



# Ice Fish Farm AS

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## Third Quarter 2021 results

11 November 2021

Guðmundur Gíslason, CEO

## 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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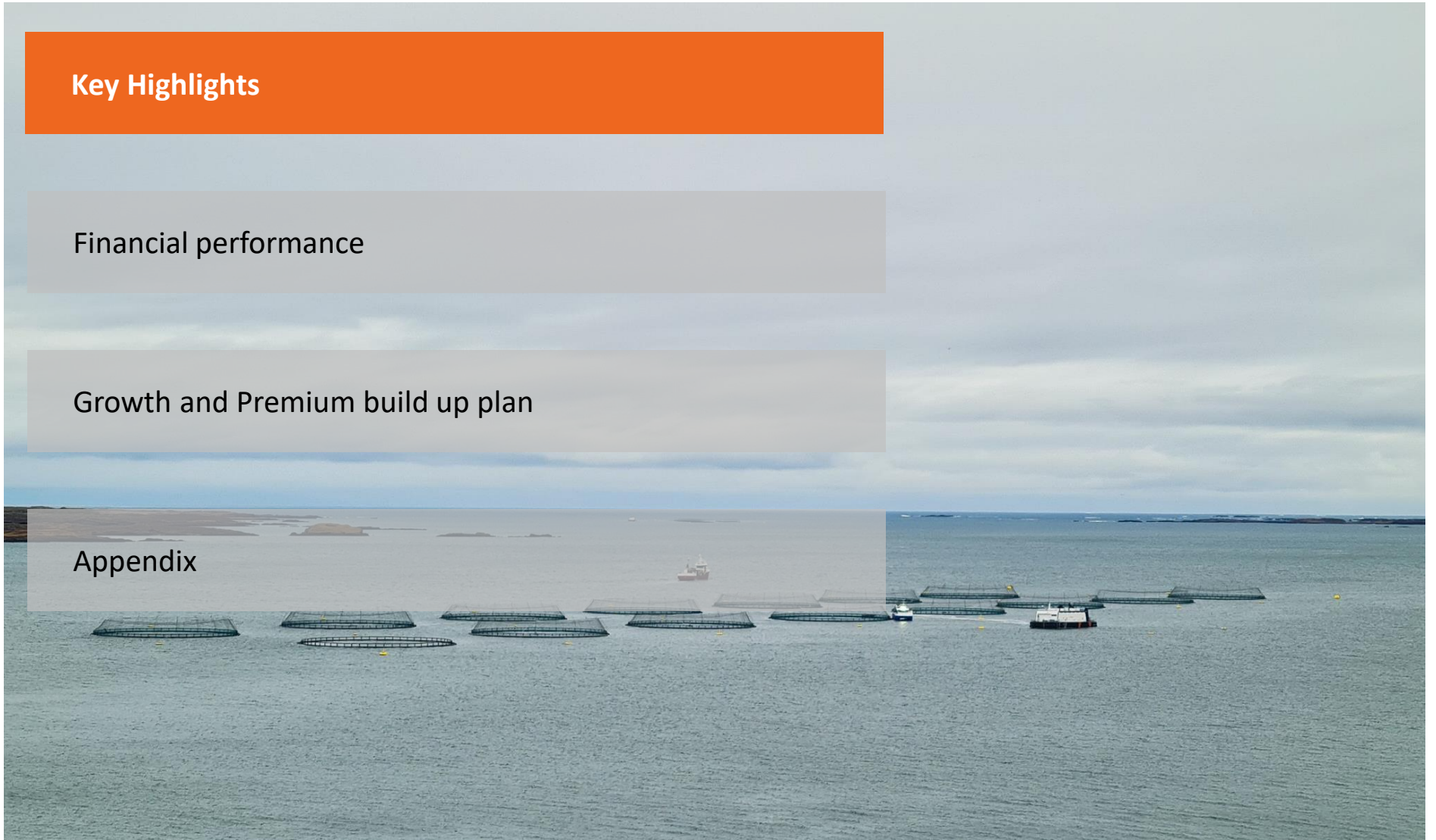
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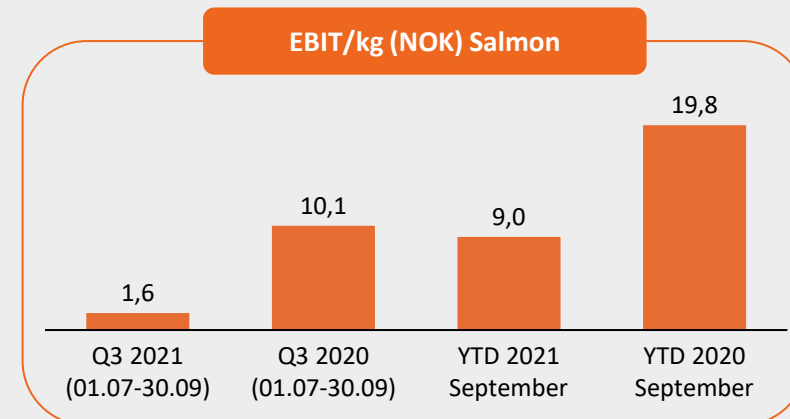
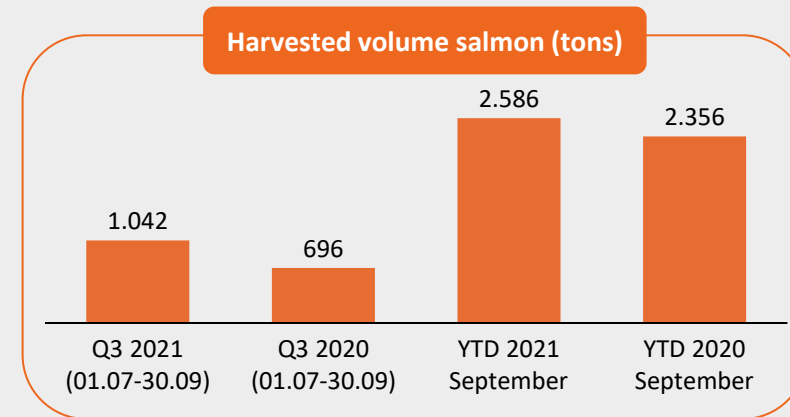


