



THE ICELAND SEAFOOD GROUP
Q3 and 9M 2021 RESULTS

Presentation to Investors and Analysts





Q3 2021 Results
Presentation to Investors
and Analysts

**We are
Iceland Seafood**



Iceland Seafood in numbers

+370m

€ Annual revenues in 2020

5.1m

Normalised PBT 2020

31.2%

Equity ratio at year
end 2020

Global value added
Seafood producer and
sales and marketing
company



11

Businesses in 7 countries



5.000+

Customers across 45 countries



0.8m

Meals sold every day
during 2020



8

value added factories



+865

employees



80.000

MT of products
sold in 2020

External challenges continue to exist but big opportunities in the long run

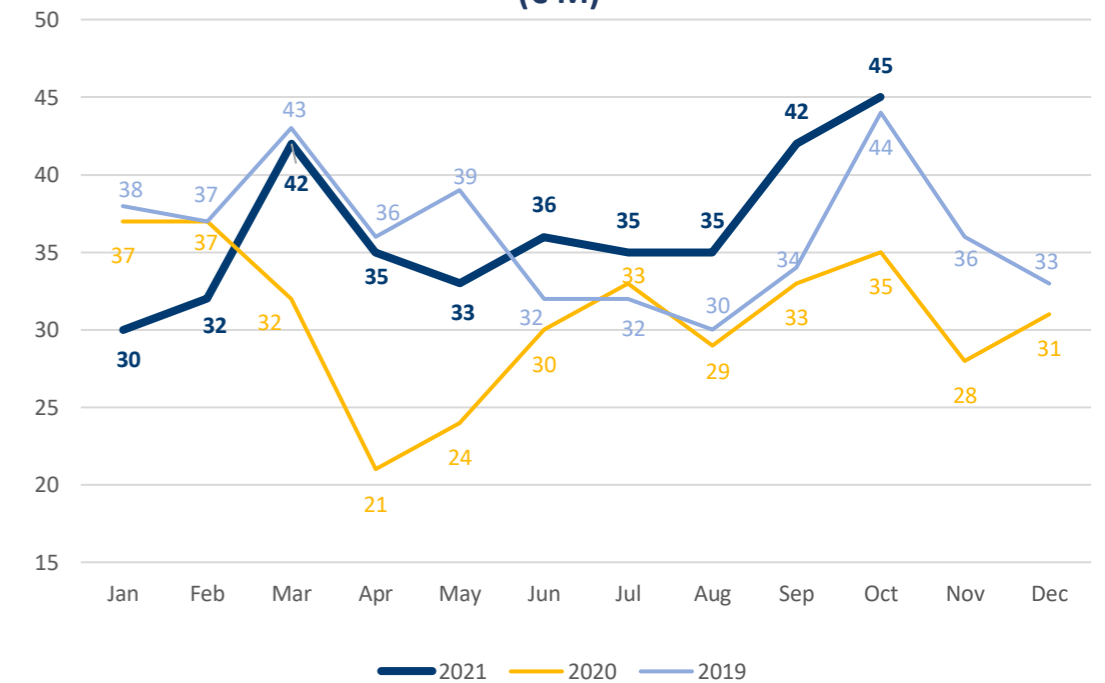
Demand in Iceland Seafood’s key markets continues to be strong

- Demand continues to be strong in our key markets. The challenge is to bring the products to the customers in a highly volatile operating environment with low visibility on various cost factors and availability,
- Disruption and price increases in various supply chains are expected to continue for the coming months, especially in relation to transportation to and from Asia, which is especially impacting our UK operation,
- Local production in Europe becoming more competitive where automation and investments in production efficiencies will play a key role,
- All these factors have had and will have significant impact on the operating environment. Further price inflation is expected,
- The overall impact on Iceland Seafood operations is uncertain, different factors will both bring new opportunities and challenges,
- The operation of Iceland Seafood is well balanced, the company is in good position with its strong sourcing base and value-added operations close to key markets.

Investments going forward can be segmented in three main categories:

- Investments connected with **sustainability** matters. E.g. Solar Panels, waste management, water treatment etc. New head of ESG for the Group, Elma Sif Einarsdóttir, will start in January 2022..
- 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 Dominguez). The Group plans to further invest in the brands it holds and increase their value,
- With the combination of these investments Iceland Seafood will drive organic and acquired growth going forward. Along with cross sales between units, this is key in increasing profitability in the future,
- This is in line with the Group’s strategy of focusing mainly on value-added activities in Europe.

