

Hagar hf.
Financial Summary
1 March - 31 August 2020

*This financial summary is translated from the Consolidated Financial Statements of Hagar hf. which is in Icelandic. Should there be discrepancies between the two versions, the Icelandic version will take priority over the translated version.

Hagar hf.
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Reg. no. 670203-2120

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Consolidated Statement of Comprehensive Income for the six months ended 31 August 2020

	Second quarter		First half	
	2020	2019	2020	2019
	1.6.-31.8.	1.6.-31.8.	1.3.-31.8.	1.3.-31.8.
	*	*		
Sales	30.924	30.914	59.165	59.504
Cost of goods sold	(23.657)	(24.244)	(46.069)	(46.402)
Gross profit	<u>7.267</u>	<u>6.670</u>	<u>13.096</u>	<u>13.102</u>
Other operating income	85	156	183	264
Salaries and related expenses	(3.064)	(2.965)	(6.340)	(6.023)
Other operating expenses	(1.269)	(1.372)	(2.623)	(2.820)
Profit from operating activities before depreciation and amortisation	3.019	2.489	4.316	4.523
Depreciation and amortisation	(1.068)	(936)	(2.092)	(1.869)
Profit from operating activities	1.951	1.553	2.224	2.654
Finance income	16	57	33	113
Finance expenses	(435)	(374)	(883)	(728)
Net finance expense	<u>(419)</u>	<u>(317)</u>	<u>(850)</u>	<u>(615)</u>
Share of profit of associates	95	67	125	90
Profit before income tax	1.627	1.303	1.499	2.129
Income tax	(306)	(247)	(274)	(408)
Comprehensive income for the period	<u>1.321</u>	<u>1.056</u>	<u>1.225</u>	<u>1.721</u>
Total comprehensive income for the period is attributable to:				
Shareholders of Hagar hf.	1.322	1.056	1.228	1.721
Non-controlling interests	(1)		(3)	
	<u>1.321</u>	<u>1.056</u>	<u>1.225</u>	<u>1.721</u>
Earnings per share:				
Basic and diluted earnings per share of ISK 1	1,12	0,87	1,04	1,42

*Quarterly financial information has not been reviewed by the Company's auditors.

Consolidated Balance Sheet as at 31 August 2020

	31.8.2020	29.2.2020
Assets		
Property, plant and equipment	23.086	21.985
Investment property	4.349	4.386
Intangible assets	10.536	10.531
Leased assets	8.666	9.435
Investments in associates	1.291	1.166
Investments in other companies	39	39
Bonds	98	12
Total non-current assets	48.065	47.554
Inventories	8.359	8.380
Trade and other receivables	3.716	3.510
Trade receivable - customers' credit cards	1.217	1.032
Cash and cash equivalents	889	2.232
Total current assets	14.181	15.154
Total assets	62.246	62.708
 Equity		
Share capital	1.181	1.189
Share premium	3.605	4.017
Legal reserve	295	297
Restricted reserve	2.959	5.947
Retained earnings	17.354	13.136
Capital and reserves attributable to owners of Hagar hf.	25.394	24.586
Non-controlling interest	(2)	1
Total equity	25.392	24.587
 Liabilities		
Loans and borrowings	12.081	12.182
Lease liabilities	7.359	7.984
Deferred income tax liabilities	2.766	2.196
Total non-current liabilities	22.206	22.362
Borrowings	464	442
Bank borrowings	0	1.273
Current tax liabilities	420	579
Lease liabilities	2.058	2.183
Trade and other payables	11.660	11.146
Provisions	44	137
Total current liabilities	14.646	15.760
Total liabilities	36.852	38.122
Total equity and liabilities	62.246	62.708

Consolidated Statement of Changes in Equity for the six months ended 31 August 2020

