



Condensed Interim Financial Statements

1 January - 31 March 2024

Contents

	Page
Endorsement and Statement by the Board of Directors and the CEO	3
Consolidated Statement of Comprehensive Income	4
Consolidated Statement of Financial Position	5
Consolidated Statement of Changes in Equity	6
Consolidated Statement of Cash Flows	7
Notes to the Condensed Consolidated Interim Financial Statements	8
1. Reporting entity	8
2. Basis of preparation	8
3. Use of estimates and judgements	8
4. New and revised IFRS's	8
5. Operating segments	9
6. Operating income	11
7. Margin from sale of goods and services	11
8. Salaries and other personnel expenses	12
9. Other operating expenses	12
10. Finance income and finance costs	12
11. Operating assets	12
12. Loans from credit institutions	13
13. Lease liabilities	14
14. Group entities	15
15. Financial ratios	16

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 31 March 2024 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 2023. 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 three-month period ended 31 March 2024

For the period from 1 January to 31 March 2024, profit amounted to ISK 202 million. Total comprehensive income for the period was ISK 202 million. At the end of the period equity amounted to ISK 35,140 million, including share capital in the amount of ISK 301 million. Based on the Company's 2024 Annual General Meeting resolution in March, a dividend of ISK 904 million was approved and paid to the shareholders in April and is therefore included in other short-term liabilities in these Condensed Consolidated Interim Financial Statements. Reference is made to the Consolidated Statement of Changes in Equity regarding information on changes in equity.

The operations in the quarter were good and slightly above expectations. Prices of commodities remained high, same as last year, with the war in Ukraine and Israel ongoing. Sale increased by 9.3% YoY and margin contribution level increased by 0.7% YoY. General wage increases in the labour market took effect in the quarter with increases in salary cost of more than 5% going forward. Inflation and interest rates remain high, affecting product prices and cost overall. Great emphasis continues on the reduction of operating expenses with improved processes and more automation. Outlook for the year is good with the important summer months coming up.

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 three-month period ended 31 March 2024, its assets, liabilities and Consolidated Financial Position as of 31 March 2024, and its Consolidated Cash Flows for the period then ended. Furthermore, in our opinion the Condensed Consolidated Interim Financial Statements and the Endorsement and Statement 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 31 March 2024 and confirm them by means of their signatures.

Kópavogur, 23 April 2024.

Board of Directors

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

CEO

Ásta Sigríður Fjeldsted

Consolidated Statement of Comprehensive Income for the period from 1 January to 31 March 2024

	Notes	2024 1.1.-31.3.	2023 1.1.-31.3.
Sale of goods and services	6	32.223.073	29.483.531
Cost of goods sold		(25.190.249)	(23.256.243)
Margin from sale of goods and services	7	7.032.824	6.227.288
Other operating income	6	508.027	496.934
Salaries and other personnel expenses	8	(3.946.862)	(3.672.552)
Other operating expenses	9	(1.696.180)	(1.650.753)
		<u>(5.135.015)</u>	<u>(4.826.371)</u>
Operating profit before depreciation, amortisation and changes in value (EBITDA)		1.897.809	1.400.917
Depreciation of property and equipment and leased assets and amortisation of intangible assets		(1.037.639)	(943.764)
Changes in value of investment property		<u>113.825</u>	<u>15.546</u>
Operating profit before finance items (EBIT)		973.995	472.699
Finance income	10	84.458	27.255
Finance costs	10	(939.896)	(817.897)
Foreign currency differences	10	24.685	23.989
Share of profit of associates		87.152	122.064
		<u>(743.601)</u>	<u>(644.589)</u>
Profit (loss) before income tax (EBT)		230.394	(171.890)
Income tax		(28.638)	80.825
Profit (loss) for the period		201.756	(91.065)
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss:			
Translation difference arising from operations of a foreign associate		(3.482)	(17.887)
Effective portion of changes in fair value of cash flow hedges, net of income tax		3.319	30
Total other comprehensive loss		<u>(163)</u>	<u>(17.857)</u>
Total comprehensive income (loss) for the period		201.593	(108.922)
Basic and diluted earnings per share in ISK		0,67	(0,30)

The notes on pages 8 to 16 are an integral part of these condensed financial statements.