## Highlights in Q3 2021

- 🐟 EBIT **NOK 1,6** per kg in Q3 2021 compared to NOK 10,1 per kg in Q3 2020.
- 🐟 **1042 tons** harvested in Q3 2021 compared to 696 tons in Q3 2020.
- 🐟 Kópasker smolt station **delivered first smolt**, fully operating, with 7.200 cubic of 13 degrees sea water. Showing growth as expected.
- 🐟 Rifós freshwater and Kópasker sea water are now fully stocked for next year smolt output of 4M smolts at average weight of 350gr.  
**Estimated production gain of HOG 20th tons production that will start harvest in Q3 2023.**
- 🐟 First Organic and Steril salmon in sea in ICELAND. **Superior smolt quality from New Kópasker smolt station.**
  - 🐟 Steril salmon have very low mortality and good appetite.
  - 🐟 Organic salmon will be high premium EBIT maker for ICE.

### License update:

- 🐟 **Stöðvafjörður 7.000 tons** got advertised, last step of obtaining license.
- 🐟 **Seyðisfjörður 10.000 tons** license is flowing in Q4 2021.
- 🐟 Application for phase 2 in our smolt station in Kópasker 2.700 tons is in process.





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**Financial performance**

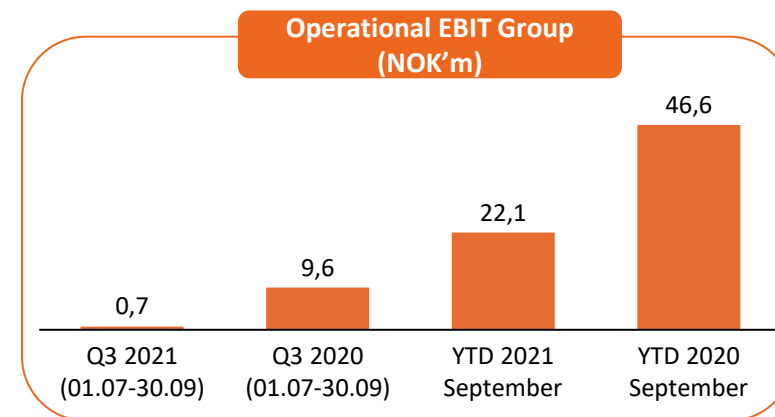
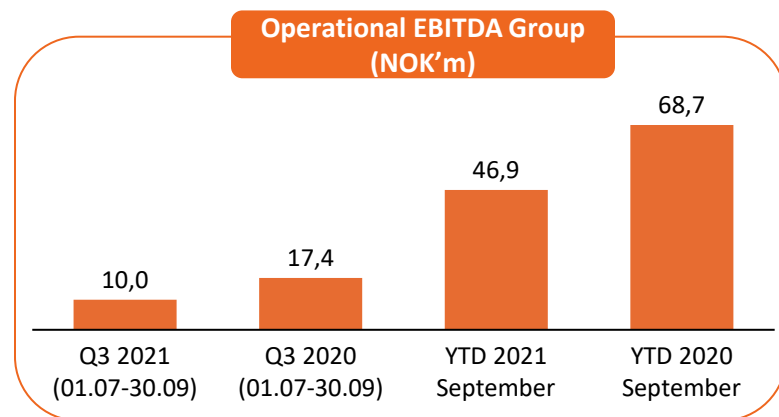
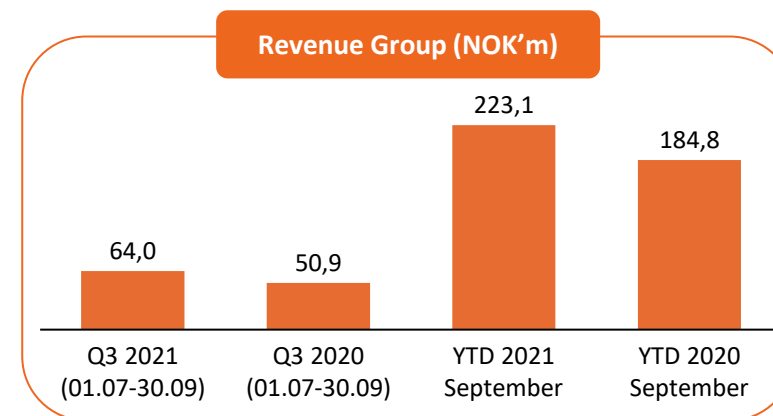
Growth and Premium build up plan

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## Financial summary

-  Overall group revenue increased from NOK 50,9m in Q3 2020 to NOK 64,0m in Q3 2021, reporting an increase of 26% in Q3 2021.
-  However, the operational EBIT declined to NOK 0,7m in Q3 2021 from NOK 9,6m in Q3 2020.
  -  This decline was primarily due to higher cost of materials as well as overall operating expenses of NOK 63,3m in Q3 2021, as compared to total operating expenses of NOK 41,3m in Q2 2021.
-  EBITDA margin declined to 15,7% in Q3 2021 from 34,2% in Q2 2020.



