





## **Ice Fish Farm AS**

### **Q2 2021 report**

Guðmundur Gíslason, CEO

Róbert Róbertsson, CFO

26 August 2021



## Forward looking statements

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This Presentation contains forward-looking information and statements relating to the business, financial performance and results of the Group and/or industry and markets in which it operates.

Forward-looking statements are statements that are not historical facts and may be identified by words such as "aims", "anticipates", "believes", "estimates", "expects", "foresees", "intends", "plans", "predicts", "projects", "targets", and similar expressions. Such forward-looking statements are based on current expectations, estimates and projections, reflect current views with respect to future events, and are subject to risks, uncertainties and assumptions.

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Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot assure you that our future results, level of activity, performance or achievements will meet these expectations. Moreover, neither we nor any other person assumes responsibility for the accuracy and completeness of the forward-looking statements. Unless we are required by law to update these statements, we will not necessarily update any of these statements after the date of this report, either to make them confirm to actual results or changes in our expectations.

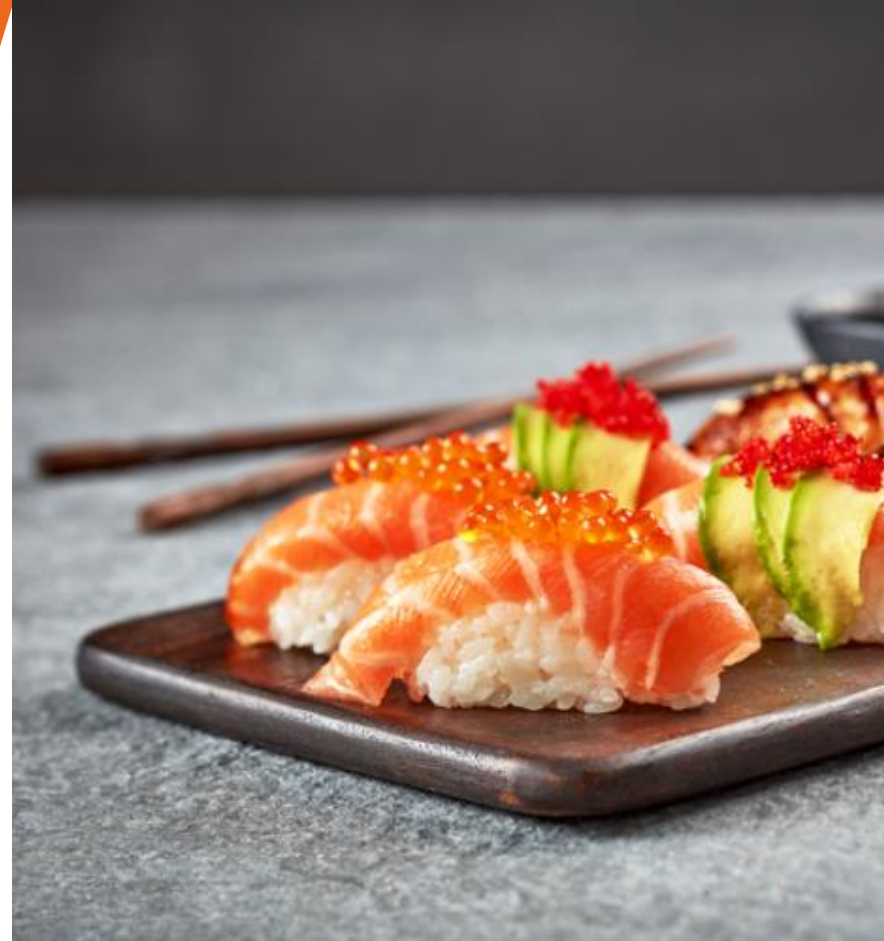
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## Highlights in Q2 2021

- 🐟 EBIT **13,2 NOK** per kg in Q2 2021 compared to 4,4 NOK per kg in previous quarter. **2019 generation** is giving good result on cost and quality
- 🐟 **1.090 tons** harvested in Q2 2021 compared to 340 tons in Q2 2020
- 🐟 Super Hot Post Smolt station in Kópasker **started operations in July 2021, one year ahead of original plan from Q2 2020. Will deliver big smolts in Q3 2021.**
- 🐟 The competition authority of Iceland **approved** Måsøval as new majority owner of Ice Fish Farm AS of June 2021. Exploring **strategic opportunities** between ICE FISH FARM and Laxar for the companies going forward.

