Press release
April 15th 2025

HAGAR PLC: HAGAR'S MANAGEMENT REPORT 2024/25 AND 4TH QUARTER'S RESULTS

Strong operating year and core operations expanded to Faroe Islands

The Hagar's plc management report for the operating year 2024/25 has been reviewed by the company's board of directors. This includes, among others, key information about the Group's operations, financials and cash flow. The management report is not audited by the Group's auditors and does not contain non-financial information. The audited annual statements, together with non-financial information, will be published on coming April 30th and the financial statements may therefore be subject to change until then. Any deviations, if any, will be disclosed when the annual financial statements are published. **Antecedent to the annual financial statements, it was decided to change the accounting method for the Company's investment properties, which are now recognised at fair value but were previously booked at amortized cost. As a result, comparative amounts in the previous year's financial statements have been changed.**

Key figures

- **Sales** in Q4 amounted to 46,037 m.ISK (7.6% growth from Q4 2023/24). Sales 12M amounted to 180,342 m.ISK (4.1% growth from 12M 2023/24). [Q4 2023/24: 42,788 m.ISK, 12M 2023/24: 173,270 m.ISK.]
- **Gross margin** in Q4 amounted to 11,508 m.ISK (25.0%) and 41,104 m.ISK (22.8%) for 12M. [Q4 2023/24: 8,952 m.ISK (20.9%), 12M 2023/24: 35,989 m.ISK (20.8%)]
- **Profit before interest, depreciation, and taxes (EBITDA))** in Q4 amounted to 3,857 m.ISK or 8.4% of sales. EBITDA 12M amounted to 14,738 m.ISK or 8,2% of sales. [Q4 2023/24: 2,840 m.ISK (6.6%), 12M 2023/24: 13,063 m.ISK (7.5%)]
- **Profit** in Q4 amounted to 3,066 m.ISK or 6.7% of sales. Profit 12M amounted to 7,030 m.ISK or 3.9% of sales. [Q4 2023/24: 1,191 m.ISK (2.8%), 12M 2023/24: 5,044 m.ISK (2.9%)]
- **Total comprehensive income** 12M amounted to 10,699 m.ISK, but change in value of properties, reserved within equity, amounted to 3,677 m.ISK and there was a negative translation difference of 8 m.ISK. [12M 2023/24: 5,044 m.ISK.]
- **Basic earnings per share** in Q4 was 2.81 ISK and 6.47 ISK for 12M. [Q4 2023/24: 1.09 ISK, 12M 2023/24: 4.59 ISK.]. **Diluted earnings per share** in Q4 was 2.71 ISK and 6.30 ISK for 12M. [Q4 2023/24: 1.08 ISK, 12M 2023/24: 4.51 ISK.]
- **Equity** amounted to 38,489 m.ISK at the end of the period and the **equity ratio** was 36.6%. [End of year 2023/24: 28,954 m.ISK and 37.0%]
- **Management's guidance** for the operating year 2024/25 assumed that the EBITDA would be in the range of 14,000-14,500 m.ISK.

Operational highlights

- **The fourth quarter proceeded well**, but the improved performance **is largely due to the impact of the SMS operations**, which became part of the Hagar Group at the beginning of the quarter, in addition to **Olís´s performance strengthening between years**.
- At the end of the year, the Hagar´s Board of Directors decided **to change the accounting method of investment properties**, that are now **for the first time booked at fair value** in the Group´s consolidated financial statements. It is the management's opinion that **the revaluation of these properties, now, provides clearer picture of the Group's financial position** at year´s end than the amortized cost would have done.
- **The total impact of the changed accounting method** amounted to 6,595 m.ISK on the consolidated balance sheet, of which 957 m.ISK was booked in the comparative year - **the impact of revaluation on the income statement** amounted to 1,042 m.ISK, but **the major part is due to one-time effects at SMS.**
- **In Q4, the number of customer visits to grocery stores** (in Iceland) **grew** by 0.5% year on year, while the number of **items sold decreased** by 2.6%, mostly due to a change in the basket mix. **Fuel litres sold decreased** by 11.4% in the quarter, but the decline is mainly related to lower activity of bulk users.
- **Accumulated 12 months profit per share was 6,47 ISK and grew by 41% in the year** (5,56 ISK and 21% without one-time items due to SMS).
- **Management's guidance** for the operating year 2025/26 predicts EBITDA to be in the range 16,000-16,500 m.ISK.

Finnur Oddsson, CEO:

Hagar's operations in the last quarter of the 2024/25 financial year were successful and the results exceeded expectations. The operations of P/F SMS in the Faroe Islands tinted the results of the quarter, as the company became part of the Hagar Group on December 2nd, 2024. Sales totalled 46,037 m.ISK, which is a 7.6% increase from the same period the previous year, but if the impact of the acquisition of SMS is ignored, sales were similar between years. Gross profit in ISK increased by 28.6%, amounting to 11,508 m.ISK and also improved as a percentage of sales. The EBITDA was 3,857 m.ISK and profit was 3,066 m.ISK. The excellent results in the quarter can be attributed, a.o., to improved operations of Hagar's largest companies, the acquisition of SMS into the group, changes in the evaluation of investment properties and good results of associated companies.

