



Condensed Consolidated Interim Financial Statements
1 January - 30 June 2021

Festi hf.
Dalvegur 10-14
201 Kópavogur
Iceland

Reg. no. 540206-2010

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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 2021 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 2020. 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 2021

For the period from 1 January to 30 June 2021, profit amounted to ISK 1,332 million. Total comprehensive income for the period was ISK 1,494 million. At the end of the period equity amounted to ISK 29,906 million, including share capital in the amount of ISK 321 million. Reference is made to the consolidated statement of changes in equity regarding information on changes in equity.

Effect of COVID-19 on the operations

The COVID-19 pandemic continues to have effect on the Group's operations. Sales is increased in groceries and electronic equipment while there is decrease in sales of fuel and sale of goods in service stations around the country because of border restrictions affecting tourism.

It is the Board's and management opinion that the Group is well prepared to address more demanding circumstances related to the COVID-19 pandemic. Management believes that the Company has the strength to reach its financial goals regarding profit and growth in the future.

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 Standards 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 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 2021, its assets, liabilities and consolidated financial position as at 30 June 2021, and its consolidated cash flows for the period then ended.

Furthermore, in our opinion the consolidated interim financial statements and the statement and endorsement of 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 2021 and confirm them by means of their signatures.

Kópavogur, 28 July 2021.

Board of Directors

Þórður Már Jóhannesson, Chairman
Guðjón Karl Reynisson, Vice-Chairman
Margrét Guðmundsdóttir
Kristín Guðmundsdóttir
Þórey G. Guðmundsdóttir

CEO

Eggert Þór Kristófersson

Consolidated Statement of Comprehensive Income for the period from 1 January to 30 June 2021

	Notes	2021 1.4.-30.6.	2020 1.4.-30.6.	2021 1.1.-30.6.	2020 1.1.-30.6.
Sale of goods and services	6	24.326.416	20.588.878 *	45.243.642	39.419.388 *
Cost of goods sold		(18.220.853)	(15.365.192) *	(33.994.358)	(29.891.936) *
Margin from sale of goods and services	7	6.105.563	5.223.686	11.249.284	9.527.452
Other operating income	6	603.412	378.973 *	1.058.430	753.121 *
Salaries and other personnel expenses	8	(3.016.679)	(2.708.235)	(5.834.337)	(5.112.949)
Other operating expenses	9	(1.233.879)	(1.191.239) *	(2.509.985)	(2.443.807) *
		<u>(3.647.146)</u>	<u>(3.520.501)</u>	<u>(7.285.892)</u>	<u>(6.803.635)</u>
Operating profit before depreciation and amortization (EBITDA)		2.458.417	1.703.185	3.963.392	2.723.817
Depreciation and amortization		(714.239)	(654.356)	(1.443.033)	(1.276.633)
Changes in value of investment property		22.695	59.907	(41.428)	59.907
Operating profit (EBIT)		1.766.873	1.108.736	2.478.931	1.507.091
Finance income	10	13.275	67.532	48.445	180.245
Finance costs	10	(612.266)	(602.496)	(1.052.394)	(1.055.506)
Share of profit of associates		80.787	61.736	126.008	69.315
		<u>(518.204)</u>	<u>(473.228)</u>	<u>(877.941)</u>	<u>(805.946)</u>
Profit before income tax (EBT)		1.248.669	635.508	1.600.990	701.145
Income tax		(206.147)	(110.095)	(269.140)	(123.074)
Profit for the period		1.042.522	525.413	1.331.850	578.071
Other comprehensive income					
Items that are or may be reclassified subsequently to profit or loss:					
Translation differences of foreign operations		(5.021)	2.667	(32.161)	49.604
Net change in fair value of equity investments		0	30.000	0	30.000
Effective portion of changes in fair value of cash flow hedge, net of tax		43.118	15.925	194.052	65.341
Total other comprehensive income		38.097	48.592	161.891	144.945
Total comprehensive income for the period		1.080.619	574.005	1.493.741	723.016
Basic and diluted earnings per share in ISK		3,21	1,60	4,12	1,76

