

Hagar hf.  
Financial Summary  
for Year Ended 28 February 2019

\*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.  
Hagasmári 1  
201 Kópavogur  
Iceland  
Reg. no. 670203-2120

# Contents

---

Consolidated Statement of Comprehensive Income .....	3
Consolidated Balance Sheet .....	4
Consolidated Statement of Changes in Equity .....	5
Consolidated Statement of Cash Flows .....	6
Attached document: Quarterly statements	

# Consolidated Statement of Comprehensive Income for the Year Ended 28 February 2019

	2018/19	2017/18
Sales .....	84.179	73.895
Cost of goods sold .....	( 64.172)	( 55.577)
<b>Gross profit</b> .....	<b>20.007</b>	<b>18.318</b>
Other operating income .....	340	294
Salaries and related expenses .....	( 9.194)	( 8.103)
Other operating expenses .....	( 6.422)	( 6.284)
Expenses relating to business combination .....	( 241)	( 86)
<b>Profit from operating activities before depreciation and amortisation .</b>	<b>4.490</b>	<b>4.139</b>
Depreciation and amortisation .....	( 1.300)	( 1.122)
<b>Profit from operating activities</b> .....	<b>3.190</b>	<b>3.017</b>
Finance income .....	94	153
Finance expenses .....	( 389)	( 221)
<b>Net finance expense</b> .....	<b>( 295)</b>	<b>( 68)</b>
Effect of results of associates .....	( 12)	20
<b>Profit before income tax</b> .....	<b>2.883</b>	<b>2.969</b>
Income tax .....	( 566)	( 575)
<b>Comprehensive income for the year</b> .....	<b>2.317</b>	<b>2.394</b>
 <b>Earnings per share</b>		
Basic earnings per share of ISK 1, basic and diluted .....	2,05	2,11

## Consolidated Balance Sheet as at 28 February 2019

	28.2.2019	28.2.2018
<b>Assets</b>		
Property, plant and equipment .....	19.430	10.733
Investment property .....	3.863	1.530
Intangible assets .....	10.323	8.101
Investments in associates .....	1.171	0
Investments in other companies .....	39	0
Bonds .....	70	0
Total non-current assets	34.896	20.364
Assets classified as held for sale .....	430	0
Inventories .....	7.746	4.574
Trade and other receivables .....	3.212	678
Trade receivable - customers' credit cards .....	3.831	3.546
Cash and cash equivalents .....	736	222
Total current assets	15.955	9.020
<b>Total assets</b>	50.851	29.384
<b>Equity</b>		
Share capital .....	1.213	1.103
Share premium .....	5.023	0
Legal reserve .....	303	239
Restricted reserve .....	5.092	3.664
Retained earnings .....	12.648	12.951
Total equity	24.279	17.957
<b>Liabilities</b>		
Borrowings .....	4.594	2.217
Deferred income tax liability .....	2.283	718
Total non-current liabilities	6.877	2.935
Borrowings .....	8.431	771
Current tax liabilities .....	653	379
Trade and other payables .....	10.309	6.897
Provisions .....	302	445
Total current liabilities	19.695	8.492
Total liabilities	26.572	11.427
<b>Total equity and liabilities</b>	50.851	29.384

## Consolidated Statement of Changes in Equity for the Year Ended 28 February 2019

	Share capital	Share premium	Legal reserve	Restricted reserve	Retained earnings	Total equity
<b>Changes in equity 2017/18</b>						
Equity at 1 March 2017 .....	1.153	291	0	3.893	12.075	17.412
Purchased own share .....	( 50 )	( 291 )			( 1.508 )	( 1.849 )
Comprehensive income for the year .....					2.394	2.394
Transferred to legal reserve .....			239		( 239 )	0
Transferred to restricted reserves .....				( 229 )	229	0
Equity at 28 February 2018 .....	1.103	0	239	3.664	12.951	17.957
<b>Changes in equity 2018/19</b>						
Equity at 1 March 2018 .....	1.103	0	239	3.664	12.951	17.957
Comprehensive income for the year .....					2.317	2.317
Transferred to legal reserve .....			64		( 64 )	0
Dividends paid, 1.024 ISK per share .....					( 1.129 )	( 1.129 )
Issue of ordinary share as consideration for business combination .....	42	1.901				1.943
Own shares granted as consideration for business combination .....	69	3.122				3.191
Transferred to restricted reserves .....				1.428	( 1.428 )	0
Equity at 28 February 2019 .....	1.213	5.023	303	5.092	12.648	24.279

