



THE ICELAND SEAFOOD GROUP  
Q4 AND FULL YEAR 2021 RESULTS

# Presentation to Investors and Analysts







Q4 2021 Results  
Presentation to Investors  
and Analysts

**We are  
Iceland Seafood**



# Iceland Seafood in numbers

449m+

€ Annual revenues in 2021

12.5m

Normalised PBT 2021

32.8%

Equity ratio at year  
end 2021

Global value-added  
Seafood producer and  
sales and marketing  
company



11

Businesses in 7 countries



5.000+

Customers across 45 countries



1.0m+

Meals sold every day  
during 2021



7

value added factories



945+

employees



100.000

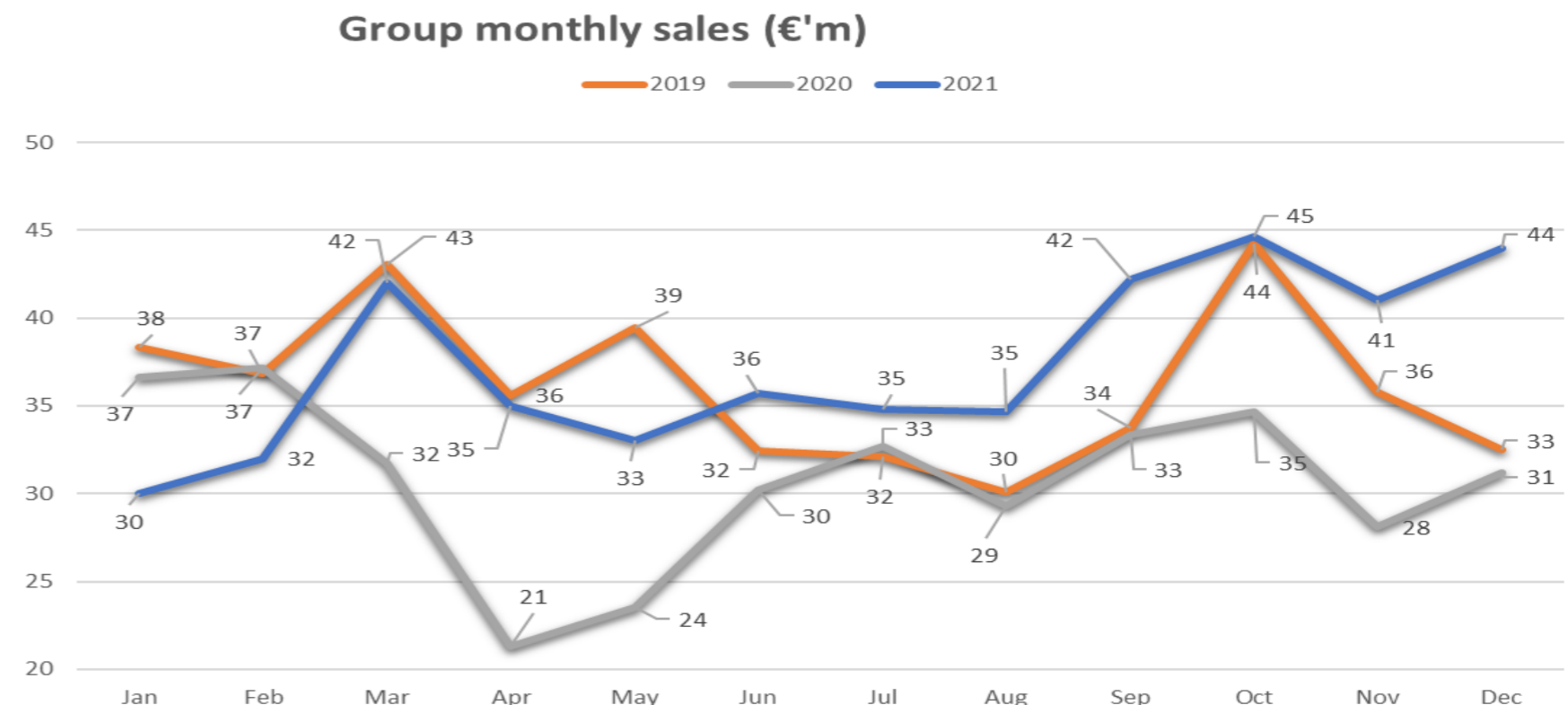
MT of products  
sold in 2021

# Foodservice demand is increasing. Pushback from retailers to accept price increases

- Demand continues to be strong in our key markets. Particularly in foodservice,
- Retailers like stable product prices for their consumers. Highly volatile raw material as well as packaging and logistics prices match badly with demand for stable prices,
- Disruption and price increases in various supply chains are expected to continue for the coming months, especially in relation to transportation to and from Asia, which is especially impacting our UK operation,
- Local production in Europe becoming more competitive where automation and investments in production efficiencies will play a key role,
- Labour challenges continues, both in terms of availability and cost inflation. Further price inflation is expected,
- Significant price changes of input factors have impacted Iceland Seafood negatively. This is a timing issue as all industry participants experience similar cost increases. It takes longer time to pass the cost on in retail than foodservice,
- The operation of Iceland Seafood is well balanced, the company is in good position with its strong sourcing base and value-added operations close to key markets.

