Norvik hf.

Consolidated Financial Statements 2021*

All amounts are in EUR

*These financial statements are translated from the original which is in Icelandic. Should there be discrepancies between the two versions, the Icelandic version will take priority over the translated version.

Norvik hf.
Vallakór 4
203 Kópavogur

kt. 670400-2390

Contents

Endorsement by the Board of Directors and the General Manager

Norvik hf. is an Icelandic holding company which holds and operates five of subsidiaries in construction supply market, a real estate management and a timber production. Norvik's subsidiaries are located in Iceland and its associate is located in Sweden. Norvik hf. owns 100 percent shares in the Icelandic companies BYKO ehf, Smáragarður ehf., Hólf og gólf ehf., 51 percent shares in Kambstál ehf. in addition, Smáragarður ehf. owns 100 percent of shares in Hafnargarður ehf. These companies are considered as subsidiaries of the Norvik Group.

The Board of Directors consists of five Directors, two female and three male. Norvik's associated company in Sweden is Bergs Timber AB and Norvik owns 58.67% share in the company but with 45% of voting rights.

The Consolidated Financial Statements have been prepared in accordance with the Icelandic Financial Statements Act and are prepared according to the same accounting principles as for the previous year. The

Operations in 2021 and future prospects

According to the Income Statement, net earnings of the group amounted to EUR 41.5 million for the year 2021. According to the Balance Sheet, the Group's total assets amounted to EUR 318.6 million and equity amounted to EUR 235.3 million at year end 2021 The Board of Directors proposes a dividend payment of EUR 2.37 million to shareholders in 2022 for operations in 2021 and refer to the Financial Statements for other changes in equity.

The main uncertainty factors are related to the aftermath of the COVID-19 pandemic and the conflict in Ukraine and their effect on the supply chain of raw materials. The COVID-19 pandemic had insignificant effect on Norvik's operations and its subsidiaries in 2021. Precautionary measures were taken in advance at each company and management requests were carried out at all times. Management estimates that effect of COVID-19 on operations will be insignificant in 2022. Each subsidiary's management monitors the situation and further possible effects of COVID-19 on operations.

The conflict in Ukraine has slowed down the delivery of products from suppliers to BYKO and other Norvik subsidiaries. Other suppliers have been approached to replace suppliers from Russia and Belarus. The conflict in Ukraine has caused uncertainties which are mainly defined by price increases that are caused by higher energy costs and shortage of supply. Management does not estimate any new risk of reputational damage or threat of competition. The Company does not possess any currency hedging and management estimates that risk is insignificant. Cyber security threats are increasing and Norvik emphasizes taht appropriate security measures are taken by their subsidiaries.

Share capital at year-end 2021 amounted to EUR 2.3 million (ISK 328 million) of which the Company held treasury shares of EUR 103,030 as the Company acquired treasury shares from shareholders for EUR 3.1 millions. Shareholders at the end of the year 2021 were nine, same number as at the beginning of the year. Shareholders at year end 2021 were the following:

	Ownership
Sterna ehf.	42.3%
Jón Helgi Guðmundsson	27.8%
Guðmundur H. Jónsson	9.0%
Iðunn Jónsdóttir	5.2%
Steinunn Jónsdóttir	9.0%
Bjarnheiður K. Guðmundsdóttir	0.7%
Björk Guðmundsdóttir	0.4%
Sjöfn Guðmundsdóttir	0.6%
Þórunn Guðmundsdóttir	0.7%
Total outstanding shares	95.6%
Treasury shares	4.4%
Total issued shares	100.0%

Endorsement by the Board of Directors and the General Manager

Corporate Governance

Norvik's Board of Directors emphasizes good governance in accordance with the Guidelines on Good Governance published by the Iceland Chamber of Commerce, Nasdaq Iceland and the Confederation of Icelandic Enterprise. The Board of Directors has established detailed rules of procedure, which define its area of authority and the scope of work of the General Manager. These rules include rules on meeting procedures, detailed rules on the eligibility of board members to participate in the handling of matters, rules on confidentiality, the disclosure of information by the General Manager to the board and more. The company's board decides on the remuneration of the general manager and meets regularly with the company's auditors.

Non-financial reporting

Norvik hf. is required to provide information that measures the Company’s sustainability and societal impact. The Company is also required to provide information on their policies relating to employees, human rights, corruption, and bribery. The information is further referred to in the Non-financial appendix of the Financial Statements.

Statement by the Board of Directors and the General Manager

The Consolidated Financial Statements are prepared and presented in accordance with the Icelandic Financial Statements Act. To the best of our knowledge the Consolidated Financial Statements give a true and fair view of the consolidated financial performance of Norvik hf. for the year ended 31 December 2021, its assets, liabilities and consolidated financial position as at 31 December 2021 and its consolidated cash flows for the year ended 31 December 2021.

Further, in our opinion the Consolidated Financial Statements and the endorsement by the Board of Directors and the General Manager give a fair view of the development and performance of the Group's operations and

The Board of Directors and the General Manager have today discussed the annual Consolidated Financial Statements of Norvik hf. for the year ended 31 December 2021 and confirm them by means of their signatures.

Kópavogur,March 29th 2022

Board of Directors:

Jón Helgi Guðmundsson

Steinunn Jónsdóttir

Þórður Magnússon

Guðmundur Halldór Jónsson

Iðunn Jónsdóttir

General Manager:

Gísli Jón Magnússon

Independent Auditor´s Report

To the Board of Directors and Shareholders of Norvik hf.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Norvik hf. Company ("the Group"), ("the Group"), which comprise the consolidated balance sheet as at December 31, 2021, the consolidated income statement, and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at December 31, 2021, and of its consolidated financial performance and its consolidated 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 Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of consolidated 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 Consolidated Financial Statements

The Board of Directors and General Manager are responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors and General Manager are responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Groups´s financial reporting process.

