



Festi hf.  
Condensed Consolidated Financial Statements  
1 January to 31 March 2019

This is a translation of the Icelandic original. In the event of discrepancies between the Icelandic language version :  
any translation thereof, the Icelandic language version will prevail.

Festi hf.  
Dalvegur 10-14  
201 Kópavogur

Reg. No. 540206-2010

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## Endorsement by the Board of Directors and the CEO

The condensed consolidated interim financial statements of Festi hf. for the period from 1 January to 31 March 2019 have been prepared in accordance with the International Financial Reporting Standard for interim financial reporting, IAS 34. The consolidated interim financial statements have neither been audited nor reviewed by the Company's auditors.

### The Group

The interim financial statements comprise the operations, financial position and cash flows of Festi hf. and the subsidiaries Ego ehf. and Hlekkur ehf., as well as Hlekkur's subsidiaries, for the first three months of 2019. However, comparative financial information in the statement of income and comprehensive income, the statement of financial position, the statement of changes in equity and the statement of cash flows only comprise the operations of Festi hf. and the subsidiary Ego since Hlekkur and Hlekkur's subsidiaries did not become a part of Festi's Group until 1 September 2018. At the beginning of 2019 operations of gas stations was transferred to a newly formed operational company, N1 ehf., and warehouse activities to Bakkinn Vörúhótel ehf. These operations were previously carried out within the parent company, Festi hf. Both of the aforementioned companies are subsidiaries of Hlekkur. The parent company, Festi hf. still owns the properties related to those activities.

### Operations for the period

The Group's operating revenue for the first three months of the year amounted to ISK 18,602 million and increased by 130% compared to the same period of the previous year. According to the statement of income and comprehensive income, profit from the Group's operations for the period amounted to ISK 52 million. However, when taking into account translation difference due to the operation of a foreign associated company the Group's total comprehensive income amounts to ISK 51 million. The Group's equity at the end of the period amounted to ISK 26,021 million including share capital in the amount of ISK 330 million.

### Share capital

The Company's share capital amounts to a nominal value of ISK 330 million and one vote is attached to each share. At Festi's Annual General Meeting on 21 March 2019 a proposal from the Board of Directors regarding authorisation to purchase own shares was approved. Accordingly the Board of Directors is authorised on behalf of the Company to purchase up to 10% of its share capital. The authorisation shall be utilised for the purpose of setting up a formal repurchase schedule or to make general offer to shareholders on the Company's purchase of own shares, e.g. by general offering process, on the condition that shareholders will have equal opportunity to take part in such trade. At repurchase the highest permissible payment for each share shall not be higher than the last independent trade or highest available independent purchase offer, in the trade systems where shares are traded, whichever is higher. This authorisation is valid until the Company's Annual General Meeting in 2020, but no longer than to 21 September 2020. At the same time previous authorisations to purchase own shares were revoked.

### Shareholders

Stefnir.....	11,7%
Lífeyrissjóður verslunarmanna.....	10,1%
Gildi - lífeyrissjóður.....	8,9%
Lífeyrissjóður starfsmanna ríkisins A-, B- og S-deild.....	7,4%
Lansdowne Ícav Lansdowne Euro.....	6,1%
Birta lífeyrissjóður.....	5,4%
Almennir lífeyrissjóðurrinn.....	4,8%
Landsbréf.....	4,1%
Stapi lífeyrissjóður.....	4,0%
Global Macro funds (Eaton).....	2,9%
Wellington.....	2,8%
Stormtré ehf.....	2,5%
Festa - lífeyrissjóður.....	2,4%
Lífsvær lífeyrissjóður.....	2,2%
Helgafell ehf.....	2,0%
Sjóvá-Almennar tryggingar hf.....	2,0%
Kvika banki hf.....	1,6%
Vátryggingafélag Íslands hf.....	1,5%
Söfnunarsjóður lífeyrisréttinda.....	1,5%
Brekka Retail ehf.....	1,3%

# Endorsement by the Board of Directors and the CEO, contd.:

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## Statement by the Board of Directors and the CEO

The condensed consolidated interim financial statements of Festi hf. for the period from 1 January to 31 March 2019 are prepared in accordance with the International Financial Reporting Standard for interim financial reporting, IAS 34.