Investments going forward can be segmented in three main categories:

- Investments connected with **sustainability** matters. E.g., Solar Panels, waste management, water treatment etc. New head of ESG for the Group, Elma Sif Einarsdóttir, started in January 2022.
- 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 and increase their value.



Sales in 2021 21% higher than 2020 and 3% higher than 2019



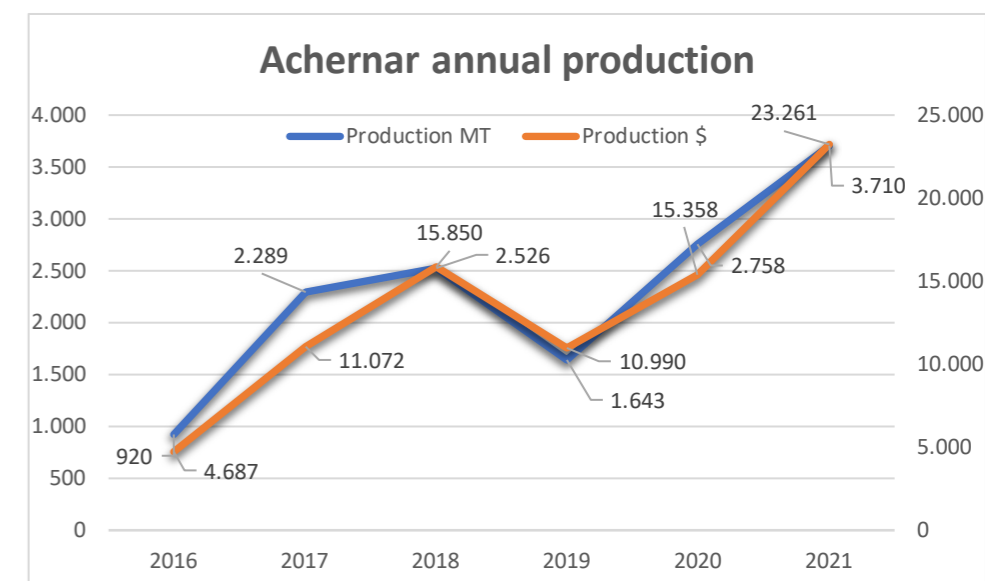
# Excellent year in S-Europe despite Covid outbreaks and uncertainty throughout the year

## Continued good performance and groundwork laid for future growth

- Continued good performance of IS-Ibérica in a difficult market underlining Iceland Seafood’s category leading position. Growth in both sales and margins,
- Integration after the merger of IS Spain and Icelandic Ibérica (and Elba) concluded.
  - All production in one location instead of three,
  - Reduction in overhead and admin cost fully completed,
  - Logistics synergies delayed due to Covid. Central coldstore location will be in Barcelona from now on, generating synergies from 2022 onwards,
  - Previously announced synergies in 2019 of €3.0 – 3.5m fully achieved in 2022.
- Ahumados Domínguez (AD) acquired in the fall now a part of the Group with P/L effect from Q4,
- AD has a good consumer recognition as a premium brand. The acquisition will strengthen and broaden our proposition in retail and create cross selling opportunities between AD and IS-Ibérica,
- This is part of our strategy to increase proximity to the end consumer and investments in consumer brands.

## Increased Argentinian shrimp production on schedule

- The planned increase is the result of recent investments in production facilities giving better control of the production process resulting in better yields and optimization of the final product,
- Achernar ended the 2021 growing production up to 3,700MT, 35% more than previous year and well ahead of projected increase of 25% or 3,400MT of final product,
- Market conditions remain good, prices have been stable supported by good demand from key markets in Europe and US and lower supply due to less fishing during the Rawson season,
- Overall, a positive outlook given the dynamic and challenging environment we are operating in.





Q4 2021

Presentation to Investors  
and Analysts

Total Cost 1.480.725 €

Total People Reached

40.584.610 (audience)

TV 28.322.000

Radio 1.555.000

Cinema 1.626.533

Print 3.399.595

Digital campaign (Display):  
3.325.000

Social Media – Celebrities  
950.250

& Influencers 1.363.950

ADSA Website 42.282

Total Cost per Contact 0.0364 €











# Management team of IS UK being strengthened with experienced people that have worked successfully together in their previous jobs

Complex integration process of IS UK severally impacted by extreme external challenges

- All UK operations moved into a single location at year end 2020. The merger process and integration has proven to be more costly and complex than anticipated, severely impacted by both Brexit and Covid19,
- Production affected by difficult labour market and Covid situation in the Q4 2021 and beginning of 2022. Outlook is better from March onwards, production of coated products ramping up from c.a. 100MT per week up to 200MT in the coming months,
- Significant increase in production cost, in many areas (i.e., raw material, labour, packaging, ingredients) causing challenges in the short term especially in terms of retail products,
- Investment in automation actively explored to address difficult labour situation and improve efficiency.

