

PRIVATE AND CONFIDENTIAL



Annual General Meeting

Iceland, 28th May 2020

Executive summary



1 Iceland as a fish farming region

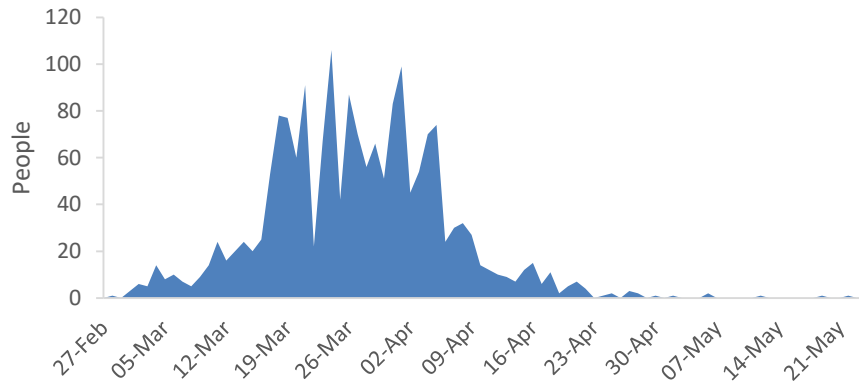
2 Q1 2020 operational results

3 Ongoing initiatives and future outlook

4 Financials and other

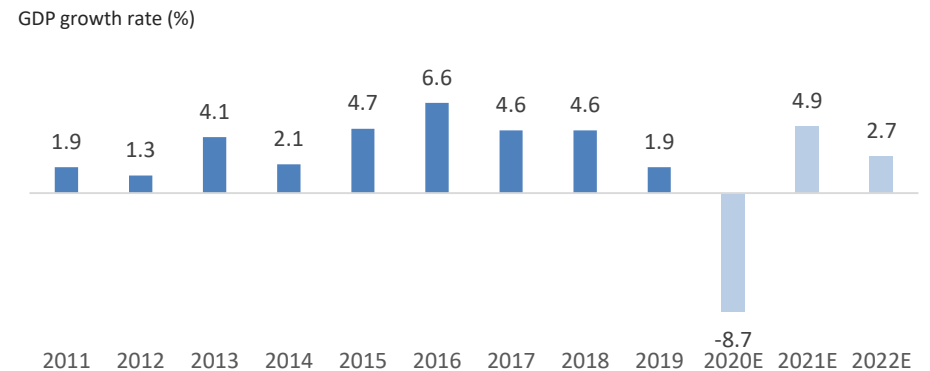
Iceland and the impact of Covid-19

Number of infections by date



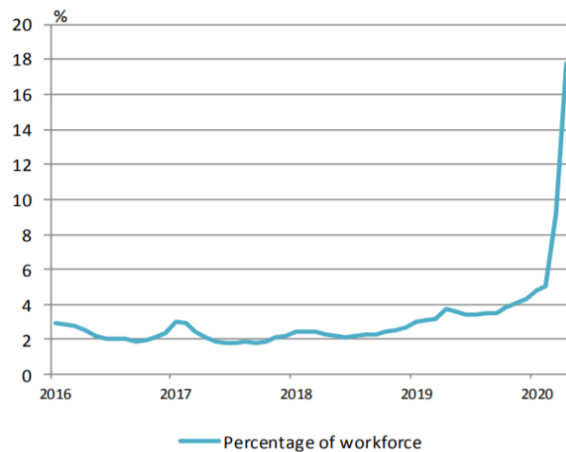
Source: Directorate of Health

Heading to a 9% reduction in GDP



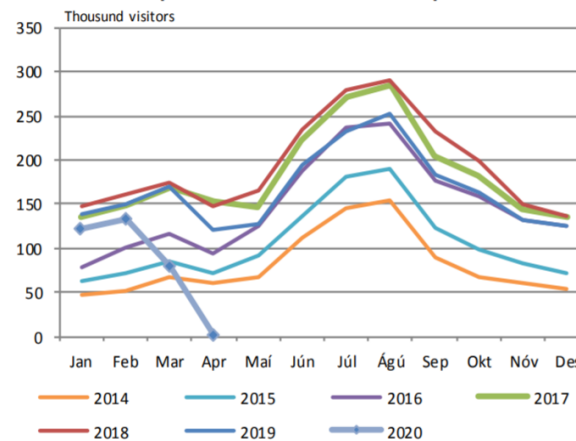
Source: Landsbankinn

Unemployment rate



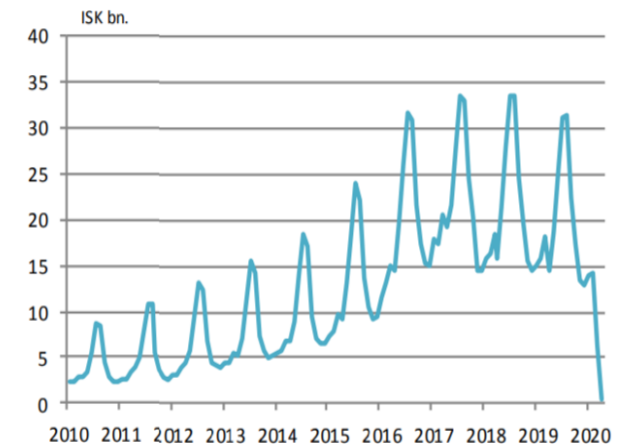
