- Consolidation date 30 May 2022.
- Acquired all shares in Laxar Fiskeldi ehf and 33,3% of shares in Búlandstindur ehf.
- Ice Fish Farm now owns 66,6% of all shares in Búlandstindur ehf.

Ongoing process with banks



- Ice Fish Farm is currently in process with selected financial institution .
- The aim is to simplify the loan structure for the group and refinance all interest bearing debt on group level.
- The refinancing process has started well.
- Target to complete refinance before end of this year.

Sale of Íspór reduced stress on BS



- Eldisstöðin Íspór hf, smolt facility was sold in August 2022.
- The enterprise value for 50% of the company amounted to €16 million.
- After the sale Ice Fish Farm has the capacity to produce 7-8 million smolts.

Investments



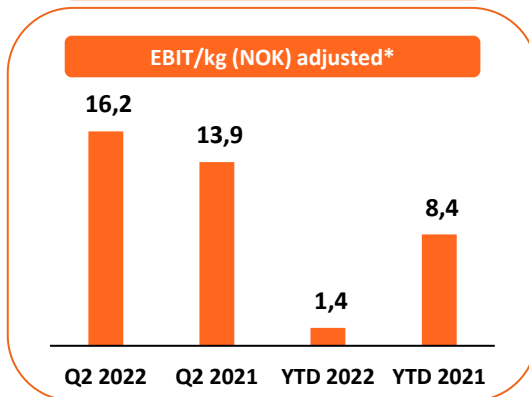
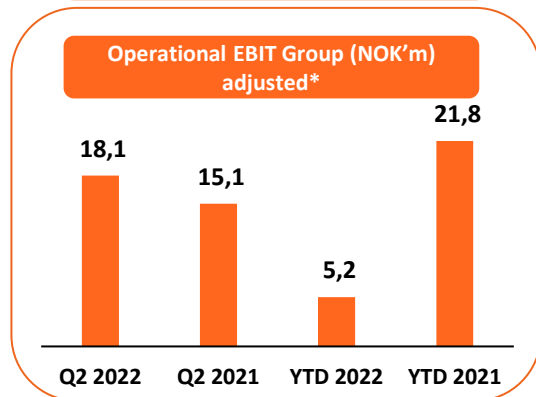
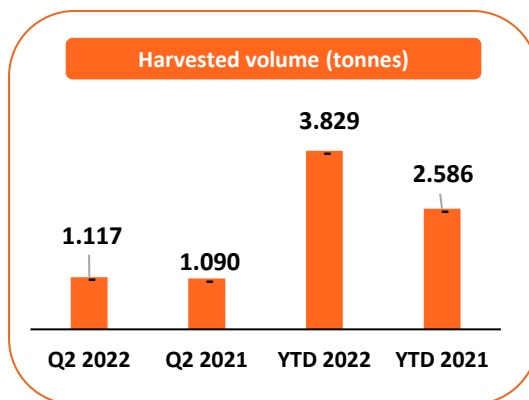
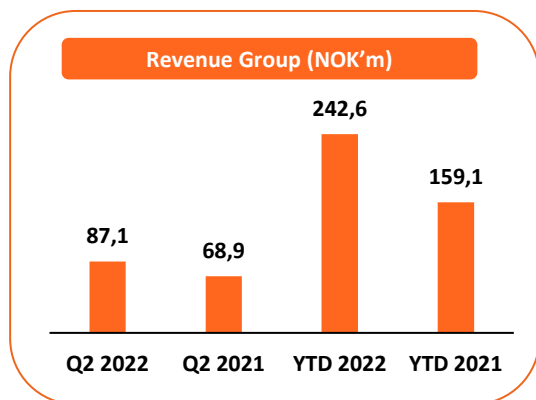
- Investment for H2 2022 is estimated to NOKm 130.
- Total investment needed in 2023 is estimated to NOKm 107
- Total investment needed in 2024 is estimated to NOKm 214
- Operation performance will be main focus for investments in 2023.
- Ice Fish Farm will have the capacity to produce and harvest about 30.000 tonnes at end of 2024.

Production status




- The ISA virus was a set back.
- The biomass write-down at end of Q2 amounted to NOKm 104.
- Early harvest affects income and results in 2022 and 2023.
- Already started to build up biomass, and will continue that out next 2 years.
- Back on track September 2023.

