

Stodir hf.
Condensed Financial Statements
for the year 2021

Stodir hf.
Suðurgata 12
101 Reykjavík
Iceland

Reg. no. 601273-0129

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Endorsement and Statement by the Board of Directors and the CEO

The financial statements comprise the financial statements of Stodir hf. ("Stodir" or "the Company"). The Company is an investment entity. Its investments are long-term with an active involvement by the Company.

According to the income statement profit for the year 2021 amounted to ISK 19,868 million. According to the statement of financial position, equity at 31 December 2021 amounted to ISK 50,973 million.

During the year 2021 the Company acquired own shares in the nominal amount of ISK 492 million for ISK 1,434 million in line with authorisations, approved by all shareholders at the Annual General Meetings of the Company, and sold own shares in the nominal amount of ISK 214 million for ISK 803 million. At year-end the Company owned 0.85% of its share capital. Total number of outstanding shares at year-end 2021 was ISK 12,394 million. The share capital was reduced by ISK 1,000 million at the annual general meeting held on 23 June 2021.

Overall, the Covid-19 pandemic did not have any effect on the Company during 2021 and is not expected to have a significant effect on the Company in 2022.

During the year 2021 the average number of employees was 4.4 (2020: 3.8).

Total number of shareholders at year-end were 82 compared to 63 at the beginning of the year. The 10 largest shareholders at year end, excluding own shares, were as follows:

Shareholders:	Share
S121 ehf.	59.55%
Stefnir - ÍS 5	6.46%
Mótás hf.	5.79%
Stefnir - Innlend hlutabréf hs.	2.78%
M&M capital ehf.	2.74%
Vindhamar ehf.	2.51%
Arcus Invest ehf.	2.28%
Íslandsbanki hf.	2.13%
Hofgarðar ehf.	1.72%
Nataaqnaq Fisheries Inc.	1.49%

The Board of Directors proposes that a dividend of ISK 1,000 million will be paid to shareholders for the financial year 2021. Reference is made to the financial statements for further information on allocation of profit and other changes in equity.

Non-financial information

Stodir is an investment company, with the main goal of creating long-term value with active ownership. Stodir's key assets are shareholdings in Arion banki hf., Síminn hf., Kvika banki hf. and Blue Lagoon hf. Other assets are mostly unlisted shares, cash and bonds.

Stodir does not have a sustainability policy and does not publish a sustainability related information (environmental, social, or governance related).

Stodir will work towards implementing sustainable thinking, and formalise as appropriate, in decision making and in their active ownership role.

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

Statement by the Board of Directors and the CEO

The annual financial statements for the year ending 31 December 2021 have been prepared in accordance with Icelandic Financial Statement Act.

According to our best knowledge, it is our opinion that the annual financial statements give a true and fair view of the financial performance of the Company for the year 2021, its assets, liabilities and financial position as at 31 December 2021.

Further, in our opinion, the financial statements and the endorsement by the Board of Directors and the CEO give a fair view of the development and performance of the Company's operations and its financial position and fairly describes the principal risks and uncertainties faced by the Company, as outlined in notes to the financial statements.

The Board of Directors and the CEO have today discussed the financial statements of Stodir hf. for the year 2021 and confirm them by means of their signatures.

Reykjavík, 20 January 2022

The Board of Directors:

Sigurjón Pálsson
Örvar Kærnested
Jón Sigurðsson

CEO:

Jón Sigurðsson

The accompanying condensed financial statements for Stodir hf. is based on the financial statements of the company for the year 2021. Following auditor's report from us came with the audited financial statements:

Independent Auditor's Report

To the Board of Directors and Shareholders of Stodir hf.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Stodir hf. (the Company), which comprise the statement of financial position as at 31 December 2021, the income statement, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, and of its financial performance and its cash flows for the year then ended in accordance with the Icelandic Financial Statement Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of financial statements in Iceland and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and CEO for the Financial Statements

The Board of Directors and CEO are responsible for the preparation and fair presentation of the financial statements in accordance with the Icelandic Financial Statement Act, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and CEO are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Independent Auditor's Report, contd.:

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with The Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

Pursuant to the legal requirement under Article 104, Paragraph 2 of the Icelandic Financial Statements Act No. 3/2006, we confirm that, to the best of our knowledge, the report of the Board of Directors and CEO accompanying the financial statements includes the information required by the Financial Statements Act if not disclosed elsewhere in the financial statements.