The quarter marks a good and eventful operating year for the Hagar Group. Sales for the year amounted to 180,342 m.ISK, an increase of 4.1% from the previous year. The EBITDA for the year amounted to 14,738 m.ISK, or 8.2% of sales, and profit for the year amounted to 7,030 m.ISK, with the impact of valuation changes amounting to 1,042 m.ISK. We are satisfied with Hagar's operations through the year, and the results confirm that the measures we have taken in recent years to strengthen the foundations and increase efficiency have been successful. At the same time, we have taken the first steps in the strategy to expand the company's revenue base and seek new ways to achieve profitable growth, including through the acquisition of SMS in the Faroe Islands last December.

The acquisition of SMS adds a new support of related functions to Hagar's otherwise solid operations. SMS operates, a.o., stores under the Bónus, Miklagarður and Mylnan brands, restaurants such as Burger King, Sunset Boulevard and Angus Steakhouse, as well as specialty stores, meat processing plant, factory and bakery, and shopping mall. Increased activities interconnected to Hagar's core business create opportunities to strengthen the operations, including related to operating cost efficiencies, financing and collective supply purchasing, which contributes to improved product offerings, purchasing prices and customer experience in stores. It is expected that there will be some investment in SMS's operations in the Faroe Islands in the coming quarters, in line with the general economic upswing there and the development of urban areas around Torshavn. Among other things, it is expected that a new SMS shopping centre will open in Runavik in the autumn. We report for SMS's operations in a new business segment, *Stores and warehouses - Faroe Islands*, but sales in the quarter amounted to 3,467 m.ISK and with excellent results.

Revenue from operations of *Stores and Warehouses in Iceland* in the fourth quarter was 32.8 b.ISK, an increase of almost 3% from the same period last year. Customer visits to stores increased but units sold decreased, but as in the third quarter, the changed composition of the goods basket and Bónus' increased emphasis on larger and more economical goods units play a role here and make comparisons of units sold between periods more difficult. At Bónus, as before, special emphasis is placed on efficiency and results in supply procuring to ensure customers the most economical purchase of groceries. As a sign of the success of this work, Bónus has managed to reduce the prices of more than 500 products compared to last year and offers customers specially "the cheapest of the week" offers, more economical packages and inexpensive replacement products. In addition, shopping is made easier for families with children with new conveniences such as prams, healthy treats, an improved product selection and entertainment for the younger generation. Bónus specifically supports families with children by providing new parents with a baby box, the so-called “Barnabónus” (baby bonus), which contains essentials for new-borns in the first weeks, which eases financial burdens and promotes equal opportunities regardless of financial status.

Shopping in Hagkaup was as usually lively over the holidays and progressed well during the quarter. The expanded selection of ready-made meals, vegetables, fruit, meat and fish products has been splendidly received by the customers, and the online store with specialty products and party food continues to grow. Hagkaup's “Build-A-Bear” teddy bear factory opened on February 1st with a great acclaim from children, parents, and grandparents. The operations of other units generally proceeded well. Veigar has been welcomed with open arms, a.o., for its convenient delivery system for alcohol in the online store, and sales have been increasing since opening. Eldum rétt has firmly established itself as a convenient and simple solution for busy families, but in addition to the meal packages, customers are now offered additional kitchen products that are delivered by home delivery, saving both time and shopping visits. Investment in infrastructure at Aðföng and Bananar has resulted in increased operational efficiency, Stórkaup continues in growth phase, and Zara remains a popular destination for clothing purchases, especially for the holidays.

Olís's revenue amounted to 10 b.ISK in the quarter, down 9% between the years. Revenue strengthened significantly between the quarters and were significantly above expectations. The decline in revenue can mostly be attributed to the fall in the world fuel market price compared to last year, but there was also a decrease in the number of litres sold to bulk users during the period, with the largest difference being the decrease in jet fuel sales. Fuel sales on the retail market were similar between years, but customers have responded favourably to the increased service offered and improved appearance of the stations. This is evident, a.o., by the continued increase in sales of dry goods and enjoyable fast food from Grill 66 and Lemon Mini, both at service stations and in partnership with delivery services. The development of new services, self-service, electricity solutions and parcel delivery service has continued and will further strengthen Olís as a diverse and modern service provider. A new Olís/ÓB app and digital pump key now make life easier for customers and provide access to excellent offers, and the first cars were washed at Glans at Olís in Mosfellsbær during the quarter. Olís' recent operating year was particularly strong in historical context.

