

Condensed Consolidated Interim Financial Statements

1 January - 30 June 2022



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Endorsement and Statement by the Board of Directors and the CEO

Operations of the Group

The Condensed Consolidated Interim Financial Statements of Festi hf. for the period from 1 January to 30 June 2022 have been prepared in accordance with International Accounting Standard IAS 34, Interim Financial Reporting, and should be read in conjunction with the Group's Annual Consolidated Financial Statements as at and for the year ended 31 December 2021. The interim financial statements comprise the Consolidated Interim Financial Statements of Festi hf. (the "Company") and its subsidiaries together referred to as the "Group". The Condensed Consolidated Interim Financial Statements have not been audited or reviewed by the Company's independent auditors.

Operations in the six-month period ended 30 June 2022

Business has steadily recovered from negative effects of COVID-19 sanctions lifted at year-end 2021 and is getting back to normal operations. For the period from 1 January to 30 June 2022, profit amounted to ISK 1,811 million. Total comprehensive income for the period was ISK 1,667 million. At the end of the period equity amounted to ISK 32,984 million, including share capital in the amount of ISK 312 million. Based on the Company's 2022 Annual General Meeting resolution in March, a dividend of ISK 1,563 million was approved and paid to shareholders in April. Reference is made to the Consolidated Statement of Changes in Equity regarding information on changes in equity.

The war in Ukraine is still not affecting the Group's operations in relation to imports of goods and services which is minor from that region. Prices of commodities have however risen sharply with increase in turnover and cost of goods sold and lowering sales ratio margin in the fuel business. With the war continuing, expectations are that further effects could be seen in commodity prices and even supply shortages in some product ranges. The Group entities are monitoring the situation closely with their suppliers to ensure customers are served as best as possible.

The Board of Directors and the CEO Eggert Þór Kristófersson signed an agreement on June 2, 2022 that Eggert would step down as CEO of the company, effective 31 July 2022. The Board of Directors felt that the company was at a certain crossroad after extensive successful development phase in recent years and it was time to look for a new individual to lead its operations going forward. Cost relating to the agreement of ISK 76 million will be expensed in Q3 2022.

Following discussions with the largest shareholders, the Board of Directors held a shareholders meeting on 14 July 2022 where all members of the Board resigned and a new Board was elected with three new members. On 22 July 2022 the newly elected Board hired CFO Magnús Kr. Ingason as a temporary CEO from 1 August 2022 until a new CEO is hired.

Statement by the Board of Directors and the CEO

The Company's Condensed Consolidated Interim Financial Statements have been prepared in accordance with International Financial Reporting Standard IAS 34 Interim Financial Reporting as adopted by the European Union and, as applicable, additional requirements of the Icelandic Financial Statements Act.

According to the best of our knowledge, in our opinion the Condensed Consolidated Interim Financial Statements give a true and fair view of the financial performance of the Group for the six month period ended 30 June 2022, its assets, liabilities and Consolidated Financial Position as at 30 June 2022, and its Consolidated Cash Flows for the period then ended.

Furthermore, in our opinion the Condensed Consolidated Interim Financial Statements and the Statement and Endorsement by the Board of Directors and the CEO give a true and fair view of the development and results of the Group's operations and its position and describes the principal risk and uncertainties faced by the Group.

The Board of Directors and the CEO have today discussed the Company's Condensed Consolidated Interim Financial Statements of Festi hf. for the period from 1 January to 30 June 2022 and confirm them by means of their signatures.

Kópavogur, 27 July 2022.

