



1H 2023

# Presentation to Investors and Analysts



# Agreement reached to sell the operation of Iceland Seafood UK

100% of share capital of IS UK sold to Espersen A/S

- Espersen A/S is a Danish value-added producer, with factory operations in Europe and Asia, with significant part of its sales into the UK retail market,
- Property, machinery and equipment kept by ISI but leased to Espersen post transaction. Ownership of machinery will transfer to Espersen at end of lease period, and they have option to buy the property at end of the lease. These assets have been revalued at £3.1m in the balance sheet at 30.6.2023 based on valuation of leasing agreements. Impairment of £7.1m included in loss from discontinued operation related to the revaluation,
- Intercompany loans from ISI to ISUK of £10.3m converted to equity prior to completion. Further injection required to net out negative equity and contribute to projected EBIT losses in the period from September to December 2023, Book value of equity at completion will amount to £0.3m, and will be sold at £1,000,
- Due diligence process has been completed, transaction documents are being finalised. Completion of the transaction will take place in September.

The ISUK operation have had severe negative impact on the Group operations and financial results during the last 3.5 years,

- Estimated negative P&L impact during 2023 until the sale is £15.1m. In addition to the negative operational results to end of August, this amount includes £7.07m impairment of fixed assets, £1.32m of inventory write offs and sales loss of share capital of £0.3m,
- Total assets of the Group will reduce by €22m with the transaction, estimated that equity ratio will improve to 27-28% post sale.

## Impact of IS UK on ISI Group P&L 2023

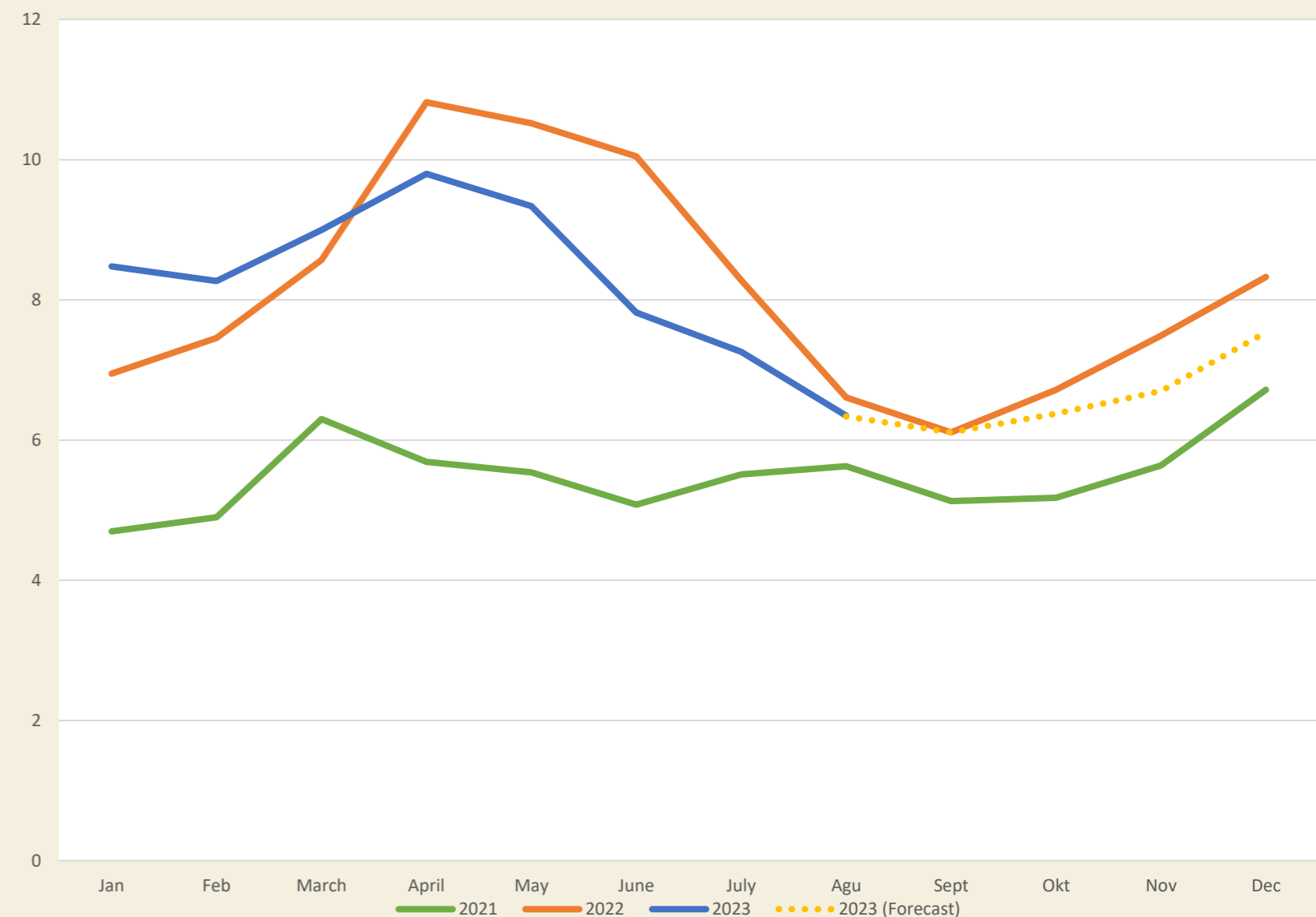
	£'m
Operational results 1H 2023	(4,75)
Provision against inventory	(0,52)
Impairment Property	(3,05)
Impairment equipment	(4,02)
<b>Total impact in 1H results</b>	<b>(12,33)</b>
Estimated results Jul-Aug	(1,60)
Provision against inventory	(0,80)
Sales loss of shares	(0,30)
<b>Total impact in Q3 results</b>	<b>(2,70)</b>
<b>Total impact 2023</b>	<b>(15,03)</b>

