



# 90 Years Together

ICELAND SEAFOOD INTERNATIONAL  
ANNUAL REPORT 2021

**90**  
YEARS 1932-2022



## ICELAND SEAFOOD INTERNATIONAL ANNUAL REPORT 2021

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Reykjavík Norðurgarður Lighthouse  
64°09'10.5"N 21°55'49.0"W

**90**  
YEARS 1932-2022





## Year in Review

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Dyrhólaey Lighthouse  
63°24'10.1"N 19°07'51.4"W

**90**  
YEARS 1932-2022

## Key numbers

Global value added seafood  
producer and sales and  
marketing company



449m€+

Annual revenues  
in 2021



12.5m

Normalised  
PBT 2020



32.8%

Equity ratio  
at year end 2021



11

Businesses  
in 7 countries



5000+

Customers across  
45 countries



1.0m+

Meals  
sold every day



7

Value added  
factories



945+

Employees



100.000MT

of products sold  
in 2021

## Milestones & Investments

January



### ICELAND SEAFOOD UK

The business of Iceland Seafood UK merged in a single location

February



### ICELAND SEAFOOD IBÉRICA

Investment in facility extension from 4.500m<sup>2</sup> to 6.000m<sup>2</sup>

March

COVID 19



Covid restrictions lifted resulting in increasing sales

May



Letter of Intent (LOI) signed to acquire 85% stake in **AHUMADOS DOMÍNGUEZ**

September



Completion of the acquisition of **AHUMADOS DOMÍNGUEZ**

October



# 45M€

**ALL TIME RECORD SALE (45M€)** for Iceland Seafood International **OCEANPATH AND DUNN'S OF DUBLIN**  
Achieve Origin Green Gold Membership  
**ICELAND SEAFOOD USA** Agreement with Villa Seafood and closing of the ISI office

December

COVID 19



**AHUMADOS DOMÍNGUEZ** marketing campaign  
**FOURTH COVID WAVE** (omicron) causing lockdowns and closing down of restaurants in key markets

December



**ICELAND SEAFOOD IBÉRICA**  
All production in Spain in one place including Elba

## Chairman's Address

“The Iceland Seafood Group has become stronger and more resilient. It has a wider range of knowledge and highly experienced teams of different units, all of which is now important to mobilize and use across the group.”



**Liv Bergþórsdóttir**  
Chairman of the Board

The new board of Iceland Seafood International was elected on March 18<sup>th</sup>, 2021. Serving on the board with myself, Liv Bergþórsdóttir, are Jakob Valgeir Flosason, Ingunn Agnes Kro, Bergþór Baldvinsson and Halldór Leifsson, with Gunnlaugur Karl Hreinsson as alternate.

At the time the new board assumed its duties, we, like the rest of the world, thought we glimpsed the end of the coronavirus pandemic – unfortunately that was not the case. Under normal circumstances we would have arrived at that point in time by today. However, once again our world is anything but normal. Consequently, there will be some time still until this peril is overcome.

At the beginning of the new operating year, the main emphasis was on managing the investments and transformations that had taken place in the year and the years before, maximizing the efficiency and profit generation of individual units. And of course, to minimize the risk associated with the pandemic.

The strategy was also to seek further opportunities for Iceland Seafood in the retail market to offset the reduction the COVID pandemic inevitably brought about in the HORECA sector (hotels, restaurants, and catering/cafés). Calculated steps in this

direction had already been taken in Ireland with the acquisition of Carrs & Sons and in the United Kingdom with the merger of the two Iceland Seafood companies there.

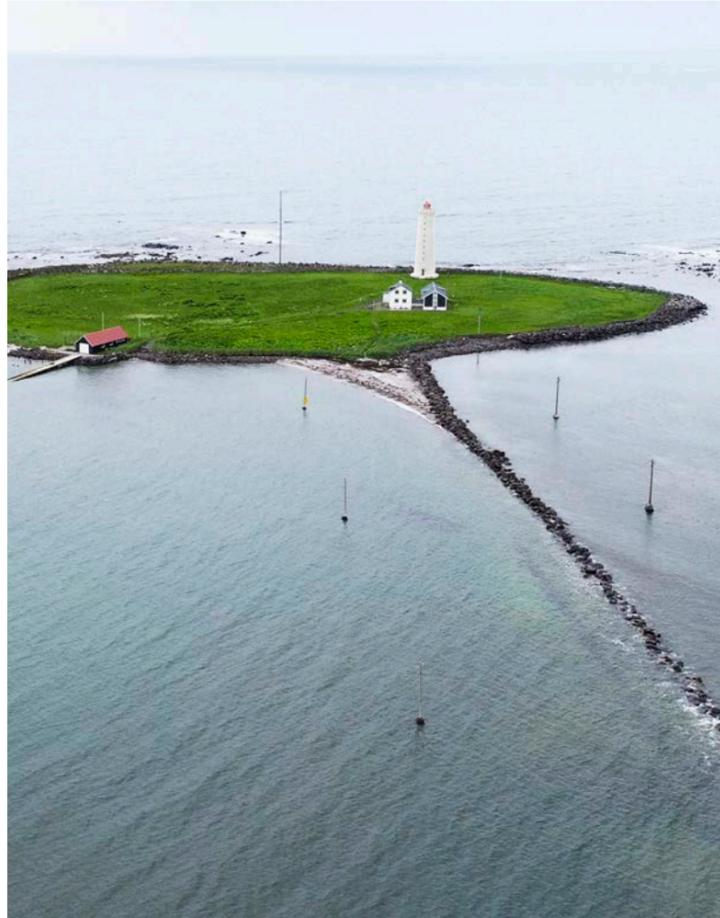
The management and board of Iceland Seafood did not let the pandemic prevent further advances to strengthen the business this year, just as the year before. On May 17<sup>th</sup>, it was announced that Iceland Seafood had signed a letter of intent for the purchase of an 85% share in the company Ahumados Domínguez in Spain. The acquisition was formally completed in September 2021.

In Spain, the covid time has been well used to work on the integration of one powerful business unit of Iceland Seafood, Icelandic Ibérica and Elba where the operation of 2021 was particularly successful.

The operation of the Argentinian company Achernar, which is part of Iceland Seafood Ibérica in Spain, did well and according to plan during the year.

Iceland Seafood's position in Spain was significantly strengthened with the acquisition of Ahumados Domínguez. Ahumados Domínguez is a strong consumer brand in the Spanish salmon market and the acquisition is also expected to lead to new cross-selling opportunities within the group.

## Chairman's Address



Merging the companies in the UK (Iceland Seafood Barraclough and Havelok), has been more complex than expected and therefore also more costly. Changes have been made to the company's management team and it has been strengthened. Reynir Jónsson has temporarily led the company through this process. We believe that these measures among others will improve Iceland Seafood UK's operations in 2022.

In Ireland the merger of the companies (Oceanpath and Carrs & Sons) goes according to plan with minor delays due to external circumstances related to the pandemic.

The Sales and Distribution Division in Iceland Seafood did particularly well this year. Very good sales during the year and cost rationalization provided improved results.

Emphasis was kept on securing the Group's liquidity position and long-term financing. The company completed the issuance of an unsecured bond in cooperation with Arion Banki in June. In addition, financing in the UK and Ireland was completed by the Norwegian bank DNB at the end of the year. The company's liquidity position has been further strengthened with this new financing.

The operating result for 2021 is still affected by the challenges we have faced. However, the Iceland Seafood Group has become stronger and more resilient. It has a wider range of knowledge and highly experienced teams of different units, all of which is important to mobilize and use across the group. We believe that new opportunities lie in increased collaboration that will lead to increased value creation into the future. There are also still great opportunities for increased efficiency with further automation.

Hopefully, it will soon be possible to give more weight and focus to important projects that were perhaps not in the priority they should have been due to the pandemic. An example is the ESG project (environmental and social aspects) which deserves great attention.

The uncertainty and demanding conditions that came with the pandemic throughout the year was enormous, but the team was more experienced in dealing with it and could better read into the situation. The Iceland Seafood team once again showed strength and vision to emerge stronger post pandemic.

I would like to take this opportunity to express the board's gratitude to Iceland Seafood's employees, management, suppliers, and customers. I also thank the board for a pleasant and good collaboration.

*Dear shareholders, thank you for your support.*

*May we all find a way to live together, peacefully, across the globe.*

## Year in Review

### CEO's Address

Last year was another year marked by the Covid-19 pandemic. In general, volatility was high and the year was influenced by significant increases in raw material prices, both in terms of seafood products, but also packaging material, logistical cost and finally difficulties in labor markets. Both increases in cost and the issues of attracting labor. So, running factories in Europe was not easy. Maybe the most difficult part is to address increase in cost to our customers and to continue to invest and believe that things will get better again.

As we eye the end of restrictions in our most important markets, we are again both hopeful and determined to continue to build Iceland Seafood and support both our customers and suppliers with our position, and we are glad that we can start to see each other again more than in the last two years.

Although other issues are now taking the attention of the world, which cut close to the core of our values and freedom to do business, we are determined to move forward.

The world has in a very short time been thrown from one uncertainty – a global pandemic – to another – an invasion from Russia into Ukraine with the terrible consequences for the people of Ukraine. A human tragedy. The outcome and

ramifications are totally unknown when this is written, but uncertainty has increased, and this is affecting export of pelagic species out of Iceland as well as sourcing of fish from Russia in addition to an increased disruption on commodities and therefore its effects on inflation and further distortion of supply chains in many industries. This will lead to a more risk-off environment and entails some difficulties in general in our operations.

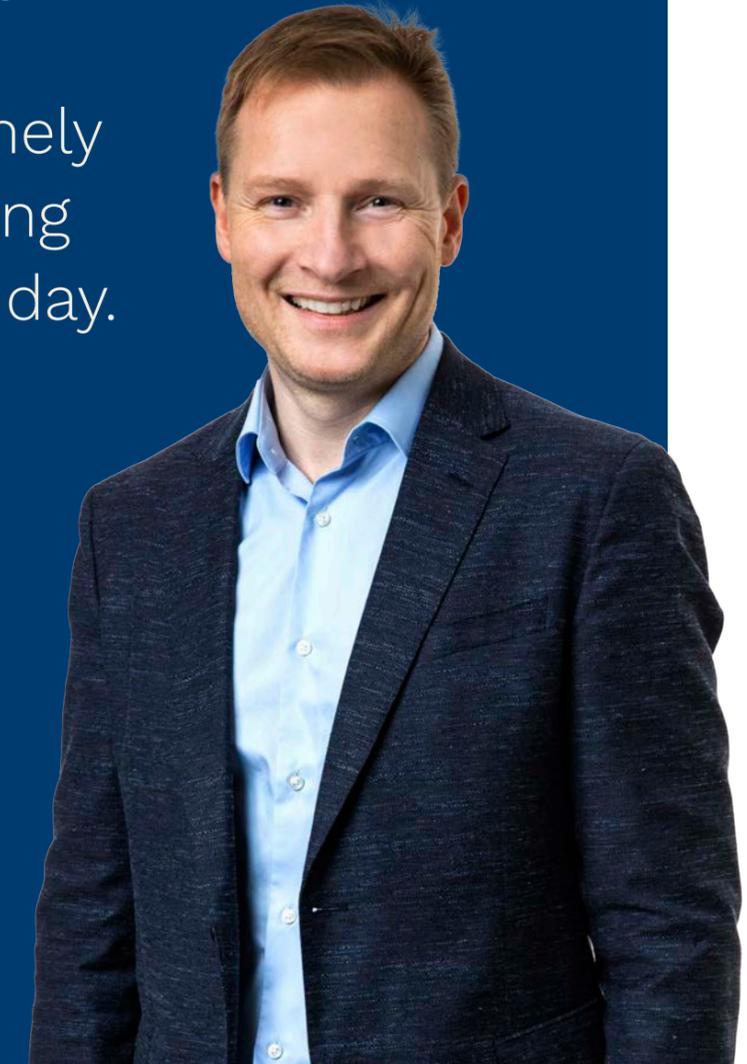
Moving forward, we have identified three main areas for investments. This will in our mind drive our relevance, competitiveness, sustainability, and profitability going forward.