Reykjavík, 20 January 2022

KPMG ehf.

Sæmundur Valdimarsson

Income Statement for the year 2021

	Notes	2021	2020
Net investment income (expense):			
Net income from investment securities		20,296,472	7,458,475
Interest income		5,296	35,901
Other income		1,682	0
Interest expense .....	(	7,027)	(1,813)
Net foreign exchange (loss) gain .....	(	9,361)	338,819
		<u>20,287,062</u>	<u>7,831,382</u>
Operating expenses:			
Operating expenses .....	(	419,181)	(274,175)
Profit for the year		<u>19,867,881</u>	<u>7,557,207</u>

Statement of Financial Position

as at 31 December 2021

	Notes	2021	2020
Assets			
Cash, cash equivalents and liquid funds	4	3,347,211	2,587,343
Investments	5	47,713,851	28,852,647
Loans		0	277,680
Receivables		53,768	51,480
Operating assets		6,357	9,697
Total assets		<u>51,121,187</u>	<u>31,778,847</u>
Equity			
Ordinary share capital		12,394,134	12,671,958
Share premium		584,926	435,595
Statutory reserve		3,125,000	3,167,990
Unrealised fair value changes of investments		22,085,982	9,226,318
Retained earnings		12,783,271	6,235,085
Total equity		<u>50,973,313</u>	<u>31,736,946</u>
Liabilities			
Trade and other payables		147,874	41,901
Total liabilities		<u>147,874</u>	<u>41,901</u>
Total equity and liabilities		<u>51,121,187</u>	<u>31,778,847</u>

Statement of Changes in Equity for the year 2021

	Ordinary share capital	Share Premium	Statutory reserve	Unrealised fair value changes of investments	Retained earnings	Total equity
Year 2020						
Equity at 1.1.2020	13,153,167	947,120	2,859,986	3,328,873	4,883,327	25,172,473
Profit for the year					7,557,207	7,557,207
Transfer to fair value reserve				5,897,445	(5,897,445)	0
Transfer to statutory reserve			308,004		(308,004)	0
Own shares purchased ...	(481,209)	(511,525)				(992,734)
Equity at 31.12.2020	12,671,958	435,595	3,167,990	9,226,318	6,235,085	31,736,946
Year 2021						
Equity at 1.1.2021	12,671,958	435,595	3,167,990	9,226,318	6,235,085	31,736,946
Profit for the year					19,867,881	19,867,881
Transfer to fair value reserve				12,859,664	(12,859,664)	0
Transfer from statutory reserve			(42,990)		42,990	0
Own shares purchased ...	(492,318)	(438,791)			(503,021)	(1,434,130)
Own shares sold	214,494	588,122				802,616
Equity at 31.12.2021	12,394,134	584,926	3,125,000	22,085,982	12,783,271	50,973,313

