Iceland Seafood International hf.

Consolidated Financial Statements

for the year ending 31 December 2021

Iceland Seafood International hf.
Köllunarklettsvegur 2
104 Reykjavík
Iceland
TIN 611088-1329

Contents

	Page
Independent Auditor's Report of the Consolidated Financial Statements	2-5
Statement and Endorsement by the Board of Directors and the CEO	6-9
Consolidated Income Statement	10
Consolidated Statement of Comprehensive Income	11
Consolidated Balance Sheet	12
Consolidated Statement of Changes in Equity	13
Consolidated Statement of Cash Flows	14
Notes to the Consolidated Financial Statements	15-43

Appendices (unaudited)

Quarterly Statements	44
Non-financial information	45-46
Corporate Governance Statement	47-55

Company Information

Name	Iceland Seafood International hf.
TIN	611088-1329
BOD	Liv Bergþórsdóttir, Chairman Bergþór Baldvinsson, Board Member Halldór Leifsson, Board Member Ingunn Agnes Kro, Board Member Jakob Valgeir Flosason, Board Member Gunnlaugur Karl Hreinsson, Alternate Board Member
CEO	Bjarni Ármannsson
Address	Köllunarklettsvegur 2 104 Reykjavík Iceland
Web	www.icelandseafood.com
Lawyers	Lex ehf Borgartúni 26 105 Reykjavík Iceland www.lex.is
Auditors	Deloitte ehf. Smáratorgi 3 201 Kópavogur Iceland www.deloitte.is
Reporting currency	Euro (EUR)

Independent Auditor's Report

of the Consolidated Financial Statements

To the Board of Directors and shareholders of Iceland Seafood International hf.

Opinion

We have audited the Consolidated Financial Statements of Iceland Seafood International hf. for the year ended 31 December 2021 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows for the year then ended and the Notes to the Consolidated Financial Statements, including a summary of significant accounting policies.

In our opinion, the accompanying Consolidated Financial Statements give a true and fair view of the consolidated financial position of Iceland Seafood International hf. as at 31 December 2021 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and additional requirements in the Icelandic Financial Statement Act.

Our opinion in this report on the Consolidated Financial Statements is consistent with the content of the additional report that has been submitted to the parent company´s audit committee in accordance with the EU Audit Regulation 537/2014 Article 11.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of Iceland Seafood International hf. in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Iceland, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the EU Audit Regulation 537/2014 Article 5.1 has been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Consolidated Financial Statements of the current period. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of goodwill

Book value of goodwill at year-end amount to EUR 61.8 million (2020: 51.7 million).

The management consider that each geographical segment constitutes its own cash generating unit ('CGU'). The key assumptions applied by the managements in the impairment reviews are: segment specific discount rates, future revenue growth and expected future margins. Determining whether the carrying value of goodwill is recoverable requires management to make significant estimates regarding the future cash flows, discount rates and long-term growth rates based on management's view of future business prospects.

Due to the relative sensitivity of certain inputs to the impairment testing process, in particular the future cash flows of the CGUs noted above, the valuation of goodwill is considered a key audit matter.

How our audit addressed the key audit matter

In order to address this key audit matter, we audited the assumptions used in the impairment model for goodwill. As part of our work, we engaged our internal specialists to assist with:

▪ Critically evaluating whether the model used by management to calculate the value in use of the individual Cash Generating Units complies with the requirements of IAS 36 Impairment of Assets.
▪ Validating the assumptions used to calculate the discount rates and recalculating these rates.
▪ Considering the projected future cash flows, understanding variances between the forecast and actual results for the year ended 31 December 2021 and comparing the forecast growth trends to historic trends.
▪ Evaluating the appropriateness of the sensitivity analysis applied by management to the impairment testing model including considering whether the scenarios reasonably represent possible changes in key assumptions.
▪ Performing further sensitivity analysis based on recent trading activity and our understanding of the future prospects to identify whether these scenarios could give rise to further impairment; and
Analysing the future projected cash flows used in the models to determine whether they are reasonable and supportable given the current macroeconomic climate and expected future performance of the CGU's).

We also reviewed the disclosures presented in note 10 to the Consolidated Financial Statements to confirm compliance with the

Other information

The Board of Directors and the CEO are responsible for the other information. The other information comprises the Statement and Endorsement by the Board of Directors and the CEO and the unaudited appendices to the Consolidated Financial Statements.

Our opinion on the Consolidated Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon, except the confirmation regarding Statement and Endorsement by the Board of Directors and the CEO as stated below.

In connection with our audit of the Consolidated Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

In accordance with Paragraph 2 article 104 of the Icelandic Financial Statement Act no. 3/2006, we confirm to the best of our knowledge that the accompanying Statement and Endorsement by the Board of Directors and CEO includes all information required by the Icelandic Financial Statement Act that is not disclosed elsewhere in the Consolidated Financial Statements.

Independent Auditor's Report

of the Consolidated Financial Statements

Responsibilities of the Board of Directors and the CEO for the Consolidated Financial Statements

The Board of Directors and the CEO are responsible for the preparation and fair presentation of the Consolidated Financial Statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and additional requirements in the Icelandic Financial Statement Act, and for such internal control as the Board of Directors and the CEO determines is necessary to enable the preparation of Consolidated Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated Financial Statements, the Board of Directors and the CEO are responsible for assessing Iceland Seafood International hf.'s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors and the CEO either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

▪ Identify and assess the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

▪ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Iceland Seafood International hf.'s internal control.

▪ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

▪ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

▪ Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

▪ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors and the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors and the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors and the Audit Committee, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

In addition to our work as the auditors of Iceland Seafood International hf., Deloitte has provided the firm with permitted additional services such as review of interim financial statements, other assurance engagements and consultation on tax matters. Deloitte has in place internal procedures in order to ensure its independence before acceptance of additional services. The audit committee also evaluates the independence of the company's auditors on yearly basis in order to ensure their independence and objectivity.

Deloitte was appointed auditor of Iceland Seafood International hf. by the Annual General Meeting of shareholders on 18 March 2021. Deloitte have been elected since the Annual General Meeting 1999.

Kópavogur, 22 February 2022

Deloitte ehf.

Ingvi Björn Bergmann
State Authorised Public Accountant

Statement and Endorsement

by the Board of Directors and the CEO

Statement

It is the opinion of the Board of Directors and the CEO of Iceland Seafood International hf. (the Company), that these Consolidated Financial Statements present the necessary information to evaluate the financial position of the Company at year end, the operating results for the year and financial developments during the year 2021.

The Consolidated Financial Statements are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and additional disclosure requirements in the Icelandic Act no. 3/2006 on Financial Statements.

The Company

The Company is a holding company for a Group of subsidiaries that are leading suppliers of North Atlantic seafood and are among the largest exporters of seafood from Iceland. The Group is headquartered in Iceland and has subsidiaries in the United Kingdom, Ireland, Spain, Argentina, Iceland, France and Germany.

The Group operates across three divisions, Value Added Southern Europe, Value Added Northern Europe and Sales & Distribution Division which has offices in Iceland, France and Germany. The Value Added Divisions have processing factories and coldstores in their respective regions with Southern Europe also having a satellite facility in Argentina.

Operations for the year

Total sales in the year 2021 of EUR 449.0 million were 21% above prior year. In Value Added Southern Europe division sales have been strong, especially after Q1, driven by good demand following easing of Covid19 restrictions. This resulted in divisional sales of EUR 181.5 million in 2021 which was EUR 55.7 million up on previous year. Sales of the S&D divisions were also impacted by lockdown restrictions in the beginning of the year but were good from March, 12% ahead of last year. Sales of Value Added Northern Europe division during 2021 were 13% up on prior year, driven by the addition of Carr & Sons Seafood Ltd (EUR 12.2m) and new retail listings in UK.

Normalised PBT in the year EUR 12.5 million was EUR 7.5 million up on prior year and within the published outlook range for normalised PBT of EUR 12.0 - 16.0 million. Strong sales in key markets, especially after Q1 and good results from the Argentinian shrimp season helped the results. Ongoing Covid19 disruptions and challenges in production, transportation and logistics negatively impacted results, especially in UK. After significant items of EUR 0.5 million and income tax of EUR 3.1 million the resultant net profit for the period of EUR 8.8 million was EUR 8.0 million above previous year.

The Consolidated Balance Sheet at year-end 2021 shows total assets of EUR 279.4 million or EUR 37.9 million increase over the prior year. The increase in total assets were driven by higher trade receivables as a result of increased sales and acquisition of Ahumados Dominguez. Net debt at end of December of EUR 94.2 million was EUR 5.7 million higher than at year end 2020, reflecting the increase in total assets and acquisition of Ahumados Dominguez.

Total equity, including Non-controlling interests amounted to EUR 91.7 million compared to EUR 75.3m at end of December 2020. Share issuance in relation to the acquisition of Ahumados Dominquez amounted to EUR 4.5 million. The Equity ratio was 32.8% at year end compared to 31.2% at end of 2020. Full time employees in continuing operations on average for the year were 771 (2020: 591), with 944 at year end (2020: 677).

COVID 19

The Covid19 pandemic and related restrictions have had a significant impact on operating results since March 2020. Sales in Southern Europe which are predominantly to the HORECA sector, were significantly impacted by lockdown restrictions in the beginning of 2021. Same applied to sales to the foodservice sector in other markets, whilst retail sales were strong during the period. With easing of restrictions sales improved from March and onwards, especially in Southern Europe. However changes in restrictions implemented and the underlying uncertainty is causing more fluctuation in sales than in a normal year.

In addition to the negative impact on demand, the pandemic has indirectly caused interruptions to various supply chains. Ongoing challenges in transportation and logistics, have both negatively impacted sales and increased costs in the period.
Iceland Seafood continues to manage the situation, among actions the Company has focused on during the pandemic are:
1) Implementing appropriate contingency plans within the Group businesses, focusing on health and safety of employees and to secure the continuity of operations.
2) Tightening risk management controls, with focus on key assets on the balance sheet, inventories and receivables. Around 73% of receivables on 31 December 2021 are credit insured.
3) Secure liquidity and ongoing funding of the operation through the capital market and banks in Iceland and Spain. As part of this, the Group did secure funding for 3-5 years in Spain during 2020, completed a private placement of EUR 23.1 million bond in Q2 2021 and has continued to issue bills, currently amounting to EUR 20.4 million. Both the bond and the bills are listed on Nasdaq Iceland.
4) Utilise the Company's strong position to leverage opportunities that come up in the situation, both short term and longer term opportunities. The acquisition of Ahumados Dominguez is an example of this.

During 2021 and 2020 some of the Group foreign subsidiaries have received local government assistance due to Covid 19. Entities in Iceland have not received such assistance.

The level of uncertainty remains high, both in relation to Covid 19 development and other key factors indirectly impacted by the pandemic. Disruptions on supply chains will continue to impact transportation and logistic costs.

Acquisition of Ahumados Dominguez

On the 27 September 2021, the Company acquired 85% of the share capital of Ahumados Dominguez, a retail-oriented company with a strong brand and consumer recognition in the smoked salmon sector in Spain. The Ahumados Dominguez brand is known for its premium quality. The acquisition will strengthen Iceland Seafoods position in the Spanish retail market, as well as creating opportunities to utilize the platform Ahumados Domingues has for selling high quality cod products from Iceland. Ahumados Dominquez balance sheet is part of the group at end of September 2021 but the company had operational impact on the Iceland Seafood Group from beginning of October 2021.

Iceland Seafood acquired 85% stake in Ahumados Dominquez for €12.4 million. The acquisition was financed with a combination of debt and issuance of new shares.

