

ÚTGERÐARFÉLAG
REYKJAVÍKUR HF.

ANNUAL AND ESG PRESENTATION 2022

Respectful knowledge of
the ocean's resources



DISCLAIMER

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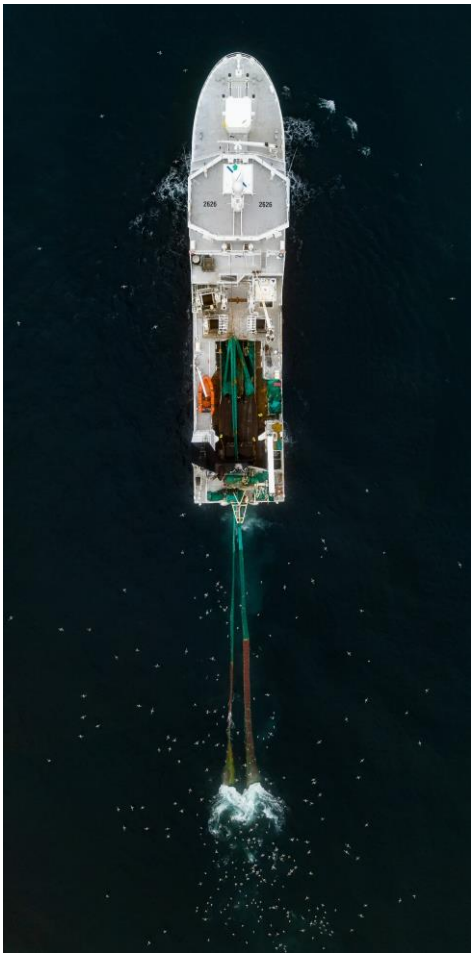
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Accordingly, no guarantee is given as to the accuracy of forecasts, conclusions or projections contained in this document.



ÚTGERÐARFÉLAG REYKJAVÍKUR HF.

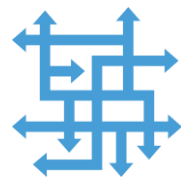


A world-class Icelandic fisheries company with profitability based on sustainability as a guiding principle

One of the largest seafood groups in Iceland

Strong foundation for international competitiveness

Outlook for increased growth due to international demand for wild seafood



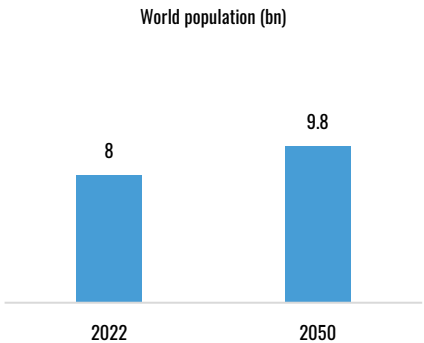
STRATEGY AND GLOBAL TRENDS

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.

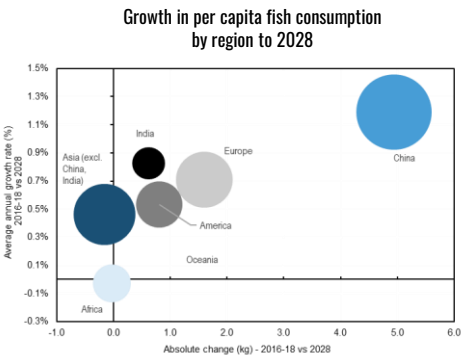
Source: UN



Increasing consumption of seafood

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

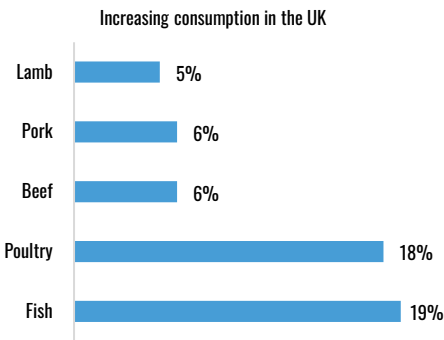
Source: FAO Fish Outlook



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.