# Inflation and high volatility continued to impact Iceland Seafood's operation negatively in Q2 23

Price adjustments are painful in the short term but create a basis for healthier long-term demand

- Continuing high salmon price in Q2 affected negatively results of our operations in Ireland and Ahumados Dominguez in Spain. In Q3 prices of salmon have levelled off, impacting positively results in current quarter. ISI has contracted fixed prices for part of the volume throughout the year,
- The winter season for Argentinian shrimp started at end of June, which was four weeks later than expected, due to strikes.
- Prices of various whitefish and shellfish species have come down in the recent months, some significantly. This has led to unusually low margins and inventory write offs in some instances. Prices in some instances have continued to decline, which is positive in the long run as it increase sales. Demand for seafood has contracted in Europe due to harsher economic conditions, with high inflation and rising interest rates.
- Finance costs have increased, credit controls are increasingly important and need constant focus. ISI issued 150m new shares in May increasing its equity by €5.9m.
- Prices of some essential input factors have eased and stabilized during the last months. A more balanced external environment is on the horizon after a highly volatile and disruptive period since the beginning of Covid-19,
- The operation of Iceland Seafood is well-balanced and in good position with its solid sourcing base and value-added operations close to key markets.

Salmon prices have eased considerably in Q3.



Source: www.fishpool.eu

# Operational headwinds as high salmon prices and downward price trajectory of other species negatively impact results in the short term

## VA S-Europe

- A good performance in Q1 of the S-Europe division, while a difficult economic situation impacted Q2
- Sales in 1H are above budget, while margins are well below. Sales were strong in Q1 but slowed down in Q2 due to high prices and worsening economic situation,
- Focus on simplifying the operation of Ahumados Dominguez and further integration with IS Iberica. This will create synergies and positively impact profitability of the S-Europe division going forward. Investments in production to increase efficiency and reduce labour cost,
- Low production at Achernar during the quarter due to a stop between the two fishing seasons. The winter season in Argentina started at end of June this year, 4 weeks later than in 2022.

## VA N-Europe

- Oceanpath's operation is back on track after a difficult 1H 2023 due to extreme price levels of salmon
- Sales levels have remained at similar level as last year in value, although volume is slightly down,
- Whitefish sourcing has been challenging during the summer, with low availability and high prices,
- Continuing focus on integration between operation in Dublin and Killala,
- Production for the important Christmas season starting in Q3. Outlook for 2H of the year is good.