Source: Department of Labour

Departures from Keflavík airport



Source: Statistics Iceland

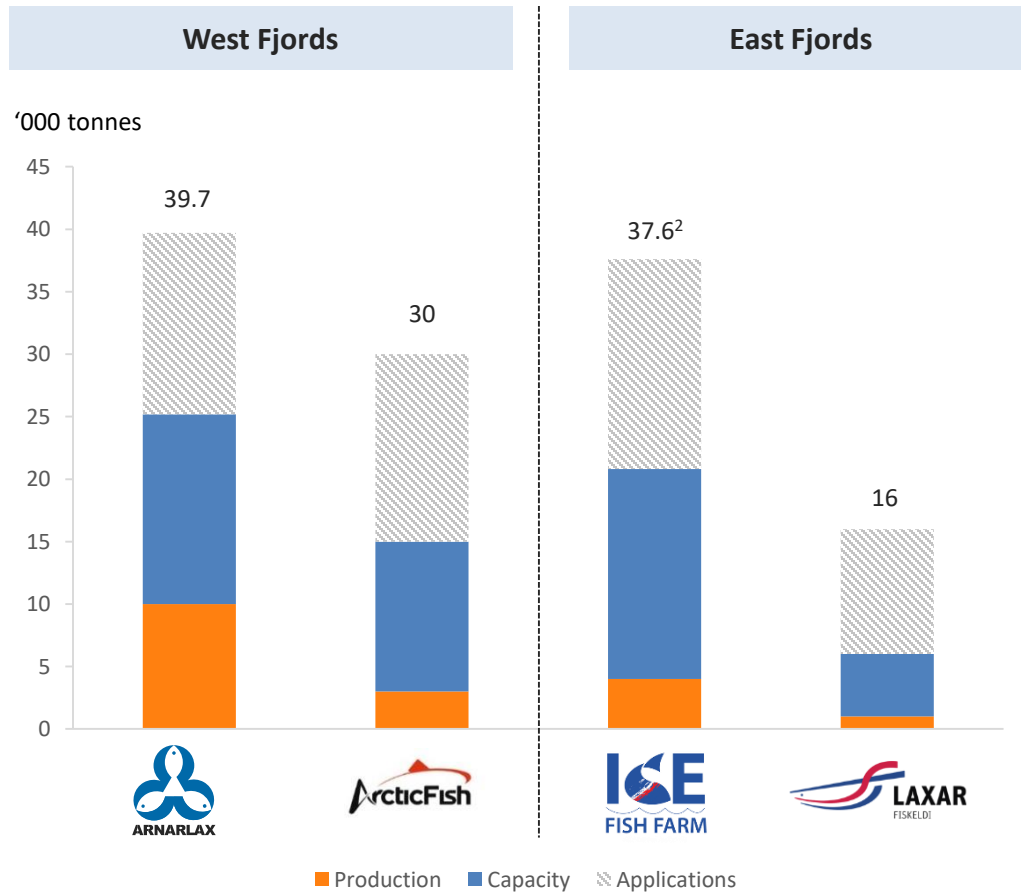
Foreign payment card turnover



Source: Statistics Iceland

Arnarlax is the leading salmon farmer on Iceland

Production, capacity, applications and locations of Icelandic salmon farmers¹



Source: Arnarlax, Markó Partners – pending application status





Notes: ¹ Only for Atlantic salmon

Notes: ² Includes triploid and fertile salmon


The Marine Research Institute in Iceland recently released a biological risk assessment providing support for Arnarlax' licenses and applications

