

Condensed Consolidated Interim Financial Statements

1 January - 30 September 2022



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Endorsement and Statement by the Board of Directors and the CEO

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

Operations of the Group

For the period from 1 January to 30 September 2022, profit amounted to ISK 3,373 million. Total comprehensive income for the period was ISK 3,238 million. At the end of the period equity amounted to ISK 33,654 million, including share capital in the amount of ISK 308 million. Based on the Company's 2022 Annual General Meeting resolution in March, a dividend of ISK 1,563 million was approved and paid to shareholders in April. Reference is made to the Consolidated Statement of Changes in Equity regarding information on changes in equity.

Business has steadily recovered from the negative effects of COVID-19 sanctions lifted at year-end 2021 and is returning to normal operations. Prices of commodities have risen sharply compared to last year with an increase in turnover and cost of goods sold and lowering considerably sales ratio margin in the fuel business. The large increase in inflation and interest rates have also led to notable price increases in other areas of the business affecting overall sales ratio margins in 2022.

In the third quarter compared to last year, there was a large increase in the number of tourists visiting our stores but a decrease in local traffic travelling around Iceland. With the war in Ukraine continuing, expectations are that commodity prices will remain high and we could expect supply shortages in some product ranges. The Group entities closely monitor the situation with their suppliers to ensure our customers are served as best as possible.

At a shareholders meeting 14 July 2022 a new Board of Directors was elected. The newly elected Board hired Magnús Kr. Ingason, CFO of Festi as a temporary CEO effective from 31 July. On 7 September, Ásta S. Fjeldsted, former Managing Director of Krónan, was hired as a CEO of Festi. Magnús Kr. Ingason serves as a Deputy CEO and CFO effective from the same date. Guðrún Aðalsteinsdóttir was hired as the Managing Director for Krónan on 27 September 2022.

Expenses amounting to 76 million relating to the resignation of the former CEO of Festi, Eggert Þór Kristófersson was expensed in Q3 2022.

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 nine month period ended 30 September 2022, its assets, liabilities and Consolidated Financial Position as at 30 September 2022, 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.

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 September 2022 and confirm them by means of their signatures.

Kópavogur, 26 October 2022.

Board of Directors

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

CEO

Ásta Sigríður Fjeldsted

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

	Notes	2022 1.7.-30.9.	2021 1.7.-30.9.	2022 1.1.-30.9.	2021 1.1.-30.9.
Sale of goods and services	6	35.146.484	27.063.982	89.654.112	72.307.624
Cost of goods sold		(28.083.005)	(20.189.203)	(69.531.093)	(54.183.561)
Margin from sale of goods and services	7	7.063.479	6.874.779	20.123.019	18.124.063
Other operating income	6	801.265	534.144	1.713.703	1.592.574
Salaries and other personnel expenses	8	(3.306.926)	(2.752.260)	(9.720.977)	(8.586.597)
Other operating expenses	9	(1.491.306)	(1.311.155)	(4.389.314)	(3.821.140)
		(3.996.967)	(3.529.271)	(12.396.588)	(10.815.163)
Operating profit before depreciation and amortization (EBITDA)		3.066.512	3.345.508	7.726.431	7.308.900
Depreciation and amortization		(913.390)	(754.370)	(2.589.890)	(2.197.403)
Changes in value of investment properties		65.241	434.678	42.131	393.250
Operating profit (EBIT)		2.218.363	3.025.816	5.178.672	5.504.747
Finance income	10	172.766	40.332	266.994	88.777
Finance costs	10	(714.671)	(385.076)	(1.729.929)	(1.437.470)
Share of profit of associates		215.629	166.978	384.566	292.986
		(326.276)	(177.766)	(1.078.369)	(1.055.707)
Profit before income tax (EBT)		1.892.087	2.848.050	4.100.303	4.449.040
Income tax		(329.651)	(562.071)	(726.874)	(831.211)
Profit for the period		1.562.436	2.285.979	3.373.429	3.617.829
Other comprehensive income					
Items that are or may be reclassified subsequently to profit or loss:					
Translation differences of foreign operations ..		7.932	14.164	(23.304)	(17.997)
Effective portion of changes in fair value of cash flow hedge, net of tax		1.191	(68.418)	(111.781)	125.634
Total other comprehensive income		9.123	(54.254)	(135.085)	107.637
Total comprehensive income for the period ..		1.571.559	2.231.725	3.238.344	3.725.466
Basic and diluted earnings per share in ISK		5,10	7,10	10,90	11,22

