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CONSOLIDATED FINANCIAL STATEMENTS FOR YEAR ENDED 28 FEBRUARY 2026



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ENDORSEMENT AND STATEMENT BY THE BOARD OF DIRECTORS AND THE CEO

Hagar hf. („the Company“) is a retail company with operations in Iceland, the Faroe Islands and the Netherlands, serving customers through a diverse range of well-established retail formats. The core business of Hagar focuses on the retail of convenience goods and related warehouses, as well as fuel sales and services. In Iceland, Hagar operates eight business units, comprising 40 grocery stores, one online grocery store for meal packages, 22 Olís service stations, and 45 ÓB self-service stations across the country. The company also runs two warehouses, one production facility, one wholesale store and one specialty store. In the Faroe Islands, Hagar operates the retail company SMS, which is a market leader in the Faroese market. SMS manages, among other things, 13 grocery stores, four specialty stores, and seven restaurants. In the Netherlands, Hagar operates an online store with alcoholic beverages.

The Company's consolidated annual financial statements have been prepared in accordance with IFRS Accounting Standards as adopted by the European Union and, as applicable, additional requirements of the Icelandic Act on Annual Accounts. The Financial Statements include the Consolidated Financial Statements of Hagar hf. (the "Company") and its subsidiaries, together referred to as the "Group".

Operations during the year

According to the Consolidated Statement of Comprehensive Income, the Group's profit for the year amounted to ISK 7,394 million (2024/25: ISK 7,030 million) and total comprehensive income for the year amounted to ISK 7,741 million (2024/25: ISK 10,699 million). Operating profit before depreciation, amortisation and changes in fair value (EBITDA) amounted to ISK 18,129 million (2024/25: ISK 14,738 million). According to the Consolidated Balance Sheet total assets amounted to ISK 115,246 million (2024/25: ISK 105,532 million). Equity at year end amounted to ISK 42,779 million (2024/25: ISK 38,489 million) and equity ratio was 37.1% (2024/25: 36.5%). The average number of employees was 1,876 (2024/25: 1,581) and the employee gender ratio 52% males and 48% females (2024/25: 54% males, 46%, females).

Management's updated EBITDA guidance for the 2025/26 financial year, which has now concluded, assumed that EBITDA would be in the range of ISK 17,600–18,100 million. Operations for the year progressed well and exceeded management's original earnings guidance. The guidance was raised twice during the year, first by ISK 1,000 million ahead of the publication of the Q2 results and subsequently by ISK 600 million in connection with the publication of the Q3 results. The improved operating results relating to the original guidance can be attributed to all business units within the Group. Demand in the Icelandic grocery market was strong, with solid revenue growth and improved profitability year-on-year at both Bónus and Hagkaup. Olís delivered strong results in both its fuel and dry-goods segments, while new revenue streams and operational efficiencies at service stations contributed positively. At the same time, operations at SMS in the Faroe Islands performed well, with increased activity.

The initial weeks of the new financial year have been characterized by uncertainty in the global economic environment, driven in part by conflicts in the Middle East, with inflationary pressures, high interest rates and volatility in commodity markets. Hagar is not immune to these conditions; however, the Company's financial position is strong, and it is well positioned to navigate these challenges, as well as others in the Icelandic economic environment.

Management's guidance for the 2026/27 financial year, which has now commenced, assumes that EBITDA will be in the range of ISK 18,800 - 19,300 million. The guidance assumptions include a 3.7% annual increase in the price level and the impact of collective wage agreements amounting to approximately 5.0% year-on-year wage growth. Limited effects from changes in the exchange rates of major purchasing currencies were assumed. Due to ongoing construction and the relocation of operations to Álfabakki 2, a temporary additional operating cost, primarily due to double rent, is estimated at ISK 470 million in the 2026/27 operating budget. The published guidance reflects this additional cost and is therefore lower than the Company's underlying operating projections. Capital expenditure (CAPEX) for the year is expected to be in the range of ISK 5,600 - 6,000 million. As noted, Álfabakki 2 accounts for large share of planned investments, and the relocation is expected to create new opportunities for Hagar, particularly in production and new revenue streams.

ENDORSEMENT AND STATEMENT BY THE BOARD OF DIRECTORS AND THE CEO, CONTINUED:

Operations during the year, continued

The Group's financial position remains strong, and financing is secured. Access to short-term funding in the form of credit lines amounting to ISK 3.0 billion is ensured, and the company has also utilized short-term financing through the issuance of promissory notes. The issuance is in line with the base prospectus for the ISK 10 billion issuance program approved by the Company's board. The Company expects to continue utilizing market financing in the coming quarters.

Financial risk management

Information on matters related to financial risk management is disclosed in note 28.

Shareholders

There were 923 shareholders at the beginning of the year and 1.066 at the end. At year end the 10 largest shareholders were:

Shareholders	Shares		Shares	
	28.2.2026*	Shares in %	28.2.2025*	Shares in %
Gildi - lífeyrissjóður	179.893	16,3%	193.328	17,5%
Lífeyrissjóður starfsmanna ríkisins (LSR)	144.167	13,0%	147.642	13,3%
Lífeyrissjóður verzlunarmanna	135.312	12,2%	120.843	10,9%
Brú lífeyrissjóður starfsmanna sveitarfélaga	92.625	8,4%	132.691	12,0%
Kaldbakur ehf.	90.000	8,1%	90.000	8,1%
Birta lífeyrissjóður	70.768	6,4%	74.556	6,7%
Festa lífeyrissjóður	46.149	4,2%	47.147	4,3%
Stapi lífeyrissjóður	32.588	2,9%	38.710	3,5%
Söfnunarsjóður lífeyrisréttinda	26.268	2,4%	31.357	2,8%
Almenni-Lífsverk lífeyrissjóður	26.267	2,4%	15.204	1,4%
10 largest shareholders total	844.037	76,3%	891.478	80,6%
Other shareholders	244.373	22,1%	206.817	18,7%
Hagar - own shares	17.839	1,6%	8.134	0,7%
Total	1.106.249	100,0%	1.106.429	100,0%

* Shares in ISK thousand

Share Capital and Articles of Association

The nominal value of Hagar's issued share capital at year end was ISK 1,106 million. The share capital is divided into an equal number of shares with a nominal value of ISK 1 each. All share capital is in one class, and all shareholders enjoy the same rights. The Company held own shares with a nominal value of ISK 8.1 million at the beginning of the year. During the year, the company bought 9.9 million own shares under three buyback programs for a total of ISK 1,072 million. Total of 156,164 own shares were delivered in settlement of stock option agreements, and accordingly the company held own shares with a nominal value of ISK 17.8 million at year-end. Further information on own shares, share buybacks, stock options and other related matters is provided in note 23.

The Company's Articles of Association may only be amended at a legitimate shareholders' meeting, provided that amendments and their main aspects are clearly stated in the invitation to the meeting. A resolution will only be passed if it is approved by at least 2/3 of votes cast as well as by shareholders controlling at least 2/3 of the share capital represented at the respective shareholders' meeting.

On 27 May, 2025 the Annual General Meeting decided to pay dividends to shareholders amounting to 50% of last year's profit after tax, without effect of changes in value of investment property and share of profit of associates, or the total of ISK 2,504 million. The total dividend therefore amounted to ISK 2.28 per share of the outstanding share capital. The dividend was paid on 5 June, 2025. Further information is provided in the Consolidated Statement of Changes in Equity and in note 23.

ENDORSEMENT AND STATEMENT BY THE BOARD OF DIRECTORS AND THE CEO, CONTINUED:

Share Capital and Articles of Association, continued

The Board of Directors of Hagar will propose at the Company's Annual General Meeting to be held on 21 May 2026 that a dividend be paid to shareholders in 2026 amounting to 50% of last year's profit after tax, without effect of changes in value of investment property and share of profit of associates. The proposed dividend amounts to a total of ISK 3,300 million, corresponding to approximately ISK 3.03 per outstanding share.

Corporate Governance

The Guidelines on Corporate Governance, 6th edition issued on 21 July 2021, by the Iceland Chamber of Commerce, Nasdaq Iceland, and the Confederation of Icelandic Employers, along with the Company's Articles of Association, the Rules for Issuers of securities listed on the Nasdaq Iceland and policies and procedures approved by the Board, make up the framework for Hagar Corporate Governance practices.

The Board of Directors has prepared a Corporate Governance Statement in compliance with the Icelandic Corporate Governance guidelines which are described in full in the Corporate Governance Statement that form an appendix to the Consolidated Financial Statements on page 47, and is also included as a separate section in the Company's Annual Report. The Company's Board of Directors comprises five members, three women and two men.

Non-Financial Reporting

Non-Financial reporting are necessary to assess the Company's development, scope, status, and influence in relation to environmental, social and personnel matters, its human rights policies, how it counteracts corruption and bribes in addition to a concise description of its business model, and more, are described in the appendix to these annual financial statements on non-financial information on page 58. There is also disclosed the Company's information in accordance with the requirements of the EU Taxonomy.

Statement by the Board of Directors and the CEO

According to our best knowledge it is our opinion that the Consolidated Annual Financial Statements give a true and fair view of the financial performance of the Group for the year ended 28 February 2026, its assets, liabilities and consolidated financial position as at 28 February 2026 and its consolidated cash flows for the financial year in accordance with IFRS Accounting Standards as adopted by the European Union.

In our opinion, the Consolidated Financial Statements of Hagar hf. for the financial year 1 March 2025 to 28 February 2026 identified as 635400TICHH43JJTNP54-2026-02-28-is are in all material respects prepared in compliance with the ESEF Regulation.

Further, in our opinion, the Consolidated Financial Statements and the Endorsement of the Board of Directors and the CEO give a fair view of the development and performance of the Group's operations and its position and describes the principal risks and uncertainties faced by the Group.

The Board of Directors and the CEO have today discussed the Consolidated Financial Statements of Hagar hf. for the period 1 March to 28 February 2026 and confirm them by means of their signatures.

The Consolidated Financial Statements have been electronically signed in accordance with Act No. 55/2019 on electronic identification and trust services for electronic transactions.

Reykjavík, 29 April 2026

Board of Directors:

Eiríkur S. Jóhannsson, Chairman

Eva Bryndís Helgadóttir, Vice-Chairman

Einar Örn Einarsson, Board member

Jensína Kristín Böðvarsdóttir, Board member

Sigríður Olgeirsdóttir, Board member

CEO:

Finnur Oddsson

INDEPENDENT AUDITOR'S REPORT

To the board of directors and the shareholders of Hagar hf.

Opinion

We have audited the accompanying consolidated financial statements of Hagar hf. and its subsidiaries (the group) for the financial year March 1, 2025 - February 28, 2026, excluding the endorsement and statement by the board of directors and CEO.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the group as at February 28, 2026, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS accounting standards as adopted by the European Union (EU), and applicable articles in Icelandic law on annual accounts.

Our opinion is consistent with our additional report to the Audit Committee.

The consolidated financial statements comprise

- *The endorsement and statement by the board of directors and CEO.*
- *The consolidated statement of comprehensive income for the year ended 28 February 2026.*
- *The consolidated balance sheet as at 28 February 2026.*
- *The consolidated statement of changes in equity for the year ended 28 February 2026.*
- *The consolidated statement of cash flows for the year ended 28 February 2026.*
- *Notes to the consolidated financial statements, which include material accounting policies and other explanatory information.*

The endorsement and statement by the board of directors and CEO is excluded from the audit, refer to section reporting on other information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the consolidated financial statements section of our report.

Independence

We are independent of the group in accordance with Icelandic laws on auditors and auditing and the code of ethics that apply to auditors in Iceland and relate to our audit of the group's consolidated financial statements. We have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services that we have provided to the group and its subsidiaries are in accordance with the applicable law and regulations in Iceland and that we have not provided non-audit services that are prohibited under Article 5.1. of Regulation (EU) No. 537/2014.

The non-audit services that we have provided to the group and its subsidiaries, in the period from 1 March 2025 - 28 February 2026, are disclosed in note 9 to the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT, CONTINUED:

Key audit matters

Valuation of Goodwill

The Group's goodwill amounts to ISK 13,938 million as of the end of February 2026, representing approximately 12% of the Group's total assets.

The impairment test of goodwill is subject to management's professional judgment and relies, among other factors, on expected future cash flows and other assumptions applied in discounting expected cashflow.

For further details, refer to note 33k on accounting policies related to goodwill and impairment, and note 16 on intangible assets.

Goodwill represents a material item in the Group's financial statements and, due to inherent uncertainties in the assumptions applied by management and other estimates underlying the impairment tests, it is considered a key audit matter in our audit.

Audit procedures

The audit of the goodwill valuation included, among other procedures, the following:

- The impairment test of the Group's goodwill was evaluated and impairment tests were recalculated.
- The assumptions underlying management budget for the next five years were evaluated. This involved assessing key assumptions for the forecast period and among other factors, comparison of historical data and management's budgets.
- Assumptions regarding future growth rates were evaluated.
- The discount rate (WACC) used for the value in use of individual cash-generating units was compared with the Group's cost of capital and other relevant market assumptions.

Valuation specialists from PwC assisted in the audit of the valuation of goodwill.

Relevant disclosures were evaluated.

Key audit matters

Valuation of Property assets

Properties measured at fair value amounts to ISK 21,631 million as of the end of February 2026, representing approximately 19% of the Group's total assets. Properties are classified between property, plant and equipment, and investment properties.

Investment properties comprise those properties held for leasing to third parties and are carried at fair value through profit or loss. Changes in the valuation of investment properties leased within the Group are recognized in the revaluation reserve within equity in the consolidated financial statements.

The valuation of properties is subject to management's assumptions used in the estimated future cash flows, as well as other assumptions applied in discounting the estimated cash flows.

Audit procedures

The audit of properties measured at fair value included, among other procedures, the following:

- The valuation of the Group's property assets was assessed and the valuation model recalculated.
- The assumptions underlying management budget were evaluated. This involved assessing assumptions related to lease income and operating expenses for the forecast period and among other factors, comparison of historical data and management's budgets. Additionally, these assumptions were compared against general market conditions.
- The discount rate (WACC) applied in the valuation was compared with the Group's cost of capital and other relevant market assumptions.

Valuation specialists from PwC assisted in the audit of the valuation of properties measured at fair value.

Relevant disclosures were evaluated.

INDEPENDENT AUDITOR'S REPORT, CONTINUED:

Key audit matters

Audit procedures

Valuation of Property assets, continued.:

For further information, see notes 33i and 33j on accounting policies relating to the valuation of property, plant and equipment and investment properties, and notes 14 and 15 on property, plant and equipment and investment properties.

Property assets represent a material item in the Group's financial statements. Due to inherent uncertainties in the assumptions applied by management and other assumptions underlying the cash flow model, this item is considered a key audit matter in our audit.

Reporting on other information, including the endorsement and statement by the board of directors and CEO

The board of directors and Chief executive officer are responsible for other information. The other information comprises of the endorsement and statement by the board of directors and CEO and appendices to the consolidated financial statements, including quarterly statements, statement of Corporate Governance and non-financial information, which we obtained prior to the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information, including the endorsement and statement by the board of directors and CEO.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. In addition, in light of the knowledge and understanding of the entity and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in other information that we obtained prior to the date of this auditor's report. We have nothing to report in this respect.

With respect to the endorsement and statement by the board of directors and CEO we have, in accordance with article 104, of the Icelandic law on annual accounts reviewed that to the best of our knowledge, the endorsement and statement by the board of directors and CEO accompanying the consolidated financial statements includes applicable information in accordance with Icelandic law on annual accounts if not presented elsewhere in the consolidated financial statements.

Responsibilities of the board of directors and the chief executive officer

The board of directors and the chief executive officer are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS accounting standards as adopted by the European Union (EU), and applicable articles in Icelandic law on annual accounts, and for such internal control as determined necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the groups' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the group or to cease operations, or has no realistic alternative but to do so. The Group's management must provide appropriate explanations regarding its ability to continue as going concern, if applicable, and why management applies the presumption of going concern in the preparation and presentation of the consolidated financial statements.

Those charged with governance are responsible for overseeing the group's financial reporting process.

INDEPENDENT AUDITOR'S REPORT, CONTINUED:

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITOR'S REPORT, CONTINUED:

Report on other legal and regulatory requirements

Report on European single electronic format (ESEF Regulation)

As part of our audit of the consolidated financial statements of Hagar hf. we performed procedures to be able to issue an opinion on whether the consolidated financial statements of Hagar hf. for the financial year 1 March 2025 - 28 February 2026 with the file name 635400TICHH43JJTNP54-2026-02-28-is is prepared, in all material respects, in accordance with law no. 20/2021 Act on securities issuer obligations to issue information and self-report relating to requirements under the European single electronic format regulation EU no. 2019/815, which include requirements concerning preparation of the consolidated financial statements in XHTML format and iXBRL markup.

The board of directors and Chief executive officer are responsible for preparing the consolidated financial statements in accordance with law no. 20/2021. This responsibility includes preparing the consolidated financial statements in a XHTML format in accordance to EU regulation no. 2019/815 on the European single electronic format (ESEF regulation).

Our responsibility is to obtain reasonable assurance, based on evidence that we have obtained, on whether the consolidated financial statements are prepared in all material respects, in accordance with the ESEF Regulation, and to issue a report that includes our opinion. The nature, timing and extent of procedures selected depend on the auditor's judgement, including the assessment of the risks of material departures from the requirements set out in the ESEF regulation, whether due to fraud or error.

In our opinion, the consolidated financial statements of Hagar hf. for the financial year 1 March 2025 - 28 February 2026 with the file name 635400TICHH43JJTNP54-2026-02-28-is is prepared, in all material respects, in accordance with the European single electronic format regulation EU no. 2019/815.

Appointment

We were first appointed as auditors at the company's annual general meeting on 7 June 2017. Our appointment has been renewed annually at the company's annual general meeting representing a total period of uninterrupted engagement appointment of nine years.

Reykjavík, 29 April 2026.

PricewaterhouseCoopers ehf.

Sara Henný H. Arnbjörnsdóttir
certified public accountant

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 28 FEBRUARY 2026

	Notes	2025/26	2024/25
Sales	5	197.043	180.342
Cost of goods sold		(147.919)	(139.238)
Gross profit		<u>49.124</u>	<u>41.104</u>
Other operating income	6	1.291	936
Salaries and related expenses	7	(22.073)	(18.451)
Other operating expenses	8	(10.213)	(8.851)
Profit from operating activities before depreciation, amortisation and changes in value (EBITDA)		18.129	14.738
Depreciation and amortisation	10	(6.278)	(5.351)
Changes in value of investment property	15	(410)	1.042
Profit from operating activities (EBIT)		11.441	10.429
Finance income		342	292
Finance costs		(3.939)	(3.280)
Net finance expense	11	<u>(3.597)</u>	<u>(2.988)</u>
Share of profit of associates	18	1.205	981
Profit before income tax (EBT)		9.049	8.422
Income tax	12	(1.655)	(1.392)
Profit for the year		<u>7.394</u>	<u>7.030</u>
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss			
Currency translation differences		(146)	(8)
Items that will not be reclassified to profit or loss			
Revaluation of properties, net of income tax		493	3.677
Other comprehensive income for the year		<u>347</u>	<u>3.669</u>
Comprehensive income for the year		<u>7.741</u>	<u>10.699</u>
Total profit attributable to:			
Owners of the Company		7.390	7.030
Non-controlling interests		4	0
Profit for the year		<u>7.394</u>	<u>7.030</u>
Total comprehensive income attributable to:			
Owners of the Company		7.737	10.699
Non-controlling interests		4	0
Comprehensive income for the year		<u>7.741</u>	<u>10.699</u>
Earnings per share:			
Basic earnings per share of ISK 1	13	6,75	6,47
Diluted earnings per share of ISK 1	13	5,94	6,30

The notes on pages 15 to 45 are an integral part of these annual financial statements.

CONSOLIDATED BALANCE SHEET AS AT 28 FEBRUARY 2026

	Notes	28.2.2026	28.2.2025*
Assets			
Property, plant and equipment	14	37.836	35.632
Investment property	15	9.117	9.449
Intangible assets	16	16.167	16.097
Right-of-use assets	17	19.840	14.645
Investments in associates	18	7.265	6.332
Other non-current assets	19	156	217
Total non-current assets		<u>90.381</u>	<u>82.372</u>
Inventories	20	14.393	13.974
Trade and other receivables	21	6.597	6.887
Cash and cash equivalents	22	3.875	2.299
Total current assets		<u>24.865</u>	<u>23.160</u>
Total assets		<u><u>115.246</u></u>	<u><u>105.532</u></u>
Equity			
Share capital		1.089	1.098
Restricted reserve		18.678	13.862
Retained earnings		23.040	23.561
Equity attributable to equity holders of the Company		<u>42.807</u>	<u>38.521</u>
Non-controlling interests		(28)	(32)
Total equity	23	<u>42.779</u>	<u>38.489</u>
Liabilities			
Loans and borrowings	24	14.351	17.137
Lease liabilities	25	21.022	15.947
Deferred income tax liability	26	3.918	3.883
Non-current liability	16	0	496
Total non-current liabilities		<u>39.291</u>	<u>37.463</u>
Loans and borrowings	24	9.040	6.278
Lease liabilities	25	3.932	3.630
Trade and other payables	27	20.204	19.672
Total current liabilities		<u>33.176</u>	<u>29.580</u>
Total liabilities		<u>72.467</u>	<u>67.043</u>
Total equity and liabilities		<u><u>115.246</u></u>	<u><u>105.532</u></u>

The notes on pages 15 to 45 are an integral part of these annual financial statements.

*Comparative amounts have been restated. See note 16.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 28 FEBRUARY 2026

	Notes	Share capital	Reserves				Translation difference	Retained earnings	Total	Non-controlling interest	Total equity
			Statutory reserve	Revaluation reserve	Other restricted reserve	Unrealised profit of subsidiaries					
<i>Changes in equity from 1 March 2024 to 28 February 2025</i>											
Equity at 1 March 2024		1.084	277	0	54	8.597	0	18.942	28.954	0	28.954
Purchase of subsidiary, shares in negative equity								(34)	(34)		(34)
NCI, due to purchase of a subsidiary								0	0	(32)	(32)
Delivery of own shares in Hagar's purchases of SMS		14						1.371	1.385		1.385
Effects of profit of subsidiaries						1.236		(1.236)	0		0
Revaluation of properties				3.677					3.677		3.677
Stock option agreements					48				48		48
Settlement of stock options		0			(19)			10	(9)		(9)
Dividends paid, 2.33 ISK per share								(2.522)	(2.522)		(2.522)
Profit for the period								7.030	7.030		7.030
Currency translation differences							(8)		(8)		(8)
Equity at 28 February 2025	23	1.098	277	3.677	83	9.833	(8)	23.561	38.521	(32)	38.489
Total reserves							13.862				
<i>1 March 2025 to 28 February 2026</i>											
Equity at 1 March 2025		1.098	277	3.677	83	9.833	(8)	23.561	38.521	(32)	38.489
Shares in negative equity								39	39		39
Purchased own share		(9)						(1.063)	(1.072)		(1.072)
Effects of profit of subsidiaries						4.484		(4.484)	0		0
Revaluation of properties				493					493		493
Dissolution of revaluation				(83)				83	0		0
Stock option agreements					102				102		102
Settlement of stock options					(34)			18	(16)		(16)
Dividends paid, 2.28 ISK per share								(2.504)	(2.504)		(2.504)
Profit for the period								7.390	7.390	4	7.394
Currency translation differences							(146)		(146)		(146)
Equity at 28 February 2026	23	1.089	277	4.087	151	14.317	(154)	23.040	42.807	(28)	42.779
Total reserves							18.678				

The notes on pages 15 to 45 are an integral part of these annual financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 28 FEBRUARY 2026

	Notes	2025/26	2024/25*
Cash flows from operating activities			
Profit for the year		7.394	7.030
Adjustments for:			
Gain on sale		(48)	(183)
Depreciation and amortisation	10	6.278	5.351
Changes in value of investment property	15	410	(1.042)
Net finance expense	11	3.597	2.988
Effect of results of associates	18	(1.205)	(981)
Income tax	12	1.655	1.392
Other items		117	54
Working capital from operating activities		<u>18.198</u>	<u>14.609</u>
Change in current assets		(133)	122
Change in current liabilities		(490)	118
Cash from operations before interest and taxes		<u>17.575</u>	<u>14.849</u>
Interest income received		342	282
Interest expenses paid		(3.390)	(2.923)
Income taxes paid		(1.487)	(1.100)
Net cash from operating activities		<u>13.040</u>	<u>11.108</u>
Cash flows used in investing activities			
Acquisition of property, plant and equipment	14	(4.918)	(3.829)
Proceeds from sale of property, plant and equipment		161	366
Acquisition of investment property	15	(67)	(51)
Proceeds from sale of investment property		3	204
Acquisition of intangible assets	16	(757)	(823)
Dividends received	18	272	190
Investment in a subsidiary, net of cash acquired		0	(4.741)
Shares bought in a subsidiary		(10)	0
Shares sold in a subsidiary		0	2
Other non-current assets, change		34	11
Net cash used in investing activities		<u>(5.282)</u>	<u>(8.671)</u>
Cash flows used in financing activities			
Purchased own share		(1.072)	0
Dividends paid		(2.504)	(2.522)
New long-term loans and borrowings	24	694	3.169
Repayment of long-term loans and borrowings	24	(820)	(3.020)
Repayment of lease liabilities	25	(2.252)	(1.810)
Short-term loans and borrowings, change	24	(220)	2.219
Net cash used in financing activities		<u>(6.174)</u>	<u>(1.964)</u>
Net increase in cash and cash equivalents		1.584	473
Effect of exchange rate fluctuations on cash held		(8)	(1)
Cash and cash equivalents at the beginning of the year		<u>2.299</u>	<u>1.827</u>
Cash and cash equivalents at the end of the year	22	<u>3.875</u>	<u>2.299</u>
Investing and financing activities without cash flow effect			
Investment in a subsidiary		0	(1.881)
Delivery of own shares		0	1.385
New non-current liability		0	496

The notes on pages 15 to 45 are an integral part of these annual financial statements.

