

ÚTGERÐARFÉLAG
REYKJAVÍKUR HF.

ANNUAL AND ESG REPORT 2022

Respectful knowledge of
the ocean's resources





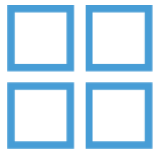
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ÚTGERÐARFÉLAG
REYKJAVÍKUR HF.

YEAR IN REVIEW
2022





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.



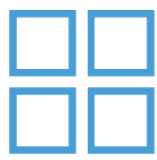
Ú.R. has implemented and received Equal Pay Certification for 2023 - 2026



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.



2022 HIGHLIGHTS

Revenues and Balance Sheet

Revenues for Útgerðarfélag Reykjavíkur hf (Ú.R.) were strong in 2022 at EUR 95m, a 23.4% increase from 2021. Ú.R. continued to focus on species with market demand. Revenues increased with full utilization of its second vessel Sólborg for most of 2022. Demand continued to be strong in its core market in Japan through Icelandic Japan, which drove both increased sales and gross margins.

As part of its long-term strategy to consolidate commercial fishing to Brim to leverage funding for this capital-intensive sector, Ú.R. sold the Sólborgt RE-27 trawler and corresponding catch shares (quota) to Brim hf. for EUR 88m and capital gains of EUR 47.99m.

With the increased profitability and cash reserves, Ú.R. took the opportunity to reduce total interesting bearing debt (short-term and long-term) by EUR 95.5m to EUR 125m. As a result, the overall Equity Ratio increased from 49.8% in 2021 to 65.3% as at year-end 2022. It is proposed that a 50% dividend for a total of EUR 35m be paid in 2023 of the EUR 71m net profit in 2022. Ú.R. will continue to maintain a strong equity ratio at over 50%.

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. The objectives are to diversify its liquidity funding and reduce concentration risk.

Ú.R. continued to rollover its promissory notes totaling ISK 3bn (around EUR 19.6m), with three-month and six-month rollovers.

Premium of Iceland

Premium of Iceland is the largest salmon fish processing plant in Iceland with a focus on top quality and sustainability. In 2022, Ú.R. invested in Premium of Iceland with a 75% shareholding to support the company with its increased international demand, working capital and capital expansion needs.

Commercial Fishing

Ú.R. sold the Sólborg trawler and corresponding quota to Ú.R. for EUR 88m. Ú.R. continues its core commercial fishing activities with the Guðmundur í Nesi RE-13 trawler.

Ú.R. Innovation

In June of 2021, Íslandssjóður (Iceland Funds) and Ú.R. Innovation signed an MoU for the establishment of an ISK 10bn fund “IS Sjávarútvegssjóður” to specialize in fisheries and ocean-related activities. The fund was established in Q1 2023.

Equal Pay Certification

As part of its ESG objectives for 2022, Ú.R. implemented Equal Pay Certification for 2023 to 2026.

Annual and ESG Report

Ú.R. is proud to issue its third Annual and Environment, Social and Governance Report, which is publicly available on www.urseafood.is.



CHAIRMAN'S STATEMENT

We are proud to be issuing our third 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

Our focus remains 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.

Ú.R.’s business revenues and gross margin in 2022 were EUR 95m and 8.96% versus EUR76.99m and 10.25% in 2021. The same trend was also seen in our investment in Brim hf., where the company reported stronger revenues, operational efficiency, and net profit in 2022, contributing to EUR 34.87m in allocated profit to Ú.R. in 2022 up 38.2% from 2021.

Other income and capital gains increased by EUR 46.87m to EUR 47.99 m due to the sale of the Sólborg RE-27 trawler and corresponding catch shares (quota) to Brim hf. for a total of EUR 43.6m. The entire sale

was for EUR 88m. As part of this sale, Brim hf also took on the related long-term debt of EUR 81.4m. The objective of this sale is the consolidation of commercial fishing to Brim as this is a capital-intensive sector and with their access to the financial markets through Nasdaq. Ú.R. will continue commercial fishing with its key trawler, Guðmundur í Nesi RE-13.

With the increased cash reserves generated by the profits, we took the opportunity to pay down short-term and long-term debt to optimize the Balance Sheet structure.

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 expanded our business by investing in Premium of Iceland, a high-end fish processing plant for Atlantic Salmon, Redfish, Cod and Saithe. Ú.R. has 75% shareholding to support the company with its increased international demand, working capital and capital expansion needs.

Through ÚR Innovation, we continue to support Unbroken® and Rafnar with their international expansion.

In the first quarter of 2022, the ISK 10 billion fund was established between Íslandssjóður (Iceland Funds) and ÚR to specialize in fisheries and ocean-related activities.

Environmental, Social and Governance Pillars

Respect for and knowledge of the ecosystem, fishery resources and environment are at the core of Ú.R.’s operations to ensure sustainable utilization of the ocean’s resources.

Game changing impact in sustainability

The first two ESG reports were focused on reporting and understanding the different ESG aspects across our business, especially in CO2 emissions, sustainability of fishing stocks and transparency.

We are now focusing on investing in innovation that has game changing impact in the fisheries sector. In this report, we highlight four key projects:



CHAIRMAN’S STATEMENT

Environmental, Social and Governance Pillars (continued)

- Guðmundur í Nesi fleet renewal with methanol and potential CO2 emissions savings of over 90%;
- Automation, recognition and documentation of species and size registrations with Maritech EyeTM;
- Traceability from catch to transport with QR fingerprints on all cartons for end consumers to see.
- Design and construction of an unmanned boat for echo sound measurements of fish stocks and stock sizes to better understand the fish stock population with Rafnar.

In 2022, we obtained equal pay certification. An overview of the company policies can be found at www.urseafood.is/investors/governance.