The operations of Klasi Property Development Company, in which Hagar owns 1/3 of the shares, were successful during the year. Good progress was made in the development of desirable building sites for apartments and construction work commenced on the construction of an extraordinary office building at Silfursmári. Development projects under Klasi include a building volume of over 300,000 m^2, mostly intended for residential zones. As in recent years, Hagar's holding in Klasi yielded good returns and this is expected to continue in the coming years.

Properties and related projects have expanded with an increasing importance in Hagar's operations and revenue in recent quarters. At the end of the year, Hagar owned properties totalling over 60,000 m^2, but with SMS, around 11,000 m^2 was added to the portfolio. The Properties in the portfolio are related to trade and services, well located and mostly used for Hagar's own operations but also leased out to third parties. In light of the importance of properties in Hagar's operations and revenue, the accounting method has been changed to reflect better the company's financial and asset situation. Investment properties that were previously booked at amortized cost will hereafter be booked at fair value. The revaluation covers around 2/3 of Hagar's properties and has an effect on the financial statements and partly on the income statement. The effect on the income statement is only due to properties that are leased outside the Hagar Group.

We are pleased with the operations and development of the Hagar Group last year. On the one hand, we look forward to the continued strengthening of operations and on the other hand, to the development of new revenue bases in accordance with the company's changed strategic objectives that were announced at the beginning of the year. Return on equity is and has been well above the board's objectives and accumulated earnings per share, excluding one-time effects from SMS, have increased by 21% in the last 12 months and almost tripled in four years. Related to this, we feel increased investor interest in the company, and the share price, adjusted for dividend payments, rose by 38% during the operating year.

The basis for successful operations is that services meet customers' needs and develop along with them. With this as our guiding principle, we have improved services and product offerings in all major operating units, with the goal of making shopping both convenient and enjoyable, but above all, as cost effective as possible for our customers. In recent years, we have taken special action against price increases in supplies for grocery stores, thus contributing to the reduction of inflation for the benefit of all. Although there are certain signs in the development of international trade, we continue to rely on good cooperation with suppliers to exercise moderation in price escalations and on the government for creating conditions for stability and even a reduction in the price level of groceries.

Hagar's position is solid today, as the Group's companies consists of diverse operating units that deliver strong revenue and have numerous growth opportunities. The financial situation is strong, and we have the capacity, experience, and ambition to follow up on new strategic focuses for the benefit of the company's customers, employees and shareholders.

The management's guidance for the operating year 2025/26 anticipates that the group's EBITDA will be in the range of 16,000-16,500 m.ISK.

The Group's Consolidated Income Statement and Operating Segments

in ISK million	Q4 2024/25 01.12-28.02	Q4 2023/24 01.12-29.02	Change	%	12M 2024/25 01.03-28.02	12M 2023/24 01.03-29.02	Change	%
Sales	46.037	42.788	3.249	7,6%	180.342	173.270	7.072	4,1%
Cost of goods sold	(34.529)	(33.836)	(693)	2,0%	(139.238)	(137.281)	(1.957)	1,4%
Gross profit	**11.508**	**8.952**	**2.556**	**28,6%**	**41.104**	**35.989**	**5.115**	**14,2%**
Gross profit %	**25,0%**	**20,9%**	**-**	**4,1%**	**22,8%**	**20,8%**	**-**	**2,0%**
Other operating income	332	139	193	138,8%	936	682	254	37,2%
Salaries and related expenses	(5.382)	(4.322)	(1.060)	24,5%	(18.451)	(16.229)	(2.222)	13,7%
Other operating expenses	(2.601)	(1.929)	(672)	34,8%	(8.851)	(7.379)	(1.472)	19,9%
Profit from operating activities before depreciation and amortisation (EBITDA)	**3.857**	**2.840**	**1.017**	**35,8%**	**14.738**	**13.063**	**1.675**	**12,8%**
EBITDA %	**8,4%**	**6,6%**	**-**	**1,7%**	**8,2%**	**7,5%**	**-**	**0,6%**
Depreciation and amortisation	(1.456)	(1.261)	(195)	15,5%	(5.351)	(5.028)	(323)	6,4%
Change in value of investment property	1.042	--	1.042	-	1.042	--	1.042	-
Profit from operating activities (EBIT)	**3.443**	**1.579**	**1.864**	**118,0%**	**10.429**	**8.035**	**2.394**	**29,8%**
Net finance expense	(795)	(731)	(64)	8,8%	(2.988)	(2.621)	(367)	14,0%
Effect of results of associates	789	488	301	61,7%	981	697	284	40,7%
Profit before income tax	**3.437**	**1.336**	**2.101**	**157,3%**	**8.422**	**6.111**	**2.311**	**37,8%**
Income tax	(371)	(145)	(226)	155,9%	(1.392)	(1.067)	(325)	30,5%
Comprehensive income for the period	**3.066**	**1.191**	**1.875**	**157,4%**	**7.030**	**5.044**	**1.986**	**39,4%**
Total other comprehensive income	3.669	--	3.669	-	3.669	--	3.669	-
Total comprehensive income for the period	**6.735**	**1.191**	**5.544**	**465,5%**	**10.699**	**5.044**	**5.655**	**112,1%**

Key figures in Q4 2024/25

Sales in Q4 amounted to 46,037 m.ISK and grew by 7.6% year on year, but without the effects of SMS there was a decline of 0.5%. Sales growth of stores and warehouses in Iceland was 2.6% but sales declined at Olís of about 9.5% year on year, due to lower world fuel market price and fewer sold litres.

