

HAGAR HF: FINANCIAL RESULTS FOR Q2 2026/27

Strong results and management's guidance raised - lower prices for customers

The interim financial statements of Hagar hf. for the second quarter of the 2026/27 financial year were approved by the company's Board of Directors and CEO at a board meeting held on 15 October 2026. The statements cover the period from 1 March to 31 August 2026. The interim financial statements include the consolidated accounts of the company and its subsidiaries and have been prepared in accordance with International Financial Reporting Standards (IFRS). The statements have been reviewed by the company's auditors, PricewaterhouseCoopers ehf.

Key figures

- **Sales** in Q2 amounted to 54,683 m.ISK (5.5% increase from Q2 2025/26). Sales in 6M amounted to 105,468 m.ISK (5.5% growth from 6M 2025/26). [Q2 2025/26: 51,817 m.ISK, 6M 2025/26: 99,932 m.ISK]
- **Gross profit** Q2 amounted to 13,514 m.ISK (24.7%) and 26,795 m.ISK (25.4%) for 6M. [Q2 2025/26: 12,874 m.ISK (24.8%), 6M 2025/26: 24,493 m.ISK (24.5%)]
- **Earnings before interest, taxes, depreciation, and amortization (EBITDA)** Q2 amounted to 5,666 m.ISK or 10.4% of sales. EBITDA 6M amounted to 10,802 m.ISK or 10.2% of sales. [Q2 2025/26: 5,485 m.ISK (10.6%), 6M 2025/26: 9,531 m.ISK (9.5%)]
- **Profit** for Q2 amounted to 2,290 m.ISK or 4.2% of sales. Profit for 6M amounted to 4,207 m.ISK or 4.0% of sales. [Q2 2025/26: 2,556 m.ISK (4.9%), 6M 2025/26: 3,721 m.ISK (3.7%)]
- **Comprehensive income** for Q2 amounted to 2,122 m.ISK and 4,133 m.ISK for 6M. [Q2 2025/26: 2,452 m.ISK, 6M 2025/26: 3,641]
- **Basic earnings per share** in Q2 was 2.11 ISK and 3.88 ISK for 6M. [Q2 2025/26: 2.33 ISK, 6M 2025/26: 3.39 ISK]. **Diluted earnings per share** in Q2 was 2.09 ISK and 3.85 ISK for 6M. [Q2 2025/26: 2.32 ISK, 6M 2025/26: 3.37 ISK]
- **Equity** amounted to 42,926 m.ISK at the end of the period and **equity ratio** was 36.4%. [Year end 2025/26: 42,779 m.ISK and 37.1%]
- **Management's guidance** for financial year 2026/27 was raised by 800 m.ISK in conjunction with the publication of Q2 and assumes that EBITDA will be 19,600-20,100 m.ISK.

Operational highlights

- **Q2 performance exceeded expectations**, with strong results across all business segments - **management's EBITDA guidance raised by ISK 800 million**
- **The positive impact on Olís' Q1 profitability**, resulting from sales to industries and rising global oil prices, **partly reversed in Q2**, although to a lesser extent than anticipated
- **Customer visits** to grocery stores in Iceland increased by 3.2%, while **units sold** rose by 1.3% - a slight decline at Hagkaup, but **solid growth at Bónus**, despite the temporary closure of the Egilsstaðir store
- **Fuel volumes sold declined** by 11.1% YoY in Q2, due to lower sales to industries, **particularly aviation fuel - retail fuel volumes increased YoY**
- **SMS in the Faroe Islands continued to perform well**, with **customer visits increasing** by 2.8% in Q2, accompanied by solid sales growth and improved profitability
- **Around 650 new Salling products** introduced in Bónus and Hagkaup stores during the year - **priced approx. 15% below comparable existing products**
- **Strong earnings growth in stores and warehouses in Iceland** - EBITDA up 17.1% in Q2 and by 16.0% in the first half of the year
- **In September, Hagar announced a 2% price cut on nearly 1,000 products at Bónus and Hagkaup**, through year-end - **an important contribution** to fighting food price inflation
- **Two share buyback programs were launched during Q2**, with total repurchases of ISK 1,000 million - strong operating performance provides **capacity for further share buybacks**

Finnur Oddsson, CEO:

Hagar's operations performed well during the summer months, and results for the first half of the 2026/27 financial year exceeded management's expectations. The Group's sales in the second quarter amounted to ISK 54.7 billion, an increase of 5.5% year-on-year. EBITDA amounted to ISK 5.7 billion and profit for the period totaled ISK 2.3 billion. During the first six months of the financial year, sales increased by 5.5% and EBITDA by 13.3%, reaching ISK 10.8 billion. Operations performed well across all business segments, both in Iceland and the Faroe Islands, although the results continued to be affected by international conflicts and unusual conditions in global oil markets. First-half results exceeded expectations, and management has therefore raised its EBITDA guidance for the financial year by ISK 800 million to ISK 19,600 - 20,100 million.