Consolidated Statement of Financial Position as at 30 June 2021

	Notes	30.6.2021	31.12.2020
Assets			
Goodwill		14.668.264	14.668.264
Other intangible assets		4.910.427	4.971.338
Property and equipment	11	32.058.000	32.297.379
Leased assets		4.965.365	5.419.566
Investment properties		7.427.565	7.466.994
Shares in associates		2.046.567	2.149.682
Shares in other companies		12.940	12.760
Long-term receivables		259.706	271.713
Non-current assets		<u>66.348.834</u>	<u>67.257.696</u>
Inventories		9.001.306	7.668.262
Trade receivables		5.586.221	4.923.709
Other short-term receivables		967.205	951.935
Cash and cash equivalents		3.134.061	2.562.942
Current assets		<u>18.688.793</u>	<u>16.106.848</u>
Total assets		<u>85.037.627</u>	<u>83.364.544</u>
Equity			
Share capital		321.091	323.091
Share premium		11.878.332	12.278.381
Other restricted equity		6.629.441	7.593.335
Retained earnings		11.077.182	9.588.818
Equity		<u>29.906.045</u>	<u>29.783.625</u>
Liabilities			
Loans from credit institutions	12	28.838.566	29.074.806
Lease liabilities		4.753.088	5.180.547
Deferred tax liability		4.981.321	4.663.668
Non-current liabilities		<u>38.572.975</u>	<u>38.919.021</u>
Loans from credit institutions	12	3.501.703	3.473.774
Lease liabilities		430.759	430.085
Trade payables		7.254.738	7.018.995
Other short-term liabilities		5.371.406	3.739.044
Current liabilities		<u>16.558.606</u>	<u>14.661.898</u>
Total liabilities		<u>55.131.581</u>	<u>53.580.919</u>
Total equity and liabilities		<u>85.037.627</u>	<u>83.364.544</u>

The notes on pages 8 to 14 are an integral part of these financial statements

Consolidated Statement of Changes in Equity for the period from 1 January to 30 June 2021

	Other restricted equity							Retained earnings	Total equity
	Share capital	Share premium	Statutory reserve	Revaluation reserve	Unrealised profit of subsidiaries and associates	Other reserves	(
1 January to 30 June 2020									
Equity 1.1.2020	328.574	13.010.171	82.144	3.400.963	2.399.183	(67.129)	9.534.338	28.688.244	
Transferred from statutory reserve			(380)				380	0	
Total comprehensive income for the period							144.945	578.071	723.016
Restricted due to subsidiaries and associates					(42.441)			42.441	0
Dissolution of revaluation of an associate				(10.404)				10.404	0
Dissolution of revaluation of property and equipment				(35.946)				35.946	0
Equity 30.06.2020	328.574	13.010.171	81.764	3.354.613	2.356.742	77.816	10.201.580	29.411.260	
<i>Transactions with shareholders:</i>									
Issued new share capital	3.126	403.265							406.391
Purchase of own shares	(4.645)	(538.419)							(543.064)
Equity 30.6.2020	327.055	12.875.017	81.764	3.354.613	2.356.742	77.816	10.201.580	29.274.587	
Total other restricted equity							5.870.935		
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
Equity 30.06.2021	323.091	12.278.381	80.273	3.228.621	3.011.577	308.970	12.046.454	31.277.366	
<i>Transactions with shareholders:</i>									
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	80.273	3.228.621	3.011.577	308.970	11.077.182	29.906.045	
Total other restricted equity							6.629.441		

