



Presentation of results Q2 2024/25

Operations good and sales process at Olíudreifing has commenced well

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October 18th 2024

*This presentation is translated from the Icelandic version which was published on October 18th, 2024. Should there be discrepancies between the two versions, the Icelandic version will take priority over the translated version.

Overview

Highlights from operations

Financial statements

Status and prospects



Quarter in a nutshell: Key figures

Q2 2024/25 (changes from Q2 2023/24)

46.6 b.ISK

sales

▲ 2.8%

4.0 b.ISK

EBITDA

▼ 10.2%

1.7 b.ISK

profit

▼ 17.3%

21.8%

margin ratio

0.0% points

13.5%

salaries- and cost ratio

▲ 1.0% points

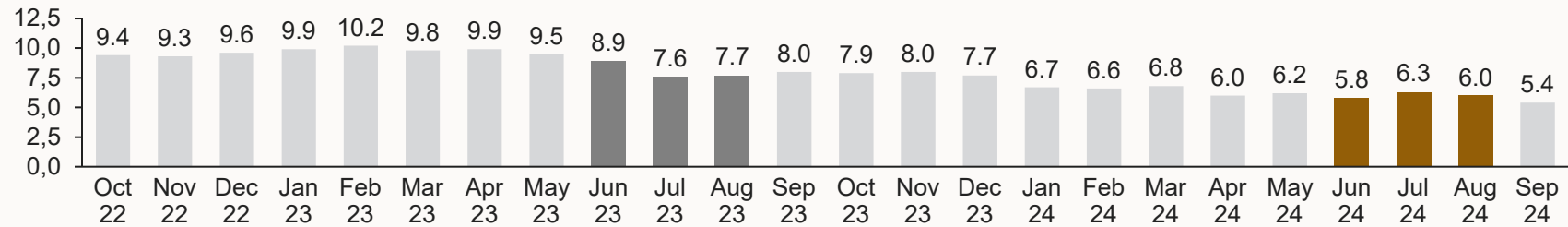
34.9%

equity ratio

▼ 1.3% points

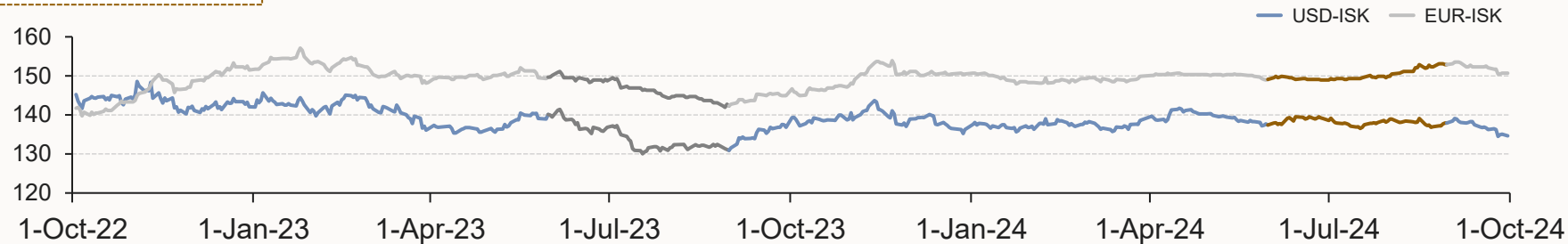
External influence factors: World fuel price in declining phase in Q2

Consumer Price Index, annual change, %



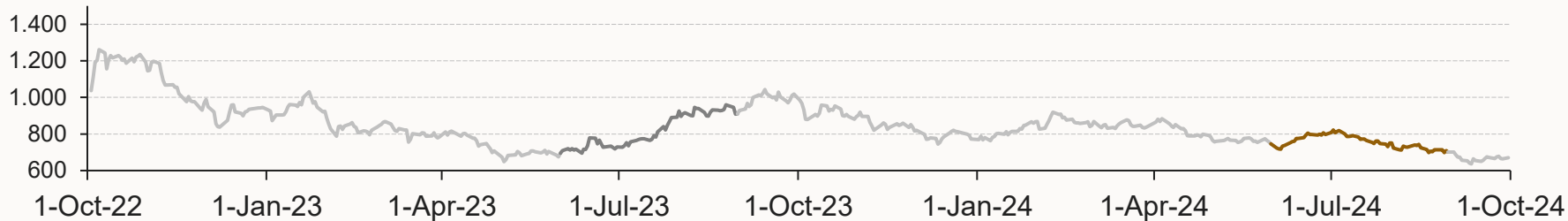
- Inflation fairly stable during the period and ended at 6.0% - inflation considerably lower than at the same time last year and then decreased further in September.

