



**Icelandic  
Salmon®** 

**Company update**  
Iceland, 21<sup>st</sup> May 2021



# Executive summary



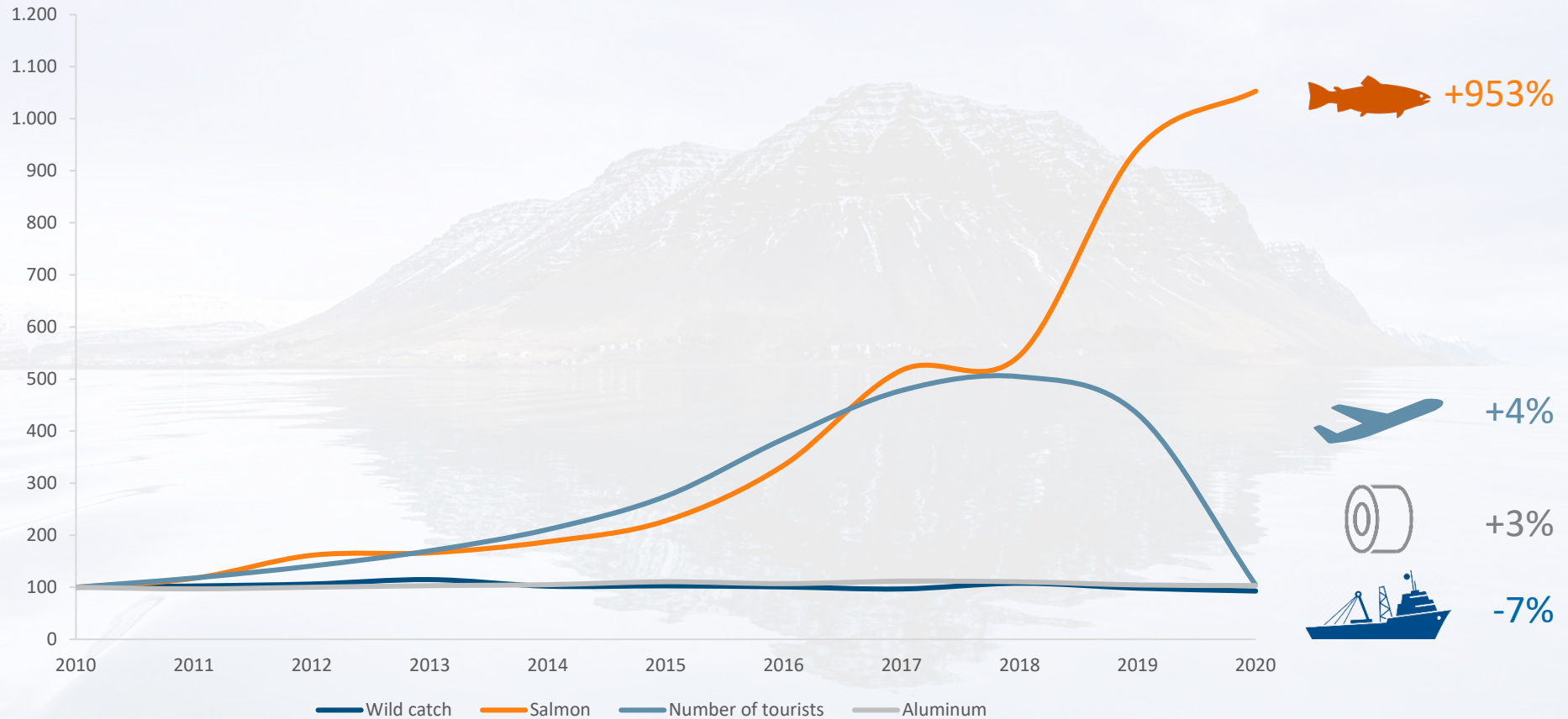
1 Iceland as a new fish farming region

2 Q1 2021 operational results