## Financial statements – Income statement

### Consolidated statement of comprehensive income

NOK'000	Q3 2021	Q3 2020	YTD 2021 September	YTD 2020 September
Operating income	64.025	50.929	223.079	184.782
<b>Total revenue</b>	<b>64.025</b>	<b>50.929</b>	<b>223.079</b>	<b>184.782</b>
Cost of materials	33.397	18.192	117.908	71.479
Employee benefit expenses	9.555	8.026	30.374	21.524
Other operating expenses	11.050	7.307	27.889	23.093
<b>EBITDA</b>	<b>10.022</b>	<b>17.404</b>	<b>46.908</b>	<b>68.686</b>
Depreciation, amortisation and impairment	9.297	7.811	24.778	22.046
<b>Operating EBIT</b>	<b>725</b>	<b>9.592</b>	<b>22.130</b>	<b>46.640</b>
Net fair value adjustment biomass	8.975	1.466	-10.261	-3.627
<b>EBIT</b>	<b>9.700</b>	<b>11.058</b>	<b>11.869</b>	<b>43.013</b>
Net finance cost	-10.037	-5.995	-15.332	-14.262
<b>Profit or loss before tax</b>	<b>-336</b>	<b>5.063</b>	<b>-3.462</b>	<b>28.751</b>
Income tax expense	4.287	-1.186	7.374	-6.555
<b>Profit or loss for the period</b>	<b>3.950</b>	<b>3.877</b>	<b>3.912</b>	<b>22.196</b>
<b>KPIs</b>				
EBITDA margin	16%	34%	21%	37%
Harvested volume	1.042	800	3.628	2.612
Harvested volume salmon	1.042	696	3.628	2,356
Operating EBIT/kg	0,7	12,0	6,1	17,9
Operating EBIT/kg Salmon	1,6	10,1	6,4	19,8

#### Revenues

- ▶ The harvested volume of salmon increased by ~50% in Q3 2021 (1.042 tons) compared to Q3 2020 (696 tons).

#### Depreciation

- ▶ Increase in depreciation was mainly due to investment in smolt station which commenced operation in 2021

#### Cost of material

- ▶ Cost of material per kg for harvested salmon in Q3 2021 increased by 23% as compared to Q2 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 for harvested salmon decreased by 20% in Q3 2021 compared to Q2 2020.

#### Net finance cost

- ▶ Negative FX difference in Q3 2021 (NOK -3.6m) compared to negative FX difference in Q3 2020 (NOK -0.9m).

#### Other expenses

- ▶ Other operating expenses per kg for harvested salmon in Q3 2021 increased slightly (by 1%) as compared to Q2 2020.

#### Income tax expense

- ▶ The positive FV adjustments in YTD 2021 September resulted in a positive income tax expense.

## Financial statements – Balance sheet

### Consolidated statement of financial position

NOK'000	31.12.2020	30.9.2021	NIBD	NWC	other
Licenses	598.028	615.283	-	-	615.283
Other intangible assets	15.913	20.610	-	-	20.610
Property, plant and equipment	287.628	531.799	-	-	531.799
Investments in associated companies	21.645	19.789	-	-	19.789
Loans to subsidiaries and associates	47.193	52.175	-	-	52.175
Deferred tax assets	2.756	4.586	-	-	4.586
<b>Total non-current assets</b>	<b>973.164</b>	<b>1.244.243</b>	<b>-</b>	<b>-</b>	<b>1.244.243</b>
Biological assets	290.656	331.824	-	331.824	-
Inventories	11.748	12.277	-	12.277	-
Trade and other receivables	41.989	49.523	-	49.523	-
Cash and cash equivalents	150.118	46.367	46.367	-	-
<b>Total current assets</b>	<b>494.511</b>	<b>439.991</b>	<b>46.367</b>	<b>393.624</b>	<b>-</b>
<b>TOTAL ASSETS</b>	<b>1.467.675</b>	<b>1.684.234</b>	<b>46.367</b>	<b>393.624</b>	<b>1.244.243</b>
<b>Total equity</b>	<b>-1.069.166</b>	<b>-1.103.032</b>	<b>-</b>	<b>-</b>	<b>-1.103.032</b>
Non-current interest bearing liabilities	-251.086	-399.064	-399.064	-	-
<b>Total non-current liabilities</b>	<b>-251.086</b>	<b>-399.064</b>	<b>-399.064</b>	<b>-</b>	<b>-</b>
Current interest bearing liabilities	-53.083	-38.617	-38.617	-	-
Subordinated loan from related parties	-25.578	-26.968	-26.968	-	-
Trade and other payables	-68.761	-116.554	-	-116.554	-
<b>Total current liabilities</b>	<b>-147.422</b>	<b>-182.139</b>	<b>-65.585</b>	<b>-116.554</b>	<b>-</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>-1.467.675</b>	<b>-1.684.234</b>	<b>-464.649</b>	<b>-116.554</b>	<b>-1.103.032</b>
<b>Reported Net cash / (debt)</b>			<b>-418.282</b>	<b>277.070</b>	<b>141.211</b>

<p><b>PP&amp;E</b> ↑</p> <p>▶ Investments related to capacity increases as well as smolt facilities in Rifos and Kopasker.</p>	<p><b>Receivables</b> ↑</p> <p>▶ In line with increased revenues.</p>
<p><b>Loans to subsidiaries</b> ↑</p> <p>▶ Loan to our associate, Isthor smolt station.</p>	<p><b>Cash</b> ↓</p> <p>▶ Heavy investments in capex combination with increased receivables balance.</p>
<p><b>Deferred tax assets</b> ↑</p> <p>▶ Tax effects of the FV adjustment to biomass results in increased deferred tax asset.</p>	<p><b>Trade payables</b> ↑</p> <p>▶ In line with increased production.</p>
<p><b>Biological assets</b> ↑</p> <p>▶ FV adjustment amounted to NOK 47.8m in YTD 2021 September.</p>	<p><b>Net working capital</b> ↓</p> <p>▶ Increased balance of Trade and other payables by NOK 47,8m is the main factor behind lower NWC balance at 30.9.2021.</p>
<p><b>Inventories</b> →</p> <p>▶ Rifós sold part of the arctic Charr harvested in Q4 2020.</p>	<p><b>Net interest bearing debt</b> ↑</p> <p>▶ Increased investments in Capex (first phase of super smolt stations).</p>



## Financial statements – Cash Flow

### Consolidated statement of cash flows

NOK´000	Q3 2021 (01.07-30.09)	Q3 2020 (01.07-30.09)	YTD 2021 September	YTD 2020 September
Net cash flows from operating activities	15.425	(42.369)	55.090	515
Net cash flow to investing activities	(175.797)	(98.077)	(275.720)	(99.923)
Net cash flow from financing activities	115.212	291.582	116.803	260.972
<b>Net change in cash and cash equivalents</b>	<b>(45.161)</b>	<b>151.136</b>	<b>(103.828)</b>	<b>149.974</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>46.367</b>	<b>151.401</b>	<b>46.367</b>	<b>151.401</b>

#### Net cash flows from operating activities

- ▶ Increased investments in PP&E in Q3 and increased borrowings to finance the investments are the main changes activities in the Q3 cashflow.