According to the best of our knowledge, in our opinion the consolidated interim financial statements give a true and fair view of the Group's assets, liabilities and financial position as at 31 March 2019 as well as of its operating profit and changes in cash and cash equivalents during the period 1 January to 31 March 2019.

Furthermore, in our opinion the consolidated interim financial statements and the Endorsement of the Board of Directors and the CEO include a true and fair view of the development and results of the Group's operations, its standing and describes the main risk factors and uncertainty that the Group faces.

The Board of Directors and the CEO of Festi hf. have today discussed the Company's interim consolidated financial statements for the period 1 January to 31 March 2019 and confirm them by means of their signatures.

Borgarnesi, 20 May 2019

## The Board of Directors of Festi hf.

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Margrét Guðmundsdóttir  
Chairman of the Board

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Björgólfur Jóhannsson

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Kristín Guðmundsdóttir

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Guðjón Karl Reynisson

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Þórður Már Jóhannesson

## CEO

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Eggert Þór Kristófersson

# Statement of Income and Comprehensive income

## 1 January to 31 March 2019

		2019	2018
	Notes	1.1.-31.3.	1.1.-31.3.
Sales .....	6	18.229.601	7.983.187
Cost of goods sold .....		(13.998.767)	(5.993.878)
<b>Gross profit</b> .....	6	4.230.834	1.989.309
Lease revenue from real estate and other operating income .....		372.102	105.504
Salaries and other personnel expenses .....		(2.290.652)	(1.094.175)
Sales expenses .....		(257.830)	(211.493)
Other operating expenses .....		(725.230)	(388.621)
		(3.273.712)	(1.694.289)
<b>Profit before depreciation, amortisation and fair value changes</b> .....		1.329.224	400.524
Depreciation and amortisation of property and equipment, leased assets and intangible assets .....	7	(721.493)	(247.869)
Fair value changes of investment properties .....		(45.092)	0
<b>Operating profit</b> .....		562.639	152.655
Finance income .....		19.285	23.278
Finance expenses .....		(617.678)	(102.724)
Foreign currency difference .....		36.478	(13.781)
Share of profit from associates .....		60.201	29.518
Fair value changes of shares in other companies .....		0	(214)
		(501.714)	(63.924)
<b>Profit before income tax</b> .....		60.925	88.731
Income tax .....	8	(9.321)	(12.303)
<b>Profit for the period</b> .....		51.605	76.428
<b>Other comprehensive income</b>			
Items that are or may be reclassified subsequently to profit or loss:			
Translation difference arising from operations of a foreign associate .....		(231)	(15.428)
<b>Other comprehensive income total</b> .....		(231)	(15.428)
<b>Total comprehensive income for the period</b> .....		51.374	61.001
Basic and diluted earnings per share in ISK .....		0,16	0,31

Notes on pages 9 to 16 are an integral part of these consolidated interim financial statements