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

Consolidated Statement of Financial Position as at 30 September 2022

	Notes	30.9.2022	31.12.2021
Assets			
Goodwill		14.668.264	14.668.264
Other intangible assets		4.566.703	4.744.289
Property and equipment	11	34.016.860	32.544.092
Leased assets		7.977.668	6.155.337
Investment properties		6.493.540	6.100.291
Shares in associates		2.478.329	2.324.066
Shares in other companies		14.140	12.940
Long-term receivables		238.153	228.224
Non-current assets		<u>70.453.657</u>	<u>66.777.503</u>
Inventories		13.990.341	9.545.341
Trade receivables		6.649.598	4.757.286
Other short-term receivables		976.931	888.911
Cash and cash equivalents		1.144.265	4.002.716
Current assets		<u>22.761.135</u>	<u>19.194.254</u>
Total assets		<u><u>93.214.792</u></u>	<u><u>85.971.757</u></u>
Equity			
Share capital		307.500	316.118
Share premium		8.900.637	10.824.306
Other restricted equity		10.871.275	12.549.269
Retained earnings		13.574.540	10.220.702
Equity		<u>33.653.952</u>	<u>33.910.395</u>
Liabilities			
Loans from credit institutions	12	25.314.673	25.929.521
Lease liabilities	13	7.645.831	5.868.744
Deferred tax liability		6.288.854	5.590.021
Non-current liabilities		<u>39.249.358</u>	<u>37.388.286</u>
Loans from credit institutions	12	3.986.710	1.382.003
Lease liabilities	13	697.015	553.819
Trade payables		6.586.898	7.021.734
Other short-term liabilities		9.040.858	5.715.520
Current liabilities		<u>20.311.481</u>	<u>14.673.076</u>
Total liabilities		<u>59.560.839</u>	<u>52.061.362</u>
Total equity and liabilities		<u><u>93.214.792</u></u>	<u><u>85.971.757</u></u>

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

	Other restricted equity							Total equity
	Share capital	Share premium	Statutory reserve	Revaluation reserve	Unrealised profit of subsidiaries and associates	Other restricted accounts	Retained earnings	
1 January to 30 September 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
Transferred from statutory reserve			(976)				976	0
Total comprehensive income for the period						107.637	3.617.829	3.725.466
Restricted due to subsidiaries and associates					1.400.550		(1.400.550)	0
Dissolution of revaluation of an associate				(15.603)			15.603	0
Dissolution of revaluation of property and equipment				(52.488)			52.488	0
	<u>323.091</u>	<u>12.278.381</u>	<u>79.797</u>	<u>3.205.924</u>	<u>5.492.018</u>	<u>254.716</u>	<u>11.875.164</u>	<u>33.509.091</u>
<i>Transactions with shareholders:</i>								
Purchase of own shares	(3.902)	(787.927)						(791.829)
Dividend paid (ISK 3.00 per share)							(969.272)	(969.272)
Equity 30.9.2021	<u>319.189</u>	<u>11.490.454</u>	<u>79.797</u>	<u>3.205.924</u>	<u>5.492.018</u>	<u>254.716</u>	<u>10.905.892</u>	<u>31.747.990</u>
Total other restricted equity						<u>9.032.455</u>		
1 January to 30 September 2022								
Equity 1.1.2022	316.118	10.824.306	79.029	4.827.722	7.561.783	80.735	10.220.702	33.910.395
Total comprehensive income for the period						(135.085)	3.373.429	3.238.344
Restricted due to subsidiaries and associates					(1.397.209)		1.397.209	0
Dissolution of revaluation of an associate				(15.603)			15.603	0
Dissolution of revaluation of property and equipment				(127.943)			127.943	0
	<u>316.118</u>	<u>10.824.306</u>	<u>79.029</u>	<u>4.684.176</u>	<u>6.164.574</u>	<u>(54.350)</u>	<u>15.134.886</u>	<u>37.148.739</u>
<i>Transactions with shareholders:</i>								
Purchase of own shares	(8.618)	(1.923.669)						(1.932.287)
Transferred from statutory reserve			(2.154)				2.154	0
Dividend paid (ISK 5.00 per share)							(1.562.500)	(1.562.500)
Equity 30.9.2022	<u>307.500</u>	<u>8.900.637</u>	<u>76.875</u>	<u>4.684.176</u>	<u>6.164.574</u>	<u>(54.350)</u>	<u>13.574.540</u>	<u>33.653.952</u>
Total other restricted equity						<u>10.871.275</u>		

