





Did you know that...
each Norwegian
eats approximately
51 kg (112 lbs) of
fish and seafood per
year, while a Dane
eats 29 kg (64 lbs)?

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This is Insula

Insula is a producer and supplier of sustainable and healthy seafood products for the food retail industry and the foodservice industry in the Nordic region. The portfolio includes both fresh, frozen and canned seafood products that Insula develops, manufactures and sells.

Insula was established as a seafood group in 2015 but has a history that dates to 1905 through the companies that today make up the group. The idea behind establishing Insula was to gather and build interdisciplinary and strong expertise within processing and sale of seafood. Since its establishment, more than 20 acquisitions have been completed, which together form the seafood group Insula.

To safeguard and continue the companies' close relationship with the market, their customers and consumers, the operative units are organized in four business areas: Insula Norway, Insula Sweden, Insula Denmark and Insula Finland.

These geographical business areas aim to be the seafood expert in each respective market, helping consumers to choose seafood more often.

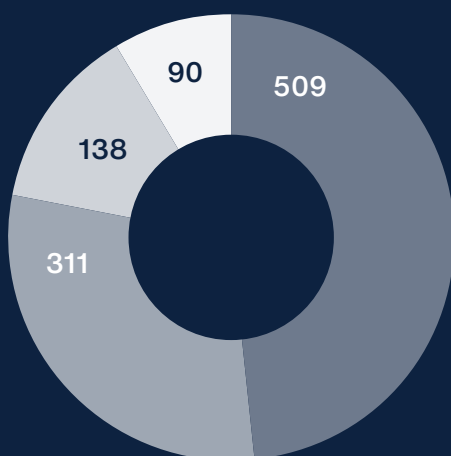
In addition, a fifth business area, Insula Whitefish, is responsible for securing quality raw material for the group's companies. The proximity to the fishermen and the buyer is key to this role. This provides the necessary preconditions for good quality and regular supply. Insula Whitefish also accounts for large parts of Insula's export outside the Nordic region.

The group's vision is to increase seafood consumption among the general public. We therefore have an ambition to become the leading supplier of sustainable seafood in the Nordic markets. We work towards this goal across the value chain, countries and companies. Another objective is to achieve the best profitability in our industry. Insula's way of approaching this is described on the following pages.

Insula's head office is in Leknes in Lofoten, Norway. Parts of the group's executive management team is based here, together with joint finance and administration functions.

EMPLOYEES

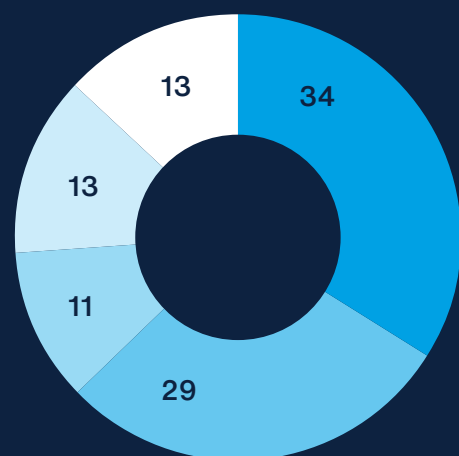
Number



■ Norway ■ Sweden ■ Denmark ■ Finland

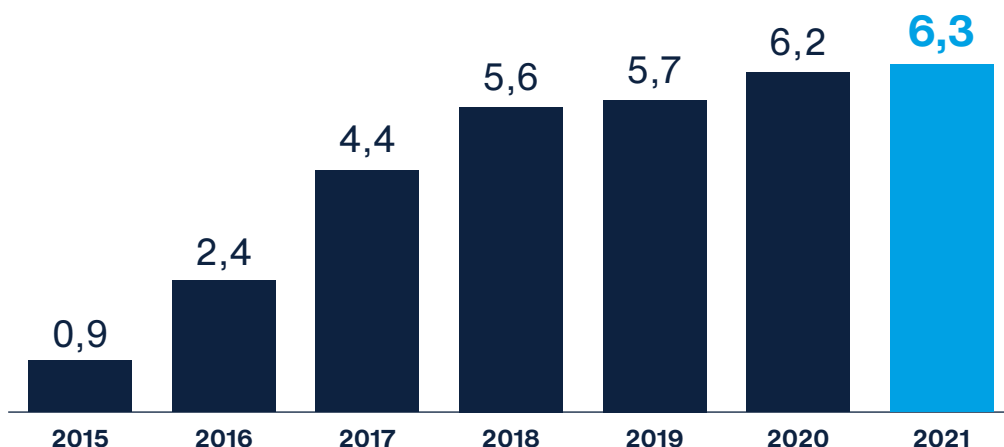
REVENUE

Percentage



■ Norway ■ Sweden ■ Denmark ■ Finland ■ Whitefish

REVENUE DEVELOPMENT | INSULA GROUP *NOK billion*

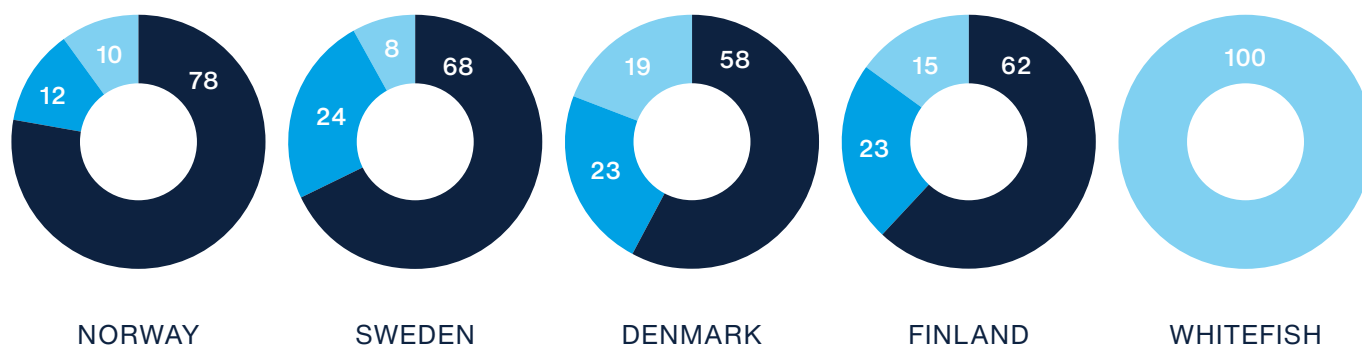


KEY FINANCIAL FIGURES *NOK million*

	2021	2020
Revenue	6 262,3	6 028,6
Contribution margin	989,6	940,5
Total operating costs	-937,8	-918,4
ADJUSTED EBITDA	111,6	59,1
Depreciation	-109,7	-112,0
ADJUSTED EBIT	1,9	-52,9
Growth comparable business	3,9 %	6,1%
Variable salary costs	5,5 %	6,5 %
Coverage ratio	15,8 %	15,6 %
Operating costs	15,0 %	15,2 %
EBIT	0,0 %	-0,9 %

