**Positive results in Q3 2021 driven by excellent sales and good margins of S-Europe division. UK results still negative.**

* Sales for Q3 2021: €111.3m, up 16% from Q3 2020
* Sales for 9M 2021: €319.6m, up 16% from 9M 2020
* Net margin for 9M 2021: €29.2m (9.1% of sales), up €6.6m from 9M 2020
* Normalised profit before tax in Q3 2021: €3.4m, up €3.0m from Q3 2020
* Normalised profit before tax in 9M 2021: €8.2m, up €5.2m from 9M 2020
* Net profit for 9M 2021: €5.6m compared to €1.0m in 9M 2020
* Basic earnings per share (EPS) for 9M 2021 were €0.2078 cents per thousand shares compared to €0.0371 cents per thousand shares for 9M 2020
* Strong sales and margin growth in S-Europe from March, both from light salted cod products and Argentinean shrimp
* The Irish operation continued to perform well with both sales and margin increases
* UK merger process and integration has proven to be more complex and costly than anticipated, impacted by extreme external challenges. Local management team of IS UK is being strengthened
* Improved sales and profitability in the S&D division, excellent sales in all product categories out of Iceland
* Total assets of €264.0m at end of September which have increased by €22.4m from beginning of the year. Equity ratio of 33.6% at end of September
* Iceland Seafood’s position in the Spanish seafood market further enhanced with the acquisition of Ahumados Dominguez
* The last two months of the year are an important trading period in key businesses
* Based on the assumption that Covid19 related factors will not further impact the Group negatively in key markets, the Outlook range for 2021 normalised profit before tax is kept at €12.0m - 16.0m

Group results for Q3 2021 are showing good recovery against the same time last year. After a slow start in the first two months of the year, sales have picked up strongly from March onwards driven by good demand in key markets. Group sales in Q3 2021 of €111.3m were 16% higher than the same time last year. Normalised PBT in the period of €3.4m is €3.0m higher than Q3 2020, driven by strong results of the VA S-Europe division and good results in Ireland. Both 9M 2021 PBT and Net Profit are also stronger than for the same period in 2019.

On the 27 September 2021, Iceland Seafood acquired 85% of the share capital of Ahumados Dominguez, a retail-oriented company with a strong brand and consumer recognition in the smoked salmon sector in Spain. The Ahumados Dominguez brand is known for its premium quality. The acquisition will strengthen Iceland Seafood’s position in the Spanish retail market, as well as creating opportunities to utilize Ahumados Dominguez’ platform for selling high quality cod products from Iceland. Ahumados Dominguez’ balance sheet is part of the Group at end of September 2021, but the company will have an operational impact on the Iceland Seafood Group from the beginning of October 2021. Iceland Seafood acquired an 85% stake in Ahumados Dominguez for €12.4 million. The acquisition was financed with a combination of debt and issuance of new shares.

Total assets on 30 September 2021 of €264.0m were €22.4m higher than at end of 2020. The increase in total assets was driven by higher trade receivables because of increased sales and acquisition of Ahumados Dominguez. Inventories were €7.7m lower than at the beginning of the year and decreased by €9.9m during Q3. Net debt at the end of September of €102.8m was €14.3m higher than at year end 2020, reflecting the increase in total assets.

Equity amounted to €88.7m on 30 September 2021, €13.4m higher than at the end of 2020. Share issuance in relation to the acquisition of Ahumados Dominguez amounted to €4.5m. The equity ratio was 33.6% on 30 September 2021.

The VA S-Europe division delivered excellent results in the period, reflecting our strong position in that market. Sales during Q3 2021 of €46.3m were 41% up on same period last year. Good market conditions both in terms of light salted cod products and Argentinean shrimp resulted in excellent sales and margins in the period. Normalised profit before tax amounted to €4.0m in Q3 2021 compared to €0.1m in Q3 2020. The outlook for Q4 is positive, with continuing strong sales in October and the upcoming Christmas season in Spain where Q4 is a key sales period for Ahumados Dominguez as smoked salmon is an important Christmas item for Spanish consumers.

The Irish operation is showing significant sales growth from the previous year. The sales of Oceanpath grew by 12% compared to 9M 2020 on top of €8.0 sales of Carr&Sons for the first 9 months of the year. Due to excellent forward planning, the Irish entities were in a better position to service local retail customers post Brexit than suppliers outside Ireland, which partly explains the sales growth.

The integration of the UK operation continued in Q3. The process has been more complex and costly than anticipated, not helped by extreme external challenges. The business continues to deal with challenges in terms of logistics and, more recently, a difficult labour market in the UK. This has significantly impacted the business performance this year. New agreements with both existing and new customers have been secured, which will significantly increase production volume and the utilization of the UK facility. The new business is coming on stream both in Q4, and to a larger extent in Q1 2022, which should balance the business.

