

Hagar hf.
Financial Summary
for Year Ended 28 February 2017

*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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Consolidated Statement of Comprehensive Income for the Year Ended 28 February 2017

	2016/17	2015/16
Sales	80.521	78.366
Cost of goods sold	(60.529)	(59.257)
Gross profit	19.992	19.109
Other operating income	256	206
Salaries and related expenses	(7.847)	(7.162)
Other operating expenses	(6.377)	(6.494)
Profit from operating activities before indemnity, depreciation and amortisation .	6.024	5.659
Indemnity provision	265	(413)
Depreciation and amortisation	(1.225)	(699)
Profit from operating activities	5.064	4.547
Finance income	281	296
Finance expenses	(304)	(345)
Net finance expense	(23)	(49)
Profit before income tax	5.041	4.498
Income tax	(1.005)	(902)
Comprehensive income for the year	4.036	3.596
 Earnings per share		
Basic earnings per share of ISK 1	3,46	3,07

Consolidated Balance Sheet as at 28 February 2017

	28.2.2017	29.2.2016
Assets		
Operating assets	10.927	8.956
Intangible assets	7.950	7.728
Total non-current assets	18.877	16.684
Inventories	4.419	4.756
Trade and other receivables	587	660
Trade receivable - customers' credit cards	3.752	3.795
Cash and cash equivalents	2.474	3.810
Total current assets	11.232	13.021
Total assets	30.109	29.705
Equity		
Share capital	1.153	1.172
Share premium	291	1.272
Restricted reserve	3.893	0
Retained earnings	12.075	13.924
Total equity	17.412	16.368
Liabilities		
Loans and borrowings	2.986	3.748
Deferred income tax liability	601	509
Total non-current liabilities	3.587	4.257
Loans and borrowings	767	763
Trade and other payables	833	874
Current tax liabilities	7.362	7.018
Provisions	148	425
Total current liabilities	9.110	9.080
Total liabilities	12.697	13.337
Total equity and liabilities	30.109	29.705

Consolidated Statement of Changes in Equity for the Year Ended 28 February 2017

	Share capital	Share premium	Restricted reserve	Retained earnings	Total equity
Changes in equity 2015/16					
Equity at 1 March 2015	1.172	1.272	0	12.320	14.764
Comprehensive income for the year				3.596	3.596
Dividends paid, 1.70 ISK per share				(1.992)	(1.992)
Equity at 29 February 2016	1.172	1.272	0	13.924	16.368
Changes in equity 2016/17					
Equity at 1 March 2016	1.172	1.272	0	13.924	16.368
Comprehensive income for the year				4.036	4.036
Dividends paid, 1.70 ISK per share				(1.992)	(1.992)
Purchased own share	(19)	(981)			(1.000)
Transferred to reserves			3.893	(3.893)	0
Equity at 28 February 2017	1.153	291	3.893	12.075	17.412

Consolidated Statement of Cash Flows

for the Year Ended 28 February 2017

	2016/17	2015/16
Cash flows from operating activities		
Profit for the year	4.036	3.596
Adjustments for:		
Gain on sale of assets	(8)	(9)
Incentives from operating lease	(25)	(43)
Depreciation and amortisation	1.225	699
Net finance expense	23	49
Income tax	1.005	902
Working capital provided by operating activities	6.256	5.194
Change in current assets	431	532
Change in current liabilities	116	1.009
Cash from operations before interest and taxes	6.803	6.735
Interest income received	283	295
Interest expenses paid	(309)	(339)
Income taxes paid	(954)	(937)
Net cash provided by operating activities	5.823	5.754
Cash flows used in investing activities		
Acquisition of real estate	(2.057)	(1.371)
Acquisition of fixtures and equipment	(1.226)	(1.207)
Acquisition of intangible assets	(164)	(5)
Proceeds from the sale of fixtures and equipment	37	35
Net cash used in investing activities	(3.410)	(2.548)
Cash flows used in financing activities		
Repayment of loans and borrowings	(757)	(752)
Dividends paid	(1.992)	(1.992)
Purchased own share	(1.000)	0
Net cash used in financing activities	(3.749)	(2.744)
Net (decrease) increase in cash and cash equivalents	(1.336)	462
Cash and cash equivalents at the beginning of the year	3.810	3.348
Cash and cash equivalents at the end of the year	2.474	3.810
Non cash investing and financing activities		
Acquisition of real estate	0	(305)
Debt of acquired subsidiary	0	305

Quarterly statements (unaudited)

Amounts are in ISK million

Year 2016/17	Q1	Q2	Q3	Q4	Total
Sales	19.981	20.731	18.951	20.858	80.521
Cost of goods sold	(15.069)	(15.608)	(14.119)	(15.733)	(60.529)
Gross profit	<u>4.912</u>	<u>5.123</u>	<u>4.832</u>	<u>5.125</u>	<u>19.992</u>
Other operating income	54	55	47	100	256
Salaries and related expenses	(1.940)	(1.814)	(1.947)	(2.146)	(7.847)
Other operating expenses	(1.653)	(1.557)	(1.534)	(1.633)	(6.377)
Profit from operating activities before indemnity, depreciation and amortisation ...	1.373	1.807	1.398	1.446	6.024
Indemnity provision	0	0	0	265	265
Depreciation and amortisation	(191)	(271)	(296)	(467)	(1.225)
Profit from operating activities	1.182	1.536	1.102	1.244	5.064
Finance income	82	71	63	65	281
Finance expenses	(79)	(91)	(72)	(62)	(304)
Net finance expense	<u>3</u>	<u>(20)</u>	<u>(9)</u>	<u>3</u>	<u>(23)</u>
Profit before income tax	1.185	1.516	1.093	1.247	5.041
Income tax	(237)	(303)	(219)	(246)	(1.005)
Comprehensive income for the year	<u><u>948</u></u>	<u><u>1.213</u></u>	<u><u>874</u></u>	<u><u>1.001</u></u>	<u><u>4.036</u></u>

Year 2015/16

Sales	18.668	19.722	18.787	21.189	78.366
Cost of goods sold	(14.183)	(14.875)	(14.134)	(16.065)	(59.257)
Gross profit	<u>4.485</u>	<u>4.847</u>	<u>4.653</u>	<u>5.124</u>	<u>19.109</u>
Other operating income	45	42	45	74	206
Salaries and related expenses	(1.697)	(1.667)	(1.788)	(2.010)	(7.162)
Other operating expenses	(1.621)	(1.566)	(1.637)	(1.670)	(6.494)
Profit from operating activities before indemnity, depreciation and amortisation ...	1.212	1.656	1.273	1.518	5.659
Indemnity provision	0	0	0	(413)	(413)
Depreciation and amortisation	(171)	(162)	(175)	(191)	(699)
Profit from operating activities	1.041	1.494	1.098	914	4.547
Finance income	48	59	60	129	296
Finance expenses	(75)	(85)	(101)	(84)	(345)
Net finance expense	<u>(27)</u>	<u>(26)</u>	<u>(41)</u>	<u>45</u>	<u>(49)</u>
Profit before income tax	1.014	1.468	1.057	959	4.498
Income tax	(203)	(293)	(212)	(194)	(902)
Comprehensive income for the year	<u><u>811</u></u>	<u><u>1.175</u></u>	<u><u>845</u></u>	<u><u>765</u></u>	<u><u>3.596</u></u>