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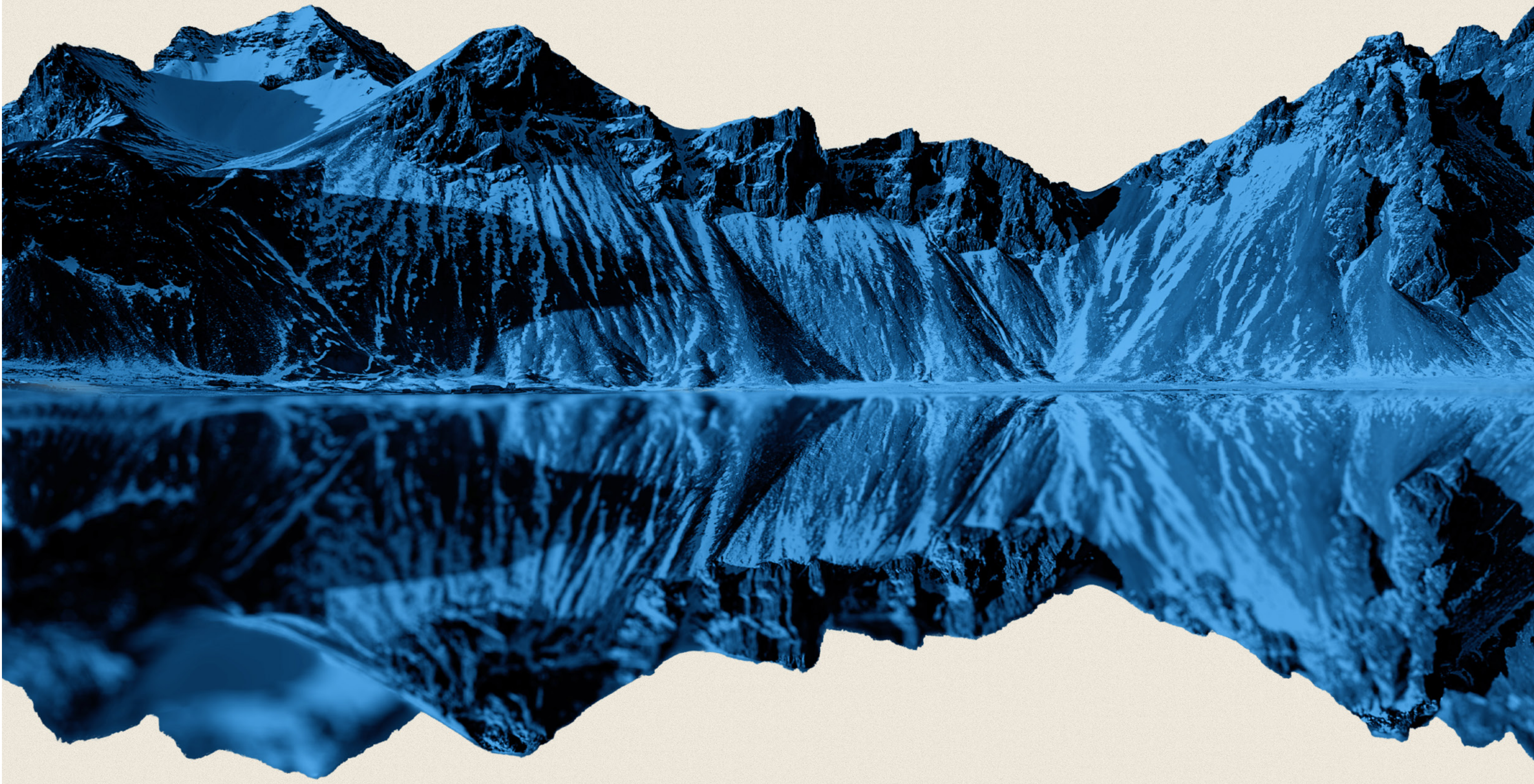

Condensed Interim Financial Statements

1 JANUARY – 30 JUNE 2026

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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 2026 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 2025. 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 2026

For the period 1 January to 30 June 2026, profit amounted to ISK 1,517 million (2025 6M: 1,699 million). Total comprehensive income for the period was ISK 1,470 million (2025 6M: 1,771 million). At the end of the period equity amounted to ISK 46,789 million, including share capital in the amount of ISK 309 million. Based on the Company's 2026 Annual General Meeting resolution in March, a dividend of ISK 2,151 million was approved and paid to the shareholders in April. Reference is made to the Consolidated Statement of Changes in Equity regarding information on changes in equity.

Operations of the Group were satisfactory in the second quarter, although results were below budget. Sales increased by 6.2% compared with the same period last year, margin from sales increased by 5.2%, and gross margin declined by 0.2 percentage points YoY.