# Statement of Financial Position as at 31 March 2019

	Notes	31.3.2019	31.12.2018
<b>Assets</b>			
Goodwill .....		14.070.463	14.070.463
Other intangible assets .....		4.519.164	4.504.012
Property and equipment .....		31.911.399	32.418.877
Leased assets .....	3	3.798.065	0
Investment properties .....		8.724.709	8.751.774
Shares in associates .....		2.139.621	2.079.666
Securities .....		137.135	66.838
Non-current assets		<u>65.300.555</u>	<u>61.891.630</u>
Inventories .....		7.092.015	7.616.386
Trade receivables .....		3.606.569	3.718.347
Other short-term receivables .....		790.973	305.786
Cash and cash equivalents .....		4.410.558	4.266.925
Current assets		<u>15.900.115</u>	<u>15.907.443</u>
<b>Total assets</b>		<u><u>81.200.671</u></u>	<u><u>77.799.073</u></u>
<b>Equity</b>			
Share capital .....		329.574	329.574
Share premium .....		13.140.383	13.140.383
Other restricted equity .....		5.483.233	5.258.048
Retained earnings .....		7.068.030	7.241.841
Equity		<u>26.021.220</u>	<u>25.969.846</u>
<b>Liabilities</b>			
Payable to credit institutions .....	9	33.457.398	33.593.033
Lease liabilities .....	3	3.326.967	0
Deferred tax liability .....	8	3.894.245	3.938.773
Non-current liabilities		<u>40.678.611</u>	<u>37.531.807</u>
Current tax .....		574.830	595.668
Payable to the Icelandic State .....		2.776.358	2.306.564
Payable to credit institutions .....	9	3.725.496	3.720.530
Lease liabilities .....	3	491.741	0
Trade payables .....		5.107.723	5.654.412
Other short-term liabilities .....		1.824.691	2.020.246
Current liabilities		<u>14.500.840</u>	<u>14.297.421</u>
<b>Total liabilities</b>		<u>55.179.450</u>	<u>51.829.227</u>
<b>Total equity and liabilities</b>		<u><u>81.200.670</u></u>	<u><u>77.799.073</u></u>

Notes on pages 9 to 16 are an integral part of these consolidated interim financial statements

## Statement of Changes in Equity 31 March 2019

	Other restricted equity							
	Share capital	Share premium	Statutory reserve	Revaluation reserve	Unrealised profit of associated companies	Translation reserve	Retained earnings	Total equity
<b>1 January to 31 March 2019</b>								
Equity 1.1.2019 .....	329.574	13.140.383	82.393	3.654.286	1.642.560	(121.191)	7.241.841	25.969.846
Total comprehensive income for the period .....						(231)	51.605	51.374
Restricted due to subsidiaries and associated companies .....					254.222		(254.222)	0
Dissolution of revaluation of an associated company .....				(8.371)			8.371	0
Dissolution of revaluation of property .....				(20.435)			20.435	0
Equity 31.3.2019 .....	<u>329.574</u>	<u>13.140.383</u>	<u>82.393</u>	<u>3.625.480</u>	<u>1.896.782</u>	<u>(121.422)</u>	<u>7.068.030</u>	<u>26.021.220</u>
Other restricted equity total .....						<u>5.483.233</u>		
<b>1 January to 31 March 2018</b>								
Equity 1.1.2018 .....	250.000	3.153.857	62.500	3.846.730	376.857	(154.490)	6.276.324	13.811.779
Total comprehensive income for the period .....						(15.428)	76.429	61.001
Restricted due to associated companies .....					40.549		(40.549)	0
Dissolution of revaluation of an associated company .....				(8.671)			8.671	0
Dissolution of revaluation of property .....				(39.828)			39.828	0
Equity 31.3.2018 .....	<u>250.000</u>	<u>3.153.857</u>	<u>62.500</u>	<u>3.798.231</u>	<u>417.406</u>	<u>(169.918)</u>	<u>6.360.722</u>	<u>13.872.780</u>
Other restricted equity total .....						<u>4.108.219</u>		

Notes on pages 9 to 16 are an integral part of these consolidated interim financial statements