#### 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.

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



### Smolt production

- ▶ Rifós/Kópasker is delivering faster than expected. Full of smolt for 2022.
- ▶ We see that smolt from Rifos/Kópasker is going to do well. Already transferring smolt to sea with fantastic result.
- ▶ Kópasker is able to extend output window from May to December, will give us more production in smolt and at sea.
- ▶ Steril fish has shown great results on transfer to sea, this group has been one of our best Performance so far this year in transport mortality and after 30 days in sea. Have good result with farming sterile salmon in smolt phase.
- ▶ New production manager hired in Isthor.

### Salmon farming

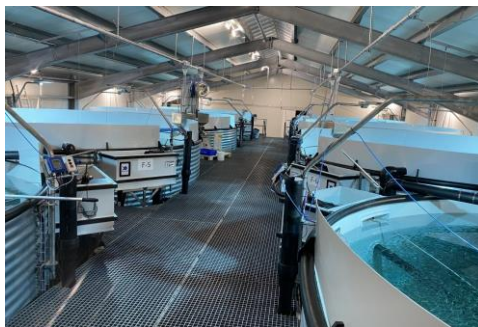
- ▶ First organic and sterile fish in sea in Iceland.
- ▶ Q3 was difficult, this has caused delay in production.
- ▶ With planned output of next year we will see great improvements with bigger and stronger smolt.
- ▶ 2 sites ready for next year, Höfðahúsabót and Glimeyri.
- ▶ Ready for growth.

### Processing and distribution

- ▶ A box factory is being set up at Djúpvogur at Búlandstindur harvesting plant and is estimated to be ready end of Q1 2022.
- ▶ Been harvesting smaller fish to fulfil contracts. This has made cost per kg go up . Average size 3,5 per kg instead of 4,5kg.
- ▶ Clear advantage in logistics to USA, giving better price achievements and lower CO2.

### End customer

- ▶ Majority of harvest for Q4 is contracted.
- ▶ Plan to contract 70% of for 2022.
- ▶ Organic salmon first harvest planned in 2023.
- ▶ Price achievement in Q3 strong even with smaller average sized of fish.
- ▶ Sustainable farming certifications are delivering constant high price achievement.



State of art technology.

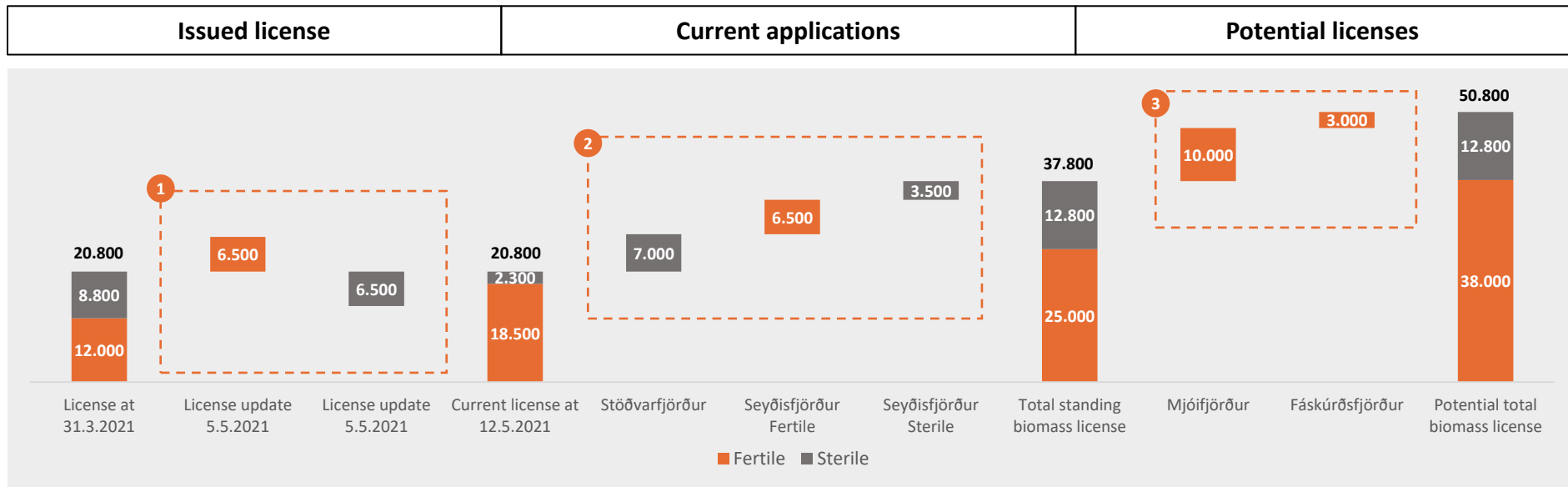


16. October first delivery of Smolt from Kópasker, moving also first Steril salmon to sea in Iceland.



High in Omega Low in CO2

# 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**

License for Stöðvarfjörður was approved in October 2021 and until end of this month 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.