*Comparative amounts have been restated. See note 16.

NOTES

1. Reporting entity

Hagar hf. (the "Company" or the "Group") is an Icelandic public limited liability company and the Company's headquarters are located at Holtavegur 10, Reykjavík. The Company's Condensed Consolidated Financial Statements for the period 1 March 2025 to 28 February 2026 comprise the Company and its subsidiaries, together referred to as the "Group" and individually as "Group entities". The main business activities of the Company consists of groceries and sale of fuel.

2. Basis of accounting

a. Statement of compliance

The Company's consolidated annual financial statements have been prepared in accordance with IFRS Accounting Standards as adopted by the European Union and additional Icelandic disclosure requirements for Consolidated Financial Statements of listed companies.

The Board of Directors of Hagar hf. approved the consolidated annual financial statements on 29 April 2026.

b. Going concern

Management has evaluated the Group's going concern. It is the opinion of management that its operation is ensured and that it is capable to meet its obligations in the foreseeable future. The financial position of Hagar hf.'s Group is strong and the Group is well positioned to respond to potential challenges in the Icelandic economic environment.

c. Presentation and functional currency

The consolidated annual financial statements are prepared and presented in Icelandic krona (ISK), which is the Company's functional currency. All amounts are presented in millions of Icelandic krona.

d. Basis of measurement

The consolidated annual financial statements have been prepared on the historical cost basis, except for derivative contracts and investment properties which are recognised at fair value. Investment properties that are leased within the Group are reclassified as property, plant and equipment in the consolidated financial statements, and changes in their fair value are recognised in a separate revaluation reserve within equity. Where applicable, further information on the assumptions used in determining the fair value of assets or liabilities is disclosed in the notes about the individual accounting items. To the extent possible, the Group uses observable market data in determining fair value; where such information is not available, fair value is based on management's estimates.

3. Use of estimates and judgements

The preparation of the consolidated annual financial statements in accordance with IFRS Accounting Standards requires management to make judgements, estimates and assumptions, which affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

Information on assumptions and estimation uncertainties that have a risk of resulting in a material adjustment in the year ending 28 February 2026 is included in the following notes:

Note 33i	Estimation of useful lives of property, plant and equipment
Note 14 og 33i	Estimation of fair value of revalued properties
Noe 15 og 33j	Estimation of fair value of investment properties
Note 16 og 33k	Estimation of impairment of goodwill and other intangible assets
Note 33p	Determination of lease term and discount rates

NOTES, CONTINUED:

4. Operating segments

The Group has three operating segments: stores and warehouses in Iceland, stores and warehouses in the Faroe Islands and Olís. Segments are determined by the Company's management, which regularly reviews the Group's segments so as to decide upon how assets are allocated as well as to assess their performance. 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 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. Management has assessed the retail operations in Iceland, categorized by different types of stores, and considers them to share similar economic characteristics, products, customers, and suppliers. The wholesale operations of groceries and the retail operations of specialty goods are insignificant and falls below the thresholds for revenue, profit, and assets that require separate segment reporting.

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 operations of the SMS Group, excluding retail grocery operations, are considered immaterial in relation to the revenue, profit, and asset of the Hagar Group that are used as benchmarks for segment reporting. Therefore, the operations of the SMS Group are regarded as a single operating segment.

NOTES, CONTINUED:

4. Operating segments, continued:

<i>Financial year 2025/26</i>	Stores and warehouses Iceland	Olís ehf.	Stores and warehouses Faroe Islands	Eliminations	Total
Sales	136.055	45.998	14.990	0	197.043
Intercompany sales	801	106		(907)	0
Other operating income	479	189	623	0	1.291
Intercompany other operating income	299	3		(302)	0
Total segments revenue.....	137.634	46.296	15.613	(1.209)	198.334
Total operating cost	(125.725)	(42.127)	(13.562)	1.209	(180.205)
Segments EBITDA	11.909	4.169	2.051	0	18.129
Segments depreciation	(4.397)	(1.165)	(716)	0	(6.278)
Changes in value of investment property ...	51	1	(462)	0	(410)
Share of profit of associates	859	347	(1)	0	1.205
Operating profit of segments	8.422	3.352	872	0	12.646
Net finance expense	(2.545)	(550)	(502)	0	(3.597)
Income tax					(1.655)
Profit for the year					7.394
28 February 2026					
Total assets	74.262	23.045	17.939	0	115.246
Total liabilities	51.943	8.196	12.328	0	72.467
Segment capital expenditure (net)	2.512	1.497	1.569	0	5.578
<i>Financial year 2024/25</i>					
Sales	126.751	50.124	3.467	0	180.342
Intercompany sales	757	114	0	(871)	0
Other operating income	451	302	183	0	936
Intercompany other operating income	281	4	0	(285)	0
Total segments revenue.....	128.240	50.544	3.650	(1.156)	181.278
Total operating cost	(117.719)	(46.850)	(3.127)	1.156	(166.540)
Segments EBITDA	10.521	3.694	523	0	14.738
Segments depreciation	(3.986)	(1.187)	(178)	0	(5.351)
Changes in value of investment property ...	129	(9)	922	0	1.042
Share of profit of associates	699	282	0	0	981
Operating profit of segments	7.363	2.780	1.267	0	11.410
Net finance expense	(2.365)	(493)	(130)	0	(2.988)
Income tax					(1.392)
Profit for the year					7.030
28 February 2025					
Total assets*	65.255	22.746	17.531	0	105.532
Total liabilities*	46.022	9.216	11.805	0	67.043
Segment capital expenditure (net)	2.650	862	621	0	4.133

*Comparative amounts have been restated. See note 16.

NOTES, CONTINUED:

5. Sales

Sales are specified as follows:	2025/26	2024/25
Convenience goods	141.315	122.459
Specialty goods	18.660	16.056
Fuel	37.068	41.827
Sales total	<u>197.043</u>	<u>180.342</u>

Sales in Iceland are specified as follows:

Convenience goods	127.459	119.203
Specialty goods	17.417	15.798
Fuel	37.068	41.827
Sales total	<u>181.944</u>	<u>176.828</u>

Sales in the Faroe Islands are specified as follows:

Convenience goods	13.747	3.211
Specialty goods	694	178
Sales total	<u>14.441</u>	<u>3.389</u>

Sales in other areas are specified as follows:

Convenience goods	109	45
Specialty goods	549	80
Sales total	<u>658</u>	<u>125</u>

6. Other operating income

Other operating income are specified as follows:	2025/26	2024/25
Facility and rental income	1.001	696
Other operating income	290	240
Other operating income total	<u>1.291</u>	<u>936</u>

7. Salaries and related expenses

Salaries and related expenses are specified as follows:	2025/26	2024/25
Salaries	18.351	15.287
Contributions to pension funds	2.126	1.773
Other salary-related expenses	1.494	1.343
Cost of share options, see note 23	102	48
Salaries and related expenses total	<u>22.073</u>	<u>18.451</u>
Average number of full time equivalents	1.876	1.581
Number of employees at year end	3.494	3.508
Gender ratio for employees % - full time equivalents (male/female)	52/48	54/46

Information about salaries of the members of the Board of Directors and management is disclosed in Note 29.

8. Other operating expenses

Other operating expenses are specified as follows:	2025/26	2024/25
Operating expenses of properties	4.335	3.272
Sales and marketing expenses	1.758	1.385
Office and administrative expenses	3.317	2.910
Other expenses	803	1.284
Other operating expenses total	<u>10.213</u>	<u>8.851</u>

NOTES, CONTINUED:

9. Fees to auditors of the Group

Auditor's fee in respect of the audit of the consolidated financial statements and the financial statements of subsidiaries are specified as follows:

	2025/26	2024/25
Audit and review	63	47
Other services	1	1
Total fees to auditors of the Group	64	48

10. Depreciation and amortisation

Depreciation and amortisation are specified as follows:

	2025/26	2024/25
Depreciation of operating assets, see note 14	3.066	2.650
Amortisation of intangible assets, see note 16	630	475
Depreciation of lease assets, see note 17	2.406	2.067
Share of depreciation in Olíudreifing ehf.	176	159
Depreciation and amortisation total	6.278	5.351

11. Finance income and finance cost

Finance income and finance cost are specified as follows:

	2025/26	2024/25
Interest income on cash and cash equivalents and receivables	342	282
Net currency exchange gain	0	10
Finance income total	342	292
Interest expense and indexation on loans	(2.319)	(2.086)
Interest on lease liabilities, see note 25	(1.577)	(1.194)
Net currency exchange loss	(43)	0
Finance cost total	(3.939)	(3.280)
Net finance cost	(3.597)	(2.988)

12. Income tax

Income tax recognised in the statement of profit or loss is specified as follows:

	2025/26	2024/25
Income tax payable	1.730	1.444
Change in tax liability	(75)	(52)
Income tax recognized in profit or loss	1.655	1.392

Effective income tax rate is specified as follows:

		2025/26		2024/25
Profit for the year		7.394		7.030
Income tax		1.655		1.392
Profit before income tax		9.049		8.422
Income tax based on current tax rate	20,0%	1.810	21,0%	1.769
Effect of different tax rate in the Faroe Islands	(0,9%)	(15)	(0,4%)	(6)
Non-deductible expenses	1,7%	154	0,5%	41
Non-taxable income	(1,4%)	(126)	(5,5%)	(460)
Other changes	(1,9%)	(168)	0,6%	48
Effective income tax rate	17,5%	1.655	19,6%	1.392

NOTES, CONTINUED:

13. Earnings per share

Basic earnings per share are calculated by dividing profit attributable to equity holders of the Parent Company by the weighted average number of outstanding shares during the year, and represent the earnings per unit of share capital. Diluted earnings per share are calculated by dividing profit attributable to equity holders of the Parent Company by the weighted average number of ordinary shares outstanding, adjusted for the dilutive effects of potential ordinary shares arising from employee share options.

	2025/26	2024/25
Profit for the year attributable to owners of the Parent Company	7.390	7.030
Weighted-average of outstanding shares:		
Share capital at the beginning of the year	1.106	1.106
Effects of purchased own shares and cancellation of own shares	(12)	0
Effects of the delivery of own shares	0	(19)
Weighted-average of outstanding shares	1.094	1.087
Effect of stock options	151	29
Weighted-average number of outstanding shares before diluted earnings	1.245	1.116
Earnings per share	6,75	6,47
Diluted earnings per share	5,94	6,30

14. Property, plant and equipment

Property, plant and equipment are specified as follows:

Cost or assessed value

	Revalued properties	Other properties	Other property and equipment	Total
Balance at 1.3.2024	8.452	6.926	25.462	40.840
Revaluation during the year	4.596	0	0	4.596
Additions during the year	144	1.574	2.111	3.829
From acquired subsidiary	0	6.477	4.716	11.193
Sold and disposed of during the year	0	(264)	(252)	(516)
Currency translation differences	0	(6)	(7)	(13)
Balance at 28.2.2025	13.192	14.707	32.030	59.929
Reclassification	0	1.688	(3.557)	(1.869)
Revaluation during the year	616	0	0	616
Additions during the year	130	1.677	3.111	4.918
Sold and disposed of during the year	(21)	(10)	(332)	(363)
Currency translation differences	0	(125)	(85)	(210)
Balance at 28.2.2026	13.917	17.937	31.167	63.021

Depreciation

Balance at 1.3.2024	953	1.089	16.262	18.304
From acquired subsidiary	0	465	3.016	3.481
Depreciation for the year	172	223	2.255	2.650
Sold and disposed of during the year	0	(3)	(126)	(129)
Currency translation differences	0	(5)	(4)	(9)
Balance at 28.2.2025	1.125	1.769	21.403	24.297
Reclassification	0	1.986	(3.858)	(1.872)
Depreciation for the year	278	305	2.483	3.066
Sold and disposed of during the year	0	(6)	(236)	(242)
Currency translation differences	0	(9)	(55)	(64)
Balance at 28.2.2026	1.403	4.045	19.737	25.185

Carrying amount

Balance at 1.3.2024	7.499	5.837	9.199	22.535
Balance at 28.2.2025	12.067	12.938	10.627	35.632
Balance at 28.2.2026	12.514	13.892	11.430	37.836

NOTES, CONTINUED:

14. Property, plant and equipment, continued:

Revaluation of properties

Investment properties that are leased within the Group are reclassified as property, plant and equipment in the consolidated financial statements and are included in the category of revalued properties described before. Changes in their fair value are recognised in a separate revaluation reserve within equity. See Note 15 for information on their fair value measurement.

Official property value and insurance value

Insurance value, official property value and carrying amount of properties and equipment at year-end:

	28.2.2026	28.2.2025
Official value of properties	10.855	10.324
Insurance value of properties	26.752	25.870
Carrying amount of properties	26.406	25.005
Insurance value of cabinetry and equipment	29.166	32.715
Carrying amount of cabinetry and equipment	11.430	10.627

Mortgages

The Company's properties and investment properties which amounted to ISK 21,288 million, are pledged for debt which amounted to ISK 29,348 million.

15. Investment property

Investment properties are specified as follows:

	Properties	Right-of- -use assets Properties	Total
Carrying amount at 1.3.2024	4.672	0	4.672
Additions during the year	51	0	51
Sold and disposed of during the year	(5)	0	(5)
From acquired subsidiary	0	3.689	3.689
Fair value change	120	922	1.042
Carrying amount at 28.2.2025	4.838	4.611	9.449
Additions during the year	67	0	67
Sold and disposed of during the year	0	(3)	(3)
Changes to lease contracts		89	89
Fair value change	55	(465)	(410)
Currency translation differences		(75)	(75)
Carrying amount at 28.2.2026	4.960	4.157	9.117

Official property value and insurance value

Insurance value, official property value and carrying amount of investment properties at year-end:

	28.2.2026	28.2.2025
Official value of investment properties	2.843	2.710
Insurance value of investment properties	4.363	3.982
Carrying amount of investment properties	9.117	9.449

Amounts recognised in profit or loss relating to investment property:

	2025/26	2024/25
Rental income	907	483
Direct operating expenses – income-generating properties	154	98
Direct operating expenses – non-income-generating properties	2	5

NOTES, CONTINUED:

15. Investment property, continued:

Investment properties are leased under either short-term or long-term lease agreements. The future minimum lease payments under non-cancellable lease agreements are as follows:

	28.2.2026	28.2.2025
Within one year	874	896
One to five years	3.405	3.380
More than five years	4.231	5.066
Total lease agreements	8.510	9.342

Determination of fair value of investment properties

The Company's measurements of fair value for the years 2025/26 and 2024/25 were determined with assistance from independent specialists. The measurement of investment properties is based on discounted cash flows of individual assets. The cash flow model applied is based on free cash flows to the Group, discounted by the weighted average cost of capital for individual assets (WACC). The return on equity is estimated using the CAPM (Capital Asset Pricing Model), which is based on risk-free inflation-adjusted interest rate with a premium added to reflect the risk of underlying operations. Interest rates on borrowings are estimated considering the general terms for interest rates which are offered in the market upon refinancing of the properties.

Estimated cash flows are based on lease income from existing lease contracts and their expected development. Each lease contract is assessed, and relevant risk factors are considered. Estimated operating expenses are deducted from estimated lease income. In this way each asset of the Company is assessed as an independent unit. The inputs of the valuation model are based on amounts experienced in the operations of the Company as well as on a forecast of the development of key factors in the future.

The conclusion of the measurement at year-end 2025/26 was an increase in the value of investment properties in the amount of ISK 671.6 million (2025/26: ISK 418.9 million). The amount which is recognised in the income statement amounts to ISK 55.3 million. However, investment properties that are leased within the Group are reclassified as property, plant and equipment in the consolidated financial statements, and changes in their fair value are recognised in a separate revaluation reserve within equity. See also note 14.

The conclusion of the measurement of right-of-use properties as at year-end 2025/26 was a decrease in the value of investment properties in the amount of ISK 465 million (2025/26: increase ISK 922 million).

Key assumptions of the fair value measurement:	Properties		Right-of-use properties	
	28.2.2026	28.2.2025	28.2.2026	28.2.2025
Debt ratio	65%	65%	-	-
Weighted average cost of capital (WACC)	6,64-7,39%	6,51-7,26%	4,94-5,29%	4,65-4,85%
Utilisation rate	90,0-99%	90,0-95,0%	95,0-99,0%	95,0-99,0%

Sensitivity analysis of fair value measurement at year-end 2025/26

The fair value measurement of investment properties falls under level 3 in the fair value hierarchy of IFRS Accounting Standards since the valuation is based on significant inputs other than market information. If the key inputs of the fair value measurement, i.e. the assumptions regarding financing cost and lease price were changed, it would change the fair value changes recognised in the income statement as specified in the following table:

	Increase	Decrease
Increase / (decrease) in market rent per m ² by ISK 100	585	(585)
Increase / (decrease) in interest rates by 0.1%-point	(278)	286

NOTES, CONTINUED:

16. Intangible assets

Intangible assets are specified as follows:	Goodwill	Software	Longterm-cost	Total
Cost value				
Balance at 1.3.2024	11.836	2.925	189	14.950
Goodwill attributable to SMS	2.410	0	0	2.410
From acquired subsidiary	0	12	0	12
Additions during the year	0	823	0	823
Sold and disposed of during the year	0	0	0	0
Currency translation differences	0	(4)	0	(4)
Balance at 28.2.2025	14.246	3.756	189	18.191
Goodwill attributable to SMS	496	0	0	496
Restated balance at 28.2.2025	14.742	3.756	189	18.687
Reclassification	0	77	0	77
Additions during the year	0	757	0	757
Sold and disposed of during the year	0	(45)	0	(45)
Currency translation differences	(57)	0	0	(57)
Balance at 28.2.2026	14.685	4.545	189	19.419
Depreciation and amortisation				
Balance at 1.3.2024	746	1.179	189	2.114
From acquired subsidiary	0	3	0	3
Depreciation for the year	0	475	0	475
Sold and disposed of during the year	0	0	0	0
Currency translation differences	0	(3)	0	(3)
Balance at 28.2.2025	746	1.654	189	2.589
Reclassification	0	76	0	76
Depreciation for the year	0	630	0	630
Sold and disposed of during the year	0	(44)	0	(44)
Currency translation differences	0	0	0	0
Balance at 28.2.2026	746	2.316	189	3.251
Carrying amount				
Balance at 1.3.2024	11.090	1.746	0	12.836
Balance at 28.2.2025	13.995	2.102	0	16.097
Balance at 28.2.2026	13.938	2.229	0	16.167

Impairment test

Goodwill resulted from the acquisition of business operations or subsidiaries is not amortised but tested annually for impairment or more often if there are any impairment indicators. When tested for impairment, goodwill is allocated to those cash-generating units to which it relates. When testing for impairment the recoverable amount is estimated and the assessment was based on the value in use of cash-generating units.

Goodwill arising from the acquisition of SMS amounted to ISK 2,849 million at year-end. No changes were made during 2025/26 to the allocation of excess purchase price and goodwill relating to the SMS acquisition in the previous financial year. However, comparative figures have been restated to reflect the fair value of the purchase consideration of SMS at the acquisition date based on information obtained within one year of the acquisition. A liability of ISK 496 million was recognized as a non-current liability but is classified as other current liabilities at 28 February 2026.

The carrying amounts of goodwill allocated to each cash generating unit (CGU) are as follows:

	28.2.2026	28.2.2025
Stores and warehouses in Iceland (Bónus, Bananar and Eldum rétt)	8.853	8.853
Stores and warehouses in the Faroe Islands (SMS)	2.849	2.906
Olís	2.236	2.236
Intangible assets total	13.938	13.995

NOTES, CONTINUED:

16. Intangible assets, continued:

Impairment test

The recoverable amounts was based on several key assumptions, including management's assessment of the future prospects of the relevant cash-generating unit, supported by external sources and internal historical data. The recoverable amounts of cash-generating units was based on their value in use and was determined by discounting the future cash flow generated from the continuing use of the CGU. Cash flows were projected based on the amounts included in the approved operating budget for the year 2026/27 and a 5-year business plan together with a fixed long-term nominal growth rate beyond the forecast period, which management believes reflects historical experience, expected future developments and analysts' forecasts regarding inflation and economic growth in the coming years. Estimated cash flows are discounted using the weighted average cost of capital (WACC) of the relevant cash-generating unit. The discount rate is based on the risk-free rate, adjusted for a premium reflecting the capital structure of each cash-generating unit, based on external and internal data.

The key assumptions are as follows:	28.2.2026	28.2.2025
Long-term growth rate	2,0-4,0%	2,0-4,0%
Revenue growth next 5 years	-10,5-10%	2,5-13,0%
EBITDA ratio next 5 years	4,6-12,7%	4,5-15,5%
Weighted average cost of capital (WACC)	6,6-11,2%	10,2-11,2%
Debt leverage	35,8-39,2%	35,5-45,3%
Risk free rates	2,53-6,53%	6,63%

The recoverable amounts of the cash-generating units at year-end were estimated to be higher than carrying amounts and no impairment was required. During the forecast period, a decline in revenue is expected in Olís' operations in the first year due to changes in fuel duties, which explains the negative revenue growth (-10.5%) in the table above.

In performing the annual impairment testing of goodwill, management is required to make certain assumptions. Such estimates are inherently subject to uncertainty, and changes in these assumptions could have a material impact on the results of the impairment tests. The Group's cash-generating units exhibit varying degrees of sensitivity to changes in the key assumptions applied in the impairment testing process. Reasonable change in main assumptions would not lead to impairment.

17. Lease assets

The Group's lease assets and lease liabilities are solely for housing. Lease assets and lease liabilities for land leases are not recognized. Information on lease liabilities are included in note 25, information on contractual lease payments are included in note 28c and accounting policies in note 33p.

A subsidiary of Hagar in the Faroe Islands operates three shopping centres in the Faroe Islands under long-term lease agreements with the property owners. The Company subleases the premises to retail and service operators, resulting in the recognition of right-of-use assets presented as investment properties, see note 15. These investment properties are measured at fair value at each reporting date.

Lease assets are specified as follows:	28.2.2026	28.2.2025
Balance at the beginning of the year	14.645	11.252
New lease contracts	4.852	0
From acquired subsidiary	0	2.539
Changes to lease contracts	2.080	2.447
Indexation	706	599
Depreciation	(2.406)	(2.067)
Currency translation differences	(37)	(125)
Balance at the end of the year	<u>19.840</u>	<u>14.645</u>

NOTES, CONTINUED:

18. Associates

Ownership in associates is specified as follows:

	Ownership	28.2.2026	28.2.2025
Klasi ehf., RVK	33%	5.568	4.722
Olíudreifing ehf., RVK	40%	1.099	1.034
Djús ehf., RVK	49%	172	180
EBK ehf., RVK	25%	193	178
EAK ehf., RVK	33%	189	174
Fjölver ehf., RVK	33%	13	11
Abena Ísland ehf., RVK	45%	9	9
Sp/f Omaná, Færeyjar	50%	0	0
P/F Burn Fitness, Færeyjar	50%	0	0
P/F Burn Finans, Færeyjar	50%	22	24
Total shares in associates at the end of the year		<u>7.265</u>	<u>6.332</u>

Change in the carrying amount of associates during the year:

Carrying amount at the beginning of the year	6.332	5.517
From acquired subsidiary	0	24
Share of profit	1.205	981
Dividend	(272)	(190)
Carrying amount at the end of the year	<u>7.265</u>	<u>6.332</u>

Ownership in Klasi ehf.

