



THE ICELAND SEAFOOD GROUP
Q2 and 1H 2022 RESULTS

Presentation to Investors and Analysts





Q2 2022 Results
Presentation to Investors
and Analysts

90

YEARS 1932-2022

**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

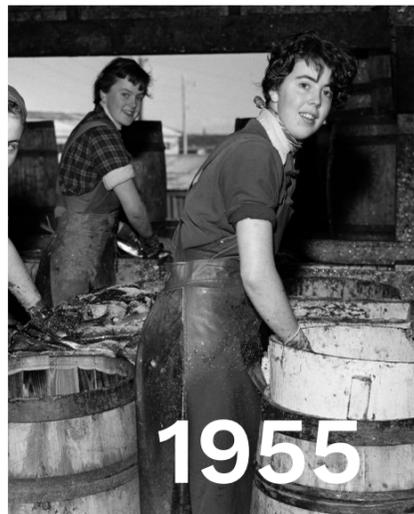


100.000

MT of products
sold in 2021

1932-2022 90 years together

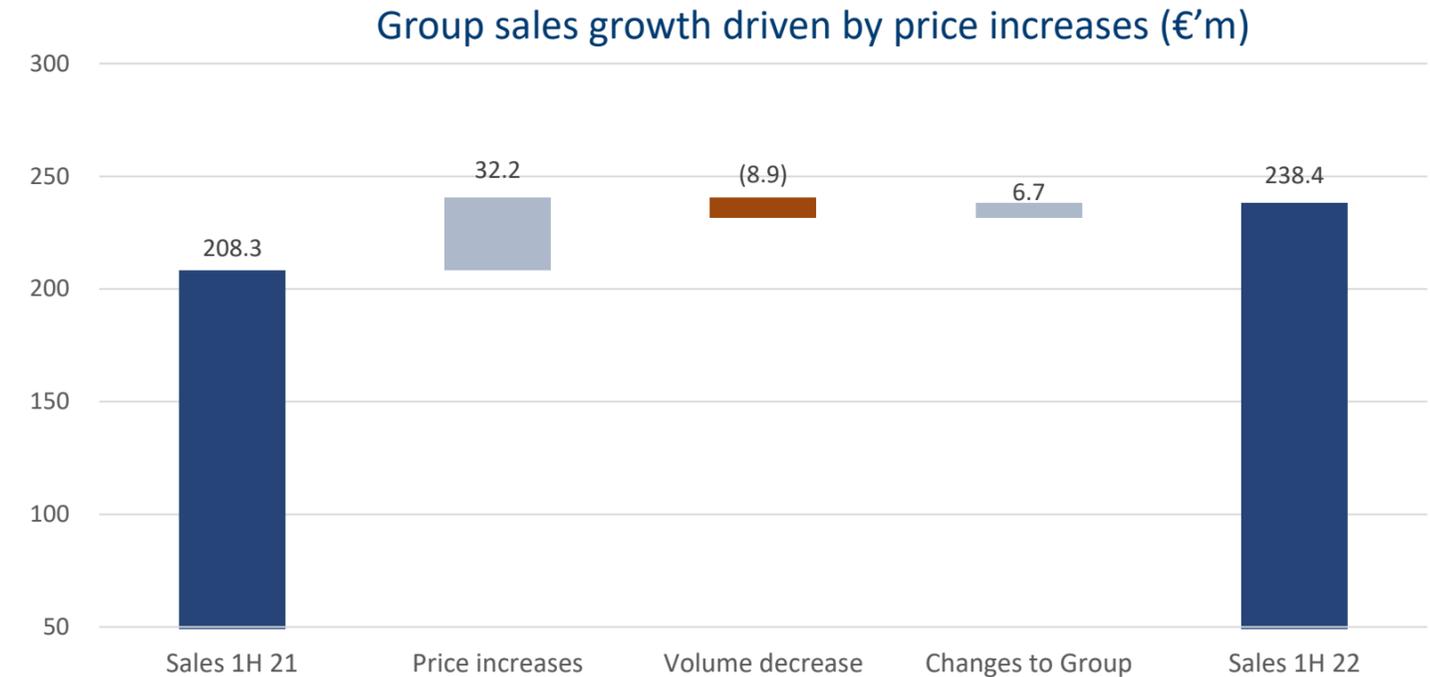
Iceland Seafood International is proud of its strong heritage and history and continues to build on that foundation, to be a respected industry leader.