Consolidated Statement of Financial Position as at 31 March 2024

	Notes	31.3.2024	31.12.2023
Assets			
Goodwill		14.842.340	14.842.339
Other intangible assets		4.228.679	4.260.081
Property and equipment	11	35.736.248	35.778.736
Leased assets		8.383.038	8.096.618
Investment properties		6.763.914	6.646.805
Shares in associates		2.704.416	2.620.746
Shares in other companies		14.140	14.140
Long-term receivables		145.493	145.176
Non-current assets		<u>72.818.268</u>	<u>72.404.641</u>
Inventories		14.399.277	13.557.248
Trade receivables		6.626.553	5.984.828
Other short-term receivables		892.569	723.185
Cash and cash equivalents		2.961.153	3.362.212
Current assets		<u>24.879.552</u>	<u>23.627.473</u>
Total assets		<u><u>97.697.820</u></u>	<u><u>96.032.114</u></u>
Equity			
Share capital		301.254	301.254
Share premium		7.773.982	7.773.982
Other restricted equity		13.479.504	12.938.209
Retained earnings		13.585.447	14.828.910
Equity		<u>35.140.187</u>	<u>35.842.355</u>
Liabilities			
Loans from credit institutions	12	26.857.777	26.680.829
Lease liabilities	13	8.058.098	7.793.320
Deferred tax liability		6.214.573	6.185.105
Non-current liabilities		<u>41.130.448</u>	<u>40.659.254</u>
Loans from credit institutions	12	1.810.820	1.807.014
Lease liabilities	13	889.350	859.276
Trade payables		10.323.606	9.760.363
Other short-term liabilities		8.403.409	7.103.852
Current liabilities		<u>21.427.185</u>	<u>19.530.505</u>
Total liabilities		<u>62.557.633</u>	<u>60.189.759</u>
Total equity and liabilities		<u><u>97.697.820</u></u>	<u><u>96.032.114</u></u>

The notes on pages 8 to 16 are an integral part of these condensed financial statements.

Consolidated Statement of Changes in Equity for the period from 1 January to 31 March 2024

	Other restricted equity							Retained earnings	Total equity
	Share capital	Share premium	Statutory reserve	Revaluation reserve	Unrealised profit of subsidiaries and associates	Other restricted accounts			
1 January to 31 March 2023									
Equity 1.1.2023	307.500	8.900.637	76.875	4.701.950	7.028.539	(15.976)	13.460.578	34.460.103	
Loss for the period							(91.065)	(91.065)	
Total other comprehensive loss						(17.857)		(17.857)	
Restricted due to subsidiaries and associates					179.450		(179.450)	0	
Dissolution of revaluation of an associate				(2.432)			2.432	0	
Dissolution of revaluation of property and equipment				(25.589)			25.589	0	
	307.500	8.900.637	76.875	4.673.929	7.207.989	(33.833)	13.218.084	34.351.181	
<i>Transactions with shareholders:</i>									
Purchased own shares	(3.000)	(530.123)						(533.123)	
Transferred from statutory reserve			(750)				750	0	
Dividend declared to shareholders (ISK 3 per share)							(913.500)	(913.500)	
Equity 31.3.2023	304.500	8.370.514	76.125	4.673.929	7.207.989	(33.833)	12.305.334	32.904.558	
Total other restricted equity						11.924.210			
1 January to 31 March 2024									
Equity 1.1.2024	301.254	7.773.982	75.314	4.565.998	8.322.414	(25.517)	14.828.910	35.842.355	
Profit for the period							201.756	201.756	
Total other comprehensive income						(163)		(163)	
Restricted due to subsidiaries and associates					577.554		(577.554)	0	
Dissolution of revaluation of an associate				(3.678)			3.678	0	
Dissolution of revaluation of property and equipment				(32.418)			32.418	0	
	301.254	7.773.982	75.314	4.529.902	8.899.968	(25.680)	14.489.208	36.043.948	
<i>Transactions with shareholders:</i>									
Dividend declared to shareholders (ISK 3 per share)							(903.761)	(903.761)	
Equity 31.3.2024	301.254	7.773.982	75.314	4.529.902	8.899.968	(25.680)	13.585.447	35.140.187	
Total other restricted equity						13.479.504			