Board of Directors

Guðjón Karl Reynisson, Chairman
Sigurlína Ingvarsdóttir, Vice-Chairman
Hjörleifur Pálsson
Magnús Júlíusson
Margrét Guðmundsdóttir

CEO

Eggert Þór Kristófersson

Consolidated Statement of Comprehensive Income for the period from 1 January to 30 June 2022

	Notes	2022 1.4.-30.6.	2021 1.4.-30.6.	2022 1.1.-30.6.	2021 1.1.-30.6.
Sale of goods and services	6	29.936.064	24.326.416	54.507.628	45.243.642
Cost of goods sold		(22.610.643)	(18.220.853)	(41.448.088)	(33.994.358)
Margin from sale of goods and services	7	7.325.421	6.105.563	13.059.540	11.249.284
Other operating income	6	481.679	603.412	912.438	1.058.430
Salaries and other personnel expenses	8	(3.407.827)	(3.016.679)	(6.414.051)	(5.834.337)
Other operating expenses	9	(1.488.724)	(1.233.879)	(2.898.008)	(2.509.985)
		(4.414.872)	(3.647.146)	(8.399.621)	(7.285.892)
Operating profit before depreciation and amortization (EBITDA)		2.910.549	2.458.417	4.659.919	3.963.392
Depreciation and amortization		(868.619)	(714.239)	(1.676.500)	(1.443.033)
Changes in value of investment properties		(32.856)	22.695	(23.110)	(41.428)
Operating profit (EBIT)		2.009.074	1.766.873	2.960.309	2.478.931
Finance income	10	93.277	21.691	94.228	48.445
Finance costs	10	(572.441)	(620.682)	(1.015.258)	(1.052.394)
Share of profit of associates		105.939	80.787	168.937	126.008
		(373.225)	(518.204)	(752.093)	(877.941)
Profit before income tax (EBT)		1.635.849	1.248.669	2.208.216	1.600.990
Income tax		(300.654)	(206.147)	(397.223)	(269.140)
Profit for the period		1.335.195	1.042.522	1.810.993	1.331.850
Other comprehensive income					
Items that are or may be reclassified subsequently to profit or loss:					
Translation differences of foreign operations ..		(11.968)	(5.021)	(31.236)	(32.161)
Effective portion of changes in fair value of cash flow hedge, net of tax		(23.474)	43.118	(112.972)	194.052
Total other comprehensive income		(35.442)	38.097	(144.208)	161.891
Total comprehensive income for the period ..		1.299.753	1.080.619	1.666.785	1.493.741
Basic and diluted earnings per share in ISK		4,45	3,21	5,80	4,12

The notes on pages 8 to 15 are an integral part of these condensed financial statements

Consolidated Statement of Financial Position as at 30 June 2022

	Notes	30.6.2022	31.12.2021
Assets			
Goodwill		14.668.264	14.668.264
Other intangible assets		4.624.200	4.744.289
Property and equipment	11	33.856.113	32.544.092
Leased assets		7.924.146	6.155.337
Investment properties		6.420.860	6.100.291
Shares in associates		2.234.767	2.324.066
Shares in other companies		12.940	12.940
Long-term receivables		233.571	228.224
Non-current assets		<u>69.974.861</u>	<u>66.777.503</u>
Inventories		12.462.477	9.545.341
Trade receivables		6.010.859	4.757.286
Other short-term receivables		665.735	888.911
Cash and cash equivalents		2.084.517	4.002.716
Current assets		<u>21.223.588</u>	<u>19.194.254</u>
Total assets		<u><u>91.198.449</u></u>	<u><u>85.971.757</u></u>
Equity			
Share capital		311.575	316.118
Share premium		9.797.864	10.824.306
Other restricted equity		9.424.451	12.549.269
Retained earnings		13.449.806	10.220.702
Equity		<u>32.983.695</u>	<u>33.910.395</u>
Liabilities			
Loans from credit institutions	12	25.216.996	25.929.521
Lease liabilities	13	7.595.902	5.868.744
Deferred tax liability		5.958.906	5.590.021
Non-current liabilities		<u>38.771.804</u>	<u>37.388.286</u>
Loans from credit institutions	12	4.380.754	1.382.003
Lease liabilities	13	656.553	553.819
Trade payables		7.566.830	7.021.734
Other short-term liabilities		6.838.812	5.715.520
Current liabilities		<u>19.442.949</u>	<u>14.673.076</u>
Total liabilities		<u>58.214.753</u>	<u>52.061.362</u>
Total equity and liabilities		<u><u>91.198.449</u></u>	<u><u>85.971.757</u></u>