The notes on pages 8 to 14 are an integral part of these financial statements

Consolidated Statement of Cash Flows

for the period 1 January to 30 June 2021

	Note	2021 1.4.-30.6.	2020 1.4.-30.6.	2021 1.1.-30.6.	2020 1.1.-30.6.
Cash flows from operating activities					
Operating profit before depreciation & amortization (EBITDA) .		2.458.417	1.703.185	3.963.392	2.723.817
Operating items not affecting cash flows:					
Gain on sale of property and equipment		(164.189)	(3.399)	(207.147)	(638)
Gain on sale of shares in other companies		(3.933)	0	(3.933)	0
		<u>2.290.295</u>	<u>1.699.786</u>	<u>3.752.312</u>	<u>2.723.179</u>
Changes in operating assets and liabilities:					
Inventories, (increase) decrease		(535.371)	(105.275)	(1.333.044)	179.161
Trade and short-term receivables, increase		(439.750)	(842.816)	(435.217)	(630.633)
Trade and other short-term liabilities, increase		1.958.774	722.098	1.964.485	609.331
Changes in operating assets and liabilities		<u>983.653</u>	<u>(225.993)</u>	<u>196.224</u>	<u>157.859</u>
Interest received		20.421	19.062	32.986	64.753
Interest paid		(254.093)	(364.214)	(501.353)	(751.597)
Income tax paid		(49.024)	(106.975)	(98.048)	(278.802)
Net cash from operating activities		<u>2.991.252</u>	<u>1.021.666</u>	<u>3.382.121</u>	<u>1.915.392</u>
Cash flows used in investing activities					
Purchase of intangible assets		(169.629)	(190.788)	(300.924)	(430.489)
Purchase of property and equipment	11	(367.143)	(524.076)	(686.010)	(853.277)
Sale of property and equipment		233.872	9.542	309.910	13.792
Purchase of investment properties		(1.018)	(1.305)	(1.999)	(3.960)
Purchase of shares in other companies		(4.114)	(16.070)	(22.114)	(27.911)
Sale of shares in other companies		3.933	0	3.933	0
Dividend received from associates		186.000	0	214.962	0
Purchase of subsidiary, net of cash acquired		0	(76.094)	0	(76.094)
Long-term receivables and securities, change		36.772	(31.517)	14.345	(59.017)
Net cash used in investing activities		<u>(81.327)</u>	<u>(830.308)</u>	<u>(467.897)</u>	<u>(1.436.956)</u>
Cash flows used in financing activities					
Dividend paid		(969.272)	0	(969.272)	0
Purchase of own shares		(402.049)	0	(402.049)	(543.064)
Repayment of long-term loans from credit institutions		(757.801)	(867.625)	(757.801)	(867.625)
Payment of the principal portion of lease liabilities		(113.845)	(75.603)	(231.154)	(176.743)
Short term loans, change		0	(493)	0	(1.514)
Net cash used in financing activities		<u>(2.242.967)</u>	<u>(943.721)</u>	<u>(2.360.276)</u>	<u>(1.588.946)</u>
Increase (decrease) in cash and cash equivalents		666.958	(752.363)	553.948	(1.110.510)
Effect of movements in exchange rates on cash held		4.184	23.916	17.171	36.060
Cash and cash equivalents at the beginning of the period .		2.462.919	5.022.751	2.562.942	5.368.754
Cash and cash equivalents at the end of the period		3.134.061	4.294.304	3.134.061	4.294.304
Investing and financing activities not affecting cash flows					
Purchase of shares in other companies		0	(406.391)	0	(406.391)
Issued new share capital		0	406.391	0	406.391

The notes on pages 8 to 14 are an integral part of these financial statements

Notes to the Consolidated 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 consists of sale of fuel, goods and service to entities, 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 2021 comprise of the Company and its subsidiaries (together referred to as the "Group" and the Group's interests in associates. The Company is listed on Nasdaq Iceland.

The Group's consolidated financial statements as at and for the year ended 31 December 2020 is available at its website address, www.festi.is and at The Icelandic Stock Exchange website www.nasdaqmx.com.

2. Basis of preparation

The condensed consolidated interim financial statements for the six months ended 30 June 2021 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 2020.

The accounting policies and methods of computation applied in these 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 2020 except for the changes stated in note 4.

The consolidated 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 consolidated interim financial statements on 28 July 2021.

3. Use of estimates and judgements

The preparation of the consolidated 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 2020. The estimates and assumptions that are affected by COVID-19 and have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the current financial year are the following:

Estimated impairment

The Group annually tests, in accordance with the Group's accounting policies, whether the financial and non-financial assets, including goodwill are impaired. At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. COVID-19 classifies as such an impairment indicator and therefore the financial and non-financial assets, including goodwill, were assessed if there was any indication of impairment. The Group's goodwill is allocated on three Cash Generating Units ("CGU"), grocery stores, electronic equipment stores and the Group as a whole. Both business in grocery stores and electronic equipment are experiencing considerable growth but sale in fuel and sale of fast food and refreshments in service stations around Iceland has experienced considerable drop. In management opinion the market should recover there fully in the next 3 to 9 months given the introduction of vaccine. A full impairment test on goodwill was therefore not performed.

