
First Water
SALMON FROM ICELAND


First Water
LAND-BASED SALMON FARM

Highlights

# Sustainable land-based salmon farm using flow-through with re-use technology

| | |
|---|---|
| **Equity raise and proposed debt financing** | An equity financing round of EUR 94m completed in September 2023, bringing total raised equity of EUR 122.7m*. Next round is EUR 120m in debt before end of Q2 2024. |
| **47,000 tonnes HOG production** | Icelandic land-based salmon farming company, constructing a large-scale fish farm for Atlantic salmon in Þorlákshöfn. Acquired 45 hectares of land, 3 km west of Þorlákshöfn. In addition, acquired an up-and-running hatchery Öxnalækur in 2020 Plans for 56,000 tonnes (47,000 HOG) annual production in 6 phases with full capacity at the end of 2029. |
| **Strategic location** | The location in Þorlákshöfn offers access to vital sustainable resources for the operation in both quantity and quality, namely seawater and electricity. Unique conditions where an underground porous lava bed provides naturally filtered seawater at constant temperature. Strategic location close to shipping harbour & international airport enables direct and fast access to major markets in Europe and USA. |
| **Biomass and harvesting** | Standing biomass of 713 tonnes February 19th and forecast to increase to 1,394 tonnes year-end 2024. Total harvest is estimated to be 2,033 tons HOG year-end 2024. |
| **Invested Capital** | At year end 2023 the company had already over EUR 67m. in Invested Capital in Phase I, Hatchery in Öxnalækur and some infrastructure for Phase 1, 2 & 3. |

* Equity raised in ISK 18,2 billion 31.12.2023

First Water

# A leader in land-based salmon farming

## About First Water

The company was founded by group of passionate entrepreneurs with diverse and comprehensive experience. The company has successfully completed an impact assessment, obtained approval from the Ölfus municipality authorities, and acquired both land and hatchery facilities, which are currently operational.

Hatchery in Öxnalækur is a flow through site and has been in operation + 20 years and was redesigned in 2019. Will support phase 1 - 2 until the new RAS hatchery in Laxabraut is up and running.

The grow-out in Laxabraut is a flow through with re-use. Our seawater is truly unique, and we source it from underground wells of seawater that has been naturally filtered through layers of lava delivering pure seawater of the highest quality.

The HQ is in Urðarhvarf 8B in Kópavogur only 35 minutes drive to Laxabraut.

## First Water Salmon from Iceland

No antibiotics and chemicals at a min.

Our method imitates the natural life cycle of the Atlantic salmon that has spawned in our pristine freshwater, made the journey to the ocean. By being able to raise the salmon in constant environment with less stress growth is even during the life cycle giving the salmon firm texture and great taste.

The location

# Optimal location close to main logistic gates and employee area

## Location enables direct and fast access to major markets

Built in southwest-Iceland, the main facilities at Laxabraut are being built close to Þorlákshöfn which has a well-situated international port that enables fast and direct access to First Water's major markets in Europe. In addition, the grow-out facility is within 55 KM to the Capital area where First Water has access to the east USA market.

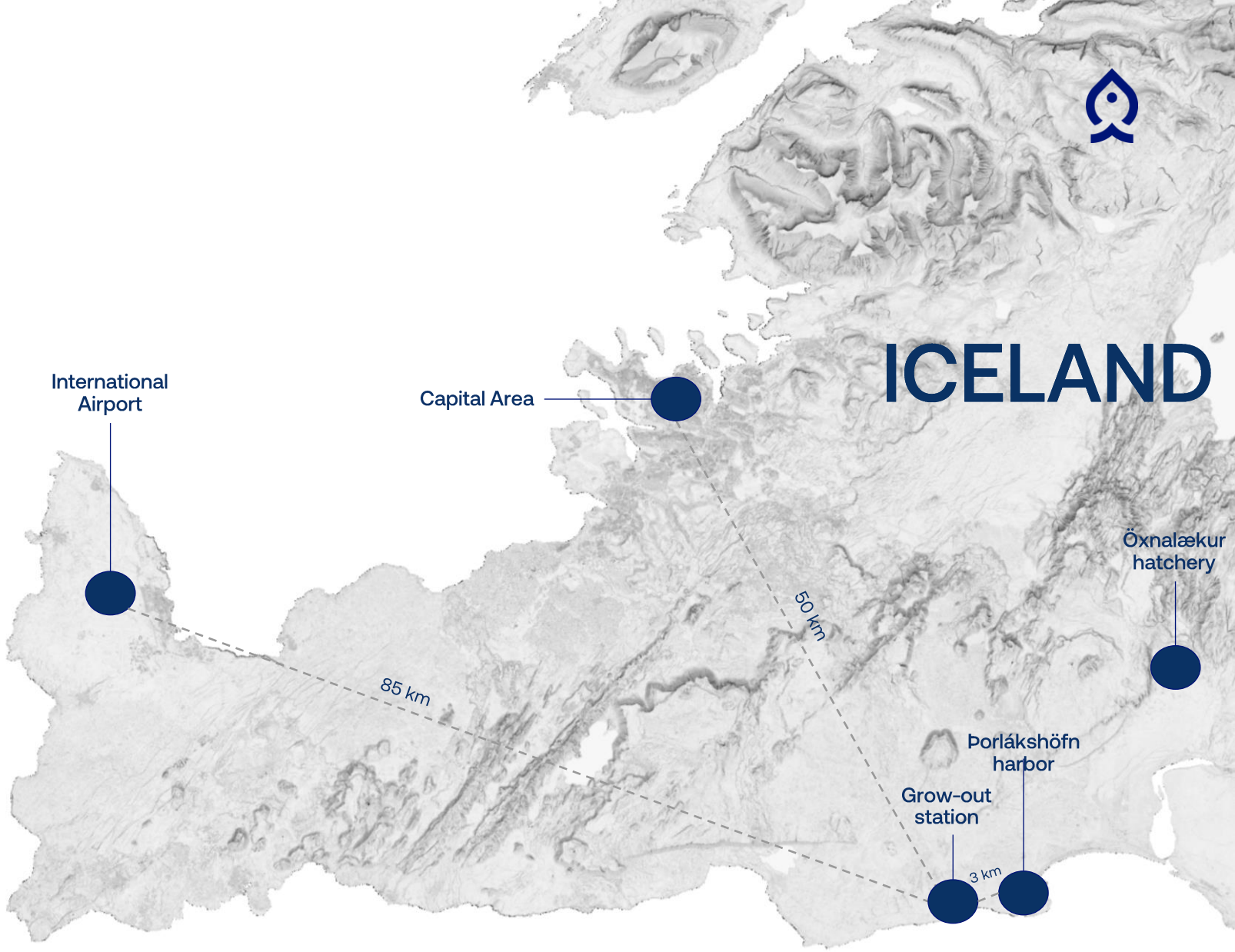
The grow-out facility is only 85 KM from the international airport in Iceland.