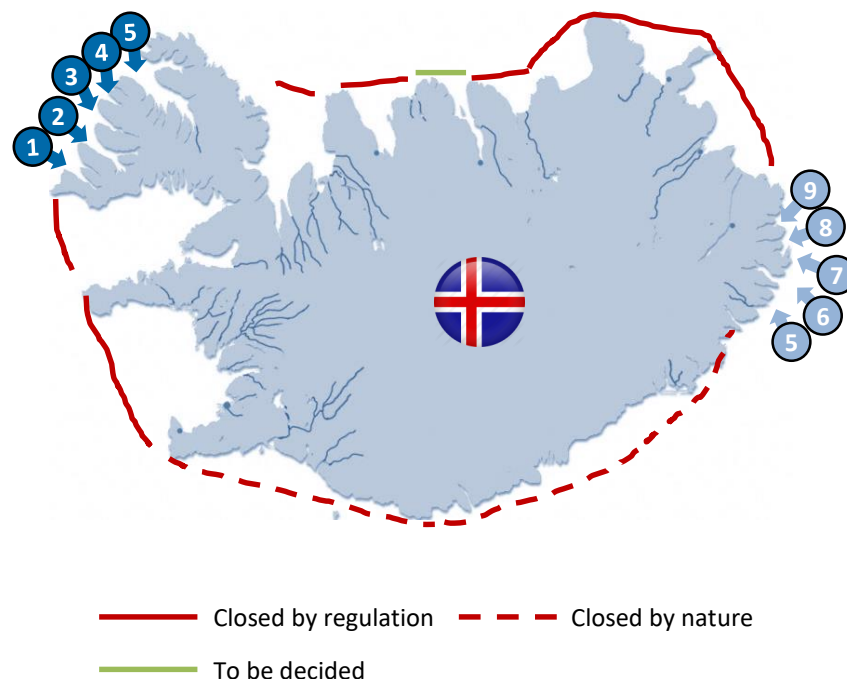
Maximum volume according to MRI

West Fjords

Maximum volume according to  MARINE RESEARCH INSTITUTE			
	Allowable Biomass	Risk assessment	Arnarlax
1 Tálknafjörður ¹	20,000 MT	20,000 MT ✓	
2 Arnarfjörður	20,000 MT	20,000 MT ✓	
3 Dýrafjörður	10,000 MT	10,000 MT ✓	
4 Öndarfjörður	2,500 MT	2,500 MT	No
5 Ísafjardardjúp	30,000 MT	12,000 MT ↓	No ²
Total West Fjords	80,000 MT	64,500 MT	

East Fjords

Maximum volume according to  MARINE RESEARCH INSTITUTE			
	Allowable Biomass	Risk assessment	Arnarlax
5 Berufjörður	10,000 MT	7,500 MT ↓	No
6 Stöðvarfjörður	7,000 MT	0 MT ↓	No
7 Fáskrúðsfjörður	15,000 MT	12,000 MT ↓	No
8 Reyðarfjörður	20,000 MT	16,000 MT ↓	No
9 Seyðisfjörður	20,000 MT	6,500 MT ↓	No
Total East Fjords	52,000 MT	42,000 MT	



¹ Does also include Patreksfjarðarflói and Patreksfjörður

² Arnarlax has applications for 10,000 tons

³ Risk assessment for Ísafjardardjúp could be increased to 14,000 MT when using smolt of avg. size 400g