The operations of *Stores and Warehouses - Iceland* performed well during the quarter. Revenue increased by 5.8% to approximately ISK 36.4 billion, while the segment's EBITDA increased by 17.1% year-on-year. Customer visits to grocery stores increased by 3.2%, while the number of units sold rose by 1.3%. Bónus continued to deliver strong results, with increased sales, more customer visits and higher volumes sold. It is particularly encouraging to see increased sales of fruit and vegetables, reflecting our focus on a broader product range, quality and affordable prices. Customers have also responded positively to store improvements, including the refurbishment of the Bónus store in Selfoss. Hagkaup continued to focus on its broad product selection, product innovation and enhanced customer service. At the same time, initiatives to reduce shrinkage and other operating costs have delivered lasting improvements in operational efficiency and profitability.

Hagar's purchasing partnership with Salling Group is now delivering significant benefits to customers. Approximately 650 new products have been introduced to the shelves of Bónus and Hagkaup stores during the year, at prices averaging more than 15% below those of comparable products previously available. More efficient purchasing enables us to offer customers lower prices while also improving gross margins and profitability in our stores. The partnership has also contributed to greater price discipline across the grocery market, which we believe is among the factors supporting favorable developments in food prices in recent months. According to consumer price index data, food prices in Iceland have increased by less than 1% over the past six months, well below the overall rate of inflation. In September, we took further steps when Bónus and Hagkaup reduced prices by more than 2% on approximately 1,000 products, representing a large proportion of Hagar's directly imported product range, with a commitment not to increase these prices before the end of the year. Further price reductions remain possible in line with potential price decreases from suppliers.

The performance of Aðföng and Bananar continued to reflect the strong operations of the Group's grocery retail business. Stórkaup continues to make good progress and is delivering positive operating results following an extensive development phase. Revenue growth remains strong, particularly in food sales, which increased by approximately 60%. We expect the company to continue delivering profitable growth and to become an increasingly important driver of growth in the coming periods. Other Group businesses, including Eldum rétt and Zara, also performed well.

Olís performed well during the quarter, exceeding management's expectations. As reported in the first quarter's results, the rapid increase in global oil prices had an unusually positive impact on earnings from sales to industries. These effects partially reversed in the second quarter, although to a lesser extent than anticipated. Olís' revenue increased by 3.3% during the quarter despite the abolition of fuel duties at the beginning of the calendar year, which has a downward effect on reported revenue. This was offset by a substantial year-on-year increase in global oil prices. Fuel volumes sold declined by 11.1%, among other factors, due to lower aviation fuel sales related to military exercises, although these sales make a limited contribution to gross profit. At the same time, retail fuel sales volumes increased moderately year-on-year. Sales of non-fuel products and services continued to perform well, with their contribution to Olís' earnings increasing significantly in recent periods, representing an annualized

improvement of hundreds of millions ISK. New service initiatives, including the partnership with Kaffitár, further development of the Grill 66 offering and car wash services, support continued growth and improved profitability.

SMS operations in the Faroe Islands performed well during the quarter, with revenue increasing by 8.7% and EBITDA growing by 13% year-on-year. Customer visits increased by 2.8%, and results exceeded expectations. Renovations at several Bónus stores, including in Klaksvík and Tórshavn, temporarily affected sales but will improve store facilities and customer service over the longer term.

The development of new services within Hagar continues to progress well. Members in the Takk loyalty program continue to grow, while new features provide customers with more opportunities to enjoy better value and earn Takk krónur. The development of Hagar Media's infrastructure is also progressing well, with the rollout of digital screens across stores well advanced in relation to our targets. Hagar Media's customers have responded positively to its new range of products and services. These initiatives build on the Group's strong infrastructure and create opportunities for improved customer service and new revenue streams.

