



THE ICELAND SEAFOOD GROUP
Q3 2022 RESULTS

Presentation to Investors and Analysts





Q3 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

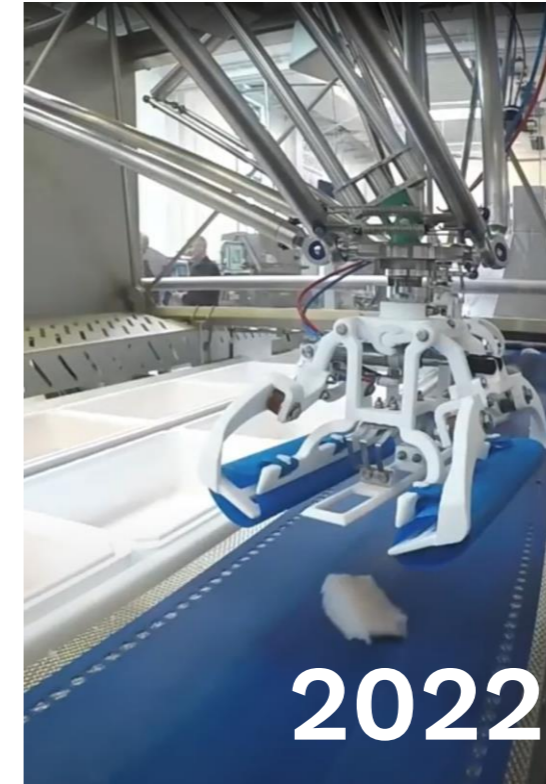
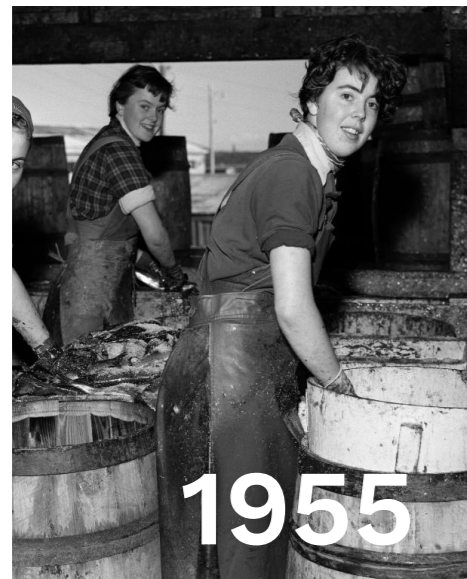


100.000

MT of products
sold in 2021

1932-2022 90 years together

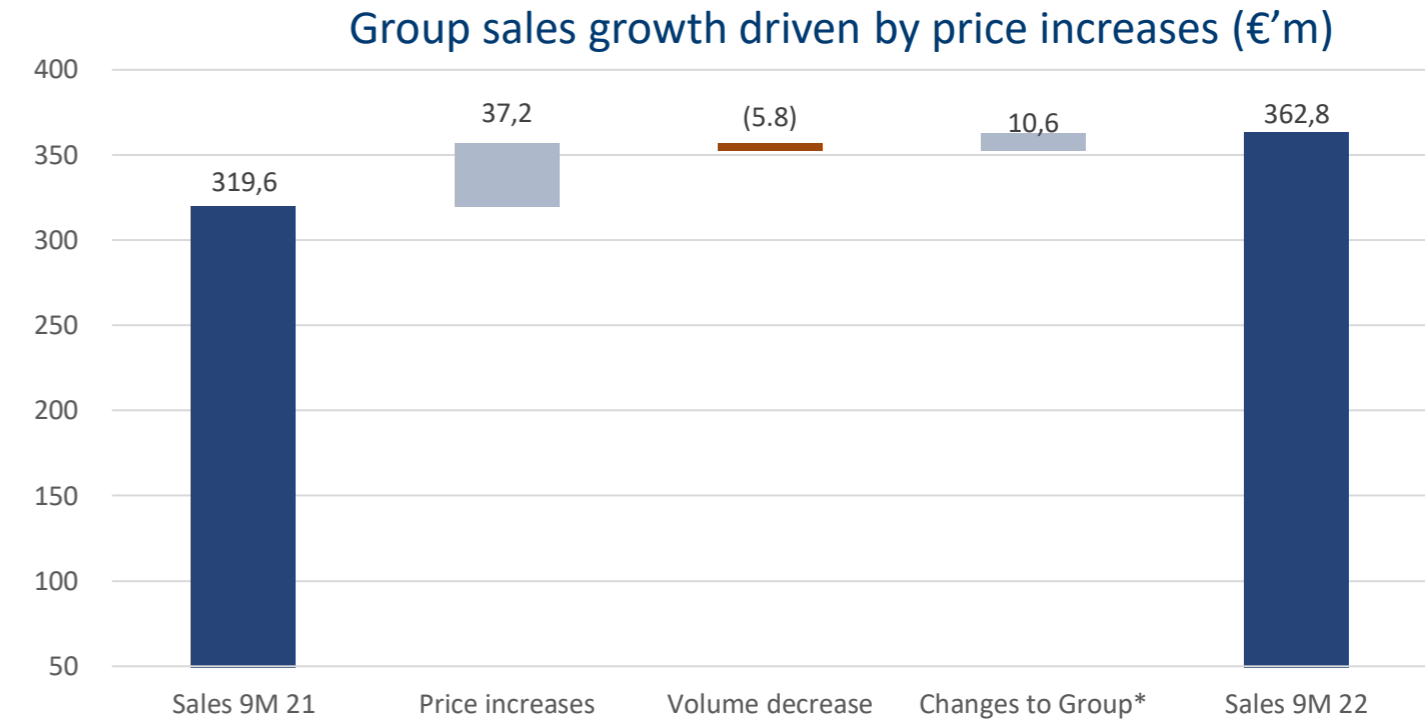
Iceland Seafood International is proud of its strong heritage and history and continues to build on that foundation, to be a respected industry leader.