Outlook

Albeit the continued headwinds with 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 employees and 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 Útgerðarfélag Reykjavíkur .

Magnús Helgi Árnason
Chairman



CEO'S STATEMENT

Through our operations and investments, our long-term strategy is to specialize in commercial fishing of key species for sales in growing markets and opportunities in innovation.

Financial performance

Revenues and net profit in 2022 were EUR 95m and EUR 71m respectively versus EUR 76.99m and EUR 26.31m in 2021. Revenues increased with having the Sólborg trawler for most of 2022 in addition to the Guðmundur í Nesi trawler. Overall net profit increased with higher allocation of profit from Brim and the sale of the Sólborg trawler and its related quota to Brim.

Ú.R.'s continued focus is on our core commercial fishing and processing with Guðmundur í Nesi, Arctic Prime Fisheries in Greenland and our recent investment in Premium of Iceland, and through investments in ÚR Innovation.

With the increased profitability and cash reserves, Ú.R. paid down long-term and short-term debt totalling EUR 95.5 m. We continue to have a strong balance sheet with an equity ratio of 65.3%. It is proposed that a 50% dividend for a total of EUR 35m

be paid in 2023 of the EUR 71m net profit in 2022.

ÚR Innovation

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

We have two key investments. Firstly in Unbroken®, a unique product in the recovery market for medical, sports and wellness nutrition. Unbroken has been sold in more than 50 countries and positive feedback from athletes around the world. 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.

Secondly, we invested in Rafnar renowned for its boats design for the harshest conditions with the unique hull-and-keel design for reduced wave slamming and operational performance. The focus has moved from building the boats to selling the technology.

To support innovation in the Icelandic market, we

have created an ISK 10 billion fund (around EUR 67m) together with Íslandssjóður (Icelandic Fund), which was established in Q3 2023. Emphasis is on start-up opportunities mixed with mature investments, as well as looking at the "Blue Economy" on sustainable development in the fisheries sectors.

Sustainability

We are pleased to issue our third Annual and ESG report for our 2022 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



CEO'S STATEMENT

Sustainability (continued)

We continue to invest in further improving our ESG pillars with improved knowledge since our first ESG report. We are proud to have implemented Equal Pay Certification valid from 2023 to 2026. Our CO2 emissions per kilogram of caught seafood was 1.98 in 2022. Our focus is now on making game changing impact in sustainability in the fisheries sector.

Reducing CO2 emissions

Deep sea fishing has a major on the environment. Oil consumption and CO2 emissions are high, albeit low on a per kilo basis. To address this, we are the first Icelandic company to be converting our Guðmundur í Nesi trawler to be run on methanol by 2024. With this, we estimate a reduction of CO2 emissions by 92%.

Management of fish stocks and sustainability thereof

Responsible management of fisheries stocks is key to not only our long-term business sustainability, but also for fisheries in Iceland and globally. We are making two major investments to further improve how we manage the knowledge of fisheries management.

- Firstly, we are the first Icelandic company to be

implementing Maritech EyeTM on board of our trawlers to automation the recognition and documentation of all species in combination with size and other parameters of whitefish catch.

- Secondly, we are working together with Rafnar to design and construct an unmanned boat for echo sound measurements of fish stocks.

With these two investments, this will help facilitate data for research and estimation of stock size for quota management.

Traceability

“Traceability could double the margins of seafood processing companies and increase the sustainability of the entire seafood industry” as per Planet Tracker.

We are proud to have implemented individual QR codes on each carton for traceability, which gives an overview from catch to transport: the origin of the fish caught, the vessel name, time of catch, time of freezing, day of loading, landing site, transport route and overall carbon footprint. We will look to further enhance this information made available to the end consumer.

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.

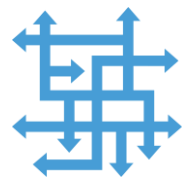
Our success, now and in the future, is a testament to our employees and all our stakeholders. I thank them for their contribution.

Runólfur Viðar Guðmundsson
CEO

ÚTGERÐARFÉLAG
REYKJAVÍKUR HF.

THE
GROUP





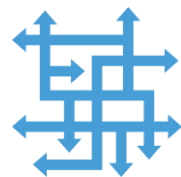
STRATEGY AND GLOBAL TRENDS

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.





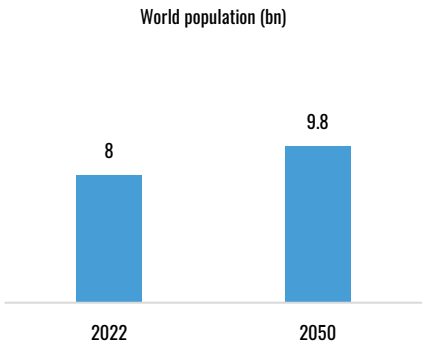
STRATEGY AND GLOBAL TRENDS

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.

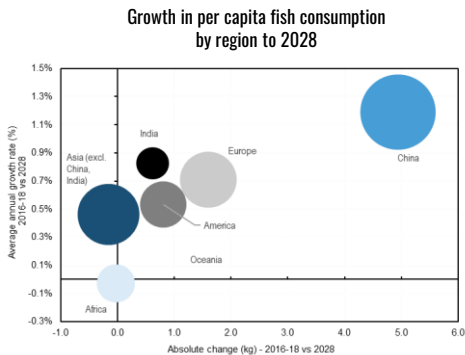
Source: UN



Increasing consumption of seafood

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

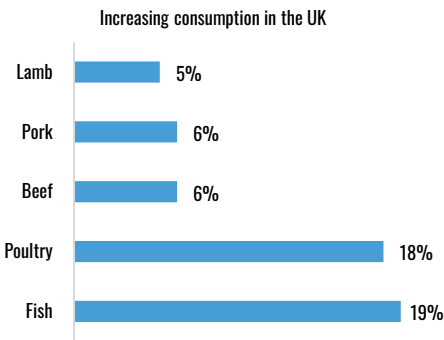
Source: FAO Fish Outlook



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.