The buildings and investment properties of the Group are real estate used for its own business and as rented space to third parties. Investment properties are recognised at fair value at the reporting date. Fair value measurement is based on discounted cash flows of individual assets. The forecast period applied in the model is 50 years. All the lessees were evaluated based on COVID-19 effects on their business and possible contract termination. The result showed that there is no impairment on these assets and therefore no reason to deviate from the conclusion at year-end 2020.

Expected credit losses

Under IFRS 9, loss allowances are measured based on Expected Credit Losses ("ECL") that result from all possible default events over the expected life of a financial instrument. As a result of COVID-19, the Group reassessed the ECL used in calculating its loss allowances. Based on the industry which the Group operates in and current market insights, it is expected that impairment losses will increase slightly short term, which is reflected in these financial statements.

Notes, continued:

4. Changes in classification of operating expenses

The classification of certain operating revenue and operating expenses has been changed in order to harmonise their classification among the Group's entities. Comparative figures have been restated accordingly. The change did not have any impact on the performance of the Group, its assets, liabilities, equity or cash flows. The most significant change is that commission income is now recognised among other operating income, but was previously recognised as part of sale of goods and services, reimbursed discounts are now recognised as a decrease in cost of goods sold and market grants are recognised among other operating income but those two items were previously recognised as a decrease of sale and marketing expenses. Restated comparative amounts are in note 6, 7 and 9.

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. Íslensk Orkumidlun which was acquired on 1 June 2020 is included in N1 segment as part of its operation. The Group's other entities comprise the fourth segment. That segment consists of the operations of the parent company Festi, Bakkinn Vöruhótel and Festi fasteignir.

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	<u>15.963.468</u>	<u>23.197.013</u>	<u>6.777.213</u>	<u>3.496.476</u>	<u>49.434.170</u>
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)	<u>413.689</u>	<u>1.229.284</u>	<u>443.054</u>	<u>912.706</u>	<u>2.998.733</u>
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	<u>(23.829)</u>	<u>811.773</u>	<u>318.277</u>	<u>12.208</u>	<u>1.118.429</u>
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	171.446	988.932
Segment liabilities	16.698.309	13.806.727	3.821.760	20.804.785	55.131.581

Notes, continued:

5. Operating segments, continued:

Reportable segments for the six months ended 30 June 2020

	N1	Krónan	ELKO	Other companies	Total
External revenue	14.160.941	20.037.547	5.490.575	483.446	40.172.509
Intra-group revenue	33.564	80.021	7.958	2.903.411	3.024.954
Total segment revenue	14.194.505	20.117.568	5.498.533	3.386.857	43.197.463
Operating profit before depreciation, and amortization (EBITDA)	892.258	1.360.989	467.848	1.646.065	4.367.160
Segment depreciation and amortisation	(1.127.114)	(659.490)	(172.498)	(697.542)	(2.656.644)
Changes in value of investment properties ..	0	0	0	59.907	59.907
Operating (loss) profit of segments (EBIT) ...	(234.856)	701.499	295.350	1.008.430	1.770.423
Net finance costs	(395.318)	(227.828)	(25.676)	(1.038.733)	(1.687.555)
Share of profit of associates	0	0	0	69.315	69.315
Income tax	128.493	(94.734)	(53.935)	5.574	(14.602)
(Loss) profit for the period	(501.681)	378.937	215.739	44.586	137.581

30 June 2020

Segment assets	29.423.845	13.527.248	4.005.057	35.483.900	82.440.050
Segment capital expenditure	288.182	308.255	91.542	599.747	1.287.726
Segment liabilities	16.285.924	12.160.545	3.139.455	21.579.538	53.165.462

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

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 property	(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

