



THE ICELAND SEAFOOD GROUP
Q4 AND FULL-YEAR 2022 RESULTS

Presentation to Investors and Analysts





Q4 2022 Results
Presentation to Investors
and Analysts

90

YEARS 1932-2022

**We are
Iceland Seafood**



Iceland Seafood in numbers

420m+

€ Annual revenues in 2022

12.4m

Normalised PBT 2022

28.0%

Equity ratio at year
end 2022

Global value-added
Seafood producer and
sales and marketing
company



10

Businesses in 6 countries



5.000+

Customers across 45 countries



1.0m+

Meals sold every day
during 2022



6

value added factories



760+

employees



72.000

MT of products
sold in 2022

High volatility and increased input costs affected the year 2022

War in Ukraine



Cost of living crisis



Inflation & interests up



Covid still around

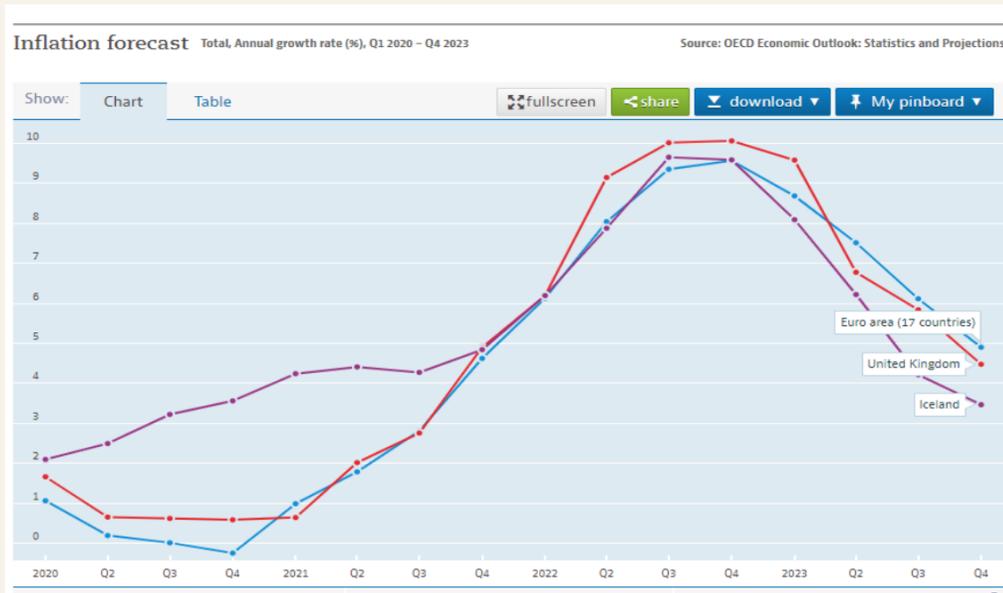


The European Central Bank Raises Rates Again in the Fight Against Inflation

Policymakers on Thursday approved another hefty interest rate increase to corral prices that have risen "far too high."

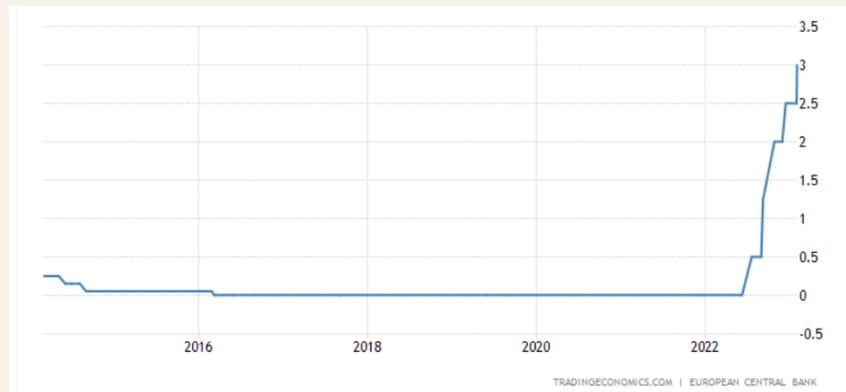


European and UK Economies

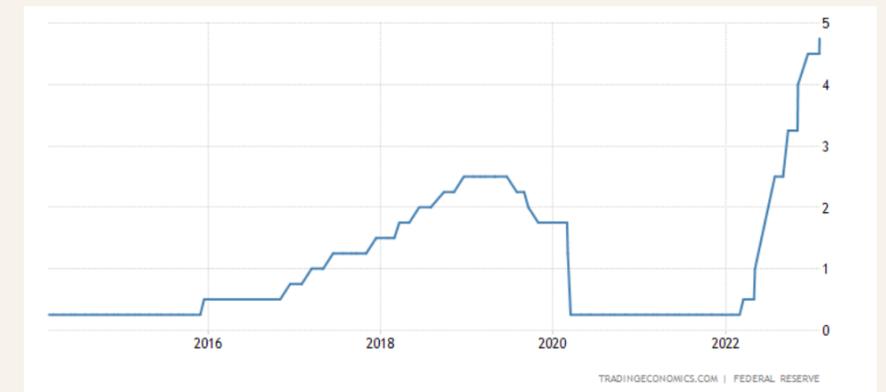


- Record-breaking inflation
- UK inflation hit 10.1% in Q4 2022
- Eurozone peaked at 9.6%
- Iceland peaked at 9.7%
- OECD forecast that inflation will slow in 2023 and will end the year between 3.5% and 4.9%
- Record food inflation as cost increases are passed on to consumers.
- Significantly higher than CPI inflation