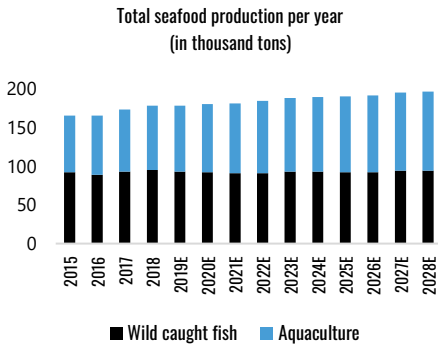
Source: Seafood.org



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





BOARD DIRECTORS AND CEO



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

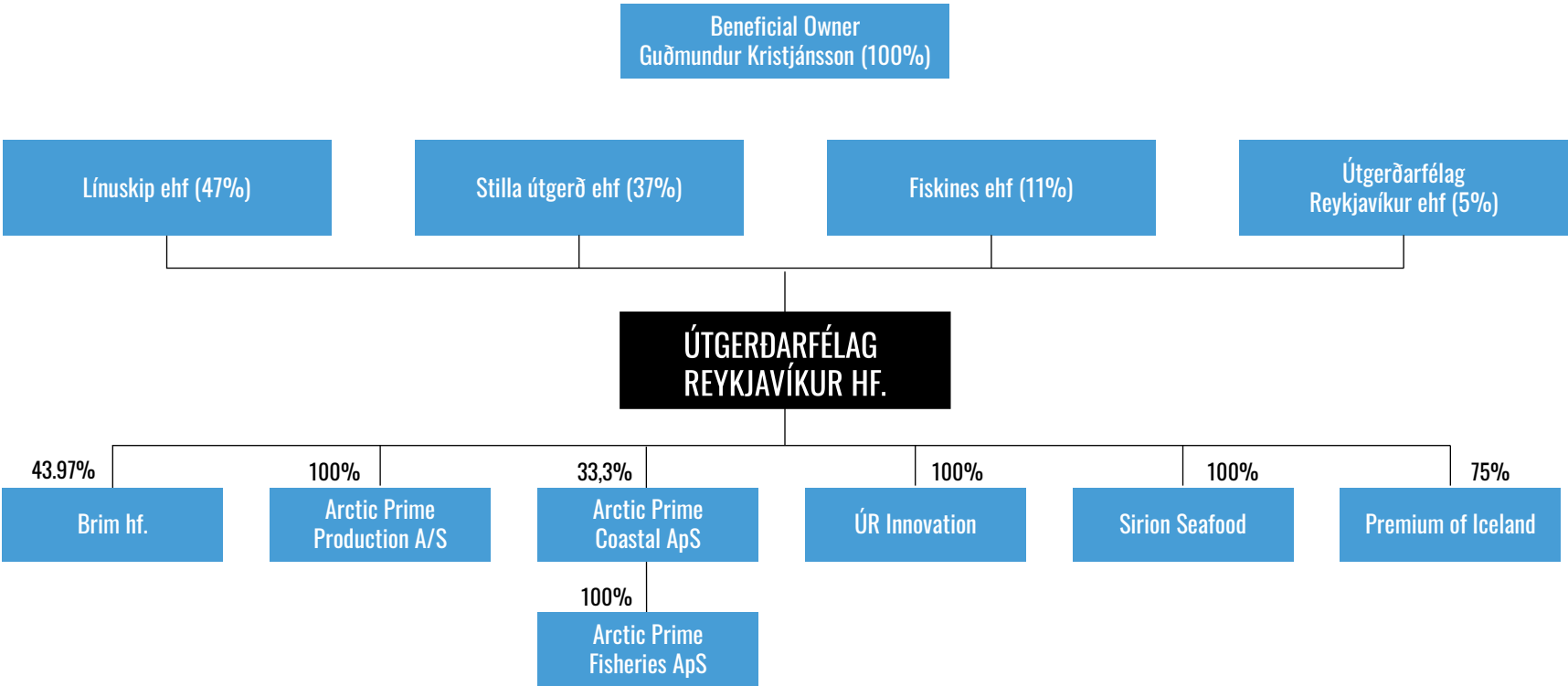


Runólfur Viðar Guðmundsson
Chief Executive Officer
since September 2018



SHAREHOLDER INFORMATION

Guðmundur Kristjánsson is 100% beneficial owner of Ú.R. as per the investment structure seen below¹.



1. Shareholder information updated as of January 2023

ÚTGERÐARFÉLAG
REYKJAVÍKUR HF.

FINANCIAL
PERFORMANCE
OVERVIEW

2022 Consolidated Financial Statements





2022 HIGHLIGHTS

Revenue

EUR 95 million

(vs EUR 76.99 million in 2021)

Profit before tax

EUR 79.1 million

(vs EUR 26.88 million in 2021)

Book value of TAC

EUR 79.39 million

(vs EUR 103.8 million in 2021)

Equity ratio

65.3%

(vs 49.8% in 2021)



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 25th place amongst “Iceland’s Strongest Companies in 2022” awarded by Creditinfo.



Ú.R. is among the 2.2% of Icelandic companies awarded “Excellent in Iceland since 2019 to 2022” by Viðskiptablaðið and Keldan.



Ú.R. has implemented and received Equal Pay Certification for 2023 - 2026



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.



INCOME STATEMENT

Amounts in EUR	2022	2021
Operating revenue	95.003.234	76.993.168
Cost of goods solds	(86.493.163)	(69.099.984)
Gross margin	8.510.071	7.893.184
Other income and capital gains	45.789.549	1.007.550
Other operating expenses	(1.639.654)	(1.707.012)
Operating profit	52.659.966	7.193.722
Impact of subsidiaries and affiliates	34.679.970	25.212.318
Net finance costs	(8.205.728)	(5.524.696)
	26.474.242	19.687.622
Profit before taxes	79.134.207	26.881.344
Income tax expense	(7.741.354)	(573.046)
Profit for the year	71.392.853	26.308.299

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 23.4% to EUR 95m in 2022 with a gross margin ratio of 8.96% in 2022 versus 10.25% in 2021. Most sales were done through Icelandic Japan and Sirion Seafood.
- Other income and capital gains increased by EUR 46.98m to EUR 47.99m due to the sale of Sólborg RE-27 and corresponding catch shares (quota) to BRIM hf. for a total of EUR 43.6m. The entire sale was for EUR 88.5m.
- The jump in revenues from subsidiaries by EUR 9.5m to EUR 34.68m is due to a higher allocation of profit from Brim, where their results showed overall improved gross margins and operational effectiveness.
- Financing costs increased from EUR 5.5m to EUR 8.2m in relation to increased spreads from the inflation-linked bonds prior to debt reduction in Q4 2022.