GROUP MONTHLY SALES YTD 2021 VS 2020 & 2019 (€'M)



October 2021 achieved the highest sales number ever for Iceland Seafood €44.7m

Strong sales and demand in S-Europe and the completion of the acquisition of Ahumados Dominguez



Ahumados Dominguez food market stand in San Miguel Foodcourt in Madrid

Continued good performance in S-Europe and groundwork laid for future growth

- Continued good performance of IS-Iberica in a difficult market underlining Iceland Seafood's category leading position. Growth in both sales and margins,
- Acquisition of Ahumados Dominguez (AD) was concluded at end of September. The company becomes part of the Group with P/L effect from Q4,
- AD has a good consumer recognition as a premium brand. The acquisition will strengthen and broaden our proposition in retail and create cross selling opportunities between AD and IS-Iberica,
- This is part of our strategy to increase proximity to the end consumer and investments in consumer brands,
- Our investment in AD and extension of our current facility in Barcelona will generate growth opportunities in both the HORECA and retail sector due to increased product offering, more efficiency and increased automation within production.

Planned growth in Argentinian shrimp production

- The Rawson season (Summer in-shore season) started last week (Nov-Mar). We are projecting a 25% increase in production compared to last season or up to 3.400MT of final product,
- The planned increase is the result of recent investments in production facilities, giving better control of the production process resulting in better yields and optimization of the final product,
- Market conditions remain good, prices have been stable supported by good demand from key markets in Europe and US. At the same time sales to China have been low and logistics been challenging,
- Overall, a positive outlook given the dynamic and challenging environment we are operating in.



Management team of IS UK being strengthened to address complex integration process and extreme external challenges

Complex integration process of IS UK severely impacted by extreme external challenges

- All UK operation 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 both Brexit and Covid19,
- The business continues to deal with external challenges, in terms of logistics and more recently difficult labour market in the UK. This has significantly impacted the business performance this year,
- New agreements with both existing and new customers have been secured, which will significantly increase production volume and utilization of the facility,
- The new business is coming on stream both in Q4, and to a larger extent in Q1 2022, which should balance the business.

Local management team of IS UK being strengthened to address business complexities and harvest upcoming growth

- The UK management team is being strengthened with Reynir Jonsson, the Group CFO, stepping in as an interim Managing Director (MD),
- Danny Burton, former MD will concentrate on improving and expanding production capabilities,
- Glen Mathews, will join the business as Operating Director from end of February 2022. Glen will be a great addition to the business, he is the former Operating Director of Hilton (former Icelandic Seachill), with over 20 years experience within the sector,
- With strong customer base and new state of the art factory the future outlook and potential for the UK business remains strong.

Branded products continue to grow as proportion of total sales - now 40%+ and growing

Sales value of branded products first 10mth of 2021

B2B

€122.5m

€101.6m

€20.9m



B2C

€18m

€12.2m

€5.8m



Total Sales

€140.5m

Own Brands

Iceland Seafood has historically had strong brands to differentiate on merits of quality, consistency and being able to deliver. That has resulted in higher margins and more sustainable business.

Important part of the strategy to diversify from foodservice to retail is to own our consumer brands.