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Consolidated Statement of Changes in Equity for the period from 1 January to 30 June 2022

	Other restricted equity							
	Share capital	Share premium	Statutory reserve	Revaluation reserve	Unrealised profit of subsidiaries and associates	Other restricted accounts	Retained earnings	Total equity
1 January to 30 June 2021								
Equity 1.1.2021	323.091	12.278.381	80.773	3.274.015	4.091.468	147.079	9.588.818	29.783.625
Total comprehensive income for the period						161.891	1.331.850	1.493.741
Restricted due to subsidiaries and associates					(1.079.891)		1.079.891	0
Dissolution of revaluation of an associate				(10.402)			10.402	0
Dissolution of revaluation of property and equipment				(34.992)			34.992	0
	323.091	12.278.381	80.773	3.228.621	3.011.577	308.970	12.045.953	31.277.366
Transactions with shareholders:								
Purchase of own shares	(2.000)	(400.049)						(402.049)
Dividend paid (ISK 3.00 per share)							(969.272)	(969.272)
Equity 30.6.2021	321.091	11.878.332	80.773	3.228.621	3.011.577	308.970	11.076.681	29.906.045
Total other restricted equity						6.629.941		
1 January to 30 June 2022								
Equity 1.1.2022	316.118	10.824.306	79.029	4.827.722	7.561.783	80.735	10.220.702	33.910.395
Total comprehensive income for the period						(144.208)	1.810.993	1.666.785
Restricted due to subsidiaries and associates					(2.911.098)		2.911.098	0
Dissolution of revaluation of an associate				(10.402)			10.402	0
Dissolution of revaluation of property and equipment				(57.975)			57.975	0
	316.118	10.824.306	79.029	4.759.345	4.650.685	(63.473)	15.011.170	35.577.180
Transactions with shareholders:								
Purchase of own shares	(4.543)	(1.026.442)						(1.030.985)
Transferred from statutory reserve			(1.135)				1.135	0
Dividend paid (ISK 5.00 per share)							(1.562.500)	(1.562.500)
Equity 30.6.2022	311.575	9.797.864	77.894	4.759.345	4.650.685	(63.473)	13.449.806	32.983.695
Total other restricted equity						9.424.451		

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Consolidated Statement of Cash Flows