3 Ongoing initiatives and future outlook

4 Environmental

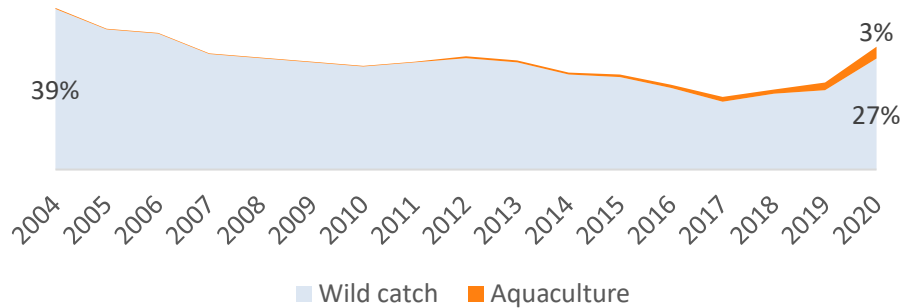
# Development of key Icelandic exports + salmon in the last decade



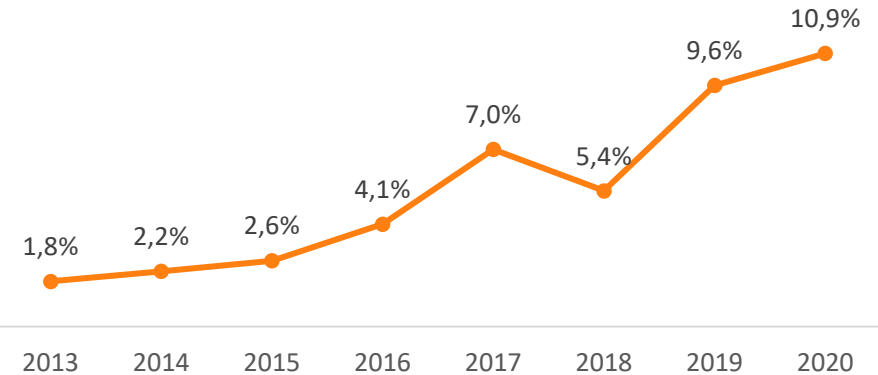
Rebase index (2010 = 100)

