

ÚTGERDARFÉLAG  
REYKJAVÍKUR HF.

# ANNUAL AND ESG REPORT 2021

Respectful knowledge of  
the ocean's resources







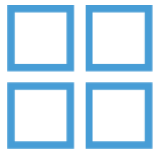
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ÚTGERÐARFÉLAG  
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YEAR IN REVIEW  
2021





# 2021 HIGHLIGHTS

## Revenue

EUR 79.99 million

(vs EUR 55.16 million in 2020)

## Profit before tax

EUR 26.88 million

(vs EUR 7.9 million in 2020)

## Book value of TAC

EUR 103.8 million

(vs EUR 81.6 million in 2020)

## Equity ratio

49.8%

(vs 53.9% in 2019)



Ú.R. is an original signatory to the Social Environment Policy established by Fisheries Iceland in 2020, based on the UN Sustainable Development Goals.



Ú.R. was in 38<sup>th</sup> place amongst “Iceland’s Strongest Companies in 2021” awarded by Creditinfo.



Ú.R. is among the 2.2% of Icelandic companies awarded “Excellent in Iceland in 2021” by Viðskiptablaðið and Keldan.



Ú.R. was the first Icelandic company to be awarded Landsbankinn's sustainability label in its lending portfolio.

Ú.R. is holder of Marine Stewardship Council (MSC) and Iceland Responsible Fisheries certifications in sustainable fishing.





# 2021 HIGHLIGHTS

## Revenues and COVID-19

Revenues for Útgerðarfélag Reykjavíkur hf (Ú.R.) were strong in 2021 at EUR 79.99m, a 45% increase from 2020. This was due to several factors. With the purchase of its second vessel from APF, Sólborg, and the subsequent acquired capelin quota from Brim, Ú.R. increased its overall total catch. Ú.R. continued to focus on species with market demand. Demand continued to be low in the hospitality sector. However, there was an increased demand in its core market in Japan with new customers through Icelandic Japan, which drove both increased sales and gross margins.

With COVID-19, Ú.R. continued with the rigid processes put in place in 2020 to ensure health and safety for its employees and seafood products for its customers.

Ú.R. continues to focus on growth markets with higher margins by working closely with key partners such as Icelandic Japan.

## Arctic Prime Group

As part of a restructuring of Arctic Prime Group, Ú.R. bought 33% shares in Arctic Prime Coastal (APC), which now owns 100% of Arctic Prime Fisheries (APF). Previously Ú.R. had 16% shares in APF. Ú.R. has related party claims to the AP Group

(APC, APF and APP) for a total of EUR 7m as at 31 December 2021, a reduction from EUR 27m from 2020 with the purchase of its fishing vessel, now known as Sólborg.

## Bond issuance

In October 2021, Ú.R. successfully issued an unsecured bond for a total of ISK 7bn, or approximately EUR 46.99m. Two bond series were issued - UR 151124 which are non-indexed three-year bonds in the amount of ISK 1.36bn with a yield of 5.3% and UR 151128 which are seven-year indexed bonds in the amount of ISK 5.68bn with a yield of 2.5%. The bonds were subsequently listed on the main market of Nasdaq Iceland in May 2022. Arctica Finance was the administrator of the offering. The objectives are to diversify its liquidity funding and reduce concentration risk.

Ú.R. continued to rollover its promissory notes totaling ISK 3bn, with three-month and six-month rollovers. As at year-end 2021, promissory notes outstanding totaled EUR 20m.

## Purchase of second vessel

Ú.R. purchased the Tasermiut fishing vessel from APF, now called Sólborg for EUR 22.9m.

## Ú.R. Innovation

In 2021, Ú.R. invested in Rafnar Maritime to support its international expansion. Innovations set Rafnar Maritime apart with its boats design for the world's harshest conditions yet perfect for all conditions.

ÚR Innovation further increased its investment in Zym Ice, which produces the nutritional supplement Unbroken® RTR. The shareholding is now 40%, up from 25% in 2020. The objective is to continue to support its international marketing activities.

In June of 2021, Íslandssjóður (Iceland Funds) and ÚR Innovation signed an MoU for the establishment of an ISK 10bn fund "IS Sjávarútvegssjóður" to specialize in fisheries and ocean-related activities. The establishment of the fund is planned for launch by Q3 2022.

## Annual and ESG Report

Ú.R. is proud to issue its second Annual and Environment, Social and Governance Report, which is publicly available.



# CHAIRMAN'S STATEMENT

We are issuing our second Annual and ESG Report for 2021. Útgerðarfélag Reykjavíkur (Ú.R.) is one of the larger seafood groups in Iceland.

Our motto is “Respectful knowledge of the ocean’s resources”. Our values are transparency, trust, respect, common sense, long-term thinking, and proactive risk management.

## External environment

Whilst the COVID pandemic continued to impact greatly the hospitality industry, our focus remained on our long-term strategy, where we specialize in key species for both operational efficiency and to service the demand for these species in growing markets, such as Japan.

We had growth in our core business revenues and gross margin in 2021, up 39.5% to EUR 76.99m and up 86% to EUR 7.9m respectively. The same trend was also seen in our investment in Brim hf., where the company reported stronger gross margins, operational efficiency, and net profit in 2021, contributing to a 96% increase in allocated profit versus 2020 for a total EUR 25.3m to Ú.R.

With the favorable financial markets in Iceland, we took the opportunity to issue a bond for ISK 7bn.

## Strategy

Ú.R.’s strategy is aligned to the long-term trend of increased international demand for wild seafood. This is done through our own operations and investments in Brim, Arctic Prime Coastal (new holding company for APP) and Arctic Prime Production. We further invested in our business with the acquisition of Sólborg which led to overall higher revenues.

Through ÚR Innovation, we furthered increased our investment in Unbroken® RTR from 25% to 40% for increased production and international marketing. We hope that the know-how of Unbroken® RTR can help creating more value from wild fish by products.

A new investment was made in Rafnar Maritime with its unique boat designed for the world’s harshest conditions with significant reduced oil consumption, wave slamming and better seakeeping performance for better safety. We hope that the unique keel design of Rafnar Maritime can, in the near future, have general positive effect on the development of the hull design of fishing vessels. Rafnar Maritme was originally founded by Össur Kristinsson, who previously launched Össur.

In June of 2021, Íslandssjóður (Iceland Funds) and ÚR Innovation signed a memorandum of understanding

for the establishment of an ISK 10 billion fund that will specialize in fisheries and ocean-related activities.

## Environmental, Social and Governance Pillars

In 2021, we continued to focus on ESG improvements. Our total quota held with MSC certification has increased from 75% to 89% in 2021. We are proud to be the first Icelandic company to be awarded Landsbankinn’s Sustainability Label for our lending facilities.

We have implemented new policies including Non-Discrimination Policy, Anti-Corruption Policy and Equality & Diversity Policy. In 2022, we aim to obtain equal pay certification. An overview of the company policies can be found at [www.urseafood.is/investors/governance/](http://www.urseafood.is/investors/governance/)

To further enhance our governance, we have put in place an Audit Committee led by certified accountant Anna Birgitta Geirfinnsdóttir.



# CHAIRMAN’S STATEMENT

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## Outlook

Albeit the headwinds that we are facing today with increasing global political risk, impacts to the global supply chain and increasing oil prices, we maintain a strong position in the markets we serve and access to the key distribution channels.

We continue to focus on sales of frozen products to Asia and to get closer to the end consumer, while ensuring health and safety throughout the business.

## Thank you

On behalf of the Board of Directors, I would like to personally welcome our new employees and thank everyone for their dedication to the business and our customers. We also thank our current and new financial investors, as well as our many stakeholders for their support to Ú.R.

Magnús Helgi Árnason  
Chairman



## CEO'S STATEMENT

Over the past two years, our employees at Ú.R. have shown perseverance considering COVID-19. We increased our total catch without any issues arising in relation to the pandemic. We continued to focus on our long-term strategy of specialising in key species for sales in growing markets, as well as key strategic investments.

### Financial performance

In 2021, Ú.R. issued its first publicly-listed bonds in its 23-year history for a total of ISK 7bn, or approximately EUR 46m. In addition, we rolled over our three- and six-month promissory notes totalling EUR20m as at year-end 2021. We are grateful for our current and new investors' support for the company. This in turn has supported our financial objective to diversify both liquidity funding and concentration risk, as a cornerstone for our core business and investment activities aligned to our long-term business strategy.

We continue to maintain a strong balance sheet with an equity ratio of 49.8%.

With the solid funding received, we further invested in maximising our total catch by purchasing a second

vessel, Sólborg, and acquiring additional capelin quota from Brim.

With the increased total catch coupled with stronger demand from our core markets, total revenues grew by 39.5% from EUR 55.2m in 2020 to EUR 76.99m in 2021. Our gross margin ratio was also stronger at 10.25% in 2021 versus 7.6% in 2020.

Profit for the year in 2021 was EUR 26.3m versus EUR 7.9m in 2020. In addition to our improved core fisheries business, we had a strong contribution from our investment in Brim with a jump in revenues from subsidiaries from EUR 13.5m to EUR 25.2m in 2021.

### ÚR Innovation

In 2020, we launched ÚR Innovation to focus on innovation and sustainability opportunities in the seafood sector.

We further invested in Unbroken® RTR in 2021, where we have a 40% shareholding up from 25%. The timing of this investment coincides with the opening of gyms in the USA, Europe and the Middle East with the easing of COVID restrictions and

opportunity for both online and offline marketing activities. Unbroken is a unique product in the recovery market for both medical and sports nutrition, which we firmly believe in with the results from its clinical tests and positive feedback from athletes around the world.

We are proud to have invested in Rafnar Maritime with their unique hull-and-keel boat design for significantly reduced wave slamming. Its boat design sets them apart for the world's harshest conditions yet perfect for all conditions. ÚR Innovation's investment will support the company in its international expansion.