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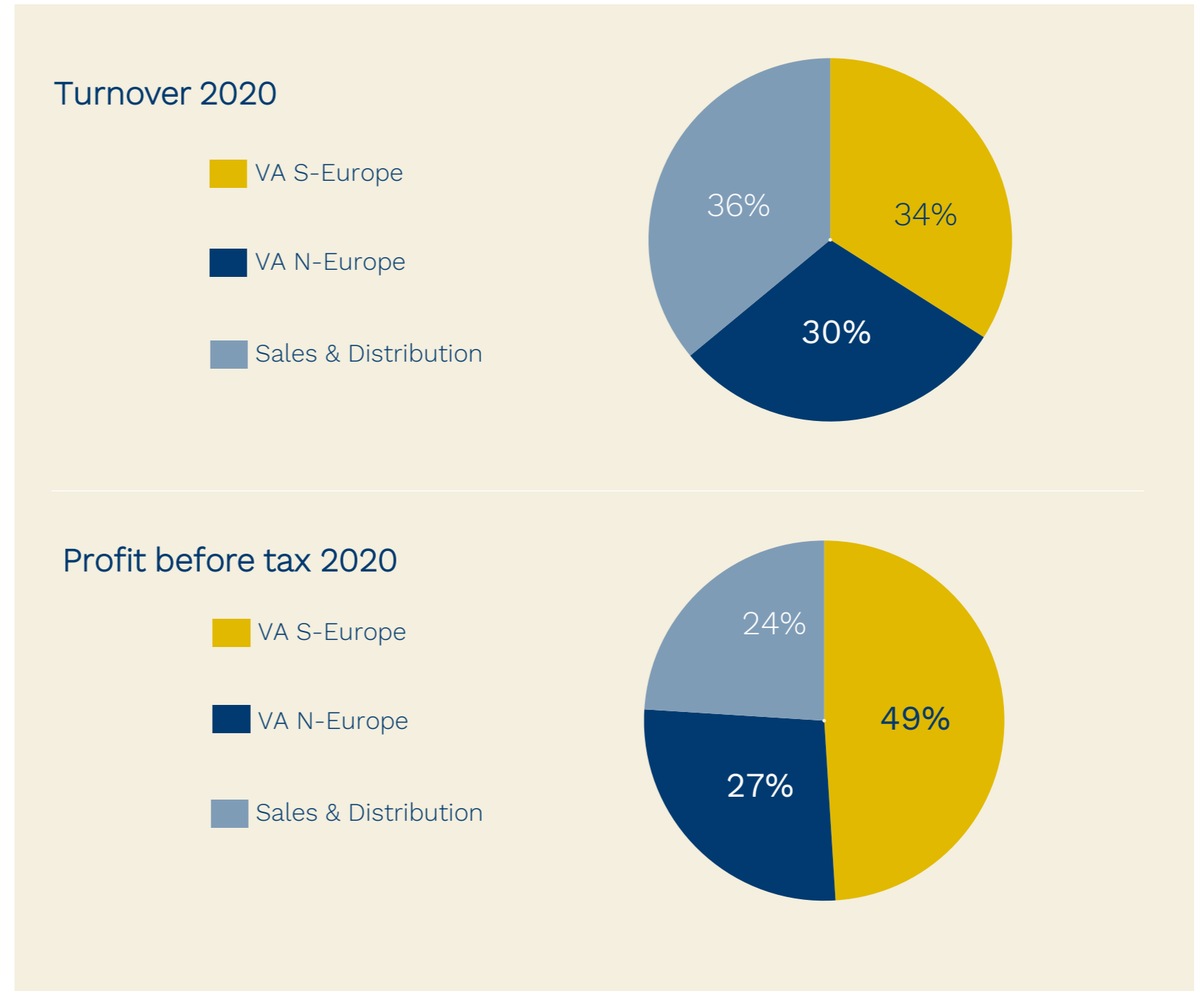
Financial
performance



Unique combination of sourcing expertise and well positioned value added activities

Iceland Seafood Int'l management		
Sales & Distribution	Value Added N-Europe	Value Added S-Europe
IS Iceland 	IS UK 	IS Ibérica 
IS France 	Oceanpath 	Elba 
IS Germany 	Dunns of Dublin 	Ahumados Dominguez 
	Carr & Sons 	Achernar 

Employees		
34 (3,9%) 	354 (40.9%) 	474 (54.8%) 
Executive management & Group reporting:		3 (0.4%) 



Excellent results driven by increased demand following easing of Covid19 restrictions in S-Europe

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

€ m's	Q3 21	Q3 20	9M 21	9M 20
Sales	46.3	32.9	124.1	96.0
Net margin	6.8	2.8	16.8	9.6
Normalised EBITDA	4.3	0.9	9.0	2.9
Normalised PBT*	4.0	0.1	8.5	1.0

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

** Ecomsa classified as discontinued operation, therefore not included in numbers



Sales in Q3 €13.4m up on Q3 2020

- Sales picked up in S-Europe from March, after slow start of the year due to lockdown restrictions,
- Significant revenue and profit improvement of Achernar, compared to same period last year, driven by both increased production and improved market conditions,
- Focus on sales growth into Spanish retail, where the acquisition of Ahumados Dominguez will be of a further support,
- Outlook for Q4 is positive, with continuing strong sales in October. Sale of Salmon is expected to be particularly strong in November/December.