Eurozone currently 3.0%



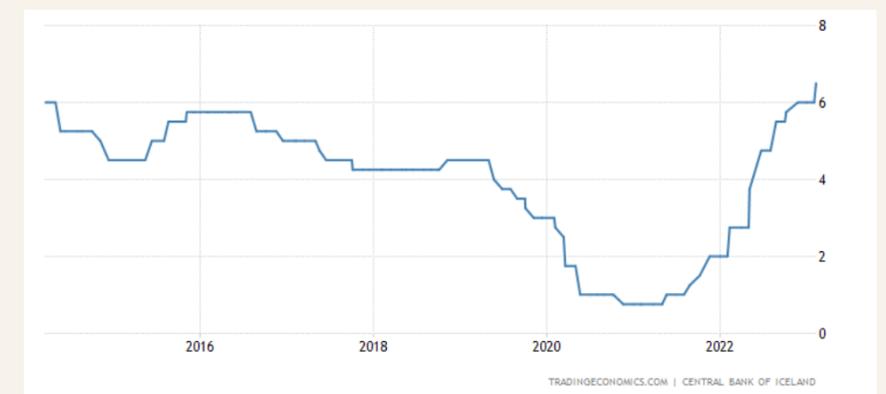
Federal Reserve 4.75%



UK 4.0%

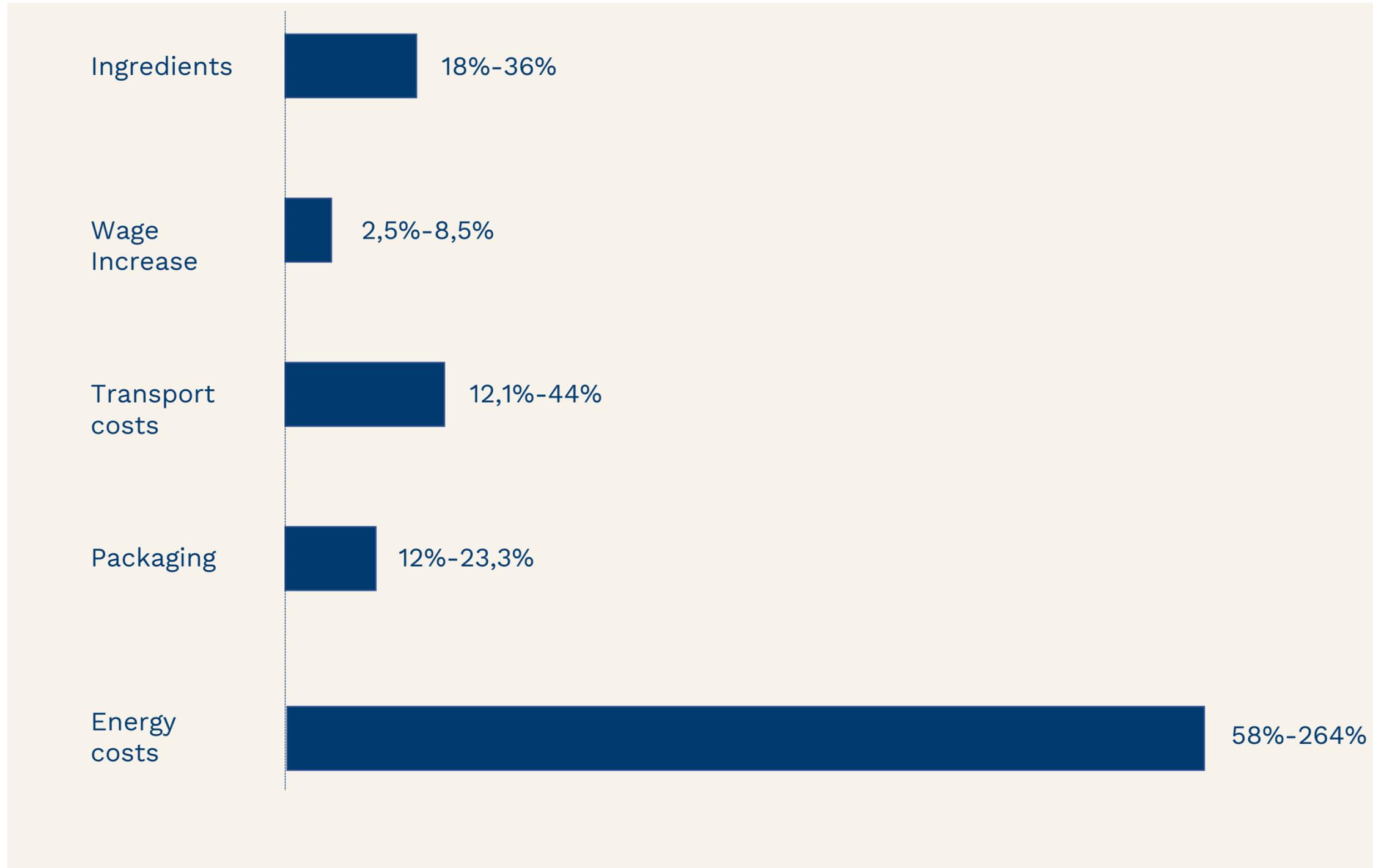


Iceland 6.5%



Major cost increases 2022

2023 Trend



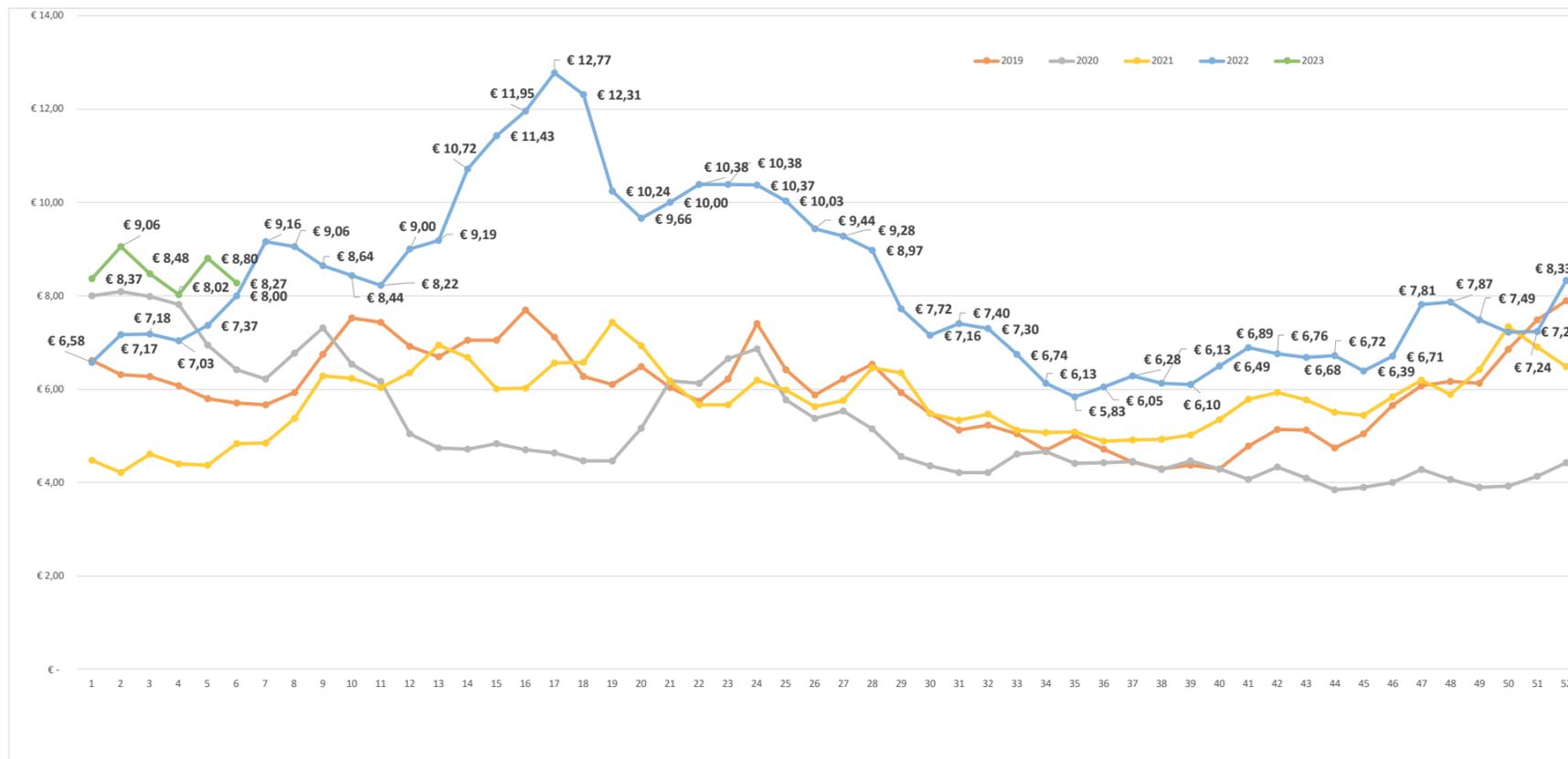
Salmon and Cod prices hit record heights in 2022