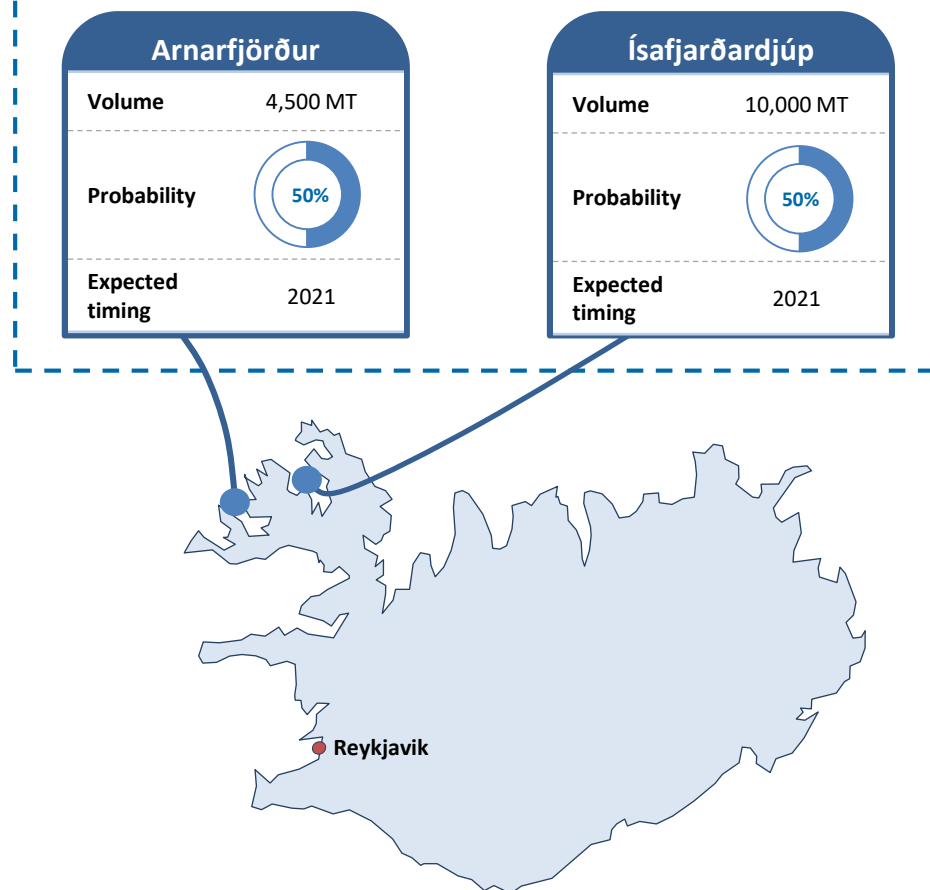
New legislation puts the focus in maximum biomass instead of harvesting to determine site capacity

Capacity

Capacity based on

Company sites	Harvest (under previous legislation)	Max biomass (new legislation)
Táknafjörður	10,700 MT	12,200 MT
Arnarfjörður	10,000 MT	10,000 MT
Fossfjörður	1,500 MT	3,000 MT
Current licenses	22,200 MT	25,200 MT
Applications		
Arnarfjörður		4,500 MT
Ísafjarðardjúp		10,000 MT
Total licenses and applications		39,700 MT

Location applications



Note: Probabilities are based on managements' own opinion

Arnarlax Academy

Everything we do will be based on this strategic foundation

Vision: Sustainable Icelandic Salmon from the Westfjords

Ambition: Iceland's leading Salmon farmer

Cost leader | Quality leader | Market leader

Overall goals for Arnarlax in 2019 and 2020:

No escapes

Arnarlax-standard in what we do

11.400 tons

4,0 euro BLD

Goals departments:

Freshwater

1. Smolt according to plan, 500thou extra fish (2,9 2019 and 4,2 in 2020 and 4,5 in 2021)
2. Mortality under 20% from roe to output
3. No clinical disease outbreak (POX/BKD) (2020)

Seawater

1. Mortality - for the first 90 days - 4%
2. Mortality - 7% after the smolts have been 90 days
3. FCR down to 1,2 (2019) and 1,15 (2020)
4. 3 EUR for 2019 and 2,7 EUR for 2020

Processing

1. 0 positive listeria sample in product
2. Keep machine fault under 1% in processing
3. 30 fish pr minute (fish below 4,7) and 25 fish pr minute (fish over 4,7 kg)

Sales

1. Airfreight 1,50 EUR
2. >30% contract volume
3. Sales price FOB BILD compared to NASDAQ

HR

1. Education – establish Arnarlax academy
2. Better contracts and terms for employees
3. Getting a contract that works for the seawater department (SFS)

BD

1. Get the licenses back
2. Get the 4500mT extension in Arnarfjörður 2020
3. Develop and prepair ísafjörður operations
4. Better compliance

Finance

1. Reporting in time and right quality (make a timeline for all report dates)
2. Loss on sales in 2020 down to 0,8% and 1% in 2019 (measured every quarter)

Must Win Battles in 2019 & 2020:

**GET IN PLACE CLEAR
ROLES, GOOD STRUCTURE
& GOVERNANCE**

**DEVELOP AND ENSURE
BETTER BIOLOGICAL
COMPETANCE**

**PREDICTABLE AND LONG-
TERM WORK ON LICENSES**

**3 MND RESTING PERIOD
ON HRINGSDALUR**

**ENSURE ACCES TO SMOLT
WITH GOOD QUALITY**

**INCREASE HARVEST PLAN
CAPACITY**

Leadership principles: Act like you want others to act | "I care – I'm responsible" | Open for changes | See everyone