Q2 Results and Financial summary




Laxar fiskeldi and Búlandstindur included from June 2022.

Operating EBIT before write-down and provision NOKm 18.1 in Q2

 Biomass write-down of NOKm 104 for ISA infected fish which is harvested in Q3 and Q4 2022.

EBIT/kg adjusted for biomass write-down of NOK 16.2 in Q2

 High prices during quarter

 Average weight of 2,9 HoG in the quarter

(NOK 1000)	Q2 2022 (01.04-30.06)	YTD 2022
Total revenue	87.115	242.633
Cost of goods sold	69.977	237.407
EBIT before FV adj. and write-down	18.118	5.226
Biomass write-down and provision	-103.931	-103.391
Operating EBIT before FV adj.	-85.813	-98.705
Net fair value adjustment biomass	-56.039	-66.547
EBIT	-141.852	-165.251

*Biomass write-down amounted to NOKm 104 due to ISA infected fish. Operational EBIT in Q2 2022, adjusted for the one-off biomass write-down, amount to NOKm 18.1 and NOKm 5.2 YTD.

Financial summary

Business combination

- The acquisitions have material impacted the balance sheet

Assets

- No fair value adjustment in biological assets as most of the fish has been written-down to market value. Biological assets majority of current assets.

- PP&E NOKm 1,242 and Licenses NOKm 1,597

Equity

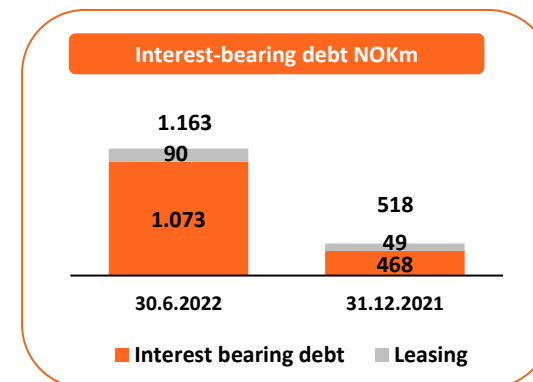
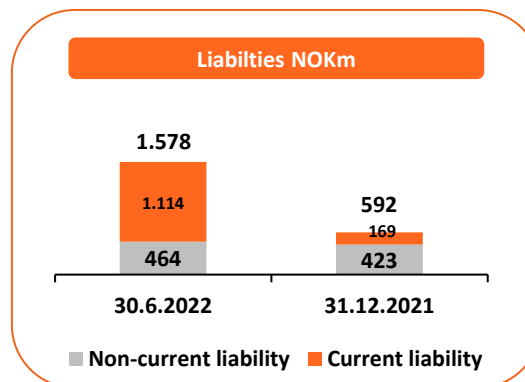
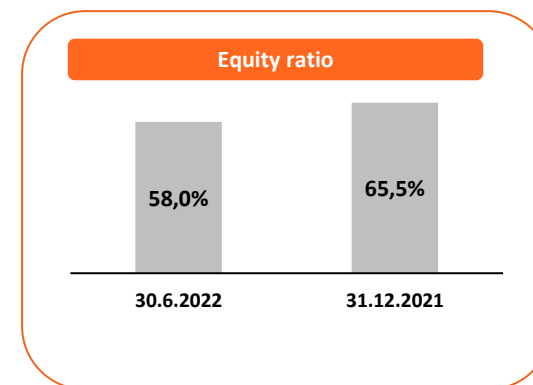
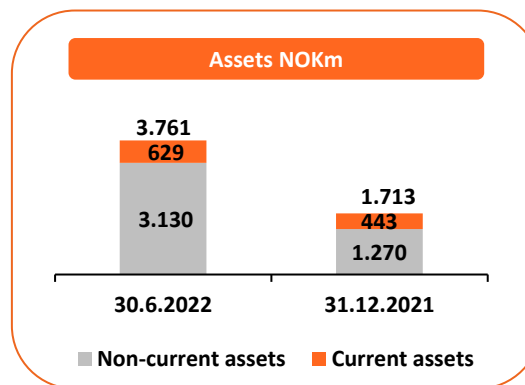
- Strong equity ratio of 58%