Glen Mathews joining as Managing Director from February 28<sup>th</sup>

- Glen was previously the Production Director of Hilton (former Icelandic Seachill), for 20 years, managing over 1,400 employees across three factories,
- At the same time, the management team is being strengthened with people with processing sector knowledge and experience that have worked successfully together in their previous jobs,
- New agreements with both existing and new customers have been secured,
- The new business is coming on stream. With strong customer base and state of the art factory, the future outlook and potential for the UK business remains strong,
- Local production in UK becoming more competitive after Brexit and the ongoing issues in terms of Chinese production.



# Branded products continue to grow as a proportion of total sales - now 56%+ and growing

## Sales value of branded products 2021



Iceland Seafood has historically had strong brands to differentiate on merits of quality, consistency and being able to deliver. That has resulted in higher margins and more sustainable business. Important part of the strategy to diversify from foodservice to retail is to own our consumer brands.

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PRESENTATION TO INVESTORS  
AND ANALYSTS

# Financial performance



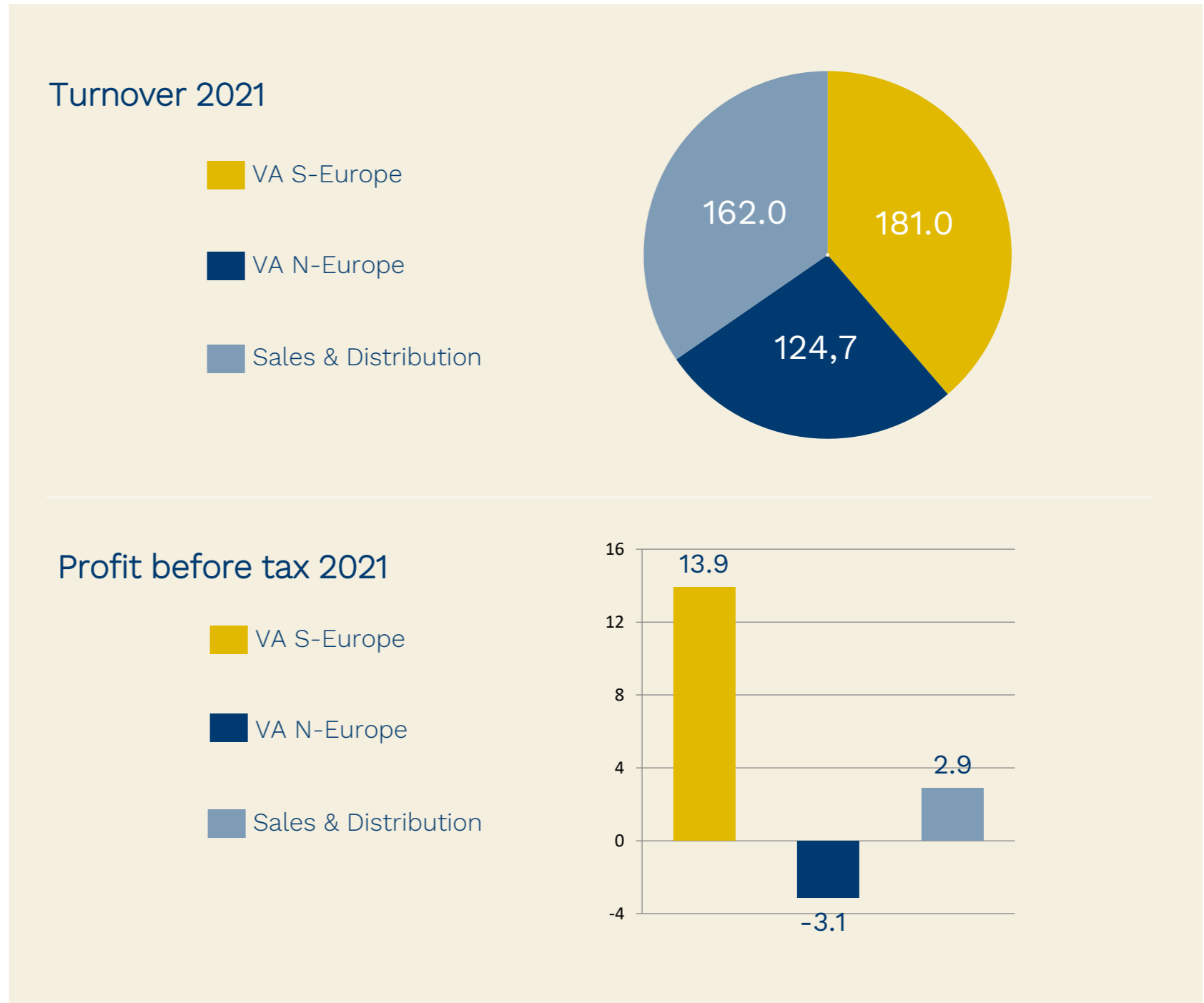


# Unique combination of sourcing expertise and well positioned value added activities

Iceland Seafood Int'l management		
Sales & Distribution	Value Added N-Europe	Value Added S-Europe
IS Iceland 	IS UK 	IS Ibérica 
IS France 	Oceanpath 	Elba 
IS Germany 	Dunns of Dublin 	Ahumados Dominguez 
	Carr & Sons 	Achernar 