# Statement of Cash Flows 1 January to 31 March 2019

	Notes	2019 1.1.-31.3.	2018 1.1.-31.3.
<b>Cash flows from operating activities</b>			
Profit before depreciation, amortisation and fair value changes .....		1.329.224	400.524
Operating items not affecting cash flows:			
Gain on sale of operating assets .....		(9.910)	(5.350)
		<u>1.319.314</u>	<u>395.175</u>
Changes in operating assets and liabilities:			
Inventories, decrease (increase) .....		524.371	(411.344)
Trade and other receivables, (increase) .....		(373.410)	(725.696)
Trade and other payables, (decrease) increase .....		(245.657)	645.229
Changes in operating assets and liabilities		<u>(94.696)</u>	<u>(491.811)</u>
Interest received .....		22.844	19.434
Interest paid .....		(482.887)	(87.755)
Income tax payments .....		(74.823)	(87.105)
Cash flows from (to) operating activities		<u>689.752</u>	<u>(252.063)</u>
<b>Cash flows from investing activities</b>			
Purchase of intangible assets .....		(26.953)	0
Purchase of property and equipment .....		(311.424)	(170.581)
Sale of property and equipment .....		220.645	7.238
Purchase of /additions to investment properties .....		(18.027)	0
Purchase of shares in other companies .....		(97.500)	0
Investing activities		<u>(233.259)</u>	<u>(163.343)</u>
<b>Cash flows from financing activities</b>			
Repayment of loans from credit institutions .....		(246.981)	0
Payment of lease liabilities .....	3	(98.055)	0
Financing activities		<u>(345.036)</u>	<u>0</u>
<b>Increase (decrease) in cash and cash equivalents .....</b>		<b>111.457</b>	<b>(415.407)</b>
<b>Currency exchange difference on cash and cash equivalents .....</b>		<b>32.176</b>	<b>2.207</b>
<b>Cash and cash equivalents at the beginning of the year .....</b>		<b>4.266.925</b>	<b>2.800.082</b>
<b>Cash and cash equivalents at the end of the period .....</b>		<b><u>4.410.558</u></b>	<b><u>2.386.883</u></b>

Notes on pages 9 to 16 are an integral part of these consolidated interim financial statements



# Notes

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## 1. Starfsemi samstæðunnar

Festi hf. („the Company“) is an Icelandic limited liability company. The Company's headquarters are located at Dalvegur 10-14, Kópavogur. The main objective of the Group is sale of fuel, goods and service to entities, groceries and related products, electrical appliances and leasing of properties. The consolidated interim financial statements of the Group consists of the Company and its subsidiaries, referred to together as the Group and individually as a Group entity.

## 2. Basis of preparation

### Statement of compliance

The consolidated interim financial statements of the Company have been prepared in accordance with the International Financial Reporting Standard for interim financial reporting, IAS 34. The condensed consolidated interim financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Company for the year ended 31 December 2018.

The Board of Directors of Festi hf. approved the consolidated interim financial statements on 20 May 2019.

### Change in classification of operating expenses

As disclosed in the Company's consolidated financial statements for the year 2018 classification of certain operating expenses was changed in 2018 following Festi's acquisition of Hlekkur and its subsidiaries. The amended classification was made so as to harmonise the classifications of operating expenses in the Group. In these condensed consolidated interim financial statements of the Group comparative figures have been restated in accordance with new classification, which has no impact on net results of the Group, its assets, liabilities, equity or cash flows. The most significant change is that distribution expense is now presented with the line item cost of goods sold, but was previously presented with sales- and distribution expenses.

### Changes in presentation of interest payments in the statement of cash flows

Presentation of interest payments in the statement of cash flows has been changed. Interest payments on long-term loans from credit institutions are now presented as part of operating activities but were previously presented among financing activities. Therefore, interest paid among operating activities in the statement of cash flows now include both interest paid on short-term liabilities and long-term liabilities. Furthermore, for the period 1 January to 31 March 2019 this line item also includes interest payments on lease liabilities due to the application of IFRS 16 (see note 3). Presentation of comparative amounts for the previous year has been changed accordingly. Management believes that this change in presentation of interest paid provides a better view with respect to origination and use of cash and cash equivalents in the statement of cash flows.

### Changes of the Group's structure and presentation of operating segments

At the beginning of 2019 operations of gas stations was transferred to a newly formed operational company, N1 ehf., and warehouse activities to Bakkinn Vöruhótel ehf. These operations were previously carried out within the parent company, Festi hf. Both of the aforementioned companies are subsidiaries of Hlekkur. The parent company, Festi hf., still owns the properties related to those activities. Following the acquisition of Hlekkur and its subsidiaries on 1 September 2018 a review of the Group's operating segments presentation has been under way. That work has now been finalised and segment information is now more detailed than in the Company's consolidated financial statements for the year 2018. The Group's operating segments are based on internal reporting as presented to the Group's key management personnel.

## Notes, contd.:

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### 2. Basis of preparation, contd.