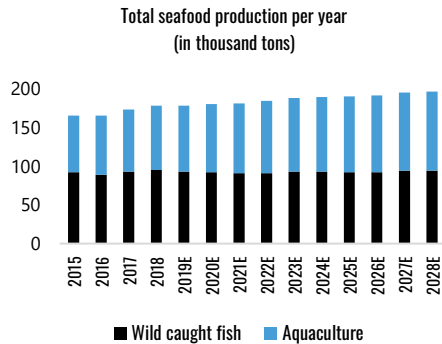
Source: Seafood.org



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 CO₂ footprint to the fullest extent in the supply chain.

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



Guðmundur í Nesi RE-13





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.

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%.

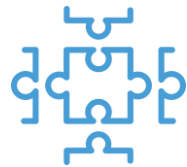
Book value of catch quotas (in EUR)	2022	2021
Book value at beginning of year	103.838.198	81.557.200
Change in value over the year	(24.442.643)	22.280.998
Book value at year-end	79.395.555	103.838.198

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.

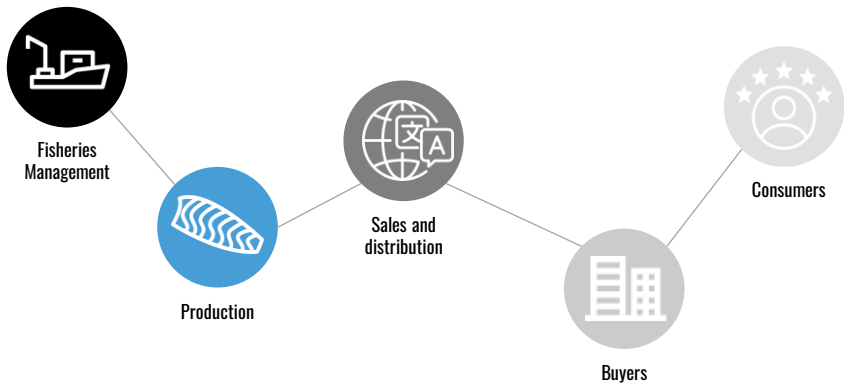
As at 31 December 2022, Ú.R. held 33.92% shares in Brim through direct ownership and 10.05% through RE-13 with a total book value of EUR 300.27m. Brim 2022 allocated profit to Ú.R. totaled EUR 34.87m, up by 38.2% from 2021 with a return on investment of 11.6%.

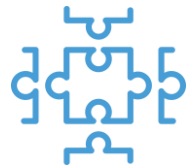
For more information, go to www.brim.is/brim/english/brim/investor-relations/

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.

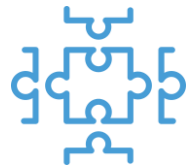
Ú.R. has related party claims to the AP Group (APC, APF and APP) for a total of EUR 8.37m as at 31 December 2022, a slight increase from EUR7.1m from 2021.

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)



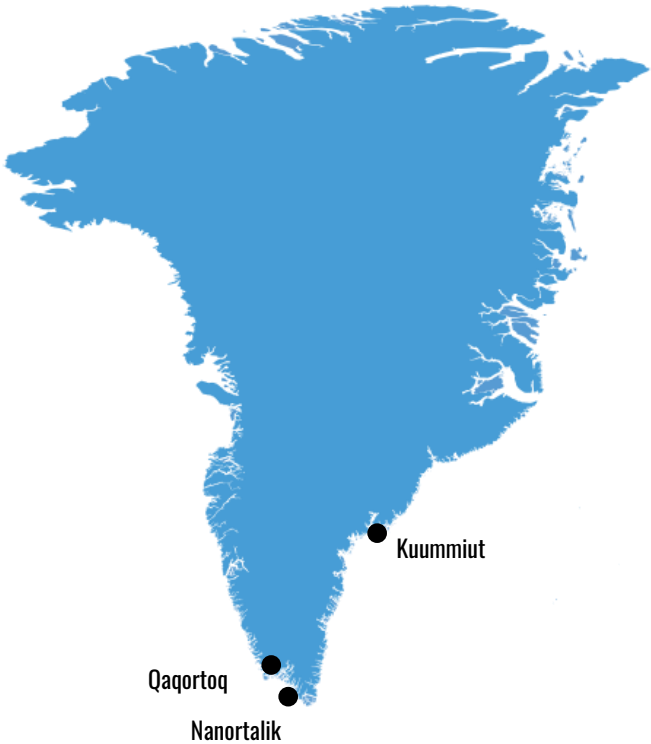
INVESTMENTS

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.



ÚTGERÐARFÉLAG REYKJAVÍKUR

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 plant 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