for the period from 1 January to 30 June 2022

	Note:	2022 1.4.-30.6.	2021 1.4.-30.6.	2022 1.1.-30.6.	2021 1.1.-30.6.
Cash flows from operating activities					
Operating profit before depreciation & amortization (EBITDA) .		2.910.549	2.458.417	4.659.919	3.963.392
Operating items not affecting cash flows:					
Gain on sale of property and equipment		(4.860)	(164.189)	(14.980)	(207.147)
Gain on sale of shares in other companies		0	(3.933)	0	(3.933)
		<u>2.905.689</u>	<u>2.290.295</u>	<u>4.644.939</u>	<u>3.752.312</u>
Changes in operating assets and liabilities:					
Inventories, increase		(2.947.458)	(535.371)	(2.917.136)	(1.333.044)
Trade and short-term receivables, decrease (increase)		477.423	(439.750)	(889.182)	(435.217)
Trade and other short-term liabilities, increase		500.838	1.958.774	1.469.651	1.964.485
Changes in operating assets and liabilities		<u>(1.969.197)</u>	<u>983.653</u>	<u>(2.336.667)</u>	<u>196.224</u>
Interest received		55.939	20.421	81.542	32.986
Interest paid		(451.499)	(254.093)	(801.320)	(501.353)
Income tax paid		(64.800)	(49.024)	(129.600)	(98.048)
Net cash from operating activities		<u>476.132</u>	<u>2.991.252</u>	<u>1.458.894</u>	<u>3.382.121</u>
Cash flows used in investing activities					
Purchase of intangible assets		(112.829)	(169.629)	(278.176)	(300.924)
Purchase of property and equipment	11	(1.100.445)	(367.143)	(2.270.329)	(686.010)
Sale of property and equipment		18.895	233.872	66.575	309.910
Purchase of investment properties		(2.278)	(1.018)	(566.735)	(1.999)
Sale of investment properties		0	0	220.000	0
Purchase of shares in other companies		0	(4.114)	(4.000)	(22.114)
Sale of shares in other companies		0	3.933	0	3.933
Dividend received from associates		231.000	186.000	231.000	214.962
Long-term receivables and securities, change		6.450	36.772	25.063	14.345
Net cash used in investing activities		<u>(959.207)</u>	<u>(81.327)</u>	<u>(2.576.602)</u>	<u>(467.897)</u>
Cash flows used in financing activities					
Dividend paid		(1.562.500)	(969.272)	(1.562.500)	(969.272)
Purchase of own shares		(194.744)	(402.049)	(1.030.985)	(402.049)
Repayment of long-term loans from credit institutions		(694.620)	(757.801)	(894.268)	(757.801)
Repayment of lease liabilities		(161.413)	(113.845)	(307.380)	(231.154)
Proceeds from short term loan		2.500.000	0	3.000.000	0
Net cash used in financing activities		<u>(113.277)</u>	<u>(2.242.967)</u>	<u>(795.133)</u>	<u>(2.360.276)</u>
(Decrease) increase in cash and cash equivalents		(596.352)	666.958	(1.912.841)	553.948
Effect of movements in exchange rates on cash held		28.270	4.184	(5.358)	17.171
Cash and cash equivalents at the beginning of the period ..		2.652.599	2.462.919	4.002.716	2.562.942
Cash and cash equivalents at the end of the period		<u>2.084.517</u>	<u>3.134.061</u>	<u>2.084.517</u>	<u>3.134.061</u>
Investing and financing activities not affecting cash flows					
Acquisition of right-of-use assets		(2.013.840)	232.624	(2.137.272)	195.631
New and renewed leases		2.013.840	(232.624)	2.137.272	(195.631)

The notes on pages 8 to 15 are an integral part of these condensed financial statements

Notes to the Condensed Consolidated Interim Financial Statements

1. Reporting entity

Festi hf. (the "Company") is an Icelandic public limited liability company incorporated and domiciled in Iceland. The Company's headquarters are located at Dalvegur 10-14, Kópavogur, Iceland. The main operation of the Company and its subsidiaries (together referred to as the "Group") consists of sale of fuel, goods and service in service stations, groceries and related products, sale of electronic equipment and leasing of properties. These Condensed Consolidated Interim Financial Statements of the Company as at and for the six months ended 30 June 2022 comprise of the Company and its subsidiaries. The Company is listed on Nasdaq Iceland.

2. Basis of preparation

The Condensed Consolidated Interim Financial Statements for the six months ended 30 June 2022 have been prepared in accordance with International Accounting Standard IAS 34, Interim Financial Reporting, as adopted by the European Union and, as applicable, additional requirements of the Icelandic Financial Statements Act. The Condensed Consolidated Interim Financial Statements have been prepared under the historical cost convention, except for financial assets and liabilities, which are valued at fair value through Other Comprehensive Income and the Company's real estate leased to third parties are revalued to fair value. They do not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual Consolidated Financial Statements as at and for the year ended 31 December 2021.

The accounting policies and methods of computation applied in these Condensed Consolidated Interim Financial Statements are the same as those applied by the Group in its Consolidated Financial Statements as at and for the year ended 31 December 2021.

The Condensed Consolidated Interim Financial Statements are prepared and presented in Icelandic krona (ISK), which is the Company's functional currency. All amounts are presented in thousand of Icelandic krona unless otherwise stated. The Board of Directors of Festi hf. approved the Condensed Consolidated Interim Financial Statements on 27 July 2022.