Despite the strong first-half results, uncertainty remains in Hagar's operating environment. Armed conflicts and tensions in international markets have caused significant volatility in global oil prices, which have remained elevated, while concerns are growing over further disruptions to fuel supply chains. High oil prices and uncertainty surrounding supply also affect transportation costs, raw material prices and other inputs for grocery retail, increasing pressure on food prices. Inflation in Iceland has risen again, although the agreement to extend collective wage agreements by just over one year is a positive development. We hope this will contribute to greater stability and create more favorable conditions for inflation to ease and interest rates to decline in the coming periods.

Our focus will remain on efficient procurement and keeping prices low for Icelandic households. The progress achieved in recent months through our purchasing partnership with Salling Group and targeted price reductions at Bónus and Hagkaup demonstrates what can be accomplished through effective purchasing and efficient operations, and how lower prices for customers and strong business performance can go hand in hand. These achievements are made possible by the outstanding employees of Hagar and its subsidiaries, who work every day to make shopping more affordable, easier and more enjoyable. The Group's core businesses continue to perform well, our financial position remains strong, and there are opportunities for further growth. We expect operations to remain strong, and the upward revision to our earnings guidance reflects our confidence that Hagar is well positioned to deliver increased value to both customers and shareholders in the coming periods.

Income statement and operating segments

in ISK million	Q2 2026/27 01.06.-31.08	Q2 2025/26 01.06.-31.08	Change	%	6M 2026/27 01.03.-31.08	6M 2025/26 01.03.-31.08	Change	%
Sales	54,683	51,817	2,866	5,5%	105,468	99,932	5,536	5,5%
Cost of goods sold	(41,169)	(38,943)	(2,226)	5,7%	(78,673)	(75,439)	(3,234)	4,3%
Gross profit	13,514	12,874	640	5,0%	26,795	24,493	2,302	9,4%
Gross profit %	24,7%	24,8%	-	-0,1%	25,4%	24,5%	-	0,9%
Other operating income	331	395	(64)	-16,2%	651	713	(62)	-8,7%
Salaries and related expenses	(5,603)	(5,301)	(302)	5,7%	(11,379)	(10,628)	(751)	7,1%
Other operating expenses	(2,576)	(2,483)	(93)	3,7%	(5,265)	(5,047)	(218)	4,3%
Profit from operating activities before depreciation and amortisation (EBITDA)	5,666	5,485	181	3,3%	10,802	9,531	1,271	13,3%
EBITDA %	10,4%	10,6%	-	-0,2%	10,2%	9,5%	-	0,7%
Depreciation and amortisation	(1,724)	(1,544)	(180)	11,7%	(3,521)	(3,002)	(519)	17,3%
Changes in value of investment property	(153)	(124)	(29)	23,4%	(220)	(297)	77	-25,9%
Profit from operating activities (EBIT)	3,789	3,817	(28)	-0,7%	7,061	6,232	829	13,3%
Net finance expense	(992)	(834)	(158)	18,9%	(1,912)	(1,793)	(119)	6,6%
Share of profit of associates	83	165	(82)	-49,7%	139	197	(58)	-29,4%
Profit before income tax	2,880	3,148	(268)	-8,5%	5,288	4,636	652	14,1%
Income tax	(590)	(592)	2	-0,3%	(1,081)	(915)	(166)	18,1%
Profit for the period	2,290	2,556	(266)	-10,4%	4,207	3,721	486	13,1%
Other comprehensive income	(168)	(104)	(64)	61,5%	(74)	(80)	6	-7,5%
Total comprehensive income for the period	2,122	2,452	(330)	-13,5%	4,133	3,641	492	13,5%

Key figures in Q2 2026/27

Sales in Q2 totaled ISK 54,683 million, up 5.5% YoY. Sales in stores and warehouses in Iceland grew by 5.7% and sales in the Faroe Islands by 10.5%. Sales at Olís grew by 3.6%; however, the abolition of fuel duties at the start of the year reduced reported sales growth in ISK terms.

In Q2, customer visits to grocery stores (in Iceland) increased by 3.2% YoY, while the number of units sold increased by 1.3%. Fuel volumes sold declined by 11.1%, primarily due to lower sales of aviation fuel, while retail fuel volumes increased YoY. Customer visits to SMS in the Faroe Islands increased by 2.8%.