Employees		
28 (3,0%) 	398 (42.1%) 	515 (54.5%) 
Executive management & Group reporting:		4 (0.4%) 





# Excellent results, driven by strong sales and margins following easing of Covid19 restrictions

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

€ m's	Q4 21	Q4 20	2021	2020
Sales	57.3	29.8	181.5	125.8
Net margin	11.8	3.4	28.6	13.0
Normalised EBITDA	5.7	1.0	14.7	3.9
Normalised PBT*	5.4	2.1	13.9	3.1

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

\*\* Ecomsa classified as discontinued operation, therefore not included in numbers

\*\*\* Ahumados Domínguez in the figures from Q4 21



Sales in Q4 €27.5m up on Q4 2020

- Strong sales in S-Europe from March 2021 onwards, driven by increased demand from the HORECA sector after easing of Covid19 restrictions,
- Good performance of Achernar which is benefiting from increased production capacity and improved market conditions from,
- Acquisition of Ahumados Domínguez (AD) completed at end of September, comes in the Group P&L from October 1<sup>st</sup>, total sales of €8.5m generated by AD in the period,
- After a slow start of the year 2022, demand is picking up again. March is an important sales month for S-Europe division, due to high fish consumption during lent.

Normalised PBT of €13.9m, up €10.8m from 2020

- Excellent results where Normalised PBT grew by €10.8m from prior year,
- Strong margins on key products, especially light salted cod. Good market conditions for Argentinian shrimp also contributed to the results,
- Improved efficiency and higher production volumes at Achernar also helped the results. Investment in increased production and coldstore capacity has paid off,
- Reduction in overhead cost in line with expectations after the merger in 2019,
- Costs in the period slightly inflated by the AD market campaign, which the division will benefit from in the long term.



# Results impacted by costly integration process in UK, affected by extreme external challenges

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

€ m's	Q4 21	Q4 20	2021	2020
Sales	31.7	31.7	124.8	110.6
Net margin	1.0	2.5	8.0	10.9
Normalised EBITDA	(0.8)	0.6	0.9	4.5
Normalised PBT*	(1.9)	(0.3)	(3.1)	1.7

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

12% sales growth compared to prior year

- Solid performance in Ireland with sales growing by 8% on a like for like basis. Cost increases impacted results in Ireland in the back end of the year,
- The Irish operation was well prepared for Brexit. Our Irish companies are in better position to service local customers than suppliers in UK,

Negative PBT of €3.1m

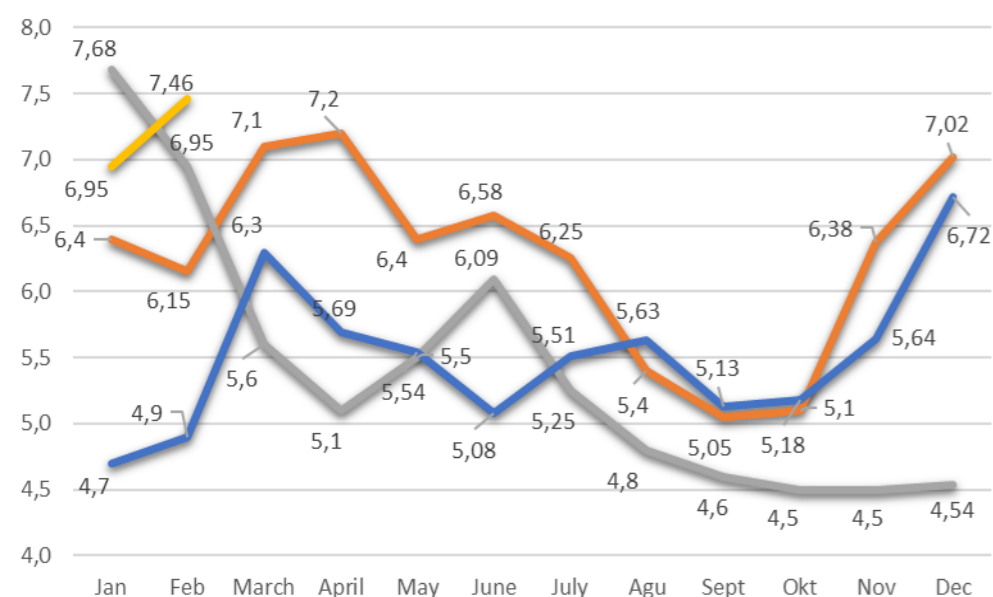
- All UK operation moved into a single location at year end 2020. It has taken longer and been more costly than expected to stabilize and integrate the operation.
- UK operation further impacted by challenges due to disruption in the supply chain, both in relation to transportation from China as well as local distribution,
- Management team being strengthened with experienced and aligned key people,
- Extreme cost increases and difficult labour market will impact results in the short term. Future outlook remains good, better utilization of capacity and overhead in UK, as new contracts with both existing and new customers are coming in at stream,
- Overall good performance in Ireland for the year. Profits in Q4 reduced from prior year, due to cost increases and lower retail demand.