Price increases are reflected in increased turnover but lower volume and lower margins

The decreased purchasing power of consumers negatively impacts the demand

- Raw material price increases have levelled off, and in some instances, prices have started to decline, e.g., salmon prices,
- Big pushback on price increases from both retail and food service. Cost increases have not yet fully been reflected in consumer prices,
- Price volatility is expected to continue for the coming months, driven by the opposing factors of a decrease in fishing quotas and disruptive supply chains on one side but economic decline and diminishing consumer purchasing power on the other side,
- We are starting to see disruptions in distribution with temporary strikes and consequently increased uncertainty in relation to the ability to deliver goods,
- Both logistics and cold store costs are severely impacted by higher energy prices and are now passed on directly as a surcharge. A limited supply of both cold storage facilities and truck drivers,
- These disruptions and cost increases are impacting margins,
- On the other hand, it is likely that value-added production will move closer to consumers. Output in Europe will become more competitive, where automation and investments in production efficiencies will play a key role. Iceland Seafood is in an excellent position to benefit from this development,
- The operation of Iceland Seafood is well-balanced. The company is in an excellent position to address challenges and utilise opportunities that will arise due to its solid sourcing base and value-added operations close to key markets.



* Addition of Ahumados Dominguez and closing of IS USA in 2021

Investments in the future 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 the 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.



The Board of Iceland Seafood has decided to exit the UK market from value added perspective

Exit options will be evaluated in the coming weeks.

- Iceland Seafood invested in operating facilities in Grimsby and merged its two UK operations into this location. The investment and decision on the merger were completed in March 2020, just before Covid-19 started and then later Brexit,
- The last two and a half years have been characterised by continuous adverse development, which has required capital expenditure and absorption of losses,
- The board of Iceland Seafood has now made a strategic review of the situation and decided that the long-term outlook does not warrant further investments on behalf of Iceland Seafood into this market,
- It has therefore been concluded to exit the UK market from value-added perspective,
- The performance has eroded the profitability overall for the group to the extent that the board no longer feels it's justifiable to continue,
- This has also meant that management resources have too large degree been devoted to this situation instead of capturing growth opportunities elsewhere,
- Consolidation in the UK market is due and necessary; the excellent Grimsby's facilities and strong management team can be a great addition to other companies in the sector,
- Iceland Seafood has retained Mar Advisors to support the process and will evaluate the opportunities in the coming weeks.



Ireland has rebounded after a difficult 1H of the year – Continuing good performance of S&D

The outlook for the Christmas season in Ireland remains good

- Salmon prices eased and stabilized in Q3, after an exceptional and rapid increase in the 1H of the year,
- Whitefish sourcing continued to be challenging in the period, impacted by price increases and Brexit impacts on the local fishing sector in Ireland,
- Integration of Carr&Sons is going well, where commercials, procurement and distribution have been fully integrated with Oceanpath operations. Still benefits to go for with further integration in production.
- Outlook for Q4 remains good. The production of smoked salmon for the important Christmas season has gone well, and customers' pre-orders indicate good sales. Salmon prices have been relatively stable during the last few weeks.
- Generally, the Christmas season is a period of high consumer spending. Demand in a high-price-level environment will be affected. Iceland Seafood should be in a good position as consumers will likely reduce the frequency of restaurant visits.

Strong demand driving good performance of the S&D division

- Strong demand in the first nine months of the year, which drove significant price increases in the period, especially in frozen-at-sea (FAS) products,
- Prices of FAS seem to have reached a peak. Recession in key markets with diminishing purchasing power is impacting sales negatively,
- Ongoing challenges regarding pelagic sales into Eastern Europe, where Ukraine is the most critical market. Customers in Ukraine are not storing goods, which has put significant pressure on cold stores in other locations. The volume of pelagic sales is 21% lower in the first nine months compared to the same time last year,
- Sales of fresh fish are good, both in Europe and especially in the US market. Operations in both France and Germany have performed well in the period, although high prices have impacted sales from a volume perspective,
- So far, an excellent year for the S&D division, benefitting from solid demand and streamlining of operating costs in the past few years.