Hagar holds a 33.3% ownership interest in Klasi ehf., Suðurlandsbraut 4, 108 Reykjavík. Hagar's ownership interest in Klasi represents one-third of the issued share capital, equal to the ownership interests held by Heimar hf. and KLS eignarhaldsfélag ehf. The financial statements of Klasi ehf. are prepared in accordance with the Icelandic Annual Accounts Act and applicable accounting standards. According to the financial statements of Klasi ehf. for the year ended 31 December 2025, the principal amounts are as follows:

	31.12.2025
Revenue (100%)	620
Profit (100%)	2.539
Non-current assets	23.759
Current assets	1.195
Non-current liabilities	(4.645)
Current liabilities	(2.079)
Net assets (100%)	<u>18.230</u>
Share in equity	6.077
Gain on sale deferred	(509)
Ownership interest at year-end (33,3%)	<u>5.568</u>

Ownership in Olíudreifing ehf.

The Company owns 40% share in Olíudreifing ehf. which is responsible for inventory management and the distribution of fuel for the Group's subsidiary, Olís ehf. With reference to the shareholders' agreement in Olíudreifing, and in order to provide more meaningful information regarding the allocation of operating expenses by nature, the Group's share of Olíudreifing's operating expenses is presented within the respective expense line items in the Group's income statement, such as selling and distribution expenses, depreciation and finance costs.

NOTES, CONTINUED:

19. Other non-current assets

Other non-current assets are specified as follows:	28.2.2026	28.2.2025
Investments in other entities	48	38
Investments in bonds	108	179
Other non-current assets total	156	217

20. Inventories

Inventories are specified as follows:	28.2.2026	28.2.2025
Convenience goods	7.555	7.603
Specialty goods	3.076	2.868
Fuel	2.844	3.190
Goods in transit	918	313
Total inventories	14.393	13.974
Inventory allowance at year end	442	424
Insurance value of inventories	14.740	11.653

A portion of the Group's fuel inventories is stored in storage facilities at the depot of Olíudreifing ehf., an associate of the Group. These fuel inventories are insured under Olíudreifing's inventory insurance policy.

All of the Group's inventories are pledged as security for interest-bearing liabilities

21. Trade and other receivables

Trade and other receivables are specified as follows:	28.2.2026	28.2.2025
Trade receivables	4.883	5.722
Write-down of trade receivables	(229)	(258)
Currency swap agreements	0	131
Other receivables	605	560
Trade and other receivables	5.259	6.155
Credit cards receivables	1.338	732
Trade and other receivables total	6.597	6.887

All of the Group's trade receivables are pledged as security for interest-bearing liabilities

22. Cash and cash equivalents

Cash and cash equivalents are specified as follows:	28.2.2026	28.2.2025
Bank accounts	1.478	1.865
Cash	97	84
Money market deposits	2.300	350
Total cash and cash equivalents	3.875	2.299

NOTES, CONTINUED:

23. Equity

Share capital

	28.2.2026	28.2.2025
Share capital at the beginning of the year	1.106	1.106
Own shares at the beginning of the year	(8)	(22)
Shares outstanding at the beginning of the year	1.098	1.084
Purchased own share	(9)	0
Delivery of own shares due to acquired subsidiary	0	14
Shares outstanding at the end of the year	1.089	1.098

The Company's total share capital according to its Articles of Association amounts to ISK 1,106 million at beginning and end of the year. One vote is attached to each share of ISK 1 in the Company. Shareholders in the Company have the right to receive dividends in proportion to their shareholding upon dividend distribution. The Company held own shares with a nominal value of ISK 8.1 million at the beginning of the year. During the year, the company bought 9.9 million own shares under three buyback programs for a total of ISK 1,072 million. Total of 156,164 own shares were delivered in settlement of stock option agreements, and accordingly the company held own shares with a nominal value of ISK 17.8 million at year-end.

At the Annual General Meeting of Hagar held on 27 May 2025, shareholders approved an authorisation for the Company to repurchase, over the following 18 months, up to 10% of its issued share capital. The purpose of the authorisation is to establish a market-making arrangement in the Company's shares and/or to implement a formal buy-back programme. Repurchased own shares amounted to 9 million and the amount spent on own share buybacks totaled ISK 1,072 million during the year.

Statutory reserve

In accordance with the Act on Limited Liability Companies, companies are required to retain 10% of their profit for the year in a statutory reserve, up to the limit of the reserve being in the amount of 25% of the nominal value of share capital.

Revaluation reserve

The revaluation of properties that are leased within the Group and therefore not classified as investment properties is recognised in the revaluation reserve. The revaluation is dissolved in accordance with annual depreciation of the revaluation in the income statement. Dissolution of the revaluation is recognised in retained earnings.

Other restricted equity

In accordance with the Act on Limited Liability Companies, if the share of profit of subsidiaries and associates which is recognised in the income statement in excess of the dividends received from them, or the dividends that has been decided to distribute, the difference must be transferred from retained earnings to a restricted reserve among equity. In other restricted accounts are also recognised accrued expenses due to stock option agreements and the translation differences arising from the translation into Icelandic krona of the financial statements of a foreign subsidiary.

Dividends

The Board of Directors will propose to the Annual General Meeting, to be held on 21 May 2026 to pay dividends to shareholders amounting to 50% of last year's profit after tax, without effect of changes in value of investment property and share of profit of associates, or the total of ISK 3,300 million (2025: ISK 2,504 million), equivalent to ISK 3.03 per outstanding share (2025: ISK 2.28 per share).

NOTES, CONTINUED:

23. Equity, continued:

Stock option agreements

Hagar hf. operates two share option programs for key employees, both approved by shareholders' meetings, initially on 3 June 2021 and subsequently on 30 August 2024. At year-end, the total number of outstanding share options granted to employees under these two programs amounted to 25,635,717 shares, representing 2.3% of the Company's share capital (2024/25: 27,524,861 shares or 2.5% of share capital). No new share options were granted during the 2025/26 financial year. The accrued and recognised expense related to the share option programs during the year amounted to ISK 101.5 million (2024/25: ISK 47.8 million). 156,164 own shares were delivered during the year due to the settlement of stock option agreements.

The vesting of share options is conditional upon continued employment with the Company throughout the vesting period; otherwise, the options are forfeited. The exercise price of the options is adjusted by an annual increase of 5.5% and reduced for dividend payments. The total cost is estimated using the Black-Scholes valuation model and is approximately ISK 255 million over the life of the agreements.

To fulfill its obligations under employee stock option agreements, the company will either issue new shares or deliver own shares. Option holders may choose to exercise their options through a set-off arrangement. The company has neither a legal obligation nor any plans to settle stock option agreements through share buyback programs or cash payments.

Movements of share options are specified as follows:

	28.2.2026		28.2.2025	
	Number of shares*	WAEP**	Number of of shares*	WAEP**
Share options granted at beginning of year	27.525	78,3	11.806	65,5
Share options granted	0	-	16.569	85,7
Exercised share options	(648)	63,1	(850)	63,3
Forfeited share options	(1.241)	-	0	-
Share options granted at end of year	<u>25.636</u>	80,7	<u>27.525</u>	78,3

Outstanding share options at year-end:

	Number of shares*	Exercise year	Purchase price
Share options granted 2021/22, June	8.158	2024-27	60,4
Share options granted 2023/24, January	1.686	2027-2030	78,5
Share options granted 2024/25, August	12.550	2027	80,0
Share options granted 2024/25, November	2.842	2027	96,0
Share options granted 2024/25, February	400	2028	104,0
	<u>25.636</u>		

*Nominal value in thousands

**Weighted average exercise price

NOTES, CONTINUED:

24. Loans and borrowings

Loans and borrowings are specified as followed:

	Weighted average interest rates		Total remaining balance	
	28.2.2026	28.2.2025	28.2.2026	28.2.2025
Long-term loans in ISK, non-indexed	8,51%	9,03%	7.763	7.983
Long-term loans in ISK, indexed	2,80%	2,80%	6.189	6.134
Long-term loans in DKK, non-indexed	4,16%	4,41%	4.081	3.649
Short-term loans in DKK, non-indexed	4,27%	4,77%	3.841	3.907
Promissory notes in ISK	7,77%	8,64%	1.240	1.440
Line of credit in DKK	4,25%	4,55%	277	302
Total loans and borrowings			23.391	23.415
Current portion of loans and borrowings			(9.040)	(6.278)
Total non-current loans and borrowings			14.351	17.137

Repayments of loans and borrowings are specified as follows:

Repayments less than one year	9.040	6.278
Repayments 1 to 2 years	2.287	3.665
Repayments 2 to 3 years	729	2.245
Repayments 3 to 4 years	5.888	686
Repayments 4 to 5 years	503	5.594
Subsequent repayments	4.944	4.947
Total	23.391	23.415

Change in loans and borrowings during the period are specified as follows:

Total interest-bearing debt at the beginning of the year	23.415	17.104
New long-term loans	694	3.169
New short-term loans	0	3.890
Taken over on acquisition of subsidiary	0	3.597
Repayment of borrowings	(820)	(3.020)
Change in promissory notes	(200)	(1.440)
Change in line of credit	(20)	(231)
Indexation	309	280
Currency exchange difference	(66)	17
Accrued interest added to the loan balance	149	52
Currency translation differences	(70)	(3)
Total interest-bearing debt at the end of the year	23.391	23.415

The fair value of financial assets and financial liabilities equals their carrying amounts.

The Board of Directors approved, on 23 November 2022, a framework for the issuance of bonds and promissory notes in the amount of ISK 10,000 million. Recently, the Group has utilised short-term financing in the form of promissory notes issuance, in accordance with the framework, in addition to issuing bonds.

Loan covenants

The Company's loan agreements include financial covenants which are tested twice a year, i.e. upon publication of the annual financial statements and the interim financial statements. The covenants below were complied with at the end of the financial year. The Group has no indication that it will have difficulty complying with these covenants after the end of the reporting period.

<i>Financial covenants on long-term debt</i>	Loans in ISK, indexed	Loans in ISK, non-indexed	Loans in DKK, non-indexed
Carrying amount 28.02.2026	6.189	4.560	205
Minimum equity ratio	25%	25%	25%
Minimum interest coverage ratio	2,0	-	-

NOTES, CONTINUED:

25. Lease liabilities

The Group's lease assets and lease liabilities are solely for housing. Lease assets and lease liabilities for land leases are not recognized. Information on lease assets are included in note 17, information on contractual lease payments are included in note 28c and accounting policies in note 33p.

Lease liabilities are specified as follows from beginning to end of the period:	28.2.2026	28.2.2025
Lease liabilities at the beginning of the period	19.577	12.239
New lease contracts	4.852	0
Taken over on acquisition of subsidiary	0	6.227
Changes to lease contracts	2.169	2.447
Payment of lease liabilities	(2.252)	(1.810)
Indexation	706	599
Currency translation differences	(98)	(125)
Total lease liabilities	24.954	19.577
Current portion of lease liabilities	(3.932)	(3.630)
Total non-current lease liabilities	21.022	15.947

Repayments of lease liabilities are specified as follows:

Repayments less than one year	3.932	3.630
Repayments 1 to 2 years	3.417	2.849
Repayments 2 to 3 years	2.902	2.261
Repayments 3 to 4 years	2.600	1.843
Repayments 4 to 5 years	2.297	1.646
Subsequent repayments	9.806	7.348
Total	24.954	19.577

The impact of lease contracts in the income statement is as follows:

	2025/26	2024/25
Interest expensed on lease liabilities	1.577	1.194
Depreciation of leased assets	2.406	2.067

Turnover-based lease payments not related to leases recognised under IFRS 16 amounted to ISK 343 million (2024/25: ISK 334 million) and are recognised as part of operating expenses of properties in note 8.

The impact of lease contracts in the Statement of Cash Flows is specified as follows:

Paid due to lease contracts, principal and interest	2.252	1.810
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26. Deferred income tax liability

Deferred tax liability relates to individual items as follows at year-end:	28.2.2026	28.2.2025
Property and equipment and intangible assets	(4.213)	(4.123)
Lease assets	(3.549)	(2.455)
Inventories	(49)	(49)
Trade and other receivables	(18)	(18)
Lease liabilities	3.861	2.710
Foreign exchange differences	5	(4)
Tax loss carry-forwards	38	46
Other items	7	10
Total deferred tax liability	(3.918)	(3.883)

NOTES, CONTINUED:

26. Deferred income tax liability, continued:

	28.2.2026	28.2.2025
Income tax payables are specified as follows:		
Income tax payable	1.730	1.444
Prepaid taxes	(244)	(202)
Total income tax payable	<u>1.486</u>	<u>1.242</u>

27. Trade and other payables

	28.2.2026	28.2.2025
Trade and other payables are specified as follows:		
Unpaid income tax	1.486	1.242
Trade payables	14.944	14.977
Other payables	3.774	3.453
Trade and other payables total	<u>20.204</u>	<u>19.672</u>

28. Risk management

a. Overview

The following risks arise from the Group's financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Operating risk

This note presents information about the Group's exposure to each of the risks above, the Group's objectives, policies, and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these Consolidated Financial Statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Furthermore, the objective is to manage risk effectively, ensuring that the Group's risk exposure is aligned with its risk appetite and policies, thereby supporting increased stability and long-term profitability. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

b. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk arises principally from trade receivables and other receivables.

Trade and other receivables

Credit risk mainly depends on the age of trade receivables, the financial standing and operations of individual customers and the standing of the industries in which the Company's biggest customers operate. The Group's trade receivables are attributable to a broad and diversified group of customers, including individuals and entities operating in various sectors, of which the fishing industry constitutes the largest exposure. Management considers that the Group is not exposed to significant credit risk in relation to customers at the retail level. The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are specific loss components that relate to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets. Approximately 36.2% (2024/25: 24,5%) of the balance of trade receivables at year-end is attributable to 30 of the Company's biggest customers. Thereof, receivable from the biggest customer was 3,5% (2024/25: 2,5%).

NOTES, CONTINUED:

28. Risk management, continued:

b. Credit risk, continued:

The Company has established credit rules, in order to minimise risk, the Group assesses the financial position, credit rating and operations of individual customers, as well as the industry outlook of its largest customers. All of the Company's customers with charge accounts have credit limits on their account which they cannot exceed. Legal entities must in general provide a personal guarantee of the owner.

Exposure to credit risk

The carrying amounts of financial assets represent the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	Note	28.2.2026	28.2.2025
Trade and other receivables	21	5.259	6.024
Credit cards receivables	21	1.338	732
Maximum exposure to credit risk from trade receivables		6.597	6.756
Cash and cash equivalents	22	3.875	2.299
Maximum exposure to credit risk from financial assets		10.472	9.055

All of the Group's trade receivables have been pledged as security for interest-bearing debt.

Age analysis of trade receivables and impairment loss

The aging of trade receivables, impairment allowance and allowance ratio at the reporting date was as follows:

28 February 2026

	Nominal amount	Impairment allowance	Carrying amount	Allowance ratio
Not yet due	3.735	(92)	3.643	2,5%
Past due by 30 days or less	822	(35)	787	4,3%
Past due by 31 - 120 days	181	(26)	155	14,4%
Past due by more than 120 days	145	(76)	69	52,4%
Trade receivables total	4.883	(229)	4.654	4,7%

28 February 2025

Not yet due	4.174	(80)	4.094	1,9%
Past due by 30 days or less	1.191	(36)	1.155	3,0%
Past due by 31 - 120 days	175	(31)	144	17,7%
Past due by more than 120 days	182	(111)	71	61,0%
Trade receivables total	5.722	(258)	5.464	4,5%

In addition to impairment provisions, the Group has credit insurance in place covering approximately 1.2% of the nominal value of trade receivables (2024/25: 1.0%).

c. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities. The Group provides customers with credit terms, resulting in trade receivables and card receivables, whereas its short-term liabilities to suppliers and other creditors are payable within defined payment periods. As a result, the Group is subject to liquidity risk.

NOTES, CONTINUED:

28. Risk management, continued:

c. Liquidity risk, continued:

In order to meet short-term fluctuations in the Group's operations and to fulfil its obligations to suppliers and other creditors, the Group has access to line of credit with its commercial bank, denominated in Icelandic krona (ISK) and Danish kroner (DKK). The Company is also an active issuer of six-month promissory notes, which has been listed on the stock exchange, further strengthening the Company's short-term liquidity position. Line of credit are of significant importance to the Group, particularly during the Christmas season when temporary inventory build-up takes place. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.. Settlement of card acquiring transactions is on a daily basis (T+1).

Following are the contractual maturities of financial liabilities at the reporting date, including estimated interest payments:

<i>28 February 2026</i>	Carrying amount	Contractual cash flows	Within 12 months	1-5 years	More than 5 years
Non-Indexed loans and borrowings	17.202	20.577	5.357	9.043	6.177
Indexed loans and borrowings	6.189	7.213	422	6.791	0
Lease liabilities	24.954	36.051	4.068	13.945	18.038
Trade and other payables	18.718	18.718	18.718	0	0
	<u>67.063</u>	<u>82.559</u>	<u>28.565</u>	<u>29.779</u>	<u>24.215</u>

28 February 2025

Non-Indexed loans and borrowings	17.281	21.514	6.768	7.647	7.099
Indexed loans and borrowings	6.134	6.868	417	6.451	0
Lease liabilities	19.577	28.354	3.502	10.711	14.141
Trade and other payables	18.430	18.430	18.430	0	0
	<u>61.422</u>	<u>75.166</u>	<u>29.117</u>	<u>24.809</u>	<u>21.240</u>

In addition to the contractual cash flows, income tax payable amounts to ISK 1,486 million (2024/25: ISK 1,242 million).

d. Market risk

Market risk emerges from changes in market prices, such as foreign exchange rates, interest rates and fuel prices, as those changes will affect the Group's cash flows or the value of its holdings in financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing returns.

Currency risk

The Group is exposed to risk associated with cash flow and financial position items that are denominated in currencies other than the functional currencies of Group entities. The currencies that primarily give rise to foreign exchange risk are the euro (EUR), Danish kroner (DKK) and US dollars (USD).

In the Group's fuel segment, foreign exchange risk is mitigated through the use of currency swap contracts.

NOTES, CONTINUED:

28. Risk management, continued:

d. Market risk, continued:

Exposure to currency risk

Assets and liabilities denominated in foreign currencies at year-end are specified as follows:

	USD	EUR	DKK	Other Currencies	Total
<i>28 February 2026</i>					
Trade receivables	903	9	134	2	1.048
Cash and cash equivalents	340	6	0	48	394
Loans and borrowings	0	0	8.199	0	8.199
Trade payables	(71)	(656)	(135)	(127)	(989)
Risk in the statement of financial position ..	1.172	(641)	8.198	(77)	8.652

28 February 2025

Trade receivables	1.157	5	164	34	1.360
Cash and cash equivalents	688	71	119	7	885
Loans and borrowings	0	0	7.858	0	7.858
Trade payables	(848)	(525)	(90)	(100)	(1.563)
Risk in the statement of financial position ..	997	(449)	8.051	(59)	8.540

Sensitivity analysis

A 10% strengthening of the ISK against the following currencies at year-end would have increased (decreased) equity and the Company's profit before income tax by the following amounts.

	28.2.2026	28.2.2025
USD	94	79
EUR	(51)	(35)
DKK	656	636
Other currencies	(6)	(5)
Total	693	675

A 10% weakening of the ISK against these currencies would have the same effect but in the opposite direction.

Exposure to currency risk due to investment in subsidiary

The Group is exposed to foreign exchange risk arising from its investments in subsidiaries whose functional currency differs from that of the Parent Company. Exchange differences arising on the translation of the financial statements of the foreign subsidiary P/F SMS in the Faroe Islands are recognised in other comprehensive income and accumulated in equity as a translation reserve, as the functional currency of SMS is Danish kroner.

	28.2.2026	28.2.2025
Equity interest in P/F SMS in the Faroe Islands – DKK investment	7.692	7.262

Sensitivity analysis

A 10% weakening of the ISK against the DKK at year-end would have increased the Group's translation reserve (total comprehensive income) before tax by ISK 13.5 million (2024/25: ISK 0.8 million), assuming all other variables remain constant. A 10% strengthening of the ISK against the DKK would have the same effect but in the opposite direction.

Interest rate risk

The Group is exposed to cash flow interest rate risk due to changes in interest rates of financial liabilities. At the end of the financial year, approximately 57.0% of the Group's long-term borrowings bore variable interest rates (2024/25: 56.7%), amounting to ISK 10,284 million (2024/25: ISK 10,072 million). The Group is therefore exposed to the risk of increases in interest rates, which could result in higher finance costs and adversely affect cash flows."

NOTES, CONTINUED:

28. Risk management, continued:

d. Market risk, continued:

Sensitivity analysis

A change in interest rates at the reporting date by one percentage point (100 basis points) would increase (decrease) equity and profit or loss before income tax by ISK 82 million (2024/25: ISK 80 million).

Fair value

In the opinion of management, the carrying amounts of financial assets and financial liabilities approximate their fair values in the financial statements.

Fuel risk

Changes in global oil prices may have a significant impact on the Group's operations, particularly in its subsidiary Olís. The risk arises during the period from purchase to sale of oil products. Differences between purchase and selling prices directly affect the Group's gross margin. In certain circumstances, high oil prices may reduce demand and thereby adversely affect financial performance.

The Group manages fuel price risk with the objective of reducing earnings volatility and mitigating sudden and significant price increases, including through agreements with its largest customers. In addition, inventory levels are managed in line with prevailing market conditions in order to limit the impact of price fluctuations. The Group does not use derivative instruments to hedge oil price risk.

e. Operating risk

Operating risk is the risk of direct or indirect loss due to various factors in the Group's operations. Among the risk factors are inappropriate business strategy, employees' work, technology, inadequate or failed internal processes, or external events

Various measures have been implemented to reduce operational risk. These include strategic planning and a detailed analysis of Hagar's operating and competitive environment. The Group places emphasis on good working conditions and competitive remuneration, as well as cost analysis, budgeting, variance analysis and financial reporting. Procedures have been implemented across many areas of the Group's operations and significant improvements have been made in the Group's IT operations, including more robust operation of core systems, improved and documented processes and further development of digital solutions. The Group has also worked systematically on cybersecurity matters and has implemented various measures in this area.

It is the policy of the Board of Directors to maintain a strong capital base in order to sustain the confidence of investors, lenders and other market participants, and to support stability in the future development of the Group's operations. The Board of Directors of Hagar hf. has adopted a policy of returning to shareholders, directly or indirectly, the value generated from operations each year in excess of the capital required for growth and maintenance of the Group's operations.

The Company's policy is to pay shareholders an annual dividend of at least 50% of profit after tax for the preceding financial year, excluding the effects of changes in value of investment property and share of profit of associates. The level of dividend payments is subject to the Company maintaining a sound financial position and is determined with reference to cash generated from operations. In addition, the Company may, when appropriate, repurchase its own shares under a formal share buy-back programme. The Board of Directors also has the goal to maintain an equity ratio of approximately 35%

29. Related parties

Definition of related parties

The Company's related parties are large shareholders in the company, associates, members of the Board of Directors and management. Transactions between the Company and its subsidiaries, which are defined as related parties, have been eliminated on consolidation and are therefore not included in this note.

NOTES, CONTINUED:

29. Related parties, continued:

Transactions with related parties

Transactions with related parties consist of transactions with associates and are as follows:

	2025/26	2024/25
Sale of goods and services	269	511
Purchases of goods and services	(2.286)	(2.310)
Trade receivables at year-end	108	148
Trade payables at year-end	(200)	(298)

Management and key personnel

Salaries, benefits and performance based salary of management and key personnel, share options and the number of shares in the Company are specified below.