The ongoing conflict in the Middle East has created significant geopolitical uncertainty. Commodity markets, including oil, have experienced considerably higher prices and increased volatility amid concerns over supply-chain disruptions, which resulted in lower margins in the fuel segment during the second quarter. Furthermore, the closure of Krónan's largest store, located in Lindir, Kópavogur, extended beyond the anticipated period which also affected sales at ELKO's store in Lindir during the quarter. Despite this, sales volumes increased in most product categories compared with the same period last year.

In management's view, there are indications that margins in the fuel segment will remain under pressure in the coming months. Inflation in Iceland has risen, and should it remain elevated throughout the year, it could adversely affect the cost of goods and operating expenses across all categories. The outlook remains good, but EBITDA forecast for the year has been lowered by ISK 500 million and is now in the range of ISK 16,000–16,500 million.

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 2026, its assets, liabilities and financial position as of 30 June 2026, and change in cash and cash equivalents 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 describes the principal risk and uncertainties faced by the Group.

The Board of Directors and the CEO have today discussed the Company's Condensed Consolidated Interim Financial Statements of Festi hf. for the period from 1 January to 30 June 2026 and confirm them by means of their signatures.

Kópavogur, 28 July 2026.

Board of Directors

Hjörleifur Pálsson, Chairman
Sigurlína Ingvarsdóttir, Vice-Chairman
Edda Blumenstein
Guðjón Auðunsson
Guðjón Karl Reynisson

CEO

Ásta Sigríður Fjeldsted

Consolidated Statement of Comprehensive Income
for the period from 1 January to 30 June 2026

	Notes	2026 1.4.-30.6.	2025 1.4.-30.6.	2026 1.1.-30.6.	2025 1.1.-30.6.
Sale of goods and services	6	46.346.757	43.579.093	86.407.780	81.364.948
Cost of goods sold		(34.824.469)	(32.571.112)	(65.138.564)	(61.144.908)
Margin from sale of goods and services	7	11.522.288	11.007.981	21.269.216	20.220.040
Other operating income	6	560.060	569.216	1.123.755	1.118.138
Salaries and other personnel expenses	8	(6.002.070)	(5.584.970)	(11.690.452)	(10.889.664)
Other operating expenses	9	(2.172.625)	(2.054.546)	(4.229.705)	(4.021.587)
		(7.614.635)	(7.070.300)	(14.796.402)	(13.793.113)
Operating profit before depreciation, amortisation and changes in fair value (EBITDA)		3.907.653	3.937.681	6.472.814	6.426.927
Depreciation of property and equipment and leased assets and amortisation of intangible assets		(1.548.732)	(1.550.326)	(3.095.120)	(2.989.134)
Changes in value of investment property		61.118	82.167	122.674	131.401
Operating profit before finance items (EBIT)		2.420.039	2.469.522	3.500.368	3.569.194
Finance income	10	62.601	93.744	181.077	208.594
Finance costs	10	(989.232)	(1.014.406)	(1.993.835)	(1.986.809)
Net finance cost		(926.631)	(920.662)	(1.812.758)	(1.778.215)
Share of profit of associates		88.824	186.698	165.601	273.449
Profit before income tax (EBT)		1.582.232	1.735.558	1.853.211	2.064.428
Income tax		(282.819)	(316.192)	(335.752)	(365.890)
Profit for the period		1.299.413	1.419.366	1.517.459	1.698.538
Other comprehensive income					
Items that are or may be reclassified subsequently to profit or loss:					
Translation difference arising from operations of a foreign associate		0	(4.995)	0	(14.247)
Effective portion of changes in fair value of cash flow hedges, net of income tax		196.496	62.302	(47.157)	86.521
Total other comprehensive income (loss)		196.496	57.307	(47.157)	72.274
Total comprehensive income for the period		1.495.909	1.476.673	1.470.302	1.770.812
Basic earnings per share in ISK		4,22	4,55	4,93	5,45
Diluted earnings per share in ISK		4,17	4,51	4,86	5,39

The notes on pages 8 to 17 are an integral part of these condensed financial statements.