Liabilites

- Loans in Laxar Fiskeldi hf are in breach of covenants at end of Q2, resulting in reclassification of non-current interest bearing debt to current interest bearing debt. Lenders have signed a waiver letter

Interest-Bearing debt

- Lease liability amounted to NOKm 90
- Interest-bearing debt including subordinated loan from shareholders amount to NOKm 1,073



Foundation for a robust expansion

-Lessons learned from the ISA-Epidemic

Recently executed initiatives to stabilize production



We know what happened

- The ISA-virus came from wild fish as a variant not causing disease
- It mutated into a variant causing ISA, and because we were not aware it spread to all sites



Lower risk and presently no outbreaks

- Significantly lower future risk as we now monitor all sites to ensure early detection and prevention
- Two sites in Berufjörður still infected, but recent samplings show that the virus level is low. Thus, currently we do not have any outbreaks of ISA



Biosecurity improved on general basis

- Biosecurity is improved significantly on a general basis due to the experience with ISA, and risk is now considered low
- Implemented production areas (Refer to picture aside)



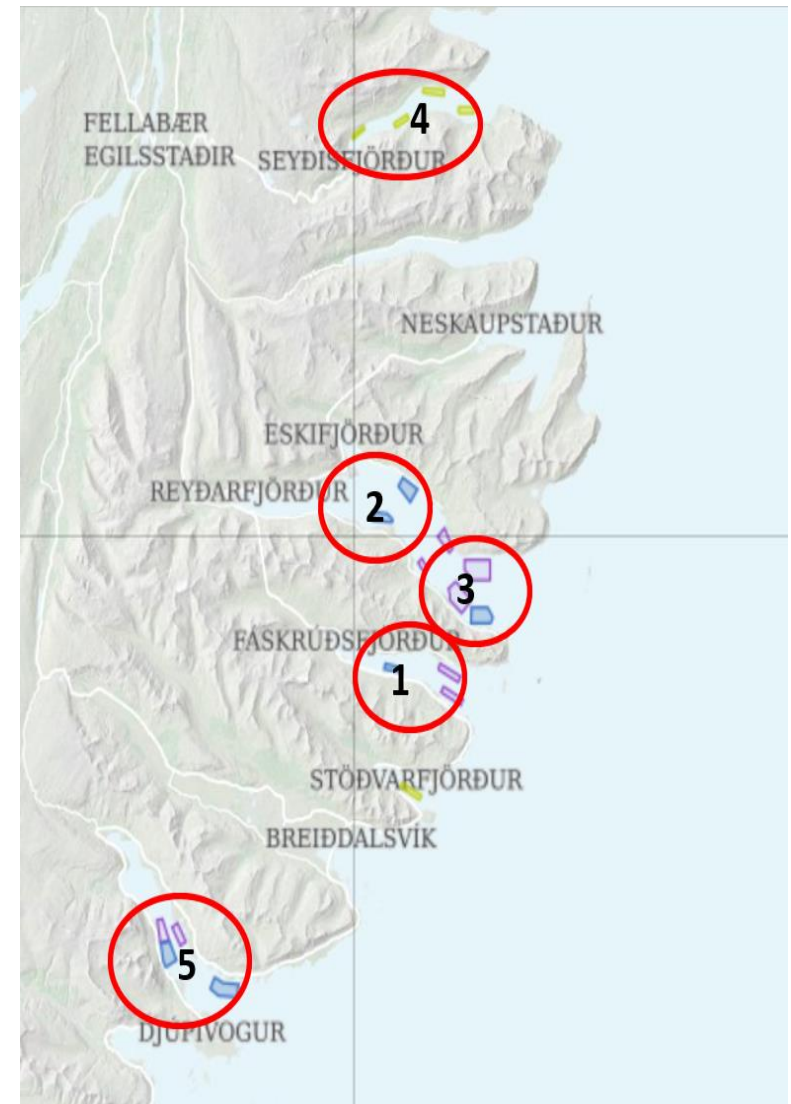
ISA-vaccination will reduce risk additionally

- Vaccination against ISA will start in Q4 2022
- Ice Fish Farm is aiming to vaccinate all fish against ISA