The notes on pages 8 to 16 are an integral part of these condensed financial statements.

Consolidated Statement of Cash Flows for the period from 1 January to 31 March 2024

	Notes	2024 1.1.-31.3.	2023 1.1.-31.3.	
Cash flows from operating activities				
Profit before depreciation, amortisation and changes in value (EBITDA)		1.897.809	1.400.917	
Operating items not affecting cash flows:				
Gain on sale of property and equipment .....	(	1.577)	(	5.174)
		<u>1.896.232</u>	<u>1.395.743</u>	
Changes in operating assets and liabilities:				
Inventories, increase .....	(	842.028)	(	1.111.570)
Trade and other short-term receivables, (increase) decrease .....	(	761.077)		342.673
Trade and other short-term liabilities, increase		1.051.291		1.444.550
Changes in operating assets and liabilities	(	<u>551.814)</u>		<u>675.653</u>
Interest received		39.799	68.102	
Interest paid .....	(	792.096)	(	754.426)
Income tax paid .....	(	54.615)	(	146.892)
Net cash from operating activities		<u>537.506</u>	<u>1.238.180</u>	
Cash flows used in investing activities				
Purchased intangible assets .....	(	176.218)	(	116.534)
Purchased property and equipment	11 (	499.228)	(	726.025)
Sold property and equipment		7.340		37.204
Purchase of investment properties .....	(	65.299)	(	9.718)
Long-term receivables, change .....	(	923)	(	215)
Net cash used in investing activities	(	<u>734.328)</u>	(	<u>815.288)</u>
Cash flows used in financing activities				
Purchased own shares		0	(	533.123)
Repayment of long-term loans from credit institutions .....	(	1.171)	(	1.435)
Repayment of lease liabilities .....	(	223.620)	(	197.187)
Net cash used in financing activities	(	<u>224.791)</u>	(	<u>731.745)</u>
Decrease in cash and cash equivalents .....	(	421.613)	(	308.853)
Foreign currency difference on cash and cash equivalents		20.554		20.054
Cash and cash equivalents at the beginning of the period		<u>3.362.212</u>		<u>2.112.137</u>
Cash and cash equivalents at the end of the period		<u>2.961.153</u>		<u>1.823.338</u>
Investing and financing activities not affecting cash flows				
New lease contracts and their remeasurement .....	(	518.473)	(	298.149)
New lease liabilities and their remeasurement		518.473		298.149
Trade and other short-term receivables		903.761		913.500
Dividend declared .....	(	903.761)	(	913.500)

The notes on pages 8 to 16 are an integral part of these condensed financial statements.

Notes to the Condensed Interim Consolidated Financial Statements

1. Reporting entity

Festi hf. (the "Company" or "the Group") 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 three months ended 31 March 2024 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 three months ended 31 March 2024 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 2023.

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 2023.

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 thousands of Icelandic krona unless otherwise stated. The Board of Directors of Festi hf. approved the Condensed Consolidated Interim Financial Statements on 23 April 2024.

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 2023.

