Hagar

Initiation Report – Public Version – Issued on 02/02/2026.
All information and calculations based on closing prices on 19/01/2026.

Disclaimer

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HAGA – Hagar hf.

2025 Year-End Target Price

ISK 165

+35% vs Last Price (19/01/2026)

DCF Model
ISK 175

Peer Multiples
ISK 156

Key Valuation Metrics (2025-26E) - Current Valuation

EV/EBITDA	8,3x
EV/EBIT	12,6x
EV/OFC	11,5x
P/E	14,3x
WACC	8,84%
Implied WACC	11,7%
Implied Cost of Equity	21,5%

Financial Outlook (2025-26E)

Revenue	ISK 185bn
EBITDA	ISK 20bn
EBITDA margin	10,6%
EBIT	ISK 13bn
EBIT margin	7,0%
ROIC	12,9%
NIBD/EBITDA	2,3x

Investment Highlights

› **Defensive Business Model:** Core exposure to groceries and fuel ensures resilient demand across economic cycles.
› **Valuation Disconnect:** Trading at implied WACC of 12,1% vs. estimated 8,8%, suggesting market is pricing in unrealistic risk premium.
› **Operating Leverage:** SMS acquisition supports EBITDA margin expansion to 10%+ (from 8.2% in 2024).
› **Strong Returns Potential:** Base case ~19% IRR over 3-year horizon; upside to 25% if multiples normalize to peer levels (~22x P/E).
› **Hidden Assets:** Klasi (ISK 9,5bn, +80% vs book value); Olíudreifing (ISK 2,4bn, +132% vs book value).
› **New Growth Avenue:** Retail Media segment (Hagar Miðlar) provides potential margin uplift not captured in base case.

Investment Merits

› Defensive cash flows mispriced as cyclical.
› Operating leverage without execution risk.
› Disciplined capital allocation supports downside.
› Margin expansion driven by scale and mix.
› Track record of value-accretive M&A.

Key Risks

› Margin pressure from labor and logistics cost inflation.
› Olís earnings volatility due to fuel price fluctuations.
› Competitive dynamics limit pricing power.
› Valuation normalization may take time.
› Re-rating depends on risk appetite improvement.

Please refer to Disclaimer on page 2.

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Discussions

- 2025 year-end **target price of ISK 165** per share.
- Target price is the average of two approaches, a DCF model and a peer group multiple valuation.
- WACC of 8,84%.
  - Current valuation implies a WACC of 11,7% and a cost of equity of over 21%.
- Current valuation implies adjusted EV/EBITDA of 7,9x and an EV/EBIT of 12,1x for 2026 based on AKKUR estimates.
- Base case implied IRR of ~19% for a three-year horizon with potential further upside if multiples close in on peers.

2025 year-end target price of ISK 165.

WACC of 8,84%.

2026E EV/EBITDA: 8,3x
2026E EV/EBIT: 12,6x

Implied cost of equity over 21%.

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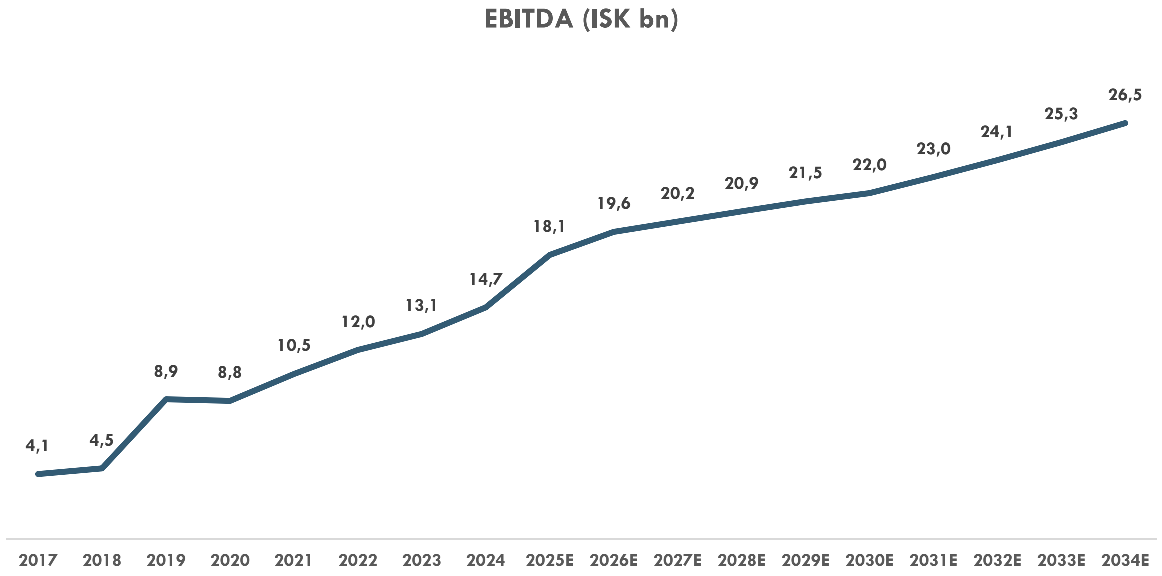
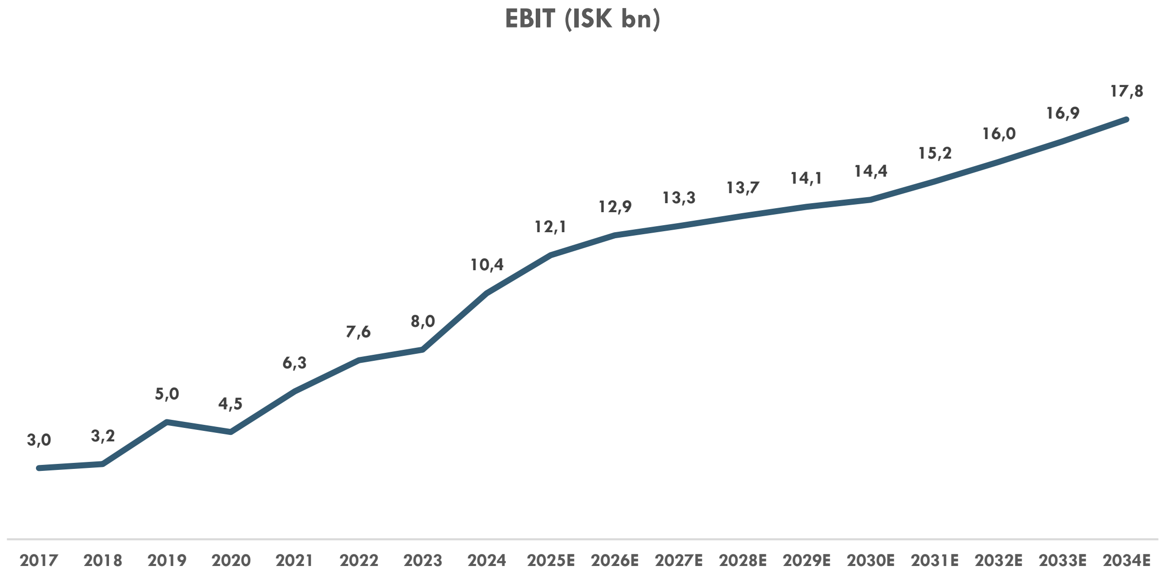
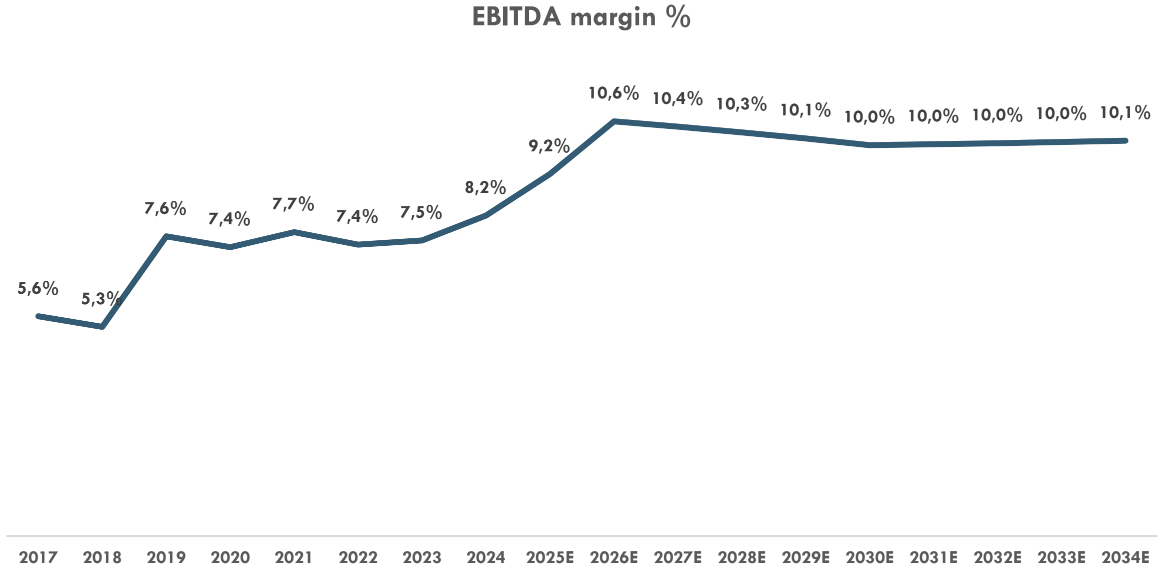
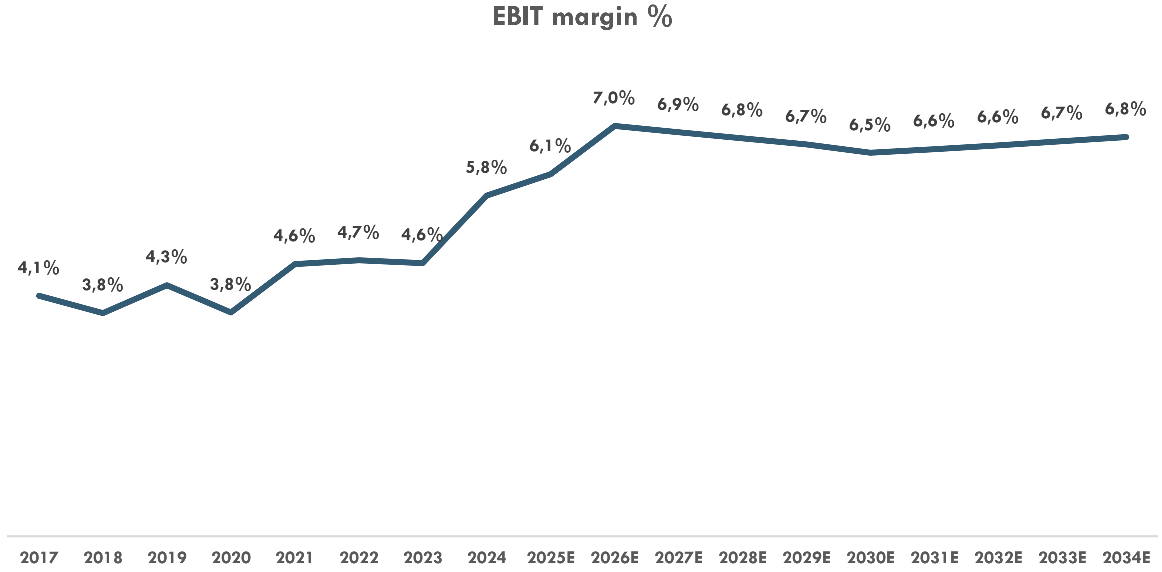
Key Financial Metrics









