

Stoðir hf.
Condensed Interim
Financial Statements
30 June 2020

Stoðir hf.
Suðurgata 12
101 Reykjavík
Iceland

Reg. no. 601273-0129

Contents

	Page
Endorsement and Statement by the Board of Directors and the CEO	3
Independent Auditors' Review Report	4
Income Statement	5
Statement of Financial Position	6
Statement of Changes in Equity	7
Statement of Cash Flows	8
Notes	9

Endorsement and Statement by the Board of Directors and the CEO

The interim financial statements comprise the financial statements of Stoðir hf. ("Stodir" or the "Company") for the period from 1 January to 30 June 2020. The Interim Financial Statements have been prepared in accordance with the Icelandic Financial Statements Act.

According to the income statement, loss for the first six months 2020 amounted to ISK 477 million. According to the statement of financial position, equity at 30 June 2020 amounted to ISK 24.696 million.

At Stoðir's Annual General Meeting on 4 June 2020, a decrease of the Company's share by ISK 1,091 million was approved corresponding reduction in the Company's own shares. Share Capital amounted to 13,500 million at 30 June 2020, including own shares. The Company owned 346.8 million own shares, 2.57% of its issued share capital at the end of the period.

12 largest shareholders of the Company, excluding own shares, at end of June 2020 were the following:

Shareholders:	Share
S121 ehf.	64.62%
Landsbankinn hf.	12.10%
Stefnir -ÍS 5	6.83%
Stefnir -ÍS 15	3.29%
Íslandsbanki hf.	2.00%
Nataaqnaq Fisheries Inc.	1.41%
Vindhamar ehf.	1.29%
Helgafell ehf.	1.03%
Lífeyrissjóður Vestmannaeyja	0.98%
Eldhrímnir ehf.	0.94%
Fininvest ehf.	0.94%
Hofgarðar ehf.	0.94%

Statement by the Board of Directors and the CEO

The Condensed Interim Financial Statements for the six months ended 30 June 2020 have been prepared in accordance with Icelandic Financial Statement Act.

According to our best knowledge, it is our opinion that the Condensed Interim Financial Statements give a true and fair view of the financial performance of the Company for the period from 1 January to 30 June 2020, its assets, liabilities and financial position as at 30 June 2020 and its cash flows for the period then ended.

Further, in our opinion, the Condensed Interim Financial Statements and the endorsement of 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 Condensed Interim Financial Statements of Stoðir hf. for the six-month period ended 30 June 2020 and confirm them by means of their signatures.

Reykjavík, 23 July 2020.

The Board of Directors:

Jón Sigurðsson
Sigurjón Pálsson
Örvar Kærnedst

CEO:

Júlíus Þorfinnsson

Independent Auditor's Review Report

To the Board of Directors of Stoðir hf.

We have reviewed the accompanying condensed interim financial statements of Stoðir hf., which comprise the statement of financial position as at 30 June 2020 and the income statement, statement of changes in equity and statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Board of Directors and CEO are responsible for the preparation and fair presentation of this interim financial information in accordance with the Icelandic Financial Statements Act No. 3/2006. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not give a true and fair view of the financial position of the entity as at 30 June 2020, and of its financial performance and its cash flows for the six-month period then ended in accordance with the Icelandic Financial Statements Act.

Reykjavík, 23 July 2020.

KPMG ehf.

Sæmundur Valdimarsson

Income Statement

for the Six Months ended 30 June 2020

	Notes	2020	2019
		1.1.-30.6.	1.1.-30.6.
Net investment income:			
Net (loss) income from investment securities .....	(	693.731)	1.647.683
Other income		0	11.911
Interest income		31.006	27.577
Interest expense .....	(	669)	(8.672)
Net foreign exchange profit		318.164	446.433
		<u>(345.230)</u>	<u>2.124.932</u>
Operating expenses:			
Operating expenses		<u>131.449</u>	<u>102.095</u>
(Loss) profit for the period		<u>(476.679)</u>	<u>2.022.837</u>

Statement of Financial Position

as at 30 June 2020

	Notes	30.6.2020	31.12.2019
Assets			
Cash and cash equivalents		3.341.071	3.157.103
Investments	5	19.284.948	20.065.103
Loans		2.011.782	1.910.587
Receivables		50.537	31.356
Operating assets		10.101	12.122
Total assets		<u>24.698.439</u>	<u>25.176.271</u>
Equity			
Ordinary share capital		13.153.167	13.153.167
Share premium		947.120	947.120
Statutory reserve		2.859.986	2.859.986
Unrealized fair value changes of investments		2.469.663	3.328.873
Retained earnings		5.265.858	4.883.327
Total equity		<u>24.695.794</u>	<u>25.172.473</u>
Liabilities			
Trade and other payables		2.645	3.798
Total liabilities		<u>2.645</u>	<u>3.798</u>
Total equity and liabilities		<u>24.698.439</u>	<u>25.176.271</u>