Exchange rate, ISK



- The exchange rate of the ISK was fairly stable against main currencies, but was somewhat weaker than in the comparison year.

Price development USD (Diesel), USD / mt



- The world fuel market price fell during the period, but at the same time last year it was the reverse but then there was a substantial rise.

Operations: This stands out in the quarter

- **Operations in Q2 progressed well and in line with strategies**, revenue grew by 2.8% year on year
- **Visits to grocery stores grew in Q2** but the number of items sold **decreases slightly** or by almost 1% - **an increase in Bónus** but a decrease in Hagkaup
- **Sold fuel litres decreased slightly in the quarter** - large one-off projects in the previous comparative period distorts the comparison
- **The gross margin in ISK increased slightly between the years** and the **gross margin ratio remained almost unchanged**, was 21.8% in the quarter
- **Preparations for the opening of a foreign online store with alcohol** continued during the period, and **Hagar Wine, a subsidiary of Hagar, opened an online store with alcohol** in collaboration with Hagkaup at the beginning of September
- **Inflation in food has decreased rapidly** - restraint by retailers and good cooperation with major suppliers yielding results, to the benefit of consumers
- **Following the end of the quarter, it was announced** that Hagar and the co-owners had decided **to start a formal sale process of the companies' holdings in Olíudreifing**



Stores and warehouses: Revenue continues to strengthen

Income Statement Q2 2024/25 (m.ISK)

- **Income from groceries, specialty products and warehouses grew by almost 5%** year on year and amounted to nearly **32,3 b.ISK**.
- **EBITDA proportionally stronger and was around 3.0 b.ISK**, or 9.2% of income - **an increase of over 8%** from the previous year
- **Segments performance strengthened by over 15%** from the previous year and was around **2.0 b.ISK** compared to 1.7 b. ISK
- **Visits to grocery stores continues to increase**, almost 2%, but **the number of items decreases slightly**, almost 1%
- Continued **growth at Eldum rétt** - increased efficiency and reduced use of plastic packaging through the **mechanisation of production processes**
- **Activity at Aðföng and Bananar in line with stores** - slight decline in sales to third parties at Bananar
- **The development of Stórkaup proceeded as planned** with good sales growth - **Zara's operations did well in Q2**

	Q2 '24/25	Q2 '23/24	Δ	%Δ
Income	32.257	30.775	1.482	+4,8%
Expenses	-29.283	-28.025	-1.258	+4,5%
EBITDA	2.974	2.750	224	+8,1%
<i>EBITDA %</i>	<i>9,2%</i>	<i>8,9%</i>	<i>+0,3%</i>	<i>+3,2%</i>
EBIT	2.004	1.738	266	+15,3%
<i>EBIT %</i>	<i>6,2%</i>	<i>5,6%</i>	<i>+0,6%</i>	<i>+10,0%</i>

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



Bónus: Continuing increased visitations all over the country

- **Sales in Q2 amounted to 23.4 b.ISK** and **grew by 6.5%** from the previous year - revenue strengthened proportionally more between the year
- **Continuing increased activity**, number of customers growing and has never been greater - slight decrease in units for each basket
- **The products range in stores has been reviewed** and will continue to be - **range increased in larger stores but slightly streamlined in smaller stores** - well received by customers
- **The emphases at Bónus, as before, is to help customers to shop cheaply**, e.g. to find easily the most economical options in each product category, offer replacement products to more expensive brands and increase the number of offers
- **The use of Gripið & Greitt continues to increase**, now available in **7 stores and 4 new ones** will be added in the near future - **25% increase in app users** in the last 3 months
- **Bónus and KKÍ entered into a partnership agreement where Bónus is now one of KKÍ's main partners** and the men's and women's elite leagues will use the name of Bónus



Hagkaup: Stronger revenue year on year

- **Sales in Q2 amounted to 5.8 b.ISK** and also increased from the previous year - **operations and revenues strengthen considerably between years**
- **Visits still strong in a historical context, but the number of units sold is slightly lower than last year** - the effect of the fire in Kringlan and the changed composition of purchased products
- **Extensive focus on operational issues in the recent quarters to improve revenue** - general optimisation, arrangement of products offered, shelf display and store layout
- **Foreign online store Hagar Wine B.V. with alcohol opened** in September - substantial preparation at Hagkaup, which fulfils a contractual service role for HW, i.e. delivery
- **Hagkaup's catering services continue to expand** - sold out on the major days this summer, e.g. around graduation
- **Special offer-days and events continued to be well attended**, e.g. "Tax Free", "British Days", etc.



