Iceland Seafood International

2022 Annual Report

90
YEARS 1932—2022

ISI ICELAND SEAFOOD

Iceland Seafood International

2022 Annual Report

90 YEARS 1932–2022

Fish market above Steinbryggjuna in Reykjavík in 1919

Year in Review

Key Numbers
Global Trends
Chairman's Address
CEO's Statement

ISI ICELAND SEAFOOD

Fish fillets are wrapped in cellophane and packed in boxes

90 YEARS 1932–2022

Key Numbers

€420+ m	Annual revenues
€12.4 m	Normalised PBT
28.0%	Equity ratio at year-end
11	Businesses
45	Countries where we trade
7	Value added factories
760+	Employees
5000+	Customers
72.000 MT	Of products sold in 2021
1.0+ m	Meals sold every day
39%	Certified sustainable seafood
47%	Renewable sources of energy

Major factors impacting the market in 2022

WAR IN UKRAINE


"All the News That's Fit to Print"

The New York Times

Late Edition

VOL. CLXXI ... No. 59,344 — NEW YORK, THURSDAY, FEBRUARY 24, 2022

RUSSIA ATTACKS AS PUTIN WARNS WORLD; BIDEN VOWS TO HOLD HIM ACCOUNTABLE

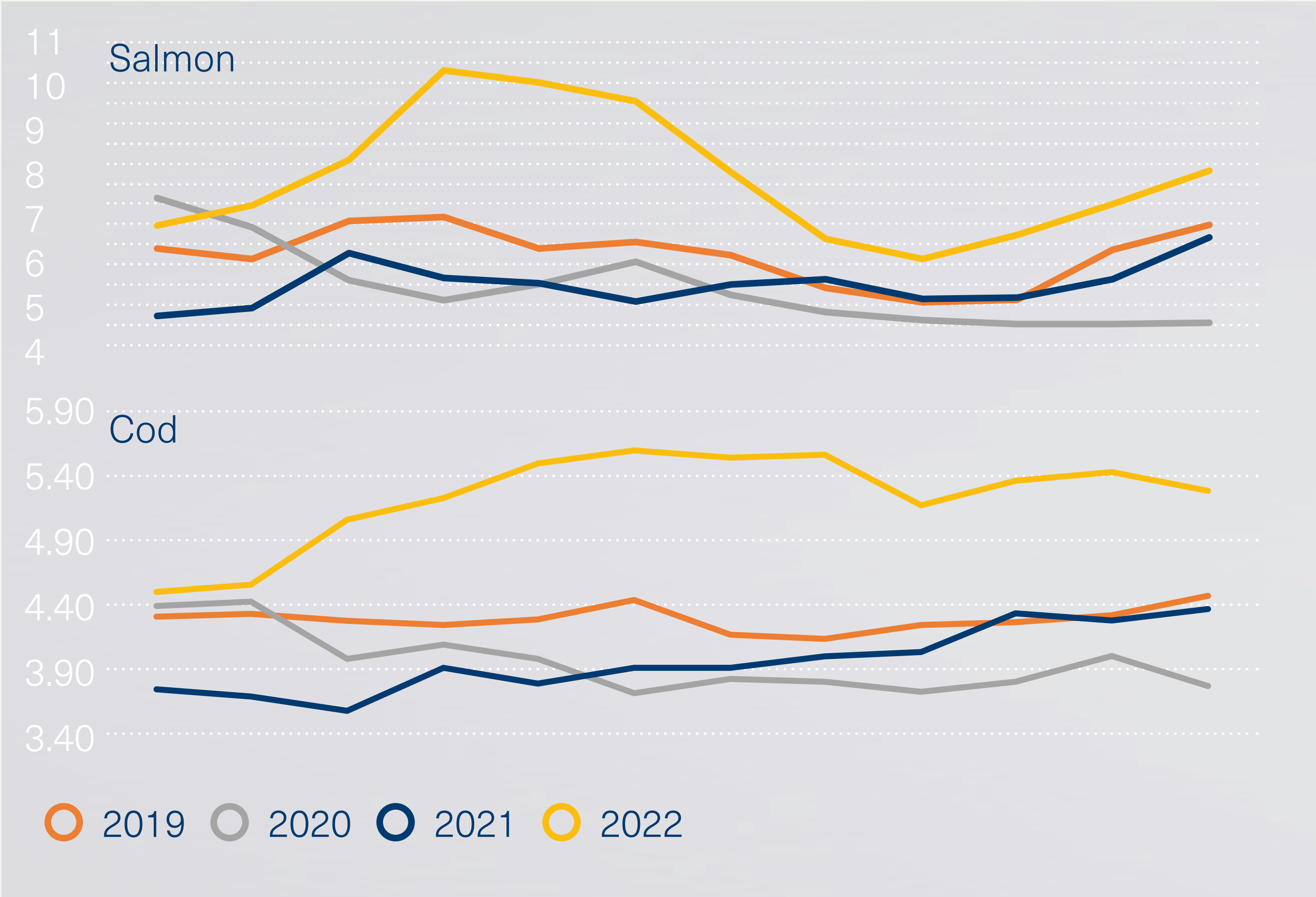
Large Explosions in Ukrainian Cities — Moscow Says Not to Interfere

Europe Hopes to Pressure Putin By Crimping Cronies' Lifestyles

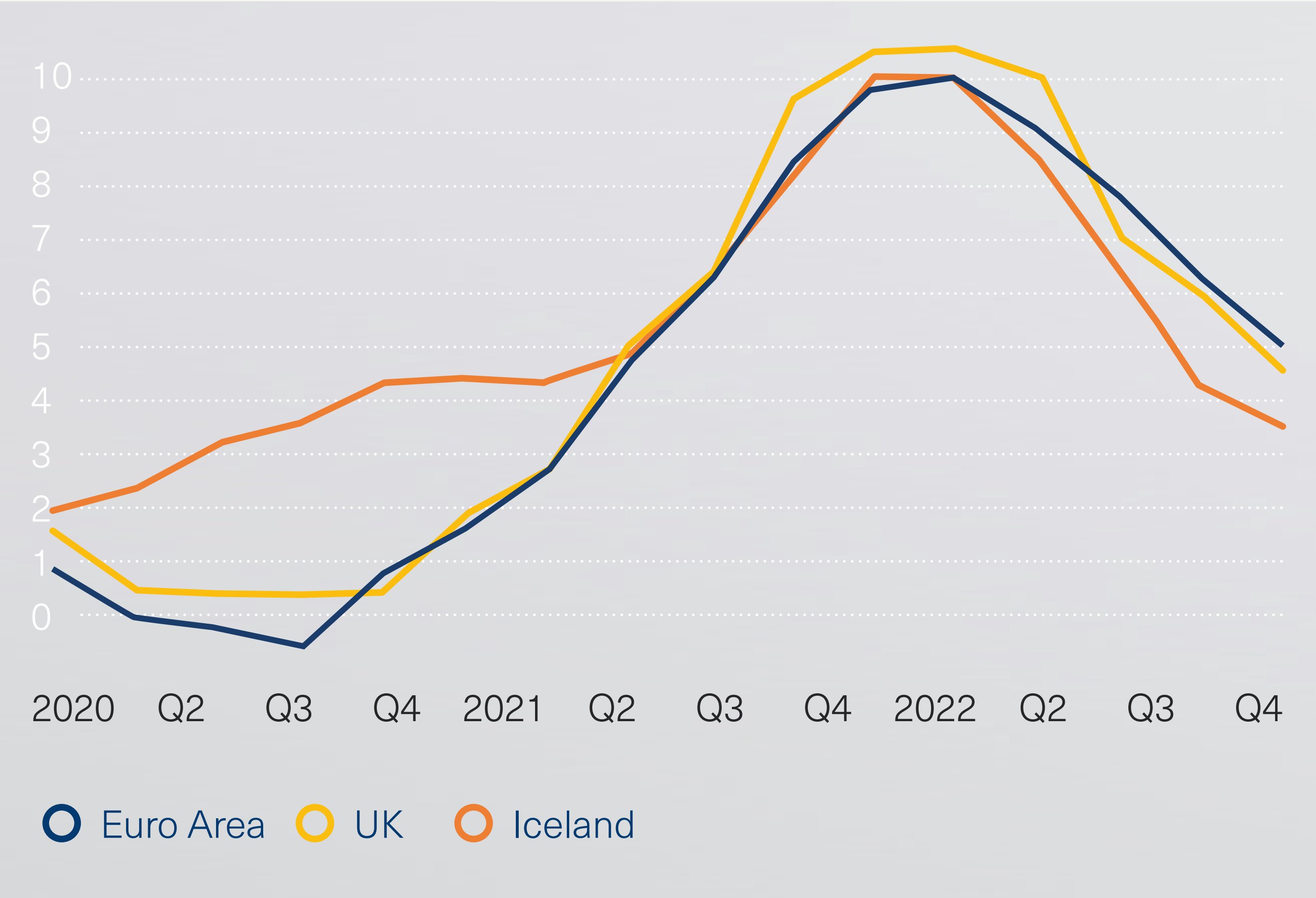
Sleepless Nights in Moscow as a Nation Lurches Into a Conflict

Ordinary Russians Feel Powerless to Change Kremlin's Course

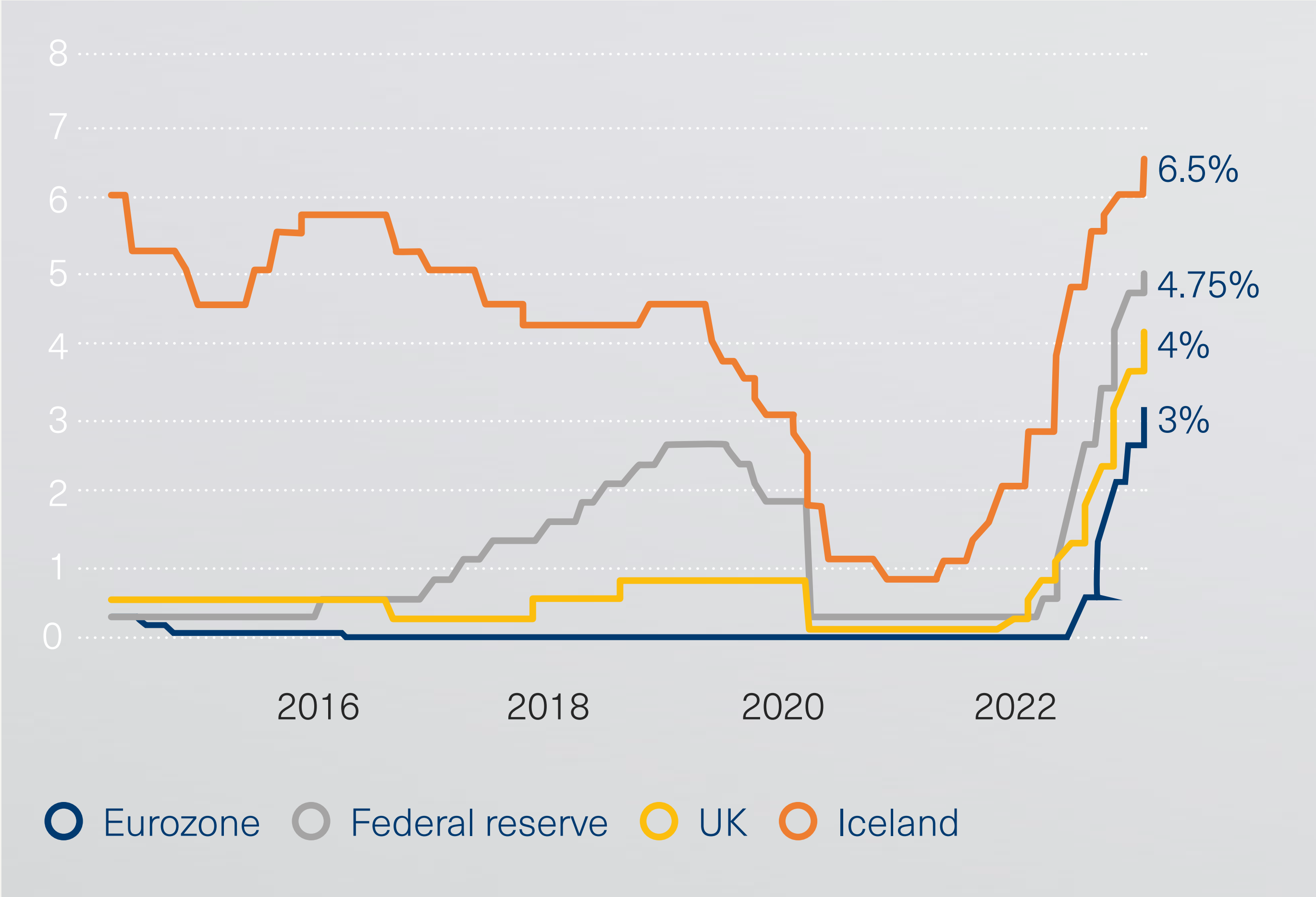
COD AND SALMON PRICES



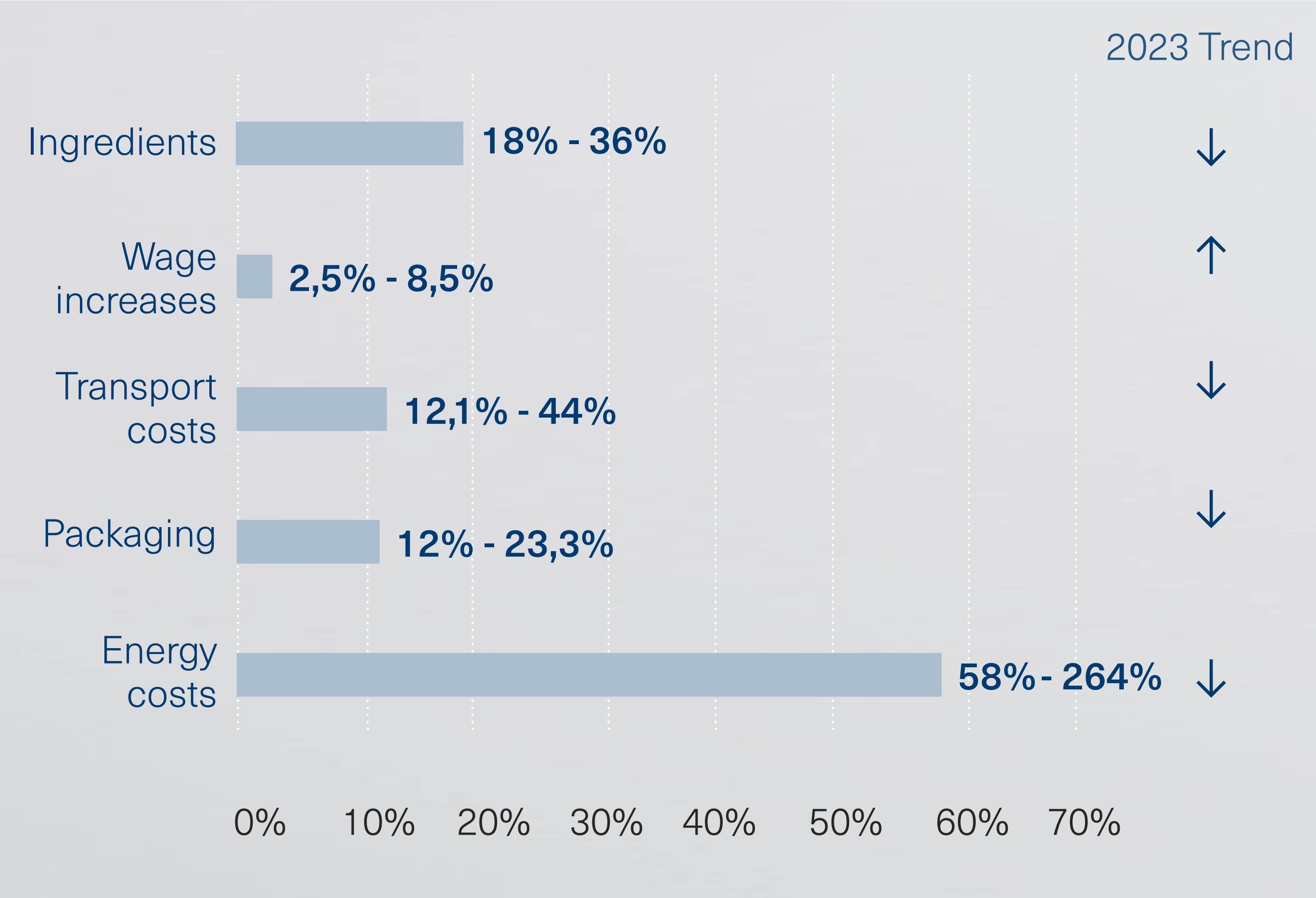
INFLATION AND FOOD INFLATION



INTEREST RATES RISING EARLY 2022



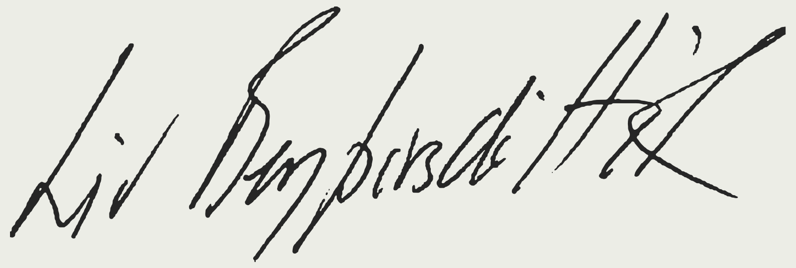
MAJOR COST INCREASES 2022



Chairman's Address

"For another year, the executives and employees of Iceland Seafood faced challenges and once again showed how resilient and robust they are"

"We still need to get over the top of the hill, however. Another year, with much uncertainty, because the world will not be whole while a war is being waged"



Liv Bergþórsdóttir
Chairman of the Board

The Board of Directors of Iceland Seafood International was reappointed during the Annual General Meeting on March 17th, 2022. Serving on the board with me are Mr Bergþór Baldvinsson, Mr Halldór Leifsson, Mrs Ingunn Agnes Kro, Mr Jakob Valgeir Flosason, and alternate board member is Mr Gunnlaugur Karl Hreinsson, also fully active in the board duties.

During our operational year, the war in Ukraine had just broke out. 2022, which was supposed to be rewarding after the difficult years of COVID, turned out to be a year of disappointment. Suddenly we witness this horrible war in Europe.

2022 was challenging for Iceland Seafood, but it was nothing compared to the challenges we learned about during the Market Day of Iceland Seafood in January this year. There, Oleg Lushchyk, owner and CEO of one of the largest seafood companies in Ukraine, the Universal Fish Company, informed us about the situation for the seafood industry in Ukraine.

It was hard to listen to his description of the situation in Ukraine and the effect the war had on people's lives and his business. At the same time, it was admirable to feel the strength he and his people have found to deal with this unthinkable situation and find ways to keep going and not give up.

For Iceland Seafood, 2022 was marked by extraordinary price hikes in seafood and all supply chain elements.

Both transport and cold storage costs have risen due to higher energy prices as well as increasing wages.

The result of extreme cost increases, high inflation and diminishing purchasing power of consumers influenced the demand side with fish less often as the choice for the dinner plate. This was particularly noticeable in the second half of the year.

During COVID (2020-2021), the goal was to seek further opportunities to strengthen Iceland Seafood in the retail market, not least to counter the massive effect of the pandemic on the HORECA sector (hotels, restaurants, and catering). Steps towards this goal were taken in Ireland with the acquisition of Carrs & Sons and in the UK with the merger of the Iceland Seafood companies. And ultimately with the acquisition of Ahumados Domínguez in Spain.

Last year proved to be difficult for these companies.

Oceanpath in Ireland and Ahumados Dominguez in Spain are particularly reliant on the price of salmon, which rose enormously in the first half of last year. Naturally, this caused difficulties, and it took time for the market to absorb the price increase.

Towards the end of the year, Iceland Seafood announced its plans to sell the UK operation. Iceland Seafood UK's market and operational environment have been quite challenging – not just for us but for most businesses in the same industry in the UK. We, therefore, believe that later in 2023, we will see an opportunity to sell or merge with another UK business.

The largest, and therefore one of the most important, businesses in the group, is Iceland Seafood Ibérica in Spain. Overall sales and the operation were good in 2022, with the first half better than the latter. The operation of the Argentinian business Achernar, which belongs to Iceland Seafood Ibérica, was also good and according to plans.

For the second consecutive year, the operation in Iceland was outstanding, driven by solid demand for Icelandic seafood and operational improvements over the past years.

The operational result for 2022 is influenced by the challenges we faced. However, we are convinced that Iceland Seafood will reap the benefits of the mergers, investments, and operational improvements we have already carried out in the coming years.

We see some balance returning already. Price increases have been rolled back to a degree and have partly been absorbed. The fluctuations are less than before, at least for now.

Value-added production will likely move closer to the consumer. Production in Europe will become more competitive as an investment in automation and more efficient production will play a key role.

The investment opportunities of Iceland Seafood can be categorised into three parts:

- Investment in sustainability, such as solar panels and waste and water management.
  Iceland Seafood has been working slowly but surely towards increased importance for ESG projects (primarily environmentally and socially related). We have already seen positive results from this work last year, and will continue in 2023.

- Investment in automation and increased operational efficiency.

- Investment in branding and marketing activities.

Continued emphasis has been placed on the liquidity ratio and the long-term financing of the group. Last April, a three-year loan extension was secured from Arion Bank Iceland, and the company continued issuing bills locally. The Spanish operation is financed by local banks, where the cooperation was good over the year.

For another year, the executives and employees of Iceland Seafood faced challenges and once again showed how resilient and robust they are.