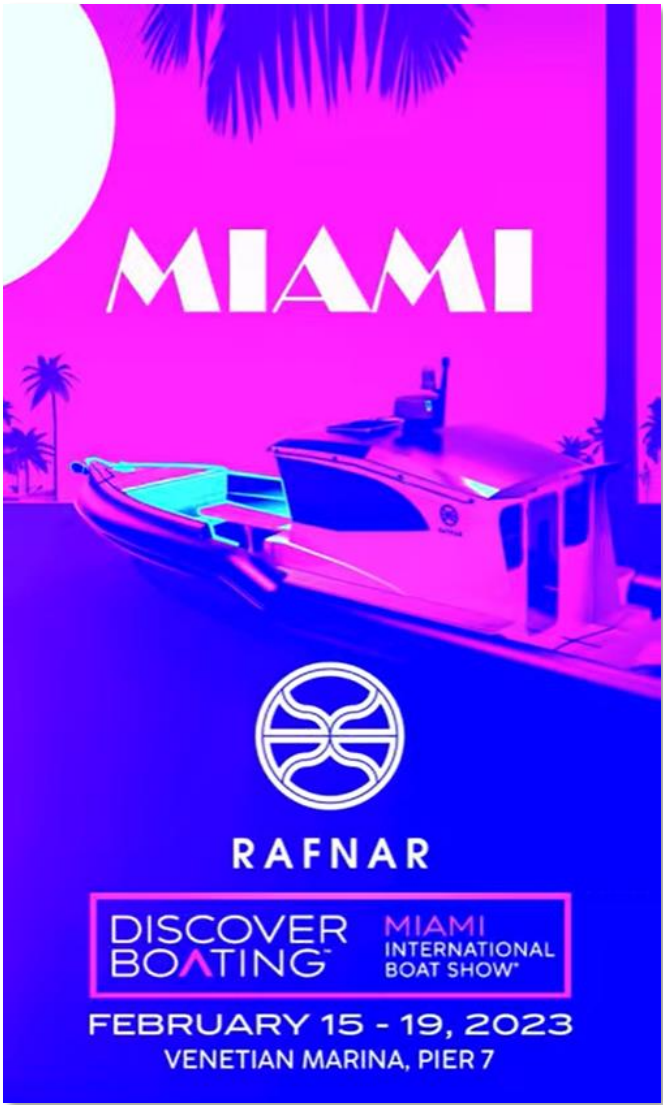
Ú.R. invested in Rafnar Maritime in 2021 in the holding company of Rafnar ehf. And Rafnar IP to support the company in its international expansion.

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

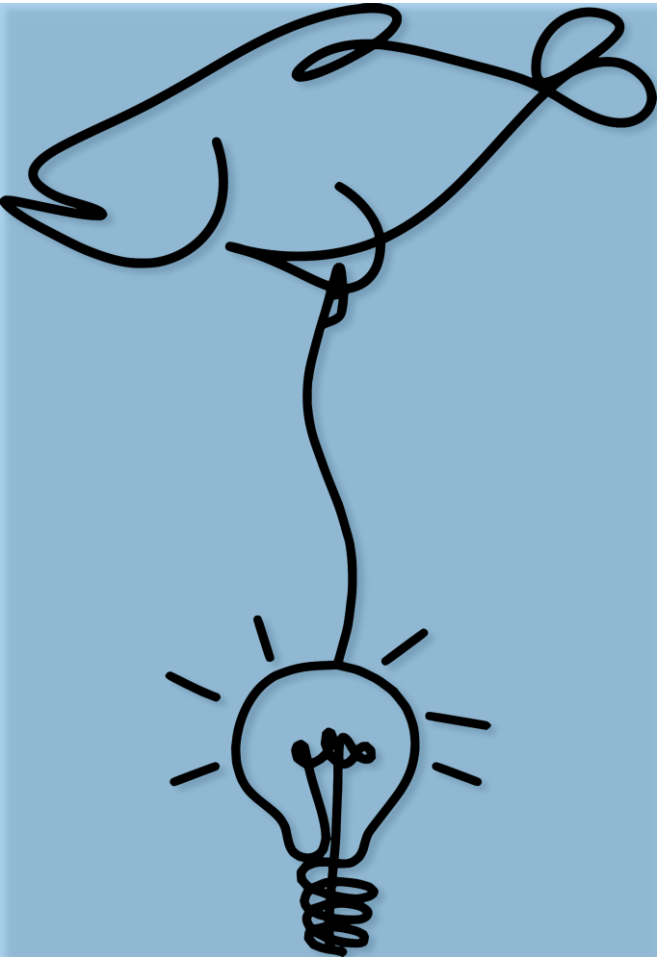
In June of 2021, Íslandssjóður (Iceland Funds) and ÚR Innovation signed a memorandum of understanding for the establishment of an ISK 10 billion fund that will specialize in fisheries and ocean-related activities.

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



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FINANCIAL
PERFORMANCE
OVERVIEW

2022 Consolidated Financial Statements





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.

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

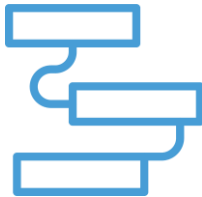
At the Annual General Meeting of the Company, three members are elected to the Board of Directors.

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.