Olís: Strong operations in Q2 - challenging comparison with last year

Income Statement Q2 2024/25 (m.ISK)

- **Revenue in Q2** amounted to nearly **14.8 b.ISK** and decreased by 2.3% year on year
- **EBITDA** amounted to **1,040 m.ISK (7.0%)** and decreased considerably year on year, or by nearly 40%
- **All in all a strong quarter - but challenging comparison with the record revenue in the summer of 2023** due to large one-off projects and favourable developments in global fuel prices
- **Sold fuel litres decreased by 4.2%** in the quarter - cf. large one-off projects in the comparative period
- **Increase in dry products sales** - Grill 66 and Lemon Mini are performing well - customers are using Wolt more and more
- **Optimisation of costs effective at the stations** at the same time as services have been increased
- **Heavy traffic through the stations this summer and the summer in general eventful** - summer game, Olís and ÓB's summer tournament, "Dælum til góðs" ("pump to support") with Landsbjörg and more

	Q2 '24/25	Q2 '23/24	Δ	%Δ
Income	14.756	15.103	-347	-2,3%
Expenses	-13.716	-13.381	-335	+2,5%
EBITDA	1.040	1.722	-682	-39,6%
<i>EBITDA %</i>	<i>7,0%</i>	<i>11,4%</i>	<i>-4,4%</i>	<i>-38,2%</i>
EBIT	906	1.490	-584	-39,2%
<i>EBIT %</i>	<i>6,1%</i>	<i>9,9%</i>	<i>-3,7%</i>	<i>-37,8%</i>

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



Glans: Olís soon opens car washes under the name Glans

- **Olís will open the first Glans car washing service at Langitangi** in Mosfellsbær in the autumn months
- **Additional Glans stations will become visible** subsequently or in the year 2025
- **Emphasis will be placed on fast service** without sacrificing quality - the capability of the **company's washing stations will be high**
- **The car washes will be environmentally friendly,** the next generation of contactless car washing - special attention is paid to sustainability in the use of chemicals and energy
- Glans is part of **adding desirable service features** at Olís stations



glans
bílavottastöð

Veigar: New online store with alcohol at Hagar Wine well received (1/2)

- **Online store with alcohol by Hagar Wine B.V., Hagar's subsidiary, commenced operations in September** following a long preparation period
- **The objective** is to respond to the demand for increased convenience and simplicity - giving customers the option to **buy alcohol online and pick up simultaneously with other necessities as well.**
- **A turning point in the matter occurred in the year 2023** - related to foreign legal enforcement, the activities of competitors, the years-long operation of online alcohol stores in Iceland and the recommendations of officials
- **The operation of the online store with alcohol through a foreign subsidiary HW conforms well to Icelandic law and foreign regulations** - Hagkaup handles contractual services



H
VEIGAR
...þegar þú vilt

Veigar: New online store with alcohol at Hagar Wine well received (2/2)

- **Hagar maintains stricter rules than is generally customary for the sale and presentation of alcohol locally** - promotes responsible purchasing behaviour and considerations of public health
- **Hagar's focus on sustainability and public health** involves offering choices and ensuring that there are accessible options to promote healthy options and public health.
- **Accessibility to alcohol is very high in Iceland** - does not increase with the introduction of HW, which will promote trading between vendors rather than increased consumption
- **The retail is constantly advancing** towards greater shopping freedom, better selection, more convenience and more affordable terms for consumers
- **Customers** have welcomed the online store www.veigar.eu **from the first day**



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VEIGAR
...þegar þú vilt

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Continuing strong operations even with lower profit

Income Statement Q2 2024/25 (m.ISK)

- **Sales in Q2** amounted to 46.6 b.ISK and **grew by 1.3 b.ISK or 2.8%** year on year
- **Gross margin in ISK** amounted to 10.2 b.ISK and **grew by 2.7%** year on year
- **Gross margin ratio amounted to 21.8%** and was nearly unchanged between the years - slight **increase in groceries but decline in the fuel section of** the Group
- **Salaries increased** by 9.5% in Q2 and **other operating costs grew** by 15.5%
- **EBITDA** amounted to 4.0 b.ISK and **decreased by 10.2%** year on year - increase in stores and warehouses but decline at Olís
- **Profit amounted to** 1.7 b.ISK and **decreased by 17.3%** from the previous year

