**High volatility and diminishing consumer purchasing power negatively affected Iceland Seafood’s operation in Q3**

**Price adjustments are taking place which have negative impact on margins in the short term but will create a basis for healthier demand in the long term.**

* Sales for Q3 2023: €95.8m, down 11% from Q3 2022
* Sales for 9M 2023: €318,1m up 1% from 9M 2022
* Net margin for 9M 2023: €24.5m, down €8.5m from 9M 2022
* Normalised profit before tax for 9M 2023: Negative by €1.9m, compared with €8.7m positive for 9M 2022.
* Net loss for 9M 2023: €20.7m compared with €5.0m loss for 9M 2022.
* Loss from discontinued operation (IS UK) in the period of €18.8m. The sale of ISUK completed in the period.
* Basic earnings per share (EPS) for 9M 2023 were negative by €0.7573 cents per thousand shares compared to negative €0.1846 cents per thousand shares for 9M 2022.
* Total assets of €250.3m at the end of September 2023 were €40.0m lower than at the beginning of the year, mainly explained by the sale of ISUK. Equity ratio of 26.4% at the end of September 2023,
* Normalised PBT Outlook range for 2023 is revised downwards to €0.5 – €2.0m

Total sales in the first nine months of the year of €318.1m were slightly up on the prior year, driven by high sales in the first quarter. After a strong start of the year, sales have slowed down considerably in Q3; total sales in the quarter of €95.8m were 12% down on the same time in 2022. High inflation and increased interest rates have negatively affected customer purchasing power and, therefore demand. Consequently, prices of various whitefish and shellfish species have come down in recent months, some significantly, which has led to lower margins, especially in the VA S-Europe division. The Group normalized PBT was negative by €1.9m in the first nine months of the year, compared to profit of €8.7m same time last year. In addition to reduced sales and a decline in margins, finance costs increased by €1.8m compared to prior year. Q4 is a key trading period for the company, with Christmas sales of smoked salmon, the summer production season for Argentinean shrimp starting at end of November and seasonal peak in cod sales at IS Iberica in October and November. The annual profitability therefore largely depends on the in Q4, especially in December.

Total assets at end of September of €250.3m were €40.0m lower than at year beginning. The main reason for the reduction is the sale of ISUK which was completed on September 27th, but inventory value has also come down by €10.1m from the year beginning, driven by price reductions. The equity ratio is 26.4% at the end of September.

Sales of VA S-Europe division of €158.2m in the first nine months of the year were 3% lower than same period in 2022, but sales declined by 18% in Q3 compared to last year. Declining consumer purchasing power and unusually warm weather during the summer were the main reasons for the sales decline. Due to lower demand, prices have reduced on both shellfish and whitefish products leading to lower margins and inventory write-offs in some instances at IS Ibérica. With lower sales inventory turnover has decreased, which has led to increased costs. Although these price decreases have a negative impact in the short term, they will help with balancing demand in the longer term. Sales at IS Ibérica have improved in October and November, although margins are still at a lower level than usual. Sales of Ahumados Dominguez (AD) were up 10% in the first nine months of the year compared to last year. The high purchase price of salmon in the 1H of the year had a negative impact on the results of AD. Salmon prices did level off in Q3, although at a higher level than the same time last year. Actions have been taken to mitigate the impact of potential price increases the first months of 2024. Normalised PBT of the VA S-Europe division for the first nine months of the year was negative by €1.3m compared to €8.7m profit during the same time 2022.

With the sale of ISUK, the VA N-Europe division solely consist of the operation in Ireland. This operation recovered in Q3 after a difficult start of the year, due to increase in salmon prices. Sales during the first nine months of the year of €39.0m were slightly up on the same period last year, although steep price increases have had negative impact on sold volume. Results in Q3 improved from the same period last year, helped by stable salmon prices in the period. Normalised PBT for 9M 2023 was €0.9m, compared to €1.0m loss during the same time 2022. Outlook for Christmas is good, production is on track and pre-orders from customers are strong. As at AD, Oceanpath has taken actions to mitigate the risk of potential price increases of salmon in the first months of 2024.

The good performance of S&D division continued in the month, although sales have come down slightly from previous quarters. Total sales of the division during the first nine months of €133.7m were 1% up on same period last year. The higher sales are driven by good sales of all product categories out of Iceland, whilst sales of subsidiaries in France and Germany have come down. Net margin in the first nine months was €5.5m which was €0.6m down on the same period 2022. With operating costs at the same level, but finance costs slightly higher due to higher interest rates, the normalized PBT for the first nine months of €1.8m was €0.7m down on the same period in 2022.

The sale of 100% of the share capital of ISUK was completed on September 27th. Total negative impact of discontinued operation, including negative operational results until completion and impairment of assets, amounts to €18.8m. As previously announced, a consent was gathered for the sale from bondholders of bonds in the series ICESEA 2506, in the amount of ISK 3,400m. The consent was needed to one of the conditions of the bond, as assets representing more than 5% of Group turnover were sold. To compensate bondholders for granting their consent, interest rates of the bond were amended to reflect changes in market conditions from the time the bond was issued. As a result, fixed interest rates in ISK increased from 5.65% to 13.00%.