2025/26

	Salary	Benefits	Performance based salary	Share options in ISK	Nominal value of shares*
Eiríkur S. Jóhannsson, Chairman	11,0	0,0	0,0	0,0	90,0
Eva Bryndís Helgadóttir, Vice Chairman	8,5	0,0	0,0	0,0	0,0
Einar Örn Einarsson, Board member	4,6	0,0	0,0	0,0	0,0
Jensína K. Böðvarsdóttir, Board member	7,2	0,0	0,0	0,0	0,1
Sigríður Olgeirsdóttir, Board member	6,2	0,0	0,0	0,0	0,0
Davíð Harðarson, former Board member	1,5	0,0	0,0	0,0	-
Finnur Oddsson, CEO	63,2	3,9	20,0	2,8	0,3
Key personnel**	279,1	21,9	67,0	15,0	0,4

Eva Bryndís and Sigríður are members of the Audit Committee. Jensína, Einar Örn and Eiríkur are members of the Remuneration Committee

*Nominal value of shares in ISK million held directly by management or parties related to them.

**Key management personnel comprise: Magnús Magnússon, Deputy CEO and Executive Director of Strategy and Operations of Hagar; Guðrún Eva Gunnarsdóttir, Chief Financial Officer; Eiður Eiðsson, Executive Director of Digital Development and Information Technology; Björgvin Víkingsson, Managing Director of Bónus; Sigurður Reynaldsson, Managing Director of Hagkaup; Ingunn Svála Leifsdóttir, Managing Director of Olís; Lárus Óskarsson, Managing Director of Aðföng; and Jóhanna Þ. Jónsdóttir, Managing Director of Bananar.

2024/25

	Salary	Benefits	Performance based salary	Share options in ISK	Nominal value of shares*
Eiríkur S. Jóhannsson, Chairman	9,4	0,0	0,0	0,0	90,0
Eva Bryndís Helgadóttir, Vice Chairman	8,1	0,0	0,0	0,0	0,0
Davíð Harðarson, Board member	7,0	0,0	0,0	0,0	0,4
Jensína K. Böðvarsdóttir, Board member	6,9	0,0	0,0	0,0	0,1
Sigríður Olgeirsdóttir, Board member	5,8	0,0	0,0	0,0	0,0
Finnur Oddsson, CEO	61,6	4,2	20,0	2,8	0,3
Key personnel**	263,3	21,8	59,5	15,0	0,4

Eva Bryndís and Sigríður are members of the Audit Committee. Jensína, Davíð and Eiríkur are members of the Remuneration Committee

*Nominal value of shares in ISK million held directly by management or parties related to them.

NOTES, CONTINUED:

29. Related parties, continued:

Management and key personnel, continued:

**Key management personnel comprise: Magnús Magnússon, Deputy CEO and Executive Director of Strategy and Operations of Hagar; Guðrún Eva Gunnarsdóttir, Chief Financial Officer; Eiður Eiðsson, Executive Director of Digital Development and Information Technology; Björgvin Víkingsson, Managing Director of Bónus; Sigurður Reynaldsson, Managing Director of Hagkaup; Ingunn Svala Leifsdóttir, Managing Director of Olís; Lárus Óskarsson, Managing Director of Aðföng; and Jóhanna Þ. Jónsdóttir, Managing Director of Bananar.

	2025/26	2024/25
Key management personnel gender ratio (males/females)	62/38	62/38

30. Group entities

The Company held the following significant subsidiaries at year-end which are all included in the Consolidated Financial Statements:

	Location	Ownership interest	
		28.2.2026	28.2.2025
Hagar verslanir ehf.	Iceland	100%	100%
Olís ehf.	Iceland	100%	100%
Bananar ehf.	Iceland	100%	100%
Noron ehf.	Iceland	100%	100%
Stórkaup ehf.	Iceland	100%	100%
Eldum rétt ehf.	Iceland	100%	100%
Hagar Wine B.V.	The Netherlands	100%	100%
P/F SMS	The Faroe Islands	100%	100%

31. Other matters

By letter dated 20 March 2025, the Icelandic Competition Authority notified Hagar of its decision to initiate an investigation to assess whether the conditions of the settlement entered into between Hagar and the Authority in 2018, in connection with the Company's acquisition of Olís, have been complied with. In the letter, the Authority requested additional information and documentation from the Company.

Hagar disputes any assertion that the implementation of the settlement conditions has been deficient and has placed strong emphasis on proper implementation of the settlement since the merger of Hagar and Olís at the end of 2018. At this stage, the outcome of the investigation is uncertain.

32. Financial ratios

The Group's key financial ratios:

	2025/26	2024/25
	1.3.-28.2.	1.3.-28.2.
Operations:		
Operating margin (EBITDA / sales)	9,2%	8,2%
Salary ratio (salaries and related expenses / sales)	11,2%	10,2%
Operating expense ratio (other operating expenses / sales)	5,2%	4,9%
Turnover rate of inventories (cost of goods sold / average inventory)	10,4	10,3
Sales days in trade receivables	9,6	10,2
Financial position:	28.2.2026	28.2.2025
Current ratio (current assets / current liabilities)	0,75	0,78
Liquidity ratio (current assets - inventories) / current liabilities	0,32	0,31
Leverage (net debt/EBITDA)	2,5	2,8
Equity ratio (equity / total assets)	37,1%	36,5%
Intrinsic value of share capital (equity / share capital)	39,31	35,08

NOTES, CONTINUED:

33. Significant accounting policies

The accounting policies set out in this note have been applied consistently to all periods presented in these Consolidated Financial Statements and have been applied consistently by Group entities. The accounting standards that became effective on 1 January 2025 did not have a material impact on the Group's financial statements, see further note 33s.

In order to enhance the usefulness of the financial statements, the notes are presented based on their relevance and materiality to the reader. Consequently, information that is considered neither material nor relevant to users of the financial statements is not disclosed in the notes.

a. Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Financial Statements of subsidiaries are included in the consolidated statements from the date on which control commences until the date on which control ceases. Information on subsidiaries are included in note 30.

Intra-group transactions are eliminated in preparing the consolidated financial statements.

Intra-group balances and transactions and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Acquisition of subsidiaries

The acquisition method is applied for the Group's acquisitions of subsidiaries. The consideration transferred is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the acquisition date, including costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interests. Any excess of the consideration transferred over the Group's interest in the fair value of the identifiable net assets acquired is recognised as goodwill.

b. Definitions in operations are as follows:

EBITDA Profit before depreciation, amortisation, changes in fair value, net finance expense, share of profit of associates and income taxes.

EBITDA ratio EBITDA as a percentage of sales.

EBIT Profit before net finance expense, share of profit of associates and income taxes.

Discount rate The weighted average cost of capital, representing the weighted average of the required return on debt and equity.

c. Currency exchange

Currency transactions

Transactions in currencies other than functional currencies (foreign currencies) are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in currencies at the reporting date are translated to the functional currency at the exchange rate at that date.

Foreign currency differences arising on retranslation are recognized in profit or loss. Foreign exchange differences relating to purchases of goods for resale are recognised within cost of goods sold. For translation purposes, the Group applies the exchange rates published by the Central Bank of Iceland at the relevant dates.

NOTES, CONTINUED:

33. Significant accounting policies, continued:

d. Sales

Sale of goods

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of discounts and rebates. Revenue is recognised when control of the goods has been transferred to the customer, it is probable that the economic benefits will flow to the Group, and the amount of revenue and the related costs, including potential returns, can be measured reliably. The Group's revenue primarily comprises cash sales in retail stores and cash sales at fuel stations.

Retail and warehouse sales

The Group's revenue arises from cash sales in retail stores and warehouses, where payment is primarily made in cash, by payment card, credit notes or gift cards, as well as sales to customers on credit terms. The impact of the Group's product return policy is immaterial to the Group's revenue and no provision is recognised in the financial statements in this respect. Hagar is subject to general warranty legislation relating to goods sold, including in respect of defective products, and no provision is recognised in the financial statements in relation thereto.

Sale of fuel

The Group's revenue comprises cash sales of fuel at service stations and fuel sales to large customers, where payment is primarily made by payment card, in cash, by credit note or gift card, as well as sales on credit terms. The impact of product return policies is immaterial to the Group's revenue and no provision is recognised in the consolidated financial statements in this respect. The subsidiary Olís ehf., which operates service stations, is subject to general warranty legislation relating to goods sold, including in respect of defective products, and no provision is recognised in the financial statements in relation thereto.

Service provided/other operating income

Revenue from services rendered is recognised in profit or loss in accordance with the terms of the relevant contract when the services have been provided. Other operating income of the Group comprises lease income from investment properties, premises rental, gains on sale of property and equipment and other similar items.

e. Employee benefits

Contributions to defined contribution pension plans

The Company pays contributions to independent defined contribution pension funds due to its employees. The Company has no responsibility for the funds' obligations. Contributions are expensed in the income statement among salaries and salary-related expenses when incurred.

f. Finance income and finance costs

Finance income comprises interest income on funds invested and foreign currency gains arising from transactions in foreign currencies. Interest income is recognized as it accrues in profit or loss, using the effective interest method.

Finance cost comprises interest expense on borrowings, unwinding of discounts on provisions and foreign currency losses arising from transactions in foreign currencies. The Group does not capitalise borrowing costs and recognises them as an expense in profit or loss when incurred.

Foreign currency gains and losses are reported on a net basis as either finance income or finance cost depending on whether currency movements are in a net gain or net loss position.

g. Income tax

Income tax comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income, in which case the income tax is recognised together with those items.

Current tax is the income tax estimated to be payable next year in respect of the taxable income for the year, based on the tax rate at the reporting date, besides adjustments to tax payable in respect of previous years, if any.

NOTES, CONTINUED:

33. Significant accounting policies, continued:

g. Income tax, continued:

Deferred tax is recognised using the balance sheet method in respect of temporary differences between, on the one hand, the carrying amounts of assets and liabilities in the financial statements and, on the other hand, their tax bases. Deferred income tax is not recognized for taxable temporary differences arising from the initial recognition of goodwill.

The amount of deferred tax is based on the estimated realisation or settlement of the carrying amounts of assets and liabilities using the tax rate in effect at the reporting date. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to offset current tax liabilities against current tax assets.

A deferred tax asset is recognised only to the extent that it is probable that it is possible to utilise future profits against the asset. Deferred tax asset is reviewed at each reporting date and is reduced to the extent that it is considered that it will not be utilised.

h. Earnings per share

The financial statement presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit attributable to ordinary shareholders of the Parent Company by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding for the potential dilution arising from shares that may be issued under employee share options.

i. Operating assets

Recognition and measurement

Items of operating assets are measured at cost less accumulated depreciation and accumulated impairment losses except for investment properties. Investment properties that are leased within the Group are reclassified as property, plant and equipment in the consolidated financial statements, and changes in their fair value are recognised in a separate revaluation reserve within equity. Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software required for the use of hardware is capitalised as part of the related property, plant and equipment.

When property and equipment consist of parts which have different useful lives, the parts are separated and depreciated based on the useful life of each part.

The gain on sale of property and equipment, which is the difference between their sale proceeds and carrying amount, is recognised in profit or loss among other operating income and the loss on sale among other operating expenses.

Subsequent expenditure

The cost of replacing single components of property and equipment is capitalised when it is considered likely that the benefits associated with the asset will flow to the Company and the costs can be measured reliably. The carrying amount of the replaced component is expensed. All other costs are expensed in profit or loss when incurred.

Depreciation

Depreciation is calculated on a straight-line basis over the estimated useful life of each component of property and equipment. Land is not depreciated.

Estimated useful lives are specified as follows:

Properties	20-50 years
Other property and equipment	3-17 years

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

NOTES, CONTINUED:

33. Significant accounting policies, continued:

j. Investment properties

Recognition and measurement

The Group leases out properties, or parts of properties, including related fittings and equipment, on a long-term or short-term basis when such use of the premises is considered cost-efficient or aligns well with the Group's other operations. Investment properties may be newly acquired or reclassified from property, plant and equipment for own use. Reclassification to investment property is made when a lease arrangement has been approved and is reversed when the property is subsequently taken back into own use.

Investment properties are recognised at fair value at the reporting date. Valuation changes of investment property are recognised in the Statement of Profit or Loss in the period in which they occur. Investment properties are not depreciated. Changes in fair value of investment properties are presented separately in the income statement but lease income is presented as other operating income. Investment properties that are leased within the Group are reclassified as property, plant and equipment in the consolidated financial statements, and changes in their fair value are recognised in a separate revaluation reserve within equity. Reclassifications from or to property, plant and equipment for own use are recognised at the carrying amount at the time of transfer.

The Group's subsidiary in the Faroe Islands operates three shopping centres in the Faroe Islands and holds long-term lease agreements with their owners. The Company subleases the premises to retail and service businesses, giving rise to a right-of-use asset recognised as investment property, see note 16, which is measured at fair value at each reporting date.

The gain on sale of investment property, which is the difference between their sale proceeds and carrying amount, is recognised in profit or loss among other operating income and the loss on sale among other operating expenses.

Subsequent expenditure

The cost of replacing single components investment property is capitalised when it is considered likely that the benefits associated with the asset will flow to the Company and the costs can be measured reliably. The carrying amount of the replaced component is expensed. All other costs are expensed in the Statement of Profit or Loss when incurred.

k. Intangible assets

Goodwill

Goodwill arises on the acquisition of business units and the acquisition of subsidiaries and is recognised as an intangible asset.

Goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired.

NOTES, CONTINUED:

33. Significant accounting policies, continued:

k. Intangible assets, continued:

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs of disposal and its value in use. Value in use is determined by estimating the future cash flows expected to be derived from the asset and discounting them using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. For the purpose of impairment testing, goodwill arising from a business combination is allocated to the cash-generating units expected to benefit from the synergies of the combination.

An impairment loss is recognised when the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Impairment losses for cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro rata basis. Impairment losses are recognised in profit or loss.

Impairment losses recognised for goodwill are not reversed. Impairment losses recognised for other assets are reviewed at each reporting date to assess whether there is any indication that the impairment loss has decreased. An impairment loss recognised for an asset other than goodwill is reversed if there has been a change in the estimates used to determine the asset's recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised.

Other intangible assets

Other intangible assets, i.e. software, lease rights and long-term expenses with a finite useful life, are carried at cost less accumulated amortisation and impairment.

Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

Amortisation

Amortisation is recognized in profit or loss on a straight-line basis over the estimated useful life. The estimated useful life for the current and comparative years are as follows:

Software	5-12 years
Lease rights and longterm cost	10-15 years

l. Associates

Associates are entities where the Company has significant influence, but not control, over the financial and operating policies. The annual financial statements include the Company's share of profit or loss and equity movements of associates from the date that significant influence commences until the date that significant influence ceases. When the Company's share of losses exceeds its interest in an associate, the carrying amount of that interest is reduced to nil and the recognition of further losses is discontinued except to the extent that the Company has provided guarantees in respect of the associate or has financed it.

NOTES, CONTINUED:

33. Significant accounting policies, continued:

l. Associates, continued:

Associates are accounted for using the equity method and are recognised initially at cost and subsequently adjusted for the Group's share of the associates' profit or loss and other comprehensive income

m. Other entities

Investments in other entities in which the Company holds less than a 20% ownership interest are measured at cost, which is considered to approximate fair value. Dividends received from these investments are recognised in profit or loss as finance income when the right to receive payment is established.

n. Inventories

Inventories are valued at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out rule, and includes expenditure incurred in acquiring the inventories and in bringing them to the location and condition in which they are at the reporting date.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

o. Financial instruments

Financial assets

Bonds, trade receivables and other receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognised at fair value plus directly attributable transaction costs. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method, less any impairment losses, where applicable.

Money market deposits, cash and unrestricted bank balances are classified as cash and cash equivalents.

Impairment of financial assets

At each reporting date, an assessment is made as to whether there is objective evidence that financial assets not measured at fair value are impaired. A financial asset is considered impaired if there is objective evidence that one or more events have occurred that have an adverse effect on the estimated future cash flows of the asset.

Expected credit losses on financial assets measured at amortised cost are measured as the present value of the difference between the contractual cash flows and the cash flows the Group expects to receive, discounted at the original effective interest rate.

Financial liabilities

Financial liabilities are initially recognised at fair value plus directly attributable transaction costs. Subsequent to initial recognition, financial liabilities are measured at amortised cost using the effective interest method.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Derivative financial instruments

Derivatives are recognized initially at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

NOTES, CONTINUED:

33. Significant accounting policies, continued:

p. Lease contracts

At the inception date of a lease contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

The Group as a lessee

All of the Group's leases relate to real estate. The Group has decided not to separate lease components from non-lease components and accounts for them as a single lease component.

At the commencement date of a lease contract, the Group recognises a lease asset and a lease liability. Leased assets are initially measured at cost, which comprises the initial amount of the lease liability, plus any lease payments made at or before the commencement date, plus initial direct costs and an estimate of costs of the Group to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located at the end of the lease contract or restoring the underlying asset to the condition required by the terms and conditions of the lease, less any lease incentives received.

Lease assets are depreciated using the straightline method from the commencement date to the end of the lease term, unless the lease transfers ownership to the Group at the end of the lease term or the cost of the leased assets reflects that the Group will exercise a purchase option of the underlying assets. In that case the leased assets are depreciated over the useful life of the underlying assets, which is determined on the same basis as those of property and equipment of the Group. The carrying amount of leased assets is reduced by impairment losses, when applicable, and adjusted for certain remeasurements of the carrying amount of lease liabilities.

Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date of the lease contracts, discounted using the interest rate implicit in the lease, if that rate can be readily determined. Otherwise, the Group uses the incremental borrowing rate.

The lease payments included in the measurement of lease liabilities can be both fixed or variable that depend on an indices or rates.

The lease liability is measured at amortised cost using the effective interest method. Furthermore, the carrying amount is remeasured when there is a change in future lease payments arising from changes in indices or rates, in the estimate of the amount expected to be payable by the Group under residual value guarantees, or when appropriate, changes in the assessment of whether it is reasonably certain that purchase options or extension options will be exercised, or termination options will not be exercised or when there is a change in lease payments that are in substance fixed.

When the carrying amount of lease liabilities is remeasured in this way, the corresponding adjustment is made to the carrying amount of leased assets or recognised in income statement if the carrying amount of leased assets has been reduced to zero.

Leased assets are presented separately within non-current assets in the balance sheet. Lease liabilities are presented separately in the balance sheet and split into non-current and current portions. Depreciation of leased assets is presented in profit or loss under depreciation. Interest expense on lease liabilities is presented in profit or loss under finance costs.

The Group as a lessor

The Group leases out properties and recognises lease payments from operating leases on a straight-line basis over the lease term as part of other income in profit or loss.

NOTES, CONTINUED:

33. Significant accounting policies, continued:

q. Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effects.

Repurchase of share capital

When share capital recognized as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognized as a deduction from equity. When own shares are sold or reissued subsequently, the amount received is recognized as an increase in equity and the resulting surplus or deficit on the transaction is presented in share premium. During the 2022/2023 financial year, the share premium reserve was reduced to nil following the Group's transactions in its own shares. Accordingly, any gain arising on the sale of own shares is recognised in retained earnings to the extent that amounts were previously recognised as a reduction of equity.

r. Provisions

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

s. New IFRS Accounting Standards

The Group has adopted International Financial Reporting Standards as adopted by the European Union, including amendments thereto and new interpretations, that are effective for financial reporting periods beginning on or after 1 January 2025. The following amendments became effective on 1 January 2025.

Change to IAS 21 Guidance on assessing the exchangeability of currencies and exchange rates

A number of amendments to accounting standards have been issued but are not yet effective for the financial statements for the year ended 31 December 2025 and have not been early adopted in the preparation of these consolidated financial statements. The Group has not early adopted any new or amended standards that have been issued but are not yet effective. Management expects that the adoption of these standards will not have a material impact on the consolidated financial statements.

IFRS 18 will replace the current standard, IAS 1 Presentation of Financial Statements. The new standard introduces additional requirements aimed at improving the comparability of financial performance between similar entities, as well as enhancing transparency and providing more useful information to users of financial statements. Although IFRS 18 does not affect the recognition or measurement of items in the financial statements, it is expected to have a significant impact on presentation and disclosures. Management is currently assessing the potential impact of the implementation of the standard. The Group will adopt IFRS 18 from its effective date, 1 January 2027. The standard is required to be applied retrospectively, and therefore comparative information for the financial year ending 31 December 2026

QUARTERLY STATEMENT (UNAUDITED)

<i>Year 2025/26</i>	Q1	Q2	Q3	Q4	Total
Sales	48.115	51.817	49.068	48.043	197.043
Cost of goods sold	(36.496)	(38.943)	(36.733)	(35.747)	(147.919)
Gross profit	<u>11.619</u>	<u>12.874</u>	<u>12.335</u>	<u>12.296</u>	<u>49.124</u>
Other operating income	318	395	255	323	1.291
Salaries and related expenses	(5.327)	(5.301)	(5.528)	(5.917)	(22.073)
Other operating expenses	(2.564)	(2.483)	(2.496)	(2.670)	(10.213)
Profit from operating activities before depreciation and amortisation (EBITDA) ..	4.046	5.485	4.566	4.032	18.129
Depreciation and amortisation	(1.458)	(1.544)	(1.612)	(1.664)	(6.278)
Changes in value of investment property	(173)	(124)	76	(189)	(410)
Profit from operating activities (EBIT)	2.415	3.817	3.030	2.179	11.441
Net finance expense	(959)	(834)	(978)	(826)	(3.597)
Share of profit of associates	32	165	53	955	1.205
Profit before income tax (EBT).....	1.488	3.148	2.105	2.308	9.049
Income tax	(323)	(592)	(413)	(327)	(1.655)
Profit for the year	<u>1.165</u>	<u>2.556</u>	<u>1.692</u>	<u>1.981</u>	<u>7.394</u>
Other comprehensive income for the year ...	24	(104)	572	(145)	347
Comprehensive income for the year	<u>1.189</u>	<u>2.452</u>	<u>2.264</u>	<u>1.836</u>	<u>7.741</u>
 <i>Year 2024/25</i>					
Sales	44.067	46.579	43.659	46.037	180.342
Cost of goods sold	(34.530)	(36.405)	(33.774)	(34.529)	(139.238)
Gross profit	<u>9.537</u>	<u>10.174</u>	<u>9.885</u>	<u>11.508</u>	<u>41.104</u>
Other operating income	142	121	341	332	936
Salaries and related expenses	(4.377)	(4.248)	(4.444)	(5.382)	(18.451)
Other operating expenses	(2.088)	(2.033)	(2.129)	(2.601)	(8.851)
Profit from operating activities before depreciation and amortisation (EBITDA) ..	3.214	4.014	3.653	3.857	14.738
Depreciation and amortisation	(1.381)	(1.231)	(1.283)	(1.456)	(5.351)
Changes in value of investment property	0	0	0	1.042	1.042
Profit from operating activities (EBIT)	1.833	2.783	2.370	3.443	10.429
Net finance expense	(789)	(746)	(658)	(795)	(2.988)
Share of profit of associates	25	127	40	789	981
Profit before income tax (EBT)	1.069	2.164	1.752	3.437	8.422
Income tax	(219)	(441)	(361)	(371)	(1.392)
Profit for the year	<u>850</u>	<u>1.723</u>	<u>1.391</u>	<u>3.066</u>	<u>7.030</u>
Other comprehensive income for the year ...	0	0	0	3.669	3.669
Comprehensive income for the year	<u>850</u>	<u>1.723</u>	<u>1.391</u>	<u>6.735</u>	<u>10.699</u>

STATEMENT OF CORPORATE GOVERNANCE (UNAUDITED)

1. Hagar hf.

Hagar hf. is a family of companies operating in Iceland, the Netherlands, and the Faroe Islands, with its primary activities focused on the grocery retail and fuel markets. All Hagar companies share the objective of delivering outstanding service, offering quality products at competitive prices, and at the same time having as positive an impact on the environment and society as possible. Hagar's core values reflect these guiding principles and are: service-mindedness, collaboration, efficiency, and forward thinking.

1.1 Compliance with Corporate Governance Guidelines, Laws and Regulations

Hagar's corporate governance framework is based on the Icelandic Companies Act No. 2/1995, the Company's Articles of Association, and the Board of Directors' Rules of Procedure. The Articles of Association set out the Company's purpose in Chapter 1, share capital in Chapter 2, shareholders' meetings in Chapter 3, the Board of Directors and the CEO in Chapters 4 and 5, and accounting and auditing in Chapter 6. The current Rules of Procedure, approved by the Board of Directors on 22 March 2024, are adopted in accordance with Article 70(5) of the Icelandic Companies Act and supplement the Articles of Association, cf. Article 4.20 thereof. Hagar's current Remuneration Policy was approved at the Company's Annual General Meeting on 27 May 2025. The policy covers all key aspects of remuneration for Board members, the CEO, and other senior executives of the Group. A revised Remuneration Policy will be submitted for approval at the Company's next Annual General Meeting on 21 May 2026.