Q4 2022

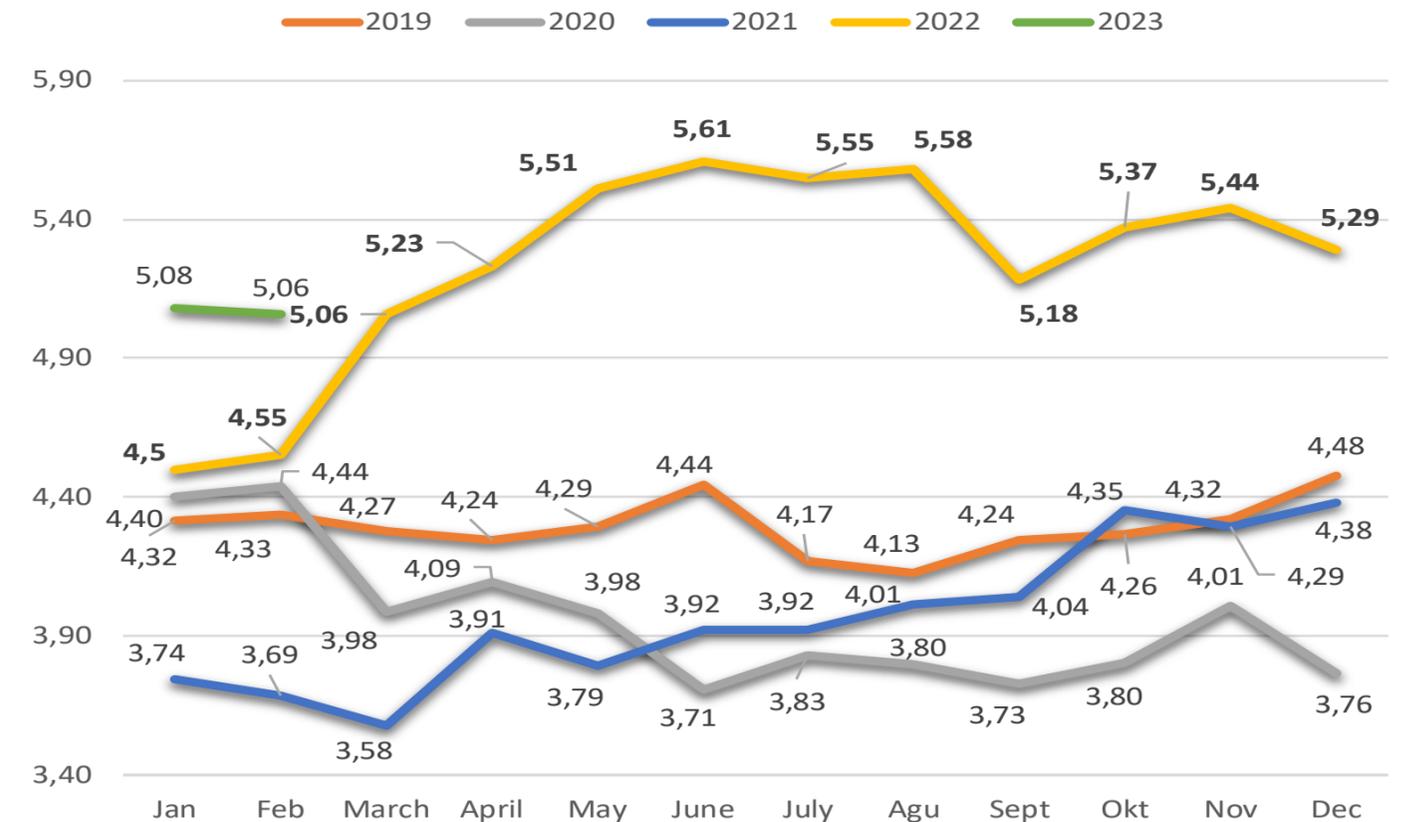
Presentation to Investors and Analysts

Salmon prices levelled off after reaching an all-time high in Q2 but are still higher than in recent years.

Cod prices have also been at an all-time high but came slightly down in the first quarter of 2023



Weekly Salmon prices \$/kg (2019 – 2023)*



Monthly H&G cod frozen prices (US\$/kg) (2019-2023)