Robust fish will improve production

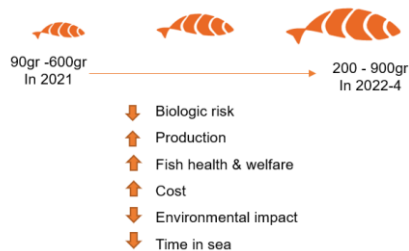
- Initiatives that will improve robustness of fish is ongoing in land sites, and will have further effect to reduce risk and improve production on a general basis



Established action plan to improve operations



- ▶ Ongoing investments for improved production and more capacity in all our smolt stations
- ▶ Production capacity up to 8 million smolt with average weight 400 gr in 2024
- ▶ Plan to increase smolt quality and sizes



- Done in 2022 already**
- ▶ Production zones to lower risk
 - ▶ Shorten time in sea with bigger smolts and right timing of smolt release and harvest
 - ▶ Harmonize feeding, cage set up, density limits in farming at sea
 - ▶ THIS IS GOING TO IMPROVE PRODUCTION
 - ▶ Better FCR
 - ▶ Lower mortality
 - ▶ More production

- Plan for 2023**
- ▶ Utilize our production capacity, currently we have barges, cages, boats and people without fish at sites due to ISA
 - ▶ This will improve our production going forward as we have already build up the sites

- ▶ A box factory has started operations, supplying boxes for our harvesting station

