



# Presentation of results Q1 2024/25

Operations progressed well in the quarter and profits strengthen between the years



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\*This presentation is translated from the Icelandic version which was published on June 28<sup>th</sup>, 2024. Should there be discrepancies between the two versions, the Icelandic version will take priority over the translated version.

# Overview

## Highlights from operations

Financial statements

Status and prospects



## *Quarter in a nutshell:* Key figures

Q1 2024/25 (changes from Q1 2023/24)

**44.1** b.ISK

sales

▲ 6.2%

**3.2** b.ISK

EBITDA

▲ 27.5%

**0.9** b.ISK

profit

▲ 30.2%

**21.6%**

margin ratio

▲ 2.2%points

**14.7%**

salaries- and cost ratio

▲ 0.8%points

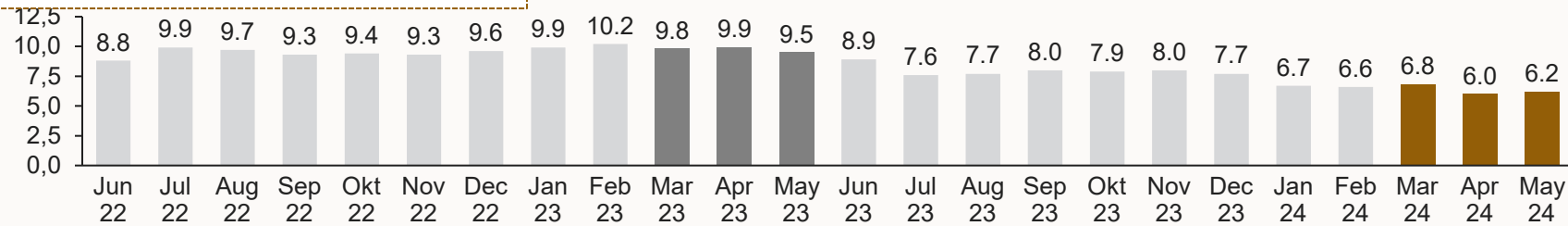
**35.6%**

equity ratio

▼ 1.8%points

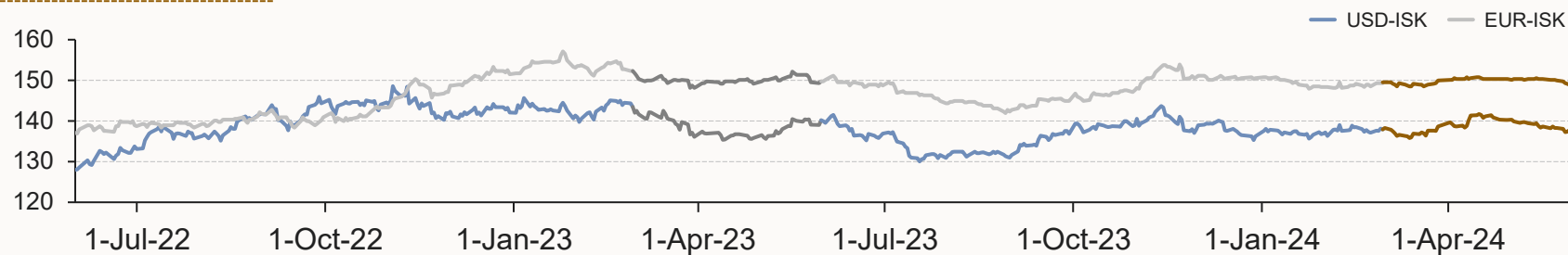
## External factors: Inflation down but exchange rate and fuel prices relatively stable

Consumer Price Index, annual change, %



- Inflation lower in the period and hit 6.2% - was also considerably lower than same period last year when inflation was near 10%

Exchange rate, ISK



- ISK exchange rate relatively stable towards main currencies, and was similar to the comparison year

Price development ULSD (Diesel), USD / mt



- World fuel price slightly lower in the period, but little less than a year ago - small change between the years



