



Condensed Consolidated Interim Financial Statements

1 January - 30 June 2023



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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 2023 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 2022. 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 2023

For the period from 1 January to 30 June 2023, profit amounted to ISK 647 million. Total comprehensive income for the period was ISK 628 million. At the end of the period equity amounted to ISK 33,641 million, including share capital in the amount of ISK 305 million. Based on the Company's 2023 Annual General Meeting resolution in March, a dividend of ISK 914 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.

There was considerable increase in the number of visits to our stores in the second quarter compared to last year. Inflation and commodity prices remained high affecting product prices and cost overall. The outlook for the second half of the year remains strong with the large increase of tourists visiting our country compared to last year.

Organizational changes came into effect on 30 May 2023. A new Managing Director was hired for N1 and two executive positions at Festi were combined into one. With other changes eight employees in total departed the Group. Cost of ISK 154 million was expensed in salaries and salaries related expenses in Q2 2023 related to these changes.

On 13 July 2023 Festi signed an agreement on acquisition of all shares in 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. Lyfja's turnover in 2022 was ISK 15.1 billion and EBITDA ISK 1.3 billion. The agreement is subject to among other things, approval by Festi's shareholders meeting which will be held on 23 August 2023 and approval by the Icelandic Competition Authorities. If the acquisition goes through, it is expected to be completed in the first quarter of 2024.

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 2023, its assets, liabilities and Consolidated Financial Position as at 30 June 2023, 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 2023 and confirm them by means of their signatures.

Kópavogur, 26 July 2023.

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 June 2023

	Notes	2023 1.4.-30.6.	2022 1.4.-30.6.	2023 1.1.-30.6.	2022 1.1.-30.6.
Sale of goods and services	6	34.199.250	29.936.064	63.682.781	54.507.628
Cost of goods sold		(26.442.925)	(22.610.643)	(49.699.168)	(41.448.088)
Margin from sale of goods and services	7	7.756.325	7.325.421	13.983.613	13.059.540
Other operating income	6	517.711	481.679	1.014.645	912.438
Salaries and other personnel expenses	8	(4.137.590)	(3.407.827)	(7.810.142)	(6.414.051)
Other operating expenses	9	(1.574.932)	(1.488.724)	(3.225.685)	(2.898.008)
		(5.194.811)	(4.414.872)	(10.021.182)	(8.399.621)
Operating profit before depreciation, amortisation and changes in fair value (EBITDA)		2.561.514	2.910.549	3.962.431	4.659.919
Depreciation of property and equipment and leased assets and amortisation of intangible assets	(945.090)	(868.619)	(1.888.854)	(1.676.500)
Changes in value of investment properties		86.131	(32.856)	101.677	(23.110)
Operating profit before finance items (EBIT)		1.702.555	2.009.074	2.175.254	2.960.309
Finance income	10	42.053	34.256	69.308	63.244
Finance costs	10	(893.273)	(572.441)	(1.711.170)	(1.015.258)
Foreign currency differences	10	4.288	59.021	28.277	30.984
Share of profit of associates		49.771	105.939	171.835	168.937
		(797.161)	(373.225)	(1.441.750)	(752.093)
Profit before income tax (EBT)		905.394	1.635.849	733.504	2.208.216
Income tax		(167.351)	(300.654)	(86.526)	(397.223)
Profit for the period		738.043	1.335.195	646.978	1.810.993
Other comprehensive income					
Items that are or may be reclassified subsequently to profit or loss:					
Translation difference arising from operations of a foreign associate		1.769	(11.968)	(16.118)	(31.236)
Effective portion of changes in fair value of cash flow hedges, net of income tax		(2.903)	(23.474)	(2.873)	(112.972)
Total other comprehensive loss		(1.134)	(35.442)	(18.991)	(144.208)
Total comprehensive income for the period		736.909	1.299.753	627.987	1.666.785
Basic and diluted earnings per share in ISK ...		2,43	4,45	2,13	5,80

The notes on pages 9 to 17 are an integral part of these condensed financial statements.