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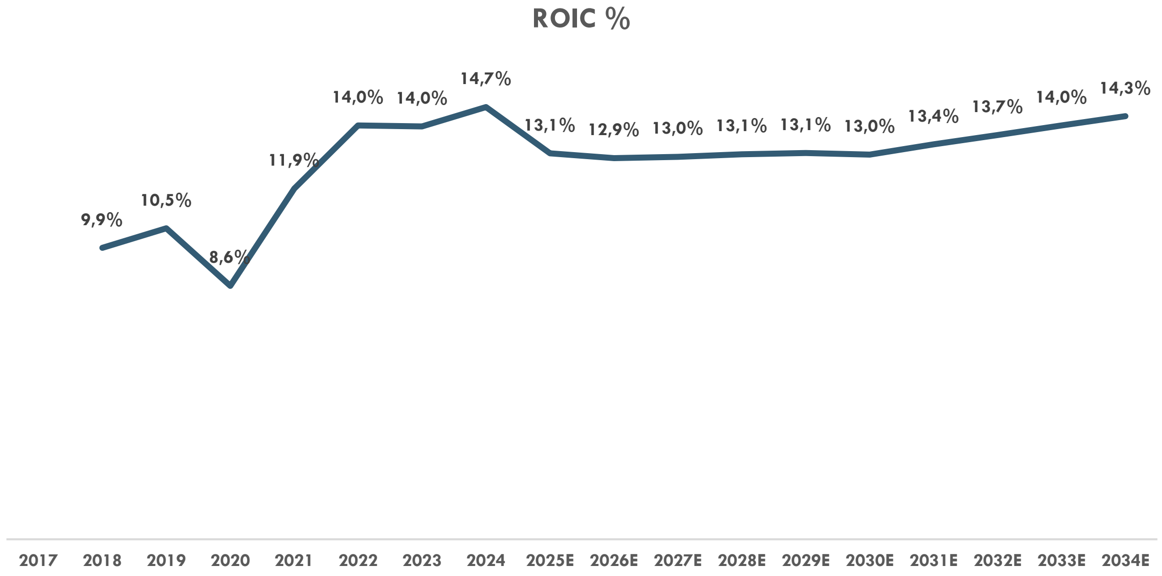
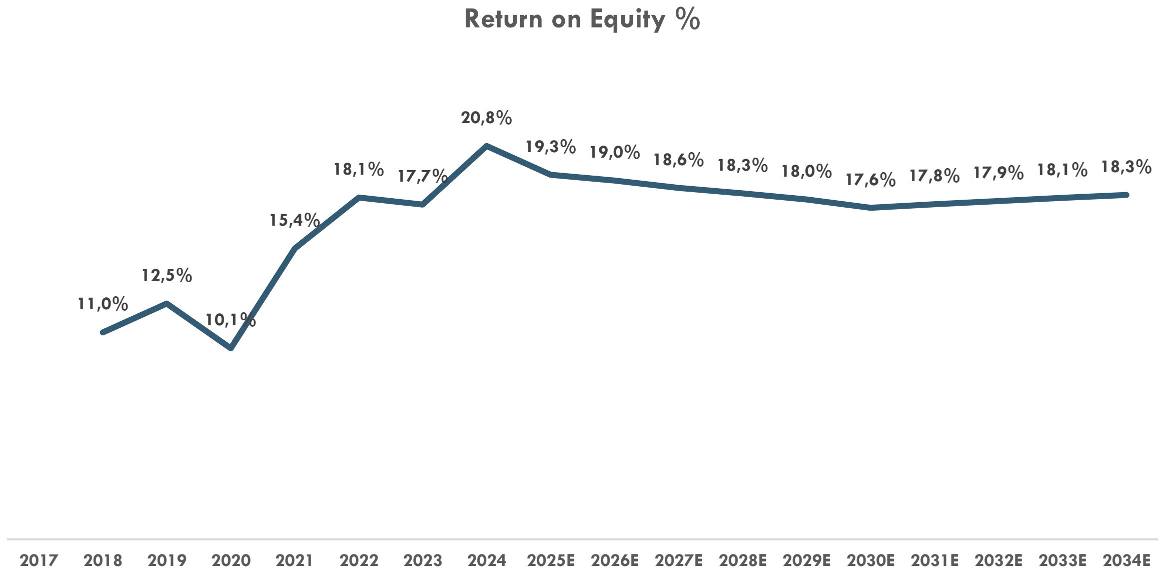
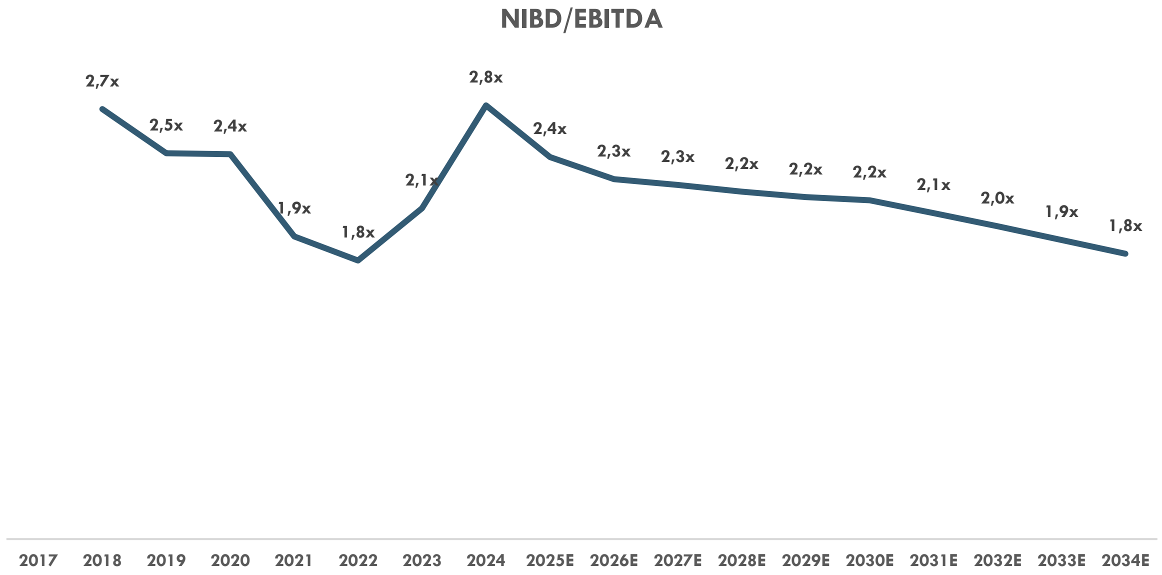
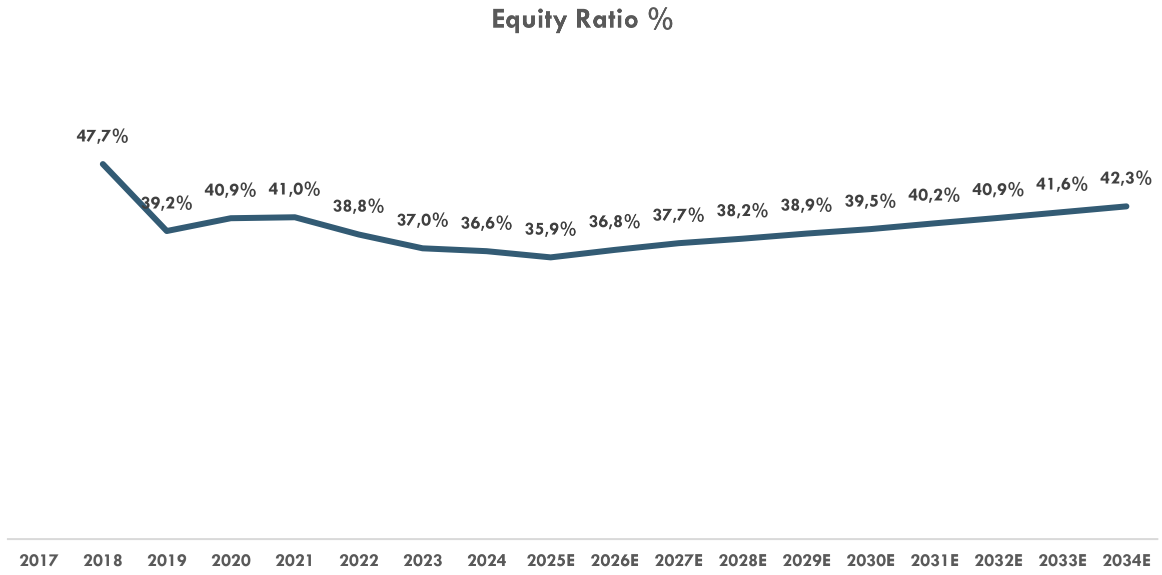
Key Financial Metrics