# Salmon now represents >10% of the total seafood exports from Iceland

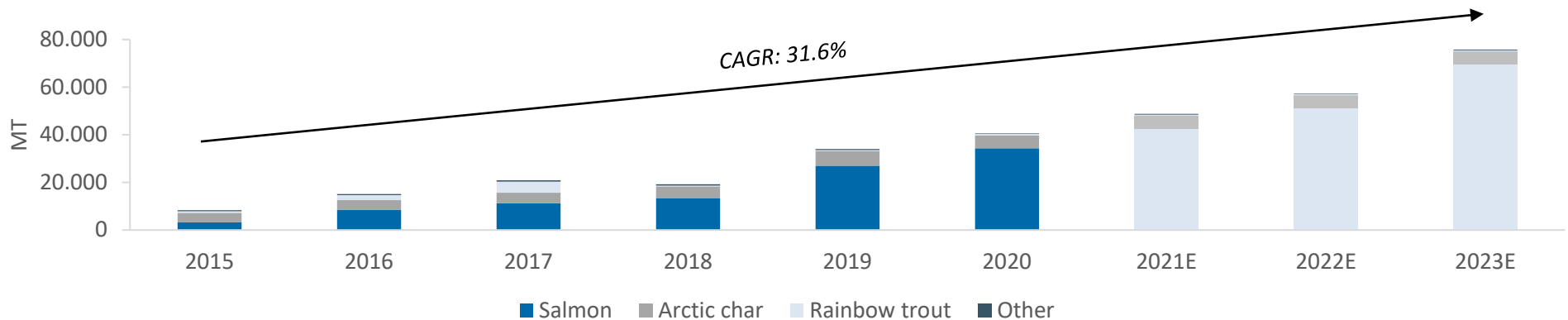
## Value of seafood over total exports



## Share of salmon over seafood exports



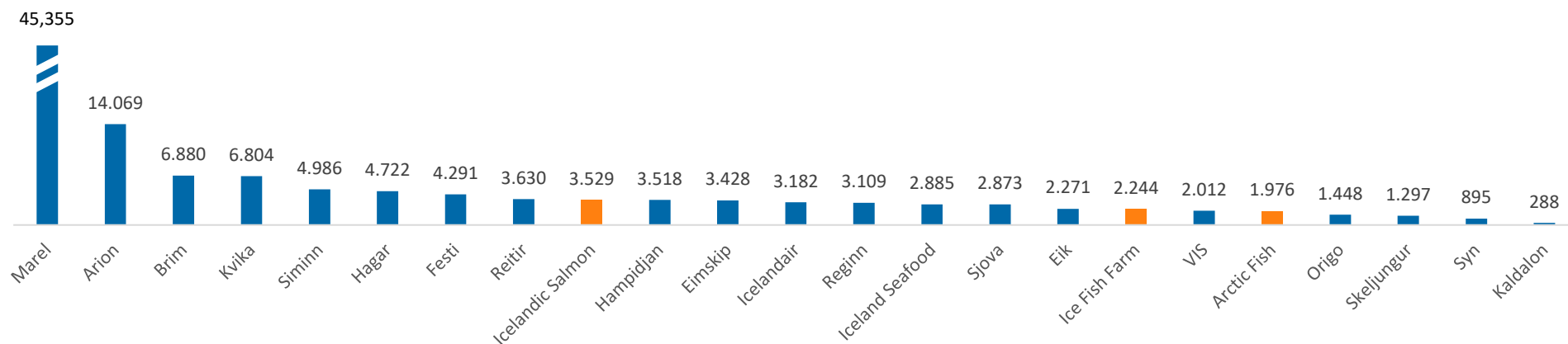
## Aquaculture production in Iceland (2015 – 2023E)



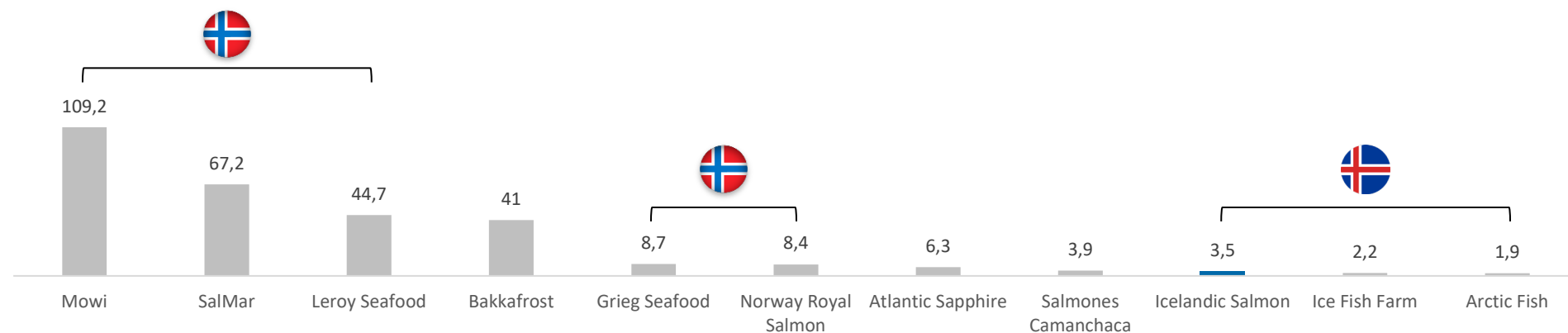
Source: SFS, <https://radarinn.is/Utgafa/Frettir/vaegi-sjavarutvegs-ekki-meiri-fra-2007>

# Icelandic Salmon one of the 10 largest Icelandic listed companies

Market capitalization – All Icelandic listed companies (NOK million)



