

HAGAR: HAGAR'S RESULTS IN Q1 2025/26

Improved profits and a strong start to the fiscal year

The Hagar's consolidated interim financial statements for the first quarter 2025/26 was approved by the company's board of directors and CEO at a board meeting on June 26th, 2025. The statements cover the period from March 1st, 2025, to May 31st 2025. The consolidated interim financial statements include the consolidated financial statements of the company and its subsidiaries and are prepared according to International Financial Reporting Standards (IFRS). The statements have neither been reviewed nor audited by the company's auditors, PricewaterhouseCoopers Ltd.

Key figures*

- **Sales** in Q1 amounted to 48,115 m.ISK (9.2% growth from Q1 2024/25). [Q1 2024/25: 44,067 m.ISK.]
- **Gross margin** in Q1 amounted to 11,619 m.ISK (24,1%). [Q1 2024/25: 9,537 m.ISK (21,6%)]
- **Earnings before interest, depreciation and taxes (EBITDA)** in Q1 amounted to 4,046 m.ISK or 8.4% of turnover. [Q1 2024/25: 3,214 m.ISK (7.3%)]
- **Profit** in Q1 amounted to 1,165 m.ISK or 2.4% of turnover. [Q1 2024/25: 850 m.ISK (1.9%)]
- **Total comprehensive income** in Q1 amounted to 1,189 m.ISK, but revaluation of properties, booked as equity, amounted to 69 m.ISK and negative translation differences were 45 m.ISK. [Q1 2024/25: 850 m.ISK.]
- **Basic earnings per share** in Q1 was 1.06 ISK. [Q1 2024/25: 0.78 ISK.]. **Diluted earnings per share** in Q1 was 1.06 ISK. [Q1 2024/25: 0.77 ISK.]
- **Equity** amounted to 39,673 m.ISK at the end of the period and **equity ratio** is 36.7%. [End of year 2024/25: 38,489 m.ISK and 36.6%]
- **Management's guidance** for the operational year 2025/26 assumes EBITDA to be in the range of 16,000-16,500 m.ISK.

Operational highlights

- **Operation in the first quarter was successful** and was in line with the Management's plans - improved profits is **mainly due to the SMS operations**, in addition, the profits of the larger operating sections strengthened year on year.
- **Customers visits** to grocery stores (in Iceland) grew by just under 6%. **Sold units** also grew by just about 1%.
- **Sold fuel litres declined** by 17% in the first quarter - increase in retail sales but decline in total volume, mainly due to lower one-off transactions to foreign bulk users.
- **Good progress in the development of digital solutions and services** - the Bananar new online store launched in April.
- Increased focus on product selection and convenience for families - **Barnabónus (Children-bonus) introduced recently** which is Bónus' support to young families with children in first few months after birth.
- In cooperation with Latibær (Lazytown), **a major health initiative was launched aiming to increase children's consumption of fresh fruits and vegetables** - sweet sport snacks sold in Bónus, Hagkaup and Olís stores, produced by Bananar.

**SMS became part of the Hagar Group in the 4th quarter of 2024/25 and therefore the impact is not reflected in the previous year's comparative figures.*

Finnur Oddsson, CEO:

Hagar's operations in the 2025/26 operating year take off with a good start and the first quarter results confirm the company's strong standing. The Group's sales amounted to 48.1 b.ISK, a growth of 9.2% compared to the same period last year. The EBITDA amounted to 4,046 m.ISK and the profit was 1,165 m.ISK, which is a significant improvement between the years. Operations were good in all sections, both in Iceland and the Faroe Islands, but the comparison with the previous year is affected by the entry of SMS into the Hagar Group and a significant decrease in fuel prices between years.