* Invested Capital excludes book value of non-core assets

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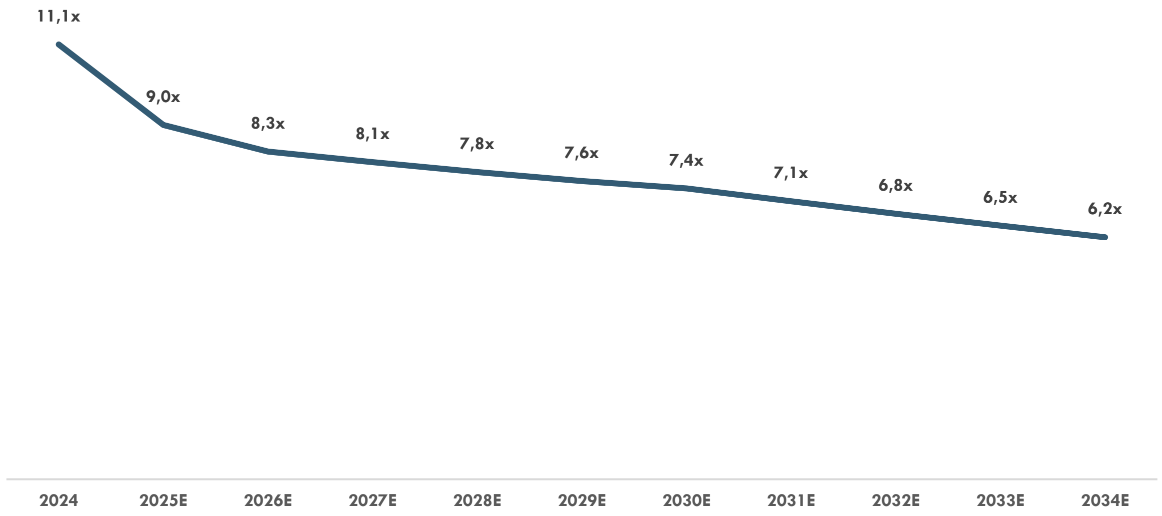
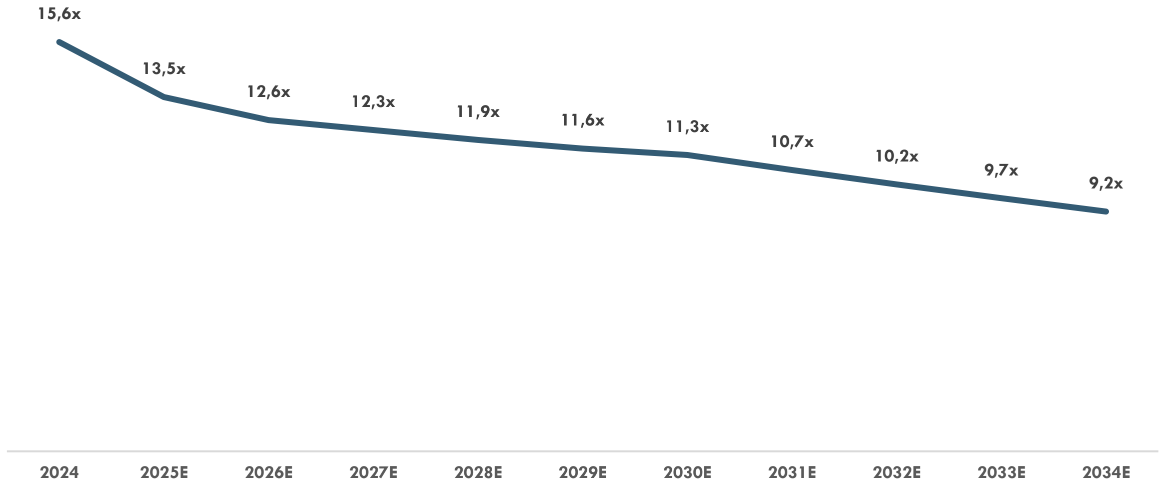
Key Financial Metrics