Market capitalization – Salmon farmers in Oslo (NOK billion)



As of May 2021

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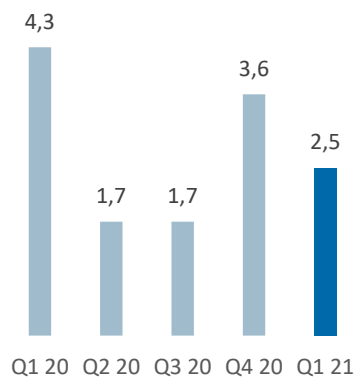
# Q1 2021 operational results

## Positive results driven by improved operations and increasing salmon prices

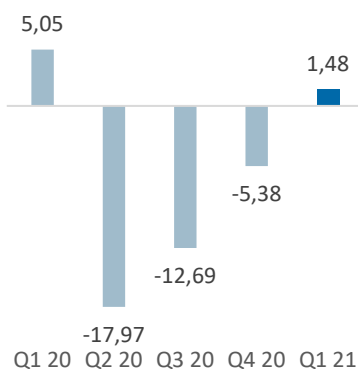
### KEY RESULTS<sup>1</sup>

	Q1 2021	Q1 2020	FY 2020
Operating income (NOKm)	178	280	662
Operational EBIT (NOKm)	4	22	-49
Operational EBIT %	2%	8%	-7%
Harvested volume (tgv)	2.5	4.3	11.2
EBIT/kg	1.48	5.05	-4.36

### Harvest volume (1,000 tgv)



### EBIT/kg (NOK)



### Improved operation

- Improved margins driven by lower cost level, good capacity utilization at harvest plant and increasing salmon prices
- 2019 generation has accounted for the volume
  - Significantly improved biological performance compared to last year
- Expect similar volume and stable cost level in Q2 2021
  - Continue harvesting from 2019 generation
  - Significantly improved biological status of fish in sea compared to last year
- Guiding maintained at 14,000 MT in 2021

### Increasing smolt capacity

- Signed agreement for two smolt facilities at Hallkelshólar and in Þorlákshöfn in May 2021
- Expect total output of 0.8 million smolt in 2022 and 1.5 million smolt from 2023
- Strengthening the foundation for future growth

<sup>1</sup> Note: Consolidated results from SalMar Q1 21 financial reporting



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1 Iceland as a new fish farming region



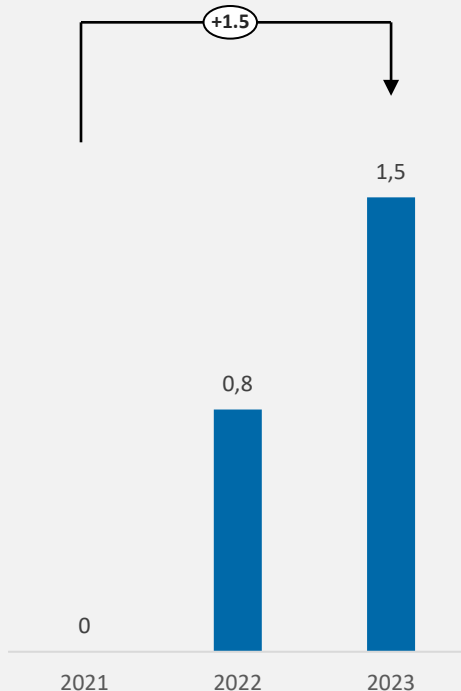


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# Agreement for 2 smolt/post-smolt facilities