BALANCE SHEET: ASSETS

Amounts in EUR	31.12.2022	31.12.2021
Fixed assets		
Fishing rights	79.395.555	103.838.198
Property, plant and equipment	37.576.714	58.515.848
Holdings in subsidiaries and affiliates	303.392.952	279.207.326
Holdings in other companies	2.182.172	1.248.789
Related party receivables	11.156.540	6.040.134
	433.703.933	448.850.295
Current assets		
Inventories	9.603.043	3.173.491
Trade receivables	4.394.610	647.395
Related party receivables	2.736.333	4.567.686
Other short-term receivables	632.104	2.161.156
Cash	28.735.967	40.532.003
	46.102.057	51.081.731
Total assets	479.805.990	499.932.026

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:

- BRIM hf. purchased the Sólborg fishing vessel from Ú.R. along with the corresponding fishing rights for a total of EUR 88.5m. This accounts for the decrease in fishing rights and a large portion of the decrease in property, plant and equipment.
- A large part of the related party receivables is associated with loans made to AP Group. In 2022, Ú.R. lent OK eignarhaldsfélagið ehf., which has 100% shareholding in Rafnar ehf., a total ISK 400m (EUR 2.64m) with conversion rights and 10% stock options.
- Holdings in subsidiaries and affiliates mainly increased due to the higher book value of BRIM hf up EUR 22.4m to EUR 300m as at year-end 2022.
- Overall cash reduced with the repayment of long-term and short-term loans.



BALANCE SHEET: EQUITY AND LIABILITIES

Amounts in EUR	31.12.2022	31.12.2021
Equity		
Share capital	4.973.522	4.973.522
Share premium account	89.896.750	89.896.750
Statutory reserve fund	1.282.083	1.282.083
Translation differences	1.116.029	1.183.848
Restricted capital account	67.442.810	42.506.087
Unallocated own shares	143.642.585	109.194.217
Equity	308.353.779	249.037.217
Long-term liabilities and obligations		
Interest-bearing debt	87.866.553	170.229.311
Income tax liability	33.579.576	26.190.706
	121.446.129	196.420.017
Short-term liabilities		
Interest-bearing debt	37.153.152	50.244.798
Accounts payable and other current liabilities	2.996.735	4.128.103
Unpaid calculated taxes	373.392	94.805
Liabilities to related companies	9.482.802	7.086
	50.006.081	54.474.791
Total liabilities	171.452.210	250.894.808
Total equity and liabilities	479.805.990	499.932.026

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 and then a listed bond issue in 2021. The purpose is to diversify liquidity and currency risk..

Financial highlights:

- The Restricted Capital Account increased to EUR 67.4m from EUR 42.5m relating to shares linked to Brim's profitability, where no dividends can be paid from this account.
- Total interesting bearing debt (short-term and long-term) decreased by EUR 95.5m to EUR 125m. This was partly due to the sale of Sólborg to BRIM hf., where BRIM hf. had also taken on the related long-term debt of EUR 81.4m. In addition, Ú.R. paid down interest bearing debt from cash on hand to optimize the Balance Sheet structure.



CASHFLOW

Amounts in EUR	2022	2021
Operating activities		
Operation profit	52.659.966	7.193.722
Depreciation	2.855.259	2.437.566
Loss on disposal of property, plant and equipment	(44.664.002)	127.104
Working capital generated from operations	10.851.222	9.758.391
Inventories, decrease (increase)	(6.426.759)	2.229.724
Other operating assets, decrease, (increase)	(2.601.810)	737.449
Operating liabilities, (decrease)	8.791.193	(798.231)
Cash from operations without interest and taxes	10.613.846	11.927.333
Interest and dividends paid	338.967	86.138
Interest paid	(7.645.054)	(6.276.703)
Exchange rate difference, received (paid)	412.163	1.167.125
Income tax paid	(95.346)	(375.155)
Net cash generated by operating activities	3.624.577	6.528.737
Financing activities		
Sold (purchased) catch quotas	5.776.173	(22.280.998)
Sold (purchased) fixed assets	5.577.032	(7.356.867)
Dividends from affiliates	13.104.028	6.934.142
Net cash flow from acquiring a subsidiary	7.056.525	0
Sold (acquired) holdings in associated companies	(2.516.500)	(168.008)
Sold (acquired) holdings in other companies	(517.692)	
Decrease, (increase), in claims from related companies	(3.154.996)	7.606.058
	14.170.507	(15.265.673)

Amounts in EUR	2022	2021
Financing activities		
Dividends paid	(13.000.000)	(3.200.000)
Repayments of rental debt		(187.991)
Repayments of long-term debt	(8.786.082)	(7.300.000)
Bond issuance		46.808.511
Change in promissory notes	(7.663.061)	1.791.553
	(29.419.143)	37.912.073
(Decrease) increase in cash	(11.624.060)	29.715.138
Cash at the beginning of the year	40.532.003	11.260.541
Exchange rate translate effect on cash	(171.975)	96.325
Cash at the end of the year	28.735.967	40.532.003

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. paid down long-term and short-term debt totaling EUR 95.5m with the sale of Sólborg and reduction of cash.
- Dividends paid totaled EUR 13m.
- Maximum dividends proposed total EUR 35m for payment in 2022 vs EUR 71.4m profit in 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.

THE
GROUP





BUSINESS STRUCTURE

Ú.R.
Commercial fishing

Investments
Brim, APC, APP

ÚR Innovation

Focus on access to quota in the North Atlantic
within key species

Investing in innovation of marine biotechnology to maximize
the usage and value of marine products



Ú.R. COMMERCIAL FISHING

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.

With the sale of Sólborg to Brim in 2022, Ú.R. sold the following catch shares which accounts for the reduced book value of catch quota: capelin 5,8%, mackerel 3,3865897%, silver smelt 11,42%, cod in Norwegian jurisdiction 16,86406090% and cod in Russian jurisdiction 16,86406090%.