In Q4 the customers visits increased in groceries (in Iceland) by 0.5% year on year while sold units declined by 2.6%, mostly due to changed shopping basket mix. Sold fuel litres declined by 11.4% in Q4, mainly due to bulk users decline.

Gross margin in Q4 amounted to 11,508 m.ISK and grew by 28.6% year on year. The Gross margin ratio was 25.0% and increased by 4.1%-points between the years. An impact from SMS is felt here and the strong Olís' operations, but in addition, the decline in the world fuel market price generally leads to a higher Gross margin ratio. In addition, the Gross margin ratio in grocery stores has strengthened somewhat between years.

EBITDA in Q4 amounted to 3,857 m.ISK and increased by 35.8%, remained unchanged in stores and warehouses in Iceland but grew by í 271% at Olís. EBITDA from the SMS section in Faroe Island amounted to 523 m.ISK.

Revaluation of investment properties amounted to 1,042 m.ISK but one-time effect at SMS due to properties in operating leasing was 922 m.ISK.

The profit of the quarter amounted to 3,066 m.ISK compared to 1,191 m.ISK the previous year. Excluding effects from revaluation the profit grew by 70%.

Operations for the year 2024/25

Sales for the year amounted to 180,342 m.ISK, compared to 173,270 m.ISK the previous year. Sales increased by 4.1%. Sales growth in stores and warehouses amounted to 4.8%, while sales at Olís declined by 4.4%, as the impact of falling world market fuel prices during the year had a major impact on sales in ISK terms.

The Gross margin for the year was 41,104 m.ISK, compared to 35,989 m.ISK the previous year, an increase of 14.2%. The Gross margin was 22.8%, up 2.0%-points from the previous year. The increase in gross margin is accredited to both the fuel and grocery sections of the Group, including the impact of SMS in Q4.

EBITDA amounted to 14,738 m.ISK, compared to 13,063 m.ISK the previous year. The EBITDA ratio was 8.2%, compared to 7.5% the previous year. EBITDA from stores and warehouses increased by 5.2% between years and EBITDA from Olís grew by 20.7%

Depreciation increased by 6.4% year on year and financial expenses increased by 14.0%. The impact of associated companies increased by 40.7% year on year, largely due to stronger operation at Klasi.

The profit for the year amounted to 7,030 m.ISK, which is equal to 3.9% of sales (3.3% without revaluation changes), while profit in the previous year was 5,044 m.ISK or 2.9% of sales. The profit grew by 39.4% between the years (18.7% without the revaluation). The total comprehensive income was 10,699 m.ISK, of which the revaluation of properties, reserved within equity, amounted to 3,677 m.ISK, and negative translation differences was 8 m.ISK.

Operating segments in Q4 and the operating year 2024/25

The Group’s operating segments overview has undergone changes following Hagar's acquisition of SMS in the Faroe Islands. The SMS group in the Faroe Islands is now a separate segment, but other business segments remain unchanged, i.e., stores and warehouses in Iceland and the Olís’ operations.

Q4 2024/25 in ISK million	Stores and warehouses Iceland	Olís	Stores and warehouses Faroe Islands	Elimination entries	Total
Sales	32.826	9.972	3.467	(228)	46.037
Other operating income	183	41	183	(75)	332
Total revenue	**33.009**	**10.013**	**3.650**	**(303)**	**46.369**
Total operating expenses	(30.379)	(9.309)	(3.127)	303	(42.512)
EBITDA	**2.630**	**704**	**523**	**--**	**3.857**
Depreciation and amortisation	(1.005)	(281)	(170)	--	(1.456)
Ch. in value of investment property	129	(9)	922	--	1.042
Effect of results of associates	660	129	--	--	789
EBIT	**2.414**	**543**	**1.275**	**--**	**4.232**
Net finance expense	(585)	(80)	(130)	--	(795)
Income tax					(371)
Profit for the period					**3.066**

12M 2024/25 in ISK million	Stores and warehouses Iceland	Olís	Stores and warehouses Faroe Islands	Elimination entries	Total
Sales	127.508	50.238	3.467	(871)	180.342
Other operating income	732	306	183	(285)	936
Total revenue	**128.240**	**50.544**	**3.650**	**(1.156)**	**181.278**
Total operating expenses	(117.719)	(46.850)	(3.127)	1.156	(166.540)
EBITDA	**10.521**	**3.694**	**523**	**--**	**14.738**
Depreciation and amortisation	(3.994)	(1.187)	(170)	--	(5.351)
Ch. in value of investment property	129	(9)	922	--	1.042
Effect of results of associates	699	282	--	--	981
EBIT	**7.355**	**2.780**	**1.275**	**--**	**11.410**
Net finance expense	(2.365)	(493)	(130)	--	(2.988)
Income tax					(1.392)
Profit for the period					**7.030**