Normalised PBT of €8.5m, up €7.5m from 9M 2020

- €7.2m growth in net margin, continuing strong margins from Cod products,
- Improved efficiency in production of Arg. Shrimp with increased coldstore capacity have positively impacted margins in the period. Good market conditions and higher volumes have also helped the results,
- Overhead cost in line with expectations, annual cost reduction after the 2019 merger in excess of €1.3m,
- Vaccination is progressing well in S-Europe. Spain with 80% of the population fully vaccinated, Italy 72% and Portugal 87% on November 9th.

Results impacted by costly integration process in UK, affected by supply chain disruptions

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

€ m's	Q3 21	Q3 20	9M 21	9M 20
Sales	29.6	25.0	93.0	79.4
Net margin	1.9	2.3	7.1	8.4
Normalised EBITDA	0.1	0.8	1.7	3.8
Normalised PBT*	(0.9)	0.1	(1.3)	1.9

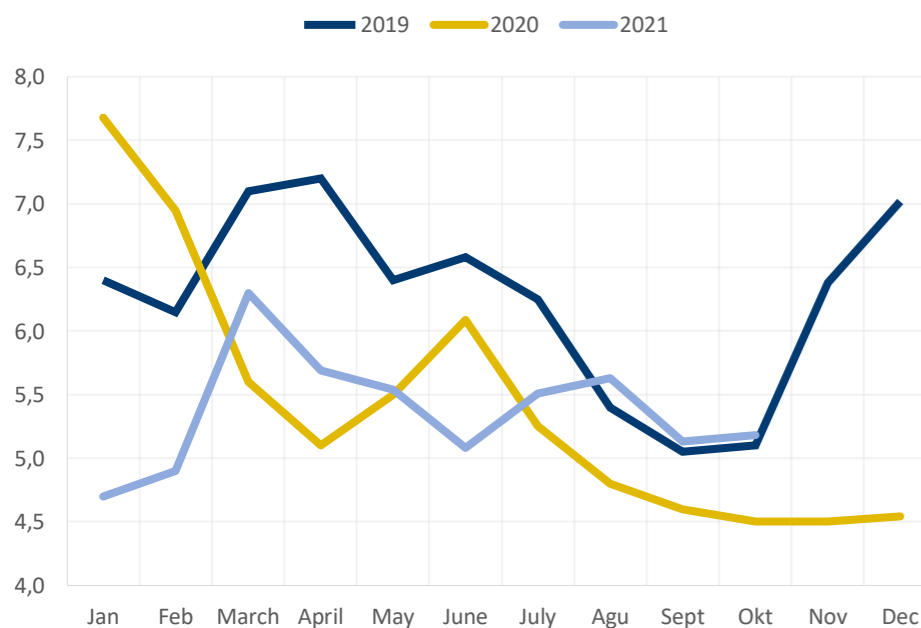
* Normalised PBT represents Profits before tax before allowing for significant items.