The principal legislation governing Hagar's operations includes the Icelandic Companies Act No. 2/1995, the Annual Accounts Act No. 3/2006, the Competition Act No. 44/2005, the Securities Transactions Act No. 108/2007, the Market Abuse Act No. 60/2021, and the Income Tax Act No. 90/2003. Hagar also ensures the security of personal data processed in its operations in accordance with the Data Protection Act No. 90/2018 on the processing of personal data. These laws are accessible on the website of the Icelandic Parliament, www.althingi.is.

The Board of Directors considers the Company's corporate governance practices to be in compliance with the Icelandic Guidelines on Corporate Governance (6th edition, 2021), issued by the Iceland Chamber of Commerce, Nasdaq Iceland, and the Confederation of Icelandic Enterprise, which the Company, as an issuer of listed securities, is required to follow. The Guidelines are available on the Iceland Chamber of Commerce website, www.vi.is, and at www.leidbeiningar.is.

Hagar publishes the rules and disclosures required under the Corporate Governance Guidelines on a dedicated investor relations section of its website, www.hagar.is. This includes, among other things, the Rules of Procedure of the Board and its committees, the Remuneration Policy, and the Dividend Policy. This statement is also available on the Company's website and is published in the Annual Financial Statements and in a dedicated section of the Company's Annual Report.

Ultimate authority in the affairs of the Company rests with its shareholders, who convene at shareholders' meetings at least once a year. The Company's shares are dematerialised and registered with Nasdaq CSD, which also maintains the share register. The share register is accessible to shareholders at the Company's offices. Minutes of shareholders' meetings held after the Company's shares were admitted to trading on the main market of Nasdaq Iceland are published on the Company's website within seven days of each meeting.

1.2 Deviations from Corporate Governance Guidelines

The Board of Directors considers the company's corporate governance practices to be fully compliant with the Guidelines on Corporate Governance, 6th edition, 2021, and believes that there are no deviations from these guidelines.

1.3 References to Rules and Other Frameworks Followed

The Board of Directors has established various rules and policies for the company and its subsidiaries that must be followed in the Group's operations, with the aim of adopting good corporate governance practices, thereby strengthening trust in the company and reinforcing its internal structure. These policies and rules can be found in full on the company's website, www.hagar.is.

STATEMENT OF CORPORATE GOVERNANCE, CONTINUED:

1.3 References to Rules and Other Frameworks Followed, continued:

Dividend Policy

The Board of Directors has adopted a policy to return to its shareholders, directly or indirectly, the value generated by operations each year, in excess of the investments required for the company's growth and maintenance. The dividend policy is reviewed annually and was last amended on 21 March 2025.

Equality and Human Rights Policy

In March 2026, the Board of Directors reviewed and approved, with amendments, the company's Equality and Human Rights Policy, which is based on Act No. 150/2020. The aim of the policy is to promote gender equality within the company and equal opportunities for individuals in as many areas as possible, regardless of gender, origin, nationality, race, etc. The policy shall be reviewed at least every three years.

All of Hagar's subsidiaries in Iceland have completed equal pay certification in accordance with amendments to the Act on Equal Status and Equal Rights of Women and Men enacted in June 2017 and have implemented an equal pay system in accordance with the ÍST 85 standard. The parent company of Hagar has completed equal pay confirmation.

Privacy Policy

Hagar is committed to processing personal data in full compliance with Act No. 90/2018 on Data Protection and the Processing of Personal Data and has adopted a Privacy Policy to that effect, most recently amended and approved at a Board meeting on 26 March 2026.

Rules on the Handling of Inside Information and Transactions by Managers

The purpose of the rules on handling inside information and transactions by managers is to ensure the secure handling of inside information and prevent such information from being disclosed to anyone other than those who require it for their work. The rules are intended to ensure that transactions by managers comply with applicable laws and regulations and are credible. They also aim to promote equality among investors by ensuring that they have equal access to relevant, up-to-date information at all times. The Board approved the rules on 7 September 2023, and they are reviewed at least every two years.

Whistleblower Protection Rules

The objective of Act No. 40/2020 on the protection of whistleblowers is to encourage the disclosure of legal violations and other misconduct and thereby reduce such behavior. The rules on whistleblower protection are intended to establish an effective mechanism for reporting information and/or data regarding breaches of law or other misconduct and to support and protect those who report such matters. The aim is to prevent wrongdoing and mitigate potential harm to the Hagar Group, its customers, society, and other stakeholders. The Board approved the rules on 22 March 2024.

Competition Policy

Hagar's Competition Policy was approved at the company's Annual General Meeting in June 2019. The policy sets out the conduct of the Board and employees, the company's obligations under Hagar's 2018 settlement with the Icelandic Competition Authority, and obligations under competition law. The policy also includes a code of conduct for Hagar's shareholders.

Code of Ethics

The Board of Directors has established a Code of Ethics applicable to the Board and all employees of the company and its subsidiaries. The Code is reviewed annually and was last amended at a Board meeting on 7 April 2022.

STATEMENT OF CORPORATE GOVERNANCE, CONTINUED:

1.3 References to Rules and Other Frameworks Followed, continued:

Sustainability and Environmental Policy

The Board of Directors has adopted a Sustainability Policy, which is reviewed annually and was last updated at a Board meeting on 22 March 2024. Hagar has consistently aimed to serve Icelandic consumers responsibly. The Sustainability Policy represents the company's long-term plan for contributing to a better and healthier society and environment, alongside sound operations. It is based on four pillars: environment, human capital, consumers, and governance. Hagar has also selected seven of the United Nations Sustainable Development Goals to guide the implementation of the policy.

The Board has also established an Environmental Policy, last updated on 22 March 2024. This policy emphasizes the importance of environmental considerations in daily operations. Its primary objective is to contribute to sustainable development and social responsibility while promoting employee awareness of environmental actions. The Environmental Policy is based on four pillars: climate, circular economy, pollution, and biodiversity.

Since 2019, Hagar and its operating units have disclosed sustainability information in accordance with recognized standards. Hagar has been a member of Festa, the Icelandic Centre for Sustainability, since early 2016.

Hagar's operations fall under the provisions of the Annual Accounts Act regarding non-financial reporting, requiring disclosures to assess the company's development, scope, position, and impact in relation to environmental, social, and employee matters, as well as its policies on human rights, anti-corruption, and anti-bribery. Hagar's operations also fall within the scope of the EU Taxonomy Regulation, which defines criteria for environmentally sustainable economic activities. Furthermore, the Corporate Sustainability Reporting Directive (CSRD) has entered into force within the European Union. The directive is accompanied by comprehensive reporting standards (ESRS), which specify how companies should disclose sustainability information. It is not yet clear when the directive will take effect in Iceland; however, preparations for reporting in accordance with ESRS standards have already begun within Hagar. Comprehensive sustainability disclosures by Hagar can be found in the company's annual report, with a shorter version included in a separate appendix to the consolidated financial statements.

Tax Policy

The Board of Directors has established a Tax Policy, last reviewed on 21 March 2025. The purpose of the policy is to define the company's approach to tax matters and communicate how it manages taxation within the Group in a consistent and competitive tax environment. The policy provides guidance on the management of tax matters and tax risks related to the Group's operations, compliance, and relations with tax authorities.

Policy on Anti-Money Laundering and Counter-Terrorist Financing Measures

In January 2026, the company completed an update of the Group's risk assessment regarding anti-money laundering and counter-terrorist financing measures in accordance with Act No. 140/2018. Subsequently, on 26 March 2026, the Board approved an updated policy on these measures. The purpose of the policy is to establish and maintain an effective system to prevent the services and products of Hagar and its subsidiaries from being used for illegal purposes related to money laundering and terrorist financing. The company is a reporting entity under the Act due to its property leasing activities and addresses potential risks of corruption or bribery associated with such activities through mitigation measures that reduce residual risk to minimal or negligible levels.

Disclosure Policy

The Board of Directors has established a Disclosure Policy. The objective of the policy is to ensure that stakeholders have equal access at all times to accurate, timely, and reliable information about the company's operations, in accordance with applicable laws and regulations governing issuers of listed securities. The Disclosure Policy was last updated on 21 March 2025.

STATEMENT OF CORPORATE GOVERNANCE, CONTINUED:

2. Internal Control and Risk Management

2.1 Internal Control and Risk Management

The company strives to maintain adequate internal control across its various areas of operation. Internal control at Hagar consists of monitoring the company's activities with the aim of preventing and detecting potential errors and fraud by suppliers, employees, and customers. The company has emphasized strengthening controls and increasing security measures.

To this end, Hagar operates a dedicated security department staffed by specialists who oversee all aspects related to the operation of the company's stores. In addition, an employee at Hagar's headquarters is primarily responsible for internal control and reports directly to the CEO. The role of Hagar's internal control function and security department is to ensure that appropriate procedures are followed in the company's day-to-day operations, including through the use of specialized information systems. The Board of Directors has entrusted the Audit Committee with overseeing the structure and effectiveness of internal control. The Board has also identified key risk factors in Hagar's operations, and risk management is aimed at ensuring that risk remains in line with the company's risk appetite and policy, thereby supporting stability and long-term profitability. Focused efforts are made in cybersecurity and projects that ensure operational resilience within the Group for the future, including strengthening core systems, improving and documenting procedures, and advancing digital solutions.

2.2 External Audit

The company's auditors are elected for one-year terms at the Annual General Meeting. Hagar's auditors, or parties related to them, may not hold shares in the company. The auditors shall audit the company's financial statements in accordance with international auditing standards. They perform various reviews of the company's accounting and always have unrestricted access to the accounting records and all documents of companies within the Hagar Group. The Board of Directors and the Audit Committee annually receive a special audit report from the auditors outlining their main observations regarding the financial statements.

Hagar's auditor is PricewaterhouseCoopers ehf. Sara Henný H. Arnbjörnsdóttir, certified public accountant, is responsible for the audit on behalf of PricewaterhouseCoopers ehf.

2.3 Compliance Officer

The Board of Directors has appointed a Compliance Officer. The role of the Compliance Officer includes overseeing compliance with legislation on market abuse and the MAR Regulation in the company's operations. The company's Compliance Officer is Guðrún Eva Gunnarsdóttir, and the Deputy Compliance Officer is Ólafur Arinbjörn Sigurðsson.

3. Diversity Policy

The company's diversity policy is described in its current Equality and Human Rights Policy, cf. the discussion in Section 1.3 before. The purpose of the policy includes promoting as equal a gender balance as possible in management and positions of influence, as well as ensuring equal rights and opportunities for individuals in employment. Diversity is also addressed more broadly within Hagar's corporate governance framework. The company's Articles of Association stipulate, among other things, that the proportion of each gender on the Board of Directors shall not be less than 40%, in accordance with legislation on gender quotas for boards. A Nomination Committee has been appointed by the company's shareholders. According to its rules of procedure, the Committee shall, among other things, give due consideration to the composition of the Board, diversity, and gender balance, and it operates in accordance with corporate governance guidelines. Further information on Hagar's Nomination Committee is provided in Article 7 of these guidelines.

STATEMENT OF CORPORATE GOVERNANCE, CONTINUED:

4. The Board of Directors of Hagar

4.1 Composition and Activities of the Board

The Board of Directors holds the highest authority in the affairs of the company between shareholders' meetings and bears primary responsibility for its operations. The Board was elected at the Annual General Meeting on 27 May 2025. The Board consists of Eiríkur S. Jóhannsson (Chair), Eva Bryndís Helgadóttir (Vice Chair), Einar Örn Einarsson, Jensína Kristín Böðvarsdóttir, and Sigríður Olgeirsdóttir.

Board members have submitted personal information, such as details of confidential assignments for other parties, board memberships in other companies, and potential conflicts of interest, to facilitate the assessment of their independence. All Board members are considered independent of the company, its executive management, and its major shareholders. The composition of the Board complies with the requirements of the Icelandic Public Limited Companies Act regarding gender quotas, which entered into force on 1 September 2013. Further information on the Board is provided in Section 4.2 of this statement.

The Board has adopted specific rules of procedure, which are reviewed annually. The current rules were last approved with amendments by the Board on 22 March 2024 and take into account the provisions of the company's settlement with the Icelandic Competition Authority dated 11 September 2018. The rules of procedure set out, among other things, the Board's duties, responsibilities, and division of tasks. They specifically address the duties of the Chair; however, they do not provide for separate job descriptions for the Chair or other Board members. According to the rules of procedure, the Board elects a Chair and Vice Chair at its first meeting, and no other positions are elected. The Board is required to meet at least once a year without the Chair to evaluate the Chair's performance. It must also annually evaluate its own performance, the performance of the CEO, and that of its subcommittees. The results of the Board's self-assessment are used as a basis for further improving its work in the coming year. Neither Board members nor the CEO may participate in decisions in which they have significant personal interests.

Neither Board members nor the CEO may participate in decisions in which they have a significant conflict of interest.

Board meetings are generally held at Hagar's headquarters and at least monthly. An annual meeting schedule is approved in advance. In addition to Board members, meetings are attended by the CEO, Deputy CEO & Executive Director of Strategy and Operations, and the Chief Financial Officer. Decisions at Board meetings are made by a simple majority of votes; in the event of a tie, the Chair has the casting vote. Minutes of Board meetings are recorded by the Chief Financial Officer, made available to Board members on the Board's online portal within a few days of each meeting, and confirmed at the subsequent Board meeting.

During the 2025-2026 operating year, i.e. the period between Annual General Meetings, 12 Board meetings have been held, with one additional meeting planned before the end of the operating year. A majority of Board members attended all meetings, and in some instances members participated via telecommunication equipment.

4.2 The Board of Directors of Hagar

Eiríkur S. Jóhannsson (born 1968)

Eiríkur is the Chair of the Board and was first elected to the Board of Hagar hf. on 18 January 2019. He holds a B.Sc. degree in Economics from the University of Iceland (1991) and pursued postgraduate studies in finance and international economics at Vanderbilt University from 1992 to 1994. Eiríkur is the CEO of Kaldbakur ehf. Prior to that, he served as CEO of Slippurinn Akureyri from 2015 until the end of 2021, while also acting as Chairman of the Board of Samherji, a position he held from 2005 to 2023. Earlier, he was Managing Director of Steinvirki hf., a subsidiary of Glitnir Bank, from 2008 and worked for the bank's Resolution Committee until 2014. Before that, he held positions as Head of Division and Managing Director at Baugur Group hf. From 2004 to 2005, Eiríkur served as CEO of Og Vodafone hf. and Dagsbrún hf. He has also previously held roles as CEO of Kaldbakur Investment Company, Kaupfélag Eyfirðinga, and as Regional Manager at Landsbanki Íslands.

STATEMENT OF CORPORATE GOVERNANCE, CONTINUED:

4.2 The Board of Directors of Hagar, continued:

Eiríkur S. Jóhannsson (born 1968), continued:

Eiríkur has extensive board experience in various companies in Iceland and abroad. He currently serves as Chairman of the Board of Optimar AS and Knattspyrnufélag Akureyrar, as well as companies within the Kaldbakur Group. He is also Vice Chairman of the Board of Jarðboranir and a board member of Hrólfssker ehf., in addition to family-related companies. Eiríkur does not directly hold shares in Hagar hf. He is financially linked to Kaldbakur ehf., which holds 90,000,000 shares in Hagar hf. He has no conflicts of interest related to the company's main customers or competitors.

Eva Bryndís Helgadóttir (born 1972)

Eva is the Vice Chair of the Board. She was elected to the Board of Hagar hf. on 9 June 2020. She holds a Cand. Jur. degree in law from the University of Iceland and has practiced as a lawyer since graduation, including as a self-employed attorney since 2003. Eva obtained rights of audience before the Supreme Court in 2007. Eva works at the law firm LMG slf., where she is one of the owners. She has held various leadership roles, including serving as Chair of the Board of Tryggingamiðstöðin hf., and she was a board member of the Iceland Chamber of Commerce from 2022 to 2026. Eva serves on the boards of Jarðboranir hf., Kassetta ehf., First Water hf., Egla ehf., and LMG slf. Neither Eva nor parties financially connected to her hold shares in Hagar hf. She has no conflicts of interest with the company's main customers, competitors, or major shareholders.

Einar Örn Einarsson (born 1977)

Einar Örn was elected to the Board of Hagar hf. on 27 May 2025. He holds a B.A. degree in Economics from Northwestern University. Einar Örn is an entrepreneur and executive with experience in wholesale, food service, technology, and marketing. He founded Stockholm City Food Hall and the international chain Zócalo, which operates 22 Mexican restaurants in Europe. He is also a co-founder of Vår Pizza in Stockholm and founded Serrano in Iceland. Einar Örn has served on the boards of Zócalo Holding and Keflavíkurlflugvöllur ohf. He currently serves on the boards of Serrano Nordics ehf., Burrito Island ehf., Götgatan ehf., Wok to Walk Iceland ehf., and Kolaportið ehf., and is a member of the main board of the sports club Þróttur. Neither Einar Örn nor parties financially connected to him hold shares in Hagar hf. He has no conflicts of interest with the company's main customers, competitors, or major shareholders.

Jensína Kristín Böðvardsdóttir (born 1969)

Jensína was elected to the Board of Hagar hf. on 9 June 2020. She holds an MBA from the University of San Diego, with a focus on marketing and consumer behavior, and a B.Sc. degree in Advertising from San José State University. Jensína has been CEO and co-owner of Vinnvinn ehf. since 2020. Prior to that, she was an Associate Partner at Valcon Consulting from 2019 to 2020. She served as VP Global Strategic Planning & HR at Alvogen from 2015 to 2019. Before that, she was Managing Director of Development and Human Resources at Landsbankinn from 2010 to 2015 and Head of Sales in the Individual Division at Síminn from 2007 to 2010. She also served as Marketing Director at Globus from 2004 to 2007 and as Managing Director at IMG (later Capacent) from 2001 to 2004. Jensína serves on the board of Vinnvinn ehf. and is also Chair of the Board of Sunnuvegur 13 ehf. She is a board member of the Iceland Chamber of Commerce and serves on the nomination committees of Síminn and Skagi. Previously, she served on the board of Íslandssjóðir from 2016 to 2026, Frumtak from 2010 to 2016, as an alternate board member of Framtakssjóður Íslands from 2011 to 2015, and as a board member (most of the time as Chair) of Reiknistofa bankanna from 2010 to 2012. Jensína does not directly hold shares in Hagar hf. but is financially connected to Sunnuvegur 13 ehf., which holds 60,000 shares in the company. She has no conflicts of interest with the company's main customers, competitors, or major shareholders.

STATEMENT OF CORPORATE GOVERNANCE, CONTINUED:

4.2 The Board of Directors of Hagar, continued:

Sigríður Olgeirsdóttir (born 1960)

Sigríður was elected to the Board of Hagar hf. on 1 June 2022. She holds an AMP degree from Harvard Business School, an MBA from Reykjavík University, has completed studies in operations and business administration at the University of Iceland's Continuing Education, and studied systems analysis at EDB-skolen in Denmark. Sigríður has held executive positions in the software and high-tech sectors, as well as at Íslandsbanki. She served as Director of Services at Valka ehf. from 2019 to 2021, and as Managing Director of Operations and IT at Íslandsbanki from 2010 to 2019. From 2008 to 2010, she worked independently and held board positions. She was CEO of Humac ehf. (Apple's authorized reseller in Iceland, along with four subsidiaries in the Nordic countries) from 2007 to 2008, Managing Director of Skipti/Síminn from 2006 to 2007, and previously held executive roles at Ax software company, Ax Business Intelligence AS, and Tæknival hf. Sigríður serves on the board of Nova hf., Nova Klúbburinn hf., Nova Innviðir ehf. and Kópavogur/Garðabær Golf Club. She is a member of the nomination committee of Sjóvá, and is a co-owner of Magnavita ehf. Sigríður holds 35,000 shares in Hagar hf. No parties financially connected to her hold shares in Hagar. She has no conflicts of interest with the company's main customers, competitors, or major shareholders.

4.3 Communication Between Shareholders and the Board

Direct communication between shareholders and the Board shall be conducted through the Chair of the Board. The Board shall be informed of any proposals, questions, or comments submitted by shareholders outside shareholders' meetings, and it shall oversee the company's responses to such matters. Shareholders may submit proposals, inquiries, and comments to the Board via the email address stjorn@hagar.is. All Board members automatically receive copies of emails sent to the Board's email address.

5. Executive management of Hagar

5.1 CEO of Hagar

The CEO is appointed by the Board and is responsible for the day-to-day management of the company in accordance with the Board's strategy and instructions, applicable laws, the company's Articles of Association, and the Board's rules of procedure. The CEO's job description is set out in his employment agreement.

The CEO shall ensure that the company's accounting is maintained in accordance with laws and accepted practices and that its financial management is conducted in a secure manner. The CEO represents the company in all matters relating to its ordinary operations.

The CEO of Hagar hf. is Finnur Oddsson. The Deputy CEO is Magnús Magnússon, Executive Director of Strategy and Operations at Hagar hf.

Finnur Oddsson (born 1970)

Finnur is the CEO of Hagar and assumed the position on 1 July 2020. He holds a BA degree in Psychology from the University of Iceland, as well as an M.A. and Ph.D. in the same field from West Virginia University in the United States. In addition, he has completed an AMP in business administration from IESE Business School in Barcelona. From 2013 to 2020, Finnur served as CEO of the information technology company Origo hf. He has also worked for many years as a lecturer at Reykjavík University, where he, among other things, led the development of the university's MBA program and Executive Education. He was a member of the University Council of Reykjavík University from 2009 to 2017 and served as its Chair until 2014. Furthermore, Finnur served for approximately five years as Managing Director of the Iceland Chamber of Commerce. Finnur serves on the boards of the following companies: Hagar Verslanir ehf., Olís ehf., Noron ehf., Eldum rétt ehf., Stórkaup ehf., P/F SMS, Klasi ehf., Mynto ehf., and Norðurver ehf. In addition, he is Chair of the Board of the Confederation of Icelandic Enterprise's Wage Dispute Fund (Vinnudeilusjóður SA). Finnur holds 255,000 shares in Hagar hf. Parties financially connected to him do not hold shares in the company. Finnur holds stock options for 2,841,572 shares in Hagar. He has no conflicts of interest with Hagar's main business partners, competitors, or major shareholders.

STATEMENT OF CORPORATE GOVERNANCE, CONTINUED:

5.2 Executive Management of Hagar

The Executive Management of Hagar consists of the CEO, three executive directors at the parent company, and five managing directors of Hagar's largest operating units. Executive Management meetings are generally held ten times per year. The Executive Management of Hagar consists of the following individuals, listed in alphabetical order:

Björgvin Víkingsson (born 1983)

Björgvin is the Managing Director of Bónus. He joined Bónus on 1 May 2023 and assumed the role of Managing Director on 1 January 2024. He holds a Master's degree in Supply Chain Management from ETH Zurich and a B.Sc. degree in Environmental and Civil Engineering from the University of Iceland. Björgvin served as CEO of Ríkiskaup (Icelandic State Trading Centre) from 2020 and has extensive experience in procurement and product management at international companies such as Maersk, Aasted ApS, DT Group, and Marel hf. He has also conducted workshops and taught product management and strategic procurement at Reykjavík University. Björgvin serves as a board member of Vinna Minna ehf., Michelsen ehf., and GS1 Iceland (a non-profit association). He is an alternate board member of the Icelandic Athletic Federation, Animalía Vet ehf., and Sámur ehf. Neither Björgvin nor parties financially connected to him hold shares in Hagar hf. Björgvin holds stock options for 1,217,072 shares in Hagar. He has no conflicts of interest with Hagar's main business partners, competitors, or major shareholders.

Eiður Eiðsson (born 1968)

Eiður is the CIO/CDO of Hagar. He joined the company in January 2021. Eiður holds a degree in Business Administration and has extensive experience in information technology and digital development, having worked on both core IT operations and digital transformation projects at companies such as Arion Bank and VÍS. Eiður serves as a board member of the National Association of Summer House Owners. Eiður holds 100,000 shares in Hagar hf. He also holds stock options for 2,067,072 shares in Hagar. He has no conflicts of interest with Hagar's main business partners, competitors, or major shareholders.