Together with Íslandssjóður, we signed a Memorandum of Understanding to establish a fund that will specialize in fisheries and ocean-related activities. Emphasis is to be placed on start-up opportunities mixed with mature investments, as well as looking at the "Blue Economy" on sustainable development in the fisheries sectors. We expect the fund to launch later this year.





# CEO'S STATEMENT

## Sustainability

We are pleased to issue our second Annual and ESG report for our 2021 results, publicly available on our website at <https://www.urseafood.is/investors/reports/>. As a leading fisheries group in Iceland, both our Board of Directors and I view ESG as a core part of operating the business to:

- Protect our oceans and improve our climate
- Improve our health
- Empower our people
- Strengthen our communities

We continue to invest in further improving our ESG pillars. We have made excellent progress and focus on transparency of the work we do. Two areas of improvement for 2022 will be on obtaining Equal Pay Certification, as well as improved management of oil consumption. CO2 emissions per kilogram of caught seafood was 1.99 in 2021, an increase from 1.63 in 2020. There had been an unusual increase in oil usage with the sale and purchase of fishing vessels, and

accounting of oil purchase versus utilization between the accounting years. Our aim is to ensure consistency in reporting to all stakeholders.

## Future opportunities

We strongly believe in the future with medium and long-term opportunities for Ú.R. and our strategic investments. We are recognized for our world class sustainability framework in wild seafood. There is the opportunity for deepening understanding and sales towards the end consumer, in profitable and growing markets.

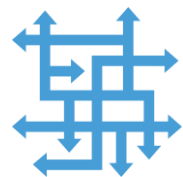
Our success, now and in the future, is a testament to our employees and all our stakeholders. I thank them for their contribution.

Runólfur Viðar Guðmundsson  
CEO

# ÚTGERÐARFÉLAG REYKJAVÍKUR HF.

## THE GROUP





# STRATEGY AND GLOBAL TRENDS

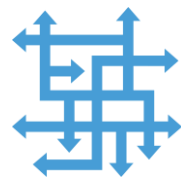
Ú.R. has built up a solid business with sustainable profitability in a core Icelandic sector: Seafood. The long-term outlook is for strong growth due to increased international demand for wild seafood.

Based on quota allocation, and strategic investments in Brim, Arctic Prime Fisheries and ÚR Innovation, Ú.R. is one of the largest seafood groups in Iceland today.

The company continuously strives to meet the contemporary requirements for efficiency in operations, quality raw material and exemplary equipment for fishing crew. Additionally, sustainability and the quality of its employees are of prime importance to all its operations.







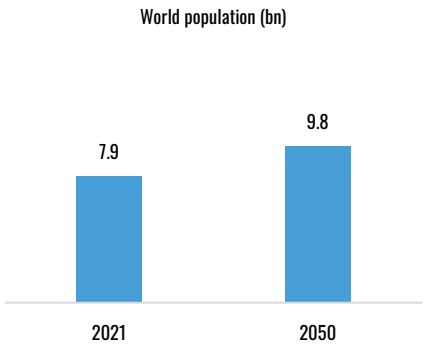
# STRATEGY AND GLOBAL TRENDS

The outlook is for strong growth in the seafood sector due to increased international demand for wild seafood. Ú.R.'s strategy is aligned to leverage these long-term trends.

### Growing global population

With the growth in population along with rising incomes in developing countries, there is a change in overall diet such as eating more protein and meat. This is driving up global food demand.

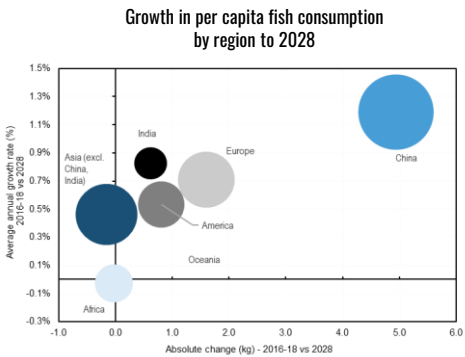
Source: UN



### Increasing consumption of seafood

Overall per capita consumption is expected to increase in all continents except Africa where consumption is expected to remain static.

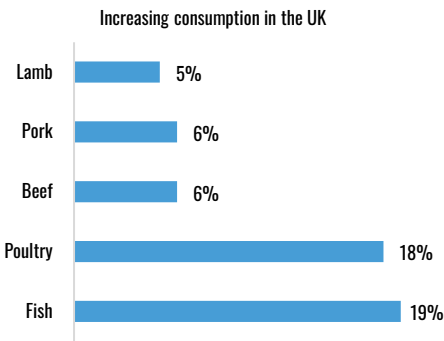
Source: FAO Fish Outlook



### Fish as a healthy choice for nutrition

Governments are encouraging people to eat more seafood as a part of a healthy diet, driven by the WHO. Consumers are becoming more selective in their food choices with a focus on health, seen as in this example from the UK.

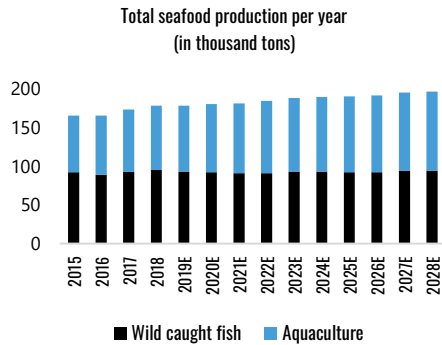
Source: Seafood.org



### Limited wild caught fish creates increased demand

With overall increased demand of seafood and limited wild caught fish, coupled with high quality and focus on sustainability, the Icelandic seafood sector and Ú.R. are well positioned to continue to play a major role in this market.

Source: FAO





# OPERATIONS

Ú.R. manages one of the most modern fishing fleets in Iceland and conservation of the environment has always been among the highest priorities because Iceland is a country that depends highly on natural resources and their sustainable management. The company is aware of the dangers that overfishing poses to the environment as well as the economy.

Ú.R. is thereby committed to the sustainable and responsible harvesting of Icelandic fisheries and seek to be in harmony with the environment. The company is a stakeholder in the ISF (Iceland Sustainable Fisheries) which is a signatory affiliate with the Marine Stewardship Council. The MSC is a voluntary certificate program that upholds the strictest international standards ensuring sustainable fish stocks, minimized environmental impact and effective management for fisheries around the world.

With dangers of climate change and consequences it can have on the ecosystem, being environmentally friendly is good for the climate and business. Ú.R. therefore seeks to minimize its CO<sub>2</sub> footprint to the fullest extent in the supply chain.

Guðmundur í Nesi RE-13 was bought back from Arctic Prime Fisheries in 2020. Sólborg was bought from Arctic Prime Fisheries in 2021.



Guðmundur í Nesi RE-13



Sólborg



# OPERATIONS

The Total Allowable Catch, TAC, is calculated and enforced in accordance with the Directorate of Fisheries guidelines which are supplemented with research from the Marine Research Institute of Iceland. This allows for carefully measured fish stocks that will reduce any possibility of overfishing.

In 2021, Ú.R. acquired capelin quota from Brim, which accounts for the increased book value of catch quota.

Book value of catch quotas (in EUR)	2021	2020
Book value at beginning of year	81.557.200	81.557.200
Increased value over the year	22.280.998	0
Book value at year-end	103.838.198	81.557.200

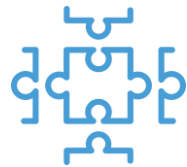
## Ú.R. allocated catch quotas for fishing vessels for the fishing year 2020/2021 based on gutted fish:

	Catch share in % 2021/2022	TAC in tonnes	Uncaught catch limit for cod kg 31.12.2021	Uncaught catch limit for cod kg 31.12.2020
Cod	0,300%	526.336	279.726	485.934
Haddock	1,504%	443.835	414.619	
Saithe	4,118%	1.394.037	2.541.148	2.742.158
Redfish / golden redfish	11,697%	2.119.089	1.546.313	1.995.744
Deep sea redfish	18,311%	1.044.536	528.865	1.790.770
Ling	2,265%	33.280	5.474	701
Cusk	3,784%	14.331	2.760	2.376
Monkfish	0,090%	484	574	613
Greenland halibut	20,000%	5.369.206	5.211.551	6.605.944
Wolffish	1,842%	71.541	67.325	83.884
Spotted wolffish	3,853%	8.796	6.630	3.068
Blue ling	5,121%	6.611	6.630	1.825
Silver smelt	38,598%	946.079	1.011.340	1.218.767
Small redfish	30,837%	51.576	56.169	80.195
European plaice	3,482%	224.956	1	33.354
Lemon sole	3,777%	51.293	434	9.699
American plaice	0,525%	15	16	14
Witch flounder	0,176%	1.036	46	797
Common dab	0,119%	110	123	61
Deepwater shrimp	6,282%	268.998	309.348	399.601
Snæfellsness shrimp	6,282%		3.018	
Mackerel	3,387%		133.824	277.728
		12.576.144	12.125.933	15.733.233

## Ú.R. allocated catch quotas for fishing vessels outside Icelandic territorial waters during the fishing year 2021/2022

Cod in Norwegian jurisdiction	16,864%	871.327	871.327	546.779
Cod in Russian jurisdiction	16,864%			683.473
		871.327	871.327	1.230.252
Total authorizations		13.447.471	12.997.260	16.963.485





# INVESTMENTS

## BRIM

In May 2018, Ú.R. (previously known as Brim) had the unique opportunity for a takeover bid of HB Grandi, now known as Brim. Since then, two key asset sales were made to Brim: Ögurvík and Icelandic Asia.