Cost increases and shortage of supply has been the main drivers for negative performance in Q2 & H1

Increased political risk and disruptive supply chains bringing on challenges and opening up opportunities at the same time

- Significant and rapid price increases in all areas during 1H 2022, driven by strong demand and unstable supply. Prices have leveled off in certain areas,
- These price increases impacted Iceland Seafood negatively, especially in areas that relies on retail sales. It takes longer time to pass the cost on in retail than foodservice,
- Price volatility is expected to continue for the coming months with the contrary drivers of decrease in fishing quotas and disruptive supply chains on one side, but economic decline and diminishing consumer purchasing power on the other side having an impact,
- Due to Covid19 and geopolitical turmoil, it is expected that price volatility and disruptions in various supply chains will continue for the coming months, with increased prospects of deglobalization,
- This will have negative impact on profitability of the sector in general, as companies are likely to carry higher inventories and diversify the supply base further to manage the underlying risk,
- On the other hand, it is likely that production will move closer to consumers. Production in Europe will become more competitive where automation and investments in production efficiencies will play a key role. Iceland Seafood is in good position to benefit from this development,
- The operation of Iceland Seafood is well balanced. The company is in good position to address challenges and utilize opportunities that will arise, due to its strong sourcing base and value-added operations close to key markets.



Investments going forward 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 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 and increase their value.