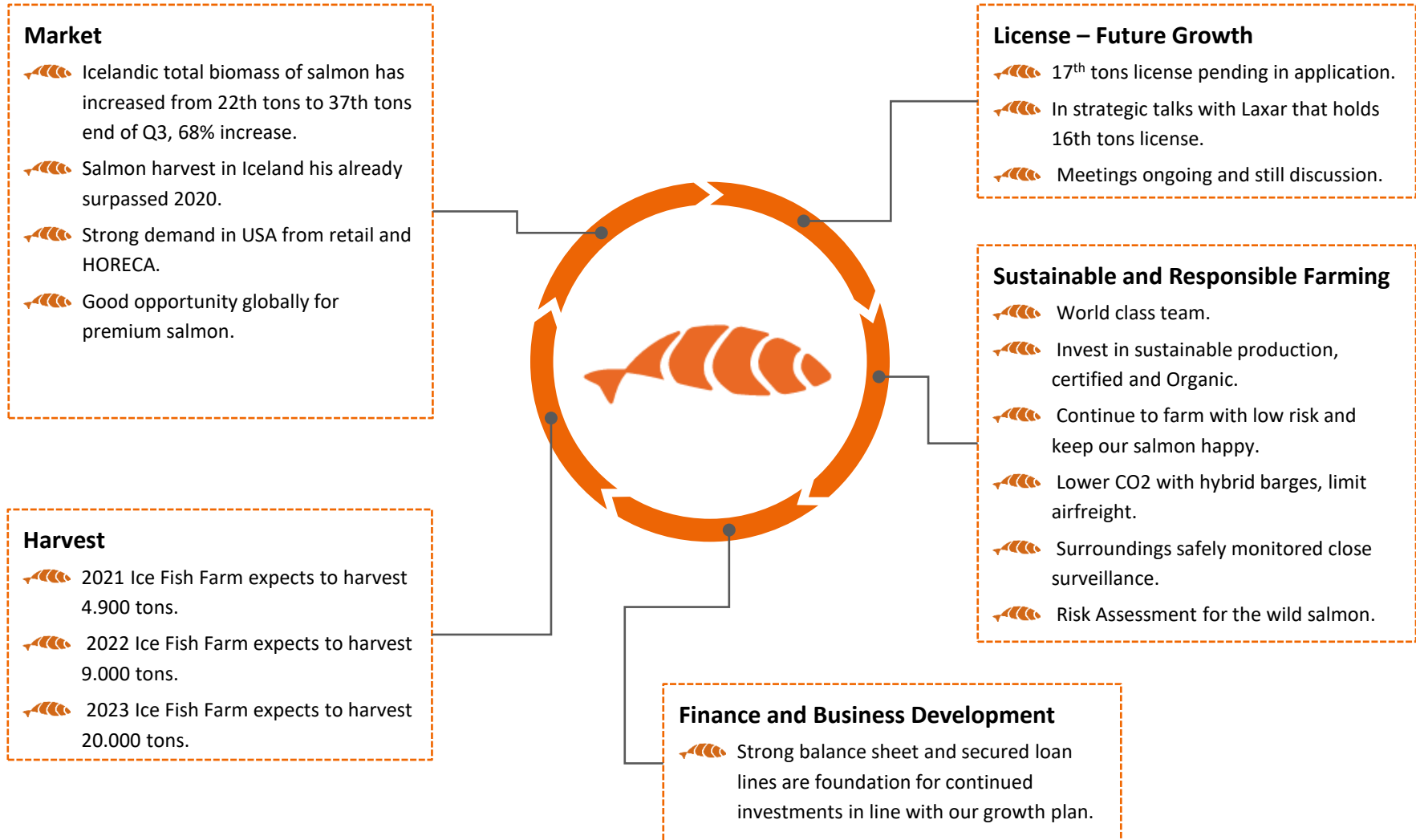
**3**

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







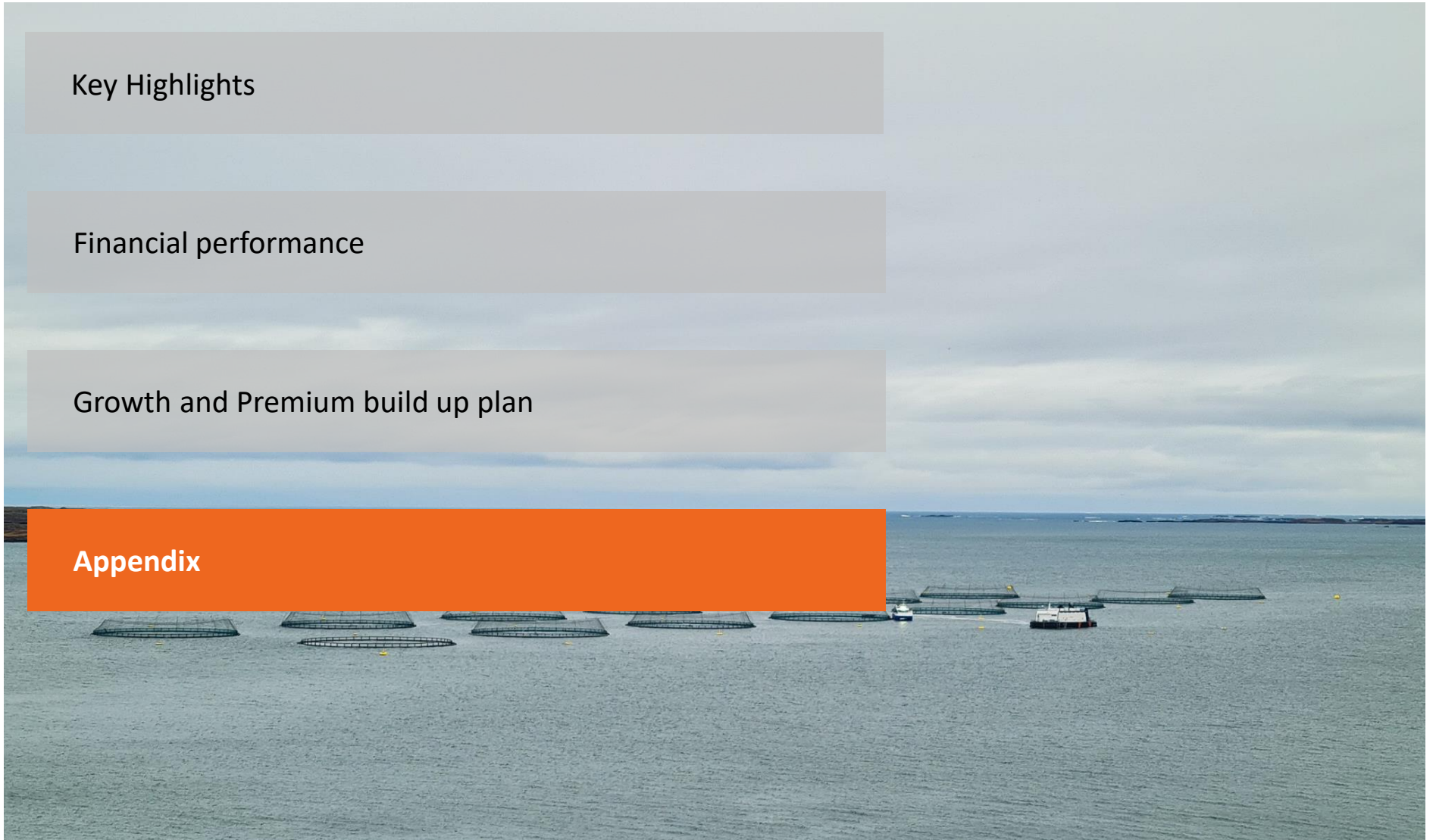
