



Iceland Seafood International hf.

Condensed Consolidated Interim Financial Statements

for the nine months ended 30 September 2021

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

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Company Information

Name	Iceland Seafood International hf.
TIN	611088-1329
BOD	Liv Bergþórsdóttir, 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	Bjarni Ármannsson
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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 2021 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 2020.

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 2020.

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, United Kingdom and Irish markets. The Group is headquartered in Iceland and has subsidiaries in the United Kingdom, Ireland, Spain, Argentina, Iceland, France, Germany and the United States.

The Group operates across three divisions, Value Added Southern Europe, Value Added Northern Europe and Sales & Distribution Division which has offices in Iceland, France, Germany and the USA. 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 period of EUR 319.6 million were 16% above prior year. In Value Added Southern Europe division sales have been strong, especially in Q2 and Q3 driven by good demand following easing of Covid19 restrictions. This resulted in divisional sales of EUR 124.1 million for the first 9M 2021 which was EUR 28.1 million up on 9M 2020. Sales of the S&D divisions were also impacted by lockdown restrictions in the beginning of the year, but have been good from March. Sales of Value Added Northern Europe division during the first 9M 2021 were 17% up on prior year, driven by the addition of Carr & Sons Seafood Ltd (EUR 7.9m) and new retail listings in UK.

Normalised PBT in the period of EUR 8.2 million was EUR 5.2 million up on prior year. Strong sales in key markets, especially in Q2 and Q3 and good results from the Argentinian shrimp season helped the results. Ongoing challenges in transportation and logistics negatively impacted results, especially in UK. After significant items of EUR 0.4 million and income tax of EUR 2.1 million the resultant net profit for the period of EUR 5.6 million was EUR 4.6 million above previous year.

Total assets on 30 September 2021 of EUR 264.0 million were EUR 22.5 million higher than at end of 2020. The increase in total assets was driven by higher trade receivables as a result of increased sales and acquisition of Ahumados Dominquez. Net debt at end of September of EUR 102.8 million was EUR 14.3 million higher than at year end 2020, reflecting the increase in total assets.

Equity amounted to EUR 88.7 million on 30 September 2021 or EUR 13.4 million higher than at end of 2020. Share issuance in relation to the acquisition of Ahumados Dominquez amounted to EUR 4.5 million. The equity ratio was 33.6% on 30 September 2021.

Statement and Endorsement

by the Board of Directors and the CEO

COVID 19

The Covid19 pandemic and related restrictions have had a significant impact on operating results since March 2020. Sales in Southern Europe which are predominantly to the HORECA sector, were significantly impacted by lockdown restrictions in the beginning of 2021. Same applied to sales to the foodservice sector in other markets, whilst retail sales were strong during the period. With easing of restrictions sales improved from March and onwards, especially in Southern Europe. However changes in restrictions implemented and the underlying uncertainty is causing more fluctuation in sales than in a normal year.

In addition to the negative impact on demand, the pandemic has indirectly caused interruptions to various supply chains. Ongoing challenges in transportation and logistics, have both negatively impacted sales and increased costs in the period.

Iceland Seafood continues to manage the situation, among actions the Company has focused on during the pandemic are:

- 1) Implementing appropriate contingency plans within the Group businesses, focusing on health and safety of employees and to secure the continuity of operations.
- 2) Tightening risk management controls, with focus on key assets on the balance sheet, inventories and receivables. Around 84% of receivables on 30 September 2021 are credit insured.
- 3) Secure liquidity and ongoing funding of the operation through the capital market and banks in Iceland and Spain. As part of this, the Group did secure funding for 3-5 years in Spain during 2020, completed a private placement of EUR 23.1 million bond in Q2 2021 and has continued to issue bills, currently amounting to EUR 20.9 million. Both the bond and the bills are listed on Nasdaq Iceland.
- 4) Utilise the Company's strong position to leverage opportunities that come up in the situation, both short term and longer term opportunities. The acquisition of Ahumados Dominguez is an example of this.

