**Inflation and high volatility impacted Iceland Seafood’s operation in Q1 2023**

**Signs indicating a more balanced external environment is on the horizon.**

* Sales for Q1 2023: €123.1m, up 23% from Q1 2022
* Net margin for Q1 2023: €9.8m, down €0.6m from Q1 2022
* Normalised profit before tax in Q1 2023: €1.0m, compared with €2.6m Q1 2022
* Net loss for Q1 2023: €2.2m compared with €0.8m loss in Q1 2022
* Loss from discontinued operation (IS UK) in the period of €2.5m was in line with expectations
* Basic earnings per share (EPS) for Q1 2023 were negative by €0.0819 cents per thousand shares compared to negative €0.0279 cents per thousand shares for Q1 2022
* Total assets of €305.3m at the end of March 2023 were €15.0m higher than at the beginning of the year. Equity ratio of 25.8% at the end of Q1 2023,
* Normalised PBT Outlook range for 2023 is revised to €7.5 – 11.5m

The results of Iceland Seafood in Q1 2023 were marked by price increases of key input factors, especially Salmon. The group sales in the period of €123.1m were up 23% on the same period last year, driven by good sales of both the VA S-Europe division and S&D division, especially in the period before Easters. Normalized profit before tax of €1.0m in the quarter was €1.6m down on Q1 2022, where a steep increase in salmon prices severely impacted the profitability of both Ahumados Dominguez in Spain and Oceanpath in Ireland.

Sales of the VA S-Europe division were €66.0m in the period, increased by 22% from last year. Normalised PBT for the Division of €1.0m was down €1.6m from Q1 2022. March was a record sales month for IS Iberica, driven by solid sales of both Cod products and Argentinean shrimp during the weeks before easters. Production volume of Argentinean shrimp in the period was c.a. 70% up on the same period last year. However, margins were negatively impacted by challenging market situations and decreases in sales prices, leading to an overall margin reduction from the previous year. As previously mentioned, Q1 was difficult for Ahumados Dominguez due to steep increases in salmon prices. Steps are being taken to further integrate the operation of Ahumados Dominguez with IS Iberica, which will reduce costs and improve efficiency.

With IS UK being classified as an asset held for sale, the VA N-Europe division consists solely of Oceanpath’s Group operation in Ireland. Steep price increases in salmon negatively impacted sales volume in the quarter. Price increases offset the impact of lower volume, leading to a slight growth in sales in Euro terms. These increases in salmon prices caused similar challenges as in the same period last year, as it takes time to push cost increases through to customers. Loss before tax in the period was €0.2m compared to €0.4m loss at the same time last year. Based on current forward prices, the price of salmon peaked in March this year, compared to the beginning of May 2022. The outlook for the remainder of the year is good, as salmon prices are expected to come down and stabilise.

The S&D division had an excellent start of the year, with sales and profitability increasing from the previous year. Good sales of pelagic products drove strong sales of IS Iceland at the beginning of the year. The capelin season was excellent and improved sales into Eastern Europe have helped the sales growth. Price increases from the same time last year have also resulted in sales growth.

As in the financial statements for 2022, IS UK is classified as an asset held for sale in the Q1 2023 accounts. The loss from that operation of €2.5m was in line with the budget for the period. Significant steps have been taken towards improved operation in the period, in line with what was previously communicated. The process of recovering inflationary cost has come through as planned, production efficiencies and throughput have increased with new equipment installed at the beginning of the year, and various input costs have stabilized and have been fixed for the remainder of the year. However, a negative market trend where volume has declined due to significant consumer price increases has a significant negative impact on sales. It needs to be seen if these impacts are temporary or long-term, but this will delay the point where IS UK will reach a positive cash flow. The revised management plan assumes a positive EBIT from Q4 onwards but a negative PBT of £4.0-4.5m for the year.

Based on Q1 results and current trading, the Normalised PBT Outlook range for 2023 is revised to €7.5m-11.5m from the previous range of €10-14m. Seafood prices are still high and have increased more than prices of other animal protein. This has decreased demand, reflected in lower volumes. After strong sales in S-Europe in March, demand fell in April. The outlook for the coming tourism season in Spain is good, which should positively impact demand. Salmon prices have stabilied after a sharp increase in Q1 23 and are expected to ease further in the coming months. Performance of the operations in Ireland and Ahumados Dominguez in Spain is expected to return to normal levels from May onwards. There are signs indicating a more balanced external environment is on the horizon; the higher end of the outlook range assumes that the economic situation will improve in the second half of the year, leading to improved sales and margins.

“The start of the year continues to be impacted by high inflation and still high input costs, which affects Iceland Seafood negatively.  Especially the price of salmon was impacting our operations negatively in Ireland and Spain.  We do expect this to normalise throughout the year.  Similarly, whitefish prices stabilise or gradually decline during the period.  We believe we are seeing a more normalised development, although we believe inflation of food prices will persist in the short term.  Our UK operation also continues to impact our income statement negatively, in line with our budget for Q1.  This negative development continues into Q2 and Q3, with our EBIT breakeven now expected to be reached in Q4.  Our Argentinian operation didn’t contribute much in the first quarter like in recent years. We saw higher production volumes of Argentinian shrimp than last year, but margins were low due to difficult market conditions.  So overall, we were loss-making on the bottom line level in the quarter, a development that is starting to hurt our balance sheet.  We believe we see a better operating environment on the horizon and are optimistic as we draw further into the year.  This has been an unusually prolonged period with headwinds.” Bjarni Ármannsson, CEO

**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 Q1 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/3401613/embed/675ea70904](https://eur03.safelinks.protection.outlook.com/?url=https%3A%2F%2Fvimeo.com%2Fevent%2F3401613%2Fembed%2F675ea70904&data=05%7C01%7Creynir%40icelandseafood.com%7C7802ac7e969943bda6ec08db55f3beba%7C3e16a088bae34be2956665feaab59de7%7C0%7C0%7C638198277574682814%7CUnknown%7CTWFpbGZsb3d8eyJWIjoiMC4wLjAwMDAiLCJQIjoiV2luMzIiLCJBTiI6Ik1haWwiLCJXVCI6Mn0%3D%7C3000%7C%7C%7C&sdata=1hTn%2FFYee55Dmd77JpjaqFVx5vkb9DCaTeF66r5cJQI%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=).

**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 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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