Gross profit amounted to ISK 13,514 million, up by 5.0% YoY. Gross margin was 24.7%, a decrease of 0.1 percentage points from the prior year. Gross profit in ISK terms increased in the Group's grocery operations but declined in the Olís segment, although to a lesser extent than anticipated at the time of the Q1 results.

Salaries increased by 5.7% YoY, while other operating expenses were up 3.7%. The salary and operating cost ratio stayed flat at 15.0%.

EBITDA amounted to ISK 5,666 million, an increase of 3.3% YoY. EBITDA increased by 17.1% in stores and warehouses in Iceland and by 13.0% in the Faroe Islands. EBITDA in the Olís segment declined by 24.3%.

Profit for Q2 was ISK 2,290 million, down 10.4% from ISK 2,556 million last year. Total comprehensive income was ISK 2,122 million, compared with ISK 2,452 million last year.

Operations for 6M 2026/27

Sales for the first half totaled ISK 105,468 million, up 5.5% from ISK 99,932 million last year. Sales in stores and warehouses in Iceland grew by 6.1% and sales in the Faroe Islands by 9.2%. Sales at Olís increased by 2.9%.

Gross profit amounted to ISK 26,795 million, up by 9.4% YoY. Gross margin was 25.4%, an increase of 0.9 percentage points from the prior year, reflecting improved gross margins in both the grocery and fuel operations of the Group.

Salaries increased by 7.1% YoY, while other operating expenses were up 4.3%. The salary and operating cost ratio went up from 15.7% to 15.8%.

EBITDA amounted to ISK 10,802 million, an increase of 13.3% YoY, with an EBITDA margin of 10.2%. EBITDA increased by 16.0% in stores and warehouses in Iceland and by 1.8% in the Faroe Islands. EBITDA in the Olís segment increased by 12.3% YoY.

Depreciation totaled ISK 3,521 million, up 17.3% YoY, partly due to an increase in lease assets. The fair value adjustment of investment properties was negative by ISK 220 million, while net finance expenses amounted to ISK 1,912 million, up 6.6% from the prior year.

Profit for the period was ISK 4,207 million, or 4.0% of sales, compared with ISK 3,721 million, or 3.7% of sales, in the previous year.

Total comprehensive income rose by 13.5% to ISK 4,133 million from ISK 3,641 million last year.

Operating segments in Q2 and 6M 2026/27

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

Q2 2026/27 in ISK million	Stores and warehouses Iceland	Olís	Stores and warehouses Faroe Islands	Elimination entries	Total	6M 2026/27 in ISK million	Stores and warehouses Iceland	Olís	Stores and warehouses Faroe Islands	Elimination entries	Total
Sales	36.217	14.524	4.213	(271)	54.683	Sales	71.753	26.095	8.111	(491)	105.468
Other operating income	212	26	174	(81)	331	Other operating income	418	53	342	(162)	651
Total revenue	36.429	14.550	4.387	(352)	55.014	Total revenue	72.171	26.148	8.453	(653)	106.119
Total operating expenses	(32.771)	(13.212)	(3.717)	352	(49.348)	Total operating expenses	(65.391)	(23.267)	(7.312)	653	(95.317)
EBITDA	3.658	1.338	670	--	5.666	EBITDA	6.780	2.881	1.141	--	10.802
Depreciation and amortisation	(1.193)	(358)	(173)	--	(1.724)	Depreciation and amortisation	(2.359)	(797)	(365)	--	(3.521)
Change in value of invest. prop.	(27)	(1)	(125)	--	(153)	Change in value of invest. prop.	7	6	(233)	--	(220)
Share of profit of associates	(14)	97	--	--	83	Share of profit of associates	20	119	--	--	139
Segment results	2.424	1.076	372	--	3.872	Segment results	4.448	2.209	543	--	7.200
Net finance expense	(753)	(120)	(119)	--	(992)	Net finance expense	(1.499)	(211)	(202)	--	(1.912)
Income tax					(590)	Income tax					(1.081)
Profit for the period					2.290	Profit for the period					4.207