Auditor's Responsibilities for the Audit of The Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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 Group'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 consolidated 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 Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 Managing Director accompanying the consolidated financial statements includes the information required by the Financial Statements Act if not disclosed elsewhere in the consolidated financial statements.

Kópavogur,March 29th 2022

KPMG ehf.

Matthías Þór Óskarsson

Consolidated Income Statement for the year 2021

	Notes	2021	2020
Operating revenues	5	166,370,389	149,039,499
Cost of sales		(108,397,429)	(95,978,658)
Gross profit		57,972,960	53,060,841
Salaries and related expenses	6	(26,348,057)	(23,333,805)
Other operating expenses		(17,015,419)	(16,724,982)
		(43,363,476)	(40,058,787)
EBITDA		14,609,484	13,002,054
Fair value change of investment properties		2,743,790	1,102,438
Depreciation	10	(3,384,286)	(5,518,661)
EBIT		13,968,988	8,585,831
Interest income		2,212,182	1,059,744
Interest expense		(2,239,223)	(2,058,722)
Currency fluctuations		3,016,918	(7,193,650)
Bonds valuation		632,774	0
Net finance income		3,622,651	(8,192,628)
Interest in net gain of associated company	11	27,458,386	10,520,245
Net earnings before income tax		45,050,025	10,913,448
Income tax	7.16	(3,538,243)	(874,326)
Net earnings for the year		41,511,782	10,039,122

Consolidated Balance Sheet as at 31 December 2021

	Notes	2021	2020
Assets			
Intangible assets	8	5,278,418	6,663,752
Investment properties	9	49,085,758	37,443,287
Operating assets	10	55,704,146	56,001,773
Shares in associated companies	11	95,052,096	84,345,394
Shares in other companies	11	17,074,509	11,265,953
Bonds and long-term receivables on related parties	12	529,000	691,000
Bonds and long-term receivables		2,239,347	1,127,822
Deferred income tax asset	16	555,128	790,913
Total non-current assets		225,518,402	198,329,894
Inventories	13	36,360,844	28,876,344
Receivable to related parties	11	2,163,994	1,374,867
Trade receivables and other receivables	14	13,425,360	11,787,988
Bonds		29,231,936	3,371,196
Cash and cash equivalents		11,860,287	24,703,747
Total current assets		93,042,421	70,114,142
Total assets		318,560,823	268,444,036
Equity			
Share capital	15	2,198,347	2,229,563
Statutory reserve		575,344	575,344
Translation reserve		(14,604,213)	(12,617,587)
Restricted equity account		54,912,486	27,901,443
Retained earnings		192,252,934	182,479,651
Total equity		235,334,898	200,568,414
Liabilities			
Deferred income tax liability	16	16,379,119	15,164,083
Interest bearing debt	17	29,691,292	27,535,101
Total non-current liabilities		46,070,411	42,699,184
Payables to related parties	19	737,800	693,402
Interest bearing debt	17	4,512,724	819,256
Commitments		0	536,310
Accounts payable and other payables	18	31,904,990	23,127,470
Total current liabilities		37,155,514	25,176,438
Total liabilities		83,225,925	67,875,622
Total equity and liabilities		318,560,823	268,444,036

Consolidated Statement of Changes in Equity

	Capital stock	Other equity	Retained earnings	Total
2020				
Equity 1.1.2020	2,237,227	10,336,353	183,149,719	195,723,299
Purchased treasury shares	(7,664)		(628,469)	(636,133)
Foreign currency transl. diff. for subsidiaries		(2,982,575)		(2,982,575)
Dividend paid			(1,575,299)	(1,575,299)
Net earnings for the year			10,039,122	10,039,122
Contribution to restricted equity account		8,505,422	(8,505,422)	0
Equity 31.12.2020	2,229,563	15,859,200	182,479,651	200,568,414
2021				
Equity 1.1.2021	2,229,563	15,859,200	182,479,651	200,568,414
Purchased treasury shares	(31,216)		(3,027,926)	(3,059,142)
Foreign currency transl. diff. for subsidiaries		(1,986,632)		(1,986,632)
Dividend paid			(1,699,524)	(1,699,524)
Net earnings for the year			41,511,782	41,511,782
Contribution to restricted equity account		27,011,043	(27,011,043)	0
Equity 31.12.2021	2,198,347	40,883,611	192,252,940	235,334,898

Other equity is specified as follows:

	Statutory reserve	Translation reserve	Restricted equity acc.	Other equity total
Other equity 2020				
Equity 1.1.2020	575,344	(9,635,012)	19,396,021	10,336,353
Foreign currency transl. difference		(2,982,575)		(2,982,575)
Contribution to restricted equity account			8,505,422	8,505,422
Equity 31.12.2020	575,344	(12,617,587)	27,901,443	15,859,200
Other equity 2021				
Equity 1.1.2021	575,344	(12,617,587)	27,901,443	15,859,200
Foreign currency transl. difference		(1,986,632)		(1,986,632)
Contribution to restricted equity account			27,011,043	27,011,043
Equity 31.12.2021	575,344	(14,604,219)	54,912,486	40,883,611

Foreign currency translation difference arising when converting business in currency other than functional currency are shown as a separate item under other equity, among translation reserve.

Restricted equity account consists of share in accumulated earnings of subsidiaries that exceeds dividend paid from appropriate subsidiaries.