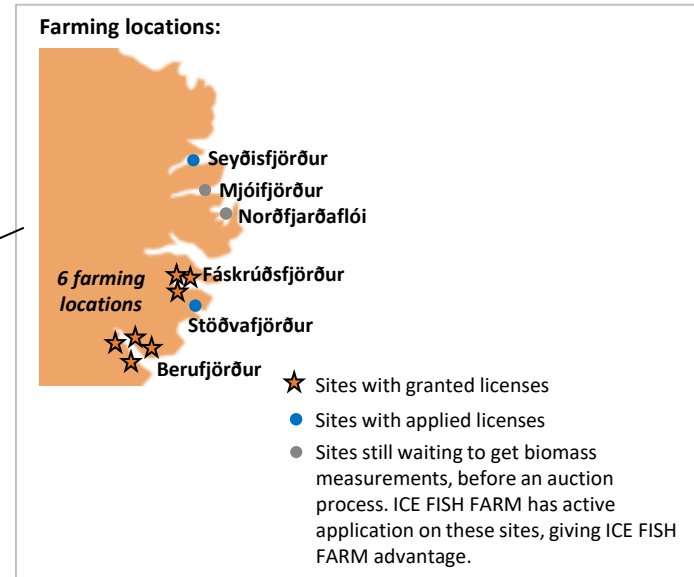
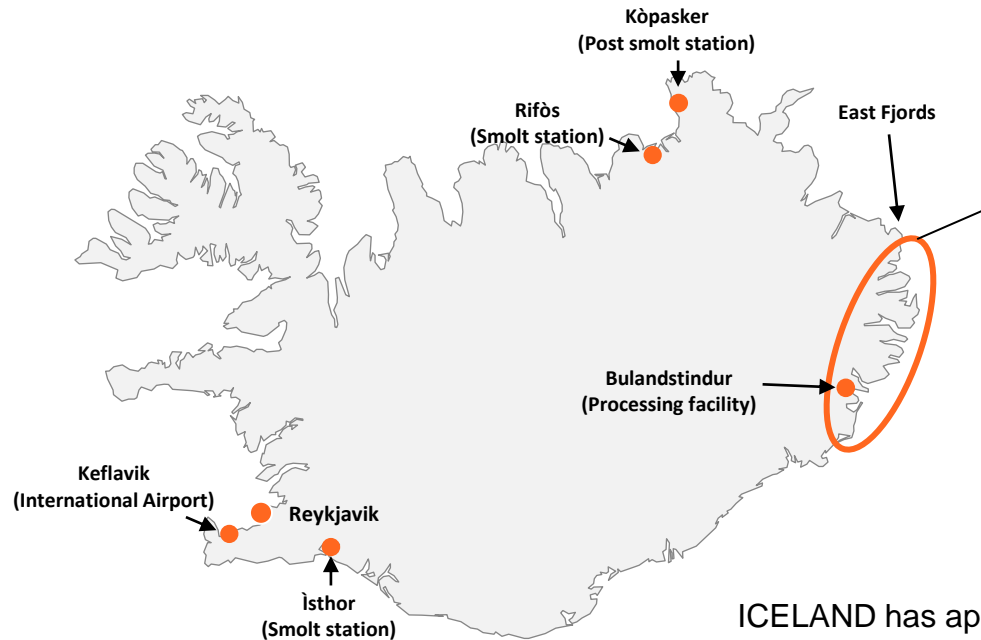
### License update:

- 🐟 **Stöðvafjörður 7.000 tons got approval from Planning Agency and now expect license to be issued in Q3 2021. Seyðisfjörður 10.000 tons license is flowing in Q4 2021, environmental report finished.**
- 🐟 License update in Berufjörður was approved which secures **four farming areas** instead of three. This enables better utilization of the license.
- 🐟 New standing stock license of **400 tons** was issued to our smolt station in Kópasker. And **application for 2.700 tons** is in process.
- 🐟 New standing stock license of **1.800 tons** was issued to our smolt station in Þorlákshöfn, Isthor.

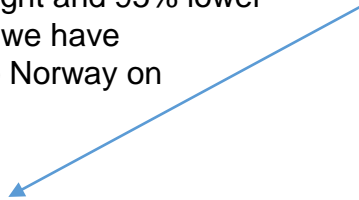


Picture taken at Kópasker just before house was finished in July.

# ICE FISH FARM locations in Iceland and Iceland potential



Direct shipment to USA at 1/3 cost of airfreight and 95% lower CO2. Finally we have advantage to Norway on transport.



ICELAND has approved caring capacity of 132.000 tons.

East Fjords have currently 62.000 tons and have fjords that have not been given capacity but expected to reach total of 82.000 tons.

For example this is same volume as Faroe Islands produced in 2020, 81.000 tons.

