



Annual Report 2019

**It's about our heritage,
the present
and a commitment
to the future.**

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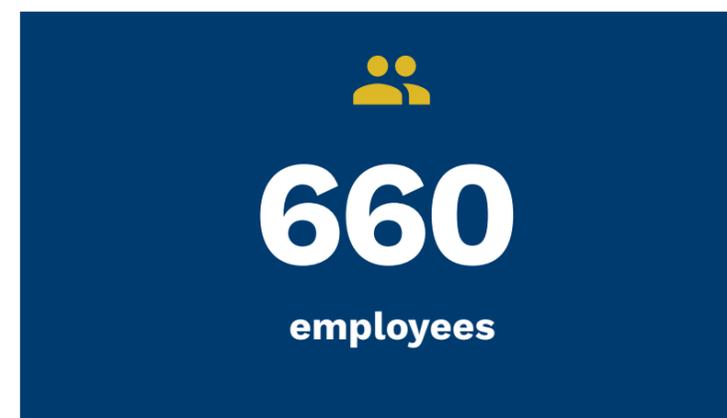
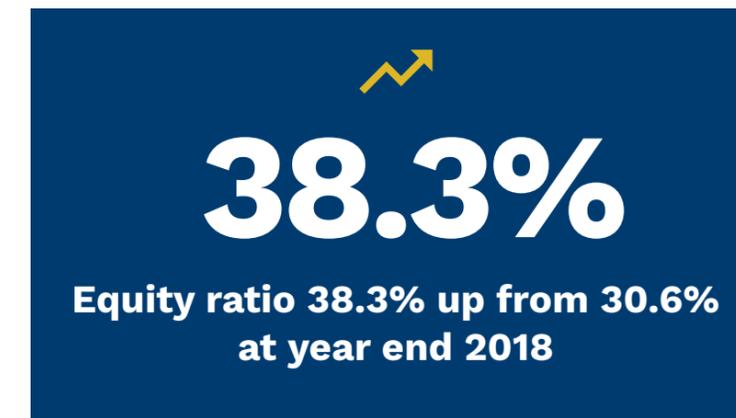


**Strong combination of
sourcing expertise and
well positioned
value added activities.**

Year in Review

Key numbers

**Global value
added Seafood
producer and sales
and marketing
company**



Year in Review

Highlights

**Year of integration,
consolidation and
investments**

**Nasdaq main market listing
and capital raising**

- Completed in October 2019
- 225 million new shares issued, €15.2m increased equity
- 112 new shareholders, 452 shareholders at year end
- Good balance between industrial and financial investors in shareholder group



New acquisition

- SPA signed in November 2019, acquisition completed on February 21st 2020
- Production facility in Barcelona, focusing on light salted products
- Opportunities to further leverage distribution and production capacities in S-Europe
- Strengthens Iceland Seafood's sourcing network with GPG and Icemar joining the shareholders Group

Synergies in South Europe

- Merger Project in Spain on track
- Legal merger took place on January 1st 2020 with headquarters merged in Barcelona.
- Production of light salted cod moved to one location
- Restructuring of Ecomsa from production hub to distribution center in Andalucia

Key investments 2019

- Facility extension and new salmon filleting line up and running in Oceanpath
- New chilled processing line up and running at Iceland Seafood Barraclough in December 2019
- Increased production and coldstore at Achernar our Argentinian factory
- All cod production in one place and one office at Iceland Seafood Ibérica in Barcelona

Year in Review
Chairman's Address**Magnús Bjarnason**

Chairman

Iceland Seafood's performance for 2019 was in line with expectations and up 56% on the previous year. Pre-tax profit excluding one-off items in 2019 was €11.3 million, as compared to €7.2 million in 2018. The company's equity ratio was boosted by a €15 million increase in share capital, coupled with a very successful stock market flotation in the autumn. At the same time, the financial situation of its subsidiaries has been bolstered by changes which simplify organisation, streamline operations and lay the foundations for continued growth. Despite the scale of Iceland Seafood's activities, we have little HQ overhead. Some of our major customers – Aldi, Tesco, Musgraves – and Icelandic producers

call for cost-awareness. Frugality is perhaps the word which best describes Iceland Seafood's corporate spirit.

The new Board of Directors – made up of Jakob Valgeir Flosason, Liv Bergþórsdóttir, Ingunn Agness Kro and myself – began work in January 2019. Co-operation between the board and the managers has been good, and we consider this to have been a successful year. The merger of our partners in Spain, investment in Argentina and continued development of co-operation with fishing companies in Iceland have been major projects this past year and these are all beginning to bear fruit. Late last year, we announced our purchase of ELBA in Spain. We were very happy to conclude this deal, which strengthens our marketing in Spain and our

Year in Review
Chairman's Address

relations with major producers in Iceland. We are now moving into the United Kingdom, with the purchase of fish processing premises in Grimsby and the merger of Havelok and Barraclough into one strong British company able to sell both frozen and fresh products via all distribution channels to retailers, restaurants and organisations. In my opinion we had the choice of reducing or increasing our operations in the United Kingdom. We decided to invest, streamline and take advantage of post-Brexit opportunities for growth.

Iceland Seafood has deep roots in the Icelandic fishing industry. And is made up of all major

sales organizations that have existed in Iceland with the addition of strong local companies in our core markets. We have great respect for the past and should learn from what was done well to benefit from for the future. Iceland Seafood is a leader in three fields. We shall continue to invest in these operations in the coming years to safeguard our future competitiveness.

1. First, Iceland Seafood Iberica in Spain – markets and sells products under the ‘Icelandic’ and ‘Islandia’ brand names to restaurants and hotels in Southern Europe. Frozen lightly salted cod is the most important product, together with salted fish and other products coming from all over the world. This is the single biggest market for frozen Icelandic cod. Demand for ‘Islandia’

and ‘Icelandic’ products is high – some 20% of the cod quota from Iceland goes through this distribution channel, which yields higher prices than comparable products from Norway and Russia. Our extensive operations in Southern Europe give producers access to a large market which is also the backbone of Iceland Seafood’s operations.

2. The second pillar revolves around our operations in Northern Europe, consisting of the United Kingdom and Ireland. We see opportunities for growth in these markets. In order to move closer to our customers, we have been looking at companies and investment opportunities that sell to retailers. In 2018, Iceland Seafood acquired 67% stake in Oceanpath, which has around 20% market

Year in Review**Chairman's Address**

share in the Irish retail market. The company buys cod, haddock and other types of fish from Iceland. Earlier this month, we announced the purchase of 10,000m² processing plant in Grimsby, which will be Iceland Seafood's home in the United Kingdom. These investments create opportunities to streamline and bring producers closer to customers.

3. The third pillar in Iceland Seafood's operations is international sales and distribution based in Iceland.

From here, we handle the sale of diverse products in a partnership with Icelandic producers.

We need to continue to strengthen these three pillars. Fisheries are a big industry in Iceland with around €2 billion annual income. In the international markets we are competing with larger companies servicing customers with ever-greater demands. Icelandic producers can join forces to secure the best possible results for the 1 million tonnes of fish caught in Icelandic waters. This is only a bit more than 1% of the fish caught in the world.