3. Use of estimates and judgements

The preparation of the Condensed Consolidated Interim Financial Statements in conformity with IFRSs 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.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were in all major matters the same as those applied to the Consolidated Financial Statements as at and for the year ended 31 December 2021.

4. New and revised IFRS's

The accounting policies and methods of computation applied in these Condensed Consolidated Interim Financial Statements are the same as those applied by the Group in its Consolidated Financial Statements as at and for the year ended 31 December 2021. A number of new standards are effective for annual periods beginning after 1 January 2022 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these Condensed Consolidated Interim Financial Statements as they are not considered to have significant impact on the Condensed Consolidated Interim Financial Statements.

Notes, continued:

5. Operating segments

An operating segment is a component of the Group that engages in business activity from which it may earn revenue and incur expenses, including revenue and expenses relating to transactions with other segments of the Group. 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 monitor their financial performance.

Operating results of segments, their assets and liabilities consist of items directly attributable to individual segments as well as those items which can be allocated in a logical way. Capital expenditure of segments consist of the total cost of acquisition of operating and intangible assets. Transactions between segments are priced on an arm's length basis.

The operating companies of N1, Krónan and ELKO in the Group are individual operating segments. The Group's other entities comprise the fourth segment. That segment consists of the operations of the parent company Festi, Bakinn Vöruhótel and Festi fasteignir.

Reportable segments for the six months ended 30 June 2022

	N1	Krónan	ELKO	Other companies	Total
External revenue	23.792.409	23.767.402	7.368.645	491.610	55.420.066
Intra-group revenue	123.592	40.539	5.680	3.147.644	3.317.455
Total segment revenue	23.916.001	23.807.941	7.374.325	3.639.254	58.737.521
Operating profit before depreciation and amortization (EBITDA)	2.304.312	1.778.039	655.278	1.668.409	6.406.038
Segment depreciation and amortisation	(1.290.995)	(854.205)	(239.547)	(513.306)	(2.898.053)
Changes in value of investment properties	0	0	0	(23.110)	(23.110)
Operating profit of segments (EBIT)	1.013.317	923.834	415.731	1.131.993	3.484.875
Net finance costs	(431.665)	(207.126)	(34.617)	(971.154)	(1.644.562)
Share of profit of associates	0	0	0	168.937	168.937
Income tax	(116.330)	(143.208)	(76.223)	(21.669)	(357.430)
Profit for the period	465.322	573.500	304.891	308.107	1.651.820
30 June 2022					
Segment assets	28.886.438	18.871.920	5.687.408	37.752.683	91.198.449
Segment capital expenditure	470.830	890.836	335.925	1.417.649	3.115.240
Segment liabilities	18.964.614	15.052.048	4.624.137	19.573.954	58.214.753

Notes, continued:

5. Operating segments, continued:

Reportable segments for the six months ended 30 June 2021

	N1	Krónan	ELKO	Other companies	Total
External revenue	15.808.747	23.183.656	6.770.390	539.279	46.302.072
Intra-group revenue	154.721	13.357	6.823	2.957.197	3.132.098
Total segment revenue	15.963.468	23.197.013	6.777.213	3.496.476	49.434.170
Operating profit before depreciation and amortization (EBITDA)	1.389.268	1.991.966	651.686	1.673.024	5.705.944
Segment depreciation and amortisation	(975.579)	(762.682)	(208.632)	(718.890)	(2.665.783)
Changes in value of investment properties	0	0	0	(41.428)	(41.428)
Operating profit of segments (EBIT)	413.689	1.229.284	443.054	912.706	2.998.733
Net finance costs	(443.174)	(214.568)	(45.208)	(1.087.578)	(1.790.528)
Share of profit of associates	0	0	0	126.008	126.008
Income tax	5.656	(202.943)	(79.569)	61.072	(215.784)
(Loss) profit for the period	(23.829)	811.773	318.277	12.208	1.118.429