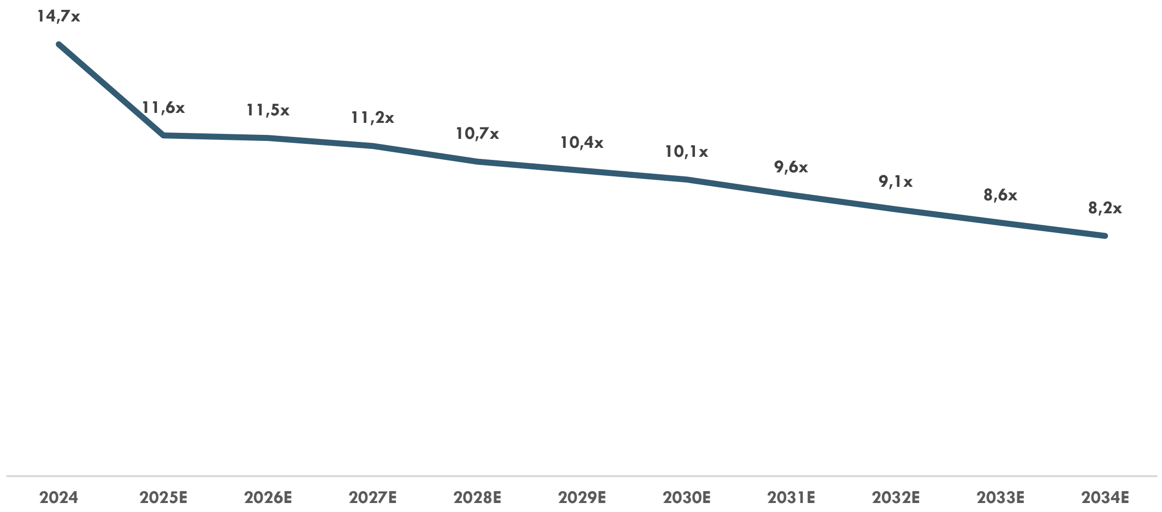
EV/EBITDA*



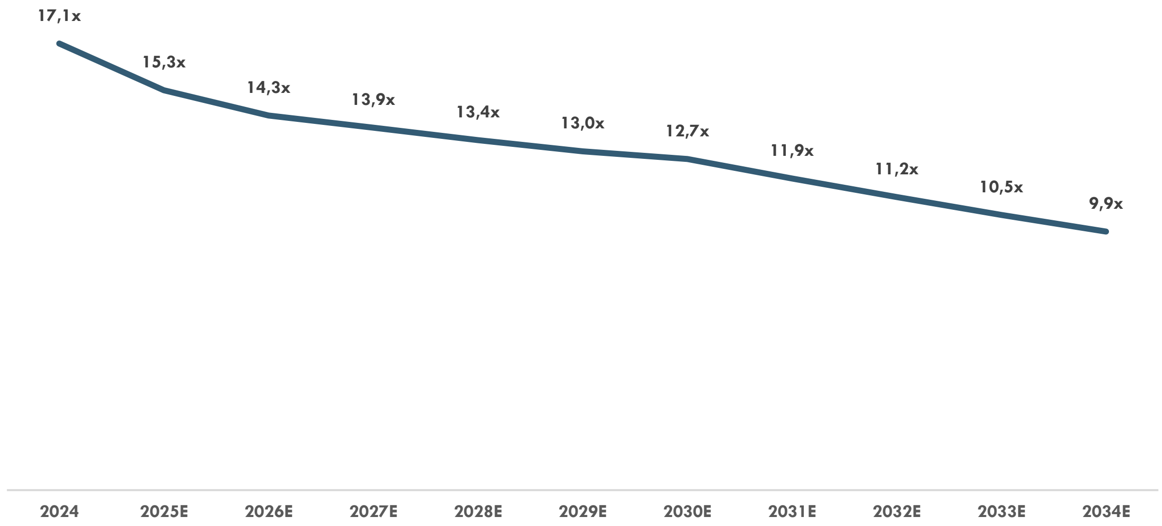
EV/EBIT*



EV/OCF*



P/E*



* Current valuation adjusted for value of non-core assets

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Key Figures

Summarized Income Statement																		
	Historical Figures								AKKUR Estimates									
	2017	2018	2019	2020	2021	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
Sales	73.895	84.179	116.357	119.582	135.758	161.992	173.270	180.342	196.010	185.012	193.729	202.729	212.020	221.185	230.808	240.912	251.521	262.661
Cost of goods sold	-55.577	-64.172	-90.551	-93.067	-107.317	-131.005	-137.281	-139.238	-147.204	-133.579	-140.260	-147.181	-154.351	-161.465	-168.490	-175.866	-183.611	-191.743
Gross profit	**18.318**	**20.007**	**25.806**	**26.515**	**28.441**	**30.987**	**35.989**	**41.104**	**48.807**	**51.433**	**53.469**	**55.548**	**57.670**	**59.720**	**62.318**	**65.046**	**67.911**	**70.918**
Gross margin	*24,8%*	*23,8%*	*22,2%*	*22,2%*	*20,9%*	*19,1%*	*20,8%*	*22,8%*	*24,9%*	*27,8%*	*27,6%*	*27,4%*	*27,2%*	*27,0%*	*27,0%*	*27,0%*	*27,0%*	*27,0%*
Other operating income	294	340	484	409	874	1.997	682	936	1.328	1.394	1.424	1.455	1.487	1.521	1.557	1.594	1.634	1.675
Sales and related expenses	-8.103	-9.194	-12.087	-12.812	-12.992	-14.345	-16.229	-18.451	-21.847	-22.725	-23.638	-24.587	-25.575	-26.603	-27.671	-28.783	-29.940	-31.142
Other oprating expenses	-6.370	-6.663	-5.313	-5.307	-5.805	-6.598	-7.379	-8.851	-10.193	-10.546	-11.043	-11.556	-12.085	-12.608	-13.156	-13.732	-14.337	-14.972
EBITDA	**4.139**	**4.490**	**8.890**	**8.805**	**10.518**	**12.041**	**13.063**	**14.738**	**18.095**	**19.557**	**20.213**	**20.859**	**21.496**	**22.031**	**23.047**	**24.125**	**25.268**	**26.480**
EBITDA margin	*5,6%*	*5,3%*	*7,6%*	*7,4%*	*7,7%*	*7,4%*	*7,5%*	*8,2%*	*9,2%*	*10,6%*	*10,4%*	*10,3%*	*10,1%*	*10,0%*	*10,0%*	*10,0%*	*10,0%*	*10,1%*
Depreciation and amortisation	-1.122	-1.300	-3.927	-4.258	-4.241	-4.453	-5.028	-5.351	-6.045	-6.668	-6.926	-7.156	-7.393	-7.630	-7.876	-8.132	-8.399	-8.676
Fair value changes of investment property	0	0	0	0	0	0	0	1.042	0	0	0	0	0	0	0	0	0	0
EBIT	**3.017**	**3.190**	**4.963**	**4.547**	**6.277**	**7.588**	**8.035**	**10.429**	**12.050**	**12.889**	**13.287**	**13.703**	**14.103**	**14.401**	**15.172**	**15.993**	**16.870**	**17.804**
EBIT margin	*4,1%*	*3,8%*	*4,3%*	*3,8%*	*4,6%*	*4,7%*	*4,6%*	*5,8%*	*6,1%*	*7,0%*	*6,9%*	*6,8%*	*6,7%*	*6,5%*	*6,6%*	*6,6%*	*6,7%*	*6,8%*
Net finance expense (including assoiciates)	-48	-307	-1.188	-1.428	-1.294	-1.495	-1.924	-2.007	-2.235	-2.411	-2.459	-2.491	-2.519	-2.551	-2.578	-2.598	-2.613	-2.625
Profit before income tax	**2.969**	**2.883**	**3.775**	**3.119**	**4.983**	**6.093**	**6.111**	**8.422**	**9.815**	**10.478**	**10.828**	**11.212**	**11.584**	**11.850**	**12.593**	**13.396**	**14.256**	**15.179**
Income tax	-575	-566	-721	-600	-982	-1.144	-1.067	-1.392	-1.963	-2.096	-2.166	-2.242	-2.317	-2.370	-2.519	-2.679	-2.851	-3.036
Net profit for the period	**2.394**	**2.317**	**3.054**	**2.519**	**4.001**	**4.949**	**5.044**	**7.030**	**7.852**	**8.382**	**8.662**	**8.970**	**9.267**	**9.480**	**10.075**	**10.716**	**11.405**	**12.143**
Net margin	*3,2%*	*2,8%*	*2,6%*	*2,1%*	*2,9%*	*3,1%*	*2,9%*	*3,9%*	*4,0%*	*4,5%*	*4,5%*	*4,4%*	*4,4%*	*4,3%*	*4,4%*	*4,4%*	*4,5%*	*4,6%*

Multiples*																		
	Historical Figures								AKKUR Estimates									
	2017	2018	2019	2020	2021	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
Current Valuation																		
EV/EBITDA								11,1x	9,0x	8,3x	8,1x	7,8x	7,6x	7,4x	7,1x	6,8x	6,5x	6,2x
EV/EBIT								15,6x	13,5x	12,6x	12,3x	11,9x	11,6x	11,3x	10,7x	10,2x	9,7x	9,2x
EV/OCF								14,7x	11,6x	11,5x	11,2x	10,7x	10,4x	10,1x	9,6x	9,1x	8,6x	8,2x
P/E								17,1x	15,3x	14,3x	13,9x	13,4x	13,0x	12,7x	11,9x	11,2x	10,5x	9,9x