	Q2 '24/25	Q2 '23/24	Δ	%Δ
Sales	46.579	45.309	1.270	+2,8%
Gross profit	10.174	9.903	271	+2,7%
Other operating income	121	210	-89	-42,4%
Salaries	-4.248	-3.881	-367	+9,5%
Other operating expenses	-2.033	-1.760	-273	+15,5%
EBITDA	4.014	4.472	-458	-10,2%
Depreciation	-1.231	-1.353	122	-9,0%
Net finance expense	-746	-639	-107	+16,7%
Profit for the period	1.723	2.084	-361	-17,3%

Solid increase of gross margin and EBITDA stronger between the years

Income Statement 6M 2024/25 (m.ISK)

- **Sales 6M** amounted to 90.6 b.ISK and **grew by 4.4%** year on year
- **The stores and warehouse sales increase** amounted to 6.2% and **increased sales at Olís** amounted to 0.3% between the years
- **Gross margin ratio was 21.7% and increased** by 1,0%-points - increase **both in groceries and the fuel section**
- **Salaries costs rose** by 10.4% between the years and **other operating costs** by 15.3%
- **EBITDA** amounted to 7.2 b.ISK and **grew by 3.4%** year on year - EBITDA **of stores and warehouses** grew by 9.0% but EBITDA at **Olís** decreased by 10.6% year on year
- **Profit** amounted to 2.6 b.ISK and **decreased** by 6.0% from the previous year

	6M '24/25	6M '23/24	Δ	%Δ
Sales	90.646	86.799	3.847	+4,4%
Gross profit	19.711	17.975	1.736	+9,7%
Other operating income	263	404	-141	-34,9%
Salaries	-8.625	-7.813	-812	+10,4%
Other operating expenses	-4.121	-3.573	-548	+15,3%
EBITDA	7.228	6.993	235	+3,4%
Depreciation	-2.612	-2.482	-130	+5,2%
Net finance expense	-1.535	-1.265	-270	+21,3%
Profit for the period	2.573	2.737	-164	-6,0%

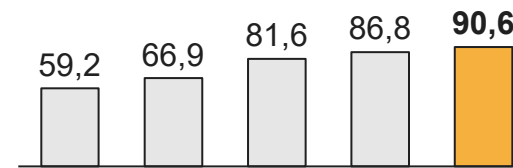
Increased sales but cost ratios rise between the years

Operational key factors (6M 2020/21 – 6M 2024/25)

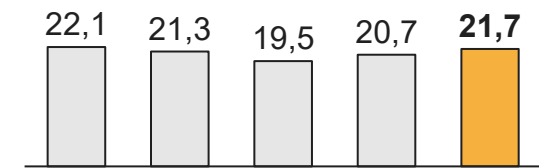
- **Continued sales increase year on year** - driven by increased activity in operations and the impact of inflation
- **The gross margin is increasing** year on year following a minor decrease in recent years
- **Salaries and cost ratios** increase between years - **salaries cost ratio** now 9.5% and **the ratio of other operating costs** 4.5%
- **EBITDA ratio** of 8.0% in the period compared to 8.1% last year
- **Profit percentage** 2.8% in 6M compared to 3.2% in the last year

Sales and gross margin

Sales (b.ISK)

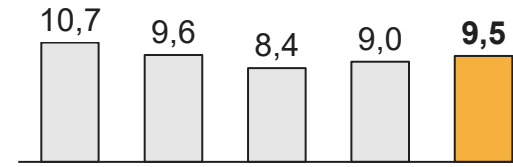


Gross margin (%)

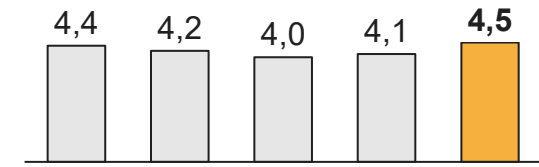


Operating costs

Salaries (%)

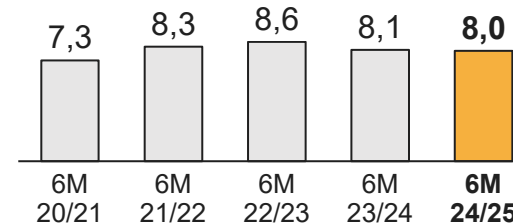


Other operating cost (%)

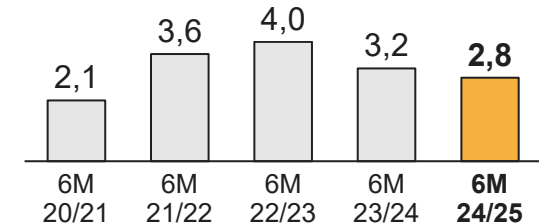


Profit

EBITDA (%)



