



Condensed Consolidated Interim Financial Statements
1 January - 30 September 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 September 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 nine-month period ended 30 September 2021

For the period from 1 January to 30 September 2021, profit amounted to ISK 3,618 million. Total comprehensive income for the period was ISK 3,725 million. At the end of the period equity amounted to ISK 31,748 million, including share capital in the amount of ISK 319 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 is still having effects on the Group's operations. Sales are 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. With the vaccinations performed during the year and the lifting of border restrictions in Q3 the business has steadily recovered.

It is the Board's and management opinion that it should not take more than 6-9 months for the business to recover fully from COVID-19 effects on operations.

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 nine month period ended 30 September 2021, its assets, liabilities and consolidated financial position as at 30 September 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 September 2021 and confirm them by means of their signatures.

Kópavogur, 28 October 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 September 2021

	Notes	2021 1.7.-30.9.	2020 1.7.-30.9.	2021 1.1.-30.9.	2020 1.1.-30.9.
Sale of goods and services	6	27.063.982	23.455.228 *	72.307.624	62.874.616
Cost of goods sold		(20.189.203)	(17.670.158) *	(54.183.561)	(47.562.094)
Margin from sale of goods and services	7	6.874.779	5.785.070 *	18.124.063	15.312.522
Other operating income	6	534.144	432.038 *	1.592.574	1.185.159
Salaries and other personnel expenses	8	(2.752.260)	(2.475.192)	(8.586.597)	(7.588.141)
Other operating expenses	9	(1.311.155)	(1.155.503) *	(3.821.140)	(3.599.310)
		(3.529.271)	(3.198.657) *	(10.815.163)	(10.002.292)
Operating profit before depreciation and amortization (EBITDA)		3.345.508	2.586.413	7.308.900	5.310.230
Depreciation and amortization		(754.370)	(799.335)	(2.197.403)	(2.075.968)
Changes in value of investment property		434.678	(875)	393.250	59.032
Operating profit (EBIT)		3.025.816	1.786.203	5.504.747	3.293.294
Finance income	10	40.332	957	88.777	180.510
Finance costs	10	(385.076)	(520.981)	(1.437.470)	(1.575.795)
Share of profit of associates		166.978	168.528	292.986	237.843
		(177.766)	(351.496)	(1.055.707)	(1.157.442)
Profit before income tax (EBT)		2.848.050	1.434.707	4.449.040	2.135.852
Income tax		(562.071)	(272.318)	(831.211)	(395.392)
Profit for the period		2.285.979	1.162.389	3.617.829	1.740.460
Other comprehensive income					
Items that are or may be reclassified subsequently to profit or loss:					
Translation differences of foreign operations		14.164	25.179	(17.997)	74.783
Net change in fair value of equity investments		0	0	0	30.000
Effective portion of changes in fair value of cash flow hedge, net of tax		(68.418)	(131.856)	125.634	(66.515)
Total other comprehensive income		(54.254)	(106.677)	107.637	38.268
Total comprehensive income for the period		2.231.725	1.055.712	3.725.466	1.778.728
Basic and diluted earnings per share in ISK		7,10	3,55	11,22	5,31

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

* Comparatives have been changed in accordance with changed classification during the year 2020, see note 4.

Consolidated Statement of Financial Position as at 30 September 2021

	Notes	30.9.2021	31.12.2020
Assets			
Goodwill		14.668.264	14.668.264
Other intangible assets		4.815.612	4.971.338
Property and equipment	11	31.654.162	32.297.379
Leased assets		5.586.910	5.419.566
Investment properties		7.499.548	7.466.994
Shares in associates		2.327.708	2.149.682
Shares in other companies		12.940	12.760
Long-term receivables		131.757	271.713
Non-current assets		66.696.901	67.257.696
Inventories		8.862.501	7.668.262
Trade receivables		5.887.313	4.923.709
Other short-term receivables		1.072.746	951.935
Cash and cash equivalents		4.245.037	2.562.942
Current assets		20.067.597	16.106.848
Total assets		86.764.498	83.364.544
Equity			
Share capital		319.189	323.091
Share premium		11.490.454	12.278.381
Other restricted equity		9.032.455	7.593.335
Retained earnings		10.905.892	9.588.818
Equity		31.747.990	29.783.625
Liabilities			
Loans from credit institutions	12	28.199.625	29.074.806
Lease liabilities		5.365.616	5.180.547
Deferred tax liability		5.526.287	4.663.668
Non-current liabilities		39.091.528	38.919.021
Loans from credit institutions	12	1.468.151	3.473.774
Lease liabilities		464.445	430.085
Trade payables		7.203.583	7.018.995
Other short-term liabilities		6.788.800	3.739.044
Current liabilities		15.924.979	14.661.898
Total liabilities		55.016.507	53.580.919
Total equity and liabilities		86.764.498	83.364.544

