

Hagar hf.
Financial Summary
1 March - 30 November 2018

*This financial summary is translated from the Condensed Consolidated Interim 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

Consolidated Statement of Comprehensive Income for the nine months ended 30 November 2018

	Q3 2018	Q3 2017	2018	2017
	1.9.-30.11.	1.9.-30.11.	1.3.-30.11.	1.3.-30.11.
Sales	18.521	16.915	56.255	54.084
Cost of goods sold	<u>(14.124)</u>	<u>(12.719)</u>	<u>(42.703)</u>	<u>(40.691)</u>
Gross profit	4.397	4.196	13.552	13.393
Other operating income	55	141	161	244
Salaries and related expenses	<u>(2.107)</u>	<u>(2.014)</u>	<u>(6.112)</u>	<u>(6.012)</u>
Other operating expenses	<u>(1.428)</u>	<u>(1.425)</u>	<u>(4.255)</u>	<u>(4.327)</u>
Non-recurring expenses relating to business combination	<u>(183)</u>	<u>(4)</u>	<u>(236)</u>	<u>(26)</u>
Profit from operating activities before depreciation and amortisation	734	894	3.110	3.272
Depreciation and amortisation	<u>(265)</u>	<u>(366)</u>	<u>(770)</u>	<u>(822)</u>
Profit from operating activities	469	528	2.340	2.450
Finance income	12	26	33	119
Finance expenses	<u>(56)</u>	<u>(53)</u>	<u>(153)</u>	<u>(173)</u>
Net finance expense	<u>(44)</u>	<u>(27)</u>	<u>(120)</u>	<u>(54)</u>
Share of profit of associates	0	0	0	20
Profit before income tax	425	501	2.220	2.416
Income tax	<u>(97)</u>	<u>(100)</u>	<u>(456)</u>	<u>(483)</u>
Comprehensive income for the period	<u>328</u>	<u>401</u>	<u>1.764</u>	<u>1.933</u>
Earnings per share:				
Basic and diluted earnings per share of ISK 1	0,30	0,35	1,60	1,69

Consolidated Balance Sheet as at 30 November 2018

	30.11.2018	28.2.2018
Assets		
Property, plant and equipment	20.113	10.733
Investment properties	2.556	1.530
Intangible assets	10.313	8.101
Investments in associates	1.183	0
Investments in other companies	39	0
Long-term bonds	75	0
Total non-current assets	34.279	20.364
Assets classified as held for sale	660	0
Inventories	8.728	4.574
Trade and other receivables	3.977	678
Trade receivable - customers' credit cards	4.320	3.546
Cash and cash equivalents	773	222
Total current assets	18.458	9.020
Total assets	52.737	29.384
 Equity		
Share capital	1.213	1.103
Share premium	5.023	0
Legal reserve	303	239
Restricted reserve	3.661	3.664
Retained earnings	13.526	12.951
Total equity	23.726	17.957
 Liabilities		
Loans and borrowings	5.003	2.217
Deferred income tax liabilities	2.134	718
Total non-current liabilities	7.137	2.935
Loans and borrowings	8.890	771
Current tax liabilities	793	379
Trade and other payables	11.862	6.897
Provisions	329	445
Total current liabilities	21.874	8.492
Total liabilities	29.011	11.427
Total equity and liabilities	52.737	29.384

Consolidated Statement of Changes in Equity for the nine months ended 30 November 2018

	Share capital	Share premium	Legal reserve	Restricted reserve	Retained earnings	Total equity
1 March to 30 November 2017:						
Equity at 1 March 2017	1.153	291	0	3.893	12.075	17.412
Comprehensive income for the year					1.933	1.933
Purchased own shares	(26)	(291)			(618)	(935)
Transferred to restricted reserves				(812)	812	0
Equity at 30 November 2017	1.127	0	0	3.081	14.202	18.410
1 March to 30 November 2018:						
Equity at 1 March 2018	1.103	0	239	3.664	12.951	17.957
Comprehensive income for the year					1.764	1.764
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				(3)	3	0
Equity at 30 November 2018	1.213	5.023	303	3.661	13.526	23.726

Consolidated Statement of Cash Flows for the nine months ended 30 November 2018

	Q3 2018 1.9.-30.11.	Q3 2017 1.9.-30.11.	2018 1.3.-30.11.	2017 1.3.-30.11.
Cash flows from operating activities				
Profit for the period	328	401	1.764	1.933
Adjustments for:				
Gain on sale of assets	62	(85)	61	(87)
Depreciation and amortisation	265	366	770	822
Net finance expense	44	27	120	54
Share of profit of associates	0	0	0	(20)
Income tax	97	100	456	483
Working capital provided by operating activities	796	809	3.171	3.185
Change in current assets	(809)	(499)	(1.843)	(727)
Change in current liabilities	749	77	872	(257)
Cash from operations before interest and taxes	736	387	2.200	2.201
Interest income received	12	26	32	109
Interest expenses paid	(57)	(54)	(152)	(170)
Income taxes paid	62	(202)	(404)	(687)
Net cash provided by operating activities	753	157	1.676	1.453
Cash flows used in investing activities				
Payment for acquisition of subsidiary, net of cash acquired	(4.967)	0	(4.967)	0
Acquisition of real estate	(39)	(7)	(81)	(82)
Acquisition of fixtures and equipment	(403)	(1.249)	(796)	(2.014)
Acquisition of intangible assets	(6)	(30)	37	(155)
Proceeds from the sale of operating assets	8	2	23	37
Proceeds from the sale of shares in other companies	0	0	0	9
Repayment from associates	0	0	0	20
Net cash used in investing activities	(5.407)	(1.284)	(5.784)	(2.185)
Cash flows used in financing activities				
Repayment of loans and borrowings	(193)	(192)	(578)	(575)
Dividends paid	0	0	(1.129)	0
Proceeds from borrowings	5.282	0	5.282	0
Bank borrowings, change	(16)	0	1.084	0
Purchased own share	0	(637)	0	(935)
Net cash used in financing activities	5.073	(829)	4.659	(1.510)
Net increase (decrease) in cash and cash equivalents	419	(1.956)	551	(2.242)
Cash and cash equivalents at beginning of the period	354	2.188	222	2.474
Cash and cash equivalents at 30 November	773	232	773	232
Non cash investing and financing activities				
Acquisition of real estate	0	0	(85)	0
Debt of acquired subsidiary	0	0	85	0
Sale of real estate	85	0	85	0
Debt related to disposed real estate	(85)	0	(85)	0
Acquisition of subsidiary, paid with ordinary shares	(5.134)	0	(5.134)	0
Issue of ordinary share as consideration for business combination	1.943	0	1.943	0
Own shares granted as consideration for business combination	3.191	0	3.191	0