Q2 2025/26 in ISK million	Stores and warehouses Iceland	Olís	Stores and warehouses Faroe Islands	Elimination entries	Total	6M 2025/26 in ISK million	Stores and warehouses Iceland	Olís	Stores and warehouses Faroe Islands	Elimination entries	Total
Sales	34.251	14.026	3.813	(273)	51.817	Sales	67.656	25.354	7.427	(505)	99.932
Other operating income	185	61	224	(75)	395	Other operating income	375	88	400	(150)	713
Total revenue	34.436	14.087	4.037	(348)	52.212	Total revenue	68.031	25.442	7.827	(655)	100.645
Total operating expenses	(31.311)	(12.320)	(3.444)	348	(46.727)	Total operating expenses	(62.186)	(22.877)	(6.706)	655	(91.114)
EBITDA	3.125	1.767	593	--	5.485	EBITDA	5.845	2.565	1.121	--	9.531
Depreciation and amortisation	(1.123)	(272)	(149)	--	(1.544)	Depreciation and amortisation	(2.117)	(557)	(328)	--	(3.002)
Change in value of invest. prop.	(60)	(2)	(62)	--	(124)	Change in value of invest. prop.	(58)	(11)	(228)	--	(297)
Share of profit of associates	39	126	--	--	165	Share of profit of associates	28	169	--	--	197
Segment results	1.981	1.619	382	--	3.982	Segment results	3.698	2.166	565	--	6.429
Net finance expense	(580)	(143)	(111)	--	(834)	Net finance expense	(1.244)	(328)	(221)	--	(1.793)
Income tax					(592)	Income tax					(915)
Profit for the period					2.556	Profit for the period					3.721

Change Q2 YoY %	Stores and warehouses Iceland	Olís	Stores and warehouses Faroe Islands	Elimination entries	Total	Change 6M YoY %	Stores and warehouses Iceland	Olís	Stores and warehouses Faroe Islands	Elimination entries	Total
Sales	5,7%	3,6%	10,5%	-0,7%	5,5%	Sales	6,1%	2,9%	9,2%	-2,8%	5,5%
Other operating income	14,6%	-57,4%	-22,3%	8,0%	-16,2%	Other operating income	11,5%	-39,8%	-14,5%	8,0%	-8,7%
Total revenue	5,8%	3,3%	8,7%	1,1%	5,4%	Total revenue	6,1%	2,8%	8,0%	-0,3%	5,4%
Total operating expenses	4,7%	7,2%	7,9%	1,1%	5,6%	Total operating expenses	5,2%	1,7%	9,0%	-0,3%	4,6%
EBITDA	17,1%	-24,3%	13,0%	-	3,3%	EBITDA	16,0%	12,3%	1,8%	-	13,3%
Depreciation and amortisation	6,2%	31,6%	16,1%	-	11,7%	Depreciation and amortisation	11,4%	43,1%	11,3%	-	17,3%
Change in value of invest. prop.	-55,0%	-50,0%	101,6%	-	23,4%	Change in value of invest. prop.	-	-	2,2%	-	-25,9%
Share of profit of associates	-	-23,0%	-	-	-49,7%	Share of profit of associates	-28,6%	-29,6%	-	-	-29,4%
Segment results	22,4%	-33,5%	-2,6%	-	-2,8%	Segment results	20,3%	2,0%	-3,9%	-	12,0%
Net finance expense	29,8%	-16,1%	7,2%	-	18,9%	Net finance expense	20,5%	-35,7%	-8,6%	-	6,6%
Income tax					-0,3%	Income tax					18,1%
Profit for the period					-10,4%	Profit for the period					13,1%

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, as well as several touchless car wash stations under the Glans brand.

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 also included in the segment, but due to the small size of the operations and their characteristics, they are not a separate segment, despite being in a different geographical area.

The stores and warehouses segment 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.

Balance sheet

in ISK million	31.08.2026	28.02.2026	Change	%
Assets				
Non-current assets	90.052	90.381	(329)	-0,4%
Current assets	27.852	24.865	2.987	12,0%
Total assets	117.904	115.246	2.658	2,3%
Equity and liabilities				
Share capital	1.084	1.089	(5)	-0,5%
Other equity	41.893	41.718	175	0,4%
Attributable to owners of the parent	42.977	42.807	170	0,4%
Non-controlling interest	(51)	(28)	(23)	82,1%
Total equity	42.926	42.779	147	0,3%
Non-current liabilities	40.895	39.291	1.604	4,1%
Current borrowings	9.491	9.040	451	5,0%
Other current liabilities	24.592	24.136	456	1,9%
Total liabilities	74.978	72.467	2.511	3,5%
Total equity and liabilities	117.904	115.246	2.658	2,3%