Book value of catch quotas (in EUR)	2022	2021
Book value at beginning of year	103.838.198	81.557.200
Change in value over the year	(24.442.643)	22.280.998
Book value at year-end	79.395.555	103.838.198



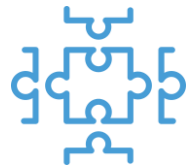
Guðmundur í Nesi RE-13

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

	Catch share in % 2022/2023	TAC in tonnes	Uncaught catch limit for cod kg 31.12.2022	Uncaught catch limit for cod kg 31.12.2021
Cod	0,300%	492.950	34.314	279.726
Haddock	1,504%	731.725	115.626	414.619
Saithe	4,328%	1.469.522	1.415.451	2.541.148
Redfish / golden redfish	10,217%	1.356.669	456.194	1.546.313
Deep sea redfish	18,311%	725.129	719.475	528.865
Ling	2,265%	52.300	207	5.474
Cusk	3,784%	30.896	28.453	2.760
Monkfish	0,090%	334	334	574
Greenland halibut	20,000%	4.724.771	5.451.556	5.211.551
Wolffish	1,842%	75.111	75.111	67.325
Spotted wolffish	3,853%	7.903	4.748	6.630
Blue ling	5,121%	4.322	1.026	6.630
Silver smelt	27,178%	830.176	795.090	1.011.340
Small redfish	30,837%	46.127	36.035	56.169
European plaice	3,482%	241.788	2.589	1
Lemon sole	3,777%	46.029	3.403	434
American plaice	0,525%	0	3	16
Witch flounder	0,176%	1.036	23	46
Common dab	0,101%	87	0	123
Deepwater shrimp	6,282%	248.083	286.140	309.348
Snæfellsness shrimp	6,282%			3.018
Mackerel				133.824
		11.084.958	9.425.778	12.125.933

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

Cod in Norwegian jurisdiction			871.327
Cod in Russian jurisdiction			871.327
Total authorizations	11.084.958	9.425.778	12.997.260



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.

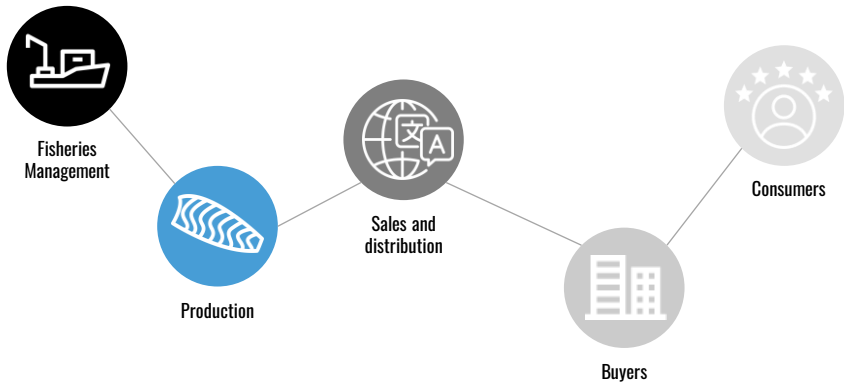
As at 31 December 2022, Ú.R. held 33.92% shares in Brim through direct ownership and 10.05% through RE-13 with a total book value of EUR 300.27m. Brim 2022 allocated profit to Ú.R. totaled EUR 34.87m, up by 38.2% from 2021 with a return on investment of 11.6%.

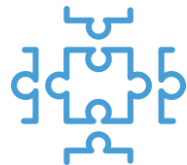
For more information, go to www.brim.is/brim/english/brim/investor-relations/

In Euros	2022	2021
Consolidated Brim earnings to Ú.R.	34.866.451	25.233.943
Book value of Brim shareholding as at year end 31 December	300.267.649	277.853.809
Return on total investment	11.6%	9.1%



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.

Since 2021, Ú.R. has a 33% shareholding in APC as part of a restructuring of the AP Group, where APC owns 100% of APF.

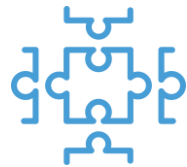
Ú.R. has related party claims to the AP Group (APC, APF and APP) for a total of EUR 8.37m as at 31 December 2022, a slight increase from EUR7.1m from 2021.

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

- Cod: 10.481 tons
- Mackerel: 6.459 tons
- Halibut: 774 tons
- Redfish: 582 tons
- Herring: 3.125 tons



Ilivileq - GR-2-201 (2020)



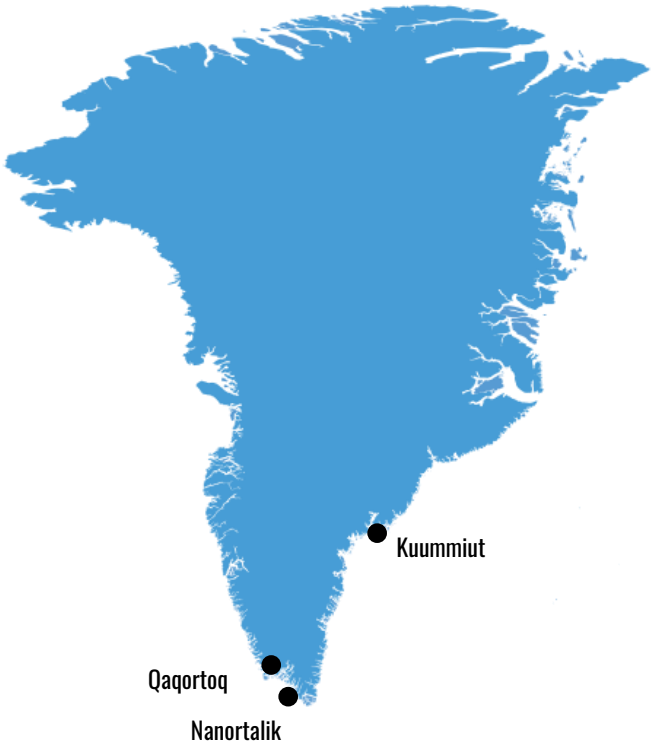
INVESTMENTS

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 2022, nominal value was DKK 34.5m and book value was EUR 0. Net Income totaled EUR -335k for 2022 vs EUR 63.8k in 2021.



