



Condensed Consolidated Interim Financial Statements

1 January - 30 June 2024

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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 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 six-month period ended 30 June 2024

For the period from 1 January to 30 June 2024, profit amounted to ISK 1,155 million. Total comprehensive income for the period was ISK 1,144 million. At the end of the period equity amounted to ISK 36,105 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 shareholders in April. Reference is made to the Consolidated Statement of Changes in Equity regarding information on changes in equity.

The operation in the quarter was good and in line with expectation. Inflation and commodity prices remained high affecting product prices and cost overall. There was considerable increase in number of visits to our stores compared to last year. All business segments increased both sales and margin contribution levels from same quarter last year. Sale of goods and services in total increased by 5.4%, margin from sales increased by 10.8% and margin contribution level increased by 1.1% percentage points. The outlook for the second half of the year is good with the important summer months coming up.

On 14 June 2024, Festi and the Icelandic Competition Authority, reached a settlement regarding the purchase of Lyfja hf. which was the final contingency in the purchase agreement signed 13 July 2023. On 10 July 2024 payment for the entire share capital was completed. The reference closing date for the acquisition is 1 July 2024 and Lyfja will therefore be included in the Consolidated Financial Statements in the second half of the year. Further information is in note 15 in the Condensed Interim Financial Statements.

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 2024, its assets, liabilities and Consolidated Financial Position as of 30 June 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 describe the principal risk and uncertainties faced by the Group.

Endorsement and Statement by the Board of Directors and the CEO, continued:

Statement by the Board of Directors and the CEO, continued:

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 2024 and confirm them by means of their signatures.

Kópavogur, 31 July 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 30 June 2024

	Notes	2024 1.4.-30.6.	2023 1.4.-30.6.	2024 1.1.-30.6.	2023 1.1.-30.6.
Sale of goods and services	6	36.037.111	34.199.250	68.260.184	63.682.781
Cost of goods sold		(27.444.240)	(26.442.925)	(52.634.489)	(49.699.168)
Margin from sale of goods and services	7	8.592.871	7.756.325	15.625.695	13.983.613
Other operating income	6	526.692	517.711	1.034.719	1.014.645
Salaries and other personnel expenses	8	(4.410.429)	(4.137.590)	(8.357.291)	(7.810.142)
Other operating expenses	9	(1.793.678)	(1.574.932)	(3.489.858)	(3.225.685)
		(5.677.415)	(5.194.811)	(10.812.430)	(10.021.182)
Operating profit before depreciation, amortisation and changes in fair value (EBITDA)		2.915.456	2.561.514	4.813.265	3.962.431
Depreciation of property and equipment and leased assets and amortisation of intangible assets		(1.125.152)	(945.090)	(2.162.791)	(1.888.854)
Changes in value of investment property		142.112	86.131	255.937	101.677
Operating profit before finance items (EBIT)		1.932.416	1.702.555	2.906.411	2.175.254
Finance income	10	74.042	42.053	158.500	69.308
Finance costs	10	(962.461)	(893.273)	(1.902.357)	(1.711.170)
Foreign currency differences	10	(8.502)	4.288	16.183	28.277
Share of profit of associates		133.548	49.771	220.700	171.835
		(763.373)	(797.161)	(1.506.974)	(1.441.750)
Profit before income tax (EBT)		1.169.043	905.394	1.399.437	733.504
Income tax		(216.229)	(167.351)	(244.867)	(86.526)
Profit for the period		952.814	738.043	1.154.570	646.978
Other comprehensive income					
Items that are or may be reclassified subsequently to profit or loss:					
Translation difference arising from operations of a foreign associate		(5.555)	1.769	(9.037)	(16.118)
Effective portion of changes in fair value of cash flow hedges, net of income tax		(5.105)	(2.903)	(1.786)	(2.873)
Total other comprehensive loss		(10.660)	(1.134)	(10.823)	(18.991)
Total comprehensive income for the period		942.154	736.909	1.143.747	627.987
Basic and diluted earnings per share in ISK		3,16	2,43	3,83	2,13

The notes on pages 9 to 18 are an integral part of these condensed financial statements.

