

# Hagar hf.

## Financial Summary

### 1 March 2020 - 31 May 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.  
Hagasmári 1  
201 Kópavogur  
Iceland  
Reg. no. 670203-2120

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# Consolidated Statement of Comprehensive Income

## for the three months ended 31 May 2020

|  | 2020         | 2019         |
|--|--------------|--------------|
|  | 1.3.-31.5.   | 1.3.-31.5.   |
| Sales .....  | 28.241       | 28.590       |
| Cost of goods sold .....   | ( 22.412)    | ( 22.158)    |
| <b>Gross profit</b> .....  | <u>5.829</u> | <u>6.432</u> |
| Other operating income .....   | 98           | 108          |
| Salaries and related expenses .....  | ( 3.276)     | ( 3.058)     |
| Other operating expenses .....   | ( 1.354)     | ( 1.448)     |
| <b>Profit from operating activities before depreciation and amortisation</b> ..... | 1.297        | 2.034        |
| Depreciation and amortisation .....  | ( 1.024)     | ( 933)       |
| <b>Profit from operating activities</b> .....                                      | 273          | 1.101        |
| Finance income .....   | 17           | 56           |
| Finance expenses .....   | ( 448)       | ( 354)       |
| <b>Net finance expense</b> .....   | ( 431)       | ( 298)       |
| Share of profit (loss) of associates .....   | 30           | 23           |
| <b>Profit before income tax</b> .....  | ( 128)       | 826          |
| Income tax .....   | 32           | ( 161)       |
| <b>Comprehensive income for the period</b> .....                                   | <u>( 96)</u> | <u>665</u>   |
| <b>Total comprehensive income for the period is attributable to:</b>               |              |              |
| Shareholders of Hagar hf. ....   | ( 94)        | 665          |
| Non-controlling interest .....   | ( 2)         | ( 2)         |
|  | ( 96)        | 665          |
| <b>Earnings per share:</b>   |              |              |
| Basic earnings per share of ISK 1, basic and diluted .....                         | 0,08         | 0,55         |

## Consolidated Balance Sheet as at 31 May 2020

|  | 31.5.2020 | 29.2.2020 |
|--|-----------|-----------|
| <b>Assets</b>  |           |           |
| Property, plant and equipment .....                      | 22.333    | 21.985    |
| Investment property .....                                | 4.385     | 4.386     |
| Intangible assets .....                                  | 10.531    | 10.531    |
| Lease assets .....                                       | 8.969     | 9.435     |
| Investments in associates .....                          | 1.196     | 1.166     |
| Investments in other companies .....                     | 39        | 39        |
| Bonds .....  | 93        | 12        |
| Total non-current assets                                 | 47.546    | 47.554    |
| Inventories .....  | 8.070     | 8.380     |
| Trade and other receivables .....                        | 3.588     | 3.510     |
| Trade receivable - customers' credit cards .....         | 1.360     | 1.032     |
| Cash and cash equivalents .....                          | 3.475     | 2.232     |
| Total current assets                                     | 16.493    | 15.154    |
| <b>Total assets</b>                                      | 64.039    | 62.708    |
| <b>Equity</b>  |           |           |
| Share capital .....                                      | 1.181     | 1.189     |
| Share premium .....                                      | 3.605     | 4.017     |
| Legal reserve .....                                      | 297       | 297       |
| Restricted reserve .....                                 | 6.110     | 5.947     |
| Retained earnings .....                                  | 12.879    | 13.136    |
| Capital and reserves attributable to owners of Hagar hf. | 24.072    | 24.586    |
| Non-controlling interest .....                           | ( 1)      | 1         |
| <b>Total equity</b>                                      | 24.071    | 24.587    |
| <b>Liabilities</b>                                       |           |           |
| Loans and borrowings .....                               | 12.136    | 12.182    |
| Lease liabilities .....                                  | 7.620     | 7.984     |
| Deferred income tax liability .....                      | 2.132     | 2.196     |
| Total non-current liabilities                            | 21.888    | 22.362    |
| Borrowings .....   | 463       | 442       |
| Bank borrowings .....                                    | 1.688     | 1.273     |
| Current tax liabilities .....                            | 199       | 579       |
| Lease liabilities .....                                  | 2.093     | 2.183     |
| Trade and other payables .....                           | 13.545    | 11.146    |
| Provisions .....   | 91        | 137       |
| Total current liabilities                                | 18.079    | 15.760    |
| Total liabilities  | 39.967    | 38.122    |
| <b>Total equity and liabilities</b>                      | 64.039    | 62.708    |