17% sales growth compared to 9m 2020

Negative PBT of €0.9m in 9M 2021

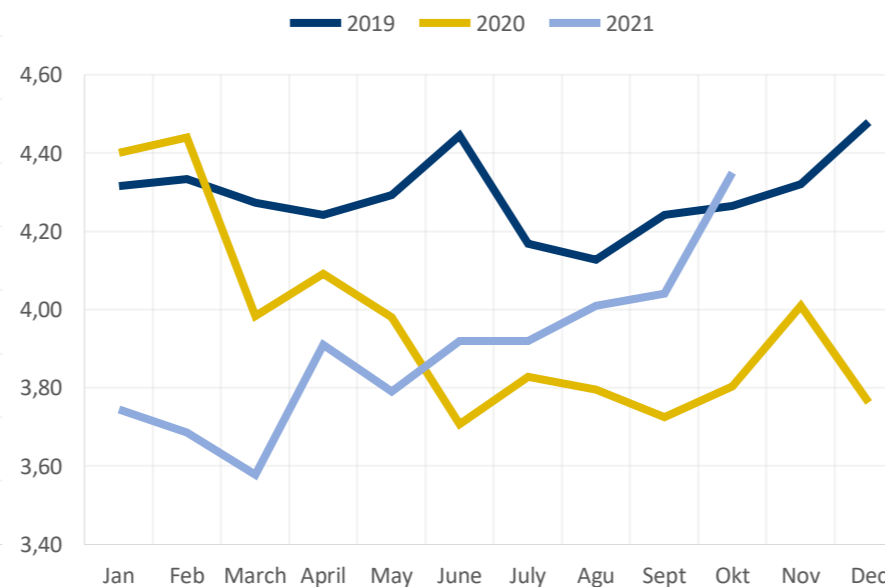
- Strong demand from Irish retail, sales of Oceanpath grew by 12% from 9M 2020 on top of €8.0m sales of Carr&Sons,
- The Irish operation was well prepared for Brexit. Our Irish companies are in better position to service local customers than suppliers in UK,
- Launching of new products for UK retail positively impacted sales, but supply chain disruptions both in relation to transport from China and local distribution in UK have caused significant challenges and increased costs,
- Foodservice sales in UK have improved in Q2 and Q3, with easing of Covid19 restrictions.
- All UK operation moved into a single location at year end 2020. It has taken longer time and been more costly than expected to stabilize and integrate the operation.
- UK operation further impacted by challenges due to disruption in the supply chain, both in relation to transportation from China and local distribution,
- New contracts have been secured with both existing and new customers, which will improve sales and margins in the coming months,
- Profitability in Ireland has improved compared to same time last year driven by strong demand and relatively stable salmon price,

SALMON PRICES (€/KG)



Source: SeaData Center

H&G COD FROZEN PRICES (US\$/KG)



Source: Norges Sjomatrad

Excellent sales and improved profitability on prior year

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

€ m's	Q3 21	Q3 20	9M 21	9M 20
Sales	39.5	40.3	116.0	109.3
Net margin	1.8	1.6	5.3	4.6
Normalised EBITDA	0.6	0.5	1.9	1.1
Normalised PBT*	0.6	0.4	1.7	0.9

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

Excellent sales in all product categories out of Iceland

- Sales in the period 6% higher than 9M 2020. Sales helped by easing of restrictions in key markets in the period,
- Excellent sales in all product categories out of Iceland, such as fresh fish into Continental Europe and sea-frozen products into UK, Pelagic sales from the 2021 fishing seasons have also been strong,

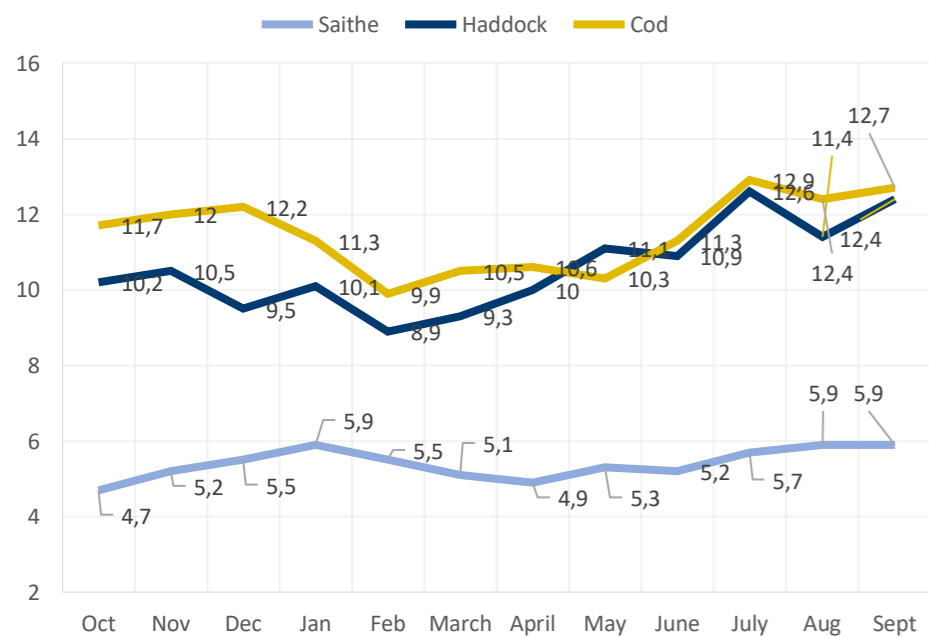
Improved profitability on prior year

- Net margin up €0.7m on last year, driven by higher sales,
- Good results from fresh fish operation in Germany and France. Results in France further supported by good sales of Argentinian shrimp,
- Operation in the USA being simplified and risk reduced, with closing of sales office and signing of an agreement with Villa Seafood. Market served directly from Iceland,
- Overall Normalised PBT of €1.7m up €0.8m.