REVENUE BREAKDOWN BY BUSINESS AREA *Percent*

■ Groceries ■ Foodservice¹ ■ Export



A Nordic seafood group

Throughout the Nordic region, from Havøysund in the north to Hvide Sande in the south, Insula produces sustainable seafood for Nordic consumers. Seafood is manufactured and sold here, and local communities enjoy further economic development through the many jobs that Insula creates.

Insula's company portfolio currently consists of 22 traditional seafood businesses in Norway, Sweden, Denmark, Finland and Iceland. Fresh, frozen and canned products are delivered from these companies. Several products have been in Insula's portfolio for many decades. The product range is continuously developed, in line with consumer demand.

In total, the group employs around 1,100 employees, who share a common goal of contributing towards increased seafood consumption for a healthier and more sustainable world.

We base our innovations on insight from customers and consumers. This insight forms the basis for Insula's value chain. Through Insula's multi-local management model, strong local ownership is maintained while simultaneously allowing all companies to capitalise on group synergies.

After several years of acquisition-driven growth, Insula has in recent years turned its focus towards consolidation and profitable operations.

Vision and values

Insula's vision is to increase seafood consumption amongst the general public. The vision is supported by the values "brave", "close", and "committed".

The values mean:

Brave: We dare to invest in innovation and new opportunities. We strive to create value for consumers, customers, local communities, and owners. We dare to take the necessary measures to operate profitably.

Close: We are close to the sea, the fish, the local communities, our employees, customers, owners and – last but not least – the consumers. We have been here for a long time, and we will be here long into the future. We take responsibility throughout the value chain - from the fish is caught in the sea until it is served on the dinner table. We are close to each other; we care and listen to those around us.

Committed: We are dedicated, hardworking and look ahead. We put our hearts into what we do and are proud of the results we create together. Humor, diligence, and joy mean that we always go the extra mile.


Insula's ambition is to contribute to seafood industry growth, an ambition that is shared with authorities and consumers in the Nordic markets. Seafood is healthy for people and good for the environment. Consumers choose seafood when it tastes well and is easy to prepare, which Insula takes care of. As such, Insula contributes towards making society healthier and more sustainable, and keeping a proud seafood tradition alive and constantly evolving.



- Production/logistic
- Sales/marketing

Vision and values

Insula's vision is to increase seafood consumption among the general public. The vision is supported by the values brave, committed and close.



Did you know that..
each person should consume about 2.5-3 grams of Omega 3 per day? This equals the amount of omega 3 you get through eating one portion of salmon.

CEO comments

Insula is a young group, created through a series of acquisitions over the past ten years. The Insula group was established as recently as 2015, but its roots stretch as far back as 1905. The first years after the group's establishment were characterized by numerous acquisitions and the objective of creating a Nordic seafood group. In the period up to 2020, expansion and growth were prioritized. From 2020 we have prioritized profitability in existing operations over the acquisition of new ones.

Insula NEXT

In 2021, we defined the "Insula NEXT" strategy, where we clarified the priority of creating a profitable Insula. This has yielded results. In 2021, Insula group delivered a positive operating profit for the first time, of NOK 1.9 million.

"As part of Insula NEXT, our multi-local management model was clarified"

It is an important milestone to be "Back-in-Black", which was also the working title of our profitability project. At the same time, our ambitions are obviously higher. As part of the "Insula NEXT" project, we conducted a competitor analysis in our main markets. This analysis concluded that, over time, a group such as Insula should deliver operating margins in the range of 3-5 percent to be among the best-performing companies in our segment. Our target is to be among those companies.

Profitable operations

The effort to establish a foundation for profitable operations has proceeded along several axes. The most extensive changes in 2021 were made in Sweden and Finland. In Sweden, the factory in Varberg closed and part of its production was transferred to Kungshamn. The Swedish operation went from being a dual to one organisation, with a joint management team for both the west coast-based and Stockholm-based operations. Several other measures have been implemented to adapt production capacity to market demand and reduce costs. In 2022, it is clear that these efforts are yielding results.

In Finland, major cost cuts have been implemented, which unfortunately has led to a reduced number of employees.

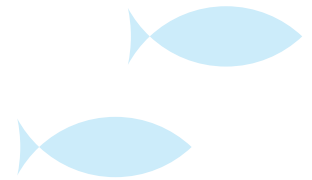
As part of Insula NEXT, our multi-local management model was clarified. The model implies that the various business areas have a clear responsibility for development and profitability within their region. The organisational structure has also been clarified, with the business areas Norway, Sweden, Denmark and Finland. In addition, Whitefish has been established as a separate business area.

Managing the raw material value chain

Insula is defined as a Nordic customer and consumer-driven seafood company, which also exports to markets outside the Nordics. To be able to deliver on this promise, a high degree of control over the raw material value chain is required. Insula secures a steady supply of raw materials through its own facilities responsible for receipt and processing of wild catch and farmed salmon and trout. Insula has also decided to offer own brands such as Lofoten, Amanda and Frøya, and produce "Private Label"-products for our customers. Both components are important building blocks for increasing the overall seafood consumption amongst the general public.

The part of the seafood value chain that Insula is exposed to is characterized by low margins. The company that operates most efficiently wins. Complexity drives costs. Simplifying Insula's operations has therefore been a clear objective to further strengthen our competitiveness. The direction for this simplification effort was defined in 2021, and will continue in 2022 too.