ÚR SEAFOOD

Premium of Iceland

Ú.R. invested in Premium of Iceland in 2022 with a 75% shareholding to support the company with its increased international demand, working capital and capital expansion needs.

Premium of Iceland operates its own fish processing plant in Njarðvík, Iceland. They meticulously select only the highest quality fish from wild catch and sustainable farming, including Atlantic Salmon, Redfish, Cod and Saithe. Today, it is the largest salmon fish farming processing plan in Iceland for both salmon cuts and smoked salmon.

The company’s focus is on top quality and sustainability; thus, bringing in higher margins. The processing of the fish is by using impeccable craftsmanship of experienced people and they do not use any chemicals in the products. In addition, packaging is made of wood fiber, a sustainable source.



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®

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. In early 2022, ownership increased to 40%. The investment strengthens Zym Ice's position and accelerates the development and distribution of the company's products on the international market.

Zym Ice is an Icelandic company that operates a factory in Norway, distribution in Iceland, the Unites States and Europe, and a partnership in the Middle East. A new partnership has been formed to enter the Japanese market.

Unbroken 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 is certified as a safe product (GRAS) by the US Food and Drug Administration (FDA) and all batches are tested and certified by Informed Sport® against WADA banned substances.

In 2023, Unbroken will be rebranding with new and improved flavours (lemon-lime and mango) with a focus on general wellness. This will support its launch into the Japanese market and Amazon USA.



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

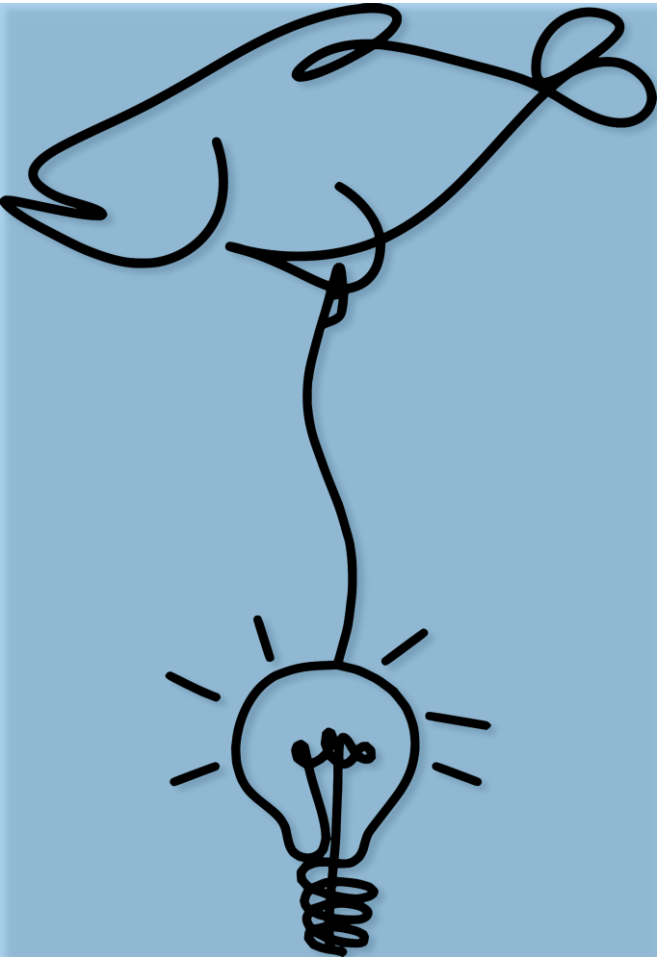
In June of 2021, Íslandssjóður (Iceland Funds) and ÚR Innovation signed a memorandum of understanding for the establishment of an ISK 10 billion fund that will specialize in fisheries and ocean-related activities.

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 fund was established in Q1 2023.



Iceland Funds



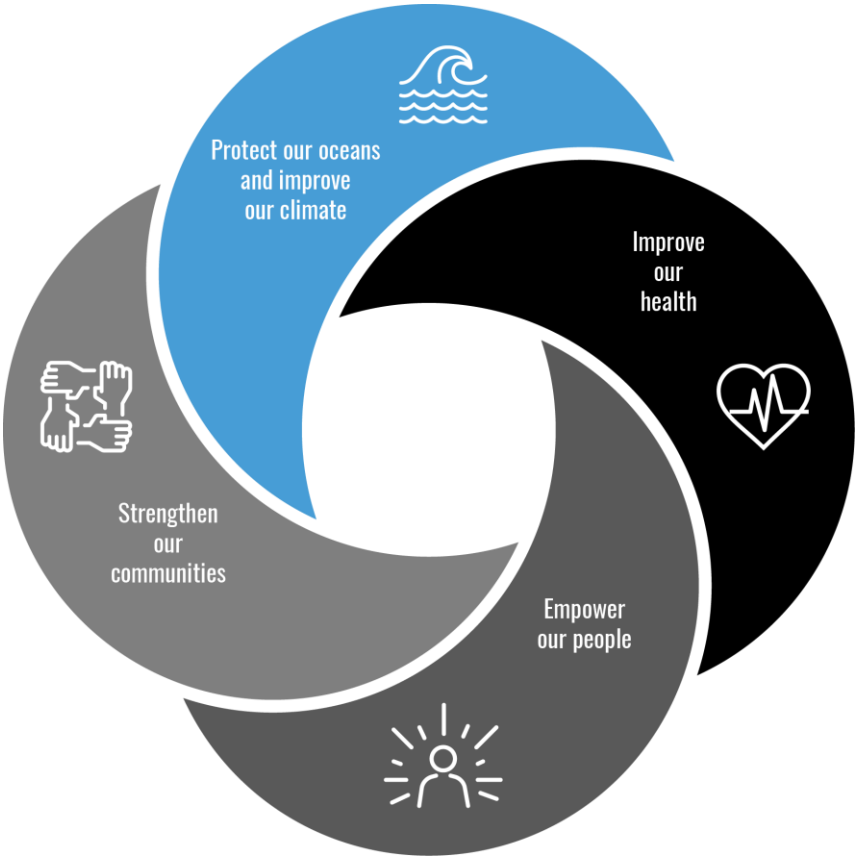
ÚTGERÐARFÉLAG
REYKJAVÍKUR HF.