There is wind in the sails in operation of stores and warehouses in Iceland, where revenue was 33.6 b.ISK, an increase of 7% and the profits strengthened. The number of units sold and customer visits to grocery stores increased, both in Bónus and Hagkaup. As before, low product prices are an attraction in Bónus, but the company has placed special emphasis on making it easier for customers to shop even cheaper, including with economical packages and weekly offers under the title "the cheapest of the week in Bónus". Then new product selections and conveniences for families with children have also been well received, from sweet sport snacks in cooperation with Latibær (Lazytown) to the "Children bonus" (Barnabónus) box, which over 1000 families have obtained as of a new family member born this year. Emphasis such as these, has contributed to the increased number of Bónus customers by almost 7% in the quarter.

A significant increase in Hagkaup's revenue during the quarter, and the increased number of visits shows that customers appreciate the diverse selection and constant innovations in the product offering. In addition to a unique selection of household food products, a European record was set for sales of "Build-A-Bear" teddies, Hagkaup's party dishes were extremely popular at confirmation and graduation parties this spring, and a new cosmetics department was a hit in Garðabær.

Revenues and results of Aðföng and Bananar reflect solid operations in grocery stores. At Zara, a strong product line delivered revenues and results well above estimates. Stórkaup continues to grow sturdily, with a significant increase in revenue in sales of operational, health and food articles to bulk users and innovations at Eldum rétt, including instant meals for sale in Bónus, are off to a superior start. More and more people are using the services of Veigar.is, the online alcohol retailer.

Olís observed a strong quarter with revenues of 11.4 b.ISK and improved performance. Revenues decreased by 13%, due to, on the one hand to a sharp decline in the world fuel market price compared to the previous year, and on the other hand to a decrease in litres sold, mainly due to one-off transactions to foreign bulk users. Demand in the retail market increased considerably, in fuel, dry goods and catering. Parallel with increased sales, the efficiency in the service stations operation has increased, which contributes to continued improved profits. The sale process of Olís' share in Olíudreifing was terminated at the end of April, but the company's operations have been successful.

The operation of SMS's stores and restaurants in the Faroe Islands is doing well. Revenue was over 3.8 b.ISK and earnings exceeded expectations.

It is enjoyable that Hagar's operations are off to a good start this year, now with the help of new partners and splendid customers in the Faroe Islands. We have Hagar's robust financial standing, strong operations in all major sections, a large number of customers who trust us every day and a great team of employees who strive to improve customers' living standards by making shopping economical and enjoyable. A line of defence against rising costs and inflation will remain at the forefront of our minds, along with an emphasis on increasing operational efficiency and exploiting opportunities for profitable growth. The outlook for Hagar's operations is positive.

The Group's Consolidated Income Statement

in ISK million	Q1 2025/26 01.03.-31.05	Q1 2024/25 01.03.-31.05	Change	%
Sales	48.115	44.067	4.048	9,2%
Cost of goods sold	(36.496)	(34.530)	(1.966)	5,7%
Gross profit	11.619	9.537	2.082	21,8%
Gross profit %	24,1%	21,6%	-	2,5%
Other operating income	318	142	176	123,9%
Salaries and related expenses	(5.327)	(4.377)	(950)	21,7%
Other operating expenses	(2.564)	(2.088)	(476)	22,8%
Profit from operating activities before depreciation and amortisation (EBITDA)	4.046	3.214	832	25,9%
EBITDA %	8,4%	7,3%	-	1,1%
Depreciation and amortisation	(1.458)	(1.381)	(77)	5,6%
Change in value of investment property	(173)	--	(173)	-
Profit from operating activities (EBIT)	2.415	1.833	582	31,8%
Net finance expense	(959)	(789)	(170)	21,5%
Effect of results of associates	32	25	7	28,0%
Profit before income tax	1.488	1.069	419	39,2%
Income tax	(323)	(219)	(104)	47,5%
Comprehensive income for the period	1.165	850	315	37,1%
Total other comprehensive income	24	--	24	-
Total comprehensive income for the period	1.189	850	339	39,9%

Operations in the first quarter 2025/26

Sales in Q1 amounted to 48,115 m.ISK and increased by 9.2% between years, but excluding the impact of SMS, sales increased by 1.0%. Sales growth in stores and warehouses in Iceland amounted to 6.9%, but there was a decline in sales at Olís, which amounted to 13.1% between the years, both due to significantly lower world fuel market prices but also due to a decline in fuel litres sold in one-off transactions to foreign bulk users.