Consolidated Statement of Cash Flows 2021

	Notes	2021	2020
Operating activities:			
Net earnings for the year		41,511,782	10,039,122
Adjustments to reconcile net earnings to net cash provided:			
Depreciation	9	3,384,286	5,518,661
Fair value adjustments of investment properties		(2,743,790)	(1,102,438)
Indexation and currency fluctuations		(307,598)	4,570,849
Net earnings from associated companies and sales	11	(27,453,386)	(10,520,245)
Gain on sales of operating assets		(44,268)	(28,256)
Income tax, change	16	843,906	(674,566)
Other items, change		(145,036)	(202,136)
Working capital provided by operating activities		15,045,896	7,600,991
Changes in operating assets and liabilities:			
Inventories, (increase) decrease		(7,111,944)	(5,710,549)
Receivables, (increase) decrease		(3,334,631)	(397,586)
Current liabilities, increase (decrease)		7,991,139	4,896,735
Changes in operating assets and liabilities		(2,455,436)	(1,211,400)
Net cash provided by operating activities		12,590,460	6,389,591
Investing activities			
Investment in software	9	(280,113)	(312,752)
Investment in intangible assets	9	(58,137)	0
Investment in investment properties	9	(7,185,742)	(4,125,169)
Proceeds from sale of investment properties	9	2,141,105	0
Investment in operating assets	10	(1,422,752)	(401,071)
Proceeds from sale of operating assets	10	141,908	77,138
Investment in subsidiaries		(434,709)	0
Investment in associates		(1,563)	(3,767,561)
Investment in other companies		(5,807,823)	(202,195)
Proceeds from sale in associates		7,744,432	0
Dividend received from subsidiaries and associated companies		4,820,473	283,135
Receivables on related parties, change		0	7,980,454
Receivables, change		2,502,293	(1,104,067)
Bonds, change		(25,985,997)	(283,411)
Cash flows used in investing activities		(23,826,625)	(1,855,499)
Financing activities			
Dividend paid		(1,699,524)	(1,575,299)
Share capital, decrease		(3,059,143)	(636,132)
Proceeds from long-term liabilities		433,319	16,103,790
Instalments of long-term liabilities		(936,730)	(17,114,221)
Payables to related parties, change		0	(307,254)
Changes in short-term liabilities		3,640,841	0
Cash flows used in financing activities		(1,621,237)	(3,529,116)
(Decrease) increase in cash and cash equivalents		(12,857,402)	1,004,976
Effect of exchange rate fluctuations		13,942	(103,175)
Cash and cash equivalents at the beginning of the year		24,703,747	23,801,946
Cash and cash equivalents at the end of the year		11,860,287	24,703,747

Notes to the Consolidated Financial Statements

1. General information

Norvik hf. (the "Company") is an Icelandic limited company domiciled in Iceland. The address of the Company´s registered office is at Vallakór 4, Kópavogi. The Consolidated Financial Statements of the Company as at and for the year ended 31 December 2021 comprise the Company and its five subsidiaries (together referred to as the “Group” and individually as “Group entities”) and the Group’s interest in associates.

Norvik operates in retail and construction supply market, a timber production and a real estate holding. Norvik operates in Iceland.

2. Grundvöllur reikningsskilanna

a. Statement of compliance

The Consolidated Financial Statements have been prepared in accordance with the Icelandic Financial Statements Act.

The Consolidated Financial Statements were authorized for issue by the Board of Directors of Norvik hf. on March 29th 2022.

b. Basis of measurement

The Consolidated Financial Statements of Norvik Group is prepared in accordance with Icelandic Financial Statement Act. The Consolidated Financial Statements are based on cost accounting and are prepared according to the same accounting principles as for the previous year.

c. Functional and presentation currency

The Consolidated Financial Statements are prepared in EUR, which is the Group's functional currency, and amounts are presented in EUR.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these Consolidated Financial Statements, and have been applied consistently by Group entities.

a. Basis of consolidation

(i) Subsidiaries

Subsidiaries are companies in which the Company holds controlling interest. Controlling interest exists when the Company has significant influence, direct or indirect, to control a subsidiary's financial and operational policies. The Financial Statements of the subsidiaries are included in the Consolidated Financial Statements of the Company.

(ii) Transactions eliminated on consolidation

All material balances between Group companies, transactions and earnings created in transactions between Group companies are eliminated in the Consolidated Financial Statements.

(iii) Associates

Associated companies are companies in which the Company has a significant influence on the financial and operational policies but not controlling interest. Significant influence is present when the Company has control over 20-50% of the voting right. The Financial Statements contain the Company's share in the performance of associated companies from the beginning of influence until the end. Should the Company's part of loss exceed the book value of an associated company, the book value is recorded as zero and further entries of loss are ceased unless the Company has granted guarantees for the associated company or financed it.

b. Foreign currency

(i) Transactions in other currencies than functional currency

Business in currency other than functional currency are converted to functional currency at the exchange rate at the date of transaction. Monetary assets and liabilities denominated in other currency than functional currency are converted to EUR at the year-end 2021 exchange rate. Foreign exchange differences arising on translation are recognized in the Income Statement.

(ii) Subsidiaries with other functional currency than EUR

Business in currency other than functional currency are converted to functional currency at the exchange rate at the date of transaction. Monetary assets and liabilities denominated in other currency than functional currency are converted to EUR at the year-end 2021 exchange rate. Foreign exchange differences arising on translation are recognised in the Income Statement.

3. Significant accounting polices, contd.:

c. Goodwill

Goodwill arises either on the acquisition of subsidiaries or has directly been purchased. Goodwill relating to acquisition of associates is not recognized separately as an asset but is included in the carrying amount of the investments in associates. Goodwill is recorded at historical cost less accumulated impairment loss. Goodwill is amortized over 10 years.

d. Investment properties

Investment properties are real estate (land and/or buildings) held by the Group either to earn rental income, for capital appreciation or both. The group measures its investment properties initially at cost, which comprises the purchase price and any directly attributable expenditure on preparing the properties for their intended use, including related transaction cost. Expenditure incurred subsequent to the acquisition of an investment property in order to add to, replace part of, or service a property is capitalized only if it meets the general asset recognition criteria. All other expenditure is recognized in income statement when incurred. Accordingly, expenditure for repairs and maintenance of recognized investment property is not recognized in the carrying amount of an investment property but it is recognized in income statement as incurred. However, the cost of replacing part of an existing investment property is recognized in the carrying amount of the investment property at the time that cost is incurred provided the relevant asset recognition criteria are met. At the same time, the carrying amount of those parts that are replaced is derecognized. When it is difficult to discern how much fair value should be reduced for the part being replaced, the group first includes the cost of the replacement in the carrying amount of the investment property and then reassesses the fair value of the property, as required for additions not involving replacement.