ENVIRONMENT,
SOCIAL AND
GOVERNANCE
REPORT





ESG REPORT



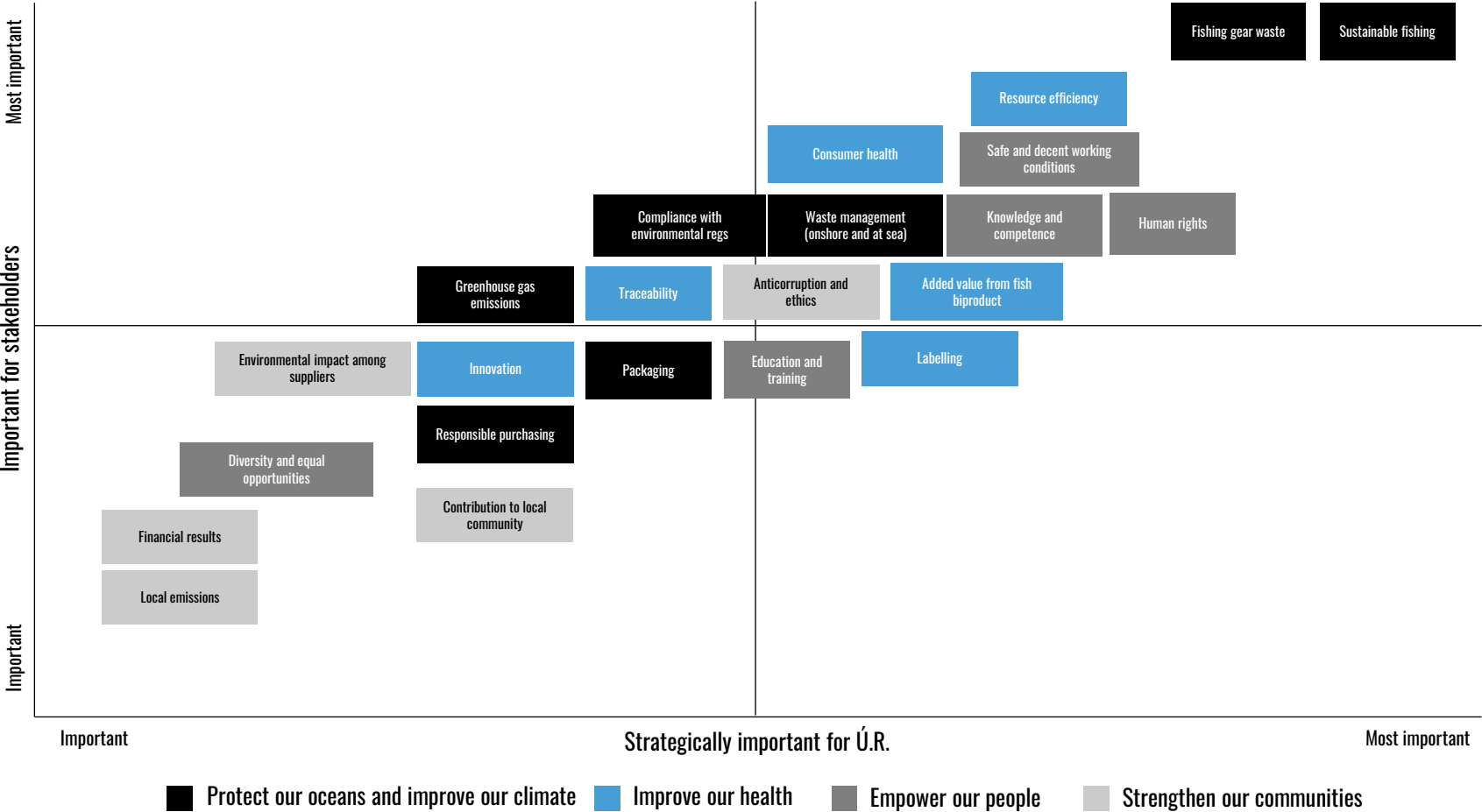
Third ESG report issued by Ú.R.

In March 2023, a second survey on materiality aspects sent to 342 people from 96 identified stakeholder groups

Total CO₂ emissions per kilo of caught seafood is 1.98, up from 1.9 in 2021, amongst the lowest for animal protein and fish wild catch



MATERIALITY ANALYSIS





WORKING TOWARDS UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS



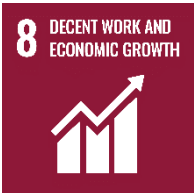
Ensuring the sustainability of fish stocks coupled with maximizing fish utilisation helps to contribute to reduce hunger. Ú.R. focuses on active participation in its own operations and together with its investments in Brim, APF and UR Innovation.



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 foods¹. 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 CO₂ 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.

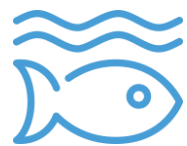


Respectful knowledge of the ocean’s resources is Ú.R.’s motto. Ú.R. actively engages on sustainability of North Atlantic seafood as a member of Responsible Fisheries Iceland and being an original signatory to its sustainability policy, government cooperation and continued innovation.