Transformational year

The weak historic results in Insula have over time eroded the group's equity. In 2021, new equity was therefore injected. At the same time, Insula carried out a refinancing which contributed towards reaching an acceptable financial situation at year-end.

“2021 was a year marked by major changes, and we are pleased that it contributed to a positive operating profit”

2021 was a year characterized by major changes, and we are pleased that it contributed to a positive operating profit. Still, the result is nowhere near our targets. At the start of 2022, the effects of the pandemic were on the decline in our main markets, and ambitions were high for 2022. The first half of the year has brought new challenges, with war in Europe and the associated sharp increase in costs for both salmon, whitefish and other input factors. However, we retain our solid ambitions and look purposefully ahead.

“Live looking forward”

The Danish philosopher Søren Kierkegaard said that: “Life can only be understood backwards, but it must be lived looking forward”. We have chosen to prepare Insula's first annual report to be able to summarize some of the key achievements in Insula's history, with particular emphasis on 2021. We are doing this to turn our attention to the future and “look forward”. There are great opportunities ahead of us. Throughout 2021, we have laid a good foundation for seizing these opportunities.



Olav Holst-Dyrnes
CEO

Summary 2021

As in the prior year, Insula delivered significant profit improvement in 2021. The Swedish business demonstrated the most significant progress, Whitefish delivered solid results and the Norwegian operation continued to improve its profitability. Denmark delivered similar results as in 2020, while Finland experienced a challenging year.

In 2021, the group was affected by major changes in our surroundings, including significant variations throughout the year. The demand and customer side were affected by the effects of the Covid-19 pandemic, which initially resulted in growth in the grocery market but afterwards declined when the foodservice market reopened. Volatility on the supplier and raw material side throughout the year was abnormally demanding and characterized by high price increases, increased lead times, rising energy prices and challenging logistics.

“Throughout 2021, Insula has continued to improve its cost base”

Throughout 2021, Insula continued to make cost improvements. The company has put considerable effort into adapting its operations and structure for increased profitability going forward. Insula’s organizational and production structure has been further enhanced, and measures have been implemented to increase the group’s commercial capacity. The structural changes have improved operational performance, reduced the cost base and enabled new product launches. The group conducted a refinancing through a combination of equity contribution from Insula’s owners and a new long-term bank loan, which will contribute to improved profitability going forward.

In terms of the market, the group has taken up additional trading positions in Norway and Finland, and initiated measures to build up activity surrounding sale and processing of salmon, as well as preparing for the establishment of a salmon facility at Kongsvinger, Norway.

Norway

Norway improved its profitability compared with 2020, with revenues on the same level as last year. Growth in exports and foodservice impacted the result positively. Exports increased as a result of increased salmon trading initiatives as part of the preparations for the establishment of our own salmon factory at Kongsvinger in 2022. Foodservice sales increased as a result of the re-opening of society post Covid-19.

Revenue was negatively affected by reduced sales of private label products to the grocery industry, both as a result of lower sales volume in REMA’s stores and the loss of private label contracts.

Improvements were made at the production facilities in Gjerdsvika, Oslo, Bergen and at Leknes throughout the year. These improvements are expected to yield further positive effects in 2022.

Further, it is worth mentioning that the Lofotprodukt brand experienced media’s attention in 2021. In the first half of the year, there was a dispute related to the definition of “locally sourced” raw materials which was resolved with a positive outcome. Another instance that sparked publicity was its minced salmon product that was launched in the autumn. This triggered linguists and food bloggers who were keen to discuss the name that translates to “salmon mincemeat” (Norwegian: laksekjøttdeig).

Whitefish

The Whitefish business delivered increased revenue and a strong result compared to 2020. 2021 was a year with high fishing quotas, which throughout the year provided the Whitefish business area good access to raw materials, which resulted in high activity and profitability during the winter season.

The fishing industry experienced staffing challenges throughout 2021. The first half was characterized by travel restrictions for foreign workers, while there were few available workers outside the regular season during the second half of the year. Both factors limited revenue growth.

In 2021, the recent years’ investments in industrialization began to provide efficiency gains at the fish facilities. We expect to extract further potential going forward. High market prices throughout 2021, especially in the latter half of the year, contributed towards solid financial results during the autumn period.



Sweden

Sweden delivered below expectations in 2021, but a significant improvement from the previous year. 2021 was a year of transition for the Swedish businesses, including a restructuring of the production facilities and consolidation of the organization into one unified Swedish operation. The project of consolidating production on the Swedish west coast in Kungshamn and Lysekil, as well as reducing operations in Varberg, is an important foundation for further improved profitability in Sweden

Throughout the autumn, the product portfolio was consolidated further in close dialogue with customers. This work will continue into 2022. Significant organizational measures were taken in Fiskeriet which helped reduce the company's overhead costs throughout the autumn.

Efforts have also been made to develop a commercially sustainable model for the sale of salmon products to the food retail industry, which has been a source of weak results due to an imbalance in exposure to price changes in raw materials.

Did you know that.... Insula made approximately 62 million delicious fish cakes and burgers at our factory in Lofoten in 2021?



Denmark

In 2021, Denmark delivered revenues and profit on par with 2020. The ambition level is significantly higher, but the pandemic limited revenues from the food service industry and export, both of which are important sales channels for Denmark.

On the production side, 2021 was a year when several structural measures were made, including the incorporation of the business Strandby Fisk and further production optimization in Hvide Sande, Hanstholm and Frederikshavn. The organization was re-dimensioned to resume increased export and increased foodservice volumes following the reopening of society post Covid-19, plus through new agreements that will be growth contributors going forward.

Finland

Revenue in Finland increased compared to 2020, but the results were below expectations. Weak results in the first half of the year meant that necessary cost-reduction measures were taken to reintroduce profitable operations. A capacity adjustment was carried out at the Kuopio production facility in order to reduce overhead costs.

The customer portfolio was also expanded. In addition, the trading business that was established in 2020 has been improved throughout the year and is the most important reason for revenue growth in Finland.

Sustainability in Insula

Insula wants to position itself as the leading supplier of sustainable seafood in its markets. This ambition is embodied in one of the company's seven strategic measures.