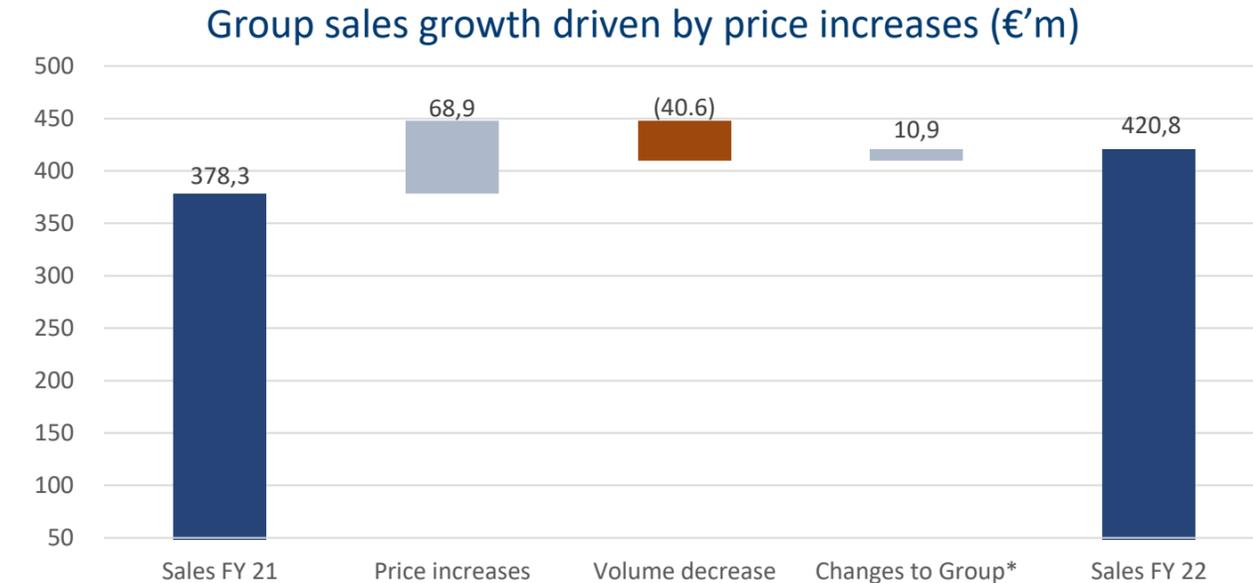
*Source NASDAQ

Source: Norges Sjomatrad

The results of 2022 were severely impacted by unprecedented cost increases and high volatility

A more balanced external environment is on the horizon

- The year 2022 was very much affected by unprecedented cost increases and high volatility, both in terms of raw material and other key input factors,
- Strong pushback on price increases from both retail and food service. High prices and diminishing consumer purchasing power had a significant negative impact on demand, especially in Q4,
- Both logistics and cold storage costs were considerably impacted by higher energy prices and are passed on directly as a surcharge. A limited supply of both cold storage facilities and truck drivers,
- These disruptions and cost increases have negatively impacted margins,
- Prices of some essential input factors have eased and stabilized during the last months. A more balanced external environment is on the horizon after a highly volatile and disruptive period since the beginning of Covid-19,
- It is likely that value-added production will move closer to consumers. Processing in Europe will become more competitive, where automation and investments in production efficiencies will play a key role.
- The operation of Iceland Seafood is well-balanced. The company is in an excellent position to address challenges and utilize opportunities that will arise due to its solid sourcing base and value-added operations close to key markets.



• Addition of Ahumados Dominguez and closing of IS USA in 2021
 • Figures present continuing operation, i.e. exclude IS UK

Investments in the future can be segmented into three main categories:

- Investments connected with **sustainability** matters. E.g., Solar Panels, waste management, water treatment, etc. Emissions and waste management will be measured and reported from the beginning of 2023,
- Investments connected with **automation** and operational efficiency. This is key in driving efficiency, further enhancing consistency, and increasing competitiveness,
- Marketing and **branding** investments, Iceland Seafood has invested in companies with retail or consumer brands (Carr&Sons, Ahumados Domínguez). The Group plans to further invest in the brands it holds.

Overall good 2022 performance from continuing operations in a complex and unpredictable environment. A clear indicator of solid and stable foundation

VA S-Europe

- A good performance in the first half of the S-Europe division, while difficult economic situation impacted the second half.
- Profitability of IS Ibérica was excellent in 1H 2022, with strong sales and margins. Results in Q4 were impacted by challenging external conditions which affected sales,
- The Christmas sales of Ahumados Dominguez (AD) did not meet expectations. Sales of premium products dropped in the market due to the difficult economic situation,
- Overall, positive results at Achernar, which operated in an uncertain and dynamic environment,
- Good results from Elba, which was fully integrated into the IS Iberica operation in Q2 2022.

VA N-Europe

- Oceanpath's operation is back on track after a problematic first half of 2022 due to extreme price increases of salmon.
- Sourcing of whitefish was also difficult during the year, both due to limited availability and high prices,
- Christmas sales were in line with expectations, despite the challenging environment, which is a sign of strength,
- Iceland Seafood UK (discontinued operations) went through severe difficulties during 2022, significantly impacting Group results. Results at the beginning of 2023 have improved.

Sales & Distribution

- A record performance in 2022 for the division driven by strong demand for products out of Iceland.
- Excellent results from all product categories, despite the challenging environment, especially in the 2H of the year.
- The French and German operations performed well in a year marked by price volatility and extreme cost increases.

Iceland Seafood will continue to operate the IS UK subsidiary, but intends to support further consolidation of the UK business at the right terms

Throughout 2022 IS UK operations and the sector in general were characterized by increased input costs and difficulties with pushing these costs through to customers

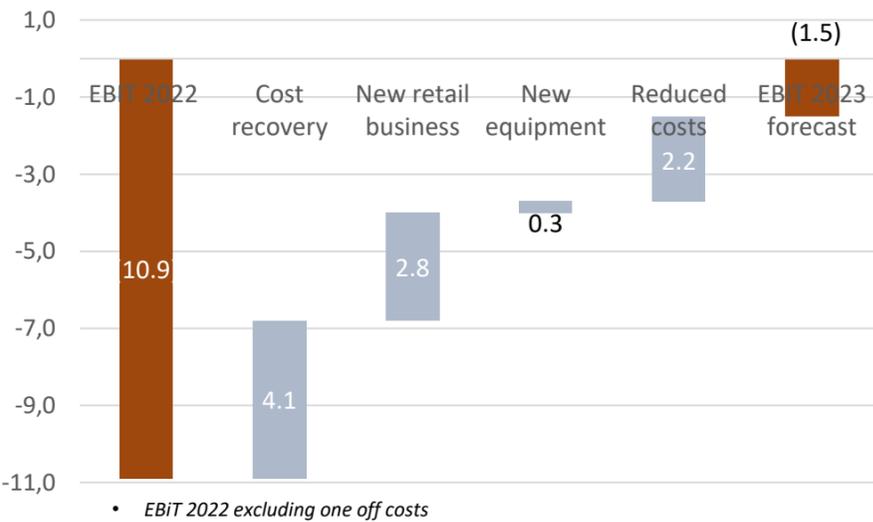
Iceland Seafood announced its intention to exit the UK market from the value-added perspective on November 17th.