We still need to get over the top of the hill, however. Another year, with much uncertainty, because the world will not be whole while a war is being waged.

I want to use this opportunity to express the gratitude of the Board of Directors to the employees, the executives, our suppliers, and the clients of Iceland Seafood.

Liv Bergþórsdóttir

CEO's Statement

"We at Iceland Seafood have a strong position in the market, which can also work in our favour, especially in the long run. We believe in our roots and our values, and we believe in the future. – in fact, we will be the ones who will shape it"

Bjarni Ármannsson
CEO

2022 will be remembered in Iceland Seafood history as a challenging year.

At the beginning of the year, we were all hopeful that we would be exiting the era of Covid-19 restrictions into some "normality". Instead, we experienced a war in Europe raging unexpectedly and influencing our lives. The immediate effects on the flow of goods and services were immense, and trading routes were cut or profoundly disrupted. We suddenly experienced price increases on an unprecedented scale of raw material, energy, packaging, and other ingredients of our products. This cost was challenging to pass on, and that became the project for the year – and in effect, still is.

With the war in Europe and globalisation on the retreat, we face a different world and geopolitics. This has affected us negatively in the short term but will affect us positively in the long run. The main reason is that our value-added factories are close to the end-consumer. That ensures, better than anything else, our ability to be a strong supplier with a reputation for solid security of supply to our customers. That is increasingly important.

We have identified three areas for investments in the future. This will, in our mind, drive our relevance, competitiveness, sustainability and profitability going forward. We are investing more and more in ESG matters. We see that as a crucial area. For the fifth time and as a part of this annual report, we are issuing our ESG report. These issues have become increasingly important and deserve our attention as well as the commercial aspect of our operations. As an investment opportunity, we are looking at more environmentally friendly power generation and have done so both in Madrid and Barcelona. We also looking into reducing pollution from our plants, further sorting of waste and how that can be turned into value. We have strengthened our knowledge base within the company. First, to measure and understand. Then set realistic targets and execute our strategy to have a sustainable operation from an environmental perspective.

Also, we focus on having a corporate culture with an environment where we support initiatives to develop (and inherently fail sometimes) and where we support diversity and teamwork to reach our goals as a team.

Secondly, we are investing in automation wherever possible. In general, this area has been underinvested and given the 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 the percentage margin is smaller. We are, in all our significant plants looking at investments of this sort and deem them existential for us, as we want to be close to the customer (both culturally and geographically) – and we operate in environments where labour is expensive. Then we respond with increased productivity, which we share with our customers.

The third area for investments is in marketing – particularly in our brands. This must be ongoing and supported by larger markets and premiums. This will continue – especially in Spain and Ireland, where we have invested the most in consumer brands.

The UK market is more of a white-label production market, emphasising efficiency.

As we have reported throughout 2022, Iceland Seafood UK has been experiencing a particularly hostile operating environment. In November last year, we decided to put our value-added assets in the UK for sale. Throughout December and January, we exchanged information and discussions with interested parties, but eventually, we concluded that the valuations didn't reflect the actual value of the business. Hence at the beginning of February, we decided to continue our operation in Grimsby.

We firmly believe in our management team in Grimsby. We also believe that consolidation is needed in the industry and have openly expressed our willingness to participate. Last year was very difficult. We believe, due to excellent and forward-looking management, better and bigger contracts with essential retailers, and a better external environment, we 'll do significantly better in 2023. We have disclosed that we foresee being cash positive from Q2 this year. This change is significant for the group, and we will monitor this very closely in the coming months.

Finally, we are promoting cross-selling within our firms. We have advanced significantly in this area but have a long way to go. This requires resilience and mutual understanding from management teams of what suits the Iceland Seafood group.

With close cooperation with our customers, we can also be a better partner for our suppliers, whom we value immensely. They are the starting point in our value chain. Our interdependence with them is the foundation for our mutual trust with our suppliers. And we find our customers increasingly critical of sourcing and that their standards are being met throughout the value chain.

Total sales in 2022 were €420,8 or 11% growth in value. Like for like, it was a 6% decline in volume. Sales in S-Europe were again strong, and the division also showed strong results. Similarly, the S&D division rebounded strongly, with its best year on record. N-Europe is now only Ireland, where sales contracted between years. The business in the UK is no longer part of consolidated numbers but is classified as assets for sale.

Normalised profit before tax (PBT) of €12,4m, slightly lower than for 2021 when it was €19,5m – in both cases excluding Iceland Seafood UK. Generally, we can be satisfied with that result, given the volatility in our operating environment. On the other hand, the bottom line was a loss of €9,9m. The difference is primarily an €18,2m loss in the UK. Both are operational and negative impacts from impairment of balance sheet items in connection with the asset being put up for sale.

The Consolidated Balance Sheet at the end of the year shows total assets of €290,3m, which increased by €9,7m during the year. The equity ratio was now 28,0% versus 32,8% last year. This is lower than what we like to see in the long run. We plan to reach 30% this year, and in the long term, we want to be at around a 35% equity ratio.

2022 was a challenging year. Our primary market, Continental Europe, will face headwinds economically. The following years are going to take much work. But we at Iceland Seafood have a strong position in the market, which can also work in our favour, especially in the long run. We believe in our roots and our values, and we believe in the future. – in fact, we will be the ones who will shape it.

Bjarni Ármannsson

We are Iceland Seafood

Global Trends
Our Heritage
Our Vision
Our Companies
Operations
Our Product Lines
Our Brands
The Board
Executive Management

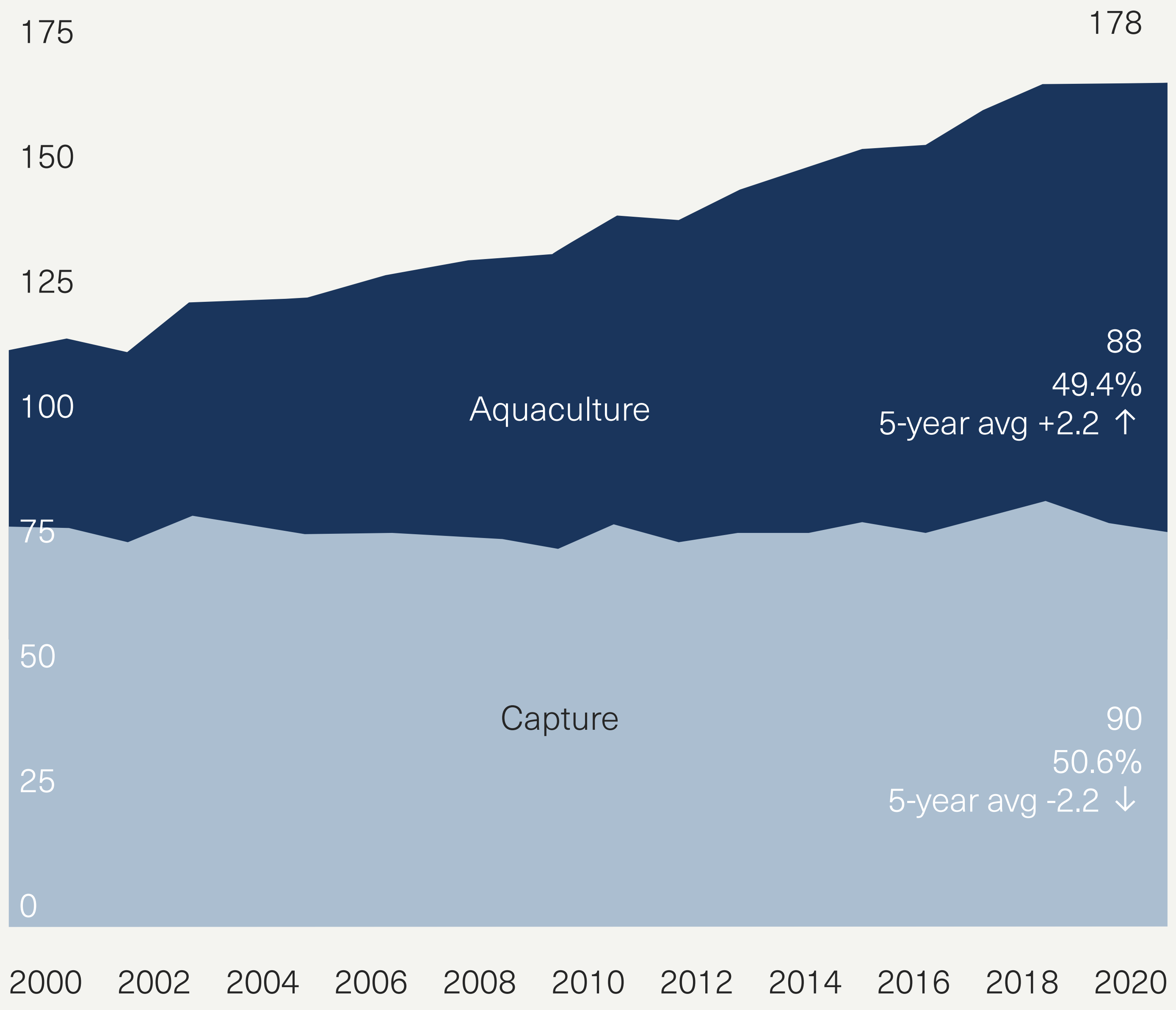
ISI ICELAND SEAFOOD

"Fish and Chips" packaging in the second half of the 1970s

90 YEARS 1932–2022

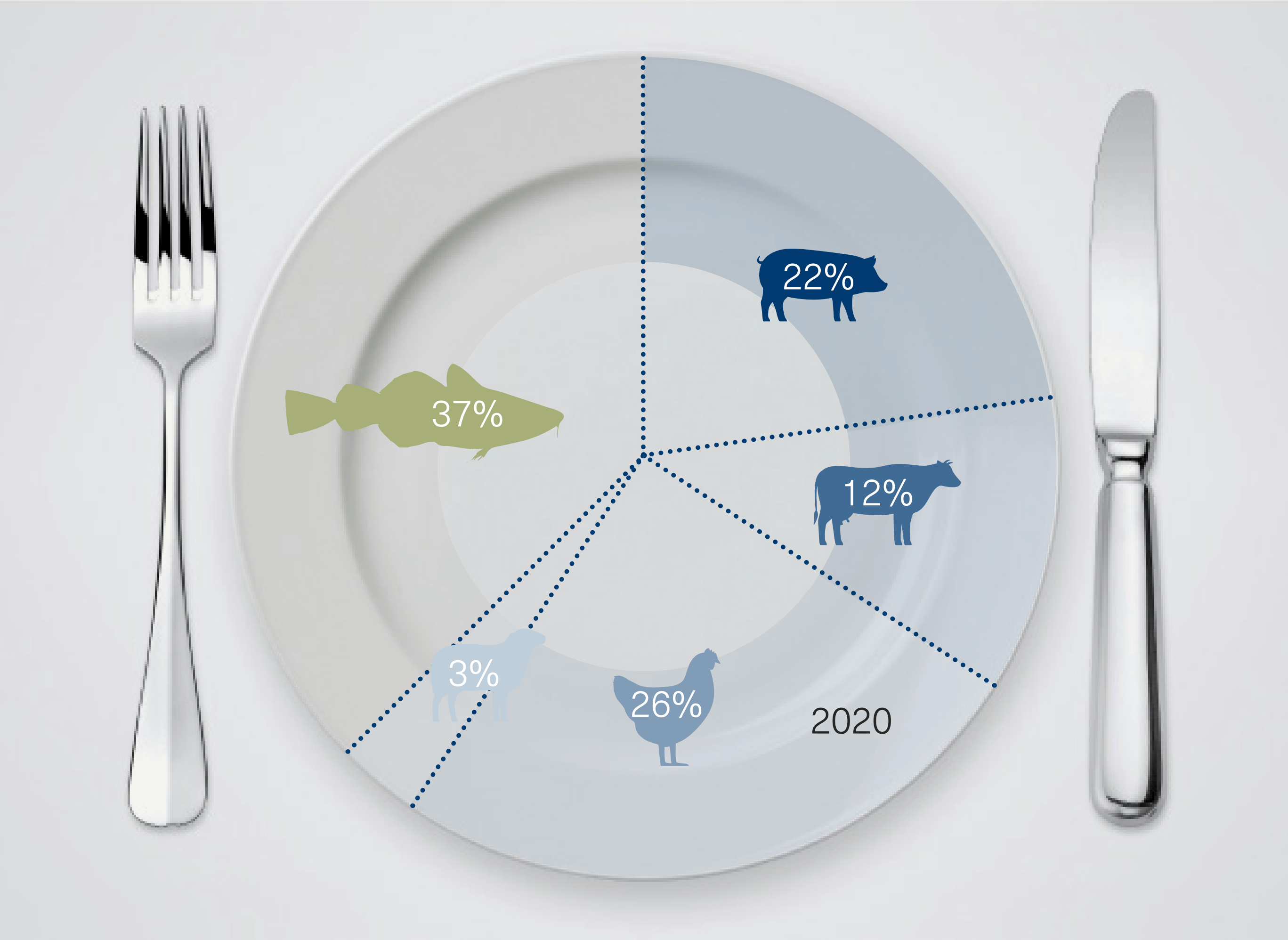
Global Trends

GLOBAL FISHERIES PRODUCTION
Share by Capture and Aquaculture (Millon MT)



Aquaculture production has now surpassed wild catch. It has absorbed the growth in global demand and will continue to play a critical role in protecting wild fish populations as demand for seafood continues to rise.

GLOBAL CONSUMPTION SPLIT PER CAPITA
(kg, 2018, %) Seafood accounts for about 37% of global consumption per capita

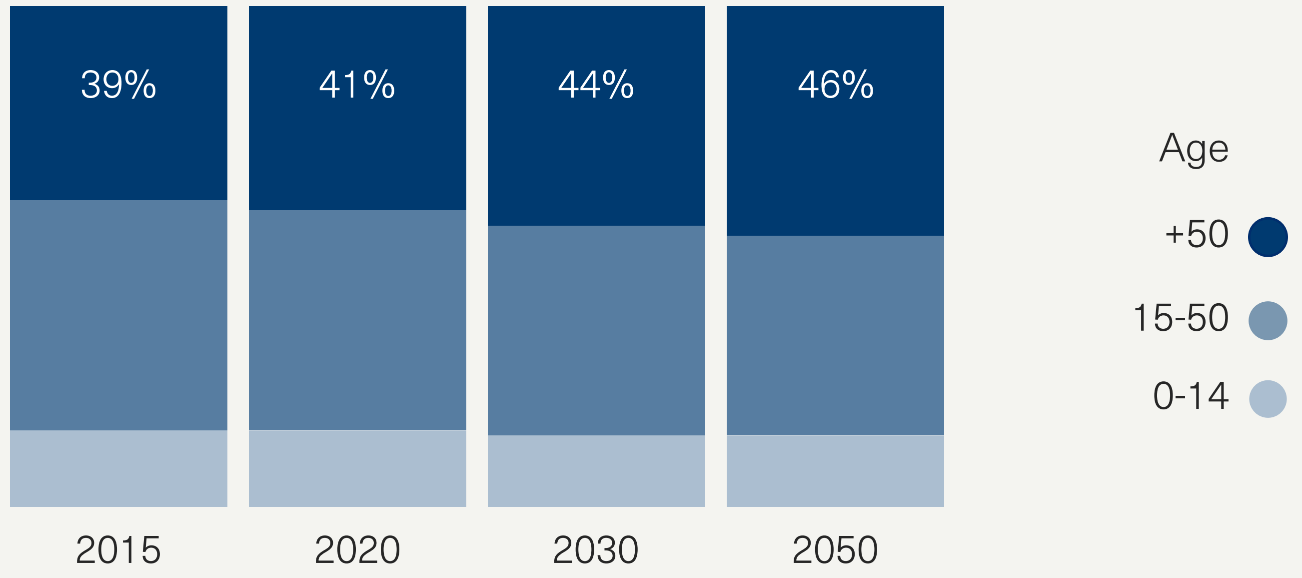


GLOBAL HUMAN CONSUMPTION
per capita (kg/yr). Seafood consumption is expected to continue to increase

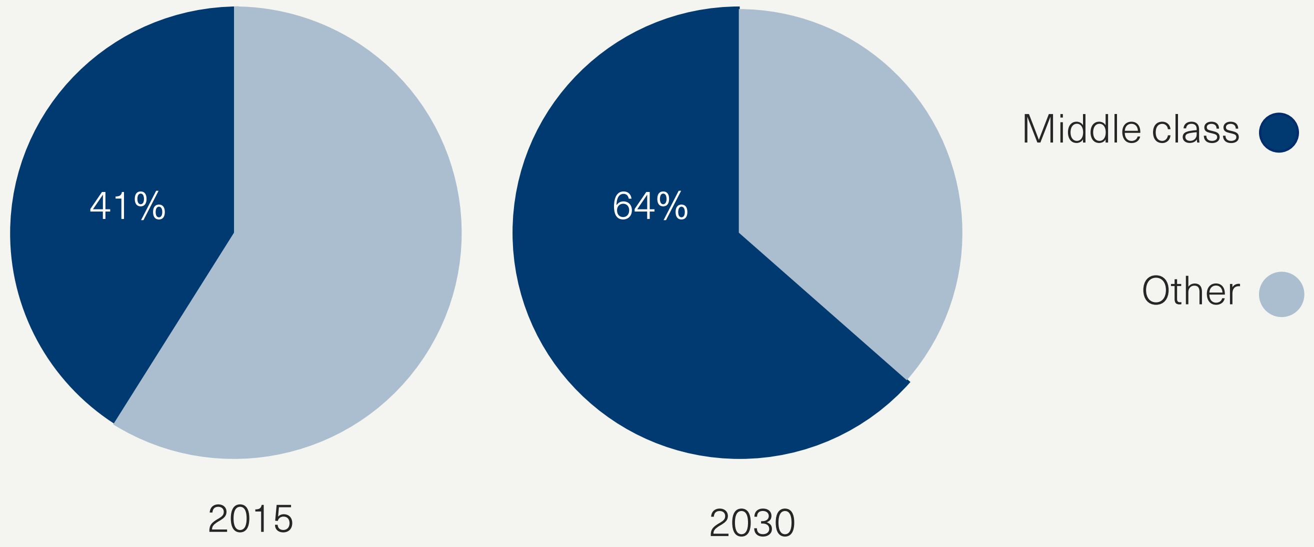
	2000	2014	2028 (e)
	16	19	22
	10	14	15
	11	13	11
	7	7	7
	1,5	1,5	1,5

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%)

AGEING POPULATION
and a parallel increase in seafood consumption



A GROWING MIDDLE CLASS
expected to increase from 1/3 to 2/3 of the world's population by 2030



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.

Our heritage

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

1932
The Union of Icelandic Fish Producers (SÍF)
Founded in 1932 for export of salted fish products

1935
The Herring Board
Founded in 1935 for the export of salted herring from Iceland

1957
Samband of Iceland
establishes a seafood division for export of frozen seafood

1999
Armengol
Spanish company purchased in 1999

1999
Merger: SÍF and Iceland Seafood Plc.
Including the Herring Board, under the name SIF Plc.

2004
SÍF Plc founds Iceland Seafood International
in order to take over all export and sales of marine products

2008
Tros
The first company to export fresh fish from Iceland became a part of Iceland Seafood

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

2012
Havelok
Founded as a joint venture, today is a leading seafood supplier to UK foodservice.

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 two 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

Our vision

Our vision is to bring quality seafood from selected, dedicated producers to demanding customers and consumers worldwide.

Iceland Seafood is a worldwide sales, processing, and marketing group for various fresh, frozen, salted, dried and value-added seafood products.

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 fulfil our customer needs.

Our strategy will deliver 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 Companies

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

Our headquarters are in Iceland, and we operate three divisions with 11 businesses in Europe and South America. Our history and heritage date 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 North Atlantic fish and seafood supplier and a leading service provider in our markets. We are one of the largest exporters of fish products from Iceland and an essential processor of high-quality seafood in the Spanish, Irish and UK markets.

We serve all major seafood markets worldwide, where we have a depth of expertise and understanding to meet our customers' needs, combined with innovative, flexible solutions and strategic global distribution.

Sales & Distribution Division

ICELAND SEAFOOD ICELAND, located in Reykjavík, is one of the largest companies in seafood export from Iceland to all main markets worldwide. The company closely cooperates 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

ICELAND SEAFOOD GERMANY, located in Bremerhaven, supplies high-quality fresh seafood. Fresh fish is mainly flown in from Iceland for delicatessen stores, food service and retail. www.icelandseafood.de

ICELAND SEAFOOD FRANCE, based in Boulogne-sur-Mer, provides high-quality seafood from Iceland and various global sources. The company supplies fresh and frozen products to food service, retail and processors in France. www.icelandseafood.fr

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 Achernar, 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 in Barcelona and Argentina. 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 speciality stores. The Ahumados Domínguez brand is among Spanish retail's seven most dominant brands in the smoked salmon sector. www.ahumadosdominguez.es

Northern Europe Division

OCEANPATH LIMITED, our Irish seafood arm, consists of three companies with specialised factories: Oceanpath (Howth), specialising 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 (Killala) producing delicious smoked salmon and a range of other premium quality seafood products. Oceanpath is the leading supplier to the retail sector in Ireland in fresh and smoked products. www.oceanpath.ie

Asset held for sale

ICELAND SEAFOOD UK, founded by the merger of Iceland Seafood Barraclough and Havelok ltd in Grimsby (UK), supplies our retail and food service customers with high-quality globally sourced fish and shellfish. From procurement to the packed product, it offers one of the finest ranges of breaded, battered and natural fish in the UK. It specialises in procuring customer specs and packing for many of the UK's largest retailers and food service operators. www.icelandseafood.uk

Operations

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

Product lines


Ready meals


Fresh products


Coated products


Shellfish


Smoked fish


Landfrozen


Light salted


Wet salted


Frozen at sea


Pelagic fish


Dried products


Cephalopods

Our Brands

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

Board of Directors

Liv Bergþórsdóttir
Chairman of the Board of Directors

FIRST ELECTED: February 2019

Liv Bergþórsdóttir joined ORF Genetics / Bioeffect in 2020, 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 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, and today Nesfiskur and it's 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 at the University of Reykjavík.