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.



NEW ESG PROJECTS

Investing in innovation for game changing impact in sustainability in the fisheries sector

**Fleet renewal
with methanol**

**Traceability from
catch to transport**

**Fish identification with
Maritech Eye™**



FLEET RENEWAL WITH METHANOL

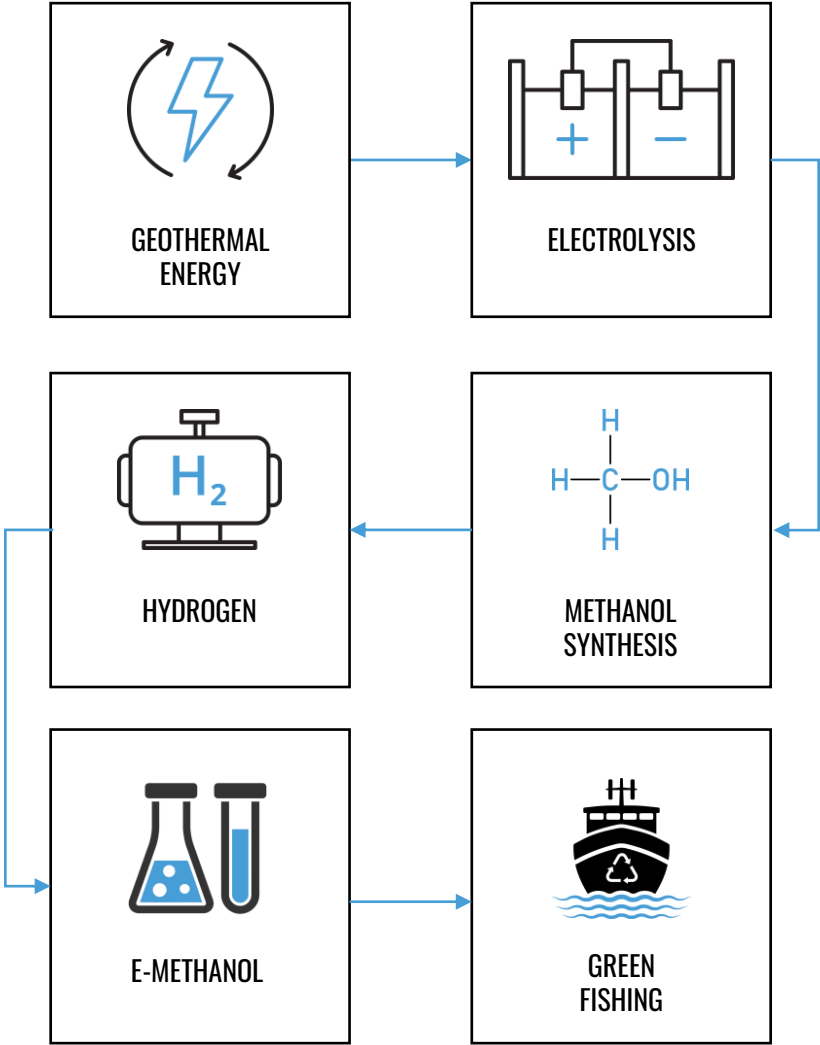
Estimated annual CO₂ emissions savings of 92%

A major environmental impact in the seafood industry is oil consumption and CO₂ emissions. Then the question is, what can be done, is there perhaps no general energy transition ahead in the fishing industry? This can be done with methanol.

Methanol is a safe, cost-effective, globally available marine fuel. With the growing demand for cleaner marine fuel, methanol is an alternative fuel for ships that helps the shipping industry meet increasingly strict emissions regulations. Source: Methanex.com

In early September 2022, together with Orkusjóður funding, Ú.R. has started its first step towards 97% methanol usage by 2024. In September, Ú.R. implemented a new energy management system as a first step and will put in place carbon-neutral methanol tanks in 2024 to replace its oil tanks on Guðmundur í Nesi RE-13. Once deployed, it is estimated to generate annual CO₂ emissions savings of 92%.

Ú.R. is the first fisheries company to embark on this journey towards methanol. While renewable energy is becoming more and more common in the energy mix of electricity consumption by using methanol, this is one of the first steps in heavy transportation towards using 100% renewable energy. This marks a milestone in the journey towards green transition in the Icelandic seafood industry.





TRACEABILITY FROM CATCH TO TRANSPORT

The story of your seafood in seconds

Each carton has an individual QR code connecting the product’s data from catch to transport.

Each QR fingerprint contains:

- Catch area
- Vessel name
- Time of catch
- Time of freezing
- Day of landing
- Landing site
- Transport route
- Carbon footprint





MARITECH EYE™

The first on-vessel project for species and size registrations

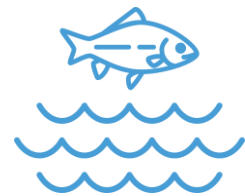
Ú.R. will be the first company to start using Maritech Eye™ onboard fishing vessels.

The hyperspectral camera solution Maritech Eye™ was installed on Guðmundur í Nesi in January 2023 and to be shortly be placed onboard Ilivileq. The purpose is to automate the recognition and documentation of species in combination with size and other parameters related to various characteristics of whitefish catch.

The information will also be sent from Guðmundur í Nesi to the fisheries authorities in Iceland, who will use the data for research and estimation of stock size to optimize Icelandic quotas. Fiskistofa, The Icelandic Directorate of Fisheries, and Hafrannsóknarstofnun Íslands, the Icelandic Marine and Freshwater Research Institute, express that this project is very exciting to follow up on and that they will collaborate closely with Ú.R.

