



THE ICELAND SEAFOOD GROUP
Q2 and 1H 2021 RESULTS

Presentation to Investors and Analysts





Q2 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



10

Businesses in 7 countries



3.000+

Customers across 45 countries



0.8m

Meals sold every day
during 2020



7

value added factories



+670

employees



80.000

MT of products
sold in 2020

Strong sales recovery in S-Europe with the important HORECA sector opening up

Value Added S-Europe

A good overall performance in a difficult market representing Iceland Seafood's category leading position

- Strong demand in Spain and Italy from March onwards, with easing of Covid19 restrictions. The HORECA sector has been recovering but activity is still significantly below pre Covid19 levels,
- Sales to retail have increased, with new retail contracts kicking in during Q2. Retail sales team in Spain strengthened with new recruitment in the period,
- Due Diligence of Ahumados Dominguez (AD) in progress, closing expected within the month of September,
- The proposed acquisition in AD and extension of our current facility in Barcelona will generate significant profit growth opportunities, driven by cross sales synergies and improved efficiencies.

Good results from operation in Argentina

- Results from Rawson season (Nov-Mar) and Squid sales were in line with expectations and improved significantly from last year,
- National water season (Jun-Aug) started in beginning of June. Total production in June and July of 761MT was in line with budget,
- 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,
- Recent investment to increase production and coldstore capacity has paid off during a challenging season, marked by Covid19 and transportation disruptions.



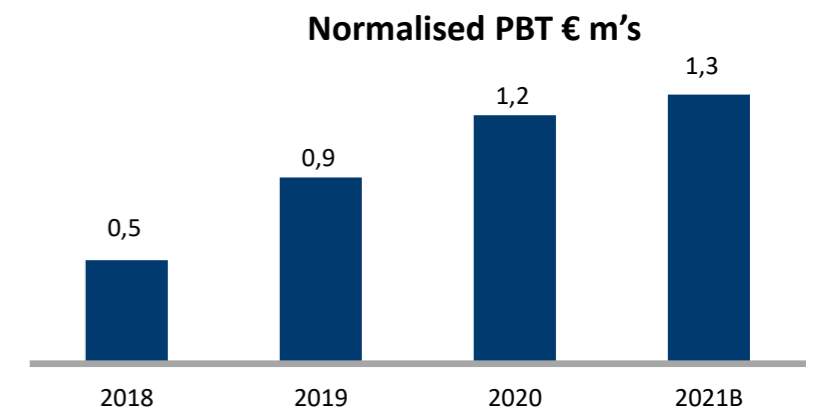
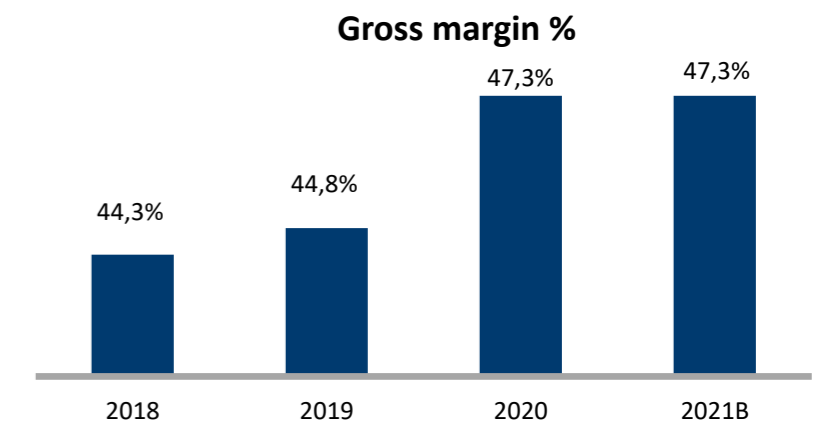
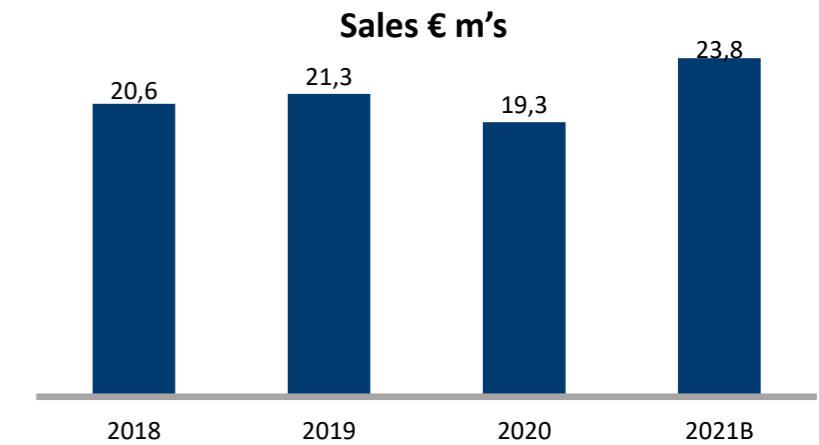