Gunnlaugur K Hreinsson
Alternate board member

FIRST ELECTED: March 2020

Gunnlaugur K Hreinsson is the owner of GPG Seafood and other companies. Gunnlaugur has decades of experience in 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.

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, an 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. oceon Degree in accounting from the University of Iceland.

Financial Performance

Key Figures
Group Financials
Shareholder Information
Risk Management

A worker in the Júpiter and Mars freezer in Reykjavik weighs boxes in 1963

Key Figures

Consolidated Income Statement

for the year ended 31 December 2022

	2022			2021		
	Normalised results	Significant items	IFRS	Normalised results	Significant items	IFRS
Sales of seafood	420.757		420.757	378.312		378.312
Gross margin	71.111		71.111	66.833		66.833
Distribution costs	(24.670)		(24.670)	(21.409)		(21.409)
Net margin	**46.441**		**46.441**	**45.424**		**45.424**
EBITDA	18.474	(78)	18.396	22.539	(474)	22.065
Profit before tax	**12.425**	**(78)**	**12.347**	**19.516**	**(474)**	**19.042**
Income tax	(4.069)	16	(4.053)	(4.599)	95	(4.504)
Profit from continuing operation	**8.356**	**(62)**	**8.294**	**14.917**	**(379)**	**14.538**
Discontinued operations net of tax		(18.241	(18.241)		(5.765)	(5.765)
Profit (loss) for the year	**8.356**	**(18.303)**	**(9.947)**	**14.917**	**(6.144)**	**8.773**
Profit (loss) for the year attributable to:						
Owners of the Company	8.596	(18.303)	(9.707)	14.927	(6.144)	8.783
Non-controlling interest	(240)		(240)	(10)		(10)
Profit (loss) for the year	**8.356**	**(18.303)**	**(9.947)**	**14.917**	**(6.144)**	**8.773**

Consolidated Balance Sheet

for the year ended 31 December 2022

	31 December 2022	31 December 2021
Assets	**290.346**	**280.562**
Non-current assets	88.485	102.204
Current assets	201.888	178.358
Equity	**81.369**	**91.734**
Liabilities	**208.977**	**188.828**
Non-current liabilities	37.243	45.321
Current liabilities	171.734	143.507

Consolidated Cash Flow Statement

for the year ended 31 December 2022

	31 December 2022	31 December 2021
Cash (used in) generated from operations before interest and taxes	(15.044)	15.400
Net cash (used in) generated by operating activities	(21.829)	8.989
Net cash used in investing activities	(7.667)	(17.060)
Net cash generated by financing activities	14.330	13.296
Changes in cash and cash equivalents	**(15.166)**	**5.225**
Effects of exchange rate fluctuations on cash held	(609)	(728)
Cash and cash equivalents at year-end	**11.991**	**27.766**

Key Highlights

for the year ended 31 December 2022

Euro million	31 December 2022	31 December 2021
Sales	420.8	378.3
Normalised* PBT	12.4	19.5
Net (loss) profit	(9.9)	8.8
Net cash (used in) generated by operating activities	(21.8)	9.0
Total assets year end	290.3	280.6
Equity ratio year end	28.0%	32.8%

**Normalised PBT represents profit before tax allowing for significant items*

Salt fish pallets deployment in 1994-1995

Group Financials

Unprecedented cost increases and high volatility severely impacted Iceland Seafood's operation in 2022.

The year 2022 was significantly affected by unprecedented cost increases and high volatility of raw material and other key input factors. Post Covid-19 impacts, and geopolitical turmoil caused major disruptions in various supply chains. This led to significant and rapid price increases, especially in the first half of the year. It took time to get price increases through to reflect a higher cost base, with retail and food service customers giving a strong pushback. Diminishing consumer purchasing power and high seafood prices impacted demand negatively, especially in Q4. This led to a 6% decrease in sold volume from the prior year, although sales in Euro terms increased by 11%.

Total sales from continuing operation in the year 2022 of EUR 420.8 million were 11% above the previous year. The higher sales were driven by price increases in the period, whilst sold volume reduced slightly from last year. Sales of both Value Added Southern Europe and S&D divisions were significantly ahead of last year, whilst sales of Value Added Northern Europe were in line with the previous year. Sales were high in the first three quarters of the year but difficult economic conditions in key markets affected sales negatively in Q4, where high inflation and decreasing consumers purchasing power impacted demand.

The normalised PBT of the year EUR 12.4 million was EUR 7.1 million down on prior year. Severe price increases of various input factors had significant impact on the profitability in the year. The operation in Ireland and of Ahumados Dominguez in Spain were especially impacted, where unprecedented price increases of salmon in the first half of the year had significant impact on margins and profitability. After taking into account loss from discontinued operation (Iceland Seafood UK) of EUR 18.2 million, other significant items of EUR 0.1 million and income tax of EUR 4.1 million the resultant net loss for the period of EUR 9.9 million was EUR 18.7 million below the previous year.

The Consolidated Balance Sheet at year-end 2022 shows total assets of EUR 290.3 million or EUR 9.8 million increase over the previous year. The increase in total assets was driven by higher inventories as a result of price increases during the year. The net debt at end of December of EUR 93.6 million was EUR 0.6 million lower than at year end 2021, but EUR 28.2m higher on like for like basis, reflecting the higher inventory balance.

Total equity, including non-controlling interests amounted to EUR 81.4 million compared to EUR 91.7m at end of December 2021. The equity ratio was 28.0% at year end compared to 32.8% at end of 2021. Full time employees in continuing operations on average for the year were 702 (2021: 598), with 766 at year end (2021: 765).

VA S-Europe

	2022	2021
Sales	216.5	181.5
Net margin	32.9	28.7
EBITDA	14.2	14.8
Normalised PBT*	11.1	13.9

**Normalised PBT represents profit before tax allowing for significant items*

*** Ahumados Domínguez in the figures from Q4 21*

Sales of the VA S-Europe division of €216.5m increased by 11% from last year on a like-for-like basis. At the same time, volume decreased by 9%. After strong sales during the first three quarters of the year, demand slowed down in Q4, impacted by diminishing consumer purchasing power and high seafood prices.

At the same time, Christmas sales of smoked salmon from Ahumados Dominguez were below expectations. The sales of premium products were low due to the difficult economic situation. Overall normalised profit before tax for the division of €11.1m was down €2.8m from the previous year.

Truck in Coldwater facilities in USA, around 1996

VA N-Europe

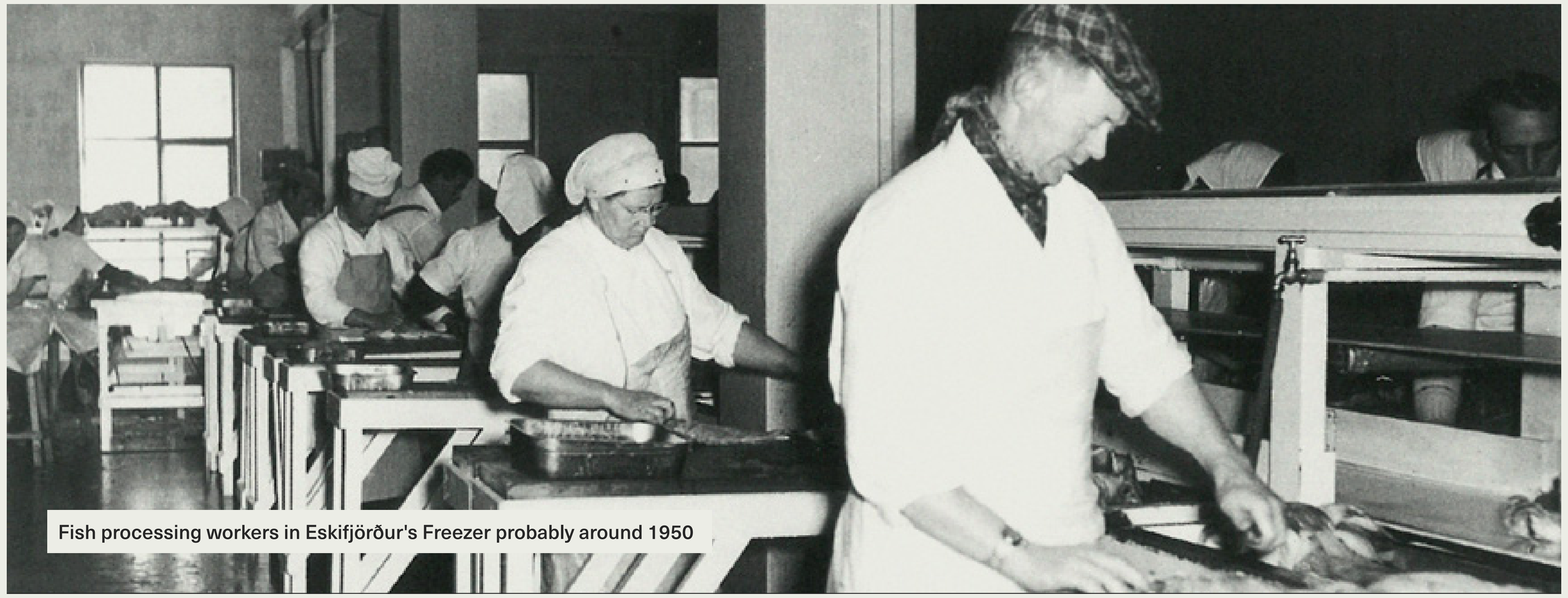
	2022	2021
Sales	52.5	54.0
Net margin	5.3	9.0
EBITDA	1.1	4.9
Normalised PBT*	(0.1)	3.8

**Normalised PBT represents profit before tax allowing for significant items*

*** Ahumados Domínguez in the figures from Q4 21*

With Iceland Seafood UK classified as an asset held for sale, the VA N-Europe division consists only of the operation of Oceanpath and Carr&Sons in Ireland. After a difficult first half of the year, where extreme price increases of salmon severely impacted margins and profitability, the operation was back on track in the second half of the year. Divisional sales of €52.5m were down €1.5m in 2022, but volume was down 13% at the same time. Christmas sales were in line with expectations, which helped the results in Q4 and profitability was slightly up on last year in that quarter.

Important steps were taken during 2022 to integrate the Carr&Sons operation into the Oceanpath group. There are still opportunities for further synergies to be created, mainly on the production side.



Fish processing workers in Eskifjörður's Freezer probably around 1950

Sales & Distribution

	2022	2021
Sales	175.0	162.3
Net margin	8.2	7.7
EBITDA	3.4	3.0
Normalised PBT*	3.3	2.9

**Normalised PBT represents profit before tax allowing for significant items*

The Sales&Distribution division had a record year in 2022, driven by strong demand for products from Iceland. Total sales for the year of €175.0m were 8% up on 2021. This growth was entirely price driven, where volume decreased slightly from the prior year. Sales slowed down in Q4 due to difficult economic conditions in key markets and high seafood prices. Normalised profit before tax of the division for 2022 was €3.3m, up €0.4m from the previous year.

In general, seafood prices eased slightly in Q4 due to the lower demand. However, supply disruptions and tariffs/restrictions imposed on Russian catches are keeping pressure on prices. The situation in Ukraine had a negative impact on pelagic sales. Customers in Ukraine are not holding any stock inside the country, which is causing significant logistic issues.

Sun drying

Iceland Seafood UK

Iceland Seafood announced its intention to exit the UK market from a value-added perspective on November 17th, 2022. During December, two separate LOI's were signed with prospective buyers to sell the business, but neither negotiation was successful. On February 3rd, it was announced that Iceland Seafood would continue to operate the UK subsidiary but intends to support further consolidation of the UK seafood processing industry, at the right terms. Due to this status, Iceland Seafood UK is classified as an asset held for sale in the 2022 Group Financial Statements.

Throughout 2022, IS UK operations were characterised by increased input costs and difficulties pushing those costs through to customers. This led to a total loss from the operation of €18.2m for the year, which included the impairment of assets of €3.4m. The results have improved from the beginning of 2023, and the company is expected to reach a positive EBIT level from Q2 onwards. Progress has been made with recovering the unprecedented inflationary costs from the beginning of 2023 and by securing a significant amount of new business, with the majority coming in from the beginning of Q2. At the same time, new production equipment that arrived in December 2022 and January this year has transformed production with both a substantial increase in throughput and a reduction in production costs. Management plan expects a positive cash flow from Q2 onwards but a negative PBT of £2.5-3.0m for the year, mainly due to losses in Q1.

House drought before 1930

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 2022 was at ISK 6.05 per share, giving the Company a market capitalization of €108.8m decreasing by 60% during the year.

Executives and senior employees held options over 31.9 million shares of the Group at year-end 2022. Weighted average lifetime of outstanding options at year-end was 6 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 2022 no share options were exercised and no new share options where granted. At end of the year the Board had an unused authorisation to issue new stock options under its stock option plan of ISK 19.7m.

The total number of shareholders at year-end was 840 compared to 688 at the end of 2021. The 10 largest shareholders held 72% of the total shares at year-end 2022:

	31/12/2022		31/12/2021	
FISK Seafood ehf	306	11%	279	10%
Sjávarsýn ehf	294	11%	294	11%
Jakob Valgeir ehf	284	10%	274	10%
Nesfiskur ehf	277	10%	277	10%
Lífsverk lífeyrissjóður	162	6%	163	6%
Stapi lífeyrissjóður	159	6%	159	6%
Birta lífeyrissjóður	150	6%	103	4%
Frjálsi lífeyrissjóðurinn	131	5%	131	5%
Lífeyrissjóður starfsmanna ríkissins	122	4%	71	3%
Vátryggingafélag Íslands hf	94	3%	82	3%
Top 10 total	**1.979**	**72%**	**1.833**	**68%**
Others (2022: 830 and 2021: 678)	735	28%	881	32%
Total issued shares	**2.714**	**100%**	**2.714**	**100%**

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 in which 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 brokers 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 a 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 the end of 2022 the total funding headroom of the Group was 31.7 million including cash.

- **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 a negative impact on the Group's operations. The 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 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 ensuring 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.

- **CLIMATE RISK**: 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.

ESG Performance

ICELAND SEAFOOD

Icelandic branded van outside the factory in Gravesend in 1959

Key Highlights

Looking at the identified highlights we can reflect on the work that has been done during the last year. We have increased our recycling rate considerably and invested in waste treatment plants with the aim of creating value from waste and increasing our rate of reclaimed water. We continue to have around half of our electricity use sourced from renewable energy and we have invested considerably in solar cells which will increase the share of renewables. Our share of certified sustainable seafood remains constant. We implemented a Group Code of Conduct and started systematically assessing the Corporate Social Responsibility of our upstream value-chain partners. We started using an online platform to monitor Group-wide employee satisfaction. 40% of our Board of Directors are female and the Chair of the Board is female, strengthening gender equality within the Group. Finally, we donated resources to ease the lives of people suffering in Ukraine due to the war.

30%
Increase in recycling rate in 2022

Supply Chain
Started strategic supplier sustainability assessment

39%
of seafood sold certified sustainable

Ethics
Group Code of Conduct implemented

Community
Resources donated to Ukraine

Well-being
Group monitoring on employee satisfaction

47%
of energy from renewable sources

♀ ♀ ♂ ♂ ♂
Equality
Board of directors

Circular
Started creating value from waste

Solar cells
€ 1m invested in solar cell installations

Introduction

This report is our fifth published Environmental, Social, and Corporate Governance (ESG) report showing development of key metrics. The scope is aligned with last year's report with one exception. IS UK is classified as an asset held for sale and to align with the Group financials we have excluded IS UK values from the data. Iceland Seafood International is continuously improving on its sustainabilty work by adopting a systematic and comprehensive approach to it.

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 seafood 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.

Solar cell installation at the Barcelona factory

ESG Structure

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 which apply to the entire Group. We aim to be transparent and accountable at every level. Governance of sustainability is driven by the 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. 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 executive leadership they formulate strategy, policies and set goals and risk parameters for the Group.

Board of Directors

Executive Leadership

- Strategy
- Corporate Sustainability
- Finance

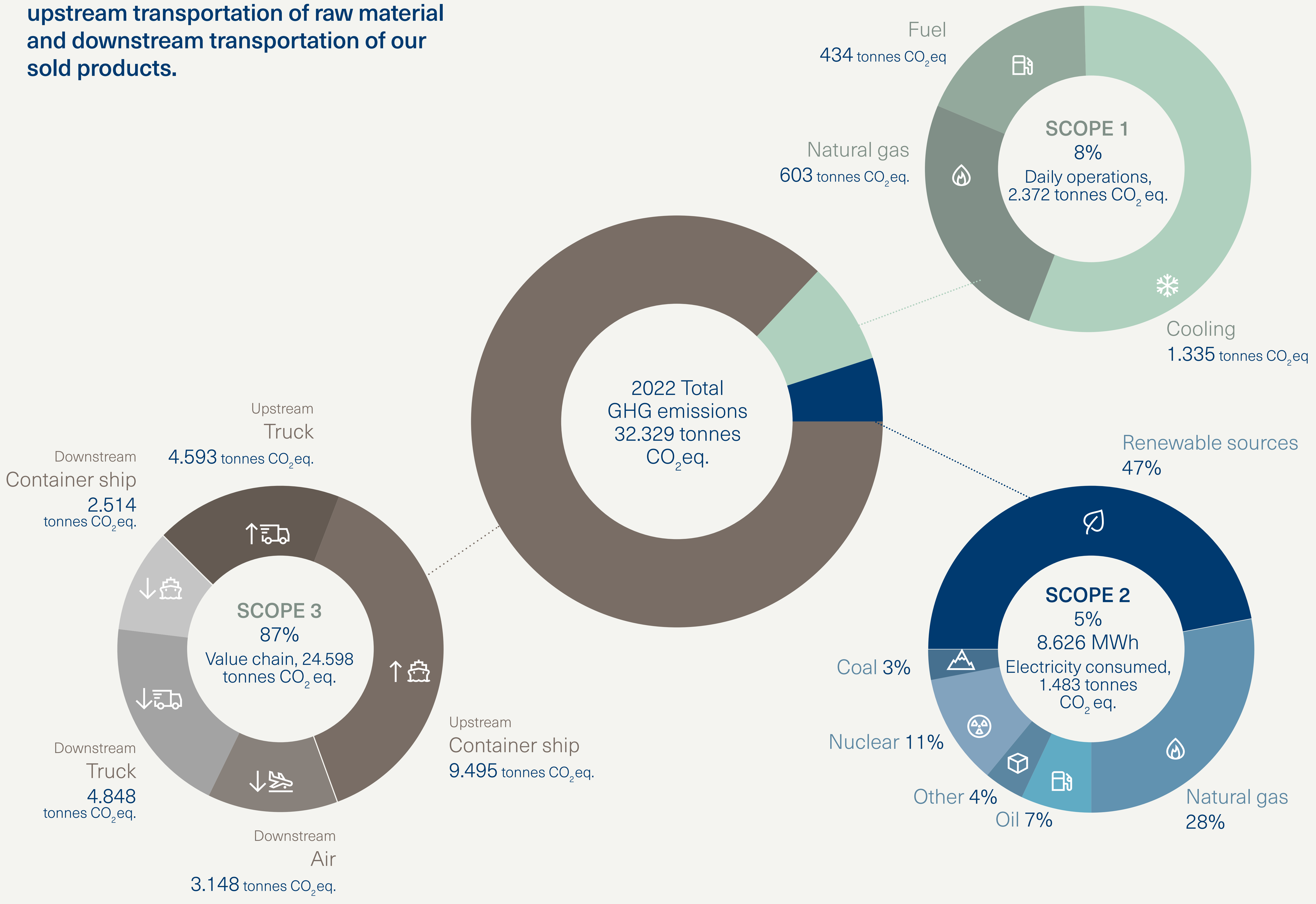
Head of ESG

Environment	**Social**	**Governance**
ESG category	**ESG category**	**ESG category**
Sustainable sourcing	Employee satisfaction	Code of Conduct
Energy use	Sustainable procurement	Data ethics
Greenhouse gas emission	Occupational health and safety	Supplier Code of Conduct
Water use	Fair labour practices	
Waste	Human rights	

Environment

The identified 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 divisions within the Group. These sites represent the great majority of Iceland Seafood's environmental footprint.

The majority, 87%, of our footprint comes from Scope 3, where we report on upstream transportation of raw material and downstream transportation of our sold products.



→ Road to carbon neutrality

Earth Overshoot Day marks the date when humanity has used all the biological resources that the Earth regenerates during the entire year. In the year 2021 this day fell on July 28th. Despite increased awareness this date is moving earlier and earlier by each passing year. It's therefore becoming more and more clear that we all need to move quicker towards a more circular economy structure. Only then will we manage to live in harmony with nature.

Innovation and investment are an important requisite for success in environmental matters. Without them we will not reach carbon neutrality in our Scope 1 and Scope 2 emissions. Our business model relies on international value chains and with that follows long distance transportation. We monitor closely developments in the energy transition of sea vessels and aircrafts, as that is the largest factor that will lower our Scope 3 emissions.