To reach this ambition, it was decided in 2021 to consolidate and focus sustainability efforts across Insula's value chain, countries and companies. In the winter of 2021, a dedicated sustainability project ("Bærekraftsløftet") was established. The mandate was to design the foundation that will enable Insula to reach its desired position. The project concluded with some selected focus areas.

In order to ensure that sufficient resources are allocated to this important work, the group decided to employ a dedicated sustainability manager. Jeanette Forsell took up this position on 1 February 2022.



Jeanette Forsell
Head of Sustainability

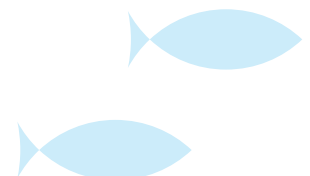
The project defined the following key success factors for Insula:

- **Few and clearly defined focus areas**
Insula will work with concrete projects that deliver a defined effect. If your ambitions are too extensive, it will take too long and too many resources to succeed.
- **Central coordination and reporting**
The group's sustainability work needs to be centrally coordinated to ensure progress and knowledge-sharing across the group, common reporting and measurement standards, and to ensure that the group companies make the right progress with regards to both central and local needs.
- **Local responsibility and implementation**
Responsibility for implementation and execution must lie with the individual companies if Insula is to succeed with the group's sustainability efforts. Further, the group's sustainability work must not limit the companies, but leave room for adaptation to local market requirements.

The chosen focus areas are based on an internal materiality analysis, verified through external desktop research of customers and the food industry. The following three criteria are used as a basis for choice of focus areas:

- **Which areas are most relevant to our customers?**
What do our customers address themselves, and what do they expect from their suppliers?
- **Which areas are most relevant to Insula's companies?**
What is Insula working with today, and where do Insula's companies want to improve together and individually?
- **In which areas can we make the biggest positive difference?**
Where does Insula have the prerequisites to make a real positive difference for the environment, as opposed to engaging in "greenwashing"?

Based on this, the group has decided on the following focus areas (see next page).



What we do...



We create jobs and contribute towards vibrant local communities



We contribute towards improved public health through healthy seafood



We reduce our energy consumption and emissions



We purchase responsibly, and work actively for a healthy ocean



We help our customers to reduce their food waste, and we throw away less food ourselves



We contribute towards reduced utilisation of single-use packaging

RETT FRA HA



Did you know that.. fish is a good source of nutrients such as protein, vitamin B12, iodine and selenium?

What Insula does

Sustainability has been high on Insula's agenda for many years. This applies across the group's extensive value chain, including in the supply chain, production and transport, and in our marketing work.



The Lofoten fish burger has packaging that reduces food waste

Lofotprodukt has carried out a careful review of its packaging solutions. It has over the past few years launched several improvements to reduce food waste. An example is the Lofotburger packaging which makes it easier to maintain its freshness while stored in a fridge.



Reduced water consumption

In Escamar's factory in Kuopio, Finland, a new air/water melting system has been installed with 30 unique melting containers. Each container has its own filling system that automatically fills air and water according to a specific cycle. The new system ensures a controlled and even melting process, which significantly reduces the amount of water consumed.



100% renewable electricity

All Insula's facilities in Sweden use renewable energy, more specifically hydropower, as their sole source of energy. This helps reduce emissions of approximately 4,500 tonnes of CO₂e annually. (Source: Energy Sweden).



Integration and inclusion

LIAS, the Lofoten region's employment and inclusion company, has a mission of helping people into employment. In 2021, LIAS named Insula Produksjon's Leknes unit "inclusion company of the year". In Insula Denmark, a successful language project has been implemented among staff at the factory in Hvide Sande. This has further improved integration and inclusion.



"Fula Fiskar" reduces food waste

With an objective of reducing food waste, the product "Fula Fiskar" (meaning ugly fish in Swedish) was launched together with a Sweden-based customer. The crispy baked cod may be crooked in shape or have an uneven breaded layer, but the taste and quality are just as good. This product has been a great success in the Swedish market.



NaturSkånsom

Insula Denmark has entered into a unique partnership with Danish authorities to ensure more sustainable fishing. From Insula's facility in Hanstholm, several thousand tonnes of plaice of the NaturSkånsom (loosely translates from Danish to gentle towards nature) brand are delivered every year. This is a state-run label scheme for fish that has been caught using sustainable methods with care for the marine environment. Fishermen who protect the marine environment can label their fish with the state-managed NaturSkånsom label. This enlightens consumers, support coastal fishing and protect the marine environment. Insula Denmark is an active supporter of this work.

A customer and consumer driven seafood company

The seafood market is an exciting and dynamic marketplace. The majority of the fundamental consumer trends are in the market's favour. Seafood is healthy and sustainable. The food is easy to prepare and can even be eaten raw. In addition, it tastes amazingly good.

Nevertheless, it is a fact that total seafood consumption is not growing in the Nordic countries. On the contrary, there is a stagnation in consumption, and even a decline among certain consumer groups.

Insula wants to fix this. The company's overall objective in all markets is to contribute to growth in the seafood category. Of course, Insula wants to gain market shares, but in the long run it is even more important to contribute to increasing the size of the pie - of course the fish pie - which is the prerequisite for all Insula's marketing efforts. This ambition is shared with authorities and all customers across the Nordic markets.

Commodity driven

Our customers are very important to Insula. The seafood industry is for obvious reasons highly commodity-driven. It is often the fish and the raw materials that are the starting point in seafood companies' decision-making processes.

For Insula, the wonderful fish is obviously very important. However, Insula also wants to put the customer in the "driver's seat". The company believes that this is a fundamental prerequisite for successfully increasing seafood consumption. Insula does not only mean customers in the food retail and food service industries, but also consumers.

"If Insula wants to win the customers, the company must also know the consumers"

Customer insight

If Insula wants to win the customers, the company must also know the consumers better than anyone. Insula needs to know why the customer buys fish cakes and smoked salmon, what is on consumers' toppings and breadspread menu, and what creates excitement around the dinner table?

Insula must also have insight into the customer's frustrations, such as why it is difficult to succeed with a good fish meal, what contributes to food waste at home, and why people often end up choosing chicken or meat instead of fish?

By gathering this insight, and sharing it across Insula's companies, Insula will succeed in developing the best new products, the product design that generates most sales, and the campaigns that create the highest growth.