## **Operations:** What stands out in the quarter

- **Operations in Q1 proceeded well with continuing increased sales** at most subsidiaries of the Group
- **Continuing increased activity in grocery**, sold units and customers visitations - slight **increase in sold fuel litres**
- **Profits improve considerably**, i.e. due to increased demand, operational optimisation and stronger margins, - **margin ratio getting nearer to equilibrium from historical low point**
- **Continuing work with producers and suppliers** to minimise or/and **reduce price escalation** - success achieved and food inflation has decreased
- **Considerable emphasis in Q1 on the development of the company's locations, products and services** - f.ex. preparations of new service stations, Bónus enlargement at Ísafjörður, Gripið & Greitt implemented further, Skálin introduced at Hagkaup, etc.
- Olís' and our co-owner's (Festi) decision to **start preparations for the selling process of Olíudreifing, EAK and EBK**



# Store and warehouses: Continuing increased activity and better profits

Income Statement Q1 2024/25 (m.ISK)

- Income from groceries, specialty products and warehouses increased by just over 7% between the years and amounted to little under 31.4 b.ISK
- EBITDA relatively stronger and was 2.45 b.ISK, or 7.8% of sales - increase of 10% from the previous year
- Sectors EBIT stronger by 10% from previous year, was 1.44 b.ISK compared to 1.31 b.ISK
- Sold units in groceries increase slightly between the years, but customer visits increase more, or by 5% - Bónus encountering strong growth but slight decrease at Hagkaup
- Eldum rétt celebrated its 10 years anniversary - considerably increased demand and investment returning more economical operations
- Stórkaup still, and as before, in growth phase and activity still increasing - Zara operations proceeding well
- Warehouse infrastructure upgrade advancing as planned - new warehouse systems, warehouse enlargement at Skútuvogur, new processing facilities at Ferskar kjötvörur, etc.

	Q1 '24/25	Q1 '23/24	Δ	%Δ
Income	31.430	29.263	2.167	+7,4%
Expenses	-28.983	-27.041	-1.942	+7,2%
<b>EBITDA</b>	<b>2.447</b>	<b>2.222</b>	<b>225</b>	<b>+10,1%</b>
EBITDA %	7,8%	7,6%	+0,2%	+2,5%
<b>EBIT</b>	<b>1.440</b>	<b>1.311</b>	<b>129</b>	<b>+9,8%</b>
EBIT %	4,6%	4,5%	+0,1%	+2,3%

\*Segment profit: profit after depreciation and share of profit of associates



## ***Bónus:*** Growing number of customers and excellent sales growth

- **Sales in Q1 amounted to 22.4 b.ISK** and **grew by just over 10%** from previous year - revenue relatively stronger between the years
- **Continuing increased activity - much higher number of customers between the years** and as number of **sold units**
- Bónus, as before, **most often with the lowest price** according to the ASÍ survey - **the most economical choice still attractive throughout the country**
- **The managers key team has been strengthened recently** but several strong team members joined the group in the spring time, **i.e. in positions related to procurement**
- **Gripið & Greitt** implemented at Ísafjörður and Selfoss - the service well utilised, **more than 20 thousand customers have downloaded the App**
- **The store at Ísafjörður was upgraded, renovated and enlarged** - extremely well received by locals, considerable customers increase





## **Hagkaup:** Profits stronger and new products well received

- **Sales in Q1 amounted to 5.9 b.ISK** and increased a little from the previous year - **considerable strengthening between the years**
- **Strong attendance in a historical context, but the number of units sold is slightly lower** from the previous year - varying by categories partly due to **changes in the composition of products purchased**
- **Continued strong focus on the company's operations**, both through **operational streamlining** but also through **progressive retail**, e.g. in terms of product selection, shelf arrangement, store layout and more
- **Hagkaup's banquet service is quite popular** - all the main confirmation and graduation days this spring were sold out.
- **Skálin, the new Skyr-bar, opened at Hagkaup Skeifan** and has **been extremely popular** with customers - necessary to **expand the facilities and capacity** just within few days
- **Special offer days and events continue to be well attended**, e.g. "Tax Free", Danish days, events related to confirmations, etc.





