

Good results for Q1 2021, driven by strong results in S-Europe division and Ireland. Group normalised PBT of €3.7m, up €0.8m from Q1 2020

- Sales for Q1 2021: €104.4m, down 1% from Q1 2020
- Net margin for Q1 2021: €10.9m, up €1.2m from Q1 2020
- Normalised profit before tax in Q1 2021: €3.7m, up €0.8m from Q1 2020
- Net profit for Q1 2021: €2.7m compared to €1.9m in Q1 2020
- Basic earning per share (EPS) for Q1 2021 were €0.1017 cents per thousand shares compared to €0.0722 cents per thousand shares for Q1 2020
- Balance sheet reflecting seasonally high inventories in S-Europe and increased receivables due to strong sales in March. Total assets of €261.5m at end of March
- LOI signed to acquire a 80% stake in Ahumados Dominguez in Spain
- Normalised PBT Outlook range of €12.0-17.0m for 2021, based on a scenario that sales and profitability will resume to normal conditions in second half of 2021

Encouraging outcome of Q1 with normalised PBT of €3.7m compared to €2.9m in Q1 2020. Group sales in the period of €104.4m were only slightly down on previous year, despite impacts of Covid19 restrictions on sales. The Balance sheet at end of March reflects seasonally high inventories in S-Europe and increased receivables due to strong sales in March. Total assets at end of March are €261.5m and equity ratio 30%

Strict lockdown restrictions impacted sales in S-Europe in January and February, as majority of the sales are into the HORECA sector which was severely impacted by Covid19 restrictions in the period. At the same time strong sales to retail customers continued and new listings with major retail chains will be launched in the coming months. The potential acquisition of Ahumados Dominguez will further strengthen the retail position in Spain and improve balance between HORECA and Retail sales. Sales improved in March with slight easing of Covid19 restrictions in Spain, demand was good in the weeks pre-Easters which is an important sales period in Spain and S-Europe.

Q1 is a key production period in Argentina, with the Rawson season starting in November and normally ending in March. Total production from this year season was 2.650MT which was 1.000MT higher than last year. Due to bad weather conditions, the season was slightly shorter this year than in previous years, as fishing reduced from mid-February. With the recent investments, the company was able to produce higher volumes in a shorter period than in previous years. Margins and profit levels also improved from last year, with recovering market prices and improved flexibility, helped by the new coldstore. The good result in Argentina is a significant contributor to the profit improvement from last year.

The good performance of the Irish entities continued in the quarter. Brexit brought on challenges in the beginning of the year, with increased complexity in logistics and import documentation from UK. This created opportunities, as both Oceanpath and Carr&Sons were well prepared for these challenges and were in better position to service retail customers than suppliers outside Ireland. The circumstances also helped sales of own brand products, sales of products under the Nolan Seafood brand increased considerably in the period. The Irish business is well positioned to continue its excellent performance, although higher salmon prices and lifting of Covid19 in Ireland restrictions will normalise trading conditions.

As previously announced, the merger of the UK operation in a single location was completed at the end of 2020. Current focus is on improving operational efficiency and stabilising the operation. At the same time, it is important to drive mid and long term sales growth. This is a key task in the short term for the Iceland Seafood UK management team, which was strengthened with a new Commercial Director that joined the business in March. As mentioned in previous announcements the process of merging the businesses and stabilizing the operation has become more complex and costly than anticipated, not helped by Covid19, Brexit and ongoing challenges in transportation and supply chain. These challenges and the effect of Covid19 restrictions on foodservice sales negatively impacted results in Q1 and continue to affect results in Q2.

Performance of the Sales & Distribution division was good in the quarter, with sales in line with last year despite Covid19 impacts. Closer cooperation with producers in Iceland is a key focus point. As in previous quarters, sales of fresh fish were strong in the period. Despite the seasonal increased supply of fresh fish from Norway, markets in continental Europe and in the USA remained relatively strong. Fresh fish sales to Ireland, in cooperation with Oceanpath, also grew in the period, where Iceland origin is becoming more competitive to UK origin post Brexit. Seafood sales were also good in the period, helped by capelin products which are being sold at a record prices.

Overall, the results in Q1 are stronger than anticipated in a base case scenario. The uncertainty level is still high, Covid19 is having impact on sales in Q2 as expected. Based on current situation the previous assumption of normalised situation from mid-year is considered reasonable, therefore the Outlook range for normalised PBT is kept at €12.0-17.0m at this point. The range will be accessed and possibly narrowed as less ambiguity will be on the Covid19 development.

Bjarni Ármannsson, group CEO:

"At Iceland seafood we are satisfied with Q1 of 2021. Financially we had strong contributions from Spain, Argentina, Ireland, being partly offset by ramping up costs in the UK. S&D was also strong, primarily driven by Iceland.

More importantly we are reaching more and more strategic milestones. In Ireland, Carr&Sons are a good fit to our Oceanpath operations creating good growth opportunities. We have a strong belief that the UK operations will be a good investment. We have a first class operation for both the retail and foodservice market. It must be said this has taken more time, been more costly and complex than we anticipated when the initial investment was made, right before Covid-19 broke out. Partly this has to do with the Pandemic, Brexit complexities and operational issues and cost with transport of goods from SE-Asia.

Recently Iceland Seafood Iberica has increased efforts towards servicing the retail market. – which is a firm step in the right direction. These actions have been focused on our core product, that is cod.

We are ready to take part in the ongoing consolidation of the seafood sector in Spain. The pace of consolidation in the industry is increasing – to a large degree driven by increased interest of private equity capital. Iceland Seafood sees interesting opportunities in this trend and is well positioned to be pro-active in improving the efficiency of the Spanish seafood industry.

With the LOI signed with the founding family of Ahumados Dominiguez we have entered a process to acquire 80% of the share capital in the company. The company owns a premium consumer brand which has a strong foothold in the Spanish retail, primarily within the product category of smoked salmon.

We believe that going forward, the two companies can together gain a stronger market presence overall, both in whitefish as well as in salmon

This will further enhance our overall position in Spain and enable us to draw on expertise we have internally from other markets. Going forward we aim to see our operating units working closer together than in the past.

Finally, with more vaccinations in our key markets in Europe, we will see lifting of restrictions in all our markets in the coming months. Restrictions on restaurants are for example being lifted in the UK, which is important to Iceland Seafood.

As it is important to remember that we need endurance in hard and difficult times, it is equally important to envisage the transition going forward and to take advantages of opportunities that arise. Iceland Seafood has been offensive during last year and we continue to put ourselves in a position where we are active developers in the markets where we operate. We believe that within our space there continues to be significant opportunities which we can take advantage of.

I also want to express my gratitude to our employees and management for hard work and relentless strive to improve our activities. It has been very satisfying to experience the positive atmosphere and the developmental culture within Iceland Seafood during this difficult period.”

Electronic investor meeting

Today at 4.15pm GMT, Iceland Seafood will host an electronic meeting for investors and market participants, where management will present and discuss the Q1 2021 results.

The meeting will be webcasted live in Icelandic on <https://livestream.com/accounts/11153656/events/9669779/player> and recording will be available after the meeting on www.icelandseafood.com/investors

Participants to the meeting can send questions in writing prior and during the meeting to the email investors@icelandseafood.com.

Disclaimer

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 assurances that the stated events and views will be realized. Forward looking views naturally involve uncertainties and risks and consequently actual results may differ from the statements or views expressed.

For more information:

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<http://www.icelandseafood.com/Investors>

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