During 2021 and 2020 some of the Group's foreign subsidiaries have received local government assistance due to Covid 19.

The level of uncertainty remains high, both in relation to Covid 19 development and other key factors indirectly impacted by the pandemic. Disruptions on supply chains will continue to impact transportation and logistic costs.

Acquisition of Ahumados Dominguez

On the 27 September 2021, the Company 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 Seafoods position in the Spanish retail market, as well as creating opportunities to utilize the platform Ahumados Domingues has 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 operational impact on the Iceland Seafood Group from beginning of October 2021.

Iceland Seafood acquired 85% stake in Ahumados Dominguez for €12.4 million. The acquisition was financed with a combination of debt and issuance of new shares.

Operation in the USA

An agreement reached with Villa Seafood, that sales and distribution of Icelandic landfrozen products under the Iceland Gold brand, will go through Villa Seafood from 1 October 2021. The sales office of Iceland Seafood in the USA will be closed from that time. Iceland Seafood will continue to sell fresh and sea-frozen products from Iceland directly to its customers in USA.

Inventories of the operation in USA have been sold and the aim is to collect all outstanding receivables by the end of the year. This will simplify Iceland Seafood's operation in the USA and reduce risk. At the same time it will not have any significant impact on neither sales or profit generation of the Group.

Statement and Endorsement

by the Board of Directors and the CEO

Market capitalization

The Company is listed on the NASDAQ Iceland main market (ticker: ICESEA). The closing price at the end of September 2021 was ISK 17.10 per share (2020 year end: ISK 12.60), giving the Company a market capitalization of EUR 308.3 million (2020: EUR 216.6 million), a 42% increase from year end 2020.

Shareholders

The number of shareholders at the end of September 2021 were 739 (2020 year end: 595). The ten largest were (shares are in ISK millions):

	30.9.2021		31.12.2020	
Sjávarsýn ehf.	294	11%	290	11%
FISK Seafood ehf.	279	10%	274	10%
Nesfiskur ehf.	277	10%	274	10%
Jakob Valgeir ehf.	274	10%	269	10%
Lífsverk lífeyrissjóður	164	6%	128	5%
Stapi lífeyrissjóður	159	6%	99	4%
Frjálsi lífeyrissjóðurinn	131	5%	121	5%
Birta lífeyrissjóður	103	4%	108	4%
Akta Stokkur hs.	96	4%	26	1%
Vátryggingafélag Íslands hf.	82	3%	82	3%
	1.858	69%	1.671	63%
Other shareholders (2021: 729 and 2020: 585)	856	31%	1.003	37%
	<u>2.714</u>	<u>100%</u>	<u>2.674</u>	<u>100%</u>

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

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 2021 with their signatures.

Reykjavík, 18 November 2021.

Liv Bergþórsdóttir
Chairman of the Board

Bergþór Baldvinsson
Board Member

Halldór Leifsson
Board Member

Ingunn Agnes Kro
Board Member

Jakob Valgeir Flosason
Board Member

Bjarni Ármannsson
Chief Executive Officer

Condensed Consolidated Statement of Income

for the nine months ended 30 September 2021

	Note	9M 2021			9M 2020		
		Normalised results	Significant items*	IFRS	Normalised results	Significant items*	IFRS
Gross profit							
Sales of seafood		319.579		319.579	276.218		276.218
Cost of sales		(272.846)		(272.846)	(239.446)		(239.446)
		46.733		46.733	36.772		36.772
Operating expenses							
Operating expenses	6	(34.336)	(489)	(34.825)	(29.073)	(657)	(29.730)
Depreciation and amortisation		(2.607)		(2.607)	(2.078)		(2.078)
Operating profit		9.790	(489)	9.301	5.621	(657)	4.964
Net finance costs		(2.048)		(2.048)	(1.860)		(1.860)
Net exchange rate difference		418		418	(752)		(752)
Profit before tax		8.160	(489)	7.671	3.009	(657)	2.352
Income tax expense		(2.211)	98	(2.113)	(995)	396	(599)
Profit from continuing operations		5.949	(391)	5.558	2.014	(261)	1.753
Discontinued operations, net of tax	6					(792)	(792)
Profit for the period		5.949	(391)	5.558	2.014	(1.053)	961
Attributable to							
Owners of the Company		5.951	(391)	5.560	1.386	(1.053)	333
Non-controlling interests		(2)		(2)	628		628
		5.949	(391)	5.558	2.014	(1.053)	961
Earnings per share							
Basic (cents per thousand shares)	7	0,2224		0,2078	0,0778		0,0371
Diluted (cents per thousand shares)		0,2208		0,2063	0,0773		0,0369