Firstly, we are investing more in ESG matters. We see that as a very important area. For the fourth time alongside this annual report, we are issuing our ESG report. These issues have become increasingly important and deserve our full attention as well as the commercial part of our operations. As an investment opportunity we are looking at more environmentally friendly power generation, less pollution from our plants and other issues that support such initiatives. We have strengthened our knowledge base within the company. First to measure and understand. Then to set realistic targets and finally to execute our strategy to have a sustainable operation from an environmental perspective.

“We have a strong believe in our future. We believe we can continue to grow profitably and leverage our network and expertiese. I’m extremely proud of the people working for Iceland Seafood every day. They are the difference.”



**Bjarni Ármannsson**  
CEO



## Year in Review

### CEO's Address

Also, we focus on the corporate culture. That we have an environment where we support initiatives to develop (and inherently to sometime fail) and where we support diversity and team work to reach our goals as a team.

Secondly, we are investing in automation wherever possible. In general, we believe this is an area which has been underinvested in the past and given current environment has a relatively short payback time. This is important as we have moved more into retail-based business, where volume is higher, but percentage margin is smaller. It is therefore a prime focus in all our plants to be looking at investments to increase our competitiveness through efficiency, increased productivity, employee well-being and food safety. We want to stay close to our customers both culturally and geographically and we believe that investing in automation and food safety is the key and the best way forward.

Our third focus area for investments is in marketing – and in our own brands in particular. Last year we invested significantly in our premium brand in the Spanish smoked salmon product category: Ahumados Domínguez. We ran a successful campaign in the Christmas season, but we know that payback for these kinds of investments is far

longer than in the automation part. This must be an ongoing long-term thinking supported by larger market and premium. This we will continue – especially in Spain and Ireland.

The UK market is more white label production market, and therefore puts even more emphasis on efficiency.

Finally, we are promoting cross selling within our firms. We have advanced significantly in this area in 2021, but believe we are only just starting in this matter. This requires resilience and mutual understanding from management teams of what is good for the Iceland Seafood Group.

We experienced quite some headwinds in the UK, a mixture of amalgamating two business, starting a new factory in the face of Brexit, a global pandemic, and significant logistical difficulties, as the UK operation has been subject to products produced in China to a large degree. We are currently ramping up production capacity significantly and believe we will turn a corner in 2022. New management team has taken over the business with strong industry experience and reputation

Through close cooperation with our customers, we can also be a better partner for our suppliers, who we value immensely.

They are the starting point of our value chain. Our interdependence with them is the foundation for the mutual trust we have with our suppliers. And we see our customers more and more critical on sourcing and that their standards are being met throughout the value chain.

Total sales in the year 2021 were €449 compared to €369.8m in 2020 and grew by 21%. Sales in S-Europe recovered strongly and showed very strong results. Similarly, S&D division had a strong rebound with its best year on record as well as the S-Europe divisions. At the same time sales in N-Europe, were up on prior year driven by strong sales to retail customers in both UK and Ireland, but results were negative in the UK, putting the whole division into negative territory, significantly reducing the overall profitability for the group.

Normalized profit before tax (PBT) of €12,5m was €7.4m above 2020. Generally, we can be satisfied with that result given the volatility in our operating environment.

The Consolidated Balance Sheet at end of the year shows total assets of €279.4m, increased by €37.9m during the year. The acquisition of Ahumados Domínguez, unusually high cash position as well as a big increase in trade and receivables are the

main causes for the increase. The equity, including non-controlling interest amounted to €91.7m compared to €75.3m at year end 2020. This results in an equity ratio of 32.8%. Financially sound, but slightly below our 35% equity ratio target.

This year Iceland Seafood is celebrating its 90-year history of exporting, selling, and marketing seafood from Iceland. That's the origin, a core that we must be true to.

For 90 years Iceland Seafood and its predecessors have been able to adapt. That reflects culture – adaptability is what we must be mindful of. It has been and will be the core of our DNA.

We have a strong believe in our future. We believe we can continue to grow profitably and leverage our network and expertise. I'm extremely proud of the people working for Iceland Seafood every day. They are the difference. We all can make a difference and at Iceland Seafood we are making our contribution every day for a brighter and better future.



## We are Iceland Seafood

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Dyrhólaey Lighthouse  
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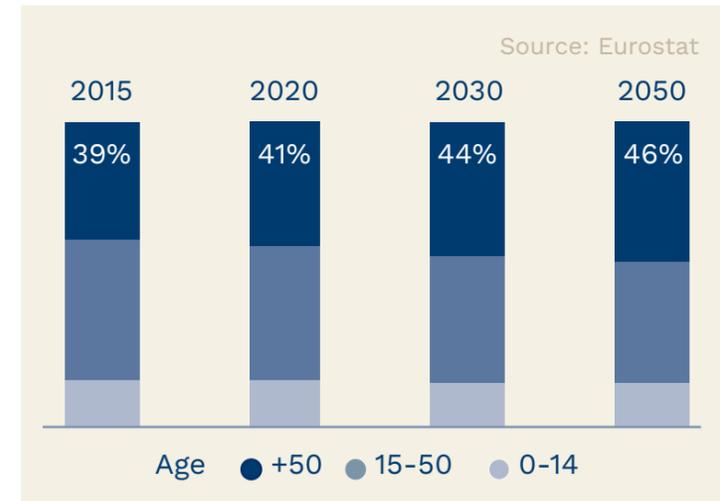
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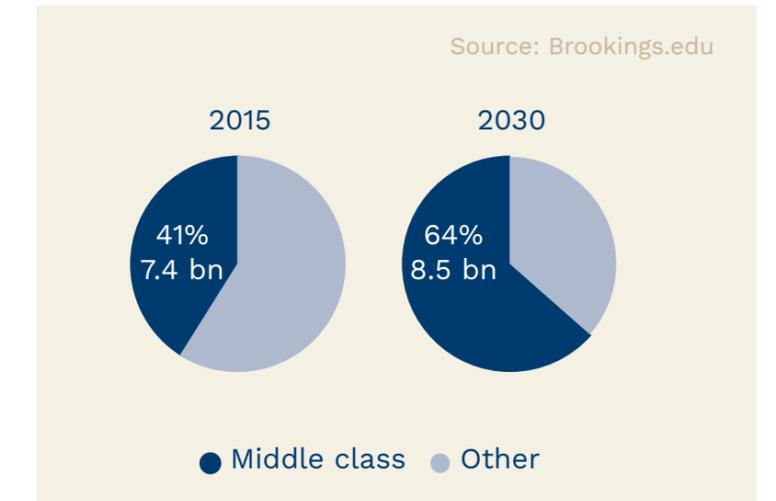
A growing majority of the population is aging, middle class, focused on healthy eating and demanding innovation in preparation and tastes → **Increasing seafood consumption.**

**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.

**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.



**AGEING POPULATION** and a parallel increase in seafood consumption.



**A GROWING MIDDLE CLASS** expected to increase from one-third to two-thirds of the world's population by 2030.

# We are Iceland Seafood

## Growing with global trends

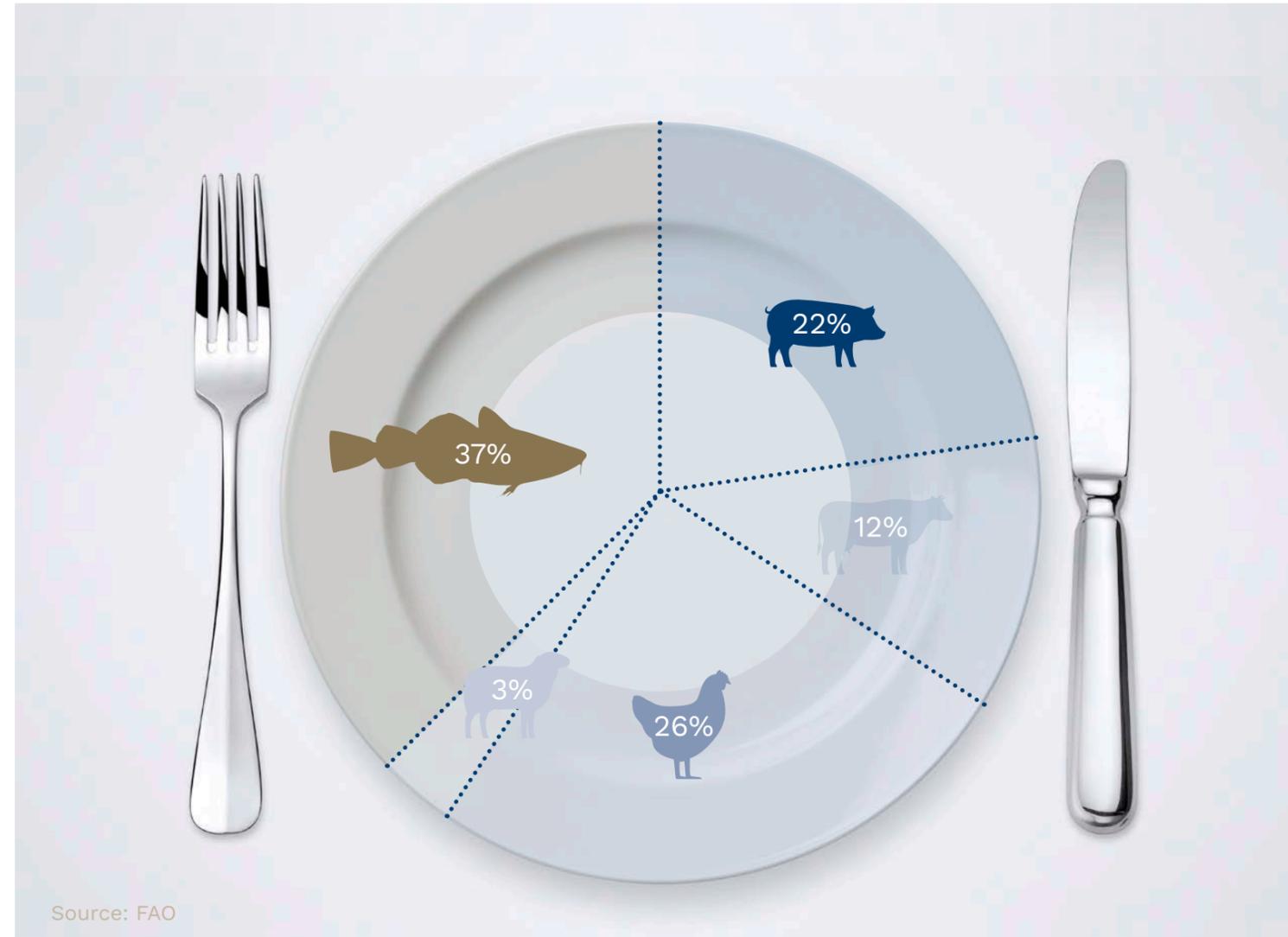
Seafood leads the way in global human consumption per capita of animal protein with developing countries driving total consumption growth with a CAGR of 1.1% between 2018 and 2028 (developed 0.35%)

Source: FAO

	2000	2014	2028 (e)
	16	19	22
	10	14	15
	11	13	11
	7	7	7
	1.5	1.5	1.5

### GLOBAL HUMAN CONSUMPTION PER CAPITA (KG/YR)

Seafood consumption is expected to continue to increase



### GLOBAL CONSUMPTION SPLIT PER CAPITA (KG, 2018, %)

Seafood accounts for about 37% of global consumption per capita



### TOTAL PRODUCTION PER YEAR TONNES MILLION

- Fish from capture (wild caught)
- Fish from aquaculture

# We are Iceland Seafood

## Our heritage

### Strong roots

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



#### The Union of Icelandic Fish Producers (SÍF)

Founded in 1932 for export of salted fish products

1932



#### The Herring Board

Founded in 1935 for the export of salted herring from Iceland

1935



#### Samband of Iceland

establishes a seafood division for export of frozen seafood

1957



#### Armengol

Spanish company Purchased in 1999

1999



#### Merger: SÍF and Iceland Seafood Plc.

Including the Herring Board, under the name SIF Plc.