* Adjusted for value of non-core assets

Shareholders

20 Largest Shareholders and Changes in 2025

- Pension funds ownership over 70%.
- Largest private shareholder is Kaldbakur ehf.
  - Share initially acquired through Hagar's aqcuisition of Olís.
- Sp/F NM Holding are the former owners of SMS in Faroe Islands.
- At the end of December, just three out of eleven equity funds covered by AKKUR had Hagar as a top 10 position.
- Hagar makes up 8,2% of the OMXI15 index and 5,2% of the OMX All Shares index.
  - Third highest weight in the OMXI15 and seventh in OMX All Shares.
- Lífeyrissjóður Verzlunarmanna biggest buyers of shares in 2025, acquiring a 1,7% stake.

HAGA	31/12/2025		Change YTD	
Shareholder	**Shares**	**Stake %**	**Shares**	**Stake %**
Gildi - lífeyrissjóður	182.193.219	16,5%	-11.224.535	-1,0%
Lífeyrissjóður verzlunarmanna	135.092.728	12,2%	19.350.000	1,7%
Lífeyrissj.starfsm.rík. A-deild	126.147.598	11,4%	0	0,0%
Brú Lífeyrissjóður starfs sveit	98.178.175	8,9%	-8.214.644	-0,7%
Kaldbakur ehf.	90.000.000	8,1%	0	0,0%
Birta lífeyrissjóður	70.575.956	6,4%	-7.139.897	-0,6%
Festa - lífeyrissjóður	46.149.169	4,2%	-4.100.000	-0,4%
Stapi lífeyrissjóður	35.913.211	3,2%	-6.061.835	-0,5%
Söfnunarsjóður lífeyrisréttinda	28.775.434	2,6%	-2.581.231	-0,2%
Lífeyrissj.starfsm.rík. B-deild	20.519.633	1,9%	-975.000	-0,1%
Almenni lífeyrissjóðurinn	18.703.671	1,7%	4.000.000	0,4%
Brú R deild	18.073.187	1,6%	-5.665.119	-0,5%
Vanguard Total International S	14.021.015	1,3%	-364.441	0,0%
Hagar hf.	13.798.173	1,2%	5.664.101	0,5%
Vanguard Emerging Markets Stock	13.244.702	1,2%	-799.830	-0,1%
Sp/F NM Holding	9.177.019	0,8%	9.177.019	0,8%
Folketrygdfondet	8.443.026	0,8%	8.443.026	0,8%
Frjálsi lífeyrissjóðurinn	7.576.916	0,7%	-425.000	0,0%
Lífsverk lífeyrissjóður	7.528.431	0,7%	0	0,0%
Vanguard Fiduciary Trust Compa	7.243.839	0,7%	239.507	0,0%
20 largest shareholders	**951.355.102**	**86,0%**	**-677.879**	**-0,1%**

* Adjusted for a share capital reduction earlier this year

Key Investment Considerations

Assessing the Risk/Reward Profile

Investment Merits

Defensive Cash Flows, Mispriced as Cyclical

- Core exposure to groceries and fuel ensures resilient demand across cycles.
- Earnings volatility materially lower than implied by headline margins.
- Current valuation implies an unrealistically high cost of equity.

Operating Leverage Without Execution Risk

- Small margin improvements have a disproportionate impact on earnings.
- Scale, logistics, and mix effects drive gradual but persistent uplift.
- No reliance on aggressive expansion or transformational initiatives.

Disciplined Capital Allocation Supports Downside Protection

- Stable cash flows fund dividends and incremental reinvestment.
- Limited growth capex required to sustain the business.
- Track record of value-accretive acquisitions and integrations.

Key Risks

Margin Pressure From Cost Inflation

- Labor and logistics costs remain the primary operational risk.
- Competitive dynamics limit the ability to pass on higher costs.

Fuel Earnings Volatility

- Olís margins fluctuate with fuel prices and regulatory environment.
- Short-term earnings visibility can be uneven year-to-year.

Valuation Normalization May Take Time

- Re-rating depends on improved risk appetite rather than fundamentals alone.
- Share price may lag earnings development in the near term.

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Valuation Discussion

Target Price Based on Two Different Approaches

- The target price is calculated at year-end 2025 with two different approaches.
  - Discounted free cash flow model.
  - Multiple valuation based on a peer group.
- The target price is the average of the two approaches, or ISK 165 at year-end 2025.
  - 35% above current market price.