Operation in the USA

An agreement was reached with Villa Seafood in Q3 2021. Sales and distribution of Icelandic landfrozen products under the Iceland Gold brand, have been sold through Villa Seafood from 1 October 2021. The sales office of Iceland Seafood in the USA was closed from that time. Iceland Seafood will continue to sell fresh and seafrozen products from Iceland directly to its customers in USA.

Inventories of the operation in USA have been sold and vast majority of receivables have been collected by the end of the year. This change will simplify Iceland Seafood´s operation in the USA and reduce risk. At the same time it will not have any significant impact on neither sales or profit generation of the Group.

Statement and Endorsement

by the Board of Directors and the CEO

Market capitalization

The Company is listed on the Nasdaq main market in Iceland (ticker: ICESEA). The latest transaction in 2021 was at ISK 14.80 per share, giving the Company a market capitalization of EUR 273.1 million (2020: EUR 216.6 million) or 26% increase YOY.

Shareholders

The total number of shareholders at year end was 688 (2020: 595). The ten largest are (shares are in ISK millions):

	31.12.2021		31.12.2020	
Sjávarsýn ehf	294	11%	290	11%
FISK Seafood ehf	279	10%	274	10%
Nesfiskur ehf	277	10%	274	10%
Jakob Valgeir ehf	274	10%	269	10%
Lífsverk lífeyrissjóður	163	6%	128	5%
Stapi lífeyrissjóður	159	6%	99	4%
Frjálsi lífeyrissjóðurinn	131	5%	121	5%
Birta lífeyrissjóður	103	4%	108	4%
Akta Stokkur hs.	97	4%	26	1%
Arion Banki hf.	83	3%	179	7%
	1.860	69%	1.768	67%
Other shareholders (2021: 678 and 2020: 585)	854	31%	906	33%
	2.714	100%	2.674	100%

Stock options are granted to management, based on stock option plan approved by Annual General Meeting in March 2021. Total granted and unexercised options at year end 2021 were 32.6 million shares (2020: 37.4 million shares). At end of the year 17.2 million shares are exercisable and the remainder will vest in the next 3 years. Further information on stock options is disclosed in note 18.4.

During the year the company has purchased owne shares in relation to settlement of option agreements with employees. In total 4.815 thousands shares were purchased and sold during 2021 in relation to such settlements.

The Board of Directors will propose to the Annual General Meeting that no dividend will be paid to shareholders in 2022. For an overview of changes in equity, see the Consolidated Statement of Changes in Equity. The Equity ratio was 33% at year compared to defined targeted equity ratio of 35%.

Corporate Governance

Iceland Seafood International hf. is a limited liability company operating under Act No. 2/1995 respecting Public Limited Companies. The framework for Corporate Governance practices within the Company is defined by the provisions of law, the Nasdaq Iceland Rules, the principles set forth in the Corporate Governance Guidelines issued by the Iceland Chamber of Commence, the Company's Articles of Association and rules of procedures for Board and sub-committees. The Company is governed by shareholders meetings, the Board of Directors and the Chief Executive Officer. The Board of Directors shall be composed of three to five members and up to two alternate members, elected at the Annual General Meeting for a term of one year. Currently the board consist of five members and one alternate member. Two of five board members are female, the company therefore complies with regulation on gender compositon of the board. Further information is provided in the Corporate Governance Statement which is an appendix to these Financial Statements.

Statement and Endorsement

by the Board of Directors and the CEO

Non-financial information

The Company is defined, under the Icelandic Act no. 3/2006 on Financial Statements, as a parent company of a large consolidation. According to the Act, such companies are to disclose as an attachment to the Statement and Endorsement by the Board of Directors and the CEO, relevant and useful information on their policies, main risks and outcomes relating to environmental, social and employee matters, their human rights policy and how they counteract corruption and bribery. Also a short description of their business model. This disclosure requirement is derived from a European directive that became effective on 1 January 2017.

The Company has various policies in place regarding these above mentioned matters, rights and actions, which are disclosed in the Non-Financial Information appendices to these Consolidated Financial Statements.

Endorsement

The Board of Directors and the CEO of Iceland Seafood International hf. hereby confirm the Consolidated Financial Statements of the Company for the year 2021 with their signatures.

Reykjavík, 22 February 2022.

Liv Bergþórsdóttir
Chairman of the Board

Bergþór Baldvinsson
Board Member

Halldór Leifsson
Board Member

Ingunn Agnes Kro
Board Member

Jakob Valgeir Flosason
Board Member

Bjarni Ármannsson
Chief Executive Officer

Consolidated Income Statement

for the year ended 31 December 2021

	Note	2021			2020		
		Normalised results	Significant items*	IFRS	Normalised results	Significant items*	IFRS
Gross profit							
Sales of seafood	2	449.049		449.049	369.840		369.840
Cost of sales	13	(380.654)		(380.654)	(320.094)		(320.094)
		68.395		68.395	49.746		49.746
Operating expenses							
Operating expenses		(49.915)	(663)	(50.578)	(39.759)	(2.421)	(42.180)
Depreciation and amortisation	9	(3.735)		(3.735)	(3.019)		(3.019)
Operating profit		14.745	(663)	14.082	6.968	(2.421)	4.547
Net finance costs	5	(2.466)		(2.466)	(2.623)		(2.623)
Net exchange rate difference		257		257	725		725
Profit before tax		**12.536**	**(663)**	**11.873**	**5.070**	**(2.421)**	**2.649**
Income tax expense	6	(3.233)	133	(3.100)	(1.353)	484	(869)
Profit from continuing operations		**9.303**	**(530)**	**8.773**	**3.717**	**(1.937)**	**1.780**
Discontinued operations, net of tax	7					(984)	(984)
Profit for the year		**9.303**	**(530)**	**8.773**	**3.717**	**(2.921)**	**796**
Attributable to							
Owners of the Company		9.313	(530)	8.783	2.884	(2.921)	(37)
Non-controlling interests		(10)		(10)	833		833
		9.303	(530)	8.773	3.717	(2.921)	796
EBITDA		**18.313**		**17.650**	**10.162**		**7.741**
Earnings per share	8						
Basic (cents per thousand shares)		0,3538		0,3337	0,1430		0,0306
Diluted (cents per thousand shares)		0,3515		0,3315	0,1419		0,0304

* See note no 7 for further information on significant items.

Amounts in EUR thousands

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2021

	Note	2021			2020		
		Normalised results	Significant items*	IFRS	Normalised results	Significant items*	IFRS
Profit for the year		**9.303**	**(530)**	**8.773**	**3.717**	**(2.921)**	**796**
Items that may be reclassified subsequently to profit or loss							
Net fair value of cash flow hedges		950		950	(556)		(556)
Translation difference		245		245	(378)		(378)
Total comprehensive income (loss) for the year		**10.498**	**(530)**	**9.968**	**2.783**	**(2.921)**	**(138)**
Attributable to							
Owners of the Company		10.508	(530)	9.978	1.950	(2.921)	(971)
Non-controlling interests		(10)		(10)	833		833
		10.498	(530)	9.968	2.783	(2.921)	(138)

* See note no 7 for further information on significant items.

Amounts in EUR thousands

Consolidated Balance Sheet

at 31 December 2021

	Note	31.12.2021	31.12.2020
Assets			
Non-current assets			
Property, plant and equipment	9	31.558	24.624
Leased assets	21	1.922	1.726
Intangible assets	10	62.569	52.654
Investments in other companies	11	43	39
Deferred tax assets	6	4.842	2.835
Other long term assets		61	263
Total non-current assets		**100.995**	**82.141**
Current assets			
Inventories	13	77.311	80.886
Trade and other receivables	14	65.702	48.789
Other assets	15	7.579	6.382
Cash and bank balances	16	27.766	23.269
Total current assets		**178.358**	**159.326**
Total assets		**279.353**	**241.467**
Equity and liabilities			
Capital and reserves			
Issued capital and share premium	17	80.291	76.114
Translation reserve	18	(798)	(1.043)
Other reserves	18	521	(465)
Retained earnings and unrealised profit from subsidiaries		9.423	607
Equity attributable to owners of the Company		89.437	75.213
Non-controlling interests		2.297	104
Total equity		**91.734**	**75.317**
Non-current liabilities			
Borrowings	19	40.303	22.811
Lease liabilities	21	1.477	1.371
Retirement benefit and other obligations		1.470	1.685
Deferred tax liabilities	6	862	795
Total non-current liabilities		44.112	26.662
Current liabilities			
Borrowings	19	81.635	88.964
Lease liabilities	21	661	588
Trade and other payables		52.239	39.333
Other liabilities	20	8.972	10.603
Total current liabilities		143.507	139.488
Total liabilities		**187.619**	**166.150**
Total equity and liabilities		**279.353**	**241.467**

Amounts in EUR thousands

Consolidated Statement of Changes in Equity

for the year ended 31 December 2021

			Restricted equity								
	Share capital	Share premium	Translation reserve	Hedging reserve	Statutory reserve	Equity reserve	Unrealised profit of subsidiaries	Retained earnings	**Attributable to owners of the Company**	Non - controlling interests	**Total equity**
Balances at 1 January 2020	**24.094**	**44.666**	**(665)**	**(441)**	**430**	**49**	**7.429**	**874**	**76.436**	**3.805**	**80.241**
Profit for the year							2.151	(2.188)	(37)	833	796
Net fair value loss on cash flow hedges				(556)					(556)		(556)
Translation of shares held in foreign currencies ..			(378)						(378)		(378)
Total comprehensive income			(378)	(556)			2.151	(2.188)	(971)	833	(138)
Issue of share capital	774	6.707							7.481		7.481
Acquisition of non controlling interests								(7.838)	(7.838)	(4.534)	(12.372)
Other adjustments		(127)				53		179	105		105
Balances at 31 December 2020	**24.868**	**51.246**	**(1.043)**	**(997)**	**430**	**102**	**9.580**	**(8.973)**	**75.213**	**104**	**75.317**
Profit for the year							14.423	(5.640)	8.783	(10)	8.773
Net fair value gain on cash flow hedges				950					950		950
Translation of shares held in foreign currencies ..			245						245		245
Total comprehensive income			245	950			14.423	(5.640)	9.978	(10)	9.968
Issue of share capital	266	4.266							4.532		4.532
Dividend declared from subsidiaries to parent							(11.500)	11.500	0		0
Non-controlling interest arising from acquisitions of a subsidiary										2.196	2.196
Other adjustments		(355)				36		33	(286)	7	(279)
Balances at 31 December 2021	**25.134**	**55.157**	**(798)**	**(47)**	**430**	**138**	**12.503**	**(3.080)**	**89.437**	**2.297**	**91.734**

Iceland Seafood International hf. 13 Amounts in EUR thousands

Consolidated Statement of Cash Flows

for the year ended 31 December 2021

	Note	2021	2020
Operating activities			
Operating profit		14.082	4.547
Depreciation and amortisation	9	3.735	3.019
Loss (gain) on disposal of property, plant and equipment		67	(44)
Change in obligations and other calculated liabilities		1.332	159
Working capital generated from operations		**19.216**	**7.681**
Decrease (increase) in inventories		5.127	(15.385)
(Increase) decrease in receivables and other assets		(15.072)	14.242
Increase (decrease) in payables and other liabilities		6.129	(3.357)
Cash generated from operations before interests and taxes		**15.400**	**3.181**
Interest received		273	238
Interest paid		(2.739)	(2.861)
Income taxes paid		(3.945)	(548)
Net cash generated by operating activities		**8.989**	**10**
Investing activities			
Payments for property, plant and equipment	9	(5.447)	(9.655)
Proceeds from disposal of property, plant and equipment		244	1.194
Payments for intangible assets	10	(26)	(183)
Proceeds from disposal of intangible assets			66
Net cash outflow on acquisition of subsidiaries		(11.831)	(7.812)
Net proceeds from disposal of subsidiary	7		227
Net cash used in investing activities		**(17.060)**	**(16.163)**
Net cash before financing activities		**(8.071)**	**(16.153)**
Financing activities			
Net repayment of revolving credit facility	19	(6.740)	(2.795)
Net proceeds from bills	19	27	18.467
Net proceeds from bonds	19	23.098	
Net proceeds from borrowings on new term loan	19	5.955	22.589
Net repayment of other borrowings		(13.221)	(4.780)
Acquisition of minority shares			(4.424)
Purchase of treasury shares	17	(355)	(127)
Proceeds from issue of share capital, net of issue costs	17	4.532	
Net cash generated by financing activities		**13.296**	**28.930**
Net increase in cash and bank balances		5.225	12.777
Cash and bank balances at the beginning of the year		23.269	9.610
Effect of exchange rate changes on cash held in foreign currencies		(728)	882
Cash and bank balances at the end of the year	16	**27.766**	**23.269**
Non-cash investing and financing activities			
Acquisition of subsidiaries			(7.481)
Proceeds from issue of share capital			7.481

Amounts in EUR thousands

Notes to the Consolidated Financial Statements

for the year ended 31 December 2021

1. General information

Iceland Seafood International hf. (the Company) is a public limited company incorporated in Iceland. It is listed on the Nasdaq main market in Iceland (ticker: ICESEA).