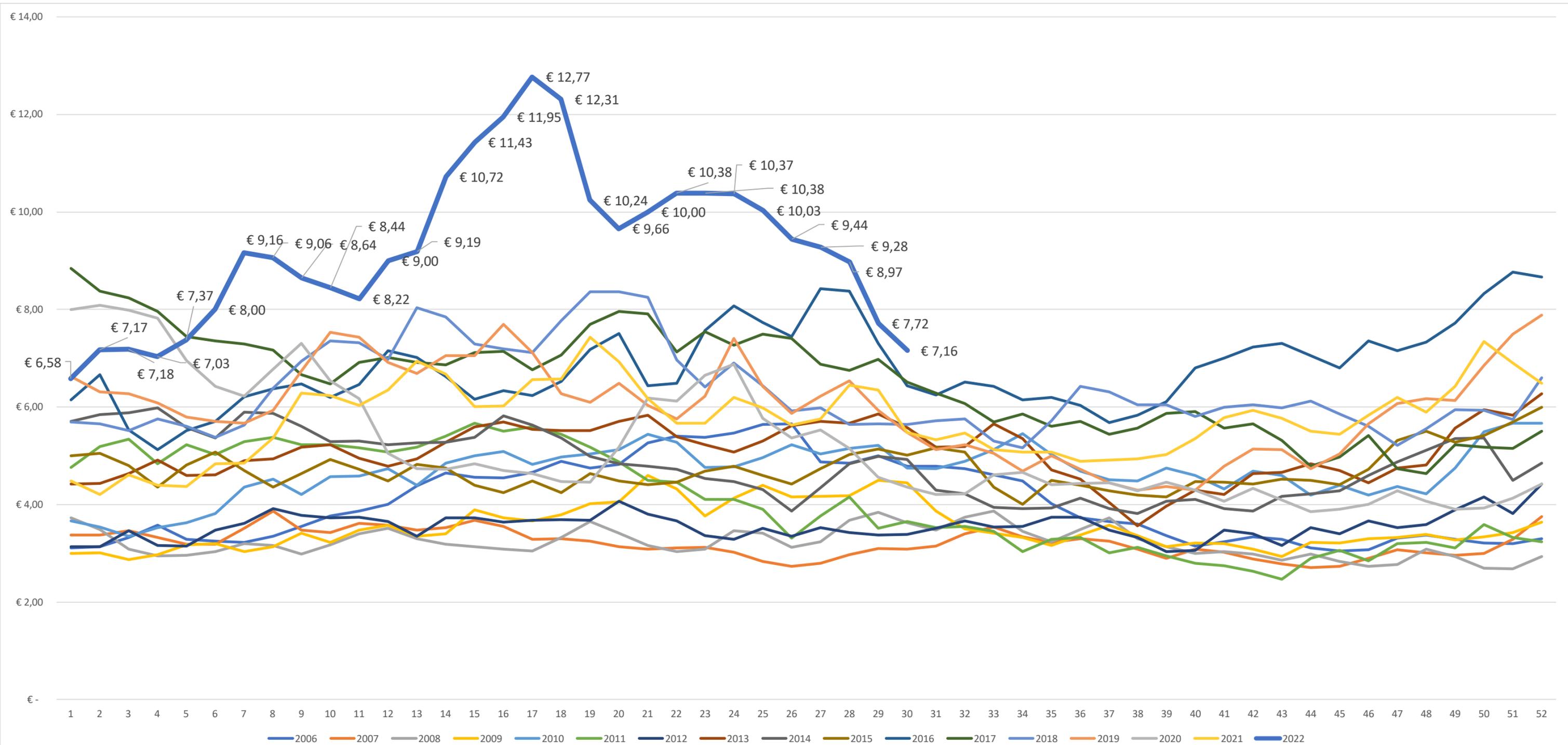


Q2 2022

and Analysts

Salmon prices levelling off after reaching all time high in Q2.

Weekly Salmon prices (2006 – 2022)*



*Source NASDAQ

Good performance of S-Europe division despite of challenging external conditions



Factory extension progressing in accordance with schedule

- Sales in the 1H of €108.8m were 27% up on 1H 2021 on like for like basis, largely driven by price increases. Sold volume grew by 7% at the same time,
- Profitability of IS Ibérica improved significantly from prior year, with both higher sales and margins. Strong market position for Icelandic cod products paying off,
- Challenges in logistics having a negative impact, with both increased transportation costs (inbound and outbound) and cold storage costs,
- Factory extension on track in Barcelona. Installing of solar panels progressing both in Barcelona and Madrid. The investment will improve efficiency level in production and provide savings in electricity cost,
- Rapid increase of salmon prices affected the results of Ahumados Domínguez in the 1H 2022. Performance is improving in Q3 with prices leveling off and increased sales which have been secured following marketing campaign in December 2021.

Challenges in sourcing of raw material at Achernar during 1H 2022

- Overall fishing volumes in 1H 2022 decreased by 25% from same time last year, largely due to bad weather conditions, unstable labour environment and later start of the winter season (national waters) than last year,
- The production in the winter season has been affected by lower supply of raw material and increased prices. Lower volume is partly offset by big sizes and good quality of the raw material,
- Outcome of squid season in line with expectation. This helped results in Q2, in a period of low shrimp production as Rawson season concludes in March and National waters season starts at end of June,
- Shrimp prices remain stable for sales to Asia. Signs that prices into Europe will be under pressure in 2H with lowering prices of vannamei shrimp,
- Overall, a positive but uncertain outlook given the dynamic environment we are operating in.



Extreme cost increases impacting the operation of IS UK

Results impacted by severe cost increases and disruptive supply chain

- 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 external challenges (Brexit, Covid19, severe cost increases this year),
- Production continued to be affected by difficult labour market and Covid situation in the beginning of the year but improved from beginning of March,
- Extreme cost increases of almost all input factors having significant negative impact on the operation,
- Price increases have generally been accepted by customers, but with time delays. As price increases have come into affect, more input cost has occurred,
- Price increases are negatively impacting demand. In some cases products have been delisted consequently,
- Increased tariffs and reluctance in the market against Russian origin products having negative impacts in the short term but brings opportunities in the mid/longer term.

New management team in place. Main emphasis on credibility towards retail and stabilising the operation

- Glen was previously the Production Director of Hilton (former Icelandic Seachill), for 20 years, managing over 1,400 employees across three factories,
- The management team has been strengthened in various positions during 1H 2022. People with retail processing and commercial experience have joined the business, many of them have worked successfully together in their previous jobs,
- Key focus points of the team in the short term are:
 - To stabilize and improve efficiency in the operation and quality of the production. Steps have been taken in that direction but there is still a way to go,
 - To push through price increases to customers. This takes time, and occasionally leads to delisting of products,
 - Grow the business with both current and new customers, with increased focus on leveraging the Groups sourcing position in Iceland. This will require investments in automation and processing equipment.,
- At the same time the long term vision and strategy of the business is being reviewed.