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

Consolidated Statement of Cash Flows

for the period from 1 January to 30 September 2022

	Notes	2022 1.7.-30.9.	2021 1.7.-30.9.	2022 1.1.-30.9.	2021 1.1.-30.9.
Cash flows from operating activities					
Operating profit before depreciation & amortization (EBITDA)		3.066.512	3.345.508	7.726.431	7.308.900
Operating items not affecting cash flows:					
Gain on sale of property and equipment		(5.857)	(85.904)	(20.837)	(293.051)
Gain on sale of shares in other companies		0	0	0	(3.933)
		<u>3.060.655</u>	<u>3.259.604</u>	<u>7.705.594</u>	<u>7.011.916</u>
Changes in operating assets and liabilities:					
Inventories, (decrease) increase		(1.527.864)	138.805	(4.445.000)	(1.194.239)
Trade and short-term receivables, increase		(990.893)	(514.706)	(1.880.075)	(949.923)
Trade and other short-term liabilities, increase		1.468.036	1.446.895	2.937.687	3.411.380
Changes in operating assets and liabilities		<u>(1.050.721)</u>	<u>1.070.994</u>	<u>(3.387.388)</u>	<u>1.267.218</u>
Interest received		23.552	1.016	105.094	34.002
Interest paid		(671.979)	(260.829)	(1.473.299)	(762.182)
Income tax paid		(43.200)	(49.024)	(172.800)	(147.072)
Net cash from operating activities		<u>1.318.307</u>	<u>4.021.761</u>	<u>2.777.201</u>	<u>7.403.882</u>
Cash flows used in investing activities					
Purchase of intangible assets		(159.984)	(88.225)	(438.160)	(389.149)
Purchase of property and equipment	11	(1.052.094)	(458.178)	(3.322.423)	(1.144.188)
Sale of property and equipment		423.662	467.521	490.237	777.431
Purchase of investment properties		(7.439)	(28)	(574.174)	(2.027)
Sale of investment properties		0	406.572	220.000	406.572
Purchase of shares in other companies		0	0	(4.000)	(22.114)
Sale of shares in other companies		0	0	0	3.933
Dividend received from associates		20.000	0	251.000	214.962
Long-term receivables and securities, change		(50.606)	44.500	(25.543)	58.845
Net cash (used in) from investing activities		<u>(826.461)</u>	<u>372.162</u>	<u>(3.403.063)</u>	<u>(95.735)</u>
Cash flows used in financing activities					
Dividend paid		0	0	(1.562.500)	(969.272)
Purchase of own shares		(901.302)	(389.780)	(1.932.287)	(791.829)
Repayment of long-term loans from credit institutions		0	(787.087)	(894.268)	(1.544.888)
Repayment of lease liabilities		(185.502)	(110.111)	(492.882)	(341.265)
Short term loan, changes		(400.000)	(2.000.000)	2.600.000	(2.000.000)
Net cash used in financing activities		<u>(1.486.804)</u>	<u>(3.286.978)</u>	<u>(2.281.937)</u>	<u>(5.647.254)</u>
(Decrease) increase in cash and cash equivalents		(994.958)	1.106.945	(2.907.799)	1.660.893
Effect of movements in exchange rates on cash held		54.706	4.031	49.348	21.202
Cash and cash equivalents at the beginning of the period ..		2.084.517	3.134.061	4.002.716	2.562.942
Cash and cash equivalents at the end of the period		<u>1.144.265</u>	<u>4.245.037</u>	<u>1.144.265</u>	<u>4.245.037</u>
Investing and financing activities not affecting cash flows					
Purchase of shares in other companies		(40.000)	(100.000)	(40.000)	(100.000)
Trade and short term payables		0	100.000	0	100.000
Long-term receivables and securities, change		40.000	0	40.000	0
Acquisition of right-of-use assets		(275.893)	(365.063)	(2.413.165)	(560.694)
New and renewed leases		275.893	365.063	2.413.165	560.694