- During December 2022, two LOIs were signed with prospective buyers to sell the business, but neither negotiation was successful. Proposals received didn't reflect the value of the company, as external conditions for the industry have been challenging
- On February 3rd, Iceland Seafood announced that the company would continue to operate the UK subsidiary, but at the same time, remains interested in supporting further consolidation of the UK business at the right term,

The results from IS UK operation have improved from the beginning of 2023. The company is expected to reach a positive cash flow level from April onwards

- Progress made with recovering unprecedented inflationary costs at the beginning of the year, though tender processes in Q3-Q4 2022,
- Significant amount of new retail business secured, the majority coming in from the beginning of April, both natural and coated products,
- New production equipment arrived in December 2022 and January 2023, which has transformed production with both a substantial increase in throughput and a reduction in production cost,
- Markets for various input factors are stabilising after the high volatility and constant upward cost pressure experienced throughout last year,
- Management plan assumes a positive cash flow from Q2 onwards, but negative PBT of £2.5-3.0m for the year mainly due to losses in Q1,

EBIT bridge IS UK 2022-2023 (£'000)



Knowing our impact



Our Sustainability Roadmap

ESG reporting platform

- ESG report will be published in March
- Set targets based on the Paris agreement that aligns with the United Nations Sustainable Development Goals
- Monthly reporting within the Group
- Improving reporting coordination and increasing detail with procedures
- Results visible to employees to increase awareness
- Aiming at quarterly reporting during this year

Sustainable procurement

- Iceland Seafood is improving supply chain sustainability in cooperation with suppliers and service partners by evaluating their CSR score with EcoVadis, our rating partner
- We are in the process of inviting our suppliers to participate
- Number of suppliers have already agreed to participate, and results are coming in
- Encourages CSR improvements from year to year

Renewable energy with solar cells



Ahumados Domínguez

Installation completed in November 2022
Waiting for authorization to press ON.
Produces 550 MWh which cover c.a. 20-25% of the annual energy usage

IS Ibérica

Completed early 2023, produces 538 MWh which will cover c.a. 25-35% of the annual energy usage

Oceanpath

Being evaluated
Would cover 15-18% of energy need

IS UK

In place when the site was bought in 2020. Produced 150 MWh in 2022

- Total investment in Spain €1m
- Annual reduction of CO₂ emissions around 30 tones
- Reduces dependency on the grid
- Reduces risk related to energy prices



Q4 2022 RESULTS
PRESENTATION TO INVESTORS
AND ANALYSTS

Financial performance



Overall good performance of the division during 2022, normalised PBT of €11.1m for the year

- › VA S-Europe
- › VA N-Europe
- › Sales & Distribution

€ m's	Q4 22	Q4 21	FY 22	FY 21
Sales	53.4	57.3	216.5	181.5
Net margin	8.9	11.8	32.7	28.6
Normalised EBITDA	3.3	5.7	14.1	14.7
Normalised PBT*	2.4	5.4	11.1	13.9

* Normalised PBT represents Profits before tax before allowing for significant items.

** Ahumados Domignuez in the figures from Q4 21



Full Year sales are up 11% on like for like basis but 9% decrease in volume

- Demand slowed down in Q4, impacted by diminishing consumers purchasing power and high seafood prices,
- Christmas sales at Ahumados Dominguez (AD) were below expectations, impacted by the economic situation and high prices,
- Sales growth during the year is entirely driven by price increases. Volume declined by 9% on like-for-like basis, i.e., excluding AD,

Normalised PBT of €11.1m, down €2.8m from 2021

- Overall good results of IS Iberica, although slower sales in the critical Q4 impacted the results negatively. After solid margins in the year's first half, higher input costs have negatively impacted profits, especially in Q4,
- Difficult 1H of the year for Ahumados Dominguez due to unprecedented increase in salmon prices. Results normalised in the year's second half, but sales and margins from Christmas sales were below expectations,
- Good shrimp production at Achnar at the back end of the year. Although market conditions remain challenging, there are positive results from the current Rawson season.

Christmas sales in Ireland were in line with expectations, which helped Q4 results

> VA S-Europe
 > VA N-Europe
 > Sales & Distribution

€ m's	Q4 22	Q4 21	FY 22	FY 21
Sales	14.7	14.9	52.5	54.0
Net margin	2.2	2.2	5.3	9.0
Normalised EBITDA	1.3	1.2	1.1	4.9
Normalised PBT*	1.0	0.9	(0.1)	3.8

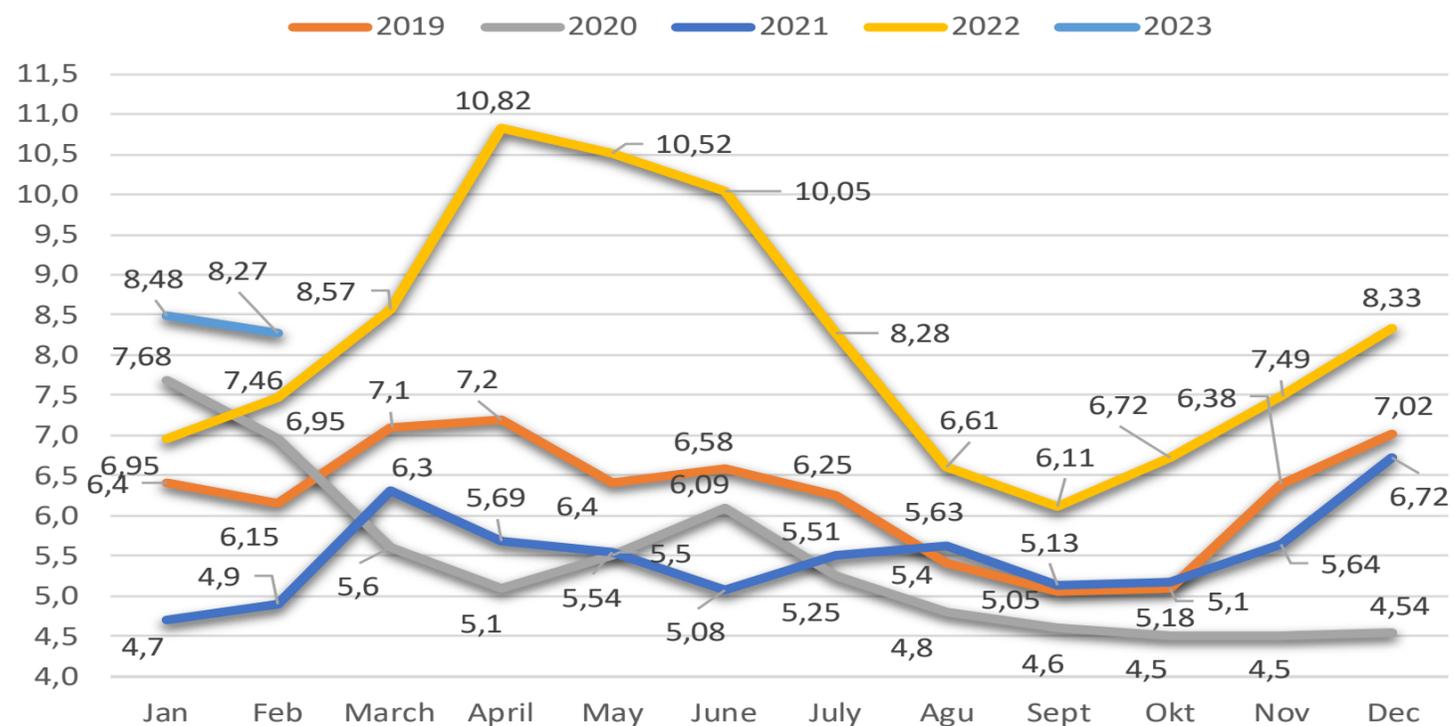
* Normalised PBT represents Profits before tax before allowing for significant items.