# Olís: Profits well above last years - new stations prepared

Income Statement Q1 2024/25 (m.ISK)

- **Income in Q1 amounted to over 13 b.ISK** and grew by just under 350 m.ISK or by 3% between the years - overall a strong quarter
- **Sold fuel litres grew** - increase in retail but slight decrease to bulk users
- **EBITDA amounted to 767 m.ISK (5.9%) and increased considerably between the years** - strong retail market, active inventory management, individual sales to foreign parties
- **Sale of dry products progressed well and increased from last year**
  - New **cooperation of Olís/Grill 66 with Wolt has commenced superbly** and now already serviced from 8 stations
  - **Customers pleased by the innovations in Olís service** - growth between the years at **Grill 66 and Lemon**, and increased number of **Dropp deliveries**
- Several **development projects being prepared** - a new service station at **Sjafnargata at Akureyri** and ÓB self service stations in the countryside

	Q1 '24/25	Q1 '23/24	Δ	%Δ
Income	13.068	12.719	349	+2,7%
Expenses	-12.301	-12.420	119	-1,0%
<b>EBITDA</b>	<b>767</b>	<b>299</b>	<b>468</b>	<b>+156,5%</b>
<i>EBITDA %</i>	<i>5,9%</i>	<i>2,4%</i>	<i>+3,5%</i>	<i>+149,7%</i>
<b>EBIT</b>	<b>418</b>	<b>121</b>	<b>297</b>	<b>+245,5%</b>
<i>EBIT %</i>	<i>3,2%</i>	<i>1,0%</i>	<i>+2,2%</i>	<i>+236,2%</i>

\* Sector revenue: earnings after depreciation and results of affiliate companies

Companies sector

olís

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# Operations excellent in the first quarter and in line with plans

## Income Statement Q1 2024/25 (m.ISK)

- **Sales in Q1** amounted to 44.1 b.ISK and **grew by 2.6 b.ISK or 6.2%** year on year
- **Gross margin in ISK** amounted to 9.5 b.ISK and **grew by 18.1%** between the years
- **The margin ratio amounted to 21.6% and grew** by 2.2%-points - increased **both in grocery and the fuel sections** of the Group following a historical low point in the comparative period
- **Salaries costs grew** by 11.3% in Q1 - mainly due to **effects of labour agreements** and **increased number of Bonus stores** between the years
- **EBITDA** amounted to 3.2 b.ISK and **grew by 27.5%** year on year
- **Profit** amounted to 850 m.ISK and **grew by 30.2%** from the previous year

	Q1 '24/25	Q1 '23/24	Δ	%Δ
Sales	44.067	41.490	2.577	+6,2%
<b>Gross profit</b>	<b>9.537</b>	<b>8.072</b>	<b>1.465</b>	<b>+18,1%</b>
Other operating income	142	194	-52	-26,8%
Salaries	-4.377	-3.932	-445	+11,3%
Other operating expenses	-2.088	-1.813	-275	+15,2%
<b>EBITDA</b>	<b>3.214</b>	<b>2.521</b>	<b>693</b>	<b>+27,5%</b>
Depreciation	-1.381	-1.129	-252	+22,3%
Net finance expense	-789	-626	-163	+26,0%
<b>Profit for the period</b>	<b>850</b>	<b>653</b>	<b>197</b>	<b>+30,2%</b>

# Gross margin ratio increases after historical low point in previous year

Operational key factors (3M 2020/21 – 3M 2024/25)

- **Excellent sales increase between the years** - driven forward by increased operational activity and effects from inflation
- **Gross margin ratio increases** between the years but the ratio reached historical low point in previous year
- **Salaries and costs ratios** grow - **Salaries cost ratio** now 9.9% and **other operating costs ratio** is 4.7%
- **EBITDA ratio** 7.3% in the quarter compared to 6.1% the last year
- **Profit ratio** 1.9% compared to 1,6% last year





# Cash increases by 2.7 b.ISK in the quarter

## Consolidated Cash Flow 3M 2024/25 (m.ISK)

- **Cash from operating activities** amounted to 3.9 b.ISK in the period compared to 3.3 b.ISK for the previous year
- **Investment activities** amounted to 684 m.ISK in Q1 but amounted to 2.4 b.ISK last year
- **Mainly invested in equipment and interior furnishings**, i.e. enlargement and renovations of Bónus store at Ísafjörður
- **Financing activities** amounted to 459 m.ISK, compared to 898 m.ISK in the previous year
- **Cash increased** by 2.7 b.ISK in Q1 and amounted to 4.6 b.ISK at the end of May