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

Notes to the Condensed Consolidated Interim Financial Statements

1. Reporting entity

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

2. Basis of preparation

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

The accounting policies and methods of computation applied in these Condensed Consolidated Interim Financial Statements are the same as those applied by the Group in its Consolidated Financial Statements as at and for the year ended 31 December 2021. Certain comparative figures in note 5, operating segments have been restated.

The Condensed Consolidated Interim Financial Statements are prepared and presented in Icelandic krona (ISK), which is the Company's functional currency. All amounts are presented in thousand of Icelandic krona unless otherwise stated. The Board of Directors of Festi hf. approved the Condensed Consolidated Interim Financial Statements on 26 October 2022.

3. Use of estimates and judgements

The preparation of the Condensed Consolidated Interim Financial Statements in conformity with IFRSs requires management to make judgements, estimates and assumptions, which affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

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

4. New and revised IFRS's

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

Notes, continued:

5. Operating segments

An operating segment is a component of the Group that engages in business activity from which it may earn revenue and incur expenses, including revenue and expenses relating to transactions with other segments of the Group. Segments are determined by the Company's management, which regularly reviews the Group's segments so as to decide upon how assets are allocated as well as to monitor their financial performance.

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

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

Reportable segments for the nine months ended 30 September 2022

	N1	Krónan	ELKO	Other companies	Total
External revenue	41.323.039	37.245.999	11.856.206	922.995	91.348.239
Intra-group revenue	190.698	70.559	9.178	4.758.860	5.029.295
Total segment revenue	<u>41.513.737</u>	<u>37.316.558</u>	<u>11.865.384</u>	<u>5.681.855</u>	<u>96.377.534</u>
Operating profit before depreciation and amortization (EBITDA)	3.690.743	2.838.115	1.144.482	2.687.936	10.361.276
Segment depreciation and amortisation	(1.951.326)	(1.302.754)	(383.781)	(769.064)	(4.406.925)
Changes in value of investment properties	0	0	0	42.131	42.131
Operating profit of segments (EBIT)	<u>1.739.417</u>	<u>1.535.361</u>	<u>760.701</u>	<u>1.961.003</u>	<u>5.996.482</u>
Net finance costs	(560.750)	(316.665)	(62.217)	(1.598.205)	(2.537.837)
Share of profit of associates	0	0	0	384.566	384.566
Income tax	(235.733)	(243.216)	(139.697)	(56.810)	(675.456)
Profit for the period	<u>942.934</u>	<u>975.480</u>	<u>558.787</u>	<u>690.554</u>	<u>3.167.755</u>
30 September 2022					
Segment assets	28.199.602	18.733.024	4.895.501	41.386.665	93.214.792
Segment capital expenditure	816.000	1.243.962	470.509	1.804.286	4.334.757
Segment liabilities	18.629.300	13.393.717	3.159.497	24.378.325	59.560.839