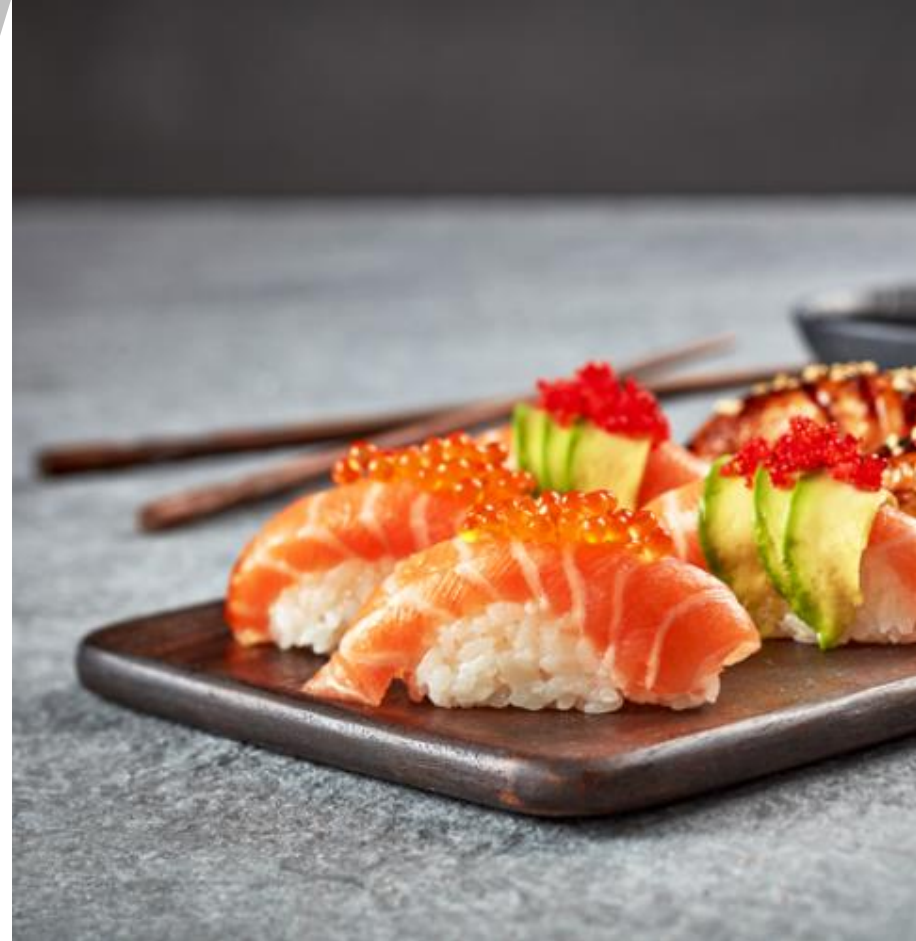
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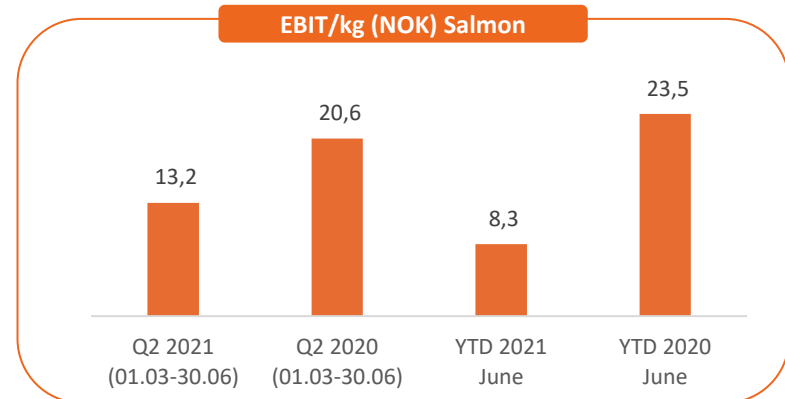
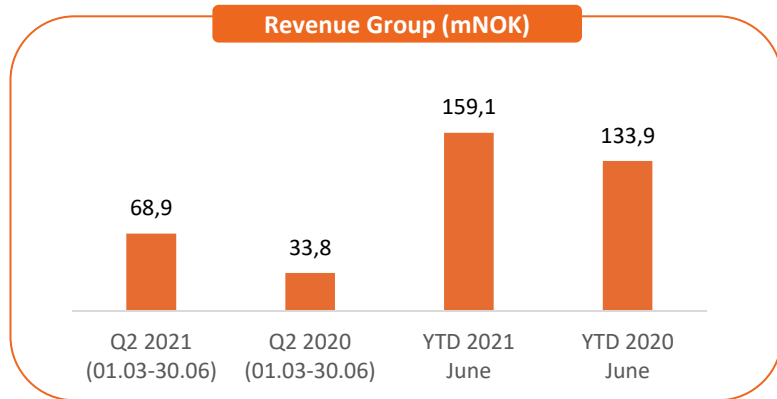
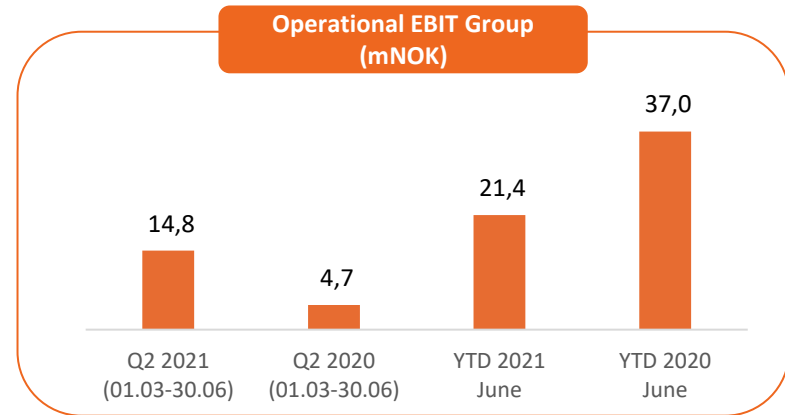
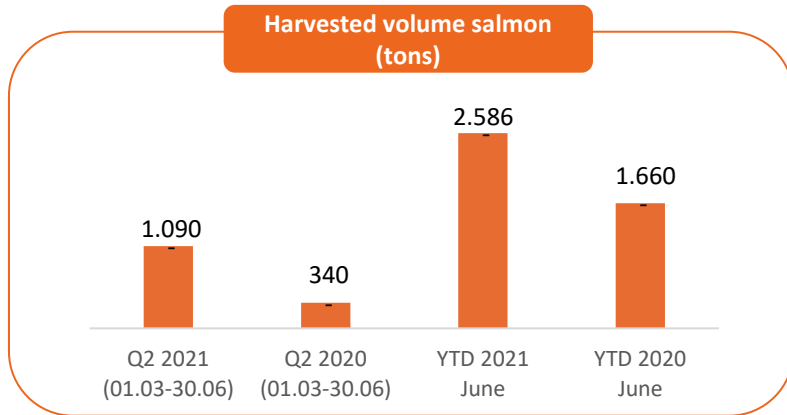
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# Financial summary