	3M 2024/25	3M 2023/24	Change
Profit of the period	850	653	197
Adjustments	2,361	1,800	561
<b>Working capital</b>	<b>3,211</b>	<b>2,453</b>	<b>758</b>
Change in current assets	-828	360	-1,188
Change in current liabilities	2,484	1,184	1,300
Interest and taxes paid	-977	-662	-315
<b>Cash from by operating activity</b>	<b>3,890</b>	<b>3,335</b>	<b>555</b>
Investment activities	-684	-2,250	1,666
Financing activities	-459	-898	439
<b>Change in cash</b>	<b>2,747</b>	<b>87</b>	<b>2,660</b>
<b>Net cash at the end of the year</b>	<b>4,574</b>	<b>2,956</b>	<b>1,618</b>

# Strong economy at the end of the quarter

## Consolidated Balance Sheet May 31<sup>st</sup> 2024 (m.ISK)

- **Non-current assets amounted to 56.8** b.ISK and increased by 752 m.ISK from the years end - **the increase may be traced to leasing properties**
- **Current assets grew** by 3.6 b.ISK - whereof **cash increased** by 2.7 b.ISK
- **Inventory grew** by 270 m.ISK from the years end but grew by 1.3 b.ISK compared to Q1 in the previous year - **inventory turnover** 11.4 compared to 11.3 last year
- **Interest bearing debt amounted to 17.2 b.ISK** - whereof interest bearing short term debts are 5.8 b.ISK
- **Equity** amounted to 29.0 b.ISK and the company held **own shares** of 22.1 m.ISK at nominal value at the end of Q1 or 2.0% share capital

	31. 5. 2024	28. 2. 2024	%Δ
Property, plant and equipment	22.710	22.410	+1%
Intangible assets	12.383	12.835	-4%
Other non-current assets	21.744	20.840	+4%
<b>Non-current assets</b>	<b>56.837</b>	<b>56.085</b>	<b>+1%</b>
Inventories	12.798	13.068	-
Trade receivables	7.332	6.234	+18%
Cash	4.574	1.827	+150%
<b>Current assets</b>	<b>24.704</b>	<b>21.129</b>	<b>+17%</b>
<b>Total assets</b>	<b>81.541</b>	<b>77.214</b>	<b>+6%</b>
<b>Liabilities and equity</b>	<b>81.541</b>	<b>77.214</b>	<b>+6%</b>

	31. 5. 2024	28. 2. 2024	%Δ
Borrowings	11.330	11.286	+0%
Lease liabilities	10.669	9.660	+10%
Income tax	2.413	2.193	+10%
<b>Non-current liabilities</b>	<b>24.412</b>	<b>23.139</b>	<b>+6%</b>
Borrowings	5.825	5.818	+0%
Lease liabilities	2.609	2.579	+1%
Trade payables	19.657	17.490	+12%
<b>Current liabilities</b>	<b>28.091</b>	<b>25.887</b>	<b>+9%</b>
<b>Total liabilities</b>	<b>52.503</b>	<b>49.026</b>	<b>+7%</b>
<b>Total equity</b>	<b>29.038</b>	<b>28.188</b>	<b>+3%</b>

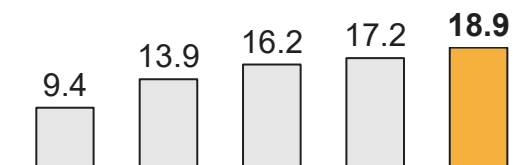
# Return on equity increases in the comparison period

Economic key factors (3M 2020/21 – 3M 2024/25)