Criteria	Target 2026	UN SDGs
Carbon emissions	Total emission from Scope 1 and Scope 2 reduced by 17%	

We have not set a timeline on when we will start to offset our Scope 1 and Scope 2 emissions. The most important step is to eliminate as much of our carbon footprint and lower our emissions as much as possible. What cannot be eliminated could then be offset by investing in technology innovation and carbon removal projects.

We depend on the ocean for our operation. Both for sourcing seafood and for transporting it. It's therefore extremely important for us to be a part of the solution and ensure that the ocean ecosystem remains healthy. It's a long road ahead but it's important we collectively pick up the pace.

→ New solar panels installed

Iceland Seafood recognises the environmental and social responsibility of increasing the share of renewable energy within its operations.

Electricity use accounts for 5% of our total GHG emissions. This year our renewable energy intensity decreased from 0.99% in 2021 to 0.9% in 2022. The difference lies in the variables within the electricity mix from our utility providers in Ireland, Spain, and Argentina. In 2022 the energy mix we used was 47% from renewable sources and 11% from nuclear power, in addition to that 28% comes from natural gas. In total we have 86% of our energy use coming from sources with zero or low emission factors. This is a clear positive, but we can do even better. We have set the target to increase the share of renewables to 80% in 2026.

Criteria	Target 2026	UN SDGs
Renewable energy	80% of electricity used will be from renewable sources	

To strengthen the success of this target we have invested in solar panels for our sites in Madrid and Barcelona. The sun already emits more than enough energy to power all energy needs on the planet and as an added benefit the sun is a free, clean, and sustainable energy source. It can be used to provide heat, and electricity. Given the abundance of solar energy, its reliability, positive effects on air quality, and its cost-effectiveness, investing in solar panels for our Spanish subsidiaries was an easy choice.

Ahumados Dominguez in Madrid and Iceland Seafood Ibérica in Barcelona have completed the installation of solar panels and they will soon start to generate electricity. The solar panels are mounted on the roofs of our buildings, utilizing otherwise unused areas, increasing even more the benefits of them. In Madrid we'll be producing about 550 kWh and in Barcelona we estimate to produce about 440 kWh, in total around 25% - 30% of the electricity need in our Spanish subsidiaries.

Our operations in 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_2 emissions annually.

We are looking forward to turning the new solar panels on and evaluate the positive effects they will have on the Group's overall environmental impact.


Installation in Madrid


Installation in Barcelona

Waste

Improvements in waste handling are important for the Group. It's our ambition to reduce the amount of waste as much as possible. Waste that cannot be eliminated shall be reused or recycled. In 2022 we saw recycled waste increase from 14% to 19%. Most of the non-recycled waste produced from our operation is organic waste from shrimp processing in the Argentinian subsidiary Achernar, where 73% of the total reported waste originates from. If we exclude Achernar from our total waste numbers, our recycle rate is 69%.

Going forward we want to do even better with regards to registering and recycling waste, while keeping in mind that we operate in different countries, with various waste legislations and different recycling methods. We will encourage our subsidiaries to learn from each other and together find a good balance of best practices within the Group.

Our 2026 target regarding waste recycling is split into two. Achernar is our only primary producer resulting in a large share of non-recycled organic waste. Our 2026 target is therefore split into two parts. First of all we can see that with increased co-operation and knowledge sharing on best practices we can increase our recycling rate, excluding Achernar, up to 90%. When including our primary production in Achernar we have set the target to increase our Group recycling rate to 60%. This will be achieved if our project "Creating Value from Waste" in Argentina is succesful.

Criteria	Target 2026	UN SDGs
Waste recycling	90% of Group waste recycled, excluding organic waste. 60% of Group waste recycled including organic waste.	12 Responsible consumption and production; 13 Climate action

→ Creating Value from Waste

The largest share of waste, 73%, comes from our factory Achernar in Argentina, where the shrimp processing generates significant volumes of solid and liquid waste. To counteract the large volumes of waste and to ensure the proper treatment of it, we, along with a group of other processing plants in the area, invested in a waste treatment plant with the ambition to upcycle the waste and create valuable by-products.

The Patagonian Environmental Centre for Fisheries Research and Development (CAPIDP) was launched in the city of Puerto Madryn in 2021. The plant was built to ensure proper waste treatment streams for organic waste generated from the fishing industry in the area. It is modular and the operational volume can be increased when needed. The treatment plant is designed with the circular economy in mind, aiming at the upcycling of waste for different value-added production processes.

Various research projects have already been initiated following our investment in the treatment plant.

The **solid waste** for example, where the heads and shells of shrimps can be processed into shrimp flour and oil for animal feed.

There's also an ongoing project with YPF AGRO and Universidad Politécnica Nacional regarding development of fertilizer from **the sludge**.

After the **liquid waste** has gone through certain treatment and filtration steps it ends up in a lagoon where the water can be reclaimed. From there it's used in watering for reforestation on e.g., eucalyptus and olive trees. It's also used for washing sand and gravel quarries and to water dirt and gravel roads.

The waste treatment plant is located about 20 km away from the urban area, considering the orientation of the prevailing winds as well as ensuring that the trucks carrying the waste streams from the different processing plants would not pass through the city.

The initiative is in constant growth and under continuous improvement to achieve responsible waste treatment in the area and creating value from by-products. It reduces our environmental impact and promotes social responsibility. We are proud of this project and excited to see it grow and prosper in the future while advancing the circular economy in Argentina.

Sustainable sourcing

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 to the Group. 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 seafood 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.

We promote and practice responsible sourcing of seafood and monitor the level of certified products within the value chain. In 2022, 39% of the seafood sold was certified with either the MSC or ASC label. All the subsidiaries of Iceland Seafood have a valid chain of custody certification towards the MSC standards, ensuring traceability of our products. We also have certification towards ASC chain of custody where applicable.

Our target in this regard needs a detailed reassessment in the coming years. As said before we promote sustainable sourcing of seafood and that applies also to seafood not specifically certified. We have started to systematically assess the Corporate Social Responsibility of our entire upstream value chain and when that project has been developed, we will be able to reassess this target and possibly expand the scope to sustainable seafood sold regardless of MSC or ASC certification. However, we will do this with caution, keeping in mind the importance of continuing to promote certification of seafood.

Criteria	Target 2026	UN SDGs
Certified sustainable seafood	40% of seafood sold will be certified sustainably sourced	

Responsible use of water

29%

of water used is reclaimed

Fish processing is a water intense process and in 2022 Iceland seafood used roughly 106.000 m^3 of water but reclaimed over 39.000 m3 of water.

We have invested in a wastewater treatment plant in Puerto Madryn, Argentina. This will enable us to reclaim all water used in our processing in Argentina. This is particularly important for us at this location since Achernar represents 66% of our total water use. Reclaimed wastewater, treated at a wastewater treatment facility, can be reused in applications such as irrigation and industrial processes. Our investment project is further detailed in the chapter "Creating Value from Waste".

Criteria	Target 2026	UN SDGs
Water usage	50% of water used will be reclaimed	

Social

Iceland Seafood has increasingly focused on creating value through social sustainability. The highlights of our work in 2022 are that we have started to monitor Group-wide employee satisfaction, started systematic evaluation of our suppliers' and service partners' Corporate Social Responsibility, and we have donated resources to Ukraine, which has and continues to be a large importer of our products.

Employee satisfaction

Human resources are the heart of the workplace. We are convinced that good management, transparency in communication, safe work conditions, health of employees, and sufficient training, increase job satisfaction and employee engagement as well as their overall health and well-being.

We operate in seven countries, both in Europe and South America. Our employees come from a wide range of nationalities, have different levels of education, backgrounds, and cultures. As the employee count within the Group has grown, the overall human resource management has increased in complexity.

In 2022 we started a Group-wide strategy to engage our employees and partnered with HR MONITOR. Our subsidiaries have access to monthly performance measurements in an online platform. Within the platform questions regarding various aspects of the work can be answered anonymously by all employees, regardless of their status within the company. This has given employees the opportunity to speak up and contribute to the workplace and their work environment. In addition, it gives managers instant feedback and in return they can improve their management skills. During the first year of our online measurements, we reached 51% of our employees.

The score received from those employees regarding their job satisfaction was 3.8, within a scale from 1-5, where the top score is 5. The fact that 51% of our employees gave their time to answer those questions has already given us important feedback and insights into what is being done well within our subsidiaries and where certain risks are. This has therefore proved to be an important tool for the Group, and we aim to utilise it more in the future. Our target for 2026 is to continuously improve the performance score and reach 80% of our employees.

Criteria	Target 2026	UN SDGs
Employee survey engagement	80% of employees reached through employee satisfaction surveys	3 Good health and well-being; 12 Responsible consumption and production

Sustainable procurement

We are committed to foster sustainable and responsible corporate behaviour throughout our network. Implementing a sustainable procurement plan strengthens the social, environmental and economic performance of our supply chain, reducing our collective footprint.

As a global value-added seafood producer and sales and marketing company with a vast global supply chain, we must source, produce, transport, and sell our range of products sustainably and responsibly. We are committed to increasing the transparency of our supply-chain and knowing our impact, and have started systematically assessing our suppliers and service partners' Corporate Social Responsibility (CSR).

In 2022 we partnered with EcoVadis, a trusted global CSR rating company, to conduct individual sustainability performance assessments of our upstream supply chain partners within their environmental, ethical, and social practices. The benefit for our suppliers is that they receive a scorecard indicating where they stand in their CSR work, and a list of items that can be improved. The objective is to limit the adverse social, environmental, and economic impact of our value-chain.

This project is new within the Group and is still in its development stage. We already have several suppliers confirming their participation and our target by 2026 is that 50% of our suppliers will be evaluated. We encourage all our suppliers to take part in this journey with us as the road towards increased sustainability and a more circular economy is a collective effort with benefits and responsibilities on all sides.

Criteria	Target 2026	UN SDGs
Sustainable procurement	50% of suppliers evaluated	8 Decent work and economic growth; 12 Responsible consumption and production; 13 Climate action; 17 Partnerships for the goals

→ Community

Iceland Seafood International and its subsidiaries have through the years donated resources and money to charitable organisations in their communities. This year was no exception and while we have collectively donated time and money to various organisations in 2022 we want to highlight a project in Ternopil, Ukraine.

In 2022 we saw the devastating effects the war on Ukraine had on their nation. The Iceland Seafood Group and especially our Icelandic sales & distribution subsidiary has a close business relationship with Ukrainian fish importers. One of them is operating in Ternopil, located in the west of Ukraine, and has subsequently had large streams of people seeking shelter from attacks in the eastern part of the country. We partnered together with two of our largest seafood producers selling into the Ukrainian market, and The Fisheries Iceland (SFS), and donated money to purchase resources for people in need. The resources we collectively brought in, were managed by our extremely hard-working business contact, who personally took part in handouts on Saturdays in Ternopil.

We can look back on what the tireless volunteers in Ukraine were able to achieve with our contributions and appreciate their efforts. Children were provided with school supplies, bikes were bought that children and teenagers can borrow; and finally, a full industrial kitchen was set up to enable volunteers to prepare warm meals for people in need.

The Ukrainian people and their well-being continue to be on our minds, and we sincerely hope that peace will be brought to this persevering nation as soon as possible.

Governance

This year we took important steps towards increasing the quality of our governance. Both within aspects involving our internal team as well as our upstream value chain. We implemented a Group Code of Conduct creating guidelines for our employees. We also developed and are in the final stages of implementing Supplier Code of Conduct with the aim of setting expectations and giving guidance to our suppliers and service partners.

Group Code of Conduct

Integrating ethics into the business culture and daily work is a key factor in operating a global, sustainable business. Our Group Code of Conduct was implemented in 2022 and sets the standard for how we engage with co-workers, suppliers, customers, and other stakeholders. It applies to all employees, managers and board members and guides us towards conducting our business practices honestly, fairly, and legally.

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.

The Board of Directors review the implementation of the Code on a regular basis and assess any need for updates. The Group Code of Conduct is publicly available on our corporate website, CSR (icelandseafood.com).

Criteria	Target 2026	UN SDGs
Group Code of conduct	100% of employees regularly trained in Group Code of Conduct	

Ethical use of data

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 suppliers, customers, and service partners while easing our employees' working life. We focus on the importance of maintaining 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. The Group 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 the data of customers and other stakeholders carefully and correctly. The data we possess is often confidential and we need to ensure that we have the trust of our customers and stakeholders.

Supplier Code of Conduct

As part of our process towards knowing our impact we are in the final stages of implementing our Supplier code of Conduct for the suppliers of all our subsidiaries. We recognise that a Supplier Code of Conduct is an important way to publicly communicate to our customers, consumers of our products, investors, and other stakeholders of the practices our suppliers must follow.

In our code we set expectations to our suppliers, give guidance, and promote ethical behaviour by addressing human rights, fair labour practices, legal compliance, and environmental responsibility.

Our Supplier Code of Conduct will be implemented in early 2023 ensuring that our emphasis on ESG matters is communicated to our suppliers.

Criteria	Target 2026	UN SDGs
Group Code of conduct	100% of suppliers commited to Supplier Code of Conduct	

Corporate Governance

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 executive leadership they formulate strategy, policies and set goals and risk parameters for the Group

Board of directors

♀ ♀ ♂ ♂ ♂

Chairman of the Board is female.
2 out of 5 members are female.

Board Subcommittees

The Board of Directors has appointed two subcommittees, Audit Committee and Remuneration 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.

Audit Committe

♀ ♂ ♂

Committee chair is female
1 of 3 members are female

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.

Remuneration Committee

♀ ♂ ♂

Committee chair is female
1 of 3 members are female

THE NOMINATION COMMITTEE The Company does not have a 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.

THE EXECUTIVE LEADERSHIP is carried out by the CEO and the CFO. They manage they day-to-day operations of the Group and must, in this respect, follow the policies and instructions laid down by the Board and abide by laws and regulations. The CEO and CFO must conduct their work with integrity and in the best interest of the Group.

Further information on Iceland Seafood's Corporate Governance is available on the Company's website www.icelandseafood.com/investors

Key Targets

Targets that have been presented throughout the ESG report are summarised here. More detailed explanations can be found in their respective chapters and sections.

Scope 1&2 emissions: p35
Renewable energy: p35
Recycled waste: p36
Certified Sustainable Seafood: p37
Reclaimed water: p37
Employee survey engagement: p38
CSR supplier rating: p38
Training in Group Code of Conduct: p40
Suppliers Code of Conduct: p40

Scope 1&2 emissions

Today **3855 t CO_2 eq.**

2026 **3000 t CO_2 eq.**

Recycled Waste

Today **19%/69%**

2026 **60%/90%**

Employees regulary trained in Group Code of Conduct

2026 **100%**

Certified sustainable seafood

Today **39%**

2026 **40%**

Employee satisfaction survey

Today **51%**

2026 **80%**

Supplier committed to Suppliers Code of Conduct

2026 **100%**

Renewable energy

Today **47%**

2026 **80%**

Reclaimed water

Today **29%**

2026 **50%**

CSR rating of suppliers

Today **1%**

2026 **50%**

Data Tables

The key figures for emissions, energy, water consumption and waste are collected from our value-added divisions, other figures are collected from all subsidiaries of Iceland Seafood. The ESG and sustainability information has not been validated by a third party.

Important milestones in our heritage affect the consistency of ESG values through the reported years, 2018-2022. On page 12 in our 2022 Annual Report, there is an overview of purchases and acquisitions that affect those results. In addition, the increase in detail of reporting within each subsidiary over the years and increased numbers of identified metrics affect the consistency of the results in the data tables.

ESG Metrics

	2022	2021	2020	2019	2018
Full Time Equivalents (FTE)	766	771	591	659	492
Annual Revenue (EUR m)	420	449	370	448	403

Environmental Metrics (I)

	2022	2021	2020	2019	2018
E1 GHG Emissions					
E1.1. Scope 1 (tonnes CO2e)	2372	3727	1034	2511	418
E1.2. Scope 2 (tonnes CO2e)	1483	1409	1092	2369	3364
E1.3. Scope 3 (tonnes CO2e)	24598	27193	21517	-	-
E2 Carbon Intensity					
E2.1 a) MTCO2e/FTE	5,0	10,7	3,6	7,2	7,7
E2.1 b) MTCO2e/Revenue EUR m	9,2	19,5	5,7	10,6	9,4
E3 Energy Usage					
E3.1 Total amount of energy directly consumed (MWh)	3351	5769	2451	3186	2075
E3.2 Total amount of energy indirectly consumed (MWh)	8626	11371	5568	7855	7985
Renewable energy consumption (MWh)	4054	5231	3790	4506	4900
Non-Renewable energy consumption (MWh)	7923	11909	4229	6539	5156
E4 Energy Intensity					
Energy consumed/FTE (MWh/FTE)	15,6	13,1	13,6	15,3	15,3
Energy consumed/Revenue (MWh/EUR m)	28,5	22,5	21,7	22,5	22,5

Environmental Metrics (II)

	2022		2021		2020		2019		2018	
E5 Energy mix										
Renewable sources (MWh)	4086	47%	4.689	50%	3.790	47%	4.506	41%	4.900	49%
Natural Gas (MWh)	2377	28%	2.922	31%	3.053	38%	3.667	33%	4.560	45%
Oil (MWh)	616	7%	35	0%	1.014	13%	1.366	12%	-	-
Nuclear (KWh)	968	11%	493	5%	77	1%	-	-	70	1%
Peat	262	3%	13	0%	52	1%	-	-	-	-
Coal (MWh)	316	4%	752	8%	-	-	562	5%	290	3%
Renewable energy intensity										
Renewable energy/Non-renewable energy	0,90		0,99		0,9		0,69		0,95	
E6 Water usage										
E6.1 Total amount of water consumed (m^3)	106200		85.865		67.588		57.114		64.479	
E6.2 Total amount of water reclaimed (m^3)	39279		25.616		0		0		0	
Certified Sustainable Seafood										
Total products sold (MT)	77521		103113		77.765		100.128		84.426	
Certified Sustainable Seafood (MT)	29770	39%	41.535	40%	33.043	42.5%	21.210	21%	22.004	26%
Waste management										
Total waste	5407		5.513		3.502		2.045		1.294	
% Recycled	19%		14%		23%		35%		75%	
Total MT waste generated/FTE	7		7		6		3		3	
Total MT waste generated/ Revenue EUR m	13		12		10		5		3	

Environmental Metrics (III)

	2022	Comments
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	In progress
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.	EUR 1m	Investment in solar panels

Social Metrics

	2022	Comments
S1 CEO Pay Ratio	9,5	
S2 Gender Pay Ratio	3	
Total work force:	1,0:1	Average for all Group subsidiaries
Production staff:	1,42:1	
Staff, other than production staff:	1,30:1	
S3 Employee Turnover Ratio – Year-over-year change		
S3.1) Full-time employees	1%	Decrease
S3.2) Part-time employees	16%	Decrease
S4 Gender Diversity		
S4.1)Total enterprise headcount	Men 53% Wom 47%	
S4.2) Entry- and mid-level	Men 50% Wom 40%	
S4.3) Senior- and executive-level	Men 73% Wom 27%	
S5 Temporary Worker Ratio	16%	
S6 Non-Discrimination Policy	In place	CSR (icelandseafood.com)
S7 Injury rate	0,07	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)

Social Metrics

	2022	Comments
G1 Board Diversity		
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.
G2 Board Independence		
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	-	Our employees have the right to form or join associations of their own choice and be covered by collective bargaining agreements
G5 Supplier Code of Conduct	No	Implementation in Q2 of 2023
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, emplouees have confirmed that they have read and understand our policy
G7 Data Privacy	In place	CSR (icelandseafood.com)
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
G8 ESG Reporting	Yes	
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	
G9.3) Does your company set targets and report progress on the UN SDGs?	Yes	
G10 External Assurance	No	

Financial Statements

ISI ICELAND SEAFOOD

Icelandic and Seastar brand product examples from the Grimsby factory in 1982

Company Information

Name	Iceland Seafood International hf.
TIN	611088-1329
BOD	Liv Bergþórsdóttir, Chairman Bergþór Baldvinsson, Board Member Halldór Leifsson, Board Member Ingunn Agnes Kro, Board Member Jakob Valgeir Flosason, Board Member Gunnlaugur Karl Hreinsson, Alternate Board Member
CEO	Bjarni Ármannsson
Address	Köllunarklettsvegur 2 104 Reykjavík Iceland
Web	www.icelandseafood.com
Lawyers	Lex ehf Borgartúni 26 105 Reykjavík Iceland www.lex.is
Auditors	Deloitte ehf. Smáratorgi 3 201 Kópavogur Iceland www.deloitte.is
Reporting currency	Euro (EUR)

Independent Auditor's Report

of the Consolidated Financial Statements

To the Board of Directors and shareholders of Iceland Seafood International hf.

Opinion

We have audited the Consolidated Financial Statements of Iceland Seafood International hf. for the year ended 31 December 2022 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows for the year then ended and the Notes to the Consolidated Financial Statements, including a summary of significant accounting policies.

In our opinion, the accompanying Consolidated Financial Statements give a true and fair view of the consolidated financial position of Iceland Seafood International hf. as at 31 December 2022 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and additional requirements in the Icelandic Financial Statement Act.

Our opinion in this report on the Consolidated Financial Statements is consistent with the content of the additional report that has been submitted to the parent company´s audit committee in accordance with the EU Audit Regulation 537/2014 Article 11.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of Iceland Seafood International hf. in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Iceland, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the EU Audit Regulation 537/2014 Article 5.1 has been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Consolidated Financial Statements of the current period. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of goodwill

Book value of goodwill at year-end amount to EUR 56.2 million (2021: 57.9 million).