Valuation approach	Weight	ISK
DCF Model	50,0%	175
Peer Group Multiples	50,0%	156
Target Price		**165**

Weighted Average Cost of Capital

Based on Damodaran Dataset

- Hagar's sales are divided into three types of goods;
  - Convenience goods
  - Specialty goods
  - Fuel
- Based on AKKUR estimates the split between the goods is roughly 75% convenience goods, 5% specialty goods and 20% fuel.
- Using Damodaran's data, the betas for Retail (Grocery and Food), Retail (General) and Retail (Automotive) are used as proxies for the different goods.
- The weighted average unlevered beta is 0,61.

- A separate WACC is calculated for the Icelandic and Faroe Islands operations.
  - Same beta is used as there's no proper breakdown between countries.
- 10-year yields used for risk-free rates.
  - The Faroe Islands have a very limited government bond market, a 50bps premium is added to the Danish government bond 10-year yield as a proxy.

Sector	Weight	Unlevered Beta
Retail (Grocery and Foods)	75%	0,57
Retail (General)	5%	1,00
Retail (Automotive)	20%	0,65
Weighted average		**0,61**

Weighted Average Cost of Capital

Based on Damodaran Dataset

- The Market Risk Premium for Iceland is 5,14% and 4,23% for Denmark according to the latest Damodaran data.
  - No MRP stated for Faroe Islands, so Danish MRP is used, premium is captured in risk-free rate adjustment.
- For the capital structure, a target equity ratio of 25% in Faroe Islands is assumed and a 35% ratio in Iceland.
  - Assumes Hagar utilize lower interest rates in Faroe Islands by increasing leverage relative to Iceland.
- A debt premium of 1,50% in Iceland and 2,50% in Faroe Islands is assumed.
  - Reflecting a small issuer in DKK and higher leverage.
- This all comes down to a weighted average cost of equity of 14,02% and a weighted average cost of capital (WACC) of 8,84%.

WACC	Iceland	Faroe Islands	Weighted Average
Risk Free Rate*	6,48%	3,23%	6,09%
Unleverd Beta	0,61	0,61	
Market Risk Premium	5,14%	4,23%	5,03%
Target Equity Ratio	35,0%	25,0%	33,8%
Target Debt Ratio	65,0%	75,0%	66,2%
Income Tax Rate	20,0%	18,0%	19,8%
Levered Beta	1,52	2,11	1,59
Cost of Equity	**14,27%**	**12,16%**	**14,02%**
Risk Premium	7,79%	8,93%	7,93%
Debt Premium	1,50%	2,50%	1,62%
Cost of Debt	7,98%	5,73%	7,71%
WACC	**9,15%**	**6,56%**	**8,84%**
Risk Premium	2,67%	3,33%	2,75%
Weight	88,0%	12,0%	

* Yield on 10-year Danish government bonds plus 50bps risk premium

Free Cash Flow Model

Terminal Value

- Terminal value is calculated with three different methods;
  - Key Value Driver (KVD)
  - Gordon's Growth Model (GGM)
  - EV/EBIT multiple
- Each of the methods has pros and cons so AKKUR uses the average for all three methods.
- Terminal growth estimated 3,5% in nominal terms.
- RONIC assumed 16% in the KVD calculation, slightly above current ROIC.
  - Implies a roughly 20% re-investment ratio in the terminal value, i.e. limited growth investment.
- EV/EBIT multiple assumed 16x in line with historical average.

Terminal Value	
Terminal Growth (g)	3,5%
RONIC	16,0%
Terminal EBIT Multiple	16,0x
KVD Terminal Value	101.247
GGM Terminal Value	148.448
EV/EBIT Terminal Value	138.651
Average	**129.448**

Free Cash Flow Model

Summary

DCF Model																		
	Historical figures									AKKUR estimates								
										0,50	1,50	2,50	3,50	4,50	5,50	6,50	7,50	8,50
	2017	2018	2019	2020	2021	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
Revenues	74.189	84.519	116.841	119.991	136.632	163.989	173.952	181.278	196.480	185.518	194.241	203.248	212.547	221.721	231.354	241.469	252.091	263.245
Cost of sales	-55.577	-64.172	-90.551	-93.067	-107.317	-131.005	-137.281	-139.238	-147.056	-133.445	-140.120	-147.034	-154.196	-161.304	-168.321	-175.690	-183.427	-191.551
OPEX	-14.473	-15.857	-17.400	-18.119	-18.797	-20.943	-23.608	-27.302	-31.865	-33.089	-34.494	-35.952	-37.465	-39.009	-40.621	-42.304	-44.059	-45.891
EBITDA	**4.139**	**4.490**	**8.890**	**8.805**	**10.518**	**12.041**	**13.063**	**14.738**	**17.559**	**18.983**	**19.627**	**20.262**	**20.886**	**21.408**	**22.411**	**23.476**	**24.605**	**25.802**
EBITDA margin	*5,6%*	*5,3%*	*7,6%*	*7,3%*	*7,7%*	*7,3%*	*7,5%*	*8,1%*	*8,9%*	*10,2%*	*10,1%*	*10,0%*	*9,8%*	*9,7%*	*9,7%*	*9,7%*	*9,8%*	*9,8%*
Depreciation	-1.122	-1.300	-3.927	-4.258	-4.241	-4.453	-5.028	-5.351	-6.045	-6.668	-6.926	-7.156	-7.393	-7.630	-7.876	-8.132	-8.399	-8.676
Fair value changes of investment property	0	0	0	0	0	0	0	1.042	0	0	0	0	0	0	0	0	0	0
EBIT	**3.017**	**3.190**	**4.963**	**4.547**	**6.277**	**7.588**	**8.035**	**10.429**	**11.514**	**12.315**	**12.701**	**13.106**	**13.493**	**13.778**	**14.536**	**15.344**	**16.206**	**17.126**
EBIT margin	*4,1%*	*3,8%*	*4,2%*	*3,8%*	*4,6%*	*4,6%*	*4,6%*	*5,8%*	*5,8%*	*6,6%*	*6,5%*	*6,4%*	*6,3%*	*6,2%*	*6,3%*	*6,3%*	*6,4%*	*6,5%*
Tax	-603	-638	-993	-909	-1.255	-1.518	-1.607	-2.086	-2.303	-2.463	-2.540	-2.621	-2.699	-2.756	-2.907	-3.069	-3.241	-3.425
NOPLAT	**2.414**	**2.552**	**3.970**	**3.638**	**5.022**	**6.070**	**6.428**	**8.343**	**9.211**	**9.852**	**10.161**	**10.484**	**10.794**	**11.023**	**11.628**	**12.275**	**12.965**	**13.701**
CAPEX	-2.604	-1.045	-4.552	-3.672	-2.016	-2.867	-4.338	-4.286	-5.237	-4.847	-4.879	-5.105	-5.338	-5.568	-5.809	-6.063	-6.329	-6.608
ΔNWC	-172	-935	3.081	-445	-1.289	457	-623	240	611	0	-135	58	-42	14	-40	-26	-36	-33
CAPEX/Revenues	*3,5%*	*1,2%*	*3,9%*	*3,1%*	*1,5%*	*1,7%*	*2,5%*	*2,4%*	*2,7%*	*2,6%*	*2,5%*	*2,5%*	*2,5%*	*2,5%*	*2,5%*	*2,5%*	*2,5%*	*2,5%*
FCFF	**760**	**1.872**	**6.426**	**3.779**	**5.958**	**8.113**	**6.495**	**8.606**	**10.630**	**11.673**	**12.073**	**12.594**	**12.808**	**13.098**	**13.656**	**14.318**	**14.999**	**15.735**
DFCFF										**11.189**	**10.632**	**10.190**	**9.522**	**8.947**	**8.570**	**8.256**	**7.946**	**7.659**

Free cash flow model adjusts for income from investment property and effect of Olíudreifing on Hagar's COGS.