Notes, continued:

5. Operating segments, continued:

Reportable segments for the nine months ended 30 September 2021

	N1	Krónan	ELKO	Other companies	Total
External revenue	27.449.004	34.943.221	10.614.998	892.975	73.900.198
Intra-group revenue	262.160	27.544	9.430	4.472.314	4.771.448
Total segment revenue	<u>27.711.164</u>	<u>34.970.765</u>	<u>10.624.428</u>	<u>5.365.289</u>	<u>78.671.646</u>
Operating profit before depreciation and amortization (EBITDA)	3.131.710	3.052.813	1.102.716	2.646.142	9.933.381
Segment depreciation and amortisation	(1.829.659)	(1.122.582)	(330.274)	(730.967)	(4.013.482)
Changes in value of investment properties	0	0	0	393.250	393.250
Operating profit of segments (EBIT)	<u>1.302.051</u>	<u>1.930.231</u>	<u>772.442</u>	<u>2.308.425</u>	<u>6.313.149</u>
Net finance costs	(656.548)	(319.035)	(61.420)	(1.481.572)	(2.518.575)
Share of profit of associates	0	0	0	292.986	292.986
Income tax	(199.503)	(322.239)	(142.204)	(94.969)	(758.915)
Profit for the period	<u>446.000</u>	<u>1.288.957</u>	<u>568.818</u>	<u>1.024.870</u>	<u>3.328.645</u>

30 September 2021

Segment assets	32.097.589	16.144.797	5.203.491	33.318.621	86.764.498
Segment capital expenditure	552.320	407.447	160.545	415.052	1.535.364
Segment liabilities	17.908.214	13.568.011	3.977.688	19.562.594	55.016.507

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

1.1.-30.9.2022	Reportable segment totals	Intercompany adjustments	Consolidated totals
EBITDA	10.361.276	(2.634.845)	7.726.431
Depreciation and amortisation	(4.406.925)	1.817.035	(2.589.890)
Changes in value of investment properties	42.131		42.131
EBIT	<u>5.996.482</u>	<u>(817.810)</u>	<u>5.178.672</u>
Net finance costs	(2.537.837)	1.074.902	(1.462.935)
Share of profit of associates	384.566		384.566
Income tax	(675.456)	(51.418)	(726.874)
Profit for the period	<u>3.167.755</u>	<u>205.674</u>	<u>3.373.429</u>

1.1.-30.9.2021	Reportable segment totals	Intercompany adjustments	Consolidated totals
EBITDA	9.933.381	(2.624.481)	7.308.900
Depreciation and amortisation	(4.013.482)	1.816.079	(2.197.403)
Changes in value of investment properties	393.250		393.250
EBIT	<u>6.313.149</u>	<u>(808.402)</u>	<u>5.504.747</u>
Net finance costs	(2.518.575)	1.169.882	(1.348.693)
Share of profit of associates	292.986		292.986
Income tax	(758.915)	(72.296)	(831.211)
Profit for the period	<u>3.328.645</u>	<u>289.184</u>	<u>3.617.829</u>

Notes, continued:

6. Operating income

Sale of goods and services

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

Income from lease of real estate

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

Other operating revenue

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

Operating income is specified as follows:

	2022	2021	2022	2021
	1.7.-30.9.	1.7.-30.9.	1.1.-30.9.	1.1.-30.9.
Sale of goods and services:				
Grocery and convenience goods	15.261.222	13.482.429	41.566.025	38.891.065
Fuel and electricity	13.279.882	7.741.741	30.140.866	17.637.986
Electronic equipment	4.449.021	3.815.907	11.765.382	10.543.289
Other goods and services	2.156.359	2.023.905	6.181.839	5.235.284
Total sale of goods and services	35.146.484	27.063.982	89.654.112	72.307.624
Other operating income:				
Lease income from properties	164.444	198.756	479.758	575.313
Warehouse services	94.885	103.028	272.599	299.687
Commissions	78.749	80.610	266.153	227.753
Gain on sale of property and equipment	5.857	85.904	20.837	293.051
Other operating income	457.330	65.846	674.356	196.770
Total other operating income	801.265	534.144	1.713.703	1.592.574
Total operating revenue	35.947.749	27.598.126	91.367.815	73.900.198

7. Margin from sale of goods and services

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

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

	2022	2021	2022	2021
	1.7.-30.9.	1.7.-30.9.	1.1.-30.9.	1.1.-30.9.
Grocery and convenience goods	3.611.496	3.372.728	9.846.411	9.367.473
Fuel and electricity	1.456.634	1.818.296	4.693.998	3.983.060
Electronic equipment	1.137.269	947.844	3.039.032	2.720.177
Other goods and services	858.080	735.911	2.543.578	2.053.353
Total margin from sale of goods and services	7.063.479	6.874.779	20.123.019	18.124.063

Notes, continued:

8. Salaries and other personnel expenses

Salaries and other personnel expenses are specified as follows:

	2022	2021	2022	2021
	1.7.-30.9.	1.7.-30.9.	1.1.-30.9.	1.1.-30.9.
Salaries	2.711.278	2.273.831	7.637.695	6.795.644
Salary-related expenses	466.344	347.130	1.682.195	1.479.376
Other personnel expenses	129.304	131.299	401.087	311.577
Total salaries and other personnel expenses	<u>3.306.926</u>	<u>2.752.260</u>	<u>9.720.977</u>	<u>8.586.597</u>

9. Other operating expenses

Other operating expenses are specified as follows:

Operating expenses of properties	445.532	397.017	1.305.051	1.122.720
Maintenance expenses	260.925	223.590	689.927	654.830
Sales and marketing expenses	399.416	302.304	1.109.727	888.507
Communication expenses	209.226	161.491	603.508	496.282
Office and administrative expenses	91.294	73.277	291.466	275.283
Insurance and claims cost	25.527	93.965	144.200	193.275
Bad debt and change in allowance for bad debt ... (9.794)	12.382	38.037	36.239
Other expenses	69.180	47.129	207.398	154.004
Total other operating expenses	<u>1.491.306</u>	<u>1.311.155</u>	<u>4.389.314</u>	<u>3.821.140</u>

10. Finance income and finance costs

Finance income is specified as follows:

Interest income on cash and cash equivalents	7.857	6.634	15.772	8.202
Interest income on long-term receivables	14.471	4.732	21.781	12.863
Interest income on other receivables	64.577	10.962	112.596	36.962
Gain from sales of shares in other companies	0	0	0	3.933
Net foreign exchange gain	85.861	18.004	116.845	26.817
Total finance income	<u>172.766</u>	<u>40.332</u>	<u>266.994</u>	<u>88.777</u>

Finance costs are specified as follows:

Interest expense and CPI-index on loans	580.312	306.461	1.377.266	1.191.605
Interest expense on lease liabilities	111.909	71.760	302.928	218.592
Other interest expense	22.450	6.855	49.735	27.273
Total finance costs	<u>714.671</u>	<u>385.076</u>	<u>1.729.929</u>	<u>1.437.470</u>

11. Operating assets

Acquisition of operating assets in the first nine months of 2022 amounted to ISK 3,322 million (2021 9M: ISK 1,144 million). Thereof investment in buildings is ISK 1,085 million (2021 9M: ISK 273 million), interiors, equipment and tools was ISK 2,186 million (2021 9M: ISK 772 million) and investment in computers and other IT hardware was ISK 51 million (2021 9M: ISK 99 million).