## Consolidated Income statement -

### Consolidated statement of comprehensive income

NOK '000	Q2 2021	Q2 2020	H1 2021	H1 2020
Operating income	68.877	33.783	159.054	133.853
<b>Total revenue</b>	<b>68.877</b>	<b>33.783</b>	<b>159.054</b>	<b>133.853</b>
Cost of materials	25.830	8.330	84.511	53.287
Employee benefit expenses	11.084	7.655	20.818	13.498
Other operating expenses	9.501	5.028	16.839	15.786
<b>EBITDA</b>	<b>22.462</b>	<b>12.770</b>	<b>36.886</b>	<b>51.282</b>
Depreciation, amortisation and impairment	7.698	8.116	15.481	14.234
<b>Operating EBIT</b>	<b>14.764</b>	<b>4.655</b>	<b>21.405</b>	<b>37.048</b>
Net fair value adjustment biomass	-10.808	21.434	-19.236	-5.093
<b>EBIT</b>	<b>3.957</b>	<b>26.088</b>	<b>2.169</b>	<b>31.955</b>
Net finance cost	-2.489	-12.854	-5.295	-8.267
<b>Profit or loss before tax</b>	<b>1.468</b>	<b>13.234</b>	<b>-3.126</b>	<b>23.688</b>
Income tax expense	1.160	-2.613	3.088	-5.369
<b>Profit or loss for the period</b>	<b>2.628</b>	<b>10.621</b>	<b>-39</b>	<b>18.319</b>
KPIs				
EBITDA margin	33%	38%	23,19%	38,31%
Harvested volume	1.090	408	2.586	1.811
Harvested volume salmon	1.090	340	2.586	1.660
Operating EBIT/kg	13,5	11,4	8,3	20,5
Operating EBIT/kg Salmon	13,2	20,6	8,3	23,5

#### Revenues

- ▶ The harvested volume of salmon roughly tripled in Q2 2021 (1.090 tons) compared to Q2 2020 (340 tons).

#### Depreciation

- ▶ Majority of investments in H1 2021 are in relations to smolt station which did not start operation until July.

#### Cost of material

- ▶ Cost of material per kg for harvested salmon in Q2 2021 was similar to Q2 in 2020.

#### FV adjustments of biomass

- ▶ Fair Value of Biomass is calculated using forward prices and will vary between quarters.

#### Employment benefit expenses

- ▶ Salary expenses per kg harvested of salmon decreased by 36% in Q2 2021 compared to Q2 2020.

#### Net finance cost

- ▶ Positive FX difference in Q2 2021 (NOK 3.5m) compared to negative FX difference in Q2 2020 (NOK -12.7m)

#### Other expenses

- ▶ Other expenses per kg harvested of salmon decreased by 16,8% in Q2 2021 compared to Q2 2020.

#### Income tax expense

- ▶ The negative FV adjustments in H1 2021 result in a positive income tax expense and deferred tax assets.

## Financial statements – Balance sheet

### Consolidated statement of financial position

NOK´000	31.12.2020	30.6.2021	NIBD	NWC	other
Licenses	598.028	599.892	-	-	599.892
Other intangible assets	15.913	18.568	-	-	18.568
Property, plant and equipment	287.628	445.995	-	-	445.995
Investments in associated companies	21.645	20.698	-	-	20.698
Loans to subsidiaries and associates	-	50.147	-	-	50.147
Deferred tax assets	2.756	4.257	-	-	4.257
<b>Total non-current assets</b>	<b>925.971</b>	<b>1.139.558</b>	<b>-</b>	<b>-</b>	<b>1.139.558</b>
Biological assets	290.656	267.194	-	267.194	-
Inventories	11.748	9.757	-	9.757	-
Trade and other receivables	41.989	56.642	-	56.642	-
Cash and cash equivalents	150.118	58.945	58.945	-	-
<b>Total current assets</b>	<b>541.704</b>	<b>392.539</b>	<b>58.945</b>	<b>333.593</b>	<b>-</b>
<b>TOTAL ASSETS</b>	<b>1.467.675</b>	<b>1.532.097</b>	<b>58.945</b>	<b>333.593</b>	<b>1.139.558</b>
<b>Total equity</b>	<b>-1.069.166</b>	<b>-1.072.466</b>	<b>-</b>	<b>-</b>	<b>-1.072.466</b>
Non-current interest bearing liabilities	-251.086	-316.032	-316.032	-	-
<b>Total non-current liabilities</b>	<b>-251.086</b>	<b>-316.032</b>	<b>-316.032</b>	<b>-</b>	<b>-</b>
Current interest bearing liabilities	-53.083	-38.990	-38.990	-	-
Subordinated loan from related parties	-25.578	-28.336	-28.336	-	-
Trade and other payables	-68.761	-76.273	-	-76.273	-
<b>Total current liabilities</b>	<b>-147.422</b>	<b>-143.599</b>	<b>-67.326</b>	<b>-76.273</b>	<b>-</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>-1.467.675</b>	<b>-1.532.097</b>	<b>-383.358</b>	<b>-76.273</b>	<b>-1.072.466</b>
<b>Reported Net cash / (debt)</b>			<b>-324.412</b>	<b>257.320</b>	<b>67.092</b>

#### PP&E

- ▶ Increased investments in the first phase of the super smolt station in Kópasker.

