

First Water hf.
Condensed Interim Financial Statements
1 January to 30 June 2026

First Water hf.
Urðarhvarfi 8
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Report of the Board of Directors and CEO

The Condensed Interim Financial Statements of First Water hf. for the year period 1 January to 30 June 2026 are prepared in accordance with International Financial Reporting Standards as adopted by the European Union and the additional requirements of the Icelandic Annual Accounts Act.

First Water is developing an aquaculture facility at Laxabraut in Thorlakshofn, with planned production of approximately 60,000 tonnes once completed. The project is expected to take around five years. The project is divided into six phases, each with production capacity of approximately 10,000 tonnes. Completion of Phase 1 is expected by year end 2027. The Company's current production capacity is approximately 5,000 tonnes HOG and will double once Phase 1 has been completed. Total investment in the project amounted to approximately EUR 240 million by 30 June 2026, of which around EUR 80 million related to later phases and shared infrastructure that will be utilised beyond Phase 1. In April the company issued EUR 41 million convertible bond which was acquired by existing shareholders. At the same time Heads of terms for refinancing of all outstanding debt was signed with Arion banki and Landsbankinn. Part of the agreement with lenders is a new EUR 35 million construction facility which will be used to finish Phase 1 construction. Final documentation for the refinancing was completed 31 July.

Since the beginning of the year and until May, the Company harvested salmon on weekly basis at its new facility in Thorlakshofn. Harvesting will start again in August. It is expected to harvest just under 2,900 tonnes HOG in 2026, which is almost a fivefold increase from 2025. Around 1,600 tonnes were harvested during the period 1 January to 30 June 2026. It will not be possible to fully utilise production capacity in 2026, as biomass build-up takes time after the construction of tanks and infrastructure has been completed.

Operations during the year

Loss for the year according to the income statement amounted to.....	(17.824.562)
Book value of assets at year-end according to the balance sheet amounted to.....	267.167.358
Book value of equity at year-end according to the balance sheet amounted to.....	129.824.097
The Company's equity ratio at year-end according to the balance sheet.....	49%
Average number of full-time employees during the year was.....	86

Shareholders

At year-end, the Company had 164 shareholders, compared with 155 at the beginning of the year.

	Ownership	Shares
Stoðir hf.....	33,1%	135.847.620
FW Horn slhf.....	22,7%	93.141.694
Lífeyrissjóður Verzlunarmanna.....	7,1%	29.004.328
Framherji ehf.....	5,7%	23.400.044
Líra ehf.....	4,1%	16.814.285
Brú Lífeyrissjóður	3,6%	14.641.831
Fylla ehf.....	3,0%	12.273.147
21. júní ehf.....	1,9%	7.670.000
Festa - lífeyrissjóður.....	1,2%	4.761.904
Konkrít ehf.....	1,1%	4.596.130
Others.....	16,7%	68.542.442
Total.....	100,0%	410.693.425

Report of the Board of Directors and CEO

Statement by the Board of Directors and CEO

To the best of the knowledge of the Board of Directors and the CEO, the Company's Condensed Interim Financial Statements are prepared in accordance with International Financial Reporting Standards as adopted by the European Union and the additional requirements of the Icelandic Annual Accounts Act. In the opinion of the Board of Directors and the CEO, the Condensed Interim Financial Statements give a true and fair view of the Company's operating results for the period 1 January to 30 June 2026, its assets, liabilities and financial position as at 30 June 2026 and the change in cash and cash equivalents during the period from 1 January to 30 June 2026. Furthermore, in the opinion of the Board of Directors and the CEO, the Condensed Interim Financial Statements and the report of the Board of Directors and CEO provide a clear overview of the Company's development and performance, its position, and describe the principal risk factors and uncertainties faced by the Company.

The Board of Directors and the CEO of First Water hf. have today discussed the Company's Condensed Interim Financial Statements for the period 1 January to 30 June 2026 and confirm them with their signatures.