#### Other changes from previous accounting policies

IFRS 16 *Leases* became effective at the beginning of 2019. Reference is made to note 3 for information on the impact of the standard. Due to the method chosen for the adoption of IFRS 16 comparative amounts for the previous year are unchanged.

Except for the aforementioned changes in classification of interest payments, the impact of IFRS 16 and changes of segment reporting, the same accounting policies were applied in these consolidated interim financial statements as in the Group's consolidated financial statements for the year 2018.

#### Presentation and functional currency

These consolidated interim financial statements are prepared and presented in Icelandic krona (ISK) which is the Company's functional currency. All amounts are presented in thousand of Icelandic krona unless otherwise stated

#### Going concern

Management has evaluated the Group's going concern. It is the opinion of management that its operations are ensured and that it is able to meet its obligations in the foreseeable future. Therefore, the interim financial statements are presented on a going concern basis.

#### Estimates and judgement

The preparation of the consolidated financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions, which affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

### 3. IFRS 16 Leases

#### General information about IFRS 16

IFRS 16 *Leases* became effective on 1 January 2019 and replaced IAS 17 *Leases* and related interpretations.

IFRS 16 introduces a single, on balance sheet model lease accounting model for lessees. As a result, the Group, as a lessee, has recognised leased assets representing its rights to use the underlying assets and lease liabilities representing its obligations to make lease payments. Lessor accounting remains similar to previous accounting policies, i.e. the lessor classifies each lease contract as either a finance lease or an operating lease. The application of IFRS 16 did not have any effect on the Group's financial statements as a lessor.

#### Definition of a lease

The Group now assesses whether a contract is or contains a lease based on the new definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

#### Impacts on transition

The Group has applied IFRS 16 as from 1 January 2019. The Group adopted the standard using the modified retrospective method, whereas leased assets were recognised in the same amount as lease liabilities, with no effect on equity as at 1 January 2019 and no changes made to comparative amounts for the year 2018. The impact of the standard was that leased assets and lease liabilities in the amount of ISK 3,823 million were recognised in the statement of financial position as at 1 January 2019.

The leased assets and lease liabilities of the Group, as a lessee, are due to leases of buildings and land. When calculating the amounts of leased assets and lease liabilities, lease term was estimated as well as the incremental borrowing rate, since the rate implicit in the lease could not be readily determined.

## Notes, contd.:

### 3. IFRS 16 Leases, contd.

Estimating the incremental borrowing rate required management to use judgement. In that estimation various factors were taken into account but in particular the type of leased asset and its location and condition and the lease term. Weighted average interest rate was determined as 5.5% - 7.0% for buildings and 5.0% - 7.7% for land.

Management also had to use judgement in determining the lease term, in particular in the case of contracts with no stated lease term and contracts which include extension and / or termination options. The lease term determined can be longer or shorter than the lease term explicitly stated in the contract. The weighted lease term for leases of both buildings and land was determined as 10 years.

The Group's lease contracts for buildings and land were classified as operating leases until 1 January 2019 and therefore they were not recognised in the statement of financial position at year-end 2018. As disclosed in note 16 to the Group's financial statements for the year 2018, the obligations due to these lease contracts amounted to ISK 4,992 million at year-end 2018. Upon adoption of IFRS 16 those obligations were discounted and lease liabilities in the amount of ISK 3,823 million recognised in the Group's statement of financial position as at 1 January 2019.

#### Impacts during the accounting period

##### Leased assets

Leased assets are initially recognised in the statement of financial position at the lease commencement date and measured at cost. They are subsequently recognised at revalued amount, in accordance with the revaluation model in IAS 16, as are similar assets owned by the Group. Adjustments are made for the impact of depreciation, impairment and the effect of revaluation of lease liabilities, as applicable. Leased assets are presented separately among non-current assets in the statement of financial position.