Good performance of the S-Europe division, but recession is starting to impact the demand

Factory extension is progressing as planned

- Sales in the first 9M of €163.1m were 19% up on 9M 2021 on like for like basis, primarily driven by price increases. Sold volume is down by 2% at the same time,
- Profitability of IS Ibérica was excellent in 1H 2022, with higher sales and margins. It has been levelling off in Q3 due to challenging external conditions slowing sales,
- 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 solar panels is progressing both in Barcelona and Madrid. The investment will improve the efficiency level in production and provide savings in electricity costs,
- Performance of Ahumados Dominguez improved in Q3 after the negative impact of the unprecedented and rapid increase in salmon prices 1H 2022. Sales are growing as new accounts are secured with new and current customers.

Challenges in the sourcing of raw materials at Achnar during Q3 2022

- Overall fishing volumes in Q3 2022 decreased by 25% from last year, in line with the decrease during the 1H,
- There was no production in September due to the end of the national waters fishing seasons. Rawson season is starting,
- Prices of whole shrimp have reduced, with declining demand and relatively high stocks of frozen-at-sea products available,
- Prices of tails and peeled shrimp remain stable for sales to Asia and Europe but will be under pressure in case of overproduction in tails. Prices of vannamei shrimp are on a downward trend,
- Squid season will start the first days of January. The outlook is in line with last year in volume and prices.

Our Sustainability Roadmap

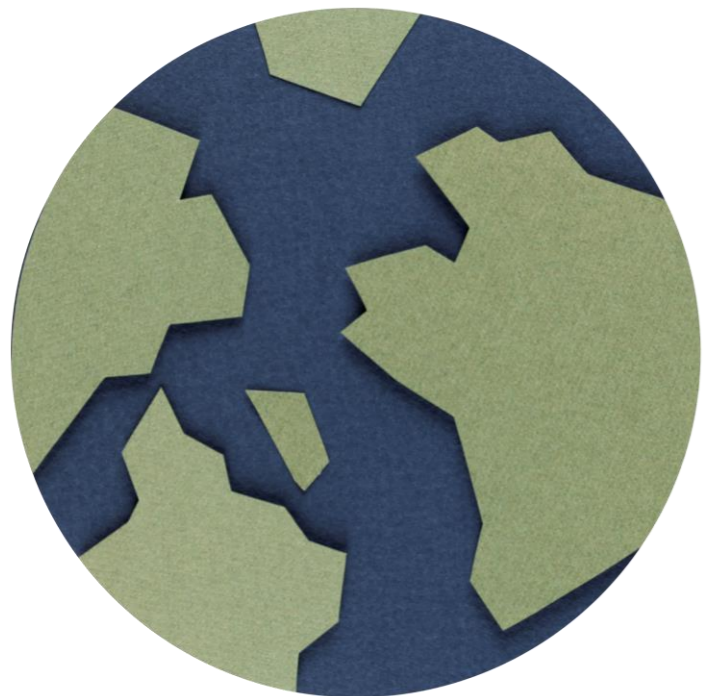
ESG reporting platform

ecovadis

- Set targets based on the Paris agreement that aligns with the United Nations Sustainable Development Goals as well as
- Monthly reporting within the Group
- Improving reporting coordination and increasing detail with procedures.
- Results visible to employees to increase awareness
- Presenting results on a quarterly basis

- Ecovadis is a trusted provider of business sustainability ratings
- Iceland Seafood is improving supply chain sustainability in cooperation with suppliers and service partners by evaluating their sustainability score
- Various pillars of environment, human rights, ethics and sustainable procurement are assessed
- Encourages improvements from year to year