Kópavogur, 25 August 2026

Board of Directors

Orri Hauksson, Chairman of the Board
Baldvin Valdimarsson
Björk Þórarinsdóttir
Helga Kristín Biering Auðunsdóttir
Helen Neely
Steinar Helgason
Örvar Kærnested

CEO

Einar Örn Ólafsson

Income statement

		2026 1.1.-30.6.	2025 1.1.-30.6.
Operating revenue	3	9.249.877	2.372.953
Other revenue	3	136.130	71.218
Total revenue		<u>9.386.007</u>	<u>2.444.171</u>
Cost of goods sold		(16.125.081)	(5.010.129)
Salaries and other personnel expenses	4	(2.134.898)	(2.151.882)
Other operating expenses	5	(2.403.553)	(1.529.271)
Operating expenses		<u>(20.663.531)</u>	<u>(8.691.283)</u>
Operating loss before fair value adjustment and depreciation (EBITDA)		(11.277.524)	(6.247.112)
Depreciation	6	(5.460.584)	(1.894.487)
Operating loss before fair value adjustment		<u>(16.738.108)</u>	<u>(8.141.599)</u>
Fair value adjustment of biomass	11	931.254	(1.225.797)
Loss from operations (EBIT)		<u>(15.806.854)</u>	<u>(9.367.396)</u>
Financial income		1.521	93.336
Financial expenses		(6.151.371)	(368.069)
Exchange rate difference		(323.997)	(307.757)
	7	<u>(6.473.847)</u>	<u>(582.491)</u>
Loss before tax		(22.280.702)	(9.949.887)
Income tax		4.456.140	1.900.993
Loss for the year		<u><u>(17.824.562)</u></u>	<u><u>(8.048.894)</u></u>

Balance Sheet

Assets		30.6.2026	31.12.2025
Non-current assets			
Property, plant and equipment	8	149.165.809	149.395.238
Operating assets under construction	9	75.798.911	71.839.208
Shares in other companies		14.583	14.266
Right of use assets	10	1.174.493	1.555.138
Restricted bank deposits		3.437.500	3.362.772
Deferred tax asset		14.484.185	10.028.046
		<u>244.075.482</u>	<u>236.194.668</u>
Current assets			
Biomass and feed inventories	11	11.450.118	14.042.325
Trade receivables		2.008.372	625.808
Other current receivables	12	1.973.028	2.823.276
Cash and cash equivalents		7.660.357	1.410.223
		<u>23.091.876</u>	<u>18.901.631</u>
Assets		<u>267.167.358</u>	<u>255.096.299</u>
Equity and liabilities			
Equity			
Share capital		2.814.048	2.814.048
Share premium		183.614.096	183.614.096
Other reserves		1.648.905	1.648.905
Accumulated deficit		(58.252.952)	(40.428.391)
Equity		<u>129.824.097</u>	<u>147.648.658</u>
Non-current liabilities and provisions			
Interest-bearing liabilities to credit institutions	13	50.916.133	0
Lease liabilities	14	372.071	685.114
		<u>51.288.204</u>	<u>685.114</u>
Current liabilities			
Trade payables		2.929.103	12.208.540
Liabilities to credit institutions	13	77.601.308	76.771.808
Current maturities of long-term debt	13	1.018.124	10.000.000
Current maturities of lease liabilities	14	842.194	895.751
Other current liabilities		3.664.328	6.886.428
		<u>86.055.057</u>	<u>106.762.527</u>
Liabilities		<u>137.343.261</u>	<u>107.447.641</u>
Equity and liabilities		<u>267.167.358</u>	<u>255.096.299</u>