Strong retail presence with well recognised premium consumer brand for smoked salmon

Ahumados Dominguez - Reminder

Rational for the proposed acquisition

- Good consumer recognition with a premium brand. Active consumer campaigns and direct consumer contact, specialty stores located inside of premium retailer El Corte Inglés supermarkets,
- Will strengthen and broaden our proposition in retail. Opportunity to utilize the platform for selling high quality salted Cod products,
- Iceland Seafood will be entering into salmon, fast growing product category in Spain. Opportunity to expand current product offering with unused production capacity in the factory,
- Opportunity to expand sales and profits with the premium brand and quality product development capabilities. The company produces highly value-added products with high margins,
- Moderate revenue and profit growth in the past four years. Aiming for significant growth in the coming years, by leveraging the opportunities mentioned above.





Ongoing good performance in Ireland, UK still behind plan

Value Added N-Europe

Ongoing positive results from operation in Ireland

- Significant increase in sales compared to same period last year, partly driven by Brexit where the Irish operation was well prepared and in better position to service local retail customers than suppliers outside Ireland,
- Lockdown measures have also helped sales in the period, restrictions on indoor dining have increased retail demand,
- Sales under the leading Nolan brand have increased. Product offering being expanded with the addition of breaded and coated products produced by IS UK and Argentinean red shrimp from Achernar,
- Relatively stable pricing on Salmon in the period helped the results, whilst whitefish prices were high,
- Production of smoked salmon for the important Christmas season have started. Positive outlook for sales.

Future outlook for the UK business remains strong despite difficulties this year

- All UK operation moved into a single location at year end 2020. The merger process and integration has proven to be more complex and costly than anticipated, severally impacted by both Brexit and Covid19,
- It has taken longer time to reach necessary efficiency and utilisation levels in the factory. Actions have been taken to reduce costs and increase activity,
- Ongoing challenges in transportation and logistics, both in relation to China and local distribution within UK. This has both negatively impacted sales and increased costs in the period,
- Foodservice sales have improved from a low level following easing of lockdown restrictions in May and June. The sector has however not fully recovered, but starting of schools will have positive impact in Q3,
- New agreements with both existing and new customers secured, which will positively impact sales and margins in the coming months, but to larger extent from Q1 2022,
- With strong customer base and new state of the art factory the future outlook and potentials for the UK business remains strong. <https://youtu.be/6-zreMeLYhg>

Movements of key external factors will bring both opportunities and challenges to the Group