Q2 and 1H 2022 RESULTS
PRESENTATION TO INVESTORS
AND ANALYSTS

Financial performance



Strong demand for core products driving positive results in the period

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

€ m's	Q2 22	Q2 21	1H 22	1H 21
Sales	54.6	40.7	108.8	77.8
Net margin	6.7	4.0	14.1	9.9
Normalised EBITDA	2.0	1.3	5.2	4.7
Normalised PBT*	1.6	1.4	4.2	4.5

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

** Ahumados Domignuez in the figures from Q4 21



Sales in 1H 2022 up 27% like for like from 1H 2021

- Sales growth largely driven by price increases, volume growth 7% from last year on like for like basis, i.e. excluding Ahumados Domínguez (AD),
- Production volume of Argentinian shrimp at Achernar 30% down on last year. Lower fishing volumes in Q1, labour issues and slower start of winter season in June than last year impacting production,
- Sales of AD €9.6m in the period, grew by 18% from last year. Price increases and market campaign in December 2021 driving the sales growth.

Normalised PBT of €4.2m, down €0.3m from 1H 2021

- Good results of IS Ibérica driving the positive results,
- Good demand and strong margins on light salted products and stable market conditions for Argentinian shrimp contributed to the results,
- Extreme price increases of salmon negatively impacted profitability of AD in the period. With cost prices levelling off and increased sales prices, profitability is expected to be back to normal levels in Q3,
- Lower production volume of shrimp at Achernar than last year, negatively impacted the results. Results from Squid season were in line with plan, helping results in Q2,
- The addition of AD, (where both margin % and operating costs is higher), and €0.5m negative FX movement skews comparison with prior year.

Unprecedented price increases having a severe negative impact on results both in UK and Ireland in the period

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

€ m's	Q2 22	Q2 21	1H 22	1H 21
Sales	28.2	31.6	56.8	63.4
Net margin	(0.8)	2.1	(0.9)	5.2
Normalised EBITDA	(2.9)	0.3	(4.9)	1.5
Normalised PBT*	(3.8)	(0.6)	(6.7)	(0.4)

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

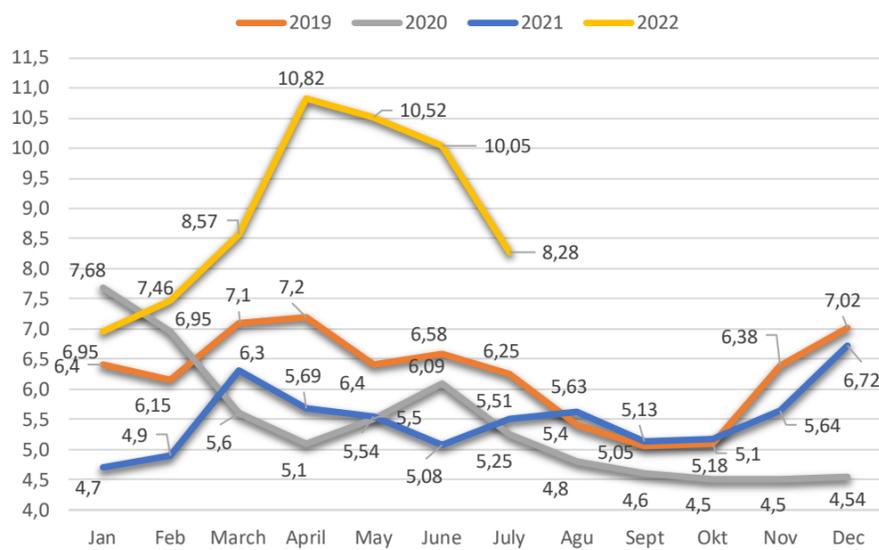
Sales in 1H 2022 down €6.6m on same period last year

- Demand in Ireland unusually strong in 1H 2021, due to lockdown restrictions on restaurant activity and strong position of our Irish operation post Brexit. This affects comparison with prior year,
- The price increases that have been pushed through in the period, have had negative impact on demand. Sold volume in Ireland 16% down on same period last year,