Iceland Seafood has an important part to play in uniting these forces of producers in international markets. The company needs to strive for further streamlining and a better understanding of the needs of consumers in different markets. Continued partnership with producers is essential for

future success and long-term profitability for the company's shareholders.

I have enjoyed servicing as Chairman of the Board of Iceland Seafood. I have, however, decided not to stand for continued membership of the Board. I feel it would be difficult to reconcile my work as an international M&A advisor in the seafood sector with chairmanship of a listed company in the same sector. I would like to thank the shareholders for their trust and for the opportunity to contribute to the development of Iceland Seafood. I thank my colleagues on the Board, the CEO and the Financial Director for excellent co-operation and wish them all the best in the future.

Magnús Bjarnason

Chairman

Year in Review
CEO's Statement



Bjarni Ármannsson

CEO

We are proud to be Iceland Seafood.

I'm happy to report that 2019 was in general a good year for Iceland Seafood. Operationally and financially we did well and delivered results in line with budget – which was communicated in March 2019.

Strategically we also took some very important steps during 2019.

Clearly the listing of the shares of Iceland Seafood on Nasdaq main market and concurrent capital raising was extremely important. From year end 2017 until 2019 our

“Strategically we also made some very important steps during 2019”

book equity has gone from €17.7 to €80.2 and equity ratio from 20.1% to 38.3%. The financial strength of the group is greater and we are therefor also making bigger moves and strengthening further the foundation for our existence and purpose.

Listing on the NASDAQ stock exchange also means that we are transparent about our status and activities, we aim to be a good corporate citizen in the sense that our direction is clear and we are sending a clear message to our shareholders, customers, employees

Year in Review
CEO's Statement

and the communities: that we are effecting our strategy and our goals and that we are doing what we say we do.

The move from First North to Main market listing also means a better access to risk capital and the ability to use our shares as a payment means in transactions. That is important to us. We have used increase of share capital to fund growth on two separate occasions during the first months of 2020. This is a very important tool for us.

Towards the end of the year we made an acquisition in Spain where we acquired Elba,

**“Listing on the NASDAQ stock exchange
also means that we are transparent
about our status and activities”**

a long-standing provider of light salted cod, to further enhance our position in Southern Europe.

The new legal entity in Spain, Iceland Seafood Iberica started operation on January 1st 2020. We are very excited about consolidating our position in Barcelona as our production hub. The management team is dedicated to delivering value to our customers and the operational synergies with the merger of the two companies. Our position in light salted cod is strong and we believe we can further build our position in the market.

Growth in the UK

We have recently announced efforts to consolidate our position in the market and to merge our two UK entities. This will happen during 2020. We are investing in the UK market to better serve both the retail and the food service market. It is a very competitive market, but also a market that is very relevant to us and to Iceland. We see good opportunities in the UK and this is an effort to increase activities in Northern Europe.

Strong cooperation with Icelandic producers

It is very important for our customers to trust Iceland Seafood and we are very grateful for that trust and realize that it also means that we must deliver quality

Year in Review
CEO's Statement

“We believe we have a bright future. We believe in the future. We believe we can make value for all our stakeholders”

products all the time. A key issue for us is to have a strong collaboration with our suppliers and customers, based on long-term commitment, trust and loyalty. We are extremely appreciative of the trust we have been shown and treasure it deeply. We also believe that making Iceland Seafood a stronger sales channel out of Iceland is in the interest of our suppliers and customers. We create a stronger supply pipeline, attract

a stronger customer base and are in a better position to create value for all parties.

We believe we have a bright future. We believe in the future. We believe we can make value for all our stakeholders. That's a big part of what keeps us ticking.

We are also convinced that environmental, social and governance matters are more and more important to our stakeholders. Iceland Seafood addresses those matters with respect and a vision of doing our bit to be responsible, forward thinking and innovative. A lot of issues dealing with packaging, sourcing, sustainability, labor care issues, equality etc. matter to us and we are addressing those issues. Sometimes they are

counterintuitive and all of them require us as companies and individuals to think and act in a responsible and progressive manner.

Therefore we are proud to be Iceland Seafood.

Bjarni Ármannsson
CEO

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**Iceland Seafood
is in a unique position to benefit
from close cooperation with
strategic partners**

The Group

We are Iceland Seafood

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

Strong roots



The Union of Icelandic Fish Producers (SÍF)
Founded in 1932 for export of salted fish products

1932



Samband of Iceland
establishes a seafood division for export of frozen seafood products

1957



Merger: SÍF and Iceland Seafood Plc.
Including the Herring Board, under the name SIF Plc.

1999



Tros
The first company in exporting fresh fish from Iceland became a part of Iceland Seafood.

2008



Havelok
Founded as a joint venture, Havelok today is a leading seafood supplier to UK foodservice

2012



Oceanpath
Purchased in 2018, Oceanpath is the largest seafood provider in the Irish retail market

2018



Main Market listing & Management changes
A new board and CEO are appointed and ISI lists its shares on the Nasdaq Iceland Main Market

2019



Iceland Seafood UK
Merge of the two Iceland Seafood's UK based companies Havelok Ltd and Iceland Seafood Barraclough in one

2020

1935



The Herring Board
Founded in 1935 for the export of salted herring from Iceland

1999



Armengol
Spanish company purchased in 1999

2004



SÍF Plc founds Iceland Seafood International
in order to take over all export and sales of marine products

2010



IS Barraclough
Acquired in 2010 and marks the beginning of value added operations in the UK

2016



First North listing
Iceland Seafood listed on the First North Iceland market

2018



Solo Seafood
Purchased in 2018, creating a strong integrated company in the Southern European market