Leased assets from the beginning to the end of the period are specified as follows:

	Buildings	Land	Total
Carrying amount at 1 January 2019 .....	3.279.948	543.122	3.823.070
Impact of revaluation of lease liabilities .....	76.510	10	76.520
Depreciation of the period .....	( 87.729)	( 13.796)	( 101.525)
Carrying amount at 31 March 2019 .....	3.268.729	529.336	3.798.065

##### Lease liabilities

Lease liabilities are initially recognised in the statement of financial position at the lease commencement date and measured at the present value of the lease payments that are not paid at that date, discounted at the Group's incremental borrowing rate.

Subsequent to initial recognition the carrying amount of lease liabilities is increased by interest expense and decreased by lease payments made. Furthermore, the carrying amount is remeasured when there is a change in future lease payments arising from an index interest or a rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether it is reasonably certain that a purchase or extension option will be exercised or a termination option not exercised. Lease payments are split into interest expense element and payment of principal element. In general, the interest expense element of the lease payments decreases during the lease term. Lease liabilities are presented separately in the statement of financial position and split into non-current and current portion.

## Notes, contd.:

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### 3. IFRS 16 Leases, contd.

Lease liabilities from the beginning to the end of the period are specified as follows:

Lease liabilities at 1 January 2019 .....	3.823.070
Interest expense .....	50.113
Payment of lease liabilities during the period .....	( 130.995)
Reassessment due to indexation of lease payments .....	76.520
Lease liabilities at 31 March 2019 .....	<u>3.818.708</u>

#### *Impact on the income statement*

Due to the recognition of lease contracts in accordance with IFRS 16 the Group has recognised depreciation in the amount of ISK 102 million and interest expense in the amount of ISK 50 million. Due to application of IFRS 16, in the first quarter of 2019 EBITDA for the period is ISK 131 million higher than it would have been under previous accounting policies.

Due to application of IFRS 16, in the first quarter of 2019 EBITDA for the period is ISK 131 million higher than it would have been under previous accounting policies. Following is a comparison of the total expense for the first three months period due to lease contracts and the expenses that would have been recognised during the same period of the year 2019 if previous accounting policies under IAS 17 had still been applicable.

### 4. Group entities

the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Intra-group balances and transactions and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated interim financial statements.

#### *Entities in the Group*

The consolidated financial statements include the following entities. All subsidiaries are directly or indirectly owned by the parent company, Festi.

## Notes, contd.:

### 4. Group entities, contd.

Company	Activity
Festi hf.	Festi is a holding company that specialises in running companies that are leading in the retail and fuel markets in Iceland. Festi's role is to support its operational companies in fulfilling customers' needs so as to enable them to continue to be at the forefront in providing goods and services across the country. Festi provides its subsidiaries with supporting services, such as financial, operating and business development services.
Ego ehf.	Ego ehf. is an investment company designed to hold the Company's investments and future developments in that field.
Hlekkur ehf.	Hlekkur ehf. is a holding company specialising in investments in convenience stores and other companies related to retail.
N1 ehf.	N1 ehf. operates the Company's gas stations. The company operates 29 service stations throughout Iceland whose business is restaurant operations, fuel sales, and sale of various convenience goods. N1 also operates 55 self-service gas stations, 11 repair shops and 5 stores.
Krónan ehf.	Krónan ehf. is a retail company that operates convenience stores in Iceland. The company operates stores under the brand names of Krónan, Kr., Kjarval and Nóatún in the capital region as well as in other areas of the country.
Elko ehf.	The company is an electronics retail store which operates stores in the capital region, at Keflavik Airport as well as an online shop.
Festi fasteignir ehf.	The company leases non-residential real estate.
Bakkinn vöruhótel ehf.	Bakkinn vöruhótel ehf. specialises in product storage, packing, labeling and distribution of products for its customers that elect to outsource their warehouse activities, partially or in full.

### 5. Operating segments

An operating segment is a component of the Group that engages in business activity from which it may earn revenue and incur expenses, including revenue and expenses relating to transactions with other segments of the Group. Segments are determined by the Company's CEO, which regularly reviews the Group's segments so as to decide upon how assets are allocated as well as to monitor their financial performance.

Operating results of segments, their assets and liabilities consist of items directly attributable to individual segments as well as those items which can be allocated in a logical way.