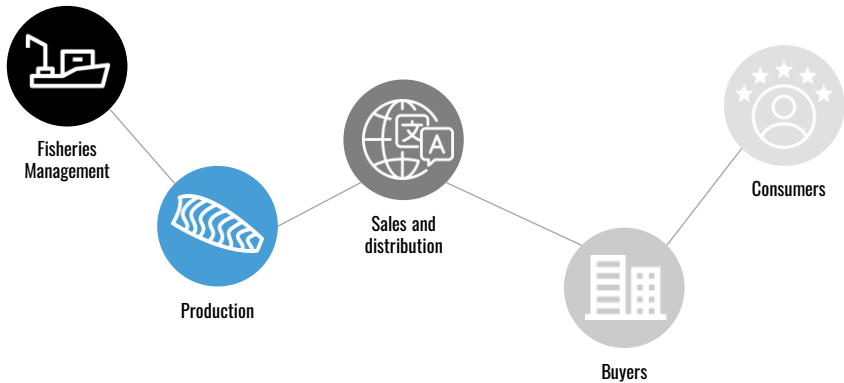
As at 31 December 2021, Ú.R. held 33.92% shares in Brim through direct ownership and 10.05% through RE-13 with a total book value of EUR 277.85m. Brim 2021 allocated profit to Ú.R. totaled EUR 25.3m, up by 96.4% from 2020 with a return on investment of 9.1%.

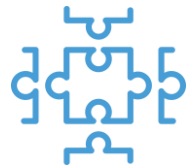
For more information, go to [www.brim.is/brim/english/brim/investor-relations/](http://www.brim.is/brim/english/brim/investor-relations/)

In Euros	2021	2020
Consolidated Brim earnings to Ú.R.	25.233.943	12.911.790
Book value of Brim shareholding as at year end 31 December	277.853.809	259.554.006
Return on total investment	9.1%	4.97%



## Deeper Vertical Chain for North Atlantic Seafood





# INVESTMENTS

## ARCTIC PRIME COASTAL (APC)

In October 2013, Ú.R. became an investor in Arctic Prime Fisheries (APF), a fisheries company in Greenland. APF has one vessel after having sold the other to Ú.R. in 2021 and operates the three Arctic Prime Production (APP) processing plants owned by Ú.R, which service over 150 local fishing boats.

Since then, Ú.R. actively supports APF with training programs and exchanges for the employees, which has helped to raise overall knowledge.

In 2021, Ú.R. bought 33% shares in APC as part of a restructuring of the AP Group, where APC owns 100% of APF.

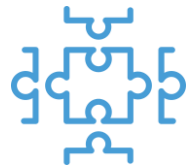
Ú.R. has related party claims to the AP Group (APC, APF and APP) for a total of EUR 7m as at 31 December 2021, a reduction from EUR 27m from 2020 with the purchase of the fishing vessel.

The quota system in Greenland is based on a grandfather rights system (hefðarréttur). This is the quota allocated to APF:

- Cod: 10.500 tons
- Mackerel: 10.000 tons
- Halibut: 780 tons
- Redfish: 560 tons
- Herring: 5.000 tons



Ilivileq - GR-2-201 (2020)



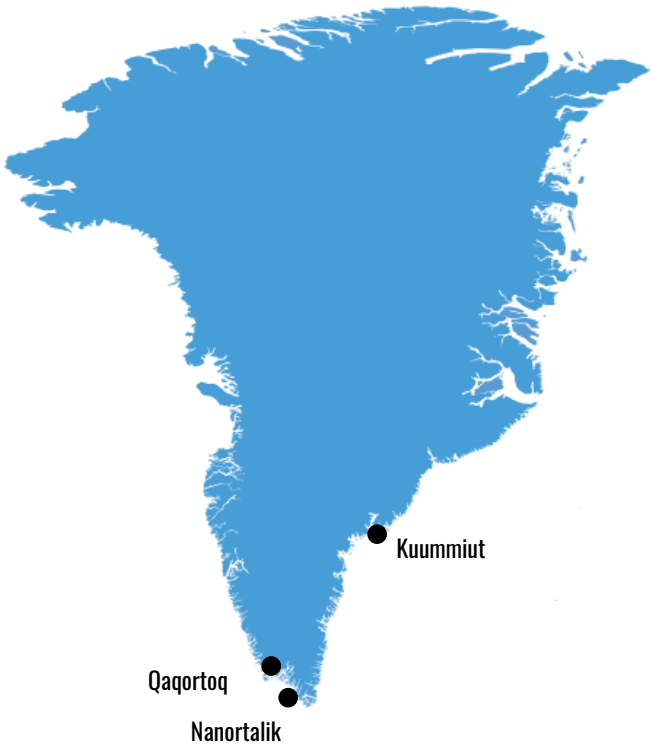
# INVESTMENTS

## ARCTIC PRIME PRODUCTION (APP)

Ú.R. has 100% ownership in APP with three fish processing plants in Greenland since 2013.

This is a real estate investment and Arctic Prime Fisheries operates the processing plants.

As at 31 December 2021, nominal value was DKK 34.5m and book value was EUR 0. Net Income totaled EUR 63.8k for 2021.





# ÚR INNOVATION

In 2020, Ú.R. established the subsidiary ÚR Innovation hf. The purpose of the company is for making investments in innovation and product development, with a focus on sustainability.

## Unbroken® RTR

The first investment made in 2020 was a 25% share in the associated company Zym Ice, specializing in the product of food supplements from salmon fish protein known as Unbroken® Real Time Recovery. Zym Ice is an Icelandic company that operates a factory in Norway, two sales offices in the Unites States and Europe, and a partnership in the Middle East. The investment strengthens Zym Ice's position and accelerates the development and distribution of the company's products on the international market.

Unbroken® RTR is a revolutionary nutritional supplement based on years of research and development. Consumers have purchased from 25 countries in Europe and North America. The main markets are in the field of sports, health and nutrition. The specialty of the product is its 100% natural composition, which is made from salmon cuts. Its use greatly accelerates the absorption of nutrients in the muscles and strengthens the immune system. Unbroken® RTR is certified as a safe product (GRAS) by the US Food and Drug Administration (FDA) and the rules of the International Anti-Doping Agency (WADA) are followed in its production.

Post the 2021 results, ÚR Innovation provided a further capital injection to support its marketing and production activities, bringing its ownership up to 40%.



# ÚR INNOVATION

## Rafnar Maritime

Ú.R. invested in Rafnar Maritime in 2021 in the holding company of Rafnar ehf. And Rafnar IP to support the company in its international expansion.

Rafnar Maritime is an Icelandic company originally founded in 2005 by Össur Kristinsson and his family, who previously launched Össur, the world’s leading prosthetics company and Hafmynd, autonomous underwater vehicles.

Innovations set Rafnar Maritime apart with its boats design for the world’s harshest conditions yet perfect for all conditions. The team has developed and designed the ÖK Hull, a unique hull-and-keel design capable of significantly reducing wave slamming and providing better seakeeping performance. Development of the ÖK Hull took 10 years and involved extensive cooperation with the Icelandic Coast Guard and Icelandic Search and Rescue Association.

“The ÖK Hull provides remarkable seakeeping and comfort compared with conventional boats, while at the same time breaking the attainable speed of a traditional displacement vessel.”

– Andrew Johansson, Superyacht Magazine



# ÚR INNOVATION

## IS Sjávarútvegssjóður

In June of 2021, Íslandssjóður (Iceland Funds) and ÚR Innovation signed a memorandum of understanding for the establishment of an ISK 10 billion fund that will specialize in fisheries and ocean-related activities.

Emphasis is to be placed on start-up opportunities mixed with mature investments, as well as looking at the “Blue Economy” on sustainable development in the fisheries sector, such as improved utilization of energy and raw materials.

The establishment of the fund should be established by Q3 2022.





ÚTGERÐARFÉLAG  
REYKJAVÍKUR HF.

# FINANCIAL PERFORMANCE OVERVIEW

2021 Consolidated Financial Statements





# INCOME STATEMENT

Amounts in EUR	2021	2020
Operating revenue	76.993.168	55.162.326
Cost of goods solds	(69.099.984)	(50.921.196)
<b>Gross margin</b>	<b>7.893.184</b>	<b>4.241.131</b>
Other income and capital gains	1.007.550	4.231.560
Other operating expenses	(1.707.012)	(1.671.032)
<b>Operating profit</b>	<b>7.193.722</b>	<b>6.801.659</b>
Impact of subsidiaries and affiliates	25.212.318	13.515.281
Net finance costs	(5.524.696)	(13.290.516)
	19.687.622	224.765
<b>Profit before taxes</b>	<b>26.881.344</b>	<b>7.026.424</b>
Income tax expense	(573.046)	905.409
<b>Profit for the year</b>	<b>26.308.299</b>	<b>7.931.832</b>

Business focus:

- Gain access to quota and key species to maximize revenues and margins.
- Focus on efficient operations for both Ú.R. and its invested companies. High variable costs that are directly linked to revenues and pricing fluctuations ensures the business is flexible to absorb any reduction in production.
- Leverage opportunities for vessel utilization where best allocated between Iceland and Greenland.
- For longer-term profitability, Ú.R. continues to focus on innovation and higher margins in profitable, growing markets.

Financial highlights:

- Revenues increased by 39.5% to EUR 76.99m in 2021 with a stronger gross margin ratio of 10.25% in 2021 versus 7.6% in 2020. The main driver is the higher demand since Covid-19. Most sales were done through Icelandic Japan and Sirion Seafood.
- Other revenues were down from EUR 4.2m to EUR 1m due to the FX translation difference for payment on the Glitnir case.
- The jump in revenues from subsidiaries from EUR 13.5m to EUR 25.2m is with a higher allocation of profit from Brim, where their results showed overall improved gross margins and operational effectiveness.
- Financing costs are at normal levels, whereas they were higher in 2020 due to the EUR 3.7m loss of shares sold in Kristján Guðmundsson that were offset by other interest debt income from APF.



