



Annual General Meeting 18 March 2021





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The Board of Directors report, Liv Bergþórsdóttir





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Presentation Bjarni Ármannsson, CEO





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Group Financials 2020



Sales and profitability severely impacted by Covid19 restrictions

Iceland Seafood
International

€ m's	2020	2019
Sales	369.8	434.2
Net margin	30.3	39.1
Normalised EBITDA	9.9	17.4
Normalised PBT*	5.1	11.4
Net Profit	0.8	6.1

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



Significant shift in consumption from foodservice to retail

- Majority of sales in S-Europe are to the Horeca sector which was significantly impacted by lockdown restrictions. Sales in VA S-Europe division of €125.8m were down 25% on previous year
- At the same time sales in the VA N-Europe division increased by 15% from 2019. Majority of sales in N-Europe are to retail customers,
- Good performance of Achnernar in Argentina, record production of 925MT in December. Investment in coldstore and increased production capacity starting to pay off.
- Overall better balance between retail and foodservice sales, with the growth in UK, acquisition of Carr&Sons in Ireland and increased focus on retail sales in S-Europe.

€6.3m reduction in Normalised PBT from prior year

- Margins affected by significant disruptions in supply chains due to Covid19. Implementation of necessary contingency plans in production units further impacting margins and profits,
- Overhead costs for the year are €1.5m lower than last year, driven by cost synergies in Spain, depreciation of ISK and various actions taken to reduce costs in all regions,
- Overall financial items €1.1m lower than last year, helped by FX gain related to financing of investment in Argentina. Total FY FX gain of €0.7m compared to FX loss of €0.8m in 2019.

Increase in total assets reflecting investments during the year and higher inventory level

€ m's	31.12.2020	31.12.2019	Variance
Fixed assets	24.6	17.6	7.0
Leased assets	1.7	2.7	(1.0)
Intangible assets	52.7	44.7	8.0
Deferred tax/other	3.1	3.1	-
Non Current Assets	82.1	68.1	14.0
Inventory	80.9	65.1	15.8
Trade and other receivables	48.8	62.3	(13.5)
Other assets	6.4	4.4	2.0
Bank deposits	23.3	9.6	13.7
Current Assets	159.4	141.4	18.0
Total Assets	241.5	209.5	32.0

Increase in inventories of €15.8m from year beginning, but €8.7m decrease from mid year,

Inventories in S-Europe have decreased by €16m in the 2H of the year. At the same time inventories in N-Europe have increased by €9.9m, driven by UK Growth and Brexit uncertainties around year end,

Decrease in accounts receivables reflecting lower sales. Collections have remained good during the year.

Net debt at year end of €88.5m increased by €23m during the year, driven by investments and higher Net Working Capital

€ m's	31.12.2020	31.12.2019	Variance
Total Equity	75.3	80.2	(4.9)
Thereof minority interest	0.1	3.8	(3.7)
Long term borrowings	22.8	8.0	14.8
Lease liabilities	1.4	2.1	(0.7)
Obligations/Deferred tax	2.5	2.1	0.4
Non Current Liabilities	26.7	12.2	14.5
Short term borrowings	89.0	67.2	21.8
Trade and other payables	39.3	42.2	(2.9)
Other current liabilities	11.2	7.6	3.6
Current liabilities	139.5	117.0	23.5
Total Equity and Liabilities	241.5	209.5	32.0

New funding of €18.4m raised with auction of 6-month bills September and November.

Long term funding in Spain of €17m completed in April and further short term lines of €13m secured in Q3 and Q4.

Group funding headroom (including bank deposits) in excess of €50m at end of December.

Total equity of €75.3m at year end, resulting in equity ratio of 31.2%.

Difference between acquisition price and book value of minority shares in Havelok and Oceanpath treated as a reduction in shareholders equity in accordance with IFRS 5, but not as an increase in Goodwill. This is the main reason for reduction in equity.