Capital expenditure of segments consist of the total cost of acquisition of operating and intangible assets.

Transactions between segments are priced on an arm's-length basis.

Each operating company within the Group is a separate segment (see note 4 on companies in the Group) but the segment real estate consists of real estate operations of Festi hf. and Festi fasteignir hf. Segment reporting is presented on page 16.

## Notes, contd.:

### 6. Sales and gross profit

Sales and gross margin are specified as follows:

	2019	2018
	1.1.-31.3.	1.1.-31.3.
Fuel .....	5.280.513	5.602.096
Other goods .....	12.949.088	2.381.091
	18.229.601	7.983.187

Breakdown of sales by the Group's customers

Fishing industry .....	882.997	934.058
Transportation .....	411.139	978.273
Contractors .....	559.179	492.945
Foreign sale .....	468.049	456.303
Other industries and individuals .....	15.908.237	5.121.608
	18.229.601	7.983.187

Gross profit

Fuel .....	990.762	954.483
Other goods .....	3.240.072	1.034.826
Total gross profit .....	4.230.834	1.989.309

### 7. Depreciation and amortisation

Depreciation and amortisation in the statement of income is specified as follows:

Property and equipment .....	527.208	238.560
Leased assets .....	101.525	0
Intangible assets .....	92.760	9.310
Total depreciation and amortisation .....	721.493	247.869

### 8. Income tax

Income tax in the statement of profit or loss is specified as follows:

		2019		2018
		1.1.-31.3.		1.1.-31.3.
Profit before tax .....		60.925		88.731
Income tax based on current tax rate .....	20,0%	12.185	20,0%	17.746
Non-taxable income of shares .....	( 19,8% )	(12.040)	( 6,5% )	( 5.753)
Other changes .....	15,1%	9.176	0,3%	309
Effective income tax rate .....	15,3%	9.321	13,9%	12.303

Deferred tax liability

Deferred tax liability is specified as follows by individual items at the end of the period:

	31.3.2019	31.12.2018
Property and equipment and investment properties.....	3.121.845	3.123.132
Intangible assets.....	844.437	807.850
Other items.....	(72.037)	7.791
Deferred tax liability.....	3.894.245	3.938.773

## Notes, contd.:

### 9. Payable to credit institutions

Interest bearing liabilities are specified as follows:

	31.3.2019		31.12.2018	
	Interest rate	Carrying amount	Interest rate	Carrying amount
Non-indexed loan on floating interests.....	5,5%	13.309.030	5,1%	13.474.500
Indexed loan on fixed interests.....	3,9%	11.594.457	3,9%	11.610.538
Indexed loan on floating interest.....	3,8%	8.553.911	3,8%	8.507.995
Long-term portion total.....		33.457.398		33.593.033
Current maturities of long-term loans.....		1.725.496		1.720.530
Short-term loan.....	5,3%	2.000.000	5,3%	2.000.000
Current portion total.....		3.725.496		3.720.530
Payable to credit institutions total.....		37.182.894		37.313.563

Maturities of loans are specified as follows:

	31.3.2019	31.12.2018
2019/2020.....	1.725.496	1.720.530
2020/2021.....	1.734.559	1.733.483
2021/2022.....	1.739.556	1.744.282
2022/2023.....	1.512.901	1.692.671
2023/2024.....	1.078.639	1.101.644
Subsequent.....	27.391.743	27.320.953
Payable to credit institutions total.....	35.182.894	35.313.563

### 10. Ratios

The Group's key ratios are specified as follows:

	2019 1.1.-31.3.	2018 1.1.-31.3.
<b>Statement of income</b>		
Turnover rate of inventories at the end of the period:		
Utilisation of goods / weighted average inventories.....	7,61	7,49
Sales days in trade receivables:		
Weighted average trade receivables / goods and services sold.....	18	32
Profit before depreciation, amortisation and finance items / gross profit.....	31,4%	17,5%
Salaries and salary related expenses / gross profit.....	54,1%	47,9%
Sales and distribution cost / gross profit.....	6,1%	20,5%
Other operating expenses / gross profit.....	17,1%	18,7%
<b>Statement of financial position</b>		
Current ratio: current assets / current liabilities.....	1,10	1,11
Liquidity ratio: (current assets - inventories) / current liabilities.....	0,61	0,58
Leverage: Net interest bearing liabilities / EBITDA.....	4,06	3,52
Equity ratio: Equity / total capital.....	32,0%	33,4%
Return on equity: Return of the year / weighted average equity.....	0,8%	11,0%