Sales in 2022 down €1.5m on last year

Results in Q4 slightly better than same time last year

- Overall, steep price increases during 2022 negatively impacted sales of the Irish operation.
- Sales in Ireland were in line with the prior year in Euro terms, but volume was down 13%.
- Christmas sales in Ireland were in line with expectations, which helped the results in Q4.
- Whitefish sourcing was challenging, especially in the second half of the year, both locally in Ireland and from abroad (Scotland and Iceland).
- Purchase price of salmon eased and stabilised in the second half of the year after an exceptionally steep increase in the first five months.
- Whitefish sourcing was challenging. Low availability and high prices impacted margins and profitability.
- Important steps were taken during 2022 to integrate the Carr&Sons operation into the Oceanpath group. Still opportunities for further synergies to be created mainly on the production side.

Salmon prices (€/kg)



Source: Nasdaq

Record year for the S&D division, driven by strong demand for products out of Iceland

- > VA S-Europe
- > VA N-Europe
- > Sales & Distribution

€ m's	Q4 22	Q4 21	FY 22	FY 21
Sales	42.9	46.3	175.0	162.3
Net margin	2.1	2.3	8.2	7.7
Normalised EBITDA	0.8	1.2	3.4	3.0
Normalised PBT*	0.8	1.2	3.3	2.9

* Normalised PBT represents Profits before tax before allowing for significant items.

Sales growth of 8% from 2021,

- Sales in Q4 slowed down after outstanding sales in the year's first nine months. Difficult economic conditions in key markets and high prices of seafood negatively impacted demand,
- Sales growth for the year is entirely price driven; volume of groundfish decreased by 1% from prior year and pelagic volume by 31%,

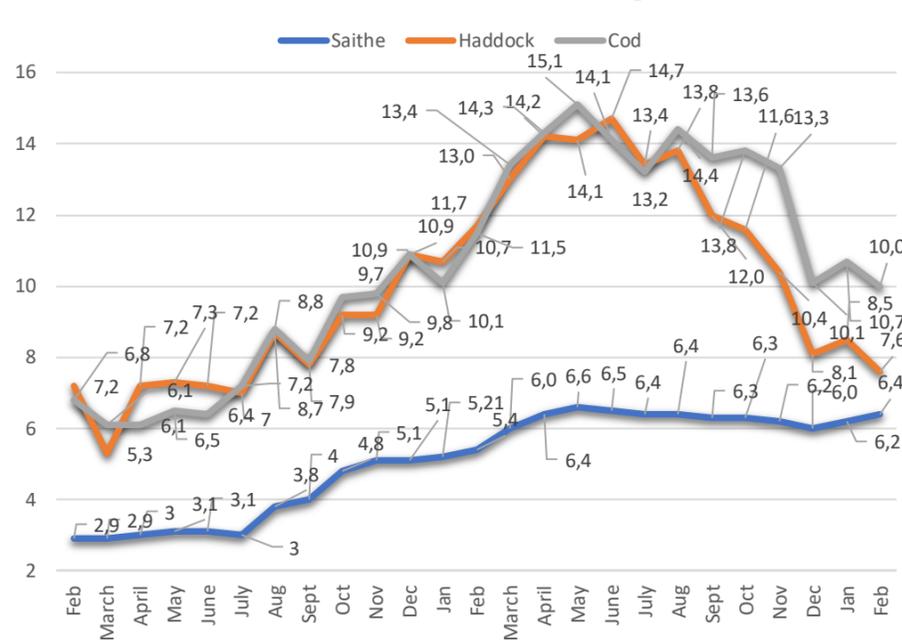
Normalised PBT of €3.3m, up €0.4m from 2021

- Net margin grew by €0.5m from the prior year, driven by higher sales and price increases in the period,
- Operations in both France and Germany performed well in 2022. Sales levels in France recovered strongly after having been impacted by Covid-19 restrictions in 2021,
- Operating costs are slightly higher than last year, mainly due to the impact of stronger ISK on operating costs in Iceland,
- Normalised PBT in the year was €3.3m, compared to €2.9m 2021.

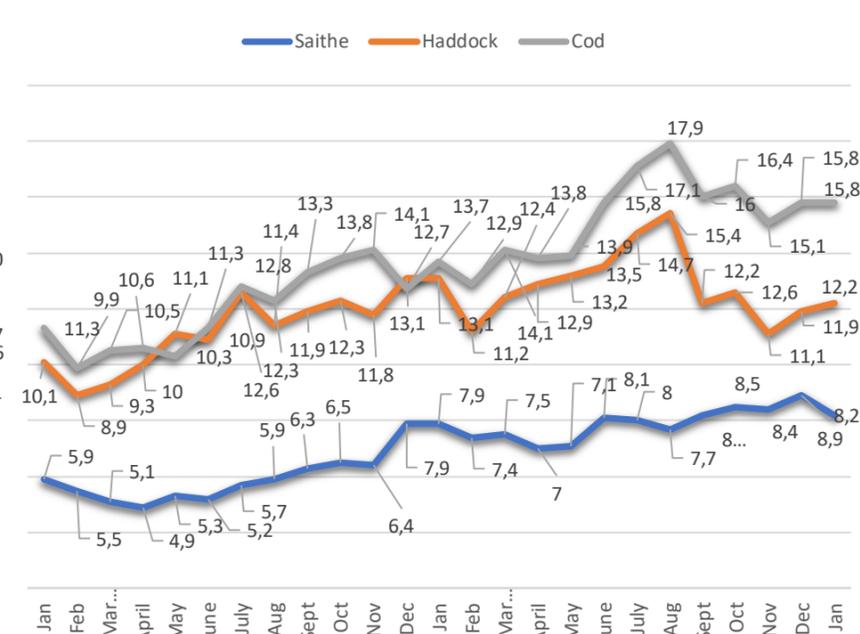
In general, seafood prices eased slightly in Q4 due to the lower demand. However, supply disruptions and tariffs/restrictions imposed on Russian catches are keeping pressure on prices,

The situation in Ukraine is having an impact on pelagic sales, causing significant logistic issues, as customers are not holding any stock inside Ukraine.