Statement of Cash Flows for the year 2021

	Notes	2021	2020
Cash flows from operating activities:			
Profit for the year		19,867,881	7,557,207
Adjustments for:			
Change in fair value .....	(	18,274,831)	(6,492,190)
Depreciation		714	2,424
Sales profit from sold operating assets .....	(	1,682)	0
Working capital from operations		1,592,082	1,067,441
Net change in operating assets and liabilities		103,685	22,828
Net cash from operating activities		<u>1,695,767</u>	<u>1,090,269</u>
Cash flows from investing activities:			
Liquid funds, change .....	(	1,241,999)	(1,630,361)
Listed and unlisted shares acquired .....	(	8,870,832)	(3,185,544)
Listed investments sold		6,523,798	691,297
Bonds and other unlisted investments, sold		1,760,661	194,045
Loans, change		277,680	1,632,907
Investment in operating assets .....	(	6,692)	0
Operating assets sold		11,000	0
Net cash used in investing activities	(	<u>1,546,384</u>)	<u>(2,297,656)</u>
Cash flows from financing activities:			
Own shares acquired .....	(	1,434,130)	(992,734)
Own shares sold		802,616	0
Net cash used in financing activities	(	<u>631,514</u>)	<u>(992,734)</u>
Net decrease in cash and cash equivalents .....	(	482,131)	(2,200,121)
Cash and cash equivalents at 1 January		<u>636,167</u>	<u>2,836,288</u>
Cash and cash equivalents at 31 December	4	<u><u>154,036</u></u>	<u><u>636,167</u></u>
Other information:			
Interest income received		5,296	35,901
Dividends received		227,552	74,287

Notes

1. Reporting Entity

Stodir hf. is an investment company registered at Sudurgata 12 in Reykjavík, Iceland. The financial statements of Stodir hf. ("Stodir" or "the Company") as at and for the year ended 31 December 2021 comprise the financial statements of the Company. The Company is a subsidiary of S121 ehf., located at Sudurgata 12 in Reykjavík. The Company's financial statements are included in the Group's financial statements.

2. Basis of preparation

a. Statement of compliance

The financial statements have been prepared in accordance with the Icelandic Financial Statements Act. The presentation of both the income statement and statement of financial position are not in all respects in accordance with the regulation on presentation of financial statements since management believes the current presentation of those statements gives a more appropriate view of the Company's operations and financial position as an investment entity.

In order to enhance the informational value of the financial statements, information is disclosed in the notes to the financial statements based on how relevant and important it is. Therefore, information that is neither considered to be important nor relevant for the users of the financial statements is not disclosed.

The financial statements were approved by the Board of Directors of Stodir on 20 January 2022.

b. Basis of measurement

The financial statements have been prepared on the historical cost basis except for financial assets designated at fair value through profit or loss are measured at fair value.

c. Functional and presentation currency

The financial statements are presented in Icelandic Krona (ISK), which is the Company's functional currency. All financial information presented in Icelandic Krona has been rounded to the nearest thousand, unless otherwise stated.

d. Use of estimates and judgements

The preparation of the financial statements in conformity with Icelandic Financial Statement Act's requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

3. Effective tax rate

Reconciliation of effective tax rate:	2021		2020	
Profit before income tax		19,867,881		7,557,207
Income tax using the Company's tax rate	20.0%	3,973,576	20.0%	1,511,441
Tax exempt revenue	(18.3%)	(3,634,010)	(17.3%)	(1,304,138)
Non-deductible expenses	0.0%	4	0.0%	4
Impairment on deferred tax asset, change	(1.7%)	(329,537)	(2.7%)	(207,307)
Other items	(0.1%)	(10,033)	0.0%	0
Effective tax rate	0.0%	0	0.0%	0

A deferred tax asset is only recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax asset for the Company amounting to ISK 5,180 million is impaired at year-end 2021 as realization of tax benefits is improbable. Tax loss carry forwards for the Company is estimated to be ISK 25,899 million at year-end 2021.

Notes, contd.:

4. Cash and cash equivalents

Cash, cash equivalents and liquid funds are specified as follows:

	2021	2020
Bank balances	154,036	636,167
Liquid funds	3,193,175	1,951,176
Total cash, cash equivalents and liquid funds	<u>3,347,211</u>	<u>2,587,343</u>

5. Investments

Investments are specified as follows:

Listed on a stock exchange	38,743,192	25,843,023
Unlisted investments	7,836,366	1,539,385
Bonds	300,000	807,087
Mutual funds	767,747	592,698
Derivatives, net	66,546	70,454
Total investments at year end	<u>47,713,851</u>	<u>28,852,647</u>