#### Receivables

- ▶ In line with increased revenues.

#### Loans to subsidiaries

- ▶ Loan to our associate, Isthor smolt station.

#### Cash

- ▶ Heavy investments in capex combination with increased receivables balance.

#### Deferred tax assets

- ▶ Tax effects of the FV adjustment to biomass results in increased deferred tax asset.

#### Trade payables

- ▶ In line with increased production.

#### Biological assets

- ▶ FV adjustment amounted to NOK 19.2m
- ▶ Ice suffered mortality in Q1

#### Net working capital

- ▶ Decreased balance of biological assets of NOK 23,5m is the main factor behind lower NWC balance at 30.6.2021.

#### Inventories

- ▶ Rifós sold part of the arctic Charr harvested in Q4 2020.

#### Net interest bearing debt

- ▶ Increased investments in Capex (first phase of super smolt station)

## Financial statements – Balance sheet

### Net cash flows from operating activities

- ▶ Changes in operating assets such as inventory, biological assets contribute roughly half of the cash flow from operating assets in H1 2021 (NOK 25.7m )
- ▶ The remainder stems from Investments in working capital in amounted to (NOK 21.7m)

### Net cash flow to investing activities

- ▶ Major investment in super smolt station in Kópasker and Rifós make up for most of the cash flow from investing activities.

### Net cash flow from financing activities

- ▶ Proceeds from borrowing, refinancing activities and repayment of borrowings are the largest contributing factors in net cash flow from financing activities.

## Consolidated statement of cash flows

NOK '000	Q2 2021 (01.03-30.06)	Q2 2020 (01.03-30.06)	YTD 2021 June	YTD 2020 June
Net cash flows from operating activities	7.742	38.774	47.407	81.658
Net cash flow to investing activities	(74.638)	(33.247)	(174.561)	(46.683)
Net cash flow from financing activities	34.313	267.265	35.904	236.655
<b>Net change in cash and cash equivalents</b>	<b>(32.582)</b>	<b>272.792</b>	<b>(91.249)</b>	<b>271.630</b>
Cash and cash equivalents, beginning of period	91.466	181	150.118	1.130
Effect of change in exchange rate on cash	62	84	77	297
<b>Cash and cash equivalents, end of period</b>	<b>58.946</b>	<b>273.057</b>	<b>58.946</b>	<b>273.057</b>

# Expansion plan – Capex expected to amount to NOK 545 million over next 3 years for +40<sup>th</sup> tons

## Detailed planned capital expenditure overview

NOKm	2021	2022	2023
Barges	66	66	66
Farming equipment	26	64	78
Real estate	4	4	4
Ships and boats	13	19	26
Smolt stations*	88	10	10
<b>Total investments</b>	<b>198</b>	<b>163</b>	<b>184</b>

## Top of the line equipment and smolt stations

- ▶ Total investment in H1 2021 amounted to around 175 m. Current investment plan projects total investment amounting to around 200 NOK 200 m.
- ▶ **\*Smolt stations** Phase 1 of potentially 4 phases was finalized in July. The investment plan does not include the capex for phases 2, 3 and 4.
- ▶ ICE FISH FARM has now in operation 4 sites. Each site has capacity of 14-16 cages. Plan is to build 2 new sites in 2022 and one in 2023.



Rifos/Kópasker already producing 4M 300gr smolt for 2022. Currently holding 4,8M Smolts and receiving more eggs every 3-4 months. Strategic location, short transport to well boat and 13.5 degrees seawater for the post smolts, with cooling technology.



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New Site in Fáskrúðsfjörður, Höfuðahúsabót.



# Ice Fish Farm smolt stations expansion

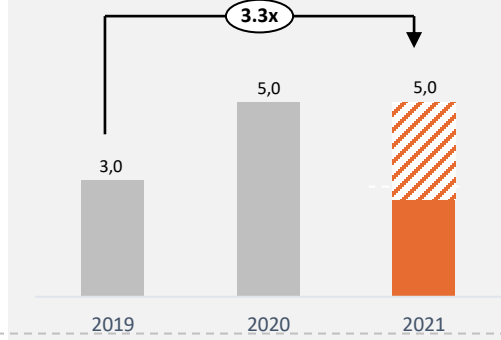


Facility	Description	Capacity
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- **New 1.800-ton license issued in Q2 2021.**
- **Installing heat exchanges and new house over existing tanks.**
- **Building 2,000 cubic meter, to have bigger smolts and be ready in Q4 2021.**
- 50/50% owned by Icelandic Salmon (Arnarlax) and Ice Fish Farm
- Production of smolt between 100 and 500 grams
- Located near one of Europe’s largest underwater rivers
- Ísthor smolt station has increased capacity from 3m to 5m smolts.
- Very experienced team of ten employees.
- The facility currently has a capacity of 17,500 cubic meter

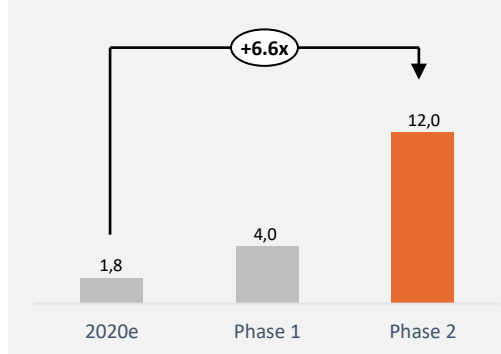
Million smolt capacity p.a. (50% of total) – shared with Arnarlax



- Rífos:**
- New start feeding house and vaccination house has been built and is in operation. Currently holding 4,8 M smolts and receiving new batches of eggs every 3-4 months.
  - Smolt from Rífos was transported to Kópasker 80 grams in July.