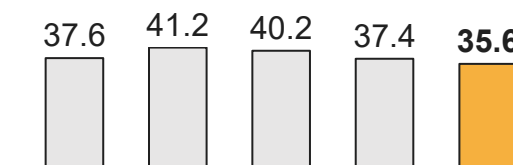
- **Return on equity 18.9%** the last 12 months
- **Equity ratio** at the end of Q1 amounted to 35.6% - **Managements objective** about 35.0% ratio
- **Net interest bearing debt** at the end of Q1, including leasing liabilities, were 25.9 b.ISK or 1.9 x 12 months EBITDA
- **The current ratio** at the end of Q1 was 0.88 compared to 0.86 in the previous year
- **The cash conversion cycle** was 9.3 days compared to 12.0 days in the previous year
- **The assets turnover ratio** was 2.3 at the end of the quarter - unchanged from previous year

Share-  
holders  
return

Return on equity (%)

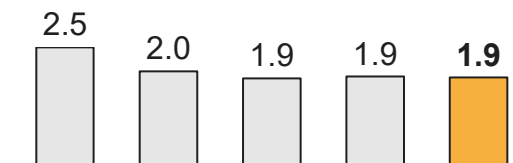


Equity ratio (%)

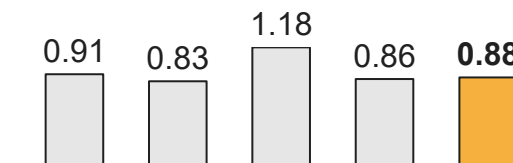


Risk in  
operations

Net debt/EBITDA<sup>1</sup>

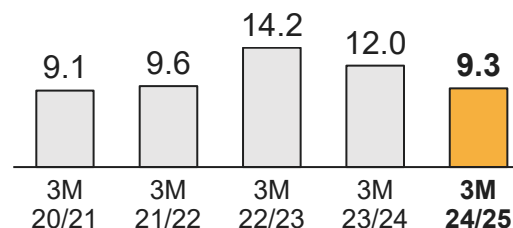


Current ratio<sup>2</sup>

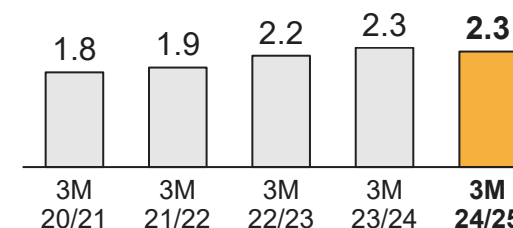


Efficiency  
of assets

Cash conversion cycle (# days)<sup>3</sup>



Assets turnover ratio<sup>4</sup>



1) Net interest bearing debt (including leasing liabilities) / 12 months EBITDA 2) Current assets/ current liabilities  
3) Cash conversion cycle = number of inventory days + number of days for accounts receivables – number of days for accounts payable 4) Sale / assets

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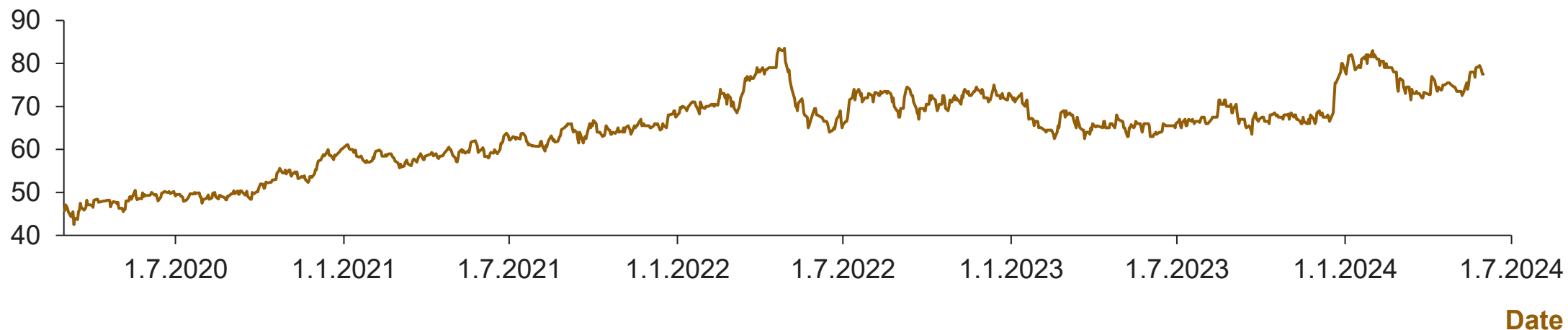