Condensed Consolidated Interim Financial Statements 30 June 2026 4 Amounts are in thousands of ISK

Consolidated Statement of Financial Position as at 30 June 2026

	Notes	30.6.2026	31.12.2025
Assets			
Goodwill		18.367.104	18.367.104
Other intangible assets		7.444.308	7.659.020
Property and equipment	11	44.385.087	43.654.738
Leased assets		10.459.332	10.509.753
Investment property		7.261.794	6.731.281
Shares in associates		1.832.844	2.078.910
Shares in other companies		69.494	44.140
Long-term receivables		74.647	50.972
Non-current assets		89.894.610	89.095.918
Inventories		17.456.507	14.178.995
Trade receivables		6.165.746	5.435.100
Other short-term receivables		1.529.743	1.122.164
Cash and cash equivalents		1.313.408	5.928.914
Current assets		26.465.404	26.665.173
Total assets		116.360.014	115.761.091
Equity			
Share capital	12	308.870	309.009
Share premium		8.722.843	8.988.824
Other restricted equity		17.545.484	20.758.820
Retained earnings		20.211.913	17.627.190
Equity		46.789.110	47.683.843
Liabilities			
Interest bearing loans	13	23.166.158	24.015.932
Lease liabilities	14	9.897.101	10.029.389
Deferred tax liability		7.944.433	7.620.470
Non-current liabilities		41.007.692	41.665.791
Interest bearing loans	13	5.891.534	3.392.579
Lease liabilities	14	1.572.481	1.437.761
Trade payables		13.316.070	12.875.525
Other short-term liabilities		7.783.127	8.705.592
Current liabilities		28.563.212	26.411.457
Total liabilities		69.570.904	68.077.248
Total equity and liabilities		116.360.014	115.761.091

The notes on pages 8 to 17 are an integral part of these condensed financial statements.

Condensed Consolidated Interim Financial Statements 30 June 2026 5 Amounts are in thousands of ISK

Consolidated Statement of Changes in Equity
for the period from 1 January to 30 June 2026

	Share capital	Share premium	Other restricted equity Statutory reserve	Revaluation reserve	Unrealised profit of subsidiaries and associates	Other restricted accounts	Retained earnings	Total equity
1 January to 30 June 2025								
Equity 1.1.2025	311.254	9.803.982	77.814	6.834.403	11.405.001	(59.208)	15.119.951	43.493.197
Profit for the period							1.698.538	1.698.538
Total other comprehensive income						72.274		72.274
Restricted due to subsidiaries and associates					(1.645.677)		1.645.677	0
Dissolution of revaluation of an associate				(32.905)			32.905	0
Dissolution of revaluation of property and equipment				(85.460)			85.460	0
	311.254	9.803.982	77.814	6.716.038	9.759.324	13.066	18.582.531	45.264.009
Transactions with shareholders:								
Share options							63.475	63.475
Share options exercised	1.049	195.031						196.080
Transferred to statutory reserve			262				(262)	0
Dividend paid to shareholders (ISK 4.50 per share)							(1.400.642)	(1.400.642)
Equity 30.6.2025	312.303	9.999.013	78.076	6.716.038	9.759.324	13.066	17.245.102	44.122.922
Total other restricted equity						16.566.504		
1 January to 30 June 2026								
Equity 1.1.2026	309.009	8.988.824	77.252	6.627.482	14.038.297	15.789	17.627.190	47.683.843
Profit for the period							1.517.459	1.517.459
Total other comprehensive loss						(47.157)		(47.157)
Restricted due to subsidiaries and associates					(3.047.234)		3.047.234	0
Dissolution of revaluation of an associate				(39.098)			39.098	0
Dissolution of revaluation of property and equipment				(79.813)			79.813	0
	309.009	8.988.824	77.252	6.508.571	10.991.063	(31.368)	22.310.794	49.154.145
Transactions with shareholders:								
Share options							52.525	52.525
Share options exercised	1.521	295.766						297.287
Purchase of own shares	(1.660)	(561.747)						(563.407)
Transferred from statutory reserve			(34)				34	0
Dividend paid to shareholders (ISK 7.00 per share)							(2.151.440)	(2.151.440)
Equity 30.6.2026	308.870	8.722.843	77.218	6.508.571	10.991.063	(31.368)	20.211.913	46.789.110
Total other restricted equity						17.545.484		

The notes on pages 8 to 17 are an integral part of these condensed financial statements.

Condensed Consolidated Interim Financial Statements 30 June 2026 6 Amounts are in thousands of ISK

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Consolidated Statement of Cash Flows
for the period from 1 January to 30 June 2026