Consolidated Statement of Financial Position as at 30 June 2024

	Notes	30.6.2024	31.12.2023
Assets			
Goodwill		14.842.339	14.842.339
Other intangible assets		4.244.969	4.260.081
Property and equipment	11	35.819.792	35.778.736
Leased assets		8.571.041	8.096.618
Investment property		6.913.708	6.646.805
Shares in associates		2.534.172	2.620.746
Shares in other companies		14.140	14.140
Long-term receivables		45.205	145.176
Non-current assets		<u>72.985.366</u>	<u>72.404.641</u>
Inventories		13.258.512	13.557.248
Trade receivables		6.316.027	5.984.828
Other short-term receivables		974.064	723.185
Cash and cash equivalents		3.394.996	3.362.212
Current assets		<u>23.943.599</u>	<u>23.627.473</u>
Total assets		<u><u>96.928.965</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		11.819.448	12.938.209
Retained earnings		16.210.484	14.828.910
Equity		<u>36.105.168</u>	<u>35.842.355</u>
Liabilities			
Loans from credit institutions	12	26.160.825	26.680.829
Lease liabilities	13	8.233.408	7.793.320
Deferred tax liability		6.430.036	6.185.105
Non-current liabilities		<u>40.824.269</u>	<u>40.659.254</u>
Loans from credit institutions	12	1.816.296	1.807.014
Lease liabilities	13	963.328	859.276
Trade payables		10.041.308	9.760.363
Other short-term liabilities		7.178.596	7.103.852
Current liabilities		<u>19.999.528</u>	<u>19.530.505</u>
Total liabilities		<u>60.823.797</u>	<u>60.189.759</u>
Total equity and liabilities		<u><u>96.928.965</u></u>	<u><u>96.032.114</u></u>

The notes on pages 9 to 18 are an integral part of these condensed financial statements.

Consolidated Statement of Changes in Equity for the period from 1 January to 30 June 2024

	Share capital	Share premium	Statutory reserve	Other restricted equity			Retained earnings	Total equity
				Revaluation reserve	Unrealised profit of subsidiaries and associates	Other restricted accounts		
1 January to 30 June 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
Profit for the period							646.978	646.978
Total other comprehensive income						(18.991)	(18.991)	(18.991)
Restricted due to subsidiaries and associates					(1.894.451)		1.894.451	0
Dissolution of revaluation of an associate				(4.863)			4.863	0
Dissolution of revaluation of property and equipment				(50.428)			50.428	0
	<u>307.500</u>	<u>8.900.637</u>	<u>76.875</u>	<u>4.646.659</u>	<u>5.134.088</u>	<u>(34.967)</u>	<u>16.057.298</u>	<u>35.088.090</u>
<i>Transactions with shareholders:</i>								
Purchase of own shares	(3.000)	(530.123)						(533.123)
Transferred from statutory reserves			(750)				750	0
Dividend paid (ISK 3.00 per share)							(913.500)	(913.500)
Equity 30.6.2023	<u>304.500</u>	<u>8.370.514</u>	<u>76.125</u>	<u>4.646.659</u>	<u>5.134.088</u>	<u>(34.967)</u>	<u>15.144.548</u>	<u>33.641.467</u>
Total other restricted equity						<u>9.821.905</u>		
1 January to 30 June 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							1.154.570	1.154.570
Total other comprehensive income						(10.823)	(10.823)	(10.823)
Restricted due to subsidiaries and associates					(1.038.209)		1.038.209	0
Dissolution of revaluation of an associate				(7.355)			7.355	0
Dissolution of revaluation of property and equipment				(62.374)			62.374	0
	<u>301.254</u>	<u>7.773.982</u>	<u>75.314</u>	<u>4.496.269</u>	<u>7.284.205</u>	<u>(36.340)</u>	<u>17.091.418</u>	<u>36.986.102</u>
<i>Transactions with shareholders:</i>								
Stock options							22.827	22.827
Dividend paid (ISK 3.00 per share)							(903.761)	(903.761)
Equity 30.6.2024	<u>301.254</u>	<u>7.773.982</u>	<u>75.314</u>	<u>4.496.269</u>	<u>7.284.205</u>	<u>(36.340)</u>	<u>16.210.484</u>	<u>36.105.168</u>
Total other restricted equity						<u>11.819.448</u>		

The notes on pages 9 to 18 are an integral part of these condensed financial statements.