2020

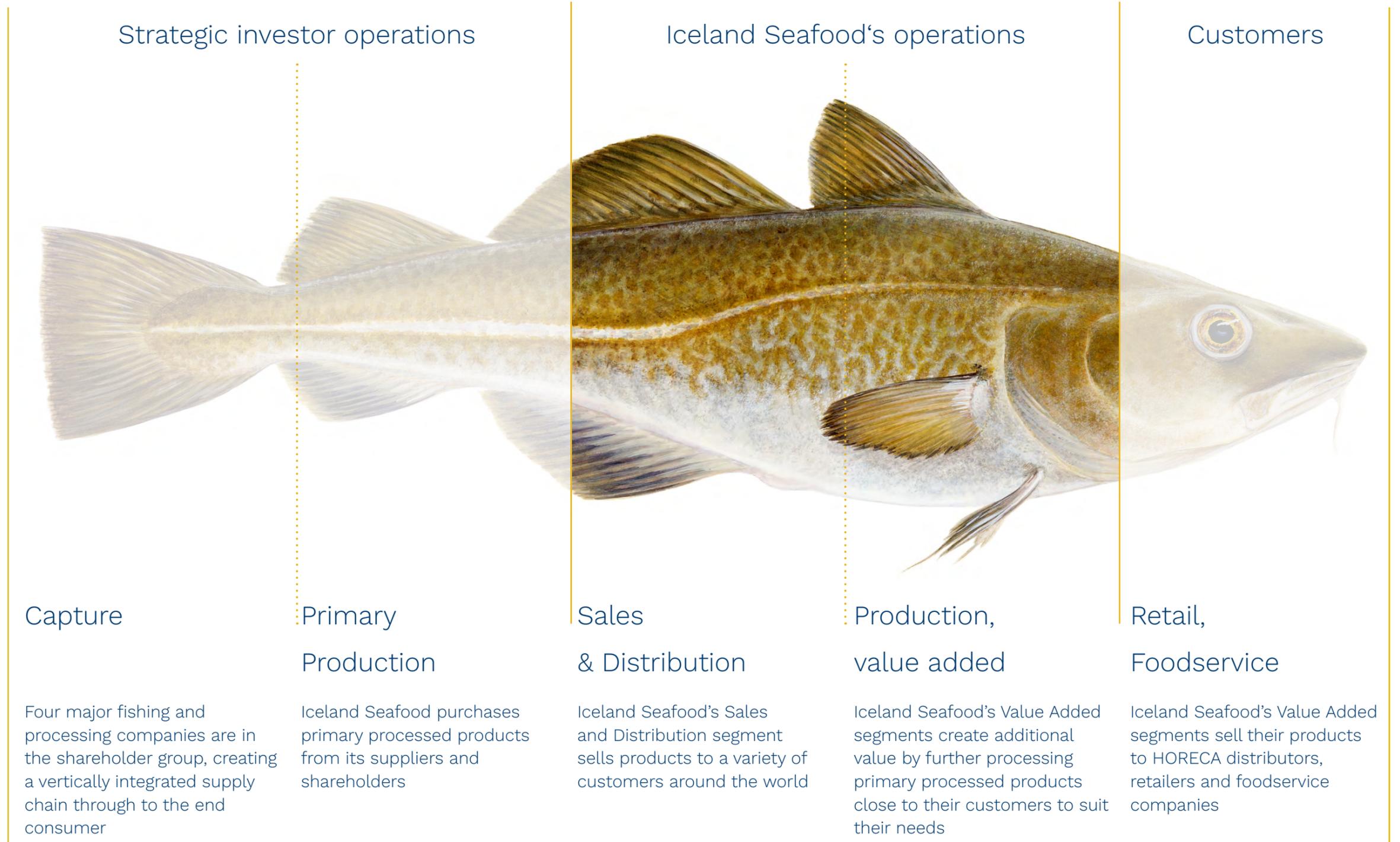


Elba Seafood
Purchased in 2020, Elba is a great addition to well positioned S-European operation

The Group

We are Iceland Seafood

**Presence through
strategic alliances
and cooperation**



The Group

We are Iceland Seafood

**Our headquarters
are in Iceland,
and we operate
3 divisions
with 12 businesses
in Europe
and North and
South America**

**12 businesses
in 8 countries**



The Group

We are Iceland Seafood

Iceland Seafood is a worldwide sales, processing and marketing group for a variety of frozen, fresh, salted and dried seafood and value added seafood products.

Our history and heritage dates back to 1932 from three associations: the Union of Icelandic Fish Producers (SIF), founded in 1932; the Herring Board, founded in 1935; and the Seafood Division of Samband of Iceland, founded in 1957. Our strong roots in the Icelandic seafood sector form the basis of our

expertise and long lasting relationships built on trust and reliability. Today, Iceland Seafood is a respected industry leading supplier of North Atlantic fish and seafood and a leading service provider in our markets. We are one of the largest exporters of fish products from Iceland and a key processor of high-quality seafood in the Spanish, Irish and UK markets. We serve all major seafood markets worldwide, where we have depth of expertise and understanding to meet our customers needs, combined with innovative flexible solutions and strategic global distribution. Our headquarters are in Iceland, and we operate 3 divisions with 12 businesses in Europe and North and South America.



The Group

We are Iceland Seafood

Sales and Distribution Division

Iceland Seafood Iceland, located in Reykjavík, is one of the largest companies in the export of seafood from Iceland to all main markets around the world. The company operates in close co-operation with Icelandic seafood producers and provides sourcing expertise, quality control and logistic solutions for other Iceland Seafood companies. www.icelandseafood.is

Iceland Seafood France, based in Boulogne-sur-mer, provides high-quality seafood from

Iceland and from a variety of global sources. The company supplies fresh and frozen products to food service, retail and processors in France.

www.icelandseafood.fr

Iceland Seafood Germany, located in Hamburg, is a supplier of high-quality fresh seafood. Fresh fish is mainly flown in from Iceland for delicatessen stores, food service and retail.

www.icelandseafood.de

Iceland Seafood U.S.A., our USA division, markets a full range of cod, haddock and pollock/saithe products for the distributor, food service and restaurant industry in the USA. Products are imported directly from Iceland, Russia and Asia. www.icelandseafood.net



The Group

We are Iceland Seafood

Value Added Divisions

Iceland Seafood continues to invest in value added activities in line with global trends. We are focused on supplying great quality seafood and creating solutions for our customers.

Northern Europe Division

Havelok Limited, located in Grimsby (UK), supplies high-quality seafood from procurement to packed product, which is second to none, offering one of the finest ranges of breaded, battered and plain fish in

the UK. It is focused primarily on the catering and foodservice market. www.havelokltd.co.uk

Iceland Seafood Barraclough, located in Bradford (UK), specialises in supplying our retail customers with private label high-quality fish and shellfish globally sourced. It specialises in smoking, cutting to customer specs and packing for many of the largest retailers in the UK.

Oceanpath Limited, operating out of two factories in North Dublin, is one of the largest seafood processors in Ireland, supplying to major Irish retailers and food service customers. Within the Group, Dunn's of Dublin is an iconic premium retail brand best known for its smoked seafood products.

www.oceanpath.ie

Southern Europe Division

Iceland Seafood Ibérica is the new kid on the block and comes from the fusion of Icelandic Ibérica and Iceland Seafood Spain. The company serves the southern European market including Spain, Italy Portugal and Greece. The company has offices in Barcelona, Vigo, Bilbao, Málaga and Italy. The company also runs Ecomsa, a distribution entity in the South of Spain, and Achernar, a factory in Argentina processing shrimp for all markets. The company offers a variety of frozen and salted product from all major fishing grounds in the world and runs factories both in Barcelona and in Argentina.

www.icelandseafood.es

The Group
Our Product Lines



Ready Meals



Fresh Products



Coated Products



Shellfish

**A broad and varied
product offering**



Smoked Fish



Landfrozen



Light Salted



Wet Salted



Frozen at Sea



Pelagic Fish



Dried Products



Cephalopods

The Group
Our Brands

The Iceland Seafood brands are our customers guarantee for fresh, frozen, salted and dried products of Icelandic and other selected origins.



High quality wet salted and light salted frozen products from Iceland



Quality fresh & frozen seafood from Iceland



Spanish “Tapas & Pinchos” and Spanish cod-based ready meals



Renowned worldwide for its smoked salmon and other smoked products



A leading provider of coated and value added products for the UK food service market



Premium taste. no defrosting. No flouring. No waste. Zero drip loss.