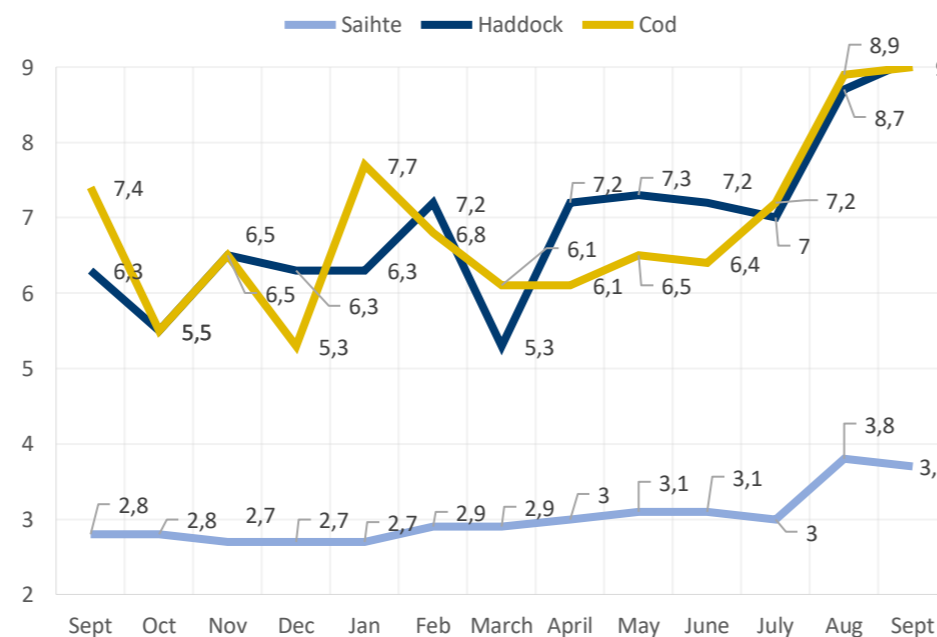
Supply chain disruptions, especially related to transportation to and from Asia, have positively impacted demand for Icelandic products in the period both in Europe and the US,

Successful cooperation between the Icelandic entity and Oceanpath, where fresh fish from Iceland is becoming more competitive compared to UK origin post Brexit.

FRESH FILLETS (€/KG)



FROZEN AT SEA FILLETS (€/KG)



Strong sales and margins in S-Europe key driver for growth in profits

€ m's	Q3 21	Q3 20	9M 21	9M 20
Sales	111.3	95.7	319.6	276.2
Net margin	10.5	6.6	29.2	22.6
Normalised EBITDA	5.0	2.0	12.3	7.7
Normalised PBT*	3.4	0.4	8.2	3.0
Net Profit	2.1	(0.4)	5.6	1.0

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



Group sales 16% up on 9M 2020

- Excellent sales growth from March onwards, after slow start of the year,
- Sales in VA S-Europe 29% up on 9M 2020. Strong sales and margins from both Icelandic Cod products and Argentinian shrimp,
- Significant Sales growth in Ireland. The Irish operation well prepared for Brexit in the beginning of the year,
- In the UK complex and costly integration affected by supply chain disruption, continue to cause challenges for UK operations, leading to negative results in the period,
- Good sales of all product categories out of Iceland,
- Continuing focus on balance between retail and foodservice sales.

Normalised PBT up €5.2m on 9M 2020

- Net margin €6.6m up on 9M 2020, driven by strong margins in S-Europe division,
- Overhead costs €2.0m higher than 9M 2020, mainly due to costs associated with the UK merger and the addition of Carr&Sons,
- Total FX benefit of €0.4m in the 9M 2021, including €0.4m benefit from capital injection to Achernar, to finance recent investments,
- Normalised PBT in 9M 2021 of €8.2m is up €5.2m on last year. Q3 2021 results of €3.4m up €3.0m on last year,
- After considering cost of significant items (€0.5) and income tax (€2.1m), net profit in 9M 2021 of €5.6m was up €4.6m on same period last year,
- Good outlook for the important Christmas season. Rawson season in Argentina just starting.