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 September 2021

	Other restricted equity							Total equity
	Share capital	Share premium	Statutory reserve	Revaluation reserve	Unrealised profit of subsidiaries and associates	Other reserves	Retained earnings	
1 January to 30 September 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						38.268	1.740.460	1.778.728
Restricted due to subsidiaries and associates					555.397		(555.397)	0
Dissolution of revaluation of an associate				(15.606)			15.606	0
Dissolution of revaluation of property and equipment				(82.122)			82.122	0
	328.574	13.010.171	81.764	3.303.235	2.954.580	(28.861)	10.817.509	30.466.972
<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)
Dividend paid (ISK 2.00 per share)							(647.857)	(647.857)
Equity 30.9.2020	327.055	12.875.017	81.764	3.303.235	2.954.580	(28.861)	10.169.652	29.682.442
Total other restricted equity						6.310.718		
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
	323.091	12.278.381	79.797	3.205.924	5.492.018	254.716	11.875.164	33.509.091
<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	319.189	11.490.454	79.797	3.205.924	5.492.018	254.716	10.905.892	31.747.990
Total other restricted equity						9.032.455		

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 September 2021

	Notes	2021 1.7.-30.9.	2020 1.7.-30.9.	2021 1.1.-30.9.	2020 1.1.-30.9.
Cash flows from operating activities					
Operating profit before depreciation & amortization (EBITDA)		3.345.508	2.586.413	7.308.900	5.310.230
Operating items not affecting cash flows:					
(Gain) loss on sale of property and equipment		(85.904)	3.472	(293.051)	2.834
Gain on sale of shares in other companies		0	0	(3.933)	0
		<u>3.259.604</u>	<u>2.589.885</u>	<u>7.011.916</u>	<u>5.313.064</u>
Changes in operating assets and liabilities:					
Inventories, decrease (increase)		138.805	(1.172.263)	(1.194.239)	(993.102)
Trade and short-term receivables, (increase) decrease		(514.706)	135.054	(949.923)	(495.579)
Trade and other short-term liabilities, increase		1.446.895	1.197.874	3.411.380	1.807.205
Changes in operating assets and liabilities		<u>1.070.994</u>	<u>160.665</u>	<u>1.267.218</u>	<u>318.524</u>
Interest received		1.016	11.583	34.002	76.336
Interest paid		(260.829)	(308.815)	(762.182)	(1.060.412)
Income tax paid		(49.024)	0	(147.072)	(278.802)
Net cash from operating activities		<u>4.021.761</u>	<u>2.453.318</u>	<u>7.403.882</u>	<u>4.368.710</u>
Cash flows used in investing activities					
Purchase of intangible assets		(88.225)	(275.870)	(389.149)	(706.359)
Purchase of property and equipment	11	(458.178)	(1.015.796)	(1.144.188)	(1.869.073)
Sale of property and equipment		467.521	54.376	777.431	68.168
Purchase of investment properties		(28)	(4.883)	(2.027)	(8.843)
Sale of investment properties		406.572	184.880	406.572	184.880
Purchase of shares in other companies		0	0	(22.114)	(27.911)
Sale of shares in other companies		0	0	3.933	0
Dividend received from associates		0	0	214.962	0
Purchase of subsidiary, net of cash acquired		0	0	0	(76.094)
Long-term receivables and securities, change		44.500	59.184	58.845	167
Net cash from (used in) investing activities		<u>372.162</u>	<u>(998.109)</u>	<u>(95.735)</u>	<u>(2.435.065)</u>
Cash flows used in financing activities					
Dividend paid		0	(647.857)	(969.272)	(647.857)
Purchase of own shares		(389.780)	0	(791.829)	(543.064)
Repayment of long-term loans from credit institutions		(787.087)	0	(1.544.888)	(867.625)
Payment of the principal portion of lease liabilities		(110.111)	(107.280)	(341.265)	(284.023)
Short term loans, change		(2.000.000)	(930)	(2.000.000)	(2.444)
Net cash used in financing activities		<u>(3.286.978)</u>	<u>(756.067)</u>	<u>(5.647.254)</u>	<u>(2.345.013)</u>
Increase (decrease) in cash and cash equivalents		1.106.945	699.142	1.660.893	(411.368)
Effect of movements in exchange rates on cash held		4.031	(2.678)	21.202	33.382
Cash and cash equivalents at the beginning of the period		3.134.061	4.294.304	2.562.942	5.368.754
Cash and cash equivalents at the end of the period		<u>4.245.037</u>	<u>4.990.768</u>	<u>4.245.037</u>	<u>4.990.768</u>
Investing and financing activities not affecting cash flows					
Purchase of shares in other companies		(100.000)	0	(100.000)	(406.391)
Trade and short term payables		100.000	0	100.000	0
Issued new share capital		0	0	0	406.391
Acquisition of right-of-use assets		(560.694)	(1.768.255)	(560.694)	(1.768.255)
New and renewed leases		560.694	1.768.255	560.694	1.768.255