Demand in key markets has picked up

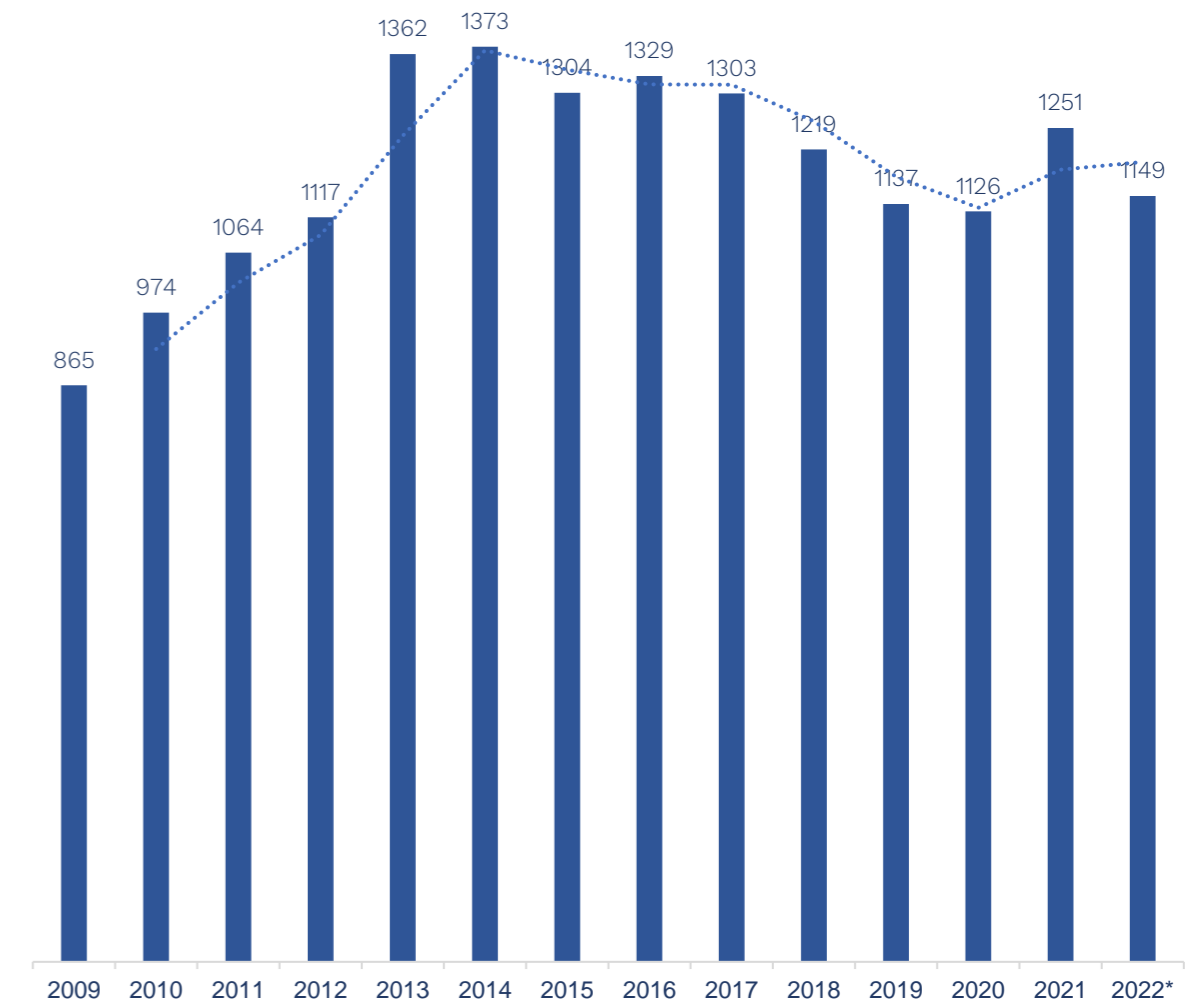
Volatile operating environment

- Cod quota in Icelandic waters declining by 13% for the 2021/2022 fishing year. At the same time ICES* advise is to reduce catches in the Barents Sea by 20% for 2022,
- 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. Local production in Europe becoming more competitive where automation and investments in production efficiencies will play a key role,
- Demand in key markets is picking up, with Covid19 restrictions being lifted in Europe and North America,
- All these factors have had and will have significant impact on the operating environment. Further price inflation is expected in the coming months,
- 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.

Operation in the USA simplified and risk reduced following an agreement with Villa Seafood

- Agreement reached with Villa Seafood. Sales and distribution of Icelandic landfrozen products under the Iceland Gold brand will go through Villa Seafood from October 1st 2021,
- The sales office of Iceland Seafood in the USA will close from that time. The MD of IS USA will become an employee of Villa Seafood from that time,
- Iceland Seafood will continue to sell fresh and sea-frozen products from Iceland directly to its customers in the USA,
- This will simplify Iceland Seafood's operation in the USA and reduce risk. At the same time it will not have any significant impact on neither sales or profit generation of the Group,
- This is in line with the Group's strategy of focusing mainly on value added activities in Europe.