Significant reduction in Inventory during Q3. Balance sheet at end of September includes impacts of the acquisition of AD

€ m's	30.9.2021	31.12.2020	Variance
Fixed assets	30.7	24.6	6.1
Leased assets	2.1	1.7	0.4
Intangible assets	62.6	52.7	9.9
Deferred tax/other	3.6	3.1	0.5
Non-Current Assets	99.0	82.1	16.9
Inventory	73.2	80.9	(7.7)
Trade and other receivables	65.7	48.8	17.0
Other assets	7.1	6.4	0.7
Bank deposits	18.9	23.3	(4.4)
Current Assets	164.9	159.3	5.6
Total Assets	263.9	241.5	22.4

On the 27 September 2021, Iceland Seafood acquired 85% of the share capital of Ahumados Dominguez (AD) in Spain. Acquisition price was €12.4m, resulting in provisional goodwill of €10m,

Inventories are €7.7m lower than at year beginning, partly as a result of increased sales. Inventory has decreased by €9.9m during Q3, thereof by €9.1m in IS-Iberica,

Trade receivables €17.0m higher than at beginning of the year, reflecting increased sales.

At end of September, 84% of Group receivables are insured, AD receivables are still not insured. (Without AD the ratio is 87%)

Net debt at end of September was €102.8m which is €14.3m higher than at the beginning of the year primarily due to acquisition of AD,

Cash position is still strong, particularly in IS-Iberica,

€ m's	30.9.2021	31.12.2020	Variance
Total Equity	88.7	75.3	13.4
Thereof minority interest	2.3	0.1	2.2
Long term borrowings	36.9	22.8	14.1
Lease liabilities	1.6	1.4	0.2
Obligations/Deferred tax	2.9	2.5	0.4
Non-Current Liabilities	41.3	26.7	14.6
Short term borrowings	84.8	89.0	(4.2)
Trade and other payables	39.1	39.3	(0.2)
Other current liabilities	10.1	11.2	(1.1)
Current liabilities	134.0	139.5	(5.5)
Total Equity and Liabilities	263.9	241.5	22.4

Private placement of ISK3.4bn (€23.1m) 4 years unsecured bond completed in June. The issuance marks a milestone for the Icelandic Capital Market. The bond is listed on Nasdaq Iceland,

Two offerings of 6 months bills for ISK1.5bn each completed in the 9M 2021. Total fixed amount of bills at end of September amounts to €20.9m,

Group funding headroom (including bank deposits) is around €54m at end of September,

Total equity of €88.7m at end of September, has increased by €13.4m from year beginning, resulting in equity ratio of 33.6% compared to 31.7% at end of Q2.

Issuance of new shares in relation to the acquisition of AD was 1,5% of outstanding number of shares. Total proceeds was €4,5m.