	Notes	2026 1.4.-30.6.	2025 1.4.-30.6.	2026 1.1.-30.6.	2025 1.1.-30.6.
Cash flows from operating activities					
Operating profit before depreciation, amortisation and changes in fair value (EBITDA)		3.907.653	3.937.681	6.472.814	6.426.927
Operating items not affecting cash flows:					
Gain on sale of property and equipment		(4.502)	(10.622)	(10.313)	(17.287)
		3.903.151	3.927.059	6.462.501	6.409.640
Changes in operating assets and liabilities:					
Inventories, (increase) decrease		(1.274.893)	1.046.459	(3.277.512)	(198.103)
Trade and short-term receivables, (increase) decrease		(1.291.204)	(1.006.436)	(1.158.845)	600.294
Trade and other short-term liabilities, (decrease) increase		(258.329)	2.075.112	(53.316)	2.631.181
Changes in operating assets and liabilities		(2.824.426)	2.115.135	(4.489.673)	3.033.372
Interest received		50.884	24.669	131.784	57.635
Interest paid		(524.144)	(688.829)	(1.234.745)	(1.542.470)
Income tax paid		(318.655)	(173.119)	(614.836)	(346.238)
Net cash from operating activities		286.810	5.204.915	255.031	7.611.939
Cash flows used in investing activities					
Purchased intangible assets		(208.169)	(273.700)	(415.995)	(467.870)
Purchased property and equipment	11	(1.622.658)	(1.787.446)	(2.761.923)	(2.457.103)
Sold property and equipment		22.112	20.819	44.707	47.922
Purchase of investment properties		(22.771)	(111.254)	(43.262)	(148.255)
Purchase of shares in companies		0	0	(70.000)	0
Dividend received		471.667	385.998	471.667	500.586
Long-term receivables, change		(9.767)	0	(39.029)	(4.917)
Net cash used in investing activities		(1.369.586)	(1.765.583)	(2.813.835)	(2.529.637)
Cash flows used in financing activities					
Purchased own shares		0	0	(563.407)	0
Dividend paid		(2.151.440)	(1.400.642)	(2.151.440)	(1.400.642)
Share options exercised		297.287	196.080	297.287	196.080
Repayment of interest bearing loans		(555.677)	(1.784.132)	(852.491)	(2.107.034)
Repayment of lease liabilities		(393.434)	(364.016)	(778.857)	(723.317)
Short-term loans, change		964.389	0	1.972.574	0
Net cash used in financing activities		(1.838.875)	(3.352.710)	(2.076.334)	(4.034.913)
(Decrease) increase in cash and cash equivalents		(2.921.651)	86.622	(4.635.138)	1.047.389
Foreign currency difference on cash and cash equivalents		14.904	27.079	19.632	19.525
Cash and cash equivalents at the beginning of the period		4.220.155	5.028.571	5.928.914	4.075.358
Cash and cash equivalents at the end of the period		1.313.408	5.142.272	1.313.408	5.142.272
Investing and financing activities not affecting cash flows					
New lease contracts and their remeasurement		(478.099)	(1.071.327)	(781.289)	(1.461.533)
New lease liabilities and their remeasurement		478.099	1.071.327	781.289	1.461.533
New long-term loans		0	0	4.200.000	0
Repayment of interest bearing loans from credit institutions		0	0	(4.200.000)	0

The notes on pages 8 to 17 are an integral part of these condensed financial statements.

Condensed Consolidated Interim Financial Statements 30 June 2026 7 Amounts are in thousands of ISK

Notes to the Condensed Consolidated Interim 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 business activities of the Company and its subsidiaries (together referred to as the "Group") consists of sale of fuel, goods and services in service stations, groceries and related products, sale of medicines, 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 2026 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 2026 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 2025.

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 2025.

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 kronor unless otherwise stated. The Board of Directors of Festi hf. approved the Condensed Consolidated Interim Financial Statements on 28 July 2026.

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 2025.

4. New and revied 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 2025. The Group has not adopted the following new or amended stards that have been issued but are not yet effective for the financial year 2026:

Standard	Effective date
- IFRS 18 Presentation and Disclosure in Financial Statements	1 January 2027
- IFRS 19 Subsidiaries without Public Accountability: Disclosures	1 January 2028

The adoption of IFRS 18 will affect the presentation of information in the financial statements without affecting accounting measurement and the Group’s income. Preparations for the implementation of the standard are ongoing; however, the final impact has not yet been determined. The European Union has endorsed IFRS 18 but not IFRS 19. Furthermore, management considers that the adoption of other standards or amendments to standards that have been issued but are not yet effective will have no or an immaterial effect on the 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 to decide upon how assets are allocated as well as to monitor their financial performance.

Operating results of segments, their assets and liabilities consist of items directly attributable to individual segments as well as those items which can be allocated to them in a logical way. Capital expenditure of segments consists 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 ELKO, Krónan, Lyfja, N1 and Yrkir eignir are individual operating segments. The Group´s other entities comprise the sixth segment. That segment consists of the operations of the Parent Company Festi and Bakkinn Vöruhótel.