Ú.R. sees the possibility to solve the task of registering all of its catch and believe it will greatly help optimizing our operations and give important research data to fishing authorities.

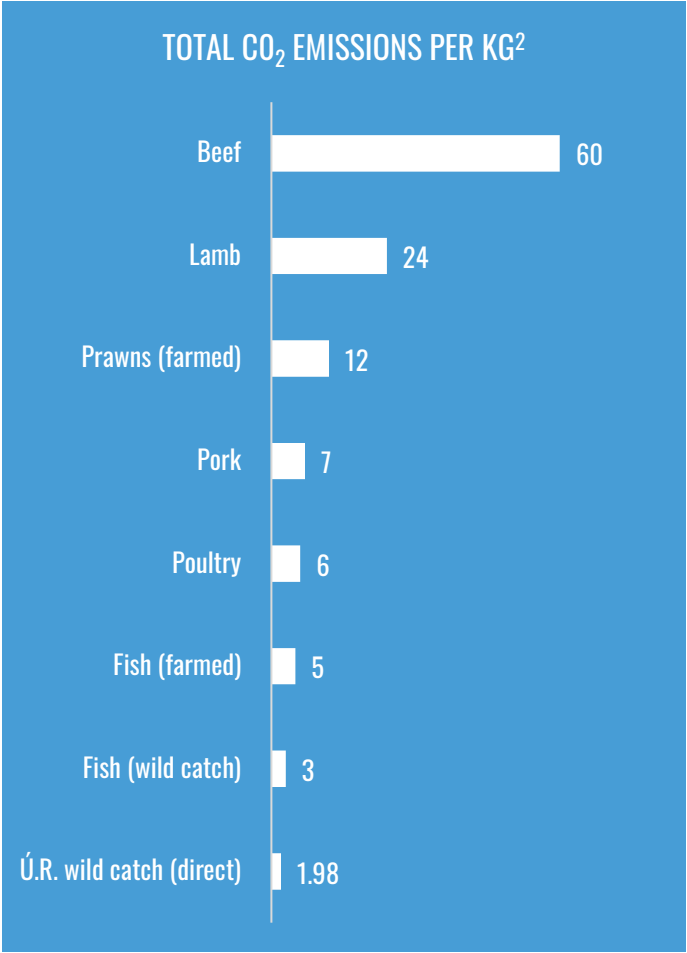




ENVIRONMENT

Sustainability	<ul style="list-style-type: none">• ISF and MSC accreditation• Percentage of quota held with MSC certification is 82%• Original signatory of Sustainable Policy at SFS• Ú.R. was the first Icelandic company to be awarded Landsbankinn's sustainability label in its lending portfolio.
Traceability	<ul style="list-style-type: none">• Full transparency of Icelandic quota system• Opportunity for use in branding to drive higher margins
Greenhouse gas emissions	<ul style="list-style-type: none">• Total CO₂ emissions per kilo is 1.98 as compared to 1.9 in 2021• All waste oil is sent for recycling
Waste management	<ul style="list-style-type: none">• 100% of fish utilization (gutted)• 90% of all waste was recycled in 2022
Fishing gear waste	<ul style="list-style-type: none">• Iceland became a member of the Global Ghost Gear Initiative (GGGI) in 2021• No fishing gear lost at sea in 2021• Net weight return of fishing nets accumulated in 2022 was 100

1. fiskistofa.is
2. visualcapitalist.com: The Carbon Footprint of the Food Supply Chain – includes direct and indirect CO₂ emissions





SOCIAL

Human resources	<ul style="list-style-type: none">• 61 FTEs at year-end, down from 89 in 2020 (with the sale of Sólborg)
Equal opportunities	<ul style="list-style-type: none">• Ú.R. employees ranked 9th highest average salaries¹• EUR 20.8k average monthly salaries cost per FTE: seamen receive pay in accordance with a share allotment system on the fishing catch• 4.4% of employees are women, down from 9.1% in 2020 due to hiring of more fishermen, with gender pay ratio of 0.53: equal pay certification implemented 2022• Overall flat pay structure where the CEO pay ratio is 2.45 times the average company salary
Health and safety	<ul style="list-style-type: none">• Implementation of Covid-19 processes at all levels• Injury rate low at 0.04 per employee in 2022
Learning	<ul style="list-style-type: none">• 6 training hours per employee, up from 3.6 hours in 2021• Training is both general and industry related, such as HACCP and total quality management
Policies	<ul style="list-style-type: none">• Key policies in place, now publicly available on www.urseafood.is/investors/governance/
Employee celebrations	<ul style="list-style-type: none">• 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
Community	<ul style="list-style-type: none">• Ú.R. actively sponsors many competitions, sports organizations, and charities

1. Frjáls Verslun 300 Stærsta 2022



GOVERNANCE

Board diversity	<ul style="list-style-type: none">• The Chairman is independent, ie 33% independent board members• Two out of three of board members are women, 66%• The Audit Committee was established with Anna Geirfinnsdóttir as Chair• The CEO does not have a seat on the board
Collective wages	<ul style="list-style-type: none">• 86% of employees are in collective wage agreements, up from 78% in 2021
Ethics, anti-corruption	<ul style="list-style-type: none">• Ú.R. has zero tolerance towards corruption and holds itself and its invested companies to the highest ethical standards• At Ú.R., all catch is fully transparent through the recording done by the Directory of Fisheries• With both investments in Brim and APF, the overall operations are more international in nature• Ethics are of highest priority at Ú.R. to ensure top reputation across all stakeholders
ESG report	<ul style="list-style-type: none">• Third ESG report issued• Prepared internally, no external validation

ÚTGERÐARFÉLAG
REYKJAVÍKUR HF.