Facility	Location	Description	Potential combined capacity								
 Hallkelshólar		<ul style="list-style-type: none"><li>Station originally built as a smolt facility in 1986 under Norwegian standards</li><li>Current license for 100 MT of Arctic char from MAST and 20 MT from UST</li><li>Plan is to renew existing licenses and convert to salmon</li><li>Previously operated by Stofnfiskur (Benchmark Genetics)</li></ul>	<p>Million smolt capacity p.a.</p>  <table><thead><tr><th>Year</th><th>Potential combined capacity (million smolt p.a.)</th></tr></thead><tbody><tr><td>2021</td><td>0</td></tr><tr><td>2022</td><td>0,8</td></tr><tr><td>2023</td><td>1,5</td></tr></tbody></table>	Year	Potential combined capacity (million smolt p.a.)	2021	0	2022	0,8	2023	1,5
Year	Potential combined capacity (million smolt p.a.)										
2021	0										
2022	0,8										
2023	1,5										
 Laxabraut		<ul style="list-style-type: none"><li>Former Arctic char station operated by FISK seafood</li><li>Built in 1987</li><li>Assets located very close to the Íspór hatchery, and neighbouring with Laxar's smolt facility</li><li>Total volume capacity of 6,000 m3 spread in 12 tanks</li><li>Fresh water is supplied by boreholes on site.</li></ul>									

Source: Arnarlax

# Team strengthened in key operational and strategic positions

The new members have diverse education on all levels and a wealth of experience in the industry



**Kjersti Haugen**

Chief Sales Officer

- Chief Sales Officer from 06.04.21.
- She has a long history from the seafood industry working within logistics and sales, on international basis, since 1987. The last year she has been working as COO in Seaborn.



**Jón Garðar Jörundsson**

Chief Business  
Development Officer

- Chief Business Development Officer from 01.02.21.
- He joined the company in October last year after assisting the company through the IPO process last fall. Jón Garðar was a board member of Arnarlax from 2014 to 2015, the CEO of Hafkalk ehf. from 2012 to 2020, and an Advisor at KPMG from 2010-12.



**Johnny Indergård**

Freshwater Manager

- Freshwater Manager from 10.02.21.
- Johnny has 9 years of experience from smolt and postsmolt production from MOWI in Norway.



**Hjörtur Methúsalemsson**

Project Manager

- Project Manager from 15.03.21 in our Business development department.
- Hjörtur has for the past two years been working for the Icelandic Food Authorities (MAST), before that he has experience as the Biological controller in Arnarlax



**Rúnar Ingi Pétursson**

Production Manger

- Production manager in our harvest plant from 03.05.21.
- He has experience from the fishing industry as a fisherman and in a pelagic factory, and he has been the operations manager for a contractor for 4 years.

# License applications and regulatory matters

## Ísafjörður (10.000 t MAB)

- All licenses on hold
- MAST is reviewing work procedures in Planning Agency around the reports from the three applicants.
- Expecting a final decision within next three months

## Arnarfjörður (4.500 t MAB)

- Currently being processed by the Planning Agency
- Expecting a final decision before end of next year.