Q4 2024/25 in ISK million	Stores and warehouses Iceland	Olís	Stores and warehouses Faroe Islands	Elimination entries	Total
Sales	31.988	11.024	--	(224)	42.788
Other operating income	177	27	--	(65)	139
Total revenue	**32.165**	**11.051**	**--**	**(289)**	**42.927**
Total operating expenses	(29.515)	(10.861)	--	289	(40.087)
EBITDA	**2.650**	**190**	**--**	**--**	**2.840**
Depreciation and amortisation	(906)	(355)	--	--	(1.261)
Ch. in value of investment property	--	--	--	--	--
Effect of results of associates	419	69	--	--	488
EBIT	**2.163**	**(96)**	**--**	**--**	**2.067**
Net finance expense	(644)	(87)	--	--	(731)
Income tax					(145)
Profit for the period					**1.191**

12M 2023/24 in ISK million	Stores and warehouses Iceland	Olís	Stores and warehouses Faroe Islands	Elimination entries	Total
Sales	121.718	52.527	--	(975)	173.270
Other operating income	756	185	--	(259)	682
Total revenue	**122.474**	**52.712**	**--**	**(1.234)**	**173.952**
Total operating expenses	(112.471)	(49.652)	--	1.234	(160.889)
EBITDA	**10.003**	**3.060**	**--**	**--**	**13.063**
Depreciation and amortisation	(3.849)	(1.179)	--	--	(5.028)
Ch. in value of investment property	--	--	--	--	--
Effect of results of associates	492	205	--	--	697
EBIT	**6.646**	**2.086**	**--**	**--**	**8.732**
Net finance expense	(2.193)	(428)	--	--	(2.621)
Income tax					(1.067)
Profit for the period					**5.044**

Change Q4 YoY %	Stores and warehouses Iceland	Olís	Stores and warehouses Faroe Islands	Elimination entries	Total
Sales	2,6%	-9,5%	-	1,8%	7,6%
Other operating income	3,4%	51,9%	-	15,4%	138,8%
Total revenue	**2,6%**	**-9,4%**	**-**	**4,8%**	**8,0%**
Total operating expenses	2,9%	-14,3%	-	4,8%	6,0%
EBITDA	**-0,8%**	**270,5%**	**-**	**-**	**35,8%**
Depreciation and amortisation	10,9%	-20,8%	-	-	15,5%
Ch. in value of investment property	-	-	-	-	-
Effect of results of associates	57,5%	87,0%	-	-	61,7%
EBIT	**11,6%**	**-**	**-**	**-**	**104,7%**
Net finance expense	-9,2%	-8,0%	-	-	8,8%
Income tax					155,9%
Profit for the period					**157,4%**

Change 12M YoY %	Stores and warehouses Iceland	Olís	Stores and warehouses Faroe Islands	Elimination entries	Total
Sales	4,8%	-4,4%	-	-10,7%	4,1%
Other operating income	-3,2%	65,4%	-	10,0%	37,2%
Total revenue	**4,7%**	**-4,1%**	**-**	**-6,3%**	**4,2%**
Total operating expenses	4,7%	-5,6%	-	-6,3%	3,5%
EBITDA	**5,2%**	**20,7%**	**-**	**-**	**12,8%**
Depreciation and amortisation	3,8%	0,7%	-	-	6,4%
Ch. in value of investment property	-	-	-	-	-
Effect of results of associates	42,1%	37,6%	-	-	40,7%
EBIT	**10,7%**	**33,3%**	**-**	**-**	**30,7%**
Net finance expense	7,8%	15,2%	-	-	14,0%
Income tax					30,5%
Profit for the period					**39,4%**

The operations of stores and warehouses, both in Iceland and the Faroe Islands, are largely in the retail operation of groceries. Olís' operations are largely in the sale of fuel and related services, in addition to the sale of fast food and various essential products. Olís operates service stations throughout the country under the Olís brand and operates a large number of ÓB self-service stations.

The stores and warehouses segment in Iceland includes the operations of Bónus, Hagkaup, Aðföng, Bananar, Stórkaup, Noron and Eldum rétt. The operations of Hagar Wine B.V. in the Netherlands are likewise included here, but due to the small size of the operations and their characteristics, they are not a separate segment, despite being located in a different geographical area.

The stores and warehouses sections in the Faroe Islands includes all the SMS Group's operations, which primarily consist of the operation of the grocery stores Bónus, Miklagarður and Mylnan, but also the operation of restaurants, specialty stores, meat processing and bread and cake production.