# Market price and largest shareholders

## Market price

Market price 31.05.2024: 77,5 ISK / share



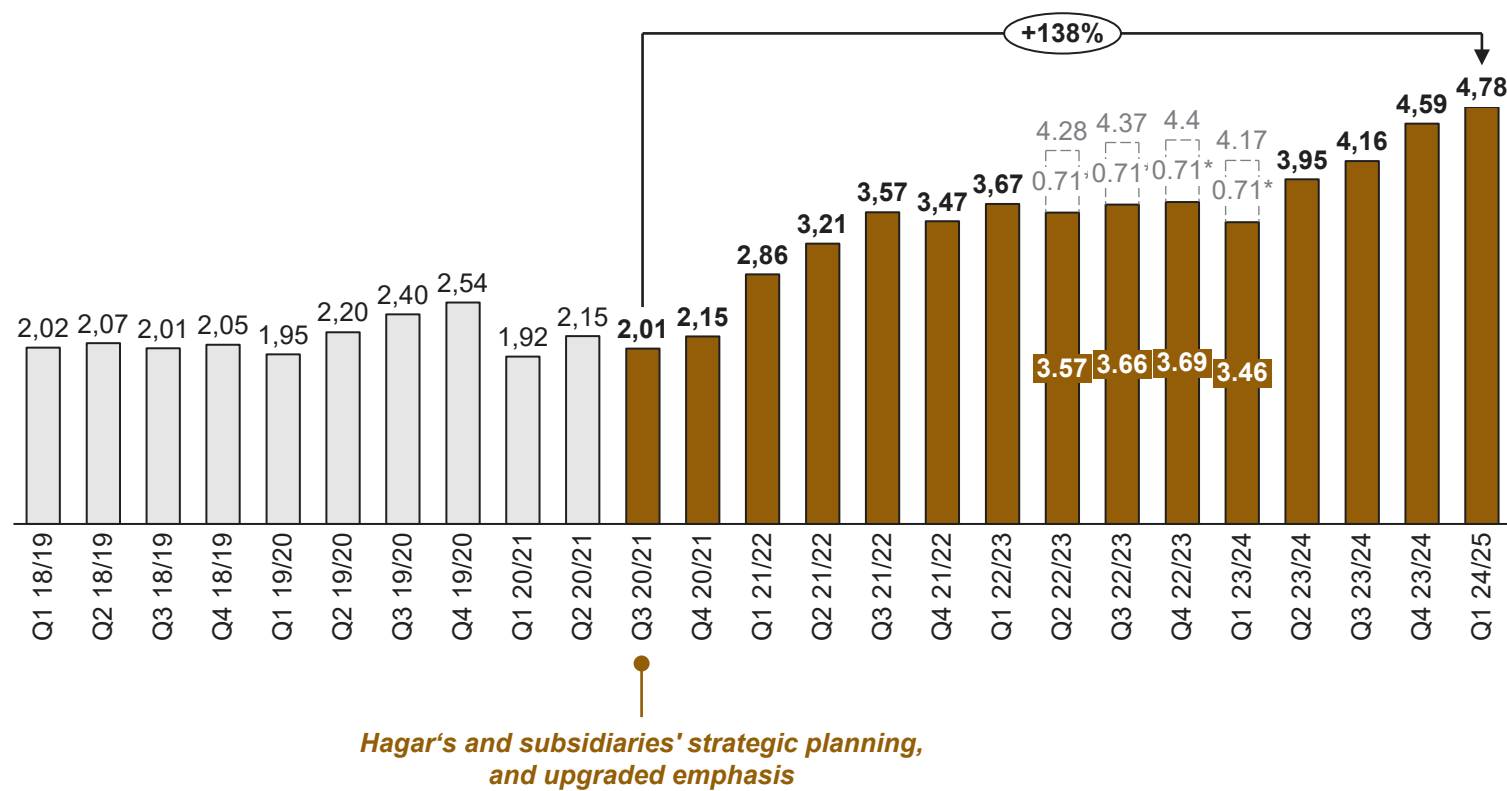
## Largest shareholders, ownership at end of day 31.05.2024