The management consider that each geographical segment constitutes its own cash generating unit ('CGU'). The key assumptions applied by the managements in the impairment reviews are: segment specific discount rates, future revenue growth and expected future margins. Determining whether the carrying value of goodwill is recoverable requires management to make significant estimates regarding the future cash flows, discount rates and long-term growth rates based on management's view of future business prospects.

Due to the relative sensitivity of certain inputs to the impairment testing process, in particular the future cash flows of the CGUs noted above, the valuation of goodwill is considered a key audit matter.

How our audit addressed the key audit matter

In order to address this key audit matter, we audited the assumptions used in the impairment model for goodwill. As part of our work, we engaged our internal specialists to assist with:

- Critically evaluating whether the model used by management to calculate the value in use of the individual Cash Generating Units complies with the requirements of IAS 36 Impairment of Assets.
- Validating the assumptions used to calculate the discount rates and recalculating these rates.
- Considering the projected future cash flows, understanding variances between the forecast and actual results for the year ended 31 December 2022 and comparing the forecast growth trends to historic trends.
- Evaluating the appropriateness of the sensitivity analysis applied by management to the impairment testing model including considering whether the scenarios reasonably represent possible changes in key assumptions.
- Performing further sensitivity analysis based on recent trading activity and our understanding of the future prospects to identify whether these scenarios could give rise to further impairment; and

Analysing the future projected cash flows used in the models to determine whether they are reasonable and supportable given the current macroeconomic climate and expected future performance of the CGU's).

We also reviewed the disclosures presented in note 11 to the Consolidated Financial Statements to confirm compliance with the requirements within IAS 36.

Other information

The Board of Directors and the CEO are responsible for the other information. The other information comprises the Statement and Endorsement by the Board of Directors and the CEO and the unaudited appendices to the Consolidated Financial Statements.

Our opinion on the Consolidated Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon, except the confirmation regarding Statement and Endorsement by the Board of Directors and the CEO as stated below.

In connection with our audit of the Consolidated Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

In accordance with Paragraph 2 article 104 of the Icelandic Financial Statement Act no. 3/2006, we confirm to the best of our knowledge that the accompanying Statement and Endorsement by the Board of Directors and CEO includes all information required by the Icelandic Financial Statement Act that is not disclosed elsewhere in the Consolidated Financial Statements.

Responsibilities of the Board of Directors and the CEO for the Consolidated Financial Statements

The Board of Directors and the CEO are responsible for the preparation and fair presentation of the Consolidated Financial Statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and additional requirements in the Icelandic Financial Statement Act, and for such internal control as the Board of Directors and the CEO determines is necessary to enable the preparation of Consolidated Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated Financial Statements, the Board of Directors and the CEO are responsible for assessing Iceland Seafood International hf.'s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors and the CEO either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Iceland Seafood International hf.'s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors and the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors and the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors and the Audit Committee, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

In addition to our work as the auditors of Iceland Seafood International hf., Deloitte has provided the firm with permitted additional services such as review of interim financial statements, other assurance engagements and consultation on tax matters. Deloitte has in place internal procedures in order to ensure its independence before acceptance of additional services. The audit committee also evaluates the independence of the company's auditors on yearly basis in order to ensure their independence and objectivity.

Report on other legal and regulatory requirements

Report on European single electronic format (ESEF Regulation)

As part of our audit of the consolidated financial statements of Iceland Seafood International hf. we performed procedures to be able to issue an opinion on whether the consolidated financial statements of Iceland Seafood International hf. for the year 2022 with the file name "254900CJS0OI5B8GO668-2022-12-31-en" is prepared, in all material respects, in compliance with laws no. 20/2021 disclosure obligation of issuers of securities and the obligation to flag relating torequirements regarding European single electronic format regulation EU 2019/815 which include requirements related to the preparation of the consolidated financial statements in XHTML format and iXBRL markup.

Management is responsible for preparing the consolidated financial statements in compliance with laws no. 20/2021 disclosure obligation of issuers of securities and the obligation to flag. This responsibility includes preparing the consolidated financial statements in a XHTML format in accordance to EU regulation 2019/815 on the European single electronic format (ESEF regulation).

Our responsibility is to obtain reasonable assurance, based on evidence that we have obtained, on whether the consolidated financial statements is prepared in all material respects, in compliance with the ESEF Regulation, and to issue a report that includes our opinion. The nature, timing and extent of procedures selected depend on the auditor's judgement, including the assessment of the risks of material departures from the requirement set out in the ESEF regulation, whether due to fraud or error.

In our opinion, the consolidated financial statements for the year ended 31.12.2022, with the file name "254900CJS0OI5B8GO668-2022-12-31-en", has been prepared, in all material respects, in compliance with the ESEF Regulation.

Deloitte was appointed auditor of Iceland Seafood International hf. by the Annual General Meeting of shareholders on 17 March 2022. Deloitte have been elected since the Annual General Meeting 1999.

Kópavogur, 22 February 2023

Deloitte ehf.

Ingvi Björn Bergmann
State Authorised Public Accountant

Statement and Endorsement

by the Board of Directors and the CEO

Statement

It is the opinion of the Board of Directors and the CEO of Iceland Seafood International hf. (the Company), that these Consolidated Financial Statements present the necessary information to evaluate the financial position of the Company at year end, the operating results for the year and financial developments during the year 2022.

Furthermore, in our opinion the Consolidated Financial Statements and the Statement and Endorsement of the Board of Directors and the CEO give a fair view of the development and performance of the Group's operations and its position and describe the principal risks and uncertainties faced by the Group.

The Consolidated Financial Statements are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and additional disclosure requirements in the Icelandic Act no. 3/2006 on Financial Statements.

The Company

The Company is a holding company for a Group of subsidiaries that are leading suppliers of North Atlantic seafood and are among the largest exporters of seafood from Iceland. The Group is headquartered in Iceland and has subsidiaries in the United Kingdom, Ireland, Spain, Argentina, Iceland, France and Germany.

The Group operates across three divisions, Value Added Southern Europe, Value Added Northern Europe and Sales & Distribution Division which has offices in Iceland, France and Germany.

The Value Added Divisions have processing factories and coldstores in their respective regions with Southern Europe also having a satellite facility in Argentina.

The Company subsidiary Iceland Seafood UK was classified as held for sale in accordance with IFRS 5 non-current assets and disposal groups held for sale, in these Consolidated Financial Statements. Comparative figures for 2021 have been reclassified accordingly in the Financial Statements.

Operations for the year

Total sales from continuing operation in the year 2022 of EUR 420.8 million were 11% above prior year. The higher sales were driven by price increases in the period, whilst sold volume reduced slightly from last year. Sales of both Value Added Southern Europe and S&D divisions were significantly ahead of last year, whilst sales of Value Added Northern Europe were in line with prior year. Sales were high in the first three quarters of the year. Difficult economic conditions in key markets affected sales negatively in Q4, where high inflation and decreasing consumers purchasing power impacted demand.

Normalised PBT in the year EUR 12.4 million was EUR 7.1 million down on prior year. Severe price increases of various input factors had significant impact on the profitability in the year. The operation in Ireland and Ahumados Dominguez in Spain were especially impacted, where unprecedented price increases of salmon in the first half of the year had significant impact on margins and profitability.

After taking into account loss from discontinued operation (Iceland Seafood UK) of EUR 18.2 million, other significant items of EUR 0.1 million and income tax of EUR 4.1 million the resultant net loss for the period of EUR 9.9 million was EUR 18.7 million below previous year.

On November 17th, ISI announced its intention to exit the UK market from a value-added perspective. During December 2022, two LOI's were signed with prospective buyers to sell the business, but neither negotiation turned out to be successful.

The board of Iceland Seafood remains interested to support further consolidation of the UK business at the right terms. Total loss from the Iceland Seafood UK operation in 2022 was EUR 18.2 million, which included impairment of goodwill, property and deferred tax asset of EUR 3.4 million.

The Consolidated Balance Sheet at year-end 2022 shows total assets of EUR 290.3 million or EUR 9.8 million increase over the prior year.

The increase in total assets were driven by higher inventories as a result of price increases during the year. Net debt at end of December of EUR 93.6 million was EUR 0.6 million lower than at year end 2021, but EUR 28.2m higher on like for like basis, reflecting the higher inventory balance.

Total equity, including Non-controlling interests amounted to EUR 81.4 million compared to EUR 91.7m at end of December 2021.

The Equity ratio was 28.0% at year end compared to 32.8% at end of 2021. Full time employees in continuing operations on average for the year were 702 (2021: 598), with 766 at year end (2021: 765).

Adjustments were made to the accounting of business combination in relation to the acquisition of Ahumados Dominguez. These adjustments are explained in detail in note 13 to the Interim Financial Statements.

Market capitalization

The Company is listed on the Nasdaq main market in Iceland (ticker: ICESEA). The latest transaction in 2022 was at ISK 6.05 per share, giving the Company a market capitalization of EUR 108.8 million (2021: EUR 273.1 million) or 60% decrease YOY.

Shareholders

The total number of shareholders at year end was 840 (2021: 688). The ten largest are (shares are in ISK millions):

	31/12/2022		31/12/2021	
FISK Seafood ehf	306	11%	279	10%
Sjávarsýn ehf	294	11%	294	11%
Jakob Valgeir ehf	284	10%	274	10%
Nesfiskur ehf	277	10%	277	10%
Lífsverk lífeyrissjóður	162	6%	163	6%
Stapi lífeyrissjóður	159	6%	159	6%
Birta lífeyrissjóður	150	6%	103	4%
Frjálsi lífeyrissjóðurinn	131	5%	131	5%
Lífeyrissjóður starfsmanna ríkisins A-deild	122	4%	71	3%
Vátryggingafélag Íslands hf.	94	3%	82	3%
	1.979	**72%**	**1.833**	**68%**
Other shareholders (2022: 830 and 2021: 678)	735	28%	881	32%
	2.714	**100%**	**2.714**	**100%**

Stock options are granted to management, based on stock option plan approved by Annual General Meeting in March 2022. Total granted and unexercised options at year end 2022 were 31.9 million shares (2021: 32.6 million shares). At end of the year 20.2 million shares are exercisable and the remainder will vest in the next 2 years. Further information on stock options is disclosed in note 19.4.

The Board of Directors will propose to the Annual General Meeting that no dividend will be paid to shareholders in 2023. For an overview of changes in equity, see the Consolidated Statement of Changes in Equity.

Corporate Governance

Iceland Seafood International hf. is a limited liability company operating under Act No. 2/1995 respecting Public Limited Companies. The framework for Corporate Governance practices within the Company is defined by the provisions of law, the Nasdaq Iceland Rules, the principles set forth in the Corporate Governance Guidelines issued by the Iceland Chamber of Commence, the Company's Articles of Association and rules of procedures for Board and sub-committees.

The Company is governed by shareholders meetings, the Board of Directors and the Chief Executive Officer. The Board of Directors shall be composed of three to five members and up to two alternate members, elected at the Annual General Meeting for a term of one year. Currently the board consist of five members and one alternate member. Two of five board members are female, the company therefore complies with regulation on gender compositon of the board. Further information is provided in the Corporate Governance Statement which is an appendix to these Financial Statements.

Non-financial information

The Company is defined, under the Icelandic Act no. 3/2006 on Financial Statements, as a parent company of a large consolidation.

According to the Act, such companies are to disclose as an attachment to the Statement and Endorsement by the Board of Directors and the CEO, relevant and useful information on their policies, main risks and outcomes relating to environmental, social and employee matters, their human rights policy and how they counteract corruption and bribery. Also a short description of their business model. This disclosure requirement is derived from a European directive that became effective on 1 January 2017.

The Company has various policies in place regarding these above mentioned matters, rights and actions, which are disclosed in the Non-Financial Information appendices to these Consolidated Financial Statements.

Endorsement

The Board of Directors and the CEO of Iceland Seafood International hf. hereby confirm the Consolidated Financial Statements of the Company for the year 2022 with their signatures.

Reykjavík, 22 February 2023.

Liv Bergþórsdóttir
Chairman of the Board

Bergþór Baldvinsson
Board Member

Halldór Leifsson
Board Member

Ingunn Agnes Kro
Board Member

Jakob Valgeir Flosason
Board Member

Bjarni Ármannsson
Chief Executive Officer

Financial Statements 2022 - Audited   Amounts in EUR thousands

Consolidated Statement Income Statement

for the year ended 31 December 2022

	Note	2022			2021		
		Normalised results	Significant items*	IFRS	Normalised results	Significant items*	IFRS
Gross profit							
Sales of seafood	2	420.757		420.757	378.312		378.312
Cost of sales	14	(349.646)		(349.646)	(311.479)		(311.479)
		71.111		71.111	66.833		66.833
Operating expenses							
Operating expenses	10	(52.637)	(78)	(52.715)	(44.294)	(474)	(44.768)
Depreciation and amortisation		(3.427)		(3.427)	(2.697)		(2.697)
Operating profit		15.047	(78)	14.969	19.842	(474)	19.368
Net finance costs	5	(1.724)		(1.724)	(634)		(634)
Net exchange rate difference		(898)		(898)	308		308
Profit before tax		**12.425**	**(78)**	**12.347**	**19.516**	**(474)**	**19.042**
Income tax expense	6	(4.069)	16	(4.053)	(4.599)	95	(4.504)
Profit from continuing operations		**8.356**	**(62)**	**8.294**	**14.917**	**(379)**	**14.538**
Discontinued operations, net of tax	8		(18.241)	(18.241)		(5.765)	(5.765)
Profit (loss) for the year		**8.356**	**(18.303)**	**(9.947)**	**14.917**	**(6.144)**	**8.773**
Attributable to							
Owners of the Company		8.596	(18.303)	(9.707)	14.927	(6.144)	8.783
Non-controlling interests		(240)		(240)	(10)		(10)
		8.356	(18.303)	(9.947)	14.917	(6.144)	8.773
EBITDA from continuing operations		**18.474**		**18.396**	**22.539**		**22.065**
Earnings per share	9						
From continuing operations							
Basic (cents per thousand shares)		0,3178		0,3155	0,5674		0,5529
Diluted (cents per thousand shares)		0,3154		0,3131	0,5637		0,5494
From continuing and discontinued operations							
Basic (cents per thousand shares)		0,3178		(0,3783)	0,5674		0,3337
Diluted (cents per thousand shares)		0,3154		(0,3754)	0,5637		0,3315

Financial Statements 2022 - Audited Amounts in EUR thousands

Consolidated Statement of Comprehensive Incoment

for the year ended 31 December 2022

	Note	2022			2021		
		Normalised results	Significant items*	IFRS	Normalised results	Significant items*	IFRS
Profit (loss) for the year		**8.356**	**(18.303)**	**(9.947)**	**14.917**	**(6.144)**	**8.773**
Items that may be reclassified subsequently to profit or loss							
Net fair value of cash flow hedges		(289)		(289)	950		950
Translation difference		488		488	245		245
Total comprehensive income (loss) for the year		**8.555**	**(18.303)**	**(9.748)**	**16.112**	**(6.144)**	**9.968**
Attributable to							
Owners of the Company		8.795	(18.303)	(9.508)	16.122	(6.144)	9.978
Non-controlling interests		(240)		(240)	(10)		(10)
		8.555	(18.303)	(9.748)	16.112	(6.144)	9.968

Consolidated Balance Sheet

for the year ended 31 December 2022

	Note	31/12/2022	31/12/2021
Assets			
Non-current assets			
Property, plant and equipment	10	27.645	36.677
Leased assets	22	1.724	1.922
Intangible assets	11	56.665	58.659
Deferred tax assets	6	2.359	4.842
Other long term assets		65	104
Total non-current assets		**88.458**	**102.204**
Current assets			
Inventories	14	86.047	77.311
Trade and other receivables	15	62.535	65.702
Other assets	16	9.747	7.579
Cash and bank balances	17	11.072	27.766
		169.401	178.358
Assets classified as held for sale	8	32.487	
Total current assets		**201.888**	**178.358**
Total assets		**290.346**	**280.562**
Equity and liabilities			
Capital and reserves			
Issued capital and share premium	18	80.291	80.291
Translation reserve	19	(310)	(798)
Other reserves	19	257	521
Retained earnings and unrealised profit from subsidiaries		(837)	9.423
Equity attributable to owners of the Company		79.401	89.437
Non-controlling interests		1.968	2.297
Total equity		**81.369**	**91.734**
Non-current liabilities			
Borrowings	20	32.488	40.303
Lease liabilities	22	1.439	1.477
Retirement benefit and other obligations		1.211	1.470
Deferred tax liabilities	6	2.105	2.071
Total non-current liabilities		37.243	45.321
Current liabilities			
Borrowings	20	72.142	81.635
Lease liabilities	22	456	661
Trade and other payables		52.461	52.239
Other liabilities	21	10.318	8.972
		135.377	143.507
Liabilities associated with assets classified as held for sale	8	36.357	
Total current liabilities		171.734	143.507
Total liabilities		**208.977**	**188.828**
Total equity and liabilities		**290.346**	**280.562**

Financial Statements 2022 - Audited Amounts in EUR thousands

Consolidated Statement of Changes in Equity

for the year ended 31 December 2022

			Restricted equity								
	Share capital	Share premium	Translation reserve	Hedging reserve	Statutory reserve	Equity reserve	Unrealised profit of subsidiaries	Retained earnings	**Attributable to owners of the Company**	Non - controlling interests	**Total equity**
Balances at 1 January 2021	**24.868**	**51.246**	**(1.043)**	**(997)**	**430**	**102**	**9.580**	**(8.973)**	**75.213**	**104**	**75.317**
Profit for the year							14.423	(5.640)	8.783	(10)	8.773
Net fair value gain on cash flow hedges				950					950		950
Translation of shares held in foreign currencies			245						245		245
Total comprehensive income			245	950			14.423	(5.640)	9.978	(10)	9.968
Issue of share capital	266	4.266							4.532		4.532
Dividend declared from subsidiaries to parent							(11.500)	11.500			
Non-controlling interest arising from acquisitions of a subsidiary										2.196	2.196
Other adjustments		(355)				36		33	(286)	7	(279)
Balances at 31 December 2021	**25.134**	**55.157**	**(798)**	**(47)**	**430**	**138**	**12.503**	**(3.080)**	**89.437**	**2.297**	**91.734**
Loss for the year							9.647	(19.354)	(9.707)	(240)	(9.947)
Net fair value loss on cash flow hedges				(289)					(289)		(289)
Translation of shares held in foreign currencies			488						488		488
Total comprehensive income			488	(289)			9.647	(19.354)	(9.508)	(240)	(9.748)
Dividend declared from subsidiaries to parent							(5.000)	5.000			
Other adjustments						25		(553)	(528)	(89)	(617)
Balances at 31 December 2022	**25.134**	**55.157**	**(310)**	**(336)**	**430**	**163**	**17.150**	**(17.987)**	**79.401**	**1.968**	**81.369**

Financial Statements 2022 - Audited Amounts in EUR thousands

Consolidated Statement of Cash Flows

for the year ended 31 December 2022

	Note	2022	2021
Operating activities			
Operating (loss) profit		(1.607)	14.082
Depreciation and amortisation	10	6.869	3.735
Loss on disposal of property, plant and equipment		77	67
Change in obligations and other calculated liabilities		996	1.332
Working capital generated from operations		**6.335**	**19.216**
(Increase) decrease in inventories		(21.969)	5.127
Increase in receivables and other assets		(6.131)	(15.072)
Increase in payables and other liabilities		6.721	6.129
Cash (used in) generated from operations before interests and		**(15.044)**	**15.400**
Interest received		432	273
Interest paid		(3.877)	(2.739)
Income taxes paid		(3.340)	(3.945)
Net cash (used in) generated from operating activities		**(21.829)**	**8.989**
Investing activities			
Payments for property, plant and equipment	10	(7.935)	(5.447)
Proceeds from disposal of property, plant and equipment		352	244
Payments for intangible assets	11	(84)	(26)
Net cash outflow on acquisition of subsidiaries			(11.831)
Net cash used in investing activities		**(7.667)**	**(17.060)**
Net cash before financing activities		**(29.496)**	**(8.071)**

	Note	2022	2021
Financing activities			
Net proceeds (repayment) of revolving credit facility	20	24.338	(6.740)
Net (repayment) proceeds from bills	20	(6.990)	27
Net proceeds from bonds	20		23.098
Net proceeds from borrowings on new term loan		6.656	5.955
Net repayment of other borrowings		(9.674)	(13.221)
Purchase of treasury shares	18		(355)
Proceeds from issue of share capital, net of issue costs	18		4.532
Net cash generated by financing activities		**14.330**	**13.296**
Net (decrease) increase in cash and bank balances		(15.166)	5.225
Cash and bank balances at the beginning of the year		27.766	23.269
Effect of exchange rate changes on cash held in foreign currencies		(609)	(728)
Cash and bank balances at the end of the year	17	**11.991**	**27.766**
Cash and bank balances at year end are as follows:			
Cash and bank balances from continuing operation		11.072	23.111
Cash and bank balances from discontinued operation	8	919	4.655
Cash and bank balances at the end of the year	**17**	**11.991**	**27.766**

Financial Statements 2022 - Audited   Amounts in EUR thousands

Notes to the Consolidated Financial Statements
for the year ended 31 December 2022

1. General information

Iceland Seafood International hf. (the Company) is a public limited company incorporated in Iceland. It is listed on the Nasdaq main market in Iceland (ticker: ICESEA).The address of its registered office and principal place of business are disclosed in the Contents to the Consolidated Financial Statements. The principal activities of the Company and its subsidiaries (the Group) are described in the Statement and Endorsement by the Board of Directors and the CEO.