## BALANCE SHEET: ASSETS

Amounts in EUR	31.12.2021	31.12.2020
<b>Fixed assets</b>		
Fishing rights	103.838.198	81.857.200
Property, plant and equipment	58.515.848	35.959.052
Rental property	0	4.513.314
Holdings in subsidiaries and affiliates	279.207.326	260.514.906
Holdings in other companies	1.248.789	1.439.575
Related party receivables	6.040.134	18.205.595
	<u>448.850.295</u>	<u>402.189.642</u>
<b>Current assets</b>		
Inventories	3.173.491	5.444.483
Trade receivables	647.395	939.646
Related party receivables	4.567.686	30.988.333
Other short-term receivables	2.161.156	2.893.594
Cash	40.532.003	11.260.541
	<u>51.081.731</u>	<u>51.526.597</u>
<b>Total assets</b>	<u>499.932.026</u>	<u>453.716.240</u>

### Business focus:

- Maintain strong working capital and liquidity, especially to cover monthly cyclical movements. Business cyclicity is stable throughout the year with fishing all year round and sales of frozen products.
- Close relationships with customers for sales and receivables management.
- Mix of revenues generated by investments in key companies, Brim and other.

### Financial highlights:

- In November 2021, Ú.R. acquired capelin quota from Brim, which accounts for the increased book value of catch quota.
- Ú.R. purchased the Tasermiut fishing vessel from APF, now called Sólborg for EUR 22.9m. The evaluation was done by Atlantic Shipping in Denmark.
- Related party receivables decreased with the purchase of Tasermiut and the purchase of own shares.
- The building in Fiskislóð was purchased for a total of EUR 4.9m, which had been previously rented. The value was appraised by Fasteignamarkaðurinn ehf. The corresponding Lease Payable in liabilities was nil.
- In 2021, Ú.R. bought 33% shares in APC as part of a restructuring of the AP Group, where APC owns 100% of APF.
- Overall cash increased with the bond issuance done in the H2 2021.



## BALANCE SHEET: EQUITY AND LIABILITIES

Amounts in EUR	31.12.2021	31.12.2020
<b>Equity</b>		
Share capital	4.973.522	5.128.322
Share premium account	89.896.750	107.235.415
Statutory reserve fund	1.282.083	1.282.083
Translation differences	1.183.848	2.162.203
Restricted capital account	42.506.087	22.422.951
Unallocated own shares	109.194.217	106.169.766
<b>Equity</b>	<b>249.037.217</b>	<b>244.400.750</b>
<b>Long-term liabilities and obligations</b>		
Interest-bearing debt	170.229.311	151.579.804
Lease payable	0	3.848.246
Income tax liability	26.190.706	25.793.030
	<b>196.420.017</b>	<b>181.401.081</b>
<b>Short-term liabilities</b>		
Interest-bearing debt	50.244.798	25.108.680
Lease payable	0	173.349
Accounts payable and other current liabilities	4.128.103	2.425.604
Unpaid calculated taxes	94.805	206.776
Liabilities to related companies	7.086	0
	<b>54.474.791</b>	<b>27.914.409</b>
<b>Total liabilities</b>	<b>250.894.808</b>	<b>209.315.490</b>
<b>Total equity and liabilities</b>	<b>499.932.026</b>	<b>453.716.240</b>

### Business focus:

- Maintain a strong equity ratio at over 50%. Focus is on reinvesting profits for business growth – both organic and for acquisition.
- A new dividend policy was approved in 2020 to pay 50% of net profit to shareholders, subject to meeting Ú.R.'s loan facilities conditions.
- All credit facilities are provided by Landsbankinn and denominated in Euros.
- In 2020, Ú.R. issued promissory notes in Icelandic krona for the first time as the market had favorable interest rate conditions. The purpose is to diversify liquidity and currency risk..

### Financial highlights:

- Ú.R. issued a bond totaling ISK 7bn, or approximately EUR 46.99m. The objective is to diversify its funding and liquidity concentration risk.
- The decrease in the Share Premium Account from EUR 107.2m to EUR 89.89m resulted from Ú.R. buying its own shares. This was a requirement for the bond issuance regarding connected parties in order to simplify the equity.
- The Restricted Capital Account increased to EUR 42.5m from EUR 22m relating to shares linked to Brim's profitability, where no dividends can be paid from this account.
- Overall interest-bearing debt resulted from the bond issuance done in H2 2022.





## CASHFLOW

Amounts in EUR	2021	2020
<b>Operating activities</b>		
Operation profit	7.193.722	6.801.659
Depreciation	2.437.566	1.956.943
Loss on disposal of property, plant and equipment	127.104	12.951
Working capital generated from operations	9.758.391	8.771.663
Inventories, decrease (increase)	2.229.724	(1.678.426)
Other operating assets, decrease, (increase)	737.449	(620.556)
Operating liabilities, (decrease)	(798.231)	(19.329.305)
Cash from operations without interest and taxes	11.927.333	(12.856.734)
Interest and dividends paid	86.138	56.216
Interest paid	(6.276.703)	(5.942.196)
Exchange rate difference, received (paid)	1.167.125	(668.966)
Income tax paid	(375.155)	(491.740)
<b>Net cash generated by operating activities</b>	<b>6.528.737</b>	<b>(19.903.416)</b>
<b>Financing activities</b>		
(Purchased) catch quotas	(22.280.998)	0
(Purchased), sold, fixed assets	(7.356.867)	(11.713)
(Sold) bonds to related parties	(12.420.364)	(5.383.257)
Bond proceeds from related parties	19.431.618	13.041.946
(Purchased) investment securities	0	(18.694)
Dividends from affiliates	6.934.142	4.585.285
Net cash flow from acquiring a subsidiary	0	(914.634)
(Acquired), sold, holdings in associated companies	(168.008)	3.354.458
Decrease, (increase), in claims from related companies	594.804	(1.851.914)
	<b>(15.265.673)</b>	<b>12.801.567)</b>

Amounts in EUR	2021	2020
<b>Financing activities</b>		
Dividends paid	(3.200.000)	(2.169.869)
Repayments of rental debt	(187.991)	(168.547)
Repayments of long-term debt	(7.300.000)	(6.875.000)
Bond issuance	46.808.511	0
New promissory notes	1.791.553	16.992.250
Increase, (reduction) of debt to related companies	0	(858.494)
	<b>37.912.073</b>	<b>6.920.340</b>
(Decrease) increase in cash	29.715.138	(181.509)
Cash at the beginning of the year	11.260.541	11.674.074
Exchange rate translate effect on cash	96.325	(232.023)
Cash at the end of the year	<b>40.532.003</b>	<b>11.260.541</b>

### Business focus:

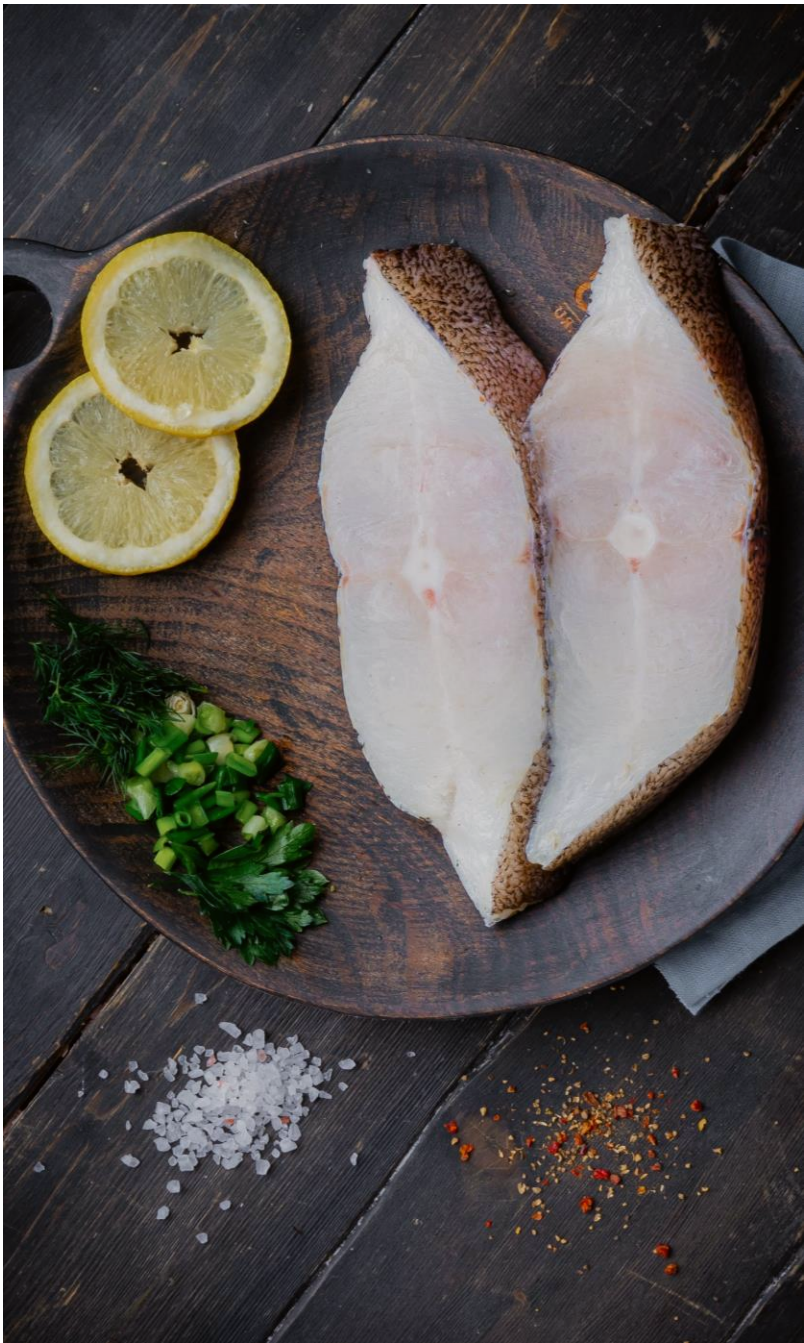
- Generate profit for reinvestment into the company to finance the operations. A new dividend policy was approved in 2020 to pay 50% of net profit
- Ú.R. strives to maintain a minimum of EUR 7m in cash liquidity.