The local management team of IS UK is being strengthened to address the business complexities and harvest upcoming growth. Glen Matthews, the former Operations Director of Hilton (formerly Icelandic Seachill) will join IS UK as Operations Director from the end of February 2022. Reynir Jonsson, the Group CFO is stepping in as an interim Managing Director (MD) and Danny Burton, the former MD will concentrate on improving and expanding production capabilities. With Iceland Seafood’s strong customer base and the new state of the art Grimsby factory the outlook and potential for the UK business remains strong, whilst this year results will be severely impacted by the situation.

The Sales & Distribution division continued to perform well in Q3. Sales for 9M 2021 were 6% up on same period last year. Normalised profit before tax in 9M 2021 was €1.7m compared to €0.9m last year. Sales of all product categories out of Iceland have been good, fresh markets on Continental Europe and the frozen at sea market in the UK are strong and pelagic sales from the 2021 fishing season are good. The supply chain disruptions to and from Asia have positively impacted sales of Icelandic products in the period both in Europe and the USA.

The outlook range for 2021 Normalised PBT is kept at €12.0 – 16.0m. The level of uncertainty remains high, both due to Covid19 developments and other external factors. Disruptions in supply chains continues to impact transportation and logistics costs and labour markets are becoming more difficult. December is a key sales month for salmon in Ireland and Spain as well as a key harvesting period in Argentina. The outcome for December can therefore have a significant impact on the Group results for the year.

Bjarni Ármannsson, Group CEO:

“Q3 was overall a very strong month for S-Europe and the Sales & Distribution, pulled back by lower performance in N-Europe, more specifically in the UK while results for our Irish entities are very satisfactory.

Our UK operations continued to have negative results and as stated in previous quarterly announcements, due to a combination of ramping up a renovated factory, dealing with challenging logistics from SE-Asia and merging two factories in a period of Covid19 issues and Brexit.

We maintain our outlook for the full year of €12-16m in normalised profit before tax for the full year.

At the end of the quarter, we concluded the acquisition of Ahumados Dominguez (AD), which is therefore in our balance sheet at the end of Q3 and will start to be part of our P&L from October 1st. With the acquisition of AD we further strengthen our retail sales and exposure.  In addition, we now own a high-end consumer brand, which we are strengthening further with a nationwide marketing campaign in Spain this Christmas.  This further emphasizes our investments in Branding, both directly towards the consumer as well as in our business-to-business brands and our footprint in salmon products becomes even stronger which combined with our strength in cod products makes us more competitive company.   We are also strengthening our commitment towards ESG by recruiting a Group head of ESG, starting from January 2022.  We foresee that in the coming quarters, we will sharpen our focus on these matters, eventually resulting in investments that support the viability of the Group longer term.

We are searching for automation opportunities in our Value-added facilities, to further increase our efficiency and to address the labour market, which is increasingly tight in our major markets.

Our S-Europe value added division posted excellent results in Q3. This reflects our strong position in the S-European market, our ability to work closelly with our suppliers and pass on increased costs in the value chain. We are clearly seeing the benefit of the merger between Iceland Seafood Spain and Icelandic Iberica in 2019 as well as the acquisition of Elba in 2020.

Covid19 continues to shape our challenges and reduces the visibility in the short term.  This is not exclusive to Iceland Seafood.  In general, demand for our products is good.  Challenges are primarily with respect to securing availability of products, managing unstable logistics and to put price increases of input into the price of the products we sell.

The challenge in this regard has been particularly hard in our UK operations.  That comes forward in the numbers in the short term.  In the long run we see clearly that Brexit will bring us opportunities. There is a need for automated efficient processing facilities, close to the consumer base in UK, the same applies to Europe in general.  The reliance on China as a production hub for the world is fading. The ongoing megatrend is bringing processing closer to the consumer.  That is a trend we will benefit from.”

**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 9M 2021 results.

The meeting will be webcasted live in Icelandic on [https://vimeo.com/event/1515510/embed/29f3f87a7e](https://eur03.safelinks.protection.outlook.com/?url=https%3A%2F%2Fvimeo.com%2Fevent%2F1515510%2Fembed%2F29f3f87a7e&data=04%7C01%7Ckarl%40icelandseafood.com%7C283bff12116e45334b2308d9a9cb285a%7C3e16a088bae34be2956665feaab59de7%7C0%7C0%7C637727512324204112%7CUnknown%7CTWFpbGZsb3d8eyJWIjoiMC4wLjAwMDAiLCJQIjoiV2luMzIiLCJBTiI6Ik1haWwiLCJXVCI6Mn0%3D%7C3000&sdata=ZTGqjn4fzRW6%2BrwdzciPWVWvgJ1IprEvmLoivYyU0y4%3D&reserved=0) and recording will be available after the meeting on [www.icelandseafood.com/investors](http://www.icelandseafood.com/investors)

Participants to the meeting can send questions in writing prior 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 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:**

**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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