1999



#### SÍF Plc. founds Iceland Seafood International

in order to take over all export and sales of marine products

2004



#### Tros

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

2008



#### IS Barraclough

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

2010



#### Havelok

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

2012

2016



#### First North listing

Iceland Seafood listed on the First North Iceland market

2018



#### Oceanpath

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

2018



#### Solo Seafood

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

2019



#### Main Market listing

Iceland Seafood International lists its shares on the Nasdaq Iceland Main Market

2020



#### Elba Seafood

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

2020



#### Iceland Seafood UK

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

2020



#### Carr & Sons

Acquisition of Carr & Sons Seafood Ltd, an Irish seafood processing company specialized in high quality smoked salmon production

2021



#### Ahumados Domínguez

Iceland Seafood completes the acquisition of Ahumados Domínguez

2022



#### 90th anniversary

Happy Birthday! Founded in 1932 Iceland Seafood celebrates it's 90th anniversary this year

# We are Iceland Seafood

## Our vision

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: with our roots in the Icelandic seafood industry our core business is global sourcing, distribution and sales and marketing of quality, fresh, frozen, salted, dried and value-added seafood products, developing sourcing and logistics solutions to fulfill our customer needs.



Our headquarters are in Iceland, and we operate 3 divisions with 11 businesses in Europe and South America

## Our companies

Iceland Seafood is a worldwide sales, processing and marketing group for a variety of fresh, frozen, salted, dried 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 customer's needs, combined with innovative flexible solutions and strategic global distribution. Our headquarters are in Iceland, and we operate 3 divisions with 11 businesses in Europe and South America.

### 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 cooperation with Icelandic seafood producers and provides sourcing expertise, quality control and logistic solutions for other Iceland Seafood companies and its demanding customers worldwide.  
[www.icelandseafood.is](http://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](http://www.icelandseafood.fr)

**ICELAND SEAFOOD GERMANY**, located in Bremerhaven, 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](http://www.icelandseafood.de)

### Value Added Divisions

We continue 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

**ICELAND SEAFOOD UK**, was founded by the merger of Iceland Seafood Barraclough and Havelok Ltd, located in Grimsby (UK), supplies both our retail and foodservice customers with high-quality fish and shellfish globally sourced. From procurement to packed product, offering one of the finest ranges of breaded, battered and natural fish in the UK. It specializes in procuring to customer specs and packing for many of the largest retailers and food service operators in the UK.  
[www.icelandseafood.uk](http://www.icelandseafood.uk)

**OCEANPATH LIMITED**, our Irish seafood arm consist of three companies with specialized factories. Oceanpath located in Howth, specializing in supplying fresh fish to the retail sector in Ireland, Dunns of Dublin dating back to 1822 an iconic premium retail brand best known for its smoked seafood products and Carr & Sons located in Killala on the west coast of Ireland producing delicious smoked salmon and a range of other premium quality seafood products. Oceanpath is the leading supplier to the retail sector in Ireland both in fresh and smoked products.  
[www.oceanpath.ie](http://www.oceanpath.ie)

### Southern Europe Division

**ICELAND SEAFOOD IBÉRICA** is our Southern European stronghold serving our demanding markets in Spain, Italy, Portugal and Greece. The company has offices in Barcelona, Vigo, Bilbao, Málaga and Italy. The company also runs Elba, a processing and sales company in Barcelona, and Achnar, a factory in Argentina processing shrimp for all markets. The company offers a variety of frozen and salted products from all major fishing grounds in the world and runs factories both in Barcelona and in Argentina.  
[www.icelandseafood.es](http://www.icelandseafood.es)

**AHUMADOS DOMÍNGUEZ** is the latest incorporation in the Iceland Seafood family. The company is known for its production of premium quality smoked salmon. It has a strong brand and consumer recognition in the Spanish retail market. It actively runs consumer campaigns and has a direct consumer facing through its specialty stores. The Ahumados Domínguez brand is among the seven most dominant brands in the smoked salmon sector within Spanish retail.  
[www.ahumadosdominguez.es](http://www.ahumadosdominguez.es)

Presence through strategic alliances and cooperation

Strategic investor operations

Iceland Seafood's operations

Customers



**Capture**

Four major fishing and processing companies are in the shareholder group, creating a vertically integrated supply chain through to the end consumer

**Primary Production**

Iceland Seafood purchases primary processed products from its suppliers and shareholders

**Sales & Distribution**

Iceland Seafood's Sales and Distribution segment sells products to a variety of customers around the world

**Production, value added**

Iceland Seafood's Value Added segments create additional value by further processing primary processed products close to their customers to suit their needs

**Retail, Foodservice**

Iceland Seafood's Value Added segments sell their products to HORECA distributors, retailers and foodservice companies

# We are Iceland Seafood

## Our Product Lines

A broad and varied product offering



**READY MEALS**



**FRESH PRODUCTS**



**COATED PRODUCTS**



**SHELLFISH**



**SMOKED FISH**



**LANDFROZEN**



**LIGHT SALTED**



**WET SALTED**



**FROZEN AT SEA**



**PELAGIC FISH**



**DRIED PRODUCTS**



**CEPHALOPODS**

## Our Brands

The Iceland Seafood brands are our customers guarantee for variety of fresh, frozen, salted, dried and value added seafood products



Premium seafood products, sustainably sourced from Iceland's clean Waters



High quality wet salted and light salted frozen products from Iceland



Our stamp for single frozen cod from Iceland



Quality fresh & frozen seafood from Iceland



Selected quality seafood from selected origins



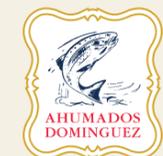
Renowned worldwide for its smoked salmon and other smoked products



The traditional taste of Ireland with the needs of the modern consumer



Over 100 years of excellence



The world's only flavoured salmon



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



Elba ...design in Cod. Quality frozen light salted and salted Atlantic cod



Highly competitive seafood products



Spanish "Tapas & Pinchos" and Spanish cod-based ready meals



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



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



**Liv Bergþórsdóttir**

Chairman of the Board of Directors

FIRST ELECTED:

**February 2019**

Liv Bergþórsdóttir was appointed CEO of ORF Genetics in April 2020. She joined ORF Genetics after 20 years in the telecommunication industry. Liv led the launch of the telecommunications company Nova in 2006 and was the CEO of Nova until 2018. Prior to that, she was the CEO of the mobile phone company Sko and Director of Sales and Marketing at Og Vodafone and Tal.

In recent years Liv has also served on the boards of several companies, both in Iceland and abroad. Liv is a business graduate from the University of Iceland and has completed AMP studies at IESE Barcelona Business School.



**Jakob Valgeir Flosason**

Board member

FIRST ELECTED:

**February 2019**

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



**Bergþór Baldvinsson**

Board member

FIRST ELECTED:

**March 2020**

Bergþór has been the CEO of Nesfiskur since 1979. Nesfiskur is a family-owned company that Bergþór and his parents started in 1975.

Working at Nesfiskur since a teenager, Bergþór has familiarized himself with every aspect of the industry. The small family company has grown constantly from the beginning, today Nesfiskur and its subsidiaries employ around 400 people.

Bergþór has been a board member of various companies and pension funds for the past two decades.



**Ingunn Agnes Kro**

Board member

FIRST ELECTED:

**February 2019** as an alternate board member and as a board member from **March 2020**

Ingunn is the general manager of Jarðvarmi slhf. Previously Ingunn was a Director of Administration and Communication at Skeljungur hf., a company listed on Nasdaq Iceland, heading internal and external communication, incl. legal matters, marketing, public relations and human resources, and before that the company's general counsel, compliance officer and secretary to the board. Ingunn holds a B.A. and M.A. degree in law and an MBA from the University of Iceland, as well as being a certified district court attorney and securities broker.

Ingunn is currently a board member of Sjóvá Almennar tryggingar hf. (insurance company), HS Orka hf. (electricity producer and provider), Freyja slhf. (private equity fund) and the Wetlands fund (environmental NGO).



**Halldór Leifsson**

Board member

FIRST ELECTED:

**March 2020**

Halldór is Marketing and Sales Director at Fisk Seafood ehf. He has worked in the seafood industry since 1990, in all the key segments including management of production, fleet, sales, office, finance and in the role of deputy MD and MD.

Halldor holds a degree in Fishery Technology from the Technical University of Iceland and has studied Business Management in the University of Reykjavík.



**Gunnlaugur K Hreinsson**

Alternate board member

FIRST ELECTED:

**March 2020**

Gunnlaugur K Hreinsson is the owner of GPG Seafood and alternate companies. Gunnlaugur has decades of experience from the seafood sector.

GPG Seafood operates four longliners out and four processing plants in the north of Iceland. Gunnlaugur is also the largest shareholder of the company Þórsnes ehf, a seafood company located in Stykkisholmur.

# We are Iceland Seafood

## Executive Management



**Bjarni Ármannsson**  
CEO

Bjarni Ármannsson is a private investor. He is a significant investor in Iceland Seafood International via Sjávarsýn ehf. – 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 spent the lion share of his career in the banking industry in Iceland, originally as a CEO for Kaupthing, a 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 from 2003-2006.

Reynir holds an MSc degree in Finance and Strategic Management from Copenhagen Business School and a Cand. oecón Degree in accounting from the University of Iceland.

## Financial Performance

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Selvogsviti Lighthouse  
N63° 49' 16.296" W21° 39' 5.344"

**90**  
YEARS 1932-2022

## Key Figures

**Solid results for the year 2021 driven by excellent performance of the VA S-Europe division. UK results still negatively impacted by complex integration process.**

Total sales in the year 2021 of €449.0m were 21% above prior year. In Value Added Southern Europe division sales were strong, especially after Q1, driven by good demand following easing of Covid 19 restrictions. This resulted in divisional sales of €181.5m in 2021 which was €55.7m up on previous year. Sales of the S&D divisions were also impacted by lockdown restrictions in the beginning of the year but were good from March, 12% ahead of last year. Sales of Value Added Northern Europe division during 2021 were 13% up on prior year, driven by the addition of Carr & Sons Seafood Ltd (€12.2m) and new retail listings in UK.