* See note no 6 for information on significant items.

** See note no 4 for results of Q3 2021.

Condensed Consolidated Statement of Comprehensive Income

for the nine months ended 30 September 2021

	Note	9M 2021			9M 2020		
		Normalised results	Significant items*	IFRS	Normalised results	Significant items*	IFRS
Profit for the period		5.949	(391)	5.558	2.014	(1.053)	961
Items that may be reclassified subsequently to profit or loss							
Net fair value of cash flow hedges		1.230		1.230	653		653
Translation difference		87		87	(48)		(48)
Total comprehensive income		7.266	(391)	6.875	2.619	(1.053)	1.566
Attributable to							
Owners of the Company		7.268	(391)	6.877	1.991	(1.053)	938
Non-controlling interests		(2)		(2)	628		628
		7.266	(391)	6.875	2.619	(1.053)	1.566

* See note no 6 for information on significant items.

Condensed Consolidated Statement of Financial Position

at 30 September 2021

	Note	30.9.2021	31.12.2020	30.9.2020
Assets				
Non-current assets				
Property, plant and equipment		30.720	24.624	21.642
Leased assets		2.090	1.726	1.731
Intangible assets	8	62.601	52.654	48.341
Investments in other companies	9	41	39	39
Deferred tax assets		3.282	2.835	2.632
Other long term assets		308	263	343
Total non-current assets		99.042	82.141	74.728
Current assets				
Inventories		73.231	80.886	78.180
Trade and other receivables		65.744	48.789	51.445
Other assets		7.063	6.382	11.089
Cash and bank balances		18.876	23.269	14.156
Total current assets		164.914	159.326	154.870
Total assets		263.956	241.467	229.598
Equity and liabilities				
Capital and reserves				
Issued capital and share premium		80.419	76.114	72.630
Translation reserve		(956)	(1.043)	(713)
Other reserves		785	(465)	721
Retained earnings		6.164	607	5.633
Equity attributable to owners of the Company		86.412	75.213	78.271
Non-controlling interests		2.298	104	4.165
Total equity		88.710	75.317	82.436
Non-current liabilities				
Borrowings	12	36.868	22.811	22.411
Lease liabilities		1.553	1.371	1.385
Retirement benefit and other obligations		1.404	1.685	961
Deferred tax liabilities		1.467	795	792
Total non-current liabilities		41.292	26.662	25.549
Current liabilities				
Borrowings	12	84.813	88.964	76.840
Lease liabilities		767	588	557
Trade and other payables		39.089	39.333	38.918
Other liabilities		9.285	10.603	5.298
Total current liabilities		133.954	139.488	121.613
Total liabilities		175.246	166.150	147.162
Total equity and liabilities		263.956	241.467	229.598