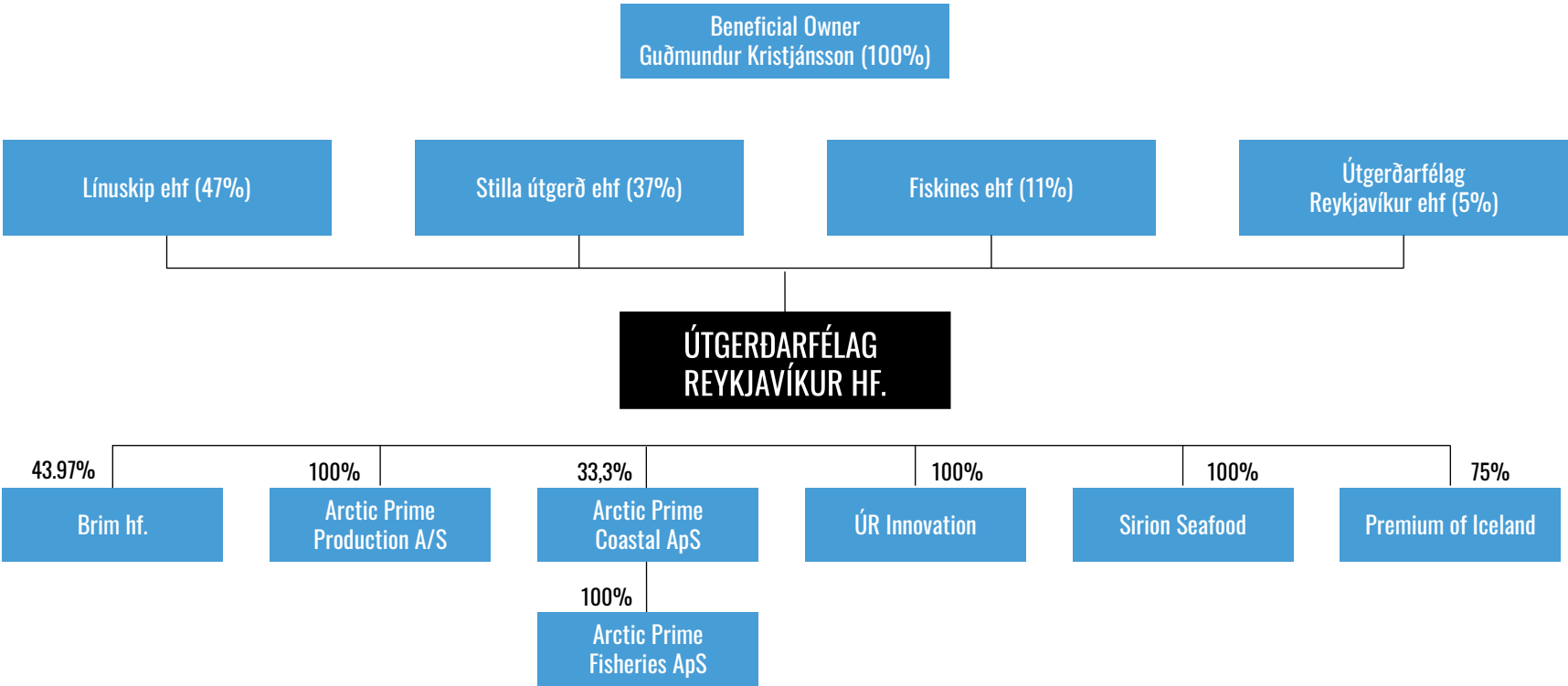
Chief Executive Officer

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 below¹.



1. Shareholder information updated as of January 2023



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.

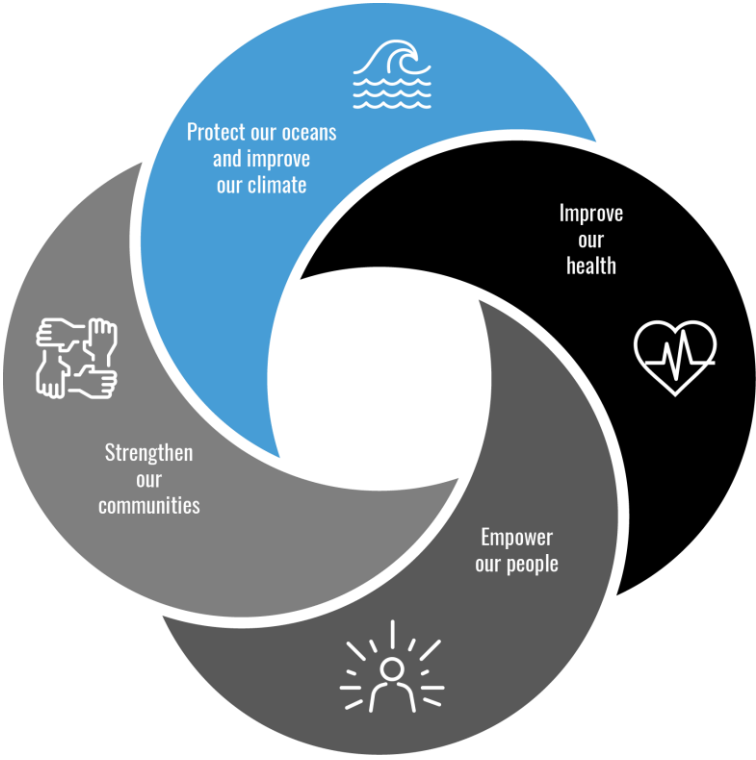
The dynamic team of highly competent staff drives the steady flow of progress and improvements. With the focus on dependability, Ú.R. takes care to adhere to its own high standards and does so by maintaining a close and strong relationship with customers and staff. Respect for and knowledge of the ecosystem,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

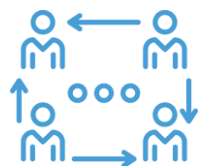
The company's wealth of knowledge and experience, strong management and talented staff in combination with fishing quotas and capital, ensure that Ú.R. is well-placed to achieve results and become one of the foremost companies in the Icelandic fishing industry.

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 third 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 third ESG report, Ú.R. conducted a second study in early March 2023 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 stakeholder sent to 342 individuals from 96 stakeholders.