Knowing
our
impact



Investing in solar cells for renewable energy production



Ahumados
Dominguez

- Installation completed in November 2022

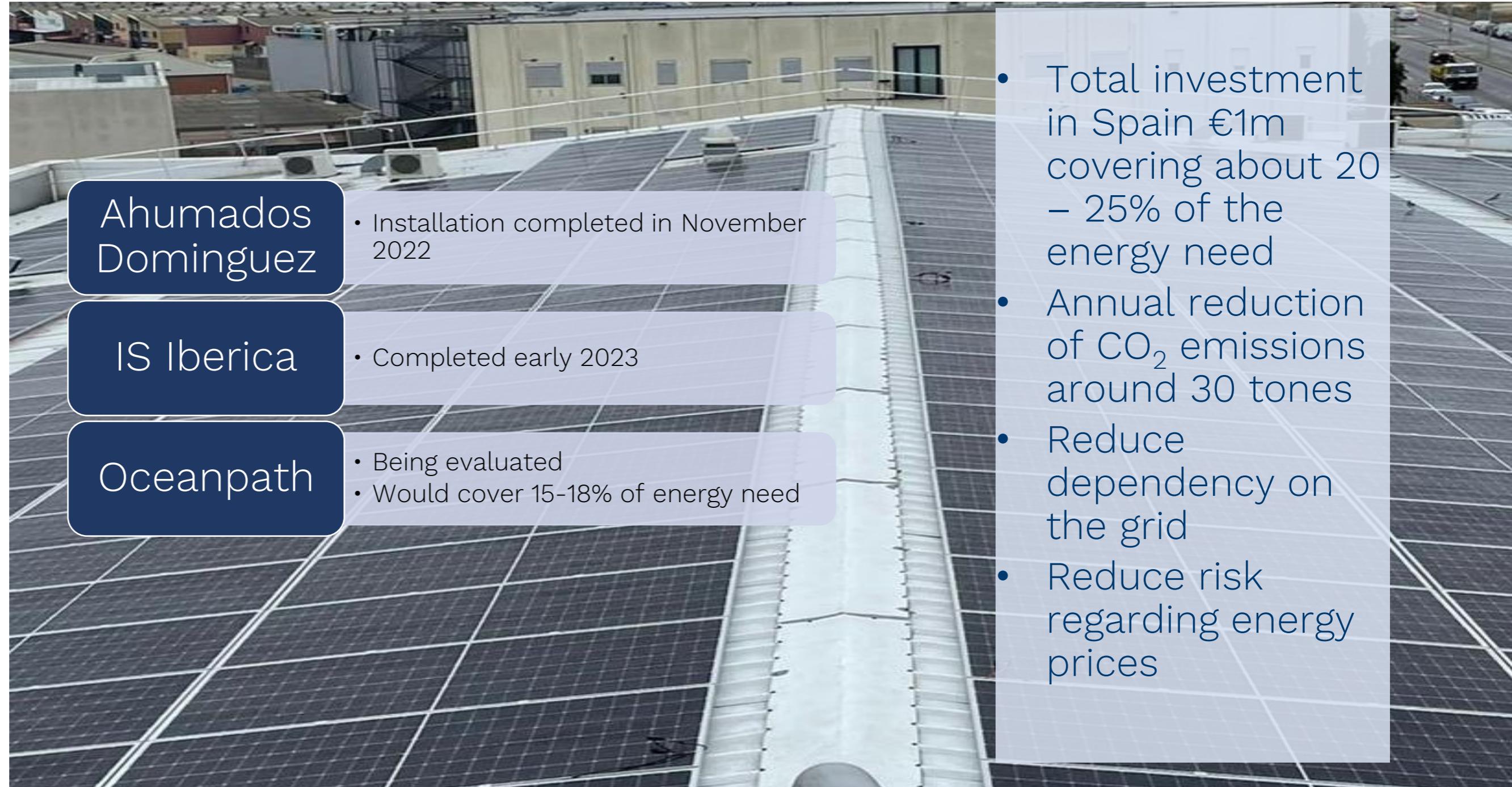
IS Iberica

- Completed early 2023

Oceanpath

- Being evaluated
- Would cover 15-18% of energy need

- Total investment in Spain €1m covering about 20 – 25% of the energy need
- Annual reduction of CO₂ emissions around 30 tones
- Reduce dependency on the grid
- Reduce risk regarding energy prices





Q3 2022 RESULTS
PRESENTATION TO INVESTORS
AND ANALYSTS

Financial performance



Continuing good performance of IS Iberica in Q3, driving positive results in the VA S-Europe division

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

€ m's	Q3 22	Q3 21	9M 22	9M 21
Sales	54.3	46.3	163.1	124.1
Net margin	9.7	6.8	23.8	16.8
Normalised EBITDA	5.6	4.3	10.7	9.0
Normalised PBT*	4.5	4.0	8.7	8.5

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

** Ahumados Domignuez in the figures from Q4 21



Sales in 9M 2022 are up 19% like for like from 9M 2021

- Sales growth entirely driven by price increases, with a slight decline in volume on like for like basis, i.e., excluding Ahumados Domínguez (AD),
- The National Waters fishing season for Argentinian shrimp (from June to September) was worse than expected. Produced volume in the first nine months is down 33% on the same time last year,
- Sales of AD €14.9m in the period grew by 14% from last year. Further sales increase expected in Q4 driven by new customers and expanded distribution with current customers.

Normalised PBT of €8.7m, up €0.2m from 9M 2021

- Good results of IS Ibérica driving the positive results. Strong sales and margins from almost all product categories and in all S-European markets (Spain, Italy, Portugal, and France),
- Results of AD back to normal levels in Q3, with salmon prices easing and stabilising. All of AD's annual profits are generated in Q4,
- 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,
- Increased headwinds at the start of Q4, the recession has started to impact sales, and it is expected that the Rawson Season in Argentina will not be as strong as last year. However, the outlook for AD Christmas sales remains good.

