**Volatility and unstable environment continued to affect Iceland Seafood´s results in Q2 2023**

**Price adjustments have a negative impact in the short term but will create a basis for healthier demand in the long term.**

* Sales for 1H 2023: €222.3m, up 7% from 1H 2022
* Net margin for 1H 2023: €16.9m, down €2.4m from 1H 2022
* Normalised profit before tax in 1H 2023: Negative by €0.8m, compared with €3.4m positive in 1H 2022.
* Net loss for 1H 2023: €15.3m compared with €2.9m loss in 1H 2022.
* Loss from discontinued operation (IS UK) in the period of €13.9m, including impairment of fixed assets of €8.3m related to the divestment of the business,
* Basic earnings per share (EPS) for 1H 2023 were negative by €0.5569 cents per thousand shares compared to negative €0.1054 cents per thousand shares for 1H 2022.
* Total assets of €272.6m at the end of June 2023 were €17.7m lower than at the beginning of the year. Equity ratio of 26.2% at the end of June 2023,
* Normalised PBT Outlook range for 2023 is revised downwards to €2.0 – €5.0m

Continuing high salmon prices in Q2 negatively affected the results of Iceland Seafood’s operations in Ireland and Ahumados Dominguez (AD) in Spain. Prices of various whitefish and shellfish species have decreased in recent months, some significantly. This has led to unusually low margins and inventory write-offs in some instances, which mark the results in Q2, especially in S-Europe. Although these price increases are causing pain in the short term, they will create a basis for healthier long-term demand which Iceland Seafood will benefit from.

The Group sales in 1H of €222.3m were up 7% from 1H 2022, but sales slowed down in Q2, where they were 7.6% down on last year. Normalised PBT was negative by €0.8m in the 1H compared to €3.4m positive in 1H 2022. Reduced sales in Q2 and a decline in margins, especially in the S-Europe division, were the main cause for the decline in profits, in addition group finance costs were €1.0m higher due to higher debt and increased interest rates. Total assets of €272.6m were €17.7m lower than at the beginning of the year. Inventories and receivables decreased by nearly €9m in total during the period. The company increased its share capital in May by issuing 150m new shares, resulting in a €5.9m increase in equity. The equity ratio at the end of the period was 26.2%, compared to 28% at the beginning of the year.

Sales of the VA S-Europe division were €113.5m in 1H 23, increased by 4% from last year, but the division saw a sales decline of 13% in Q2. The winter season for Argentinean shrimp started at end of June, which was four weeks later than last year, which impacted both sales and profitability in the period. Price decreases have also impacted the margins of IS Ibérica, especially in relation to some shellfish species that have been kept in stock. Although these price decreases have negative impact in the short term, it will help with balancing demand in the longer term. Sales of Ahumados Dominguez were up 13% from 1H 22, driven by price increases. High salmon prices impacted the results of AD in the period, but with prices levelling off in Q3, results have improved, and the outlook is good for the remainder of the year. Normalised PBT for the division was negative by €0.1m in the 1H, down €4.3m from 1H 2022.

As informed previously the VA N-Europe division now consists solely of Oceanpath’s Group operation in Ireland, as Iceland Seafood UK (IS UK) is classified as asset held for sale. Sales in Ireland were €26.4m in 1H 2022, grew slightly from same time 2022. As at Ahumados Dominguez, high salmon prices negatively impacted sales and results in the period. However, the difficult economic situation and diminishing consumer purchasing power seem to have less impact on salmon sales than sales of various other seafood categories. Normalised PBT was at break-even in Ireland for 1H of the year, which was €1.5m improvement from 1H 22. Outlook for the remainder of the year is good, with salmon prices levelling off and Christmas production starting.

The S&D division had an excellent start of the year, helped by strong sales of pelagic out of Iceland and good capelin season. Sales of land-frozen and sea-frozen products also increased from 1H 2022. Although sales slowed down in Q2, they were fully acceptable considering the challenging market situation. Normalised PBT of the year of €1.4m were €0.3m down on 1H 2022, but still the second strongest 1H the division has delivered.

As announced today, Iceland Seafood has agreed sell 100% of the share capital of IS UK to Espersen A/S. As set out in the announcement, impairment of fixed assets of €8.3m is included in the 1H group results; the majority of the negative impact from the divestment is therefore included in the 1H results. The total impact of discontinued operations in the period were €13.9m. Net loss of the Group in 1H 2023 of €15.3m were €12.4m down on 1H 2022.

Based on 1H results and management forecasts for the remainder of the year, the Normalised PBT outlook range is revised downwards to €2.0-€5.0m. Current price adjustments will continue to affect margins, especially in Q3, but should positively impact demand in the long term. 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.

**Bjarni Ármannsson, CEO**

 “Q2 was another quarter impacted by high input costs, especially in Salmon, but also continued lower prices of whitefish and shellfish.  Salmon has then also reduced in price – naturally, given the seasonality in production.  All this amplifies the reduced demand at high prices amongst European consumers, who have been heavily impacted by worsened economic conditions, e.g. still relatively high inflation levels, volatile input factors and significantly higher financial costs.  Again, as in Q1, our Argentinian operations didn’t contribute much to our profitability. With adjustments in our inventories, we are loss-making and have reduced our outlook bracket for the year significantly.

We believe we’ll start to see an increase in demand during winter as prices have adjusted.  We still have a positive attitude towards our Christmas season, our most important sales season.  We believe our brands and position will deliver good margins and results, especially in Q4.

After four challenging years in the UK, we have decided to divest the IS UK business with a substantial loss. We are confident that this is the right decision for Iceland Seafood as a business. This investment has been a great cost for the company and its shareholders. It’s been a very tough market during these years, and we have tried with immense effort to turn this around without success.  I’m confident that the interests of our employees and customers are well served within Espersen AS and I wish Espersen all the best in this market. And I believe they can use the assets better than we have been able due to their strong position in the UK value-added seafood market.”

**Electronic investor meeting**

Today at 4.15 pm GMT, Iceland Seafood will host a meeting for investors and market participants, where management will present and discuss the 1H 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 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=).

**Disclaimer**

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

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**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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