In the Q1, the number of customer visits to grocery stores (in Iceland) increased by almost 6% year on year and units sold increased by almost 1%. The number of fuel litres sold decreased by 17% in the quarter; good demand in retail sales but a decline in the total volume of litres, mainly due to fewer one-off transactions by foreign bulk users.

The gross margin in Q1 amounted to 11,619 m.ISK, and grew by 21.8% year on year, but excluding the impact of the SMS, the gross margin increased by 7.9%. Gross margin ratio amounted to 24.1%, an increase of 2.5%-points year on year. The impact of SMS's gross margin is about 1.0%-points on the gross margin ratio, but otherwise the Olís' gross margin ratio is increasing somewhat year on year, due to,

among other things, lower world fuel market prices. The gross margin ratio in grocery stores in Iceland is almost unchanged year on year.

Total operating expenses increase by 22.1% year on year, largely due to the impact of SMS. Excluding SMS, the increase is 4.8%. The salary and costs ratio increases from 14.7% to 16.4%.

The EBITDA in Q1 amounted to 4,046 m.ISK, an increase of 25.9% year on year, but the increase was 9.4% excluding SMS. The EBITDA increased by 11.2% at stores and warehouses in Iceland and increased by 4.0% at Olís business section. The EBITDA of SMS business section in the Faroe Islands amounted to 528 m.ISK.

The revaluation of investment properties was negative by 173 m.ISK, of which 166 m.ISK was due to properties under operating leasing at SMS, whose book value amounts to 4,394 m.ISK at the end of the period. Their fair value change is recognised through operations over the life of the leasing agreements.

The profit for the quarter amounted to 1,165 m.ISK, compared to 850 m.ISK in the previous year. The total revenue amounted to 1,189 m.ISK, of which the revaluation of properties, which is booked directly as equity, amounted to 69 m.ISK and differences were negative by 45 m.ISK.

Operating sections in Q1 2025/26

The Hagar Group consists of three operating sections: stores and warehouses in Iceland, stores and warehouses in the Faroe Islands and the operations of Olís.

Q1 2025/26 in ISK million	Stores and warehouses Iceland	Olís	Stores and warehouses Faroe Islands	Elimination entries	Total	Q1 2024/25 in ISK million	Stores and warehouses Iceland	Olís	Stores and warehouses Faroe Islands	Elimination entries	Total
Sales	33.405	11.328	3.614	(232)	48.115	Sales	31.243	13.043	--	(219)	44.067
Other operating income	190	27	176	(75)	318	Other operating income	187	25	--	(70)	142
Total revenue	33.595	11.355	3.790	(307)	48.433	Total revenue	31.430	13.068	--	(289)	44.209
Total operating expenses	(30.875)	(10.557)	(3.262)	307	(44.387)	Total operating expenses	(28.983)	(12.301)	--	289	(40.995)
EBITDA	2.720	798	528	--	4.046	EBITDA	2.447	767	--	--	3.214
Depreciation and amortisation	(994)	(285)	(179)	--	(1.458)	Depreciation and amortisation	(1.005)	(376)	--	--	(1.381)
Ch. in value of investment property	2	(9)	(166)	--	(173)	Ch. in value of investment property	--	--	--	--	--
Effect of results of associates	(11)	43	--	--	32	Effect of results of associates	(2)	27	--	--	25
EBIT	1.717	547	183	--	2.447	EBIT	1.440	418	--	--	1.858
Net finance expense	(664)	(185)	(110)	--	(959)	Net finance expense	(667)	(122)	--	--	(789)
Income tax					(323)	Income tax					(219)
Profit for the period					1.165	Profit for the period					850