Results in Ireland back to a balanced level in Q3, but continuing losses in the UK

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

€ m's	Q3 22	Q3 21	9M 22	9M 21
Sales	28.3	29.6	85.1	93.0
Net margin	0.7	1.9	(0.1)	7.1
Normalised EBITDA	(1.4)	0.1	(6.3)	1.7
Normalised PBT*	(2.5)	(0.9)	(9.2)	(1.3)

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

Sales in 9M 2022 down €7.9m on the same period last year

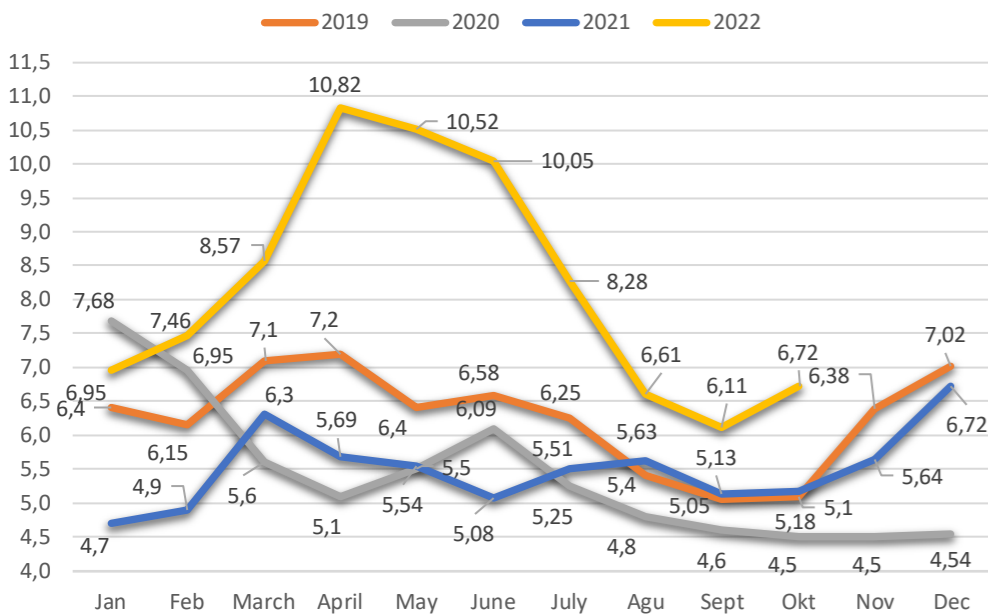
- Sales in Ireland were in line with the same period last year in value terms, but volume was down 13%,
- Sales of IS UK down 16% from the prior year in local currency, lower demand in both retail and food service,

Challenges in production and disruptive supply chains negatively impacted service levels and the launching of new products in the UK,

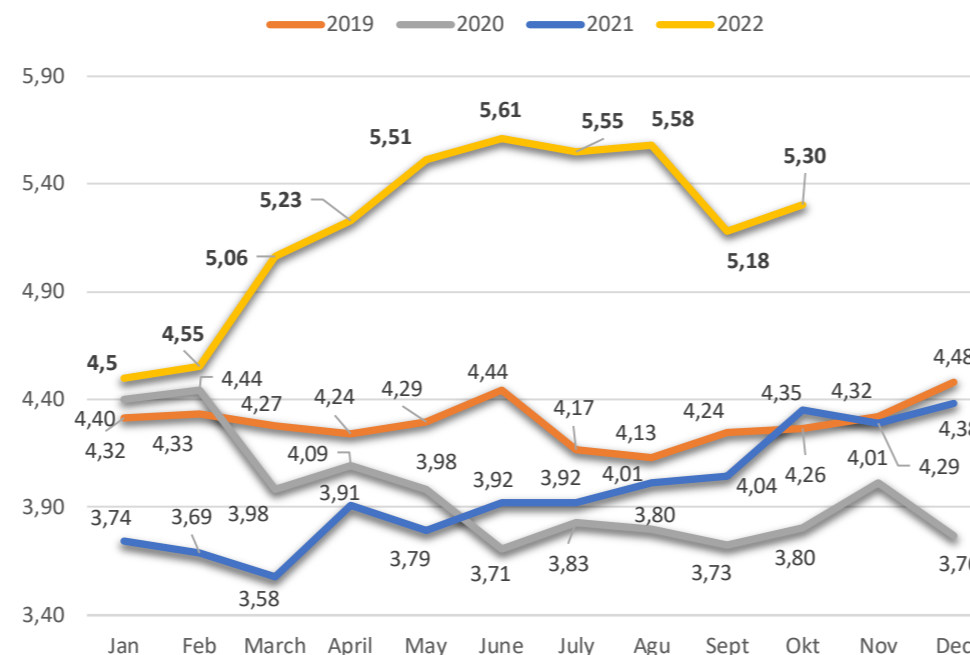
Results rebound in Ireland in Q3 but dive further down in UK

- Purchase price of salmon eased and stabilised in Q3, after an exceptionally steep increase in the 1H of the year. This helped the results in Ireland in the quarter,
- Whitefish sourcing was challenging in the period, both locally in Ireland and from Iceland. Prices of whitefish continued to increase in Q3,
- Christmas is a significant trading period for Ireland's business, especially regarding smoked salmon. The sales outlook for this period remains good.
- The IS UK business was loss-making in the period. The impact of a challenging external environment and disruptions in operations and logistics continues. Price increases of various input factors significantly affected margins in the period. This has led to further losses with respect to prior periods and short-term outlook.