The address of its registered office and principal place of business are disclosed in the Contents to the Consolidated Financial Statements. The principal activities of the Company and its subsidiaries (the Group) are described in the Statement and Endorsement by the Board of Directors and the CEO.

2. Segment information

2.1 Products and services from which reportable segments derive their revenues

Information is reported to the Board of Directors and key management on the operating segment level. The reportable segments in 2021 were:

Value added Southern Europe .	Processing and sale of seafood in Southern Europe.
Value added Northern Europe .	Processing and sale of seafood in UK and Ireland.
Sales & Distribution	Distribution of seafood to a global network of customers.
Other	Head office and discontinued operations.

2.2 Segment revenue, results, assets and liabilities

For the year 2021	Value added S-Europe	Value added N-Europe	Sales & Distribution	Other and Eliminations	Consolidated
Revenue:					
Sales of seafood	213.755	125.254	172.699		511.708
Eliminations	(32.299)	(470)	(10.392)	(19.498)	(62.659)
	181.456	124.784	162.307	(19.498)	449.049
Operating results:					
Operating profit (loss)	13.586	(1.147)	2.918	(612)	14.745
Net finance costs	332	(1.989)	(47)	(505)	(2.209)
Normalised PBT	**13.918**	**(3.136)**	**2.871**	**(1.117)**	**12.536**
Income tax	(3.858)	829	(594)	390	(3.233)
Normalised profit (loss)	**10.060**	**(2.307)**	**2.277**	**(727)**	**9.303**
Significant items and discontinued operations	(180)	(63)	(36)	(251)	(530)
Profit (loss)	**9.880**	**(2.370)**	**2.241**	**(978)**	**8.773**
Assets	124.357	72.657	24.998	57.341	279.353
Liabilities	83.042	51.978	18.110	34.489	187.619

Amounts in EUR thousands

Notes to the Consolidated Financial Statements

for the year ended 31 December 2021

For the year 2020	Value added S-Europe	Value added N-Europe	Sales & Distribution	Other and Eliminations	Consolidated
Revenue:					
Sales of seafood	142.151	112.558	156.978		411.687
Eliminations	(16.399)	(1.919)	(11.593)	(11.936)	(41.847)
	125.752	110.640	145.385	(11.936)	369.840
Operating results:					
Operating profit (loss)	2.962	2.955	1.665	(614)	6.968
Net finance costs	103	(1.294)	(110)	(597)	(1.898)
Normalised PBT	**3.065**	**1.661**	**1.555**	**(1.211)**	**5.070**
Income tax	(809)	(421)	(291)	168	(1.353)
Normalised profit (loss)	**2.256**	**1.240**	**1.264**	**(1.043)**	**3.717**
Significant items and discontinued operations	(1.059)	(1.527)	(148)	(187)	(2.921)
Profit (loss)	**1.197**	**(287)**	**1.116**	**(1.230)**	**796**
Assets	97.771	75.288	22.094	46.314	241.467
Liabilities	71.449	60.252	16.056	18.393	166.150

3. Salaries

Salaries and related expenses:

	2021	2020
Salaries	27.332	22.649
Pension related expenses	1.201	796
Other salary related expenses	1.352	1.006
	29.885	24.451

Classified by operational category:

	2021	2020
Cost of sales	17.632	14.670
Operating expenses	12.253	9.781
	29.885	24.451

Full time employees on average for the year from continuing operations	771	591
Full time employees at end of the year from continuing operations	944	677

4. Fee to auditors

	2021	2020
Audit of the Consolidated Financial Statements	334	335
Other services	72	52
	406	387

Amounts in EUR thousands

5. Net finance costs

	2021	2020
Investment income:		
Interest income on bank accounts	194	101
Interest income on trade receivables	79	137
Total investment income	273	238
Finance costs:		
Interest expenses on borrowings	(2.569)	(2.671)
Interest expenses on obligations under leases	(112)	(118)
Other interest expenses	(58)	(72)
Total finance costs	(2.739)	(2.861)
Net finance costs	(2.466)	(2.623)

6. Income tax

6.1 Income tax recognised in profit or loss

	2021	2020
Current tax expense	(4.790)	(871)
Deferred tax expense	1.690	2
	(3.100)	(869)

The income tax expense for the year can be reconciled to the accounting profit as follows:

	2021	2020
Profit before tax after significant items	11.873	2.649
Income tax expense calculated at 20% (the Company's rate in Iceland)	(2.375)	(530)
Effect of different tax rates of subsidiaries operating in other jurisdictions	(1.165)	103
Effect of items that are not deductible/taxable in determining taxable profit	(138)	111
Effect of unused tax losses and tax offsets not recognised as def. tax assets	515	(382)
Effect of exchange rate difference on deferred tax	170	(213)
Change in tax rate	(15)	45
Others	(92)	(3)
Income tax expense recognised in profit or loss	(3.100)	(869)
Effective tax rate	26%	33%

6.2 Current tax balances

	31.12.2021	31.12.2020
Income tax payable	2.994	743

Amounts in EUR thousands

6.3 Deferred tax balances

	31.12.2021	31.12.2020
Deferred tax assets	4.842	2.835
Deferred tax liabilities	(862)	(795)
	3.980	2.040

Deferred tax assets / (liabilities) have changed as follows:

	Deferred tax assets	Deferred tax liabilities	Total
At 1 January 2020	2.978	(940)	2.038
Calculated tax for the year	(139)	(730)	(869)
Acquired on acquisition of subsidiary	159	(10)	149
Income tax payable for the period		871	871
Other items	(163)	14	(149)
At 31 December 2020	2.835	(795)	2.040
Calculated tax for the year	1.862	(4.962)	(3.100)
Acquired on acquisition of subsidiary	250		250
Income tax payable for the period	(105)	4.895	4.790
At 31 December 2021	4.842	(862)	3.980

Deferred tax assets / (liabilities) are in relation to:

	31.12.2021	31.12.2020
Property, plant and equipment	(574)	(635)
Intangible assets	88	140
Inventories	(6)	1
Trade and other receivables	283	(35)
Deferred revenue	(201)	27
Deferred exchange rate difference	42	(204)
Deferred tax loss	4.082	2.580
Other items	266	166
	3.980	2.040

6.4. Unused tax losses

Most of the unused tax losses will expire in the years 2025-2030, although some subsidiaries have unused tax losses that do not expire.

Amounts in EUR thousands

7. Significant items

In 2021 the Group incurred costs associated with the following:

- Oceanpath Ltd. sold its 50% share in joint venture Credible Properties Ltd. The company book value was zero and the sales gain in EUR 0.1 million.
- Costs related to acquisitions and restructuring costs in the period 0.8 million.

In 2020 the Group incurred costs associated with the following:

- Costs related to acquisitions in the period 0.4 million.
- Restructuring cost in UK related to the merger of Iceland Seafood Barraclough and Havelok 1.7 million.
- Other restructuring cost during the period 0.3 million.

In 2020 Ecomsa S.A., a Spanish subsidiary of Iceland Seafood Ibérica was sold and therefore restated as discontinued operations. For further information see note 8, in the Company Financial Statements for the year ended 31 December 2020.

Exceptional costs, net of income tax:	2021	2020
Exceptional income	110	
Exceptional costs	(773)	(2.421)
Income tax	133	484
Exceptional costs, net of income tax	(530)	(1.937)
Discontinued operations, net of income tax:		
Net loss from discontinued operations		(1.278)
Income tax		294
Ecomsa S.A. discontinued operations, net of income tax	0	(984)
Significant items, net of income tax	(530)	(2.921)

8. Earnings per share

	2021	2020
Profit for the year	8.773	796
Weighted average number of ordinary shares (in ISK thousands) for basic EPS	2.629.172	2.600.004
Shares to be issued in respect of employee options	17.174	19.198
Weighted average number of ordinary shares (in ISK thousands) for diluted EPS	2.646.346	2.619.202
Basic earnings per share (EUR cents per thousand shares):		
Basic earnings per share	0,3337	0,0306
Diluted earnings per share (EUR cents per thousand shares):		
Diluted earnings per share	0,3315	0,0304

9. Property, plant and equipment

For the year 2021	Property and land	Machinery and equipment	Total
Cost			
At 1 January	16.235	13.786	30.021
Acquired on acquisition of subsidiary	2.088	1.652	3.740
Additions	1.794	3.653	5.447
Eliminated on disposal	(190)	(1.473)	(1.663)
Fully depreciated assets		(1.701)	(1.701)
Exchange rate differences	598	418	1.016
At 31 December	20.525	16.335	36.860
Depreciation			
At 1 January	1.751	3.646	5.397
Acquired on acquisition of subsidiary		37	37
Charge for the period	674	2.175	2.849
Eliminated on disposal	(103)	(1.359)	(1.462)
Fully depreciated		(1.701)	(1.701)
Exchange rate differences	77	105	182
At 31 December	2.399	2.903	5.302
At 31 December 2021	18.126	13.432	31.558

For the year 2020	Property and land	Machinery and equipment	Total
Cost			
At 1 January	10.531	12.109	22.640
Acquired on acquisition of subsidiary	943	3.504	4.447
Additions	5.656	3.999	9.655
Eliminated on disposal	(707)	(5.279)	(5.986)
Fully depreciated assets		(15)	(15)
Exchange rate differences	(188)	(532)	(720)
At 31 December	16.235	13.786	30.021
Depreciation			
At 1 January	1.302	3.760	5.062
Acquired on acquisition of subsidiary	377	2.181	2.558
Charge for the period	341	1.788	2.129
Eliminated on disposal	(261)	(3.864)	(4.125)
Fully depreciated assets		(15)	(15)
Exchange rate differences	(8)	(204)	(212)
At 31 December	1.751	3.646	5.397
At 31 December 2020	14.484	10.140	24.624

Amounts in EUR thousands

9.1 Useful lives

The following useful lives of property, plant and equipment are used in the calculation of amortisation.