## Main employee area within 50 KM of First Water's facility

The grow-out facilities' proximity to the capital area of Iceland facilitates access to employees and increases the company's competitiveness.

## Significant value being near USA

Saving 2-3 days in sea transport time to USA compared to Norway, where appr. 60% of the supply of Atlantic Salmon is originated.



# Building a sustainable business with a premium product

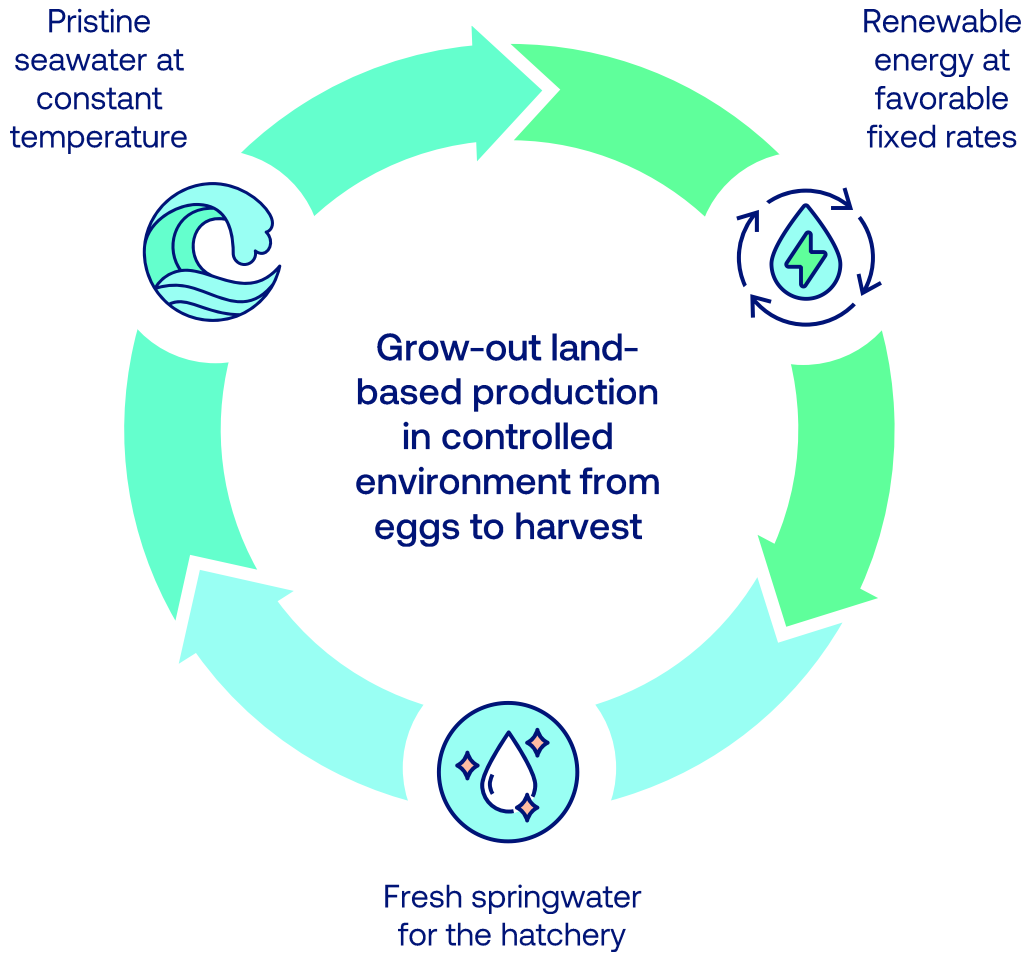
## Land-based production in a controlled environment

Controlled environment offering significant benefits through:

- Optimal hydraulics: Full control of optimal water quality and fish health.
- Constant seawater temperature 7.0°C – 9.0°C : Improving growth rate & providing stability in production.
- Protection from external environment: Minimizing biology risk from nature & weather.
- Environmentally friendly: No escapes and intrusions into wild salmon rivers, minimal discharge of chemicals and waste in the ocean.

## Quality product and stable output

- Pristine seawater: Filtered through the lava bed providing constant temperature, excellent water quality & eliminates trace elements.
- Renewable energy: Long term PPA agreement at favorable fixed price.
- Massive source of fresh spring water for hatchery and smoltification process.
- Flow-through with re-use production method: Lowering both CAPEX and OPEX significantly. Access to resources essential.
- 45 hectares plot: Enabling significant economy of scale.
- Weekly harvesting of an in-demand sustainable premium product.



Natural resources

# Filtered seawater sourced through boreholes

## Unique conditions where lava fields meet the ocean

First Water's plot is situated on a 5,000 to 10,000 years old lava field and at the edge of the volcanic belt which runs through Iceland.

The flowing lava meets the ocean, creating a unique porous lava bed where only a few locations with similar conditions can be found in Iceland and elsewhere in the world.