Consolidated Statement of Financial Position as at 30 June 2023

	Notes	30.6.2023	31.12.2022
Assets			
Goodwill		14.842.340	14.862.133
Other intangible assets		4.386.526	4.516.745
Property and equipment	11	35.035.714	34.815.148
Leased assets		8.130.107	8.012.354
Investment property		6.595.823	6.478.617
Shares in associates		2.408.801	2.600.869
Shares in other companies		14.140	14.140
Long-term receivables		148.767	150.354
Non-current assets		<u>71.562.218</u>	<u>71.450.360</u>
Inventories		14.259.169	13.085.771
Trade receivables		5.949.773	5.960.168
Other short-term receivables		674.282	764.487
Cash and cash equivalents		2.325.689	2.112.137
Current assets		<u>23.208.913</u>	<u>21.922.563</u>
Total assets		<u><u>94.771.131</u></u>	<u><u>93.372.923</u></u>
Equity			
Share capital		304.500	307.500
Share premium		8.370.514	8.900.637
Other restricted equity		9.821.905	11.791.388
Retained earnings		15.144.548	13.460.578
Equity		<u>33.641.467</u>	<u>34.460.103</u>
Liabilities			
Loans from credit institutions	12	27.498.035	28.224.162
Lease liabilities	13	7.829.677	7.714.823
Deferred tax liability		6.086.647	6.000.840
Non-current liabilities		<u>41.414.359</u>	<u>41.939.825</u>
Loans from credit institutions	12	1.800.927	1.789.733
Lease liabilities	13	783.619	711.514
Trade payables		9.863.444	8.630.348
Other short-term liabilities		7.267.315	5.841.400
Current liabilities		<u>19.715.305</u>	<u>16.972.995</u>
Total liabilities		<u>61.129.664</u>	<u>58.912.820</u>
Total equity and liabilities		<u><u>94.771.131</u></u>	<u><u>93.372.923</u></u>

The notes on pages 9 to 17 are an integral part of these condensed financial statements.

Consolidated Statement of Changes in Equity for the period from 1 January to 30 June 2023

			<u>Other restricted equity</u>				Retained earnings	Total equity
	Share capital	Share premium	Statutory reserve	Revaluation reserve	Unrealised profit of subsidiaries and associates	Other restricted accounts		
1 January to 30 June 2022								
Equity 1.1.2022	316.118	10.824.306	79.029	4.827.722	7.561.783	80.735	10.220.702	33.910.395
Profit for the period							1.810.993	1.810.993
Total other comprehensive income						(144.208)	(144.208)	
Restricted due to subsidiaries and associates					(2.911.098)		2.911.098	0
Dissolution of revaluation of an associate				(10.402)			10.402	0
Dissolution of revaluation of property and equipment				(57.975)			57.975	0
	<u>316.118</u>	<u>10.824.306</u>	<u>79.029</u>	<u>4.759.345</u>	<u>4.650.685</u>	<u>(63.473)</u>	<u>15.011.170</u>	<u>35.577.180</u>
<i>Transactions with shareholders:</i>								
Purchase of own shares	(4.543)	(1.026.442)						(1.030.985)
Transferred from statutory reserves			(1.135)				1.135	0
Dividend paid (ISK 5.00 per share)							(1.562.500)	(1.562.500)
Equity 30.6.2022	<u>311.575</u>	<u>9.797.864</u>	<u>77.894</u>	<u>4.759.345</u>	<u>4.650.685</u>	<u>(63.473)</u>	<u>13.449.805</u>	<u>32.983.695</u>
Total other restricted equity						<u>9.424.451</u>		
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)	
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 reserve			(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>		

The notes on pages 9 to 17 are an integral part of these condensed financial statements.