## Sales & Distribution

- Overall good performance in 1H 2023 for the division driven by strong sales of pelagics out of Iceland in the period
- Good results from all product categories out of Iceland, despite the challenging environment, especially in the Q1, slowing somewhat down in the Q2,
- Sales in France 17% down on 1H last year, impacted by high prices and weakening consumer purchasing power,
- The German fresh fish operations has been stable, despite challenging environment.

# ESG matters: Good results in our first sustainability assessment



## Highlight

### Ethics

Iceland Seafood International HF (GROUP) is in the top 24% of companies within its sector rated by EcoVadis

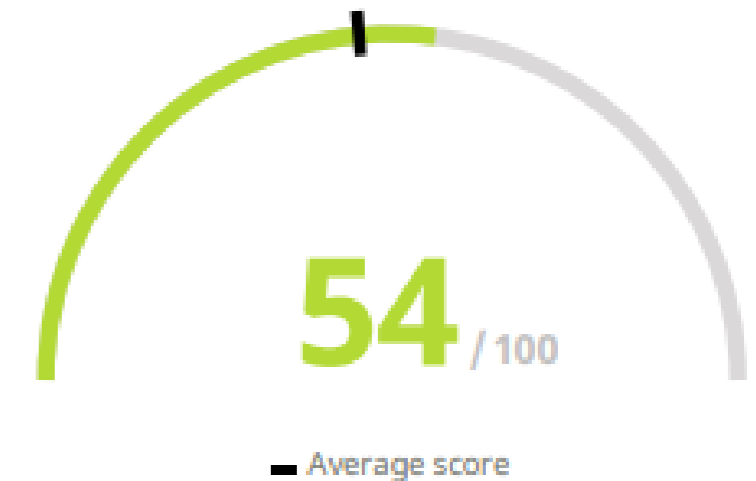
54 points against the average 48 points within our sector

The Iceland Seafood Group received the bronze medal in our first EcoVadis sustainability assessment. Receiving an overall score of 54 points against the average 48 points within our sector. The assessment process was a collective effort with inputs from all value-added divisions.

EcoVadis is a globally recognized provider of business sustainability ratings. The assessment process evaluates 21 CSR criteria across 4 themes (environment, labour & human rights, ethics, and sustainable procurement).

We have now received detailed feedback on our strengths and comments on areas where we can improve. We will work on those things until our second assessment next year and strive to get a higher score.

## Overall score distribution



## 4 themes evaluated

- Environment
- Labour & human rights
- Ethics
- Sustainable procurement





1H 2023 RESULTS  
PRESENTATION TO INVESTORS  
AND ANALYSTS

Financial  
performance





# After a good start of the year there was a set back in sales and profitability in Q2

€ m's	Q2 23	Q2 22	1H 23	1H 22
Sales	47.4	54.6	113.5	108.8
Net margin	3.8	6.7	10.2	14.1
Normalised EBITDA	(0.1)	2.0	1.7	5.2
Normalised PBT*	(1.2)	1.6	(0.1)	4.2

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



Sales growth of 4% in 1H 23 compared to last year, but 13% sales decline in Q2

- Significant fluctuations in sales since the back end of 2022,
- After strong sales in Q1, sales of IS Iberica have slowed down from Q2, impacted by declined consumer purchasing power,
- Sales of Ahumados Domínguez were up 13% from 1H 22, driven by price increases,
- Q3 is normally a slow quarter for this division, whilst Q4 is a key trading period. The full year performance will depend on sales and profitability of that quarter.

Normalised PBT of (€0.1m), down €4.3m from 1H 22

- Ibérica PBT €3.9m lower than in 1H 22. Margins were lower than at the same time last year due to cost increases and price reductions, especially of some shellfish items,
- Production of shrimp at Achernar during the Rawson (summer) season in beginning of the year was 1,728MT compared to 1,001MT last year. The winter season started at end of June, 4 weeks later than normally. Continuing difficult market situation for shrimp, which has significant negative impact on margins and profitability,
- The performance of Ahumados Domínguez has improved in Q2 after a difficult start of the year, due to steep increases in salmon prices. Steps are being taken to further integrate the operation of Ahumados Dominguez with IS Ibérica, which will reduce costs and improve efficiency.