Based on the results for the first nine months and management forecasts for the remainder of the year, the Normalised PBT outlook range is revised downwards to €0.5-€2.0m. Q4 is a key trading period for Iceland Seafood, with Christmas sales of smoked salmon in both Ireland and at AD, the summer season for Argentinean shrimp starting in December and a seasonal peak in cod sales in October and November.

**Ægir Páll Friðbertsson, CEO**

"The declining consumer purchasing power in the main trading countries, together with the ongoing uncertainty due the ongoing geopolitical turmoil, has led to lower sales in Q3. Increase in interest rates have also led to rising capital costs. In Q3 the price of whitefish and shellfish has decreased, which has led to inventory write offs and a lower margin on product sales. This price development has also resulted in large buyers reducing their inventory, also negatively impacting sales during the period. However, when prices reach equilibrium, demand will increase again, which will have a positive effect on the company's sales and profit generation.

This quarter was also characterised by the completion of the sale of ISIUK and the discontinuation of the activity that has played the most significant role in the poor operating results of recent years. I believe that after the sale of ISIUK, there will remain strong value-added companies in Spain and Ireland; that will be profitable in the future.

There is great uncertainty in the economic affairs of the company's main trading countries, as economic forecasts indicate. The focus in the short term will be to improve the operation of existing business units; the company's capital structure and review the company's strategy.

The goal will be to make Iceland Seafood ready to meet its challenges and opportunities in the future, which I believe will be beneficial to the company, owners and staff."

**Electronic investor meeting**

Today at 4.30 pm GMT, Iceland Seafood will host a meeting for investors and market participants, where management will present and discuss the 9M 2023 results. The meeting will be held at the company’s premises at Köllunarklettsvegur 2, 104 Reykjavík. The meeting will also be webcast live in Icelandic on [https://vimeo.com/event/3898268/embed/3159817eb4](https://eur03.safelinks.protection.outlook.com/?url=https%3A%2F%2Fvimeo.com%2Fevent%2F3898268%2Fembed%2F3159817eb4&data=05%7C01%7Creynir%40icelandseafood.com%7C68723ad3acd3458a2dd108dbea83ad8c%7C3e16a088bae34be2956665feaab59de7%7C0%7C0%7C638361623490536265%7CUnknown%7CTWFpbGZsb3d8eyJWIjoiMC4wLjAwMDAiLCJQIjoiV2luMzIiLCJBTiI6Ik1haWwiLCJXVCI6Mn0%3D%7C3000%7C%7C%7C&sdata=xy6LRClN62yIRbZ5ielQ9FI4MukgKiTFDR4omH0gIVg%3D&reserved=0) and a recording will be available after the meeting on [www.icelandseafood.com/investors](http://www.icelandseafood.com/investors)

Participants in the meeting can send questions in writing prior to and during the meeting to the email [investors@icelandseafood.com](https://www.globenewswire.com/Tracker?data=YdSYZ3p7emQvzwwk0BsQqhxRg1rIL_nQ08DLV7EE7rXMAPedyCRgTYeCgZp78Y4SD9CNts4wY4TKHRD_kM3Mwa5oVjJ4X3_XqQWGvQBvxIs_vgmMtmgj7ljwkKWmU0kr9T39qu01bOShU8XYCyG4cypuuQUFyQtVROzXzmmkrKXOsHsGktIJvzmSBkeyI9fx729myFDnX6DpOyHJIhVBSabHPlYo-thZkOYE77kMCh0hN7D6HEt3pzf9fwLAcIZCFfUu4X_v_V9V99iCVhY3w_JQf1SgarRklDF1zE7Lq90=).

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This announcement is furnished and intended for European market participants and should be viewed in that light.

Any potential forward-looking statements contained in this announcement reflect the management's current views on future events and performance; whilst those views are based on positions that management believes are reasonable, there is no assurance that the stated events and views will be realised. Forward-looking views naturally involve uncertainties and risks, and consequently, actual results may differ from the statements or views expressed.

**For more information:**

**Iceland Seafood International hf.**  
[http://www.icelandseafood.com/Investors](https://www.globenewswire.com/Tracker?data=NDH6-v2QGWTsSzaMC64_t97yAaaKKd2_LOZaT-51gHJ-MjGalzl6e9hmZI7SE08xDOseRTaYCGBFHobfxBtOU_vhHYB8kjOBD3BYL7ba2erLY3MsNXBQNNI9Zj36LgkdEcme3YRvXt8EJ0QHDSDuxioIzM4et0Ll4B54grhyMhRqg7e9tepgUbnnRPcZIFR9TXZoFPShtMx1fCCP0A8PlNF8EE4uJIatKOkYlcMTru8HmtkXqxjmITl7Udf1D-MGfNn0SPYTNppoHrCrbrSQPmu6fLV2ADaJQFmvu_SACZlvGe82abSg0cjA1iAVViuWDytm-dqhqiUpZjvKMl7qi5Qug7jy-2VC19KjIZG9dWc=)

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