Cash generation from operation reduces by €4m due to lower profits and higher NWC

€ m's	2020	2019	Variance
Working capital generated from operations	7.7	13.2	(5.5)
Cash generated from operations before interest and taxes	3.2	8.8	(5.6)
Net cash generated from operating activities	0	4.0	(3.9)
Net cash used in investing activities	(16.2)	(7.8)	(8.4)
Net cash generated from financing activities	28.9	10.1	18.8
Net increase in cash and cash equivalents	12.8	6.3	6.5
Cash and cash equivalents at year beginning	9.6	4.0	5.6
Effects of exchange rate fluctuations on cash held	0.9	(0.7)	1.6
Cash and cash equivalents at year end	23.3	9.6	13.7

- Cash generated from operation reduces by €4.0m from prior year, due to reduced profits and higher NWC,
- Significant investments during the year, in relation to merger project in UK and acquisitions during the year,
- Steps taken during the year to secure mid and long term funding of operations, resulting in €28.9m positive inflow from financing activities,
- Majority of cash position at year end of €23.3m relates to operations in S-Europe.



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Key projects and 2021 Outlook



Projects for 2021 focused on driving efficiency and profitability from recent investments

Stabilize the UK operation and utilize its unique growth platform

- Current focus on improved efficiency within the new factory and decreasing costs within the supply chain,
- Commercial team being strengthened, continuing discussion with customers to fully utilize production capabilities,
- Important to take full advantage of opportunities that will come up when the foodservice sector opens post Covid.

Investments in the ICELANDIC brand and collaborative marketing efforts for Icelandic seafood products

- Using our wide sales network, our market presence and strong producer network in Iceland to market the well-recognized ICELANDIC brand into the rest of European market.

Integrate operations in Ireland and realize synergies

- Significant synergy opportunities in sourcing, processing and logistics. Estimated annual synergies of €0.2m – €0.5m, expected to materialize in full during 2022,
- Expand branded sales, using the market leading Nolan Brand. Explore adding on new product categories leveraging Group capabilities,
- Brexit has brought both challenges and opportunities. Key task to deal with the challenges in an efficient way but at the same time act on the opportunities that come up.

Drive automation and focused growth in S-Europe

- Production and coldstore facility in Barcelona being expanded. Utilising economies of scale opportunities, to improve automation and efficiency,
- Use the strong market and brand recognition to expand both distribution network and product offering in the market,
- Fully utilize the recent investment in Argentina which increased production capacity and improved flexibility with a new 800MT coldstore,
- Production in Argentina for the current Rawson season (from beginning of Nov to mid March) expected to be around 2,800MT compared to 1,700MT in previous Rawson season.

The ICELANDIC SEAFOOD logo, featuring the word 'ICELANDIC' in a large, white, serif font, with a thin white wave line underneath it, and the word 'SEAFOOD' in a smaller, white, sans-serif font below the wave.

Outlook range for Normalised PBT €12.0-17.0m, assuming Covid19 restrictions will be lifted in key markets in middle of the year