Atlantic cod supply 2009 - 2022



*2022 is based on a forecast

* International Council for the Exploration of the Sea

Iceland Seafood is building a strong portfolio of consumer brands in Spain and Ireland



These brands stand for a top-quality products, focused on cod, smoked salmon, and ready meals





Q2 and 1H 2021 RESULTS
PRESENTATION TO INVESTORS
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Financial performance



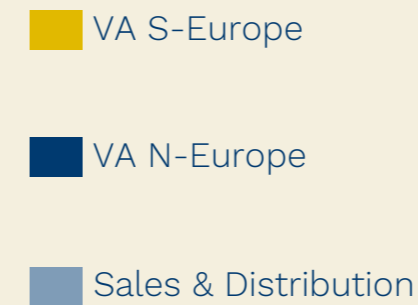
Unique combination of sourcing expertise and well positioned value added activities

| Iceland Seafood International Group management | | |
|--|---|--|
| Sales & Distribution | Value Added N-Europe | Value Added S-Europe |
| IS Iceland  | IS UK  | IS Ibérica  |
| IS France  | Oceanpath / Dunns of Dublin  | Elba  |
| IS Germany  | Carr & Sons  | Achernar  |

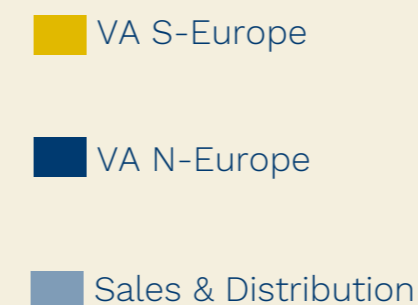
Employees

| | | |
|---|---|---|
| 34 (5%)  | 354 (52.3%)  | 286 (42.2%)  |
| Executive management & Group reporting: | | 3 (0.5%)  |

Turnover 2020



Profit before tax 2020



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

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

| € m's | Q2 21 | Q2 20 | 1H 21 | 1H 20 |
|-------------------|-------|-------|-------|-------|
| Sales | 40.7 | 21.5 | 77.8 | 62.7 |
| Net margin | 4.0 | 1.8 | 9.9 | 6.8 |
| Normalised EBITDA | 1.3 | (0.4) | 4.7 | 2.0 |
| Normalised PBT* | 1.4 | (1.1) | 4.5 | 0.9 |

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

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



Sales in Q2 €19.2m up on Q2 2020

- Sales picked up in S-Europe from March, after slow start of the year due to negative impact of 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 proposed acquisition of Ahumados Dominguez will be of a further support,
- Outlook for 2H of the year is positive, continuing strong sales in July and August.

Normalised PBT of €4.5m, up €3.6m from 1H 2020

- €3.1m 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 €1.0m,
- Vaccination is progressing well in S-Europe. Spain with c.a. 71,1% of the population fully vaccinated , Italy 66,7% and Portugal 74,6% on August 16th.

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

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

| € m's | Q2 21 | Q2 20 | 1H 21 | 1H 20 |
|-------------------|-------|-------|-------|-------|
| Sales | 31.6 | 26.7 | 63.4 | 54.4 |
| Net margin | 2.1 | 3.1 | 5.2 | 6.1 |
| Normalised EBITDA | 0.3 | 1.6 | 1.5 | 3.1 |
| Normalised PBT* | (0.6) | 1.0 | (0.4) | 1.9 |