Investment properties are measured at fair value. Fair value measures are based on fair value of comparable assets in the same place and condition in a active market between informed unrelated parties. The measurement takes into account the aggregated net rental income of the properties in addition to appropriate costs. Rental income is mainly forecasted using current lease agreements and deducting any estimated maintenance cost. The determination of the fair value of investment property is based on current market rate and group interest rate.

Changes in fair value of investments properties are recognized under value adjustments of investment properties in the income statement. Investment properties are not depreciated.

When the use of a property changes from owner-occupied to investment property, the property is reassessed to fair value and reclassified accordingly. Any gain arising on this reassessment is recognized in profit or loss to the extent that it reverses a previous impairment loss on the specific property, with any remaining gain recognized in OCI and presented in the revaluation reserve. Any loss is recognized in profit or loss.

When the group is redesigning current investment property for continuing use as an investment property no reclassification is made and the investment property continues to be measured at a fair value.

e. Operating assets

(i) Recognition and measurement

Items of operating assets are measured at cost less accumulated depreciation and accumulated impairment

Cost includes expenditures that are directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of operating assets have different useful lives, they are accounted for as separate items (major components) of operating assets.

3. Significant accounting polices, contd.:

(ii) Subsequent costs

The cost of replacing part of an item of operating assets is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of operating assets are recognized in the Consolidated Income Statement as incurred.

(iii) Depreciation

Depreciation is recognized in the Income Statement on a straight-line basis over the estimated useful lives of each part of an item of operating assets. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

Real estates ...	2 - 20%
Fixtures, machinery and equipment ...	10 - 50%
Vehicles ...	12 - 33%

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

Gain or loss on sale of operating assets is the difference between the sale price and the book value of the item and is recognized in the Consolidated Income Statement.

f. Shares in other companies

Investment in other companies, where the Company owns less than 20% of shares, is carried at acquisition cost less provisions for estimated impairment losses on certain investments. Dividends are recognized as interest income.

g. Inventories

Inventories are measured at the lower of cost and net realisable value. Manufactured products are valued at their average production cost. Inventories of purchased goods and materials are valued at cost less provision.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

h. Receivables and securities

The value of receivables and securities is reduced by an allowance for doubtful accounts in the Balance Sheet. The calculated allowance is not regarded as a final write-off, but as a reserve to meet possible future losses. Firstly, there are specific allowances made to adjust for obligations of creditors who have received a poor risk evaluation and secondly, there is a general allowance to meet the general risk of receivables and securities. The allowance is deducted from appropriate balance sheet items.

i. Bonds

Bonds are valued at market value.

j. Cash and cash equivalents

Cash and cash equivalents consist of fund and bank deposits.

3. Significant accounting polices, contd.:

k. *Impairment*

(i) Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are expensed in the Consolidated Income Statement.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost the reversal is recognized in the Consolidated Income Statement.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill a recoverable amount is estimated at each reporting date.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the “cash-generating unit”).

l. *Revenue recognition*

Goods and services sold

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and trade discounts. Revenue is recognized when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably and the amount of revenue can be measured reliably.

Revenue from services rendered is recognized in the Consolidated Income Statement in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to surveys of work performed.

Revenue from timber processing and production services and corresponding expenses are recognized by the reference to the stage of completion. The stage of completion is assessed by reference to surveys of work performed.

m. *Finance income and expenses*

Finance income comprises interest income on funds invested, dividend income, and foreign currency gains. Interest income is recognized as it accrues in the Income Statement, using the effective interest method. Dividend income is recognized in the Consolidated Income Statement on the date that the Group’s right to receive payment is established.

Finance expenses comprise interest expense on borrowings, unwinding of the discount on provisions, and foreign currency losses. All borrowing costs are recognized in the Consolidated Income Statement using the effective interest method.

Foreign currency gains and losses are reported on a net basis.

n. *Income tax*

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the Consolidated Income Statement except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill which is not tax deductible. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

4. Financial risks

The main financial risk arising from the Group's financial instruments are foreign currency risk, interest risk, liquidity and credit risk. The Group's main financial instruments comprise of loans from credit institutions and accounts payables to ensure financing of the Group.

The Group is also exposed to credit risk through its trade receivables, short-term loans and cash equivalent. The Group manages its credit risk by continuously assessing credit terms on individual basis.

5. Revenues

Revenues are specified as follows:	**2021**	**2020**
Sales of goods	165,876,527	147,592,317
Other revenue	493,862	1,447,182
Total operating revenue	166,370,389	149,039,499

6. Personnel

Salaries and salary-related expenses are specified as follows:

Salaries	21,553,254	19,229,097
Salary-related expenses	4,794,803	4,104,707
Total salary and salary-related expenses	26,348,057	23,333,805
Average number of positions	449	464

Salaries paid to the Board and executives of the Group companies amounts to EUR 1,641 thousand during the year 2021 (2020: EUR 1,290 thousand).

7. Income tax

Effective income tax is specified as follows:

		2021		2020
Net earnings before income tax		45,050,025		10,913,448
Income tax using the Company´s domestic tax ratio	20.0%	(9,010,005)	20.0%	(2,182,690)
Associated companies	(12.2%)	5,491,677	(19.3%)	2,104,049
Non-deductible expenses	0.0%	(18,454)	1.0%	(109,110)
Non-taxable income	(0.6%)	275,699	(0.1%)	14,373
Other items	0.6%	(277,160)	6.4%	(700,948)
Total income tax recognized	7.9%	(3,538,243)	8.0%	(874,326)

8. Intangible assets

Book value of intagible assets are specified as follows:

	Goodwill	Software	Total
Book value 1.1.	4,629,760	2,033,992	6,663,752
Additions during the year	403,537	338,250	741,787
Translation differences	(405,210)	109,936	(295,274)
Amortization and impairment	(1,077,007)	(754,832)	(1,831,839)
Book value 31.12	3,551,080	1,727,347	5,278,427

Goodwill is amortized in 10 years according to the Icelandic Financial Statement Act and is mainly from difference of subsidiaries equity and book value.