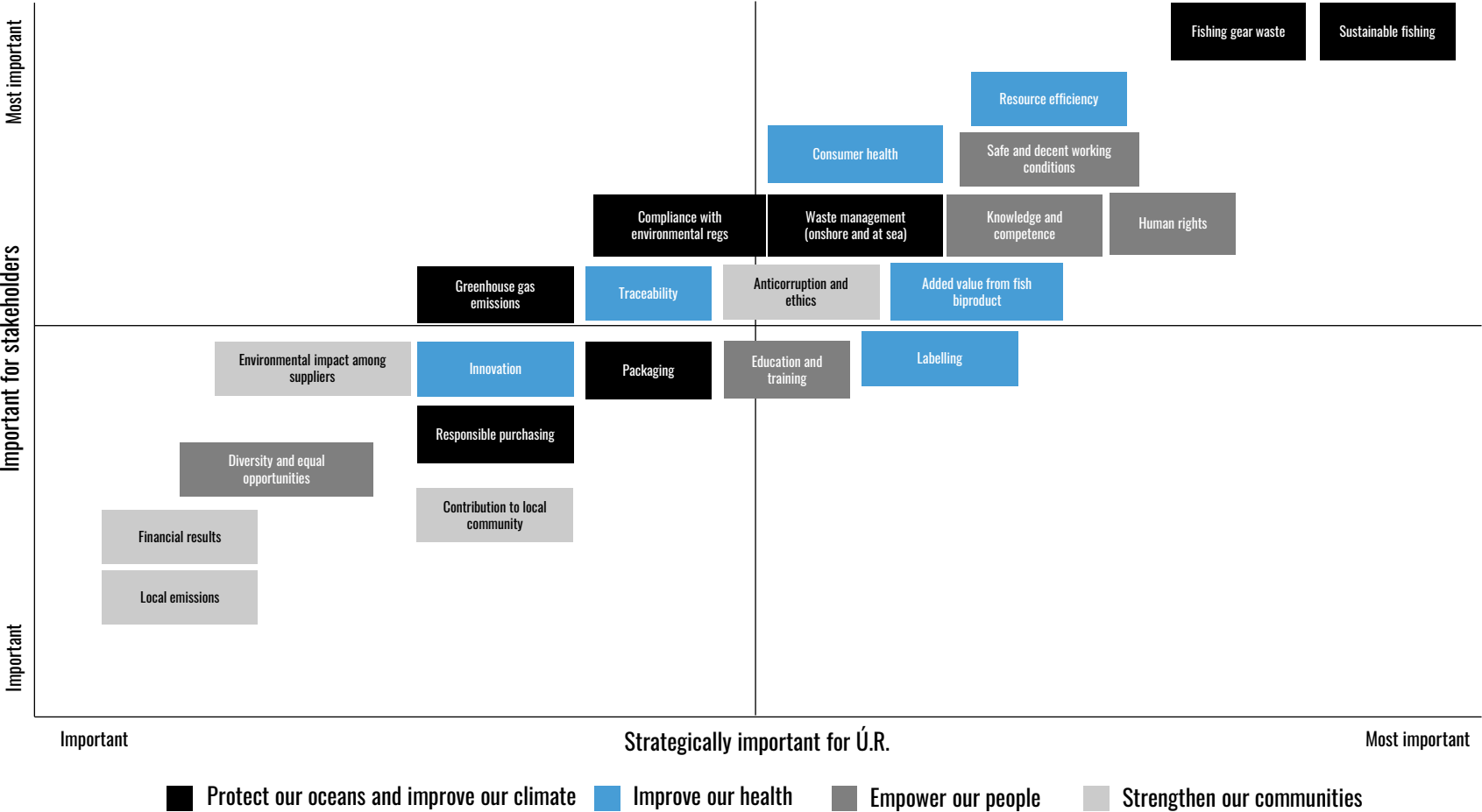
The importance attached to each item is an average taken of all responses received. The rating scale was 1 to 5, with 1 being not important at all to 5 being very important.

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.

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



MATERIALITY ANALYSIS



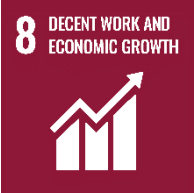


WORKING TOWARDS UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

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 justice¹.

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



WORKING TOWARDS UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS



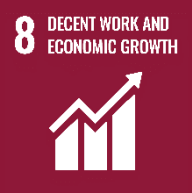
Ensuring the sustainability of fish stocks coupled with maximizing fish utilisation helps to contribute to reduce hunger. Ú.R. focuses on active participation in its own operations and together with its investments in Brim, APF and UR Innovation.



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. implemented 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 1.98, 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

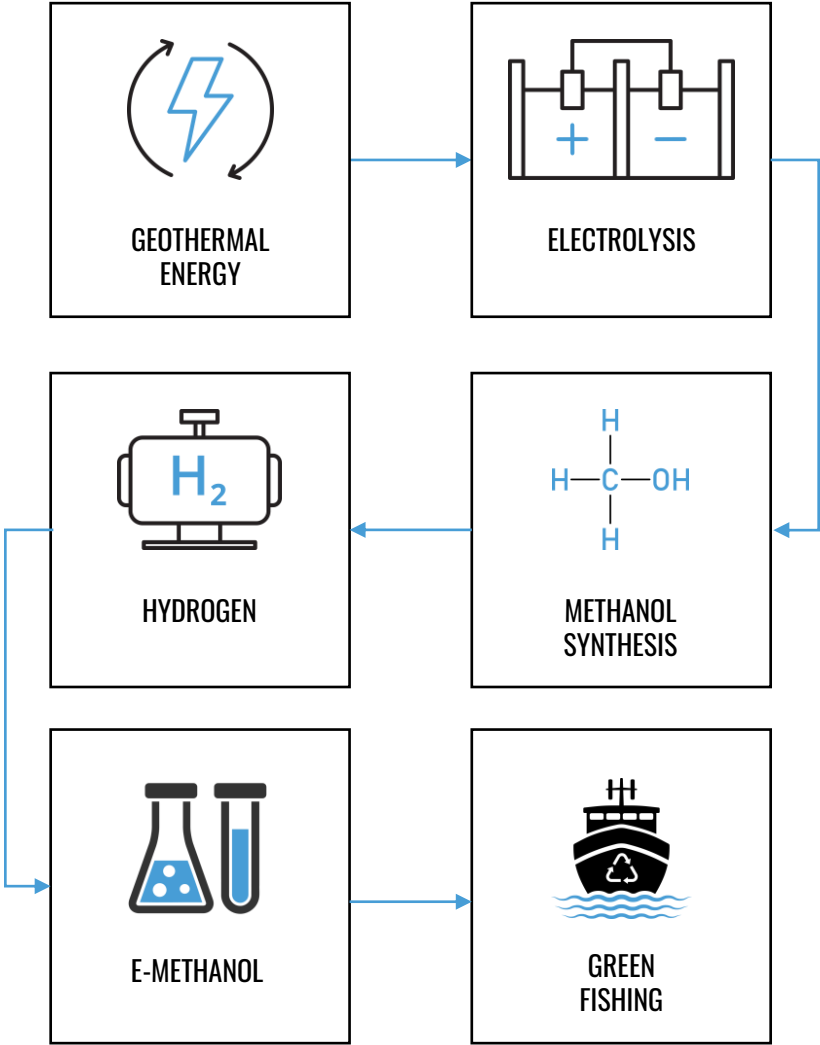
Estimated annual CO2 emissions savings of 92%