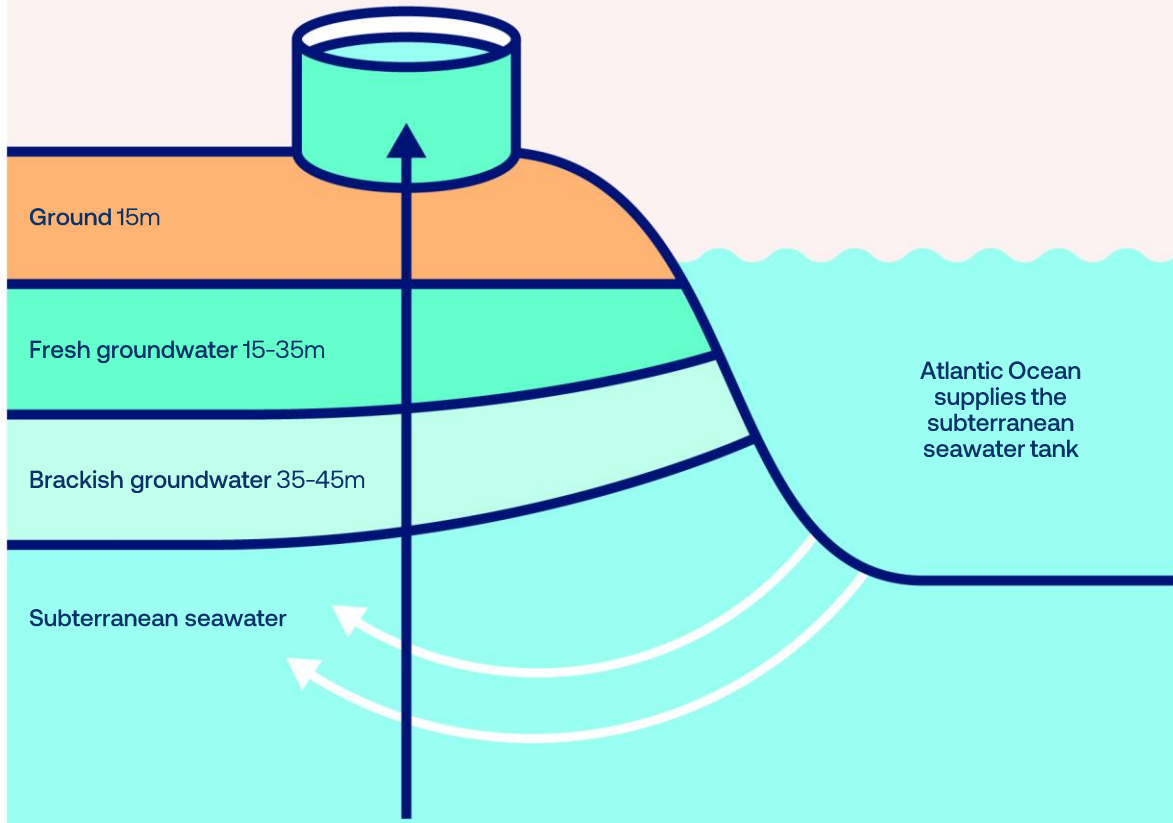
## Seawater filters through the warm & porous lava bed

Offering three significant benefits:

1. Eliminating all trace elements, and live threat such as lice and algae and replacing expensive UV filtering when sourcing seawater directly from the sea.
2. The geothermal activity increasing the ground temperature by 80°C per kilometer compared to 25-35°C in most places i.e., in Norway and the UK.
3. The temperature of the rock bed keeps a constant seawater temperature throughout the year, increasing growth and providing constant and stable production environment.

## 50 years of history & over 60 boreholes

Long history of sourcing seawater through boreholes in the area. Already over 60 boreholes drilled over the last 50 years.



Production method

# Access to natural resources enables the effective re-use method

## Significant access to seawater is essential

Although the re-use production method needs significantly less influent seawater than the full flow-through production method, the volume of influent seawater is still significant or ca. 6,000 – 7,000 l/s for each phase. To be able to utilize the re-use production method, access to a vast amount of quality seawater is essential.

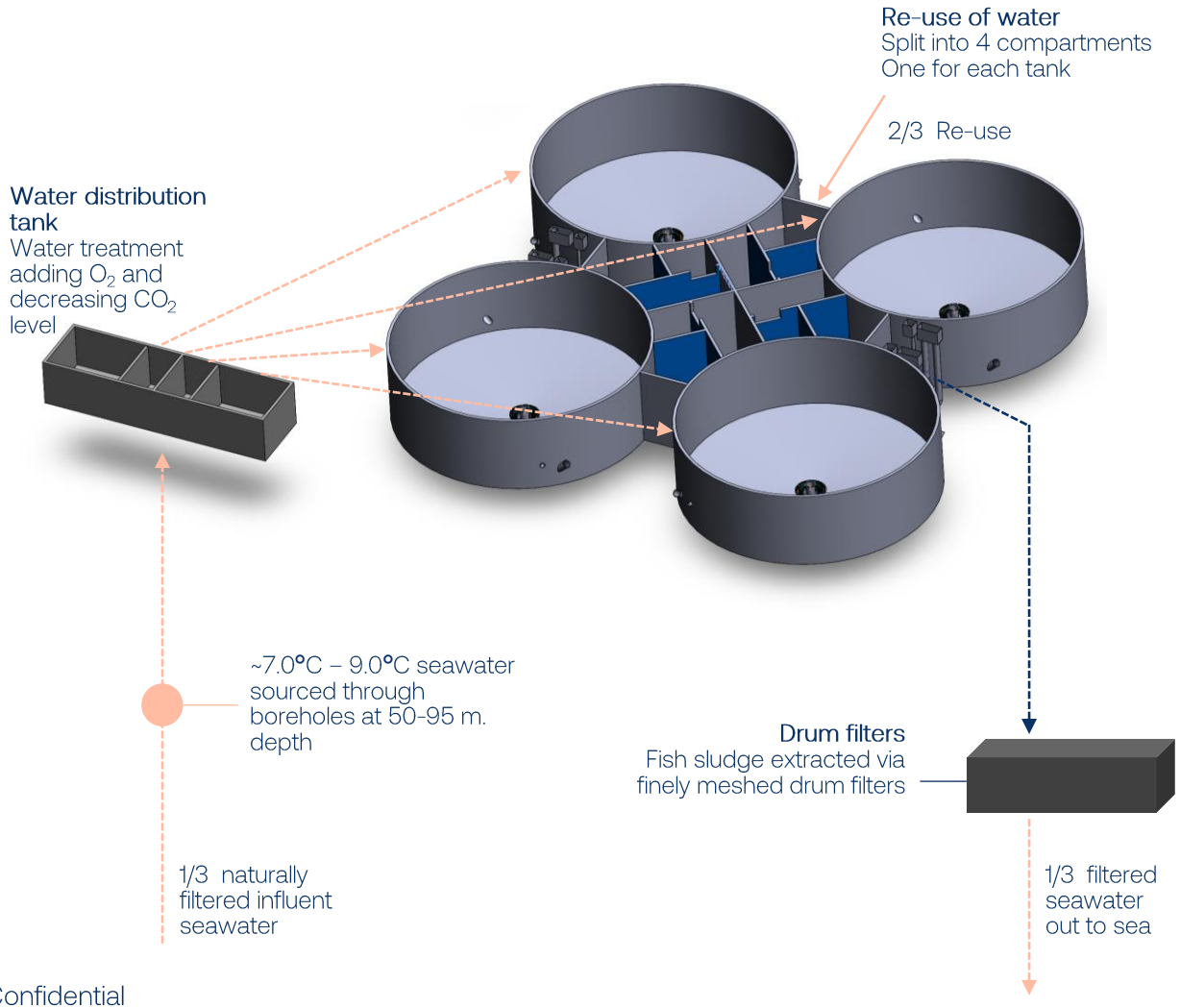
## Re-use method lowers both CAPEX and OPEX