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

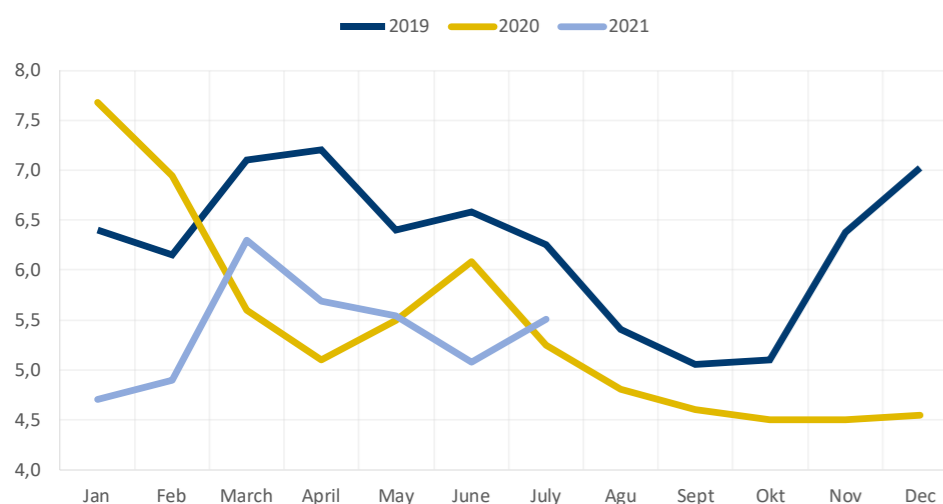
17% sales growth compared to 1H 2020

- Strong demand from Irish retail, sales of Oceanpath grew by 13% from 1H 2020 on top of €5.4m sales of Carr&Sons. Restrictions on restaurant activity positively impacted sales in the period,
- The Irish operation was well prepared for Brexit. The 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 sale in UK improved in Q2, with easing of Covid19 restrictions but have still not fully recovered.

Negative PBT of €0.4m in 1H 2021

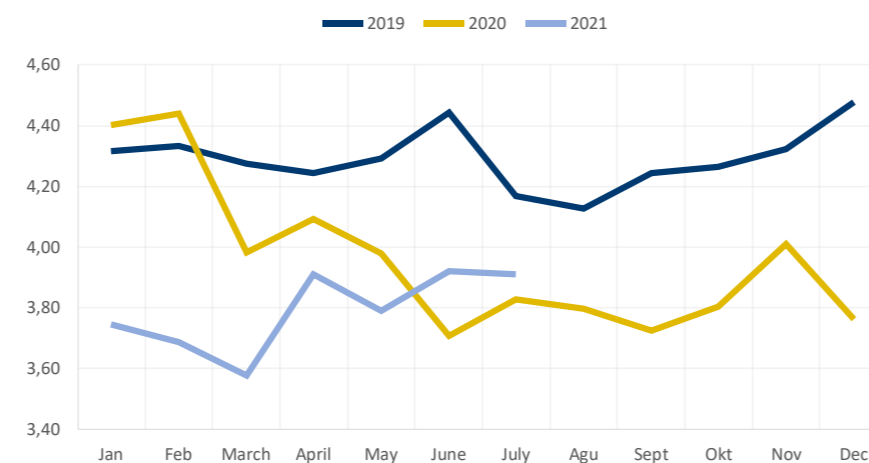
- Improved profitability in Ireland, driven by strong demand and relatively stable raw material price, especially during Q1,
- Costs related to the UK merger and lower sales than expected negatively impacting results,
- UK operation further impacted by ongoing challenges due to Covid19 and disruption in the supply chain, both in relation to transportation from China and local distribution,
- Actions taken to reduce overhead costs and improve factory efficiency. At the same time new sales agreements have been closed with both new and existing customers.
- Vaccination is progressing well in the market area with c.a. 76,7% of the population in UK and 80,7% in Ireland fully vaccinated on August 16th.

SALMON PRICES (€/KG)



Source: SeaData Center

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



Source: Norges Sjømatråd

Good sales of all product categories out of Iceland

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

| € m's | Q2 21 | Q2 20 | 1H 21 | 1H 20 |
|-------------------|-------|-------|-------|-------|
| Sales | 37.4 | 29.0 | 76.8 | 69.0 |
| Net margin | 1.7 | 1.3 | 3.5 | 3.0 |
| Normalised EBITDA | 0.6 | 0.3 | 1.2 | 0.6 |
| Normalised PBT* | 0.5 | 0.1 | 1.1 | 0.5 |

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

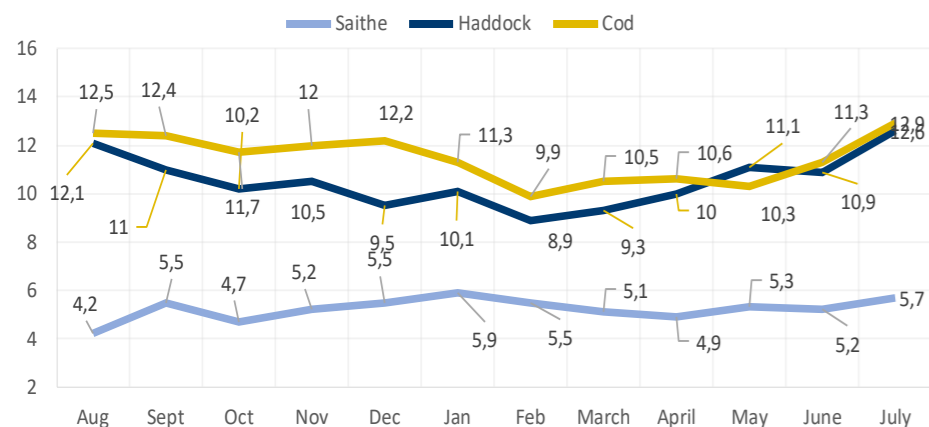
Strong sales growth in Q2 compared to 2020