Reportable segments for the six months ended 30 June 2026

	ELKO	Krónan	Lyfja	N1	Yrkir eignir	Other companies	Segments total
External revenue	9.659.835	41.156.922	10.242.843	26.053.162	278.111	140.662	87.531.535
Intra-group revenue	11.424	1.012.787	231.466	233.278	2.124.218	3.311.944	6.925.117
Total segment revenue	9.671.259	42.169.709	10.474.309	26.286.440	2.402.329	3.452.606	94.456.652
Operating profit before depreciation, amortisation and changes in value (EBITDA)	776.260	3.254.068	687.031	2.043.651	1.892.005	860.475	9.513.490
Segment depreciation and amortisation	(364.296)	(1.285.603)	(563.793)	(1.646.338)	(1.095.988)	(484.920)	(5.440.938)
Changes in value of investment property	0	0	0	0	122.674	0	122.674
Operating profit of segments (EBIT)	411.964	1.968.465	123.238	397.313	918.691	375.555	4.195.226
Net finance costs	(45.325)	(170.784)	(42.758)	(398.998)	(941.137)	(827.377)	(2.426.379)
Share of profit of associates	0	0	0	0	0	165.601	165.601
Income tax	(73.328)	(359.536)	(15.574)	337	4.489	91.613	(351.999)
Profit (loss) for the period	293.311	1.438.145	64.906	(1.348)	(17.957)	(194.608)	1.582.449
30 June 2026							
Segment assets	7.100.822	28.296.470	11.059.085	26.233.789	32.622.202	77.562.429	182.874.797
Segment capital expenditure	204.939	1.101.917	164.300	797.656	216.759	735.609	3.221.180
Segment liabilities	4.998.795	22.564.809	5.157.506	16.299.070	23.686.195	29.836.953	102.543.328

Reportable segments for the six months ended 30 June 2025

	ELKO	Krónan	Lyfja	N1	Yrkir eignir	Other companies	Segments total
External revenue	9.307.713	37.300.552	9.507.993	25.880.001	307.010	179.817	82.483.086
Intra-group revenue	8.822	871.254	188.271	150.500	1.907.999	3.018.602	6.145.448
Total segment revenue	9.316.535	38.171.806	9.696.264	26.030.501	2.215.009	3.198.419	88.628.534
Operating profit before depreciation, amortisation and changes in value (EBITDA)	681.058	2.777.668	734.444	2.425.248	1.745.052	865.620	9.229.090
Segment depreciation and amortisation	(353.029)	(1.215.031)	(538.271)	(1.558.109)	(1.045.539)	(443.679)	(5.153.658)
Changes in value of investment property	0	0	0	0	131.401	0	131.401
Operating profit of segments (EBIT)	328.029	1.562.637	196.173	867.139	830.914	421.941	4.206.833
Net finance costs	(68.916)	(134.944)	(76.011)	(328.237)	(813.796)	(988.279)	(2.410.183)
Share of profit of associates	0	0	0	0	0	273.449	273.449
Income tax	(51.823)	(285.539)	(24.061)	(112.955)	(3.424)	110.778	(367.024)
Profit (loss) for the period	207.290	1.142.154	96.101	425.947	13.694	(182.111)	1.703.075
30 June 2025							
Segment assets	6.734.369	24.426.702	10.712.601	27.316.337	32.642.340	82.698.765	184.531.114
Segment capital expenditure	170.257	848.581	142.307	606.552	973.137	332.395	3.073.229
Segment liabilities	4.951.004	19.384.018	5.127.247	17.121.952	24.621.818	36.977.613	108.183.652

Condensed Consolidated Interim Financial Statements 30 June 2026 9 Amounts are in thousands of ISK

Notes, continued:

5. Operating segments, continued:

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities, and other material items in the Consolidated Statement of Comprehensive Income.

1.1.-30.6.2026	Segments total	Eliminations	According to financial statements
Operating profit before depreciation, amortisation and changes in fair value (EBITDA)	9.513.490	(3.040.676)	6.472.814
Depreciation of property and equipment and leased assets and amortisation of intangible assets	(5.440.938)	2.345.818	(3.095.120)
Changes in fair value of investment property	122.674		122.674
Operating profit (EBIT)	4.195.226	(694.858)	3.500.368
Net finance costs	(2.426.379)	613.621	(1.812.758)
Share of profit of associates	165.601		165.601
Income tax	(351.999)	16.247	(335.752)
Profit for the period	1.582.449	(64.990)	1.517.459
30 June 2026			
Segment assets	182.874.797	(66.514.783)	116.360.014
Segment capital expenditure	3.221.180		3.221.180
Segment liabilities	102.543.328	(32.972.424)	69.570.904