By re-using the seawater, First Water decreases the pumping volume of influent seawater by 2/3, which has a significant positive effect on both CAPEX and OPEX cost due to fewer boreholes needed and less energy usage.

## Better use of the influent seawater resource

Decreasing the amount of influent seawater is critical:

- Minimizing the utilization of the seawater reservoir,
- Less influent seawater to be treated; and
- Less outgoing seawater to be filtered before going to the sea



# Growth curve from hatching to harvesting 26.4 months

## Incubation & hatching

The process starts with the arrival of eggs from Benchmark Genetics Iceland, which are placed into the incubation system at our hatchery facility in Öxnalækur for 6 – 8 weeks. The eggs become alevin and reach a total weight of 5 gr. in this process.

## Fry system & fingerling system

Alevin becomes fry and are moved to small tanks in the hatchery facility in Öxnalækur where they undergo a smoltification process until they weigh around 80 gr. New hatchery facility will be built at Laxarbraut to provide for full capacity.

## Grow-out tanks

When the smolts reach around 80 gr. they are moved to the facility at Laxabraut where they are placed in 3 different grow-out tank sizes ranging from 20 m – 28 m in interior diameter, where they reach harvest size.

## Harvesting

When the Salmon reaches about 5,000 gr. the salmon is transferred into harvesting tanks, where they are harvested.

Assuming the average harvesting size would be 6,000 gr. the grow out period would be ~16.8 months.

## Distribution

Due to constant production environment, First Water hf. will be able to achieve continuous harvesting and thus secure constant delivery. Proximity to the main transportation, retail and distribution centers in Iceland, will further increase efficiently in delivery to the customers and effectively meet customer demands.

10 months

16.4 months

26.4 months

# Facility built in 6 phases – annual ~7,800 tonnes HOG per phase

Roadmap ahead

# New Hatchery at Laxabraut

## Design contract with Billund Aquaculture in place – Turnkey solution

RAS Hathery.

12 million smolt for 6 Phases.

Start construction in 2024.

First line in operation end of 2025.

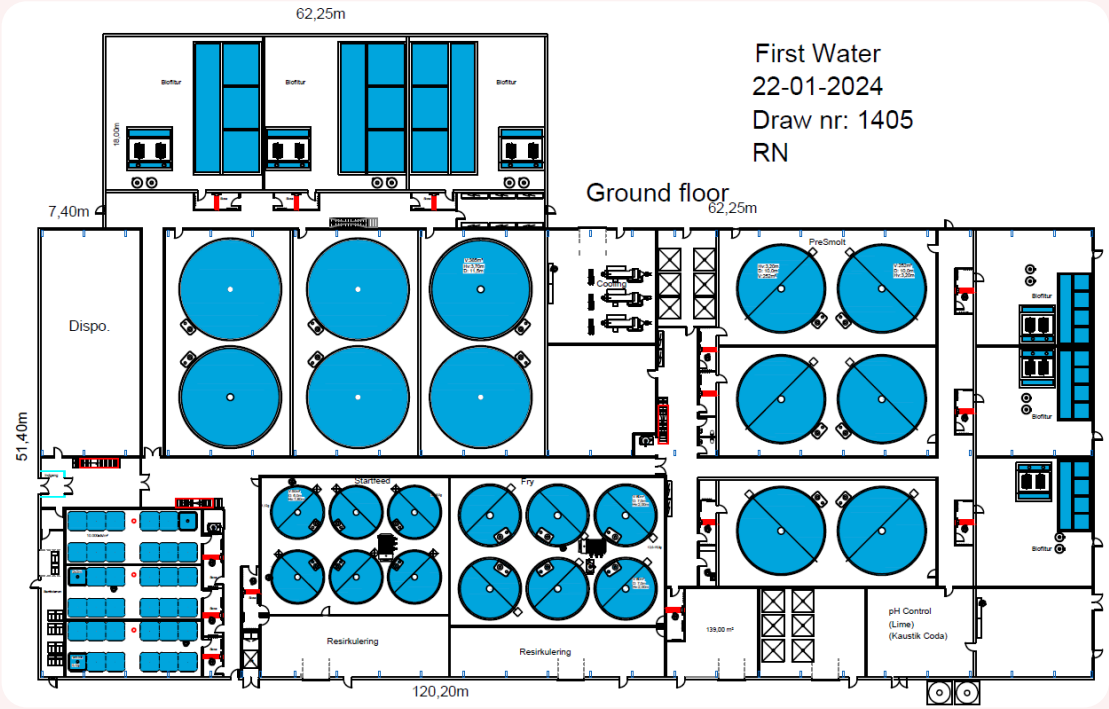
Both line in operation end of 2026.

## Billund Aquaculture

Vast experience in design, installation, operation and service of RAS projects worldwide.

Currently present in more than 20 countries, with over 130 successfully-executed projects. With offices in Denmark, Chile, Norway, Australia and the United States.

48 hatcheries in operation in Europe today.



Roadmap ahead

# Processing plant at Laxabraut

## Design contract with Pescatech in place - Turnkey solution

The processing facility situated at Laxarbraut is scheduled to commence operations by the end of 2026.

