



Iceland Seafood International hf.

Condensed Consolidated Interim Financial Statements

for the nine months ended 30 September 2023

Iceland Seafood International hf.
Köllunarklettsvegur 2
104 Reykjavík
Iceland
TIN 611088-1329

Contents

	Page
Statement and Endorsement by the Board of Directors and the CEO	2-4
Condensed Consolidated Statement of Income	5
Condensed Consolidated Statement of Comprehensive Income	6
Condensed Consolidated Statement of Financial Position	7
Condensed Consolidated Statement of Changes in Equity	8
Condensed Consolidated Statement of Cash Flows	9
Notes to the Condensed Consolidated Interim Financial Statements	10-15

Company Information

Name	Iceland Seafood International hf.
TIN	611088-1329
BOD	Birna Einarsdóttir, Chairman Bergþór Baldvinsson, Board Member Halldór Leifsson, Board Member Ingunn Agnes Kro, Board Member Jakob Valgeir Flosason, Board Member Gunnlaugur Karl Hreinsson, Alternate Board Member
CEO	Ægir Páll Friðbertsson
Address	Köllunarklettsvegi 2 104 Reykjavík Iceland
Web	www.icelandseafood.com
Lawyers	Lex ehf. Borgartúni 26 105 Reykjavík Iceland www.lex.is
Auditors	Deloitte ehf. Smáratorgi 3 201 Kópavogur Iceland www.deloitte.is
Reporting currency	Euro (EUR)

Statement and Endorsement

by the Board of Directors and the CEO

Statement

It is the opinion of the Board of Directors and the CEO of Iceland Seafood International hf. (the Company), that these Condensed Consolidated Interim Financial Statements present the necessary information to evaluate the financial position of the Company at the end of September 2023 and the operating results and financial developments for the nine months then ended.

The Condensed Consolidated Interim Financial Statements are prepared in accordance with the International Accounting Standard IAS 34, *Interim Financial Reporting*, and should be read in conjunction with the Company's Financial Statements for the year ended 31 December 2022.

The Condensed Consolidated Interim Financial Statements do not include all of the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to understand the changes in the Company's financial position and performance from year end 2022.

The Condensed Consolidated Interim Financial Statements are neither audited nor reviewed by the group auditors.

The Company

The Company is a holding company for a Group of subsidiaries that are leading suppliers of North Atlantic seafood, one of the largest exporters of seafood from Iceland and a key processor of high quality seafood in the Spanish and Irish markets. The Group is headquartered in Iceland and has subsidiaries in Spain, Argentina, the United Kingdom, Ireland, Iceland, France and Germany.

The Group operates across three divisions, Value Added Southern Europe, Value Added Northern Europe and Sales and Distribution Division which has offices in Iceland, France and Germany. The Value Added Divisions have processing factories and coldstores in their respective regions with Southern Europe also having a satellite facility in Argentina.

Operations for the period

Total sales in the first nine months of the year of EUR 318.1 million were 1% above prior year. The higher sales were driven by high sales in the first quarter of the year, mainly driven by higher prices in Q1 than in the same period 2023. After strong sales in the beginning of the year, sales have slowed down considerably in Q3, total sales in the quarter of EUR 95.8 million were down 12% on Q3 2022. High inflation and increased interest rates have negatively affected customer purchasing power and therefore demand. As a consequence, prices of various whitefish and shellfish species have come down in the recent months, some significantly.

Normalised loss before tax in the period of EUR 1.9 million was EUR 10.6 million down on prior year. The economic situation in key markets impacted the results in the period. Price decreases in recent months have negatively impacted margins, especially in the VA S-Europe division. Steep increase in salmon prices during the first quarter impacted profitability of both VA N-Europe division and Ahumados Dominguez in Spain in that period. Salmon prices have come down in Q3 but have remained higher than in the same period last year. Difficult market conditions for Argentinian shrimp and other shellfish species also impacted margins and profitability of IS Iberica negatively in the period. Good performance of the S&D division continued in the first half of the year, where profitability was in line with same period last year. Finance costs have increased due to higher interest rates and loans compared to YTD nine months 2022.