# Arnarlax now employs 14% of the local population in the municipalities of Vesturbyggð and Tálknafjarðarhreppi

## Social impact

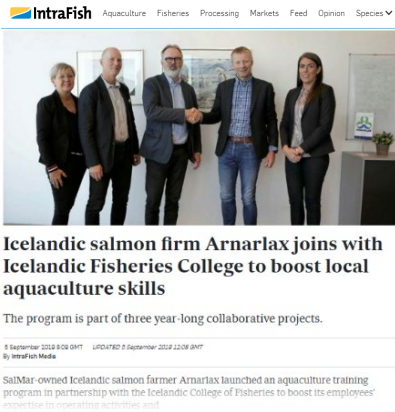


200 mílur | mbl | 14.5.2021 | 17:02

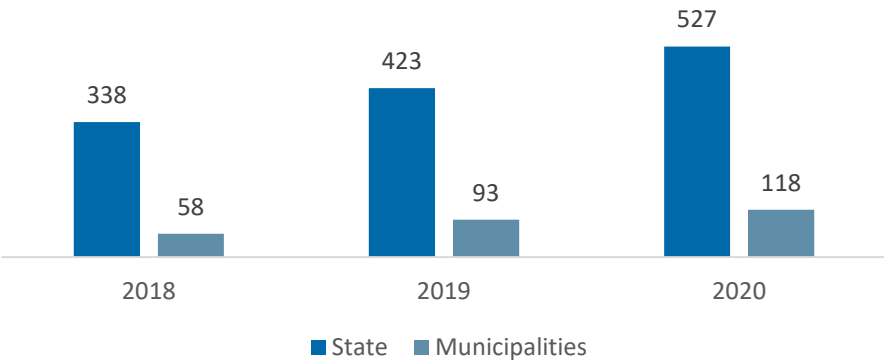
### 14% starfandi í Vesturbyggð og Tálknafjarðarhreppi hjá Arnarlaxi



## Education



## Tax footprint (ISK million)









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# All sites now ASC certified, and the company will release its own sustainability report tracking key environmental KPIs

## All sites are ASC certified

Active sites	Fjord	Harvested 2020 (HOG)	Number of de-liceings <sup>1</sup>	ASC certified
Hringsdalur	Arnarfjörður	3,50kt	2	
Haganes	Arnarfjörður	-	1	
Steinanes	Arnarfjörður	-	2	
Tjaldanes	Arnarfjörður	3,60kt	2	
Eyri	Patreksfjörður	4,20kt	1	
Laugardalur	Tálknafjörður	-	2	

<sup>1</sup>Number of deliceings is reported for each generation not FY

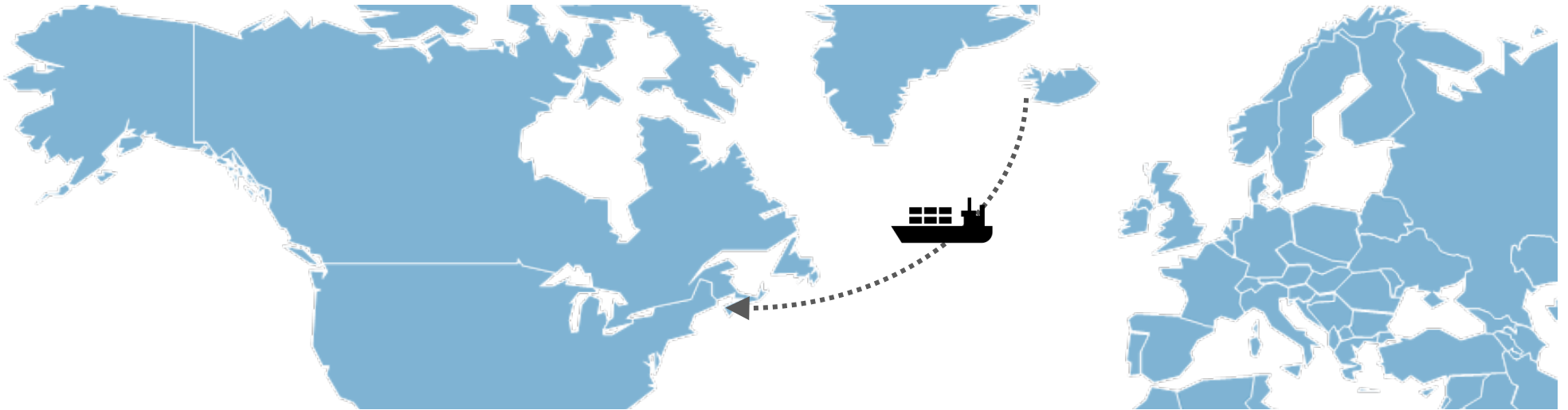
## Arnarlax preparing own sustainability report





# Initiatives to reduce carbon footprint

Arnarlax has recently switched a significant part of volume from air freight to marine transport to service the US market



- Arnarlax has over the last few months restricted use of air freight and switched to sea transport with Eimskip to service the US market.
  - *Reducing the company's carbon footprint as well as operational cost.*
- Eimskip ships once a week and delivers to the east coast of the US within 7 days from harvest.



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