- Kópasker:**
- **Phase 1:** House has been built and tanks in operation. License of 400 tons was granted in Q2. First output to sea from Kópasker is planed in Q3 2021.
  - Cooling technology to match temperature in the sea when we deliver. Window for put in out smolt will be longer and can then drastically improve utility of smolt station and production in the fjords.
  - Goal is to produce 4M with average weight of 300gr for 2022.
  - **Phase 2:** Not started yet. 3 additional houses with total cubic meter of 33.600 and a 2.700 tons standing biomass license.

Million smolt capacity for Ice



This total capacity of 14,5M big post smolts in Isthor, Rífos and Kópasker is a game changer for ICE FISH FARM.

## Steps for growth in our value chain – Sustainability focus

### Smolt production

- New tanks in Rifos/Kópakser have proven to be productive and feeding is going well with good appetite.
- Higher mortality during transport than expected in Q2 and moved also move fish over to 2022 to have them bigger.
- Kópasker is delivering faster than expected.
- New tanks in Isthor can carry bigger smolt for spring 2022.

### Salmon farming

- Q2 was difficult for growth as sea temp was lower than average. This changed in end July and now we have higher temperature than average. Currently we are slowing down harvest to have big salmon in Q4. From July to end of December is where we have more than 75% of our production.
- A new site started up in Fáskrúðsfjörður, called Höfuðahúsabót. 600t new barge and 16 cages.
- New site in Berufjörður, Svarthamar will receive smolt in Q3. 600t new barge with and 16 cages.
- Focus is to have low CO2, we do that with hybrid equipment, barges and boats.

### Processing and distribution

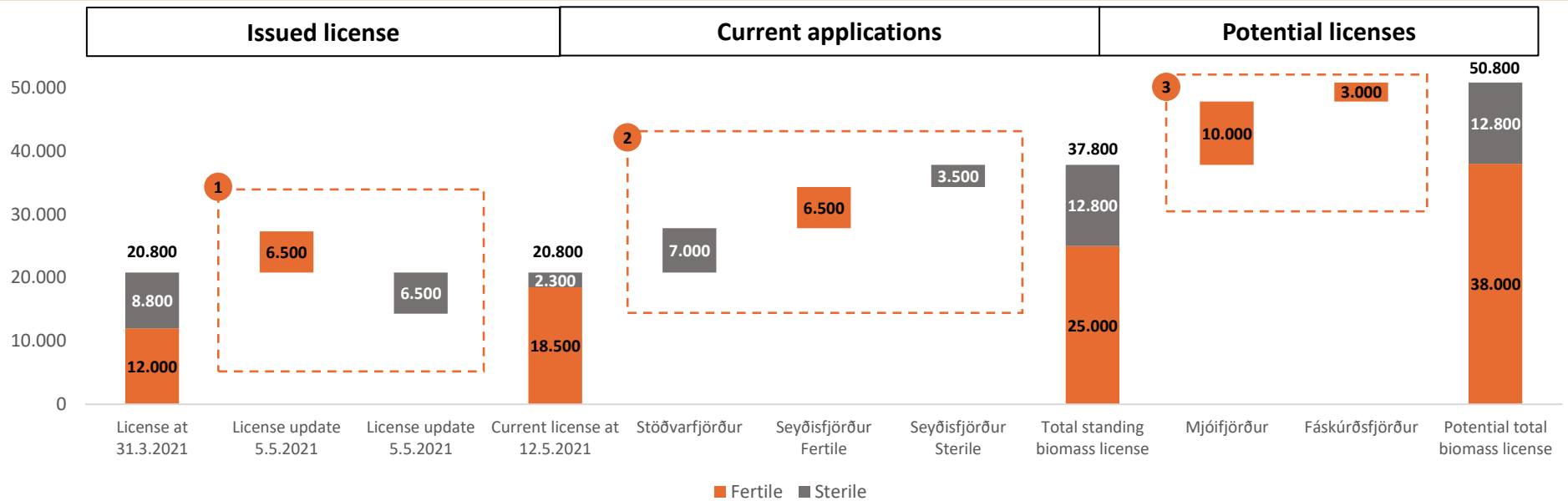
- A box factory is being set up at Djúpvogur at Búlandstindur harvesting plant and is estimated to be ready in Q1 2022.
- Processing has been stable as has distribution.
- Shipments to USA with Freight Boat have been successful and have cut airfreight by 50%. This lowers CO2 and transportation cost.

### End customer

- Preparing campaign in ASIA, USA and Europe with our experts in sales from Seaborn and Ultco.
- Majority of harvest for Q3 and Q4 is contracted.
- Organic salmon first harvest planned in 2023, aimed at markets that prefer organic salmon and have higher price. In Q3 2021 the first organic smolt will be set in the sea.
- Steril salmon first harvest planned in 2023, no early maturity means more superior salmon, faster growth, less risk for wild salmon. This salmon will be sold at higher price as market is asking for lower risk and more environmentally friendly. Whole Foods approved and preferred by sustainable customers.