Condensed Consolidated Statement of Changes in Equity

for the nine months ended 30 September 2021

	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 2020	24.094	44.666	(665)	(441)	430	49	7.429	874	76.436	3.805	80.241
Profit (loss)							2.413	(2.080)	333	628	961
Net fair value gain on cash flow hedges				653					653		653
Translation of shares held in foreign currencies ..			(48)						(48)		(48)
Total comprehensive income			(48)	653			2.413	(2.080)	938	628	1.566
Issue of share capital	391	3.479							3.870		3.870
Acquisition of non controlling interests								(3.180)	(3.180)	(268)	(3.448)
Other adjustments						30		177	207		207
Balances at 30 September 2020	24.485	48.145	(713)	212	430	79	9.842	(4.209)	78.271	4.165	82.436
Loss							(262)	(108)	(370)	205	(165)
Net loss on cash flow hedges				(1.209)					(1.209)		(1.209)
Translation of shares held in foreign currencies ..			(330)						(330)		(330)
Total comprehensive income			(330)	(1.209)			(262)	(108)	(1.909)	205	(1.704)
Issue of share capital	383	3.101							3.484		3.484
Acquisition of non controlling interests								(4.658)	(4.658)	(4.266)	(8.924)
Other adjustments						23		2	25		25
Balances at 31 December 2020	24.868	51.246	(1.043)	(997)	430	102	9.580	(8.973)	75.213	104	75.317
Profit (loss)							7.742	(2.182)	5.560	(2)	5.558
Net fair value gain on cash flow hedges				1.230					1.230		1.230
Translation of shares held in foreign currencies ..			87						87		87
Total comprehensive income			87	1.230			7.742	(2.182)	6.877	(2)	6.875
Issue of share capital	266	4.266							4.532		4.532
Dividend declared from subsidiary to parent							(1.200)	1.200			
Non-controlling interest arising from acquisition of a subsidiary										2.196	2.196
Other adjustments		(227)				20		(3)	(210)		(210)
Balances at 30 September 2021	25.134	55.285	(956)	233	430	122	16.122	(9.958)	86.412	2.298	88.710

Condensed Consolidated Statement of Cash Flows

for the nine months ended 30 September 2021

	Note	9M 2021	9M 2020
Operating activities			
Operating profit		9.301	4.964
Depreciation and amortisation		2.607	2.078
Gain on disposal of non-current assets		(22)	(44)
Change in obligations and other calculated liabilities		(1.146)	360
		<u>10.740</u>	<u>7.358</u>
Working capital generated from operations			
Decrease (increase) in inventories		9.207	(12.600)
(Increase) decrease in receivables and other assets		(14.774)	10.359
Decrease in payables and other liabilities		(5.211)	(9.592)
		<u>(38)</u>	<u>(4.475)</u>
Cash used in operations before interests and taxes			
Interest received		105	113
Interest paid		(2.153)	(1.972)
Income taxes paid		(702)	(672)
		<u>(2.788)</u>	<u>(7.006)</u>
Net cash used in operating activities			
Investing activities			
Payments for property, plant and equipment		(3.916)	(7.792)
Payments for intangible assets		(19)	(151)
Proceeds from disposal of non-current assets		171	360
Net cash outflow on acquisition of subsidiary	10	(11.831)	(1.850)
		<u>(15.595)</u>	<u>(9.433)</u>
Net cash used in investing activities			
Net cash before financing activities			
		<u>(18.383)</u>	<u>(16.439)</u>
Financing activities			
Net (repayment) proceeds from revolving credit facility		(3.202)	7.113
Net proceeds from bills		792	
Proceeds from new long term borrowings		23.358	20.460
Repayment of other borrowings		(11.908)	(4.112)
Net cash outflow on acquisition of subsidiary's non-controlling interests			(1.724)
Proceeds from issue of share capital, net of issue costs		4.532	
		<u>13.572</u>	<u>21.737</u>
Net cash generated by financing activities			
Net (decrease) increase in cash and bank balances		(4.811)	5.298
Cash and bank balances at the beginning of period		23.269	9.610
Effect of exchange rate changes on cash held in foreign currencies		418	(752)
		<u>18.876</u>	<u>14.156</u>
Non-cash investing and financing activities			
Acquisition of subsidiaries			(3.868)
Proceeds from issue of share capital			3.868

Notes to the Condensed Consolidated Financial Statements

for the nine months ended 30 September 2021

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 2021, 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 United Kingdom, Ireland, Spain, Argentina, Iceland, France, Germany and the United States.

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 2020, which is available on the Company's website, www.icelandseafood.com/investors.