Well-known brands

Insula has both branded and private label products in its portfolio. The company utilizes this as a tool to drive growth in its product categories. The best-known brands are Lofoten, Frøya, Amanda, Glyngøre and Bornholms.

Insula is also a major supplier of private label products in the Nordic markets, and this represents the bulk of Insula's business. Insula's objective for private label products is to be an ambitious and proactive supplier that contributes to increased growth and profitability for customers.

Innovation is therefore highly important to Insula. See examples of some of last year's exciting product launches on the next page.



Finland: Our minced salmon is a prime example of transnational innovation and collaboration. This innovation, which is an important contributor towards increasing the consumption of seafood, was developed by the marketing team at Lofotprodukt, and was launched simultaneously in Finland and Norway.

Denmark: Amanda Seafoods' wild-caught cod roe with organic ingredients was launched by Insula Danmark in 2021. The launch satisfies a growing consumer demand for healthy and organic products, a trend that is particularly strong in Denmark.



Sweden: In Sweden, Marenor cooperates closely with its customers to increase the seafood category. It is also one of the market's largest and most professional private label players. Sustainability is an important topic in all joint development projects. Insula is particularly proud of the launch of Fule Fiskar, which was developed in close collaboration with Axfood. The product was developed throughout 2021 and launched at the start of 2022. This is a product that uses residual raw material with small "beauty flaws", which means that it could have ended up as food waste. Instead, it has become an attractive and successful product in the Swedish market.

Norway: The Norwegian Insula company Sjøfrisk, which is dedicated to REMA 1000, experienced great success in 2021 with the fish food category fish cakes and fish burgers. This contributed to significant category growth and increased market shares. New products, a new upgraded design, and an overall category effort together with REMA 1000 were among the reasons for the increase.



From M&A to value creation

The starting point for Insula is Lofotprodukt AS, which was established in 1994. Lofotprodukt acquired Domstein Foods AB in Sweden in 2014, which marked the start of Insula as a group. The Insula group was established in 2015, which also marked the start of an expansive period where numerous acquisitions were made.

The first acquisition after the establishment of the Insula group was the purchase of restaurant Fiskeriet Youngstorget in 2015. This was followed by acquisitions of Fiskcentralen AS, Max Mat AS and a minority stake in Conchilia AS. In 2016, expansion continued in Sweden with the acquisition of Väst kustfilé AB and several acquisitions in Norway. In 2017, it was time for expansion in Denmark, where Amanda Seafoods AS was acquired. Later in the year, Insula entered Finland through the establishment of Escamar Seafood OY, which acquired Apetit's seafood division.

In the period from 2017 to 2019, expansion continued with a number of acquisitions and the establishment of Sjøfrisk AS, which is the main seafood supplier to REMA 1000 in Norway.

20 acquisitions

In total, Insula is the result of more than 20 acquisitions over a five-year period. This has undoubtedly been a highly expansive strategy by Insula's owners, Kverva AS.

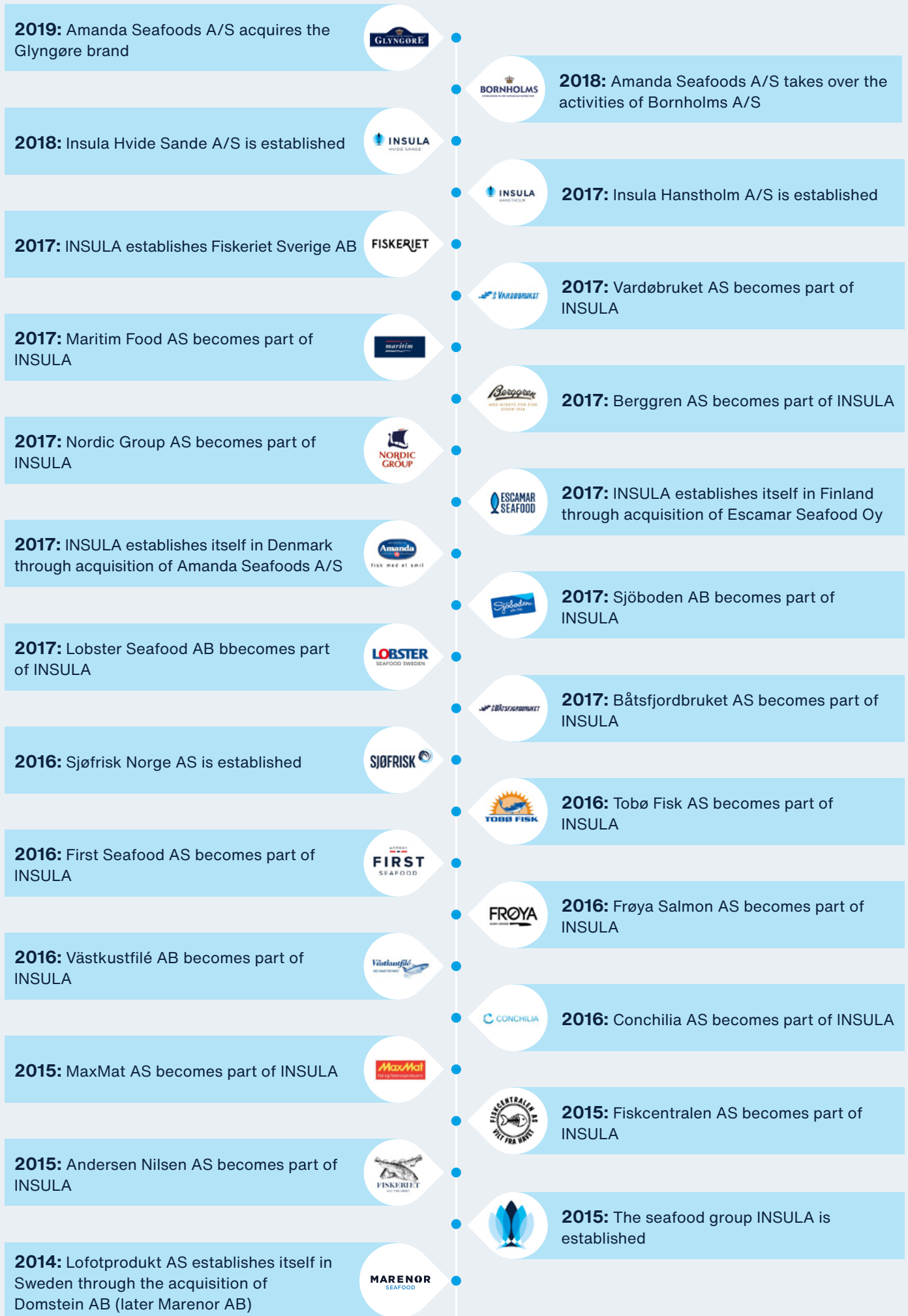
Such an expansive strategy is demanding, which recent years' financial results have shown. Insula had not been profitable since its establishment, and results within the different parts of the group have varied greatly. In 2019, Insula initiated a major profitability analysis. This laid the foundation for the "Back-in-black"-project, which led to Insula delivering a slightly positive operating result (EBIT) in 2021.