# License update, Current licenses, applications and potential additional licenses



**1** The Icelandic government issued in May updated license where license of 6.500 tons of sterile salmon was converted to license 6.500 tons of fertile salmon.

**Total current license still amount to 20.8000 tons:**

- **Fertile license is now 18.500 tons**
- **Sterile license is now 2.300 tons.**

Our application for two additional farming areas in Berufjörður has been approved in the most recent license update. Now we have access to four farming areas instead of two. This will help us secure better utilization of the license.

**2** Environment report for Stöðvarfjörður was approved in June 2021 and now waiting for the license to be issued. Seyðisfjörður Environment report has been finished and accepted by Planning agency and expect to have ruling before end of the year and license 2021.

**3** Extra 3.000 tons biomass in Fáskrúðsfjörður. This has been applied for and if granted would come as addition to our 11.000 tons in Fáskrúðsfjörður.

The application is based on the decision of the Marine Institute, in the risk assessment from June 2020, that by using smolt of average weight over 400gr additional 2.000 tons biomass of fertile would be granted.

**3** Application in Mjóifjörður of 10.000 tons standing biomass since 2014. Minister has ordered Marine Institute of Iceland to issue biomass and risk assessment for the fjord.

ICE FISH FARM has approval from the National Planning Agency of Iceland to move on with the work on final environment report for Mjóifjörður. It is likely that biomass will be auctioned off by the minister as soon as Marine Institute has issued its findings.

**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.**



# Outlook:

## Market

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- 🐟 Global harvest increased 1% y/y
- 🐟 Strong demand in USA from retail and HORECA opening up
- 🐟 Majority of harvest 2021 from ICE FISH FARM is contracted
- 🐟 Good opportunity globally for premium salmon

## Harvest

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- 🐟 2021 Ice Fish Farm expects to harvest 5.200 tons
- 🐟 2022 Ice Fish Farm expects to harvest 10.000 tons
- 🐟 2023 Ice Fish Farm expects to harvest 20.000 tons
  
- 🐟 Cost level is expected to go down with more production

## Finance and business development

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- 🐟 Strong balance sheet and secured loan lines are foundation for continued investments in line with our growth plan

## License – Future Growth

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- 🐟 In strategic talks with Laxar that holds 16<sup>th</sup> tons license
- 🐟 Synergies and control all area in East Fjords

## Sustainability and responsible farming

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- 🐟 World class team
- 🐟 Invest in sustainable production, certified and Organic
- 🐟 Continue to farm with low risk and keep our salmon happy
- 🐟 Lower CO2 with hybrid barges, limit airfreight
- 🐟 Surroundings safely monitored close surveillance
- 🐟 Risk Assessment for the wild salmon