Our corporate values: Teamwork makes us stronger together | Sustainability in everything we do | Quality in everything we do | We care

Arnarlax Academy

All employees have been to the Arnarlax Academy



- Management group central

Separate sessions



- Separate sessions for developing departments and for leaders

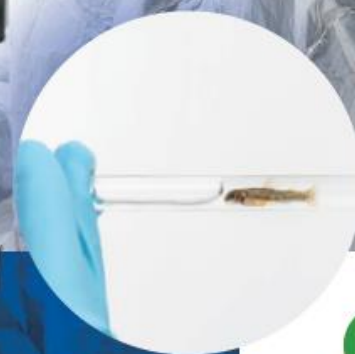
WE CARE



**... FOR OUR COLLEAGUES,
THE SALMON, THE CUSTOMER
AND THE ENVIRONMENT**



SUSTAINABILITY



... IN HARMONY WITH NATURE



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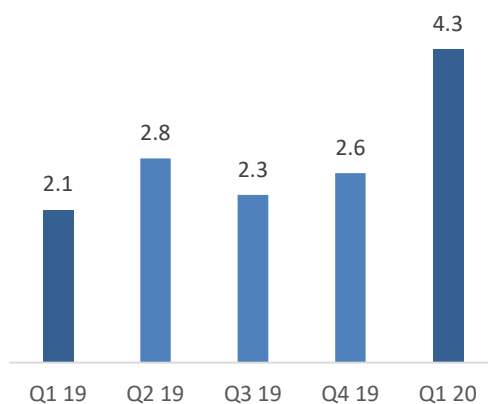
Q1 2020 operational results

Challenging quarter for Arnarlax – Guidance of 12,000 MT harvest volume in 2020 maintained

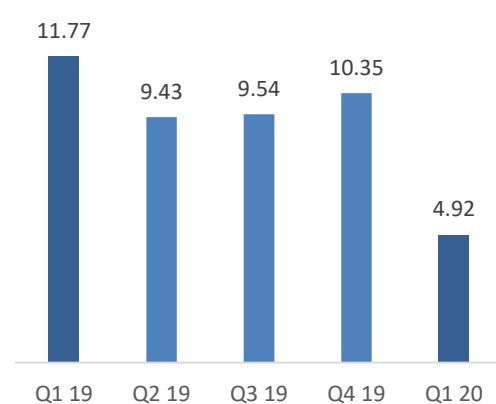
Operational results ¹	Q1 2020	Q1 2019	FY 2019 ²
Operating income (NOKm)	280	133	627
Operational EBIT (NOKm)	21	25	100
Operational EBIT %	7.6 %	18.9 %	16.0 %
Harvested volume (tgw)	4.3	2.1	9.8
EBIT/kg	4.92	11.77	10.21

2) Consolidated results from February 2019

Harvest volume (1,000 tons)



EBIT/kg (NOK)



- Challenging quarter for Arnarlax resulting in a weak result
 - Large harvesting of 18G due to increased mortality caused by winter wounds
 - Results negatively impacted by high mortality costs of 30 MNOK (7.07 per kg)
- Expect significant lower volume and weak margins in Q2
 - Will continue harvesting from 18G in Q2
 - Price drop due to Covid-19 affecting Arnarlax more significantly due to no positive FX effect in price
- Guiding of 12,000 tons harvest volume in 2020 maintained