During the period 2016-2020, major restructuring measures have been implemented. For example, the group has invested heavily in new production for mince products at Leknes and in processing of whitefish in Havøysund and Båtsfjord. Investments have also been made at several other facilities to build up robust production levels for a number of seafood products. Investments have also been made in marketing and brand-building activities.

Consolidation

It is no surprise that such an expansive cycle is followed by a period of consolidation. Through its Insula NEXT-strategy, Insula has shifted its focus from expansion and acquisitions to profitable growth. A profitability that is primarily created through simplification, streamlining and cost reduction, which are factors that largely are under Insula's control.

Insula will through improved profitability also be able to highlight shareholder values that have been created since the group was established. The long-term growth ambition has definitely not been abandoned, and the possibility of continued expansion through M&A is still present. However, this must be based on a foundation of profitable operations.



Profitable core

The “Back-in-black”-project, which was initiated in 2019, aimed to transform Insula into a profitable business after several years of negative operating results. In 2021, Insula succeeded in achieving a slightly positive operating result, through making numerous improvements.

An important prerequisite for the successful transformation was the shift in focus from expansion to profitability. This has represented a mental shift for a number of Insula’s businesses and employees too, but it has been a crucial enabler for the continuous journey towards reaching an acceptable profitability level.

Restructuring

Since 2016, the group’s production network has been significantly restructured. New production resources have been established and others have been shut down. At the same time, a large ERP project has been implemented. The latter has greatly affected the group’s operations. However, the major restructurings are not the only aspects that have contributed towards improved profitability. Major improvements have also been made within all the production units. This is a continuous effort.

During 2021, Insula has reduced its indirect costs. These cost reductions have, among other things, been conducted through downsizing, which is always demanding. As Insula is the result of a series of acquisitions, the group had unnecessarily complicated structures in several places. Insula has a clear objective to simplify its operations. Clarification of responsibilities and authority is part of this. This effort began in 2021 and will continue in 2022.

Improved procurement

Insula is a major buyer of both white and red fish. In 2021, a project was initiated with the objective of significantly improving the group’s procurement. This initiative started to deliver results towards the end of 2021 and improved substantially into 2022 after commodity prices soared. Better procurement/sourcing is an ongoing process.

Efforts to manage cost increases and secure improved payment terms for Insula’s products are continuous processes. The industry has during the past year witnessed rapid cost increases. It has been challenging to pass on these cost increases quickly enough to Insula’s customer base.

Insula’s customers are highly skilled and professional buyers, and Insula’s salespeople must at least possess the same market knowledge to secure even better product prices. Insula has therefore built up its price management competence and capacity. Price management is based on complete control of our own cost calculations. This can be demanding in a commodity-based market where prices change frequently, often several times a day. Establishing efficient tools for calculation and analysis has therefore been a top priority. This will continue in 2022 too.

“Increased profitability is not something you can simply decide. It is the result of many small activities that are implemented every day in all parts of the value chain.”

Increased profitability is not something you can simply decide. It is the result of many small activities that are implemented every day in all parts of the value chain. Solid progress has been made in 2021, but there is still a long way to go before Insula has satisfactory profitability.



Did you know that..
the sale of fish
and seafood in the
Nordic food retail
industry amounts to
approximately NOK
32 billion?

Outlook

Insula's results are significantly affected by the commodity prices of fish and other input factors. There have been large price increases for these commodities in the past year. Although cost increases have slowed down somewhat, continued high commodity prices are expected. The high raw material prices affect the price the consumer has to pay. As a result, several of Insula's markets has seen declining sales, especially in natural products such as salmon fillet. Hence, there is a concern that persistently high commodity prices could lead to lower consumer sales. At the same time, the prices of competing proteins such as chicken, pig and beef are increasing, which is expected to have a positive impact on seafood sales.

In the long-term, and in light of macro trends, seafood and Insula's products have advantages compared to other types of protein. More and more people are interested in eating both healthily and sustainably. Seafood is one of the healthiest foods you can eat, and Norwegian dietary authorities encourage increased consumption of seafood. Fish is also one of the most sustainable foods you can eat, with low environmental impact per kilogram of edible food. At the same time, the seafood category is less developed compared to other protein categories. This provides excellent opportunities for innovation in products and in the seafood value chain. Insula has a broad portfolio of seafood products, excellent sourcing of raw materials, efficient production facilities, and long-standing relationships with large customers in our key markets. Overall, Insula is therefore well positioned for positive development and growth opportunities.

Did you know that..

In 2021, Insula produced more than 13 million tubes of caviar at our factory in Lyskil?

If you line up the tubes, it equals more than 1,900 kilometers, which is the distance between Båtsfjord and Oslo.