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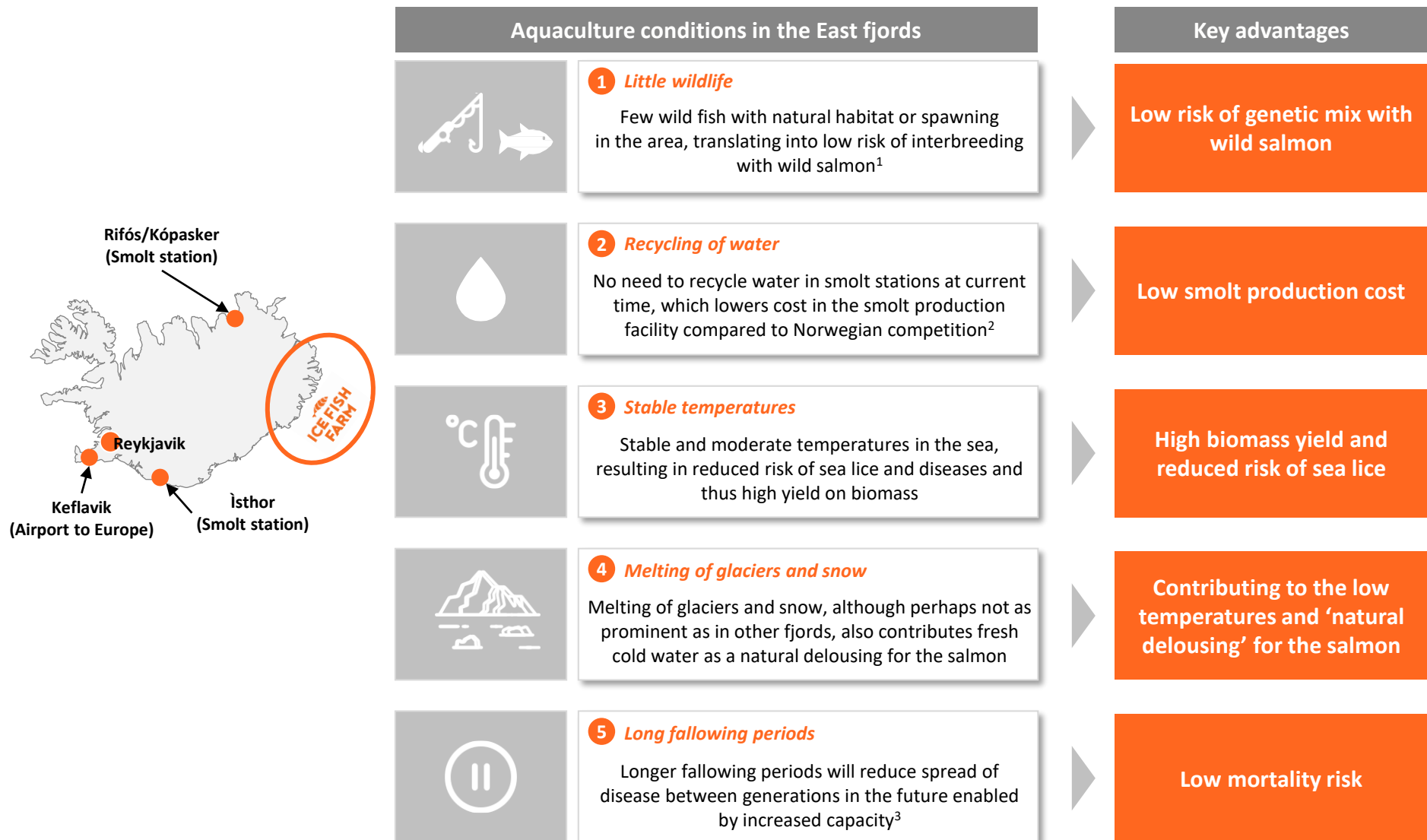
### Consolidated statement of comprehensive income