Statement of changes in equity

	Share capital	Share premium	Translation reserve	Share option reserve	Accumulated deficit	Total
Balance at 1 January 2025	2.205.616	120.857.584	1.152.312	403.214	(21.984.006)	102.634.720
Loss for the year					(18.745.699)	(18.745.699)
New share capital	608.432	62.756.512				63.364.944
Expired stock options				(301.314)	301.314	0
Expensed stock options				394.693		394.693
Balance at 1 January 2026	2.814.048	183.614.096	1.152.312	496.593	(40.428.391)	147.648.658
Loss for the period					(17.824.562)	(17.824.562)
Equity at 30 June 2026	2.814.048	183.614.096	1.152.312	496.593	(58.252.953)	129.824.096

Statement of Cash Flow

		2026 1.1.-30.6.	2025 1.1.-30.6.
Operating activities			
Operating loss		(15.806.854)	(9.367.396)
Depreciation		5.460.584	1.894.487
Expense recognized in respect of share based payments		0	225.424
Gain on sale of fixed assets		(76.409)	(55.586)
Fair value adjustment of biomass		(931.254)	1.225.797
Operating cash flow before movement in working capital		(11.353.933)	(6.077.274)
Inventories, (increase) / decrease		3.523.461	(2.408.398)
Other operating assets, decrease / (increase)		(521.060)	1.135.814
Operating liabilities, increase / (decrease)		(12.872.343)	9.947.671
Cash generated from operations		(21.223.875)	2.597.813
Interest and exchange rate differences earned		1.695	75.305
Interest and exchange differences paid		(2.318.043)	(489.166)
Net Cash generated from operating activities		(23.540.223)	2.183.952
Investing activities			
Purchases/sales of property, plant and equipment	8	(4.735.229)	(10.332.391)
Purchase of assets under construction	9	(3.959.703)	(43.477.661)
Sold shares in companies		0	641.428
		(8.694.932)	(53.168.624)
Financing activities			
Paid-in capital		0	39.695.109
Interest-bearing liabilities to credit institutions		40.578.556	9.969.446
Change in short-term borrowings		(1.535.993)	0
Repayments of borrowings		0	(333.333)
Payments of lease liabilities		(430.055)	(439.361)
		38.612.508	48.891.861
Net increase / (decrease) in cash		6.377.353	(2.092.811)
Exchange and translation differences on cash		(127.219)	1
Cash at beginning of year		1.410.223	2.943.546
Cash at year-end		7.660.357	850.736

Notes

1. General information

First Water hf. is a limited liability company and complies with the Icelandic limited companies law under Act No. 2/1995.

First Water hf. is domiciled in Iceland and the legal residence is at Urðarhvarfi 8, 203 Kópavogur.

2. Basis of preparation

The Condensed Interim Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the additional requirements of the Icelandic Annual Accounts Act No. 3/2006. The financial statements are prepared on the historical cost basis, except that biomass is measured at fair value less costs to sell in accordance with IAS 41 Agriculture, and have been prepared using the same accounting policies as in the previous year. The financial statements are presented in EUR, which is the functional currency of the Company.

Estimates and decisions

In preparing the financial statements, management is required, in accordance with International Financial Reporting Standards (IFRS) and the additional requirements of the Icelandic Annual Accounts Act No. 3/2006, to make judgements, estimates and assumptions that affect the assets and liabilities at the reporting date, the disclosures in the notes, and the recognised income and expenses. The estimates and conclusions are based on experience and various other factors considered appropriate and form the basis for the judgements made regarding the carrying amounts of assets and liabilities that are not readily apparent from other sources.

Equity

3. Revenue

The Company's revenue is specified by market as follows:

	2026		2025	
	1.1.-30.6.	%	1.1.-30.6.	%
Europe	6.926.484	73,8%	2.444.171	100,0%
North America	2.459.523	26,2%	0	0,0%
	<u>9.386.007</u>	<u>100,0%</u>	<u>2.444.171</u>	<u>100,0%</u>

The Company's revenue is analysed as follows:

	2026	2025
Product sales	9.249.877	2.372.953
Other income	136.130	71.218
	<u>9.386.007</u>	<u>2.444.171</u>

4. Salaries and other personnel expenses

Salaries and personnel expenses are specified as follows:

	2026	2025
Salaries	5.132.743	4.994.785
Pension fund	636.401	552.727
Other salary related expenses	420.168	374.859
Other personnel expenses	150.777	156.323
Capitalized salaries cost	(4.205.191)	(3.926.812)
	<u>2.134.898</u>	<u>2.151.882</u>
Total salaries and other personnel expenses	6.340.089	6.078.694
Average number of full-time employees	86	81

Notes

5. Other operating expenses

	2026 1.1.-30.6.	2025 1.1.-30.6.
Other operating expenses are specified as follows:		
Sales and marketing expenses	171.690	176.168
Premises and vehicle expenses	105.676	81.009
IT and software expenses	327.156	279.663
Legal and consulting expenses	1.379.187	700.524
Office and administrative expenses	247.731	215.975
Other expenses	172.113	75.933
	<u>2.403.553</u>	<u>1.529.271</u>

6. Depreciation

	2026 1.1.-30.6.	2025 1.1.-30.6.
Depreciation is specified as follows:		
Depreciation of property, plant and equipment, see Note 8	5.041.067	1.444.009
Depreciation of right-of-use assets, see Note 10	419.517	450.478
	<u>5.460.584</u>	<u>1.894.487</u>

7. Financial income and financial expenses

	2026 1.1.-30.6.	2025 1.1.-30.6.
Financial income and financial expenses are specified as follows:		
Interest income calculated using the effective interest method	1.521	93.336
	<u>1.521</u>	<u>93.336</u>
Interest expense on interest-bearing liabilities	(6.044.114)	(267.740)
Interest expense on lease liabilities	(64.466)	(100.329)
Other interest expense	(42.791)	0
	<u>(6.151.371)</u>	<u>(368.069)</u>
Exchange rate diffrences	(323.997)	(307.757)
	<u>(6.473.847)</u>	<u>(582.491)</u>

Notes

8. Property, plant and equipment

	Thorlakshofn Fish farm site	Oxnalaekur hatchery	Machinery and equipment	Total
Cost				
Balance at 1 January 2025	41.522.180	3.480.831	6.214.393	51.217.404
Reclassification of PP&E	45.147.561			45.147.561
Disposals	(423.990)			(423.990)
Additions during the year	63.386.860	596.632	119.273	64.102.765
Balance at 1 January 2026	149.632.612	4.077.463	6.333.666	160.043.741
Disposals	(445.097)		(133.079)	(578.176)
Additions during the year	4.966.482	14.739	298.010	5.279.231
Balance at 30 June 2026	154.153.997	4.092.202	6.498.597	164.744.796
Depreciation				
Balance at 1 January 2025	3.834.179	320.448	1.907.963	6.062.590
Disposals	(24.485)			(24.485)
Depreciation for the year	3.977.252	227.456	405.691	4.610.399
Balance at 1 January 2026	7.786.946	547.903	2.313.654	10.648.503
Disposals	(37.388)		(73.195)	(110.583)
Depreciation for the year	4.685.950	138.694	216.423	5.041.067
Balance at 30 June 2026	12.435.508	686.597	2.456.882	15.578.987
Book value				
Balance at 1 January 2026	141.845.666	3.529.560	4.020.012	149.395.238
Balance at 30 June 2026	141.718.489	3.405.605	4.041.715	149.165.810
Depreciation rates	2,5 - 20%	2,5 - 10%	10 - 25%	

9. Operating assets under construction

	Thorlakshofn Fish farm site	Total
Cost		
Balance at 1 January 2025	76.684.196	76.684.196
Additions during the year	40.302.574	40.302.574
Reclassified to PP&E	(45.147.561)	(45.147.561)
Balance at 1 January 2026	71.839.208	71.839.208
Additions during the year	3.959.703	3.959.703
Balance at 30 June 2026	75.798.911	75.798.911
Book value		
Balance at 1 January 2025	71.839.208	71.839.208
Balance at 30 June 2026	75.798.911	75.798.911