### Financial highlights:

- Ú.R. issued a bond totaling an equivalent of ISK 7bn, or approximately EUR 46.99m.
- Dividends paid totaled EUR 3.2m.
- Maximum dividends proposed total EUR 13m for payment in 2022 vs EUR 26m profit in 2021.

ÚTGERÐARFÉLAG  
REYKJAVÍKUR HF.

INVESTORS





# CORPORATE GOVERNANCE



Magnús Helgi Árnason  
Chairman of the Board  
since November 2019



Agnes Guðmundsóttir  
Joined the Board  
in April 2016



Rebekka Guðmundsóttir  
Joined the Board  
in April 2016



Runólfur Viðar Guðmundsson  
Chief Executive Officer  
since September 2018

Ú.R. is a limited liability company operating under Act No. 2/1995 respecting Public Limited Companies. Under its Articles of Association, the Company is governed by shareholders’ meetings, the Board of Directors and the Chief Executive Officer.

The Company’s Articles of Associations make up the framework for the Corporate Governance practices for Ú.R.. Reference is also made to the Icelandic Guidelines on Corporate Governance are published by the Iceland Chamber of Commerce, SA Business Iceland and Nasdaq Iceland.

## Board of Directors

At the Annual General Meeting of the Company, three members are elected to the Board of Directors.

The Board of Directors holds the supreme authority between shareholders meetings and promotes the development and long-term performance of the Group and the supervision of its operations. Together with the CEO, they formulate the strategy, policies, and set goals and risk parameters for the organization.

The Board is responsible for the recruitment and dismissal of the CEO. The Rules of Procedure for the Board of Directors and are supplementary to the Articles of Association.

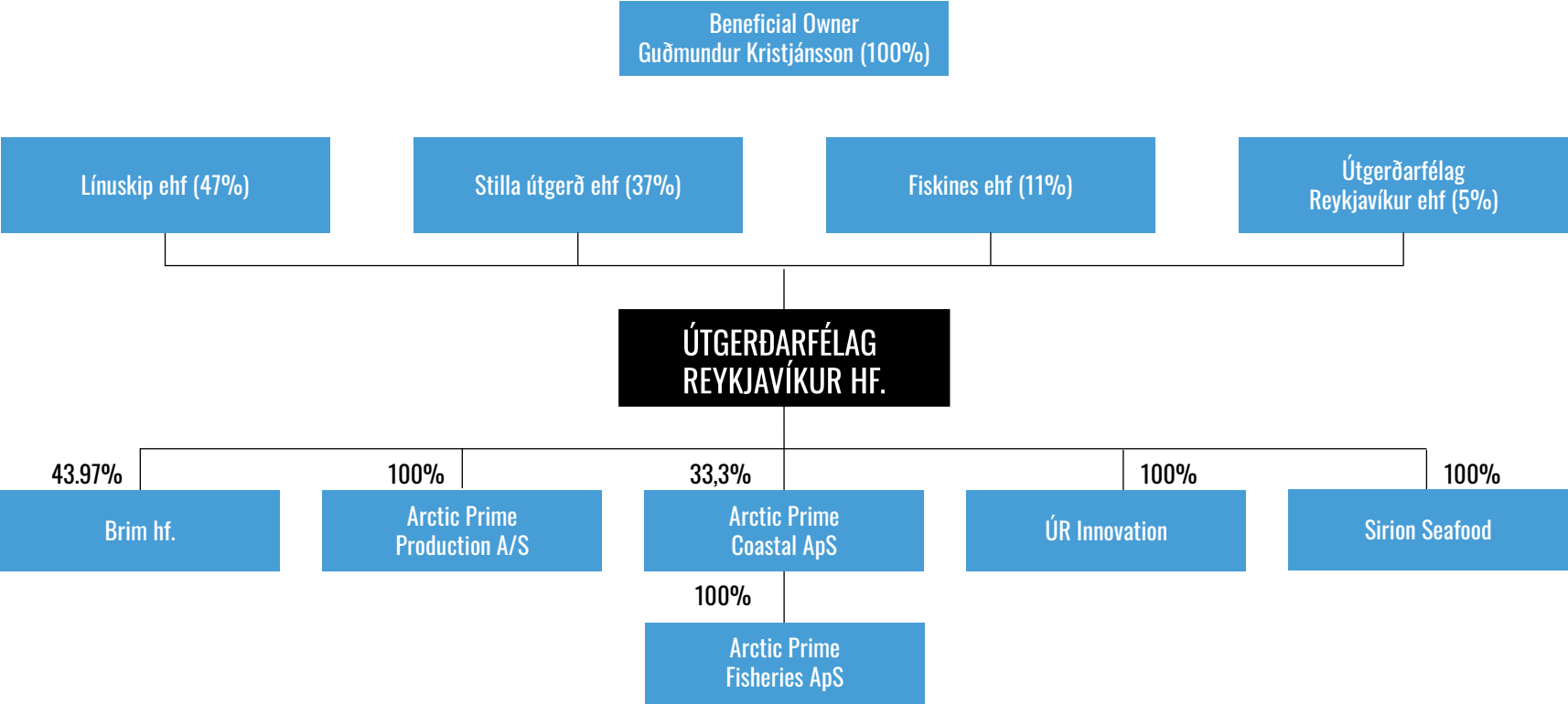
## Chief Executive Officer

The CEO carries out the day-to-day operations of the Company and must, in this respect, follow the policies and instructions laid down by the Board and abide by laws and regulations. The CEO must at all times conduct his work with integrity and takes account of the Company’s interests.



# SHAREHOLDER INFORMATION

Guðmundur Kristjánsson is 100% beneficial owner of Ú.R. as per the investment structure seen below<sup>1</sup>.



1. Shareholder information updated as of November 2021





# RISK MANAGEMENT

Ú.R.'s business activities are exposed to a 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.

The following description of risk factors is not complete and is not listed in any order of priority.

## Fishing rights

The core assets on Ú.R.'s balance sheet is fishing rights. To avoid concentration of risk in both supply and demand, Ú.R. holds a diverse portfolio of quota of fish species. As well, it has invested in Brim and APF to secure fishing rights in the North Atlantic.

## Credit risk

Ú.R.'s credit risk mainly related to accounts receivables from customers that would not be able to pay for goods sold. To minimize this, Ú.R. takes credit risk insurance to cover receivables for third-party customers or when not in place, to require pre-payments.

## Liquidity risk

Historically, Ú.R. has controlled liquidity risk by maintaining access to appropriate loan facilities with its main lender. Cash flow is monitored on a daily basis, with set buffers for its operational needs. To diversify the concentration risk with its lender, Ú.R. has successfully issued promissory notes in 2020 and a listed bond in 2021.

## Currency risk

Ú.R.'s reporting currency is the Euro. Its long-term debt is in Euros. Sales are in major currencies, including the Euro, the US dollar, Yen and the British Pound. Operational costs are split between employee costs in Icelandic krona and oil in US dollars. Its credit lines are in Euros. As a natural hedge to employee costs, the company has issued its bond and promissory notes in Icelandic krona.

## Accidents and incidents

The fisheries sector is one of the highest risk-sectors. Fishing methods, vessels and equipment have improved dramatically over time. Ú.R. places high emphasis to ensure top health and safety of its employees, with special emphasis on the operations of its vessels and crew.

## COVID-19

Since early 2020, COVID-19 is one of the highest risk factors for Ú.R., both for its personnel and its seafood sold around the world. Ú.R. has implemented strict operating procedures at all levels of the company with clear separation of teams and tasks, as well as top hygiene standards for disinfection to avoid any spread of COVID-19.

## Insurance

Ú.R. has appropriate insurance policies in place, which provides insurance cover against products and property damage, certain delays, general liability and environment liability in accordance with normal practice within the industry.

## Reputational risk

Ú.R. seeks to maintain solid relationships with its wide range of stakeholders, including but not limited to its employees, the unions, government and regulatory bodies, suppliers and customers, and the general public. Ú.R.'s approach is to operate within the spirit of the law, to provide top quality seafood and to be exemplary. Proactively managing reputational risk is at the core of its business ethos.

ÚTGERÐARFÉLAG  
REYKJAVÍKUR HF.

ENVIRONMENT,  
SOCIAL AND  
GOVERNANCE  
REPORT





# OUR AREAS OF FOCUS

Ú.R.'s motto is respectful knowledge of the ocean's resources. The vision is to honor the modern demand for profitable management. The company values of initiative, reliability and respect are reflected in Ú.R.'s responsible and sustainable utilization of the ocean's resources.