# Results in Ireland recovering after challenging Q1 of the year

€ m's	Q2 23	Q2 22	1H 23	1H 22
Sales	13.3	13.1	26.4	25.7
Net margin	1.6	0.2	2.9	1.1
Normalised EBITDA	0.5	(0.9)	0.6	(1.0)
Normalised PBT*	0.2	(1.2)	0.0	(1.5)

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



Sales were slightly up on 1H 22 in value terms but lower in volume

- Steep price increases overall have negatively impacted sales volumes of the Irish operation,
- Overall Grocery inflation in Ireland of c.a. 15%. Consumers are buying less, but prices increases offset lower volumes impact leading to slight growth in sales in Euro terms,
- The highly competitive retail sector in Ireland is driven by price comparison between parties, which puts suppliers under constant pressure.

Results in Q2 were better than the same period last year

- Price of salmon topped in March 2023, whilst it reached the top at the beginning of May 2022,
- The steep price increases caused similar challenges as in the same period last year. It takes time to push cost increases through to customers,
- Whitefish sourcing during the summer has been challenging in all areas. Catches of the Irish fleet have reduced significantly post Brexit,
- Profit before tax in Q2 of €0.2m was €1.4m better than the same time last year,
- Outlook for the remainder of the year is good with salmon prices levelling off. Whitefish sourcing is though expected to remain challenging.



# Normalised PBT of €1.4m in 1H 23, the second highest the division has delivered

€ m's	Q2 23	Q2 22	1H 23	1H 22
Sales	43.2	46.6	92.0	87.0
Net margin	1.7	2.0	3.9	4.1
Normalised EBITDA	0.5	0.8	1.5	1.7
Normalised PBT*	0.4	0.7	1.4	1.7

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

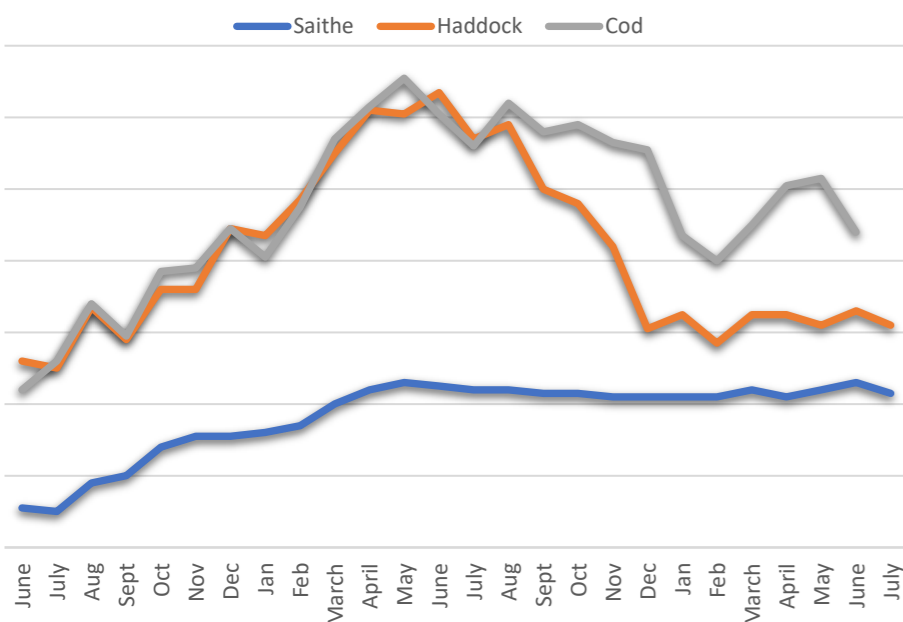
Sales growth of 6% in 1H from same period in 2022

- Sales of IS Iceland were strong in the beginning of the year, driven by high sales of pelagic and good capelin season. Although sales slowed down in Q2, they were fully acceptable considering the challenging market environment,
- On top of good sales of pelagic, sales of landfrozen and frozen at sea products have increased compared to 1H 2022,
- In France, sales are significantly down on prior year. Price increases and difficult economic situation have impacted demand.