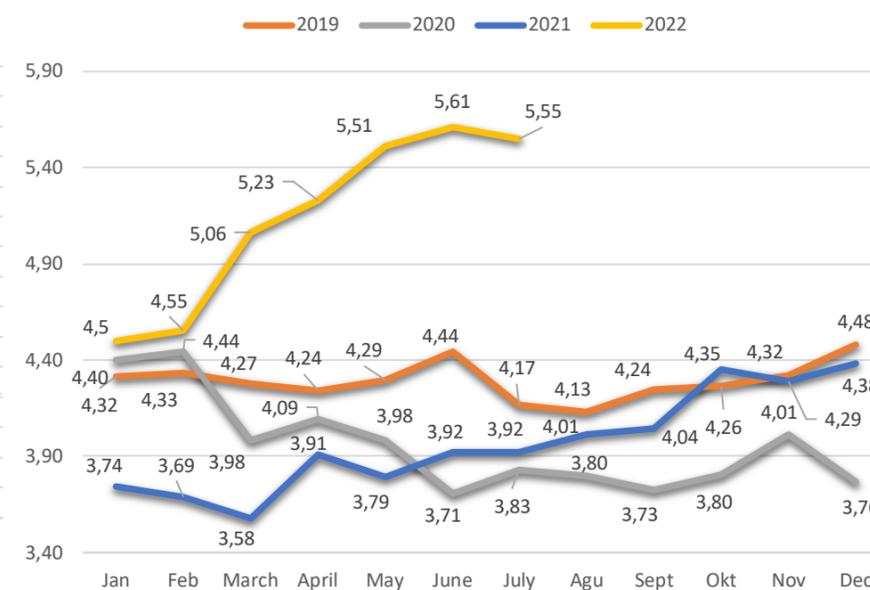
Results severely impacted by price increases in the period

- Significant and rapid price increases in all areas negatively impacted results in the period,
- The division mostly relies on sales to retail customers, it takes longer to pass on price increases to customers in retail than foodservice,
- IS UK business was loss making in the period. Continuing impact of challenging external environment. Outbreak of Omicron in the beginning of the year had disruptive impact on both operations and logistics. Price increases of various input factors had significant impact on margins,
- Results in Ireland especially impacted by sharp salmon price increase in the period. These prices have now levelled off, at the same time cost increases have been passed on to customers. Performance of the Irish business expected to be back to normal levels from Q3.

Salmon prices (€/kg)



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



Source: SeaData Center

Source: Norges Sjomatrad

Continuing strong demand for products from Iceland

€ m's	Q2 22	Q2 21	1H 22	1H 21
Sales	46.6	37.4	87.0	76.8
Net margin	2.0	1.7	4.1	3.5
Normalised EBITDA	0.8	0.6	1.7	1.2
Normalised PBT*	0.7	0.5	1.7	1.1

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

Sales growth of 13% from 1H 2021,

- Sales are up €10.2m from prior year, despite the closure of IS US activity at back end of last year,
- Price increases are driving the divisional sales growth, volume of Groundfish is 9% down on last year (like for like) and pelagic 22% down,
- Market for Frozen at Sea and landfrozen products strong in the period. Prices seems to have topped at end of Q2,