1. Gildi - Pension fund	18.5%	6. Birta Pension fund	7.5%
2. The pen. fund A for state employees	11.4%	7. Festa - Pension fund	4.5%
3. The Pension fund of commerce	10.4%	8. Stapi - Pension fund	3.3%
4. Brú pen. fund, municipalities employees	9.0%	9. SL - Pension fund	3.0%
5. Kaldbakur ehf.	7.8%	10. Pension fund of Reykjavík employees	2.1%

# Earning per share continue to grow

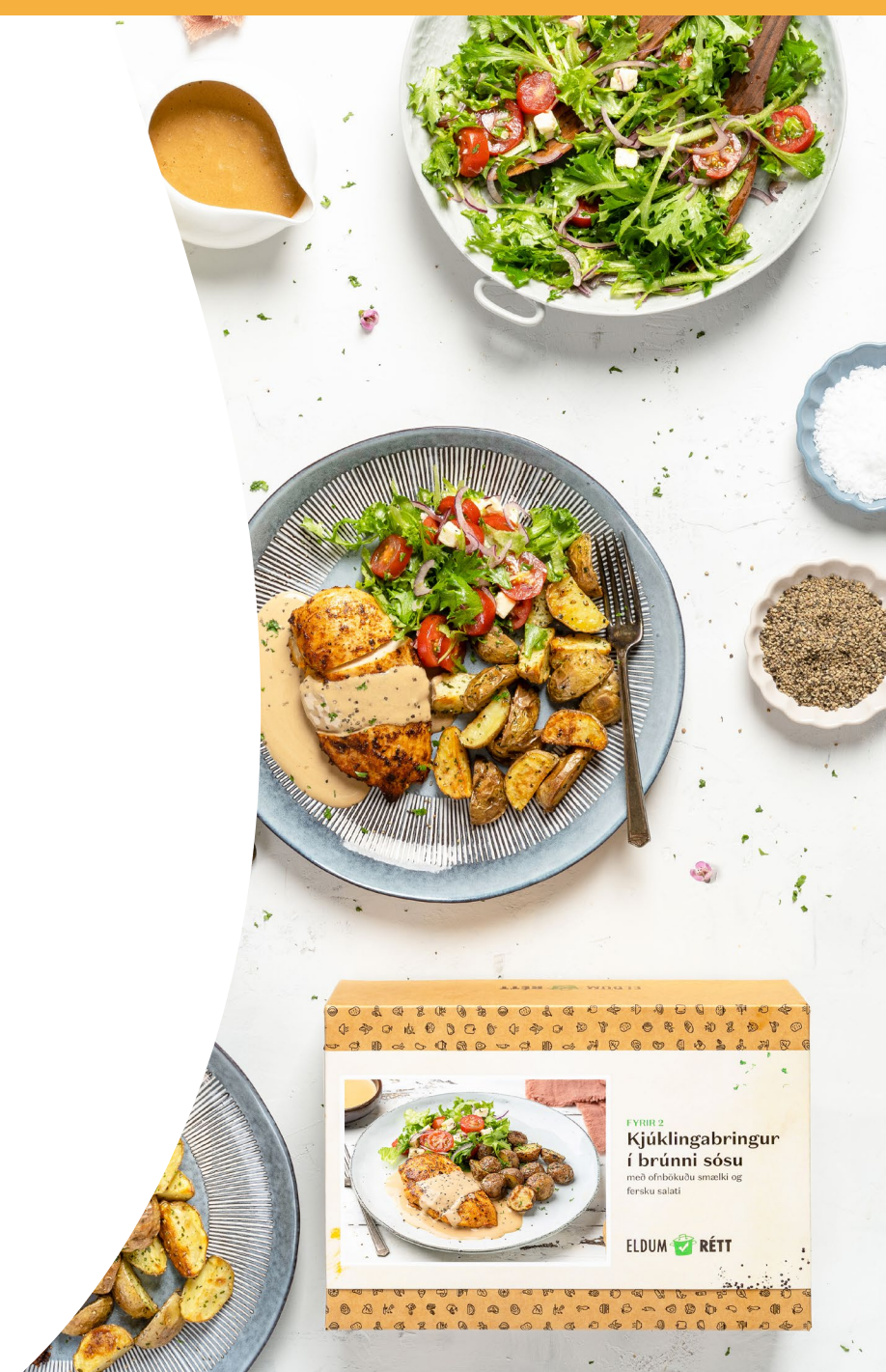
Accumulated earnings per share last 12 months (ISK per share)