1.1.-30.6.2020

	Reportable segment totals	Intercompany adjustments	Consolidated totals
EBITDA	4.367.160	(1.643.343)	2.723.817
Depreciation and amortisation	(2.656.644)	1.380.011	(1.276.633)
Changes in value of investment properties	59.907		59.907
EBIT	1.770.423	(263.332)	1.507.091
Net finance costs	(1.687.555)	812.294	(875.261)
Share of profit of associates	69.315		69.315
Income tax	(14.602)	(108.472)	(123.074)
Profit for the period	137.581	440.490	578.071

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:	2021	Restated	2021	Restated
	1.4.-30.6.	2020	1.1.-30.6.	2020
	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	13.166.398	11.735.288	25.408.636	22.101.654
Fuel and electricity	5.715.998	4.150.032	9.896.245	8.710.415
Electronic equipment	3.512.051	2.885.557	6.727.382	5.454.085
Other goods and services	1.931.969	1.818.001	3.211.379	3.153.234
Total sale of goods and services	<u>24.326.416</u>	<u>20.588.878</u>	<u>45.243.642</u>	<u>39.419.388</u>

Changes have been made where goods previously classified as fuel and other goods and services are now included in other segments. Amounts from Q2 2020 have been restated accordingly. This affects also amounts in note 7 which have been restated accordingly.

Other operating income:

Lease income from leasing of real estate	188.889	187.301	376.557	383.335
Warehouse services	109.833	83.532	196.659	163.614
Commission revenues	73.663	57.754	147.143	106.741
Gain on sale of property and equipment	164.189	638	207.147	638
Other operating income	66.838	49.748	130.924	98.793
Total other operating income	<u>603.412</u>	<u>378.973</u>	<u>1.058.430</u>	<u>753.121</u>
Total operating revenue	<u>24.929.828</u>	<u>20.967.851</u>	<u>46.302.072</u>	<u>40.172.509</u>

7. Cost of goods sold

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:

Margin from sale of goods and services is specified as follows:	2021	Restated	2021	Restated
	1.4.-30.6.	2020	1.1.-30.6.	2020
	1.4.-30.6.	1.4.-30.6.	1.1.-30.6.	1.1.-30.6.
Grocery and convenience goods	3.176.012	2.557.575	5.994.745	5.111.935
Fuel and electricity	1.210.452	1.053.606	2.164.764	1.732.848
Electronic equipment	926.866	818.971	1.772.333	1.391.528
Other goods and services	792.233	793.534	1.317.442	1.291.141
Total margin from sale of goods and services	<u>6.105.563</u>	<u>5.223.686</u>	<u>11.249.284</u>	<u>9.527.452</u>

Notes, continued:

8. Salaries and other personnel expenses

Salaries and other operating expenses are specified as follows:

	2021	2020	2021	2020
	1.4.-30.6.	1.4.-30.6.	1.1.-30.6.	1.1.-30.6.
Salaries	2.401.217	2.087.141	4.521.813	3.884.050
Salary-related expenses	513.805	505.803	1.132.246	1.007.122
Other personnel expenses	101.657	115.291	180.278	221.777
Total salaries and other personnel expenses	<u>3.016.679</u>	<u>2.708.235</u>	<u>5.834.337</u>	<u>5.112.949</u>

9. Other operating expenses

Other operating expenses are specified as follows:

		Restated		Restated
Operating costs of real estate	348.616	379.597	725.703	779.730
Maintenance expenses	230.864	185.615	431.240	355.618
Sales and marketing expenses	323.789	223.122	586.203	478.822
Communication expenses	157.247	147.145	334.791	294.713
Office and administrative expenses	58.923	107.085	202.006	272.902
Insurance and claims cost	40.472	39.661	99.310	76.692
Bad debt and change in allowance for bad debt .	8.518	(3.053)	23.857	37.165
Other expenses	65.450	112.067	106.875	148.165
Total other operating expenses	<u>1.233.879</u>	<u>1.191.239</u>	<u>2.509.985</u>	<u>2.443.807</u>

10. Finance income and finance costs

Finance income is specified as follows:

Interest income on cash and cash equivalents ...	1.410	10.875	1.568	32.118
Interest income on long-term receivables	3.983	6.057	8.131	12.238
Interest income on other receivables	12.365	11.332	26.000	25.730
Gain from sales of shares in other companies	3.933	0	3.933	0
Dividend income	0	0	0	6.600
Net foreign exchange (loss) gain	(8.416)	39.268	8.813	103.559
Total finance income	<u>13.275</u>	<u>67.532</u>	<u>48.445</u>	<u>180.245</u>

Finance costs are specified as follows:

Interest expense and CPI-index on loans	530.487	497.401	885.144	864.833
Interest expense on lease liabilities	72.309	75.273	146.832	133.261
Other interest expense	9.470	29.822	20.418	57.412
Total finance costs	<u>612.266</u>	<u>602.496</u>	<u>1.052.394</u>	<u>1.055.506</u>

11. Operating assets

Acquisition of operating assets in the first six months of 2021 amounted to ISK 686 million. Thereof investment in buildings is ISK 157 million, interiors, equipment and tools was ISK 440 million and investment in computers and other IT hardware was ISK 89 million.

On 30 June 2021, Festi accepted a purchase offer for the sale of 4 of its properties in the amount of ISK 4,150 million. The sale is subject to approval from public bodies and outcome of due diligence. Capital gain of ISK 469 million is estimated if the sale goes through in the second half of 2021.

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:

	2021	2020
	1.1.-30.6.	1.1.-31.12.
Long-term loans		
Balance at the beginning of the year	29.074.806	29.942.470
Repayments	(757.801)	(1.615.525)
Amortisation of borrowing costs	13.777	28.609
CPI-indexation	535.713	757.786
Change in current portion	(27.929)	(38.534)
Balance at the end of the period.....	<u>28.838.566</u>	<u>29.074.806</u>
Short-term loans		
Current portion of long-term loans	1.501.703	1.473.774
Short-term loans from bank	2.000.000	2.000.000
Balance at the end of the year	<u>3.501.703</u>	<u>3.473.774</u>
Total loans from credit institutions	<u>32.340.269</u>	<u>32.548.580</u>

	Interest rates at		Outstanding amounts at	
	30.6.2021	31.12.2020	30.6.2021	31.12.2020
Non-indexed loans on floating interest rates	1,9%	1,9%	8.597.011	8.791.278
CPI-indexed loans on floating interest rates	2,2%	2,2%	21.743.258	21.757.302
Short-term loan on floating interest rates	2,0%	2,4%	2.000.000	2.000.000
Total loans from credit institutions			<u>32.340.269</u>	<u>32.548.580</u>

The maturities of the loans are specified as follows:

Year 2021.....	2.757.388	3.473.774
Year 2022	1.502.407	1.475.181
Year 2023	1.503.814	1.476.587
Year 2024	1.505.220	1.477.994
Year 2025.....	7.350.686	7.323.460
Due for payment onwards	<u>17.720.754</u>	<u>17.321.584</u>
Total loans from credit institutions	<u>32.340.269</u>	<u>32.548.580</u>

As at 30 June 2021, the Group had undrawn credit lines in the amount of ISK 1,000 million.

Notes, continued:

13. Group entities

The Company held five subsidiaries at end of June 2021. 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 ehf.	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, Kr. and Kjarval.
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 Íslensk Orkumidlun is a retail company that buy's electricity on the wholesale market and sells to end users in Iceland

14. Financial ratios

The Group's key financial ratios

	2021 1.1.-30.6.	2020 1.1.-30.6.
Operations		
Turnover rate of inventories		
Utilisation of goods / average balance of inventories during the period.....	8,0	8,1
Sales days in trade receivables:		
Average balance of trade receivables during the period / goods and services sold	16,7	14,1
EBITDA / margin from sales of goods and services.....	35,2%	28,6%
Salaries and personnel expenses / margin from sales of goods and services.....	51,9%	53,7%
Other operating expenses / margin from sales of goods and services.....	20,2%	25,7%
	30.6.2021	31.12.2020
Financial position		
Current ratio: current assets / current liabilities.....	1,13	1,10
Liquidity ratio: (current assets - inventories) / current liabilities.....	0,59	0,58
Intrinsic value of share capital	93,14	92,18
Equity ratio: equity / total capital.....	35,2%	35,7%