Property and land	20-40 years
Machinery and equipment	3-20 years

9.2 Property, plant and equipment pledged as security

The Group has provided a pledge on its property in UK to secure banking facility granted to the UK operation of the Group. This asset has a carrying amount at year end of EUR 5.7 million.

9.3 Depreciation and amortisation expense	2021	2020
Depreciation of property, plant and equipment	2.849	2.129
Amortisation of intangible assets, note 10	325	323
Depreciation of leased assets, note 21	561	567
	3.735	3.019

9.4 Property, plant and equipment insurance value	31.12.2021	31.12.2020
Insurance value	49.623	31.920

10. Intangible assets

For the year 2021	Goodwill	Other intangible assets	Total
At 1 January	51.690	964	52.654
Acquired on acquisition of subsidiary	10.044	83	10.127
Additions		26	26
Charge for the period		(325)	(325)
Exchange rate differences	86	1	87
At 31 December	61.820	749	62.569

For the year 2020	Goodwill	Other intangible assets	Total
At 1 January	43.526	1.172	44.698
Acquired on acquisition of subsidiary	8.255		8.255
Additions		183	183
Charge for the period		(323)	(323)
Eliminated on disposal		(66)	(66)
Exchange rate differences	(91)	(2)	(93)
At 31 December	51.690	964	52.654

During the year, the Company assessed the recoverable amount of goodwill and determined that none of the Company's cash-generating units have suffered an impairment loss.

Amounts in EUR thousands

10.1 Allocation of goodwill to cash-generating units

Goodwill has been allocated for impairment testing purposes to the following cash-generating units.

	31.12.2021		31.12.2020	
	WACC %	Book value	WACC %	Book value
Iceland	6,3%	4.072	5,8%	4.072
Spain	5,4%	39.915	5,4%	29.871
France	5,8%	1.127	5,4%	1.127
Ireland	6,7%	15.012	6,7%	15.012
UK	7,6%	1.694	7,2%	1.608
		61.820		51.690

The recoverable amount of these cash-generating units is determined based on a value in use calculation, which uses cash flow projections based on financial forecasts prepared by management covering a five-year period and a discount rate of 5.4-7.6% p.a. (2020: 5.4-7.2% p.a.).

Cash flow projections during the forecast period are based on the same expected gross margins and raw materials price inflation throughout the forecast period. The cash flows beyond that five-year period have been extrapolated using a steady 1.5% p.a. (2020: 1.5%) growth rate which is the projected long-term average growth rate for the international seafood market. Management believes that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause carrying amounts of any of the cash generating units to exceed their recoverable amounts. An increase in weighted average cost of capital of more than 200 bps would cause impairment of goodwill.

Amounts in EUR thousands

11. Subsidiaries and other investments

The Group's subsidiaries and other investments are as follows.

Name of company	Place of incorporation	Ownership 31.12.2021	Ownership 31.12.2020	Principal activity
Subsidiaries:				
Iceland Seafood ehf.	Iceland	100%	100%	Sale of seafood
Solo Export ehf.	Iceland	100%	100%	Not active
Iceland Seafood Ibérica S.A.U.	Spain	100%	100%	Sale of seafood
- Achernar S.A.	Argentina	100%	100%	Sale of seafood
- Elba S.L.	Spain	100%	100%	Sale of seafood
Ahumados Dominguez [A)]	Spain	85%		Sale of seafood
Iceland Seafood Barraclough Ltd.	UK	100%	100%	Sale of seafood
- F. Barraclough Ltd.	UK	100%	100%	Not active
- Iceland Seafood UK Ltd.	UK	100%	100%	Sale of seafood
Oceanpath Ltd.	Ireland	100%	100%	Sale of seafood
- Dunns Seafare Ltd.	Ireland	100%	100%	Sale of seafood
- Mondi Properties Ireland Ltd.	Ireland	100%	100%	Real estate
- Carr & Sons Seafood Ltd.	Ireland	100%	100%	Sale of seafood
- H J Nolan Ltd.	Ireland	100%	100%	Sale of seafood
Iceland Seafood France S.A.S.	France	100%	100%	Sale of seafood
ISG Iceland Seafood GmbH	Germany	100%	100%	Sale of seafood
ISI Seafood Inc.	USA	100%	100%	Sale of seafood
Iceland Seafood Hellas A.E.E.	Greece	66%	66%	Liquidation
Investments in other companies:				
Febin Marine Foods Private Ltd	India	5%	5%	Seafood supply
Former subsidiaries:				
Elba Seafood ehf. [B)]	Iceland		100%	Holding
Dunns (Fish & Poultry) Ltd. [C)]	Ireland		100%	Holding
Investments in joint ventures:				
Credible Properties Ltd. [D)]	Ireland		50%	Properties

[A)] The acquisition of Ahumados Dominguez was completed in September 2021 (see note 12).

[B)] Elba Seafood ehf. and Iceland Seafood International hf. merged at beginning of year 2021.

[C)] Dunns (Fish & Poultry) Ltd. was liquidated in 2021.

[D)] Oceanpath Ltd. sold its 50% share in Credible Properties Ltd. in June 2021 (see note 7).

11.1 Subsidiaries pledged as security

Equity of subsidiaries, except from subsidiaries in Spain, have been pledged for the Group's borrowings.

Amounts in EUR thousands

12. Acquisition of subsidiary

On the 27 September 2021, the Company acquired 85% of the share capital of Ahumados Dominguez, a retail-oriented company with a strong brand and consumer recognition in the smoked salmon sector in Spain. The Ahumados Dominguez brand is known for its premium quality. The acquisition will strengthen Iceland Seafoods position in the Spanish retail market, as well as creating opportunities to utilize the platform Ahumados Domingues has for selling high quality cod products from Iceland. Iceland Seafood acquired 85% stake in Ahumados Dominquez for €12.4 million.

Ahumados Dominquez impact on the Group´s sales in 2021 were EUR 8.5 million and it generated profit of EUR 0.3 million.

In accordance with IFRS 3 Business Combinations, the purchase price of Ahumados Dominquez was allocated to identifiable assets and liabilities acquired. Provisional goodwill amounted to EUR 10.0 million.

The following table summarizes the consideration paid for Ahumados Dominquez and the recognized provisional amounts of assets acquired and liabilities assumed at the acquisition date, being the 27 September 2021.

	27.9.2021
Property, plant and equipment	3.658
Deferred tax assets	250
Other longterm assets	41
Inventories	1.552
Trade and other receivables	2.909
Intangible assets	83
Cash and bank balances	613
Assets acquired	9.106
Long-term borrowings	491
Contingent liabilities	161
Short-term borrowings	246
Trade and other payables	3.612
Liabilities assumed	4.510
Total net identified assets	4.596
Non-controlling interest´s measured at fair value	(2.196)
Attributable to the Company	2.400
Consideration paid in cash	12.444
Provisional goodwill on acquisition	10.044

Net cash outflow on acquisition of Ahumados Dominquez:

	2021
Consideration paid in cash	12.444
Less: cash and cash equivalent balances acquired	(613)
	11.831

Under IFRS 3, up to one year from the acquisition date, the initial accounting for business combinations needs to be adjusted to reflect new information that is obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognized as of that date. As a result of such adjustments the values of assets and liabilities recognized may change in the one-year period from the acquisition date.

Amounts in EUR thousands

13. Inventories

	31.12.2021	31.12.2020
Raw materials	13.936	12.492
Finished goods	60.339	66.398
Other inventories	3.516	1.996
	77.791	80.886

13.1 Recognised as an expense

The cost of inventories recognised as an expense is:

	2021	2020
Cost of sales	380.654	320.094

13.2 Movement in write-downs to net realisable value

	31.12.2021	31.12.2020
At 1 January	(720)	(824)
Write-downs of inventory to a net realisable value	(249)	(48)
Reversal of such write-downs	42	149
Exchange rate differences	(4)	3
At 31 December	(931)	(720)

13.3 Inventories pledged as security

Inventories, except from Inventories in Spain, have been pledged for the Group's borrowings.

14. Trade and other receivables

	31.12.2021	31.12.2020
Trade and other receivables	66.949	49.750
Allowance for doubtful accounts	(1.247)	(961)
	65.702	48.789

Allowance has been made for doubtful accounts and sales returns. This allowance has been determined by management in reference to past default experience. Management considers that the carrying amount of receivables approximates their fair value.

14.1 Trade receivables

The expected credit losses (ECL) on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor´s current financial position, adjusted for factors that are specific to the debtors such as general economic conditions in the markets the Group operates. This analysis also takes into account if receivables are credit insured or not at end of the year, recoverability of credit insured receivables is in the range from 90-95%. Around 73% of Group's receivables were credit insured.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier.

Amounts in EUR thousands

14.2 Trade receivables expected credit loss

The following table details the risk profile of trade receivables based on the Group´s provision matrix.

	Trade receivables - days past due				
31.12.2021	Not past due	<30	31 - 60	61 - 90	>90
Uninsured receivables					
Expected credit loss rate	1,2%	2,4%	6,1%	12,0%	100,0%
Estimated total gross carrying amount at default	8.913	1.363	320	206	1.001
Expected credit loss (ECL)	107	33	20	25	1.001
Insured receivables					
Expected credit loss rate	0,9%	2,0%	5,0%	13,5%	100,0%
Estimated total gross carrying amount at default	42.164	11.465	727	381	271
Expected credit loss (ECL)	28	15	2	3	14
Total expected credit loss					1.247

	Trade receivables - days past due				
31.12.2020	Not past due	<30	31 - 60	61 - 90	>90
Uninsured receivables					
Expected credit loss rate	1,2%	2,2%	5,1%	11,5%	100,0%
Estimated total gross carrying amount at default	6.851	501	108	91	762
Expected credit loss (ECL)	82	11	6	10	762
Insured receivables					
Expected credit loss rate	0,9%	2,0%	5,0%	13,5%	100,0%
Estimated total gross carrying amount at default	32.401	7.596	617	137	417
Expected credit loss (ECL)	29	15	3	2	42
Total expected credit loss					961

Amounts in EUR thousands

14.3 Movement in the allowance for doubtful debts

	2021	2020
At 1 January	(961)	(573)
Acquired on acquisition of a subsidiary	(230)	(222)
Change in impairment estimate	(211)	(229)
Amounts recovered	160	60
Exchange rate difference	(5)	3
At 31 December	(1.247)	(961)

14.4 Receivables pledged as security

Trade receivables, except from receivables in Spain, have been pledged for the Group's borrowings.

15. Other assets

	31.12.2021	31.12.2020
Prepaid expenses	3.947	2.927
Value added and capital gain taxes	2.864	2.960
Fair value of cash flow hedges	768	495
	7.579	6.382

16. Cash and bank balances

Cash and bank balances consist of cash and bank accounts.

17. Issued capital and share premium

17.1 Shares	Authorized shares	Issued shares	Outstanding shares	Book value
At 1 January 2020	2.561.344	2.561.344	2.561.344	24.094
New shares issued	113.135	113.135	113.135	774
At 31 December 2020	2.674.479	2.674.479	2.674.479	24.868
New shares issued	40.000	40.000	40.000	266
At 31 December 2021	2.714.479	2.714.479	2.714.479	25.134

Fully paid shares, which have a par value of ISK 1, carry one vote per share and carry right to dividends.

Share issuance in relation to closing of the acquisition of Ahumados Dominquez at end of September amounted to ISK 40 million. The issuance of new shares was at a price of ISK 17.10 or the amount of ISK 684 million.