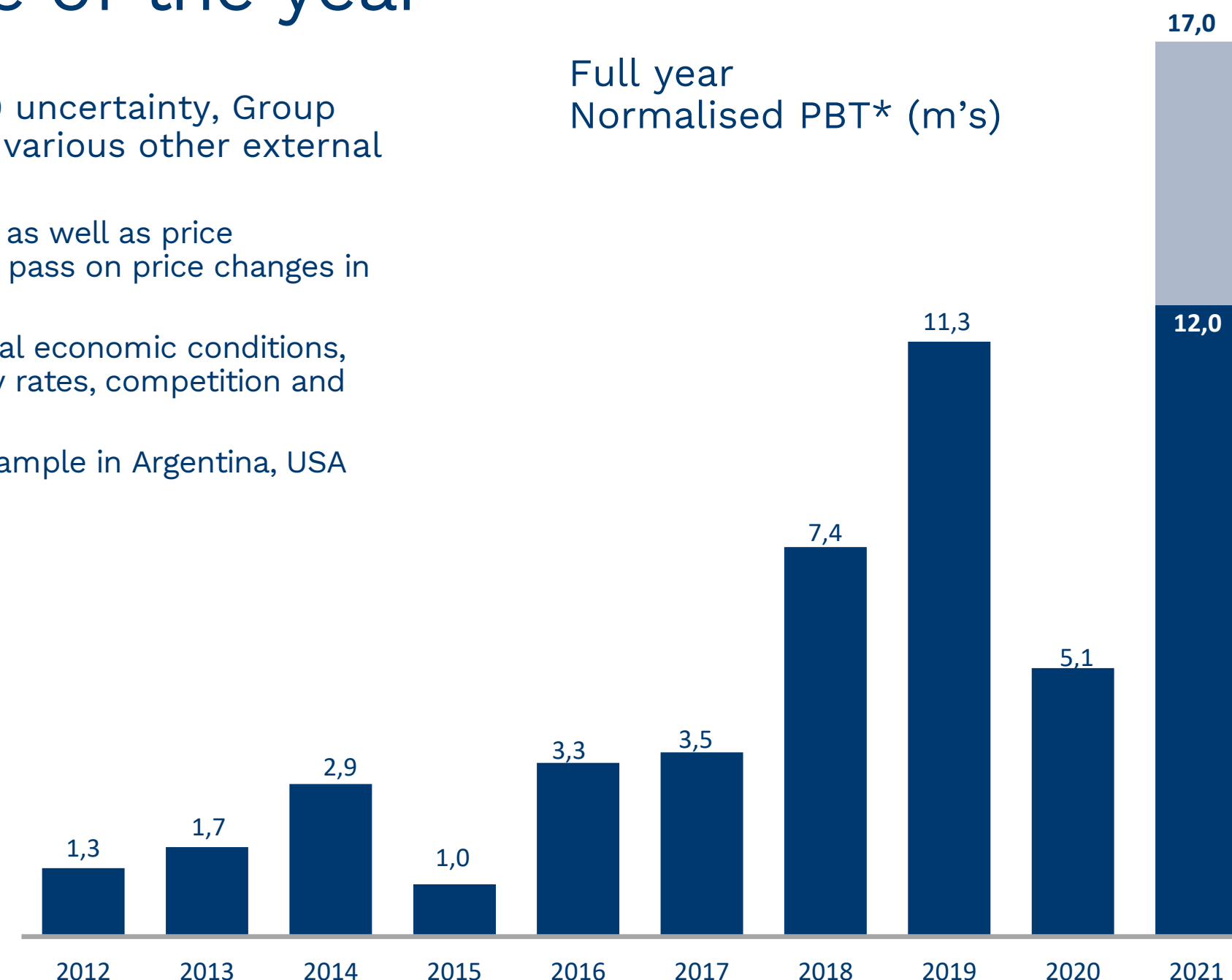
Ongoing Covid19 uncertainty

- Strong start of 2021, especially in Argentina and Ireland. Sales and profitability in S-Europe and UK foodservice impacted by the pandemic, as expected.
- Cost of merger in UK higher than anticipated significantly impacted Q4 results. Without these impacts the outlook target of €6.0m would have been reached,
- Estimated Covid19 impact on the Group 2020 profit before tax in the range of €10-12m. The impact on 2021 sales and profitability will depend on development of the pandemic, restrictions and pace of vaccination,
- Outlook is based on the assumption that 1H of the year will be impacted by the pandemic and restrictions in key markets to control the outbreak. Normalised situation assumed from mid year,
- Significant steps taken during 2020 to enhance future profit Growth post pandemic,
- Current outlook range for 2021 Normalised PBT €12.0-17.0m. Outlook range will be narrowed as less ambiguity will be on Covid19 development,
- Based on Outlook, the Group will reach a run rate of annual Normalised PBT in excess of €20m post the pandemic.

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 key markets,
- Changes in underlying global economic conditions, currency rates, import duty rates, competition and consumer behaviours,
- Political uncertainty, for example in Argentina, USA and UK related tariffs,

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.



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www.icelandseafood.com



4. Ákvörðun um hvernig skuli fara með hagnað félagsins á árinu 2020

- Stjórn félagsins gerir það að tillögu sinni að enginn arður verði greiddur út til hluthafa vegna rekstrarársins 2020 og að hagnaður verði færður á óráðstafað eigið fé.

5. Tillaga stjórnar um starfskjarastefnu félagsins

- Stjórn félagsins leggur til að tillaga um starfskjarastefnu verði samþykkt. Tillagan er birt á vef félagsins.