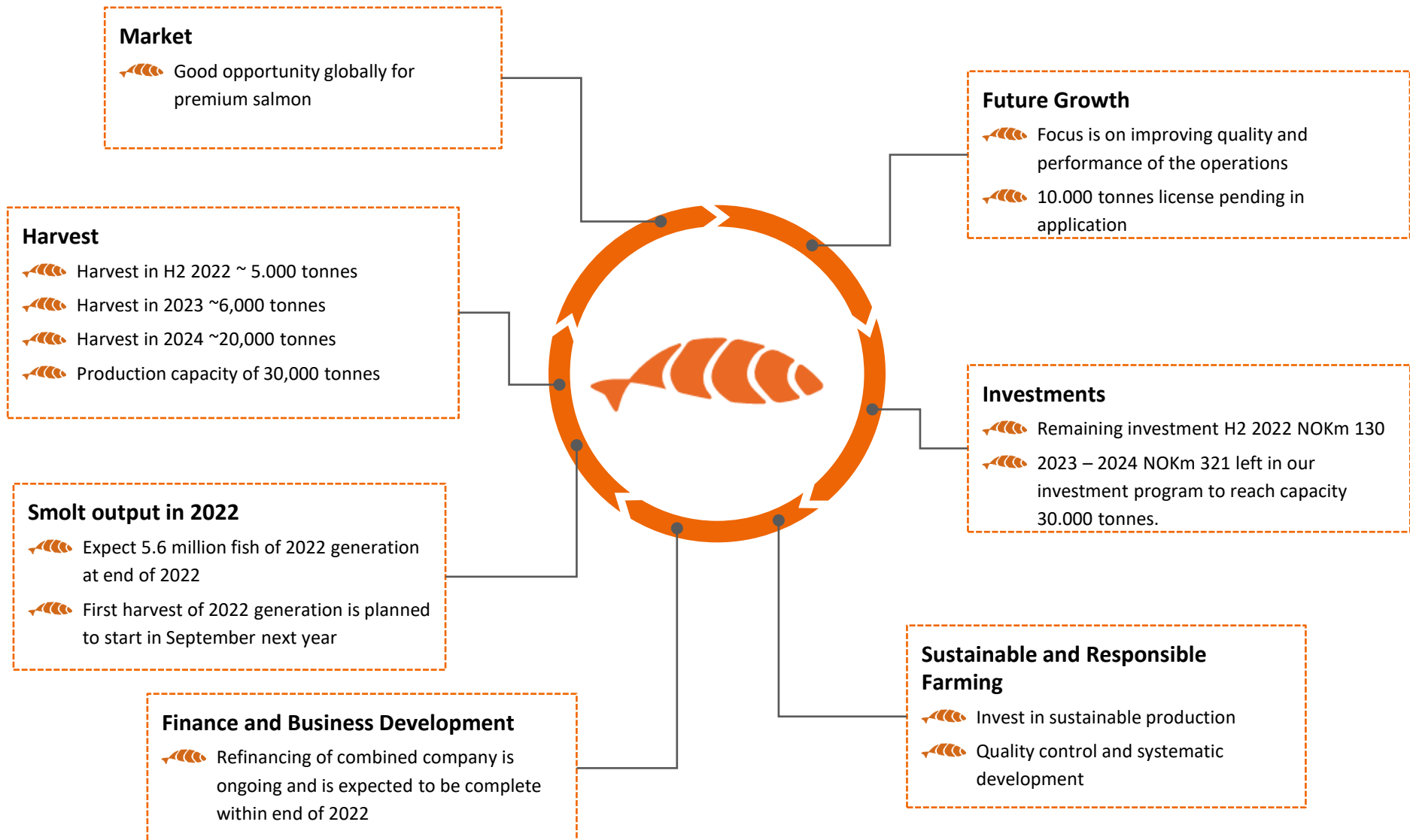


- ▶ Ongoing improvements
- ▶ Already shown capacity of 120 tonnes per day, capable of 30th tonnes per year
- ▶ Actions to improve further biosecurity
- ▶ Actions to improve quality and shelf life

- ▶ Certified salmon
- ▶ Sales have been successful with cooperation with Seaborn and Ultco
- ▶ Keeping our strategy of Premium salmon is currently allowing us to sell small fish at premium compared to Spot market.
- ▶ We will work on marketing our salmon in 2023 to secure good price achievement
- ▶ Boat delivery to USA gives cost benefit
- ▶ Build new markets in Asia and Europe
- ▶ Plan is to distribute our sales between the continents to lower market risk
- ▶ Access to Asia is due to improve with more air traffic from Asia and Iceland is duty free.



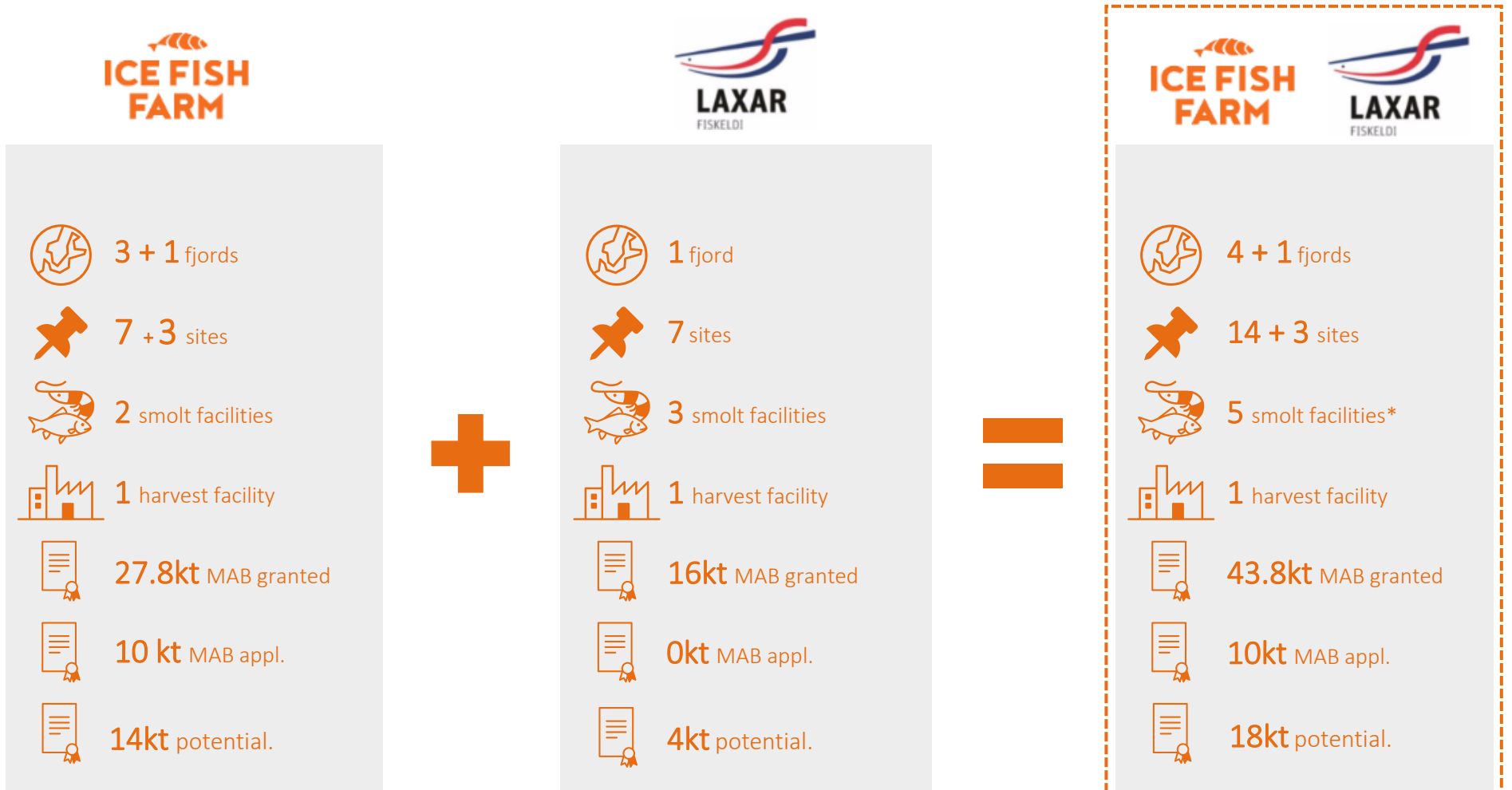
Outlook combined company | Focus on operation performance