Consolidated Statement of Cash Flows for the period from 1 January to 30 June 2024

Notes	2024 1.4.-30.6.	2023 1.4.-30.6.	2024 1.1.-30.6.	2023 1.1.-30.6.
Cash flows from operating activities				
Operating profit before depreciation, amortisation and changes in fair value (EBITDA)	2.915.456	2.561.514	4.813.265	3.962.431
Operating items not affecting cash flows:				
Gain on sale of property and equipment	(1.785)	(2.423)	(3.362)	(7.597)
	<u>2.913.671</u>	<u>2.559.091</u>	<u>4.809.903</u>	<u>3.954.834</u>
Changes in operating assets and liabilities:				
Inventories, decrease (increase)	1.140.764	(61.827)	298.736	(1.173.397)
Trade and short-term receivables, decrease (increase)	422.984	(238.059)	(338.093)	104.614
Trade and other short-term liabilities, (decrease) increase	(639.604)	1.844.657	411.687	3.289.207
Changes in operating assets and liabilities	<u>924.144</u>	<u>1.544.771</u>	<u>372.330</u>	<u>2.220.424</u>
Interest received	36.206	37.565	76.005	64.416
Interest paid	(756.418)	(1.135.909)	(1.548.514)	(1.849.084)
Income tax paid	(54.615)	(146.892)	(109.230)	(293.784)
Net cash from operating activities	<u>3.062.988</u>	<u>2.858.626</u>	<u>3.600.494</u>	<u>4.096.806</u>
Cash flows used in investing activities				
Purchased intangible assets	(220.274)	(132.343)	(396.492)	(248.877)
Purchased property and equipment	(701.569)	(575.517)	(1.200.797)	(1.301.542)
Sold property and equipment	27.871	6.262	35.211	43.466
Purchased investment properties	(34.043)	(5.810)	(99.342)	(15.528)
Dividend received from associates	298.238	347.784	298.238	347.784
Long-term receivables and securities, change	100.408	29.267	99.485	29.052
Net cash used in investing activities	<u>(529.369)</u>	<u>(330.357)</u>	<u>(1.263.697)</u>	<u>(1.145.645)</u>
Cash flows used in financing activities				
Dividend paid	(903.761)	(913.500)	(903.761)	(913.500)
Purchased own shares	0	0	0	(533.123)
New long-term loans from credit institutions	4.491	0	4.491	0
Repayment of long-term loans from credit institutions	(918.164)	(905.540)	(919.335)	(906.975)
Repayment of lease liabilities	(241.583)	(198.261)	(465.203)	(395.448)
Net cash used in financing activities	<u>(2.059.017)</u>	<u>(2.017.301)</u>	<u>(2.283.808)</u>	<u>(2.749.046)</u>
Increase in cash and cash equivalents	474.602	510.968	52.989	202.115
Foreign currency difference on cash and cash equivalents	(40.759)	(8.617)	(20.205)	11.437
Cash and cash equivalents at the beginning of the period	2.961.153	1.823.338	3.362.212	2.112.137
Cash and cash equivalents at the end of the period	<u>3.394.996</u>	<u>2.325.689</u>	<u>3.394.996</u>	<u>2.325.689</u>
Investing and financing activities not affecting cash flows				
New lease contracts and their remeasurement	(490.870)	(284.257)	(1.009.343)	(582.406)
New lease liabilities and their remeasurement	490.870	284.257	1.009.343	582.406

The notes on pages 9 to 18 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 six months ended 30 June 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 six months ended 30 June 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 31 July 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 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 to a segment in a logical way. Capital expenditure of segments consist of the total cost of acquisition of operating property and equipment and intangible assets. Transactions between segments are priced on an arm's length basis.