Note: ¹Consolidated results from SalMar financial reporting

Executive summary





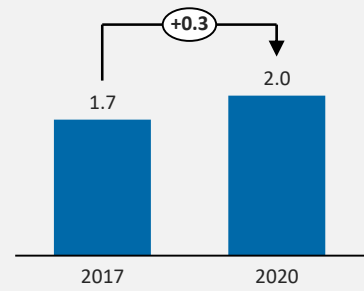


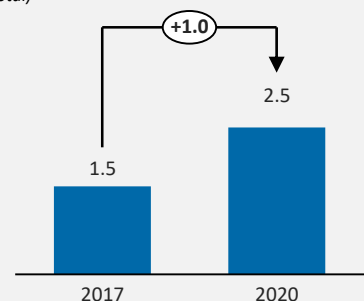
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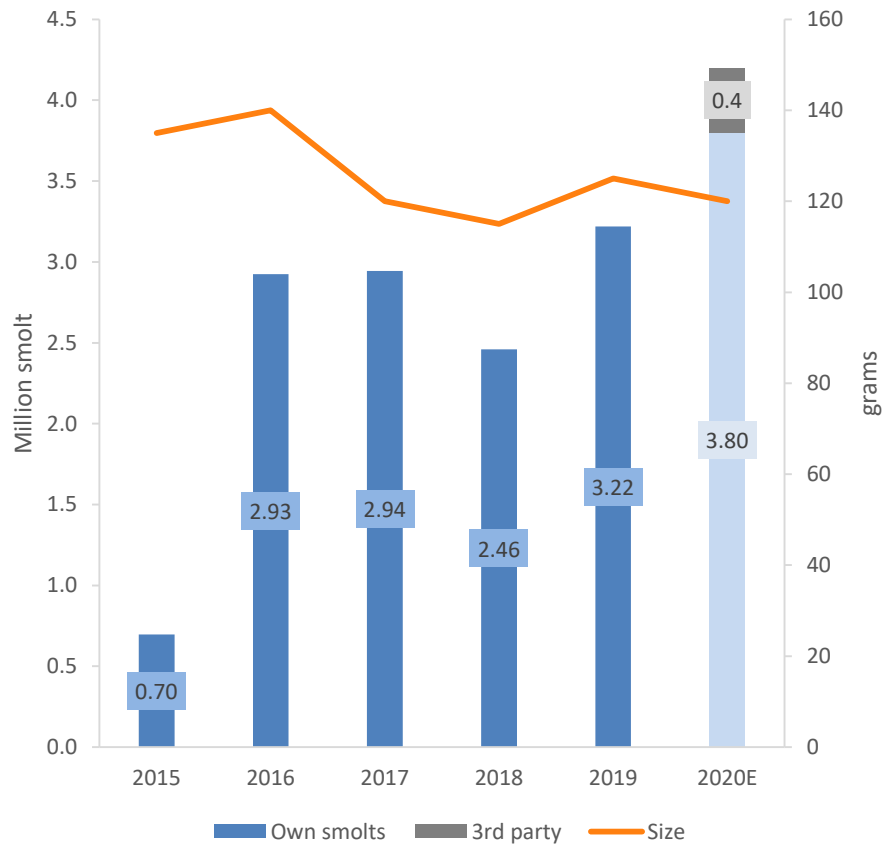
Capacity expansion of freshwater facilities

Facility	Location	Description	Capacity						
 Bæjarvík		<ul style="list-style-type: none">100% owned by ArnarlaxStrategically located in West Fjords, close to Arnarlax's seawater facilities and headquarterProduction of smolt between 70 and 150 grams	<p>Million smolt capacity p.a.</p>  <table><thead><tr><th>Year</th><th>Capacity (Million smolt p.a.)</th></tr></thead><tbody><tr><td>2017</td><td>1.7</td></tr><tr><td>2020</td><td>2.0</td></tr></tbody></table>	Year	Capacity (Million smolt p.a.)	2017	1.7	2020	2.0
Year	Capacity (Million smolt p.a.)								
2017	1.7								