The loss of Iceland Seafood UK (IS UK), which was classified as discontinued operation, was EUR 18.8 million in the period. At August 30th ISI announced an agreement with Espersen A/S on sale of all the share capital of IS UK and the transaction was completed on September 27th. Closing accounts have been fully reflected in the consolidated accounts at end of Q3, as detailed in note 10 to the accounts.

Statement and Endorsement

by the Board of Directors and the CEO

Total assets on 30 September 2023 of EUR 250.3 million were EUR 40.0 million lower than at the end of 2022. Net debt at end of September of EUR 115.6 million was EUR 22.0 million higher than at year end 2022.

Equity amounted to EUR 66.1 million on 30 September 2023 or EUR 15.2 million lower than at the end of 2022. The equity ratio was 26.4% on 30 September 2023, compared to 28.0% at year end 2022. Share issuance was completed in May where 150 million new shares were issued. The issuance was at a price of ISK 6.00 or the amount of ISK 900 million (EUR 5.9 million).

The Company is listed on the NASDAQ Iceland main market (ticker: ICESEA). The closing price at the end of September 2023 was ISK 5.75 per share (2022 year end: ISK 6.05), giving the Company a market capitalization of EUR 113.4 million (2022: EUR 108.8 million), a 4% increase from year end 2022.

Divestment of Iceland Seafood UK Ltd

On September 27th ISI announced it had finalized an agreement with Espersen A/S on sale of all the share capital of Iceland Seafood UK Ltd (IS UK). The assets and liabilities of IS UK have been classified as an asset held for sale since ISI announced its intention to exit the UK market from value-added perspective on November 17th 2022. In accordance with the agreement the property, equipment and machinery will be sold from IS UK to Iceland Seafood Barraclough (a 100% owned subsidiary of ISI) at completion and then leased back to IS UK/Espersen. In case of the property a leasing agreement has been agreed, where the lessee has a purchase option at end of the leasing period. In the case of equipment and machinery an equipment hire purchase agreement has been agreed, where the lessee will get ownership of the assets at the end of the leasing period. Asset valuation in the balance sheet at September 30th reflects the valuation of rental payments under these agreements.

The negative impact on ISI P&L and equity during 2023 was EUR 18.8 million including transaction costs. This figure includes negative operational results until completion of the transaction of EUR 8.5 million, impairment of fixed assets of EUR 8.3 million, EUR 1.5 million of inventory write-offs, estimated transaction costs of EUR 0.2 million and sales loss of share capital of EUR 0.3 million.

Prior to completion, ISI converted intercompany loans to IS UK into equity. ISI injected additional equity, to net out a negative equity balance and to cover the projected EBIT losses of IS UK for the period September - December 2023. After the equity injection, book value of equity at completion amounts to GBP 0.3 million. According to the agreement the sales price for the 100% share is GBP 1,000.

Shareholders

The number of shareholders at the end of September 2023 were 839 (2022 year end: 840). The ten largest were (shares are in millions):

	30.9.2023		31.12.2022	
FISK Seafood ehf	323	11%	306	11%
Brim hf.	310	11%	0	0%
Jakob Valgeir ehf	300	10%	284	10%
Nesfiskur ehf	292	10%	277	10%
Lífsværk lífeyrissjóður	163	6%	162	6%
Birta lífeyrissjóður	156	5%	150	6%
Stapi lífeyrissjóður	149	5%	159	6%
Frjálsi lífeyrissjóðurinn	131	5%	131	5%
Lífeyrissjóður starfsmanna ríkisins A-deild	122	4%	122	4%
Vátryggingafélag Íslands hf.	90	3%	94	3%
	<u>2.036</u>	<u>70%</u>	<u>1.685</u>	<u>61%</u>
Other shareholders (2023: 829 and 2022: 830)	828	30%	1.029	39%
	<u>2.864</u>	<u>100%</u>	<u>2.714</u>	<u>100%</u>

For an overview of changes in equity, see the Condensed Consolidated Statement of Changes in Equity.

Statement and Endorsement

by the Board of Directors and the CEO

Endorsement

The Board of Directors and the CEO of Iceland Seafood International hf. hereby confirm the Condensed Consolidated Interim Financial Statements of the Company for the nine months ended 30 September 2023 with their signatures.