The operating companies of N1, Krónan, ELKO and Yrkir eignir 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 and Bakinn Vöruhótel. Yrkir eignir took over from 1 January 2024 all of the real estate business of the Group. It was a part of other companies' segment in 2023 but is now restated and shown separately in comparative figures below as it's operation was then.

Reportable segments for the six months ended 30 June 2024

	N1	Krónan	ELKO	Yrkir eignir	Other companies	Segments total
External revenue	25.795.599	34.364.449	8.593.700	261.253	279.902	69.294.903
Intra-group revenue	227.970	799.584	8.515	1.854.756	2.651.794	5.542.619
Total segment revenue	26.023.569	35.164.033	8.602.215	2.116.009	2.931.696	74.837.522
Operating profit before depreciation, amortisation and changes in value (EBITDA) ..	1.599.328	2.612.516	639.866	1.661.290	995.067	7.508.067
Segment depreciation and amortisation	(1.387.048)	(1.172.260)	(300.709)	(966.059)	(412.986)	(4.239.062)
Changes in value of investment property	0	0	0	255.937	0	255.937
Operating profit of segments (EBIT)	212.280	1.440.256	339.157	951.168	582.081	3.524.942
Net finance costs	(410.305)	(153.907)	(34.499)	(876.935)	(982.458)	(2.458.104)
Share of profit of associates	0	0	0	0	220.700	220.700
Income tax	41.799	(270.833)	(64.298)	(15.589)	86.434	(222.487)
(Loss) profit for the period	(156.226)	1.015.516	240.360	58.644	(93.243)	1.065.051

30 June 2024

Segment assets	26.734.138	22.761.456	5.866.160	31.971.521	68.231.679	155.564.954
Segment capital expenditure	806.566	451.510	165.194	154.110	154.442	1.731.822
Segment liabilities	17.445.219	18.114.430	4.253.440	24.478.449	29.989.757	94.281.295

Reportable segments for the six months ended 30 June 2023

	N1	Krónan	ELKO	Yrkir eignir	Other companies	Segments total
External revenue	25.864.266	30.022.474	8.286.250	256.079	268.357	64.697.426
Intra-group revenue	172.811	648.219	8.772	646.533	2.836.543	4.312.878
Total segment revenue	26.037.077	30.670.693	8.295.022	902.612	3.104.900	69.010.304
Operating profit before depreciation, amortisation and changes in value (EBITDA) ..	1.418.886	2.099.357	599.099	692.727	1.070.730	5.880.799
Segment depreciation and amortisation	(1.421.242)	(1.046.148)	(272.209)	(158.950)	(362.651)	(3.261.200)
Changes in value of investment property	0	0	0	101.677	0	101.677
Operating (loss) profit of segments (EBIT) ..	(2.356)	1.053.209	326.890	635.454	708.079	2.721.276
Net finance costs	(531.753)	(215.434)	(43.937)	(564.762)	(964.209)	(2.320.095)
Share of profit of associates	0	0	0	0	171.835	171.835
Income tax	106.822	(152.548)	(56.590)	(14.138)	62.026	(54.428)
(Loss) profit for the period	(427.287)	685.227	226.363	56.554	(22.269)	518.588

30 June 2023

Segment assets	29.818.773	21.376.282	5.605.282	22.928.666	63.991.686	143.720.689
Segment capital expenditure	627.507	273.480	116.711	511.705	203.187	1.732.590
Segment liabilities	20.754.607	17.360.892	4.278.231	16.264.265	27.619.270	86.277.265

Notes, continued:

5. Operating segments, continued

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

1.1.-30.6.2024	Segments total	Eliminations	According to financial statements
Operating profit before depreciation, amortisation and changes in fair value (EBITDA)	7.508.067	(2.694.802)	4.813.265
Depreciation of property and equipment and leased assets and amortisation of intangible assets	(4.239.062)	2.076.271	(2.162.791)
Changes in fair value of investment property	255.937		255.937
Operating profit (EBIT)	3.524.942	(618.531)	2.906.411
Net finance costs	(2.458.104)	730.430	(1.727.674)
Share of profit of associates	220.700		220.700
Income tax	(222.487)	(22.380)	(244.867)
Profit for the period	1.065.051	89.519	1.154.570
30 June 2024			
Segment assets	155.564.954	(58.635.989)	96.928.965
Segment capital expenditure	1.731.822	(35.191)	1.696.631
Segment liabilities	94.281.295	(33.457.498)	60.823.797
1.1.-30.6.2023			
Operating profit before depreciation, amortisation and changes in fair value (EBITDA)	5.880.799	(1.918.368)	3.962.431
Depreciation of property and equipment and leased assets and amortisation of intangible assets	(3.261.200)	1.372.346	(1.888.854)
Changes in fair value of investment property	101.677		101.677
Operating profit (EBIT)	2.721.276	(546.022)	2.175.254
Net finance costs	(2.320.095)	706.510	(1.613.585)
Share of profit of associates	171.835		171.835
Income tax	(54.428)	(32.098)	(86.526)
Profit for the period	518.588	128.390	646.978
30 June 2023			
Segment assets	143.720.689	(48.949.558)	94.771.131
Segment capital expenditure	1.732.590	(166.643)	1.565.947
Segment liabilities	86.277.265	(25.147.601)	61.129.664

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 property. An investment property is a real estate held to earn rentals or for capital appreciation or both. Investment property is recognised at fair value. Fair value changes of investment property 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	2024	2023
	1.4.-30.6.	1.4.-30.6.	1.1.-30.6.	1.1.-30.6.
Sale of goods and services:				
Convenience goods	19.199.497	17.477.085	37.173.488	32.859.983
Fuel and electricity	10.003.001	9.642.103	18.455.580	18.003.290
Electronic equipment	4.461.523	4.374.124	8.495.190	8.219.783
Sale of other goods and services	2.373.090	2.705.938	4.135.926	4.599.725
Total sale of goods and services	<u>36.037.111</u>	<u>34.199.250</u>	<u>68.260.184</u>	<u>63.682.781</u>
Other operating income:				
Lease income from properties	175.411	172.808	359.030	340.515
Warehouse services	106.536	100.969	211.371	193.610
Commissions	122.761	113.996	234.675	223.641
Gain on sale of property and equipment	1.785	2.423	3.362	7.597
Other operating income	120.199	127.515	226.281	249.282
Total other operating income	<u>526.692</u>	<u>517.711</u>	<u>1.034.719</u>	<u>1.014.645</u>
Total operating revenue	<u>36.563.803</u>	<u>34.716.961</u>	<u>69.294.903</u>	<u>64.697.426</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.

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

	2024	2023	2024	2023
	1.4.-30.6.	1.4.-30.6.	1.1.-30.6.	1.1.-30.6.
Convenience goods	4.506.189	4.021.052	8.489.049	7.491.778
Fuel and electricity	1.885.599	1.562.061	3.293.779	2.691.722
Electronic equipment	1.152.531	1.098.633	2.184.062	2.025.207
Other goods and services	1.048.552	1.074.579	1.658.805	1.774.906
Margin from sale of goods and services	<u>8.592.871</u>	<u>7.756.325</u>	<u>15.625.695</u>	<u>13.983.613</u>

Notes, continued:

8. Salaries and other personnel expenses

Salaries and other personnel expenses are specified as follows:

	2024	2023	2024	2023
	1.4.-30.6.	1.4.-30.6.	1.1.-30.6.	1.1.-30.6.
Salaries	3.480.380	3.239.235	6.430.789	6.032.177
Salary-related expenses	748.803	729.955	1.582.220	1.475.215
Other personnel expenses	181.246	168.400	344.282	302.750
Total salaries and other personnel expenses	<u>4.410.429</u>	<u>4.137.590</u>	<u>8.357.291</u>	<u>7.810.142</u>

9. Other operating expenses

Other operating expenses are specified as follows:

Operating expenses of properties	528.585	522.876	1.054.386	1.034.641
Maintenance expenses	264.072	238.903	547.016	541.314
Sales and marketing expenses	481.031	377.705	853.306	726.028
Office and administrative expenses	142.025	132.079	257.940	254.659
Communication expenses	253.261	207.583	503.257	444.147
Insurance and claims cost	47.603	9.567	101.464	43.461
Other expenses	77.101	86.219	172.489	181.435
Total other operating expenses	<u>1.793.678</u>	<u>1.574.932</u>	<u>3.489.858</u>	<u>3.225.685</u>

10. Finance income and finance costs

Finance income is specified as follows:

Interest income on cash and cash equivalents	46.533	15.722	105.047	18.990
Interest income on receivables	27.509	26.331	53.453	50.318
Total finance income	<u>74.042</u>	<u>42.053</u>	<u>158.500</u>	<u>69.308</u>

Finance costs are specified as follows:

Interest expense and CPI-index on loans	810.411	759.857	1.595.211	1.444.746
Interest expense on lease liabilities	129.364	115.245	254.163	228.901
Other interest expense	22.686	18.171	52.983	37.523
Total finance costs	<u>962.461</u>	<u>893.273</u>	<u>1.902.357</u>	<u>1.711.170</u>

11. Operating assets

Acquisition of operating assets and investment properties in the first six months of 2024 amounted to ISK 1,300 million (2023 6M: ISK 1,317 million). Thereof investment in buildings is ISK 499 million (2023 6M: ISK 704 million), interiors, equipment and tools was ISK 747 million (2023 6M: ISK 470 million) and investment in computers and other IT hardware was ISK 54 million (2023 6M: ISK 143 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.-30.6.	1.1.-31.12.
Long-term		
Balance at the beginning of the year	26.680.829	28.224.162
New long-term loans.....	4.491	0
Repayments	(919.335)	(1.817.321)
Expensed borrowing costs.....	8.156	16.449
CPI-indexation.....	395.966	274.820
Change in current portion.....	(9.282)	(17.281)
Balance at the end of the period.....	<u>26.160.825</u>	<u>26.680.829</u>
Short-term		
Current portion of long-term loans	1.816.296	1.807.014
Balance at the end of the period.....	<u>1.816.296</u>	<u>1.807.014</u>
Total loans from credit institutions	<u>27.977.121</u>	<u>28.487.843</u>

	Weighted average interest rates		Outstanding amounts at	
	2024	2023	30.6.2024	31.12.2023
Non-indexed loans at floating interest rates	11,0%	9,9%	16.633.715	24.952.417
CPI-indexed loans at floating interest rates	4,5%	2,5%	11.343.406	3.535.426
Total loans from credit institutions			<u>27.977.121</u>	<u>28.487.843</u>

The maturities of the loans are specified as follows:

Year 2024.....	911.080	1.807.014
Year 2025.....	7.658.458	7.649.460
Year 2026.....	1.817.916	1.809.770
Year 2027.....	1.818.099	1.809.953
Year 2028.....	1.619.782	1.611.636
Year 2029.....	1.420.715	1.412.569
Due for payment onwards	12.731.071	12.387.441
Total loans from credit institutions	<u>27.977.121</u>	<u>28.487.843</u>

As at 30 June 2024, the Group had ISK 3,000 million in undrawn credit lines.

Notes, continued:

13. Lease liabilities

Lease liabilities are specified as follows:

	2024	2023
	1.1.-30.6.	1.1.-31.12.
Carrying amount at the beginning of the year.....	8.652.596	8.426.337
New lease contracts.....	402.761	503.588
Increase due to indexation of lease payments.....	606.582	564.078
Payment of lease liabilities during the year.....	(465.203)	(841.407)
Total lease liabilities.....	9.196.736	8.652.596
Current portion.....	(963.328)	(859.276)
Total non-current portion of lease liabilities.....	8.233.408	7.793.320

The maturity analysis of lease liabilities is specified as follows:

Year 2024.....	481.664	859.276
Year 2025.....	979.486	915.771
Year 2026.....	984.861	869.501
Year 2027.....	879.320	833.540
Year 2028.....	704.751	660.715
Year 2029.....	560.214	446.992
Due for payment onwards.....	4.606.440	4.066.801
Total.....	9.196.736	8.652.596

	2024	2023
	1.1.-30.6.	1.1.-31.12.