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 2023. A few new standards are effective for annual periods beginning after 1 January 2024 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 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, ELKO and Yrkir eignir are individual operating segments. The Group's other entities comprise the fifth segment. That segment consists of the operations of the parent company Festi and Bakkinn Vöruhótel. Yrkir eignir was a part of other companies' segment in 2023 but is now restated and shown separately in comparative figures below.

Reportable segments for the three months ended 31 March 2024

	N1	Krónan	ELKO	Yrkir eignir	Other companies	Segments total
External revenue	11.647.181	16.728.666	4.082.314	141.938	131.001	32.731.100
Intra-group revenue	118.262	372.510	4.975	908.396	1.847.785	3.251.928
Total segment revenue	11.765.443	17.101.176	4.087.289	1.050.334	1.978.786	35.983.028
Operating profit before depreciation, amortisation and changes in value (EBITDA) ..	390.594	1.236.548	292.227	815.003	496.963	3.231.335
Segment depreciation and amortisation	(673.375)	(548.852)	(148.638)	(482.029)	(205.142)	(2.058.036)
Changes in value of investment property	0	0	0	113.825	0	113.825
Operating (loss) profit of segments (EBIT) ..	(282.781)	687.696	143.589	446.799	291.821	1.287.124
Net finance costs	(193.561)	(97.449)	(12.351)	(431.687)	(464.608)	(1.199.656)
Share of profit of associates	0	0	0	0	87.152	87.152
Income tax	100.061	(127.444)	(14.524)	(6.085)	30.509	(17.483)
(Loss) profit for the period	(376.281)	462.803	116.714	9.027	(55.126)	157.137

31 March 2024

Segment assets	27.769.916	23.665.359	6.196.393	31.757.413	70.323.255	159.712.336
Segment capital expenditure	405.308	177.618	46.089	106.252	40.669	775.936
Segment liabilities	18.187.441	18.072.494	4.121.761	24.502.704	32.908.384	97.792.784

Reportable segments for the three months ended 31 March 2023

	N1	Krónan	ELKO	Yrkir eignir	Other companies	Segments total
External revenue	11.650.428	14.197.253	3.877.015	131.169	124.600	29.980.465
Intra-group revenue	70.443	295.815	5.370	310.532	1.543.654	2.225.814
Total segment revenue	11.720.871	14.493.068	3.882.385	441.701	1.668.254	32.206.279
Operating profit before depreciation, amortisation and changes in value (EBITDA) ..	330.450	950.778	219.271	331.379	513.850	2.345.728
Segment depreciation and amortisation	(709.967)	(516.844)	(134.303)	(79.132)	(178.158)	(1.618.404)
Changes in value of investment property	0	0	0	15.546	0	15.546
Operating (loss) profit of segments (EBIT) ..	(379.517)	433.934	84.968	267.793	335.692	742.870
Net finance costs	(268.655)	(101.935)	(12.351)	(281.733)	(455.555)	(1.120.229)
Share of profit of associates	0	0	0	0	122.064	122.064
Income tax	129.561	(60.797)	(14.524)	2.788	40.478	97.506
(Loss) profit for the period	(518.611)	271.202	58.093	(11.152)	42.679	(157.789)

31 March 2023

Segment assets	29.473.574	21.525.976	5.794.398	22.529.434	64.930.678	144.254.060
Segment capital expenditure	363.313	238.551	53.508	343.564	19.984	1.018.920
Segment liabilities	19.989.010	16.655.654	4.048.609	15.730.055	29.130.160	85.553.488

Notes, continued:

5. Operating segments, continued:

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

1.1.-31.3.2024	Segments total	Eliminations	According to financial statements
Operating profit before depreciation, amortisation and changes in value (EBITDA)	3.231.335 (	1.333.526)	1.897.809
Depreciation of property and equipment and leased assets and amortisation of intangible assets	(2.058.036)	1.020.397 (	1.037.639)
Changes in value of investment property	113.825		113.825
Operating profit (EBIT)	1.287.124 (	313.129)	973.995
Net finance costs	(1.199.656)	368.903 (	830.753)
Share of profit of associates	87.152		87.152
Income tax	(17.483) (	11.155) (	28.638)
Profit for the period	157.137	44.619	201.756
31 March 2024			
Segment assets	159.712.336 (	62.014.516)	97.697.820
Segment capital expenditure	775.936 (	35.191)	740.745
Segment liabilities	97.792.784 (	35.235.151)	62.557.633
1.1.-31.3.2023			
Operating profit before depreciation, amortisation and changes in value (EBITDA)	2.345.728 (	944.811)	1.400.917
Depreciation of property and equipment and leased assets and amortisation of intangible assets	(1.618.404)	674.640 (	943.764)
Changes in value of investment property	15.546		15.546
Operating profit (EBIT)	742.870 (	270.171)	472.699
Net finance costs	(1.120.229)	353.576 (	766.653)
Share of profit of associates	122.064		122.064
Income tax	97.506 (	16.681)	80.825
Loss for the period	(157.789)	66.724 (	91.065)
31 March 2023			
Segment assets	144.254.060 (	50.106.290)	94.147.770
Segment capital expenditure	1.018.920 (	166.643)	852.277
Segment liabilities	85.553.488 (	24.310.276)	61.243.212

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:

	2024	2023
	1.1. - 31.3.	1.1. - 31.3.
Sale of goods and services:		
Convenience goods	17.973.991	15.382.898
Fuel and electricity	8.452.579	8.361.187
Electronic equipment	4.033.667	3.845.659
Sale of other goods and services	1.762.836	1.893.787
Total sale of goods and services	<u>32.223.073</u>	<u>29.483.531</u>
Other operating income:		
Lease income from properties	183.619	167.707
Warehouse services	104.835	92.641
Commissions	111.914	109.645
Gain on sale of property and equipment	1.577	5.174
Other operating income	106.082	121.767
Total other operating income	<u>508.027</u>	<u>496.934</u>
Total operating revenue	<u>32.731.100</u>	<u>29.980.465</u>

7. Margin from sale of goods and services

Cost of goods sold consists of the purchase price 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.

Gross profit from sale of goods and services is specified as follows:

	2024	2023
	1.1. - 31.3.	1.1. - 31.3.
Convenience goods	3.982.860	3.470.726
Fuel and electricity	1.408.180	1.129.661
Electronic equipment	1.031.531	926.574
Other goods and services	610.253	700.327
Margin from sale of goods and services	<u>7.032.824</u>	<u>6.227.288</u>

Notes, continued:

8. Salaries and other personnel expenses

Salaries and other personnel expenses are specified as follows:

	2024	2023
	1.1. - 31.3.	1.1. - 31.3.
Salaries	2.950.409	2.792.942
Salary-related expenses	833.417	745.260
Other personnel expenses	163.036	134.350
Total salaries and other personnel expenses	<u>3.946.862</u>	<u>3.672.552</u>

9. Other operating expenses

Other operating expenses are specified as follows:

	2024	2023
	1.1. - 31.3.	1.1. - 31.3.
Operating expenses of properties	525.801	511.765
Maintenance expenses	282.944	302.411
Sales and marketing expenses	372.275	348.323
Office and administrative expenses, including fees to auditors	115.915	122.580
Communication expenses	249.996	236.564
Insurance and claims expenses	53.861	33.894
Other expenses	95.388	95.216
Total other operating expenses	<u>1.696.180</u>	<u>1.650.753</u>

10. Finance income and finance costs

Finance income is specified as follows:

	2024	2023
	1.1. - 31.3.	1.1. - 31.3.
Interest income on cash and cash equivalents	58.514	3.268
Interest income on receivables	25.944	23.987
Total finance income	<u>84.458</u>	<u>27.255</u>

Finance costs are specified as follows:

Interest expense and CPI-indexation on loans from credit institutions	784.800	684.889
Interest expense on lease liabilities	124.799	113.656
Other interest expense	30.297	19.352
Total finance costs	<u>939.896</u>	<u>817.897</u>

11. Operating assets

Acquisition of operating assets in the first three months of 2024 amounted to ISK 499 million (2023 Q1: 726 million). Thereof investment in buildings is ISK 156 million (2023 Q1: 411 million), interiors, equipment and tools was ISK 322 million (2023 Q1: 253 million) and investment in computers and other IT hardware was ISK 21 million (2023 Q1: 62 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:

	2024	2023
	1.1. - 31.3.	1.1. - 31.12.
Long-term loans		
Balance at the beginning of the year	26.680.829	28.224.162
Repayments	(1.171)	(1.817.321)
Expensed borrowing costs	4.086	16.449
CPI-indexation	177.839	274.820
Change in current portion	(3.806)	(17.281)
Balance at year-end	<u>26.857.777</u>	<u>26.680.829</u>
Short-term loans		
Current portion of long-term loans	1.810.820	1.807.014
Balance at year-end	<u>1.810.820</u>	<u>1.807.014</u>
Total loans from credit institutions	<u>28.668.597</u>	<u>28.487.843</u>

	Wheighted average interest rates		Outstanding at end of period	
	2024	2023	31.3.2024	31.12.2023
Non-indexed loans at floating interest rates	11,1%	9,9%	17.221.716	24.952.417
CPI-indexed loans at floating interest rates	4,5%	2,5%	11.446.881	3.535.426
Total loans from credit institutions			<u>28.668.597</u>	<u>28.487.843</u>

The maturities of the loans are specified as follows:

Year 2024	1.810.820	1.807.014
Year 2025	7.651.803	7.649.460
Year 2026	1.813.407	1.809.770
Year 2027	1.813.590	1.809.953
Year 2028	1.615.273	1.611.636
Year 2029	1.416.206	1.412.569
Due for payment onwards	12.547.498	12.387.441
Total loans from credit institutions	<u>28.668.597</u>	<u>28.487.843</u>

As of 31 March 2024, the Group had undrawn credit lines in the amount of ISK 4,000 million.

Notes, continued:

13. Lease liabilities

Lease liabilities are specified as follows:

	2024	2023
	1.1. - 31.3.	1.1. - 31.12.
Carrying amount at the beginning of the year	8.652.596	8.426.337
New lease contracts	563.377	503.588
Increase due to indexation of lease payments	(44.904)	564.078
Payment of lease liabilities during the year	(223.621)	(841.407)
Total lease liabilities	<u>8.947.448</u>	<u>8.652.596</u>
Current portion	(889.350)	(859.276)
Total non-current portion of lease liabilities	<u>8.058.098</u>	<u>7.793.320</u>

The maturity analysis of lease liabilities is specified as follows at end of period:

Year 2024	667.013	859.276
Year 2025	934.408	915.771
Year 2026	895.263	869.501
Year 2027	777.376	833.540
Year 2028	614.894	660.715
Year 2029	479.885	0
Due for payment onwards	4.578.609	4.513.793
Total	<u>8.947.448</u>	<u>8.652.596</u>

	2024	2023
	1.1. - 31.3.	1.1. - 31.3.
Impact of lease liabilities in profit or loss are as follows:		
Deprecation of lease assets	254.290	983.402
Interest expensed on lease liabilities	124.799	471.873

Expensed rent due to lease agreements not capitalised:

Real estate rent	77.233	276.733
Other rent payments	3.714	8.299

Impact of rental agreements on Statement of Cash Flows:

Payments due to lease contracts	348.420	1.313.280
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All lease liabilities are denominated in Icelandic krona.

Notes, continued:

14. Group entities

The Condensed Consolidated Interim Financial Statements include the following entities. All subsidiaries are directly or indirectly fully owned by the Parent Company, Festi.