Frozen at Sea fillets (€/kg)



Fresh fish (€/kg)



Group results showing a normalized PBT of 12.4m. Bottom line results impacted by €18.2m loss from discontinued operation

€ m's	Q4 22	Q4 21	FY 22	FY 21
Sales	105.2	112.7	420.8	378.3
Net margin	13.3	16.3	46.3	45.3
Normalised EBITDA	5.4	8.0	18.0	21.9
Normalised PBT*	3.8	7.1	12.4	19.5
Net (Loss) Profit	(4.9)	3.2	(9.9)	8.8

* Normalised PBT represents Profits before tax before allowing for significant items and discontinued operations.

** Ahumados Dominguez in the figures from Q4 21



Group sales in 2022 of €420.8m, up 11% on 2021

- Sales growth driven by higher prices in all regions. Total volume sold (MT) is down 6% from the prior year on a like-for-like basis (excluding pelagic),
- Sales of both the S-Europe and S&D divisions grew considerably from the prior year on a like-for-like basis, but sales in Ireland decreased slightly,
- Ahumados Dominguez came into the group from Q4 2021. The full-year 2022 impacts of AD explain €15.8m of the sales growth.

Normalised PBT of €12.4m was down €7.1m from 2022

- Net margin is up €1.0m from 2021 but down €1.6m on like-for-like basis,
- Operating costs in 2022 €5.1m higher than in 2021, mainly due to the addition of Ahumados Domínguez from Q4 21,
- Finance costs are €1.6m higher than in the same period in 2021 due to an increase in net debt, increased interest rates, and €1.2m adverse movement in FX,
- Loss from discontinued operation €18.2m consist of:
 - Operating losses of IS UK €12.6m
 - Impairment of Goodwill at IS UK €1.6m
 - Impairment of property at IS UK €0.7m
 - Reduction of Deferred tax asset IS UK €1.1m
 - Year-end adjustments IS UK €2.2m
- Income tax of €4.1m expensed against Normalised income in the period, primarily related to taxes on profits in Spain,
- Net loss for the year €9.9m compared to €8.8m profit in 2021.

Inventories €28.7m higher than in beginning on like-for-like basis, driven by price increases

€ m's	31.12.2022	31.12.2021	Variance
Fixed assets	27.6	36.7	(9.0)
Leased assets	1.7	1.9	(0.2)
Intangible assets	56.7	58.7	(2.0)
Deferred tax/other	2.4	4.9	(2.5)
Non-Current Assets	88.5	102.2	(13.7)
Inventory	86.0	77.3	8.7
Trade and other receivables	62.5	65.7	(3.2)
Other assets	9.8	7.6	2.2
Bank deposits	11.1	27.8	(16.7)
Current Assets	169.4	178.4	(9.0)
Assets classified as held for sale	32.5		32.5
Total Assets	290.3	280.6	9.7

Assets and liabilities related to IS UK are classified as held for sale on 31.12.2022 by IFRS 5, but are included in the 2021 balance sheet figures,

Impairment of goodwill, property and deferred tax assets at IS UK of €3.4m in total, reflected in the year-end balance sheet as Assets held for sale,

Inventories are €8.7m higher than at the year beginning and €28.7m higher on like-for-like basis (i.e. excluding IS UK for 2021 comparison).

The value of inventories in the S-Europe division is €24.1m higher than at the year beginning, driven by price increases,

Accounts receivables have increased by €2.5m on like-for-like basis. At the end of the year, 74% of Group receivables are insured,

Cash position decreased by €16.7m from year-end 2021.

€ m's	31.12.2022	31.12.2021	Variance
Total Equity	81.4	91.7	(10.4)
Thereof minority interest	2.0	2.3	(0.3)
Long term borrowings	32.5	40.3	(7.8)
Lease liabilities	1.4	1.5	(0.1)
Obligations/Deferred tax	3.3	3.6	(0.3)
Non-Current Liabilities	37.2	45.3	(8.1)
Short term borrowings	72.1	81.6	(9.5)
Trade and other payables	52.5	52.2	0.3
Other current liabilities	10.8	9.7	1.1
Current liabilities	135.4	143.5	(8.1)
Liab. associated w. assets held for sale	36.4		36.4
Total Equity and Liabilities	290.3	280.6	9.7

A loan agreement of €20m with Arion banki was extended for three years in April 2022. The bank is providing funding to the S&D division,

Two offerings of 6 months' bills for ISK 2.120 million in total outstanding at the end of December,

Net debt, excluding IS UK, of €93,6m at the end of the year increased by €28.2m from the year beginning, driven by an increase in working capital.

Funding headroom of €31.7m at the end of December, including cash,

Total equity of €81.4m and an equity ratio of 28.0% at the end of the year compared to 32.7% at the end of 2021.