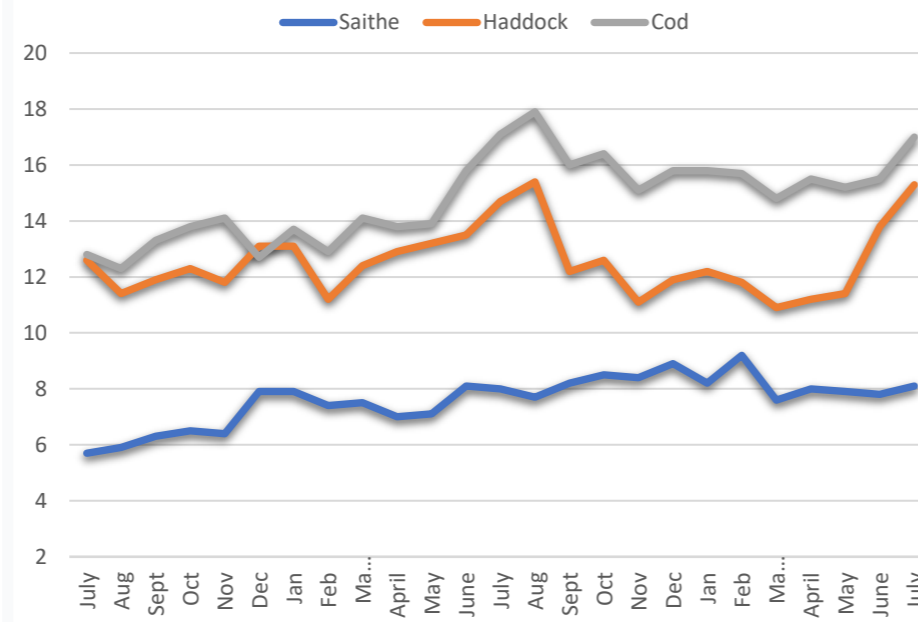
Normalised PBT of €1.4m, down €0.3m from 2022

- Net margin in 1H down €0.2m from last year, impacted by higher storage and transport costs,
- Operating costs are in line with last year, but finance costs slightly higher due to increased interest rates.
- Normalised PBT of €1.4m was €0.3m down on last year, but still the second strongest 1H of the year the division has delivered.

Frozen at Sea fillets (€/kg)



Fresh fish (€/kg)





# The Group bottom line results are severely impacted by the divestment of IS UK

€ m's	Q2 23	Q2 22	1H 23	1H 22
Sales	99.2	107.4	222.3	207.3
Net margin	7.0	8.9	16.9	19.3
Normalised EBITDA	0.6	1.9	3.4	5.9
Normalised PBT*	(1.8)	0.8	(0.8)	3.4
Net Loss	(13.0)	(2.1)	(15.3)	(2.9)

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



Group sales in 1H 23 of €222.3m, up 7% on 1H 22

- After a strong start of the year, especially at IS Iberica and IS Iceland, sales slowed down considerably in Q2,
- Late start of the winter season production of shrimp in Argentina also impacted the topline,
- Declined consumer purchasing power is impacting demand, less though in salmon than in other seafood categories,

Normalised PBT reduces by €4.2m from 1H 22

- Reduced sales in Q2 and decline in margins in S-Europe significantly impacted Group results in the period. Normalised PBT of S-Europe division €3.5m down on 1H 22,
- The Group finance costs in 1H 2023 is €1.0m higher than last year, driven by higher debt level and increased interest rates,
- Normalised PBT negative by €0.8m in 1H 23, compared with positive €3.4m last year,
- Loss from discontinued operation (IS UK) in 1H 23 of €13.9m. This includes fixed assets impairment of €8.3m related to divestment of the business.
- After taking into an account income tax and loss from discontinued operation, net loss in 1H 23 amounts to €15.3m, compared to €2.9m loss in 1H 22.