# Consolidated Statement of Cash Flows

## for the Year Ended 28 February 2019

	2018/19	2017/18
<b>Cash flows from operating activities</b>		
Profit for the year .....	2.317	2.394
Adjustments for:		
Loss (gain) on sale of assets .....	62 (	90)
Depreciation and amortisation .....	1.300	1.122
Net finance expense .....	295	68
Effect of results of associates .....	12 (	20)
Income tax .....	566	575
Other items .....	( 91)	0
Working capital from operating activities	4.461	4.049
Change in current assets .....	( 70)	( 40)
Change in current liabilities .....	( 865)	( 132)
Cash from operations before interest and taxes	3.526	3.877
Interest income received .....	94	145
Interest expenses paid .....	( 381)	( 220)
Income taxes paid .....	( 357)	( 864)
Net cash from operating activities	2.882	2.938
<b>Cash flows used in investing activities</b>		
Payment for acquisition of subsidiary, net of cash acquired .....	( 4.967)	0
Acquisition of real estate .....	( 113)	( 111)
Acquisition of investments properties .....	( 243)	0
Acquisition of fixtures and equipment .....	( 1.203)	( 2.367)
Acquisition of intangible assets .....	7 (	171)
Proceeds from sale of real estate .....	230	0
Proceeds from sale of fixtures and equipment .....	34	45
Proceeds from sale of investments .....	0	10
Proceeds from results of associates .....	0	20
Long-term bonds, change .....	6	0
Net cash used in investing activities	( 6.249)	( 2.574)
<b>Cash flows from financing activities</b>		
Repayments of borrowings .....	( 821)	( 767)
Dividends paid .....	( 1.129)	0
Proceeds from borrowings .....	5.831	0
Purchased own share .....	0 (	1.849)
Net cash from financing activities	3.881	( 2.616)
<b>Net increase ( decrease) in cash and cash equivalents</b> .....	514 (	2.252)
<b>Cash and cash equivalents at the beginning of the year</b> .....	222	2.474
<b>Cash and cash equivalents at the end of the year</b> .....	736	222
<b>Non cash investing and financing activities</b>		
Acquisition of real estate .....	0 (	85)
Debt of acquired subsidiary .....	0	85
Sale of real estate .....	0	85
Debt related to disposed real estate .....	0 (	85)
Acquisition of subsidiary, paid with ordinary shares .....	( 5.134)	0
Issue of ordinary shares as consideration for business combination .....	1.943	0
Own shares granted as consideration for business combination .....	3.191	0

## Quarterly statements (unaudited)

Amounts are in ISK million

Year 2018/19	Q1	Q2	Q3	Q4	Total
Sales .....	18.592	19.142	18.521	27.924	84.179
Cost of goods sold .....	( 14.000)	( 14.579)	( 14.124)	( 21.469)	( 64.172)
<b>Gross profit</b> .....	<u>4.592</u>	<u>4.563</u>	<u>4.397</u>	<u>6.455</u>	<u>20.007</u>
Other operating income .....	56	50	55	179	340
Salaries and related expenses .....	( 2.054)	( 1.951)	( 2.107)	( 3.082)	( 9.194)
Other operating expenses .....	( 1.386)	( 1.441)	( 1.428)	( 2.167)	( 6.422)
Expenses relating to business combination .....	( 15)	( 38)	( 183)	( 5)	( 241)
<b>Profit from operating activities before depreciation and amortisation</b> .....	<u>1.193</u>	<u>1.183</u>	<u>734</u>	<u>1.380</u>	<u>4.490</u>
Depreciation and amortisation .....	( 249)	( 256)	( 265)	( 530)	( 1.300)
<b>Profit from operating activities</b> .....	<u>944</u>	<u>927</u>	<u>469</u>	<u>850</u>	<u>3.190</u>
Financial income .....	14	7	12	61	94
Financial expenses .....	( 48)	( 49)	( 56)	( 236)	( 389)
<b>Net finance expense</b> .....	<u>( 34)</u>	<u>( 42)</u>	<u>( 44)</u>	<u>( 175)</u>	<u>( 295)</u>
Effect of results of associates .....	0	0	0	( 12)	( 12)
<b>Profit before income tax</b> .....	<u>910</u>	<u>885</u>	<u>425</u>	<u>675</u>	<u>2.883</u>
Income tax .....	( 182)	( 177)	( 97)	( 110)	( 566)
<b>Comprehensive income for the year</b> .....	<u>728</u>	<u>708</u>	<u>328</u>	<u>565</u>	<u>2.317</u>
<b>Year 2017/18</b>					
Sales .....	19.048	18.121	16.915	19.811	73.895
Cost of goods sold .....	( 14.312)	( 13.660)	( 12.719)	( 14.886)	( 55.577)
<b>Gross profit</b> .....	<u>4.736</u>	<u>4.461</u>	<u>4.196</u>	<u>4.925</u>	<u>18.318</u>
Other operating income .....	54	49	141	50	294
Salaries and related expenses .....	( 2.043)	( 1.955)	( 2.014)	( 2.091)	( 8.103)
Other operating expenses .....	( 1.469)	( 1.433)	( 1.425)	( 1.957)	( 6.284)
Expenses relating to business combination .....	( 1)	( 21)	( 4)	( 60)	( 86)
<b>Profit from operating activities before indemnity, depreciation and amortisation</b> .....	<u>1.277</u>	<u>1.101</u>	<u>894</u>	<u>867</u>	<u>4.139</u>
Depreciation and amortisation .....	( 225)	( 231)	( 366)	( 300)	( 1.122)
<b>Profit from operating activities</b> .....	<u>1.052</u>	<u>870</u>	<u>528</u>	<u>567</u>	<u>3.017</u>
Financial income .....	54	39	26	34	153
Financial expenses .....	( 64)	( 56)	( 53)	( 48)	( 221)
<b>Net finance expense</b> .....	<u>( 10)</u>	<u>( 17)</u>	<u>( 27)</u>	<u>( 14)</u>	<u>( 68)</u>
Effect of results of associates .....	20	0	0	0	20
<b>Profit before income tax</b> .....	<u>1.062</u>	<u>853</u>	<u>501</u>	<u>553</u>	<u>2.969</u>
Income tax .....	( 212)	( 171)	( 100)	( 92)	( 575)
<b>Comprehensive income for the year</b> .....	<u>850</u>	<u>682</u>	<u>401</u>	<u>461</u>	<u>2.394</u>