17.2 Issued capital and share premium	Share capital	Share premium	Total
At 1 January 2020	24.094	44.666	68.760
Treasury shares purchased		(127)	(127)
New shares issued	774	6.707	7.481
At 31 December 2020	24.868	51.246	76.114
Treasury shares purchased		(355)	(355)
New shares issued	266	4.266	4.532
At 31 December 2021	25.134	55.157	80.291

Iceland Seafood International hf. 27 Amounts in EUR thousands

18. Reserves

	31.12.2021	31.12.2020
Translation reserve	(798)	(1.043)
Hedging reserve	(47)	(997)
Statutory reserve	430	430
Equity reserve	138	102
Unrealised profit of subsidiaries	12.503	9.580
	12.226	8.072

18.1 Translation reserve

Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. Euro) are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve. Exchange differences previously accumulated in the foreign currency translation reserve (in respect of translating both the net assets of foreign operations and hedges of foreign operations) are reclassified to profit or loss on the disposal of the foreign operation.

18.2 Hedging reserve

The cash flow hedging reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of hedging instruments entered into for cash flow hedges. The cumulative gain or loss arising on changes in fair value of the hedging instruments that are recognised and accumulated under the heading of cash flow hedging reserve will be reclassified to profit or loss only when the hedged transaction affects the profit or loss, or included as a basis adjustment to the non-financial hedged item, consistent with the Group's accounting policy.

18.3 Statutory reserve

In accordance with the Icelandic Act no 2/1995 on Public Limited Companies, the Company is to retain 10% of its annual profit in a statutory reserve until it equals 10% of the outstanding shares. After that, the Company is to retain 5% until the reserve equals 25% of the outstanding shares.

Iceland Seafood International hf. 28 Amounts in EUR thousands

18.4 Equity reserve

The equity-settled employee benefits reserve relates to share options granted by the Company to its employees under its employee share option plan.

At 31 December 2021, executives and senior employees held options to buy 32.560.417 shares in the Company, no new share options were granted during the year. Weighted average livetime of outstanding options at year end was 7 years, the exercise price is in the range from ISK 5.4 to 10.23 per share. Options granted prior to 2020, will vest over four years from issuance, with the first 12/48 of the option vesting at the first anniversary of grant date and the remaining 36/48 vesting monthly after that. Options granted during 2020, will vest over four years from issuance, with the first 36/48 vesting at the third anniversary of grant date and being exercisable at that day. The remaining 12/48 will vest monthly after that but are first exercisable at the time the Optionee ceases to be employed by the Company. The exercise price of options granted is the same as market price at Nasdaq stock exchange at the time options are granted. All options are subject to the condition that the Optionee remains an employee of the Company. The options carry neither rights to dividends nor voting rights and are valued using the Black Scholes option pricing model. During 2021 4.815 thousands shares options were exercised at the average exercise price of ISK 7.09 per share. During the year 35 thousands was expensed in the income statement due to stock option agreements (2020: 53 thousands).

	Average exercise price per share	Stock options (thousands)
At 1 January 2021	8,27	37.375
Granted	-	0
Exercised	7,09	(4.815)
Cancelled	-	0
At 31.12.2021	8,44	32.560
Exercisable stock options at 31.12.2021		17.174
At 1 January 2020	7,51	32.846
Granted	10,23	8.920
Exercised	6,28	(3.559)
Cancelled	7,69	(832)
At 31.12.2020	8,27	37.375
Exercisable stock options at 31.12.2020		19.198

18.5 Unrealised profit of subsidiaries

If a share of profit of subsidiaries is in excess of dividends received from those companies or dividend that has been decided to distribute, the difference is to be transferred from retained earnings to a restricted reserve among equity. If a company's shareholding in its subsidiary is sold or written off, the aforementioned reserve is to be dissolved via transfer to retained earnings or accumulated deficit, as applicable.

19. Borrowings

	31.12.2021		31.12.2020	
	Current	Non-current	Current	Non-current
Revolving credit facilities	73.669		79.913	
Other bank loans	7.966	40.303	9.051	22.811
	81.635	40.303	88.964	22.811

19.1 Revolving credit facilities

The Group´s main sources of financing are a multi currency revolving credit facility with an Icelandic financial institution, a 4 year unsecured bond listed on Nasdaq Iceland, two six months bills listed on Nasdaq Iceland, credit facilities with number of banks in Spain which finance the Southern Europe division and credit facilities with a foreign bank which finance the N-Europe division.

The facility with the institution in Iceland has a cap of EUR 20 million with zero draw down at year end (2020: EUR 36.0 million). The facility expires in May 2022.

The Group has credit facilities in place with number of banks in Spain. Total amount of these loans was EUR 45.6 million at year end (2020: EUR 49.1 million).

The Group's subsidiaries in UK and Ireland (Northern Europe division) entered into a loan agreement with a foreign bank which was finalised in December 2021. The total loan amount was GBP 27.5 million with GBP 22.5 million of that being a revolving borrowing base facility against inventories and receivables in UK and Ireland and GBP 5 million three year term loan against pledge in the Group's production facility in UK.

The parent company concluded a private placement of 4 years unsecured bond, in June 2021. The amount of the placement was ISK 3.400 million and was fixed at EUR 23.1 million. The bond has semiannually interest payments, balance will be paid with one installment in June 2025. The bond is listed on Nasdaq Iceland.

The parent company concluded two offerings of 6 months bills for ISK 1.500 million each, in the second half of the year. In both cases hedging was put in place to fix the liability in EUR. The total fixed amount at year end 2021 amounts to EUR 20.4 million. The bills are listed on Nasdaq Iceland.

Borrowings are secured with most of the Group's assets, except from assets and equity of the Spanish subsidiaries. The revolving credits are secured with inventories, receivables, intellectual property rights and shares in subsidiaries. The other bank loans are secured with inventories, receivables and PP&E. The finance leases are secured with the assets leased.

19.2 Aggregated maturities

The contractual repayments of non-current borrowings are as follows:

	31.12.2021	31.12.2020
In 2022 / 2021	7.966	8.557
In 2023 / 2022	6.285	8.787
In 2024 / 2023	8.029	6.173
In 2025 / 2024	25.318	7.067
Later	671	1.278
	48.269	31.862

Amounts in EUR thousands

19.3 Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non–cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's Consolidated Statement of Cash Flows as cash flows from financing activities.

Borrowings	2021	2020
At 1 January	111.775	75.108
Acquired on acquisition of a subsidiary	737	2.721
Net decrease in revolving credit facility	(6.740)	(2.795)
Increase in unsecured bond	23.098	
Increase in bills	27	18.962
New borrowings	5.955	22.589
Repayments	(12.649)	(4.780)
FX impact long term loans	(265)	(30)
At 31 December	121.938	111.775

19.4 Weighted average interests

Weighted average interests rate on longterm loans in 2021 are 2.3% (2020: 1.8%).

19.5 Assets pledged as security

Borrowings are secured with most of the Group's assets, except from assets and equity of the Spanish subsidiaries. The revolving credits are secured with inventories, receivables, intellectual property rights and shares in subsidiaries. The other bank loans are secured with inventories, receivables and PP&E. The finance leases are secured with the assets leased.

20. Other liabilities

	31.12.2021	31.12.2020
Accrued payroll related expenses	2.374	1.625
Accrued other expenses	2.599	3.138
Deferred payments		2.950
Income tax	2.994	743
Value added tax	478	472
Fair value of cash flow hedges	527	1.675
	8.972	10.603

21. Leases

21.1 Leased assets

	Property and land	Machinery and equipment	Total
Balance at 1 January 2021	1.043	683	1.726
New or renewed leases	108	813	921
Eliminated on disposal	(164)		(164)
Depreciation	(201)	(360)	(561)
Balance at 31 December 2021	786	1.136	1.922

Amounts in EUR thousands

21.2 Recognised in profit and loss

	2021	2020
Depreciation expense from leased assets	561	567
Interest expense on lease liabilities	112	118
Total amount recognised in profit and loss	673	685

21.3 Lease liabilities

Maturity analysis (not discounted)

	31.12.2021	31.12.2020
Not later than 1 year	759	679
Later than 1 year and not later than 5 years	1.074	959
Later than 5 year	859	868
	2.692	2.506

The total cash outflow for leases amount to EUR 0.6 million (2020: 0.7 million).

22. Financial instruments

22.1 Categories of financial instruments

	31.12.2021	31.12.2020
Financial assets		
Fair value through profit or loss (other investments)	43	39
Amortised cost (trade and other receivables)	65.702	48.789
Amortised cost (other assets)	291	1.061
Derivative instruments in designated hedge accounting relationships	67.866	49.781
Cash and bank balances	27.766	23.269
Financial liabilities		
Amortised cost (borrowings)	121.938	111.775
Amortised cost (trade and other payables)	52.239	39.333
Amortised cost (other liabilities)	4.591	8.482

22.2 Financial risk management objectives

The Company's Board of Directors and senior executive team has the overall responsibility for the establishment and oversight of the Group's risk management framework, with regards to market risk, credit risk, liquidity risk and operational risk. The objective of the Group's risk policies is to manage and control risk exposures within acceptable levels, while optimizing the return.

Amounts in EUR thousands

22.3 Foreign currency risk management

The Group's foreign currency forward contracts are measured at fair value with discounted cash flow valuation techniques. Future cash flow (which is all anticipated within the next 12 months) is estimated based on forward exchange rates (from observable forwar exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

	Assets		Liabilities	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
GBP	696	10.474	2.022	12.117
USD	29.552	29.457	8.096	5.353
ISK	633	2.420	44.294	19.859
ARS	1.227	2.625	3.179	2.809
Other	4.197	6.136	15	163
	36.305	51.112	57.606	40.301

Sensitivity analysis

A 10% strengthening of the EUR against the following currencies at 31 December would have changed result after income tax by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	2021	2020
GBP	106	113
USD	(1.718)	(1.991)
ISK	3.493	1.355
ARS	146	13
EUR	(303)	(109)
CAD	(28)	8
JPY	(8)	(8)
NOK	0	(471)

A 10% weakening of the EUR against the above currencies would have had the equal but opposite effect on the above
currencies to the amounts shown above on the basis that all other variables remain constant. The following

	Average rate		Closing rate	
EUR:	2021	2020	2021	2020
GBP	0,8597	0,8901	0,8396	0,8966
USD	1,1821	1,1423	1,1372	1,2232
ISK	150,1900	154,5200	147,0800	155,5500
JPY	129,7881	121,8522	131,3214	126,4634
CAD	1,4826	1,5307	1,4366	1,5583
NOK	10,1607	10,7150	10,0327	10,4677

Amounts in EUR thousands

22.4 Interest rate risk management

At the reporting date the interest rate profile of the Group's interest bearing financial instruments was:

Variable rate instruments	31.12.2021	31.12.2020
Financial assets	27.766	23.269
Financial liabilities	(121.938)	(111.775)
	(94.172)	(88.506)

A change of 50 basis points in interest rates during the year would have impacted pre-tax profits by EUR 520 thousands (2020: 415 thousands).

22.5 Credit risk management

Trade receivables consist of a large number of customers spread across geographic areas. The maximum credit risk of financial assets is their book value. The Group manages its credit risk by using credit insurances alongside ongoing credit evaluation on the financial conditions of relevant customers. Following the Covid19 outbreak the Group has tighened its risk controls further, at year end 73% of receivables are credit insured. Further information about credit risk is shown in notes 14 and 25.15.