Consolidated Statement of Cash Flows for the period from 1 January to 30 June 2023

	Notes	2023 1.4.-30.6.	2022 1.4.-30.6.	2023 1.1.-30.6.	2022 1.1.-30.6.
Cash flows from operating activities					
Operating profit before depreciation, amortisation and changes in fair value (EBITDA)		2.561.514	2.910.549	3.962.431	4.659.919
Operating items not affecting cash flows:					
Gain on sale of property and equipment		(2.423)	(4.860)	(7.597)	(14.980)
		<u>2.559.091</u>	<u>2.905.689</u>	<u>3.954.834</u>	<u>4.644.939</u>
Changes in operating assets and liabilities:					
Inventories, increase		(61.827)	(2.947.458)	(1.173.397)	(2.917.136)
Trade and short-term receivables, (increase) decrease		(238.059)	477.423	104.614	(889.182)
Trade and other short-term liabilities, increase		1.844.657	500.838	3.289.207	1.469.651
Changes in operating assets and liabilities		<u>1.544.771</u>	<u>(1.969.197)</u>	<u>2.220.424</u>	<u>(2.336.667)</u>
Interest received		37.565	55.939	64.416	81.542
Interest paid		(1.135.909)	(451.499)	(1.849.084)	(801.320)
Income tax paid		(146.892)	(64.800)	(293.784)	(129.600)
Net cash from operating activities		<u>2.858.626</u>	<u>476.132</u>	<u>4.096.806</u>	<u>1.458.894</u>
Cash flows used in investing activities					
Purchased intangible assets		(132.343)	(112.829)	(248.877)	(278.176)
Purchased property and equipment	11	(575.517)	(1.100.445)	(1.301.542)	(2.270.329)
Sold property and equipment		6.262	18.895	43.466	66.575
Purchased investment properties		(5.810)	(2.278)	(15.528)	(566.735)
Sold investment properties		0	0	0	220.000
Change in shares in companies		0	0	0	(4.000)
Dividend received from associates		347.784	231.000	347.784	231.000
Long-term receivables and securities, change		29.267	6.450	29.052	25.063
Net cash used in investing activities		<u>(330.357)</u>	<u>(959.207)</u>	<u>(1.145.645)</u>	<u>(2.576.602)</u>
Cash flows used in financing activities					
Dividend paid		(913.500)	(1.562.500)	(913.500)	(1.562.500)
Purchase of own shares		0	(194.744)	(533.123)	(1.030.985)
Repayment of long-term loans from credit institutions		(905.540)	(694.620)	(906.975)	(894.268)
Repayment of lease liabilities		(198.261)	(161.413)	(395.448)	(307.380)
Short term loan, changes		0	2.500.000	0	3.000.000
Net cash used in financing activities		<u>(2.017.301)</u>	<u>(113.277)</u>	<u>(2.749.046)</u>	<u>(795.133)</u>
Increase (decrease) in cash and cash equivalents		510.968	(596.352)	202.115	(1.912.841)
Foreign currency difference on cash and cash equivalents .		(8.617)	28.270	11.437	(5.358)
Cash and cash equivalents at the beginning of the period ...		<u>1.823.338</u>	<u>2.652.599</u>	<u>2.112.137</u>	<u>4.002.716</u>
Cash and cash equivalents at the end of the period		<u>2.325.689</u>	<u>2.084.517</u>	<u>2.325.689</u>	<u>2.084.517</u>
Investing and financing activities not affecting cash flows					
New lease contracts and their remeasurement		(284.257)	(2.013.840)	(582.406)	(2.137.272)
New lease liabilities and their remeasurement		284.257	2.013.840	582.406	2.137.272

The notes on pages 9 to 17 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 2023 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 2023 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 2022.

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 2022.

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 26 July 2023.

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 2022.

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 2022. A few new standards are effective for annual periods beginning after 1 January 2023 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, Bakkinn Vöruhótel and Festi fasteignir.