- Sales in Q2 up 29% on last year and 1H sales 11% higher than 1H 2020. Sales helped by easing of restrictions in key markets in the period,
- Good sales in all product categories out of Iceland, such as fresh fish markets in Continental Europe and the UK sea-frozen market have remained strong,
- Supply chain disruptions, especially related to transportation to and from Asia, has positively impacted sales of Icelandic products in the period to 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,

Improved profitability on prior year

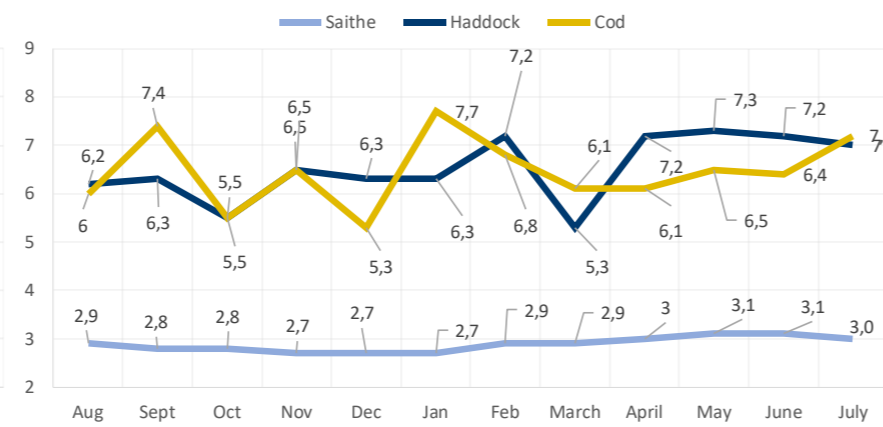
- Net margin up €0.5m on last year, driven by higher sales,
- Continuing actions to reduce costs, divisional overhead costs €0.1m down on 1H 2020,
- Good results from fresh fish operation in Germany and France. Results in France further supported by good sales of Argentinean shrimp in Q2,
- Results in USA impacted by sales of redundant inventories. Operation in the USA being simplified and risk reduced, with signing of an agreement with Villa Seafood,
- Vaccination is progressing well in the market area France, with c.a. 65,8% of the population fully vaccinated, Germany 65,6,% and the USA lacking behind with 51,5% on August 16th.

FRESH FILLETS (€/KG)



Source: SeaData Center

FROZEN AT SEA FILLETS (€/KG)



Source: Norges Sjomatrad

Results driven by continuing strong performance of Ireland, recovery of S-Europe division and negative results of UK

| € m's | Q2 21 | Q2 20 | 1H 21 | 1H 20 |
|-------------------|-------|-------|-------|-------|
| Sales | 103.9 | 75.0 | 208.3 | 180.5 |
| Net margin | 7.8 | 6.2 | 18.7 | 15.9 |
| Normalised EBITDA | 2.2 | 1.5 | 7.3 | 5.7 |
| Normalised PBT* | 1.0 | (0.3) | 4.8 | 2.6 |
| Net Profit | 0.7 | (0.5) | 3.4 | 1.3 |

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



Group sales 15% up on 1H 2020

- Strong sales recovery in S-Europe from March onwards, after slow start of the year. Improved sales into HORECA from March and focus on retail sales starting to bear fruits,
- Significant growth in profitability of Argentina, helped by increased production capabilities and cold store investment,
- Strong demand from Irish retail, partly driven by local restrictions on restaurant activities,
- Complex and costly integration affected by supply chain disruption, continue to cause challenges for UK operations, leading to negative results in the period,
- Increased demand for products out of Iceland, positively impacted by easing of lockdown restrictions in key markets and difficult access to products out of Asia,
- Continuing focus on balance between retail and foodservice sales.