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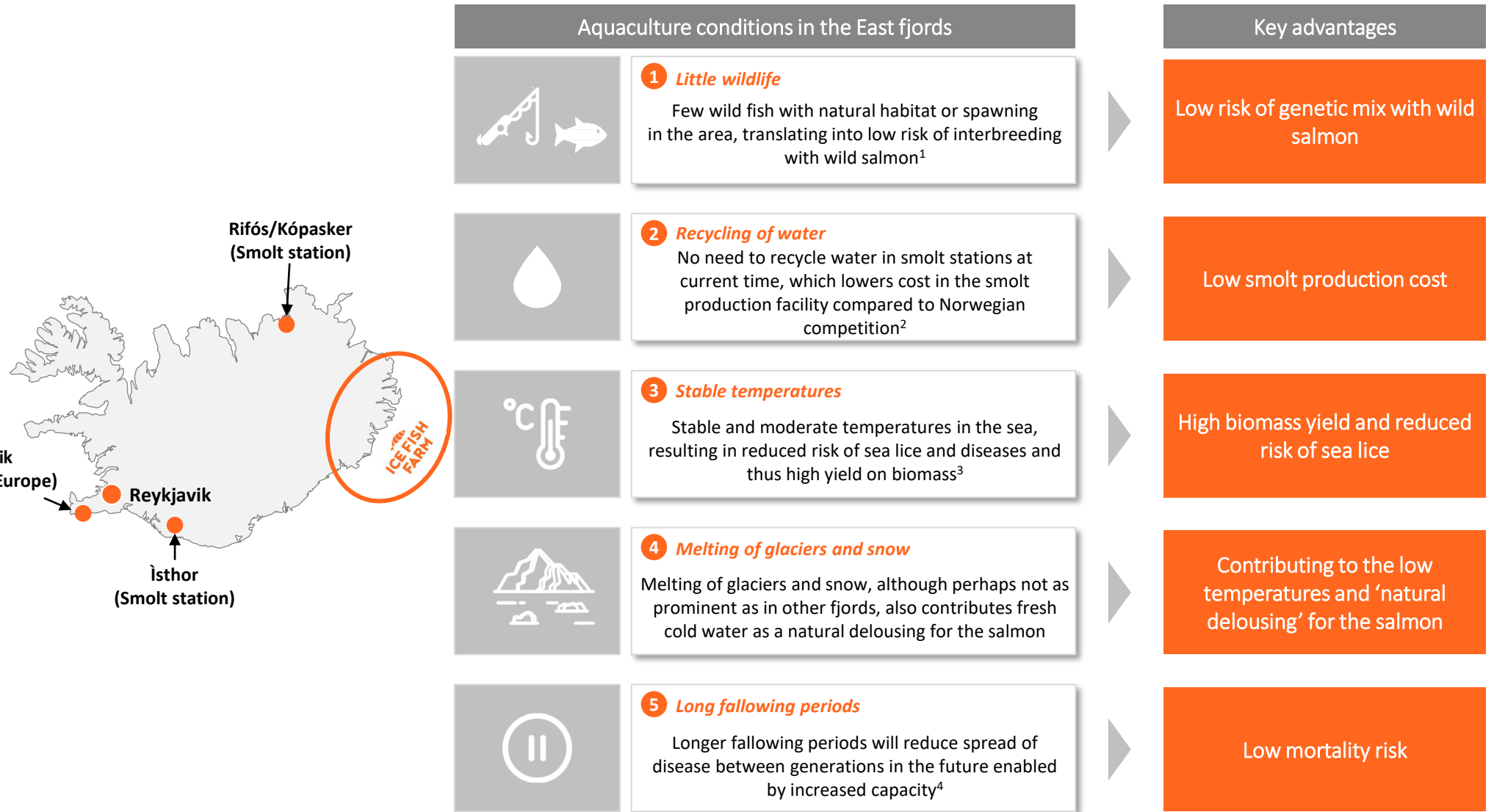
NOK'000	Q2 2021 (01.03-30.06)	Q2 2020 (01.03-30.06)	YTD 2021 June	YTD 2020 June	FY2020
Operating income	68.877	33.783	159.054	133.853	283.463
<b>Total revenue</b>	<b>68.877</b>	<b>33.783</b>	<b>159.054</b>	<b>133.853</b>	<b>283.463</b>
Cost of materials	25.830	8.330	84.511	53.287	139.633
Employee benefit expenses	11.084	7.655	20.818	13.498	30.835
Other operating expenses	9.501	5.028	16.839	15.786	28.874
Depreciation, amortisation and impairment	7.698	8.116	15.481	14.234	29.524
<b>Operating profit before FV adj. of biomass</b>	<b>14.764</b>	<b>4.655</b>	<b>21.405</b>	<b>37.048</b>	<b>54.597</b>
Net fair value adjustment biomass	-10.808	21.434	-19.236	-5.093	1.050
<b>Operating profit</b>	<b>3.957</b>	<b>26.088</b>	<b>2.169</b>	<b>31.955</b>	<b>55.647</b>
Finance income	620	0	1.190	0	1.532
Finance costs	-4.476	-3.538	-8.566	-8.260	-15.863
Foreign exchange rate gain/ (-)loss	3.469	-12.723	3.715	-86	-6.454
Share of profit or loss of an associate	-2.102	3.407	-1.634	78	-6.555
<b>Profit or loss before tax</b>	<b>1.468</b>	<b>13.234</b>	<b>-3.126</b>	<b>23.688</b>	<b>28.307</b>
Income tax expense	1.160	-2.613	3.088	-5.369	9.487
<b>Profit or loss for the period</b>	<b>2.628</b>	<b>10.621</b>	<b>-39</b>	<b>18.319</b>	<b>37.794</b>

### Consolidated statement of financial position

NOK'000	30.6.2021	31.12.2020
<b>Non-current assets</b>		
Licenses	599.892	598.028
Other intangible assets	18.568	15.913
Property, plant and equipment	445.995	287.628
Investments in associated companies	20.698	21.645
Loans to subsidiaries and associates	50.147	47.193
Deferred tax assets	4.257	2.756
<b>Total non-current assets</b>	<b>1.139.558</b>	<b>973.164</b>
<b>Current assets</b>		
Biological assets	267.194	290.656
Inventories	9.757	11.748
Trade and other receivables	56.642	41.989
Cash and cash equivalents	58.945	150.118
<b>Total current assets</b>	<b>392.539</b>	<b>494.511</b>
<b>TOTAL ASSETS</b>	<b>1.532.097</b>	<b>1.467.675</b>
<b>Share capital</b>	<b>5.400</b>	<b>5.400</b>
Share premium	1.790.635	1.790.635
Other equity	-723.668	-726.962
Equity attributable to the parent	1.072.366	1.069.073
Non-controlling interests	100	93
<b>Total equity</b>	<b>1.072.466</b>	<b>1.069.166</b>
Non-current interest bearing liabilities	316.032	251.086
<b>Total non-current liabilities</b>	<b>316.032</b>	<b>251.086</b>
Current interest bearing liabilities	38.990	53.083
Subordinated loan from related parties	28.336	25.578
Trade and other payables	76.273	68.761
<b>Total current liabilities</b>	<b>143.599</b>	<b>147.422</b>
Total liabilities	459.631	398.508
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1.532.097</b>	<b>1.467.675</b>



# The East fjords of Iceland have a number of favorable conditions



Sources: <sup>1</sup>Guidetoiceland.is: "The Ultimate Guide to Fishing in Iceland", <sup>2</sup>With the current capacity there is no need to recycle water in smolt stations. However, Ice Fish Farm might need to recycle water if the Company choose to expand capacity at Ísthórn. <sup>3</sup>More information can be found on slide 22, <sup>4</sup>Currently too low production to benefit from long fallowing periods.

# Structure of ICE FISH FARM