Change Q1 YoY %	Stores and warehouses Iceland	Olís	Stores and warehouses Faroe Islands	Elimination entries	Total
Sales	6,9%	-13,1%	-	5,9%	9,2%
Other operating income	1,6%	8,0%	-	7,1%	123,9%
Total revenue	6,9%	-13,1%	-	6,2%	9,6%
Total operating expenses	6,5%	-14,2%	-	6,2%	8,3%
EBITDA	11,2%	4,0%	-	-	25,9%
Depreciation and amortisation	-1,1%	-24,2%	-	-	5,6%
Ch. in value of investment property	-	-	-	-	-
Effect of results of associates	450,0%	59,3%	-	-	28,0%
EBIT	19,2%	-	-	-	31,7%
Net finance expense	-0,4%	51,6%	-	-	21,5%
Income tax					47,5%
Profit for the period					37,1%

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 section 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 unit, despite being located in a different geographical area.

The stores and warehouses section 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. Additionally, it includes the operation of restaurants, specialty stores, meat processing, bakery, and confectionery production, as well as property management.

The Group's Consolidated Balance Sheet

in ISK million	31.05.2025	28.02.2025	Change	%
Assets				
Non-current assets	81.320	81.876	(556)	-0,7%
Current assets	26.899	23.160	3.739	16,1%
Total assets	108.219	105.036	3.183	3,0%
Equity and liabilities				
Share capital	1.098	1.098	(0)	0,0%
Other equity	38.606	37.423	1.183	3,2%
Attributable to owner of the parent	39.704	38.521	1.183	3,1%
Non-controlling interest	(31)	(32)	2	-6,0%
Total equity	39.673	38.489	1.185	
Non-current liabilities	36.890	36.967	(77)	-0,2%
Current borrowings	6.128	6.278	(150)	-2,4%
Other payables	25.528	23.303	2.225	9,5%
Total liabilities	68.546	66.548	1.998	3,0%
Total equity and liabilities	108.219	105.036	3.183	3,0%

Financial key figures 31.05.2025

- The Group's total assets at the end of the quarter amounted to 108,219 m.ISK and grew by 3,183 m.ISK from the end of the year 2024/25 or by 3.0%.
- Non-current assets amounted to 81,320 m.ISK and declined by 556 m.ISK from the end of the year 2024/25.
- Current assets amounted to 26,899 m.ISK and increased by 3,739 m.ISK from the end of the year 2024/25, of which cash and cash equivalents have increased by 3,577 m.ISK through the period.
- Inventories amounted to 13,580 m.ISK at the end of the period and decreased by 394 m.ISK during the quarter. The inventory turnover ratio at the end of May was 10.7 compared to 11.4 in the previous year and 10.3 at the end of the year 2024/25. The credit period for trade receivables was 11.6 days compared to 11.4 days in the previous year, while the credit period was 10.2 days at the end of the year 2024/25.
- The current ratio amounted to 0.85 at the end of May, compared to 0.88 last year. Access to short term financing in the form of credit lines in the amount of 3.0 b.ISK with commercial banks is secured, in addition to the company financing itself in the short term by issuing promissory notes.
- Equity at the end of the period amounted to 39,673 m.ISK and the equity ratio was 36.7%. The equity ratio was 36.6% at the end of the year 2024/25. Return on equity was 25.3% compared to 18.9% last year. The company had own shares, a nominal value of 8.1 million at the end of the year.
- The Group's total liabilities at the end of the period amounted to 68,546 m.ISK, an increase of 1,999 m.ISK from the end of last year, mainly due to higher short term trade receivables in most operating sections.
- Interest-bearing debt amounted to 23,270 m.ISK and leasing liabilities to 18,981 m.ISK. Net interest-bearing debt, including leasing liabilities, at the end of the year was 36,375 m.ISK or 2.3 x 12-month EBITDA.
- Interest-bearing short-term debt amounted to 6,128 m.ISK, of which promissory notes amounted to 1,420 m.ISK and short-term financing in Danish kroner due to the company's acquisition of SMS amounted to 3,867 m.ISK.