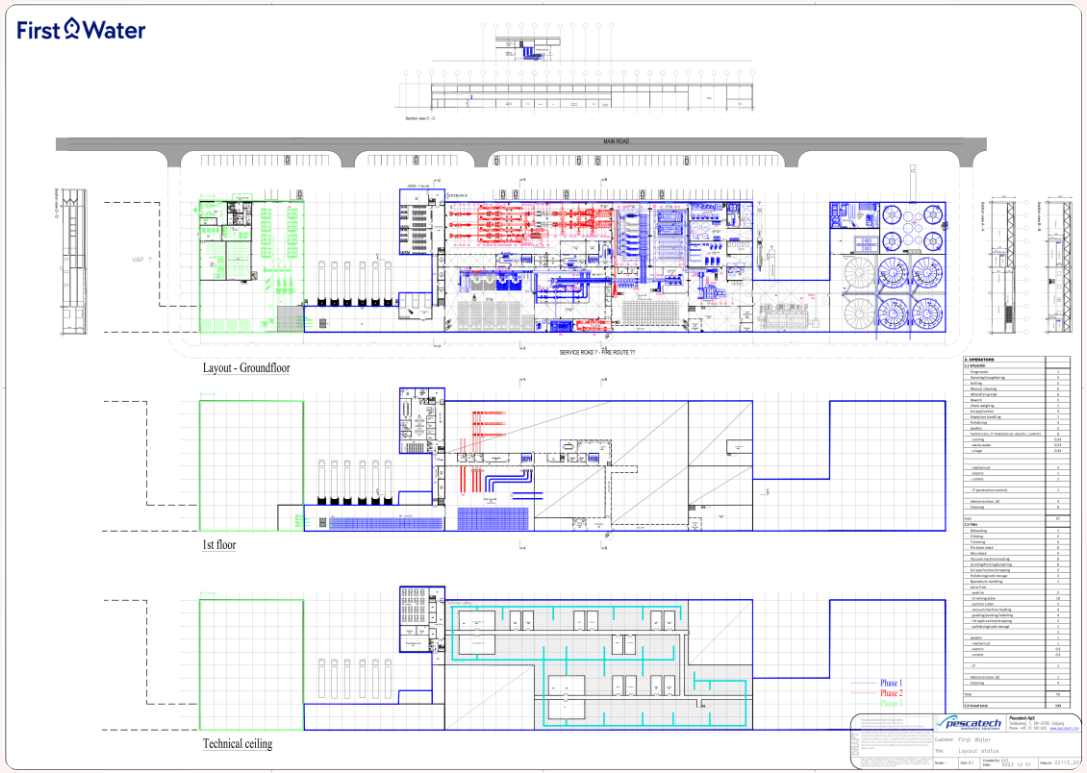
The processing plant is designed to be able handle over 40 thousand tons HOG and hold the potential to fillet up to 20% of the production.

There will be space allocated for a box factory for later stages.

## Pescatech

Vast experience in design, project management, process optimization and project visualization in the fish and seafood industry.

Projects worldwide with customers like Bakkafrost, SalMar, Mowi, High liner foods, Arnarlax, Cermaq, Lerøy and more.




Construction for Phase 1
is well underway with
~700 tonnes of salmon
at the pre-grow out
facilities

First Water

# Experienced management team and key employees

## Management team

**Eggert Þór Kristófersson / CEO**

- Extensive strategic and operational experience as CEO at Festi hf for 7 years and CFO for 4 years at N1 hf.
- >15 years experience in banking, asset management and trading
- Cand. Oecon from the University of Iceland

**Helgi Þór Logason / CFO**

- 4 years as CFO of Fjarðarlax
- 10 years in investment banking. 4 years as MD of Kex hostel & 2 years as MD of Festi real estate
- MBA from Georgetown University

**Guðmundur Þórðarson / CCO**

- >30 years of experience in project management of large complex and specialized construction projects. Such as power plants, tunnel construction, drilling, marine structures and onshore & offshore pipeline projects both in Norway and Iceland
- BSc in Civil Engineering

**Stefán Þór Winkel Jessen / CTO**

- Over 15 years of experience in engineering. Managed and participated in numerous complex projects both domestically and internationally
- M.Sc. degree in Electrical Engineering from the Technical University of Denmark and is currently pursuing an MBA degree at Reykjavik University

**Stefán Ágústsson / COO**

- 10 years experience in financial & operational management
- 4 years in wild salmon population management
- Master's Degree in accounting from the University of Iceland

## Key employees

**Hedin Næs Joensen / Head of Aquaculture**

- > 30 years experience in aquaculture, working for Hiddenfjord, Bakkafrost and other companies in the Faroe Islands.

**Valgerður María Friðriksdóttir / HR Manager**

- >10 years experience in HR management working for Festi, Skeljungur, IKEA among others.
- Masters Degree in Human Resources from the University of Iceland

**Ragnheiður Ásgrímsdóttir / Accounting Manager**

- >25 years experience in Accounting for Festi, Össur, Deloitte among others
- Candidate Degree in Finance Management from University of Iceland and Master in Project Management from University of Reykjavík

**Stefán Sigurðsson / CCO deputy**

- 5 years as consultant engineer in Winter Maintenance for the Danish Road Administration
- >20 years experience in project management of large-scale construction projects in Norway and Iceland such as sewage plants, harbors, breakwaters, tunnels and power plants. MSc in Civil Engineering

**Amelía Ósk Hjálmarsdóttir / Quality Manager / Station Manager**

- >5 years experience in fish farming
- BSc in Business Administration and BSc in Fisheries from University of Akureyri.
- Currently finishing a Diploma in aquaculture from Hólar University

**Zane Kauzena / Feed Manager**

- >5 years experience in fish farming, including head of feeding at Arnarlax
- Currently finishing a Diploma in aquaculture from Hólar University

**Heimir Ingimarson / Hydrogeologist**

- >7 years experience in geothermal and groundwater exploration, development, and utilization at Iceland GeoSurvey (ÍSOR). Also in environmental monitoring, well testing, well logging and drilling techniques
- Bachelor degree (Bsc) in Geology from the University of Iceland.