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 nine months ended 30 September 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.

2. Basis of preparation

The condensed consolidated interim financial statements for the nine months ended 30 September 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 October 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 which experienced last year considerable drop is steadily recovering with introduction of vaccine and the lifting of government restrictions. 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.

Notes, continued:

3. Use of estimates and judgements, continued:

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.

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 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)	(1.082.981)	(4.365.496)
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>1.956.411</u>	<u>5.961.135</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)	(24.566)	(688.512)
Profit for the period	<u>446.000</u>	<u>1.288.957</u>	<u>568.818</u>	<u>743.259</u>	<u>3.047.034</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

Notes, continued:

5. Operating segments, continued:

Reportable segments for the nine months ended 30 September 2020

	N1	Krónan	ELKO	Other companies	Total
External revenue	23.500.523	30.965.083	8.861.963	732.206	64.059.775
Intra-group revenue	199.705	87.049	10.602	4.257.232	4.554.588
Total segment revenue	<u>23.700.228</u>	<u>31.052.132</u>	<u>8.872.565</u>	<u>4.989.438</u>	<u>68.614.363</u>
Operating profit before depreciation, and amortization (EBITDA)	2.401.463	2.177.421	762.035	2.456.415	7.797.334
Segment depreciation and amortisation	(1.722.757)	(1.087.307)	(264.025)	(1.092.518)	(4.166.607)
Changes in value of investment properties ..	0	0	0	59.032	59.032
Operating profit of segments (EBIT)	<u>678.706</u>	<u>1.090.114</u>	<u>498.010</u>	<u>1.422.929</u>	<u>3.689.759</u>
Net finance costs	(639.181)	(346.251)	(60.160)	(1.556.447)	(2.602.039)
Share of profit of associates	0	0	0	237.843	237.843
Income tax	(10.063)	(159.665)	(89.433)	25.827	(233.334)
Profit for the period	<u>29.462</u>	<u>584.198</u>	<u>348.417</u>	<u>130.152</u>	<u>1.092.229</u>

30 September 2020

Segment assets	30.789.462	15.061.436	4.318.582	35.124.984	85.294.464
Segment capital expenditure	556.039	860.473	178.678	989.085	2.584.275
Segment liabilities	17.351.906	13.522.957	3.305.138	21.432.020	55.612.021