Comparative figures in the Condensed Consolidated Interim Financial Statements have been restated. Ecomsa S.A. in Spain, loss from operation for the first nine months of 2020, amounting to EUR 792 thousand has been restated to Discontinued operation (see note 6).

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 2020.

3. Use of estimates and judgements

The preparation of the Condensed Consolidated Interim Financial Statements in line with IFRS 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 2020.

Notes to the Condensed Consolidated Financial Statements

for the nine months ended 30 September 2021

4. Quarterly statements

	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020
Revenue:					
Sales of seafood	128.149	116.792	119.299	101.797	105.989
Intercompany	(16.846)	(12.868)	(14.947)	(8.175)	(10.310)
	<u>111.303</u>	<u>103.924</u>	<u>104.352</u>	<u>93.622</u>	<u>95.679</u>
Operating results:					
Operating profit	4.157	1.290	4.343	1.348	1.396
Net finance costs	(762)	(272)	(596)	713	(990)
Normalised PBT	3.395	1.018	3.747	2.061	406
Income tax	(1.105)	(226)	(880)	(438)	(256)
Normalised profit	2.290	792	2.867	1.623	150
Significant items and discontinued operations	(173)	(72)	(146)	(1.788)	(500)
Profit (loss)	<u>2.117</u>	<u>720</u>	<u>2.721</u>	<u>(165)</u>	<u>(350)</u>
Assets	<u>263.956</u>	<u>249.148</u>	<u>261.465</u>	<u>241.467</u>	<u>229.598</u>
Liabilities	<u>175.246</u>	<u>170.274</u>	<u>183.308</u>	<u>166.150</u>	<u>147.162</u>

Quarterly statements have not been reviewed by the Group's auditors.

5. Segment reporting

For 9M 2021	Value added S-Europe	Value added N-Europe	Sales and distribution	Other and Eliminations	Consolidated
Revenue:					
Sales of seafood	147.731	93.107	123.402		364.240
Intercompany	(23.619)	(60)	(7.423)	(13.559)	(44.661)
	<u>124.112</u>	<u>93.047</u>	<u>115.979</u>	<u>(13.559)</u>	<u>319.579</u>
Operating results:					
Operating profit (loss)	8.276	205	1.776	(467)	9.790
Net finance costs	264	(1.463)	(72)	(359)	(1.630)
Normalised PBT	8.540	(1.258)	1.704	(826)	8.160
Income tax	(2.386)	274	(355)	256	(2.211)
Normalised profit (loss)	6.154	(984)	1.349	(570)	5.949
Significant items and discontinued operations	(32)	(231)	(45)	(83)	(391)
Profit (loss)	<u>6.122</u>	<u>(1.215)</u>	<u>1.304</u>	<u>(653)</u>	<u>5.558</u>
Assets	<u>110.357</u>	<u>69.165</u>	<u>26.681</u>	<u>57.753</u>	<u>263.956</u>
Liabilities	<u>73.078</u>	<u>54.138</u>	<u>20.673</u>	<u>27.357</u>	<u>175.246</u>

Notes to the Condensed Consolidated Financial Statements

for the nine months ended 30 September 2021

For 9M 2020	Value added S-Europe	Value added N-Europe	Sales and distribution	Other and Eliminations	Consolidated
Revenue:					
Sales of seafood	112.932	79.557	117.401		309.890
Intercompany	(16.960)	(202)	(8.096)	(8.414)	(33.672)
	<u>95.972</u>	<u>79.355</u>	<u>109.305</u>	<u>(8.414)</u>	<u>276.218</u>
Operating results:					
Operating profit (loss)	2.203	2.814	996	(392)	5.621
Net finance costs	(1.189)	(866)	(121)	(436)	(2.612)
Normalised PBT	1.014	1.948	875	(828)	3.009
Income tax	8	(353)	(180)	(470)	(995)
Normalised profit (loss)	1.022	1.595	695	(1.298)	2.014
Significant items	(867)	(418)	(45)	277	(1.053)
Profit (loss)	155	1.177	650	(1.021)	961
Assets	96.937	62.277	26.897	43.487	229.598
Liabilities	72.319	44.611	21.427	8.805	147.162

6. Significant items

In 2021 the Group incurred costs associated with the following:

- Oceanpath Ltd. sold its 50% share in its joint venture Credible Properties Ltd. The company book value was zero and the sales gain is EUR 0.1 million.
- Costs related to acquisitions and restructuring costs in the period of EUR 0.5 million.