Profit (%)



Cash amounts to 3,0 b.ISK at the end of the period

Consolidated Cash Flow 6M 2024/25 (m.ISK)

- **Cash from operating activities** amounted to nearly 5.6 b.ISK in the period and decreases by 229 m.ISK from the comparative year
- **Investment activities** amounted to 1.1 b.ISK during the period but amounted to 3.1 b.ISK last year
- **Investment in equipment and furnishings**, a.o. expansion and renovation of the Bónus store in Ísafjörður, electronic shelf labels in Hagkaup, etc.
- **Financing activities** amounted to 3.3 b.ISK, compared to 2.8 b.ISK in the previous year
- **Cash increased** by almost 1.2 b.ISK during the period and amounted to 3.0 b.ISK at the end of August

	6M 2024/25	6M 2023/24	Change
Profit of the period	2,573	2,737	-164
Adjustments	4,713	4,145	568
Working capital	7,286	6,882	404
Change in current assets	-2,238	1,123	-1,115
Change in current liabilities	2,428	1,488	980
Interest and taxes paid	-1,919	-1,421	-498
Cash from operating activity	5,557	5,786	-229
Investment activities	-1,099	-3,127	2,028
Financing activities	-3,301	-2,802	-499
Change in cash	1,157	-143	1,300
Net cash at the end of the period	2,984	2,726	258

Strong balance sheet at end of the period

Consolidated Balance Sheet August 31st 2024 (m.ISK)

- **Non-current assets amounted** to 56.5 b.ISK and increased by 375 m.ISK from the end of the year
- **Current assets increased** by 3.4 b.ISK - of which **cash increased** by 1.2 b.ISK
- **Inventories remained almost unchanged** from the end of the last year, but increased by 1.1 b.ISK compared to the end of the same period last year - **inventory turnover** was 11.1 compared to 11.0 last year
- **Accounts receivable increased** by 2.2 b. ISK from the end of the year and about ISK 711 m. between years – **credit period for trade receivables** 13.3 days compared to 12.9 days last year
- **Equity** amounted to 28.3 b.ISK and the company held **own shares** at a nominal value of 22.1 m.ISK at the end of August or 2.0% of the share capital

	31. 8. 2024	29. 2. 2024	%Δ
Property, plant and equipment	22.045	22.410	-2%
Intangible assets	12.963	12.835	+1%
Other non-current assets	21.452	20.840	+3%
Non-current assets	56.460	56.085	+1%
Inventories	13.085	13.068	-
Trade receivables	8.436	6.234	+35%
Cash	2.984	1.827	+63%
Current assets	24.505	21.129	+16%
Total assets	80.965	77.214	+5%
Liabilities and equity	80.965	77.214	+5%

	31. 8. 2024	29. 2. 2024	%Δ
Borrowings	11.308	11.286	+0%
Lease liabilities	10.447	9.660	+8%
Income tax	2.853	2.193	+30%
Non-current liabilities	24.608	23.139	+6%
Borrowings	6.110	5.818	+5%
Lease liabilities	2.615	2.579	+1%
Trade payables	19.350	17.490	+11%
Current liabilities	28.075	25.887	+8%
Total liabilities	52.683	49.026	+7%
Total equity	28.282	28.188	+0%

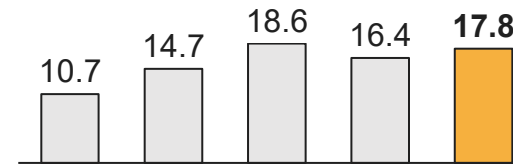
Equity in line with the boards objectives

Economic key factors(6M 2020/21 – 6M 2024/25)

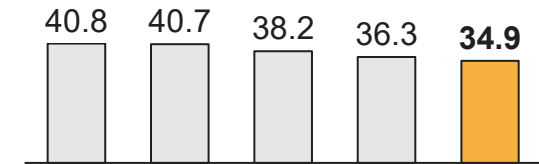
- **Return on equity 17.8%** over the last 12 months
- **The equity ratio** at the end of Q2 was 34.9% - **the board's objective** was a ratio of 35.0%
- **Net interest-bearing debt** at the end of Q2, including leasing liabilities, were 27.5 b.ISK or 2.1 x 12-month EBITDA
- **The current ratio** at the end of Q2 was 0.87 - unchanged from the previous year
- **Cash conversion cycle** was 11.2 days compared to 13.0 days in the previous year
- **The asset turnover ratio** was 2.3 at the end of August - unchanged from last year