6. Tillaga stjórnar um kaupréttaráætlun félagsins

- Stjórn félagsins leggur til að tillaga um kaupréttaráætlun verði samþykkt. Tillagan er birt á vef félagsins. Efnislega er ekki um neinar breytingar að ræða frá fyrri kaupréttaráætlun, einungis skýringar á fjárhæðum sem hafa verið nýttar og hvaða heimildir eru ónýttar í dag.

7. Ákvörðun um þóknun til stjórnarmanna og nefndarmanna í undirnefndum stjórnar

- Stjórn félagsins leggur til að laun til stjórnarmanna á árinu 2021 verði óbreytt frá fyrra ári, um er að ræða eftirfarandi:
 - Stjórnarformaður kr. 600.000,- á mánuði
 - Aðrir stjórnarmenn kr. 300.000,- á mánuði
- Stjórn leggur til að laun nefndarmanna og varamanna undirnefnda stjórnar verði 50.000,- fyrir hvern setinn fund að undanskildum launum formanns endurskoðunarnefndar sem verði kr. 100.000,- fyrir hvern fund.

8. Kosning stjórnar

- Eftirtaldir aðilar hafa tilkynnt um framboð til stjórnar:
 - Liv Bergþórsdóttir
 - Jakob Valgeir Flosason
 - Ingunn Agnes Kro
 - Bergþór Baldvinsson
 - Halldór Leifsson
 - Gunnlaugur Karl Hreinsson – Framboð til varamanns

9. Kosning endurskoðanda

- Stjórn félagsins leggur til að Deloitte ehf verði endurkjörið sem endurskoðendafélag félagsins fyrir árið 2021

10. Tillaga um breytingar á samþykktum félagsins

a) Endurnýjun á heimild stjórnar til kaupa á eigin bréfum ásamt viðeigandi breytingu á viðauka við samþykktir

Stjórn félagsins leggur til endurnýjun heimildar á grundvelli 55. gr laga um hlutafélög nr. 2/1995 til þess að kaupa fyrir hönd félagsins allt að 10% af hlutafé þess. Verði tillagan samþykkt mun hún fela í sér breytingu viðauka 1 við samþykktir félagsins sem mun eftirleiðis vera svohljóðandi:

Aðalfundur félagsins, haldinn 18. mars 2021 samþykkir að veita stjórn þess heimild, á grundvelli og í samræmi við 55. gr. laga um hlutafélög nr. 2/1995 til þess að kaupa fyrir hönd félagsins allt að 10% hlutafé þess. Heimild þessi skal nýtt í þeim tilgangi að setja upp formlega endurkaupaáætlun, gera hluthöfum almennt tilboð um kaup félagsins á eigin bréfum t.d. með útboðsfyrirkomulagi, eða til að gera upp kaupréttarsamninga við starfsmenn.

Við endurkaup skal hæsta leyfilega endurgjald fyrir hvern hlut ekki vera hærra en sem nemur verði síðustu óháðu viðskipta eða hæsta fyrirliggjandi óháða kautilboði í þeim viðskiptakerfum þar sem viðskipti með hlutina fara fram, hvort sem er hærra. Viðskipti félagsins með eigin hluti skulu tilkynnt í samræmi við lög og reglugerðir.

Heimild þessi gildir til 18. nóvember 2022

The Annual General Meeting of the Company, held on 18 March 2021 authorizes the Board of Directors, based on and in accordance with Article 55 of the Act on Public Limited Companies no. 2/1995 to acquire on behalf of the Company up to 10% of its total issued share capital.

This authorisation shall be applied to set up a formal buy-back program, offer the shareholder to purchase its shares, inter alia with offering placement or to settle call option agreement with employees.

Upon buy-back, the maximum allowable consideration for each share shall not be higher than the price of the last independent transaction or the highest available independent offer in the trading systems in which the shares are traded, whichever is higher. The company's trading in own shares shall be announced in accordance with laws and regulations.

This authorization shall remain in effect until 18 November 2022.