The Group's Consolidated Cash Flow Statement

in ISK million	Q1 2025/26 01.03.-31.05	Q1 2024/25 01.03.-31.05	Change	%
Net cash provided by operating activities	5.401	3.890	1.511	38,8%
Net cash used in investing activities	(1.291)	(684)	(607)	88,7%
Net cash used in financing activities	(527)	(459)	(68)	14,8%
Net increase in cash and cash equivalents	3.583	2.747	836	30,4%
Effect of exchange rates on cash held	(6)	--	(6)	-
Cash and cash equivalents at beginning of the period	2.299	1.827	472	25,8%
Cash and cash equivalents at the end of the period	5.876	4.574	1.302	28,5%

Cash flow the first three months of the operating year 2025/26

- Cash from operations amounted to 5,401 m.ISK in the quarter, compared to 3,890 m.ISK in the previous year.
- Investing activities for the period amounted to 1,291 m.ISK, compared to 684 m.ISK in the previous year. Investments are mainly due to renovations in several Bónus and Hagkaup stores, new Glans car washes at Olís, but in addition, investments in intangible assets, i.e. software and other digital solutions, amounted to 250 m.ISK in the quarter.
- Financing activities for the period were 527 m.ISK, compared to 459 m.ISK in the previous year.
- Cash and cash equivalents grew by 3,577 m.ISK during the period, taking into account the effects of exchange rate fluctuations, and amounted to 5,876 m.ISK at the end of the period, compared to 4,574 m.ISK at the end of the first quarter of the previous year.

Status and future prospects

The year begins to a good start and the outlook for Hagar's operations is generally positive. The operations of the main units are proceeding well, operational efficiency has increased and the service offering has strengthened. The SMS is a new pillar in the Group's operations and investment in business development will also strengthen the company's progress. There are certain concerns in the international business environment, including increased risks of tariffs and trade barriers and uncertainty about fuel price developments arising from conflicts in the Middle East. Impacts on operations in Iceland are possible but uncertain. In general, the development of the economy and operating environment in Iceland has been rather positive; inflation and interest rates are falling and the predictability of operating costs, especially wages, is greater than often before. Hagar's position in this environment is strong and the company has the capacity to meet the challenges that may arise in the Icelandic economy and economic environment.

The management's guidance for the 2025/26 financial year assumes that operating profit before depreciation (EBITDA) will be in the range of 16,000-16,500 m.ISK. The Group's financial position is strong and financing is secured. Access to short term financing in the form of credit lines in the amount of 3.0 b.ISK is secured, but the company has also utilized short term financing in the form of a promissory note issue. 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 utilise market financing in the coming quarters.

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 closing price on May 31st, 2025, was 102.0 ISK/share
- Hagar's registered share capital at the end of the period amounted to 1,106 m.ISK. The company held 8.1 million own shares at the end of the period, and the outstanding share capital is therefore ISK 1,098 m.ISK.
- On May 27th, 2025 the Annual General Meeting decided to pay dividends to shareholders amounting to 50% of last year's profit, without effect of changes in value of investment property and share of profit of associates, or the total of 2,504 m.ISK. The total dividend therefore amounted to 2.28. ISK per share of the outstanding share capital. The dividend was paid on June 5th, 2025.
- There were 923 shareholders at the beginning of the period and 910 at the end. The company's 10 largest shareholders had a 76.2% stake in the company at the end of the first quarter.

Online presentation, Thursday June 26th, 2025

An online presentation for market participants and shareholders will be held today, Thursday June 26th at 16:00, 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 be streamed, and registration for the meeting is available here: <https://www.hagar.is/skraning>.

Presentation papers are attached and will also be available on Hagar's website, 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
Q2 - Mars 1 st - 31. August 31 st	Thursday	October 16 th 2025
Q3 - Mars 1 st - November 30 th	Wednesday	January 14 th 2026
Q4 - Mars 1 st - February 28 th	Tuesday	April 21 st 2026
Annual General meeting 2026	Thursday	May 21 st 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 June 26th, 2025. Should there be discrepancies between the two versions, the Icelandic version will take priority over the translated version.