Premium quality used solely for products out of Iceland



Supplies fish to all major Irish retailers and food service, as well as international exports



The authentic fish and chips made in the UK for Iceland Seafood



Our label for single frozen cod from Iceland



Selected seafood from third country origin



Used for a variety of products from Asia

The Group
Our Focus

Our vision is to bring quality seafood from selected, dedicated producers to demanding customers and consumers worldwide.

Our strategy is focused on delivering higher margin growth and earnings over time. We have developed a strategy that reflects our purpose and enables us to capture the value of our international network and in-depth knowledge of our markets. Our long-term, two-part strategy is to:

Invest in value added product lines: with our strong roots in sourcing seafood coupled with our in-depth knowledge of local markets, we are investing in and leveraging our network to deliver value added products.

Continued focus on core sales & distribution: our core business is global sourcing and distribution of high-quality, fresh, frozen, salted and dried seafood, developing sourcing and logistics solutions to match our customers high requirements.



Light Salted



Wet Salted



Frozen Products



Fresh Products



Dried Products



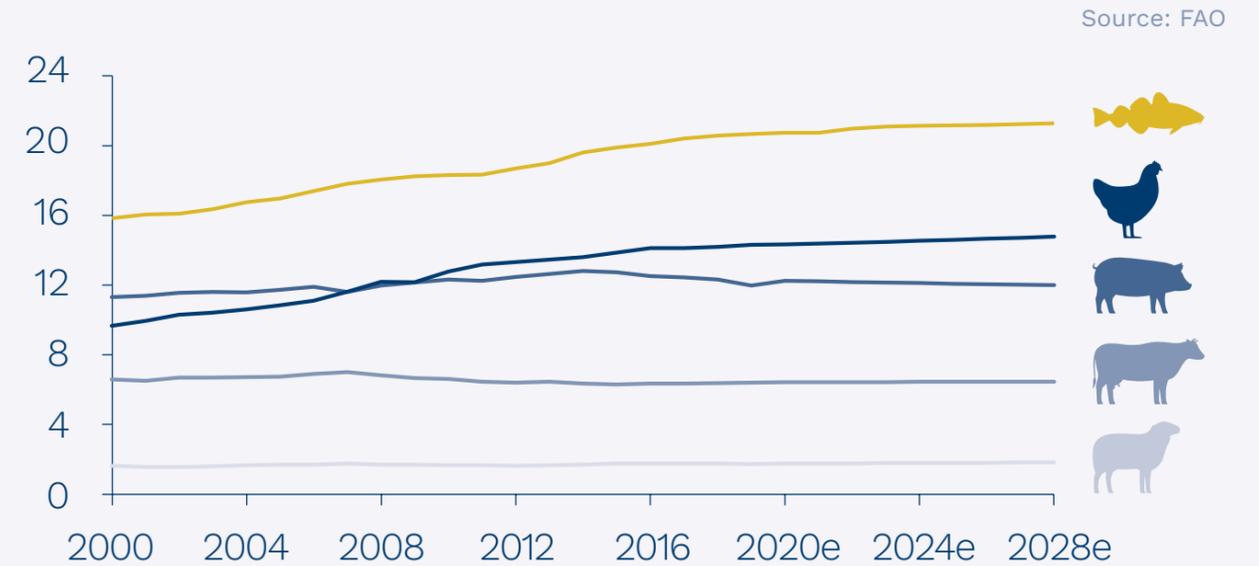
Value Added Products

The Group
Our Focus

Seafood leads the way in global human consumption per capita with developing countries driving total consumption growth with a CAGR of 1.1% between 2018 and 2028 (developed 0.35%)

Global human consumption per capita (kg/yr)

Seafood consumption is expected to continue to increase

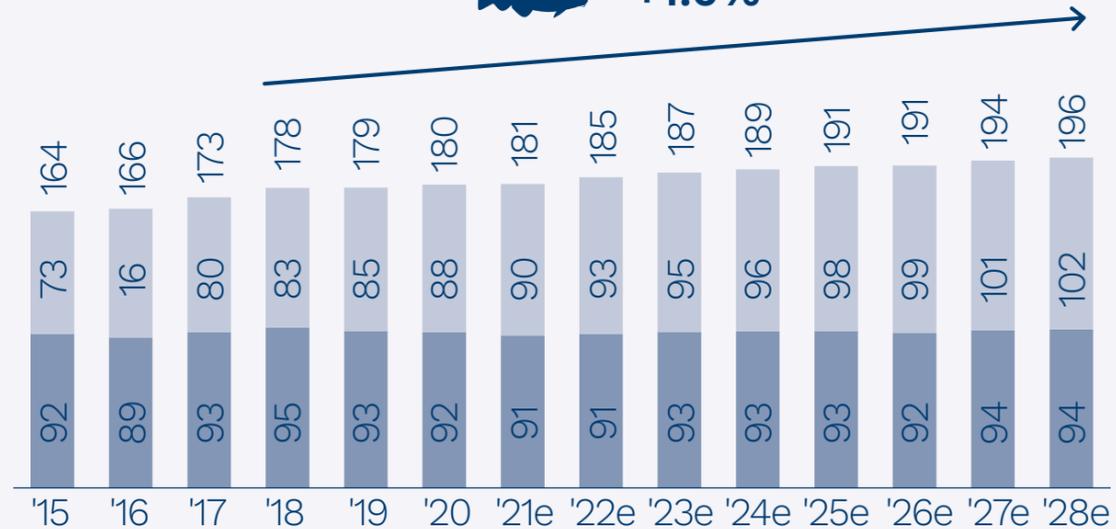


Total production per year
Tonnes million

+1.0%

Source: FAO

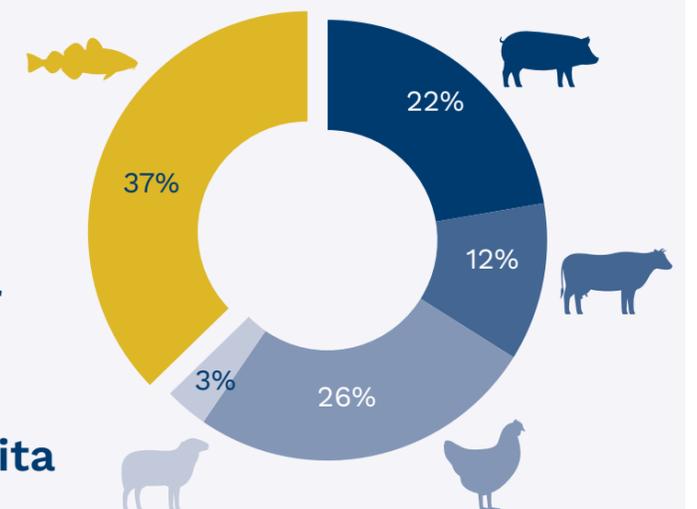
- Fish from aquaculture
- Fish from capture



Global consumption split per capita (kg, 2018, %)