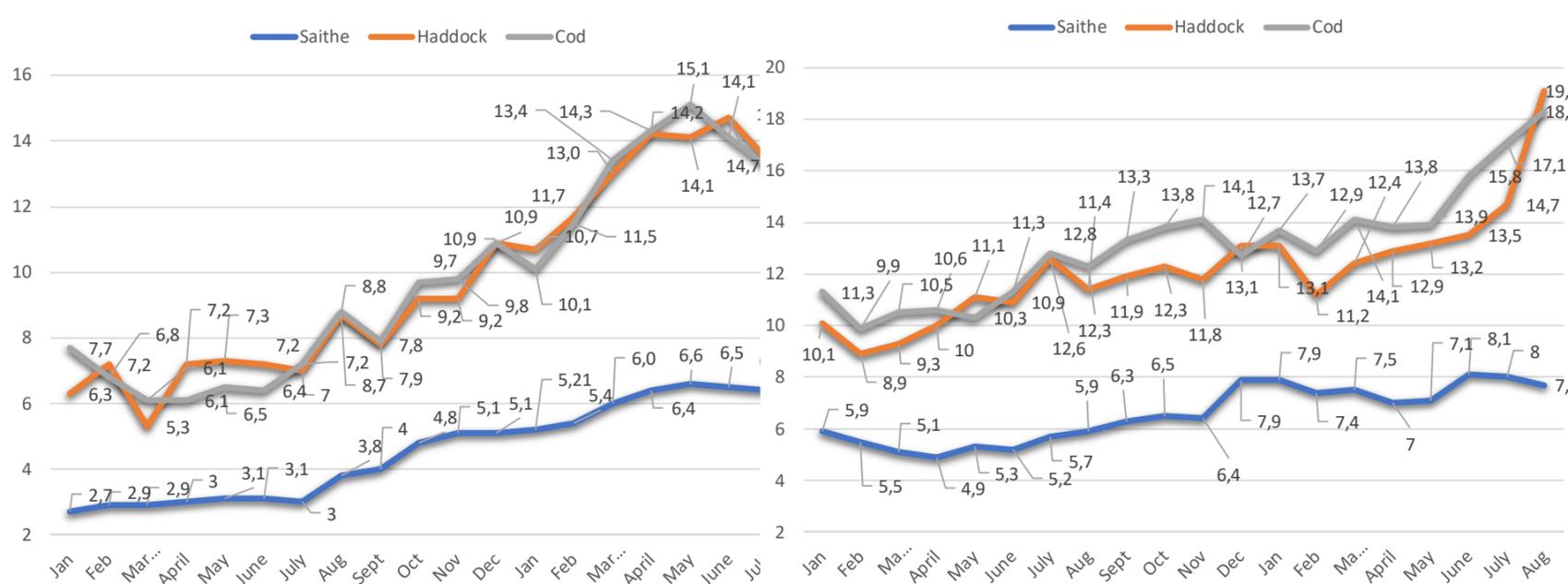
Normalised PBT of €1.7m up 49% from 1H 2021

- Net margin in 1H 2022 €0.6m up on last year, driven by price increases in the period,
- Both the French and the German operations performed well in the period,
- Operating and finance costs are in line with last year, resulting in divisional Normalised PBT of €1.7m, compared to €1.1m in 1H 2021.

- Ukraine is an important market for pelagic products. That market was active in Q2, goods are sold against prepayments as buyers can't be credit insured,
- Continuing supply chain disruptions and tariffs/sanctions on Russian products are having further positive impact on demand for Icelandic products, both in Europe and US.

Frozen at Sea fillets (€/kg)

Fresh fish (€/kg)



Group's results impacted by rapid and substantial price increases of all input factors in the period

€ m's	Q2 22	Q2 21	1H 22	1H 21
Sales	122.5	103.9	238.4	208.3
Net margin	8.0	7.8	17.3	18.7
Normalised EBITDA	0.0	2.2	1.9	7.3
Normalised PBT*	(1.8)	1.0	(1.8)	4.8
Net Profit	(2.1)	0.7	(2.9)	3.4

* 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 1H 2022 of €238.4m up 14% on 1H 2021

- Sales growth driven by higher prices in all regions. Total volume sold (MT) is down 6% from prior year on like for like basis,
- Sales in S-Europe increased by €21.4m on a like-for-like basis (excluding Ahumados Domínguez). Sales of IS Ibérica up 29% in value but 7% in volume,
- Retail sales in Ireland were exceptionally good during 1H 2021, due to covid impact on restaurant activities. Rapid price increases negatively impacted demand in both Ireland and UK in 1H 2022,
- Continuing strong demand for Icelandic products. Increase in sales of S&D division, despite closing of the US sales office late 2021.