Guðrún Eva Gunnarsdóttir (born 1978)

Guðrún Eva is the CFO of Hagar. She holds an MBA from the University of Iceland and a B.Sc. degree in Business Administration from Reykjavík University. Guðrún Eva was appointed in May 2010. Prior to that, she served as CFO of Hagkaup from 2007 and as CFO of Bananar and Ferskar kjötvörur from 2006 to 2007. Before that, she worked at Hagar's headquarters from 2005 to 2006 and in the finance department of 10-11 and Hagar's specialty division (formerly Baugur) from 2001 to 2005. Guðrún Eva serves on the boards of the following companies: Hagar Verslanir ehf., Noron ehf., Stórkaup ehf., P/F SMS, Olís ehf. (alternate), Eldum rétt ehf. (alternate), and Record Records ehf. (alternate). Neither Guðrún Eva nor parties financially connected to her hold shares in Hagar hf. Guðrún Eva holds stock options for 2,288,358 shares in Hagar. She has no conflicts of interest with Hagar's main business partners, competitors, or major shareholders.

Ingunn Svala Leifsdóttir (born 1976)

Ingunn Svala is the Managing Director of Olís and assumed the position on 1 January 2024. She holds a B.Sc. degree in Business Administration from the University of Iceland, with a focus on accounting and finance, and completed a Cand. Oecon degree in Business Administration from the same university in 2001, also with a focus on accounting and management. In addition, Ingunn Svala completed the AMP at IESE Business School in New York in 2018. Ingunn Svala previously served as Chief Operating Officer at Dohop and, prior to that, as Managing Director at Reykjavík University for seven years. She also has extensive management experience and has, among other roles, worked for Kaupþing, the Kaupþing Resolution Committee, and Actavis Group PTC. Ingunn Svala serves on the boards of Kvika banki hf., Garður ehf., and Stórakur ehf. Neither Ingunn Svala nor parties financially connected to her hold shares in Hagar hf. Ingunn holds stock options for 1,217,072 shares in Hagar. She has no conflicts of interest with Hagar's main business partners, competitors, or major shareholders.

STATEMENT OF CORPORATE GOVERNANCE, CONTINUED:

5.2 Executive Management of Hagar, continued:

Jóhanna Þ. Jónsdóttir (born 1970)

Jóhanna is the Managing Director of Bananar ehf. and joined the company in September 2021. She holds an MBA from Reykjavík University and a B.Sc. degree in Business Administration from Reykjavík University of Technology. Jóhanna has extensive experience in management and strategy, particularly in supply chain management, warehouse operations, and procurement. She previously served as Managing Director of Supply Chain at Innes ehf., Purchasing Manager at Distica hf., and as Procurement and Inventory Manager at Blue Lagoon hf. and Össur hf. Jóhanna serves on the boards of GS1 Iceland ehf., the Icelandic Association for Product Management, and 4K ehf. Neither Jóhanna nor parties financially connected to her hold shares in Hagar hf. Jóhanna holds stock options for 1,217,072 shares in Hagar. She has no conflicts of interest with Hagar's main business partners, competitors, or major shareholders.

Lárus Óskarsson (born 1960)

Lárus is the Managing Director of Aðföng and has held this position since 1998. Prior to that, he was Purchasing and Marketing Director for groceries at Hagkaup from 1993. Before that, he was responsible for procurement and operations of Hagkaup's fruit and vegetable warehouse from 1991 and handled purchasing of groceries and specialty goods for Hagkaup from 1988. From 1980 to 1988, he managed warehouse and distribution operations, as well as procurement, at Sláturfélag Suðurlands. Lárus holds 151,000 shares in Hagar hf. He also holds stock options for 2,067,072 shares in Hagar. He has no conflicts of interest with Hagar's main business partners, competitors, or major shareholders.

Magnús Magnússon (born 1988)

Magnús is the Executive Director of Strategy and Operations at Hagar and Deputy CEO. He joined the company on 1 February 2021 as an Executive Director and also assumed the role of Deputy CEO in March 2024. Magnús holds an M.Eng. degree in Industrial Engineering and Operations Research from the University of California, Berkeley, and a B.Sc. degree in Industrial Engineering from the University of Iceland. Magnús has extensive experience in strategy and general management, both domestically and internationally. In 2020, he worked as an independent consultant, following several years leading Mare's strategy team. Prior to that, he worked as a consultant at the global consulting firm McKinsey & Company, where he supported numerous international companies in strategy development, operational improvements, and large-scale transformations. Earlier in his career, he worked at the software company AGR Dynamics. Magnús serves on the boards of 2M ehf., Djús ehf., Frumtak Ventures ehf., Stórkaup ehf., and P/F SMS, and is also a board member of the Iceland Chamber of Commerce. Magnús does not directly hold shares in Hagar hf. but is financially connected to 2M ehf., which holds 100,000 shares in the company. He holds stock options for 2,841,572 shares in Hagar. He has no conflicts of interest with Hagar's main business partners, competitors, or major shareholders.

Sigurður Reynaldsson (born 1966)

Sigurður is the Managing Director of Hagkaup. He holds a B.Sc. degree in Business Administration from Bifröst University. He was appointed Managing Director of Hagkaup and Hagar's specialty stores in 2019. Prior to that, he served as Executive Director of Hagar's Development Division from 2011 to 2019 and as Managing Director of the 10-11 retail chain from 2008 to 2011. Sigurður was Purchasing Manager for groceries at Hagkaup from 1999 to 2008. He joined Hagkaup in 1990 and worked primarily as a Store Manager until 1999. Sigurður serves on the boards of the following companies: Hagar Verslanir ehf., Noron ehf., Múrbúðin ehf., and KS Smíði ehf. (alternate). Neither Sigurður nor parties financially connected to him hold shares in Hagar hf. Sigurður holds stock options for 2,067,072 shares in Hagar. He has no conflicts of interest with Hagar's main business partners, competitors, or major shareholders.

STATEMENT OF CORPORATE GOVERNANCE, CONTINUED:

6. Board Committees of Hagar

The Board of Directors has established two Board committees: an Audit Committee and a Remuneration Committee. Each committee shall consist of three members. At least two members of each committee must be independent of the company and its executive management.

6.1 Audit Committee

The role of the Audit Committee includes, among other things, overseeing the financial reporting process. The Committee shall review financial information and the arrangements for management's reporting to the Board. The Audit Committee shall examine significant matters relating to the company's financial statements, including complex and unusual transactions and judgmental items. The Audit Committee shall submit an annual report on its work to the Board. The Audit Committee has adopted rules of procedure, approved by the Board on 22 March 2024. These rules are available on Hagar's website, www.hagar.is.

The Audit Committee currently consists of Ágúst Jóhannesson, auditor, who serves as Chair of the Committee, Eva Bryndís Helgadóttir, Board member of Hagar, and Sigríður Olgeirsdóttir, Board member of Hagar. All members are independent of Hagar's auditors, executive management, and major shareholders.

During the 2025/26 operating year, i.e. following the Committee's appointment after the 2025 Annual General Meeting, seven meetings of the Audit Committee have been held. All members attended all meetings.

6.2 Remuneration Committee

The Remuneration Committee is responsible for preparing proposals for the company's remuneration policy, proposals to shareholders' meetings regarding remuneration of Board members, and overseeing the execution of employment agreements with the CEO and other employees reporting directly to the Board. The Committee shall also monitor the implementation of the remuneration policy and prepare a report on its execution. The Remuneration Committee shall submit an annual report on its work to the Board. The Remuneration Committee has adopted rules of procedure approved by the Board on 7 April 2022. These rules are available on Hagar's website, www.hagar.is.

The Remuneration Committee currently consists of Jensína Kristín Böðvarsdóttir, Board member of Hagar, Einar Örn Einarsson, Board member of Hagar, and Eiríkur S. Jóhannsson, Board member of Hagar. Jensína serves as Chair of the Committee. All members are independent of the company's executive management and major shareholders.

During the 2025/26 operating year, i.e. following the Committee's appointment after the 2025 Annual General Meeting, two meetings of the Remuneration Committee have been held, and an additional 2–3 meetings are planned before the end of the operating year. All members attended all meetings.

6.3 Remuneration Policy

Hagar's Remuneration Policy was approved at the Annual General Meeting on 27 May 2025. The purpose of the policy is to ensure that the company and its subsidiaries remain competitive in attracting and retaining employees. The policy is also intended to safeguard the long-term interests of the company's shareholders, employees, and other stakeholders.

Board members receive a fixed monthly fee, currently ISK 413,000. The Chair of the Board receives double that amount, ISK 826,000, and the Vice Chair receives ISK 608,000. Board remuneration is determined annually at the Annual General Meeting.

The CEO's remuneration is specified in a written employment agreement, which outlines his main duties and responsibilities, fixed salary, performance-related payments, pension rights, vacation entitlements, and other benefits. The remuneration of other senior executives is similarly specified in written employment agreements. The Remuneration Policy also includes information on variable remuneration for the CEO and senior executives, as well as details of share option schemes.

STATEMENT OF CORPORATE GOVERNANCE, CONTINUED:

6.3 Remuneration Policy, continued:

The Remuneration Policy is reviewed annually and submitted to the Annual General Meeting for approval or rejection. Information on the remuneration and other benefits of the Board and senior executives is disclosed in the company's annual report.

7. Nomination Committee

Hagar's shareholders elected a Nomination Committee at the company's Annual General Meeting on 27 May 2025. The Committee shall consist of at least three individuals, and Board members, executives, and other employees of Hagar are not permitted to serve on it.

The role of the Nomination Committee is to evaluate potential Board candidates based on qualifications, experience, and expertise, and to nominate individuals for Board membership. The Committee's rules of procedure were approved at the Annual General Meeting on 30 May 2024. These rules take into account, among other things, the provisions of the settlement with the Icelandic Competition Authority dated 11 September 2018. The rules are available on the company's website, www.hagar.is.

The Nomination Committee currently consists of Björn Ágúst Björnsson (Chair), Kristjana Milla Snorradóttir, and Tryggvi Þór Haraldsson. A majority of the Committee members are independent of the company, its executive management, and its major shareholders.

8. Key Rulings and Judgments Relating to Hagar

In the past year, several rulings and judgments relating to Hagar have been issued, as is to be expected for a company of its size. None of these cases had any impact on the company's operations or financial performance.

NON-FINANCIAL INFORMATION (UNAUDITED)

1. 1.1 Introduction

In recent years, work has been under way to align Hagar's sustainability disclosures with the European Sustainability Reporting Standards (ESRS), which are based on the EU Corporate Sustainability Reporting Directive (CSRD).

In its original form, the Directive was intended to apply to approximately 50,000 European undertakings. Following criticism of the administrative burden it imposed on companies, the European Commission put forward the so-called Omnibus Proposal on 26 February 2025, with the aim of simplifying the EU's sustainability regulatory framework. The proposal was ultimately adopted at the end of 2025, resulting in a significant narrowing of the Directive's scope. This change will not, however, affect Hagar's position under the Directive, as the company is one of the few Icelandic undertakings that exceeds the updated size thresholds. It remains unclear when the Directive will be transposed into Icelandic law, but the changes will take effect for European undertakings from the financial year 2027.

In this annual report, selected disclosure requirements are presented in accordance with the aforementioned ESRS standards without individual cross-references, whilst ensuring that the disclosures meet the minimum requirements of the current Annual Accounts Act. More comprehensive sustainability information will be published in the company's annual report, which will be available in advance of the Annual General Meeting on 21 May 2026.

1.2 Business Model

Hagar is a retail company operating in Iceland, the Faroe Islands and the Netherlands, and is the market leader in the Icelandic grocery and fuel retail markets. In Iceland, Hagar operates 40 grocery stores, 22 Olís service stations, 45 ÓB self-service stations, two warehouses, one production facility, one online grocery store for meal packages, one wholesale store and one specialty store. Hagar's core business in Iceland covers food retail and related warehousing, as well as fuel sales. In the Faroe Islands, Hagar operates the retail company SMS, which is a market leader in the Faroese market. SMS operates, inter alia, 13 grocery stores, seven restaurants and four specialty stores. In the Netherlands, Hagar operates one online store with alcoholic beverages. At the end of the financial year, the group employed 3,494 people in total, of whom 2,716 were based in Iceland and 778 in the Faroe Islands. The average number of full-time equivalents in the Group during the year was 1,876. Hagar is listed on the main market of NASDAQ OMX Iceland. Ownership is widely distributed, with 1,066 shareholders at year-end.

Hagar's businesses operated through 8 subsidiaries during the financial year. The companies are run as independent operating units, with Hagar providing operational oversight and support through shared central services, with the aim of achieving cost efficiencies, improving customer service and thereby strengthening revenue generation and competitive position. In this way, Hagar creates value for shareholders.

Hagar's objective is to operate and develop leading retail brands that meet customer expectations and have the capacity to grow. The aim is also to maintain simplicity in the operations of all business units and to run each unit as an independent and profitable company with all the characteristics of a conventional enterprise. Sustainability is embedded in Hagar's core operations and guides decision-making on material matters.

Hagar's policy is that its stores shall always be consumers' first choice on the basis of price, quality, range and service. The company's mission is to enhance consumer welfare through excellent retail and service and to create a desirable workplace. In this way, Hagar achieves its objectives of delivering a fair return to shareholders.

1.3 Stakeholder Engagement

Hagar seeks to foster good collaboration with its stakeholders and to create value for them through its decisions. Work has been carried out within Hagar to assess the materiality of sustainability-related impacts, financial risks and opportunities in the company's operations. This assessment involved consultation with internal and external stakeholders. The company's principal stakeholders are employees, shareholders, customers, suppliers and financing parties.

NON-FINANCIAL INFORMATION (UNAUDITED), CONTINUED:

1.3 Stakeholder Engagement, continued:

Ongoing engagement with principal stakeholders takes place annually in connection with the assessment of the materiality of impacts, risks and opportunities.

1.4 Sustainability-related Impacts, Risks and Opportunities

Hagar has conducted a double materiality assessment, evaluating the materiality of sustainability-related impacts, financial risks and opportunities in the company's operations and value chain. The purpose of the assessment is, firstly, to determine the scope of Hagar's disclosure obligations under the ESRS standards and, secondly, to lay the foundations for the company's sustainability strategy. At the beginning of 2024, Deloitte was engaged to carry out an initial review of the double materiality assessment. The principal conclusion was that the assessment was well conducted and that its methodology was in conformity with the ESRS. This is a living assessment that is reviewed annually in light of prevailing circumstances and available data at any given time.

1.4.1 Impacts

The following table provides an overview of the sustainability-related impacts that Hagar has identified as material:

Topic	Impact	A/P	P/N	Location of impact in value chain			Description
				Upstream	Own operations	Downstream	
Climate change	Greenhouse gas emissions	A	N	●	●	●	Total calculated GHG emissions for Hagar across Scope 1, 2 and 3 amounted to 1,033 thousand tCO ₂ e in 2025. It is therefore considered clear that these constitute material negative impacts.
Pollution	Risk of pollution incidents	P	N	●	●		The sale and distribution of oil and other polluting substances carries an inherent risk of pollution incidents, whether in upstream stages of the company's value chain or in its own operations.
	Sale of products that may pollute the environment	A	N			●	Chemical and cleaning products sold may be partially released into the environment by customers during use.
	Import and sale of substances of concern	A	N			●	Customer use of substances of concern may have polluting effects on the environment and cause harm to people.
Biodiversity and ecosystems	Direct and indirect GHG emissions from operations and value chain accelerating climate change, which leads to the degradation of biodiversity in certain areas	A	N	●			Total GHG emissions from Hagar exceeded one million tCO ₂ e in 2025. Whilst direct causal links between value chain emissions from Hagar and biodiversity loss are uncertain, it is well established that climate change can have adverse effects on biodiversity.
	Land-use change arising from agriculture in the value chain	P	N	●			These impacts are not well understood at present. However, it is likely that through its procurement activities Hagar is in some instances contributing to increased supply of products that have adverse effects on biodiversity due to production methods.
A/P = Actual / Potential				P/N = Positive / Negative			

NON-FINANCIAL INFORMATION (UNAUDITED), CONTINUED:

1.4.1 Impacts, continued:

Topic	Impact	A/P	P/N	Location of impact in value chain			Description
				Upstream	Own operations	Downstream	
Circular economy	Waste from operations, including hazardous waste	A	N		●	●	Over six thousand tonnes of waste were generated in operations in 2025. The waste recovery rate was 91%.
	Food waste	A	N		●	●	The volume of organic waste generated in own operations in 2025 was approximately one thousand tonnes. Research indicates that household food waste across Iceland amounted to 23,780 tonnes in 2022. Food waste arising from own operations and a significant proportion of that arising from households is utilised for biomethane production, which offsets these impacts.
Own workforce	Work-related accidents	A	N		●		Incidents of work-related accidents or near-misses do occur within the group. The risk of work-related accidents is greater in the manufacturing and warehouse units of the group.
	Measures to ensure the health and safety of workers	A	P		●		Great emphasis is placed on safeguarding the health and safety of employees in order to prevent and minimise the likelihood of work-related accidents, as well as to promote employee wellbeing.
	Permanent employment contracts as the norm	A	P		●		The general principle is that Hagar employees are engaged on permanent contracts, and it is an absolute exception for any engagement to be fixed-term.
	Work-life balance policy	A	P		●		It is Hagar's policy that all employees shall have access to flexible working arrangements or other adjustments where practicable, in order to facilitate a balance between work and personal life.
	Promoting gender equality	A	P		●		Equality is emphasised throughout all of Hagar's operations and each employee is assessed on their own merits. Discrimination of any kind is prohibited and will not be tolerated. It is furthermore Hagar's policy that no gender pay gap exists within the company, and an equal-pay audit is conducted annually.
	Providing employees with opportunities to grow and flourish	A	P		●		Hagar and its subsidiaries place considerable emphasis on employee development through training, education and career development opportunities. Work is ongoing to embed regular professional development reviews across the subsidiaries of the group.
	Participation in supported employment	A	P		●		Operating units of Hagar, in particular Bónus and Hagkaup, have for many years been active participants in the 'Supported Employment' scheme, delivered in partnership with the Directorate of Labour. The scheme provides employment for people with reduced work capacity due to mental and/or physical disability.
A/P = Actual / Potential				P/N = Positive / Negative			

NON-FINANCIAL INFORMATION (UNAUDITED), CONTINUED:

1.4.1 Impacts, continued:

Topic	Impact	A/P	P/N	Location of impact in value chain			Description
				Upstream	Own operations	Downstream	
Own workforce, continued	Promoting diversity in the workplace	A	P		•		Access to a broader pool of workers of diverse backgrounds and different experiences is important to Hagar. By facilitating employment within the group for people regardless of their circumstances and background, we create positive impacts. Employees from approximately 60 countries of origin work at Hagar. Considerable emphasis is placed on supporting integration, for example through translation of training materials and language tuition.
	Policy and measures against bullying, sexual harassment and gender-based violence	A	P		•		It is Hagar's policy that employees work in a spirit of collaboration and always show courtesy and respect to their colleagues. Bullying, gender-based or sexual harassment, and violence are not tolerated under any circumstances in Hagar's operations. Hagar has a written prevention and response plan addressing these issues, which is communicated to all employees.
Workers in the value chain	Impacts on workers in the value chain with regard to working conditions	P	P/N	•			By setting clear requirements for suppliers, requiring them to apply equivalent requirements to their own suppliers, and implementing effective supplier monitoring, we can exert a positive influence on the working conditions of workers in the company's value chain. Conversely, by offering products from manufacturers that do not ensure adequate working conditions for their workers, we may have negative impacts.
	Impacts on workers in the value chain with regard to human rights	P	P/N	•			By setting clear requirements for suppliers, requiring them to apply equivalent requirements to their own suppliers, and implementing effective supplier monitoring, we can exert a positive influence on the human rights of workers in the value chain. Conversely, by offering products from manufacturers that disregard workers' rights, we may have negative impacts.
Consumers and end-users	Information on product contents, certifications, hazard labelling, etc.	A	P		•		Emphasis is placed on ensuring that products sold in Hagar stores carry clear information on contents, certifications and hazard labelling where applicable.
	Impacts on public health	A	P/N		•		By offering both healthy and less healthy food products, Hagar has both positive and negative impacts on public health.
	Ensuring access to essential goods	A	P		•		All are welcome in Hagar stores regardless of their circumstances, and emphasis is placed on good accessibility for people with disabilities. The company has also ensured continued access to stores during natural disasters, for example during the hot water outage in Reykjanes caused by seismic activity.
	Active price competition and uniform grocery pricing nationwide	A	P		•		It is Bónus's objective to offer the lowest prices in the grocery market, and Hagar stores have maintained a consistent nationwide pricing policy regardless of the additional distribution costs associated with supplying rural areas.

A/P = Actual / Potential P/N = Positive / Negative

NON-FINANCIAL INFORMATION (UNAUDITED), CONTINUED:

1.4.1 Impacts, continued:

Topic	Impact	A/P	P/N	Location of impact in value chain			Description
				Upstream	Own operations	Downstream	
Business conduct	Policies and measures to protect whistleblowers	A	P		•		The company has whistleblower protection policies in accordance with Act No. 40/2020 on the protection of whistleblowers. The policies are intended to provide an effective channel for reporting breaches of law or reprehensible conduct, and to support and protect those who do so.
	Impacts on animal welfare	A	P/N	•			By sourcing animal products from producers that treat animals inhumanely, we may have negative impacts on animal welfare. Conversely, by setting clear requirements regarding the humane treatment of animals in our supply chain, we can have positive impacts.
	Cascade effects through the value chain	P	P	•			By establishing ethical requirements for our suppliers and requiring them to impose equivalent requirements on their own suppliers, we can have positive impacts on the ethical conduct of the value chain.
	Anti-corruption measures	A	P	•	•		Hagar's code of conduct and that of its subsidiaries emphasises that management and employees shall at all times act in accordance with the law and accepted ethical standards in business dealings, and that the company's internal rules shall be observed. The group has also conducted a risk assessment in relation to anti-money laundering and counter-terrorist financing measures, pursuant to Act No. 140/2018. In conjunction with this assessment, the board approved the company's policy on anti-money laundering and counter-terrorist financing.
				A/P = Actual / Potential		P/N = Positive / Negative	

NON-FINANCIAL INFORMATION (UNAUDITED), CONTINUED:

1.4.2 Financial Risks

The following is a summary of the financial risks that are considered to meet the materiality threshold:

Topic	Impact	Time horizon	Potential consequence	Description
Climate change	Systemic food supply shortage in the value chain due to climate change (e.g. droughts and crop failures)	Long-term	Reduction in revenue	Supply constraints linked to individual products or product categories pose an immaterial risk to the company. The company's adaptability enables us to respond to such changes in supply. However, were a supply shortage to become systemic to the extent that Iceland's food security is threatened, this would be highly material to the financial interests of the company.
	Government policy relating to the phase-out of fossil fuels	Medium-term	Reduction in revenue from fossil fuel sales and increased cost of goods sold	The EU's targets of carbon neutrality by 2050 and a 55% reduction in emissions by 2030 envisage a rapid energy transition with attendant impacts on revenues from fuel sales. Current manifestations of this include carbon taxes, the forthcoming Emissions Trading System for fuel distributors (ETS 2) and the existing ETS for fuel transporters, all of which result in higher costs for fossil fuel consumption with the aim of accelerating the energy transition.
	Investment in more environmentally sustainable equipment, e.g. refrigeration systems and electric vehicles	Short-term	Increased capital expenditure	Renewal of equipment for the purposes of energy efficiency, energy transition and phase-out of environmentally harmful refrigerants entails increased capital expenditure.
	Reputational risk arising from heightened stakeholder and societal focus on climate matters	Medium-term	Reduced investor interest, restricted access to capital, less favourable financing terms and reduction in revenue	A lack of transparency in disclosures, or where the company's objectives and actions in relation to climate matters lack credibility, could give rise to reputational damage and adverse financial impacts on the company. The company's actions on climate matters reduce the likelihood of this reputational risk.
Biodiversity and ecosystems	Systemic food supply shortage due to biodiversity loss and ecosystem degradation	Long-term	Reduction in revenue	As previously noted, Hagar and its subsidiaries are well positioned to address supply constraints linked to individual products or product categories. However, were a food shortage to become systemic on a global scale, this could have a material impact on the financial performance of the company.
Circular economy	Adapting operations in line with the EU Packaging and Packaging Waste Regulation (PPWR)	Medium-term	Increased operating costs, increased capital expenditure and reduction in revenue	The requirement under the EU Packaging and Packaging Waste Regulation (PPWR) that a specified proportion of retail floor space be allocated to refill stations could entail increased capital expenditure in relation to store modifications, and the use of sales floor space for products with lower turnover may cause a reduction in revenue. Requirements of the regulation concerning packaging may also have uncertain effects on operating costs.