The Group's Consolidated Balance Sheet

in ISK million	28.02.2025	29.02.2024*	Change	%	Effect of SMS	Effect of revaluation	Other changes	Total Change
Assets								
Non-current assets	81.876	57.042	24.834	43,5%	15.255	4.716	4.863	24.834
Current assets	23.160	21.129	2.031	9,6%	2.276	--	(245)	2.031
Total assets	**105.036**	**78.171**	**26.865**	**34,4%**	**17.531**	**4.716**	**4.618**	**26.865**
Equity and liabilities								
Share capital	1.098	1.084	14	1,3%	--	--	14	14
Other equity	37.423	27.870	9.553	34,3%	5.384	3.773	396	9.553
Attributable to owner of the parent	**38.521**	**28.954**	**9.567**	**33,0%**	**5.384**	**3.773**	**410**	**9.567**
Non-controlling interest	(32)	--	(32)	-	(32)	--	(0)	(32)
Total equity	**38.489**	**28.954**	**9.535**		**5.352**	**3.773**	**410**	**9.535**
Non-current liabilities	36.967	23.330	13.637	58,5%	9.574	943	3.120	13.637
Current borrowings	6.278	5.818	460	7,9%	465	--	(5)	460
Other payables	23.303	20.069	3.234	16,1%	2.140	--	1.094	3.234
Total liabilities	**66.548**	**49.217**	**17.331**	**35,2%**	**12.179**	**943**	**4.209**	**17.331**
Total equity and liabilities	**105.036**	**78.171**	**26.865**	**34,4%**	**17.531**	**4.716**	**4.618**	**26.865**

**The comparison amounts have been changed due to a new accounting method. Fixed assets increase by 957 m.ISK and total assets for last year now amount to 78.171 m.ISK instead of 77.214 mISK. Equity increases by 766 m.ISK and equity ratio is now 37,0% instead of 36,5% before. Deferred tax liability increases by 191 m.ISK.*

Financial key figures 28.02.2025

- The Group's total assets at the end of the operating year amounted to 105,036 m.ISK, and grew by 26,865 m.ISK from the end of year 2023/24. The impact of SMS amounted to 17,531 m.ISK and the effects of revaluation of investment properties in Iceland amounted to 4,716 m.ISK.
- Non-current assets amounted to 81,876 m.ISK and increased by 24,834 m.ISK, of which 15,255 m.ISK is due to SMS.
- The total impact of the changed accounting method on the consolidated balance sheet, which is presented in non-current assets in the balance sheet now and in the comparative year, amounts to 6,595 m.ISK.
  - Hagar's investment properties account for about 40,000 m^2 of over 60,000 m^2 of the group's total property portfolio. The changed accounting method therefore affects around 2/3 of Hagar's property portfolio, of which around 11,000 m^2 is leased outside the Hagar Group.
  - The largest part of the revaluation is due to properties in Iceland, or 5,673 m.ISK, of which 4,716 m.ISK affect the 2024/25 balance sheet, while 957 m.ISK is recognised in the comparative year. Part of the revaluation is due to properties under operating lease at SMS in the Faroe Islands, or 922 m.ISK.
  - The change in the comparison year is due to properties that are leased outside the Hagar Group and are reserved within equity in 2023/24.
  - The total effect of the revaluation on the consolidated income statement for 2024/25 is 1,042 m.ISK, of which 120 m.ISK is due to properties leased outside the Hagar Group in Iceland and 922 m.ISK is due to one-time effects at SMS in the Faroe Islands.
- Current assets amounted to 23,160 m.ISK, an increase of 2,031 m.ISK from the previous year, mostly due to SMS.
- The inventory turnover ratio at year-end was 10.3, compared to 10.6 in the previous year, and the trade receivable credit period was 10.2 days, unchanged from the previous year. The current ratio was 0.78 at year's end, compared to 0.82 in the previous year.
- Equity at the end of the year amounted to 38,489 m.ISK and the equity ratio was 36.6%. The equity ratio of the previous year was 37.0%. Return on equity was 24.3% compared to 18.1% last year. The company held own shares of nominal value of 8.1 million at the end of the year.
- The Group's total liabilities at the end of the year amounted to 66,548 m.ISK, an increase of 17,331 m.ISK from the end of last year, of which the impact of SMS amounted to 12,179 m.ISK.
- Interest-bearing debt amounted to 23,415 m.ISK and leasing liabilities to 19,577 m.ISK. Net interest-bearing debt, including leasing liabilities, at the end of the year were 40,693 m.ISK or 2.8 x EBITDA for the year.
- Interest-bearing short-term debt amounted to 6,278 m.ISK, of which promissory notes amounted to 1,440 m.ISK and short-term financing in Danish kroner due to the company's acquisition of SMS amounted to 3,907 m.ISK.