9. Investment properties

	2021	2022
Book value 1.1	37,443,287	36,856,948
Reclassification 1.1	0	246,524
Investments	7,185,744	4,125,169
Fair value change	2,743,792	1,102,438
Sales during the year	(607,559)	0
Translation difference	2,320,494	(4,887,792)
Book value 31.12	49,085,758	37,443,287

The determination of the fair value of investment properties is based on assumptions subject to management's evaluation of future development of various factors. The actual fair value may differ from this estimate.

The group measures its investment properties at discounted cash flow of individual assets. The cash flow is determined based on general accepted assessment procedures.

The fair value model is based on an estimated cash flow to shareholders and uses criterions that reflect the current market situations at reporting date. The cash flow for investment properties is estimated from expected income flow from rental income deducting any estimated cost. The most important variables in the model are estimated rental income, interest rate and equity rate of return.

Rental income is forecasted using current lease agreements. Based on assumptions subject to management expectations of market rate of interest and estimated market rent at the end of current lease agreements.

Deducted from estimated rental income are all relevant expenses such as maintenance cost, property taxes, insurance cost, other operating cost and financing cost. Property taxes and insurance cost are estimated using historical data and expected development in proportion to income. Maintenance cost is estimated by the size of the property and other operating cost as a percentage of rental income. Cost of capital is estimated from market rate and estimated interest premium. Interest premium is estimated for individual assets.

9. Investment properties, contd.:

The key presumption for determination of fair value at year end were rental income according to current rental lease agreements in addition to expectations of actual change in rental income. Bases for calculations were 3.7% actual interest rate (2020: 3.9%). Required rate of return of equity was based on 10.5% actual interest and 35% equity ratio. Expected weighed average cost of capital (WACC) was 6.1% (2020: 6,33%)

Real estate assessment value

Real estate assessment value of investment properties and land at year end amount to EUR 30.1 million. Insurance value for year end amount to EUR 39.2 million.

10. Operating assets

Operating assets and depreciation are specified as follows:

	Property	Fixtures, machinery and equipment	Bifreiðar	Samtals
Total value 31.12.2020	58,616,077	5,828,518	2,972,785	67,417,380
Total depreciation 31.12.2020	(5,811,247)	(3,812,151)	(1,792,209)	(11,415,607)
Book value 31.12.2020	52,804,830	2,016,367	1,180,576	56,001,773
Translation difference	2,980,491	52,405	69,084	3,101,980
Reclassification	(1,538,419)	4,683		(1,533,736)
Additions during the year	0	780,540	838,986	1,619,526
Depreciated during the year	(1,190,955)	(335,589)	(438,783)	(1,965,327)
Disposals	(214,620)	(1,207,822)	(97,640)	(1,520,082)
Book value 31.12.2021	52,841,327	1,310,584	1,552,223	55,704,134
Total value 31.12.2021	60,184,375	4,795,539	3,853,875	70,605,150
Total depreciation 31.12.2021	(7,343,048)	(3,484,956)	(2,301,652)	(14,901,016)
Book value 31.12.2021	52,841,327	1,310,583	1,552,223	55,704,134
Depreciation percentage	2-20%	10-50%	12-33%	
Expected useful life	5 - 50 years	2 - 10 years	3 - 8 years	

Depreciation according to the Income Statement is specified as follows:

	2021	2020
Depreciation of operating assets	1,965,327	2,295,851
Amortization and impairment of goodwill, see note 8	1,831,839	3,222,810
Depreciation and impairment according to the Income Statement	3,797,166	5,518,661

Insurance value and official value

Insurance value and official value of properties and land at year-end were as

	2021	2020
Insurance value of property	95,128,257	79,338,898
Official valuation of property and land	65,654,165	60,737,976
Insurance value of fixed assets, other than property	8,726,287	8,090,967

Mortgages and guarantees

Pursuant to loan agreements the Group's assets have been mortgaged and pledged in respect of security for loans. In some instances companies within the Group have existing and future inventory, receivables and cash funds of the companies secured as commercial pledge against loans from their banks.

Companies within the Group have committed themselves to their banks that certain assets will not be sold or mortgaged without the banks´ consent.

11. Investments

(i) Investments in associated companies

Investments in associated companies are as follows:

	Ownership 31.12.2021	Interest in net gain of associated company	2021	2020
Bergs Timber AB, Sweden	58.67%	29,930,836	92,444,766	79,298,120
Steinull hf., Iceland	25.00%	310,787	1,228,121	1,118,850
Fasteignafélagið Smiðjuvellir ehf., Iceland	51.00%	14,867	60,826	43,232
Wedo ehf., Iceland	25.22%	(2,798,103)	1,199,187	3,767,561
OOO Komilesbusiness, Russia	66.67%	0	117,632	117,632
Vistbyggð ehf., Iceland	46.20%	0	1,564	
Samtals		27,458,386	95,052,096	84,345,395

Bergs Timber AB is listed on the Swedish stock exchange with a stock price of 5.42 at year end 2021 and a market value of EUR 107.5 million. The shares are accounted for using the equity method and reflect Norvikur's hf. share in the Company's equity. The stock price has increased during the first months of the year 2022 and as of 21st of March 2022 the stock price was 5.86.

(ii) Investments in other companies

Investments in other companies are as follows:	2021	2020
Green Gold AB, Sweden	15,440,135	11,190,025
VEX I slhf., Iceland	1,550,910	0
Investments in six other companies (2020: four)	83,464	75,928
Investments in other companies total	17,074,509	11,265,953

12. Bonds and long-term receivables

Norvik has a long-term receivables on its Russian associated company OOO Komilesbusiness amounting to EUR 248 thousand (2020: 691 thousand). The receivable is interest bearing.