**Sigurður Magni Benediktsson / Development Manager**

- >20 years experience in design and management in the construction of geothermal power plants and related electricity projects energy production and industry.
- M.Sc. Electro-Mechanical Systems Design

Biomass

# First Waters' Atlantic Salmon flourishes with biomass growth and low mortality rates

## As of the end of December 2023, First Waters' biomass amounted to 704 tonnes

Throughout the second half of 2023, First Water consistently maintained mortality rates below 0.5%.

Number of fish at the grow-out farm has increased but is limited to the availability of tanks and due to the construction development on site.

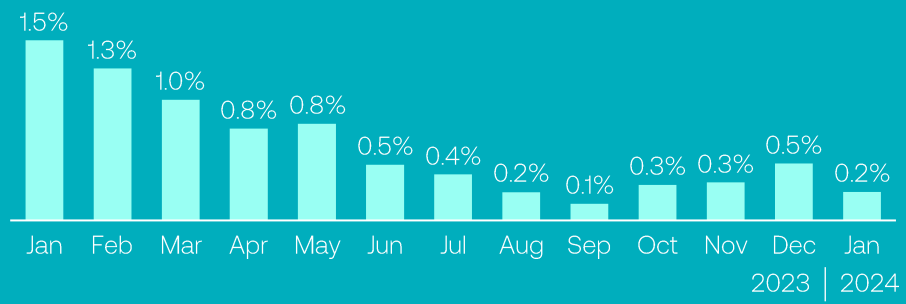
Increase in biomass shows that the fish is thriving in the grow-out station despite suboptimal conditions due to construction. The target mortality per. month is < 0.4%.

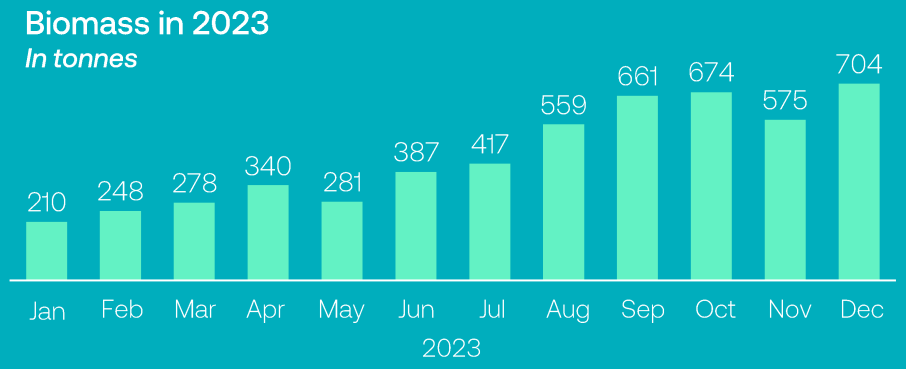
## Tank flow, transfer of fish and biosecurity

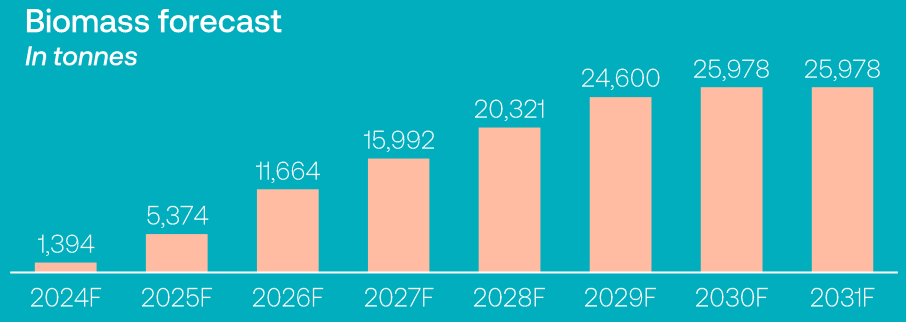
Current in the tanks flows at a speed of 0.7-1.2 body length per second (BL/s). Seawater in tanks is exchanged every 60 min. when the biomass is around 65 kg/$m^3$ but ~90 min. when the biomass is ~20 kg/$m^3$.

To transfer the fish between tanks, centrifugal pumps are used. A 12" Fish Pump from SeaQuest is used between the 20m and 25 m. tanks, while a 16" Fish Pump will be used between the 25m and 28m tanks. The fish are transferred out through the bottom of the tanks and into the side of the next tanks.

Biosecurity: Water samples are taken daily. Each tank has its own water treatment system which ensures that the water flow is 100% separated. A Veterinary Health Plan (VHP) is in place that outlines the fish farming operations and the procedures that everyone working at the company follows.



Biomass and harvesting

# First harvest successfully completed in Q2 2023

## Significant achievement as First Water's complete first harvest in May 2023 and second harvest in October 2023 pre-sold with a price premium

First Water has accomplished two successful harvests, yielding a total of ~370 tons of HOG Atlantic Salmon since May 2023. This achievement signifies a crucial milestone and serves as a strong indicator of both the technology employed and the water quality.

The initial harvest of 110 tons took place in late May. All the salmon was pre-sold, receiving high marks for its quality.

After the May harvest, the Atlantic Salmon produced by First Water was sampled at the annual shareholder gathering, prompting an overwhelmingly positive response. A renowned culinary chef in Iceland skillfully prepared delicious dishes using the freshly harvested Atlantic Salmon.

The second harvest in 2023 was in October with 260 tons where the entire yield was pre-sold to customers in United Kingdom, United States, Canada and Iceland.

Total harvest is estimated to be 1,968 tons HOG in 2024.

**Estimated 1,968 tons harvested in 2024**

**520**
**tons harvested to date**

# Controlled environment reflects in a lower operating costs

## First Water is dedicated to maintaining a strong financial foundation through effective cost management and responsible leadership

Largest production cost components are projected to be cost of smolts, feed, labor, electricity and processing costs.

Base case scenario assumes feed conversion rate of 1.16x. Potential upside based on ongoing R&D that may help to improve efficiency of feed utilization and thereby reducing feeding costs.

First Water expects total employees to be around 200 at steady state.