# Finance position strengthened in May with share issuance of €5.9m

€ m's	30.6.2023	31.12.2022	Variance
Fixed assets	29.3	27.6	1.7
Leased assets	1.8	1.7	0.1
Intangible assets	56.5	56.7	(0.2)
Deferred tax/other	2.9	2.5	0.4
<b>Non-Current Assets</b>	<b>90.5</b>	<b>88.5</b>	<b>2.0</b>
Inventory	83.4	86.0	(2.6)
Trade and other receivables	56.2	62.5	(6.3)
Other assets	8.0	9.7	(1.7)
Bank deposits	9.3	11.1	(1.8)
<b>Current Assets</b>	<b>156.9</b>	<b>169.3</b>	<b>(12.4)</b>
Assets classified as held for sale	25.2	32.5	(7.3)
<b>Total Assets</b>	<b>272.6</b>	<b>290.3</b>	<b>(17.7)</b>

- Total assets of €272.6m, down €17.7m from the year beginning, driven by a decrease in receivables and impairment of property and equipment in UK of €8.3m,
- Value of inventories €2.6m lower than year beginning. Stocks in the VA S-Europe division decreased by €2.7m from year beginning,
- Accounts receivables decreased by €6.3m from the year beginning, thereof €3.1m in Iceland. At the end of the period, 90% of Group receivables are insured.
- Credit controls becoming more important than before. However, collections have remained good, and receivable write offs are insignificant.

€ m's	30.6.2023	31.12.2022	Variance
<b>Total Equity</b>	<b>71.5</b>	<b>81.4</b>	<b>(9.9)</b>
Thereof minority interest	1.8	2.0	(0.2)
Long term borrowings	33.0	32.5	0.5
Lease liabilities	1.4	1.4	0.0
Obligations/Deferred tax	3.1	3.3	(0.2)
<b>Non-Current Liabilities</b>	<b>37.5</b>	<b>37.2</b>	<b>0.3</b>
Short term borrowings	77.2	72.1	5.1
Trade and other payables	42.9	52.5	(9.6)
Other current liabilities	6.9	10.7	(3.8)
<b>Current liabilities</b>	<b>127.0</b>	<b>135.3</b>	<b>(8.3)</b>
Liab. associated w. assets held for sale	36.6	36.3	0.3
<b>Total Equity and Liabilities</b>	<b>272.6</b>	<b>290.3</b>	<b>(17.7)</b>

- Two offerings of 3 months' bills for ISK 2.800m in total outstanding at the end of June (EUR 18.7m). In both cases hedging was put in place to fix the liability in EUR,
- Net debt, excluding IS UK, of €100.9m at the end of June increased by €7.3m from the year beginning.
- Funding headroom of €32.6m at the end of June, including cash,
- Total equity of €71.5m and an equity ratio of 26.2% at the end of June compared to 28.0% at the end of 2022. Equity ratio expected to increase to 27-28% post divestment of IS UK,
- 150m new shares issued in May, which resulted in proceeds of €5.9m in increased equity.





1H 2023 RESULTS  
PRESENTATION TO INVESTORS  
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Outlook