Reykjavík, 22 November 2023.

Birna Einarsdóttir
Chairman of the Board

Bergþór Baldvinsson
Board Member

Halldór Leifsson
Board Member

Ingunn Agnes Kro
Board Member

Jakob Valgeir Flosason
Board Member

Ægir Páll Friðbertsson
Chief Executive Officer

Condensed Consolidated Statement of Income

for the nine months ended 30 September 2023

	Note	9M 2023			9M 2022		
		Normalised results	Significant items*	IFRS	Normalised results	Significant items*	IFRS
Gross profit							
Sales of seafood		318.092		318.092	315.571		315.571
Cost of sales		(274.031)		(274.031)	(263.843)		(263.843)
		44.061		44.061	51.728		51.728
Operating expenses							
Operating expenses	6	(39.487)	(145)	(39.632)	(38.753)	(78)	(38.831)
Depreciation and amortisation		(2.672)		(2.672)	(2.396)		(2.396)
Operating profit		1.902	(145)	1.757	10.579	(78)	10.501
Net finance costs		(3.185)		(3.185)	(1.413)		(1.413)
Net exchange rate difference		(615)		(615)	(468)		(468)
(Loss) profit before tax		(1.898)	(145)	(2.043)	8.698	(78)	8.620
Income tax expense	6	98	29	127	(2.522)	16	(2.506)
(Loss) profit from continuing operations .		(1.800)	(116)	(1.916)	6.176	(62)	6.114
Discontinued operations, net of tax	10		(18.830)	(18.830)		(11.126)	(11.126)
(Loss) profit for the period		(1.800)	(18.946)	(20.746)	6.176	(11.188)	(5.012)
Attributable to							
Owners of the Company		(1.535)	(18.946)	(20.481)	6.401	(11.188)	(4.787)
Non-controlling interests		(265)		(265)	(225)		(225)
		(1.800)	(18.946)	(20.746)	6.176	(11.188)	(5.012)
Earnings per share							
7							
From continuing operations							
Basic (cents per thousand shares)		(0,0657)		(0,0699)	0,2275		0,2252
Diluted (cents per thousand shares)		(0,0657)		(0,0699)	0,2259		0,2236
From continuing and discontinued operations							
Basic (cents per thousand shares)		(0,0657)		(0,7573)	0,2275		(0,1846)
Diluted (cents per thousand shares)		(0,0657)		(0,7573)	0,2259		(0,1846)

* See note no 6 for information on significant items.

See note no 4 for results of Q3 2023.

The notes on pages 11 to 15 are an integral part of the Condensed Consolidated Interim Financial Statements

Condensed Consolidated Statement of Comprehensive Income

for the nine months ended 30 September 2023

Note	9M 2023			9M 2022		
	Normalised results	Significant items*	IFRS	Normalised results	Significant items*	IFRS
(Loss) profit for the period	(1.800)	(18.946)	(20.746)	6.176	(11.188)	(5.012)
Items that may be reclassified subsequently to profit or loss						
Net fair value of cash flow hedges	(305)		(305)	725		725
Translation difference	(5)		(5)	395		395
Total comprehensive (loss) income	(2.110)	(18.946)	(21.056)	7.296	(11.188)	(3.892)
Attributable to						
Owners of the Company	(1.845)	(18.946)	(20.791)	7.521	(11.188)	(3.667)
Non-controlling interests	(265)		(265)	(225)		(225)
	(2.110)	(18.946)	(21.056)	7.296	(11.188)	(3.892)

* See note no 6 for information on significant items.