22.6 Liquidity risk management

The Group manages liquidity risk by ensuring sufficient liquidity is available from current bank facilities to meet foreseable needs and to invest cash assets safely and profitably. This policy has remained unchanged from previous periods. The Group has taken certain actions during 2021, to secure liquidity and ongoing funding of the operation. The parent company concluded a private placement of 4 years unsecured bond, in June 2021. The amount of the placement was ISK 3.400 million and was fixed at EUR 23.1 million. In December 2021 the Group's subsidiaries in UK and Ireland (Northern Europe division) entered into a loan agreement with a foreign bank, securing a funding of GBP 27.5 million in total. At end of 2021 the total funding headroom of the Group was 48.9 million plus cash position of 27.8 million.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities, including estimated interest payments.

31 December 2021	Carrying amount	Contractual cash flow	Less than 1 year	1-3 years	More than 3 years
Non-current borrowings*	50.407	53.233	10.186	15.862	27.185
Current borrowings	73.669	73.669	73.669		
Other liabilities	56.830	56.830	56.830		
	180.906	183.732	140.685	15.862	27.185

31 December 2020	Carrying amount	Contractual cash flow	Less than 1 year	1-3 years	More than 3 years
Non-current borrowings*	33.821	34.496	12.817	14.502	7.177
Current borrowings	79.913	79.913	79.913		
Other liabilities	47.815	47.815	47.815		
	161.549	162.224	140.545	14.502	7.177

**Non- current borrowings includes Long term loans and leases*

Amounts in EUR thousands

22.7 Fair value measurements

The directors consider that the carrying amounts of financial assets and financial liabilities recognised in the Consolidated Financial Statements approximate their fair values.

23. Related party transactions

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

23.1 Trading transactions

During the year, Group entities entered into the following trading transactions with related parties that are not members of the Group:

	2021	2020
Purchases of goods and services, from companies related to Board Members	90.863	76.629

The following balances were outstanding at the end of the reporting period:

	31.12.2021	31.12.2020
Amounts owed to companies related to Board Members	15.138	14.047
Amounts owed by companies related to Board Members	63	

Purchases of goods and services from and sales to related parties were made at the same prices and terms to non related parties.

23.2 Compensation to key management personnel

The remuneration of directors and other members of key management personnel was as follows:

	2021	2020	Shares at 2021 year end*
Liv Bergþórsdóttir, Chairman	55	46	1.200
Bergþór Baldvinsson, Board Member	28	20	276.998
Halldór Leifsson, Board Member	27	20	278.998
Ingunn Agnes Kro, Board Member	29	26	
Jakob Valgeir Flosason, Board Member	27	26	273.998
Gunnlaugur K Hreinsson, Alternate Board Member	3	3	14.997
Magnús Bjarnason, former Chairman	0	11	1.212
Bjarni Ármannsson, CEO	327	335	294.000
Other Executive management**	211	217	550
Total salaries and benefits for the BOD and executive management	707	704	1.141.953

* Number of shares (in thousands) held directly by Directors and Executive Management or parties related to them.
** Reynir Jónsson, CFO

The remuneration of directors and other members of key management is determined by a Remuneration Committee, having regarded to their performance, general market trends and other factors.

24. Approval of financial statements

The Consolidated Financial Statements were approved by the Board of Directors and the CEO and authorised for issue on 22 February 2022.

25. Significant accounting policies

25.1 Statement of compliance

The Consolidated Financial Statements are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and additional disclosure requirements in the Icelandic Act no. 3/2006 on Financial Statements.

The same accounting policies (except mentioned here above), presentation and methods of computation are followed in these Consolidated Financial Statements as were applied in the latest Financial Statements for the year ended 31 December 2020.

25.2 Basis of preparation

The Consolidated Financial Statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Share-based payments transactions are valued according to IFRS 2.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

25.3 Basis of consolidation

The Consolidated Financial Statements incorporate the Financial Statements of the Company and entities controlled by the Group. Control is achieved when the Group has power over the subsidiaries, is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an entity if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an entity, it has power over the entity when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the entity unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an entity are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of Other Comprehensive Income are attributed to the owners of the Company and to the non-controlling interests. Total Comprehensive Income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the Financial Statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

25.4 Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

25.5 Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business, less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

25.6 Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is considered as met only when the sale is highly probable and the non-current asset (or disposal group) is available for immediate sale in its present condition.

Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets (and disposals groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

25.7 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

25.7.1 Sale of seafood

Revenue from the sale of goods is recognised when control of the goods has transferred, being at the point the goods are delivered to the customer and titles have passed. A receivable is recognised by the Group when the goods are delivered to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due. There is no right of return under the Group's return policy and therefore no refund liability is recognised.

25.7.2 Dividend and interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition. Dividend income from investments is recognised when the shareholder's right to receive payment has been established.

25.8 Leasing

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a leased asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate. The lease payments included in the measurement of the lease liability comprise fixed payments less any incentives, variable lease payments that depend on an index or rate, expected residual guarantees and the excercise price of purchase options if the Group expects to excercise the option.

Leased assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the leased asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has used this practical expedient.

25.9 Foreign currencies

The Group's Consolidated Financial Statements are presented in Euro, the Group's presentation currency. In preparing the Financial Statements of each individual group entity, transactions in foreign currencies other than the entity's functional currency are recognised at the rates of exchange prevailing on the dates of the transactions. Monetary assets and liabilities denominated in such currencies are retranslated at the rates prevailing on the balance sheet date. Profits and losses arising on exchange are included in net profit or loss for the period.

For the purpose of presenting Consolidated Financial Statements, the assets and liabilities of the Group´s foreign operations (including comparatives) are expressed in Euro using exchange rates prevailing on the balance sheet date. Income and expense items of foreign operations, are translated at the average exchange rates for each month. Translation differences from foreign operations are posted to translation reserves among equity. Such translation differences are recognised as income or as expenses in the period in which the operation is disposed of.

Goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as asset and liabilities of the foreign operation and translated at the rate of exchange prevailing at end of each reporting period. Exchange differences are recognised in other comprehensive income.

25.10 Employee benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

25.10.1 Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries and annual leave in the year the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

25.10.2 Share based payment arrangements

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

25.11 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

25.11.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the Consolidated Income Statement because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

25.11.2 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Consolidated Financial Statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

25.11.3 Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

25.12 Property, plant and equipment

Property and equipment are recognized as an asset when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured in a reliable manner. Property and equipment is stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Land is not depreciated. Such cost includes the cost of replacing parts of the property and equipment if the recognition criteria are met. When significant parts of property and equipment are required to be replaced at intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciation, respectively. All other repair and maintenance costs are recognized in profit or loss as incurred.

The depreciable amount of the asset is allocated on a straight-line basis over its useful life. The depreciation charge for each period is recognized as an expense. The estimated useful lives, residual values and depreciation method are reviewed at each balance sheet date, with the effect of any changes in estimate accounted for on a prospective basis.
In the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the Consolidated Income Statement.

25.13 Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

25.14 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in-first-out basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

25.15 Financial assets

25.15.1 Recognition of financial assets

Financial assets are recognized when the Group becomes a party to the contractual provisions of the instrument. Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets (other than financial assets at fair value through profit or loss) are added to or deducted from the fair value of the financial assets, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are recognised immediately in profit or loss.

25.15.2 Financial assets at amortised cost

Financial assets at amortised cost are debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding. The Group's financial assets measured at amortised cost are trade and other receivables, bank balances and cash.

25.15.3 Financial assets at fair value

Debt instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at fair value through other comprehensive income (FVTOCI). All other debt investments and equity investments are measured subsequently at fair value through profit or loss (FVTPL). The Group currently holds no financial assets measured at fair value.

25.15.4 Impairment of financial assets
The Group recognises a loss allowance for expected credit losses (ECL) on its trade receivables, that are measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. The Group's estimate for trade receivable ECL is described in detail in note 14.

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

25.15.5 Derecognition of financial assets
The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

25.16 Financial liabilities and equity instruments
25.16.1 Financial liabilities
Financial liabilities are classified as 'other financial liabilities'. Other financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortised cost using the effective interest method.

25.17 Hedge accounting
The Group designates certain hedging instruments, which include derivatives in respect of cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges. The Group has elected to continue to apply the hedging requirements of IAS 39, as permitted by IFRS 9.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

25.17.1 Cash flow hedges
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'other gains and losses' line item.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

26. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, the management of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value.

27. Application of new and revised International Financial Reporting Standards (IFRSs)

27.1 Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied a number of amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2021. Their adoption has not had any material impact on the disclosures or on the amounts reported in these Consolidated Financial Statements.

27.2 New and revised IFRSs in issue but not yet effective

The Group has not early adopted new standards or amendments to IFRSs that have been issued and are permitted for early adoption. The following amendments are effective from 1 January 2022:

- IAS 16 Property, Plant and equipment	Proceeds before intended use
- IAS 37 Provisions, contingent liabilities and contingent assets	Onerous Contracts, cost of fullfilling a contract
- IFRS 3 Business Combinations	Reference to Conceptual Framework
- 2018-2020 Annual Improvements cycle	Minor amendments to four IFRSs

The Management of the Company do not expect that the adoption of the amended Standards listed above or other issued new standards and amendments scheduled that become effective in subsequent periods will have a material impact on the Consolidated Financial Statements of the Group in future periods.

Amounts in EUR thousands

Quarterly Statements (unaudited)

for the year ended 31 December 2021

Quarterly Statements

The Group´s quarterly statements are not audited. Summary of the Group´s results by quarters is specified as follows:

For the year 2021

	Q4	Q3	Q2	Q1	Total
Revenue:					
Sales of seafood	147.468	128.149	116.792	119.299	511.708
Eliminations	(17.998)	(16.846)	(12.868)	(14.947)	(62.659)
	129.470	111.303	103.924	104.352	449.049
Operating results:					
Operating profit	4.955	4.157	1.290	4.343	14.745
Net finance costs	(579)	(762)	(272)	(596)	(2.209)
Normalised PBT	**4.376**	**3.395**	**1.018**	**3.747**	**12.536**
Income tax	(1.022)	(1.105)	(226)	(880)	(3.233)
Normalised profit	**3.354**	**2.290**	**792**	**2.867**	**9.303**
Significant items and discontinued operations	(139)	(173)	(72)	(146)	(530)
Profit	**3.215**	**2.117**	**720**	**2.721**	**8.773**
Assets	279.353	263.956	249.148	261.465	
Liabilities	187.619	175.246	170.274	183.308	

For the year 2020

	Q4	Q3	Q2	Q1	Total
Revenue:					
Sales of seafood	101.797	105.989	82.320	121.581	411.687
Eliminations	(8.175)	(10.310)	(7.288)	(16.074)	(41.847)
	93.622	95.679	75.032	105.507	369.840
Operating results:					
Operating profit	1.347	1.396	710	3.515	6.968
Net finance costs	714	(990)	(1.012)	(610)	(1.898)
Normalised PBT	**2.061**	**406**	**(302)**	**2.905**	**5.070**
Income tax	(358)	(256)	(28)	(711)	(1.353)
Normalised profit (loss)	**1.703**	**150**	**(330)**	**2.194**	**3.717**
Significant items and discontinued operations	(1.868)	(500)	(209)	(344)	(2.921)
Profit (loss)	**(165)**	**(350)**	**(539)**	**1.850**	**796**
Assets	241.467	229.598	237.729	216.653	
Liabilities	166.150	147.162	154.927	155.359	

Amounts in EUR thousands

Non-Financial Information (unaudited)

for the year ended 31 December 2021

About the Company

Iceland Seafood International hf ("The Company") is a holding company for a Group of subsidiaries that are leading suppliers of North Atlantic seafood and one of the largest exporters of seafood from Iceland. The Group is headquartered in Iceland and has subsidiaries in the United Kingdom, Ireland, Spain, Argentina, Iceland, France and Germany.