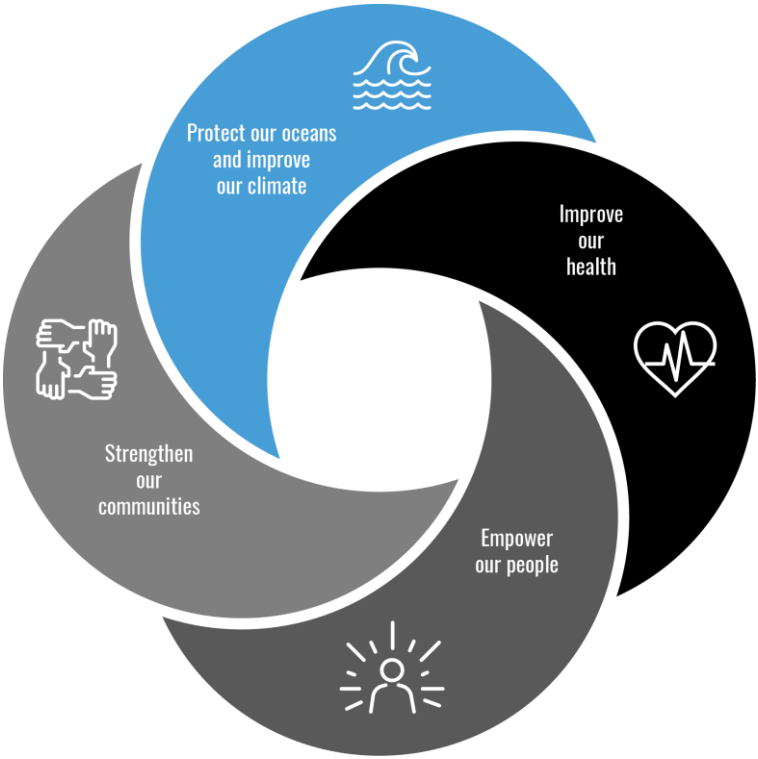
The dynamic team of highly competent staff drives the steady flow of progress and improvements. With the focus on dependability, Ú.R. takes care to adhere to its own high standards and does so by maintaining a close and strong relationship with customers and staff. Respect for and knowledge of the ecosystem, fishery resources and environment are at the core of all the company's operations.

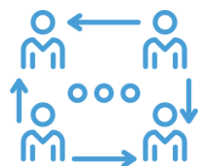
The company's wealth of knowledge and experience, strong management and talented staff in combination with fishing quotas and capital, ensure that Ú.R. is well-placed to achieve results and become one of the foremost companies in the Icelandic fishing industry.

As part of this, Ú.R. has four strategic focus areas relating to the ESG framework:

- Protect our oceans and improve our climate
- Improve our health
- Empower our people
- Strengthen our communities

Ú.R. is proud to issue its second ESG report, with focus on its approach and impact in these key areas.





# STAKEHOLDER ENGAGEMENT

Ú.R. has a wide range of stakeholders, all of whom play a key part in its business with impact in the overall supply chain and society. Ú.R. values the leadership and actions by its stakeholders and take this into consideration in overall decision-making relating to strategy and execution.

Ú.R.'s objective is to ensure good and transparent communication with all stakeholders.

## Materiality analysis

For this first ESG report, Ú.R. conducted a study in early March 2021 to obtain feedback from stakeholders in relation to the materiality analysis seen on the following page.

This study was done by an online survey sent to its stakeholders. A total of 58 responses were received from 202 individuals from 88 stakeholders.

The importance attached to each item is an average taken of all responses received. The rating scale was 1 to 5, with 1 being not important at all to 5 being very important.

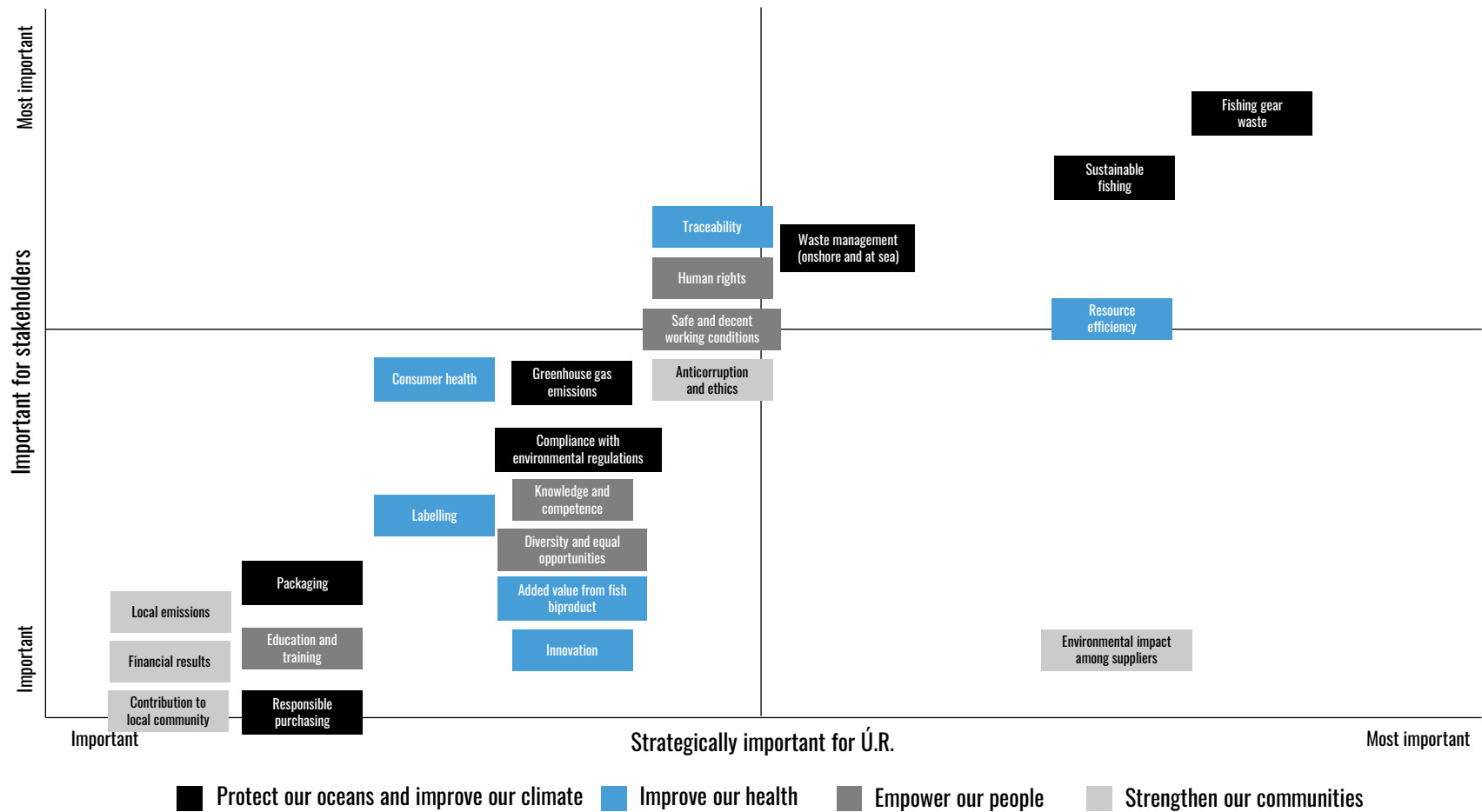
The conclusion shown in the chart on the following page shows that all factors are significant to the stakeholders and Ú.R. The average for each point answered had a ranking between 4 and 5.

<b>Business Partners</b>  Suppliers Contractors Service providers Financial institutions	<b>Internal Influences</b>  Board of Directors Management Shareholders Employees
<b>Customer Groups</b>  International clients Domestic clients	<b>External Influences</b>  Trade unions Government & regulatory agencies Industry associations Advocacy groups Research organizations





# MATERIALITY ANALYSIS



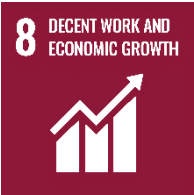


# WORKING TOWARDS UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

The United Nations Sustainable Developments Goals (SDGs) were launched in 2015 to achieve a better and more sustainable future for all. All 193 UN nations have participated in compiling 17 specific goals. They address the global challenges including poverty, inequality, climate change, environmental degradation, peace and justice<sup>1</sup>.

There are eight SDGs which are directly linked to Ú.R.'s strategic focus areas for greatest impact to help contribute to the UN's SDGs. Ú.R. is committed to help reach these SDGs directly through its operations, investments and together with its stakeholders.

Information on how Ú.R. contributes to these eight SDGs is found on the following page.



1. United Nations Sustainable Development Program - [sdgs.un.org](https://sdgs.un.org)



# WORKING TOWARDS UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS



Ensuring the sustainability of fish stocks coupled with maximizing fish utilisation helps to contribute to reduce hunger. Ú.R. focuses on active participation in its own operations and together with its investments in Brim, APF and UR Innovation.



North Atlantic fish are a lean, healthy source of protein and contribute to healthy lives through mental and physical development. Ocean perch (rockfish) and flatfish (sole and flounder), core species fished by Ú.R., are ranked in the top 10 most nutritious foods<sup>1</sup>. Ensuring sustainability and maximizing fish utilization helps contribute to good health.



Iceland leads the way to women’s equality in the workplace, which has a positive impact on improving gender equality around the world. Whilst the seafood industry is heavily dominated by men, it is Ú.R.’s priority to support women at all levels. Two of three board members are women. In 2022, Ú.R. will implement Equal Pay Certification.



The core asset to Ú.R.’s business is its people. Health and safe working conditions are the top priority, whether at sea, on land or at the office. A large portion of the employees are union members. Ú.R. ensures its fulfilment of all statutory rights of employees, equality in the workplace and honoring the collective wage agreements.



To support responsible consumption and production, Ú.R. focuses on resource efficiency by limiting unwanted by-catch, maximizing fish utilization, recyclable materials purchased and energy efficiency on sea and at shore. Recycling of fishing gear & packaging, as well as oil usage & recycling, have the biggest direct impacts from Ú.R. in the supply chain.



The greatest environmental impact of Ú.R.’s operation is fuel use. The CO<sub>2</sub> emissions per kilo of caught seafood is 1.9, amongst the lowest for animal protein. However, Ú.R. continuously focuses on reducing its usage with improvements in operational effectiveness. Post all fishing tours, the recycled oil is also sold as factory fuel.