Impact of lease liabilities in profit or loss are as follows:

Deprecation of lease assets.....	534.599	983.402
Interest expensed on lease liabilities.....	254.163	471.873

Expensed rent due to lease agreements not capitalised:

Real estate rent.....	159.865	276.733
Other rent payments.....	8.312	8.299

Impact of rental agreements on Statement of Cash Flows:

Payments due to lease contracts.....	719.366	1.313.280
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All lease liabilities are denominated in Icelandic krona.

Notes, continued:

14. Group entities

The Company held five subsidiaries at end of June 2024. The subsidiaries are all fully owned by the parent.

<u>Company</u>	<u>Activity</u>
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 Keflavik, 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 names of Krónan. It also operates online store with home deliveries.
Icelandic Food Company ehf.	Icelandic Food Company specialises in production of convenience goods sold in Krónan and N1.
Vínportið ehf.	Vínportið specialises in imports and wholesales of wines and spirits containing 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 also purchases electricity in the wholesale market and sells in retail electricity to individuals and companies in Iceland.

Notes, continued:

15. Business combination

On 13 July 2023, Festi signed purchase agreement for the entire share capital of Lyfja hf. which specializes in pharmacy operations as well as wholesale and retail sales of health-related products. The company operates 45 pharmacies and branches all around Iceland. On 14 June 2024, Festi and the Icelandic Competition Authority, reached a settlement regarding the purchase which was the final contingency in the purchase agreement. The purchase price for the acquisition amounted to ISK 7,117 million, Following is breakdown of the purchase price:

Issued new share capital in July 2024	2.040.000
Cash payment in July 2024	5.077.435
Total purchase price	7.117.435

The reference closing date for the acquisition is 1 July 2024 and will Lyfja therefore be included in the Consolidated Financial Statements in the second half of the year. Lyfja's turnover in 2023 was ISK 16.4 billion and EBITDA ISK 1.4 billion. EBITDA forecast for 1 July to 31 December 2024 is ISK 0.8 billion.

The effect on Financial Position is the values of assets and liabilities recognized on acquisition as their estimated fair values. Purchase price allocation of calculated goodwill on acquisition has not been finalized. The following table describes the consideration paid for Lyfja and the recognized provisional amount of assets acquired and liabilities assumed at the acquisition date:

Property and equipment	1.233.440
Leased assets	2.117.859
Shares in other companies	3.700
Inventories	1.356.874
Trade and other receivables	492.799
Cash and cash equivalents	935.328
Loans from credit institutions	(1.563.782)
Lease liabilities	(2.276.033)
Deferred tax liability	(167.195)
Trade and other payables	(2.022.158)
Total net identified assets	110.832
Goodwill	7.006.603
Purchase price	7.117.435

16. Other matters

Festi hf. (then N1 hf.) made a settlement with the Competition Authority on 30 July 2018 because of the acquisition 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.

Notes, continued:

17. Financial ratios

The Group's key financial ratios

	2024	2023
	1.1.-30.6.	1.1.-30.6.
Operations		
Turnover rate of inventories		
Utilisation of goods / average balance of inventories during the period.....	7,9	7,3
Sales days in trade receivables:		
Average balance of trade receivables during the period /		
goods and services sold	13,5	13,9
EBITDA / margin from sales of goods and services.....	30,8%	28,3%
Salaries and personnel expenses / margin from sales of goods and services.....	53,5%	55,9%
Other operating expenses / margin from sales of goods and services.....	22,3%	23,1%
	30.6.2024	31.12.2023
Financial position		
Current ratio: current assets / current liabilities.....	1,20	1,21
Liquidity ratio: (current assets - inventories) / current liabilities.....	0,53	0,52
Leverage: net interest bearing liabilities excluding lease liabilities / EBITDA.....	2,07	2,28
Intrinsic value of share capital	119,85	118,98
Equity ratio: equity / total capital.....	37,2%	37,3%
Return on equity: profit for last 12 months / average balance of equity.....	11,2%	10,0%