



Condensed Interim Financial Statements

1 JANUARY – 31 MARCH 2026

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Endorsement and Statement by the Board of Directors and CEO

Operations of the Group

The Condensed Consolidated Interim Financial Statements of Festi hf. for the period from 1 January to 31 March 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 three-month period ended 31 March 2026

For the period from 1 January to 31 March 2026, profit amounted to ISK 218 million (2025 Q1: 279 million). Total comprehensive loss for the period was ISK 26 million (2025 Q1: income 294 million). At the end of the period equity amounted to ISK 44.971 million, including share capital in the amount of ISK 307 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 and is therefore included in other short-term liabilities in these Condensed Consolidated Interim Financial Statements. Reference is made to the Consolidated Statement of Changes in Equity regarding information on changes in equity.

The operations in the quarter were good and in line with management expectations. Sale increased by 6,0% YoY, margin from sale increased by 5,8% and margin contribution level decreased by 0.1% p.p. YoY. General wage increases in the labour market took effect in the quarter with increases in salary cost of more than 5% going forward. The ongoing conflict in the Middle East has created significant geopolitical uncertainty. Commodity markets, such as oil, have been subject to much higher prices and increased volatility over concerns of disruption in supply chains. Inflation in Iceland has risen and if it remains throughout the year, it will have effect on cost of goods and expenses across all categories. In management view there are still no signs of major effects from these market conditions in Festi operations with the important summer months coming up. Outlook remains good with EBITDA forecast unchanged, between ISK 16,500–17,000 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 three-month period ended 31 March 2026, its assets, liabilities and financial position as of 31 March 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 31 March 2026 and confirm them by means of their signatures.

Kópavogur, 29 April 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 31 March 2026

	Notes	2026 1.1.-31.3.	2025 1.1.-31.3.
Sale of goods and services	6	40,061,023	37,785,855
Cost of goods sold		(30,314,095)	(28,573,796)
Margin from sale of goods and services	7	<u>9,746,928</u>	<u>9,212,059</u>
Other operating income	6	563,695	548,922
Salaries and other personnel expenses	8	(5,688,382)	(5,304,694)
Other operating expenses	9	(2,057,080)	(1,967,041)
		<u>(7,181,767)</u>	<u>(6,722,813)</u>
Operating profit before depreciation, amortisation and changes in value (EBITDA)		2,565,161	2,489,246
Depreciation of property and equipment and leased assets and amortisation of intangible assets		(1,546,388)	(1,438,808)
Changes in value of investment property		61,556	49,234
Operating profit before finance items (EBIT)		1,080,329	1,099,672
Finance income	10	118,430	121,487
Finance costs	10	(1,004,603)	(960,025)
Foreign currency differences		46	(19,015)
Share of profit of associates		76,777	86,751
		<u>(809,350)</u>	<u>(770,802)</u>
Profit before income tax (EBT)		270,979	328,870
Income tax		(52,933)	(49,698)
Profit for the period		<u>218,046</u>	<u>279,172</u>
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	(9,252)
Effective portion of changes in fair value of cash flow hedges, net of income tax		(243,653)	24,219
Total other comprehensive (loss) income		<u>(243,653)</u>	<u>14,967</u>
Total comprehensive (loss) income for the period		<u>(25,607)</u>	<u>294,139</u>
Basic earnings per share in ISK		0.71	0.90
Diluted earnings per share in ISK		0.69	0.88