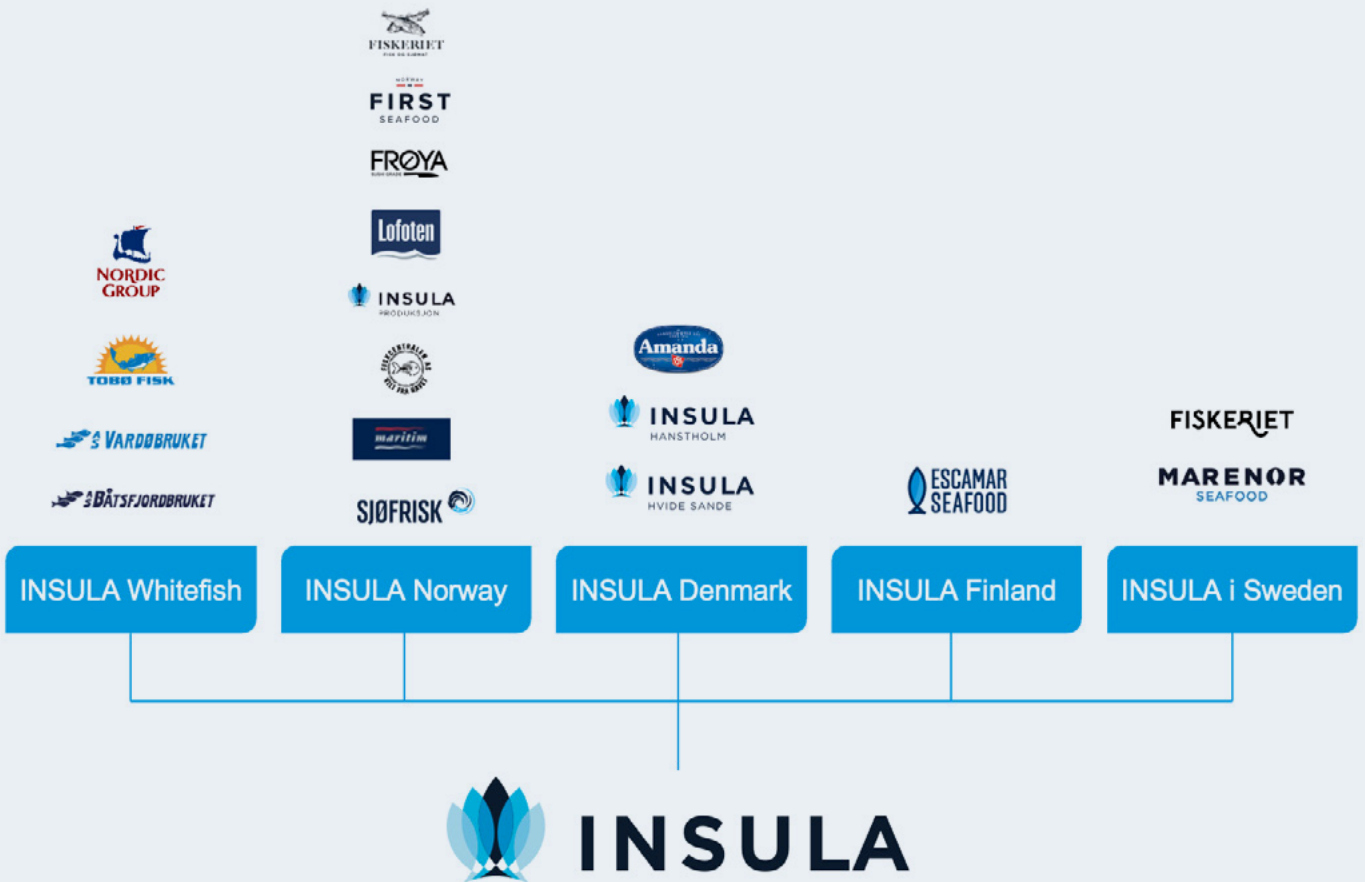


Multilocal model

Eating habits vary greatly across the Nordic market, which means that the best-selling products and food market categories are different. Insula’s competitive advantages to meet such varied needs are our flexibility, market proximity and ability to adapt to the local market. In order to capitalise on the advantages of being both local and close to customers and consumers, and at the same time extract relevant synergies from being part of a wider group, Insula has adopted a multilocal business model.

The local companies are the backbone in a multilocal business model. Each individual company is responsible for its bottom line, and the market positions are developed locally. A core value for Insula is proximity.

This is enabled through a business model that requires the head of each company to be close to the customer, the organization, and be responsible for its own value chain – from procurement through production and to the market. In parallel, certain shared resources and joint systems have been established where it is possible to extract clear scale or competence advantages across the group companies. In addition, the company heads are incentivized to identify and capitalise on synergies across the group. Furthermore, Insula has established competence networks and management meeting points across national borders and businesses to share “best practice” and expertise between the individual companies.



Income statement 2021

Figures in 1000 NOK

PARENT COMPANY			GROUP	
2021	2020		2021	2020
OPERATING REVENUE AND OPERATING COSTS				
Operating revenue				
73 695	73 158	Sales revenue	6 179 525	6 107 483
-	-	Other operating revenue	151 295	30 898
73 695	73 158	Total operating revenue	6 330 820	6 138 381
Operating expenses				
-	-	Product expense	4 888 681	4 844 467
51 066	48 690	Salary expense	743 205	774 144
8 034	7 752	Depreciation of fixed assets and intangible assets	112 628	112 012
-	-	Amortization of operating assets and intangible assets	19 504	288
-34 814	311 716	Other operating expenses	536 072	537 905
24 286	368 158	Total operating expenses	6 300 090	6 268 816
49 409	-295 000	EARNINGS BEFORE INTEREST AND TAXES (EBIT)	30 730	-130 435
FINANCIAL INCOME & FINANCIAL EXPENDITURES				
Financial income				
145 041	79 042	Investment income from other corporations within the same group	-0	-0
-	-	Investment income associated with the company	15 849	-2 272
-	-	Change in value of financial instruments	-	-
33 787	17 484	Interests from corporations within the same group	-	-
2 676	8 945	Other interest income	4 553	12 582
3 057	4 348	Other financial income	15 937	28 304
184 561	109 819	Total financial income	36 339	38 614
Financial expenditures				
115 745	81 775	Amortization of financial instruments	3 000	661
28 429	43 210	Interest expenses	42 022	50 668
6 021	4 341	Interest expenses from corporations within the same group	-	8 657
7 336	34 350	Other financial expenses	22 354	66 022
157 531	163 676	Total financial expenditures	67 376	126 008
27 030	-53 857	NET INCOME	-31 037	-87 394
76 439	-348 857	PROFIT BEFORE TAXES	-307	-217 829
30 853	-59 515	Taxation of ordinary result	12 902	-6 048
45 587	-289 342	YEARLY RESULTS	-13 209	-211 780
		Minority share of result	716	-1 038