## Operating segments

	N1	Krónan	ELKO	Real estate	Other	Total	Elimination entries	Application of IFRS 16 *	According to the interim financial statements
<b>First quarter 2019</b>									
Sales .....	7.625.929	8.319.195	2.291.898	0	0	18.237.022	(7.421)	0	18.229.601
Other operating income .....	64.128	3.023	0	1.009.596	692.087	1.768.834	(1.396.732)	0	372.102
Total segment revenue .....	7.690.056	8.322.218	2.291.898	1.009.596	692.087	20.005.856	(1.404.153)	0	18.601.703
Total segment operating expenses .....	(7.621.843)	(7.949.309)	(2.285.801)	(182.272)	(768.401)	(18.807.627)	1.404.153	130.995	(17.272.479)
Segment EBITDA .....	68.213	372.909	6.097	827.324	(76.314)	1.198.229	0	130.995	1.329.224
Depreciation and amortisation .....	(199.119)	(125.163)	(41.093)	(216.404)	(38.189)	(619.968)	0	(101.525)	(721.493)
Fair value change of investment properties .....	0	0	0	(45.092)	0	(45.092)	0	0	(45.092)
Share of profit from associates .....	0	0	0	0	60.201	60.201	0	0	60.201
Operating profit for segments .....	(130.906)	247.746	(34.996)	565.828	(54.303)	593.370	0	29.470	622.840
Net finance expenses .....									(561.914)
Income tax .....									(9.321)
Profit for the period .....									51.605
<b>31 March 2019</b>									
Segment assets .....	16.442.279	8.951.515	3.520.801	36.495.629	13.656.875	79.067.099	(4.799.581)	3.798.065	78.065.583
Unallocated assets .....									3.135.088
Total assets .....									81.200.671
Unallocated liabilities .....									55.179.450
Capital expenditure .....	74.023	173.011	22.461	107.495	83.894	460.884	(104.480)	0	356.404
Depreciation and amortisation .....	(199.119)	(125.163)	(41.093)	(216.404)	(38.189)	(619.968)	0	(101.525)	(721.493)

\* Segment information reviewed by management does not take into account the rules of IFRS 16.



## Operating segments, contd.:

	N1	Krónan	ELKO	Real estate	Other	Total	Elimination entries	Application of IFRS 16	According to the interim financial statements
<b>First quarter 2018</b>									
Sales .....	7.983.187					7.983.187			7.983.187
Other operating income .....	105.504			511.999		617.503	(511.999)		105.504
Total segment revenue .....	8.088.691	0	0	511.999	0	8.600.690	(511.999)	0	8.088.691
Total segment operating expenses .....	(8.096.508)			(103.658)		(8.200.166)	511.999		(7.688.167)
Segment EBITDA .....	(7.817)	0	0	408.341	0	400.524	0	0	400.524
Depreciation and amortisation .....	(147.343)			(100.526)		(247.869)			(247.869)
Share of profit from associates .....				29.518		29.518			29.518
Operating profit for segments .....	(155.160)	0	0	337.333	0	182.173	0	0	182.173
Net finance expenses .....									(93.441)
Income tax .....									(12.303)
Profit for the period .....									76.429
<b>31 March 2018</b>									
Segment assets .....	14.897.602			11.013.224		25.910.826			25.910.826
Unallocated assets .....									2.386.883
Total assets .....									28.297.709
Unallocated liabilities .....									14.424.928
Capital expenditure .....	32.326			138.255		170.581			170.581
Depreciation and amortisation .....	(147.343)			(100.526)		(247.869)			(247.869)