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

Consolidated Statement of Financial Position as at 31 March 2026

	Notes	31.3.2026	31.12.2025
Assets			
Goodwill		18,367,104	18,367,104
Other intangible assets		7,544,703	7,659,020
Property and equipment	11	43,961,786	43,654,738
Leased assets		10,403,935	10,509,753
Investment properties		6,813,329	6,731,281
Shares in associates		2,215,687	2,078,910
Shares in other companies		54,140	44,140
Long-term receivables		80,234	50,972
Non-current assets		<u>89,440,918</u>	<u>89,095,918</u>
Inventories		16,181,614	14,178,995
Trade receivables		5,104,567	5,435,100
Other short-term receivables		1,262,347	1,122,164
Cash and cash equivalents		4,220,155	5,928,914
Current assets		<u>26,768,683</u>	<u>26,665,173</u>
Total assets		<u><u>116,209,601</u></u>	<u><u>115,761,091</u></u>
Equity			
Share capital		307,349	309,009
Share premium		8,427,077	8,988,824
Other restricted equity		21,417,791	20,758,820
Retained earnings		14,818,785	17,627,190
Equity		<u>44,971,002</u>	<u>47,683,843</u>
Liabilities			
Interest bearing loans	13	23,543,369	24,015,932
Lease liabilities	14	9,880,545	10,029,389
Deferred tax liability		7,612,491	7,620,470
Non-current liabilities		<u>41,036,405</u>	<u>41,665,791</u>
Interest bearing loans	13	4,900,411	3,392,579
Lease liabilities	14	1,504,372	1,437,761
Trade payables		13,652,506	12,875,525
Other short-term liabilities		10,144,905	8,705,592
Current liabilities		<u>30,202,194</u>	<u>26,411,457</u>
Total liabilities		<u>71,238,599</u>	<u>68,077,248</u>
Total equity and liabilities		<u><u>116,209,601</u></u>	<u><u>115,761,091</u></u>

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

Consolidated Statement of Changes in Equity for the period from 1 January to 31 March 2026

	Other restricted equity							Retained earnings	Total equity
	Share capital	Share premium	Statutory reserve	Revaluation reserve	Unrealised profit of subsidiaries and associates	Other restricted accounts	Total other restricted equity		
1 January to 31 March 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							279,172	279,172	
Total other comprehensive income							14,967	14,967	
Restricted due to subsidiaries and associates					745,920		(745,920)	0	
Dissolution of revaluation of an associate				(2,129)			2,129	0	
Dissolution of revaluation of property and equipment				(40,847)			40,847	0	
	311,254	9,803,982	77,814	6,791,427	12,150,921	(44,241)	14,696,179	43,787,336	
<i>Transactions with shareholders:</i>									
Share options							34,546	34,546	
Dividend declared to shareholders (ISK 4.50 per share)							(1,400,642)	(1,400,642)	
Equity 31.3.2025	311,254	9,803,982	77,814	6,791,427	12,150,921	(44,241)	13,330,083	42,421,240	
Total other restricted equity							18,975,921		
1 January to 31 March 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							218,046	218,046	
Total other comprehensive loss						(243,653)	(243,653)	0	
Restricted due to subsidiaries and associates					978,443		(978,443)	0	
Dissolution of revaluation of an associate				(35,498)			35,498	0	
Dissolution of revaluation of property and equipment				(39,906)			39,906	0	
	309,009	8,988,824	77,252	6,552,078	15,016,740	(227,864)	16,942,197	47,658,236	
<i>Transactions with shareholders:</i>									
Purchase of own shares	(1,660)	(561,747)						(563,407)	
Transferred from statutory reserve			(415)				415	0	
Share options							27,613	27,613	
Dividend declared to shareholders (ISK 7 per share)							(2,151,440)	(2,151,440)	
Equity 31.3.2026	307,349	8,427,077	76,837	6,552,078	15,016,740	(227,864)	14,818,785	44,971,002	
Total other restricted equity							21,417,791		

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

Consolidated Statement of Cash Flows for the period from 1 January to 31 March 2026

	Notes	2026 1.1.-31.3.	2025 1.1.-31.3.
Cash flows from operating activities			
Profit before depreciation, amortisation and changes in value (EBITDA)		2,565,161	2,489,246
Operating items not affecting cash flows:			
Gain on sale of property and equipment		(5,811)	(6,665)
		<u>2,559,350</u>	<u>2,482,581</u>
Changes in operating assets and liabilities:			
Inventories, increase		(2,002,619)	(1,244,562)
Trade and other short-term receivables, decrease		132,359	1,606,730
Trade and other short-term liabilities, increase		205,013	556,069
Changes in operating assets and liabilities		<u>(1,665,247)</u>	<u>918,237</u>
Interest received		80,900	32,966
Interest paid		(710,601)	(853,641)
Income tax paid		(296,181)	(173,119)
Net cash (to) from operating activities		<u>(31,779)</u>	<u>2,407,024</u>
Cash flows used in investing activities			
Purchased intangible assets		(207,826)	(194,170)
Purchased property and equipment	11	(1,139,265)	(669,657)
Sold property and equipment		22,595	27,103
Purchase of investment properties		(20,491)	(37,001)
Purchase of shares in companies		(70,000)	0
Dividend received		0	114,588
Long-term receivables, change		(29,262)	(4,917)
Net cash used in investing activities		<u>(1,444,249)</u>	<u>(764,054)</u>
Cash flows used in financing activities			
Purchased own shares		(563,407)	0
Repayment of interest bearing loans		(296,814)	(322,902)
Repayment of lease liabilities		(385,423)	(359,301)
Short-term loans, change		1,008,185	0
Net cash used in financing activities		<u>(237,459)</u>	<u>(682,203)</u>
Increase (decrease) in cash and cash equivalents		(1,713,487)	960,767
Foreign currency difference on cash and cash equivalents		4,728	(7,554)
Cash and cash equivalents at the beginning of the period		5,928,914	4,075,358
Cash and cash equivalents at the end of the period		<u>4,220,155</u>	<u>5,028,571</u>
Investing and financing activities not affecting cash flows			
New lease contracts and their remeasurement		(303,190)	(390,206)
New lease liabilities and their remeasurement		303,190	390,206
Trade and other short-term receivables		2,151,440	1,400,642
Dividend declared		(2,151,440)	(1,400,642)
New long-term loans		4,200,000	0
Repayment of interest bearing loans from credit institutions		(4,200,000)	0