30 June 2021

Segment assets	30.234.554	15.878.340	4.784.218	34.140.515	85.037.627
Segment capital expenditure	372.846	327.470	117.170	171.447	988.933
Segment liabilities	16.698.309	13.806.727	3.821.760	20.804.785	55.131.581

Reconciliations of reportable segment revenue, profit or loss, assets and liabilities, and other material items

1.1.-30.6.2022

	Reportable segment totals	Intercompany adjustments	Consolidated totals
EBITDA	6.406.038	(1.746.119)	4.659.919
Depreciation and amortisation	(2.898.053)	1.221.553	(1.676.500)
Changes in value of investment property	(23.110)		(23.110)
EBIT	3.484.875	(524.566)	2.960.309
Net finance costs	(1.644.562)	723.532	(921.030)
Share of profit of associates	168.937		168.937
Income tax	(357.430)	(39.793)	(397.223)
Profit for the period	1.651.820	159.173	1.810.993

1.1.-30.6.2021

	Reportable segment totals	Intercompany adjustments	Consolidated totals
EBITDA	5.705.944	(1.742.552)	3.963.392
Depreciation and amortisation	(2.665.783)	1.222.750	(1.443.033)
Changes in value of investment properties	(41.428)		(41.428)
EBIT	2.998.733	(519.802)	2.478.931
Net finance costs	(1.790.528)	786.579	(1.003.949)
Share of profit of associates	126.008		126.008
Income tax	(215.784)	(53.356)	(269.140)
Profit for the period	1.118.429	213.421	1.331.850

Notes, continued:

6. Operating income

Sale of goods and services

Sale of goods and services are recognised based on the fundamental principle of recognising revenue as or when control of goods and services are transferred to the customer.

Income from lease of real estate

Real estate leased to parties outside the Group are classified as investment properties. An investment property is a real estate held to earn rentals or for capital appreciation or both. Investment properties are recognised at fair value. Fair value changes of investment properties are presented separately in the income statement, and therefore presented separately from lease income from those same assets.

Other operating revenue

Revenue from warehouse activities, commissions, gain on sale of assets and other income are presented in other operating income.

Operating income is specified as follows:

	2022	2021	2022	2021
	1.4.-30.6.	1.4.-30.6.	1.1.-30.6.	1.1.-30.6.
Sale of goods and services:				
Grocery and convenience goods	13.905.452	13.166.398	26.304.803	25.408.636
Fuel and electricity	9.794.343	5.715.998	16.860.984	9.896.245
Electronic equipment	3.919.061	3.512.051	7.316.361	6.727.382
Other goods and services	2.317.208	1.931.969	4.025.480	3.211.379
Total sale of goods and services	<u>29.936.064</u>	<u>24.326.416</u>	<u>54.507.628</u>	<u>45.243.642</u>
Other operating income:				
Lease income from properties	170.222	188.889	315.314	376.557
Warehouse services	92.115	109.833	177.714	196.659
Commissions	98.767	73.663	187.404	147.143
Gain on sale of property and equipment	4.860	164.189	14.980	207.147
Other operating income	115.715	66.838	217.026	130.924
Total other operating income	<u>481.679</u>	<u>603.412</u>	<u>912.438</u>	<u>1.058.430</u>
Total operating revenue	<u>30.417.743</u>	<u>24.929.828</u>	<u>55.420.066</u>	<u>46.302.072</u>

7. Margin from sale of goods and services

Cost of goods sold consists of the purchase price of inventories sold together as well as related transportation cost, excise tax, duties and distribution costs. Any decrease of inventories to net realisable value is expensed as part of cost of goods sold.