Normalised PBT in the year of €12.5m was €7.5m up on prior year and within the published outlook range for normalised PBT of €12.0 - 16.0m. Strong sales in key markets, especially after Q1 and good results from the Argentinian shrimp season helped the results. Ongoing Covid 19 disruptions and challenges in production,

Consolidated Income Statement	2021			2020		
	Normalised result	Significant items	IFRS	Normalised result	Significant items	IFRS
<b>Sales of seafood</b>	<b>449.049</b>		<b>449.049</b>	<b>369.840</b>		<b>369.840</b>
Gross margin	68.395		68.395	49.746		49.746
Distribution costs	(23.965)		(23.965)	(19.319)		(19.319)
<b>Net margin</b>	<b>44.429</b>		<b>44.429</b>	<b>30.427</b>		<b>41.070</b>
EBITDA	18.480	(663)	17.817	9.987	(2.421)	7.566
<b>Profit before tax</b>	<b>12.536</b>	<b>(663)</b>	<b>11.873</b>	<b>5.070</b>	<b>(2.421)</b>	<b>2.649</b>
Income tax	(3.233)	133	(3.100)	(1.353)	484	(869)
<b>Profit from continuing operation</b>	<b>9.303</b>	<b>(530)</b>	<b>8.773</b>	<b>3.717</b>	<b>(1.937)</b>	<b>1.780</b>
Discontinued operation net of tax					(984)	(984)
<b>Profit for the year</b>	<b>9.303</b>	<b>(530)</b>	<b>8.773</b>	<b>3.717</b>	<b>(2.921)</b>	<b>796</b>
<i>Profit (loss) for the year attributable to:</i>						
Owners of the Company	9.313	(530)	8.783	2.884	(2.921)	(37)
Non-controlling interest	(10)		(10)	833		833
<b>Profit (loss) for the year</b>	<b>9.303</b>	<b>(530)</b>	<b>8.773</b>	<b>3.717</b>	<b>(2.921)</b>	<b>796</b>

## Financial Performance

### Key Figures

transportation and logistics negatively impacted results, especially in UK. After significant items of €0.5m and income tax of €3.1m the resultant net profit for the period of €8.8m was €8.0m above previous year.

The Consolidated Balance Sheet at year-end 2021 shows total assets of €279.4m or €37.9m increase over the prior year. The increase in total assets were driven by higher trade receivables as a result of increased sales and acquisition of Ahumados Domínguez. Net debt at end of December of €94.2m was €5.7m higher than at year end 2020, reflecting the increase in total assets and acquisition of Ahumados Domínguez.

Total equity, including Non-controlling interests amounted to €91.7m compared to €75.3m at end of December 2020. Share issuance in relation to the acquisition of Ahumados Dominquez amounted to €4.5m. The Equity ratio was 32.8% at year end compared to 31.2% at end of 2020. Full time employees in continuing operations on average for the year were 771 (2020: 591), with 944 at year end (2020: 677).

Consolidated Balance Sheet	31 Dec. 2021	31 Dec. 2020
<b>Assets</b>	<b>279.353</b>	<b>241.467</b>
Non-current assets	100.995	82.141
Current assets	178.358	159.326
<b>Equity</b>	<b>91.734</b>	<b>75.317</b>
<b>Liabilities</b>	<b>187.619</b>	<b>166.150</b>
Non-current liabilities	44.112	26.662
Current liabilities	143.507	139.488

Consolidated Cash flow Statement	2021	2020
<i>Cash generated from operations before interest and taxes</i>	15.400	3.181
Net cash generated by operating activities	8.989	10
Net cash used in investing activities	(17.060)	(16.163)
Net cash generated by financing activities	13.296	28.930
<b>Changes in cash and cash equivalents</b>	<b>5.225</b>	<b>12.777</b>
Effects of exchange rate fluctuations on cash held	(728)	882
<b>Cash and cash equivalents at year-end</b>	<b>27.766</b>	<b>23.269</b>

Key Highlights Euro million	2021	2020
Sales	449.0	369.8
Normalised* PBT	12.5	5.1
Net profit	8.8	0.8
Net cash generated by operating activities	9.0	-
Total assets year-end end	279.4	241.5

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

## Financial Performance

### Group Financials

#### VA S-Europe

The sales of the VA S-Europe were strong from March 2021 onwards, driven by increased demand from the HORECA sector after easing of Covid 19 restrictions. Total sales of €181.5m were up 44% from prior year.

The acquisition of Ahumados Domínguez was completed at end of September, with €8.5m positive impact on sales. Margins were strong in all key product categories, especially light salted cod products from Iceland. Market conditions for Argentinean shrimp were also good and the division benefited from increased production and coldstore capacity of Achernar.

Total production of Argentinean shrimp was 3,710MT during 2021 increased by 35% from 2020.

Integration after the merger of IS Spain and Icelandic Ibérica (and Elba) has now been concluded. All production is in one location instead of three and reduction in overhead and admin cost is fully completed. Logistics synergies have been delayed due to high stockholdings during the Covid 19 pandemic, from now on central coldstore location will be in Barcelona, generating synergies from 2022 onwards.

VA S-Europe Euro million	2021	2020
Sales	181.5	125.8
Net margin	28.6	13.0
EBITDA	14.7	3.9
Normalised PBT*	13.9	3.1

*\*Normalised PBT represents Profit before tax allowing for significant items and discontinued operation*  
*\*\* Ecomsa classified as discontinued operation, therefore not included in numbers*  
*\*\*\* Ahumados Domínguez in the figures from Q4 21*

The acquisition of Ahumados Domínguez will strengthen and broaden Iceland Seafood's proposition in retail and create cross selling opportunities within the Group. The acquisition is fully aligned with Iceland Seafood's strategy of increasing proximity to the end consumer and invest in consumers brands.

#### VA N-Europe

Sales of the VA N-Europe division were €124.8m in the year, 12% higher than in 2020. Performance in Ireland was good where sales grew by 13% on a like for like basis. The Irish operation was well prepared for Brexit at the beginning of the year, both Oceanpath and Carr&Sons were in better position to service local retail customers than suppliers in UK which positively impacted sales. In UK sales increased from prior year as well, with new product launching for retail. Foodservice sales also picked up in the 2H of the year and that demand is increasing further in the beginning of 2022.

Overall, the results in Ireland were good during the year although cost increases of raw material, labour and other input impacted results at the back end of the year. The UK operation moved into a single location at year end 2020 following the merger of Havelok and IS Barraclough into the entity IS UK. It has taken longer and been more costly than expected to stabilize and integrate the operation. That process was further impacted by challenges due to disruption in the supply chain, both in relation to transportation from China as well as local distribution. Cost increases and difficult labour market also had an impact, especially at the back

VA N-Europe Euro million	2021	2020
Sales	124.8	110.6
Net margin	8.0	10.9
EBITDA	0.9	4.5
Normalised PBT*	(3.1)	1.7

*\*Normalised PBT represents Profit before tax allowing for significant items*

end of the year. Management team of IS UK was being strengthened at the back end of 2021 and beginning of 2022, Glen Mathews the former Production Director of Hilton for 20 years took over as Managing Director at end of February 2022.

The outlook of the UK business remains strong, with new business coming in during 2022 and increasing demand from foodservice the company will better utilize its capacity and overheads. Local production in UK is becoming more competitive after Brexit and the ongoing issues in terms of Chinese production.

## Financial Performance

### Group Financials

#### Sales & Distribution

The S&D division saw a 12% increase in sales from 2020, driven by strong demand. Sales of all product categories out of Iceland were good, especially sea-frozen and pelagic products. Supply chain disruptions, especially related to transportation to and from Asia positively impacted demand for Icelandic products in both Europe and US. Fresh fish sales were good in the period and benefited from successful cooperation between the Icelandic entity and Oceanpath where fresh fish from Iceland became more competitive compared to UK origin post Brexit.

The divisional net margin increased by €1.4m from 2020, driven by the higher sales. Results from the fresh fish operation in Germany and France were good and results in France were further supported by good sales of Argentinian shrimp. The decision was taken to close the sales office in US during the year, the office was closed at

S&D Euro million	2021	2020
Sales	162.3	145.4
Net margin	7.7	6.3
EBITDA	3.0	1.8
Normalised PBT*	2.9	1.6

*\*Normalised PBT represents Profit before tax allowing for significant items*

end of September and agreement signed with the company Villa Seafood on sales of landfrozen products into the market. Other products are sold directly from Iceland to the market.

The Normalised PBT for the year amounted to €2.9m and increased by €1.3m from prior year.



## Shareholder Information

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

The latest transaction in 2021 was at ISK 14.80 per share, giving the Company a market capitalization of €273.1m increasing by 26% during the year.

The total number of shareholders at year end was 688 compared to 595 at end of 2020. The 10 largest shareholders held 69% of the total shares at year-end 2021:

Executives and senior employees held options over 32.6 million shares of the Group at year-end 2021. Weighted average lifetime of outstanding options at year end was 7 years, the exercise price is in the range from ISK 5.4 to 10.23 per share. Options granted prior to 2020, will vest over four years from issuance, with the first 12/48 of the option vesting at the first

anniversary of grant date and the remaining 36/48 vesting monthly after that.

During 2021 4,815 thousands shares options were exercised at the average exercise price of ISK 7.09 per share. No new share options were granted during the year. At year end the Board had an unused authorisation to issue new stock options under its stock option plan of ISK 19.4m.

Euro million	2021	%
Sjávarsýn ehf	294	10,8%
FISK Seafood ehf	279	10,3%
Nesfiskur ehf.	277	10,2%
Jakob Valgeir ehf	274	10,1%
Lífsverk lífeyrissjóður	163	6,0%
Stapi lífeyrissjóður	159	5,9%
Frjálsi lífeyrissjóðurinn	131	4,8%
Birta lífeyrissjóður	103	3,8%
Akta Stokkur hs.	97	3,6%
Arion banki hf.	83	3,0%
Top 10 total	1.860	68,5%
Others (678)	854	31,5%
Total issued shares	2.714	100%



## Financial Performance

### 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 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 Argentina, which operate and report in a different currency. 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 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 manages liquidity risk by ensuring sufficient liquidity is available from current bank facilities to meet foreseeable needs and to invest cash assets safely and profitably. The Group's main sources of

financing are a multi currency revolving credit facility with an Icelandic financial institution, a 4 year unsecured bond listed on Nasdaq Iceland, two six months bills listed on Nasdaq Iceland, credit facilities with number of banks in Spain which finance the Southern Europe division and credit facilities with a foreign bank which finance the N-Europe division. At end of 2021 the total funding headroom of the Group was 48.9 million plus cash position of 27.8 million.

**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.

**POLITICAL RISK:** Political and economic instability in different markets could have negative impact on the Group's operations. Current crisis in Ukraine and related economic impacts have significantly affected the seafood industry and therefore the Group's operations. The Group's diversification both in terms of

## Financial Performance

### Risk Management

markets and customer base helps when comes to mitigate this risk.