Significant improvement in profitability, Normalised PBT up €2.2m on 1H 2020

- Net margin €2.8m up on 1H 2020, driven by strong margins in S-Europe division,
- Overhead costs €1.2m higher than 1H 2020, mainly due to costs associated with the UK merger and the addition of Carr&Sons,
- Total FX benefit of €0.6m in the 1H 2021, including €0.4m benefit from capital injection to Achnear, to finance recent investments,
- Normalised PBT in 1H 2021 of €4.8m is up €2.2m on last year. Q2 2021 results of €1.0m up €1.3m on last year. Q1 and Q4 are seasonally the strongest quarters for the group, with demand for certain products picking up pre easter and Christmas,
- After considering cost of significant items and income tax, net profit in 1H 2021 of €3.4m was up €2.1m on same period last year.

Private placement of ISK3.4bn, 4 year unsecured bond completed in Q2 further improves funding flexibility and headroom

| € m's | 30.6.2021 | 31.12.2020 | Variance |
|-----------------------------|--------------|--------------|------------|
| Fixed assets | 26.6 | 24.6 | 2.0 |
| Leased assets | 1.7 | 1.7 | - |
| Intangible assets | 52.6 | 52.7 | (0.1) |
| Deferred tax/other | 3.3 | 3.1 | 0.2 |
| Non Current Assets | 84.2 | 82.1 | 2.1 |
| Inventory | 83.1 | 80.9 | 2.2 |
| Trade and other receivables | 60.6 | 48.8 | 11.8 |
| Other assets | 8.0 | 6.4 | 1.6 |
| Bank deposits | 13.3 | 23.3 | (10.0) |
| Current Assets | 165.0 | 159.3 | 5.6 |
| Total Assets | 249.2 | 241.5 | 7.7 |

Inventories €2.2m higher than at year beginning due to seasonality but have decreased by 6.8m during Q2. Inventories have come down both in UK and Spain in the quarter, but are still higher than normal,

Trade receivables €11.8m higher than at beginning of the year, reflecting increased sales. Collections remains good, around 90% of Group receivables insured at end of June,

Net debt at end of June €98.3m, €9.8m higher than year beginning driven by higher receivables due to improved sales,

Cash position is normalizing with deposits in Spain being utilized in the operation,

| € m's | 30.6.2021 | 31.12.2020 | Variance |
|-------------------------------------|--------------|--------------|---------------|
| Total Equity | 78.9 | 75.3 | 3.6 |
| Thereof minority interest | 0.1 | 0.1 | - |
| Long term borrowings | 38.2 | 22.8 | 15.4 |
| Lease liabilities | 1.3 | 1.4 | (0.1) |
| Obligations/Deferred tax | 2.6 | 2.5 | 0.2 |
| Non Current Liabilities | 42.2 | 26.7 | 15.5 |
| Short term borrowings | 73.4 | 89.0 | (15.5) |
| Trade and other payables | 46.5 | 39.3 | 7.2 |
| Other current liabilities | 8.1 | 11.2 | (3.1) |
| Current liabilities | 128.1 | 139.5 | (11.4) |
| Total Equity and Liabilities | 249.2 | 241.5 | 7.7 |

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 1H 2021. Total fixed amount of bills at end of June amounts to €19.4m,

Group funding headroom (including bank deposits) is around €62m at end of June,

Total equity of €78.9m at end of June, has increased by €3.6m from year beginning, resulting in equity ratio of 31.7%.



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Outlook



Higher end of the outlook range reduced by €1m due to adverse impact of Covid19 and longer, more costly integration process in UK