2020	2.0								
 Ísthór		<ul style="list-style-type: none">50/50% owned by Arnarlax and Ice Fish FarmProduction of smolt between 70 and 600 gramsGeothermal waters mixed with cool freshwater providing attractive growth conditions at low costsLocated near one of Europe's largest underwater riversTeam of 10 employees (100% basis)New start feeding units in one hall offering the possibility to start feedingTotal cubic of 15,200 - Expansion adds 6x2,000 cubic	<p>Million smolt capacity p.a. (50% of total)</p>  <table><thead><tr><th>Year</th><th>Capacity (Million smolt p.a. (50% of total))</th></tr></thead><tbody><tr><td>2017</td><td>1.5</td></tr><tr><td>2020</td><td>2.5</td></tr></tbody></table>	Year	Capacity (Million smolt p.a. (50% of total))	2017	1.5	2020	2.5
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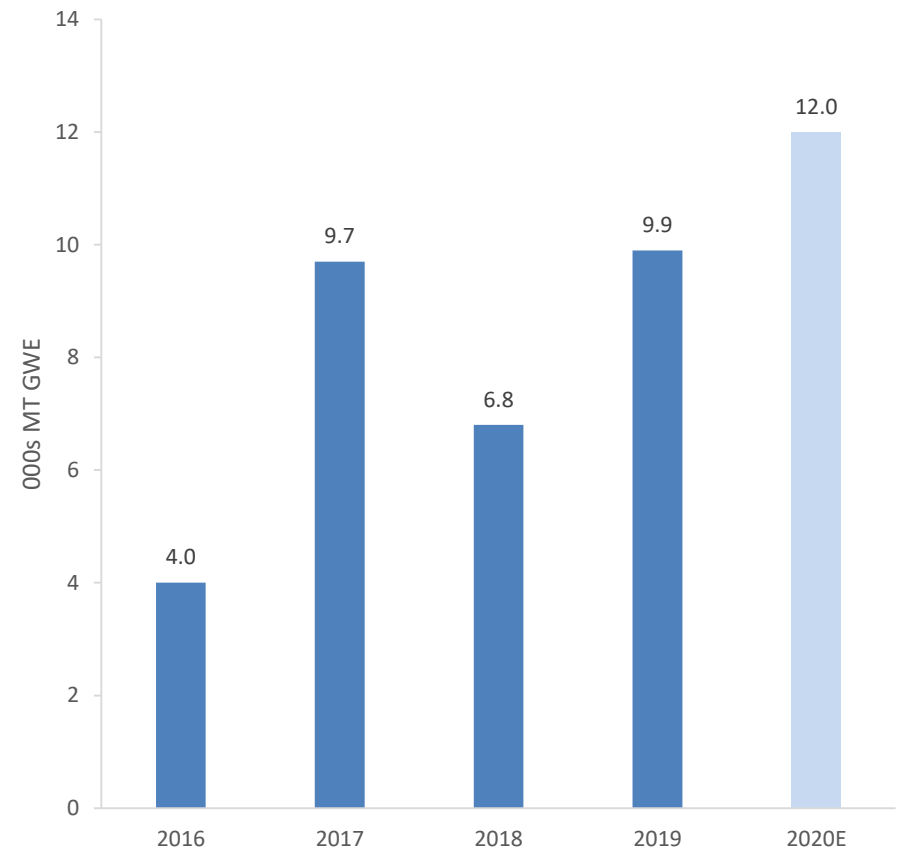
Source: Arnarlax