**INFORMATION SECURITY RISK:** The risk of failure when comes to securing information systems and data is evident, which can cause operational disruptions and financial losses. The risk of cybercriminals breaking into our suppliers' systems, directing payments from us to fake bank account is also evident. The Group has taken significant measures to protect it's systems against cyber-attacks and appropriate security levels in relation to payment transfers. The Group has also implemented the appropriate processes and procedures to control this risk and ensure appropriate actions in terms of adverse events.

#### Covid 19

The Covid 19 pandemic and related restrictions have had a significant impact on operating results since March 2020. Sales in Southern Europe which are predominantly to the HORECA sector, were significantly impacted by lockdown restrictions in the beginning of 2021. Same applied to sales to the foodservice sector in other markets, whilst retail sales were strong during the period. With easing of restrictions sales improved

from March and onwards, especially in Southern Europe. However changes in restrictions implemented and the underlying uncertainty is causing more fluctuation in sales than in a normal year.

In addition to the negative impact on demand, the pandemic has indirectly caused interruptions to various supply chains. Ongoing challenges in transportation and logistics, have both negatively impacted sales and increased costs in the period.

Iceland Seafood continues to manage the situation, among actions the Company has focused on during the pandemic are:

- 1)** Implementing appropriate contingency plans within the Group businesses, focusing on health and safety of employees and to secure the continuity of operations.
- 2)** Tightening risk management controls, with focus on key assets on the balance sheet, inventories and receivables. Around 73% of receivables at 31 December 2021 are credit insured.
- 3)** Secure liquidity and ongoing funding of the operation through the capital market and banks in Iceland and abroad.

As part of this, the Group did secure funding for 3-5 years in Spain during 2020, completed a private placement of EUR 23.1 million bond in Q2 2021 and has continued to issue bills, currently amounting to EUR 20.4 million. Both the bond and the bills are listed on Nasdaq Iceland. In December 2021 the Group's subsidiaries in UK and Ireland (the VA N-Europe division) entered into a loan agreement with a foreign bank in total of £27.5m.

**4)** Utilise the Company's strong position to leverage opportunities that come up in the situation, both short term and longer term opportunities. The acquisition of Ahumados Domínguez is an example of this.

The level of uncertainty remains high, both in relation to Covid 19 development and other key factors indirectly impacted by the pandemic. Disruptions on supply chains will continue to impact transportation and logistics costs.





## ESG Performance

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Hopsnes Lighthouse  
N63° 49' 54.182" W22° 24' 59.887"



**90**  
YEARS 1932-2022

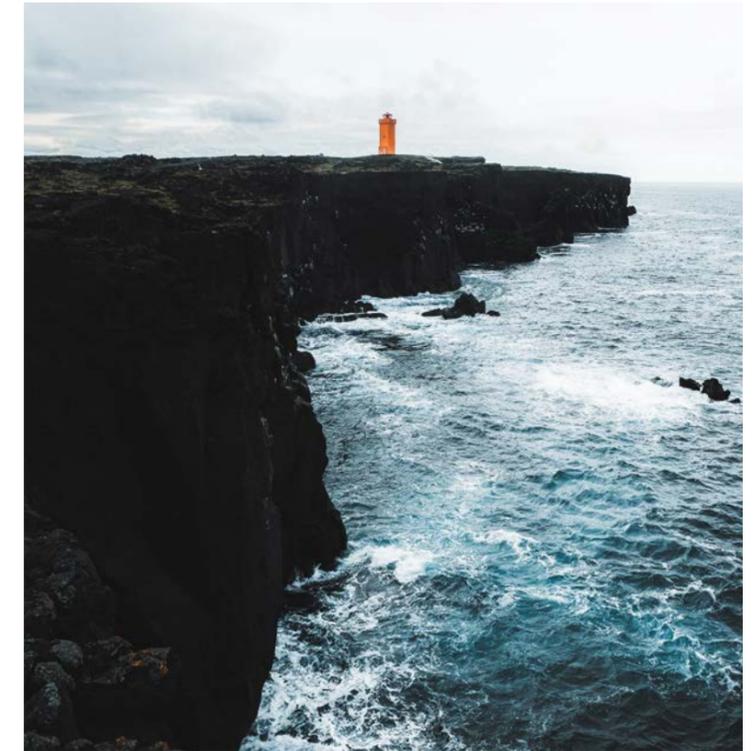
## Introduction

This report is our fourth published Environmental, Social, and Corporate Governance (ESG) report. The scope is aligned with last year's report, and it shows the development of key metrics. Iceland Seafood International is continuously improving its sustainability work by adopting a systematic and comprehensive approach to it. On January 1<sup>st</sup> of 2022 a new position, Head of ESG, was established for the Group. This new position strengthens our efforts towards increased sustainability as we work towards incorporating ESG matters into budget work for 2023 onwards, set ambitious yet realistic goals and plan future investments, especially in renewable energy generation.

This year marks the first year where our efforts in sustainability are linked with the UN Sustainable Development Goals (SDGs). We believe that by aligning our business and ESG strategy with the SDGs we can be a part of the solution, resulting in long-lasting positive change.

This report is the result of continued efforts of a data collection process across the group to report key sustainability metrics. The metrics are in accordance with the second version of voluntary non-financial guidelines for Environmental, Social, and Corporate Governance (ESG) issued by Nasdaq's Nordic and Baltic stock exchange. Moreover, we have put emphasis on sustainable sourcing as well as waste management.

The report reflects our current understanding of our social responsibility. With this publication we are not declaring full understanding of the effects the operation has but we commit to continuously take steps towards improving our understanding of the effects and identify both the opportunities and challenges we face towards increased sustainability.



## ESG Performance

### Corporate Governance

We are a global company, encompassing a diverse workforce within our 11 businesses. We have set clear ethical standards regarding Corporate Social Responsibility (CSR) and Business Integrity applying to the entire Group.

We aim to be transparent and accountable at every level. Governance of sustainability is driven by Board of Directors and Executive Leadership. Head of ESG has the responsibility to drive actions and make sure that long term focus on Environment, Social and Governance aspects is aligned with business priorities.

Iceland Seafood’s corporate governance framework is defined by Act No. 2/1995 on Public Limited Companies, the Nasdaq Iceland Rules and is set out in the Company’s Articles of Association. Under its Articles of Association, the Company is governed by shareholders’ meetings, the Company’s Board of Directors, and the Chief Executive Officer. The Shareholders hold the decision-making powers in the Company through shareholders meetings that are held at least once a year.

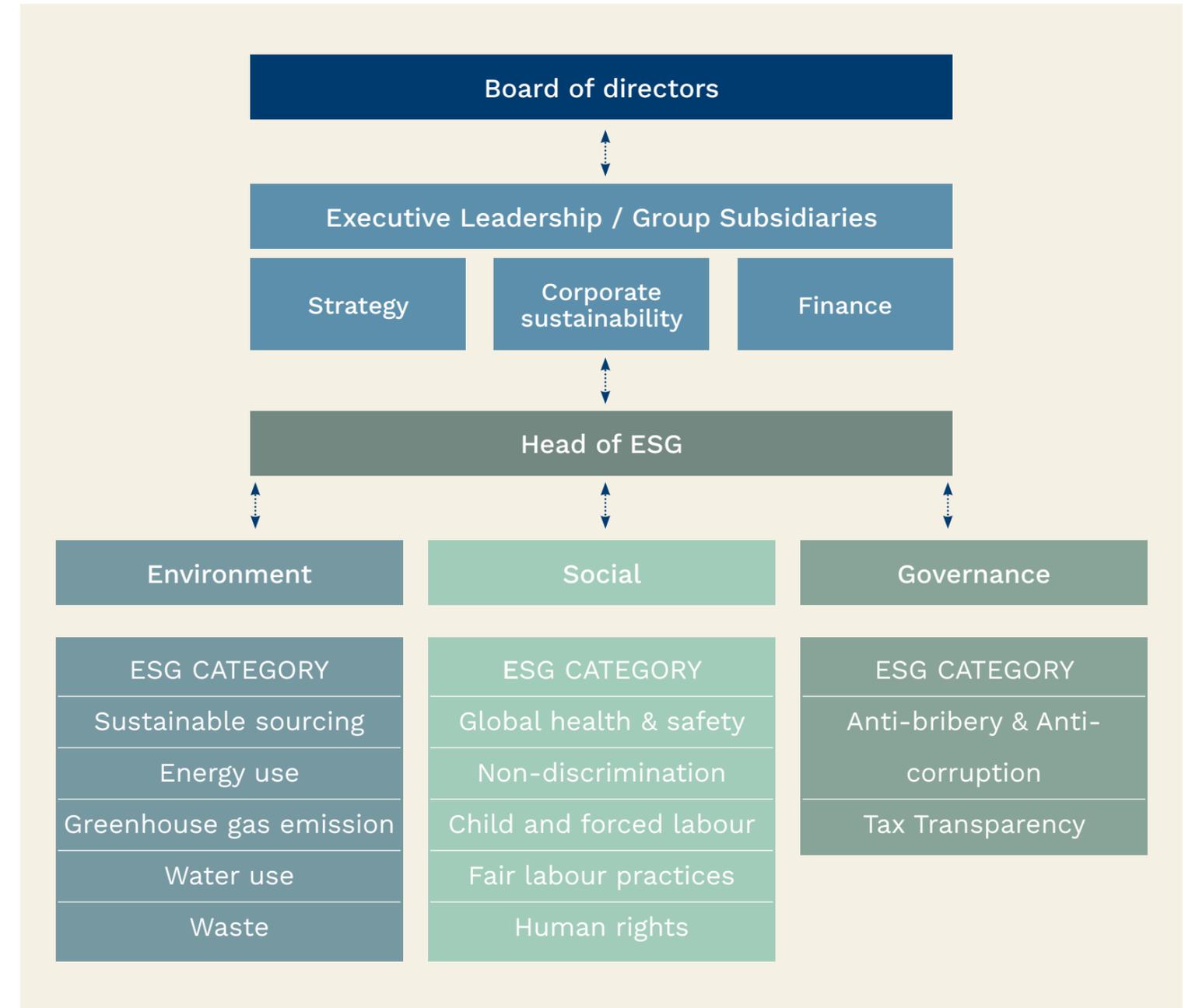
The Company adheres to the principles set forth in the Corporate Governance

Guidelines, published by the Iceland Chamber of Commerce in co-operation with SA Business Iceland and Nasdaq Iceland. As of the date of this statement there are deviations from full compliance with the Guidelines.

The Company does not have a board nomination committee, the reason being that due to the nature of the Company and close connection to the seafood sector, it is considered important to have representatives from key seafood suppliers of the Company on its board. These board members bring both valuable sourcing capabilities and sector knowledge to the board of Iceland Seafood.

At the date of this report, three of five board members of the Company are directors and/or owners of key suppliers of Iceland Seafood and are as such not independent from the company.

These board members do not participate in dealings with items connected to their own business or business that is related to them, except from normal trading of seafood. In addition, there are guidelines on Arm’s Length Principles and Transfer Pricing Mechanism in place.



## Corporate Governance

### Board

has 5 members,  
2 are female.  
The chairman is female.

### Audit

committee has 3 members,  
1 is female.  
Committee chair is female.

### Remuneration

committee has 3 members,  
1 is female.  
Committee chair is female.

#### Board of Directors



The Company's Board of Directors is composed of five members and one alternate member, elected at the Annual General Meeting for a term of

one year. 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 strategy, policies and set goals and risk parameters for the Group.