Shareholders return

Return on equity(%)

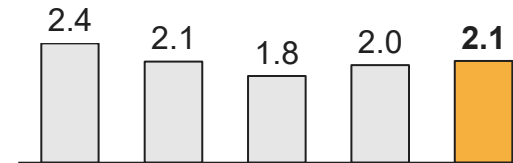


Equity ratio (%)

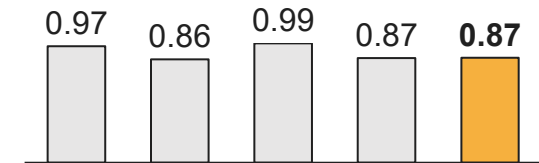


Risk in operations

Net debt/EBITDA¹

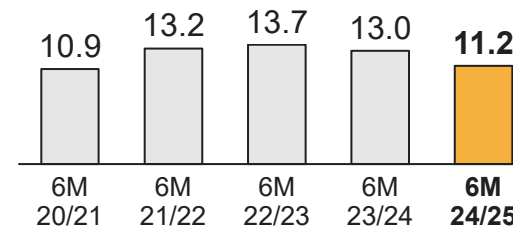


Current ratio²

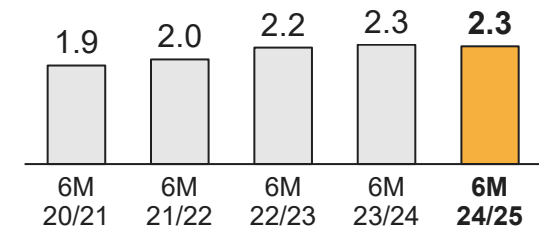


Efficiency of assets

Cash conversion cycle (#days)³



Assets turnover ratio⁴



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

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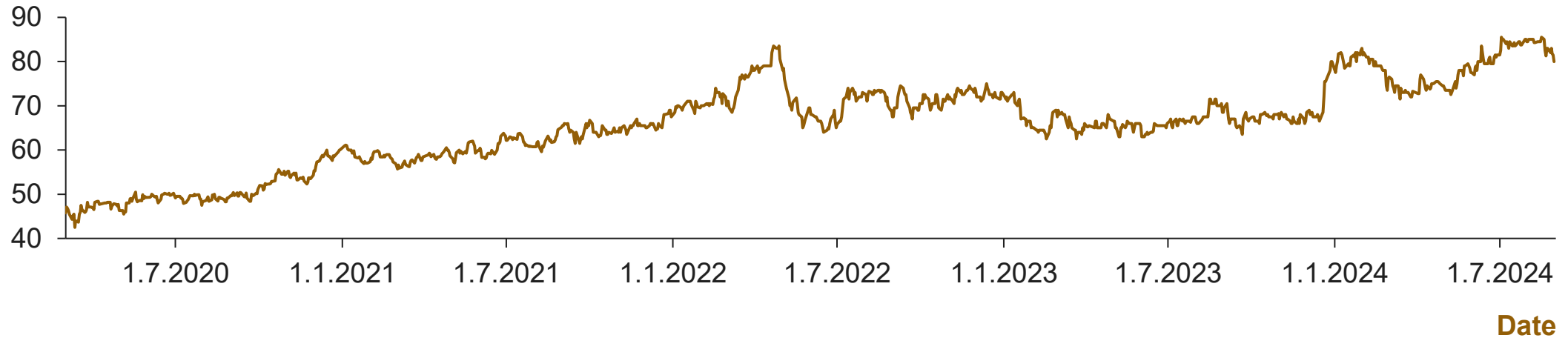
Status and prospects