10. Tillaga um breytingar á samþykktum félagsins

- b) Endurnýjun á heimild stjórnar til hækkunar á hlutafé félagsins um allt að 100.000.000 hluti í tengslum við möguleg fyrirtækjakaup ásamt viðeigandi breytingu á 4.gr. samþykka

Stjórn félagsins leggur til að heimild stjórnar til hækkunar hlutafjár um allt að kr. 100.000.000 að nafnverði með útgáfu nýrra hluta verði endurnýjuð. Sama heimild var veitt af aðalfundi félagsins árið 2020. Síðan þá hefur félagið gefið út 88.471.400 hluti samkvæmt þessari heimild. Lagt er til að orðalag 3. mgr. 4. gr. samþykka félagsins verði að öðru leyti óbreytt, en ákvæðið skal eftirleiðis vera svohljóðandi:

Í tengslum við fyrirtækjakaup er stjórn félagsins heimilt að ákveða hækkun á hlutafé félagsins um allt að kr. 100.000.000 að nafnverði með útgáfu nýrra hluta í áföngum. Heimild stjórnar samkvæmt ákvæði þessu gildir til 15. júní 2022. Hluthafar félagsins skulu ekki njóta forgangs til áskriftar að hinum nýju hlutum sem gefnir eru út á grundvelli framangreindrar heimildar, samanber 3. mgr. 34. gr. laga um hlutafélög nr. 2/1995, og 7. grein samþykka þessara. Stjórn félagsins ákveður útboðsgengi hinna nýju hluta og sölureglur hverju sinni, fresti til áskriftar og fresti til greiðslu þeirra. Heimilt er að hækkunin sé gerð að nokkru eða öllu leyti án greiðslu í reiðufé. Stjórn félagsins skal vera heimilt að gera nauðsynlegar breytingar á samþykktum félagsins í tengslum við útgáfu hinna nýju hluta.

In connection with acquisitions, the Board of Directors is authorized to increase the share capital of the Company in stages by up to ISK 100,000,000 shares in nominal value by way of issuing new shares. This authorization of the board of directors shall be valid until 15th June 2022. The shareholders of the Company shall not have pre-emptive subscription rights to shares issued under this authorization, cf. Article 7 of these Articles of Association and Article 34 (3) of the Icelandic Act No. 2/1995 on Public Limited Liability Companies. The Board of Directors determines the offer price of the new shares, the terms of sale, the subscription deadline and deadline for payment. The share increase may be executed in part or in whole by payment in kind. The Board of Directors shall be authorized to make necessary changes to the Company's Articles of Association resulting from the issue.

10. Tillaga um breytingar á samþykktum félagsins

c) Aðrar minniháttar breytingar

Stjórn félagsins leggur til breytingu á 6. og 8.gr. samþykktu félagsins er lýtur að tilvísun til laga um rafræna eignaskráningu fjármálagerna. Breytingin felur einungis í sér að vísað verði í nýsamþykkt lög í stað eldri laga.

6. gr.

Hlutabréf félagsins eru gefin út með rafrænum hætti samkvæmt ákvæðum laga nr. 7/2020 um verðbréfamiðstöðvar, uppgjör og rafræna eignaskráningu fjármálagerna.

Hlutaskrá samkvæmt ákvæðum laga um verðbréfamiðstöðvar, uppgjör og rafræna eignaskráningu fjármálagerna skoðast sem fullgild sönnun fyrir eignarrétti að hlutum í félaginu og skal arður og tilkynningar allar sendast til þess aðila sem á hverjum tíma er skráður eigandi viðkomandi hluta í hlutaskrá félagsins.

Art. 6

Shares in the Company are issued electronically in accordance with the Act No 7/2020 on Central Securities Depository, the Settlement and Electronic Registration of Title to Financial Instruments.

The share register, pursuant to the Act on Central Securities Depository, the Settlement and Electronic Registration of title to Financial Instruments, shall be considered valid authentication for ownership of shares in the Company, and dividend payments, as well as announcements, shall be sent to the party who is at any time the registered owner of shares in the share register of the Company.

8. gr.

Engar hömlur eru lagðar á rétt hluthafa til viðskipta með hlutabréf sín. Um eigendaskipti og framkvæmd þeirra fer eftir gildandi lögum um verðbréfamiðstöðvar, uppgjör og rafræna eignaskráningu fjármálagerna og reglna sem settar eru á grundvelli þeirra.

Art. 8

No restraints are placed on the rights of shareholders to sell their shares. Changes in ownership and its execution shall be made in accordance with the Act on Central Securities Depository, the Settlement and Electronic Registration of Title to Financial Instruments and rules based on the act.

11. Önnur mál