2. Segment information

2.1 Products and services from which reportable segments derive their revenues

Information is reported to the Board of Directors and key management on the operating segment level. The reportable segments in 2022 were:

Value added Southern Europe: Processing and sale of seafood in Southern Europe.
Value added Northern Europe: Processing and sale of seafood in Ireland. Also includes UK as discont. operations.
Sales & Distribution: Distribution of seafood to a global network of customers.
Other: Head office and discontinued operations.

	Value added S-Europe	Value added N-Europe	Sales and distribution	Other and Eliminations	Conso-lidated
For the year 2022					
Revenue:					
Sales of seafood	244.138	57.247	183.054		484.439
Eliminations	(27.614)	(4.716)	(8.063)	(23.289)	(63.682)
	216.524	52.531	174.991	(23.289)	420.757
Operating results:					
Operating profit (loss)	12.412	117	3.313	(795)	15.047
Net finance costs	(1.301)	(168)	5	(1.158)	(2.622)
Normalised PBT	**11.111**	**(51)**	**3.318**	**(1.953)**	**12.425**
Income tax	(3.376)	(10)	(649)	(34)	(4.069)
Normalised profit (loss)	**7.735**	**(61)**	**2.669**	**(1.987)**	**8.356**
Significant items and discontinued	(18)	(18.241)	(41)	(3)	(18.303)
Profit (loss)	**7.717**	**(18.302)**	**2.628**	**(1.990)**	**(9.947)**
Assets	151.395	60.148	29.981	48.822	290.346
Liabilities	103.297	50.007	22.632	33.041	208.977
For the year 2021					
Revenue:					
Sales of seafood	213.755	54.480	172.699		440.934
Eliminations	(32.299)	(433)	(10.392)	(19.498)	(62.622)
	181.456	54.047	162.307	(19.498)	378.312
Operating results:					
Operating profit (loss)	13.586	3.950	2.918	(612)	19.842
Net finance costs	332	(106)	(47)	(505)	(326)
Normalised PBT	**13.918**	**3.844**	**2.871**	**(1.117)**	**19.516**
Income tax	(3.858)	(537)	(594)	390	(4.599)
Normalised profit (loss)	**10.060**	**3.307**	**2.277**	**(727)**	**14.917**
Significant items and discontinued operations	(180)	(5.677)	(36)	(251)	(6.144)
Profit (loss)	**9.880**	**(2.370)**	**2.241**	**(978)**	**8.773**
Assets	124.357	72.657	24.998	58.550	280.562
Liabilities	83.042	51.978	18.110	35.698	188.828

3. Salaries

	2022	2021
Salaries and related expenses:		
Salaries	25.252	27.332
Pension related expenses	772	1.201
Other salary related expenses	2.177	1.352
	28.201	29.885
Classified by operational category:		
Cost of sales	16.240	17.632
Operating expenses	11.961	12.253
	28.201	29.885
Full time employees on average for the year from continuing operations	702	598
Full time employees at end of the year from continuing operations	766	765

4. Fee to auditors

	2022	2021
Audit of the Consolidated Financial Statements	356	334
Other services	11	72
	367	406

5. Net finance costs

	2022	2021
Investment income:		
Interest income on bank accounts	90	194
Interest income on trade receivables	965	1.860
Total investment income	1.055	2.054
Finance costs:		
Interest expenses on borrowings	(2.568)	(2.569)
Interest expenses on obligations under leases	(89)	(63)
Other interest expenses	(122)	(56)
Total finance costs	(2.779)	(2.688)
Net finance costs	(1.724)	(634)

Financial Statements 2022 - Audited Amounts in EUR thousands

Notes to the Consolidated Financial Statements

for the year ended 31 December 2022

6. Income tax

	2022	2021
6.1 Income tax recog-nised in profit or loss		
Current tax expense	(3.189)	(4.660)
Deferred tax expense	(864)	156
	(4.053)	(4.504)
The income tax expense for the year can be reconciled to the accounting profit as follows:		
Profit before tax after significant items	12.347	19.042
Income tax expense calculated at 20% (the Company's rate in Iceland)	(2.469)	(3.809)
Effect of different tax rates of subsidiaries operating in other jurisdictions	(947)	(688)
Effect of items that are not deductible/taxable in determining taxable profit	(71)	(138)
Effect of unused tax losses and tax offsets not recognised as def. tax assets	(280)	71
Effect of exchange rate difference on deferred tax	(89)	164
Change in tax rate	(1)	(15)
Others	(196)	(89)
Income tax expense recognised in profit or loss	(4.053)	(4.504)
Effective tax rate	33%	24%

	31.12.2022	31.12.2021
6.2 Current tax balances		
Income tax payable	2.626	2.994

	31.12.2022	31.12.2021
6.3 Deferred tax balances		
Deferred tax assets	2.359	4.842
Deferred tax liabilities	(2.105)	(2.071)
	254	2.771

Deferred tax assets / (liabilities) have changed as follows:

	Deferred tax assets	Deferred tax liabilities	Total
At 1 January 2021	2.835	(795)	2.040
Calculated tax for the year	1.862	(4.962)	(3.100)
Acquired on acquisition of subsidiary	250		250
Retrospective adjustment, see note 13		(1.209)	(1.209)
Income tax payable for the period	(105)	4.895	4.790
At 31 December 2021	4.842	(2.071)	2.771
Calculated tax for the year	319	(4.372)	(4.053)
Discontinued operations, see note 8	(1.653)		(1.653)
Income tax payable for the period	(1.149)	4.338	3.189
At 31 December 2022	2.359	(2.105)	254

Deferred tax assets / (liabilities) are in relation to:

	31.12.2022	31.12.2021
Property, plant and equipment	(272)	(574)
Intangible assets	(1.170)	(1.121)
Inventories	(23)	(6)
Trade and other receivables	(110)	283
Deferred revenue	(225)	(201)
Deferred exchange rate difference	30	42
Deferred tax loss	1.513	4.082
Other items	511	266
	254	2.771

6.4 Unused tax losses

Most of the unused tax losses will expire in the years 2026-2030, although some subsidiaries have unused tax losses that do not expire.

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Notes to the Consolidated Financial Statements

for the year ended 31 December 2022

7. Significant items

In 2022 the Group incurred costs associated with the following:

- Elba sold its facitilies for EUR 0.5 million. The company book value was EUR 0.4 million and the sales gain EUR 0.1 million.
- Costs related to restructuring costs in the period EUR 0.2 million.

In 2021 the Group incurred costs associated with the following:

- Oceanpath Ltd. sold its 50% share in joint venture Credible Properties Ltd. The company book value was zero and the sales gain in EUR 0.1 million.
- Costs related to acquisitions and restructuring costs in the period EUR 0.6 million

	2022	2021
Exceptional costs, net of income tax:		
Exceptional income	134	110
Exceptional costs	(212)	(584)
Income tax	16	95
Exceptional costs, net of income tax	(62)	(379)

8. Discontinued operations

On November 17th, ISI announced its intention to exit the UK market from a value-added perspective. During December 2022, two LOI's were signed with prospective buyers to sell the business, but neither negotiation turned out to be successful. The board of Iceland Seafood remains interested to support further consolidation of the UK business at the right terms. The Company subsidiary Iceland Seafood UK was classified as held for sale in accordance with IFRS 5 non-current assets and disposal groups held for sale, in these Consolidated Financial Statements. Total loss from the Iceland Seafood UK operation in 2022 was EUR 18.2 million, which included impairment of goodwill, fixed assets and deferred tax asset of EUR 3.4 million.

Analysis for the year from discontinued operations:

	31.12.2022
Non-current assets:	
Intangible assets	23
Property, plant and equipment	11.734
Leased assets	219
	11.976
Current assets:	
Inventories	13.233
Trade and other receivables	6.359
Cash	919
	20.511
Total assets	32.487
Equity	
Total equity	(3.870)
Non-current liabilities:	
Lease liabilities	119
	119
Current liabilities:	
Borrowings	30.441
Lease liabilities	119
Trade and other payables	5.678
	36.238
Total liabilities	36.357
Total equity and liabilities	32.487

9. Earnings per share

	2022	2021
(Loss) profit for the year	(9.947)	8.773
Weighted average number of ordinary shares (in ISK thous.) for basic EPS	2.629.172	2.629.172
Shares to be issued in respect of employee options	20.184	17.174
Weighted average number of ordinary shares (in ISK thous.) for diluted EPS	2.649.356	2.646.346
From continued operations (EUR cents per thousand shares)		
Basic earnings per share	0,3155	0,5529
Diluted earnings per share	0,3131	0,5494
From continued and discontinued operations (EUR cents per thousand shares)		
Basic (loss) earnings per share	(0,3783)	0,3337
Diluted (loss) earnings per share	(0,3754)	0,3315

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Notes to the Consolidated Financial Statements

for the year ended 31 December 2022

10. Property, plant and equipment

	Property and land	Machinery and equipment	Total
For the year 2022			
Cost			
At 1 January	25.644	16.335	41.979
Discontinued operations, see note 8	(5.929)	(6.747)	(12.676)
Additions	634	3.737	4.371
Eliminated on disposal		(747)	(747)
Fully depreciated assets		(264)	(264)
Exchange rate differences	111	179	290
At 31 December	20.460	12.493	32.953
Depreciation			
At 1 January	2.399	2.903	5.302
Discontinued operations, see note 8	(228)	(1.678)	(1.906)
Charge for the period	545	2.008	2.553
Eliminated on disposal		(448)	(448)
Fully depreciated		(264)	(264)
Exchange rate differences	3	68	71
At 31 December	2.719	2.589	5.308
At 31 December 2022	17.741	9.904	27.645

	Property and land	Machinery and equipment	Total
For the year 2021			
Cost			
At 1 January	16.235	13.786	30.021
Acquired on acquisition of subsidiary	2.088	1.652	3.740
Retrospective adjustment, see note 13	5.119		5.119
Additions	1.794	3.653	5.447
Eliminated on disposal	(190)	(1.473)	(1.663)
Fully depreciated assets		(1.701)	(1.701)
Exchange rate differences	598	418	1.016
At 31 December	25.644	16.335	41.979
Depreciation			
At 1 January	1.751	3.646	5.397
Acquired on acquisition of subsidiary		37	37
Charge for the period	674	2.175	2.849
Eliminated on disposal	(103)	(1.359)	(1.462)
Fully depreciated assets		(1.701)	(1.701)
Exchange rate differences	77	105	182
At 31 December	2.399	2.903	5.302
At 31 December 2021	23.245	13.432	36.6777

10.1 Useful lives

The following useful lives of property, plant and equipment are used in the calculation of amortisation.

Property and land . . . . .25-50 years

Machinery and equipment . . . . .3-20 years

10.2 Property, plant and equipment pledged as security

The Group has provided a pledge on its property in UK to secure banking facility granted to the UK operation of the Group. This asset has a carrying amount at year end of EUR 5.9 million and is classified as held for sale in balance sheet (see note 8).

10.3 Depreciation and amortisation expense

	2022	2021
Depreciation of property, plant and equipment	2.553	1.982
Amortisation of intangible assets, note 11	325	325
Depreciation of leased assets, note 22	549	390
	3.427	2.697

10.4 Property, plant and equipment insurance value

	31.12.22	31.12.21
Insurance value	42.016	49.623

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for the year ended 31 December 2022

11. Intangible assets

	Goodwill	Other intangible assets	Total
For the year 2022			
At 1 January	57.910	749	58.659
Discontinued operations, see note 8	(1.694)		(1.694)
Additions		59	59
Charge for the period		(325)	(325)
Eliminated on disposal		(34)	(34)
At 31 December	56.216	449	56.665
For the year 2021			
At 1 January	51.690	964	52.654
Acquired on acquisition of subsidiary	10.044	83	10.127
Retrospective adjustment, see note 13	(3.910)		(3.910)
Additions		26	26
Charge for the period		(325)	(325)
Exchange rate differences	86	1	87
At 31 December	57.910	749	58.659

During the year, the Company assessed the recoverable amount of goodwill and determined that none of the Company's cash-generating units have suffered an impairment loss.

11.1 Allocation of goodwill to cash-generating units

Goodwill has been allocated for impairment testing purposes to the following cash-generating units.

	31/12/22		31/12/21	
	WACC %	Book value	WACC %	Book value
Iceland	8,4%	4.072	6,3%	4.072
Spain	8,8%	36.005	5,4%	36.005
France	8,4%	1.127	5,8%	1.127
Ireland	10,1%	15.012	6,7%	15.012
UK			7,6%	1.694
		56.216		57.910

In Q3 2022, there were in the opinion of management indicators of impairment at Iceland Seafood UK. The business of Iceland Seafood UK had been loss making for a period of time and the board decided to exit the value added operation in UK. Therefore it was decided to impair its goodwill in full or EUR 1.6 million.

The recoverable amount of these cash-generating units is determined based on a value in use calculation, which uses cash flow projections based on financial forecasts prepared by management covering a five-year period and a discount rate of 8.4-10.1% p.a. (2021: 5.4-7.6% p.a.).

Cash flow projections during the forecast period are based on the same expected gross margins and raw materials price inflation throughout the forecast period. The cash flows beyond that five-year period have been extrapolated using a steady 1.5% p.a. (2021: 1.5%) growth rate which is the projected long-term average growth rate for the international seafood market. Management believes that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause carrying amounts of any of the cash generating units to exceed their recoverable amounts. An increase in weighted average cost of capital of more than 200 bps would cause impairment of goodwill.

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12. Subsidiaries and other investments

The Group's subsidiaries and other investments are as follows.

Name of company	Place of incorporation	Ownership 31/12/22	Ownership 31/12/21	Principal activity
Subsidiaries:				
Iceland Seafood ehf.	Iceland	100%	100%	Sale of seafood
Solo Export ehf.	Iceland	100%	100%	Not active
Iceland Seafood Ibérica S.A.U.	Spain	100%	100%	Sale of seafood
- Achernar S.A.	Argentina	100%	100%	Sale of seafood
Elba S.L.	Spain	100%	100%	Sale of seafood
Ahumados Dominguez	Spain	85%	85%	Sale of seafood
Iceland Seafood Barraclough Ltd.	UK	100%	100%	Holding
- F. Barraclough Ltd.	UK	100%	100%	Not active
- Iceland Seafood UK Ltd.	UK	100%	100%	Sale of seafood
Oceanpath Ltd.	Ireland	100%	100%	Sale of seafood
- Dunns Seafare Ltd.	Ireland	100%	100%	Sale of seafood
- Mondi Properties Ireland Ltd.	Ireland	100%	100%	Real estate
- Carr & Sons Seafood Ltd.	Ireland	100%	100%	Sale of seafood
- H J Nolan Ltd.	Ireland	100%	100%	Sale of seafood
Iceland Seafood France S.A.S.	France	100%	100%	Sale of seafood
ISG Iceland Seafood GmbH	Germany	100%	100%	Sale of seafood
ISI Seafood Inc.	USA	100%	100%	Not active
Iceland Seafood Hellas A.E.E. [A)]	Greece		66%	Liquidation
Investments in other companies:				
Febin Marine Foods Private Ltd	India	5%	5%	Seafood supply

[A)] Iceland Seafood Hellas A.E.E. was liquidated in 2022.

12.1 Subsidiaries pledged as security

Equity of subsidiaries, except from subsidiaries in Spain, have been pledged for the Group's borrowings.

13. Ahumados Domínguez

On the 27 September 2021, the Company acquired 85% of the share capital of Ahumados Domínguez. Under IFRS 3, up to one year from the acquisition date, the initial accounting for business combinations needs to be adjusted to reflect new information that is obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognized as of that date. A retrospective adjustment has been made to the book value of Ahumados Domínguez building and land. Comparative amounts in 2021 have been revised. Book value of building has been increased by EUR 2.8 million and the book value of land increased by EUR 2.3 million. Further more deferred income tax liability has been increased by EUR 1.2 million. On the contrary the provisional goodwill of Ahumados Domínguez has been decreased by EUR 3.9 million.

14. Inventories

	31.12.22	31.12.21
Raw materials	4.978	13.936
Finished goods	77.593	59.859
Other inventories	3.476	3.516
	86.047	77.311

14.1 Recognised as an expenses

The cost of inventories recognised as an expense is:

	2022	2021
Cost of sales	349.646	311.479

14.2 Movement in write-downs to net realisable value

	31.12.22	31.12.21
At 1 January	(931)	(720)
Write-downs of inventory to a net realisable value	(195)	(249)
Reversal of such write-downs	183	42
Exchange rate differences	(6)	(4)
At 31 December	(949)	(931)

14.3 Inventories pledged as security

Inventories, except from Inventories in Spain EUR 75.5 million, have been pledged for the Group's borrowings

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15. Trade and other receivables

	31.12.22	31.12.21
Trade and other receivables	63.599	66.949
Allowance for doubtful accounts	(1.064)	(1.247)
	62.535	65.702

Allowance has been made for doubtful accounts and sales returns. This allowance has been determined by management in reference to past default experience. Management considers that the carrying amount of receivables approximates their fair value.

15.1 Trade receivables

The expected credit losses (ECL) on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor´s current financial position, adjusted for factors that are specific to the debtors such as general economic conditions in the markets the Group operates. This analysis also takes into account if receivables are credit insured or not at end of the year, recoverability of credit insured receivables is in the range from 90-95%. Around 74% of Group's receivables were credit insured.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier.

15.2 Trade receivables expected credit loss

The following table details the risk profile of trade receivables based on the Group´s provision matrix.

	Trade receivables - days past due				
	Not past due	<30	31 - 60	61 - 90	>90
31.12.2022					
Uninsured receivables					
Expected credit loss rate	1,5%	2,5%	7,5%	21,3%	100,0%
Estimated total gross carrying amount at default	8.829	1.308	183	626	654
Expected credit loss (ECL)	132	38	14	135	654
Insured receivables					
Expected credit loss rate	0,9%	2,0%	5,0%	13,5%	100,0%
Estimated total gross carrying amount at default	39.330	10.854	1.255	312	249
Expected credit loss (ECL)	35	22	6	4	25
Total expected credit loss					1.064
31.12.2021					
Uninsured receivables					
Expected credit loss rate	1,2%	2,4%	6,1%	12,0%	100,0%
Estimated total gross carrying amount at default	8.913	1.363	320	206	1.001
Expected credit loss (ECL)	107	33	20	25	1.001
Insured receivables					
Expected credit loss rate	0,9%	2,0%	5,0%	13,5%	100,0%
Estimated total gross carrying amount at default	42.164	11.465	727	381	271
Expected credit loss (ECL)	28	15	2	3	14
Total expected credit loss					1.247

15.3 Movement in the allowance for doubtful debts

	2022	2021
At 1 January	(1.247)	(961)
Discontinued operations, see note 8	96	
Change in impairment estimate	(172)	(211)
Amounts recovered	259	160
Exchange rate difference		(5)
At 31 December	(1.064)	(1.247)

15.4 Receivables pledged as security

Trade receivables, except from receivables in Spain, have been pledged for the Group's borrowings.

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16. Other assets

	31.12.22	31.12.21
Prepaid expenses	6.709	3.947
Value added and capital gain taxes	3.038	2.864
Fair value of cash flow hedges		768
	9.747	7.579

17. Cash and bank balances

Cash and bank balances consist of cash and bank accounts.

18. Issued capital and share premium

18.1 Shares

	Authorized shares	Issued shares	Outstanding shares	Book value
At 1 January 2021	2.674.479	2.674.479	2.674.479	24.868
New shares issued	40.000	40.000	40.000	266
At 31 December 2021	2.714.479	2.714.479	2.714.479	25.134
At 31 December 2022	2.714.479	2.714.479	2.714.479	25.134

Fully paid shares, which have a par value of ISK 1, carry one vote per share and carry right to dividends.

18.2 Issued capital and share premium

	Share capital	Share premium	Total
At 1 January 2021	24.868	51.246	76.114
Treasury shares purchased		(355)	(355)
New shares issued	266	4.266	4.532
At 31 December 2021	25.134	55.157	80.291
At 31 December 2022	25.134	55.157	80.291

19. Reserves

	31.12.22	31.12.21
Translation reserve	(310)	(798)
Hedging reserve	(336)	(47)
Statutory reserve	430	430
Equity reserve	163	138
Unrealised profit of subsidiaries	17.150	12.503
	17.097	12.226

19.1 Translation reserve

Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. Euro) are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve. Exchange differences previously accumulated in the foreign currency translation reserve (in respect of translating both the net assets of foreign operations and hedges of foreign operations) are reclassified to profit or loss on the disposal of the foreign operation.

19.2 Hedging reserve

The cash flow hedging reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of hedging instruments entered into for cash flow hedges. The cumulative gain or loss arising on changes in fair value of the hedging instruments that are recognised and accumulated under the heading of cash flow hedging reserve will be reclassified to profit or loss only when the hedged transaction affects the profit or loss, or included as a basis adjustment to the non-financial hedged item, consistent with the Group's accounting policy.

19.3 Statutory reserve

In accordance with the Icelandic Act no 2/1995 on Public Limited Companies, the Company is to retain 10% of its annual profit in a statutory reserve until it equals 10% of the outstanding shares. After that, the Company is to retain 5% until the reserve equals 25% of the outstanding shares.

19.4 Equity reserve

The equity-settled employee benefits reserve relates to share options granted by the Company to its employees under its employee share option plan.

At 31 December 2022, executives and senior employees held options to buy 31.875.000 shares in the Company, no new share options were granted during the year. Weighted average lifetime of outstanding options at year end was 6 years (2021: 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. Options granted during 2020, will vest over four years from issuance, with the first 36/48 vesting at the third anniversary of grant date and being exercisable at that day. The remaining 12/48 will vest monthly after that but are first exercisable

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at the time the Optionee ceases to be employed by the Company. The exercise price of options granted is the same as market price at Nasdaq stock exchange at the time options are granted. All options are subject to the condition that the Optionee remains an employee of the Company. The options carry neither rights to dividends nor voting rights and are valued using the Black Scholes option pricing model. During 2022 no shares options were exercised. During the year 25 thousands was expensed in the income statement due to stock option agreements (2021: 35 thousands).