13. Inventories

The book value of inventories at year-end 2021 amounted to EUR 36.4 million (2020: EUR 28.9 million). The inventories comprises mainly of timber and building materials. The insurance value of the inventories at year-end 2021 amounted to EUR 41.0 million (2020: EUR 32.0 million).

Mortgages

Pursuant to loan agreements the Group's inventories have been mortgaged and pledged in respect of security for loans. In some instances, companies within the Group have its inventory secured as commercial pledge against loans from their banks.

14. Trade receivables and other receivables

Trade and other receivables are specified as follows:	2021	2020
Trade receivables	11,873,064	10,476,841
Other receivables	1,552,296	1,311,147
Total trade and other receivables	13,425,360	11,787,988

15. Equity

Share capital

At 31 December 2021, the authorized share capital comprised EUR 2.3 million (ISK 328 million shares according to the Company's Articles of Association). One vote is attached to each ISK one share in the Company. The Company bought shares for the nominal value of ISK 4.6 million for EUR 3.1 million.

Statutory reserves

The Company is obligated by Icelandic law to put aside 10 percent of net earnings, which is not used to balance losses from previous years or put aside to other reserve accounts, to a statutory reserve until it amounts to at least 10 percent of share capital. When the statutory reserve amounts to 10 percent of share capital the Company is obligated to put aside at least 5 percent of net earnings until the statutory reserve amounts to 1/4 of share capital. The Company is permitted to use the reserve to balance losses which are not balanced with transfer from other accounts. When the statutory reserve amounts to more than 25% of share capital, the Company can disburse the amount in excess of 25%.

Translation difference

Foreign currency translation difference arising when converting business in currency other than functional currency are shown as a separate item under other equity, among translation reserve.

Restricted equity account

Restricted equity account consists of share in accumulated earnings of subsidiaries that exceeds dividend paid from appropriate subsidiaries.

Dividend

The Board of Directors proposes dividend payments amounting to (ISK 350 million) EUR 2.37 million to its shareholders in 2022 for operations from 2021.

16. Deferred income tax asset (liability)

The deferred income tax asset (liability) of the Group is specified as follows for 2021:

	Assets	Liabilities	Net
Balance at beginning of the year	790,913	(15,164,083)	(14,373,170)
Calculated income tax	(679,359)	(2,858,884)	(3,538,242)
Income tax payable next year	450,518	2,540,069	2,990,587
Currency translation difference and other changes	(6,944)	(896,221)	(903,165)
Balance at year-end 2021	555,128	(16,379,119)	(15,823,991)

The deferred income tax asset (liability) of the Group is attributable to the following items:

Operating assets	2,652	(16,241,542)	(16,238,890)
Inventories	0	(357,331)	(357,331)
Trade receivables	360,592	158,122	518,714
Currency difference	124,022	18,542	142,564
Other items	67,862	43,090	110,952
Balance at year-end 2021	555,128	(16,379,119)	(15,823,991)

16. Deferred income tax asset (liability), Contd.:

The deferred income tax asset (liability) of the Group is specified as follows for 2020:

	Assets	Liabilities	Net
Balance at beginning of the year 2020	182,449	(17,348,530)	(17,166,081)
Calculated income tax	967,400	(1,841,726)	(874,326)
Income tax payable next year	(358,936)	1,899,071	1,540,135
Currency translation difference and other changes	0	2,127,102	2,127,102
Balance at year-end 2020	790,913	(15,164,083)	(14,373,170)

The deferred income tax asset (liability) of the Group is attributable to the following items:

	Assets	Liabilities	Net
Operating assets	6,220	(15,038,642)	(15,032,422)
Inventories	0	(275,378)	(275,378)
Trade receivables	0	176,811	176,811
Currency difference	784,693	73,416	858,109
Other items	0	(100,290)	(100,290)
Balance at year-end 2020	790,913	(15,164,083)	(14,373,170)

17. Loans and borrowings

Loans and borrowings at year-end are specified as follows:	2021	2020
Liabilities:		
Liabilities in ISK, indexed	34,204,016	28,354,357
Long-term liabilities total, including next year's mortgages	34,204,016	28,354,357
Current maturities	(4,512,724)	(819,256)
Loans and borrowings 31.12.	29,691,292	27,535,101

Annual maturities of long-term liabilities are as follows:

2022/2021	4,714,885	819,256
2023/2022	1,049,614	840,814
2024/2023	1,054,756	862,934
2025/2024	8,411,911	7,827,247
2026/2025	1,046,748	908,943
Subsequent years	17,926,103	17,095,163
Total loans and borrowings, including current maturities	34,204,016	28,354,357

18. Accounts payables and other payables

Accounts payables and other payables are specified as follows:

	2021	2020
Account payables	19,616,425	16,601,853
Taxes for the year	2,990,598	1,540,135
Other payables	9,297,967	4,985,475
Total	31,904,990	23,127,463

19. Related parties

Identity of related parties

The Group has a related party relationship with its shareholders, associates, the board of directors and companies in their possession.

Related party transactions

Purchased goods and services from associated companies for the year 2021 were EUR 21,077 thousand (2020: 14,099 thousand). Payables at year end were EUR 2,082 thousand are a part of account payables (2020: 2,498

Salaries and benefits of the management and Board of Directors of the Group companies are referenced in note 6.

20. Subsidiaries

Norvik hf. owned five subsidiaries and one sub-subsidiary at year-end, which are the following:

		Ownership	
	Country	2021	2020
BYKO ehf., Kópavogur	Iceland	100%	100%
Smáragarður ehf., Kópavogur	Iceland	100%	100%
Hafnagarður ehf., Kópavogur	Iceland	100%	100%
Hólf og gólf ehf., Kópavogur	Iceland	100%	100%
Norwood SM, Russia	Russia	Sold 2021	100%
SIA Norvik Timber Industries, Latvia	Latvia	100%	100%

21. Auditor's fees

	2021	2020
Audit of the Financial Statements	80,898	82,576
Other services	57,525	68,088
Total	138,423	150,664

Non-financial information, unaudited

About Norvik

Norvik hf. is an Icelandic entity which operates associates and subsidiary companies that focus on the sale of construction products, sale of timber, along with operating real estate. The Company was founded in 2000 but is rooted to the establishment of BYKO in 1962. The Company has been active in woodworking in other countries and has operated a variety of convenience stores through the years. In recent years the Company has mainly operated the hardware store BYKO and the real estate company Smáragarður. Norvik owns 100% shares in both companies. Norvik also started investing in other companies and securities.