	Share capital	Share premium	Legal reserve	Restricted reserve	Retained earnings	Total	Non controlling interests	Total equity
Changes in equity from 1 March to 31 August 2020:								
Equity at 1 March 2020	1.189	4.017	297	5.947	13.136	24.586	1	24.587
Purchased own share	(8)	(412)				(420)		(420)
Comprehensive income for the period					1.228	1.228	(3)	1.225
Transferred from legal reserve			(2)		2	0		0
Transferred from restricted reserve				(2.988)	2.988	0		0
Equity at 31 August 2020	1.181	3.605	295	2.959	17.354	25.394	(2)	25.392
Changes in equity from 1 March to 31 August 2019:								
Equity at 1 March 2019	1.213	5.023	303	5.092	12.648	24.279	0	24.279
IFRS 16, effects of implementation					(554)	(554)		(554)
Purchased own share	(11)	(453)				(464)		(464)
Comprehensive income for the period					1.721	1.721		1.721
Transferred from legal reserve			(2)		2	0		0
Dividends paid, 0,955 ISK per share					(1.159)	(1.159)		(1.159)
Transferred from restricted reserve				(662)	662	0		0
Equity at 31 August 2019	1.202	4.570	301	4.430	13.321	23.824	0	23.824

At June 9 2020 the annual general meeting approved that no dividends should be paid to shareholders for the year 2019/20. The annual general meeting also agreed to reduce the share capital of the company by nominal value ISK 32.7 million, by invalidating its own shares. The share capital reduction was implemented on 3 July 2020, reducing Hagar's share capital from ISK 1,213 million nominal value to ISK 1,181 million nominal value.

Consolidated Statement of Cash Flows for the six months ended 31 August 2020

	Second quarter		First half	
	2020	2019	2020	2019
	1.6.-31.8.	1.6.-31.8.	1.3.-31.8.	1.3.-31.8.
	*	*		
Cash flows from operating activities				
Profit for the period	1.321	1.056	1.225	1.721
Adjustments for:				
Gain on sale of assets	(2)	(23)	(1)	(30)
Depreciation and amortisation	1.068	936	2.092	1.869
Net finance expense	419	317	850	615
Other items	0	(46)	0	(46)
Effect of results of associates	(95)	(67)	(125)	(90)
Income tax	306	247	274	408
Working capital provided by operating activities	<u>3.017</u>	<u>2.420</u>	<u>4.315</u>	<u>4.447</u>
Change in current assets	(367)	537	(501)	2.631
Change in current liabilities	(1.324)	(54)	747	1.240
Cash from operations before interest and taxes	<u>1.326</u>	<u>2.903</u>	<u>4.561</u>	<u>8.318</u>
Interest income received	16	29	17	54
Interest expenses paid	(315)	(373)	(617)	(729)
Income taxes paid	(85)	(117)	(358)	(234)
Net cash provided by operating activities	<u>942</u>	<u>2.442</u>	<u>3.603</u>	<u>7.409</u>
Cash flows used in investing activities				
Acquisition of real estate	(1.054)	(337)	(1.341)	(343)
Acquisition of investments properties	2	18	(11)	(33)
Acquisition of fixtures and equipment	(258)	(522)	(855)	(1.250)
Acquisition of intangible assets	(4)	(3)	(10)	(5)
Proceeds from the sale of operating assets	11	41	39	54
Long-term bonds, change	21	13	38	(23)
Dividends received	0	102	0	102
Net cash used in investing activities	<u>(1.282)</u>	<u>(688)</u>	<u>(2.140)</u>	<u>(1.498)</u>
Cash flows used in financing activities				
Repayment of borrowings	(111)	(473)	(227)	(712)
Bank borrowings, change	(1.688)	(250)	(1.273)	(800)
Dividends paid	0	(1.159)	0	(1.159)
Purchased own share	0	(464)	(420)	(464)
Lease liabilities, repayments	(447)	(363)	(886)	(753)
Net cash used in financing activities	<u>(2.246)</u>	<u>(2.709)</u>	<u>(2.806)</u>	<u>(3.888)</u>
Net (decrease) increase in cash and cash equivalents	(2.586)	(955)	(1.343)	2.023
Cash and cash equivalents at beginning of the period.....	3.475	3.714	2.232	736
Cash and cash equivalents at 31 August	889	2.759	889	2.759

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