Market price and largest shareholders

Market price

Market price 31.08.2024: 80,0 ISK/share



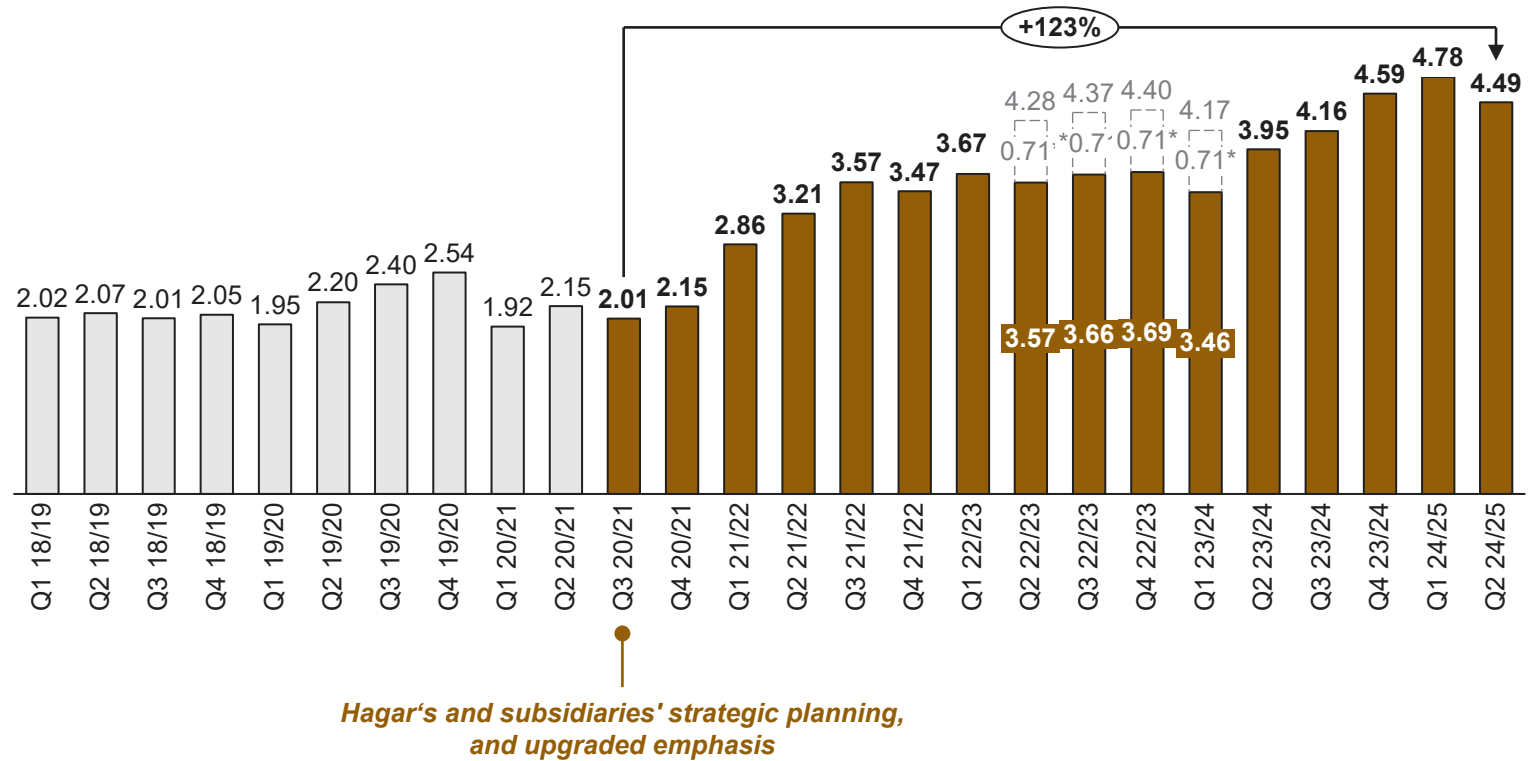
Largest shareholders, ownership at end of day 31.08.2024

1. Gildi - Pension fund	17.7%	6. Birta Pension fund	7.3%
2. The pen. fund A for state employees	11.5%	7. Festa - Pension fund	4.5%
3. The Pension fund of commerce	10.6%	8. Stapi - Pension fund	3.5%
4. Brú pen. fund, municipalities employees	9.6%	9. SL - Pension fund	3.0%
5. Kaldbakur Ltd.	7.8%	10. Pension fund of Reykjavík employees	2.2%