NOK´000	Q3 2021 (01.07-30.09)	Q3 2020 (01.07-30.09)	YTD 2021 September	YTD 2020 September	FY2020
Operating income	64.025	50.929	223.079	184.782	283.463
<b>Total revenue</b>	<b>64.025</b>	<b>50.929</b>	<b>223.079</b>	<b>184.782</b>	<b>283.463</b>
Cost of materials	33.397	18.192	117.908	71.479	139.633
Employee benefit expenses	9.555	8.026	30.374	21.524	30.835
Other operating expenses	11.050	7.307	27.889	23.093	28.874
Depreciation, amortisation and impairment	9.297	7.811	24.778	22.046	29.524
<b>Operating profit before FV adj. of biomass</b>	<b>725</b>	<b>9.592</b>	<b>22.130</b>	<b>46.640</b>	<b>54.597</b>
Net fair value adjustment biomass	28.614	1.466	-47.850	-3627	1.050
<b>Operating profit</b>	<b>29.340</b>	<b>11.058</b>	<b>-25.720</b>	<b>43.013</b>	<b>55.647</b>
Finance income	342	0	1.532	0	1.532
Finance costs	-6.521	-3.951	-15.087	-12.211	-15.863
Foreign exchange rate gain/ (-)loss	-3.564	-902	151	-988	-6.454
Share of profit or loss of an associate	-293	-1.142	-1.927	-1.063	-6.555
<b>Profit or loss before tax</b>	<b>19.303</b>	<b>5.063</b>	<b>-41.052</b>	<b>28.751</b>	<b>28.307</b>
Income tax expense	11.805	-1.186	14.892	-6.555	9.487
<b>Profit or loss for the period</b>	<b>31.107</b>	<b>3.877</b>	<b>-26.160</b>	<b>22.196</b>	<b>37.794</b>

### Consolidated statement of financial position

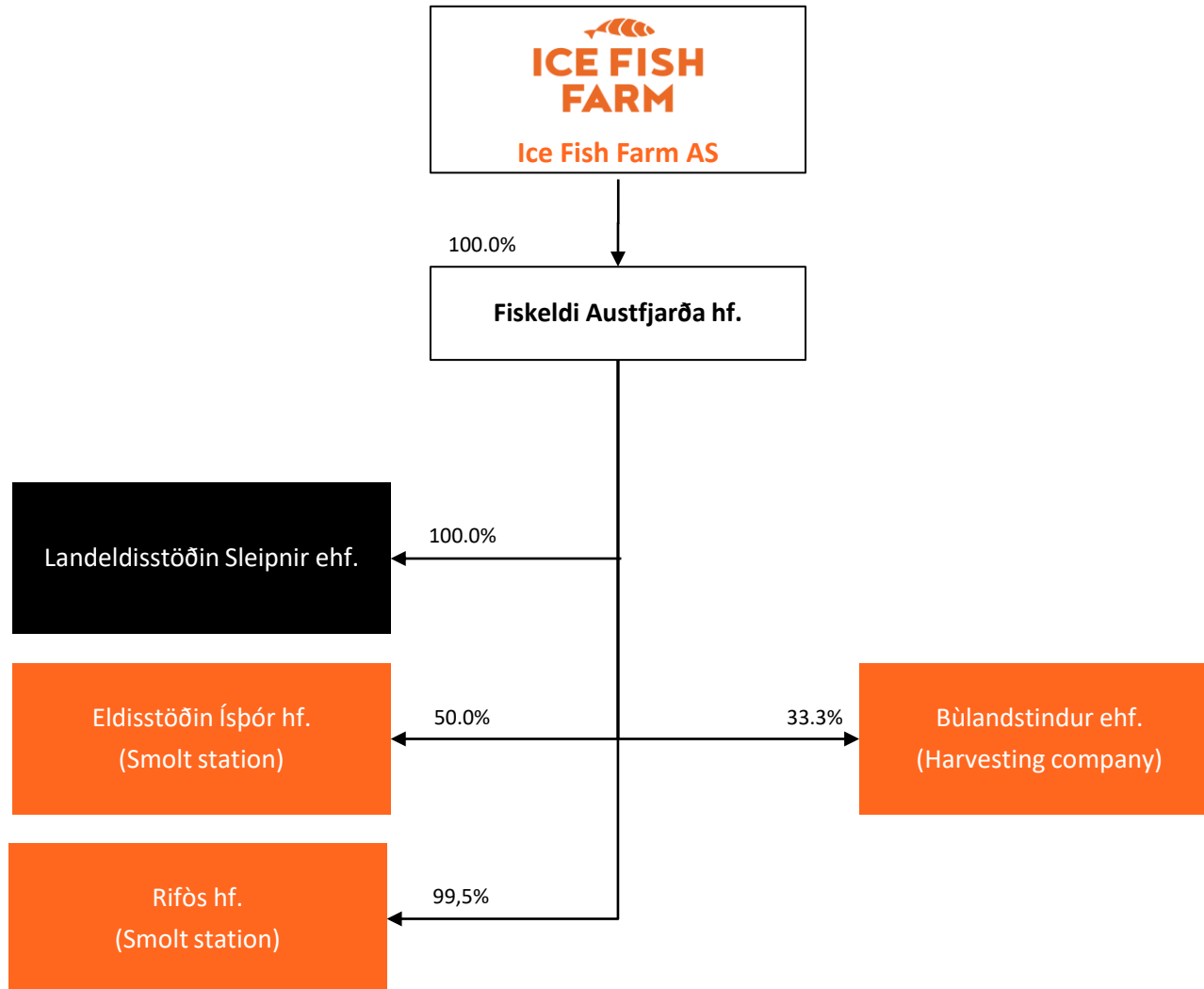
NOK´000	30.9.2021	31.12.2020
Non-current assets		
Licenses	615.283	598.028
Other intangible assets	20.610	15.913
Property, plant and equipment	531.799	287.628
Investments in associated companies	19.789	21.645
Loans to subsidiaries and associates	52.175	47.193
Deferred tax assets	12.104	2.756
<b>Total non-current assets</b>	<b>1.251.761</b>	<b>973.164</b>
Current assets		
Biological assets	294.235	290.656
Inventories	12.277	11.748
Trade and other receivables	49.523	41.989
Cash and cash equivalents	46.367	150.118
<b>Total current assets</b>	<b>402.402</b>	<b>494.511</b>
<b>TOTAL ASSETS</b>	<b>1.654.162</b>	<b>1.467.675</b>
Share capital	5.400	5.400
Share premium	1.790.635	1.790.635
Other equity	-723.162	-726.962
<b>Equity attributable to the parent</b>	<b>1.072.872</b>	<b>1.069.073</b>
Non-controlling interests	88	93
<b>Total equity</b>	<b>1.072.960</b>	<b>1.069.166</b>
Non-current interest bearing liabilities	399.064	251.086
<b>Total non-current liabilities</b>	<b>399.064</b>	<b>251.086</b>
Current interest bearing liabilities	38.617	53.083
Subordinated loan from related parties	26.968	25.578
Trade and other payables	116.554	68.761
<b>Total current liabilities</b>	<b>182.139</b>	<b>147.422</b>
Total liabilities	581.203	398.508
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1.654.162</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 Ísþor., <sup>3</sup>Currently too low production to benefit from long fallowing periods.