Sales in UK positively impacted by new product launching. Challenges in terms of transportation, difficult labour market and cost inflation across the board have caused significant challenges and increased costs,

Foodservice sales picked up in the 2H of the year. Further increase in demand in the beginning of 2022.

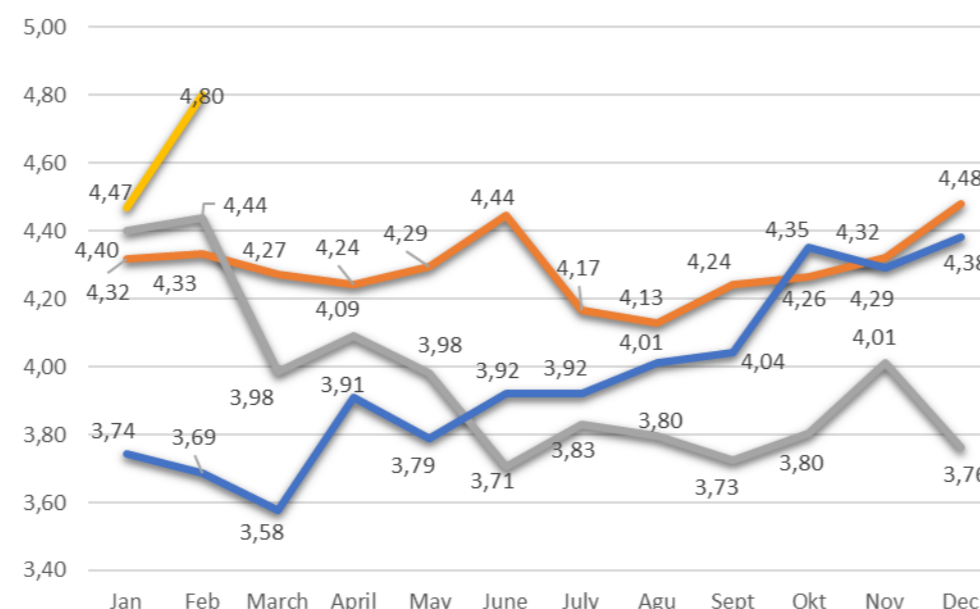
Salmon prices (€/kg)

— 2019 — 2020 — 2021 — 2022



H&G cod frozen prices (US\$/kg)

— 2019 — 2020 — 2021 — 2022





# Significant increase in profitability driven by strong demand for Icelandic products

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

€ m's	Q4 21	Q4 20	2021	2020
Sales	46.3	36.1	162.3	145.4
Net margin	2.3	1.8	7.7	6.3
Normalised EBITDA	1.2	0.7	3.0	1.8
Normalised PBT*	1.2	0.7	2.9	1.6

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

Excellent sales in all product categories out of Iceland. Divisional sales up 12% from 2020

- Sales in the period 12% higher than 2020. Sales helped by easing of restrictions in key markets in the period,

Excellent sales in all product categories out of Iceland, especially sea-frozen and pelagic products, Supply chain disruptions, especially related to transportation to and from Asia, positively impacted demand for Icelandic products in the period both in Europe and the US,