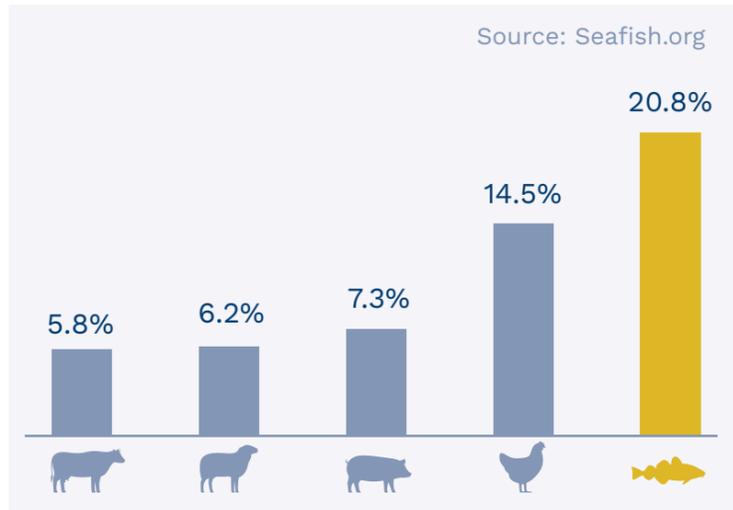
Source: FAO

Seafood accounts for about 37% of global consumption per capita



The Group

Growing with Global Trends

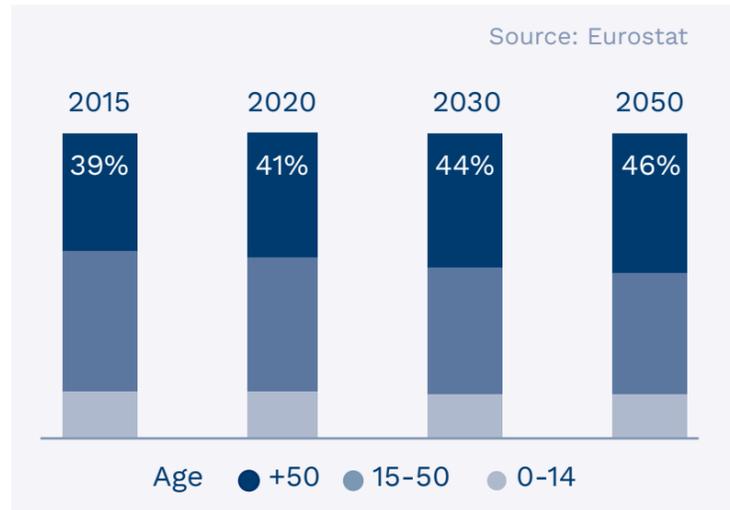


Drive towards healthy living,

where governments are encouraging people to eat more seafood, consumers are becoming more selective in their food choices and millennials' lifestyles are healthier



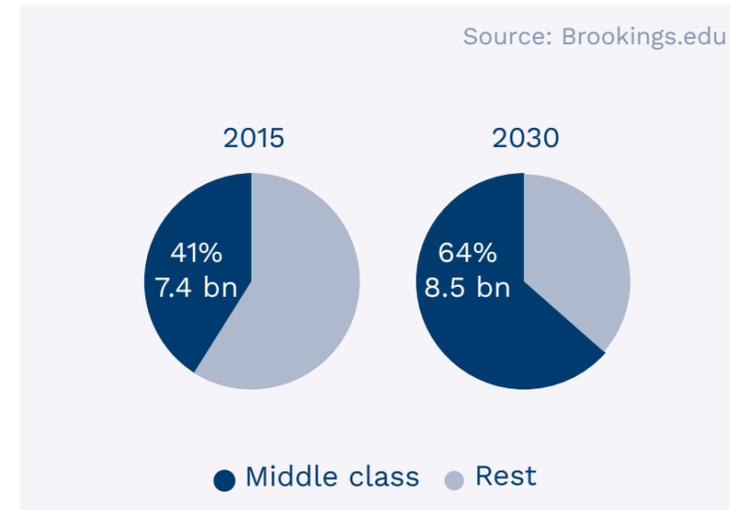
Increasing seafood consumption



Ageing population and a parallel increase in seafood consumption



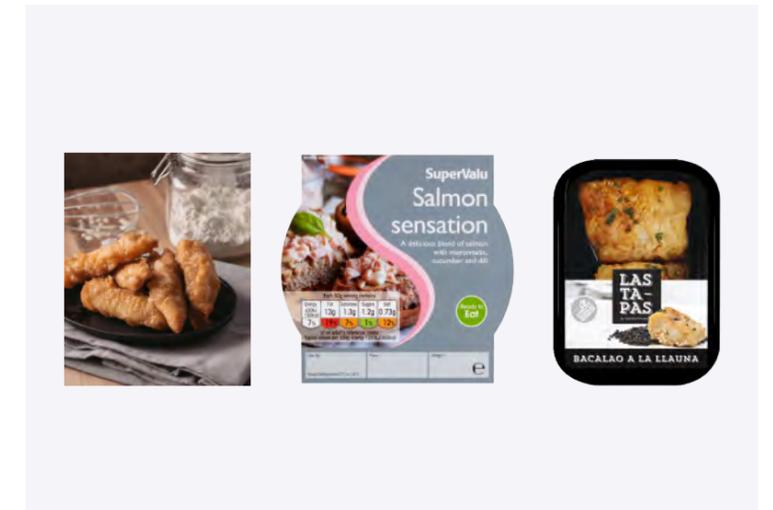
Increasing seafood consumption



A growing middle class expected to increase from one-third to two-thirds of the world's population by 2030



Increasing seafood consumption



A higher demand for food solutions that are easy and quick to prepare, tasty and innovative, right for the consumer, the environment and consumers' social standards

right for the consumer, the environment and consumers' social standards



Increasing seafood demand

The Group
Board of Directors

Magnús Bjarnason

Chairman

His background is in finance, renewable energy, seafood and government service. He was an MD at Landsvirkjun, Iceland's largest renewable energy company; MD of Íslandsbanki/Glitnir, Glacier Partners, where he lead development and a US\$1.5 billion portfolio in sustainable energy and seafood in three continents, the



CEO of Icelandic Group, a €600 million seafood company; and an MD of Corporate Finance in Kvika before founding MAR Advisors. From 1997–2005 he served as a Consul General for Iceland in New York and Deputy Chief of Mission in the Embassy of Iceland in Beijing. He has served as a board member in private and public organisations

such as Iceland Seafood, HS Orka, Farice, American Scandinavian Foundation & Sena. He has an MBA from Thunderbird School of Global Management and a BSc in Banking & Finance from SNU.

Jakob Valgeir Flosason

is the CEO of Jakob Valgeir ehf.

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 companies to become one of the most technically advanced and leading company within the Icelandic fishing sector.

The Group

Board of Directors

Liv Bergþórsdóttir

Board member

Liv Bergþórsdóttir has worked in the telecommunication industry for 20 years, thereof 12 years as CEO. She has extensive board member experience in listed and unlisted companies.

Education: Business

Administration, Cand.oecon from the University of Iceland in 1995



and AMP (Advanced Management Programme) from IESE Business School Barcelona in 2013.