- **Earnings per share continue to grow** - accumulated earnings now **4.78 ISK per share** for the last 12 months, which is a 138% increase from Q3 2020/21
- Hagar's **improved performance** in the last quarters is based on general **streamlining of operations, strategic decisions** that have proven to be successful, **new section and increased activity** in the main operating sections
- **Continued focus on projects** that **affect operations in the short term**, but also on **larger projects and possible new revenue sources** in addition to the current core business

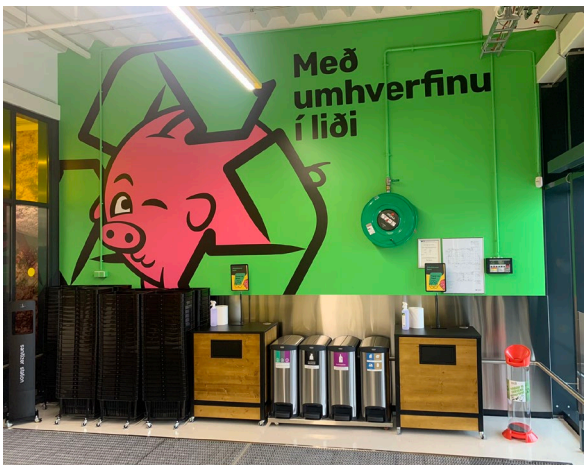


# Status and prospects

- The Hagar's status and **the operational outlook** is **positive** as before:
  - **The operating environment** has **improved** in recent months - labour agreements, wage development and inflation
  - **Operation** of the major sections **progressing well**
  - **The most economical food choice** offered by Bónus and is well exploited
  - **New operational supports** and affiliated companies **have positive results on revenue**
  - **Supply price escalation slower** of groceries - relying on responsible suppliers attitude to ensure that price increases are moderate and that price stability is guaranteed
- **The financial status of the Group is strong** and financing secured
- The company is well prepared to **utilise opportunities to build new revenue streams** - but also to **deal with the situations that may arise in the Icelandic economy**









# Companies within the Hagar Group



Bónus is a chain of discount stores that, from its founding, has offered the customers the lowest possible food price in Iceland. There are in total 33 stores but the product range covers all the primary household needs.



Hagkaup is a leading retail company which emphasises on excellent service and a wide range of products. There are 7 stores, plus an online store, but the main product categories are food, cosmetics and toys.



Olís specialises in the sale and service of fuel and other oil products, as well as fast food, various essential products for car owners, as well as multi-faceted services for e.g. fishing, contracting and transport enterprises throughout the country.



Eldum rétt offers its customers food packages through an online and Hagkaup's stores, with recipes and ingredients in the right amount to cook healthy and tasty meals, with as little effort as possible.



Aðföng is a purchasing and logistics centre for the retail and bulk consumer market, but the company's activities consist of purchases, inventory management and distribution for Bónus, Hagkaup, Olís and Stórkaup stores.



Bananas is the largest importer and distributor of fresh vegetables, fruits and berries in Iceland and also one of the largest import companies in the country. Bananas is also the largest buyer and distributor of domestic vegetable and berry products.



Stórkaup is a wholesaler servicing bulk users with supplies on a broad basis, with operational guiding principles in efficiency, modern level of service and a simple sales organisation and distribution. The main product categories are operational supplies, health products and food products.



Zara is one of the world's largest fashion store chains selling clothing for adults as well as children at decent prices. Hagar manages the elegant Zara store in Smáralind.



## ASSOCIATES WITHIN THE GROUP



## BRANDS WITHIN THE GROUP



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