Appendix

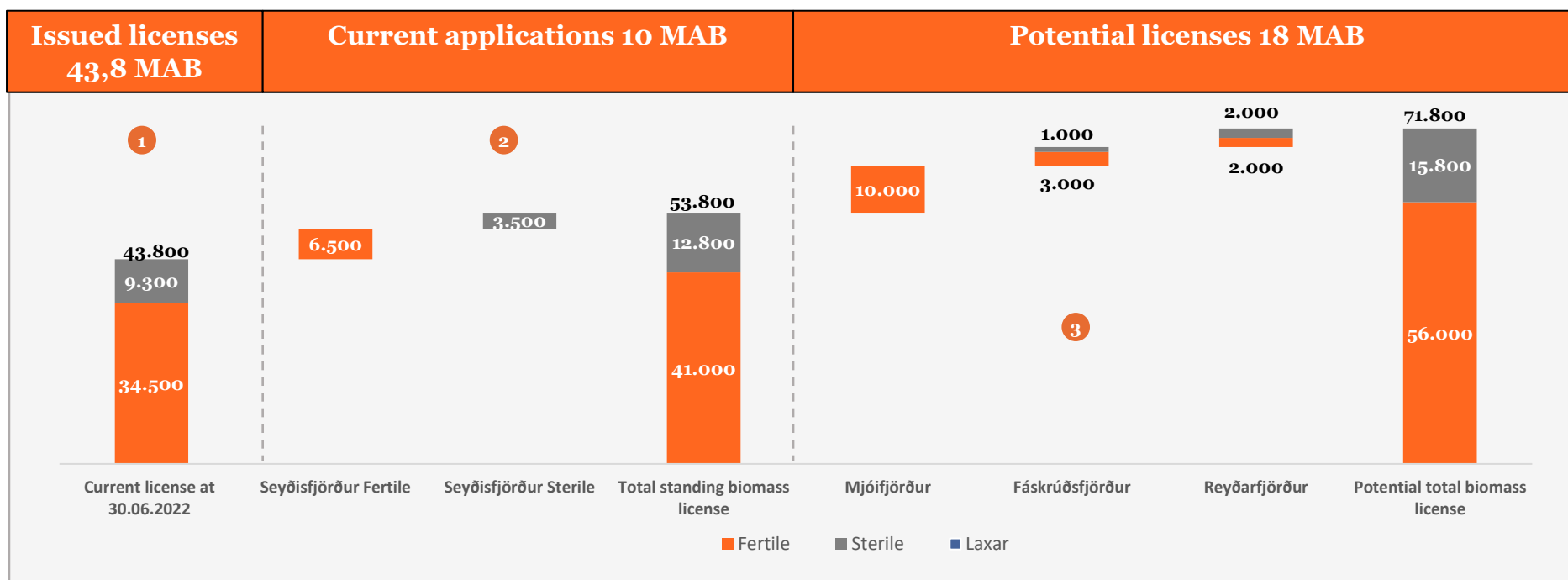
Ice Fish Farm with full access of the East Fjord



*Ice Fish Farm as owned and operated 6 smolt facilities at the end of June 2022. Eldisstöðin Íspór smolt facility was sold in August 2022 to Arnarlax.