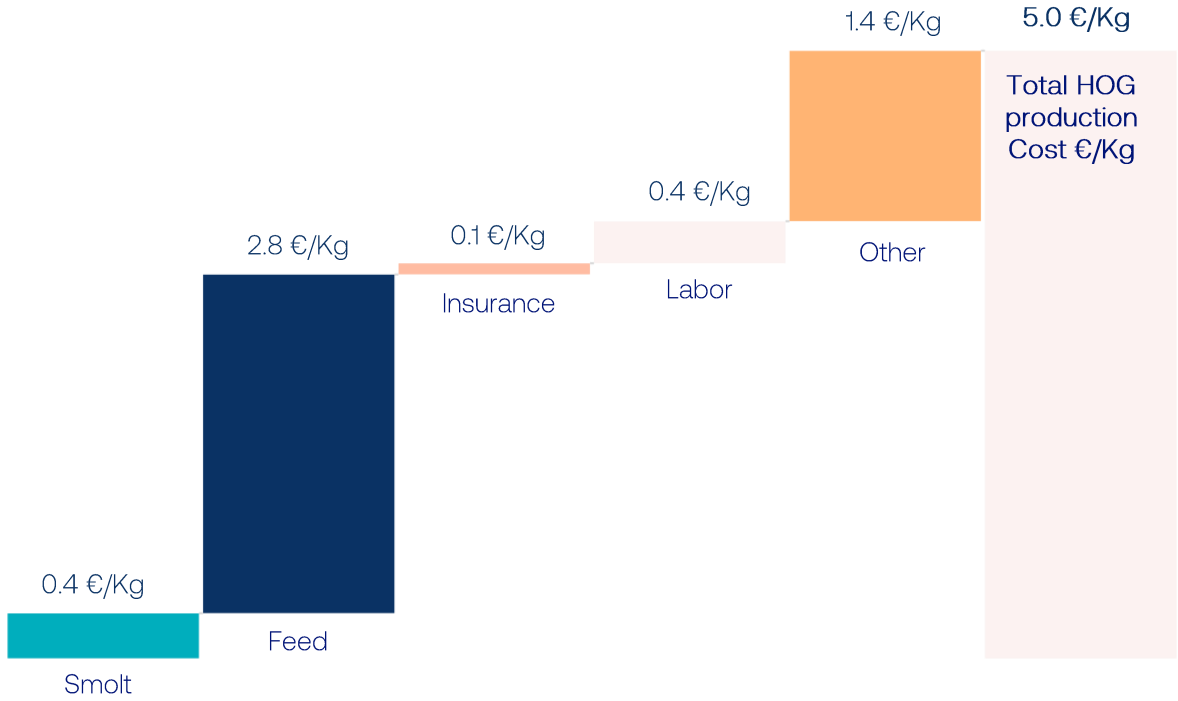
Processing involves costs relating to the processing facility, packaging and logistics.

Other production costs consists mainly of electricity, oxygen, housing, contracted services, maintenance, IT and security costs.

## Biology cost is a key cost driver in traditional sea-based farming

Based on information sourced from the Norwegian Directorate of Fisheries and the DNB Equity Research Report of 2024, the cost of traditional farming is approximately €5.5 to €6.0 per kilogram. Traditional sea-based farms have seen significant increase in biology costs in recent years (E.g., weather, lice, escapes, preventing treatments). With carefully controlled environments and monitored systems it is possible to minimize these costs on land.

## First Water's 2031 production cost in €/kg produced HOG(1)



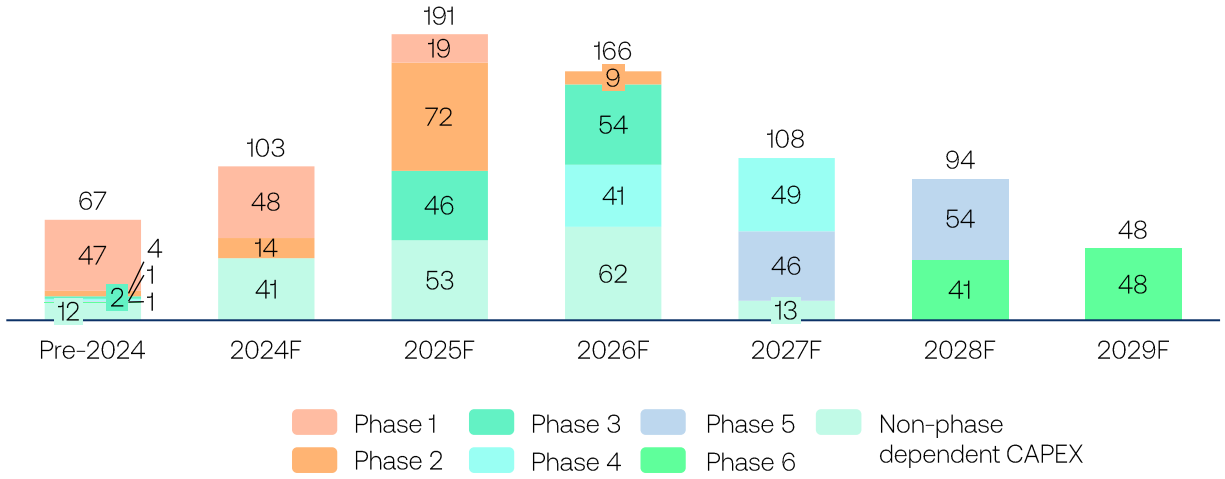

Notes:

(1) The product cost of €/Kg excludes depreciation in the plot area. If depreciation were included, the production cost would be 5.4 €/Kg.

# Construction CAPEX for all phases forecasted to reach total EUR 777m(1)

The total CAPEX is budgeted at 16.5 €/Kg. This allocation includes 12.6 €/kg for the grow-out station, with the remaining CAPEX relating to processing station, smolt facility, sub station, groundwork and other CAPEX