Ingunn Agnes Kro

Alternate Board member

She was Director of Administration and Communication at Skeljungur hf., heading internal and external communication and compliance, incl. legal matters, marketing, public relations, human resources and subsidiaries. She was also the CEO of H2 Iceland. Previously she was the general council of Skeljungur, secretary to the Board of Directors



and compliance officer. She is on the Board of Íslenskir fjárfestar hf., a securities brokerage company, and of the Company Lawyers Association of Iceland. She also sits on the board of HS Orka, a clean energy producer and provider. She is currently seeking an MBA degree at the University of Iceland.

The Group
Executive Management

Bjarni Ármannsson

CEO

Bjarni Ármannsson is a private investor. He is a significant investor in Iceland Seafood International via Sjávarsýn – 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 has spent the lion's 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.

Reynir Jónsson

CFO

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. 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.

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**Excellent sales and
profit growth driven
by closer cooperation
with key producers.**

Financial Performance

Income Statement

The 2019 Financial Statement are the first consolidated audited accounts reflecting full year impact of the acquisitions made in 2018, i.e. Oceanpath and Solo Seafood. Sales of €448.2m were 29.5% higher than in 2018 and 4.0% up on 2018 Proforma figures. Increase in sales of products from Iceland, related to closer cooperation with key producers, was the main driver for increased sales. Normalised PBT for the year of €11.3m was close to the mid-point of the market outlook range, first published in March 2019 and €0.5m higher than 2018 Proforma.

Consolidated Income Statement	2019			2018		
	Normalised result	Significant items	IFRS	Normalised result	Significant items	IFRS
Sales of seafood	448.189		448.189	345.978		345.978
Gross margin	61.580		61.580	46.825		46.825
Distribution costs	(20.510)		(20.510)	(17.842)		(17.842)
Net margin	41.070		41.070	28.983		28.983
EBITDA	17.421	(3.626)	13.795	10.453	(1.290)	9.163
Profit before tax	11.275	(3.626)	7.649	7.198	(1.290)	5.908
Income tax	(2.274)	725	(1.549)	(1.489)	258	(1.231)
Profit for the year	9.001	(2.901)	6.100	5.709	(1.032)	4.677
<i>Profit (loss) for the year attributable to:</i>						
Owners of the Company	8.086	(2.901)	5.185	5.045	(1.032)	4.013
Non-controlling interest	915		915	664		664
Profit (loss) for the year	9.001	(2.901)	6.100	5.709	(1.032)	4.677

Financial Performance

Balance Sheet & Cash Flow

At end of the year total assets amounted to €209.5m, compared to €193.8m at end of 2018. The increase in assets is mainly explained by: investments in fixed assets mainly in Ireland, UK and Argentina, impact of IFRS 16 lease accounting, higher cash headroom in Spain. The equity ratio at year end was 38.3% compared to 30.6% at end of 2018. Net debt of €65.5m at year end 2019 were €13m lower than in year beginning, helped by the equity increase in October 2019.

Consolidated Balance Sheet	31 December 2019	31 December 2018
Assets	209.455	193.794
Non-current assets	68.080	61.802
Current assets	141.375	131.992
Equity	80.241	59.342
Liabilities	129.214	134.452
Non-current liabilities	12.201	8.386
Total current liabilities	117.013	126.066

Consolidated Cash flow Statement	2019	2018
<i>Cash generated from operations before interest and taxes</i>	8.787	7.947
Net cash (to) from operating activities	3.952	4.106
Net cash used in investing activities	(7.774)	(9.948)
Net cash generated from financing activities	10.145	7.655
Changes in cash and cash equivalents	6.323	1.813
Effects of exchange rate fluctuations on cash held	(680)	(69)
Cash and cash equivalents at year-end	9.610	3.967

Financial Performance
Key Highlights

Euro million	2019	2018	2018P*
Sales	448.2	346.0	431.3
Normalised* PBT	11.3	7.2	10.8
Net profit	6.1	4.7	7.5
Net cash (to) from operating activities	4.0	4.1	
Total assets year end	209.5	193.8	
Equity ratio year end	38.3%	30.6%	

**Normalised PBT represents Profit before tax allowing for significant items and discontinued operation*

**2018 Proforma numbers based on 12mth operation of acquired subsidiaries and include finance cost in HO related to the acquisitions*



Financial Performance

Group Financials

VA S-Europe

The division incorporates three manufacturing sites in Barcelona, Malaga and in Argentina, focused on servicing the foodservice and retail markets in southern Europe. Sales were in line with proforma figures from previous year. Sales and margins were helped by strong demand of light salted products the whole year, but lower supply late summer and autumn negatively impacted sales in the year. Sales of Argentinean shrimp

decreased by 18% from prior year, impacted by both lower volume and lower prices. Normalised PBT

of €6.7m was consistent to 2018 proforma figures, helped by strong margins from light salted products

whilst challenging environment in Argentina negatively impacted sales.

Euro million	2019	2018	2018 P*
Sales	179.4	100.1	179.5
Net margin	20.7	10.4	21.1
EBITDA	9.2	4.1	8.3
Normalised PBT*	6.7	3.5	6.7

**Normalised PBT represents Profit before tax allowing for significant items and discontinued operation*



Financial Performance

Group Financials

VA N-Europe

The division incorporates four manufacturing sites in Grimsby, Bradford and two in Dublin. After a difficult 1H of the year, which was impacted by external challenges, the division saw a strong recovery in the 2H. Overall divisional sales for the year of €96.6m were 7% down on prior year Proforma numbers and Normalised PBT of €4.1m was €1.1m down. UK sales were impacted by Brexit uncertainties

and retailers trending to move packing from UK to Asia. The business responded to these trends and secured significant business with key retail customers which started to come through in September and December respectively. These new accounts and good sales at end of the year helped the UK operation in the 2H. The Irish operation started to benefit from €3m Capex investment in

the 2H of the year and also had good sales in a key sales period around Christmas. This also

helped with driving the recovery of the Division in the 2H of the year.

Euro million	2019	2018	2018 P*
Sales	96.6	97.4	103.3
Net margin	12.4	11.2	12.6
EBITDA	6.6	6.1	6.9
Normalised PBT*	4.1	4.6	5.2

**Normalised PBT represents Profit before tax allowing for significant items and discontinued operation*



Financial Performance

Group Financials

Sales & Distribution

The division incorporates subsidiaries in Iceland, France, Germany and the USA, with sales to customers in 45 countries in all continents. The division saw excellent sales and profit growth in the year, driven by closer cooperation with key producers in Iceland. Sales from Iceland grew by €12.0m from 2018, where increased sales of Frozen at Sea products were the main driver. The overall divisional sales in the year of

€194.0m were 6% higher than 2018. This resulted in Normalised PBT of €1.9m for the year, €0.7m up on 2018.

Euro million	2019	2018	2018 P*
Sales	194.0	183.2	183.2
Net margin	8.1	7.3	7.3
EBITDA	2.4	1.7	1.7
Normalised PBT*	1.9	1.2	1.2

**Normalised PBT represents Profit before tax allowing for significant items and discontinued operation*



Financial Performance

Group Financials

Shareholder Information

Iceland Seafood International shares are listed on the Nasdaq Main Market in Iceland under the symbol ICESEA, with the ISIN number IS0000026961.