The Group's Consolidated Cash Flow Statement

in ISK million	Q4 2024/25 01.12-28.02	Q4 2023/24 01.12-29.02	Change	%	12M 2024/25 01.03-28.02	12M 2023/24 01.03-29.02	Change	%
Net cash provided by operating activities	2.856	1.660	1.196	72,0%	11.108	8.690	2.418	27,8%
Net cash used in investing activities	(1.514)	(818)	(696)	85,1%	(8.671)	(4.825)	(3.846)	79,7%
Net cash used in financing activities	(576)	(898)	322	-35,9%	(1.964)	(4.907)	2.943	-60,0%
Net increase in cash and cash equivalents	**766**	**(56)**	**822**	**-1467,9%**	**473**	**(1.042)**	**1.515**	**-145,4%**
Effect of exchange rates on cash held	(1)	--	(1)	-	(1)	--	(1)	-
Cash and cash equivalents at beginning of the period	1.534	1.883	(349)	-18,5%	1.827	2.869	(1.042)	-36,3%
Cash and cash equivalents at the end of the period	**2.299**	**1.827**	**472**	**25,8%**	**2.299**	**1.827**	**472**	**25,8%**

Cash Flows for the operating year 2024/25

- Cash from operating activities amounted to 11,108 m.ISK in the operating year, compared to 8,690 m.ISK in the previous year.
- Investing activities for the year amounted to 8,671 m.ISK, compared to 4,825 m.ISK in the previous year. The largest item for the year was an investment in the subsidiary, SMS in the Faroe Islands, amounting to 4,741 m.ISK. Investment in operating assets and properties amounted to 3,310 m.ISK and investment in intangible assets amounted to 823 m.ISK.
- Financing activities for the year were 1,964 m.ISK, compared to 4,907 m.ISK in the previous year. No own shares were purchased during the year, while in the previous year, buy-back amounted to 2,333 m.ISK. Dividends were paid in June 2024 and amounted to 2,522 m.ISK, compared to the dividend payment in the previous year, which amounted to 2,475 m.ISK.
- Cash at the end of the operating year amounted to 2,299 m.ISK, compared to 1,827 m.ISK at the end of the previous year.

Status and future prospects

The management's guidance for the past financial year assumed that EBITDA would be in the range of 14,000-14,500 m.ISK, but the guidance was increased at the end of the third quarter in conjunction with the announcement of Hagar's acquisition of SMS in the Faroe Islands. The year's operations were generally good, especially due to stronger than originally expected results in Olís, where favourable movements in world market fuel prices supported earnings. The Group's sales increased by 4.1% during the year, while gross margin in ISK increased by 14.2%. Operating costs increased by 15.6% year on year, while EBITDA increased by 12.8% from the previous year. The SMS became part of the Hagar Group from the commencement of the fourth quarter and the effects of this are felt in comparison with the previous year's results.

The company has changed its accounting method so that investment properties are now booked at fair value but were previously booked at amortized cost. The revaluation of investment properties that are leased within the group is reversed in the income statement and reserved within equity in the consolidated financial statements. It is the opinion of the company's management that the revalued worth of these properties provides a clearer picture of the financial status of the group at the years end 28.2.2025 than the amortized cost would have done. Comparative amounts in the balance sheet 29.2.2024 have been adjusted accordingly.

On November 27th, 2024, Hagar and the then owners of P/F SMS in the Faroe Islands signed an agreement for Hagar to acquire all the shares in SMS. The acquisition date was Monday 2nd December 2024, and SMS therefore became part of Hagar's consolidated financial statements in the last quarter of the 2024/25 financial year. Comparative amounts in the annual accounts have not been changed and therefore do not include the impact of the new company. The purchase price (enterprise value) in the transaction amounted to almost 467 m.DKK and the equity value to almost 327 m.DKK. The purchase price was based, among other things, on the SMS Group's operations and plans for the financial year 2024, with turnover for the year estimated at around 730 m.DKK and EBITDA at around 63 m.DKK. The purchase price was also based on an assessment of SMS's property portfolio. It is worth pointing out that the impact of the IFRS 16 leasing standard was not taken into account in these SMS performance figures. Hagar paid the purchase price in cash of approximately 267 m.DKK and delivered 13,867,495 own shares worth 60 m.DKK in the transaction. Hagar financed part of the purchase price with a new 200 m.DKK 12 months loan, but long-term financing will be carried out in the coming months. The total cost of the acquisition amounted to 142 m.ISK and was booked in

Q4 2024/25. The SMS is a leading retail company in the Faroe Islands and operates, a.o., eight Bónus discount stores throughout the Faroe Islands, four smaller grocery stores in Torshavn under the name Mylnan and the department store Miklagarður in Torshavn. SMS is also operating in other activities, including the operation of the largest shopping centre in the Faroe Islands, several restaurants, small specialty stores, bread and cake production, meat processing and fitness centres. In addition, the company has a diverse property portfolio of approximately 11,000 m^2, which is mostly used for its own operations but is partly leased to third parties. The aim of the acquisition is to further support and strengthen Hagar's operations in the grocery sector and increase the efficiency of operations and product range of SMS in the Faroe Islands.