Salmon prices (€/kg)



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



Source: SeaData Center

Source: Norges Sjomatrad

Significant increase in S&D profitability from prior year, driven by strong demand

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

€ m's	Q3 22	Q3 21	9M 22	9M 21
Sales	45.1	39.5	132.1	116.0
Net margin	2.1	1.8	6.1	5.3
Normalised EBITDA	0.9	0.6	2.6	1.9
Normalised PBT*	0.9	0.6	2.5	1.7

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

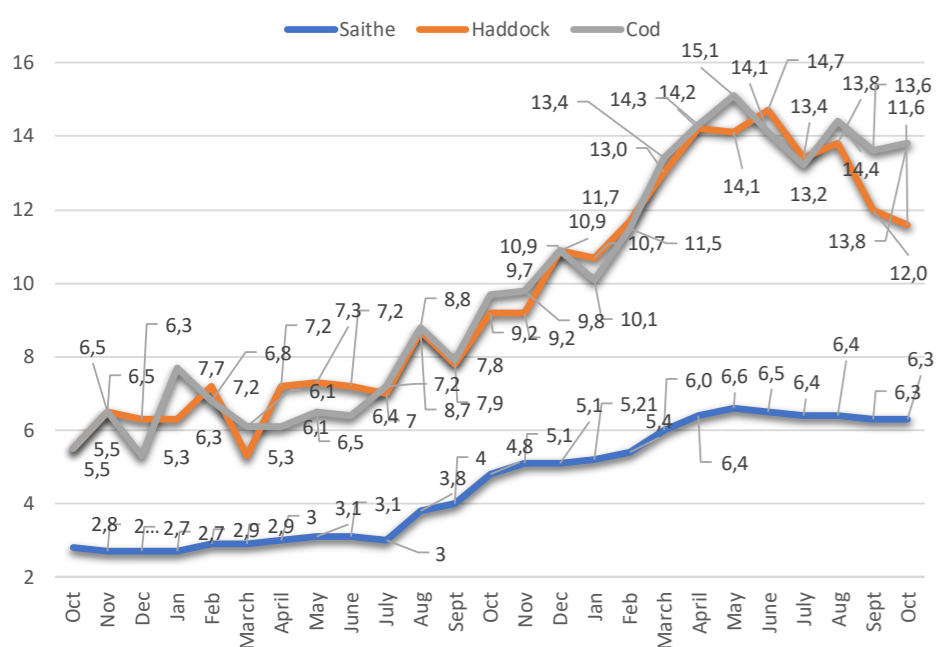
Sales growth of 14% from 9M 2021,

- Sales growth is primarily driven by price increases. The volume of Groundfish is 9% up on last year (like for like), but pelagic is 21% down,
- Continuing good demand for Frozen Sea products in Q3, despite historically very high prices. Demand has come down in Q4,
- The situation in Ukraine is having an impact on pelagic sales, causing significant logistic issues, as customers are not holding any stock inside Ukraine,
- Fresh fish prices increased significantly in the summer, especially in August when the coastal fleet stopped fishing. The outlook for fresh fish is good, with solid demand from the US market.

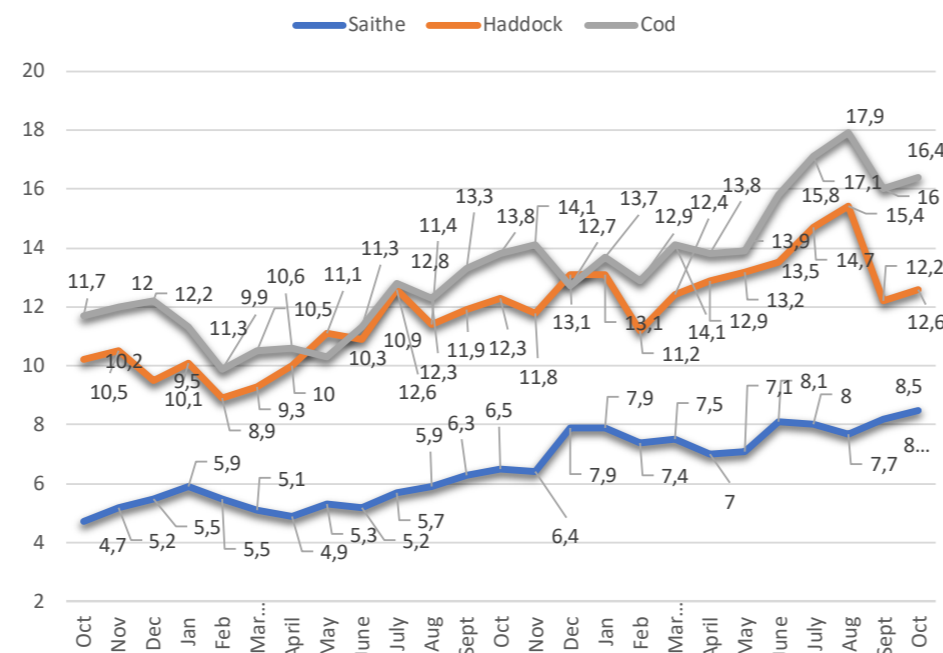
Normalised PBT of €2.5m, up 48% from 9M 2021

- Net margin in 9M 2022 €0.6m up on last year, driven by price increases in the period,
- Operations in both France and Germany have performed well in the period,
- Operating costs are €0.1m up on last year, mainly due to stronger ISK. Finance costs are slightly lower due to the closing of US operation at the back end of last year,
- Normalised PBT in the period was €2.5m, compared to €1.7m in 9M 2021.