Main market listing and Capital raising was completed on October 29th 2019. In total 225million new shares were issued and sold at a price of 9.5m per share, resulting in total increase of equity of €15.2m. Around 90% of the issued shares

were sold to Icelandic institutional investors, including 9 pension funds. 112 new investors joined through the share offering, increasing the total number of shareholders to 444 at end of October. The number of shareholders has increased further after the Main Market listing to 452 at year end 2019 and 470 at February 20th 2020.

First day of trading on the Main Market was October 29th. Since

then there has been a good liquidity on the market, average daily trade is around ISK 42m. The latest transaction in 2019 was at ISK 9.93 per share, giving the Company a market capitalization of €187.8m at year end. Executives and senior employees held options over 32.8 million shares of the Group at year-end 2019. Majority of these options were granted in May 2016 and will vest in the period from May 2017 to May 2020. Stock options for 14.8

million shares were granted during 2019, options for 11.8 million were exercised and 5 million cancelled. All options have a five year term and are conditional that the Optionee remains as an employee of the Company. At year end the Board had an authorisation to increase its share capital by 42.6 million to fulfil stock option agreements. This authorization is valid until September 2023.

Financial Performance

Group Financials

Shareholder Information

The 10 largest shareholders held 67% of the total shares at year end 2019:

Shareholder	Number of shares, million	Shares in %
Sjávarsýn ehf	283	11%
Nesfiskur ehf.	274	11%
FISK Seafood ehf	274	11%
Jakob Valgeir ehf	269	10%
Arion Banki hf	138	5%
Frjálsi lífeyrissjóðurinn	124	5%
Lífsverk lífeyrissjóður	108	4%
Birta lífeyrissjóður	95	4%
Lífeyrissj. starfsm.rík. A-deild	73	3%
Vátryggingafélag Íslands hf	73	3%
Top 10 total	1.711	67%
Others (442)	850	33%
Total issued shares	2.561	100.0%



Financial Performance

Group Financials

Risk Management

Iceland Seafood International activities are exposed to variety of risk factors related to its operations and financials. Effective risk management is important to minimize the risk of material misstatements and for the business to perform. Detailed information on risk factors can be found in the Prospectus which was published in relation to the Nasdaq Main Market listing in October 2019 and is available on the Company's website.

The outbreak of COVID19 in Q1 2020 and actions taken in Europe and United States to

control the outbreak will have impact sales and profitability of the Company in the 1H 2020. The financial implications are uncertain at the time the Annual Report is issued and will depend on the development and timeframe of restrictions that have been set

The following description of risk factors is not complete and is not listed in any order of priority.

Currency risk: The reporting currency of the Group is the Euro, therefore the Group has a currency risk related to the operation of subsidiaries in UK and USA, which operate and report in a different currency. Additionally, The UK entities represent ca.

15% of the Group's operating divisions profits in 2019, whilst the Argentinean and USA operations were immaterial. Additionally, individual subsidiaries use forward contracts to mitigate currency risk, e.g. when buying raw material in a foreign currency to the local market. In certain markets, predominantly Iceland, purchases are made in the currency that the goods are sold, providing a natural currency hedge.

Supplier risk: The Group is exposed to risks regarding suppliers, in both the wild and farmed seafood sector, as it sources its products from specific origins and production methods. This potentially limits the number of suppliers the Group can

Financial Performance

Group Financials

Risk Management

purchase from in some instances, although the Group has a wide supply base. Currently four large Icelandic seafood companies, which hold a considerable percentage of the national fishing quotas in Iceland are significant strategic shareholders in Iceland Seafood which the company believes mitigates the risk considerably. In Argentina the Company is cooperating with raw material broker and vessel owners that hold licences for fishing Argentinean shrimp. To secure the raw material needed for the production, agreements have

been made where these counterparties are obliged to sell the raw material they catch to the Company's operation for a defined period of time. As consideration for this commitment, the Company provides pre-payment to the counterparties for the raw material.

Credit risk: The credit risk of the Group mainly relates to accounts receivables, i.e. those customers are not able to pay for goods that the Group has sold to them. The Group controls this risk carefully, with the vast majority of all receivables credit insured. The Group does not take uninsured positions against a customer without going through an appropriate risk assessment procedure.

Liquidity risk: The Group controls liquidity risk by maintaining access to appropriate loan facilities, taking into account sufficient headroom for fluctuations, whilst cash flow is monitored on a daily basis. The Group's main sources of financing are; a multi currency revolving credit facility with Icelandic financial institution with a cap of EUR 50 million, short and medium term credit facilities with number of Spanish banks. The Icelandic loan facility is secured with pledge over the Group's inventories and receivables except from Spain. Loan facilities in Spain are not secured with direct pledge but most agreements include a negative pledge clauses. Headroom of the loan facilities was around EUR 29 million at year end 2019, which is in the opinion of management sufficient to cover fluctuation

Financial Performance

Group Financials

Risk Management

both with regards to total facility amount and underlying assets.

Insurance Risk: The Group has appropriate insurance policies in place, which provides insurance cover against product and property damage, certain delays, general liability and environmental liability in accordance with normal practice within the industry. Additionally, the Company maintains Directors and Officers insurance for its executive management.

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As captain of our industry, we are committed to drive ESG issues as a key for sustainability and long term growth.

**Corporate Governance
& Social Responsibility**
Corporate Governance

Iceland Seafood International is a limited liability company operating under Act No. 2/1995 respecting Public Limited Companies. Under its Articles of Association, the Company is governed by shareholders' meetings, the Board of Directors and the Chief Executive Officer.

The Company's Articles of Associations and rules of issuers of securities listed at Nasdaq First North make up the framework for the Corporate Governance practices for Iceland Seafood International. Reference is

also made to the Icelandic Guidelines on Corporate Governance which are published by the Iceland Chamber of Commerce, SA Business Iceland and Nasdaq Iceland.

Board of Directors

At the Annual General Meeting of the Company, three members and one alternate member are elected to the Board of Directors.

The Board of Directors holds the supreme authority between shareholders meetings and promotes the development and long-term performance of the Group and the supervision of its operations. Together with

the CEO, they formulate the strategy policies, and set goals and risk parameters for the organisation.

The Board is responsible for the recruitment and dismissal of the CEO. The Rules of Procedure for the Board of Directors were adopted in line with Article 70 of the Public Limited Company Act, also defining the sub-committees appointed to operate on its behalf. These Rules of Procedure are supplementary to the Articles of Association.

Board Committees

The Audit Committee ensures the quality of the financial statements and internal

Corporate Governance & Social Responsibility

Corporate Governance

controls. It has oversight of the external auditors. It also presents proposals for the selection of external auditors and ensures their independence. Members of the Audit Committee are Magnús Bjarnason, Ingunn Agnes Kro and Lee Camfield.

The Remuneration Committee is responsible for establishing a remuneration policy for the Company. Members of the Remuneration Committee are Liv Bergþórsdóttir and Magnús Bjarnason.