	Average exercise price per share	Stock options (thou-sands)
At 1 January 2022	8,44	32.560
Granted	-	
Exercised	-	
Cancelled	5,40	(685)
At 31.12.2022	8,51	31.875
Exercisable stock options at 31.12.2022		20.184
At 1 January 2021	8,27	37.375
Granted	-	0
Exercised	7,09	(4.815)
Cancelled	-	0
At 31.12.2021	8,44	32.560
Exercisable stock options at 31.12.2021		17.174

Assumptions used in the Black-Scholes calculation:

	Exercise price	Expected term (years)	Expected risk free interest rate	Estimated volatility	Remaining lifetime in years
2015	5,40	4	0,31%	3,70%	3,4
2017	6,85	4	0,43%	11,00%	4,5
2019	9,55	4	0,00%	14,10%	6,7
2020	10,23	4	0,00%	19,29%	8,0

19.5 Unrealised profit of subsidiaries

If a share of profit of subsidiaries is in excess of dividends received from those companies or dividend that has been decided to distribute, the difference is to be transferred from retained earnings to a restricted reserve among equity. If a company's shareholding in its subsidiary is sold or written off, the aforementioned reserve is to be dissolved via transfer to retained earnings or accumulated deficit, as applicable.

20. Borrowings

	31/12/22		31/12/21	
	Current	Non-current	Current	Non-current
Revolving credit facilities	64.219		73.669	
Other bank loans	7.923	32.488	7.966	40.303
	72.142	32.488	81.635	40.303

20.1 Revolving credit facilities

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.

The facility with the institution in Iceland has a cap of EUR 20 million with EUR 9.9 million draw down at year end (2021: EUR zero). The facility was extended in April 2022 and will expire in April 2025.

The Group has credit facilities in place with number of banks in Spain. Total amount of these loans was EUR 58.2 million at year end (2021: EUR 45.6 million).

The Group's subsidiaries in UK and Ireland (Northern Europe division) entered into a loan agreement with a foreign bank which was finalised in December 2021. At year end 2022 the total loan amount was GBP 27.0 million with GBP 22.5 million of that being a revolving borrowing base facility against inventories and receivables in UK and Ireland and GBP 4.5 million three year term loan against pledge in the Group's production facility in UK. Borrowing in UK are classified as held for sale in the Balance Sheet (see note 8).

The parent company concluded a private placement of 4 years unsecured bond, in June 2021. The amount of the placement was ISK 3.400 million and was fixed at EUR 23.1 million. The bond has semiannually interest payments, balance will be paid with one installment in June 2025.

The bond is listed on Nasdaq Iceland.The parent company concluded two offerings of 6 months bills for total ISK 2.120 million, in the second half of the year. In both cases hedging was put in place to fix the liability in EUR. The total fixed amount at year end 2022 amounts to EUR 14.0 million. The bills are listed on Nasdaq Iceland.

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Borrowings are secured with most of the Group's assets, except from assets and equity of the Spanish subsidiaries. The revolving credits are secured with inventories, receivables, intellectual property rights and shares in subsidiaries. The other bank loans are secured with inventories, receivables and PP&E. The finance leases are secured with the assets leased.

20.2 Aggregated maturities
The contractual repayments of non-current borrowings are as follows:

	31/12/22	31/12/21
In 2023 / 2022	7.923	7.966
In 2024 / 2023	4.098	6.285
In 2025 / 2024	26.077	8.029
In 2026 / 2025	1.805	25.318
Later	508	671
	40.411	48.269

20.3 Reconciliation of liabilities arising from financing activities
The table below details changes in the Group's liabilities arising from financing activities, including both cash and non–cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's Consolidated Statement of Cash Flows as cash flows from financing activities.

Borrowings

	2022	2021
At 1 January	124.076	113.734
Discontinued operations, see note 8	(33.142)	
Acquired on acquisition of a subsidiary		737
Net increase (decrease) in revolving credit facility	24.338	(6.740)
Increase in unsecured bond		23.098
(Decrease) increase in bills	(6.990)	27
New borrowings	7.355	6.883
Repayments	(9.089)	(13.431)
FX impact long term loans	(23)	(232)
At 31 December	106.525	124.076

20.4 Weighted average interests
Weighted average interests rate on longterm loans in 2022 are 2.2% (2021: 2.3%).

20.5 Assets pledged as security
Borrowings are secured with most of the Group's assets, except from assets and equity of the Spanish subsidiaries. The revolving credits are secured with inventories, receivables, intellectual property rights and shares in subsidiaries. The other bank loans are secured with inventories, receivables and PP&E. The finance leases are secured with the assets leased.

21. Other liabilities

	2022	2021
Accrued payroll related expenses	2.002	2.374
Accrued other expenses	3.593	3.126
Deferred payments	569	
Income tax	2.626	2.994
Value added tax	590	478
Fair value of cash flow hedges	938	
	10.318	8.972

22 . Leases

22.1 Leased assets

	Property and land	Machinery and equipment	Total
Balance at 1 January 2022	786	1.136	1.922
Discontinued operations, see note 8		(402)	(402)
New or renewed leases	339	426	765
Expired leases or divestments		(12)	(12)
Depreciation	(190)	(359)	(549)
Balance at 31 December 2022	935	789	1.724

22.2 Recognised in profit and loss

	2022	2021
Depreciation expense from leased assets	549	390
Interest expense on lease liabilities	89	63
Total amount recognised in profit and loss	638	453

22.3 Lease liabilities
Maturity analysis (not discounted)

	31/12/22	31/12/21
Not later than 1 year	527	759
Later than 1 year and not later than 5 years	1.054	1.074
Later than 5 year	791	859
	2.372	2.692

The total cash outflow for leases amount to EUR 0.6 million (2021: 0.6 million).

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23. Financial instruments

23.1 Categories of financial instruments

	31/12/22	31/12/21
Financial assets		
Amortised cost (trade and other receivables)	62.535	65.702
Amortised cost (other assets)	902	334
Derivative instruments in designated hedge accounting relationships	37.653	67.866
Cash and bank balances	11.072	27.766
Financial liabilities		
Amortised cost (borrowings)	104.630	121.938
Amortised cost (trade and other payables)	52.461	52.239
Amortised cost (other liabilities)	6.146	4.591

23.2 Financial risk management objectives

The Company's Board of Directors and senior executive team has the overall responsibility for the establishment and oversight of the Group's risk management framework, with regards to market risk, credit risk, liquidity risk and operational risk. The objective of the Group's risk policies is to manage and control risk exposures within acceptable levels, while optimizing the return.

23.3 Foreign currency risk management

The Group's foreign currency forward contracts are measured at fair value with discounted cash flow valuation techniques. Future cash flow (which is all anticipated within the next 12 months) is estimated based on forward exchange rates (from observable forwar exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties. The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

	Assets		Liabilities	
	31/12 2022	31/12 2021	31/12 2022	31/12 2021
GBP	5.213	696	6.124	2.022
USD	10.687	29.552	5.418	8.096
ISK	949	633	38.425	44.294
ARS	4.300	1.227	6.329	3.179
Other	228	4.197	11	15
	21.377	36.305	56.307	57.606

Sensitivity analysist

A 10% strengthening of the EUR against the following currencies at 31 December would have changed result after income tax by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	2022	2021
GBP	73	106
USD	(399)	(1.718)
ISK	2.998	3.493
ARS	152	146
EUR		(303)
CAD	(11)	(28)
JPY	(6)	(8)

A 10% weakening of the EUR against the above currencies would have had the equal but opposite effect on the above currencies to the amounts shown above on the basis that all other variables remain constant. The following significant exchange rates were applied during the year:

	Average rate		Closing rate	
Eur	2022	2021	2022	2021
GBP	0,8528	0,8597	0,8870	0,8396
USD	1,0507	1,1821	1,0669	1,1372
ISK	142,3300	150,1900	150,9700	147,0800
JPY	137,8098	129,7881	141,0935	131,3214
CAD	1,3692	1,4826	1,4486	1,4366
NOK	10,1008	10,1607	10,5352	10,0327

23.4 Interest rate risk management

At the reporting date the interest rate profile of the Group's interest bearing financial instruments was:

	31/12/22	31/12/21
Variable rate instruments		
Financial assets	11.072	27.766
Financial liabilities	(104.630)	(121.938)
	(93.558)	(94.172)

A change of 50 basis points in interest rates during the year would have impacted pre-tax profits by EUR 549 thousands (2021: 520 thousands).

23.5 Credit risk management

Trade receivables consist of a large number of customers spread across geographic areas. The maximum credit risk of financial assets is their book value. The Group manages its credit risk by using credit insurances alongside ongoing credit evaluation on the financial conditions of relevant customers. At year end 74% of receivables are credit insured. Further information about credit risk is shown in notes 15 and 26.15.

23.6 Liquidity risk management

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. This policy has remained unchanged from previous periods. At end of 2022 the total funding headroom of the Group was 31.7 million including cash.

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The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities, including estimated interest payments.

	Carrying amount	Contractual cash flow	Less than 1 year	1-3 years	More than 3 years
31 December 2022					
Non-current borrowings*	42.306	43.485	9.013	31.369	3.103
Current borrowings	64.219	64.219	64.219		
Other liabilities	58.607	58.607	58.607		
	165.132	166.311	131.839	31.369	3.103
31 December 2022					
Non-current borrowings*	50.407	53.233	10.186	15.862	27.185
Current borrowings	73.669	73.669	73.669		
Other liabilities	56.830	56.830	56.830		
	180.906	183.732	140.685	15.862	27.185

*Non- current borrowings includes Long term loans and leases

23.7 Fair value measurements

The directors consider that the carrying amounts of financial assets and financial liabilities recognised in the Consolidated Financial Statements approximate their fair values.

24. Related party transactions

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

24.1 Trading transactions

During the year, Group entities entered into the following trading transactions with related parties that are not members of the Group:

	2022	2021
Purchases of goods and services, from companies related to Board Members	140.652	90.863

The following balances were outstanding at the end of the reporting period:

	31.12.2022	31.12.2021
Amounts owed to companies related to Board Members	22.683	15.138
Amounts owed by companies related to Board Members	101	63

Purchases of goods and services from and sales to related parties were made at the same prices and terms to non related parties.

24.2 Compensation to key management personnel

The remuneration of directors and other members of key management personnel was as follows:

	2022	2021	Shares at 2022 year end*
Liv Bergþórsdóttir, Chairman	65	55	1.200
Bergþór Baldvinsson, Board Member	33	28	276.998
Halldór Leifsson, Board Member	32	27	305.998
Ingunn Agnes Kro, Board Member	33	29	
Jakob Valgeir Flosason, Board Member	32	27	283.998
Gunnlaugur K Hreinsson, Alternate Board Member	2	3	14.997
Bjarni Ármannsson, CEO	383	327	294.000
Reynir Jónsson, CFO	276	211	550
Total salaries and benefits for the BOD and executive management	856	707	1.177.741

* Number of shares (in thousands) held directly by Directors and Executive Management or parties related to them.

The remuneration of directors and other members of key management is determined by a Remuneration Committee, having regarded to their performance, general market trends and other factors.

25. Approval of financial statements

The Consolidated Financial Statements were approved by the Board of Directors and the CEO and authorised for issue on 22 February 2023.

Notes to the Consolidated Financial Statements

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26. Significant accounting policies

26.1 Statement of compliance

The Consolidated Financial Statements are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and additional disclosure requirements in the Icelandic Act no. 3/2006 on Financial Statements.

‘The same accounting policies (except mentioned here above), presentation and methods of computation are followed in these Consolidated Financial Statements as were applied in the latest Financial Statements for the year ended 31 December 2021.

26.2 Basis of preparation

The Consolidated Financial Statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Share-based payments transactions are valued according to IFRS 2.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

26.3 Basis of consolidation

The Consolidated Financial Statements incorporate the Financial Statements of the Company and entities controlled by the Group. Control is achieved when the Group has power over the subsidiaries, is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an entity if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an entity, it has power over the entity when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the entity unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company’s voting rights in an entity are sufficient to give it power, including:

- the size of the Company’s holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders’ meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of Other Comprehensive Income are attributed to the owners of the Company and to the non-controlling interests. Total Comprehensive Income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the Financial Statements of subsidiaries to bring their accounting policies into line with the Group’s accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

26.4 Changes in the Group’s ownership interests in existing subsidiaries

Changes in the Group’s ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group’s interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

26.5 Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business, less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group’s cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

26.6 Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is considered as met only when

Notes to the Consolidated Financial Statements
for the year ended 31 December 2022

the sale is highly probable and the non-current asset (or disposal group) is available for immediate sale in its present condition.

Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets (and disposals groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

26.7 Revenue recognition
Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

26.7.1 Sale of seafood
Revenue from the sale of goods is recognised when control of the goods has transferred, being at the point the goods are delivered to the customer and titles have passed. A receivable is recognised by the Group when the goods are delivered to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due. There is no right of return under the Group's return policy and therefore no refund liability is recognised.

26.7.2 Dividend and interest income
Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition. Dividend income from investments is recognised when the shareholder's right to receive payment has been established.

26.8 Leasing
The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a leased asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate. The lease payments included in the measurement of the lease liability comprise fixed payments less any incentives, variable lease payments that depend on an index or rate, expected residual guarantees and the excercise price of purchase options if the Group expects to excercise the option.

Leased assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the leased asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has used this practical expedient.

26.9 Foreign currencies
The Group's Consolidated Financial Statements are presented in Euro, the Group's presentation currency. In preparing the Financial Statements of each individual group entity, transactions in foreign currencies other than the entity's functional currency are recognised at the rates of exchange prevailing on the dates of the transactions. Monetary assets and liabilities denominated in such currencies are retranslated at the rates prevailing on the balance sheet date. Profits and losses arising on exchange are included in net profit or loss for the period.

For the purpose of presenting Consolidated Financial Statements, the assets and liabilities of the Group´s foreign operations (including comparatives) are expressed in Euro using exchange rates prevailing on the balance sheet date. Income and expense items of foreign operations, are translated at the average exchange rates for each month. Translation differences from foreign operations are posted to translation reserves among equity. Such translation differences are recognised as income or as expenses in the period in which the operation is disposed of.

Goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as asset and liabilities of the foreign operation and translated at the rate of exchange prevailing at end of each reporting period. Exchange differences are recognised in other comprehensive income.

26.10 Employee benefits
Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2022

26.10.1 Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries and annual leave in the year the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

26.10.2 Share based payment arrangements

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

26.11 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

26.11.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the Consolidated Income Statement because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

26.11.2 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Consolidated Financial Statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

26.11.3 Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

26.12 Property, plant and equipment

Property and equipment are recognized as an asset when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured in a reliable manner. Property and equipment is stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Land is not depreciated. Such cost includes the cost of replacing parts of the property and equipment if the recognition criteria are met. When significant parts of property and equipment are required to be replaced at intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciation, respectively. All other repair and maintenance costs are recognized in profit or loss as incurred.

The depreciable amount of the asset is allocated on a straight-line basis over its useful life. The depreciation charge for each period is recognized as an expense. The estimated useful lives, residual values and depreciation method are reviewed at each balance sheet date, with the effect of any changes in estimate accounted for on a prospective basis.

In the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount

Notes to the Consolidated Financial Statements
for the year ended 31 December 2022

of the asset and is recognized in the Consolidated Income Statement.

26.13 Intangible assets
Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

26.14 Inventories
Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in-first-out basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

26.15 Financial assets
26.15.1 Recognition of financial assets
Financial assets are recognized when the Group becomes a party to the contractual provisions of the instrument. Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets (other than financial assets at fair value through profit or loss) are added to or deducted from the fair value of the financial assets, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are recognised immediately in profit or loss.

26.15.2 Financial assets at amortised cost
Financial assets at amortised cost are debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding. The Group's financial assets measured at amortised cost are trade and other receivables, bank balances and cash.

26.15.3 Financial assets at fair value
Debt instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at fair value through other comprehensive income (FVTOCI). All other debt investments and equity investments are measured subsequently at fair value through profit or loss (FVTPL). The Group currently holds no financial assets measured at fair value.

26.15.4 Impairment of financial assets
The Group recognises a loss allowance for expected credit losses (ECL) on its trade receivables, that are measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. The Group's estimate for trade receivable ECL is described in detail in note 15.

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

26.15.5 Derecognition of financial assets
The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

26.16 Financial liabilities and equity instruments
26.16.1 Financial liabilities
Financial liabilities are classified as 'other financial liabilities'. Other financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortised cost using the effective interest method.

26.17 Hedge accounting
The Group designates certain hedging instruments, which include derivatives in respect of cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges. The Group has elected to continue to apply the hedging requirements of IAS 39, as permitted by IFRS 9.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

26.17.1 Cash flow hedges
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'other gains and losses' line item.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2022

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

27. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, the management of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value.

28. Application of new and revised International Financial Reporting Standards (IFRSs)

28.1 Amendments to IFRSs that are mandatorily effective for the current years

In the current year, the Group has applied a number of amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2022. Their adoption has not had any material impact on the disclosures or on the amounts reported in these Consolidated Financial Statements.

- IAS 16 Property, Plant and equipment.
  Proceeds before intended use.

- IAS 37 Provisions, contingent liabilities and contingent assets.
  Onerous Contracts, cost of fulfilling a contract.

- IFRS 3 Business Combinations.
  Reference to Conceptual Framework.

- 2018-2020 Annual Improvements cycle.
  Minor amendments to four IFRSs.

The adoption of the amendments stated above has not had any material impact on the disclosures or on the amounts reported in these Consolidated Financial Statements.

28.2 New and revised IFRSs in issue but not yet effective

The Group has not early adopted new standards or amendments to IFRSs that have been issued and are permitted for early adoption. The following amendments are effective from 1 January 2023:

- IFRS 17 Insurance Contracts.
  New accounting standard.

- IAS 1 Presentation of Financial Statements.
  Disclosure of accounting policies.

- IAS 8 Accounting policies, Changes in Accounting Estimates and Errors.
  Definition of Accounting Estimates.

Financial Statements 2022 Amounts in EUR thousands

Quarterly Statements (unaudited)

for the year ended 31 December 2022

Quarterly Statements

The Group´s quarterly statements are not audited. Summary of the Group´s results by quarters is specified as follows:

	Q4	Q3	Q2	Q1	Total
For the year 2022					
Revenue:					
Sales of seafood	120.199	128.149	116.792	119.299	484.439
Eliminations	(19.021)	(16.846)	(12.868)	(14.947)	(63.682)
	101.178	111.303	103.924	104.352	420.757
Operating results:					
Operating profit	5.257	4.157	1.290	4.343	15.047
Net finance costs	(992)	(762)	(272)	(596)	(2.622)
Normalised PBT	**4.265**	**3.395**	**1.018**	**3.747**	**12.425**
Income tax	(1.858)	(1.105)	(226)	(880)	(4.069)
Normalised profit	**2.407**	**2.290**	**792**	**2.867**	**8.356**
Significant items and discontinued operations	(17.912)	(173)	(72)	(146)	(18.303)
Profit (loss)	**(15.505)**	**2.117**	**720**	**2.721**	**(9.947)**
Assets	290.346	281.844	284.424	294.200	
Liabilities	208.977	194.590	195.159	203.344	
For the year 2021					
Revenue:					
Sales of seafood	129.766	109.237	99.426	102.505	440.934
Eliminations	(17.998)	(16.846)	(12.868)	(14.910)	(62.622)
	111.768	92.391	86.558	87.595	378.312
Operating results:					
Operating profit	5.555	5.342	2.351	6.594	19.842
Net finance costs	(119)	(301)	188	(94)	(326)
Normalised PBT	**5.436**	**5.041**	**2.539**	**6.500**	**19.516**
Income tax	(1.372)	(1.267)	(356)	(1.604)	(4.599)
Normalised profit	**4.064**	**3.774**	**2.183**	**4.896**	**14.917**
Significant items and discontinued operations	(849)	(1.657)	(1.463)	(2.175)	(6.144)
Profit	**3.215**	**2.117**	**720**	**2.721**	**8.773**
Assets	280.562	263.956	249.148	261.465	
Liabilities	188.828	175.246	170.274	183.308	

Non-Financial Information (unaudited)

for the year ended 31 December 2022

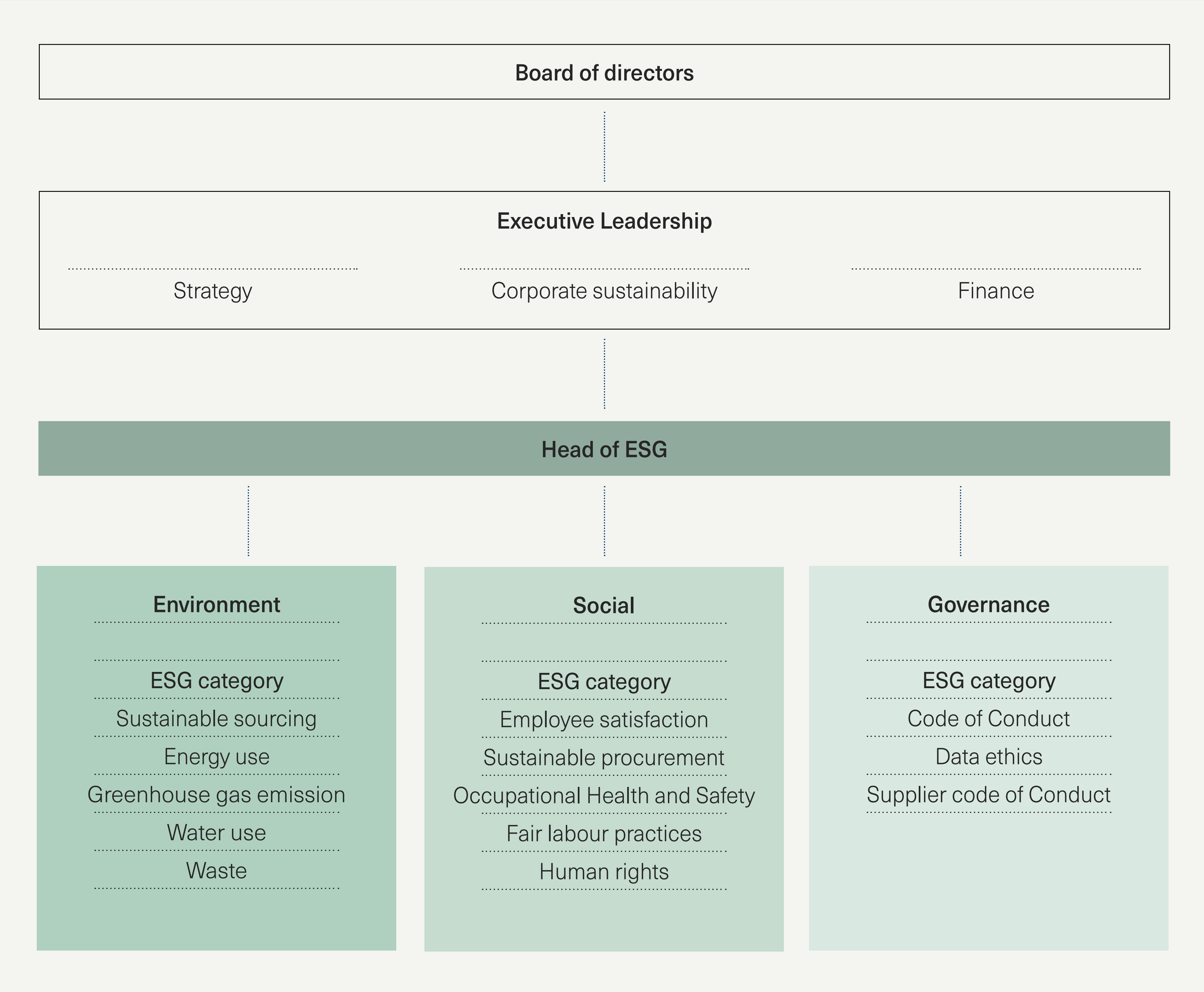
About the Company

Iceland Seafood International hf ("The Company") is a holding company for a Group of subsidiaries in Europe, North and South America, that are leading suppliers of North Atlantic seafood and one of the largest exporters of seafood from Iceland. The Group is headquartered in Iceland and has subsidiaries in the United Kingdom, Ireland, Spain, Argentina, Iceland, France and Germany.