In 2020 the Group incurred costs associated with the following:

- Costs related to acquisitions and restructuring costs in the period of EUR 0.5 million.

In 2020 Ecomsa S.A., a Spanish subsidiary of Iceland Seafood Ibérica was sold and therefore restated as discontinued operations.

Exceptional costs, net of income tax:	9M 2021	9M 2020
Exceptional income	110	
Exceptional costs	(599)	(657)
Income tax	98	131
Exceptional costs, net of income tax	<u>(391)</u>	<u>(526)</u>
Discontinued operations, net of income tax:		
Net loss from discontinued operations		(792)
Income tax		265
Ecomsa S.A. discontinued operations, net of income tax		<u>(527)</u>
Significant items, net of income tax	<u>(391)</u>	<u>(1.053)</u>

Notes to the Condensed Consolidated Financial Statements

for the nine months ended 30 September 2021

7. Earnings per share

	9M 2021	9M 2020
Profit for the period	5.558	961
Weighted average number of ordinary shares (ISK '000) for basic EPS	2.674.628	2.588.378
Shares to be issued in respect of employee options	19.375	15.956
Weighted average number of ordinary shares (ISK '000) for diluted EPS	2.694.003	2.604.334
<i>Basic earnings per share (EUR cents per thousand shares):</i>		
Basic earnings per share	0,2078	0,0371
<i>Diluted earnings per share (EUR cents per thousand shares):</i>		
Diluted earnings per share	0,2063	0,0369

8. Intangible assets

The Group tested at the end of September whether goodwill had suffered any impairment. The conclusion was there were no triggers indicating that impairment was necessary.

	30.9.2021	31.12.2020	30.9.2020
Goodwill at beginning of period	51.690	43.526	43.526
Acquired on acquisition of subsidiaries	10.044	8.255	3.888
Exchange rate differences	46	(91)	(111)
Goodwill at end of period	61.780	51.690	47.303
Other intangible assets at end of period	821	964	1.038
Intangible assets at end of period	62.601	52.654	48.341

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9. Subsidiaries and other investments

At period-end, 30 September 2021, the Company directly owned eleven subsidiaries that are all included in the consolidation. The direct subsidiaries in addition owned a further eight subsidiaries. The Company holds the majority of voting power in all of its subsidiaries.

Name of company	Country of incorporation	Ownership 30.9.2021	Ownership 31.12.2020	Ownership 30.9.2020	Principal 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
- Ecomsa S.A.	Spain			100%	Sale of seafood
- Achernar S.A.	Argentina	100%	100%	100%	Sale of seafood
Elba Seafood ehf. ^{A)}	Iceland		100%	100%	Holding
- ELBA S.L.	Spain	100%	100%	100%	Sale of seafood
Ahumados Dominquez ^{B)}	Spain	85%			Sale of seafood
Iceland Seafood Barraclough	UK	100%	100%	100%	Holding
- F. Barraclough Ltd.	UK	100%	100%	100%	Not active
- Iceland Seafood UK Ltd.	UK	100%	100%	100%	Sale of seafood
Oceanpath Ltd.	Ireland	100%	100%	67%	Sale of seafood
- Dunns (Fish & Poultry) Ltd.	Ireland	100%	100%	100%	Holding
- 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%	Sale of seafood
Iceland Seafood Hellas S.A.	Greece	66%	66%	66%	Liquidation
<i>Investments in joint ventures:</i>					
Credible Properties Ltd. ^{C)}	Ireland		50%	50%	Properties
<i>Investments in other companies:</i>					
Febin Marine Foods Private Ltd	India	5%	5%	5%	Seafood supply

^{A)} Elba Seafood ehf. and Iceland Seafood International hf. merged in February 2021.