Frozen at Sea fillets (€/kg)



Fresh fish (€/kg)



Normalised PBT in Q3 improving from 1H. Bottom line results impacted by goodwill and tax asset impairment of IS UK

€ m's	Q3 22	Q3 21	9M 22	9M 21
Sales	124.5	111.6	362.8	319.6
Net margin	12.5	10.5	29.8	29.2
Normalised EBITDA	4.9	5.0	6.8	12.3
Normalised PBT*	2.3	3.4	0.5	8.2
Net (Loss) Profit	(2.2)	2.1	(5.0)	5.6

* 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 2022 of €362.8m, up 14% on 9M 2021

- Sales growth driven by higher prices in all regions. Total volume sold (MT) is down 6% from the prior year on a like-for-like basis,
- Sales in S-Europe grew by 19% on a like-for-like basis (excluding Ahumados Domínguez). Strong sales of IS Ibérica are the main driver,
- Sales in Ireland during the first nine months of the year are in line with the prior year in value terms but 13% below in volume,
- S&D division saw continuing strong demand in Q3, despite historically high prices,
- Overall, the recession in Europe is starting to impact demand in Q4,

Normalised PBT in Q3 of €2.3m, a considerable improvement from the 1H of the year

- Net margin is up €0.6m recovers quite strongly in Q3,
- Operating costs in 9M 2022 €6.0m higher than 9M 2021, driven by the addition of Ahumados Domínguez,
- Finance costs are €1.3m higher than in the same period in 2021 due to an increase in net debt, increased interest rates, and €0.9m adverse movement in FX,
- Significant items of €3.0m consist of:
 - Impairment of Goodwill at IS UK €1.6m
 - Reduction of Deferred tax asset IS UK €1.1m
 - Other restructuring cost €0.3m
- Income tax of €2.6m expensed against Normalised income in the period, mostly related to taxes on profits in Spain,
- After considering the cost of significant items and income tax, the net loss in the period amounts to €5.0m.

Inventories €16.2m higher than the year beginning, due to price increases but have reduced by €7.5m in Q3

€ m's	30.9.2022	31.12.2021	Variance
Fixed assets	38.7	36.7	2.0
Leased assets	1.6	1.9	(0.3)
Intangible assets	56.7	58.7	(2.0)
Deferred tax/other	3.3	4.9	(1.6)
Non-Current Assets	100.3	102.2	(1.9)
Inventory	93.5	77.3	16.2
Trade and other receivables	70.0	65.7	4.3
Other assets	11.1	7.6	3.5
Bank deposits	6.9	27.8	(20.9)
Current Assets	181.5	178.4	3.1
Total Assets	281.8	280.6	1.2

Impairment of Goodwill (€1.6m) and Deferred tax asset (€1.1m) of IS UK reflected in the balance sheet on 30.9.2022,

Purchase price allocation concerning the acquisition of Ahumados Dominguez adjusted in the Q3 accounts, resulting in €3.9m reduction of Goodwill, €5.1m increase of fixed assets, and €1.2m increase of deferred tax. Comparative amounts in 2021 are revised as well,

Inventories are €16.2m higher than at the year beginning but reduced by €7.5m in Q3. The value of inventories in the S-Europe division is €14.4m higher than at the year beginning,

Accounts receivables have increased by €4.3m from the year beginning, driven by price increases. At the end of September, 85% of Group receivables are insured,

Cash position decreased by €20.9m from year-end 2021.

€ m's	30.9.2022	31.12.2021	Variance
Total Equity	87.3	91.7	(4.4)
Thereof minority interest	2.0	2.3	(0.3)
Long term borrowings	38.7	40.3	(1.6)
Lease liabilities	1.3	1.5	(0.2)
Obligations/Deferred tax	4.2	3.5	0.7
Non-Current Liabilities	44.2	45.3	(1.1)
Short term borrowings	94.1	81.6	12.5
Trade and other payables	46.6	52.2	(5.6)
Other current liabilities	9.6	9.7	(0.1)
Current liabilities	150.3	143.5	6.8
Total Equity and Liabilities	281.8	280.6	1.2

A loan agreement of €20m with Arion banki was extended for three years in April 2022. The bank is providing funding to the S&D division.

Two offerings of 6 months' bills for ISK 2.120 million in total outstanding at the end of September,

Net debt at the end of September of €125.9m increased by €31.7m from the beginning, driven by an increase in inventories and receivables.

Funding headroom of €34.5m at the end of September, including cash

Total equity of €87.3m and an equity ratio of 31.0% at the end of September compared to 32.7% at the end of 2021.