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

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	(4.365.496)	2.168.093	(2.197.403)
Changes in value of investment property	393.250		393.250
EBIT	<u>5.961.135</u>	<u>(456.388)</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	(688.512)	(142.699)	(831.211)
Profit for the period	<u>3.047.034</u>	<u>570.795</u>	<u>3.617.829</u>

1.1.-30.9.2020

	Reportable segment totals	Intercompany adjustments	Consolidated totals
EBITDA	7.797.334	(2.487.104)	5.310.230
Depreciation and amortisation	(4.166.607)	2.090.639	(2.075.968)
Changes in value of investment properties	59.032		59.032
EBIT	<u>3.689.759</u>	<u>(396.465)</u>	<u>3.293.294</u>
Net finance costs	(2.602.039)	1.206.754	(1.395.285)
Share of profit of associates	237.843		237.843
Income tax	(233.334)	(162.058)	(395.392)
Profit for the period	<u>1.092.229</u>	<u>648.231</u>	<u>1.740.460</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:	2021	Restated 2020	2021	Restated 2020
	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	13.482.429	12.478.002	38.891.065	34.579.656
Fuel and electricity	7.741.741	5.930.365	17.637.986	14.640.780
Electronic equipment	3.815.907	3.336.891	10.543.289	8.790.976
Other goods and services	2.023.905	1.709.970	5.235.284	4.863.204
Total sale of goods and services	<u>27.063.982</u>	<u>23.455.228</u>	<u>72.307.624</u>	<u>62.874.616</u>
Other operating income:				
Lease income from leasing of real estate	198.756	196.947	575.313	580.282
Warehouse services	103.028	96.224	299.687	259.838
Commission revenues	80.610	56.642	227.753	163.383
Gain on sale of property and equipment	85.904	(638)	293.051	0
Other operating income	65.846	82.863	196.770	181.656
Total other operating income	<u>534.144</u>	<u>432.038</u>	<u>1.592.574</u>	<u>1.185.159</u>
Total operating revenue	<u>27.598.126</u>	<u>23.887.266</u>	<u>73.900.198</u>	<u>64.059.775</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 2020	2021	Restated 2020
	1.7.-30.9.	1.7.-30.9.	1.1.-30.9.	1.1.-30.9.
Grocery and convenience goods	3.372.728	2.963.651	9.367.473	8.075.586
Fuel and electricity	1.818.296	1.469.707	3.983.060	3.202.555
Electronic equipment	947.844	746.338	2.720.177	2.137.866
Other goods and services	735.911	605.374	2.053.353	1.896.515
Total margin from sale of goods and services	<u>6.874.779</u>	<u>5.785.070</u>	<u>18.124.063</u>	<u>15.312.522</u>

Notes, continued:

8. Salaries and other personnel expenses

Salaries and other operating expenses are specified as follows:

	2021	2020	2021	2020
	1.7.-30.9.	1.7.-30.9.	1.1.-30.9.	1.1.-30.9.
Salaries	2.273.831	2.054.027	6.795.644	5.938.077
Salary-related expenses	347.130	340.130	1.479.376	1.347.252
Other personnel expenses	131.299	81.035	311.577	302.812
Total salaries and other personnel expenses	<u>2.752.260</u>	<u>2.475.192</u>	<u>8.586.597</u>	<u>7.588.141</u>

9. Other operating expenses

Other operating expenses are specified as follows:

		Restated		Restated
Operating costs of real estate	397.017	381.590	1.122.720	1.161.320
Maintenance expenses	223.590	152.246	654.830	507.864
Sales and marketing expenses	302.304	221.652	888.507	700.474
Communication expenses	161.491	154.160	496.282	448.873
Office and administrative expenses	73.277	81.029	275.283	353.931
Insurance and claims cost	93.965	53.558	193.275	130.250
Bad debt and change in allowance for bad debt ..	12.382	27.754	36.239	64.919
Other expenses	47.129	83.514	154.004	231.679
Total other operating expenses	<u>1.311.155</u>	<u>1.155.503</u>	<u>3.821.140</u>	<u>3.599.310</u>

10. Finance income and finance costs

Finance income is specified as follows:

Interest income on cash and cash equivalents ...	6.634	(4.781)	8.202	27.337
Interest income on long-term receivables	4.732	(1.063)	12.863	11.175
Interest income on other receivables	10.962	6.801	36.962	32.531
Gain from sales of shares in other companies	0	0	3.933	0
Dividend income	0	0	0	6.600
Net foreign exchange gain (loss)	18.004	0	26.817	102.867
Total finance income	<u>40.332</u>	<u>957</u>	<u>88.777</u>	<u>180.510</u>

Finance costs are specified as follows:

Interest expense and CPI-index on loans	306.461	431.870	1.191.605	1.296.703
Interest expense on lease liabilities	71.760	74.449	218.592	207.710
Other interest expense	6.855	13.970	27.273	71.382
Net foreign exchange loss	0	692	0	0
Total finance costs	<u>385.076</u>	<u>520.981</u>	<u>1.437.470</u>	<u>1.575.795</u>

11. Operating assets

Acquisition of operating assets in the first nine months of 2021 amounted to ISK 1,144 million. Thereof investment in buildings is ISK 273 million, interiors, equipment and tools was ISK 772 million and investment in computers and other IT hardware was ISK 99 million.

On 30 June 2021, Festi accepted a purchase offer for the sale of four of its properties in the amount of ISK 4,150 million. The sale of one property was completed in September with capital gain of ISK 88 million but sale of the remaining three is still subject to approval from public bodies and outcome of due diligence.

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.-30.9.	1.1.-31.12.
Long-term loans		
Balance at the beginning of the year	29.074.806	29.942.470
Repayments	(1.544.888)	(1.615.525)
Amortisation of borrowing costs	19.503	28.609
CPI-indexation	644.581	757.786
Change in current portion	5.623	(38.534)
Balance at the end of the period.....	<u>28.199.625</u>	<u>29.074.806</u>
Short-term loans		
Current portion of long-term loans	1.468.151	1.473.774
Short-term loans from bank	0	2.000.000
Balance at the end of the period.....	<u>1.468.151</u>	<u>3.473.774</u>
Total loans from credit institutions	<u>29.667.776</u>	<u>32.548.580</u>

	Interest rates at		Outstanding amounts at	
	30.9.2021	31.12.2020	30.9.2021	31.12.2020
Non-indexed loans on floating interest rates	2,9%	1,9%	17.282.944	8.791.278
CPI-indexed loans on floating interest rates	2,2%	2,2%	12.384.832	21.757.302
Short-term loan on floating interest rates		2,4%	0	2.000.000
Total loans from credit institutions			<u>29.667.776</u>	<u>32.548.580</u>

The maturities of the loans are specified as follows:

Year 2021.....	738.592	3.473.774
Year 2022	1.468.308	1.475.181
Year 2023	1.468.937	1.476.587
Year 2024	1.469.565	1.477.994
Year 2025.....	7.314.252	7.323.460
Due for payment onwards	17.208.122	17.321.584
Total loans from credit institutions	<u>29.667.776</u>	<u>32.548.580</u>

As at 30 September 2021, the Group had undrawn credit lines in the amount of ISK 3,000 million.

Notes, continued:

13. Group entities

The Company held five subsidiaries at end of September 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	2020
	1.1.-30.9.	1.1.-30.9.
Operations		
Turnover rate of inventories		
Utilisation of goods / average balance of inventories during the period.....	8,5	8,3
Sales days in trade receivables:		
Average balance of trade receivables during the period /		
goods and services sold	17,7	13,6
EBITDA / margin from sales of goods and services.....	40,3%	34,7%
Salaries and personnel expenses / margin from sales of goods and services.....	47,4%	49,6%
Other operating expenses / margin from sales of goods and services.....	21,1%	23,5%
	30.9.2021	31.12.2020
Financial position		
Current ratio: current assets / current liabilities.....	1,26	1,10
Liquidity ratio: (current assets - inventories) / current liabilities.....	0,70	0,58
Intrinsic value of share capital	99,46	92,18
Equity ratio: equity / total capital.....	36,6%	35,7%