^{B)} The acquisition of Ahumados Dominquez was completed in September 2021 (see note 10).

^{C)} Oceanpath Ltd. sold its 50% share in Credible Properties Ltd. in June 2021 (see note 6).

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for the nine months ended 30 September 2021

10. Ahumados Dominquez

On the 27 September 2021, the Company 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 Seafoods position in the Spanish retail market, as well as creating opportunities to utilize the platform Ahumados Dominguez has for selling high quality cod products from Iceland. Iceland Seafood acquired 85% stake in Ahumados Dominquez for €12.4 million.

In accordance with IFRS 3 *Business Combinations*, the purchase price of Ahumados Dominquez was allocated to identifiable assets and liabilities acquired. Provisional goodwill amounted to EUR 10.0 million.

The following table summarizes the consideration paid for Ahumados Dominquez and the recognized provisional amounts of assets acquired and liabilities assumed at the acquisition date, being the 27 September 2021.

	<u>27.9.2021</u>
Intangible assets	83
Property, plant and equipment	3.658
Other longterm assets	291
Inventories	1.552
Trade and other receivables	2.909
Cash and bank balances	613
Assets acquired	<u>9.106</u>
Long-term borrowings	491
Contingent liabilities	161
Short-term borrowings	246
Trade and other payables	3.612
Liabilities assumed	<u>4.510</u>
Total net identified assets	4.596
Non-controlling interest's measured at fair value	(2.196)
Attributable to the Company	2.400
Consideration paid in cash	12.444
Provisional goodwill on acquisition	<u>10.044</u>
Net cash outflow on acquisition of Ahumados Dominquez:	
	<u>2021</u>
Consideration paid in cash	12.444
Less: cash and cash equivalent balances acquired	(613)
	<u>11.831</u>

Under IFRS 3, up to one year from the acquisition date, the initial accounting for business combinations needs to be adjusted to reflect new information that is obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognized as of that date. As a result of such adjustments the values of assets and liabilities recognized may change in the one-year period from the acquisition date.

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11. Share capital

	Issued shares (ISK '000)	Outstanding shares (ISK '000)	Book value (EUR '000)
At 1 January 2021	2.674.479	2.674.479	24.868
New shares issued	40.000	40.000	266
At 30 September 2021	<u>2.714.479</u>	<u>2.714.479</u>	<u>25.134</u>

Fully paid ordinary shares, which have a par value of ISK 1 per share, carry one vote per share and carry a right to dividends.

Share issuance in relation to closing of the acquisition of Ahumados Dominquez at end of September amounted to ISK 40 million. The issuance of new shares was at a price of ISK 17.10 or the amount of ISK 684 million.

12. Financing

The Group's main sources of financing are a multi currency revolving credit facility with an Icelandic financial institution, a 4 year unsecured bond listed on Nasdaq Iceland, two six months bills listed on Nasdaq Iceland and credit facilities with number of banks in Spain which finance the Southern Europe division.

The facility with the institution in Iceland has a cap of EUR 50.0 million with EUR 26.1 million draw down at end of September 2021 (end of year 2020: EUR 36.0 million). The facility expires in May 2022.

The Group has credit facilities in place with number of banks in Spain. Total amount of these loans was EUR 51.3 million at end of September 2021 (end of year 2020: EUR 49.1 million).

The parent company concluded a private placement of 4 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.

The parent company concluded two offerings of 6 months bills for ISK 1.500 million each, in the first half of the year. In both cases hedging was put in place to fix the liability in EUR. The total fixed amount at end of September 2021 amounts to EUR 26.1 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.

13. Approval of financial statements

The Condensed Consolidated Interim Financial Statements have been approved for issue by the Board of Directors and the CEO on 18 November 2021.