Chief Executive Officer

The CEO carries out the day-to-day operations of the Company and must, in this respect, follow the policies and instructions laid down by the Board and abide by laws and regulations. The CEO must at all times conduct his work with integrity and take account of the Company's interests.



**Corporate Governance
& Social Responsibility**

ESG measurements



Iceland Seafood first issued a corporate social responsibility report in 2018. This is the second year the company reports on the topic. The scope of the report for 2019 is broader than before as it covers increased operations and improved reporting on metrics. The report is based on the second version of voluntary non-financial guidelines for Environmental, Social, and Corporate Governance (ESG) disclosure issued by Nasdaq's Nordic and Baltic stock exchanges. The Nasdaq voluntary guide focuses on the ESG metrics that the World Economic Forum

has recommended to stock exchanges around the world. The following are the key metrics, but for more detail see ISI ESG-report.

Environmental Responsibility

The key environmental aspects of Iceland Seafood are sustainable fisheries, energy use, greenhouse gas emissions, water use, and waste. The seven value-added factories represent the great majority of ISI's environmental footprint.

**Corporate Governance
& Social Responsibility**

Environmental
Responsibility

Environmental Metrics	2019
Full Time Equivalents (FTE)	659
Annual Revenue (EUR m)	448
E1 Direct & Indirect GHG Emissions (MT CO2e)	
Scope 1 (on site fossil fuel usage)	2.511
Scope 2 (Energy use)	2.369
Scope 3	-
E2 Carbon Intensity	
MTCO2e emissions/FTE	7,2
CO2e emission/Revenue (MT/EUR m)	10,6
E3 Direct & Indirect Energy Consumption	
E3.1 Total amount of energy directly consumed (MWh)	3.186
E3.2 Total amount of energy indirectly consumed (MWh)	7.855
Renewable Energy consumption (MWh)	4.506
Non-Renewable Energy consumption (MWh)	6.539

E4 Energy Intensity		
Energy consumed/FTE (MWh/FTE)	15.3	
Energy consumed/Revenue (MWh/EUR m)	22.5	
E5 Energy mix - top 5		
		%
Renewable sources (hydro, geothermal, solar, wind)(MWh)	4.506	41
Natural Gas (MWh)	3.667	33
Oil (MWh)	1.366	12
Coal (MWh)	562	5
Nuclear (MWh)	519	5
Renewable Energy Intensity		
Renewable energy/Non-renewable energy	0,69	
E6 Water usage		
E6.1 Total amount of water consumed ('000 m ³)	57.1	
E6.2 Total amount of water reclaimed (m ³)	-	

**Corporate Governance
& Social Responsibility**

Environmental
Responsibility

Environmental Metrics	2019
Waste Management	
Waste recycled (MT)	710
Waste not recycled (MT)	1.335
Total waste (MT)	2.045
Total waste generated/FTE (MT/employee)	3,1
Total waste generated/Revenue (MT/EUR m)	4,6
% Recycled Waste	35%
E8. Climate Oversight / Board	
Does your Board of Directors oversee and/or manage climate-related risks?	*

* Board of Directors is conscious of climate-related risk and potential impact of this on the company operation, but such risk factors are not measured or managed in a structural manner.

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E9. Climate Oversight / Management

Does your Senior Management Team oversee and/or manage climate-related risks? **

E10. Climate Oversight / Management

Total amount invested, annually, in climate-related infrastructure, resilience, and product development. ***

** Company management is conscious of climate-related risk and potential impact of this on the company operation, but such risk factors are not measured or managed in a structural manner.

*** Was not included in scope 2019 but will be included in 2020.

Corporate Governance & Social Responsibility

Social Responsibility

These are key social metrics for social aspects of Iceland Seafood operations. For more detail see ESG-report www.icelandseafood.com/investors.

Social Metrics	2019	Comments
S1 CEO Pay Ratio	9	CEO salary/ Company average salary.
S2 Gender Pay Ratio		
Total work force:	From 1:1 to 3,46:1	ISI has operations of different nature in various economies and tracks this ratio in each location. The broad range of the ratio represents this variety.
Production staff:	From 1:1 to 1,3:1	
Staff, other than production staff:	From 1:1 to 3,46:1	
S3 Employee Turnover Ratio – Year-over-year change		
S3.1) Full-time employees	26%	
S3.2) Part-time employees	11%	
S3.3) Contractors	0%	
S4 Gender Diversity	Men	Women
S4.1) Total enterprise headcount	59%	41%
S4.2) Entry- and mid-level	59%	41%
S4.3) Senior- and executive-level	68%	32%
S5 Temporary Worker Ratio	20,2%	
S6 Non-Discrimination Policy	In place	See Company website for more details.
S7 Injury rate	0.06	(Total accidents / FTE)
S8 Global Health and Safety policy	In place	See Company website for more details.
S9 Child & Forced Labor Policy	In place	See Company website for more details.
S10 Human Rights Policy	In place	See Company website for more details.

**Corporate Governance
& Social Responsibility**
Governance

These are key aspects of Iceland Seafood governance. For more detail see the ESG-report.

Governance Metrics	Measurement/ Status	Comments
G1 Board diversity		
G1.1) Total board seats occupied by women	33%/50%	There is one women out of three boad mebers. The anternate board member is a woman that sits all meetings
G1.2) Committee chairs occupied by women	50%	One of two committee chairs is occupied by a woman.
G2. Board Independence		
G2.1) Does company prohibit CEO from serving as board chair?	Yes	
G2.2) Total board seats occupied by independents	67%	Two of three boardmembers are independent. The alternate board member is also independent.
G3 Incentivized pay	No	Company ´s employees are currently not financially incentivized for ESG performance.
G4. Collective Bargaining Percentage:		This was not included in the scope for 2019. Will be included for 2020.

**Corporate Governance
& Social Responsibility**
Governance

Governance Metrics	Measurement/ Status	Comments
G5 Supplier Code of Conduct	No	Individual subsidiaries have implemented supplier codes of conduct but an overarching group CoC is not in place. Development of Group CoC is currently in process, with target completion before year end 2021.
G6. Ethics & Anti-Corruption		
G6.1) Does your company follow an ethics and/or Anti-Corruption policy?	Yes	See Iceland Seafood website for more details.
G6.2) If yes, what percentage of your workforce has formally certified its compliance with the policy?		No certification has been implemented.
G7. Data Privacy		
G7.1) Does your company follow a Data Privacy policy?		Partially implemented. Full implementation in 2020.
G7.2) Has your company taken steps to comply with GDPR rules?		Partially implemented. Full implementation in 2020.

**Corporate Governance
& Social Responsibility**
Governance

Governance Metrics	Measurement/ Status	Comments
G8. ESG Reporting	Yes	ESG metrics included in annual report and a more detailed ESG report available at Iceland Seafood's website.
G9. Disclosure Practices	No	Iceland Seafood has reported ESG metrics through an ESG report.
G10 External Assurance	No	ESG metrics have not been validated by a third party.

Disclaimer

This report 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 management's current views on future events and performance. Whilst the views are based on positions that management believes are reasonable, there is no assurance 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.



**We are
Iceland Seafood**

www.icelandseafood.com