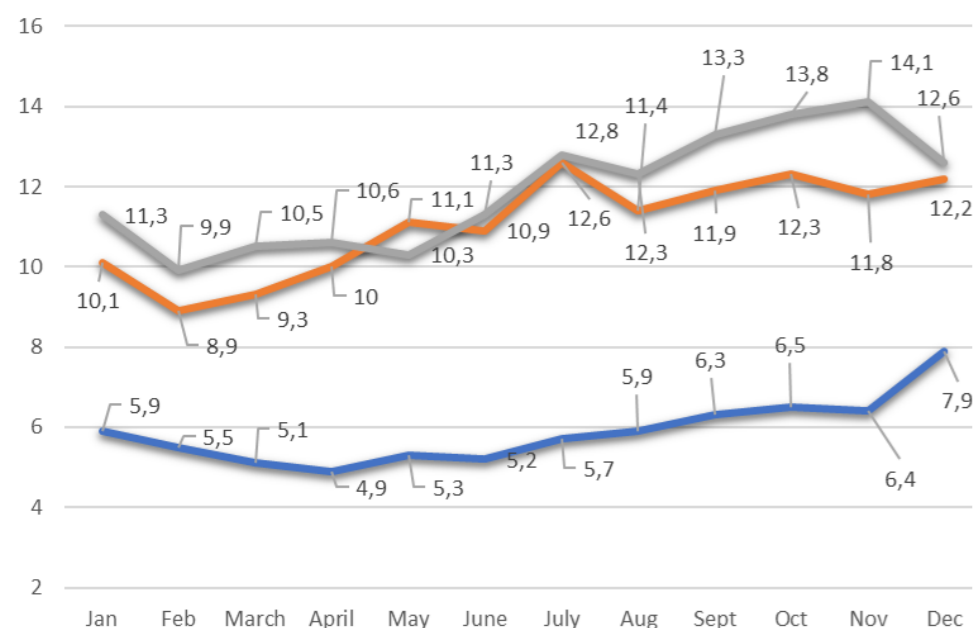
Successful cooperation between the Icelandic entity and Oceanpath, where fresh fish from Iceland is becoming more competitive compared to UK origin post Brexit.

Normalised PBT of €2.9m up 81% from prior year

- Net margin up €1.4m on last year, driven by higher sales,
- Good results from fresh fish operation in Germany and France. Results in France further supported by good sales of Argentinian shrimp,
- Sales office in US closed at end of September, agreement signed with Villa Seafood on sales of landfrozen products. Other products sold directly from Iceland to the market,
- Overall Normalised PBT of €2.9m up €1.3m from prior year.

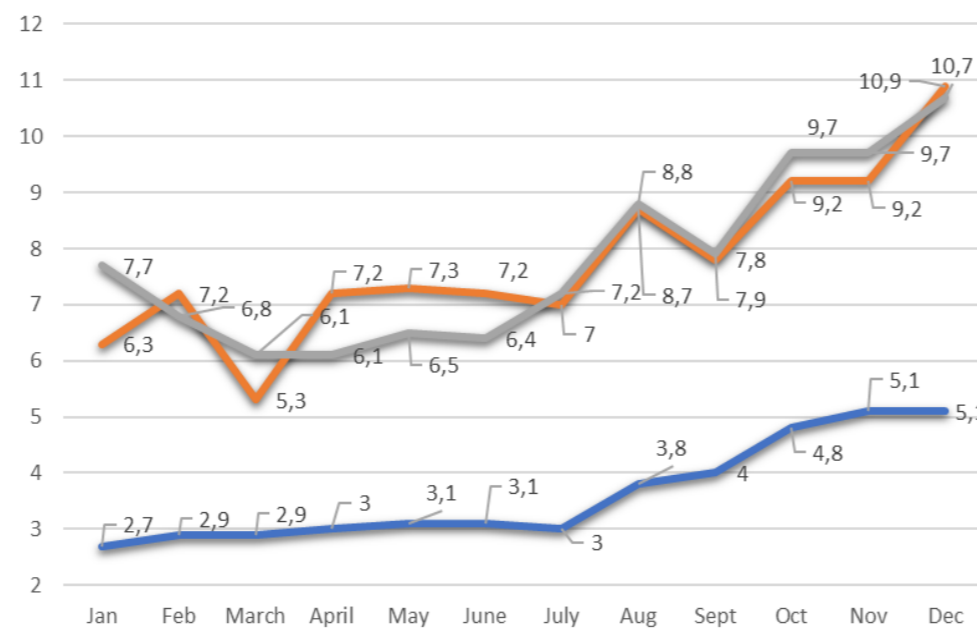
Fresh fillets (€/kg)

— Saithe — Haddock — Cod



Frozen at Sea fillets (€/kg)

— Saithe — Haddock — Cod





# Good results, driven by excellent performance of S-Europe and S&D divisions

€ m's	Q4 21	Q4 20	2021	2020
Sales	129.5	93.6	449.0	369.8
Net margin	15.1	7.7	44.3	30.3
Normalised EBITDA	6.0	2.1	18.3	10.2
Normalised PBT*	4.4	2.1	12.5	5.1
Net Profit	3.2	(0.2)	8.8	0.8

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

\*\* Ahumados Dominguez in the figures from Q4 21



## Group sales 21% up in 2021

- Excellent sales growth from March onwards, after slow start of the year,
- Sales in VA S-Europe 44% up in 2021. Strong sales and margins from both Icelandic cod products and Argentinian shrimp,
- Ahumados Domínguez (AD) in the Group from October 1<sup>st</sup> with sales of €8.5m in the period,
- Significant Sales growth in Ireland. The Irish operation well prepared for Brexit in the beginning of the year. High retail demand due to Covid19 restriction on foodservice,
- Complex and costly integration affected by supply chain disruption and difficult labour market caused challenges for UK operations, leading to negative results in the period,
- Good sales of all product categories out of Iceland,
- Continued focus on balance between retail and foodservice sales.