Normalised loss before tax of €1.8m in the period

- Net margin down €1.4m despite higher sales, impacted by the extreme cost increases in the period,
- Different cost structure of Ahumados Domínguez than elsewhere in the Group (higher margin % and higher operating cost) impacts comparison with prior year,
- Operating costs in 1H 2022 €4.0m higher than 1H 2021, driven by the addition of Ahumados Domínguez,
- Finance cost slightly up on prior year, due to increase in net debt and increased interest rates. Adverse movement of €0.5m in FX from 1H 2021,
- Normalised loss before tax of €1.8m in the period,
- Income tax of €1.1m expensed in 1H 2022, mostly related to taxes on profits in Spain. Deferred tax loss in UK is not capitalised in the period,
- After considering cost of significant items and income tax, net loss in the period of €2.9m was €6.3m down on the results same time last year.

Impact of price increases on inventories and receivables inflates the Balance sheet at end of the period

€ m's	30.6.2022	31.12.2021	Variance
Fixed assets	32.5	31.6	0.9
Leased assets	1.7	1.9	(0.2)
Intangible assets	62.4	62.6	(0.2)
Deferred tax/other	4.7	4.9	(0.2)
Non-Current Assets	101.3	101.0	0.3
Inventory	101.0	77.3	23.7
Trade and other receivables	67.3	65.7	1.6
Other assets	10.7	7.6	3.1
Bank deposits	4.0	27.8	(23.8)
Current Assets	183.1	178.4	4.7
Total Assets	284.4	279.4	5.0

Inventories in S-Europe division €19.6m higher than at same time last year, and €24.2m higher than at year end 2021 driven by price increases in the period,

Cash position decreased by €23.8m from year end 2021. Group funding headroom of €31.8m at end of June,

Accounts receivables have increased by €1.6m from year beginning and by €6.8m from same time last year, due to price increases. At end of June, 84% of Group receivables are insured,

Net debt at end of June of €122.4m, increased by €28.2m from year beginning, driven by increase in inventories and receivables,

€ m's	30.6.2022	31.12.2021	Variance
Total Equity	89.3	91.7	(2.5)
Thereof minority interest	2.0	2.3	(0.3)
Long term borrowings	38.3	40.3	(2.0)
Lease liabilities	1.3	1.5	(0.2)
Obligations/Deferred tax	2.5	2.3	0.2
Non-Current Liabilities	42.1	44.1	(2.0)
Short term borrowings	88.1	81.6	6.5
Trade and other payables	55.3	52.2	3.1
Other current liabilities	9.6	9.6	0.0
Current liabilities	153.0	143.5	9.5
Total Equity and Liabilities	284.4	279.4	5.0

Loan agreement of €20m with Arion banki extended for 3 years in April 2022. The bank will provide funding to the S&D division. The facility was only drawn €0.3m at end of June,

Two offerings of 6 months bills for ISK 2.000 million in total outstanding at end of June, was reduced by ISK 1.000 million in the period,

Total equity of €89.3m and equity ratio of 31.4% at end of June compared to 32.8% at end of 2021.