#### Board Subcommittees

The Board of Directors has appointed two subcommittees, Audit Committee and Remuneration Committee. These two independent board members chair each committee.

**THE AUDIT COMMITTEE'S** main responsibilities include monitoring the integrity of the financial statements of the Group, reviewing the effectiveness of the Group's internal controls and risk management systems, and overseeing the selection, appointment and relationship with the Group's external auditor.

**THE REMUNERATION COMMITTEE** is responsible for establishing a remuneration policy for the Company. The Remuneration Committee shall assist the Board in ensuring that compensation arrangements support the strategic aims of the Company and enable the recruitment, motivation and retention of senior executives while also complying with legal and regulatory requirements.

#### 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 always conduct his work with integrity and takes account of the Company's interest.

Further information on Iceland Seafood's Corporate Governance is available on the Company's website [www.icelandseafood.com/investors](http://www.icelandseafood.com/investors)

# ESG Performance

## Corporate Governance

### Fair Labour Practices

**8** DECENT WORK AND ECONOMIC GROWTH



Our employees have the right to form or join associations of their own choice and be covered by collective bargaining agreements.

### Anti-Bribery / Anti-Corruption

**16** PEACE, JUSTICE AND STRONG INSTITUTIONS



**17** PARTNERSHIPS FOR THE GOALS



Iceland Seafood believes that business should be conducted

honestly, fairly, and legally. Bribery and corruption negatively affect growth and business operations resulting in inequality and unfair income distribution.

The Group has a zero tolerance towards bribery and corruption and expects employees, suppliers, contractors, and other business partners to act with integrity and without acts of bribery or corruption. This is expressed in further detail in our CSR Policy.

### Tax Transparency

**16** PEACE, JUSTICE AND STRONG INSTITUTIONS



**17** PARTNERSHIPS FOR THE GOALS



We always pay the correct amount of tax in the correct country

and we don't use "tax-havens". It is our goal to always be fair and to resolve differences in opinions with local tax authorities and other governmental organisations in a constructive and positive manner.

We constantly monitor the ever-changing tax landscape and whenever changes are made, we seek to adopt the new approach and improve our internal processes to always be compliant.



### Data ethics

**16** PEACE, JUSTICE AND STRONG INSTITUTIONS



Our business is increasingly reliant on data and technology. Data and technology are strongly linked with ethics and integrity of our operation. It

improves our service ability to our customers and eases our employee's working life.

It's important to maintain high ethical standards in processing personal data. Personal data processing within the Group is in accordance with fundamental principles and rules regarding data protection and privacy.

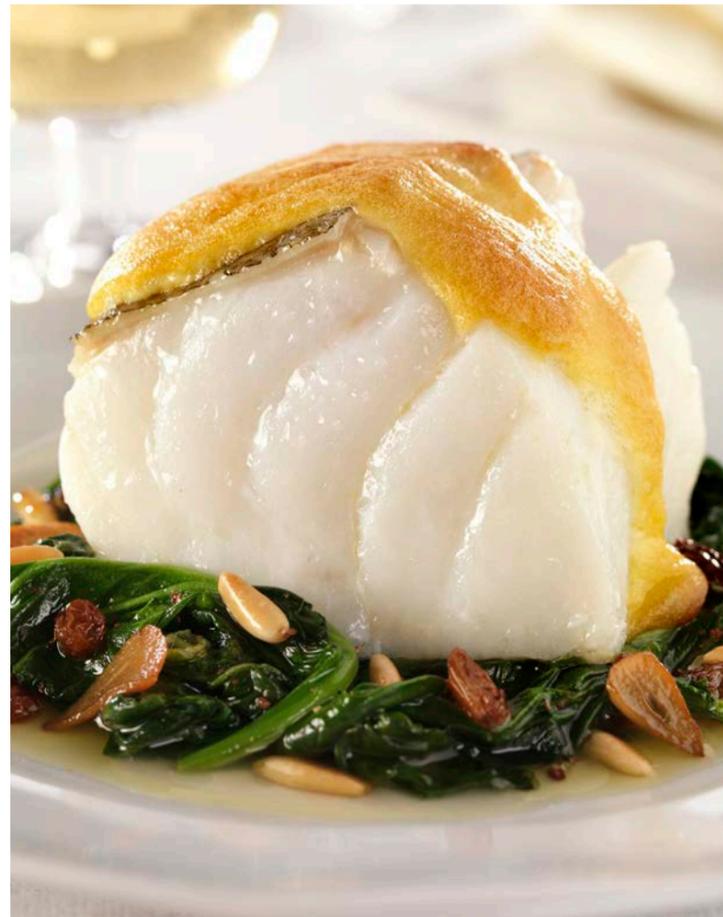
Iceland Seafood has implemented appropriate technical and organizational measures to protect personal data and to ensure that the processing of personal data, conforms with national laws.

In addition, it's extremely important to handle customers and other stakeholders' data carefully and correctly. The data we possess is often confidential and we need to ensure our customers and stakeholder's trust.

## ESG Performance

### Environment

The key environmental aspects of Iceland Seafood are sustainable fisheries, energy use, greenhouse gas emissions, water use and waste. For this report the scope for environmental metrics, apart from sustainable fisheries, are the value-added factories within the Group. These sites represent the great majority of Iceland Seafoods environmental footprint.



#### Sustainable sourcing



Iceland Seafood International has always recognized the need for managing fish stocks in a responsible way and the importance of ensuring food safety for generations to come. Since FAO adopted the FAO code of conduct for responsible fisheries in 1995 it has been the blueprint for responsible fishing nations on how to manage fish stocks.

Maintaining healthy fish stocks and ensuring that information on fishing and the treatment of marine ecosystems is reliable, traceable, and transparent is of great economic and social importance. Proper and responsible treatment of natural resources is vital for ensuring that fish stocks continue to be sustainably harvested. As one of the largest exporters of fish products from Iceland we are a member of the association Fisheries Iceland (SFS).

The association promotes, responsible fishing industry in harmony with the environment and society and has made a declaration for corporate social responsibility that many stakeholders in the fisheries sector in Iceland participated in developing and subsequently implemented, including Iceland Seafood.

#### Certification of sustainable fisheries and aquaculture

We promote and practice responsible sourcing of seafood and monitor the level of certified products within the value chain. We support a precautionary approach in our operations and throughout our value-chain, ensure that products from illegal, unreported, and unregulated fisheries (IUU fishing) do not enter our value chain.

Various credible standard schemes are certifying fisheries and seafood. The largest third-party certification that has the biggest global success is maintained by Marine Stewardship Council, MSC. They certify the wild caught fish stocks and individual levels of the value chain to ensure traceability from catch to consumer. For a company to be able to distribute certified fish it must have a third party audited system to ensure traceability and adherence to the standard. A certification for responsible aquaculture is maintained by the Aquaculture Stewardship Council, ASC.

All subsidiaries of Iceland Seafood have a valid chain of custody certification towards the MSC standards, ensuring traceability of our products. A part of the trade in aquaculture products within Iceland Seafood are certified towards ASC chain of custody.

40%  
certified sustainable  
seafood sold in 2021



# ESG Performance

## Environment

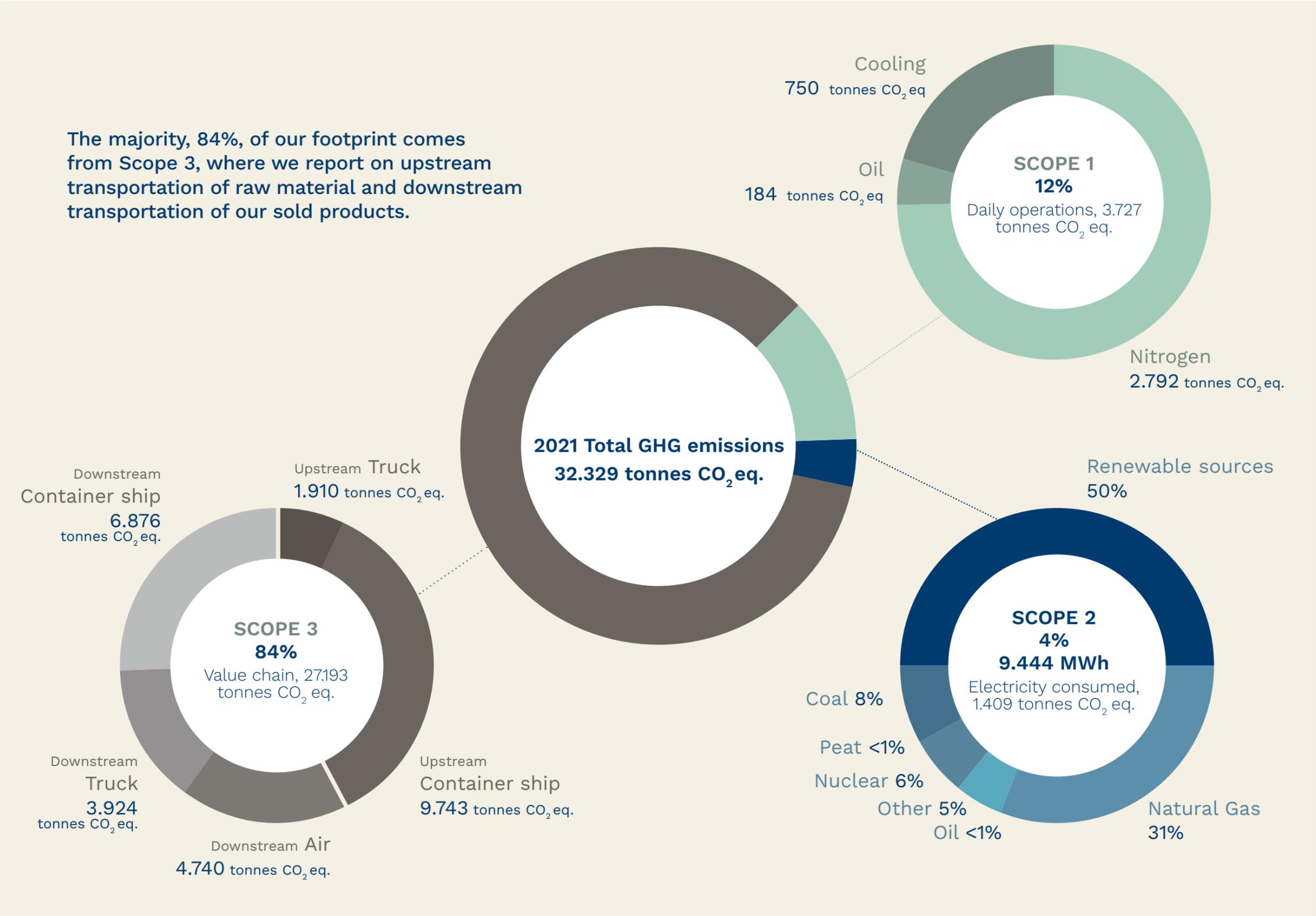
### Greenhouse gas emissions

The road to understanding our carbon footprint is continually evolving and every year the reporting is more detailed. The majority, 84%, of our footprint comes from Scope 3, where we report on upstream transportation of raw material and downstream transportation of our sold products. Scope 2 includes the electricity used in the Value-Added Divisions. Finally, Scope 1 includes direct emissions from our daily operation e.g., coolants and fuel used on vehicles.