Notes

10. Right of use assets

The Company's right of use assets are as follows:

	Buildings & sites	Vehicles	Total
Balance at 1 January 2025	1.547.058	215.134	1.762.192
Additions and renewals	704.922	78.202	783.124
Indexation of lease contracts	140.429	9.396	149.825
Termination of lease contracts	(273.259)	(675)	(273.934)
Depreciation	(746.080)	(119.989)	(866.069)
Balance at 1 January 2026	1.373.070	182.068	1.555.138
Indexation of lease contracts	32.300	6.572	38.872
Depreciation	(365.210)	(54.307)	(419.517)
Balance at 30 June 2026	1.040.160	134.333	1.174.493

11. Biomass and other inventories

	30.6.2026	31.12.2025
Biomass	9.842.678	12.930.855
Feed and other inventories	1.607.440	1.111.470
	11.450.118	14.042.325

Biomass in tonnes	1.341,5	1.914,9
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	30.6.2026	31.12.2025
Biomass at beginning of year	12.930.855	6.104.670
Increase due to production/purchases	9.260.763	14.571.753
Reduction due to sales/harvest	(13.280.194)	(5.946.905)
Fair value adjustment	931.254	(1.798.664)
	9.842.678	12.930.855

12. Other receivables

Other receivables are specified as follows:	30.6.2026	31.12.2025
VAT receivable	1.333.682	2.594.791
Prepaid expenses	433.795	36.907
Other receivables	205.551	191.579
	1.973.028	2.823.276

Notes

13. Interest-bearing liabilities

	Weighted average interest rate		Liabilities to credit institutions	
	2026	2025	30.6.2026	31.12.2025
Interest-bearing liabilities in EUR	11,0%	7,7%	129.535.565	86.771.808
			129.535.565	86.771.808
Current maturities of long-term debt			(1.018.124)	(10.000.000)
Liabilities to credit institutions due within one year			(77.601.308)	(76.771.808)
Total interest-bearing long-term liabilities			50.916.133	0

Changes in interest-bearing liabilities are as follows:

	30.6.2026	31.12.2025
Interest-bearing liabilities at beginning of year	86.771.808	33.163.887
New borrowings	46.447.514	118.458.880
Repayments	(3.485.993)	(64.831.131)
Exchange rate difference	(197.764)	(19.828)
	129.535.565	86.771.808

14. Lease liabilities

The Company leases premises, land and vehicles for its operations. The agreements are with various counterparties and are either indexed or non-indexed in Icelandic krona. The agreements are of varying duration, while the land lease agreements are of indefinite duration.

	30.6.2026	31.12.2025
Lease liabilities at beginning of year	1.580.865	1.856.100
New leases	0	783.124
Indexation	38.871	157.312
Exchange rate differences	24.584	(42.719)
Termination of lease contracts	0	(323.063)
Lease payments made during the year	(430.055)	(849.889)
	1.214.265	1.580.865
Current maturities of lease liabilities	842.194	895.751
Non-current portion of lease liabilities	372.071	685.114
Total lease liabilities	1.214.265	1.580.865

Lease liabilities at year-end are due as follows:

	30.6.2026	31.12.2025
Instalments 2026 / 2025	842.194	895.751
Instalments 2027 / 2026	106.881	371.817
Instalments 2028 / 2027	265.190	109.256
Instalments 2029 / 2028	0	204.041
	1.214.265	1.580.865

The effects of lease agreements in the income statement are as follows:

	30.6.2026	31.12.2025
Interest expense and exchange differences on lease liabilities	89.044	231.615
Depreciation of right of use assets	419.517	866.069
	508.561	1.097.684

15. Other current liabilities

Other current liabilities are specified as follows:

	2026	2025
Unpaid salaries and related expenses	1.644.090	1.463.459
Accrued expenses	1.627.464	2.525.204
Public charges	392.339	296.877
Other expenses	435	2.600.888
	3.664.328	6.886.428