The notes on pages 11 to 15 are an integral part of the Condensed Consolidated Interim Financial Statements

Condensed Consolidated Statement of Financial Position

at 30 September 2023

	Note	30.9.2023	31.12.2022	30.9.2022
Assets				
Non-current assets				
Property, plant and equipment		29.620	27.645	38.737
Investment property	10	1.642		
Leased assets		1.663	1.724	1.648
Intangible assets	8	56.467	56.665	56.748
Finance lease receivables	10	1.319		
Deferred tax assets		2.558	2.359	3.067
Other long term assets		119	65	106
		93.388	88.458	100.306
Current assets				
Inventories		75.891	86.047	93.545
Finance lease receivables	10	478		
Trade and other receivables		60.135	62.535	69.993
Other assets		9.627	9.747	11.101
Cash and bank balances		10.795	11.072	6.899
		156.926	169.401	181.538
Assets classified as held for sale	10		32.487	
		156.926	201.888	181.538
		250.314	290.346	281.844
Equity and liabilities				
Capital and reserves				
Issued capital and share premium		86.170	80.291	80.291
Translation reserve		(315)	(310)	(403)
Other reserves		(38)	257	1.260
Retained earnings		(21.390)	(837)	4.127
Equity attributable to owners of the Company		64.427	79.401	85.275
Non-controlling interests		1.703	1.968	1.980
		66.130	81.369	87.255
Non-current liabilities				
Borrowings	11	41.007	32.488	38.682
Lease liabilities		1.333	1.439	1.329
Retirement benefit and other obligations		1.041	1.211	2.053
Deferred tax liabilities		1.722	2.105	2.140
		45.103	37.243	44.204
Current liabilities				
Borrowings	11	85.364	72.142	94.117
Lease liabilities		513	456	504
Trade and other payables		43.810	52.461	46.636
Other liabilities		9.394	10.318	9.128
		139.081	135.377	150.385
Liabilities assoc. with assets classified as held for sale	10		36.357	
		139.081	171.734	150.385
		184.184	208.977	194.589
		250.314	290.346	281.844

The notes on pages 11 to 15 are an integral part of the Condensed Consolidated Interim Financial Statements

Condensed Consolidated Statement of Changes in Equity

for the nine months ended 30 September 2023

	Restricted equity						Unrealised profit of subsidiaries	Retained Earnings	Attributable to owners of the Company	Non - controlling interests	Total equity
	Share capital	Share premium	Translation reserve	Hedging reserve	Statutory reserve	Equity reserve					
Balances at 1 January 2022	25.134	55.157	(798)	(47)	430	138	12.503	(3.080)	89.437	2.297	91.734
Profit (loss)							6.215	(11.002)	(4.787)	(225)	(5.012)
Net fair value gain on cash flow hedges				725					725		725
Translation of shares held in foreign currencies ..			395						395		395
Total comprehensive income			395	725			6.215	(11.002)	(3.667)	(225)	(3.892)
Other adjustments						14		(509)	(495)	(92)	(587)
Balances at 30 September 2022	25.134	55.157	(403)	678	430	152	18.718	(14.591)	85.275	1.980	87.255
Profit (loss)							3.432	(8.352)	(4.920)	(15)	(4.935)
Net fair value loss on cash flow hedges				(1.014)					(1.014)		(1.014)
Translation of shares held in foreign currencies ..			93						93		93
Total comprehensive income			93	(1.014)			3.432	(8.352)	(5.841)	(15)	(5.856)
Dividend declared from subsidiaries to parent							(5.000)	5.000			
Other adjustments						11		(44)	(33)	3	(30)
Balances at 31 December 2022	25.134	55.157	(310)	(336)	430	163	17.150	(17.987)	79.401	1.968	81.369
Profit (loss)							2.793	(23.274)	(20.481)	(265)	(20.746)
Net fair value loss on cash flow hedges				(305)					(305)		(305)
Translation of shares held in foreign currencies ..			(5)						(5)		(5)
Total comprehensive income			(5)	(305)			2.793	(23.274)	(20.791)	(265)	(21.056)
Issue of share capital	988	4.891							5.879		5.879
Other adjustments						10		(72)	(62)		(62)
Balances at 30 September 2023	26.122	60.048	(315)	(641)	430	173	19.943	(41.333)	64.427	1.703	66.130

The notes on pages 11 to 15 are an integral part of the Condensed Consolidated Interim Financial Statements