Reportable segments for the six months ended 30 June 2023

	N1	Krónan	ELKO	Other companies	Total
External revenue	25.864.266	30.022.474	8.286.250	524.436	64.697.426
Intra-group revenue	172.811	648.219	8.772	3.483.076	4.312.878
Total segment revenue	<u>26.037.077</u>	<u>30.670.693</u>	<u>8.295.022</u>	<u>4.007.512</u>	<u>69.010.304</u>
Operating profit before depreciation, amortisation and changes in fair value (EBITDA)	1.418.886	2.099.357	599.099	1.763.457	5.880.799
Segment depreciation and amortisation	(1.421.242)	(1.046.148)	(272.209)	(521.601)	(3.261.200)
Changes in value of investment property	0	0	0	101.677	101.677
Operating (loss) profit of segments (EBIT)	<u>(2.356)</u>	<u>1.053.209</u>	<u>326.890</u>	<u>1.343.533</u>	<u>2.721.276</u>
Net finance costs	(531.753)	(215.434)	(43.937)	(1.528.971)	(2.320.095)
Share of profit of associates	0	0	0	171.835	171.835
Income tax	106.822	(152.548)	(56.590)	47.888	(54.428)
(Loss) profit for the period	<u>(427.287)</u>	<u>685.227</u>	<u>226.363</u>	<u>34.285</u>	<u>518.588</u>
30 June 2023					
Segment assets	29.818.773	21.376.282	5.605.282	37.970.794	94.771.131
Segment capital expenditure	627.507	273.480	116.711	548.249	1.565.947
Segment liabilities	20.754.607	17.360.892	4.278.231	18.735.934	61.129.664

Notes, continued:

5. Operating segments, continued:

Reportable segments for the six months ended 30 June 2022

	N1	Krónan	ELKO	Other companies	Total
External revenue	23.792.409	23.767.402	7.368.645	491.610	55.420.066
Intra-group revenue	123.592	40.539	5.680	3.147.644	3.317.455
Total segment revenue	<u>23.916.001</u>	<u>23.807.941</u>	<u>7.374.325</u>	<u>3.639.254</u>	<u>58.737.521</u>
Operating profit before depreciation, amortisation and changes in fair value (EBITDA)	2.304.312	1.778.039	655.278	1.668.409	6.406.038
Segment depreciation and amortisation	(1.290.995)	(854.205)	(239.547)	(513.306)	(2.898.053)
Changes in value of investment properties	0	0	0	(23.110)	(23.110)
Operating profit of segments (EBIT)	<u>1.013.317</u>	<u>923.834</u>	<u>415.731</u>	<u>1.131.993</u>	<u>3.484.875</u>
Net finance costs	(431.665)	(207.126)	(34.617)	(971.154)	(1.644.562)
Share of profit of associates	0	0	0	168.937	168.937
Income tax	(116.330)	(143.208)	(76.223)	(21.669)	(357.430)
Profit for the period	<u>465.322</u>	<u>573.500</u>	<u>304.891</u>	<u>308.107</u>	<u>1.651.820</u>

30 June 2022

Segment assets	28.886.438	18.871.920	5.687.408	37.752.683	91.198.449
Segment capital expenditure	470.830	890.836	335.925	1.417.649	3.115.240
Segment liabilities	18.964.614	15.052.048	4.624.137	19.573.954	58.214.753

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

	Reportable segment totals	Intercompany adjustments	Consolidated totals
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 value of investment property	101.677		101.677
Operating profit before finance items (EBIT)	<u>2.721.276</u>	<u>(546.022)</u>	<u>2.175.254</u>
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	<u>518.588</u>	<u>128.390</u>	<u>646.978</u>
1.1.-30.6.2022			
Operating profit before depreciation, amortisation and changes in fair value (EBITDA)	6.406.038	(1.746.119)	4.659.919
Depreciation of property and equipment and leased assets and amortisation of intangible assets	(2.898.053)	1.221.553	(1.676.500)
Changes in value of investment property	(23.110)		(23.110)
Operating profit before finance items (EBIT)	<u>3.484.875</u>	<u>(524.566)</u>	<u>2.960.309</u>
Net finance costs	(1.644.562)	723.532	(921.030)
Share of profit of associates	168.937		168.937
Income tax	(357.430)	(39.793)	(397.223)
Profit for the period	<u>1.651.820</u>	<u>159.173</u>	<u>1.810.993</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 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:

	2023	2022	2023	2022
	1.4.-30.6.	1.4.-30.6.	1.1.-30.6.	1.1.-30.6.
Sale of goods and services:				
Convenience goods	17.477.085	13.905.452	32.859.983	26.304.803
Fuel and electricity	9.642.103	9.794.343	18.003.290	16.860.984
Electronic equipment	4.374.124	3.919.061	8.219.783	7.316.361
Sale of other goods and services	2.705.938	2.317.208	4.599.725	4.025.480
Total sale of goods and services	<u>34.199.250</u>	<u>29.936.064</u>	<u>63.682.781</u>	<u>54.507.628</u>
Other operating income:				
Lease income from properties	172.808	170.222	340.515	315.314
Warehouse services	100.969	92.115	193.610	177.714
Commissions	113.996	98.767	223.641	187.404
Gain on sale of property and equipment	2.423	4.860	7.597	14.980
Other operating income	127.515	115.715	249.282	217.026
Total other operating income	<u>517.711</u>	<u>481.679</u>	<u>1.014.645</u>	<u>912.438</u>
Total operating revenue	<u>34.716.961</u>	<u>30.417.743</u>	<u>64.697.426</u>	<u>55.420.066</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:

	2023	2022	2023	2022
	1.4.-30.6.	1.4.-30.6.	1.1.-30.6.	1.1.-30.6.
Convenience goods	4.021.052	3.355.869	7.491.778	6.234.915
Fuel and electricity	1.562.061	1.963.425	2.691.722	3.237.364
Electronic equipment	1.098.633	986.960	2.025.207	1.901.763
Other goods and services	1.074.579	1.019.167	1.774.906	1.685.498
Margin from sale of goods and services	<u>7.756.325</u>	<u>7.325.421</u>	<u>13.983.613</u>	<u>13.059.540</u>

Notes, continued:

8. Salaries and other personnel expenses

Salaries and other personnel expenses are specified as follows:

	2023	2022	2023	2022
	1.4.-30.6.	1.4.-30.6.	1.1.-30.6.	1.1.-30.6.
Salaries	3.239.235	2.675.902	6.032.177	4.926.417
Salary-related expenses	729.955	564.231	1.475.215	1.215.851
Other personnel expenses	168.400	167.694	302.750	271.783
Total salaries and other personnel expenses	<u>4.137.590</u>	<u>3.407.827</u>	<u>7.810.142</u>	<u>6.414.051</u>

9. Other operating expenses

Other operating expenses are specified as follows:

Operating expenses of properties	522.876	429.972	1.034.641	859.519
Maintenance expenses	238.903	198.402	541.314	429.002
Sales and marketing expenses	377.705	405.497	726.028	710.311
Office and administrative expenses	132.079	91.431	254.659	200.172
Communication expenses	207.583	196.781	444.147	394.282
Insurance and claims cost	9.567	55.484	43.461	118.673
Other expenses	86.219	111.157	181.435	186.049
Total other operating expenses	<u>1.574.932</u>	<u>1.488.724</u>	<u>3.225.685</u>	<u>2.898.008</u>

10. Finance income and finance costs

Finance income is specified as follows:

Interest income on cash and cash equivalents	15.722	733	18.990	7.915
Interest income on receivables	26.331	33.523	50.318	55.329
Total finance income	<u>42.053</u>	<u>34.256</u>	<u>69.308</u>	<u>63.244</u>

Finance costs are specified as follows:

Interest expense and CPI-index on loans	759.857	454.846	1.444.746	796.954
Interest expense on lease liabilities	115.245	103.819	228.901	191.019
Other interest expense	18.171	13.776	37.523	27.285
Total finance costs	<u>893.273</u>	<u>572.441</u>	<u>1.711.170</u>	<u>1.015.258</u>

11. Operating assets

Acquisition of operating assets and investment properties in the first six months of 2023 amounted to ISK 1,317 million (2022 6M: ISK 2,837 million). Thereof investment in buildings is ISK 704 million (2022 6M: ISK 1,340 million), interiors, equipment and tools was ISK 470 million (2022 6M: ISK 1,468 million) and investment in computers and other IT hardware was ISK 143 million (2022 6M: ISK 29 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:

	2023 1.1.-30.6.	2022 1.1.-31.12.
Long-term		
Balance at the beginning of the year	28.224.162	25.929.521
Repayments	(906.975)	(1.593.965)
New loans	0	3.960.000
From acquired subsidiary.....	0	12.716
Expensed borrowing costs.....	8.248	12.633
CPI-indexation.....	183.794	310.987
Change in current portion.....	(11.194)	(407.730)
Balance at the end of the period.....	<u>27.498.035</u>	<u>28.224.162</u>
Short-term		
Current portion of long-term loans	1.800.927	1.789.733
Balance at the end of the period.....	<u>1.800.927</u>	<u>1.789.733</u>
Total loans from credit institutions	<u>29.298.962</u>	<u>30.013.895</u>