NON-FINANCIAL INFORMATION (UNAUDITED), CONTINUED:

1.4.2 Financial Risks, continued:

Topic	Impact	Time horizon	Potential consequence	Description
Own workforce	Widespread industrial action by employees	Medium-term	Reduction in revenue	Industrial action resulting in a large proportion of employees being unable to perform their duties over an extended period could have material financial impacts on the company.
	Access to skilled and capable employees	Medium-term	Reduction in revenue	Inadequate workforce management could make it more difficult to retain and attract capable employees who create value for the company.
	Dependency on own workforce	Medium-term	N/A	The operations of Hagar and its subsidiaries are highly dependent on their own workforce. Events or incidents that result in a large proportion of employees being unable to work over an extended period could have material financial impacts on the company. Similarly, inadequate workforce management could make it more difficult to retain and attract capable employees who create value for the company.
Consumers and end-users	Dependency on consumers	Short-term	N/A	The company is highly dependent on consumers as its primary source of revenue, representing the largest customer group by a significant margin.
Business conduct	Regulatory breaches and regulatory sanctions	Short-term	Reduced investor interest, restricted access to capital, less favourable financing terms, increased costs and reduction in revenue	Should Hagar's corporate culture fail to promote legal compliance and sound business conduct by employees, this could give rise to a risk of regulatory breaches and sanctions. Strong governance and effective communication of the company's policies and procedures to employees reduce the likelihood of such incidents. Refer to Hagar's corporate governance statement for further information.
	Reputational risk in connection with corruption and bribery	Short-term	Reduced investor interest, restricted access to capital, less favourable financing terms, increased costs and reduction in revenue	Were a serious corruption incident to arise in Hagar's operations, this could have a material impact on the company's reputation with attendant effects on investor confidence and potentially on revenues. In light of the company's actions and corporate culture, however, the likelihood of such an event is considered negligible.

NON-FINANCIAL INFORMATION (UNAUDITED), CONTINUED:

1.4.3 Financial Opportunities

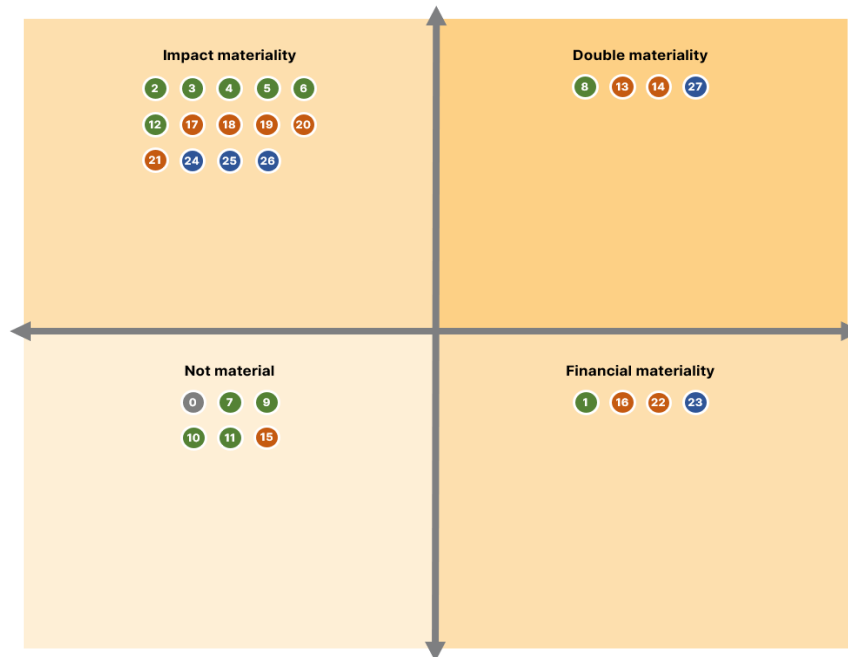
Finally, the following provides an overview of financial opportunities:

Topic	Financial opportunity	Time horizon	Potential consequence	Description
Climate change	Active participation in the energy transition	Long-term	New revenue streams	The energy transition presents an opportunity for the company to take a leading role in the sale and distribution of more environmentally sustainable energy sources. Revenue from such activities could offset the reduction in revenue resulting from declining fossil fuel sales.
	Credible and transparent disclosure of the company's position and actions on climate matters	Long-term	Positive impact on investor confidence	This action reduces reputational risk in connection with climate matters and will serve to strengthen the trust of investors and consumers in the company.

NON-FINANCIAL INFORMATION (UNAUDITED), CONTINUED:

1.4.4 Results of the Double Materiality Assessment

The following shows the results of the double materiality assessment with respect to ESRS sub-topics. Sub-topics that meet the materiality threshold may be material from an impact perspective, a financial risk/opportunity perspective, or both. Where no significant impacts or financial risks/opportunities have been identified for a given sub-topic, it is assigned a value of 0.



Environment

E1 Climate change

- 1 Climate change adaptation
- 2 Climate change mitigation
- 3 Energy

E2 Pollution

- 0 Pollution of air
- 4 Pollution of water
- 5 Pollution of soil
- 0 Pollution of living organisms
- 6 Substances of concern
- 0 Microplastics

E3 Water and marine resources

- 7 Water
- 0 Marine resources

E4 Biodiversity and ecosystems

- 8 Direct impact drivers of biod. loss
- 0 Impacts on the state of species
- 9 Extent and condition of ecosystems
- 0 Dependencies on ecosystem services

E5 Resource use and circular economy

- 10 Resource inflows
- 11 Resource outflows (products/services)
- 12 Waste

Social

S1 Own workforce

- 13 Working conditions
- 14 Equal treatment and opportunities
- 15 Other work-related rights
- 16 Dependency

S2 Workers in the value chain

- 17 Working conditions
- 0 Equal treatment and opportunities
- 18 Other work-related rights

S3 Affected communities

- 0 Economic, social and cultural rights
- 0 Civil and political rights
- 0 Rights of indigenous peoples

S4 Consumers and end-users

- 19 Information-related impacts
- 20 Personal safety (consumers/end-users)
- 21 Social inclusion (consumers/end-users)
- 22 Dependency

G1 Business conduct

- 23 Corporate culture
- 24 Protection of whistle-blowers
- 25 Animal welfare
- 0 Political engagement
- 26 Management of supplier relationships
- 27 Corruption and bribery

NON-FINANCIAL INFORMATION (UNAUDITED), CONTINUED:

2. Sustainability Strategy

Hagar's Sustainability Strategy was approved by the company's Board of Directors on 22 March 2024. The strategy is informed by the company's double materiality assessment of sustainability-related impacts, risks and opportunities.

Hagar's Sustainability Strategy is the company's long-term plan for how it can contribute to a better and healthier environment and society, alongside sound business operations. The strategy is built on four main pillars, which shape the company's priorities and the key initiatives being pursued at any given time:

Environment



Hagar emphasises understanding the direct and indirect effects that the company's activities have on the environment and strives to reduce adverse effects as much as possible. Adverse impacts include, but are not limited to, greenhouse gas emissions, pollution, food waste, and activities that negatively impact biodiversity and ecosystems.

Employees



Hagar strives to ensure all employees' well-being, inclusivity, and safety. Equality is the guiding principle in all decisions, and the company creates value for the business world through staff education and training. Moreover, Hagar emphasizes that the rights of all employees in its value chain are respected.

Consumers



Hagar respects the health and interests of consumers and the public in all its activities. Emphasis is placed on a wide selection of healthy options and on offering consumers the most favorable terms at all times, regardless of location. The company also supports various social issues through grants and collaborative projects.

Governance



Hagar operates according to the laws and regulations that the company must follow, as well as detailed guidelines for good governance. In addition, the company follows an established code of conduct and protocols for every aspect of its business.

2.1 United Nations Sustainable Development Goals

Hagar has selected seven of the United Nations' seventeen Sustainable Development Goals (SDGs) to further support the company's strategic pillars. The goals are: **5: Gender Equality, 8: Decent Work and Economic Growth, 9: Industry, Innovation and Infrastructure, 10: Reduced Inequalities, 12: Responsible Consumption and Production, 13: Climate Action, 15: Life on Land.**

2.2 Other Sustainability-related Policies

Hagar's Board of Directors has adopted various rules and policies for the company and its subsidiaries that are to be observed throughout the Group's operations, with the aim of embedding good governance practices and thereby strengthening stakeholder trust in the company and reinforcing its internal governance framework. These policies and rules are available in full on the company's website, www.hagar.is, and are also listed in section 1.3 of the company's Corporate Governance Statement on page 47.

3. Environment

Hagar and its subsidiaries have for many years placed considerable emphasis on environmental matters across all their operations. An updated Group Environmental Policy was approved by the Board in March 2024. The Environmental Policy covers all operations of Hagar and its subsidiaries, as well as all Group employees. The primary objective of the policy is to ensure that the Group contributes to sustainable development and corporate social responsibility, and supports awareness among employees of the company's environmental actions. Hagar seeks to promote the sustainable use of the Earth's natural resources for the benefit of its inhabitants, the business community and future generations, for economic and social gain.

NON-FINANCIAL INFORMATION (UNAUDITED), CONTINUED:

3. Environment, continued:

3.1 Climate

Hagar emphasises understanding the company's climate impacts and systematically reducing greenhouse gas (GHG) emissions. At the same time, it is important to ensure the company's resilience against the consequences of climate change. Particular emphasis is placed on ensuring that Hagar and its subsidiaries:

- Measure and regularly monitor greenhouse gas emissions, both within their own operations and across their value chain.
- Set emission reduction targets in line with the objectives of the Icelandic authorities and the international community.
- Implement and regularly review an action plan aimed at reducing greenhouse gas emissions.
- Pay special attention to energy efficiency measures across all operations, whether in offices, stores, warehouses or in the company's construction projects.
- Integrate sustainability considerations into procurement for the business.
- Invest responsibly in projects aimed at removing carbon dioxide from the atmosphere.
- Work systematically to strengthen resilience and adaptive capacity in response to potential climate change impacts, such as supply chain disruptions due to harvest failures.

3.2 Circular Economy

It is Hagar's policy to minimise all waste and to embed circular economy principles into the company's operations. Emphasis is placed in particular on:

- Maintaining measurements of food waste and other waste generated in the course of operations.
- Continuously seeking ways to reduce food waste, decrease total waste volumes and improve rates of waste sorting and recycling.
- Applying sustainability principles to guide the design and material selection for packaging of own-brand products.

3.3 Pollution

Hagar places strong emphasis on preventive measures and actions aimed at preventing and minimising the risk of pollution of any kind whether to land, water or air within its own operations or across the company's value chain.

3.4 Biodiversity and Ecosystems

Although the company's understanding of its impacts on biodiversity and ecosystems remains limited, it is recognised that food production can have adverse effects on biodiversity whilst at the same time being heavily dependent upon it. It is Hagar's policy to deepen its knowledge of such adverse impacts, particularly within its value chain, and to strive to mitigate them to the greatest extent possible.

4. Workforce

Hagar employs 3,494 people who, through their work, have an impact on people's daily lives. The company's operations are highly dependent on its workforce, and considerable effort is devoted to creating a working environment that enables employees to grow and thrive on their own merits. Strong emphasis is placed on employee well-being and safety, equality and diversity in the workplace, and professional development.

Hagar's Equality and Human Rights Policy was reviewed and approved by the company's Board of Directors in March 2026. It is Hagar's policy that full gender equality shall be observed and that all employees of Hagar and its subsidiaries shall be assessed on their own merits, irrespective of gender, age, sexual orientation or background. All employees shall be treated with equal respect and the genders shall hold equal standing within the company. Discrimination of any kind is prohibited and will not be tolerated. It is the company's policy to prevent any such injustice from occurring. The Equality and Human Rights Policy is available on the company's website, www.hagar.is.

NON-FINANCIAL INFORMATION (UNAUDITED), CONTINUED:

4. Workforce, continued:

All of Hagar's subsidiaries have completed their equal pay certification process pursuant to the amendment to the Act on Equal Status and Equal Rights of Women and Men enacted in June 2017. They have all now implemented an equal pay system in accordance with standard ÍST 85 on equal pay certification.

Hagar's Board of Directors has adopted a Remuneration Policy for the company, the objective of which, in the negotiation of employment terms, is to ensure that the company remains competitive in attracting and retaining employees and management. To achieve this, the company shall offer competitive remuneration in line with prevailing standards at comparable companies. Hagar considers it essential to cultivate the remuneration conditions of the company's management so that the company benefits from their expertise and capabilities to the fullest extent, thereby aligning their interests with those of the company. Remuneration decisions take into account responsibility and performance, with due regard to recognised equality principles. The Remuneration Policy forms part of the company's commitment to safeguarding the long-term interests of its owners, management and other stakeholders in an orderly, straightforward and transparent manner. The Remuneration Policy is available on the company's website, www.hagar.is. It was approved at Hagar's Annual General Meeting on 27 May 2025.

5. Anti-corruption and Anti-bribery

The Code of Conduct of Hagar and its subsidiaries emphasises that the Board of Directors and employees shall at all times act in accordance with the law and generally accepted standards of business ethics, and shall comply with the rules established by the company from time to time. It is stipulated that misuse of one's position for purposes detrimental to the company is prohibited, and employees are encouraged to report to their immediate manager if they witness corruption or irregularities within the company. The Code of Conduct also emphasises the importance of avoiding decisions that may give rise to conflicts of interest. The overriding principle is that the interests of employees and the company shall be aligned. The receipt of gifts, hospitality or other benefits from the company's business partners is prohibited without managerial approval.

A risk assessment has been carried out within the Group in connection with anti-money laundering and counter-terrorist financing measures, pursuant to Act No. 140/2018. In conjunction with the risk assessment, the Board approved the company's policy on anti-money laundering and counter-terrorist financing. The purpose of the policy is to establish and maintain an effective system to prevent the services and products of Hagar and its subsidiaries from being used for unlawful purposes connected with money laundering or terrorist financing. The company is a reporting entity under the Act by virtue of its property leasing activities, and addresses potential instances of corruption or bribery arising from those activities through mitigation measures that reduce residual risk to a negligible level.

The Group also has in place a Whistleblower Policy pursuant to Act No. 40/2020 on Whistleblower Protection. The policy is intended to establish an effective mechanism for reporting information and/or evidence of breaches of law or other reprehensible conduct, and to support and protect those who do so. The objective of the policy is to prevent misconduct and to mitigate any harm that such conduct might cause to the Hagar Group, its customers, society and other stakeholders.

6. Human Rights

Hagar is fully committed to respecting universal human rights across all of the company's operations, as set out in the United Nations Declaration of Human Rights. The company equally requires its stakeholders to respect human rights. Child labour, forced labour and slavery are not tolerated within the company. In support of this, Hagar's Equality and Human Rights Policy and Code of Conduct, as described above, are in force. Hagar also has in place annexes to all of the company's service contracts in which principal contractors declare that they will at all times and in all circumstances observe the statutory and contractual rights of those they engage for their work, whether they are employees, temporary agency workers, other contractors and/or subcontractors. The principal contractor declares that its operations shall at all times comply with the requirements of Icelandic legislation, regulations and labour market practices as applicable from time to time. The principal contractor also declares that it bears so-called chain liability, that is, it warrants that other contractors and/or subcontractors engaged by it meet the same requirements so that the rights of all workers involved in the work are safeguarded. Hagar and its subsidiaries have adopted a Supplier Code of Conduct, intended to encourage the Group and its suppliers to act together as a force for good. The Code applies to all of the Group's suppliers, who are required to ensure its compliance throughout their supply chain.

NON-FINANCIAL INFORMATION (UNAUDITED), CONTINUED:

7. Sustainability Statement

The information in this section is based on selected disclosure requirements from the ESRS standards and has been confirmed with limited assurance by an independent third party.

7.1 Greenhouse Gas Emissions

The following table shows Hagar's greenhouse gas (GHG) emissions for the calendar year 2025, compared with emissions for 2024 and 2022 (the base year). The rightmost column in the table shows the change in GHG emissions relative to the base year.

Total GHG Emissions	Unit	2025	2024	2022	%
Total GHG emissions (location-based)	tCO₂e	1.033.249	1.145.800	1.229.212	-16%
Total GHG emissions (market-based)	tCO ₂ e	1.049.161	1.162.225	1.229.212	-15%
Scope 1	Unit	2025	2024	2022	%
Total Scope 1 emissions	tCO₂e	2.672	4.198	3.150	-15%
Fuel combustion	tCO ₂ e	819	831	831	-1%
Fugitive emissions	tCO ₂ e	1.853	3.367	2.319	-20%
Scope 2	Unit	2025	2024	2022	%
Total Scope 2 emissions (location-based)	tCO₂e	523	510	578	-10%
Electricity	tCO ₂ e	220	245	293	-25%
District heating	tCO ₂ e	303	265	285	6%
Total Scope 2 emissions (market-based)	tCO₂e	16.435	16.935	578	2743%
Electricity	tCO ₂ e	16.132	16.670	293	5406%
Heating	tCO ₂ e	303	265	285	6%
Scope 3	Unit	2025	2024	2022	%
Total Scope 3 emissions	tCO₂e	1.030.054	1.141.092	1.225.484	-16%
Category 1: Purchased goods and services	tCO₂e	416.488	444.521	484.785	-14%
Purchased goods for resale	tCO ₂ e	416.488	444.521	484.785	-14%
Category 3: Fuel- and energy-related activities	tCO₂e	211	317	310	-32%
Upstream emissions from fuel use	tCO ₂ e	205	209	187	10%
Upstream emissions from electricity use	tCO ₂ e	1	1	1	0%
T&D losses of electricity and district heating	tCO ₂ e	5	107	122	-96%
Category 4: Upstream T&D	tCO₂e	8.251	8.953	10.070	-18%
Air freight	tCO ₂ e	2.547	2.824	4.392	-42%
Sea freight	tCO ₂ e	3.835	4.342	4.012	-4%
Land transport	tCO ₂ e	1.869	1.787	1.666	12%
Category 5: Waste generated in operations	tCO₂e	158	205	856	-82%
Transport, disposal and treatment of waste	tCO ₂ e	158	205	856	-82%
Category 6: Business travel	tCO₂e	23	23	26	-12%
Air travel	tCO ₂ e	23	23	26	-12%
Category 11: Use of sold products	tCO₂e	602.831	684.981	729.437	-17%
Use of sold fuels and gas	tCO ₂ e	602.831	684.981	729.437	-17%
Category 12: End-of-life treatm. of sold prod.	tCO₂e	2.092	2.092	N/A	N/A
Sold food products	tCO ₂ e	2.092	2.092	N/A	N/A

NON-FINANCIAL INFORMATION (UNAUDITED), CONTINUED:

7.1 Greenhouse Gas Emissions, continued:

Emissions Intensity	Unit	2025	2024	2022	%
Emissions intensity of revenue (location-based)	tCO2e/MISK	5,7	6,5	7,6	-25%
Emissions intensity of revenue (market-based)	tCO2e/MISK	5,8	6,6	7,6	-24%

7.1.1 Methodology

The GHG accounting of Hagar and its subsidiaries is carried out in accordance with the Greenhouse Gas Protocol (GHG Protocol) methodology. The GHG Protocol divides emissions from corporate operations into three scopes:

- **Scope 1:** Direct emissions from operations.
- **Scope 2:** Indirect emissions from purchased energy.
- **Scope 3:** Other indirect emissions within the Company's value chain.

7.1.2 Organisational and Operational Boundaries of GHG Accounting

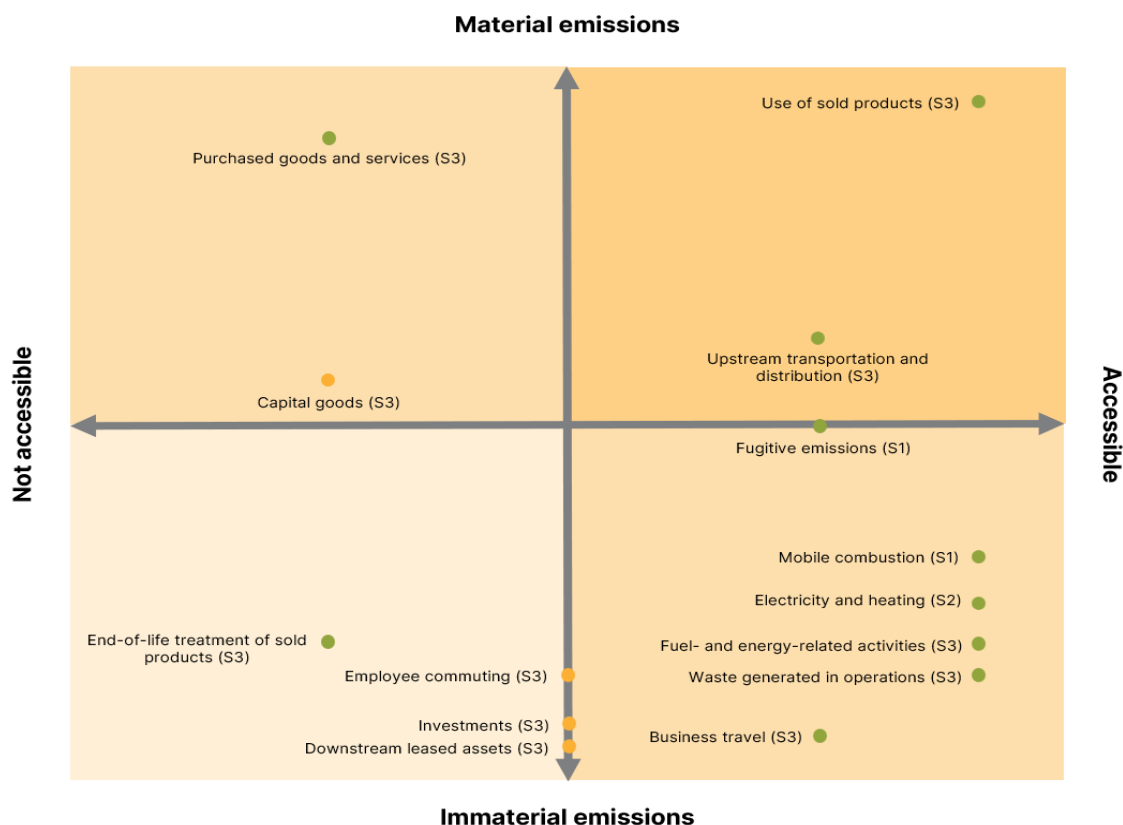
Organisational boundaries define the scope of GHG accounting with regard to which entities/operating units fall within it. Hagar's GHG accounting covers the Group as presented in the company's financial statements, with the exception that emissions from the operations of P/F SMS in the Faroe Islands, which became part of the Group in December 2024, have not yet been fully calculated. Work is under way to include the operations of P/F SMS in the Group's GHG accounting. The following entities are therefore included in Hagar's GHG accounting:

- Hagar verslanir ehf. (100% share)
 - Bónus
 - Hagkaup
 - Aðföng
- Olís ehf. (100% share)
- Bananar ehf. (100% share)
- Stórkaup ehf. (100% share)
- Eldum rétt ehf. (100% share)
- Noron ehf. (100% share)
- Haga Wine B.V. (100% share)

The definition of operational boundaries covers the emission categories that fall within Hagar's GHG accounting. The company has conducted a materiality assessment with the purpose of prioritising the calculation of emission categories as defined in the GHG Protocol. This materiality assessment is reviewed annually. The assessment considers, on the one hand, the estimated or calculated scale of an emission category and, on the other, the feasibility of calculating the relevant emission category.

NON-FINANCIAL INFORMATION (UNAUDITED), CONTINUED:

7.1.2 Organisational and Operational Boundaries of GHG Accounting, continued:



Green-coloured emission categories are those reported in the company's accounts, whilst yellow-coloured categories have not previously been reported. Other Scope 3 emission categories not shown in the figure above are considered immaterial or not applicable. These are:

- **Leased assets (Category 8):** Emissions from leased assets are accounted for under Scope 2.
- **Downstream transportation and distribution (Category 9):** Emissions from this category are considered immaterial, as the company's customers are generally end users of products. Furthermore, product deliveries to customers are accounted for under Category 4, since the company pays logistics providers for such deliveries, even where the customer may be charged a delivery fee by Hagar.
- **Processing of sold products (Category 10):** Emissions are considered immaterial, as end users are generally the company's customers.
- **Franchises (Category 14):** The company is not a franchisor.