Condensed Consolidated Statement of Cash Flows

for the nine months ended 30 September 2023

	Note	9M 2023	9M 2022
Operating activities			
Operating (loss) profit from continuing and discontinued operations		(15.188)	1.583
Depreciation and amortisation		11.472	5.076
Gain on disposal of non-current assets		(81)	(78)
Change in obligations and other calculated liabilities		(236)	(365)
Working capital (used in) generated from operations		(4.033)	6.216
Decrease (increase) in inventories		9.740	(16.234)
Decrease (increase) in receivables and other assets		3.199	(7.815)
Decrease in payables and other liabilities		(3.617)	(5.399)
Cash generated from (used in) operations before interests and taxes		5.289	(23.232)
Interest received		674	247
Interest paid		(5.461)	(2.765)
Income taxes paid		(2.388)	(799)
Net cash used in operating activities		(1.886)	(26.549)
Investing activities			
Payments for property, plant and equipment		(5.300)	(4.999)
Payments for intangible assets		(150)	(66)
Proceeds from disposal of non-current assets		470	516
Net cash used in investing activities		(4.980)	(4.549)
Net cash before financing activities			
		(6.866)	(31.098)
Financing activities			
Net (repayment) proceeds from revolving credit facilities		(1.480)	20.777
Net proceeds (payments) from bills		2.747	(6.647)
Proceeds from new long term borrowings		10.788	4.655
Repayment of other borrowings		(10.441)	(8.218)
Disposal of discontinued operation, net of cash disposed of		(1.670)	
Proceeds from issue of share capital, net of issue costs		5.879	
Net cash generated by financing activities		5.823	10.567
Net decrease in cash and bank balances		(1.043)	(20.531)
Cash and bank balances at the beginning of period		11.991	27.766
Effect of exchange rate changes on cash held in foreign currencies		(153)	(336)
Cash and bank balances at the end of period		10.795	6.899
Cash and bank balances at period end are as follows:			
Cash and bank balances from continuing operation		10.795	5.613
Cash and bank balances from discontinued operation			1.286
Cash and bank balances at the end of period		10.795	6.899

The notes on pages 11 to 15 are an integral part of the Condensed Consolidated Interim Financial Statements

Notes to the Condensed Consolidated Financial Statements

for the nine months ended 30 September 2023

1. General information

Iceland Seafood International hf. (the Company) is a limited liability company incorporated and domiciled in Iceland. The address of its registered office is Köllunarklettsvegur 2, 104 Reykjavík.

The Condensed Consolidated Interim Financial Statements of the Company as at and for the nine months ended 30 September 2023, comprise the Company and its subsidiaries (together referred to as "the Group").

The Company is a holding company for a Group of subsidiaries that are leading suppliers of North Atlantic seafood and one of the largest exporters of seafood from Iceland. The Group is headquartered in Iceland and has subsidiaries in the Spain, Argentina, United Kingdom, Ireland, Iceland, France and Germany. The operation in the United Kingdom is classified as asset held for sale.

The Company's shares are listed on NASDAQ main market in Iceland (ticker: ICESEA).

2. Statement of compliance

The Condensed Consolidated Interim Financial Statements are prepared in accordance with the International Accounting Standard on Interim Financial Reporting, IAS 34, as adopted by the European Union.

The Condensed Consolidated Interim Financial Statements do not include all of the information required for a complete set of consolidated annual financial statements and should be read in conjunction with the Consolidated Financial Statements of the Company for the year ended 31 December 2022, which is available on the Company's website, www.icelandseafood.com/investors.

The same accounting policies, presentation and methods of computation (except mentioned here above) are followed in these Condensed Consolidated Interim Financial Statements as were applied in the latest Financial Statements for the year ended 31 December 2022.

3. Use of estimates and judgements

The preparation of the Condensed Consolidated Interim Financial Statements in line with IAS 34, requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these Condensed Consolidated Interim Financial Statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied to the Consolidated Financial Statements for the year ended 31 December 2022.