Statement of Changes in Equity for Six Months ended 30 June 2020

	Ordinary share capital	Share premium	Statutory reserve	Unrealised fair value changes of investments	Retained earnings	Total equity
1 January to 30 June 2019						
Equity 1.1.2019	10.448.121	0	2.658.962	0	4.393.120	17.500.203
Profit for the period					2.022.837	2.022.837
Transferred to fair value reserve ...				1.265.792	(1.265.792)	0
Own shares purchased	(1.011)				(379)	(1.390)
New shares sold	2.706.057	947.120				3.653.177
Equity 30.6.2019	<u>13.153.167</u>	<u>947.120</u>	<u>2.658.962</u>	<u>1.265.792</u>	<u>5.149.786</u>	<u>23.174.827</u>
1 January to 30 June 2020						
Equity 1.1.2020	13.153.167	947.120	2.859.986	3.328.873	4.883.327	25.172.473
Loss for the period					(476.679)	(476.679)
Transferred from fair value reserve				(859.210)	859.210	0
Equity 30.6.2020	<u>13.153.167</u>	<u>947.120</u>	<u>2.859.986</u>	<u>2.469.663</u>	<u>5.265.858</u>	<u>24.695.794</u>

Statement of Cash Flows

for the Six Months ended 30 June 2020

	Notes	2020 1.1.-30.6.	2019 1.1.-30.6.
Cash flows from operating activities:			
(Loss) profit for the period .....	(	476.679)	2.022.837
Adjustments for:			
Change in fair value		1.290.345	(1.251.910)
Depreciation		2.021	1.894
Working capital from operations		<u>815.687</u>	<u>772.821</u>
Net change in operating assets and liabilities .....	(	20.334)	(7.937)
Net cash from operating activities		<u>795.353</u>	<u>764.884</u>
Cash flows from investing activities:			
Investment securities purchased .....	(	2.478.309)	(9.468.429)
Investment securities sold		1.968.119	200.845
Loans, change .....	(	101.195)	740.590
Net cash used in investing activities		<u>(611.385)</u>	<u>(8.526.994)</u>
Cash flows from financing activities:			
New shares sold		0	650.844
Own shares acquired		0	(1.390)
Net cash provided by financing activities		<u>0</u>	<u>649.454</u>
Net increase (decrease) in cash and cash equivalents		183.968	(7.112.656)
Cash and cash equivalents at 1 January		<u>3.157.103</u>	<u>12.189.270</u>
Cash and cash equivalents at 30 June		<u><u>3.341.071</u></u>	<u><u>5.076.614</u></u>
Investing and financing transactions without cash flow effect:			
Investment securities purchased		0	(3.002.333)
New shares sold		0	3.002.333

Notes

1. Reporting Entity

Stoðir hf. is an investment company registered at Suðurgata 12 in Reykjavík, Iceland. The Condensed Interim Financial Statements of Stoðir hf. ("Stoðir" or the "Company") as at and for the six months ended 30 June 2020 comprise the Financial Statements of the Company.

2. Statement of compliance

These Condensed Interim Financial Statements have been prepared in accordance with Icelandic Financial Statements Act. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the Financial Statements of the Company as at and for the year ended 31 December 2019.

These Condensed Interim Financial Statements were approved by the Board of Directors on 23 July 2020.

3. Significant accounting policies

The accounting policies and methods of computation applied by the Company in these Condensed Interim Financial Statements are the same as those applied by the Company in its Financial Statements as at and for the year ended 31 December 2019.

a. Functional and presentation currency

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

4. Use of estimates and judgements

The preparation of interim financial statements in conformity with Icelandic Financial Statements Act 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.

5. Investments

Investments are listed on stock exchange.

Investments are specified as follows:

	30.6.2020	31.12.2019
Listed on stock exchanges	16.784.891	17.459.300
Unlisted investments	1.858.720	1.905.801
Bonds	616.723	656.445
Derivative	24.614	43.557
Total investments	<u>19.284.948</u>	<u>20.065.103</u>

6. Loans

Among loans at 30 June 2020 is a loan to a wholly-owned subsidiary, Stoðir Funding 1 ehf., amounting to ISK 1,738 million. Stoðir Funding 1 ehf. has lent the same amount to a third party.

7. Financial Guarantees

On 30 June 2020, the Company was aware of two outstanding financial guarantees, which were provided in the year 2006 in relation to lease contract made by former subsidiary of the Company. Uncertainty exists regarding the amount and the probability of the guarantees coming into effect. According to a legal opinion that the Company has obtained, the outstanding guarantees, if claims were to be declared, would fall under the approved and confirmed composition agreement of the Company from June 2009. It is estimated that the maximum number of shares needed to settle these claims, if declared, would not exceed ISK 150 million.