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.





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 Illileq. 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.





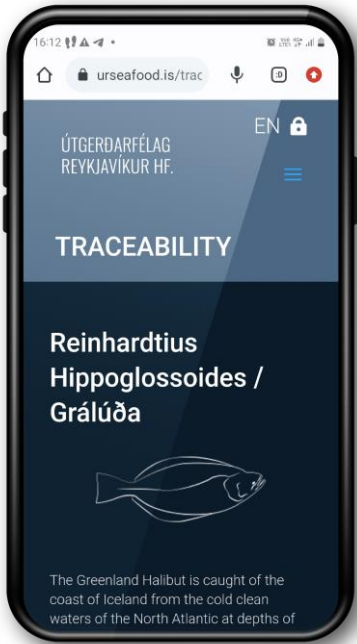
TRACEABILITY FROM CATCH TO TRANSPORT

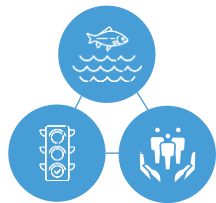
The story of your seafood in seconds

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



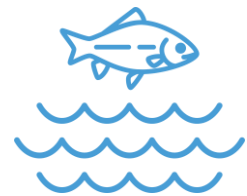


ESG REPORTING

Ú.R. has based its ESG Reporting on the global environmental, social and governance (ESG) reporting guide by Nasdaq.

Ú.R. is committed to operating a sustainable business and to be transparent to its stakeholders within the Nasdaq framework. As a private company, this is a voluntary initiative.





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

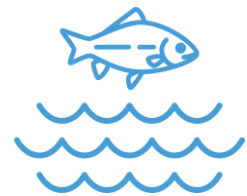
The Directorate of Fisheries of Iceland (Fiskistofa), on behalf of the Ministry of Fisheries, distributes the quotas and oversees the daily operation of the individually transferable quota system. The Directorate collects data on landed catch from ports of landing in real time as well as information on processing and exports of fish products done through electronic surveillance¹.

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 99.4% 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 CO₂ emissions per kilogram of caught seafood at Ú.R. is 1.98, an increase from 1.9. 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, 90% of which was recycled in 2022. 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.¹ As a member of Fisheries Iceland and being a signatory to its social responsibility policy,

Ú.R. is committed to innovation.

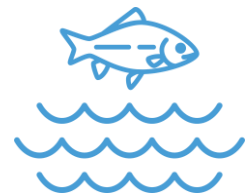
Fishing Gear Waste

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 worldwide². 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 100%. There were no mishaps during the year where fishing gear was lost at sea.

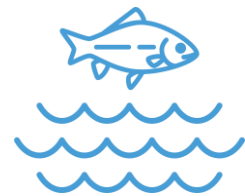
Ú.R. proactively manages the disposal of fishing gear waste. All unusable fishing nets are sent for recycling in Denmark.

1. sjavarklassin.is 2. ghostgear.org



ENVIRONMENT

Nasdaq	Description	Unit	2022	2021	2020	Comment
E.1	Direct and Indirect GHG Emissions					
E.1.1	GHG Emissions	mCO2e	25,587	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	25,587	15,242	15,821	
E.2	Emissions Intensity Scope 1, 2 13)					
E.2.2	Emission intensity per revenues	mCO2e/EURm	447	414	527	
E.2.3	Emission intensity per quota	mCO2e/ton	2	1.1	1	
E.2.4	Emission intensity per total assets	mCO2e/EURm	322	32	37	
E.2.5	Emission intensity per employee	tCO2e/E	59	171	264	
E.3	Direct & Indirect Energy Consumption (E3 UNGC-P7 GRI: 302-1 SDG 12)					
E.3.1	Total energy consumption	kWh	74,583,939	58,961,285	46,342,906	2020 results are on direct energy consumption only.
E.3.1.1	Of which energy from fossil fuel	-	74,104,524	58,119,489	45,706,226	
E.3.1.2	Of which energy from electricity	-	96,117	78,722	95,360	
E.3.1.3	Of which energy from hot water	-	383,298	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	1,303,915	1,602,209	1,544,764	
E.4.2	Energy intensity per total assets	kWh/EUR	5,756	121,411	106,294	
E.4.3	Emission intensity per quota	tCO2e/ton	1,211	6	7	
E.4.4	Energy intensity per employee	kWh/E	882	8,574	9,022	
E.5	Energy Mix (E5 UNGC-P7 GRI: 302-1 SDG 7)					
E.5.1	Oil	%	99.4%	98.6%	98.6%	2020 results are on direct energy mix only.
E.5.2	Electricity	%				
E.5.3	Natural Gas	%				
E.5.4	Renewable resources (hydro, geothermal, solar, wind)	%	0.6%	1.4%	1.4%	
E.5.5	Other	%				