1.1.-30.6.2025	Segments total	Eliminations	According to financial statements
Operating profit before depreciation, amortisation and changes in fair value (EBITDA)	9.229.090	(2.802.163)	6.426.927
Depreciation of property and equipment and leased assets and amortisation of intangible assets	(5.153.658)	2.164.524	(2.989.134)
Changes in fair value of investment property	131.401		131.401
Operating profit (EBIT)	4.206.833	(637.639)	3.569.194
Net finance costs	(2.410.183)	631.968	(1.778.215)
Share of profit of associates	273.449		273.449
Income tax	(367.024)	1.134	(365.890)
Profit for the period	1.703.075	(4.537)	1.698.538
30 June 2025			
Segment assets	184.531.114	(67.547.822)	116.983.292
Segment capital expenditure	3.073.229		3.073.229
Segment liabilities	108.183.652	(35.323.282)	72.860.370

Condensed Consolidated Interim Financial Statements 30 June 2026 10 Amounts are in thousands of ISK

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

Properties leased to parties outside the Group are recognised as investment properties. Investment properties are properties 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 profit or loss and therefore presented separately from lease income from those same assets.

Other operating revenue

Revenue from warehouse services, commissions, gain on sale of property and equipment, market grants and other income are presented in other operating income.

Operating income is specified as follows:

	2026 1.4.-30.6.	2025 1.4.-30.6.	2026 1.1.-30.6.	2025 1.1.-30.6.
Sale of goods and services:				
Convenience goods	23.436.279	22.015.034	45.220.874	41.644.166
Fuel and electricity	11.074.751	10.156.609	18.704.427	18.345.519
Electronic equipment	4.946.978	4.888.794	9.559.498	9.197.824
Prescription and over-the-counter medicine	3.905.284	3.587.172	7.789.039	7.060.208
Other goods and services	2.983.465	2.931.484	5.133.942	5.117.231
Total sale of goods and services	46.346.757	43.579.093	86.407.780	81.364.948
Other operating income:				
Lease income from properties	201.800	212.960	407.440	416.682
Warehouse services	66.105	72.314	129.623	165.440
Commissions	138.111	130.434	271.810	259.862
Gain on sale of property and equipment	4.502	10.622	10.313	17.287
Other operating income	149.542	142.886	304.569	258.867
Total other operating income	560.060	569.216	1.123.755	1.118.138
Total operating revenue	46.906.817	44.148.309	87.531.535	82.483.086

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 in the cost of inventories to net realisable value is expensed as part of cost of goods sold.

Gross profit from sale of goods and services is specified as follows:

	2026 1.4.-30.6.	2025 1.4.-30.6.	2026 1.1.-30.6.	2025 1.1.-30.6.
Convenience goods	5.607.247	5.200.814	10.714.825	9.782.459
Fuel and electricity	2.216.857	2.277.160	3.853.914	4.107.347
Electronic equipment	1.386.244	1.281.689	2.664.060	2.389.914
Prescription and over-the-counter medicine	976.520	954.639	1.932.786	1.887.206
Other goods and services	1.335.420	1.293.679	2.103.631	2.053.114
Margin from sale of goods and services	11.522.288	11.007.981	21.269.216	20.220.040

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Notes, continued:

8. Salaries and other personnel expenses

Salaries and other personnel expenses are specified as follows:

	2026 1.4.-30.6.	2025 1.4.-30.6.	2026 1.1.-30.6.	2025 1.1.-30.6.
Salaries	4.710.392	4.378.745	8.970.590	8.279.377
Salary-related expenses	997.064	988.068	2.151.254	2.071.907
Other personnel expenses	294.614	218.157	568.608	538.380
Total salaries and other personnel expenses	6.002.070	5.584.970	11.690.452	10.889.664

9. Other operating expenses

Other operating expenses are specified as follows:

	2026 1.4.-30.6.	2025 1.4.-30.6.	2026 1.1.-30.6.	2025 1.1.-30.6.
Operating expenses of properties	650.554	603.872	1.279.479	1.195.777
Maintenance expenses	328.849	291.357	610.149	588.053
Sales and marketing expenses	524.170	542.357	1.010.679	986.848
Office and administrative expenses	157.885	128.206	303.988	282.004
Communication expenses	356.612	344.207	701.835	680.676
Insurance and claims expenses	51.038	40.886	95.022	72.973
Other expenses	103.517	103.661	228.553	215.256
Total other operating expenses	2.172.625	2.054.546	4.229.705	4.021.587