## Consolidated Statement of Changes in Equity for the three months ended 31 May 2020

|   | Share<br>capital | Share<br>premium | Legal<br>reserve | Restricted<br>reserve | Retained<br>earnings | Total   | Non-<br>controlling<br>interest | Total<br>equity |
|---|------------------|------------------|------------------|-----------------------|----------------------|---------|---------------------------------|-----------------|
| <b>Changes in equity from 1 March to 31 May 2020:</b> |                  |                  |                  |                       |                      |         |                                 |                 |
| 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 .....             |                  |                  |                  |                       | ( 94 )               | ( 94 )  | ( 2 )                           | ( 96 )          |
| Transferred to restricted reserves .....              |                  |                  |                  | 163                   | ( 163 )              | 0       |                                 | 0               |
| Equity at 31 May 2020 .....                           | 1.181            | 3.605            | 297              | 6.110                 | 12.879               | 24.072  | ( 1 )                           | 24.071          |
| <b>Changes in equity from 1 March to 31 May 2019:</b> |                  |                  |                  |                       |                      |         |                                 |                 |
| 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 )         |
| Comprehensive income for the period .....             |                  |                  |                  |                       | 665                  | 665     |                                 | 665             |
| Transferred to restricted reserves .....              |                  |                  |                  | 572                   | ( 572 )              | 0       |                                 | 0               |
| Equity at 31 May 2019 .....                           | 1.213            | 5.023            | 303              | 5.664                 | 12.187               | 24.391  | 0                               | 24.391          |

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.

# Consolidated Statement of Cash Flows

## for the three months ended 31 May 2020

|   | <b>2020</b>       | <b>2019</b>       |
|---|-------------------|-------------------|
|   | <b>1.3.-31.5.</b> | <b>1.3.-31.5.</b> |
| <b>Cash flows from operating activities</b>                           |                   |                   |
| Profit for the period .....   | ( 96)             | 665               |
| Adjustments for:  |                   |                   |
| (Gain) loss on sale of assets .....                                   | 1 ( 7)            |                   |
| Depreciation and amortisation .....                                   | 1.024             | 933               |
| Net finance expense .....   | 431               | 298               |
| Effect of results of associates .....                                 | ( 30) ( 23)       |                   |
| Income tax .....  | ( 32)             | 161               |
| Working capital from operating activities                             | 1.298             | 2.027             |
| Change in current assets .....  | ( 134)            | 2.094             |
| Change in current liabilities .....                                   | 2.071             | 1.294             |
| Cash from operations before interest and taxes                        | 3.235             | 5.415             |
| Interest income received .....  | 1                 | 25                |
| Interest expenses paid .....  | ( 302) ( 356)     |                   |
| Income taxes paid .....   | ( 273) ( 117)     |                   |
| Net cash from operating activities                                    | 2.661             | 4.967             |
| <b>Cash flows used in investing activities</b>                        |                   |                   |
| Acquisition of real estate .....                                      | ( 287) ( 6)       |                   |
| Acquisition of investments properties .....                           | ( 13) ( 51)       |                   |
| Acquisition of fixtures and equipment .....                           | ( 597) ( 728)     |                   |
| Acquisition of intangible assets .....                                | ( 6) ( 2)         |                   |
| Proceeds from sale of fixtures and equipment .....                    | 28                | 13                |
| Long-term bonds, change .....   | 17 ( 36)          |                   |
| Net cash used in investing activities                                 | ( 858)            | ( 810)            |
| <b>Cash flows used in financing activities</b>                        |                   |                   |
| Repayments of borrowings .....  | ( 116) ( 239)     |                   |
| Bank borrowings .....   | 415 ( 550)        |                   |
| Purchased own share .....   | ( 420) 0          |                   |
| Lease liabilities, repayments .....                                   | ( 439) ( 390)     |                   |
| Net cash used in financing activities                                 | ( 560)            | ( 1.179)          |
| <b>Net increase in cash and cash equivalents .....</b>                | <b>1.243</b>      | <b>2.978</b>      |
| <b>Cash and cash equivalents at the beginning of the period .....</b> | <b>2.232</b>      | <b>736</b>        |
| <b>Cash and cash equivalents at the end of the period .....</b>       | <b>3.475</b>      | <b>3.714</b>      |