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Outlook



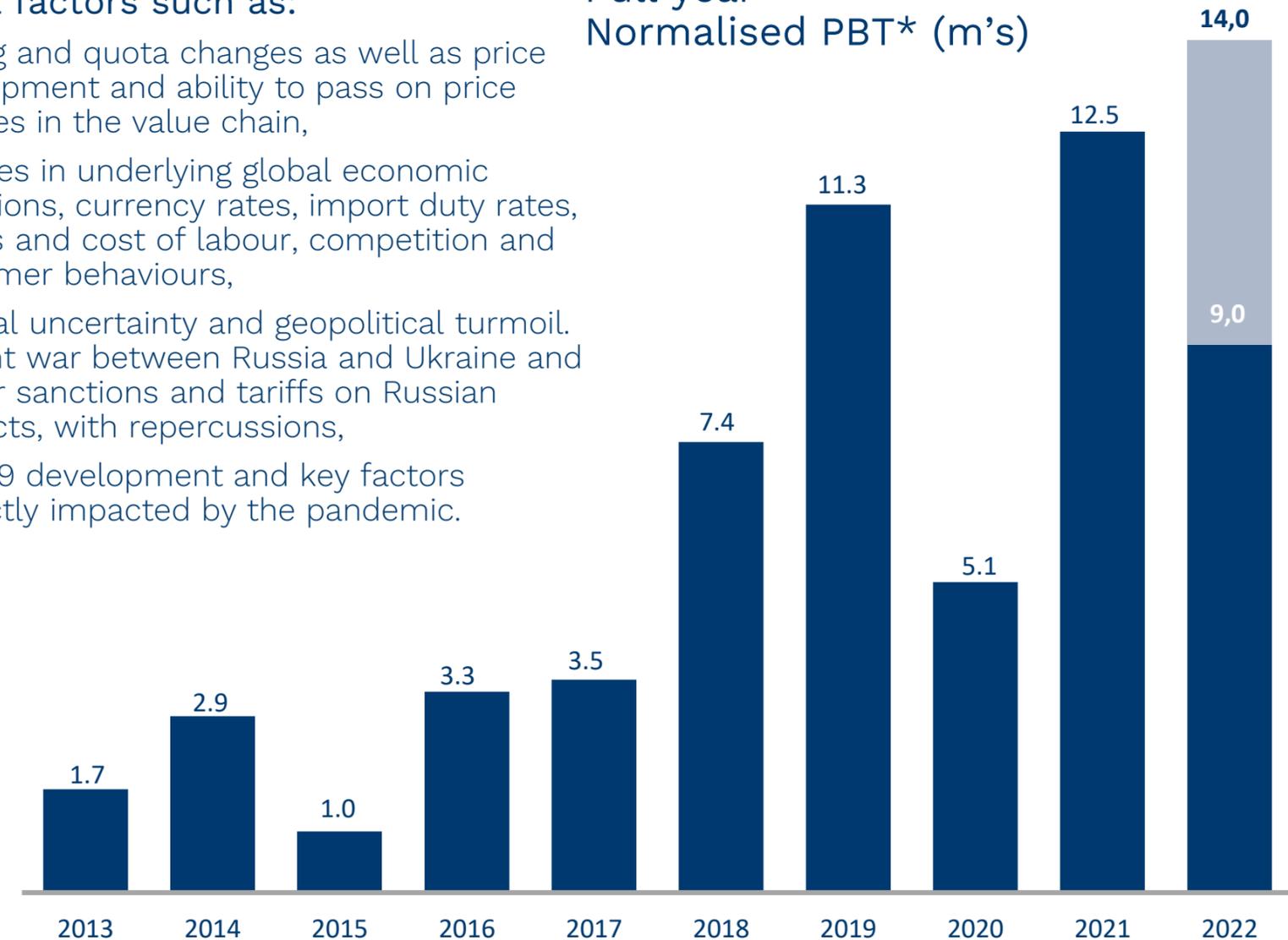
Revised outlook range for Normalised PBT €9.0-14.0m (previously €11.0-16.0m)

- 1H 2022 results impacted by extreme price increases of all input factors in the period. The operation of IS UK was loss making in the period, has become clear that it will take longer and cost more to stabilize the operation than previously estimated,
- Certain prices have levelled off, e.g. salmon prices have decreased after reaching all time high in May. Performance of our Irish operation and Ahumados Domínguez in Spain expected to be back to normal levels from Q3 onwards,
- However, the current political instability and disruptive supply chains is causing increased uncertainty and volatility in pricing of various input factors,
- Disruptions and cost increases in various supply chains are expecting to continue, with increased prospects of deglobalization. This will negatively impact efficiency and profitability of the sector, as companies are likely to carry higher inventories and diversify their supply base to manage underlying risk,
- At the same time, it is likely that production will move closer to home. Iceland Seafood is in good position to benefit from this development with its value-added production facilities in Europe,
- Investments in automation and energy saving projects are being implemented to address difficult labour market and improve efficiency. These investments have short payback time,
- Revised outlook range for Normalised PBT of €9.0-14.0m for the year 2022. This is based on the assumption that prices of key input factors will not be as volatile as in 1H 2022,
- Q4 is a key trading period for the Group, in terms of smoked salmon, light salted cod and Argentinean shrimp. Majority of the projected profit is expected to be generated during that quarter.

Group results are influenced by various 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 and geopolitical turmoil. Current war between Russia and Ukraine and further sanctions and tariffs on Russian products, with repercussions,
- Covid19 development and key factors indirectly impacted by the pandemic.

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 its target of Normalised PBT in excess of €20m when the external environment and the UK operation stabilizes.

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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