Cash flow statement 2021

Figures in 1000 NOK

PARENT COMPANY			GROUP	
2021	2020		2021	2020
CASH FLOWS FROM OPERATIONS				
-348 858	76 439	Ordinary result before taxes	-307	-177 619
0	-5 927	Taxes paid this period	-380	-8 268
	-81 259	Loss/win on sales of other fixed assets	-120 024	-351
7 752	8 034	Depreciation	110 160	112 012
351 681	115 745	Amortization	24 712	901
0	0	Results from affiliated companies minus distributed dividends	-14 202	2 233
0	0	Change in inventory	56 720	-73 291
10 712	15 329	Change in accounts receivable	47 184	195 169
-21 533	-750	Change in supplier debt	27 820	-3 403
0	0	Difference in pension payments (deposit - distribution)	846	-1 557
-41 604	27 343	Change in other accruals	29 435	36 028
0	0	Effect of exchange rate changes	2 497	
-41 850	154 954	Net cash flow from operational activities	164 461	81 854
CASH FLOWS FROM INVESTMENT				
4 534	0	Payments from sales of operating assets	0	15 306
-3 693	-18 956	Payments from the procurement of operating assets	-91 485	-127 018
0	0	Payments from sales of intangible fixed assets	201 942	-7 428
0	0	Payments from the procurement of intangible fixed assets	-20 447	0
	190 080	Payments from sales of stocks and shares in other companies		0
-111 208	-65 657	Payments from the purchase of stocks and shares in other companies		
369 623	2 869	Payments for long-term debts (Group)	39 740	79 245
-605 317	0	Other loans/debts		-22 816
0		Other investments		0
-346 061	108 336	Net cash flow from investment	129 750	-62 711
CASH FLOW FROM FINANCING				
-15 325	-183 535	Net overdrafts	-176 924	-43 028
330 000	12 116	Debt group companies	0	-60 042
		Loan claims (Group)	-382 447	-15 248
-27 095	-368 322	Net balance of other debts		
		Equity		0
0	0	Dividends		-14 966
0	0	Buyout of minorities and establishment costs	-6 652	-21 890
0	0	Effect of business acquisitions	0	0
100 000	299 997	Net payment of equity capital	298 669	100 000
387 579	-239 744	Net cash flow from investment	-267 354	-55 174
-332	23 546	Net change in bank deposits, cash, and similar assets	26 857	-36 032
2 446	2 114	Inventory of bank deposits, cash, and similar assets (01.01.21)	12 499	48 531
2 114	25 660	Inventory of bank deposits, cash, and similar assets (31.12.21)	39 356	12 499

Balance Sheet 31.12.21

Figures in NOK 1000

PARENT COMPANY			GROUP	
2021	2020		2021	2020
ASSETS				
Fixed assets				
Intangible assets				
-	-	Research and development	4 726	5 865
46 683	34 332	Software	46 683	34 332
-	-	Licenses and other intangible assets	330 724	418 152
-	-	Goodwill	83 303	97 800
112 242	138 548	Deferred tax benefits	111 261	118 519
158 926	172 880	Total intangible assets	576 697	674 669
Permanent assets				
4 478	4 734	Property , buildings and other real estate	55 385	50 664
-	-	Machinery and facilities	413 589	409 776
3 065	4 270	Operating assets , inventory , and similar assets	43 332	96 805
7 543	9 004	Total permanent assets	512 306	557 245
Financial assets				
881 964	910 176	Investment in daughter company	-	-
46 503	46 503	Investment in associated companies	69 329	48 222
23 321	26 326	Investment in stocks and shares	27 870	35 782
422 116	470 533	Loans to companies within Group	-	-
-	-	Other receivables	51 925	48 727
1 373 903	1 453 537	Total financial assets	149 124	132 730
1 540 372	1 635 421	Total assets	1 238 130	1 364 644
Current assets				
-	-	Goods	551 268	612 138
Receivables				
13 901	29 231	Accounts receivable	402 424	449 608
262 085	348 239	Receivables from companies within the same group	-	32 683
8 463	23 310	Other receivables	62 292	65 342
284 450	400 780	Total receivables	464 716	547 633
Investment				
-	-	Marked -based stocks	2 415	2 437
-	-	Total investment	2 415	2 437
25 661	2 114	Bank deposits , cash , and similar assets	39 356	12 499
310 110	402 894	Total current assets	1 057 755	1 174 708
1 850 483	2 038 316	TOTAL ASSETS	2 295 885	2 539 352

Balance Sheet 31.12.21

Figures in NOK 1000

PARENT COMPANY			GROUP	
2021	2020		2021	2020
		EQUITY AND DEBT		
		Equity		
		Paid-in equity		
725 238	661 621	Share capital	725 238	661 621
390 695	154 316	Share premium	390 695	154 316
1 115 933	815 936	Total paid-in equity	1 115 933	815 936
		Earned equity		
		Funds	-	-
-267 520	-311 779	Other equity	-265 981	-242 636
-267 520	-311 779	Total earned equity	-265 981	-242 636
		Minority interests	-845	-3 161
848 413	504 158	Total equity	849 108	570 140
		Debt		
		Provisions for liabilities		
		Deferred taxation	2 131	1 926
		Other provisions for liabilities	89 749	1 770
		Total provisions for liabilities	91 880	3 695
		Other long-term debt		
450 000	796 313	Debt to credit institutions	476 562	849 500
10 987	32 996	Miscellaneous long-term debt	25 064	48 327
460 987	829 309	Total other long-term debt	501 626	897 827
		Short-term debt		
120 833	304 368	Debt to credit institutions	100 127	278 751
4 861	5 611	Accounts payable	515 856	488 622
		Payable tax	-	380
5 640	2 947	Liable public fees	60 588	76 008
		Dividends	-	-
19 016	23 061	Other short-term debt	176 686	223 922
390 734	368 862	Short-term debt to companies within the same Group	-	-
541 083	704 849	Total short-term debt	853 257	1 067 682
1 002 070	1 534 158	Total debt	1 446 763	1 969 205
1 850 483	2 038 316	TOTAL ASSETS AND DEBT	2 295 885	2 539 352



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