Environmental, Social, and Governance

Norvik hf. is an investment entity which considers environmental factors when investing and aims to increase green investments in upcoming years. The Company also emphasizes that its subsidiaries are environmentally conscious. Norvik has practiced social responsibility directly through grants and indirectly through its subsidiaries' operations.

A greater in-depth coverage of ESG can be found in non-financial information on pages 23-24 which includes non-financial information disclosed in BYKO ehf.'s annual report for the year 2021. Norvik hf is a holding company and has asked its subsidiaries to disclose non-financial information when applicable. BYKO is required to disclose non-financial information as it is the largest subsidiary considering revenue, number of employees and general impact on society.

Corruption, bribery and human rights

Norvik has always adhered to basic human rights and encouraged freedom of association and general employment rights. Norvik hf. has introduced anti-corruption and anti-bribery policies and adheres to laws regarding money laundering.

Norvik emphasizes strong internal controls within its operating entities. That includes preventing and detecting possible mistakes and fraudulent acts committed by suppliers, employees and customers. The Company focuses on strengthening supervision and safety precautions.

Non-financial information BYKO ehf., unaudited

Business model
BYKO was founded in 1962 and is a leading company among construction product retailers in Iceland, providing products and services to both individuals and professionals. BYKO operates hardware stores, rental services and five warehouses around Iceland. The company also focuses on developing digital solutions and distribution channels for customers.

Environment
BYKO offers eco-friendly construction materials and contributes to a better future by promoting sustainability and decreasing carbon emissions. Buildings are responsible for 40% of energy use and 1/3 of greenhouse gas emission world-wide. The construction industry can minimize the carbon footprint of structures by choosing construction materials that leave a smaller carbon footprint.
BYKO's operations have considerable effect on the environment. The main effects shine through the products and services that BYKO offers. BYKO is thus obligated to emphasize product supply along with their own operations.

Environmental concerns

- Eco-friendly products
- Customer information
- Internal work

BYKO looks to build relationships with suppliers that are environmentally conscious and certified, that produce their products with the environment in mind. Decision making is based on promoting healthy environment and responsible utilisation of resources by saving energy and minimizing waste. BYKO's employees are obligated to inform their customers on environmental matters. The information provided must be accurate and unbiased. The issue is proving that the products are truly certified along with proving traceability.

Sustainability focuses on meeting the needs of the present without compromising the ability of future generations to meet their needs. Sustainable development increases economical values while simultaneously maintaining the environment and advocating human rights for all.

BYKO has prepared a comprehensive sustainability policy based on the United Nations' Global Sustainable Development Goals. BYKO is determined to focus on sustainable measures that address environmental, social, and economical issues.

Sustainability policy concerns

- BYKO as a workplace
  Equality and environmental issues
- Customers
  Service, information, cooperation and eco-friendly materials
- Supply chain
  Suppliers, human right and employment rights

Social issues
BYKO has introduced four main goals for their operations that is further referred to in their social annual report for the year 2021.
https://byko.is/umhverfismal/heimsmarkmid

BYKO has supported social issues through the years and introduced BYKO's community fund in 2007. The purpose of the fund is to strengthen BYKO's relationship with the community and maintain social responsibility focusing on prevention, youth activities, education, and other child and teenage related projects.

Non-financial information BYKO ehf., unaudited

BYKO's goal is to furthermore support pioneers that partake in sustainability projects.

BYKO's Board of Directors consists of five members, two males and three females and complies to rules and regulations on gender ratios. BYKO's Board of Directors conduct their matters through established procedures for which board establishment, division of work and frequency of board meetings follow.

BYKO published a sustainability report for the operating year of 2021 which follows standards set by Global Reporting Initiative GRI Standards.
The report can be found at BYKO's website www.byko.is/sjalfbaerniskyrsla

Human resources

BYKO focuses on a professional hiring process where equal opportunities are presented with respect to job development and education. During the year the Company established a course of study called "the BYKO school" where new employees get the opportunity to learn about BYKO's values, history, function of divisions, sales training, etc.
The Company focuses on equality in all fields. BYKO's human resource policy consists of three policies:

- Equal pay policy – introduced in 2019 and renewed in 2021.
- Equality plan of action –in accordance with rules and regulations on equal rights between genders.

- Employee policy

BYKO has initiated a privacy policy which applies to both the Company's employees and customers.
The Company promotes teamwork and efficient flow of information between employees. BYKO offers health check-ups to their employees along with flu shots and grants promoting physical activity and wellness. The Company also offer their employees transportation compensation and encourages healthy and environmentally friendly modes of transportation.

Corruption, bribery and human rights

BYKO has always adhered to basic human rights and encouraged freedom of association and general employment rights. BYKO has introduced anti-corruption and anti-bribery policies and adheres to laws regarding money laundering.

BYKO emphasizes strong internal controls within its operating entities. That includes preventing and detecting possible mistakes and fraudulent acts committed by suppliers, employees, and customers. The Company focuses on strengthening supervision and safety precautions.

Statement of Corporate Governance

The Board of Directors of Norvik hf. endeavours to maintain good corporate governance and to follow the "Guidelines on Corporate Governance" issued by the Iceland Chamber of Commerce, Nasdaq OMX Iceland, and the Confederation of Icelandic Employers. The guidelines are accessible on the website leidbeiningar.is. The current Rules of Procedures were confirmed by the Board of Directors on 24 October 2012.

Board of Directors

The Board of Directors of Norvik hf. consists of five members elected for a year-long term at the Annual General Meeting. Board members are required to have enough knowledge and experience to hold their position.