Earning per share continue to grow

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

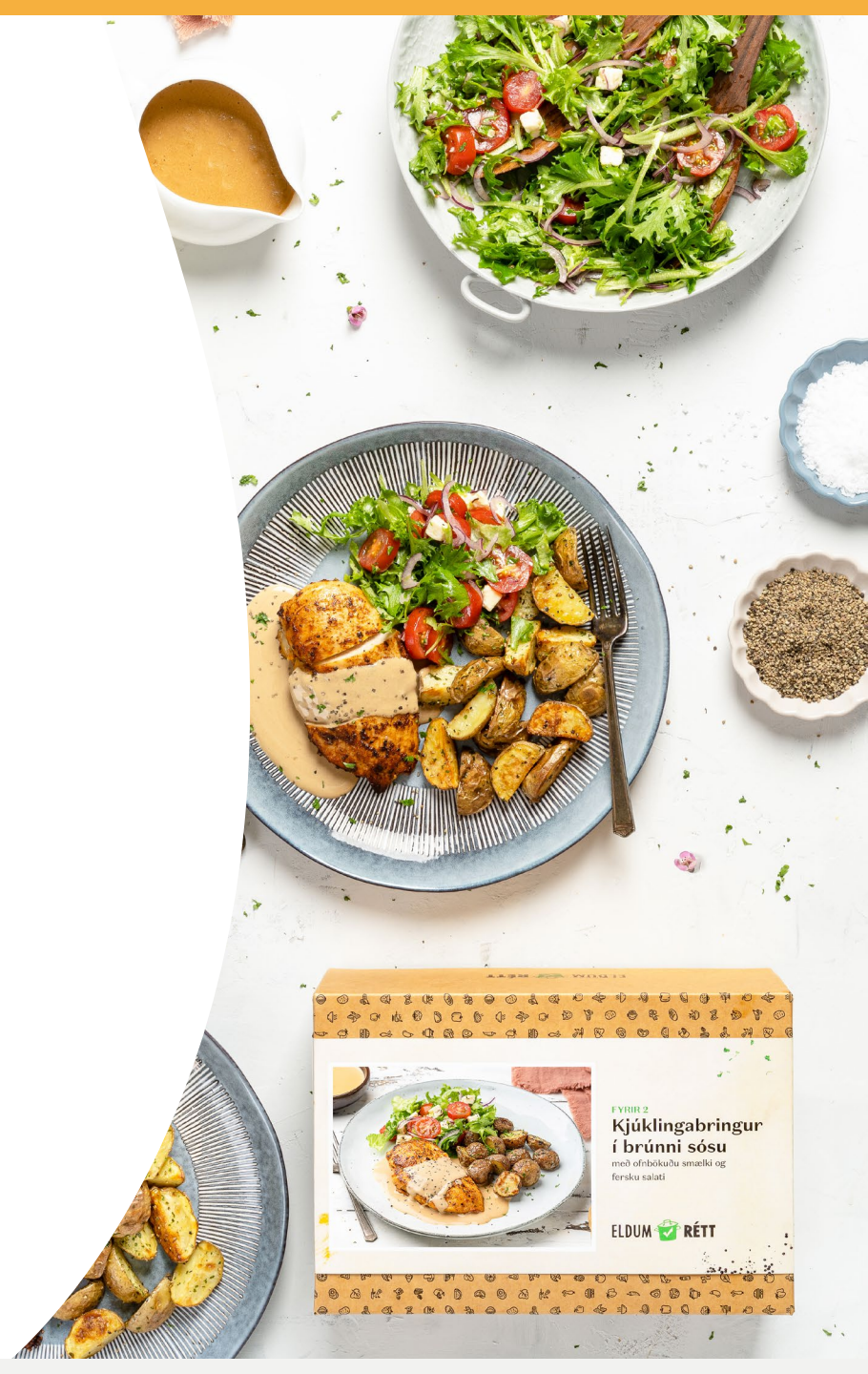
- **Earnings per share continue to grow** and are now accumulated at **4.49 ISK per share** for the last 12 months, but was 3.95 ISK per share a year ago - **decrease from Q1 is explained by Olís' unusually strong performance in Q2 last year** due to favourable changes in world market prices and large one-off projects, and due to **higher capital costs than last year**
- **The improved performance** of the last quarter is based on general **rationalisation, strategic decisions** that have proven to be successful, **new units** and **increased activity**
- **Continued focus on projects** that **affect operations in the short term**, but also on larger **projects and possible new sources of income** beyond core activities



* Effects from the Klasi transactions

Status and prospects

- Status of Hagar and **operational prospects** are, as before, **positive**:
 - **The operating environment has developed for the better** in recent months - long-term labour agreements and declining inflation
 - **Consumer situations** a.o. higher loan repayment burden, household consumption has also slowed down - **Bónus stores are especially strong under such conditions**
 - **The operation of the main units is proceeding well** and the efficiency of operations has increased
 - **New pillars in operations** and related companies **have a positive effect on revenue**, and expectations that this will continue
 - **The Group's financial position is strong** and funding is secured - declining inflation and base interest rates reduce capital costs
 - Hagar in position to **take advantage of opportunities to build new income streams** and **deal with the situations that may arise** in the Icelandic economy
- **The management's revenue guidance for the operating year 2024/25 is unchanged** and assumes that **EBITDA** will be in the range of **13,800-14,300 m.ISK**





Companies within the Hagar Group



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



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



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



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



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



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



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



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



ASSOCIATES WITHIN THE GROUP



BRANDS WITHIN THE GROUP



Disclaimer

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