### Second year of reporting Scope 3 emissions

The emissions from our overall value chain are reported in Scope 3, a category in constant development. This year the Scope 3 emissions are 26% higher than the 2020 values. The reason is twofold: firstly, there is an increase of 21% in annual revenue, and secondly, the reporting is more detailed and with less assumptions than last year.

This category will be the focus for the coming reporting years and more KPIs will be added as the data collection progresses. Detailed data as well as the 2020 values can be seen in data tables on page 42.



**Effects of climate change**

13 CLIMATE ACTION



Increased greenhouse gas emissions have led to climate change and global warming. We depend on the ocean for our operation and set focus

on climate change throughout the operation. Climate change could affect the company in various ways but the two following have been identified as the major risk factors.

**OCEAN ACIDIFICATION**

Majority of the global carbon cycle is

circulated through the ocean which absorbs the greater part of excess heat from GHG emissions causing acidification. The ocean is the home to a vast variety of marine species and acidification disrupts the balance of life found in the ocean which can affect seafood supplies.

**EXTREME WEATHER EVENTS**

Climate change increases the frequency of extreme weather events. This can affect the availability of seafood due to dangerous sea conditions as well as delaying transportation of seafood from producer to the end consumer.

**Minimising our carbon footprint**

7 AFFORDABLE AND CLEAN ENERGY



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



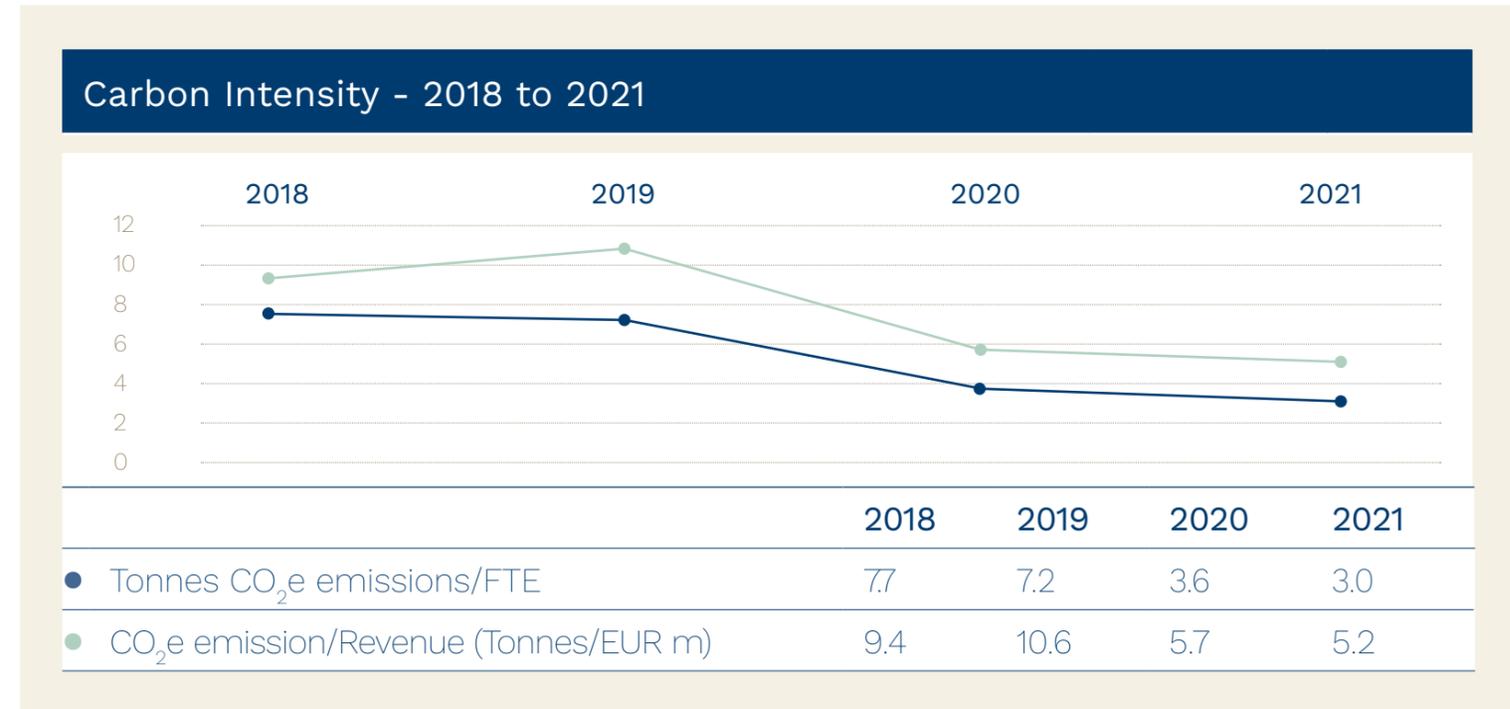
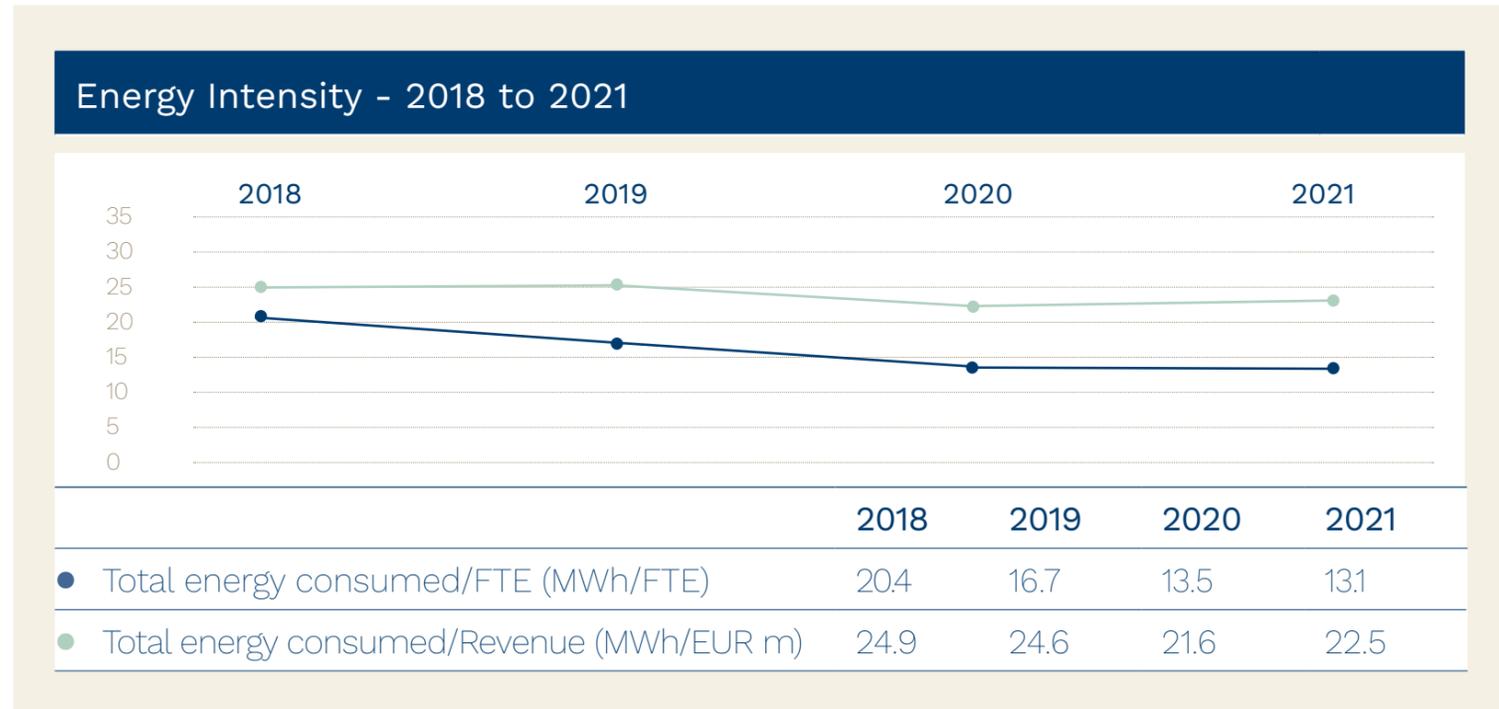
13 CLIMATE ACTION



Innovation and investment are an important requisite for success in environmental matters. Innovation, moreover, lays the foundation for valuable jobs in the fisheries sector and related industries. This in turn lays the groundwork for continued development and achievement in environmental matters.

50%  
of energy used is from renewable sources

Key to being a part in combating climate change is minimising our footprint and systematically decrease our energy intensity, while also accounting for changes in operational structure.



## Environment

2021 is the first full year since Iceland Seafood UK started operating a new cold store in Q3 2020. A cold store is a very energy intensive parameter, so the fact that our energy intensity per revenue has only increased from 21,7 to 22,5 MWh/EUR m is a clear positive. This is achieved because other parameters in our operation have decreased their overall energy consumption per revenue. Another positive road to minimising our carbon footprint can be seen in our carbon intensity reduction, which continues to reduce.

Going forward, we continue to develop our roadmap towards minimising our carbon footprint by:

- Measuring and assessing the greenhouse gases emitted from our operation.
- Using the data collected to continually find opportunities to limit and reduce our environmental impact.
- Supporting the development of environmentally friendly technology by investing in them for our operations.
- Identifying opportunities to reduce the use of fossil fuels and increase the share of eco-friendly energy sources that are realistic and economically viable.

- As opportunities arise, we switch from HFC refrigerants in our cold stores to others that do not cause greenhouse effects.

Electricity use accounts for 5% of our total GHG emissions. Our renewable energy intensity has increased from 0,90 in 2020 to 0,99 in 2021, but we can do even better. Iceland seafood recognises the environmental and social responsibility of increasing the share of renewable energy within its operations. This can be done in two ways; buying electricity from an electricity provider with increased share of renewables in its grid and/or by generating renewable electricity on site. Iceland Seafood UK has installed solar panels on site, increasing their share of renewable energy and increasing the overall sustainability.

Our operations in both Spain and Ireland are currently in the planning phase of installing solar cells. The solar cells in Ireland would cover 18% of the electricity demand, saving around 29 tonnes of CO<sub>2</sub> emissions annually. The solar cells in Spain would cover 25% of the energy demand, saving around 128 tonnes of CO<sub>2</sub> emissions annually. These two projects are estimated to reduce our total electricity grid consumption by 10%.

Furthermore, investment in technology can help reduce energy use as has been realised in Ireland. Where a linerless machine installed in Dunn's site, helped reduce energy per unit of output by over 33%.

### Responsible use of water



#### 6 CLEAN WATER AND SANITATION



Fish processing is a very water intense process and in 2021 Iceland seafood used 85.865 m<sup>3</sup> of water but reclaimed 25.616 m<sup>3</sup> of water. Reclaimed wastewater, treated at a wastewater treatment facility, can be reused in applications such as irrigation and industrial processes. This is a very important process in areas where water is a scarce resource.

### Waste



It's our ambition to reduce amount of waste as much as possible. Waste that cannot be eliminated shall be reused or recycled. Most of the waste produced from our operation is organic waste in the Argentinian subsidiary Achernar, where 74% of the total reported waste is organic waste from shrimp processing.