On September 26th, 2024, it was announced that Olís, a subsidiary of Hagar, and its co-owners had reached an agreement to begin a formal sale process for the companies' holdings in Olíudreifing. Non-binding offers for the company have been received and three parties have been invited to continue in the sale process. At this stage, it is not certain whether the sale process will lead to binding offers for Olíudreifing, which could result in a sale of the company.

The management's guidance for the 2025/26 operating year, which has just begun, assumes EBITDA will be in the range of 16,000-16,500 m.ISK. The criteria for the guidance assume a 4.0% increase in prices on an annual basis and the impact of labour agreements of a 5.0% increase in wages between the years. A small influence is assumed from changes of the exchange rate of the main purchasing currencies. It is assumed that the year's investments (CAPEX) will be comparable to those in recent years, excluding the possible impact of Álfabakki 2, but due to uncertainty affecting the project, the 2025/26 investment plan will not be published at this time.

The financial status of the Group is strong, and financing is secured. Access to short term funding in the form of credit lines of 4.5 b.ISK and USD 12.5 million is secured, but the Company has also used short term funding in the form of a promissory notes issuance. The issuance of the promissory notes is in accordance with the basic description of the 10 b.ISK issuance framework that the Company's Board of Directors has approved. It can be assumed that the Company will continue to use market funding in the coming months.

About Hagar

Hagar is a leading retail company with diverse operations in Iceland, the Faroe Islands, and the Netherlands, primarily in the grocery and fuel markets. In Iceland, Hagar operates 40 grocery stores, 22 Olís service stations, 43 ÓB self-service stations, two warehouses, one production facility, one online store with meals packages, one supply store and one specialty store. Hagar's core business in Iceland is in the grocery and related warehouses, as well as fuel sales. In the Faroe Islands, Hagar operates the SMS retail company, a leader in the Faroese market, while SMS operates, among other things, 13 grocery stores, six restaurants and three specialty stores. In the Netherlands, Hagar operates one online store with alcohol.

Share capital and shareholders

- Hagar's market value at the end of the period amounted to 112.9 b.ISK and the closing price on February 28th, 2025, was ISK 102.0/share.
- Hagar's registered share capital at the end of the operating year amounted to 1,106 m.ISK. The company owned 8.1 million own shares at the end of the year, and outstanding share capital therefore amounted to 1,098 m.ISK.
- On May 30th, 2024, the company's Annual General Meeting approved the payment of a dividend to shareholders amounting to 50.0% of the profit for the previous financial year, or a total of 2,522 m.ISK. The dividend payment therefore amounted to 2.33 ISK per share of outstanding share capital. The dividend was paid on June 7th, 2024.
- At the Hagar shareholders' meeting on August 30th, 2024, the board of directors approved a proposal for a stock option scheme for key employees in the company. Based on the new stock option scheme, the Hagar's board of directors has granted stock options for a total of 16,568,615 shares in the company, or equivalent to 1.5% of Hagar's share capital, of which 11,037,686 shares have been allocated to the executive board. The total number of outstanding stock options, according to the stock option schemes from 2021 and 2024, amounts to 27,524,861 or approximately 2.5% of the company's share capital.
- The Hagar's Board of Directors' proposal for dividend payment for the company's 2025 Annual General Meeting will be presented with the consolidated audited annual accounts on April 30th. The Annual General Meeting will be held on May 27th, 2025.

- There were 968 shareholders at the beginning of the operating year and 923 at the end. The company's 10 largest shareholders held 80.6% of the company's shares at the end of the operating year.

Online presentation, Wednesday April 16th 2025

An online presentation for market participants and shareholders will be held on Wednesday, April 16th at 08:30, where Finnur Oddsson, CEO, and Guðrún Eva Gunnarsdóttir, CFO, will present the company's operations and results, as well as answer questions.

Questions related to the results will be accepted during the broadcast to the email address fjarfestakynning@hagar.is and will be answered as possible at the end of the meeting.

The meeting will as well be cast over the internet and registration for the online streaming is: https://www.hagar.is/skraning

Presentation papers will be available at Hagar's webpage, www.hagar.is, at the commencement of the meeting.

Financial calendar 2025/26

Financial information will be published after the market closes.

Accounting period	Weekday	Publication day
Annual General meeting 2025	Tuesday	May 27th 2025
Q1 - Mars 1st - May 31st	Thursday	June 26th 2025
Q2 - Mars 1st - 31. August 31st	Thursday	October 16th 2025
Q3 - Mars 1st - November 30th	Wednesday	January 14th 2026
Q4 - Mars 1st - February 28th	Tuesday	April 21st 2026
Annual General meeting 2026	Thursday	May 21st 2026

For further information, please contact Finnur Oddsson, CEO (fo@hagar.is), and Guðrún Eva Gunnarsdóttir, CFO (geg@hagar.is), by telephone 530-5500 or email.

This press release is translated from the Icelandic version which was published on April 15th, 2025. Should there be discrepancies between the two versions, the Icelandic version will take priority over the translated version.