Margin from sale of goods and services is specified as follows:

	2022	2021	2022	2021
	1.4.-30.6.	1.4.-30.6.	1.1.-30.6.	1.1.-30.6.
Grocery and convenience goods	3.355.869	3.176.012	6.234.915	5.994.745
Fuel and electricity	1.963.425	1.210.452	3.237.364	2.164.764
Electronic equipment	986.960	926.866	1.901.763	1.772.333
Other goods and services	1.019.167	792.233	1.685.498	1.317.442
Total margin from sale of goods and services	<u>7.325.421</u>	<u>6.105.563</u>	<u>13.059.540</u>	<u>11.249.284</u>

Notes, continued:

8. Salaries and other personnel expenses

Salaries and other personnel expenses are specified as follows:

	2022	2021	2022	2021
	1.4.-30.6.	1.4.-30.6.	1.1.-30.6.	1.1.-30.6.
Salaries	2.675.902	2.401.217	4.926.417	4.521.813
Salary-related expenses	564.231	513.805	1.215.851	1.132.246
Other personnel expenses	167.694	101.657	271.783	180.278
Total salaries and other personnel expenses	<u>3.407.827</u>	<u>3.016.679</u>	<u>6.414.051</u>	<u>5.834.337</u>

9. Other operating expenses

Other operating expenses are specified as follows:

Operating expenses of properties	429.972	348.616	859.519	725.703
Maintenance expenses	198.402	230.864	429.002	431.240
Sales and marketing expenses	405.497	323.789	710.311	586.203
Communication expenses	196.781	157.247	394.282	334.791
Office and administrative expenses	91.431	58.923	200.172	202.006
Insurance and claims cost	55.484	40.472	118.673	99.310
Bad debt and change in allowance for bad debt ...	23.699	8.518	47.831	23.857
Other expenses	87.458	65.450	138.218	106.875
Total other operating expenses	<u>1.488.724</u>	<u>1.233.879</u>	<u>2.898.008</u>	<u>2.509.985</u>

10. Finance income and finance costs

Finance income is specified as follows:

Interest income on cash and cash equivalents	733	1.410	7.915	1.568
Interest income on long-term receivables	1.698	3.983	7.310	8.131
Interest income on other receivables	31.825	12.365	48.019	26.000
Gain from sales of shares in other companies	0	3.933	0	3.933
Net foreign exchange gain	59.021	0	30.984	8.813
Total finance income	<u>93.277</u>	<u>21.691</u>	<u>94.228</u>	<u>48.445</u>

Finance costs are specified as follows:

Interest expense and CPI-index on loans	454.846	530.487	796.954	885.144
Interest expense on lease liabilities	103.819	72.309	191.019	146.832
Other interest expense	13.776	9.470	27.285	20.418
Net foreign exchange loss	0	8.416	0	0
Total finance costs	<u>572.441</u>	<u>620.682</u>	<u>1.015.258</u>	<u>1.052.394</u>

11. Operating assets

Acquisition of operating assets in the first six months of 2022 amounted to ISK 2,270 million (2021 6M: 686 million). Thereof investment in buildings is ISK 773 million (2021 6M: 157 million), interiors, equipment and tools was ISK 1,468 million (2021 6M: 440 million) and investment in computers and other IT hardware was ISK 29 million (2021 6M: 89 million).

Notes, continued:

12. Loans from credit institutions

All loans from credit institutions are denominated in Icelandic krona. The loans are secured by pledge in real estate and inventories. The loans are specified as follows:

	2022 1.1.-30.6.	2021 1.1.-31.12.
Long-term		
Balance at the beginning of the year	25.929.521	29.074.806
Repayments	(894.268)	(11.088.804)
New loans	0	7.000.000
Amortisation of borrowing costs	6.339	141.880
CPI-indexation	174.155	709.868
Change in current portion	1.249	91.771
Balance at the end of the period.....	<u>25.216.996</u>	<u>25.929.521</u>
Short-term		
Current portion of long-term loans	1.380.754	1.382.003
Short-term loans from bank	3.000.000	0
Balance at the end of the period.....	<u>4.380.754</u>	<u>1.382.003</u>
Total loans from credit institutions	<u>29.597.750</u>	<u>27.311.524</u>