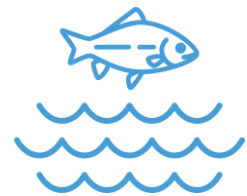


Respectful knowledge of the ocean’s resources is Ú.R.’s motto. Ú.R. actively engages on sustainability of North Atlantic seafood as a member of Responsible Fisheries Iceland and being an original signatory to its sustainability policy, government cooperation and continued innovation.



Ú.R. has a wide range of stakeholders, with whom it collaborates for shared knowledge and cooperation. These stakeholders include suppliers, buyers, authorities, associations, unions, research organisations, the Ú.R. Board of Directors and its employees. This in turn strengthens the means for implementation of sustainable development.

1. BBC: The world’s most nutritious foods.



# ENVIRONMENT

## Sustainable fisheries

Fisheries and fish processing are still one of the main pillars of export activities in Iceland. The Icelandic Fisheries Management Act (No. 116/2006) is based on the United Nations Convention on the Law of the Sea. It is designed with sustainability of fish stocks in mind.

Each year, the total allowable catch (TAC) is set by the Ministry of Fisheries, after the Ministry has received advice from the Marine Research Institute based on a biological assessment of the stocks and forecasts for their development in the near future. The quota shares that determine each year's quotas must be registered to a fishing vessel. A vessel's annual quota for a species is equal to its quota share for that species multiplied by the TAC, after adjusting for special allocations; e.g. for regional support and coastal fisheries of small vessels. Quota shares and annual quotas are transferable and can be traded on the quota market, subject to certain restrictions. The law prescribes maximum holdings of quotas, or 12% of total quotas, by individual fishing companies, both for individual species and in the aggregate.

Ú.R. is one of the largest holders TAC quotas in Iceland. Conservation of the environment has

always been among its highest priorities because Iceland is a country that depends highly on natural resources and their sustainable management. Ú.R. is aware of the dangers that overfishing poses to the environment as well as the economy. Ú.R. is thereby committed to the sustainable and responsible harvesting of Icelandic fisheries and seek to be in harmony with the environment.

Ú.R. is a stakeholder in the ISF (Iceland Sustainable Fisheries) which is a signatory affiliate with the Marine Stewardship Council. The MSC is a voluntary certificate program that upholds the strictest international standards ensuring sustainable fish stocks, minimized environmental impact and effective management for fisheries around the world. Ú.R. holds certification from both ISF and MSC. The total percentage of quota held with MSC certification is 89%.

In October 2020, the company members of Responsible Fisheries (Samtök fyrirtækja í sjárvarútvegi or SFS) agreed on a social responsibility policy that is based on the UN Sustainable Development Goals. Ú.R. is proud to be one of the original signatories and is committed to shoulder its responsibility and promote transparency.

## Traceability and quality

The Directorate of Fisheries of Iceland (Fiskistofa), on behalf of the Ministry of Fisheries, distributes the quotas and oversees the daily operation of the individually transferable quota system. The Directorate collects data on landed catch from ports of landing in real time as well as information on processing and exports of fish products done through electronic surveillance<sup>1</sup>.

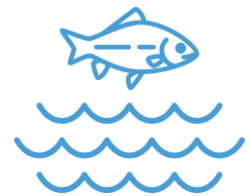
## Greenhouse gas emissions

Ú.R.'s business is purely on seafood catch. Processing and distribution are outsourced. The greatest environmental impact of Ú.R.'s operation is the fuel use, which represents 98.6% of its energy mix. All electricity purchased is renewable energy. With the improvement of trawler technology, focus on key seafood species, and operational effectiveness of the operations, fuel usage has reduced dramatically in Iceland and also at Ú.R. For this report, direct emissions are reported.

All waste oil is sent for recycling to Hreinsitækni according to an agreement with the Recycling Fund. The recycled oil is then sold as factory fuel.

1. fiskistofa.is





# ENVIRONMENT

The CO<sub>2</sub> emissions per kilogram of caught seafood at Ú.R. is 1.9, an increase from 1.2 This was due to adjustments of onboard oil stock at year end 2020, which were accounted for in 2021. Additionally, when Sólborg was bought in 2021, there was no oil and was filled up in December 2021 for the January 2022 trip. We expect the CO<sub>2</sub> emissions levels to be lower in 2022 with regular operations. Overall emissions continue to be world-class versus most animal-based production.

## Waste management

Ú.R.'s overall objective is to minimize and sort waste throughout its operations, 94% of which was recycled in 2021. Through outsourcing, there are sorting stations for recyclable materials and general waste. Information is recorded electronically using smart scales and smart containers.

Ú.R. sells all of its catch as 100% (excluding guts) whole to processors and distributors, therefore the fish utilization is 100%.

Iceland leads globally in fish utilization, where for

example there is 89% utilization of cod while the average in the North Atlantic is closer to 45%. By increasing the amount of each fish used, it becomes possible to create more value from fewer resources.<sup>1</sup> As a member of Fisheries Iceland and being a signatory to its social responsibility policy, Ú.R. is committed to innovation. In 2020, Ú.R. invested ISK 150m in an investment company called Ú.R. Innovation, which is focused on biotechnology and reduction of environmental impact.

## Fishing Gear Waste

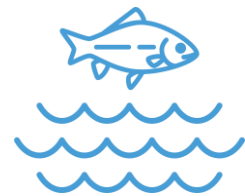
In March 2021 Iceland became a member of the Global Ghost Gear Initiative (GGGI) – the world's largest cross-sectoral alliance committed to driving solutions to the problem of lost, abandoned and discarded fishing gear worldwide<sup>2</sup>. All fishing gear in Iceland must have integrated AIS tracker technology recorded in real time and is assigned to each vessel. Since 2005, all fishing gear lost at sea is to be collected by either the assigned vessel or whichever vessel is in its nearby vicinity.

In 2021, Ú.R. started tracking net weight return of

fishing nets after each trip. The net weight return for the year was 72%. This was due to an increase of new nets brought on board. There were no mishaps during the year where fishing gear was lost at sea.

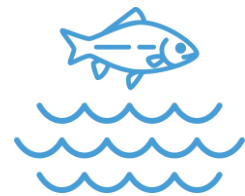
Ú.R. proactively manages the disposal of fishing gear waste. All unusable fishing nets are sent for recycling in Denmark.

1. sjavarklassin.is 2. ghostgear.org



# ENVIRONMENT

Nasdaq	Description	Unit	2021	2020	Comment
E.1	Direct and Indirect GHG Emissions				
E.1.1	GHG Emissions	mCO2e	15,242	15,821	2020 results are on direct GHG emissions only.
E.1.2	Carbon offsets	mCO2e			
E.1.3	Net operational carbon emissions	mCO2e	15,242	15,821	
E.2	Emissions Intensity Scope 1, 2 13)				
E.2.2	Emission intensity per revenues	mCO2e/EURm	414	527	
E.2.3	Emission intensity per quota	mCO2e/ton	1.1	1	
E.2.4	Emission intensity per total assets	mCO2e/EURm	32	37	
E.2.5	Emission intensity per employee	tCO2e/E	171	264	
E.3	Direct & Indirect Energy Consumption (E3   UNGC-P7   GRI: 302-1   SDG 12 )				
E.3.1	Total energy consumption	kWh	58,961,285	46,342,906	2020 results are on direct energy consumption only.
E.3.1.1	Of which energy from fossil fuel	-	58,119,489	45,706,226	
E.3.1.2	Of which energy from electricity	-	78,722	95,360	
E.3.1.3	Of which energy from hot water	-	763,074	541,320	
E.4	Energy Intensity (E4   UNGC-P7, P8   GRI: 302-3   SDG 12 )				
E.4.1	Energy intensity per revenues	kWh/EUR	1,602,209	1,544,764	
E.4.2	Energy intensity per total assets	kWh/EUR	121,411	106,294	
E.4.3	Emission intensity per quota	tCO2e/ton	6	7	
E.4.4	Energy intensity per employee	kWh/E	8,574	9,022	
E.5	Energy Mix (E5   UNGC-P7   GRI: 302-1   SDG 7)				
E.5.1	Oil	%	98.6%	98.6%	2020 results are on direct energy mix only.
E.5.2	Electricity	%	0.1%	0.2%	
E.5.3	Natural Gas	%			
E.5.4	Renewable resources (hydro, geothermal, solar, wind)	%			
E.5.5	Carbon footprint: CO2 emissions	CO2/kg fish	1.9	1.2	



# ENVIRONMENT

Nasdaq	Description	Unit	2021	2020	Comment
E.6	Water Management (E6   UNGC-P7   GRI: 303-5   SDG 6)				
E.6.1	Total water consumption	m3	195	127	
E.6.2	Total amount of water reclaimed	m3	0	0	
E.6.a	Waste Management				
E.6.a.1	Total Waste	MT	161,487	204,115	
E.6.a.1.1	Of which waste recycled	-	152,312	171,635	
E.6.a.1.2	Of which waste not recycled		9,175	32,480	
E.6.a.2	Total waste generated per employee	MT/E	1,814	3,402	
E.6.a.3	Total waste generated per revenue	MT/EURm	4,388	6,804	
E.6.b	Fisheries specific KPI				
E.6.b.1	Total amount of fish utilization	%	100%	100%	
E.6.b.2	Total fishing gear recycled and reused	%	98%	100%	
E.6.b.4	Net weight return % of fishing nets	%	72%	n/a	No fishing gear was lost at sea.
E.7	Environmental Operations				
E.7.1	Environmental Policy approved by the Board	yes/no	no	no	Ú.R. is a signatory to SFS Social Responsibility Policy and ISF/MSC
E.7.2.	Company follows specific waster, energy, and/or recycling policies	-	no	no	
E.7.2.	Company uses a recognized energy management system	-	no	no	
E.8	Climate Oversight / Board				
E.8.1	Board oversees and/or manages climate related risks	yes/no	yes	yes	
E.9	Climate Oversight / Management (E9)				
E.9.1	Does your Senior Management Team oversee and/or management climate related risks?	yes/no	yes	yes	
E.10	Climate Oversight / Management				
E.10.1	Total amount invested, annually, in climate-related infrastructure, resilience and product development	EUR	0	0	
	Certified Sustainable Seafood				
	Quota held with MSC certification	%	89%	75%	



## SOCIAL

### Human resources

The core asset to Ú.R.'s business is its people and ultimately to their families.