Financial key figures 31.08.2026

- Total assets amounted to ISK 117,904 million at the end of Q2, an increase of ISK 2,658 million, or 2.3%, from year-end 2025/26.
- Non-current assets totaled ISK 90,052 million, down ISK 329 million from year-end 2025/26.
- Current assets amounted to ISK 27,852 million, an increase of ISK 2,987 million from year-end 2025/26, primarily reflecting higher inventories and trade receivables due to increased oil prices.
- Inventories were ISK 16,168 million at the end of the period, up ISK 1,775 million from year-end 2025/26 and ISK 3,083 million higher than at the end of August 2025. The increase was primarily attributable to the higher value of fuel inventories, reflecting the sharp rise in fuel prices per liter during the period.
- Inventory turnover was 10.3 at the end of August, compared with 11.0 last year and 10.4 at year-end 2025/26. The collection period of trade receivables was 12.1 days, compared with 13.5 days the previous year and 9.6 days at year-end 2025/26.
- The current ratio was 0.82 at the end of August, compared with 0.85 in the previous year and 0.75 at year-end 2025/26. Access to short-term financing via credit facilities of ISK 3.0 billion with the company's commercial bank is secured, in addition to short-term funding through the issuance of promissory notes.
- Equity at the end of the period amounted to ISK 42,926 million, with an equity ratio of 36.4%. The equity ratio was 37.1% at year-end 2025/26. Return on equity was 20.0%, compared with 28.9% in the previous year. The company held own shares with a nominal value of ISK 22.2 million at period-end.
- Total liabilities at the end of Q2 were ISK 74,978 million, up by ISK 2,511 million from year-end 2025/26.
- Interest-bearing debt amounted to ISK 24,930 million and lease liabilities to ISK 24,369 million. Net interest-bearing debt, including lease liabilities, was ISK 45,438 million at period-end, equivalent to 2.3x 12-month EBITDA, compared with 2.2x 12-month EBITDA in the previous year.
- Short-term interest-bearing debt totaled ISK 9,491 million, of which promissory notes amounted to ISK 1,960 million and short-term financing in Danish kroner related to the acquisition of SMS amounted to ISK 3,767 million. The HAGA120926 1 bond, with a principal amount of ISK 3,000 million, matured in September, following the end of the quarter, and was refinanced through the issuance of a new three-year bond series, HAGA130629 1. In addition, the refinancing of the loan related to the acquisition of SMS is in its final stages.

Cash flow statement

in ISK million	Q2 2026/27 01.06.-31.08	Q2 2025/26 01.06.-31.08	Change	%	6M 2026/27 01.03.-31.08	6M 2025/26 01.03.-31.08	Change	%
Net cash from operating activities	5.769	3.780	1.989	52,6%	6.404	9.181	(2.777)	-30,2%
Net cash used in investing activities	(1.618)	(1.058)	(560)	52,9%	(2.642)	(2.099)	(543)	25,9%
Net cash used in financing activities	(3.350)	(3.688)	338	-9,2%	(3.763)	(4.465)	702	-15,7%
Net (decrease) increase in cash and cash equivalents	801	(966)	1.767	-	(1)	2.617	(2.618)	-
Effect of exchange rate fluctuations on cash held	(12)	(6)	(6)	100,0%	(13)	(12)	(1)	8,3%
Cash and cash equivalents at beginning of the period	3.072	5.876	(2.804)	-47,7%	3.875	2.299	1.576	68,6%
Cash and cash equivalents at the end of the period	3.861	4.904	(1.043)	-21,3%	3.861	4.904	(1.043)	-21,3%

Cash flow for 6M 2026/27

- Cash from operating activities amounted to ISK 6,404 million during the first six months, compared with ISK 9,181 million in the same period last year. The year-on-year decrease was primarily attributable to temporary working capital movements resulting from higher fuel prices.
- Investing activities amounted to ISK 2,642 million, compared with ISK 2,099 million in the previous year. The largest investments during the period related to Álfabakki 2 and the expansion of the Bónus store in Selfoss.
- Financing activities amounted to ISK 3,763 million, compared with ISK 4,465 million in the prior year. Share buybacks amounted to ISK 608 million during the period, compared with ISK 395 million in the previous year.
- Cash and cash equivalents decreased by ISK 14 million during the period, taking the effect of exchange rate fluctuations into account, and amounted to ISK 3,861 million at the end of the period, compared with ISK 4,904 million at the end of Q2 the previous year.