Free Cash Flow Model

Results

- The Free Cash Flow model gives us a target price per share of ISK 175 at year-end 2025.
  - Net debt is AKKUR's estimate for year-end 2025.

- Free cash flow model makes the following adjustments;
  - Income from investment property.
  - Effect of Olíudreifing on Hagar's COGS.

- The implied WACC is 11,7%, i.e. the WACC required for the model to return the market price per share, or an 522bps premium above the ISK risk-free rate.
- This implies a 21,5% cost of equity or a 15,0% risk premium.

Valuation summary	ISKm	Per Share
Present value of free cash flow	82.911	76
Present value of terminal value	129.448	118
Enterprise value	**212.360**	**194**
Net debt	-44.021	-40
Investment in associates	13.263	12
Investment property	9.323	9
Equity value	**190.925**	**175**

Terimnal growth (g)	WACC						
	8,09%	8,34%	8,59%	8,84%	9,09%	9,34%	9,59%
2,0%	177	171	166	160	156	151	147
2,5%	183	176	170	164	159	154	150
3,0%	189	182	**175**	**169**	**163**	158	153
3,5%	197	189	**182**	**175**	**168**	163	157
4,0%	207	198	**189**	**181**	**174**	168	162
4,5%	220	209	199	190	182	174	167
5,0%	237	223	211	200	191	182	174

Sensitivity analysis showing the effect of change in the WACC and the terminal growth rate

Peer Group Multiple Valuation

Valuation Based on Peer Group Multiples

- One method of valuation is a multiple valuation based on a peer group.
- Peer groups consists of 30 European and US consumer stable retail companies.
- The peer group is trading at median 2026 multiples of 9,3x EBITDA, 15,3x EBIT and 18,0x earnings.
- Applying those multiples to AKKUR's 2026 estimates for Hagar gives us a price range of ISK 148-158, average of ISK 152.

2026 multiples	Peer Group Multiple	AKKUR 2026E	Target Price
EV/EBITDA	9,3x	19.557	148
EV/EBIT	15,3x	12.597	158
P/E	18,0x	7.886	151
Average			**152**

Peer Group	EV/EBITDA 2026E	EV/EBIT 2026E	P/E 2026E
Walmart Inc.	22,8x	33,2x	45,4x
Costco Wholesale Corporation	29,4x	36,2x	47,5x
Alimentation Couche-Tard Inc.	12,3x	18,5x	25,9x
Loblaw Companies Limited	8,4x	14,1x	15,3x
Target Corporation	9,8x	15,2x	18,0x
The Kroger Co.	7,5x	12,9x	13,2x
Tesco PLC	7,6x	12,0x	15,0x
Koninklijke Ahold Delhaize N.V.	6,4x	12,6x	12,9x
Dollar General Corporation	15,2x	22,7x	22,9x
Dollar Tree, Inc.	15,1x	21,0x	24,4x
Casey's General Stores, Inc.	18,6x	27,4x	37,1x
Metro Inc.	6,8x	12,8x	17,9x
Jerónimo Martins, SGPS, S.A.	11,6x	15,9x	18,7x
BJ's Wholesale Club, Inc.	12,9x	18,1x	21,4x
Carrefour SA	6,1x	12,5x	9,1x
Dino Polska S.A.	15,0x	18,3x	23,9x
J Sainsbury plc	7,2x	13,0x	15,5x
Albertsons Companies, Inc.	5,7x	12,3x	14,0x
Marks and Spencer plc	9,3x	17,5x	18,5x
Kesko Oyj	6,2x	12,2x	8,1x
Empire Company Limited	11,0x	13,5x	14,9x
Sprouts Farmers Market, Inc.	7,1x	13,3x	14,3x
Axfood AB	10,7x	22,2x	27,3x
Zabka Group S.A.	7,7x	15,3x	24,9x
Colruyt Group N.V.	4,9x	9,4x	10,6x
PriceSmart, Inc.	53,0x	16,7x	26,2x
Distribuidora Internacional de Alimentación, S.A.	6,2x	20,7x	33,1x
The North West Company Inc.	7,9x	12,3x	15,6x
Grocery Outlet Holding Corp.	10,5x	73,4x	12,3x
Median	**9,3x**	**15,3x**	**18,0x**

Source: Koyfin, AKKUR calculations

Returns Analysis

Analysis of Potential Returns

- On average, Hagar have traded at 14,0x TTM adjusted EV/EBIT since listing with a high of 23,2x and a low of 7,9x.
  - Average since 2018 considerably higher or ~16x.
- Assuming an entry price of ISK 122 and an exit at 16x EBIT at year-end 2028, the IRR is roughly 19% and the money multiple around 1,7x.
  - 16x EBIT implies 10,1x EBITDA and 18,32 earnings.
  - Lower than peers.
- If Hagar were to trade at a similar trailing P/E multiple to peers, the IRR is 25%+.
  - Median trailing P/E multiple roughly 22x.

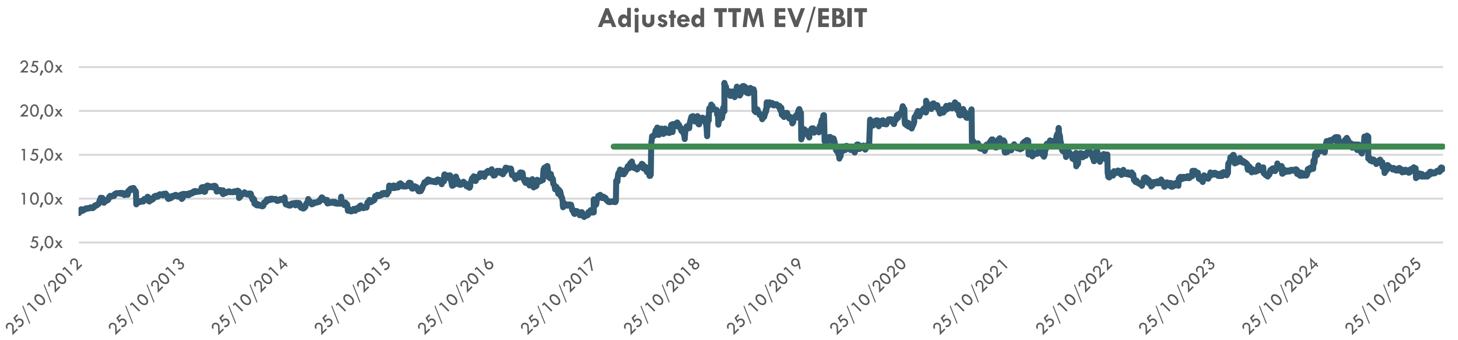
Money-Multiple Assuming Exit at Year End 2028

Entry Price	Exit EV/EBIT Multiple: 13,0x	14,0x	15,0x	16,0x	17,0x	18,0x	19,0x
107	1,52x	1,65x	1,79x	1,93x	2,07x	2,21x	2,35x
112	1,43x	1,56x	1,69x	1,83x	1,96x	2,09x	2,22x
117	1,36x	1,48x	**1,61x**	**1,73x**	**1,86x**	1,98x	2,10x
122	1,29x	1,41x	**1,53x**	**1,65x**	**1,76x**	1,88x	2,00x
127	1,23x	1,34x	**1,46x**	**1,57x**	**1,68x**	1,79x	1,91x
132	1,17x	1,28x	1,39x	1,50x	1,61x	1,71x	1,82x
137	1,12x	1,23x	1,33x	1,43x	1,54x	1,64x	1,74x