Outlook production with support for further growth beyond 2020

Smolt output



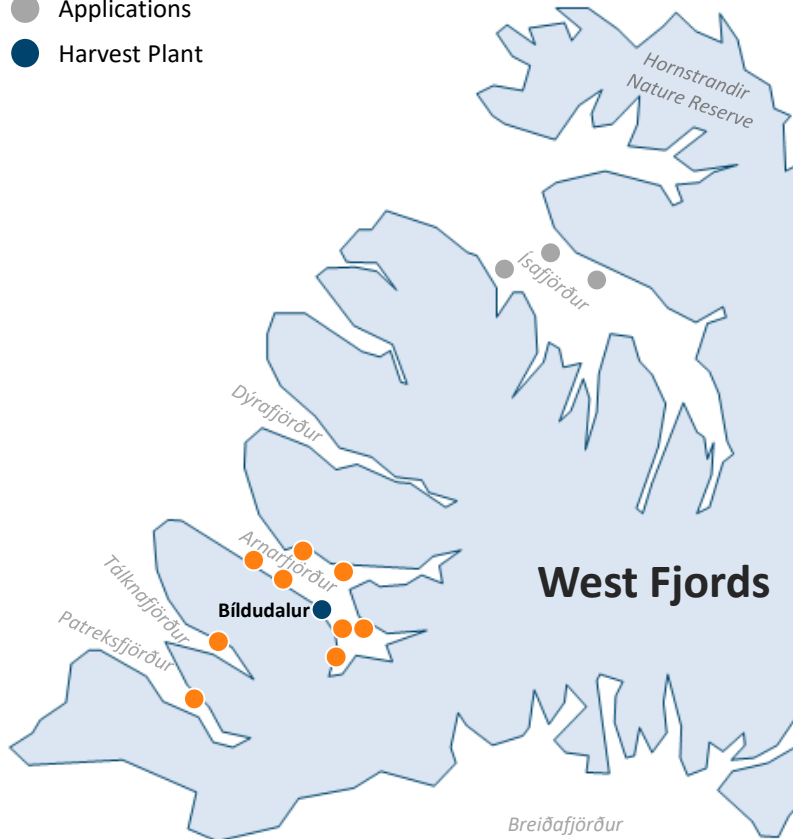
Harvest volume



Unique and isolated concession portfolio in pristine waters

Overview of current seawater facilities

- Active sea site
- Applications
- Harvest Plant



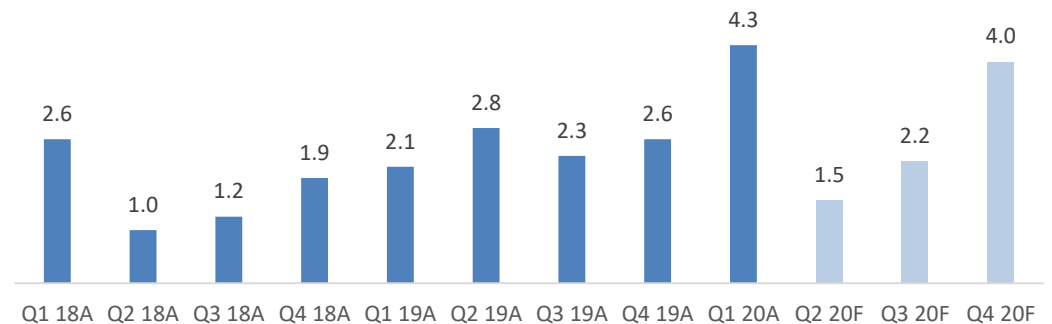
Source: Arnarlax

Comments

- Arnarlax currently has 9 farming locations in three separate fjords, enabling the use of “all-in all-out” alternating farming model
- By allowing each farming site to fallow for a few months after each generation has been fully harvested, every new farming cycle starts its growth in a clear and naturally replenished sites
 - This technique reduces risk of biological hazards such as diseases and pests
- Total current production capacity of 25,200 tonnes maximum allowed biomass (MAB)
 - 7 locations in Arnarfjörður (including Fossfjörður) with a production capacity of 13,000 tonnes MAB
 - 2 locations in both Patreksfjörður and Tálknafjörður with a combined production capacity of 12,200 tonnes MAB
- Only one other salmon farming company with concessions in the West Fjords (Arctic Fish), enabling high biological control

Quarterly harvest figures

'000 tonnes (HOG)



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Summary financials

Income statement

EUR	2017A	2018A	2019A
Harvest (HOG tonnes)	9.666	6.703	9.945
Total revenue	66.647.294	42.016.397	66,671,159
Cost of goods sold	50.491.503	24.852.807	32,440,268
Gross margin	16.155.791	17.163.590	34,230,891
SG&A	5.954.038	20.253.376	18,420,227
EBITDA	10.201.753	(3.089.786)	15,810,664
Depreciation and amortisation	6.021.401	11.051.057	9,886,022
EBIT	4.180.352	(14.140.843)	5,924,642
Net interest expense	(4.933.019)	(4.908.071)	-2,447,774
Net profit before tax	(752.667)	(19.048.914)	3,476,868
Income tax	(187.602)	3.097.312	-1,325,551
Net profit after tax	(565.065)	(15.951.602)	2,151,317

Note: Audited according to Icelandic GAAP – figures may differ from SalMar due to accounting principles

Balance sheet

EUR	2017A	2018A	2019A
<u>Current assets</u>			
Cash	799.278	394.193	1,717,986
Receivables	7.763.693	8.621.855	8,063,340
Biomass at cost	36.475.445	37.481.198	46,786,092
Other current assets	3.950.695	0	0
Total current assets	48.989.111	46.497.246	56,567,418
<u>Non-current assets</u>			
Goodwill	19.476.065	17.168.977	14,868,540
Property, plant and equipment	36.499.880	33.751.039	41,501,282
Other non-current assets	5.561.469	8.258.139	10,562,572
Total non-current assets	61.537.414	59.178.155	66,932,395
Total assets	110.526.525	105.675.402	123,499,813
<u>Current liabilities</u>			
Revolver	31.368.354	28.969.693	4,592,949
AP and accrued liabilities	8.594.284	5.770.091	7,393,468
Other current debts	2.911.783	1.976.933	3,275,978
Current portion of LT debt	3.510.952	2.178.663	3,060,715
Total current liabilities	46.385.373	38.895.380	18,323,110
<u>Non-current liabilities</u>			
Term loan	10.416.162	8.370.393	44,587,465
Total non-current liabilities	10.416.162	8.370.393	44,587,465
Total liabilities	56.801.535	47.265.773	62,910,575
Net assets	53.724.990	58.409.629	60,589,238
Capital stock	56.478.204	77.114.445	77,371,442
Retained earnings	(2.753.214)	(18.704.816)	-16,782,204
Total equity	53.724.990	58.409.629	60,589,238



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