Q3 2022 RESULTS
PRESENTATION TO INVESTORS
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Outlook



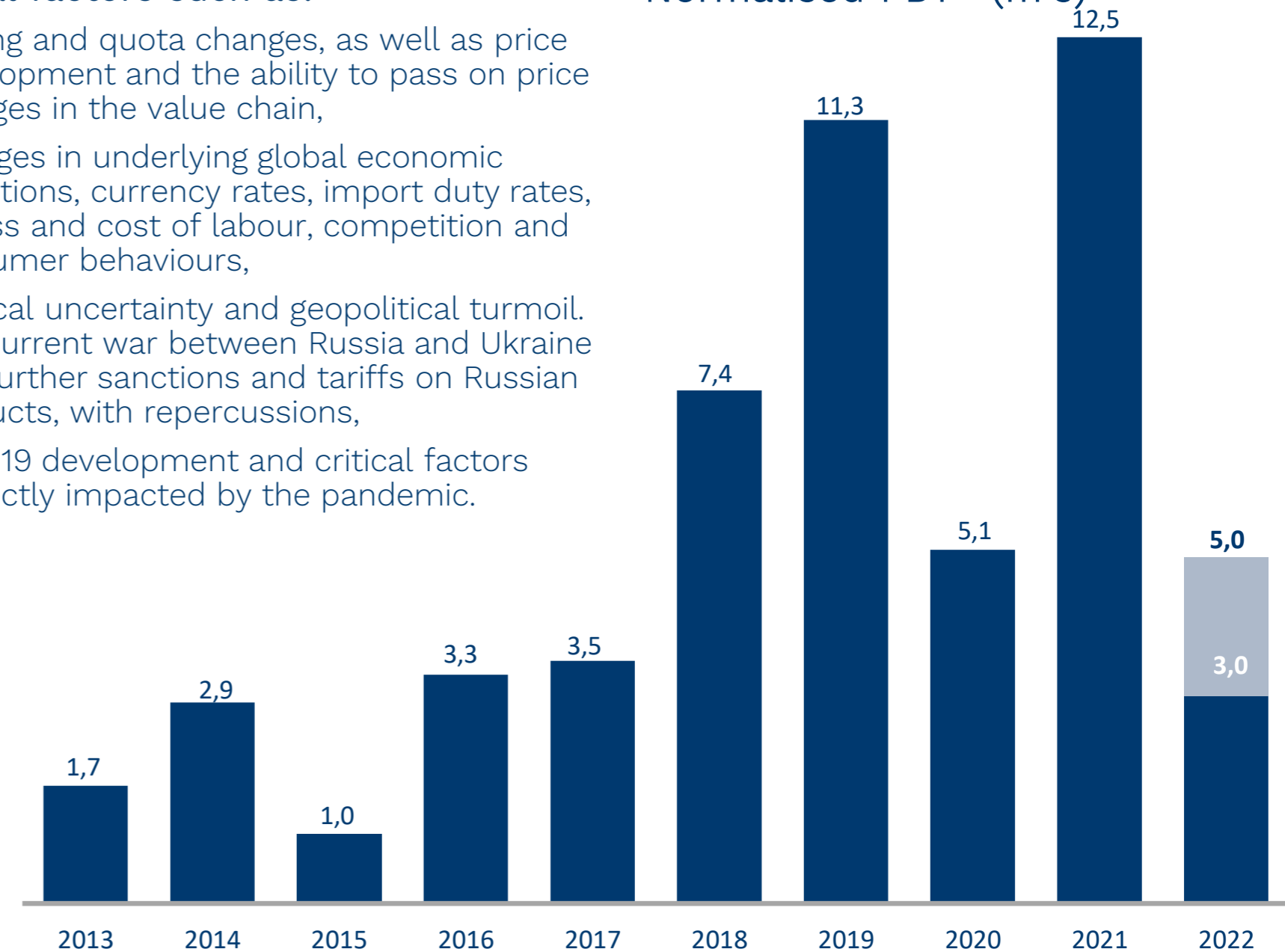
Revised outlook range for Normalised PBT €3.0-5.0m, excluding IS UK operation for the last two months of the year

- As the decision has been taken to exit the value-added operation in the UK, the outlook range excludes any impact from IS UK in November and December,
- After a complex 1H of the year, specific prices levelled off in Q3, especially salmon prices. Prices of whitefish continued to rise in Q3 but seem to have topped,
- The high prices and the diminishing consumer purchasing power due to increased energy prices and high inflation have started to impact demand negatively. Sales in key markets have been weaker in Q4 than anticipated,
- However, the outlook for the Christmas season remains positive both for Ireland and Ahumados Dominguez in Spain, although it is uncertain if and then to what extent high prices and decreased purchasing power impacts consumers' Christmas spending,
- It is expected that the important Rawson fishing season in Argentina, which has just started, will not be as strong as last year, both in terms of volume and value,
- Disruptions and cost increases in various supply chains have impacted margins; this is expected to continue for the remainder of the year,
- At the same time, 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 short payback times,
- Revised outlook range for Normalised PBT of €3.0-5.0m for the year 2022 excludes the UK operation for the last two months of the year.

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,
- Covid19 development and critical 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 a solid position to reach its target of Normalised PBT of over €20m when the external environment 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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