10. Finance income and finance costs

Finance income is specified as follows:	2026 1.4.-30.6.	2025 1.4.-30.6.	2026 1.1.-30.6.	2025 1.1.-30.6.
Interest income on cash and cash equivalents	24.291	60.599	120.071	149.149
Interest income on receivables	28.843	26.508	51.493	59.445
Dividend income	6.000	0	6.000	0
Net foreign exchange gain	3.467	6.637	3.513	0
Total finance income	62.601	93.744	181.077	208.594
Finance cost is specified as follows:				
Interest expense and CPI-index on loans	703.820	823.267	1.530.302	1.602.912
Interest expense on lease liabilities	160.930	170.480	321.132	327.571
Other interest expense	39.538	20.659	57.457	43.948
Net foreign exchange loss	0	0	0	12.378
Fair value changes of derivatives	84.944	0	84.944	0
Total finance costs	989.232	1.014.406	1.993.835	1.986.809

Condensed Consolidated Interim Financial Statements 30 June 2026 12 Amounts are in thousands of ISK

Notes, continued:

11. Operating assets

Acquisition of operating assets in the first six months of 2026 amounted to ISK 2,805 million (2025 6M: 2,605 million). Thereof investment in buildings is ISK 524 million (2025 6M: 1,395 million), interiors, equipment and tools was ISK 2,208 million (2025 6M: 1,172 million) and investment in computers and other IT hardware was ISK 73 million (2025 6M: 38 million).

12. Share options

At the annual general meeting of Festi on 6 March 2024, two share option plans were approved, one for all permanent employees of the Group and the other for management. The Board of Directors decided to grant share options according to the specified share option plans at meetings on 23 April 2024, 30 October 2024, 29 April 2025, 29 July 2025 and 29 April 2026.

Movements of share options are specified as follows:

	Nominal shares	Weighted average exercise price at 30.6.2026
Share options granted 2024	14.469	
Forteited share options	(1.488)	
Shares outstanding at 31 December 2024 for vesting in the coming years	12.981	
Share options granted 2025	1.697	
Excercised share options	(1.049)	
Fortfeited share options	(1.680)	
Shares outstanding at 31 December 2025 for vesting in the coming years	11.949	
Share options granted 2026	326	
Excercised share options	(1.521)	
Forfeited share options	(184)	
Shares outstanding at 30 June 2026 for vesting in the coming years	10.570	212,2

Share options granted:

	Nominal shares	Weighted average exercise price at 30.6.2026
100% exercisable in May 2027	6.880	207,9
100% exercisable in November 2027	1.575	209,8
100% exercisable in May 2028	1.575	209,8
100% exercisable in August 2028	90	319,6
100% exercisable in November 2028	270	240,5
100% exercisable in February 2029	90	319,6
100% exercisable in August 2029	90	319,6
	10.570	212,2

The fair value of share options granted to employees is estimated using the Black-Scholes formula. The total cost of the options is estimated at ISK 331 million over their vesting period, of which ISK 53 million is expensed as salary cost during the first six months of 2026.

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Notes, continued:

13. Interest bearing loans

All interest-bearing loans are denominated in Icelandic krona. The loans are secured by pledge in real estate and inventories.

The loans are specified as follows:

	2026 1.1.-30.6.	2025 1.1.-31.12.
Long-term		
Balance at the beginning of the year	24.015.932	29.339.934
Repayments	(5.052.491)	(7.124.343)
New loans	4.200.000	40.272
Expensed borrowing costs	4.645	46.265
CPI-indexation	524.454	626.111
Change in current portion	(526.382)	1.087.693
Balance at the end of the period	23.166.158	24.015.932
Short-term		
Current portion of long-term loans	2.665.811	2.139.429
Notes payable	3.225.723	1.253.150
Balance at the end of the period	5.891.534	3.392.579
Total interest bearing loans	29.057.692	27.408.511

	Weighted average interest rates		Outstanding amounts at	
	2026	2025	30.6.2026	31.12.2025
Non-indexed loans at floating interest rates	9,1%	9,4%	11.702.566	12.118.541
CPI-indexed loans at floating interest rates	5,2%	5,1%	4.306.357	14.036.820
CPI-indexed loans at fixed interest rates	4,0%		9.823.046	0
Notes payable	8,0%	7,9%	3.225.723	1.253.150
Total interest bearing loans			29.057.692	27.408.511

The maturities of the loans are specified as follows:

Year 2026	4.565.143	3.392.579
Year 2027	2.655.450	2.141.655
Year 2028	2.448.203	1.928.378
Year 2029	2.249.136	1.727.887
Year 2030	2.249.319	1.728.070
Year 2031	8.327.915	10.066.006
Due for payment onwards	6.562.526	6.423.936
Total interest bearing loans	29.057.692	27.408.511

As of 30 June 2026, the Group had undrawn credit lines in the amount of ISK 4,000 million.