The Board of Directors consists of five members, three males and two females and the Company therefore fulfils the requirements of the Act on Limited Liability Companies regarding the gender ratios of board members. Board members have a variety of education and industry experience.

The Company has not evaluated performance.

Jón Helgi Guðmundsson, Chairman of the Board.

Jón Helgi Guðmundsson (1947) is the Chairman of the Board of Norvik. He has led the developement and growth of the company over the past decades building up the diversity and portfolio of Norvik. He received a Cand. Oecon in Business Administration from University of Iceland in 1973, and finished further education in business from Penn State University. Mr. Guðmundsson has been on the board of numerous companies through the years and is currently on the board of Bergs Timber AB in Sweden, BYKO-Lat and Vika Wood in Latvia, Laesti in Estonia, and BYKO hf., Smáragardur ehf. and Eyrir Invest ehf. in Iceland.

Jón Helgi owns 29.02% of Norvik hf. shares and is a dependent board member.

Guðmundur Halldór Jónsson, Chairman of the Board

Guðmundur Halldór Jónsson (1977) is a shareholder in Norvik and has been on the company's board since 2004. He received a BS degree in Business Administration in 2001. Mr. Jónsson is the Chairman of the Board of BYKO hf. and Smaragardur ehf. and has been a board member of numerous companies through the years. He is currently a board member of Bergs Timber AB in Sweden, GreenGold AB in Sweden, Steinull hf., Sterna ehf. and Deili taeknithjonusta ehf.

Guðmundur Halldór owns 24.18% of shares in Norvik hf. and is a dependent board member.

Iðunn Jónnsdóttir, Board Member

Iðunn Jónnsdóttir (1970) is a shareholder in Norvik and has been on the company's board since 2004. She received a business degree from Taekniskolinn in 1993, and a BS degree in Business Administration from Bifröst University in 2001. Mrs. Jónsdóttir managed the BYKO retail stores in 2004-2007, and has been involved in various other operations within the Norvik companies. She led the foundation and development of EXPO, an in-house marketing office, and she is the founder and board member of Modulus ehf., which imports and sells modular housing units to domestic customers.

Iðunn owns 20.21% of Norvik hf. Shares and is a dependent board member.

Steinunn Jónsdóttir, Board Member

Steinunn Jónsdóttir (1968) is a shareholder in Norvik and has been on the company's board since 2004. She holds a BFA degree in Interior Design from NESAD/Suffolk University in Boston, and a Postbaccalauriate degree in Fine Arts from SMFA/Tufts University in Boston. She received an MBA degree from Reykjavik University in 2006. Mrs. Jónsdóttir has been involved in different investment in Iceland through the years and has sat on the board of various companies and funds. She is the founder and director of Baer Art Center, an artist residency center in Northern Iceland.

Steinunn owns 24.18% of Norvik hf. Shares and is a dependent board member.

Statement of Corporate Governance, contd.:

Þórður Magnússon, Board Member
Þórður Magnússon is the founder and chairman of Eyrir Invest ehf. He has been on the board of Norvik since 2003. Mr. Magnússon was the CFO of Eimskip hf. 1980-2000, and has been on the board of numerous companies, including the startup companies Etactica and SagaMedica where he is the chairman. He sat on the board of the international company Össur hf. and Stork Techincal Services in The Netherlands.

Þórður owns no shares in Norvik hf. and is an idependent board member.

Board activity

The Board of Directors of Norvik hf. formulates the Company's business policy, which strongly emphasises strict adherence to compliance with rules. Norvik observes the guidelines of the Icelandic Chamber of Commerce, Nasdaq OMX Iceland hf., and the Confederation of Icelandic Employers regarding corporate governance, as current at any time.

The Board is responsible for making important decisions relating to the Company’s operations, ensures that accounting practices are in accordance with the law, and that the Company’s finances are in order.

The Board of Directors main purpose is to manage the Company’s operations and ensure that they are in accordance with laws and the Company’s set rules and policies.

The Board of Directors held five board meetings in the year 2021. Board meetings are held when all board members are available.

Executive Board

The executive board consists of the CEO and the CFO. The board's main responsibility is to oversee the Company's daily operations.

Gísli Jón Magnússon, CEO
Gísli Jón Magnússon joined Norvik as CEO in May 2021, having been a board member of its real estate subsidiary, Smáragarður, since 2018. Mr. Magnússon operated an independent consultancy between 2016 and 2021, acted as CFO of Festi from 2013 and 2016, and CFO of Norvik's retail subsidiary Kaupas between 2004 and 2013. Gísli Jón holds an M.Sc. degree in finance and international business from Aarhus Business University in Denmark.

Brynja Halldórsdóttir, CFO
Brynja Halldórsdóttir started her career within Norvik in 1991 when she took the position of CFO of BYKO hf. She has been the CFO/CEO of Norvik since its foundation in 2000 until May, 2021, when Mr. Gísli Jón Magnússon joined the company as CEO. Mrs. Halldórsdóttir has overseen the finances of all of Norvik's subsidiaries over the course of twenty years. She holds a Cand. Oecon degree in Business Administration from The University of Iceland

Statement of Corporate Governance, contd.:

Internal controls and risk management

The Board of Directors is responsible for formal, and verified internal controls. The purpose of the internal controls is to ensure company success and efficiency in accordance with set policies and rules, and to provide reliable financial information to external parties that adhere to rules and regulations.

The CEO is responsible for maintaining organization on internal controls that relate to employees and communication. The CEO and the Board of Directors set goals for internal controls and monitor its efficiency.

The CEO and the Board of Directors are responsible for monitoring and analysing operational risks.

The Company does not have an internal auditor and no audit committee has been formed.

Litigations and claims

The Company has not violated any laws or regulations, or received sentences from any rulings.

Board of Directors and Shareholders communication

Shareholders' communication takes place during annual general meetings. Annual general meetings should take place eight months after the end of the fiscal year.