Company	Activity
Festi hf.	Festi is a holding company that specialises in operating companies that are leading in the retail and fuel sale in Iceland. Festi's role is to support its operating companies in fulfilling customers' demands so as to enable them to continue to be at the forefront in providing goods and services across the country. Festi provides its subsidiaries with supporting services, among other things in the area of finance, operations and business development.
Bakkinn vöruhótel ehf.	Bakkinn vöruhótel specialises in product storage, packaging, labelling and distribution of products for customers that elect to outsource their warehouse activities.
ELKO ehf.	ELKO specialises in selling household appliances and electronic equipment. The company operates stores in the capital region, Akureyri and at the Leifur Eiríksson International Airport in Kéflavík, as well as an online shop.
Yrkir eignir ehf.	Yrkir eignir 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 name of Krónan and Smart shop with home deliveries.
Icelandic Food Company ehf.	Icelandic Food Company specialises in production of convenience goods sold in Krónan and N1. The company was purchased entirely at year-end 2022 and was included in Festi's consolidated annual financial statements from 1 January 2003.
Vínportið ehf.	Vínportið began its operations during the year 2022. The company specialises in imports and wholesales of alcohol to ÁTVR stores and to hotels and restaurants.
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. N1 Rafmagn ehf., a subsidiary of N1, was merged in to N1 from 1 January 2023, whereas the operations consist of purchases of electricity in the wholesale market and the retail sale to individuals and companies in Iceland.

Notes, continued:

15. Other matters

Festi hf. (then N1 hf.) made a settlement with the Competition Authority on 30 July 2018 because of the acquisition by the Company of Hlekkur hf. (then Festi hf.). According to the settlement, Festi committed, among other things, to selling five self-service stations within the Capital Region and the convenience store Kjarval located in Hella. The settlement also included behavioural conditions. In December 2020 the Competition Authority announced it would initiate an investigation on potential breaches of the settlement by Festi and requested information and further explanations from the Company regarding several aspects, to which the Company answered at the time.

Festi received on 20 December 2023 an objection document from the Competition Authority in which it was explained that the Authority's preliminary assessment was that Festi has breached several terms of the articles of the settlement, and referred to presumed breaches of article 19, as per article 17 of the Icelandic Competition Act no. 44/2005. Festi submitted its response to the Competition Authority's preliminary assessment in March 2024, where arguments and objections were presented. At this time, it is not possible to assess what the conclusions of the investigation will be or when they will be available.

On 13 July 2023, Festi signed contract for the purchase of all shares in Lyfja hf., which operates 45 pharmacies and branches around Iceland, as well as an online store and an app. Lyfja and its subsidiaries employ around 380 employees and the group's total turnover amounted to ISK 15 billion in 2022 and EBITDA around ISK 1.3 billion. The total purchase price amounts to ISK 7.8 billion, but the purchase is subject to approval by the Competition Authority, which is assessing the purchase. The conclusion is expected in the second quarter of 2024.

16. Financial ratios

The Group's key financial ratios

	2024	2023
	1.1. - 31.3.	1.1. - 31.3.
Operations		
Turnover rate of inventories		
Utilisation of goods / average balance of inventories during the period	7,7	7,3
Sales days in trade receivables:		
Average balance of trade receivables during the period / goods and services sold	13,5	14,9
EBITDA / margin from sales of goods and services	27,0%	22,5%
Salaries and other personnel expenses / margin from sales of goods and services ...	56,1%	59,0%
Other operating expenses / margin from sales of goods and services	24,1%	26,5%
	31.3.2024	31.12.2023
Financial position		
Current ratio: current assets / current liabilities	1,16	1,17
Liquidity ratio: (current assets - inventories) / current liabilities	0,49	0,43
Leverage: net interest bearing liabilities excluding lease liabilities / EBITDA	2,23	2,93
Intrinsic value of share capital	116,65	108,06
Equity ratio: equity / total capital	36,0%	34,9%