	Interest rates at		Outstanding amounts at	
	30.6.2022	31.12.2021	30.6.2022	31.12.2021
Non-indexed loans at floating interest rates	5,4%	3,9%	23.149.555	23.739.246
CPI-indexed loans at floating interest rates	2,2%	2,2%	3.448.195	3.572.278
Short-term loan at floating interest rates	6,4%		3.000.000	0
Total loans from credit institutions			<u>29.597.750</u>	<u>27.311.524</u>

The maturities of the loans are specified as follows:

Year 2022.....	3.690.354	1.382.003
Year 2023.....	1.380.845	1.382.186
Year 2024.....	1.381.028	1.382.369
Year 2025.....	7.225.270	7.226.611
Year 2026.....	1.388.650	1.389.991
Due for payment onwards	14.531.603	14.548.364
Total loans from credit institutions	<u>29.597.750</u>	<u>27.311.524</u>

As at 30 June 2022, the Group had no undrawn credit lines.

Notes, continued:

13. Lease liabilities

Lease liabilities are specified as follows:

	2022 1.1.-30.6.	2021 1.1.-31.12.
Carrying amount at the beginning of the year.....	6.422.563	5.610.632
New lease contracts.....	2.137.272	1.281.504
Payment of lease liabilities during the year.....	(307.380)	(469.573)
Total lease liabilities.....	8.252.455	6.422.563
Current portion.....	(656.553)	(553.819)
Total non-current portion of lease liabilities.....	7.595.902	5.868.744

The maturity analysis of lease liabilities is specified as follows:

Year 2022.....	355.633	553.819
Year 2023.....	674.299	557.450
Year 2024.....	699.143	565.654
Year 2025.....	710.698	585.575
Year 2026.....	718.242	561.075
Due for payment onwards.....	5.094.440	3.598.990
Total.....	8.252.455	6.422.563

All lease liabilities are denominated in Icelandic krona.

14. Group entities

The Company held five subsidiaries at end of June 2022. The subsidiaries are all fully owned by the parent.

Company	Activity
Bakkinn vöruhótel ehf.	Bakkinn vöruhótel specialises in product storage, packing, labeling and distribution of products for customers that elect to outsource their warehouse activities.
Elko ehf.	Elko is an electronic equipment retail store which operates stores in the capital region and at Keflavik Airport as well as an online shop.
Festi fasteignir	Festi fasteignir specialises in leasing of non-residential real estate to retail companies.
Krónan ehf.	Krónan is a retail company that operates convenience stores in Iceland. The company operates stores throughout the country under the brand names of Krónan and Kr.
N1 ehf.	N1 specialises in wholesale and retail of fuel, operation of service stations including tire and lubrication service stations around the country. The company's service stations sell fuel in addition to refreshments and sale of various convenience goods. It's subsidiary N1 Rafmagn is a retail company that buy's electricity on the wholesale market and sells to end users in Iceland.

Notes, continued:

15. Financial ratios

The Group's key financial ratios

	2022	2021
	1.1.-30.6.	1.1.-30.6.
Operations		
Turnover rate of inventories		
Utilisation of goods / average balance of inventories during the period.....	8,0	8,0
Sales days in trade receivables:		
Average balance of trade receivables during the period /		
goods and services sold	18,8	16,7
EBITDA / margin from sales of goods and services.....	35,7%	35,2%
Salaries and personnel expenses / margin from sales of goods and services.....	49,1%	51,9%
Other operating expenses / margin from sales of goods and services.....	22,2%	22,3%
	30.6.2022	31.12.2021
Financial position		
Current ratio: current assets / current liabilities.....	1,09	1,31
Liquidity ratio: (current assets - inventories) / current liabilities.....	0,45	0,66
Leverage: net interest bearing liabilities / EBITDA.....	2,54	3,09
Intrinsic value of share capital	105,86	107,27
Equity ratio: equity / total capital.....	36,2%	39,4%