7.1.3 Scope 1

Fuel Consumption

Data on fuel purchases in litres is collected entirely from suppliers. DEFRA emission factors are used for calculations.

Refrigerant Leakage Emissions

Data on refrigerant leakage from refrigeration systems in kilograms, by refrigerant type, is collected entirely from suppliers. Emission factors from the Icelandic Environment and Energy Agency (Umhverfisstofnun) are used for calculations. Data has not been obtained from the service provider for Olís's refrigeration systems.

The proportion of Scope 1 emissions covered by the EU Emissions Trading System (EU ETS) is 0%.

NON-FINANCIAL INFORMATION (UNAUDITED), CONTINUED:

7.1.4 Scope 2

Electricity Consumption

Data on electricity consumption in kWh is collected primarily from electricity suppliers. For leased premises where Hagar or its subsidiaries are not themselves registered as electricity meter holders, data is collected from landlords.

An emission factor from the Environment and Energy Agency is used to calculate location-based emissions, and an emission factor based on the residual mix as reported by the said Agency is used to calculate market-based emissions. The company does not purchase energy attribute certificates (EACs) in respect of its electricity consumption.

Hot Water Consumption

Data on hot water consumption in cubic metres is collected from utility companies or landlords, as applicable. Estimates are made to fill gaps where meter readings are unavailable or data has not been obtained. The proportion of estimated data relative to total consumption is 17.7%.

7.1.5 Scope 3

Category 1: Purchased Goods and Services

The calculation covers goods purchased for resale, which account for the largest share of the Group's procurement. Goods and services purchased for use in own operations have not been captured.

Data on goods purchased for resale is collected from internal systems. For most subsidiaries, procurement data is used. Where procurement data is insufficient, sales and shrinkage data is used to obtain the best possible picture of quantities purchased. Where product weight data is available together with a corresponding emission factor, emissions are calculated based on product weight (average data method). Where this approach is not feasible, emissions are calculated based on the cost of goods (spend-based method). In certain cases, supplier-specific emission factors are used. GHG emissions were distributed across calculation methods in 2025 as follows:

- From product manufacturer (supplier-specific) – <0.1%
- Based on product weight (average data method) – 77%
- Based on product cost (spend-based method) – 23%

This represents improved accuracy compared with 2023 and 2022, when 57% of emissions were calculated based on product weight and 43% on cost, due to insufficient product weight data. The improved calculation accuracy partly explains the difference in results for emissions from purchased goods for resale between 2025 and 2022.

The following emission factor datasets were used in the calculations:

Database	Product Categories	Unit
The Big Climate Database (v1.2)	Convenience goods	Weight (kg)
WRAP Emission Factor Database (v2)	Convenience goods	Weight (kg)
DEFRA (v1.0 2024)	Fuel, Gas & Clothing	Volume (kg & l)
USEEIO Supply Chain Greenhouse Gas Emission Factors (v1.3)	Convenience and specialty goods	Cost
Other emission factors, e.g. from product manufacturers or industry associations	Convenience goods	Weight (kg)/Unit

Cost-based emission factors are adjusted for inflation and converted into ISK.

NON-FINANCIAL INFORMATION (UNAUDITED), CONTINUED:

7.1.5 Scope 3, continued:

Data could not be collected for Eldum rétt and the company is therefore excluded from the calculations. The impact on the results is, however, considered immaterial.

Category 3: Fuel- and Energy-related Activities

This figure is calculated on the basis of available data on fuel and energy consumption. DEFRA emission factors are used for calculations.

Category 4: Upstream Transportation and Distribution

Data on purchased transportation and distribution is collected from logistics providers. The category covers both imports and deliveries to customers for which Hagar pays the logistics provider, such as postal deliveries. The method generally used to calculate emissions is the distance-based method, under which data on cargo weight, distance transported and mode of transport is used as the basis for emission calculations. DEFRA emission factors and emission factors from logistics providers are used for calculations.

For the calculation of emissions from the fuel distribution carried out by Olíudreifing on behalf of Olís, data on the fuel consumption of the former company is used as the basis and apportioned in accordance with the share of distribution attributable to Olís relative to total distribution.

Note: Transportation from tier 1 suppliers has not been captured in cases where Hagar or its subsidiaries do not themselves pay for the transport. An example of such transport is where domestic suppliers arrange distribution of their own goods directly to Hagar's stores.

Category 5: Waste Generated in Operations

Data on waste generated in operations is collected entirely from waste contractors. Data is collected on waste weight and waste types. DEFRA emission factors are used for calculations, taking into account waste types and recycling and disposal methods.

Emissions from wastewater have not been accounted for.

Category 7: Business Travel

The calculation of emissions from air travel includes only Icelandair flights. Emissions from flights with other airlines, hotel stays, car hire and other potential business travel categories are therefore not captured. DEFRA emission factors are used for calculations.

Category 11: Use of Sold Products

Data on quantities of fuel and gas sold is collected from internal systems. Emission factors from the Environment and Energy Agency and, where applicable, DEFRA, are used to calculate emissions from combustion occurring in customers' machinery.

Category 12: End-of-life Treatment of Sold Products

Emissions are estimated for food sold. The estimate is made by multiplying Hagar's market share in the grocery market by the volume of food waste from households, as established by research. It is assumed that food waste is directed to biogas production and/or composting from the year 2023, when separate collection of food waste commenced. An emission factor from the Environment and Energy Agency is used for calculations.

7.1.6 Emissions intensity

For the calculation of emissions intensity, the Group's revenue as presented in the annual accounts is used, excluding revenue attributable to P/F SMS as shown in the segment reporting.

NON-FINANCIAL INFORMATION (UNAUDITED), CONTINUED:

7.2 Energy Consumption and Energy Mix

The following provides a breakdown of Hagar's energy consumption in 2025. The breakdown reflects the origin of purchased electricity with regard to energy attribute certificates (EACs), not the actual physical source. No EACs were purchased for the period and the electricity mix is therefore based on the standard residual mix disclosure from the Environmental and Energy Agency.

Total Energy Consumption	Unit	2025	2024	2023
Total energy consumption	MWst	64.353	67.476	65.178
Fossil fuels	%	42%	41%	36%
Renewable energy sources	%	53%	55%	58%
Nuclear energy	%	5%	5%	7%
Fossil Fuels	Unit	2025	2024	2023
Total consumption from fossil fuels	MWst	27.310	27.421	23.111
Crude oil and petroleum products	MWst	3.278	3.333	3.397
Consumption of electricity from fossil sources .	MWst	24.032	24.088	19.714
Nuclear Energy	Unit	2025	2024	2023
Total consumption from nuclear energy	MWst	3.147	3.154	4.560
Renewable Energy Sources	Unit	2025	2024	2023
Total consumption from renewable energy sources	MWst	33.896	36.901	37.507
Purchased electricity, steam and cooling from renewable energy sources	MWst	33.896	36.901	37.507

7.3 Own Workforce

7.3.1 Characteristics of the undertaking's employees

The headcount figures below reflect the total number of employees (headcount) in the Hagar Group at the end of the financial year 2025/26, excluding P/F SMS. The total headcount including P/F SMS is 3,494, which is the figure stated in note 7 of the company's annual financial statement. As data for all disclosure datapoints has not been available for P/F SMS, which became part of the Group in December 2024, the company was excluded from the total in order not to distort results for certain datapoints such as employee turnover. Employee headcount data is collected from the HR systems of each company and aggregated.

NON-FINANCIAL INFORMATION (UNAUDITED), CONTINUED:

7.3.1 Characteristics of the undertaking's employees, continued:

Number of Employees	Unit	2025	2024
Total number of employees			
Male	no.	1,473	1,525
Female	no.	1,240	1,198
Other	no.	3	1
Total	no.	2,716	2,724
Total number of permanent employees			
Male	no.	1,463	1,522
Female	no.	1,240	1,197
Other	no.	3	1
Total	no.	2,706	2,720
Total number of temporary employees			
Male	no.	10	3
Female	no.	0	1
Total	no.	10	4
Total number of employees without guaranteed hours			
Total	no.	9	0
Total number of full-time employees			
Male	no.	607	622
Female	no.	510	498
Total	no.	1,117	1,120
Total number of part-time employees			
Male	no.	866	903
Female	no.	730	700
Other	no.	3	1
Total	no.	1,599	1,604
Employee Turnover			
Number of employees who left during the year	no.	775	733
Employee turnover rate	%	29%	27%

Temporary employees are employees engaged under a fixed-term contract.

Employee turnover refers to all employees who left during the year, regardless of the reason for departure.

7.3.2 Collective bargaining coverage and social dialogue

Collective bargaining agreements and employee representatives	Unit	2025	2024
Percentage of employees covered by collective bargaining agreements	%	99,9%	99,6%
Percentage of employees with an employee representative	%	92%	78%

NON-FINANCIAL INFORMATION (UNAUDITED), CONTINUED:

7.3.3 Diversity

Gender diversity data covers Hagar's executive management, whilst age distribution data covers all employees.

Diversity	Unit	2025	2024
Gender diversity in top management positions			
Male	no.	6	6
Female	no.	3	3
Male	%	66,7%	66,7%
Female	%	33,3%	33,3%
Age distribution of employees			
Under 30 years	%	65%	65%
30–50 years	%	25%	25%
Over 50 years	%	10%	10%

7.3.4 Adequate wages

All Hagar employees receive remuneration of at least the minimum wage level set by recognised benchmarks, such as collective bargaining agreements.

7.3.5 Social Protection

All employees of the company are covered by social protection against loss of income, either through statutory insurance schemes or through rights established under collective bargaining agreements. The Icelandic social security system provides minimum protection against loss of income due to illness, unemployment, occupational accidents and disability, parental leave and upon retirement. In addition, collective bargaining agreements may provide various supplementary entitlements, such as extended sick leave rights.

7.3.6 Persons with Disabilities

The data below is based on the number of employees in employment through the "Work with Support" programme administered by the Directorate of Labour (Vinnumálastofnun). No separate records are otherwise maintained for employees with reduced work capacity.

Employees with disabilities	Unit	2025	2024
Percentage of employees with a recorded disability	%	2,9%	3,4%

7.3.7 Health and Safety

Health and safety	Unit	2025	2024
Number of fatalities as a result of work-related injuries or work-related ill health	no.	0	0
Number of fatalities of contractors or employees of other undertakings on the undertaking's sites	no.	0	0
Number of recordable work-related accidents	no.	45	40
Recordable work-related accidents per million hours worked ..	X:1	14,0	12,7

7.3.8 Work-life Balance

All Hagar employees are entitled to parental leave under statutory provisions. The following data shows the number of employees who took parental leave during the past financial year, broken down by gender.

Parental leave	Unit	2025	2024
Percentage of employees who took parental leave during the year			
Male	%	3,4%	3,2%
Female	%	2,8%	2,1%
Total	%	3,1%	2,7%

NON-FINANCIAL INFORMATION (UNAUDITED), CONTINUED:

7.3.9 Incidents, Complaints and Severe Human Rights Impacts

Human rights violations	Unit	2025	2024
Total amount of fines or damages in relation to discrimination, including harassment	ISK	0	0
Number of serious human rights violations relating to the undertaking's own workforce	no.	0	0
Total amount of fines or damages in relation to serious human rights violations	ISK	0	0

NON-FINANCIAL INFORMATION (UNAUDITED), CONTINUED:

8. EU Taxonomy

Regulatory requirements relating to sustainability disclosures have increased significantly in recent years and EU Taxonomy regulation entered into force in Iceland on 1 June 2023 with Act. no. 25/2023 on Sustainable Finance Disclosure Regulation (SFDR) and taxonomy for sustainable investments.

The aim of the regulation is to define which business activities are considered environmentally sustainable based on the technical assessment criteria and to promote transparency in sustainability information. For companies to be considered environmentally sustainable within the meaning of the regulation, they must meet the criteria for environmentally sustainable economic activity according to Article 3 of the regulation. First, the economic activity must make a substantial contribution to one or more environmental objectives, while at the same time it may do no significant harm to other goals. The activity must be carried out in accordance with minimum safeguards and finally comply with technical screening criteria.

The environmental objectives are six: climate change mitigation, climate change adaptation, sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control and protection and restoration of biodiversity and ecosystems.

Hagar commenced sustainability reporting for the financial year ended 28 February 2019, when the first quantitative information on environmental and social matters was published in the Company's Sustainability Report. Since then, Hagar has placed significant emphasis on providing comprehensive disclosure on matters relating to sustainability and will continue to do so in order to meet the disclosure requirements under the EU Taxonomy Regulation.

8.1 Hagar's EU Taxonomy eligible activities

The activities falling within the scope of the EU Taxonomy at any given time are subject to continuous change based on regulations adopted at the level of the European Union, and such regulations are expected to be updated on a regular basis. Hagar will base its disclosures on the delegated regulations applicable under Icelandic law and regulations at any given time.

The technical screening criteria for activities considered to make a substantial contribution to the first two environmental objectives - climate change mitigation and climate change adaptation - are set out in Commission Delegated Regulation (EU) 2021/2139, which is applicable in Iceland. However, in Iceland, Commission Delegated Regulation (EU) 2023/2485 amending the climate-related delegated acts, and Commission Delegated Regulation (EU) 2023/2486, have not been implemented to the same extent as within the European Union.

An assessment of the technical screening criteria for Hagar during the year indicated that retail operations, which constitute the Group's core business, do not fall within the scope of the published technical screening criteria. Consequently, a conservative approach was adopted. In the Company's assessment, due to the aforementioned delegated regulations not having been implemented in Iceland, no activities qualify as Taxonomy-aligned, and only a limited portion of the Group's revenue, capital expenditure (CapEx) and operating expenditure (OpEx) is considered Taxonomy-eligible within the meaning of the Regulation. The following categories are not material but are related to the operations of Hagar and its subsidiaries to some extent in accordance with the key performance indicators defined in the Commission's guidance to the Regulation. The key performance indicators are calculated on a consolidated basis, with intra-group transactions eliminated to avoid double counting.

8.1.1 Turnover

The majority of Hagar's revenue derives from the sale of goods, which does not fall within the scope of the published technical screening criteria. However, among other operating income, as disclosed in note 6 to the financial statements, the following categories are identified:

- 6.6 Freight Transport Services by Road
- 7.7 Acquisition and Ownership of Buildings

Proportions are presented in the table for turnover on p. 82.

NON-FINANCIAL INFORMATION (UNAUDITED), CONTINUED:

8.1.2 Capital expenditure

Capital expenditure has been allocated to eligible activities in accordance with the EU Taxonomy regulation. According to Article 8 of the Taxonomy regulation, capital expenditure entails additions to tangible and intangible assets during the financial year considered before depreciation, amortisation, write-down and revaluation, excluding fair value changes. Among capital investments, as disclosed in notes 14, 15, 16 and 17 to the financial statements, the following categories are identified:

- 6.6 Freight Transport Services by Road
- 7.2 Renovation of Existing Buildings
- 7.3 Installation, maintenance and repair of energy efficient equipment
- 7.7 Acquisition and Ownership of Buildings

Proportions are presented in the table for capital expenditures on p. 83.

8.1.3 Operating expenditure

The Taxonomy regulation defines operating expenditure more narrowly than generally applies to operating expenditure from an accounting perspective. Operating expenditure are direct, non-capitalised costs that relate to research and development, building renovation measures, short-term leasing, maintenance and repair and any other direct expenditures relating to the day-to-day servicing of assets of property, plant, and equipment by the undertaking or third party to whom activities are outsourced, that are necessary to ensure the continued and effective functioning of such assets. Among operating expenditure (OpEx), the following categories are identified:

- 6.6 Freight Transport Services by Road
- 7.2 Renovation of Existing Buildings
- 7.3 Installation, maintenance and repair of energy efficient equipment

Proportions are presented in a table for operational expenditures on p. 84.

8.2 Do no significant harm

In conducting its operations, Hagar shall ensure that it does not cause significant harm to any of the six environmental objectives set out in the EU Taxonomy Regulation. As Hagar has not demonstrated that any of its activities are environmentally sustainable (Taxonomy-aligned) under the Taxonomy framework, the 'do no significant harm' requirement is not applicable. Nevertheless, Hagar has carried out a climate change adaptation risk assessment. The most significant climate-related risks identified relate to the energy transition, changes in weather patterns affecting the value chain, and reputational risk.

Based on the Company's assessment, its activities are not considered to cause significant harm to climate change adaptation or to any of the environmental objectives set out in the Regulation.

8.3 Minimum safeguards

One of the fundamental conditions for Hagar's activities to be considered environmentally sustainable is that the Company implements adequate minimum safeguards in accordance with Article 18 of the EU Taxonomy Regulation (Article 8 of Regulation (EU) 2020/852). By maintaining these minimum safeguards, the Company not only supports its environmental objectives but also complies with internationally recognised legal and guideline-based requirements relating to social standards.

Hagar has adopted policies and established metrics relating to human rights, anti-bribery and anti-corruption, tax matters and competition law compliance.

8.3.1 Human rights

Further information on Hagar's focus on human rights in its operations is provided in Section 6 above.

8.3.2 Corruption and bribery

Further information on Hagar's approach to anti-corruption and anti-bribery matters in its operations is provided in Section 5 above.

NON-FINANCIAL INFORMATION (UNAUDITED), CONTINUED:

8.3.3 Taxation

On 28 February 2024, the Board of Directors of Hagar approved the Company's Tax Policy, which was subsequently reviewed and amended in March 2025. The purpose of the Tax Policy is to set out the Company's approach to managing the Group's tax matters in a consistent and competitive tax environment. The Tax Policy provides guidance on the management of tax affairs and tax risks related to the Group's operations, compliance with applicable laws and regulations, and interaction with tax authorities.

8.3.4 Fair competition

Hagar's Competition Policy was approved at the Company's Annual General Meeting in June 2019. The Policy sets out the conduct expected of the Board of Directors and employees of the Company, the Company's obligations under the settlement entered into with the Icelandic Competition Authority in 2018, and its obligations under competition law. The Policy also includes a code of conduct applicable to Hagar's shareholders. In addition, Hagar has adopted a Competition Compliance Programme applicable across the Group, which is regularly updated and presented to the Board of Directors, executive management and key employees.

NON-FINANCIAL INFORMATION (UNAUDITED), CONTINUED:

8. EU Taxonomy, continued:

Turnover

Economic Activities	Absolute turnover	Proportion of turnover	Substantial Contribution Criteria						DNSH criteria (Does Not Significantly Harm)							Category (enabling activity)	Category (transitional activity)	
			Climate Change Mitigation	Climate Change Adaptation	Water and Marine Resources	Circular Economy	Pollution	Biodiversity and Ecosystems	Climate Change Mitigation	Climate Change Adaptation	Water and Marine Resources	Circular Economy	Pollution	Biodiversity and Ecosystems	Minimum Safeguards			Taxonomy aligned proportion of total turnover 2025/26
	ISK million	%	%	%	%	%	%	%	J/N	J/N	J/N	J/N	J/N	J/N	J/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES			0,5%															
A.1. Environmentally sustainable activities (Taxonomy-aligned)																		
6.6 Freight Transport Services by Road	0	0%	0%	0%	0%	0%	0%	0%								0%		
7.7 Acquisition and Ownership of Buildings	0	0%	0%	0%	0%	0%	0%	0%								0%		
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)	0	0%	0%	0%	0%	0%	0%	0%	J	J	J	J	J	J	J	0%	0%	0%
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																		
6.6 Freight Transport Services by Road	13	0,0%																
7.7 Acquisition and Ownership of Buildings	917	0,5%																
Turnover of Taxonomy-eligible but not environmentally sustainable activities (Not Taxonomy-aligned activities) (A.2)	930	0,5%																
Revenue Total (A.1+A.2)	930	0,5%																
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																		
Turnover of Taxonomy-non-eligible activities (B)	197.404	99,5%																
Total (A+B)	198.334	100,0%																

NON-FINANCIAL INFORMATION (UNAUDITED), CONTINUED:

8. EU Taxonomy, continued:

CapEx

Economic Activities	Absolute CapEx	Proportion of CapEx	Substantial Contribution Criteria						DNSH criteria (Does Not Significantly Harm)						Minimum Safeguards	Taxonomy aligned proportion of total CapEx 2025/26	Category (enabling activity)	Category (transitional activity)	
			Climate Change Mitigation	Climate Change Adaptation	Water and Marine Resources	Circular Economy	Pollution	Biodiversity and Ecosystems	Climate Change Mitigation	Climate Change Adaptation	Water and Marine Resources	Circular Economy	Pollution	Biodiversity and Ecosystems					
	ISK million	%	%	%	%	%	%	%	J/N	J/N	J/N	J/N	J/N	J/N	J/N	J/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES		19,8%																	
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
6.6 Freight Transport Services by Road	0	0,0%	0%	0%	0%	0%	0%	0%									0%		
7.2 Renovation of Existing Buildings	0	0,0%	0%	0%	0%	0%	0%	0%									0%		
7.3 Installation, maintenance and repair of energy efficient equipment	0	0,0%	0%	0%	0%	0%	0%	0%									0%		
7.7 Acquisition and Ownership of Buildings	0	0,0%	0%	0%	0%	0%	0%	0%									0%		
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)	0	0,0%	0%	0%	0%	0%	0%	0%	J	J	J	J	J	J	J	J	0%	0%	0%
A.2 Taxonomy-Eligible but not environmentally sustainable activities (Not Taxonomy-aligned activities)																			
6.6 Freight Transport Services by Road	56	0,5%																	
7.2 Renovation of Existing Buildings	1.842	17,4%																	
7.3 Installation, maintenance and repair of energy efficient equipment	204	1,9%																	
7.7 Acquisition and Ownership of Buildings	0	0,0%																	
CapEx of Taxonomy-eligible but not environmentally sustainable activities(not Taxonomy-aligned activities) (A.2)	2.102	19,8%																	
Total (A.1+A.2)	2.102	19,8%																	
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy-eligible but not environmentally sustainable activities(Not Taxonomy-aligned activities) (A.2)	8.492	80,2%																	
Total (A+B)	10.594	100,0%																	

NON-FINANCIAL INFORMATION (UNAUDITED), CONTINUED:

8. EU Taxonomy, continued:

OpEx

Economic Activities	Absolute OpEx	Proportion of OpEx	Substantial Contribution Criteria						DNSH criteria (Does Not Significantly Harm)						Minimum Safeguards	Taxonomy aligned proportion of total OpEx 2025/26	Category (enabling activity)	Category (transitional activity)	
			Climate Change Mitigation	Climate Change Adaptation	Water and Marine Resources	Circular Economy	Pollution	Biodiversity and Ecosystems	Climate Change Mitigation	Climate Change Adaptation	Water and Marine Resources	Circular Economy	Pollution	Biodiversity and Ecosystems					
	ISK million	%	%	%	%	%	%	%	J/N	J/N	J/N	J/N	J/N	J/N	J/N	J/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES			30,1%																
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
6.6 Freight Transport Services by Road	0	0,0%	0%	0%	0%	0%	0%	0%									0%		
7.2 Renovation of Existing Buildings	0	0,0%	0%	0%	0%	0%	0%	0%									0%		
7.3 Installation, maintenance and repair of energy efficient equipment	0	0,0%	0%	0%	0%	0%	0%	0%									0%		
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)	0	0,0%	0%	0%	0%	0%	0%	0%	J	J	J	J	J	J	J	J	0,0%	0%	0%
A.2 Taxonomy-Eligible but not environmentally sustainable activities (Not Taxonomy-aligned activities)																			
6.6 Freight Transport Services by Road	55	0,5%																	
7.2 Renovation of Existing Buildings	207	2,0%																	
7.3 Installation, maintenance and repair of energy efficient equipment	65	0,6%																	
OpEx of Taxonomy-eligible but not environmentally sustainable activities(not Taxonomy-aligned activities) (A.2)	327	30,1%																	
Total (A.1+A.2)	327	30,1%																	
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-eligible but not environmentally sustainable activities(not Taxonomy-aligned activities) (A.2)	758	69,9%																	
Total (A+B)	1.085	100,0%																	