Notes to the Condensed Consolidated Financial Statements

for the nine months ended 30 September 2023

4. Quarterly statements

	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022
Revenue:					
Sales of seafood	104.913	112.443	146.044	122.072	123.555
Intercompany	(9.098)	(13.281)	(22.929)	(16.886)	(15.278)
	<u>95.815</u>	<u>99.162</u>	<u>123.115</u>	<u>105.186</u>	<u>108.277</u>
Operating results:					
Operating profit (loss)	242	(290)	1.950	4.481	6.246
Net finance costs	(1.362)	(1.528)	(910)	(741)	(964)
Normalised PBT	(1.120)	(1.818)	1.040	3.740	5.282
Income tax	676	261	(839)	(1.547)	(1.442)
Normalised (loss) profit	(444)	(1.557)	201	2.193	3.840
Significant items and discontinued operations	(5.047)	(11.476)	(2.423)	(7.115)	(6.005)
Loss for the period	(5.491)	(13.033)	(2.222)	(4.922)	(2.165)
Assets	250.314	272.622	305.266	290.346	281.844
Liabilities	184.184	201.111	226.533	208.977	194.590

5. Segment reporting

For 9M 2023	Value added S-Europe	Value added N-Europe	Sales and distribution	Other and Eliminations	Consolidated
Revenue:					
Sales of seafood	181.309	43.733	138.358		363.400
Intercompany	(23.109)	(4.714)	(4.621)	(12.864)	(45.308)
	<u>158.200</u>	<u>39.019</u>	<u>133.737</u>	<u>(12.864)</u>	<u>318.092</u>
Operating results:					
Operating (loss) profit	(18)	1.146	1.893	(1.119)	1.902
Net finance costs	(1.278)	(224)	(78)	(2.220)	(3.800)
Normalised PBT	(1.296)	922	1.815	(3.339)	(1.898)
Income tax	8	(166)	(361)	617	98
Normalised (loss) profit	(1.288)	756	1.454	(2.722)	(1.800)
Significant items and discontinued operations	57	(19.967)	(70)	1.034	(18.946)
(Loss) profit	(1.231)	(19.211)	1.384	(1.688)	(20.746)
Assets	135.817	40.986	33.799	39.712	250.314
Liabilities	90.932	30.028	27.595	35.629	184.184

Notes to the Condensed Consolidated Financial Statements

for the nine months ended 30 September 2023

For 9M 2022	Value added S-Europe	Value added N-Europe	Sales and distribution	Other and Eliminations	Consolidated
Revenue:					
Sales of seafood	184.425	40.475	137.467		362.367
Intercompany	(21.333)	(2.648)	(5.366)	(17.449)	(46.796)
	<u>163.092</u>	<u>37.827</u>	<u>132.101</u>	<u>(17.449)</u>	<u>315.571</u>
Operating results:					
Operating profit (loss)	9.565	(911)	2.549	(624)	10.579
Net finance costs	(849)	(95)	(33)	(904)	(1.881)
Normalised PBT	8.716	(1.006)	2.516	(1.528)	8.698
Income tax	(2.443)	77	(531)	375	(2.522)
Normalised profit (loss)	6.273	(929)	1.985	(1.153)	6.176
Significant items and discontinued operations	(18)	(11.126)	(41)	(3)	(11.188)
Profit (loss)	6.255	(12.055)	1.944	(1.156)	(5.012)
Assets	<u>133.328</u>	<u>66.066</u>	<u>31.156</u>	<u>51.294</u>	<u>281.844</u>
Liabilities	<u>87.910</u>	<u>59.876</u>	<u>24.744</u>	<u>22.059</u>	<u>194.589</u>

6. Significant items

In 2023 the Group incurred exceptional incomes and costs associated with restructuring and the sale of Iceland Seafood UK Ltd of EUR 0.1 million.

In 2022 the Group incurred exceptional income and costs associated with restructuring of EUR 0.1 million.