Status and outlook

Second-quarter performance was strong across all business segments of the Group, particularly in stores and warehouses in Iceland and the Faroe Islands. Olís performed better than expected, as the positive effects of sales to industries resulting from rising global oil prices in Q1 reversed to a lesser extent than originally anticipated. The quarter's results exceeded management's plans and expectations by a considerable margin, and management's earnings guidance has therefore been raised by ISK 800 million in conjunction with the publication of the interim results.

Management's EBITDA guidance for the financial year 2026/27 is now in the range of ISK 19,600 - 20,100 million. Due to construction work and the relocation of operations to Álfabakki 2, temporary additional operating costs, including double rent, are estimated at approximately ISK 470 million in the budget for 2026/27. As stated at the beginning of the year, the published earnings guidance takes these additional costs into account and is therefore lower than the Company's projections for underlying operations.

The Group's financial position remains strong, with financing secure. The Company has access to short-term credit facilities totaling ISK 3.0 billion and has also utilized short-term financing through the issuance of promissory notes. The issuance is in accordance with the base prospectus for the ISK 10 billion issuance program approved by the Company's Board of Directors. The Company is expected to continue utilizing capital market financing in the coming periods.

Despite continued uncertainty in Hagar's operating environment, the Company's financial position remains strong and the outlook for operations is positive. The focus will remain on efficient procurement, operational efficiency and low prices for the benefit of customers. The Group's core operations continue to perform well, and the upward revision of earnings guidance reflects management's expectations of continued strong performance and the Company's ability to create further value for customers and shareholders.

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, 45 ÓB self-service stations, two warehouses, one production facility, one online store with meal kits, 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 company, a leading retailer in the Faroese market. SMS operates, among other things, 13 grocery stores, seven restaurants and four specialty stores. In the Netherlands, Hagar operates one online store with alcoholic beverages.

Share capital and shareholders

- The market value of Hagar at the end of the period amounted to ISK 135.0 billion, with the closing share price on 31 August 2026 at ISK 122.0 per share.
- Registered share capital at the end of the period amounted to ISK 1,106 million. The company held 22.2 million own shares at the end of the period, resulting in outstanding share capital of ISK 1,084 million.
- Based on the authorization granted by the Annual General Meeting on 21 May 2026, Hagar's Board of Directors launched two share buyback programs during the period, totaling ISK 1,000 million. The second program was completed on 21 September 2026. Hagar repurchased a total of 8,267,776 shares under the two programs.
- On 21 May 2026, the Annual General Meeting of the company approved a dividend payment to shareholders equivalent to 50.0% of the previous financial year's profit after tax, without effect of changes in value of investment property and share of profit of associates, amounting to a total of ISK 3,299 million. The dividend payment corresponded to ISK 3.03 per outstanding share and was paid on 2 June 2026.
- The number of shareholders was 1,066 at the beginning of the period and 1,116 at the end. The ten largest shareholders owned 73.7% of the company's share capital at the end of Q2.

Investor meeting on Friday, 16 October 2026

A presentation meeting for investors and market participants will be held at Hótel Reykjavík Grand, Sigtúni 28, Reykjavík, on Friday, 16 October 2026, at 8:30 a.m. At the meeting, Finnur Oddsson, CEO, and Guðrún Eva Gunnarsdóttir, CFO, will present the company's operations and financial performance and answer questions.

The meeting will also be live-streamed, and registration for the stream is available at: <https://www.hagar.is/skraning>.

Presentation materials will be made available in Icelandic on Hagar's website, www.hagar.is, at the start of the meeting. Presentation materials will be available in English on 19 October at <https://www.hagar.is/en/>.

Financial calendar 2026/27

Financial information is published after market close.

Accounting period	Weekday	Publication day
Q3 – 1 March to 30 November	Thursday	14 January 2027
Q4 Management accounts – 1 March to 28 February	Thursday	15 April 2027
Q4 Financial statements – 1 March to 28 February	Thursday	29 April 2027
Annual General Meeting 2027	Wednesday	26 May 2027

This press release is translated from the Icelandic version which was published on 15 October 2026. Should there be discrepancies between the two versions, the Icelandic version will take priority over the translated version.

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.