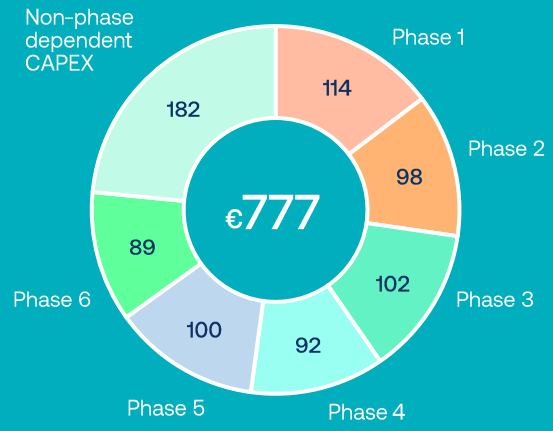
## Construction CAPEX by phase EURm



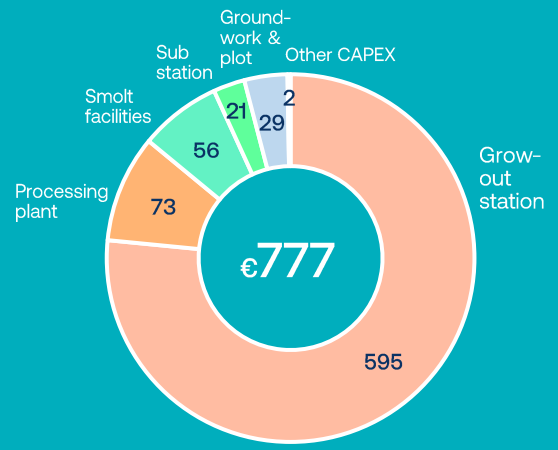

Notes:

(1) All of First Water's fish tanks will be covered, either individually or housed in a larger structure

## Total CAPEX by phases EURm




## Total CAPEX by facility EURm



First Water

# Financing Roadmap

Private Placement

# Successful Private placement in Q2 2023 and shareholder information

## EUR 94m raised in a private placement in Q2 2023

Use of funds will mainly be targeted toward finishing construction of the grow-out facility for Phase 1 and lay further foundations for Phase 2 and beyond.

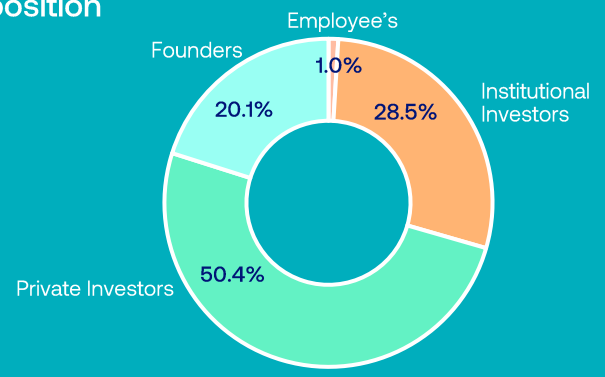
## Shareholders today include mostly institutional investors that are well-equipped to support the company's future growth

Icelandic investment company Stodir remains First Water's largest shareholder with ~35% following the round, and new shareholders include private equity fund Horn, and a range of domestic and foreign investors, including six largest pension funds in Iceland.

### 10 largest shareholders in First Water as of November 2023

| | Shareholder | % |
|---|---|---|
| 1 | Stodir hf. (Private investment firm) | 34.5% |
| 2 | FW Horn IV slhf (Private equity fund) | 19.4% |
| 3 | Framherji ehf. (Private investor) | 7.3% |
| 4 | Lífeyrissjóður Verzlunarmanna (Pension fund) | 6.0% |
| 5 | Fylla ehf. (Private investor) | 3.7% |
| 6 | Líra ehf. (Private investor) | 3.4% |
| 7 | Brú Lífeyrissjóður sv. (Pension fund) | 3.0% |
| 8 | 21. Júní ehf. (Private investor) | 2.4% |
| 9 | Investco ehf. (Private investor) | 1.9% |
| 10 | Konkrít ehf. (Private Investor) | 1.3% |
| | **Other shareholders (107)** | **16.8%** |

### Investor composition



Shareholders

# First Water's largest shareholders include leading institutional and strategic private investors in Iceland

## Stoðir hf.

Stodir hf. is a leading, family owned, investment company in Iceland, creating long term value through active ownership. Stodir's long term objective is to generate capital growth for its shareholders by investing in a few key investments, with an active role in value creation.

Value of its holdings is around EUR 330m

## FW Horn IV slhf.

FW Horn IV slhf. is a SPV led by Horn IV slhf., a specialized private equity fund managed by Landsbréf hf. a subsidiary of Landsbankinn, Iceland largest bank. The fund's size is ISK 15 billion. It is structured as a limited partnership with approximately 30 institutional investors as shareholders, mainly local pension funds. Among them are the six largest pension funds in Iceland:

## Lífeyrissjóður Verzlunarmanna

Lífeyrissjóður Verzlunarmanna is Iceland's largest pension fund in the private sector, with over 180,000 members and total assets of ISK 1,170 billion.

The fund is a long-term investor, and the objective of the portfolio is to achieve the highest possible return in the long term, taking risk into account. The management of the portfolio is strategic in nature, but tactical asset management is applied to short-term market prospects.

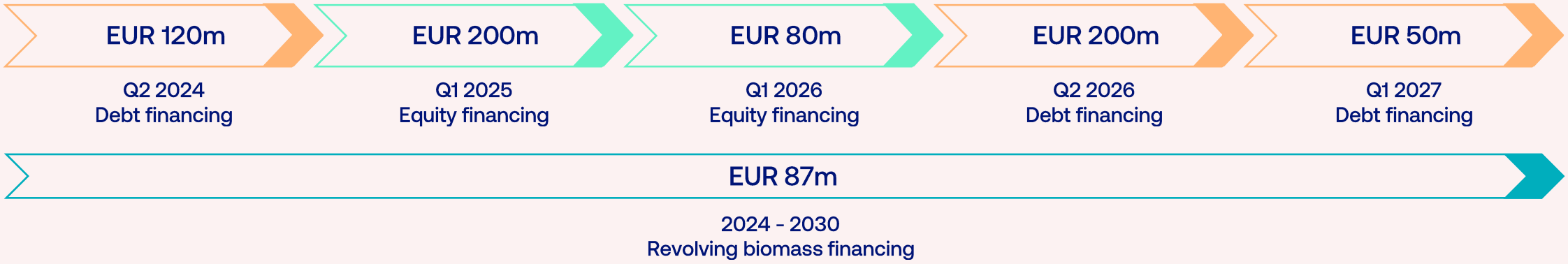
Financing

# Exploring First Water's Financial Roadmap

## First Water is planning to raise EUR 120m in debt financing in Q2 2024

The financing will enable First Water to finish phase I, the hatchery, majority of phase II and part of the processing plant.

### Financing roadmap




The company plans to list on the Icelandic stock exchange in 2026

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