In 2021 we saw recycled waste decrease from 23% to 14%. If we exclude Achernar from these numbers, our recycle rate is 53%. This shows us that finding alternative handling for the shrimp waste is very important for our environmental impact. There has already been established group on this matter, which includes representatives from other shrimp processors in the area and we are looking forward to seeing results from that work.

**THE FUTURE OF WASTE:** Waste is one of our focus points going forward. The recycling rate of our total waste needs to be improved by increasing the awareness of all employees. We aim to coordinate waste handling between divisions and are looking at smart solutions regarding registration of waste on site. This will increase the accuracy of the amount of waste generated even further.

# ESG Performance

## Social

Iceland Seafood is committed to be fair, equitable and respectful to employees, associates, competitors, customers, the society, and all business or professional relationships. Iceland Seafood recognises and supports international human right treaties.

This, along with the key metrics regarding social aspects, are detailed in the Group's CSR policy that focuses on human rights, fair labour practices, non-discrimination, anti-bribery/corruption, and tax transparency.

### Employees

**8** DECENT WORK AND ECONOMIC GROWTH



The core of social aspects of Iceland Seafood operations is focused on the employees.

We employ a diverse group of over 940 people,

from various countries, backgrounds, and cultures. The Group focuses on the importance of attracting employees with the right skills and ambition to provide high quality service, exceed customer demands and achieve financial and strategic goals.

Our objective is to ensure that the employees feel empowered to deliver to the highest standards.

### Gender pay ratio

We have operations of different nature in various economies. The gender pay ratio is tracked in each location. In some cases, there are only a few office employees behind the ratio, while in other locations the workforce consists of production workers, salespeople, and office staff. The broad range of the ratio represents this variety.

For total workforce the ratio between median male salary vs. median female salary for each subsidiary varies from 1:1 (equal salaries) to 1,45:1 (median male salary is 1,45 times higher than female salary). The difference is highest in subsidiaries with few office employees. For production staff, the ratio varies from 1:1 to 1,3:1.

Total work force	From 1:1 to 1,45:1
Production staff	From 1:1 to 1,3:1
Business staff	From 1:1 to 1,42:1

### Health & Safety

The company strives to supply its employees with a good and safe work environment. Management in each subsidiary oversees

compliance with all local laws and regulations. Production sites have in place appropriate OHS and emergency preparedness and response management systems.

Covid posed certain challenges to the operation of Iceland Seafood but in return we gained resilience. Value added division are a part of essential operation and therefore did not shut down during covid lock down periods. Employee safety was ensured with appropriate PPE, physical distancing and by separating groups.

### Human Rights

No human right violations reported in 2021

We recognize our responsibility to respect and support human rights throughout our value chain. Human rights are a fundamental part of our operation, they are impacted by GHG emissions, effects of climate change, responsible use of water, waste management, our employees and their health & safety, customers, suppliers, and the entire governance of our Group. We have zero-tolerance against any human rights abuse and violations.

We want to promote a culture of diversity and equal opportunity based on competence, experience, and performance. We expect everyone to treat others with respect, dignity and common courtesy and we have zero-tolerance against discrimination, victimization, harassment, and bullying. We do not discriminate against gender, ethnicity, religion, age, disability, sexual orientation, nationality, political opinion, union affiliation or social background.

We have zero-tolerance for child and/or forced labour in any of the Group's operations or at our suppliers or sub-suppliers.



## Community

Iceland Seafood knows that resilient and thriving communities give a happier and more content workforce. Knowing this our subsidiaries donate to various causes in their respective areas. The monetary amount and number of donations are evaluated and decided by each subsidiary. The focus has been on engaging children in various activities and donating to causes where most aid is needed.

### Origin Green Goldmember



Oceanpath participates in the pioneering national sustainability program in Ireland where government, private sector and food producers work together on sustainability targets that respect the environment and serve local communities.

Origin Green recognises members who are performing at a high level or excelling in their sustainability performance or as stated on the Origin Green website “To attain Origin Green Gold Membership a company must demonstrate exceptional annual performance in areas such as raw material sourcing; water and energy efficiency; waste reduction; packaging; and social sustainability.”

Oceanpath became an Origin Green Goldmember in 2021.

For more information go to:  
[www.origingreen.ie](http://www.origingreen.ie)



Data tables

The key figures for emissions, energy, water consumption and waste are collected from the production sites, other figures are collected from all subsidiaries of Iceland Seafood. The ESG and sustainability information has not been validated by third party.

Production levels increased as recovery from the Covid 19 pandemic continued and for the first time the data tables include figures from Carr & Sons and Ahumados Domínguez. This results in increase in GHG emissions and energy usage between 2020 and 2021. In addition Iceland Seafood UK started operating a new coldstore resulting in a higher indirect energy consumption.

Environmental Metrics	2018	2019	2020	2021
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E1 GHG Emissions				
E1.1. Scope 1 (tonnes CO <sub>2</sub> e)	418	2.511	1.034	3.727
E1.2. Scope 2 (tonnes CO <sub>2</sub> e)	3.364	2.369	1.092	1.409
E1.3. Scope 3 (tonnes CO <sub>2</sub> e)	-	-	21.517	27.193

E2 Carbon Intensity				
E2.1 a) MTCO <sub>2</sub> e/FTE	7,7	7,2	3,6	3,0
E2.1 b) MTCO <sub>2</sub> e/Revenue EUR m	9,4	10,6	5,7	5,2

E3 Energy Usage				
E3.1 Total amount of energy directly consumed (MWh)	2.075	3.186	2.451	675
E3.2 Total amount of energy indirectly consumed (MWh)	7.985	7.855	5.568	9.444
Renewable energy consumption (MWh)	4.900	4.506	3.790	4.861
Non-Renewable energy consumption (MWh)	5.156	6.539	4.229	5.258

ESG Metrics	2018	2019	2020	2021
Full Time Equivalentents (FTE)	492	659	591	771
Annual Revenue (EUR m)	403	448	370	449



Data tables

Environmental Metrics	2018	2019	2020	2021
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**E4 Energy Intensity**

Energy consumed/FTE (MWh/FTE)	-	15,3	13,6	13,1
Energy consumed/Revenue (MWh/EUR m)	25,0	22,5	21,7	22,5

**E5 Energy mix**

Renewable sources (hydro, geothermal, solar, wind) (MWh)	4.900	49%	4.506	41%	3.790	47%	4.689	50%
Natural Gas (MWh)	4.560	45%	3.667	33%	3.053	38%	2.922	31%
Oil (MWh)	-	-	1.366	12%	1.014	13%	35	0%
Other (KWh)	70	1%	-	-	77	1%	493	5%
Peat	-	-	-	-	52	1%	13	0%
Nuclear (MWh)	139	2%	519	5%	-	-	540	6%
Coal (MWh)	290	3%	562	5%	-	-	752	8%

**Renewable energy intensity**

Renewable energy/Non-renewable energy	0,95	0,69	0,9	0,99
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**E6 Water usage**

E6.1 Total amount of water consumed (m³)	64.479	57.114	67.588	85.865
E6.2 Total amount of water reclaimed (m³)	0	0	0	25.616

Environmental Metrics	2018	2019	2020	2021
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**Certified Sustainable Seafood**

Total products sold (MT)	84.426	100.128	77.765	103.113				
Certified Sustainable Seafood (MT)	22.004	26%	21.210	21%	33.043	42.5%	41.535	40%

**Waste management**

Total waste	1.294	2.045	3.502	5.513
% Recycled	75%	35%	23%	14%
Total MT waste generated/FTE	3	3	6	7
Total MT waste generated/ Revenue EUR m	3	5	10	12

Data tables

Environmental Metrics	2021
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E7 Environmental operations	
E7.1) Does your company follow a formal Environmental Policy?	Yes. CSR (icelandseafood.com)
E7.2) Does your company follow specific waste, water, energy, and/or recycling polices?	No. Ongoing
E7.3) Does your company use a recognized energy management system?	No
E8 Climate Oversight / Board	
Does your Board of Directors oversee and/or manage climate-related risks?	Yes
E9 Climate Oversight / Management	
Does your Senior Management Team oversee and/or manage climate-related risks?	Yes
E10 Climate Oversight / Management	
Total amount invested, annually, in climate-related infrastructure, resilience, and product development.	-

Social Metrics	2021	Comments
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S1 CEO Pay Ratio	9,3	
S2 Gender Pay Ratio		
Total work force:	From 1:1 to 1,45:1	One of the reasons for the broad range of this ratio is due to ISI operating in various economies
Production staff:	From 1:1 to 1,3:1	
Staff, other than production staff:	From 1:1 to 1,42:1	
S3 Employee Turnover Ratio – Year-over-year change		
S3.1) Full-time employees	11%	
S3.2) Part-time employees	1%	
S3.3) Contractors	5%	
S4 Gender Diversity		
S4.1) Total enterprise headcount	Men 49%	Wom. 51%
S4.2) Entry- and mid-level	48%	52%
S4.3) Senior- and executive-level	62%	38%

Data tables

Social Metrics	2021	Comments
S5 Temporary Worker Ratio	14%	
S6 Non-Discrimination Policy	In place	CSR (icelandseafood.com)
S7 Injury rate	0,1	Total accidents (major and/or minor) / FTE
S8 Global Health and Safety policy	In place	CSR (icelandseafood.com)
S9 Child & Forced Labor Policy	In place	CSR (icelandseafood.com)
S10 Human Rights Policy	In place	CSR (icelandseafood.com)

Governance Metrics	2021	Comments
<b>G1 Board Diversity</b>		
G1.1) Total board seats occupied by women	40%	There are two women on the board.
G1.2) Committee chairs occupied by women	100%	Two of two committee chairs are occupied by women.
<b>G2 Board Independence</b>		
G2.1) Does company prohibit CEO from serving as board chair?	Yes	
G2.2) Total board seats occupied by independents	40%	Two of five boardmembers are independent.
G3 Incentivized pay	No	Company's employees are currently not financially incentivized for ESG performance.
G4 Collective Bargaining Percentage	54%	

Data tables

Governance Metrics	2021	Comments
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<b>G5 Supplier Code of Conduct</b>	No	Ongoing. Individual subsidiaries have implemented supplier codes of conduct but an overarching group CoC is not in place.
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**G6 Ethics & Anti-Corruption**

G6.1) Does your company follow an ethics and/or Anti-Corruption policy?	Yes	CSR (icelandseafood.com)
G6.2) Workforce formally certified compliance?	No	Ongoing

**G7 Data Privacy**

G7.1) Does your company follow a Data Privacy policy?	Yes	Implemented in 2020
G7.2) Has your company taken steps to comply with GDPR rules?	Yes	Finished in 2020

Governance Metrics	2021	Comments
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<b>G8 ESG Reporting</b>	Yes	
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**G9 Disclosure Practices**

G9.1) Does your company provide sustainability data to sustainability reporting frameworks?	Yes	
G9.2) Does your company focus on specific UN Sustainable Development Goals (SDGs)?	Yes	Efforts have been aligned with relative UN Sustainable Development Goals
G9.3) Does your company set targets and report progress on the UN SDGs?	Yes	Ongoing

<b>G10 External Assurance</b>	No	Ongoing
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WE ARE ICELAND SEAFOOD  
[www.icelandseafood.com](http://www.icelandseafood.com)

Knarrarósviti Lighthouse  
N63° 49' 23.914" W20° 58' 33.647"

**90**  
YEARS 1932-2022