Condensed Consolidated Interim Financial Statements 30 June 2026 14 Amounts are in thousands of ISK

Notes, continued:

14. Lease liabilities

	2026 1.1.-30.6.	2025 1.1.-31.12.
Carrying amount at the beginning of the year	11.467.150	11.389.211
New lease contracts	201.142	1.177.635
Increase due to indexation of lease payments	580.147	377.961
Payment of lease liabilities during the year	(778.857)	(1.477.657)
Total lease liabilities	11.469.582	11.467.150
Current portion	(1.572.481)	(1.437.761)
Total non-current portion of lease liabilities	9.897.101	10.029.389

The maturity analysis of lease liabilities is specified as follows:

Year 2026	786.240	1.437.761
Year 2027	1.494.937	1.390.522
Year 2028	1.239.615	1.127.642
Year 2029	957.387	855.728
Year 2030	838.234	776.626
Year 2031	842.572	796.170
Due for payment onwards	5.310.597	5.082.701
Total	11.469.582	11.467.150

	2026 1.1.-30.6.	2025 1.1.-30.6.
Impact of lease liabilities in profit or loss are as follows:		
Deprecation of lease assets	831.709	782.185
Interest expensed on lease liabilities	321.132	327.571
Expensed rent due to lease agreements not capitalised:		
Real estate rent	146.205	163.763
Other rent payments	5.964	5.213
Impact of rental agreements on Statement of Cash Flows:		
Payments due to lease contracts, principal and interest	1.099.989	1.050.888

All lease liabilities are denominated in Icelandic krona.

Condensed Consolidated Interim Financial Statements 30 June 2026 15 Amounts are in thousands of ISK

Notes, continued:

15. Group entities

The Condensed Consolidated Interim Financial Statements include the following entities. All subsidiaries are directly or indirectly fully owned by the Parent Company, Festi.

Company	Business activity
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, handling 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 six stores in the capital region, Akureyri and at the Leifur Eiríksson International Airport in Keflavik, under its own name, as well as an online shop with home deliveries across Iceland.
Krónan ehf.	Krónan is a retail company that operates 26 convenience stores across Iceland under its own name. The company also services its customers with an online shop and mobile app with home deliveries from its stores across Iceland.
Icelandic Food Company ehf.	Icelandic Food Company specialises in production of convenience goods sold in Krónan and N1.
Vínportið ehf.	Vínportið specialises in imports and wholesales of alcohol to ÁTVR stores and to hotels and restaurants.
Lyfja hf.	Lyfja specialises in pharmacy operations as well as wholesale and retail sales of health-related products. The company operates 45 pharmacies and branches as well as an online shop and mobile app with home deliveries across Iceland.
Heilsa ehf.	Heilsa specilises in imports and wholesales of pharmacy products and cosmetic and health-related products sold in stores all arround the country.
Mengi ehf.	Mengi leases non-residential real estate to retail companies.
N1 ehf.	N1 specialises in wholesale and retail of fuel and electricity, operation of service stations, including tire and lubrication service stations around the country. At the company's service stations, in addition to fuel sale, there are also food-service operations and sale of various convenience goods.
Yrkir eignir ehf.	Yrkir eignir runs the property operations of the Group and leases out non-residential buildings to retail companies, both within and outside the Group. The company also operates the security and development departments, which run projects related to security matters, maintenance of properties and their development with the objective of profitability.

Notes, continued:

16. Other matters

Court litigation

On 5 September 2025, Festi was served with summons and complaint in an action brought by Bergorka ehf., in which the Company is sued for the acknowledgement of liability for damages, without stating an amount. Bergorka's claim is based on alleged breaches by Festi of Article 3 of the settlement made by the Company with the Competition Authority on 30 July 2018. Festi considers Bergorka's claim to be unfounded and is defending the case. A judgment from the district court can be expected during the year 2026.

17. Financial ratios

The Group's key financial ratios

	2026	2025
Operations	1.1.-30.6.	1.1.-30.6.
Turnover rate of inventories		
Utilisation of goods / average balance of inventories for the last 12 months..................	8,0	8,7
Sales days in trade receivables:		
Average balance of trade receivables for last 12 months / goods and services sold	9,4	11,8
EBITDA / margin from sales of goods and services..	30,4%	31,8%
Salaries and personnel expenses / margin from sales of goods and services.....................	55,0%	53,9%
Other operating expenses / margin from sales of goods and services................................	19,9%	19,9%

	30.6.2026	31.12.2025
Financial position		
Current ratio: current assets / current liabilities..	0,93	1,01
Liquidity ratio: (current assets - inventories) / current liabilities...	0,32	0,47
Leverage: net interest bearing liabilities excluding lease liabilities / EBITDA.......................	1,73	1,34
Equity ratio: equity / total capital..	40,2%	41,2%
Return on equity: profit for last 12 months / average balance of equity................................	13,1%	13,9%

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