Ú.R.'s objective is to provide excellent working conditions, whether at sea, on land or at the office, in order to attract top talent in the seafood sector.

A large portion of the employees are union members at 78%. Ú.R. ensures its fulfilment of all statutory rights of employees, equality in the workplace and honoring the collective wage agreements.

In 2021, the average headcount was 89, up from 60 in 2020. The increase was due to the acquisition of the new trawler Sólborg and return to previously levels from the peak of COVID-19.

### Equal opportunities

The seafood industry is heavily dominated by men. This is reflected in Ú.R.'s operation, where the percentage of women dropped to 6.7% in 2021 from 9.1% in 2020 with the acquisition of Sólborg and a higher quantity of fishermen.

Ú.R.'s pay structure is at the top end of the market to attract top talent. In 2020, Ú.R. employees ranked 6th highest average salaries compared to all Icelandic companies as per Frjáls Verslun 300 Stærsta.

The average monthly salaries cost per employee are high at EUR 14.6k since seamen receive pay in accordance with a share allotment system on the fishing catch. This is also reflected in the gender pay ratio of 0.56, since all women employed hold office positions.

It is Ú.R.'s priority to support women at all levels. At present, two of three Board Members are women. Ú.R. has the objective of implementing Equal Pay Certification by the end of 2022.

One of the Board Members, Agnes Guðmundsdóttir, is active in promoting women in the Icelandic seafood industry. She is currently the Chair of the Association of Women in the Marine Industry (Konur í sjávarútvegi).

Overall, there is a flat pay structure within Ú.R. where the CEO pay ratio is 2.02 times the average company salary.

### Health and safety

The fisheries sector is one of the highest risk-sectors. Ú.R. places strong emphasis to ensure top health and safety of its employees, especially with the operations of its vessels and crew.

Ú.R. has implemented the following policies in relation to health and safety:

- Health policy: to promote that employees are protected against health hazards and health

damage at work

- Occupational health and safety policy: protection plan and risk assessment of the trawler(s) and its crew, including safety representatives

All injuries and incidents are immediately recorded with a full review conducted to identify the cause and prevention going forward. For the employee, Ú.R. has a company doctor on call for accidents and rehabilitation program. In 2021, there were 0.1 incidents per employee.

Since early 2020, COVID-19 is one of the highest risk factors for Ú.R., both for its personnel and its seafood sold around the world. Ú.R. has implemented strict operating procedures at all levels of the company with clear separation of teams and tasks, as well as top hygiene standards for disinfection to avoid any spread of COVID-19.

### Learning and development

Ú.R. is committed to developing the skills and knowledge of its employees. There is a wide range of skills required at various levels.

Training is both general and industry related, such as HACCP and total quality management.





# SOCIAL

## Policies

In addition to the Health and Safety policies mentioned, these are the policies that have been put in place by Ú.R.:

- Gender and equality action plan
- Personnel policy and action plan
- Crisis policy and action plan
- Privacy policy in line with GDPR
- Whistleblower policy
- Non-discrimination policy (new in 2021)
- Anti-corruption policy (new in 2021)
- Equality and diversity policy (new in 2022)

An overview of the company policies can be found at [www.urseafood.is/investors/governance/](http://www.urseafood.is/investors/governance/)

The Social Responsibility Policy by Fisheries Iceland, signed by Ú.R., contains the requirement to adhere to all laws relating to Human Rights, Child and Forced Labor

## Employee celebrations

Employee celebrations are an excellent way to bring together everyone at Ú.R. and also their families. Many activities are organized over the course of the year, with the major ones being international trip organized every two years, Seaman’s Day event with families, Christmas gathers, yoga, dart competitions, bowling, golf, etc.

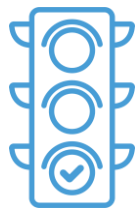
## Community contributions

Ú.R. actively sponsors many competitions, sports organizations, and charities as part of its community contributions.



# SOCIAL

Nasdaq	Description	Unit	2021	2020	Comment
S.1	CEO pay ratio	Multiple	2.02	1.7	CEO salary / company average salary
S.2	Gender pay ratio	Multiple	0.56	0.44	Women's salaries / men's salaries
S.3	Employee turnover				
S.3.1	Full time employees	%	2%	2%	
S.3.2	Part time employees	%	0	0	
S.3.3	Contractors	%	0	0	
S.4	Gender diversity				
S.4.1	Total women	%	6.7%	9.1%	With the acquisition of Sólberg, there was an increase of fishermen
S.4.2	Total men	%	93.3%	90.9%	
S.5	Temporary Worker Ratio				
S.5.1	Total headcount held by part-time employees	%	--	--	
S.5.2	Total headcount held by contractors / consultants	%	--	--	
S.6.	Non-discrimination policy	yes/no	yes	no	Implemented in 2021
S.7	Injury rate				
S.7.1	Injury rate	#accidents/E	0.1	0.1	
S.7.2	Training for employees	hours	320	2,121	
S.7.2	Training hours per employee	hours/E	3.6	35.4	Higher hours used for training with downtime due to COVID-19
S.8	Global health and safety policy	yes/no	yes	yes	
S.9	Child & forced labor policy	yes/no	no	no	Covered in Social Responsibility Policy signed with SFS <sup>1</sup>
S.10	Human rights policy	yes/no	no	no	Covered in Social Responsibility Policy signed with SFS <sup>1</sup>



# GOVERNANCE

Ú.R. is a limited liability company operating under Act No. 2/1995 respecting Public Limited Companies. Under its Articles of Association, the Company is governed by shareholders’ meetings, the Board of Directors and the Chief Executive Officer.

Ú.R. not only follows good governance within its own operations, but also takes an active position across its investments.

## Board diversity

In Iceland, where companies have more than 50 employees, there must be at least 40% of both genders represented on their Boards.

At Ú.R., there is a total of three Board Members, of which two are occupied by women.

## Audit Committee

Ú.R. put in place an Audit Committee in 2021, which is chaired by Anna Geirfinnsdóttir.

## Collective wage agreements

78% of Ú.R. employees are unionized. Ú.R. focuses on maintain good relationships with the various

unions. In addition, Ú.R. ensures its fulfilment of all statutory rights of employees, equality in the workplace and honoring the collective wage agreements.

## Ethics and anti corruption

Ú.R. has zero tolerance towards corruption and holds itself and its invested companies to the highest ethical standards. Should any issues be identified, these are immediately addressed by the Board of Directors.

At Ú.R., all catch is fully transparent through the recording done by the Directory of Fisheries. However, with both investments in Brim and APF, the overall operations are more international in nature. Ethics are of highest priority to ensure top reputation across all stakeholders.

## ESG reporting

Ú.R. is proud to issue this second ESG report. This report has been prepared internally in this first instance without external validation.

### Ú.R. Values

Transparency

Trust

Respect

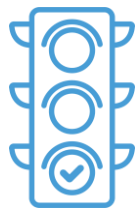
Common sense

Long-term thinking

Risk management

Stakeholder relations

Impact on society



# GOVERNANCE

Nasdaq	Description	Unit	2021	2020	Comment
G.1	Board diversity				
G.1.1	Total Board seats occupied by women	%	67%	67%	
G.1.2	Committee chairs occupied by women	%	100%	N/A	The Audit Committee is chaired by a woman
G.2	Board independence				
G.2.1	Does company prohibit CEO from serving as Board Chair	yes/no	yes	yes	
G.2.2	Total Board seats occupied by independents	%	33%	33%	
G.3	Incentivized pay	yes/no	no	no	
G.4	Collective bargaining	%	78%	73%	
G.5	Supplier code of conduct	yes/no	no	no	
G.5.1	Are vendors/suppliers required to follow a code of conduct?	yes/no	no	no	
G.5.2	If yes, what percentage of suppliers have formally certified their compliance with the code		0	0	
G.6	Ethics and anti-corruption				
G.6.1	Does your company follow an ethics and/or anti-corruption policy?	yes/no	yes	no	
G.6.2	If yes, what percentage of your workforce has formally certified its compliance with the policy	%	0	0	
G.7	Data privacy				
G.7.1	Does your company follow a data privacy policy?	yes/no	yes	yes	
G.7.2	Has your company taken steps to comply with GDPR rules?	yes/no	yes	yes	
G.8	ESG Reporting	yes/no	yes	yes	
G.9	Disclosure practices	yes/no	yes	yes	
G.9.1	Sustainability data to sustainability reporting frameworks	yes/no	yes	yes	
G.9.2	Focus on specific UN Sustainable Development Goals	yes/no	yes	yes	
G.10	External validation and assurance	yes/no	no	no	

# DISCLAIMER

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This document has been prepared by the management team of Útgerðarfélag Reykjavíkur hf (“the Company”). This document includes business and operating data, assumptions and performance expectations of the Company’s management team based on currently available information.

By its acceptance hereof, each recipient agrees that neither it nor its agents, representatives, directors or employees will copy, reproduce or distribute to others this document, in whole or in part, at any time without prior written consent of the Company and that it will keep confidential all information contained herein and will use this document for the sole purpose of deciding whether to proceed with the proposed investment.

Furthermore, the projections presented in this document are subject to risks and uncertainties surrounding the industry the Company operates in and other factors beyond the control of the Company. The future performance of the Company may differ from what is presented here.

Accordingly, no guarantee is given as to the accuracy of forecasts, conclusions or projections contained in this document.



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