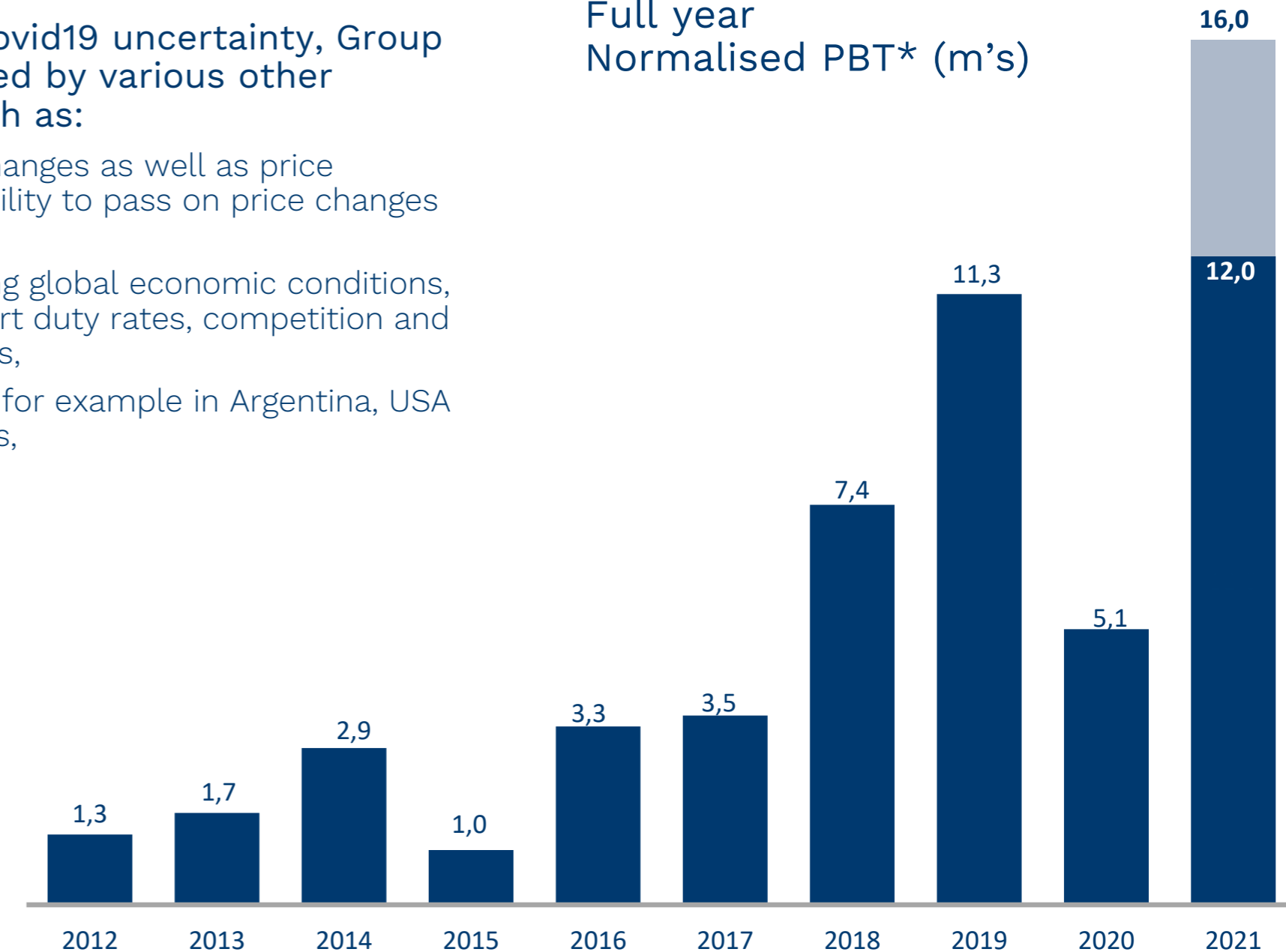
1H results in line with plan

- Strong performance of VA S-Europe, with easing of Covid19 restrictions and positive market conditions for Argentinian Shrimp,
- Good results from operation in Ireland, supported by the acquisition of Carr&Sons late 2020,
- Costs of merging and stabilizing operations in UK still impacting results in Q1. Actions have been taken to reduce costs, at the same time new agreements have been secured with both current and new customers, which will positively impact results in 2H 2021,
- Covid19 restrictions have been eased in key markets which has helped sales to foodservice and HORECA customers. The sector has however not fully recovered, activity is well below pre covid levels,
- Based on the assumption that Covid19 restrictions will not be tightened again in key markets, the Outlook range for 2021 Normalised PBT is narrowed to €12.0 – 16.0m, i.e. higher end of the range is reduced by €1m,
- 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,
- 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 key markets,
- Changes in underlying global economic conditions, currency rates, import duty rates, competition and consumer behaviours,
- Political uncertainty, for example in Argentina, USA and UK related 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.



WE ARE ICELAND SEAFOOD

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