ENVIRONMENT

Nasdaq1	Description	Unit	2022	2021	2020	Comment
E.6	Water Management (E6 UNGC-P7 GRI: 303-5 SDG 6)					
E.6.1	Total water consumption	m3	173	195	127	
E.6.2	Total amount of water reclaimed	m3	0	0	0	
E.6.a	Waste Management					
E.6.a.1	Total Waste	MT	129,534	161,487	204,115	
E.6.a.1.1	Of which waste recycled	-	116,716	152,312	171,635	
E.6.a.1.2	Of which waste not recycled		9,175	9,175	32,480	
E.6.a.2	Total waste generated per employee	MT/E	2,124	1,814	3,402	
E.6.a.3	Total waste generated per revenue	MT/EURm	2,265	4,388	6,804	
E.6.b	Fisheries specific KPI					
E.6.b.1	Total amount of fish utilization	%	100%	100%	100%	
E.6.b.2	Total fishing gear recycled and reused	%	100%	98%	100%	
E.6.b.4	Net weight return % of fishing nets	%	100%	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	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	no	
E.7.2.	Company uses a recognized energy management system	-	no	no	no	
E.8	Climate Oversight / Board					
E.8.1	Board oversees and/or manages climate related risks	yes/no	yes	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	yes	
E.10	Climate Oversight / Management					
E.10.1	Total amount invested, annually, in climate-related infrastructure, resilience and product development	EUR	1,260,451	0	0	
	Certified Sustainable Seafood					
	Quota held with MSC certification	%	82%	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 86%. Ú.R. ensures its fulfilment of all statutory rights of employees, equality in the workplace and honoring the collective wage agreements.

In 2022, the average headcount was 94, up from 89 in 2021, but decreased to 61 as at year-end with the sale of the Sólborg trawler.

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 4.4% in 2021 from 6.7% in 2021 with the higher quantity of fishermen.

Ú.R.'s pay structure is at the top end of the market to attract top talent. In 2022, Ú.R. employees ranked 9th 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 20k 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 0.53, 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. implemented Equal Pay Certification for 2023 to 2026.

Two of the Board Members, Agnes Guðmundsdóttir and Rebekka Guðmundsdóttir, are active in promoting women in the Icelandic seafood industry, where they are involved in Women in the Marine Industry (Konur í sjávarútvegi).

Overall, there is a flat pay structure within Ú.R. where the CEO pay ratio is 2.42 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 2022, there were 0.04 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 are in place at 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
- Anti-corruption policy
- Equality and diversity policy

An overview of the company policies can be found at 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	2022	2021	2020	Comment
S.1	CEO pay ratio	Multiple	2.45	2.02	1.7	CEO salary / company average salary
S.2	Gender pay ratio	Multiple	0.53	0.56	0.44	Women's salaries / men's salaries
S.3	Employee turnover					
S.3.1	Full time employees	%	2%	2%	2%	
S.3.2	Part time employees	%	0	0	0	
S.3.3	Contractors	%	0	0	0	
S.4	Gender diversity					
S.4.1	Total women	%	4.4%	6.7%	9.1%	With the acquisition of Sólberg, there was an increase of fishermen
S.4.2	Total men	%	95.6	93.3%	90.9%	
S.5	Temporary Worker Ratio					
S.5.1	Total headcount held by part-time employees	%	0	--	--	
S.5.2	Total headcount held by contractors / consultants	%	0	--	--	
S.6.	Non-discrimination policy	yes/no	yes	yes	no	Implemented in 2021
S.7	Injury rate					
S.7.1	Injury rate	#accidents/E	0.04	0.1	0.1	
S.7.2	Training for employees	hours	368	320	2,121	
S.7.2	Training hours per employee	hours/E	6.0	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	yes	
S.9	Child & forced labor policy	yes/no	no	no	no	Covered in Social Responsibility Policy signed with SFS ¹
S.10	Human rights policy	yes/no	no	no	no	Covered in Social Responsibility Policy signed with SFS ¹



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

86% 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 third ESG report. This report has been prepared internally without external validation.

Ú.R. Values

Transparency

Trust

Respect

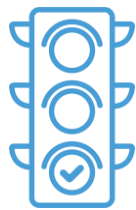
Common sense

Long-term thinking

Risk management

Stakeholder relations

Impact on society



GOVERNANCE

Nasdaq	Description	Unit	2022	2021	2020	Comment
G.1	Board diversity					
G.1.1	Total Board seats occupied by women	%	67%	67%	67%	
G.1.2	Committee chairs occupied by women	%	100%	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	yes	
G.2.2	Total Board seats occupied by independents	%	33%	33%	33%	
G.3	Incentivized pay	yes/no	no	no	no	
G.4	Collective bargaining	%	86%	78%	73%	
G.5	Supplier code of conduct	yes/no	no	no	no	
G.5.1	Are vendors/suppliers required to follow a code of conduct?	yes/no	no	no	no	
G.5.2	If yes, what percentage of suppliers have formally certified their compliance with the code		0	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	yes	no	
G.6.2	If yes, what percentage of your workforce has formally certified its compliance with the policy	%	0	0	0	
G.7	Data privacy					
G.7.1	Does your company follow a data privacy policy?	yes/no	yes	yes	yes	
G.7.2	Has your company taken steps to comply with GDPR rules?	yes/no	yes	yes	yes	
G.8	ESG Reporting	yes/no	yes	yes	yes	
G.9	Disclosure practices	yes/no	yes	yes	yes	
G.9.1	Sustainability data to sustainability reporting frameworks	yes/no	yes	yes	yes	
G.9.2	Focus on specific UN Sustainable Development Goals	yes/no	yes	yes	yes	
G.10	External validation and assurance	yes/no	no	no	no	

DISCLAIMER

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.

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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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REYKJAVÍKUR HF.