Q3 2021 RESULTS
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Outlook



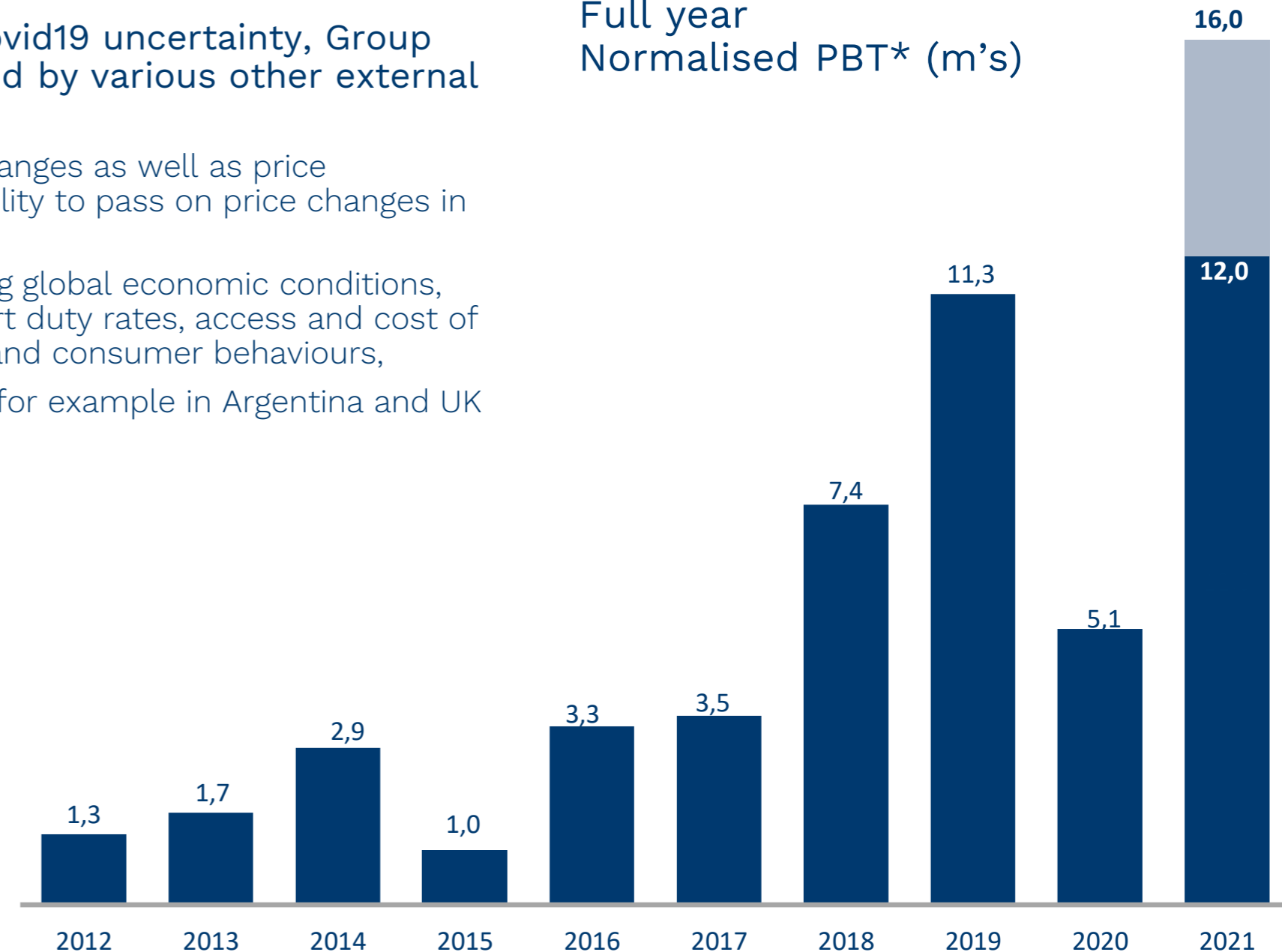
Outlook range unchanged. UK continues to make losses, but offset by stronger operating income in other divisions

- Strong performance of VA S-Europe, with positive market conditions for both Icelandic light salted cod and Argentinian Shrimp,
- Costs of integrating and stabilizing operations in UK still impacting results negatively in Q3. Actions have been taken to pass on increased costs, at the same time new agreements have been secured with both current and new customers,
- Covid19 restrictions have been eased in key markets which has helped sales to foodservice and HORECA customers. The sector has however not fully recovered,
- Based on the assumption that Covid19 related factors will not further impact the Group negatively in key markets, the Outlook range for 2021 Normalised PBT is kept at €12.0 – 16.0m,
- The level of uncertainty remains high, both in relation to Covid19 development and other key external factors. Disruptions on supply chains will continue to impact transportation and logistic costs,
- December is a key sales month for salmon in Ireland and Spain, as well as key harvesting period in Argentina,
- Major marketing campaign to promote Ahumados Dominguez brand will be conducted in December,
- Based on Outlook, the Group will reach a run rate of annual Normalised PBT in excess of €20m post the pandemic.

In addition to the Covid19 uncertainty, Group results are influenced by various other external factors such as:

- Fishing and quota changes as well as price development and ability to pass on price changes in 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, for example in Argentina and UK (related to tariffs),

Full year Normalised PBT* (m's)



With recent investments and projects that will increase efficiency and drive profit growth, the Group is in strong position to reach it's target of Normalised PBT in excess of €20m post the pandemic.

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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