Appendix

71,8 MAB potential



1 Combined company total current licenses:

- ▶ Fertile license is now 34.500 tonnes.
- ▶ Sterile license is now 9.300 tonnes.

The 16.000 tonnes license in Reyðarfjörður held by Laxar means the merged company will have access to 4 fjords with 14 farming sites

2 Seyðisfjörður: Planning agency has given ruling and now the application is in process to issue the license

3 Potentials of additional biomass in Fáskrúðsfjörður and Reyðarfjörður: According to a recent addition to the Marine Research Institute's risk assessment from June 2020 fertile biomass can be added to Fáskrúðsfjörður and Reyðarfjörður, given that minimum smolt size would be 400 g. In total, added biomass in the two fjords could be 5.000 tonnes.

The MRI has calculated the bearing capacity for Mjóifjörður and reported to the ministry. The allowed biomass in the fjord is then set to be auctioned. The ministry has not stated when auction will take place.

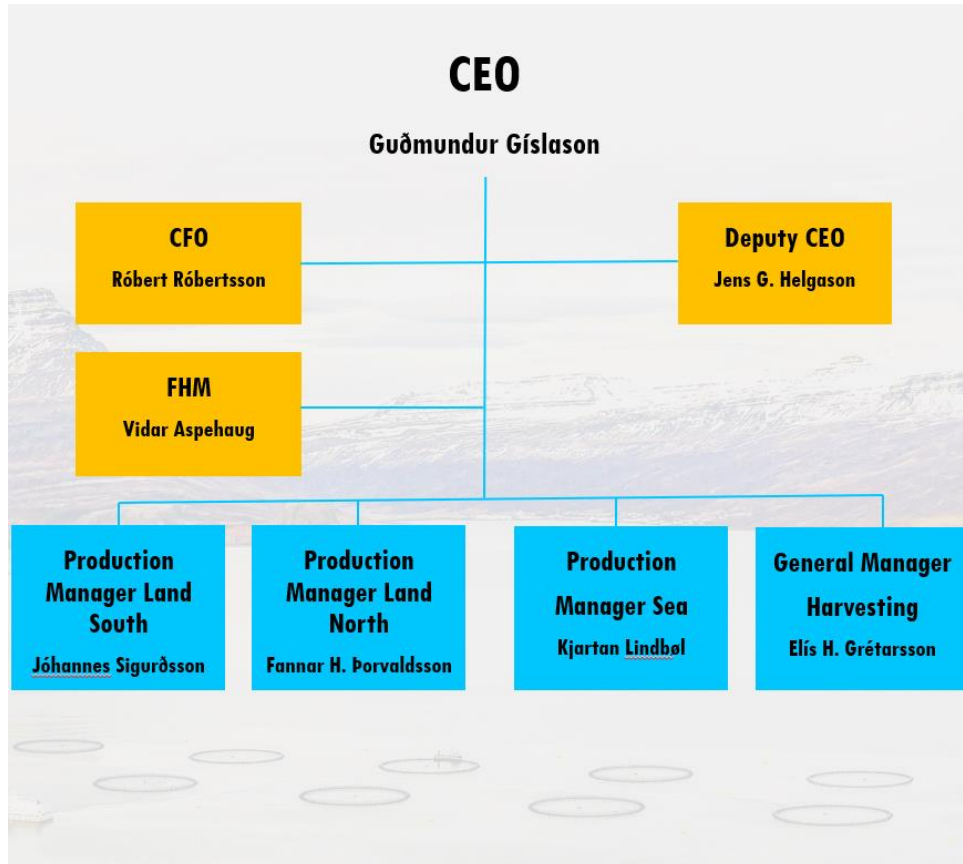
Ice Fish Farm has previously submitted an evaluation report to the National Planning Agency and the report was approved by the agency in 2014. Later the laws were changed, discontinuing traditional application process and allowing the government to auction the fjord's biomass.