Notes, continued:

12. Loans from credit institutions

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

	2022	2021
	1.1.-30.9.	1.1.-31.12.
Long-term		
Balance at the beginning of the year	25.929.521	29.074.806
Repayments	(894.268)	(11.088.804)
New loans	0	7.000.000
Amortisation of borrowing costs	9.493	141.880
CPI-indexation	274.634	709.868
Change in current portion	(4.707)	91.771
Balance at the end of the period.....	<u>25.314.673</u>	<u>25.929.521</u>
Short-term		
Current portion of long-term loans	1.386.710	1.382.003
Short-term loans from bank	2.600.000	0
Balance at the end of the period.....	<u>3.986.710</u>	<u>1.382.003</u>
Total loans from credit institutions	<u>29.301.383</u>	<u>27.311.524</u>

	Interest rates at		Outstanding amounts at	
	30.9.2022	31.12.2021	30.9.2022	31.12.2021
Non-indexed loans at floating interest rates	7,4%	3,9%	23.151.931	23.739.246
CPI-indexed loans at floating interest rates	2,4%	2,2%	3.549.452	3.572.278
Short-term loan at floating interest rates	6,9%		2.600.000	0
Total loans from credit institutions			<u>29.301.383</u>	<u>27.311.524</u>

The maturities of the loans are specified as follows:

Year 2022.....	3.296.464	1.382.003
Year 2023.....	1.386.756	1.382.186
Year 2024.....	1.386.939	1.382.369
Year 2025.....	7.231.181	7.226.611
Year 2026.....	1.394.561	1.389.991
Due for payment onwards	14.605.482	14.548.364
Total loans from credit institutions	<u>29.301.383</u>	<u>27.311.524</u>

As at 30 September 2022, the Group had ISK 1.4 billion in undrawn credit lines.

Notes, continued:

13. Lease liabilities

Lease liabilities are specified as follows:	2022	2021
	1.1.-30.9.	1.1.-31.12.
Carrying amount at the beginning of the year.....	6.422.563	5.610.632
New lease contracts.....	2.413.165	1.281.504
Payment of lease liabilities during the year.....	(492.882)	(469.573)
Total lease liabilities.....	8.342.846	6.422.563
Current portion.....	(697.015)	(553.819)
Total non-current portion of lease liabilities.....	7.645.831	5.868.744

The maturity analysis of lease liabilities is specified as follows:

Year 2022.....	174.254	553.819
Year 2023.....	719.715	557.450
Year 2024.....	738.183	565.654
Year 2025.....	730.922	585.575
Year 2026.....	731.274	561.075
Due for payment onwards.....	5.248.498	3.598.990
Total.....	8.342.846	6.422.563

All lease liabilities are denominated in Icelandic krona.

14. Group entities

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

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

Notes, continued:

15. Financial ratios

The Group's key financial ratios

	2022	2021
	1.1.-30.9.	1.1.-30.9.
Operations		
Turnover rate of inventories		
Utilisation of goods / average balance of inventories during the period.....	7,7	8,5
Sales days in trade receivables:		
Average balance of trade receivables during the period /		
goods and services sold	18,0	17,7
EBITDA / margin from sales of goods and services.....	38,4%	40,3%
Salaries and personnel expenses / margin from sales of goods and services.....	48,3%	47,4%
Other operating expenses / margin from sales of goods and services.....	21,8%	21,1%
	30.9.2022	31.12.2021
Financial position		
Current ratio: current assets / current liabilities.....	1,12	1,31
Liquidity ratio: (current assets - inventories) / current liabilities.....	0,43	0,66
Leverage: net interest bearing liabilities / EBITDA.....	2,67	3,09
Intrinsic value of share capital	109,44	107,27
Equity ratio: equity / total capital.....	36,1%	39,4%