Hofn seaport



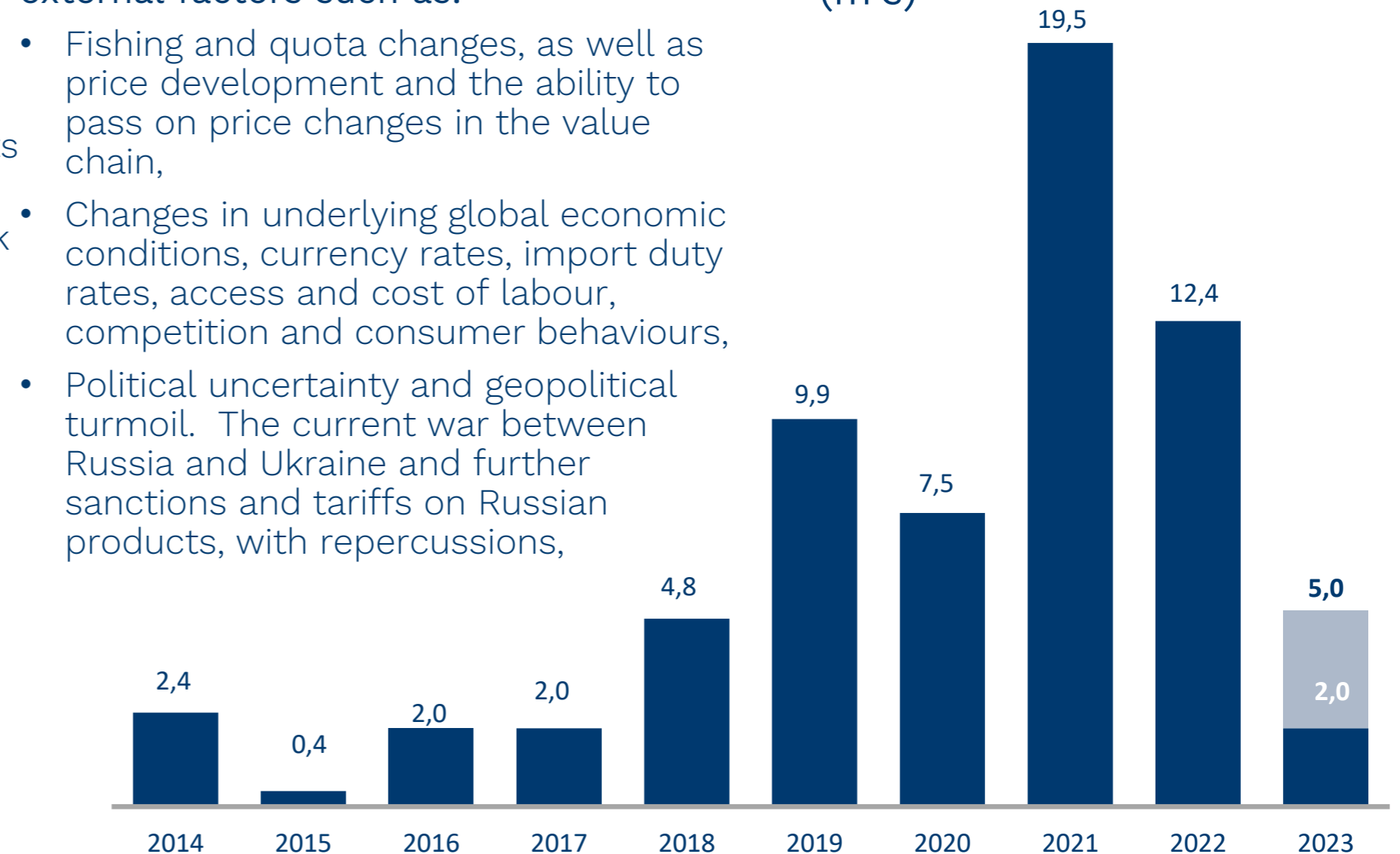
# Outlook range for Normalised PBT revised to €2.0-5.0m, excluding impacts from IS UK operation

- As the IS UK operation is classified as discontinued, the results from that operation have been excluded from both historical numbers and outlook range,
- Prices of various whitefish and shellfish species have declined during this year. This has impacted margins, especially of IS Iberica, and will continue to do so at least in Q3. In the long run these price adjustments will create healthier demand which Iceland Seafood will benefit from,
- Salmon prices remained high in Q2 but have levelled off in Q3. Outlook for the important Christmas season in Ireland and at Ahumados Dominguez is good,
- Q4 is a key trading period for Iceland Seafood, with Christmas sales of smoked salmon, the summer production season for Argentinean shrimp starting in November and seasonal peak in cod sales at IS Iberica in October and November,
- After a disruptive period during the last three years, it is likely that production will move closer to home. Iceland Seafood is in an excellent position to benefit from this development with its value-added production facilities in Europe,
- Investments in automation and energy-saving projects are being implemented to address the difficult labour market and improve efficiency. These investments have a short payback time,
- Outlook range for Normalised PBT of €2.0-5.0m for 2023; the higher end assumes that economic conditions will improve in the year's second half, leading to improved sales and margins,

Group results are influenced by various external factors such as:

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

Full year Normalised PBT\* (m's)



\* Normalised PBT excluding UK operation for the whole period

The Group is in a strong position to reach its target of 4% of turnover in Normalised PBT



# 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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