We have a reason to believe that the position of ICE FISH FARM will be strong when auction will take place due to our work on environmental report and general position in the East

Appendix

Executive management

Management structure



Joint management team



CEO - Guðmundur Gíslason

- Bs in Business and MBA from University of Reykjavík
- Co-founder of ICE Fish Farm in 2012



Deputy CEO - Jens Garðar Helgason

- Graduate of University of Iceland and Norwegian School of Economics. Former CEO of Laxar, CEO of Fiskimid Exporting and BoD of Fisheries Iceland and Business Iceland



CFO - Róbert Róbertsson

- Education from the University of Iceland
- Former Manager of Transaction Advisory at EY Iceland



COO for Sea - Kjartan Lindbol.

- With ICE FISH FARM since 2018
- Previous experience from NRS Finnmark



COO Land south – Jóhannes Sigurðsson

- Aquaculture scientist from Fröya Videregaende
- Former COO of Laxar Fiskeldi, MOWI, Leröy, Grieg and Samherji



COO Land North – Fannar Þorvaldsson

- CEO of Rifós worked in aquaculture for 36 years, built up Rifós and Kópasker with his team



General manager Harvesting – Elís H. Grétarsson

- CEO Búlandstindur from start back in 2014 with his wife and team in Djúpvogur



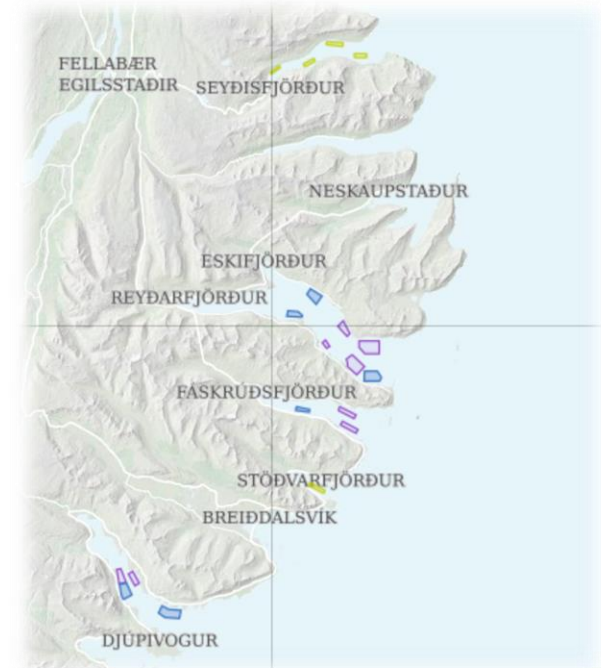
Fish Health Manager – Vidar Aspehaug

- PhD fish health from University of Bergen, specialized in ISA. Founder and former CEO and CBDO in PatoGen AS - the most renown fish health laboratory in Norway

Production Synergy – Potential for significant improvement

Milestone 1: Reach Stable Yearly Production ≈ 30 000 tonnes.

- 🐟 Yearly release 7-8 million post smolt > 300g
- 🐟 Reduced Biological Risk
 - 🐟 Bigger smolts - > reduced time in sea -> reduce exposure for risks
 - 🐟 13 (17) sites and 4 (5) fjords
 - 🐟 Possibility to separate generations and reduce risk for cross generation biological risk's
 - 🐟 Harmonize feeding, cage set up and density limits
 - 🐟 Strong operational team optimizes use of resources
- 🐟 Harvesting
 - 🐟 Joint company will optimize use of 120 tonnes daily capacity



Access to the whole farming region.



Pure natural farming on the east coast of ICELAND.



New equipment in sea.



High technology feeding, giving great results already.

Certifications that ensure environmentally-friendly production

Certified quality and sustainable aquaculture



Qualifications

Complete transparency of origin and production

Commitment towards the local communities

Adherence to principles of corporate social responsibility

Quality at each stage of the production

Great aquaculture farming practices

Maintenance or improvement of surrounding ecosystem

All salmon will be certified

- 🐟 All smolt put to sea in 2022 will be certified salmon and possible to sell to high end customers and retailers in USA and rest of the world
- 🐟 Continue producing superior premium salmon to achieve higher market prices as we have shown over the years
- 🐟 Working on Global GAP certification, expect to have all fish with Global GAP in 2023