Environmental, Social and Governance (ESG) - non-financial

The Company objective is that business should be conducted honestly, fairly, and legally throughout the value chain across the Groups operations. There are policies in place on Corporate Social Responsibility and Environmental matters, both have been approved by the Board. The identified KPIs for these matters are reported on both in the Annual Report as well as in a dedicated ESG report.

The key ESG aspects for the Group are:

- Sustainable fisheries
- Energy use
- Greenhouse gas emissions
- Water use
- Waste
- Health and safety of employers
- Non-discrimination
- Child & forced labour
- Fair labour practices
- Human rights
- Anti-bribery/anti-corruption
- Tax transparency

The awareness of the Company and its employees of the importance of ESG matters have steadily increased during the past few years. Regular measurements and reporting are constantly being improved. This is detailed further in the ESG report where the impacts of the policies are identified.

Quality control

ESG numbers are collected and reviewed respectively in each business before they are sent to head of ESG, where results of the KPIs are combined for the final report, outcomes calculated, and impacts assessed. The Company is continuously improving on internal documentation and processes and intends to get external verification within the next few years.

Environment

Effect of climate change

The Company depends on the ocean for its operation and sets focus on climate change throughout its operation. Climate change could affect the Company in various ways but the two following have been identified as the major risk factors.

Ocean acidification: Majority of the global carbon cycle is circulated through the ocean which absorbs the greater part of excess heat from GHG emissions causing acidification. The ocean is the home to a vast variety of marine species and acidification disrupts the balance of life found in the ocean which can affect seafood supplies.

Extreme weather events: Climate change increases the frequency of extreme weather events. This can affect the availability of seafood due to dangerous sea conditions as well as delaying transportation of seafood from producer to the end consumer.

Non-Financial Information (unaudited)

for the year ended 31 December 2021

Supply chain and sustainable fisheries

The adequacy and sustainability of the company's supply chain are of critical importance for the Group. Covid has increased the Company resilience as well as lowering the environmental impact. Products previously only supplied from Asia are now also being supplied from Europe. Covid has therefore made the overall supply chain more resilient while also shortening overall transportation distances and subsequently improving on the environmental aspects.

Iceland Seafood is committed to supplying sustainable seafood and to work with the industry on fishery improvements and best practices. There is a deep understanding of the risks related to each type of supplier and market within the trading part of the company. The risks are continuously assessed and monitored during the relationships with suppliers. All production sites are also subject to inspections for compliance with applicable food laws, including traceability requirements, by local authorities.

Social & Governance

Iceland Seafood is committed to be fair, equitable and respectful to employees, associates, competitors, customers, the society, and all business or professional relationships. This is detailed in the Group's CSR policy that covers human rights, fair labour practices, non-discrimination, anti-bribery/corruption, and tax transparency. The main social impact and concern of Iceland Seafood is on its employees and their families. The company strives to supply its employees with a good and save work environment. Iceland Seafood recognises and supports international human right treaties. No human right violations have been reported in 2021. Key metrics regarding the social aspects of Iceland Seafood's operations and more details on the CSR policy will be documented in the ESG report for 2021.

Food safety

Food safety is of critical importance for the company. Factories within the Group have food safety management systems in place to ensure appropriate food safety standards. These systems cover suppliers, contractors, distributors as well as the production facilities and processes. They include detailed specifications for raw material and finished product and procedures for Good Manufacturing Practice. A thorough product traceability systems are in place within the Group's businesses and product recall procedures that are tested regularly. These systems are certified to international standards and as such are audited regularly by an independent third-party auditor. All production sites are also subject to inspections for compliance with applicable food laws by local authorities.

Employees

The Group's operations are made up of a highly experienced group of 944 employees, from various countries, backgrounds, and cultures. The Group focuses on the importance of attracting employees with the right skills and ambition to provide high quality service, exceed customer demands and achieve the Company’s financial and strategic goals. The objective is to ensure that the employees feel empowered to deliver to the highest standards by being connected to our producers and customers.

Health & Safety of employees

Health and safety of staff is an essentially important for the Company. Covid has posed certain challenges to the operation of Iceland Seafood. Management in each subsidiary oversees compliance with all local laws and regulations. Production sites have in place appropriate OHS and emergency preparedness and response management systems. Value added division are a part of essential operation and therefore did not shut down during covid lock down periods. Employee safety was ensured with appropriate PPE, physical distancing and by separating groups. Metrics on operational health and safety will be reported in the company's ESG report.

Statement of Corporate Governance

About Iceland Seafood International

Iceland Seafood International hf (hereafter referred to as “Iceland Seafood“, the “Company“ or “ISI”) is a holding company for Group of subsidiaries, that are leading suppliers of North Atlantic seafood and one of the largest exporters of seafood from Iceland. The Group is headquartered in Iceland and has subsidiaries in the United Kingdom, Ireland, Spain, Argentina, Iceland, France, and Germany. The Group operates across three divisions; Value-Added Southern Europe, Value-Added Northern Europe and our Sales and Distribution Division. The Value-Added Divisions have processing factories and cold stores in their respective regions with Southern Europe also having a satellite facility in Argentina.

Corporate Governance structure

Iceland Seafood's corporate governance framework is defined by Act No. 2/1995 on Public Limited Companies (hereafter referred to as the “Act on Public Companies“), the Nasdaq Iceland Rules and is set out in the Company’s Articles of Association. Under its Articles of Association, the Company is governed by shareholders' meetings, the Company's Board of Directors (hereafter referred to as the “Board of Directors” or the “Board”) and the Chief Executive Officer. The Shareholders hold the decision-making powers in the Company through shareholders meetings that are held at least once a year. The Board of Directors is authorized to allow shareholders to participate in proceedings at shareholders’ meetings through electronic means without being present at the meeting venue if it deems that available equipment is sufficiently secure for this purpose. When organising shareholders meetings, the Board does so in a manner that allows shareholders to exercise their decision powers and express their opinions, i.e., by publishing all information and documents on the Company’s website. Between shareholders meetings, the Board holds supreme authority of the Company. In accordance with Article 70 (5) of the Act on Public Companies the Board of Directors has set itself formal Rules of Procedure which are supplementary to the Articles. According to the Rules the Board of Directors may elect committees that operate on behalf of the Board. All Board committees set themselves specific rules of procedure.

The Company adheres to the principles set forth in the Corporate Governance Guidelines, published by the Iceland Chamber of Commerce in co-operation with SA Business Iceland and Nasdaq Iceland (hereafter referred to as the “Guidelines”). As of the date of this statement there are two deviations from full compliance with the Guidelines. The Company does not have a board nomination committee, the reason being that due to the nature of the Company and close connection to the seafood sector, it is considered important to have representatives from key seafood suppliers of the Company on its board. These board members bring both valuable sourcing capabilities and sector knowledge to the board of Iceland Seafood. At the date of this statement, three of five board members of the Company are directors and/or owners of key suppliers of Iceland Seafood and are as such not independent from the company. These board members do not participate in dealings with items connected to their own business or business that is related to them, except from normal trading of seafood.

Board of Directors

The Company's Board of Directors shall be composed of three to five members and up to two alternate members, elected at the Annual General Meeting for a term of one year. In 2021 the total number of Board meetings was 14 and the Board was competent to make decisions in all meetings. The Board annually evaluates its own work, the work of the CEO and the Company’s operation. This assessment is based on self-assessment of the board, examination of whether the Board has operated in accordance with its Rules of Procedures. The Board shall evaluate the work of the CEO and the Company’s operation in general, the CEO shall not be present for this evaluation. The Chairman of the Board shall present and discuss the results of the assessment with the CEO. The Board currently consists of five main members and one alternate member. As of the date of this statement the Board of Directors consists of the following members:

Statement of Corporate Governance

Chairman of the Board of Directors

Name:	Liv Bergþórsdóttir
First elected:	February 2019
Education and experience:	Liv Bergþórsdóttir was appointed CEO of ORF Genetics in April 2020. She joined ORF Genetics after 20 years in the telecommunication industry. Liv led the launch of the telecommunications company Nova in 2006 and was the CEO of Nova until 2018. Prior to that, she was the CEO of the mobile phone company Sko and Director of Sales and Marketing at Og Vodafone and Tal. In recent years Liv has also served on the boards of several companies, both in Iceland and abroad. Liv is a business graduate from the University of Iceland and has completed AMP studies at IESE Barcelona Business School.
Current member of board or management:	Liv is the CEO of ORF Genetics/BIOEFFECT.
Shareholdings in the Company as at 31.12.2021 and other interest related to large shareholders, competitors, customers or	Liv holds 1.200.000 shares through the holding company 54 ehf

Board member

Name:	Jakob Valgeir Flosason
First elected:	February 2019
Education and experience:	Jakob has an extensive knowledge of the Icelandic fishing industry from all perspectives, a knowledge that not many people possess. He has been involved in every aspect of the sector from early age, working in factories, on fishing boats and building up the family company to become one of the most technology advanced and leading company within the Icelandic fishing sector.
Member of board or manangement	Jakob is currently a board member of Sigurbjörg ehf., HRock ehf., BB29 ehf., Klofningur ehf., Valgeir ehf., B1917 ehf., Sýr ehf., Itsorf ehf., Salting ehf., Breiðhella ehf., Karlsbali ehf., Gafl ehf., Hamarshöfði 4 ehf., B15 ehf., Fiskmarkaður Vestfjarða hf. and EA 30 ehf. in addition to his board membership with the Company.
Shareholdings in the Company as at 31.12.2021 and other interest related to large shareholders, competitors, customers or suppliers	Jakob Valgeir ehf., owned by Jakob, his wife, and his father, holds 273,997,713 shares. Jakob Valgeir ehf. is also a large supplier of seafood to the Company.

Statement of Corporate Governance

Board member

Name:	Bergþór Baldvinsson
First elected:	March 2020
Education and experience:	Bergþór has been the CEO of Nesfiskur since 1979. Nesfiskur is a family-owned company that Bergþór and his parents stated in 1975. Working at Nesfiskur since a teenager, Bergþór has familiarized himself with every aspect o the industry. The small family company has grown constantly from the beginning, today Nesfiskur and its subsidiaries employ around 400 people. Bergþór has been a board member of various companies and pension funds for the past two decades.
Member of board or manangement	Bergþór is a board member of FSM hf, Umbúðamiðlun hf, Nesfiskur ehf and companies within Nesfiskur Group.
Shareholdings in the Company as at 31.12.2021 and other interest related to large shareholders, competitors, customers or	Nesfiskur ehf, owned by Bergþór and his family, holds 276,997,713 shares. Nesfiskur is also a large supplier of seafood to the Company.