Exceptional income and costs, net of income tax:	9M 2023	9M 2022
Exceptional income	72	121
Exceptional costs	(217)	(199)
Income tax	29	16
Significant items, net of income tax	<u>(116)</u>	<u>(62)</u>

Notes to the Condensed Consolidated Financial Statements

for the nine months ended 30 September 2023

7. Earnings per share

	9M 2023	9M 2022
Loss for the period	(20.746)	(5.012)
Weighted average number of ordinary shares (ISK '000) for basic EPS	2.739.480	2.714.480
Shares to be issued in respect of employee options	20.605	19.505
Weighted average number of ordinary shares (ISK '000) for diluted EPS	2.760.085	2.733.985
<i>From continued operations (EUR cents per thousand shares)</i>		
Basic earnings per share	(0,0699)	0,2252
Diluted earnings per share	(0,0699)	0,2236
<i>From continued and discontinued operations (EUR cents per thousand shares)</i>		
Diluted earnings per share	(0,7573)	(0,1846)
Diluted earnings per share	(0,7573)	(0,1846)

8. Intangible assets

The Group tested at the end of 2022 whether goodwill had suffered any impairment. At that time the recoverable amount of cash generating units to which goodwill is allocated, exceeded their book value. There were in the opinion of management indicators of impairment at Iceland Seafood UK. The business of Iceland Seafood UK has been loss making for a period of time and the board decided to exit the value added operation in UK. Therefore it was decided to impair its goodwill in full or EUR 1.7 million. At 30 September 2023, there were in the opinion of management no indicators to deviate from the conclusions taken at year end 2022.

	30.9.2023	31.12.2022	30.9.2022
Goodwill at beginning of period	56.216	61.820	57.910
Discontinued operation		(1.694)	
Retrospective adjustment		(3.910)	
Goodwill impairment			(1.618)
Exchange rate differences			(76)
Goodwill at end of period	56.216	56.216	56.216
Other intangible assets at end of period	251	449	532
Intangible assets at end of period	56.467	56.665	56.748

Notes to the Condensed Consolidated Financial Statements

for the nine months ended 30 September 2023

9. Subsidiaries and other investments

At 30 September 2023, the Company directly owned nine subsidiaries that are all included in the consolidation. The direct subsidiaries in addition owned a further seven subsidiaries. The Company holds the majority of voting power in all of its subsidiaries.

Name of company	incorporation	30.9.2023	31.12.2022	30.9.2023	activity
<i>Subsidiaries:</i>					
Iceland Seafood ehf.	Iceland	100%	100%	100%	Sale of seafood
Solo Export ehf.	Iceland	100%	100%	100%	Not active
Iceland Seafood Ibérica S.A.U.	Spain	100%	100%	100%	Sale of seafood
- Achernar S.A.	Argentina	100%	100%	100%	Sale of seafood
ELBA S.L.	Spain	100%	100%	100%	Sale of seafood
Ahumados Domínguez S.A.	Spain	85%	85%	85%	Sale of seafood
Iceland Seafood Barraclough	UK	100%	100%	100%	Holding
- F. Barraclough Ltd. ^{A)}	UK		100%	100%	Liquidation
- Iceland Seafood UK Ltd. ^{B)}	UK		100%	100%	Sale of seafood
Oceanpath Ltd.	Ireland	100%	100%	100%	Sale of seafood
- Dunns Seafare Ltd.	Ireland	100%	100%	100%	Sale of seafood
- Mondi Properties Ireland Ltd	Ireland	100%	100%	100%	Real estate
- Carr & Sons Seafood Ltd.	Ireland	100%	100%	100%	Sale of seafood
- H J Nolan Ltd.	Ireland	100%	100%	100%	Sale of seafood
Iceland Seafood France S.A.S.	France	100%	100%	100%	Sale of seafood
ISG Iceland Seafood GmbH	Germany	100%	100%	100%	Sale of seafood
ISI Seafood Inc.	USA	100%	100%	100%	Not active
<i>Investments in other companies:</i>					
Febin Marine Foods Private Ltd	India	5%	5%	5%	Seafood supply

^{A)} F. Barraclough Ltd. was liquidated in 2023.

^{B)} Iceland Seafood UK Ltd was sold on the 27th September 2023 (see note 10).

10. Discontinued operations

On September 27th ISI announced it had finalized an agreement with Espersen A/S on sale of all the share capital of Iceland Seafood UK Ltd (IS UK). The assets and liabilities of IS UK have been classified as an asset held for sale since ISI announced its intention to exit the UK market from value-added perspective on November 17th 2022. In accordance with the agreement the property, equipment and machinery were sold from IS UK to Iceland Seafood Barraclough (a 100% owned subsidiary of ISI) at completion and then leased back to IS UK/Espersen. In case of the property an operating lease agreement was agreed, where the lessee has a purchase option at end of the leasing period. In the case of equipment and machinery an equipment hire purchase agreement was agreed, where the lessee will get ownership of the assets at the end of the leasing period. Asset valuation in the balance sheet at September 30th reflects the valuation of rental payments under these agreements.