Q4 2022 RESULTS
PRESENTATION TO INVESTORS
AND ANALYSTS

Outlook



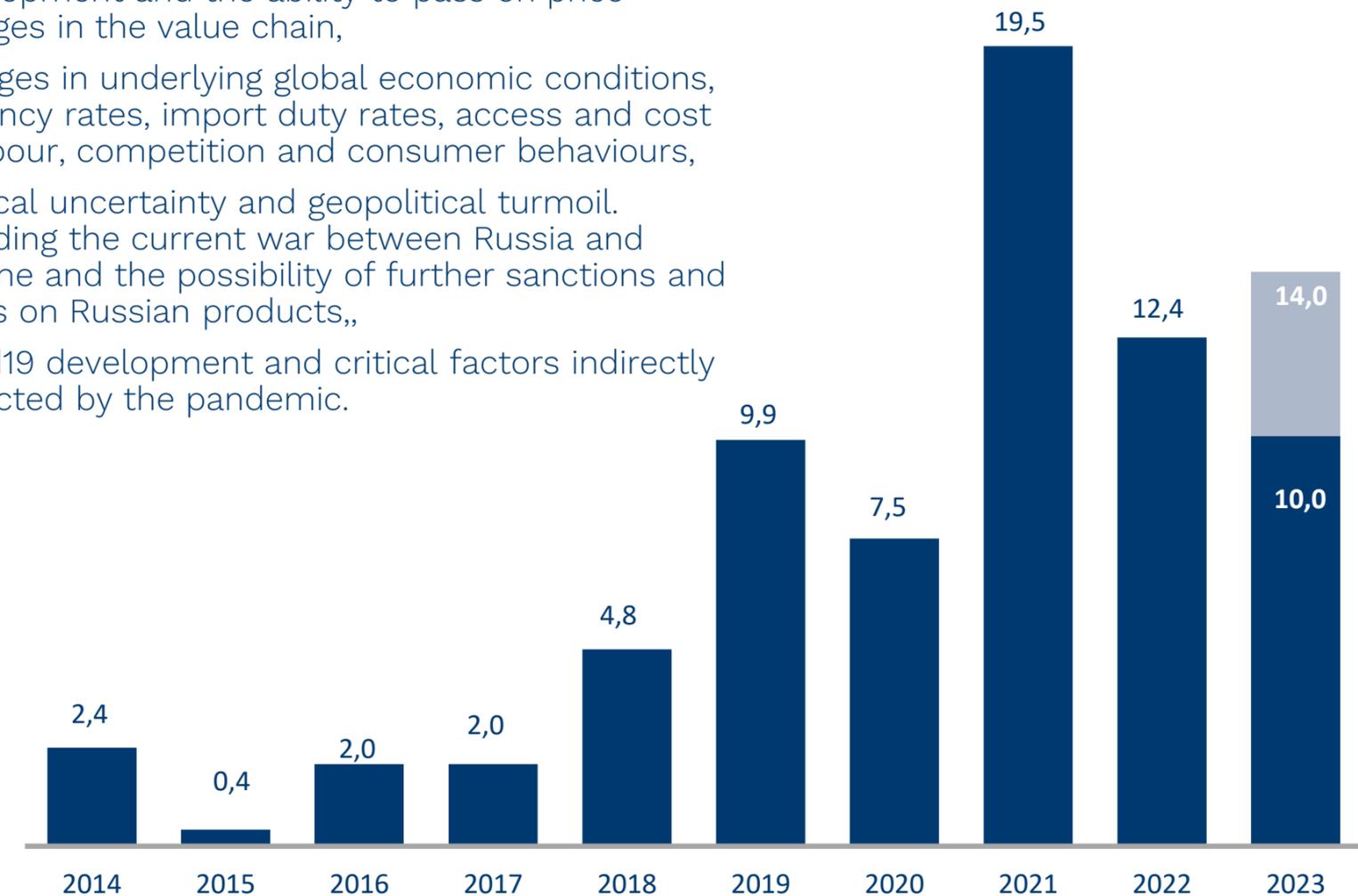
Outlook range for Normalised PBT €10.0-14.0m, excluding impacts from IS UK operation

- As the IS UK operation is classified as discontinued, the results from that operation have been excluded from both historical numbers and outlook range in the graph,
- The high prices and the diminishing consumer purchasing power due to increased energy prices and high inflation negatively impacted demand at back end of 2022. These factors will continue to impact sales at the beginning of 2023,
- Price of seafood is historically high and has increased more than other proteins. It remains to be seen what impact this will have on mid- and longer-term demand,
- Prices of key input factors have started to ease, and markets are stabilizing. As long as this development continues, which should help demand to recover, the outlook for the second part of the year is good,
- After a disruptive period during the last three years, it is likely that production will move closer to home. Iceland Seafood is in an excellent position to benefit from this development,
- Investments in automation and energy-saving projects are being implemented to address the difficult labour market and improve efficiency
- Outlook range for Normalised PBT of €10.0-14.0m for 2023; the higher end assumes that economic conditions will improve in the second half of the year,
- Results for IS UK are excluded from the Outlook. Management plan expects a positive cash flow from Q2 onwards for IS UK, but negative PBT of £2.5-3.0m for the year mainly due to losses in Q1,

Group results are influenced by various external factors such as:

- Fishing and quota changes, as well as price development and the ability to pass on price changes in the value chain,
- Changes in underlying global economic conditions, currency rates, import duty rates, access and cost of labour, competition and consumer behaviours,
- Political uncertainty and geopolitical turmoil. Including the current war between Russia and Ukraine and the possibility of further sanctions and tariffs on Russian products,,
- Covid19 development and critical factors indirectly impacted by the pandemic.

Full year Normalised PBT* (m's)

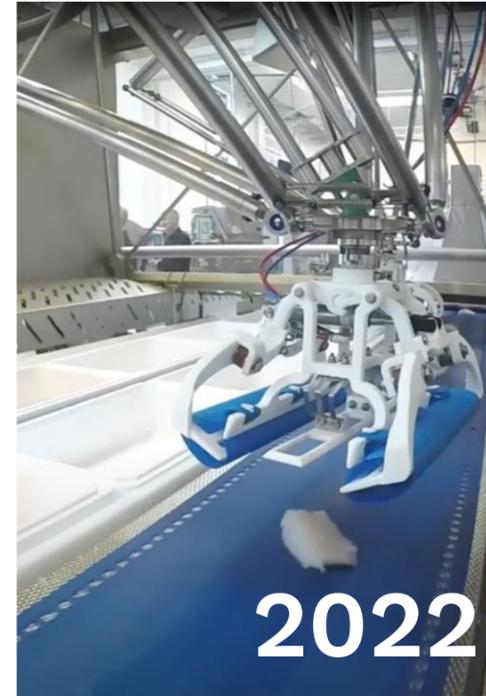
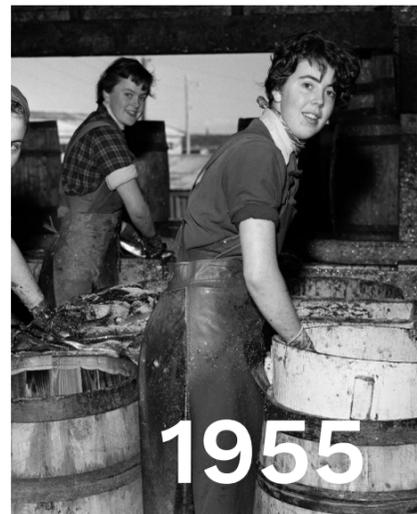


* Normalised PBT excluding UK operation for the whole period

With recent investments and projects that will increase efficiency and drive profit growth, the Group is in a solid position to reach its target of Normalised PBT of over €20m when the external environment stabilizes.

1932-2022 90 years together

Iceland Seafood International is proud of its strong heritage and history and continues to build on that foundation, to be a respected industry leader.



Forward Looking Statements

Disclaimer

This presentation is furnished and intended for European market participants and should be viewed in that manner.

Any potential forward looking statements contained in this presentation are reflective of managements current views on future events and performance,

whilst the views are based on positions that management believes are reasonable there is no assurances that these events and views will be achieved. Forward looking views naturally involve uncertainties and risk and consequently actual results may differ to the statements or views expressed.



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