Board member

Name:	Ingunn Agnes Kro
First elected:	February 2019 as an alternate board member and as a board member from March 2020
Education and experience:	Ingunn is the general manager of Jarðvarmi slhf. Previously Ingunn was a Director of Administration and Communication at Skeljungur hf., a company listed on Nasdaq Iceland, heading internal and external communication, incl. legal matters, marketing, public relations and human resources, and before that the company´s general counsel, compliance officer and secretary to the board. Ingunn holds a B.A. and M.A. degree in law and an MBA from the University of Iceland, as well as being a certified district court attorney and securities broker.
Member of board or manangement	Ingunn is currently a board member of Sjóvá Almennar tryggingar hf. (insurance company), HS Orka hf. (electricity producer and provider), Freyja slhf. (private equity fund) and the Wetlands fund
Shareholdings in the Company as at 31.12.2021 and other interest related to large shareholders, competitors, customers or	None

Statement of Corporate Governance

Board member

Name:	Halldór Leifsson
First elected:	March 2020
Education and experience:	Halldór is Marketing and Sales Director at Fisk Seafood ehf. He has worked in the seafood industry since 1990, in all the key segments including management of production, fleet, sales, office, finance and in the role of deputy MD and MD. Halldor holds a degree in Fishery Technology from the Technical University of Iceland and has studied Business Management in the University of Reykjavík.
Member of board or manangement	Halldór is the main owner and board member of the company Haf-sjór slf.
Shareholdings in the Company as at 31.12.2021 and other interest related to large shareholders, competitors, customers or	Fisk Seafood, the employer of Halldor, holds 278,997,713 shares. Fisk Seafood is also a large supplier of seafood to the Company.

Board member

Name:	Gunnlaugur K Hreinsson
First elected:	March 2020 as alternate board member
Education and experience:	Gunnlaugur K Hreinsson is the owner of GPG Seafood and alternate companies. Gunnlaugur has decades of experience from the seafood sector. GPG Seafood operates four longliners out and four processing plants in the north of Iceland. Gunnlaugur is also the largest shareholder of the company Þórsnes ehf, a seafood company located in Stykkisholmur.
Member of board or manangement	Gunnlaugur is a board member of GPG Seafood, Þórsnes and related companies.
Shareholdings in the Company as at 31.12.2021 and other interest related to large shareholders, competitors, customers or	GPG Seafood, holds 14,997,030 shares. GPG Seafood and Þórsnes are also large suppliers of seafood to the Company.

Statement of Corporate Governance

Subcommitees

The Board of Directors has appointed two subcommittees, Audit Committee and Remuneration Committee.

Audit Committee

The Audit Committee ensures the quality of the financial statements and internal controls. It has oversight of the external auditors. It also presents proposals for the selection of external auditors and ensures their independence. The Audit Committee's main responsibilities include monitoring the integrity of the financial statements of the Group, reviewing the effectiveness of the Group's internal controls and risk management systems and overseeing the selection, appointment and relationship with the Group's external auditor.

The committee shall operate independently on behalf of the Board of Directors who shall elect the members of the Audit Committee each year. The Audit Committee operates in accordance with rules of procedure approved by the Board of Directors and shall be made up of 2-3 members. Committee members shall possess knowledge and experience which is consistent with the work of the committee, at least one of the audit committee members shall be a financial expert who has accounting or related financial expertise. The members shall be independent of the auditor of the Group and the majority should be independent of the Company's management. Members of the Audit Committee are Ingunn Agnes Kro, Bergþór Baldvinsson and Ágúst Kristinsson.

The committee shall meet at least four times a year, at appropriate times in the reporting and audit cycle and otherwise as required. Only members of the Audit Committee have the right to attend committee meetings, however, other individuals such as the chairman of the Board, chief executive, finance director, other directors and representatives from the finance function may be invited to attend all or part of any meeting as and when appropriate. Additionally, the external auditors are invited to attend meetings of the committee on a regular basis.

The Board is responsible for the appointment and activities of the Audit Committee and it operates under the Board's authority. The Audit Committee does not reduce the responsibilities of the Board or relieve it of any responsibility.

Remuneration Committee

The Remuneration Committee is responsible for establishing a remuneration policy for the Company. The Remuneration Committee shall assist the Board in ensuring that compensation arrangements support the strategic aims of the Company and enable the recruitment, motivation and retention of senior executives while also complying with legal and regulatory requirements. The committee's main tasks include preparing and submitting annually a proposal to the Board of Directors for the Company's remuneration policy, annually reviewing the Company's compensation programs and monitoring that salary and any incentive schemes are in accordance with law and market practice.

The Board of Directors appoints the members of the committee and its chairman. Neither the Company's chief executive officer nor any of the Company's and its subsidiaries' top executives shall be appointed to the Remuneration Committee. The committee operates in accordance with rules of procedure approved by the Board of Directors and shall be made up of 2-3 members. It is preferable that the members of the committee have experience and knowledge on guidelines and common practise regarding decision on executives' terms of employment. If deemed necessary, the Remuneration Committee may seek the assistance of consultants, such consultants shall be independent of the Company, its executives and the Board of Directors who are not deemed to be independent. The committee is responsible for examining the consultant's experience. Members of the Remuneration Committee are Liv Bergþórsdóttir, Jakob V Flosason and Halldór Leifsson.

The Board is responsible for the appointment and activities of the Remuneration Committee and it operates under the Board's authority. The Remuneration Committee does not reduce the responsibilities of the Board or relieve it of any responsibility. The committee shall call meetings as often as necessary at their own initiative or at the request of the other committee members, however, not less than twice a year.

Statement of Corporate Governance

Executive Management

The Executive Management comprises the Company's CEO and CFO. The CEO has charge of the day-to-day operations of the Company and represents the Company in all matters concerning normal operations. The CEO shall manage the accounts of the Company and employ the employees of the Company. The CEO shall grant Board members and auditors all necessary information on the operations of the Company which they might request and should be granted according to statutory law. The CEO of the company is Bjarni Ármannsson and the CFO is Reynir Jónsson.

CEO

Name:	Bjarni Ármannsson
First employed:	January 2019
Education and experience:	Bjarni Ármannsson is a private investor. He is a significant investor in Iceland Seafood International via Sjávarsýn ehf. – 100% owned by him. Bjarni is a computer engineer from the University of Iceland in 1990 and graduated with an MBA from IMD in Switzerland in 1996. Bjarni spent the lion share of his career in the banking industry in Iceland, originally as a CEO for Kaupthing, an investment and financial service company, later for the Icelandic Investment Bank and as a CEO of Islandsbanki – a leading seafood service provider out of Iceland.
Member of board or manangement	Bjarni is currently a board member of Polar Maritime ehf., Fálkinn Ísmar ehf., UB koltrefjar ehf., Sjávargrund ehf., Kemi ehf., Tandur hf., Hliðarspor ehf., S4S ehf., Ellingsen ehf., Fáfnir Offshore ehf., Imagine Capital AS, Imagine capital BV, Sydvestor Troll AS, Cargow BV, Samey Holding ehf, Samey Robotics ehf, Pizza Pizza ehf, PPH ehf, Fjárfestingaráð Vex, SFS, Sjávarsýn fjárfestingar ehf and Sjávarsýn ehf. in addition to several of the Company's subsidiaries.
Shareholdings in the Company as at 31.12.2021 and other interest related to large shareholders, competitors, customers or	Bjarni directly holds 294,000,000 shares through holding company Sjávarsýn ehf. Bjarni does not hold options to purchase Shares in the Company.

Statement of Corporate Governance

Chief Financial Officer

Name:	Reynir Jónsson
First employed:	October 2013
Education and experience:	Reynir Jónsson has been the Group's CFO since late 2013. Before joining the Group, he worked as a Director and Partner at Deloitte Financial advisory services for five years, where large parts of his projects were related to the seafood sector in Iceland. Prior to that, Reynir was the head of accounting at HB Grandi from 2003-2006. Reynir holds an MSc degree in Finance and Strategic Management from Copenhagen Business School and a Cand.oceon Degree in accounting from the University of Iceland.
Member of board or manangement	Reynir is a board member of several of the Issuer's subsidiaries
Shareholdings in the Company as at 31.12.2021 and other interest related to large shareholders, competitors, customers or	550,345 shares in addition to options for 10,000,000 shares

Internal control and risk management

The Board of Directors and the CEO are responsible for internal control and risk management of the Company. Internal control and risk management procedures are designed to minimize risk of material misstatements. The Company does not have an internal audit function, but the Audit Committee reviews the effectiveness of the Group's internal controls and risk management systems.

An independent auditor or auditing company is elected at the Annual General Meeting for a term of one year. The auditors shall be provided with any information requested in relation to its auditing services for the Company, they shall always have full access to the Company's books and documents. They shall audit the Company's consolidated financial statements in accordance with international standards on auditing, including a review of internal controls and processes. Any significant findings in relation to the audit and review of internal controls are reported to the Board of Directors through Audit Committee.

Effective risk management is important to minimise the risk of material misstatement and for the business to perform. Iceland Seafood activities are exposed to variety of risk factors related to its operations and financials, such as Currency Risk, Supplier Risk, Credit Risk, Liquidity Risk etc. Risk management within Iceland Seafood is governed by the Board of Directors, while the Audit Committee is responsible for its review on a regular basis. The Executive Management is responsible for identifying material risk and developing the risk management strategy.

Corporate Social Responsible and Environmental Responsibility

The Board of Directors have set a Group policy's on Corporate Social Responsibility and Environmental Responsibility. The purpose or these policies is to set common standards for all Group companies regarding these topics and to make sure the Group manages its environmental impacts throughout the value chain.

Statement of Corporate Governance

CSR Policy

The following key principles on Corporate Social Responsibility and Business Integrity have been set out and detailed in the Company's CSR Policy:

• We are committed to maintaining the highest standards of business conduct by using only legal and ethical means in all business activity.
• We are fair, equitable and respectful to employees, associates, competitors, customers, the public and all business or professional relationships.
• We treat all customers and suppliers honestly, fairly and objectively.
• We observe all applicable state, federal, foreign or international laws and regulations relating to the production, sourcing, processing, labelling, handling, importing, distribution, promoting and selling of seafood products.
• We are committed to maintaining the Group's financial books and business records with the highest degree of accuracy, completeness and integrity.

Environmental Policy

The key environmental considerations for the Group have been defined in the Environmental Policy:

-Sustainable Fisheries
-Energy use
-Greenhouse gas emissions
-Water use
-Waste

The Group's key principles guiding our actions in this area include:

• The objective to source only from fisheries that are administrated in conformance with FAO Code of Conducts for responsible fisheries and have proper fishery management systems,
• Supporting independent and credible standards that are set to audit and approve fisheries that are well managed and will wherever possible promote these fisheries to its customers,
• Commitment to working with industry on fishery improvements and best practises,
• Help and support customers to make the right choice to source sustainable seafood,
• Commitment to supply sustainable seafood to its customers.
• Educate customers, suppliers, employees and other key stakeholders about environmentally responsible seafood.
• Participate in work with official and industry bodies to achieve our policy.
Iceland Seafood annually publish a Corporate Social Responsibility report, which is based on the non-financial guidelines for Environmental, Social and Corporate Governance (ESG) disclosures issued by Nasdaq's Nordic and Baltic stock exchanges.

Statement of Corporate Governance

Iceland Seafood's corporate governance rules

The Company has specifically reserved a section of its website for corporate governance information on www.icelandseafood.com/investors. The below information and documents are available on the website:

1. The Company's corporate governance statement.
2. The Company's remuneration policy.
3. Summarised information on the Company's Board of Directors, CEO, auditors and members of sub-committees.
4. Information on the Company's shareholders' meetings, including time and location, information on candidates to the Board, and the agenda of the meeting, together with the date of issue of the annual accounts and interim financial statements.
5. Meeting notices, minutes of shareholders' meetings and documents presented at the meeting. It is not necessary to publish a list of the shareholders and proxies that have attended meetings.
6. The Company's Articles of Association.
7. The Board's rules of procedure.
8. The sub-committee's rules of procedure.
9. The Company's annual accounts and the report of the Board of Directors.

Reykjavík, 22 February 2022.

Board of Directors