The negative impact on ISI P&L and equity during 2023 was EUR 18.8 million including transaction costs. This figure includes negative operational results until completion of the transaction of EUR 8.5 million, impairment of fixed assets of EUR 8.3 million, EUR 1.5 million of inventory write-offs, estimated transaction costs of EUR 0.2 million and sales loss of share capital of EUR 0.3 million.

Notes to the Condensed Consolidated Financial Statements

for the nine months ended 30 September 2023

Prior to completion, ISI converted intercompany loans to IS UK into equity. ISI injected additional equity, to net out a negative equity balance and to cover the projected EBIT losses of IS UK for the period September - December 2023. After the equity injection, book value of equity at completion amounts to GBP 0.3 million. According to the agreement the sales price for the 100% share was GBP 1,000.

The sale of Iceland Seafood UK meant that ISI needed a consent from bondholders of bonds in the series ICESEA 25 06, in the amount of ISK 3,400,000,000 for an amendment of a waiver of one of the financial covenants under the Bonds. The consent was needed to one of the conditions under the bond since the sale of IS UK meant that assets representing more than 5% of total group turnover were sold. The relevant amendment was approved by 100% of the bondholders at a bondholders meeting on October 25th. To compensate bondholders for granting this consent, the interest rates of the bond were amended from that time to reflect changes in market conditions since the bond was issued. As a result the fixed interest rate in ISK increased from 5.65% to 13.00%.

11. Financing

The Group's main sources of financing are a multi currency revolving credit facility with an Icelandic financial institution, a four year unsecured bond listed on Nasdaq Iceland, two three months bills listed on Nasdaq Iceland, credit facilities with number of banks in Spain which finance the Southern Europe division and credit facilities with an European bank which finance the Northern Europe division. At end of September 2023 the total headroom of the Group was EUR 35.4 million including cash.

The facility with the institution in Iceland has a cap of EUR 20 million with EUR 6.7 million draw down at end of September 2023 (2022 year end: EUR 9.9 million). The facility will expire in April 2025.

The Group has credit facilities in place with number of banks in Spain. Total amount of these loans was EUR 58.4 million at end of September 2023 (2022 year end: EUR 58.2 million).

The Group's subsidiaries in UK and Ireland (Northern Europe division) entered into a loan agreement with a foreign bank, which was finalised in December 2021. In relation to the sale of ISUK, an amendment agreement was finalised for that facility, to reflect a reduction in borrowing need post the transaction. After that amendment, the loan agreement consist of a 3 year term loan of GBP 4.1 million against pledge in the Groups properties in UK and Ireland, and a revolving borrowing base facility of EUR 12.0 million against inventories and receivables in Ireland.

The parent company concluded a private placement of four years unsecured bond, in June 2021. The amount of the placement was ISK 3.400 million and was fixed at EUR 23.1 million. The bond has semiannually interest payments, balance will be paid with one installment in June 2025. The bond is listed on Nasdaq Iceland. As detailed in note 10, an amendment and waiver letter was approved for terms of the bond in relation to the sale of IS UK Ltd in October 2023.

The parent company concluded two offerings of 3 months bills for total ISK 2.600 million in total, at end of September 2023. In both cases hedging was put in place to fix the liability in EUR. The total fixed amount at end of September 2023 amounts to EUR 17.2 million. The bills are listed on Nasdaq Iceland.

Borrowings are secured with most of the Group's assets, except from assets and equity of the Spanish subsidiaries. The revolving credits are secured with inventories, receivables, intellectual property rights and shares in subsidiaries. The other bank loans are secured with inventories, receivables and PP&E. The finance leases are secured with the assets leased.

12. Approval of financial statements

The Condensed Consolidated Interim Financial Statements have been approved for issue by the Board of Directors and the CEO on 22 November 2023.