## Normalised PBT up €7.5m in 2021

- Net margin €14.0m up in 2021, driven by strong margins in S-Europe division. Net margin of AD €3.5m in the period,
- Overhead costs €5.5m higher than 2020, due to higher activity, costs associated with the UK merger and the addition of Carr&Sons and AD,
- Positive movement in FX of €0.4m from 2020, including €0.4m benefit from capital injection to Achernar, to finance recent investments,
- Normalised PBT in 2021 of €12.5m is up €7.5m on last year. Q4 2021 results of €4.4m up €2.3m last year,
- After considering cost of significant items (€0.7) and income tax (€3.1m), net profit in 2021 of €8.8m was up €8.0m compared to last year.



# Significant steps taken during 2021 to reorganize funding structure and decrease interest costs

€ m's	31.12.2021	31.12.2020	Variance
Fixed assets	31.6	24.6	7.0
Leased assets	1.9	1.7	0.2
Intangible assets	62.6	52.7	9.9
Deferred tax/other	4.9	3.1	1.8
<b>Non-Current Assets</b>	<b>101.0</b>	<b>82.1</b>	<b>18.9</b>
Inventory	77.3	80.9	(3.6)
Trade and other receivables	65.7	48.8	16.9
Other assets	7.6	6.4	1.2
Bank deposits	27.8	23.3	4.5
<b>Current Assets</b>	<b>178.4</b>	<b>159.3</b>	<b>19.0</b>
<b>Total Assets</b>	<b>279.4</b>	<b>241.5</b>	<b>37.9</b>

On the 27<sup>th</sup> September 2021, Iceland Seafood acquired 85% of the share capital of Ahumados Domínguez (AD) in Spain. Acquisition price was €12.4m, resulting in provisional goodwill of €10m,

Inventories are €3.6m lower than at year beginning, partly as a result of increased sales. Value of inventories has increased by €3.9m in Q4, partly driven by price increases,

Trade receivables €16.9m higher than at beginning of the year, reflecting increased sales.

At end of December, 73% of Group receivables are insured, AD receivables are still not insured. (Without AD the ratio is 80%)

Net debt at year-end was €94.2m which is €5.7m higher than at the beginning of the year primarily due to acquisition of AD,

Cash position is strong, particularly in IS-Iberica. When uncertainty decreases, the aim is to reduce the cash position and increase equity ratio,

€ m's	31.12.2021	31.12.2020	Variance
<b>Total Equity</b>	<b>91.7</b>	<b>75.3</b>	<b>16.4</b>
Thereof minority interest	2.3	0.1	2.2
Long term borrowings	40.3	22.8	17.5
Lease liabilities	1.5	1.4	0.1
Obligations/Deferred tax	2.3	2.5	(0.2)
<b>Non-Current Liabilities</b>	<b>44.1</b>	<b>26.7</b>	<b>17.4</b>
Short term borrowings	81.6	89.0	(7.4)
Trade and other payables	52.2	39.3	12.9
Other current liabilities	9.6	11.2	(1.6)
<b>Current liabilities</b>	<b>143.5</b>	<b>139.5</b>	<b>4.0</b>
<b>Total Equity and Liabilities</b>	<b>279.4</b>	<b>241.5</b>	<b>37.9</b>

Private placement of ISK3.4bn (€23.1m) 4 years unsecured bond completed in June. The issuance marks a milestone for the Icelandic Capital Market. The bond is listed on Nasdaq Iceland,

Two offerings of 6 months bills for ISK1.5bn each completed in 2021. Total fixed amount of bills at end of December amounts to €20.4m,

Loan agreement of £28.5m with DNB completed in December, to finance investment and operation in UK and Ireland,

Group funding headroom (including bank deposits) is around €77m at year-end,

Total equity of €91.7m at year-end, has increased by €16.4m from year beginning, resulting in equity ratio of 32.8% compared to 31.2% at end of 2020. Return on equity 10.5% in 2021,

Issuance of new shares in relation to the acquisition of AD was 1,5% of outstanding number of shares. Total proceeds was €4.5m.