IRR Assuming Exit at Year End 2028

Entry Price	Exit EV/EBIT Multiple: 13,0x	14,0x	15,0x	16,0x	17,0x	18,0x	19,0x
107	15,6%	19,2%	22,5%	25,7%	28,7%	31,5%	34,3%
112	13,4%	16,8%	20,1%	23,2%	26,2%	29,0%	31,7%
117	11,3%	14,7%	**17,9%**	**20,9%**	**23,8%**	26,6%	29,2%
122	9,3%	12,7%	**15,8%**	**18,8%**	**21,7%**	24,4%	27,0%
127	7,5%	10,8%	**13,9%**	**16,9%**	**19,7%**	22,3%	24,9%
132	5,8%	9,0%	12,1%	15,0%	17,8%	20,4%	22,9%
137	4,2%	7,4%	10,4%	13,3%	16,0%	18,6%	21,1%

Sensitivity of returns based on different entry prices and exit EV/EBITDA multiple at year-end 2028



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Assumptions and KPIs

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Assumptions and KPIs																		
	Historical Figures								AKKUR Estimates									
	2017	2018	2019	2020	2021	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
Revenue Growth																		
Stores and Warehouses (Iceland)		4,1%	4,5%	13,4%	4,9%	10,6%	15,1%	4,8%	6,5%	5,0%	5,0%	5,0%	5,0%	5,0%	5,0%	5,0%	5,0%	5,0%
Olís		31,0%	-10,6%	-17,5%	38,1%	37,0%	-8,7%	-4,4%	-10,0%	-41,0%	3,0%	2,5%	2,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Stores and Warehouses (Faroe Islands)										5,0%	5,0%	5,0%	5,0%	5,0%	5,0%	5,0%	5,0%	5,0%
Total Revenues				2,7%	13,9%	20,0%	6,1%	4,2%	8,9%	-5,5%	4,7%	4,6%	4,6%	4,3%	4,3%	4,4%	4,4%	4,4%
Expenses																		
COGS %% Sales	75,2%	76,2%	77,8%	77,8%	79,1%	80,9%	79,2%	77,2%	75,1%	72,2%	72,4%	72,6%	72,8%	73,0%	73,0%	73,0%	73,0%	73,0%
Employee Cost %% Sales	11,0%	10,9%	10,4%	10,7%	9,6%	8,9%	9,4%	10,2%	11,1%	12,3%	12,2%	12,1%	12,1%	12,0%	12,0%	11,9%	11,9%	11,9%
Other Operating Expenses %% Sales	8,6%	7,9%	4,6%	4,4%	4,3%	4,1%	4,3%	4,9%	5,2%	5,7%	5,7%	5,7%	5,7%	5,7%	5,7%	5,7%	5,7%	5,7%
Capital Structure																		
Equity Ratio	61,1%	47,7%	39,2%	40,9%	41,0%	38,8%	37,0%	36,6%	35,9%	36,8%	37,7%	38,2%	38,9%	39,5%	40,2%	40,9%	41,6%	42,3%
Net Interest Bearing Debt (NIBD) (mISK)	2.766	12.290	21.832	21.567	20.272	21.353	27.516	40.693	44.021	44.821	45.579	46.122	46.785	47.507	47.839	48.041	48.129	48.081
NIBD/EBITDA	0,7x	2,7x	2,5x	2,4x	1,9x	1,8x	2,1x	2,8x	2,4x	2,3x	2,3x	2,2x	2,2x	2,2x	2,1x	2,0x	1,9x	1,8x
NIBD/EBIT	0,9x	3,9x	4,4x	4,7x	3,2x	2,8x	3,4x	3,9x	3,7x	3,5x	3,4x	3,4x	3,3x	3,3x	3,2x	3,0x	2,9x	2,7x
EBITDA/Finance Cost	60,9x	15,2x	6,7x	5,7x	7,0x	6,4x	5,0x	4,9x	5,6x	5,7x	5,8x	6,0x	6,1x	6,2x	6,4x	6,7x	7,0x	7,3x
EBIT/Finance Cost	44,4x	10,8x	3,7x	2,9x	4,2x	4,0x	3,1x	3,5x	3,7x	3,8x	3,8x	3,9x	4,0x	4,1x	4,2x	4,4x	4,7x	4,9x

Assumptions and KPIs

Overview

Assumptions and KPIs	Historical Figures								AKKUR Estimates									
	2017	2018	2019	2020	2021	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
Net Working Capital																		
Days Inventory Outstanding		35,0	32,5	33,7	33,2	32,6	34,3	35,4	36,5	42,5	41,3	41,2	41,3	41,3	41,3	41,3	41,3	41,3
Days Sales Outstanding		24,4	18,2	14,0	14,7	13,7	12,8	13,3	14,1	16,3	15,8	15,7	15,7	15,7	15,7	15,7	15,7	15,7
Days Payable Outstanding		48,9	43,2	45,0	44,5	44,5	46,7	48,7	53,0	63,5	61,4	61,0	61,3	61,2	61,4	61,3	61,3	61,3
Cash Conversion Cycle		10,5	7,4	2,7	3,3	1,8	0,4	0,0	-2,5	-4,7	-4,3	-4,2	-4,3	-4,3	-4,3	-4,3	-4,3	-4,3
Profitability																		
Invested Capital*	19.415	32.232	43.059	41.573	42.824	43.687	48.108	65.700	75.048	77.335	79.265	81.303	83.421	85.540	88.106	90.882	93.877	97.107
Return on Invested Capital (ROIC)*		9,9%	10,5%	8,6%	11,9%	14,0%	14,0%	14,7%	13,1%	12,9%	13,0%	13,1%	13,1%	13,0%	13,4%	13,7%	14,0%	14,3%
Return on New Invested Capital (RONIC)*		1,1%	13,1%	22,4%	110,6%	121,5%	8,1%	10,9%	9,3%	28,0%	16,0%	15,9%	14,6%	10,8%	23,6%	23,3%	23,0%	22,8%
Return on Equity (ROE)		11,0%	12,5%	10,1%	15,4%	18,1%	17,7%	20,8%	19,3%	19,0%	18,6%	18,3%	18,0%	17,6%	17,8%	17,9%	18,1%	18,3%
CAPEX and D&A																		
PP&E CAPEX %% Revenues	3,3%	1,6%	4,0%	3,2%	1,3%	1,4%	2,2%	2,1%	2,2%	2,2%	2,2%	2,2%	2,2%	2,2%	2,2%	2,2%	2,2%	2,2%
PP&E D&A %% Revenues	1,4%	1,4%	1,6%	1,8%	1,6%	1,4%	1,5%	1,5%	1,5%	1,5%	1,5%	1,5%	1,5%	1,5%	1,5%	1,5%	1,5%	1,5%
Intangibles CAPEX %% Revenues	0,2%	0,0%	0,0%	0,0%	0,3%	0,4%	0,4%	0,5%	0,5%	0,4%	0,3%	0,3%	0,3%	0,3%	0,3%	0,3%	0,3%	0,3%
Intangibles D&A %% Revenues	0,0%	0,1%	0,1%	0,1%	0,2%	0,1%	0,2%	0,3%	0,3%	0,3%	0,3%	0,3%	0,3%	0,3%	0,3%	0,3%	0,3%	0,3%
Leasa Liabilities																		
Lease Payments	2.527	2.373	2.378	2.275	2.104	2.213	2.514	3.004	4.224	5.273	5.428	5.542	5.658	5.777	5.898	6.022	6.148	6.278
Lease Payments %% Revenues	3,4%	2,8%	2,0%	1,9%	1,5%	1,3%	1,4%	1,7%	2,1%	2,8%	2,8%	2,7%	2,7%	2,6%	2,5%	2,5%	2,4%	2,4%
Right of Use Asset Depreciation			1.720	1.761	1.587	1.761	1.862	2.067	2.643	3.454	3.562	3.636	3.713	3.791	3.870	3.952	4.035	4.119

* Invested Capital excludes book value of non-core assets