## Structure of ICE FISH FARM





# Ice Fish Farm smolt stations expansion



## Facility



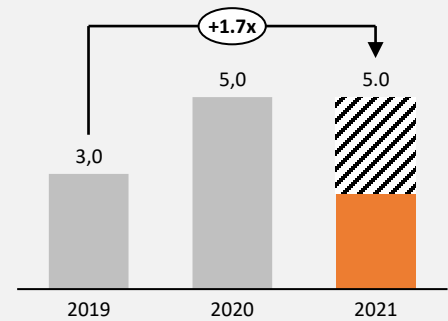
### Isthor:

- ▶ Building 2,000 cubic meter tanks, to have more capacity for bigger smolts in spring 2022.
- ▶ Production of smolt between 100 and 500 grams.
- ▶ Improving quality of smolt and sizes, not happy with current status.
- ▶ New production manager started in October.

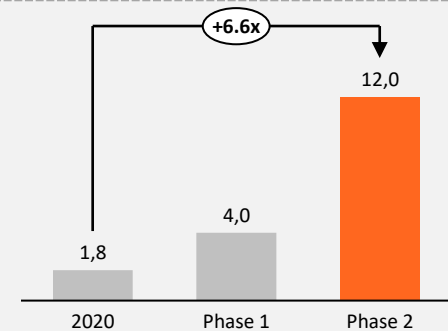
## Update

## Capacity

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



Million smolt capacity for Ice



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

### Rífós:

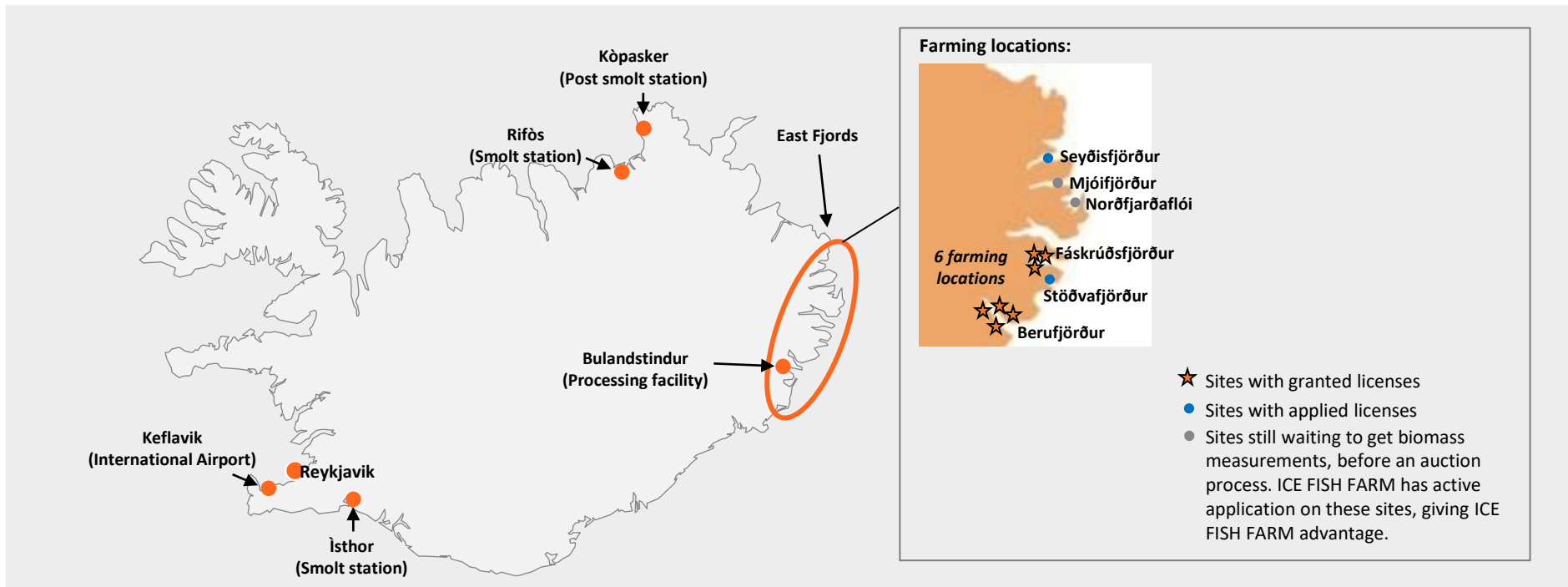
- ▶ Running as expected, good growth and production.
- ▶ Site has Organic smolt in production.

### Kópasker:


- ▶ **Phase 1:** House has been built and tanks in operation.
- ▶ First output to sea from Kópasker performed excellent and fish in very good shape.
- ▶ 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 in development since first house is working as expected:** 3 additional houses with total cubic meter of 33.600 and a 2.700 tons standing biomass license.





## Logistics with low CO2



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.