	Interest rates at		Outstanding amounts at	
	30.6.2023	31.12.2022	30.6.2023	31.12.2022
Non-indexed loans at floating interest rates	9,0%	5,3%	25.742.365	26.532.580
CPI-indexed loans at floating interest rates	3,1%	2,4%	3.556.597	3.481.315
Total loans from credit institutions			<u>29.298.962</u>	<u>30.013.895</u>

The maturities of the loans are specified as follows:

Year 2023.....	901.470	1.789.733
Year 2024.....	1.801.255	1.790.002
Year 2025.....	7.643.701	7.632.823
Year 2026.....	1.804.011	1.792.758
Year 2027.....	1.804.194	1.792.941
Year 2028.....	1.605.877	1.594.624
Due for payment onwards	13.738.454	13.621.014
Total loans from credit institutions	<u>29.298.962</u>	<u>30.013.895</u>

As at 30 June 2023, the Group had ISK 4,000 million in undrawn credit lines.

Notes, continued:

13. Lease liabilities

Lease liabilities are specified as follows:

	2023	2022
	1.1.-30.6.	1.1.-31.12.
Carrying amount at the beginning of the year.....	8.426.337	6.422.563
New lease contracts.....	206.220	1.780.255
From acquired subsidiary.....	0	198.911
Increase due to indexation of lease payments.....	376.187	703.183
Payment of lease liabilities during the year.....	(395.448)	(678.575)
Total lease liabilities.....	<u>8.613.296</u>	<u>8.426.337</u>
Current portion.....	(783.619)	(711.514)
Total non-current portion of lease liabilities.....	<u>7.829.677</u>	<u>7.714.823</u>

The maturity analysis of lease liabilities is specified as follows:

Year 2023.....	391.809	711.514
Year 2024.....	804.916	749.319
Year 2025.....	824.456	773.159
Year 2026.....	823.985	749.690
Year 2027.....	743.416	728.811
Year 2028.....	592.326	574.670
Due for payment onwards.....	4.432.388	4.139.174
Total.....	<u>8.613.296</u>	<u>8.426.337</u>

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

Deprecation of lease assets.....	464.207	368.463
Interest expensed on lease liabilities.....	228.901	191.019

Expensed rent due to lease agreements not capitalised:

Real estate rent.....	133.787	78.330
Other rent payments.....	3.194	2.132

Impact of rental agreements on Statement of Cash Flows:

Payments due to lease contracts.....	624.349	498.399
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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 2023. 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 Keflavík, as well as an online store with home deliveries.
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. 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. The company became part of the Group from 1 January 2023.
Vínportið ehf.	Vínportið specialises in imports and wholesales of wines and spirits containing alcohol to ÁTVR stores and to hotels and restaurants. Vínportið began its operations in 2022.
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 on the wholesale market and sells it on the retail market to individuals and companies in Iceland.

Notes, continued:

15. Financial ratios

The Group's key financial ratios

	2023	2022
	1.1.-30.6.	1.1.-30.6.
Operations		
Turnover rate of inventories		
Utilisation of goods / average balance of inventories during the period.....	7,3	8,0
Sales days in trade receivables:		
Average balance of trade receivables during the period /		
goods and services sold	13,9	18,8
EBITDA / margin from sales of goods and services.....	28,3%	35,7%
Salaries and personnel expenses / margin from sales of goods and services.....	55,9%	49,1%
Other operating expenses / margin from sales of goods and services.....	23,1%	22,2%
	30.6.2023	31.12.2022
Financial position		
Current ratio: current assets / current liabilities.....	1,18	1,29
Liquidity ratio: (current assets - inventories) / current liabilities.....	0,45	0,52
Leverage: net interest bearing liabilities excluding lease liabilities / EBITDA.....	2,89	2,78
Intrinsic value of share capital	110,48	112,07
Equity ratio: equity / total capital.....	35,5%	36,9%
Return on equity: profit for the period / average balance of equity.....	3,8%	11,9%