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Outlook





# Outlook range for Normalised PBT €14.0-19.0m

Q4 2021

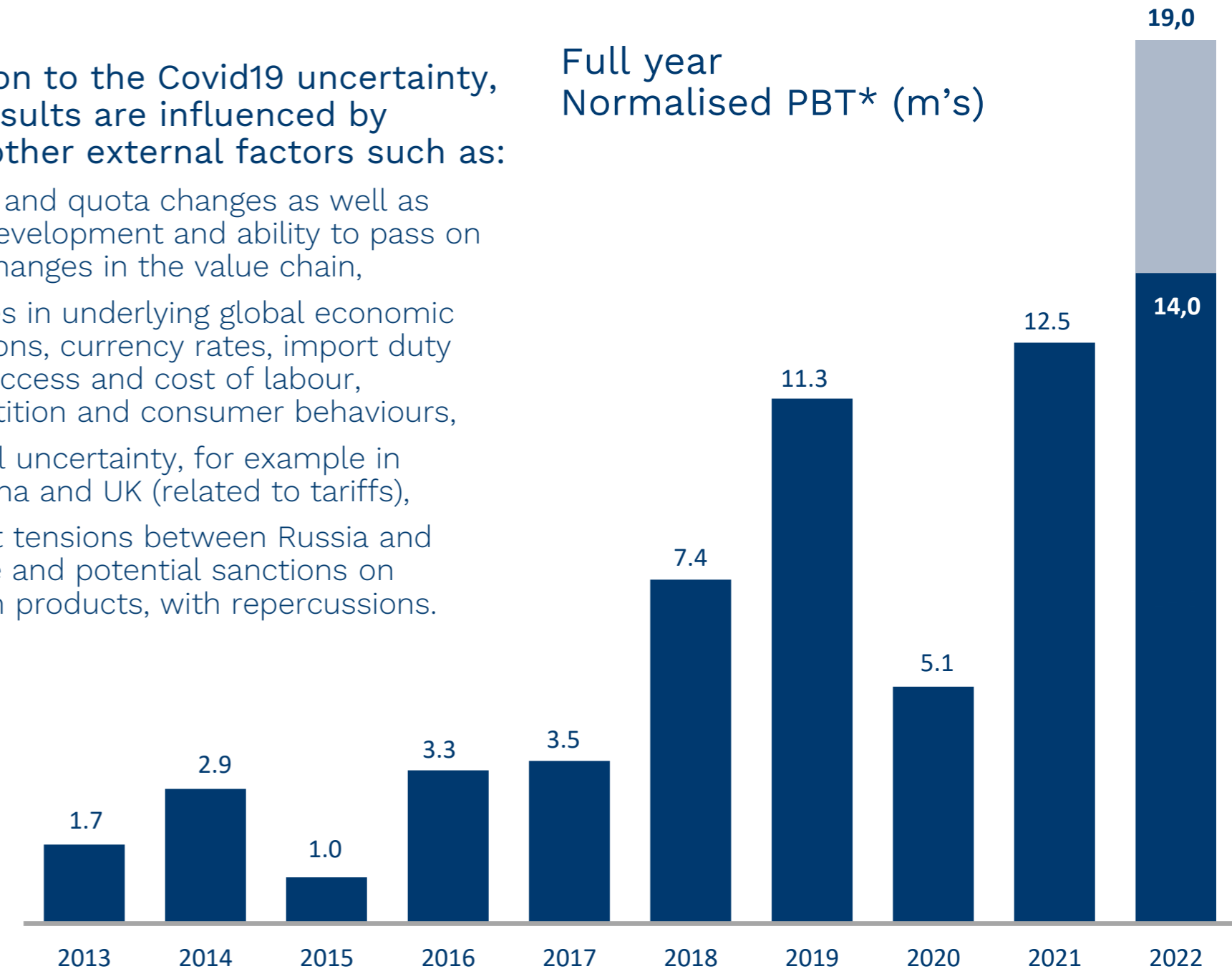
Presentation to Investors and Analysts

- Sales in the beginning of the year were impacted by distribution of the Omicron Covid 19 variant in key markets,
- With restrictions being lifted and a level of herd immunity being reached, sales have started to pick up in the last few weeks,
- Costs of integrating and stabilizing operations in UK will still impact results negatively in the coming months. With the increased demand in foodservice, new retail contracts and increased production the longer term outlook and potential for the UK operation remains strong,
- Disruptions and cost increases in various supply chains will negatively impact results, especially in UK. Actions have been taken to pass on cost increases but it takes longer to get price increases through to retail clients than in foodservice,
- Access to labour continues to be challenging, especially in our N-Europe manufacturing operations,
- The level of uncertainty remains high, especially in relation to various post-pandemic economic factors, e.g. the development of inflation, interest rates, employment ratio etc,
- Iceland Seafood is in a good position to manage it's operations through these challenges and take advantage of opportunities that come up in the situation, as the company has shown in the past few years,
- Investments in automation and energy saving projects are being implemented to address difficult labour market and improve efficiency. These investments have short payback time,
- Current outlook range for Normalised PBT of €14.0-19.0m.

In addition to the Covid19 uncertainty, Group results are influenced by various other external factors such as:

- Fishing and quota changes as well as price development and 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, for example in Argentina and UK (related to tariffs),
- Current tensions between Russia and Ukraine and potential sanctions on Russian products, with repercussions.

Full year Normalised PBT\* (m's)



**With recent investments and projects that will increase efficiency and drive profit growth, the Group is in strong position to reach it's target of Normalised PBT in excess of €20m post the pandemic.**



# 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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