Environmental, Social and Governance (ESG) - non-financial

The Company objective is that business should be conducted honestly, fairly, and legally throughout the value chain across the Groups operations. There are policies in place on Code of Conduct, Corporate Social Responsibility and Environmental matters in addition to that a Supplier Code of Conduct is being implemented.

The purpose of the Code of Conduct is to ensure the welfare of its stakeholders and that no person will at any time knowingly breach any relevant anti-bribery and corruption legislation or competition legislation. The purpose of the Supplier code of conduct is to ensure that our trading partners comply with applicable laws and regulations. The purpose of the Environmental policy is



to make sure that the Group manages its environmental impacts throghout the value chain. The purpose of the Corporate Social Responsibility Policy is to set a common standard for all Group companies regarding our Corporate Social Responsibility and Business Integrity. The identified KPIs for these matters are reported on both in the Annual Report as well as in a dedicated ESG report.

Key aspects for the Group are:

Energy use
Greenhouse gas emission
Water use
Waste
Sustainable fisheries
Sustainable procurement
Occupational health & Safety
Global health and safety
Save working conditions
Non-discrimination
Child and forced labour
Fair labour practices
Human rights
Anti bribery / anti corruption
Fair competition
Tax transparency
Data ethics

The awareness of the Company and its employees of the importance of ESG matters have steadily increased during the past few years. Regular measurements and reporting are constantly being improved. This is detailed further in the ESG report where the impacts of the policies are identified.

The awareness of the Company and its employees of the importance of ESG matters have steadily increased during the past few years. Regular measurements and reporting are constantly being improved. This is detailed further in the ESG report where the impacts of the policies are identified.

Quality control

ESG data is collected and reviewed respectively in each business before they are sent to head of ESG, where results of the KPIs are combined for the final report, outcomes calculated, and impacts assessed. The Company is continuously improving on internal documentation and processes and intends to get external verification within the next few years.

Supply chain

The adequacy and sustainability of the company's supply chain are of critical importance for the Group. The global effects of a world-wide pandemic have increased the Company resilience while lowering the environmental impact. Products previously only supplied from Asia are now also being supplied from Europe. The overall supply chain has become more resilient while also shortening overall transportation distances and subsequently improving on the environmental aspects.

The Company has started to systematically assess its suppliers on their overall sustainability matters. The supply chain mostly consists of sourced seafood, packaging material and transportation. It has both environmental and social impacts. Environmental impacts include all the impacts our products and their respective processes have on the environment. Social impacts include labour practices and human rights, business ethics involved in the production and product delivery. Often these subjects are intertwined.

The Company has implemented a platform that enables continuous monitoring on its supplier CSR management and progress while offering tools to drive improvement

Non-Financial Information (unaudited)

for the year ended 31 December 2022

on the supplier side. Within this platform risks are identified in the supply chain, corporate adherence to recognized CSR criteria is validated and the scope of the assessment is adjusted to supplier company size, industry, and location.

Sustainable fisheries

Iceland Seafood is committed to supplying sustainable seafood and to work with the industry on fishery improvements and best practices. There is a deep understanding of the risks related to each type of supplier and market within the trading part of the company. The risks are continuously assessed and monitored during the relationships with suppliers. All production sites are also subject to inspections for compliance with applicable food laws, including traceability requirements, by local authorities.

Environment

Effect of climate change

The Company depends on the ocean for its operation and sets focus on climate change throughout its 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.

Key metrics regarding environmental aspects of Iceland Seafood's operations and more details on the CSR policy will be documented in the ESG report for 2022.

Social & Governance

Iceland Seafood is committed to be fair, equitable and respectful to employees, associates, competitors, customers, the society, and all business or professional relationships. This is detailed in the Group's CSR policy that covers human rights, fair labour practices, non-discrimination, anti-bribery/corruption, and tax transparency. The main social impact and concern of Iceland Seafood is on its employees and their families. The company strives to supply its employees with a good and save work environment. Iceland Seafood recognises and supports international human right treaties. No human right violations have been reported in 2022. Key metrics regarding the social aspects of Iceland Seafood's operations and more details on the CSR policy will be documented in the ESG report for 2022.

Food safety

Food safety is of critical importance for the company. Factories within the Group have food safety management systems in place to ensure appropriate food safety standards. These systems cover suppliers, contractors, distributors as well as the production facilities and processes. They include detailed specifications for raw material and finished product and procedures for Good Manufacturing Practice. A thorough product traceability systems are in place within the Group's businesses and product recall procedures that are tested regularly. These systems are certified to international standards and as such are audited regularly by an independent third-party auditor. All production sites are also subject to inspections for compliance with applicable food laws by local authorities.

Employees

The Group's operations are made up of a highly experienced group of employees, 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 the Company's financial and strategic goals. The objective is to ensure that the employees feel empowered to deliver to the highest standards by being connected to our producers and customers.

The Company has implemented a robust system of regularly scheduled measurements to monitor employee engagement. The system is intended to reduce employee turnover, boost employee engagement, improve managerial skills, increase workforce visibility and Human Resource metrics, and provide up to date Human Resource information.

Health & Safety of employees

Health and safety of staff is essentially important for the Company. 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. Employee safety is ensured with training on tasks and appropriate PPE. Metrics on operational health and safety will be reported in the company's ESG report.

Statement of Corporate Governance

About Iceland Seafood International

Iceland Seafood International hf (hereafter referred to as "Iceland Seafood", the "Company" or "ISI") is a holding company for Group of subsidiaries, that are leading suppliers of North Atlantic seafood and one of the largest exporters of seafood from Iceland. The Group is headquartered in Iceland and has subsidiaries in the United Kingdom, Ireland, Spain, Argentina, Iceland, France, and Germany. The Group operates across three divisions; Value-Added Southern Europe, Value-Added Northern Europe and our Sales and Distribution Division. The Value-Added Divisions have processing factories and cold stores in their respective regions with Southern Europe also having a satellite facility in Argentina.

Corporate Governance structure

Iceland Seafood's corporate governance framework is defined by Act No. 2/1995 on Public Limited Companies (hereafter referred to as the "Act on Public 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 (hereafter referred to as the "Board of Directors" or the "Board") 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 Board of Directors is authorized to allow shareholders to participate in proceedings at shareholders' meetings through electronic means without being present at the meeting venue if it deems that available equipment is sufficiently secure for this purpose. When organising shareholders meetings, the Board does so in a manner that allows shareholders to exercise their decision powers and express their opinions, i.e., by publishing all information and documents on the Company's website. Between shareholders meetings, the Board holds supreme authority of the Company. In accordance with Article 70 (5) of the Act on Public Companies the Board of Directors has set itself formal Rules of Procedure which are supplementary to the Articles. According to the Rules the Board of Directors may elect committees that operate on behalf of the Board. All Board committees set themselves specific rules of procedure.

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 (hereafter referred to as the "Guidelines"). As of the date of this statement there are two 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 statement, 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.

Board of Directors

The Company's Board of Directors shall be composed of three to five members and up to two alternate members, elected at the Annual General Meeting for a term of one year. In 2022 the total number of Board meetings were 18 and the Board was competent to make decisions in all meetings. The Board annually evaluates its own work, the work of the CEO and the Company's operation. This assessment is based on self-assessment of the board, examination of whether the Board has operated in accordance with its Rules of Procedures. The Board shall evaluate the work of the CEO and the Company's operation in general, the CEO shall not be present for this evaluation. The Chairman of the Board shall present and discuss the results of the assessment with the CEO. The Board currently consists of five main members and one alternate member. As of the date of this statement the Board of Directors consists of the following members:

Name:

Liv Bergþórsdóttir
First elected: February 2019

Education and experience:
Liv Bergþórsdóttir joined ORF Genetics / Bioeffect in 2020, 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 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.

Member of board or manangement:
Liv is the CEO of Bioeffect.

Shareholdings in the Company as at 31.12.2022 and other interest related to large shareholders, competitors, customers or suppliers: Liv holds 1.200.000 shares through the holding company 54 ehf.

Name:
Jakob Valgeir Flosason

First elected: February 2019

Education and experience:
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.

Member of board or manangement:
Jakob is currently a board member of Sigurbjörg ehf., HRock ehf., BB29 ehf., Klofningur ehf., Valgeir ehf., B1917 ehf., Sýr ehf., Itsorf ehf., Salting ehf., Breiðhella ehf., Karlsbali ehf., Gafl ehf., Hamarshöfði 4 ehf., B15 ehf., Fiskmarkaður Vestfjarða hf. and EA 30 ehf. in addition to his board membership with the Company.

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Shareholdings in the Company as at 31.12.2022 and other interest related to large shareholders, competitors, customers or suppliers: Jakob Valgeir ehf., owned by Jakob, his wife, and his father, holds 283,997,713 shares. Jakob Valgeir ehf. is also a large supplier of seafood to the Company.

Name:
Bergþór Baldvinsson

First elected: March 2020

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

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

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

Member of board or manangement: Bergþór is a board member of FSM hf, Umbúðamiðlun hf, Nesfiskur ehf and companies within Nesfiskur Group.

Shareholdings in the Company as at 31.12.2022 and other interest related to large shareholders, competitors, customers or suppliers: Nesfiskur ehf, owned by Bergþór and his family, holds 276,997,713 shares. Nesfiskur is also a large supplier of seafood to the Company.

Name:
Ingunn Agnes Kro

First elected: February 2019 as an alternate board member and as a board member from March 2020

Education and experience: 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.

Member of board or manangement: 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).

Shareholdings in the Company as at 31.12.2022 and other interest related to large shareholders, competitors, customers or suppliers: None.

Name:
Halldór Leifsson

First elected: March 2020

Education and experience: 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 and business courses in University of Iceland.

Member of board or manangement: Halldór is the main owner and board member of the company Haf-sjór slf.

Shareholdings in the Company as at 31.12.2022 and other interest related to large shareholders, competitors, customers or suppliers: Fisk Seafood, the employer of Halldor, holds 305,997,713 shares. Fisk Seafood is also a large supplier of seafood to the Company.

Name:
Gunnlaugur K Hreinsson

First elected: March 2020 as alternate board member

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

GPG Seafood ehf. 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.

Member of board or manangement: Gunnlaugur is a board member of GPG Seafood, Þórsnes and related companies.

Shareholdings in the Company as at 31.12.2022 and other interest related to large shareholders, competitors, customers or suppliers: GPG Seafood, holds 14,997,030 shares. GPG Seafood and Þórsnes are also large suppliers of seafood to the Company.

Subcommitees

The Board of Directors has appointed two subcommittees, Audit Committee and Remuneration Committee.

Audit Committee

The Audit Committee ensures the quality of the financial statements and internal controls. It has oversight of the external auditors. It also presents proposals for the selection of external auditors and ensures their independence. 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 committee shall operate independently on behalf of the Board of Directors who shall elect the members of the Audit Committee each year. The Audit Committee operates in accordance with rules of procedure approved by the Board of Directors and shall be made up of 2-3 members. Committee members shall possess knowledge and experience which is consistent with the work

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of the committee, at least one of the audit committee members shall be a financial expert who has accounting or related financial expertise. The members shall be independent of the auditor of the Group and the majority should be independent of the Company's management. Members of the Audit Committee are Ingunn Agnes Kro, Bergþór Baldvinsson and Ágúst Kristinsson.

The committee shall meet at least four times a year, at appropriate times in the reporting and audit cycle and otherwise as required. Only members of the Audit Committee have the right to attend committee meetings, however, other individuals such as the chairman of the Board, chief executive, finance director, other directors and representatives from the finance function may be invited to attend all or part of any meeting as and when appropriate. Additionally, the external auditors are invited to attend meetings of the committee on a regular basis.

The Board is responsible for the appointment and activities of the Audit Committee and it operates under the Board's authority. The Audit Committee does not reduce the responsibilities of the Board or relieve it of any responsibility

Remuneration Committee

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. The committee's main tasks include preparing and submitting annually a proposal to the Board of Directors for the Company's remuneration policy, annually reviewing the Company's compensation programs and monitoring that salary and any incentive schemes are in accordance with law and market practice.

The Board of Directors appoints the members of the committee and its chairman. Neither the Company's chief executive officer nor any of the Company's and its subsidiaries' top executives shall be appointed to the Remuneration Committee. The committee operates in accordance with rules of procedure approved by the Board of Directors and shall be made up of 2-3 members. It is preferable that the members of the committee have experience and knowledge on guidelines and common practise regarding decision on executives' terms of employment. If deemed necessary, the Remuneration Committee may seek the assistance of consultants, such consultants shall be independent of the Company, its executives and the Board of Directors who are not deemed to be independent. The committee is responsible for examining the consultant's experience. Members of the Remuneration Committee are Liv Bergþórsdóttir, Jakob V Flosason and Halldór Leifsson. The committee shall call meetings as often as necessary at their own initiative or at the request of the other committee members, however, not less than twice a year.

The Board is responsible for the appointment and activities of the Remuneration Committee and it operates under the Board's authority. The Remuneration Committee does not reduce the responsibilities of the Board or relieve it of any responsibility.

Executive Management

The Executive Management comprises the Company's CEO and CFO. The CEO has charge of the day-to-day operations of the Company and represents the Company in all matters concerning normal operations. The CEO shall manage the accounts of the Company and employ the employees of the Company. The CEO shall grant Board members and auditors all necessary information on the operations of the Company which they might request and should be granted according to statutory law. The CEO of the company is Bjarni Ármannsson and the CFO is Reynir Jónsson.

CEO

Name:
Bjarni Ármannsson

First elected: January 2019

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, an 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.

Member of board or manangement: Bjarni is currently a board member of Fálkinn Ísmar ehf., UB koltrefjar ehf., Kemi ehf., Fáfnir Offshore ehf., Imagine Capital AS, Imagine capital BV, Sydvestor Troll AS, Cargow BV, Samey Holding ehf, Samey Robotics ehf, Samey Norge AS, Blue Aqua ships AS, Blue Aqua management AS, Dess Aqua Ltd., Pizza Pizza ehf, PPH ehf, Fjárfestingaráð Vex, SFS, Sjávarsýn fjárfestingar ehf and Sjávarsýn ehf. in addition to several of the Company's subsidiaries.

Shareholdings in the Company as at 31.12.2022 and other interest related to large shareholders, competitors, customers or suppliers: Bjarni directly holds 294,000,000 shares through holding company Sjávarsýn ehf. Bjarni does not hold options to purchase Shares in the Company.

Chief Financial Officer

Name:
Reynir Jónsson

First elected: October 2013

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. oceon Degree in accounting from the University of Iceland.

Member of board or manangement: Reynir is a board member of several of the Issuer's subsidiaries.

Shareholdings in the Company as at 31.12.2022 and other interest related to large shareholders, competitors, customers or suppliers: 550,345 shares in addition to options for 10,000,000 shares.

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Internal control and risk management

The Board of Directors and the CEO are responsible for internal control and risk management of the Company. Internal control and risk management procedures are designed to minimize risk of material misstatements. The Company does not have an internal audit function, but the Audit Committee reviews the effectiveness of the Group's internal controls and risk management systems.

An independent auditor or auditing company is elected at the Annual General Meeting for a term of one year. The auditors shall be provided with any information requested in relation to its auditing services for the Company, they shall always have full access to the Company's books and documents. They shall audit the Company's consolidated financial statements in accordance with international standards on auditing, including a review of internal controls and processes. Any significant findings in relation to the audit and review of internal controls are reported to the Board of Directors through Audit Committee.

Effective risk management is important to minimise the risk of material misstatement and for the business to perform. Iceland Seafood activities are exposed to variety of risk factors related to its operations and financials, such as Currency Risk, Supplier Risk, Credit Risk, Liquidity Risk etc. Risk management within Iceland Seafood is governed by the Board of Directors, while the Audit Committee is responsible for its review on a regular basis. The Executive Management is responsible for identifying material risk and developing the risk management strategy.

Corporate Social Responsible and Environmental Responsibility

The Board of Directors have set a Group policy's on Corporate Social Responsibility and Environmental Responsibility. The purpose or these policies is to set common standards for all Group companies regarding these topics and to make sure the Group manages its environmental impacts throughout the value chain.

CSR Policy

The following key principles on Corporate Social Responsibility and Business Integrity have been set out and detailed in the Company's CSR Policy:

- We are committed to maintaining the highest standards of business conduct by using only legal and ethical means in all business activity.
- We are fair, equitable and respectful to employees, associates, competitors, customers, the public and all business or professional relationships.
- We treat all customers and suppliers honestly, fairly and objectively.
- We observe all applicable state, federal, foreign or international laws and regulations relating to the production, sourcing, processing, labelling, handling, importing, distribution, promoting and selling of seafood products.
- We are committed to maintaining the Group's financial books and business records with the highest degree of accuracy, completeness and integrity.

Environmental Policy

The key environmental considerations for the Group have been defined in the Environmental Policy:
Sustainable Fisheries
Energy use
Greenhouse gas emissions
Water use
Waste

The Group's key principles guiding our actions in this area include:

- The objective to source only from fisheries that are administrated in conformance with FAO Code of Conducts for responsible fisheries and have proper fishery management systems,
- Supporting independent and credible standards that are set to audit and approve fisheries that are well managed and will wherever possible promote these fisheries to its customers,
- Commitment to working with industry on fishery improvements and best practises,
- Help and support customers to make the right choice to source sustainable seafood,
- Commitment to supply sustainable seafood to its customers.
- Educate customers, suppliers, employees and other key stakeholders about environmentally responsible seafood.
- Participate in work with official and industry bodies to achieve our policy.

The Group annually publish a Corporate Social Responsibility report, which is based on the non-financial guidelines for Environmental, Social and Corporate Governance (ESG) disclosures issued by Nasdaq's Nordic and Baltic stock exchanges.

Iceland Seafood's corporate governance rules

The Company has specifically reserved a section of its website for corporate governance information on www.icelandseafood.com/investors. The below information and documents are available on the website:

1. The Company's corporate governance statement.
2. The Company's remuneration policy.
3. Summarised information on the Company's Board of Directors, CEO, auditors and members of sub-committees.
4. Information on the Company's shareholders' meetings, including time and location, information on candidates to the Board, and the agenda of the meeting, together with the date of issue of the annual accounts and interim financial statements.
5. Meeting notices, minutes of shareholders' meetings and documents presented at the meeting. It is not necessary to publish a list of the shareholders and proxies that have attended meetings.
6. The Company's Articles of Association.
7. The Board's rules of procedure.
8. The sub-committee's rules of procedure.
9. The Company's annual accounts and the report of the Board of Directors.

Reykjavík, 22 February 2023.
Board of Directors

Iceland Seafood International

2022
Annual Report

ICELAND SEAFOOD