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

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 three months ended 31 March 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 three months ended 31 March 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 krona unless otherwise stated. The Board of Directors of Festi hf. approved the Condensed Consolidated Interim Financial Statements on 29 April 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 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 2025. The Group has not adopted the following new or amended standards 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 not yet endorsed IFRS 18 and IFRS 19; however, endorsement of IFRS 18 is expected in the second quarter of 2026. 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 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 three months ended 31 March 2026

	ELKO	Krónan	Lyfja	N1	Yrkir eignir	Other companies	Segments total
External revenue	4,663,517	19,981,688	5,069,787	10,700,719	141,424	67,583	40,624,718
Intra-group revenue	4,753	498,112	114,966	120,171	1,049,877	1,599,294	3,387,173
Total segment revenue	4,668,270	20,479,800	5,184,753	10,820,890	1,191,301	1,666,877	44,011,891
Operating profit before depreciation, amortisation and changes in value (EBITDA)	351,118	1,597,741	346,410	443,736	932,031	400,853	4,071,889
Segment depreciation and amortisation	(176,894)	(642,402)	(292,222)	(829,840)	(544,316)	(237,978)	(2,723,652)
Changes in value of investment property	0	0	0	0	61,556	0	61,556
Operating profit (loss) of segments (EBIT)	174,224	955,339	54,188	(386,104)	449,271	162,875	1,409,793
Net finance costs	(21,128)	(66,629)	(20,001)	(117,884)	(508,044)	(465,868)	(1,199,554)
Share of profit of associates	0	0	0	0	0	76,777	76,777
Income tax	(45,620)	(177,743)	(6,568)	100,797	11,755	61,239	(56,140)
Profit (loss) for the period	107,476	710,967	27,619	(403,191)	(47,018)	(164,977)	230,876
31 March 2026							
Segment assets	7,456,565	29,007,143	11,133,507	25,919,206	32,520,840	85,039,083	191,076,344
Segment capital expenditure	75,191	361,521	55,737	310,829	104,100	460,204	1,367,582
Segment liabilities	4,853,177	21,343,321	4,965,676	14,777,691	23,893,725	38,935,707	108,769,297

Reportable segments for the three months ended 31 March 2025

	ELKO	Krónan	Lyfja	N1	Yrkir eignir	Other companies	Segments total
External revenue	4,359,512	17,702,279	4,641,779	11,377,894	151,964	101,349	38,334,777
Intra-group revenue	4,903	408,454	93,113	138,589	943,645	1,497,523	3,086,227
Total segment revenue	4,364,415	18,110,733	4,734,892	11,516,483	1,095,609	1,598,872	41,421,004
Operating profit before depreciation, amortisation and changes in value (EBITDA)	252,762	1,267,810	342,762	759,791	856,172	399,338	3,878,635
Segment depreciation and amortisation	(174,664)	(607,273)	(264,934)	(724,633)	(516,642)	(211,616)	(2,499,762)
Changes in value of investment property	0	0	0	0	49,234	0	49,234
Operating profit of segments (EBIT)	78,098	660,537	77,828	35,158	388,764	187,722	1,428,107
Net finance costs	(36,474)	(48,066)	(39,231)	(165,069)	(411,000)	(478,642)	(1,178,482)
Share of profit of associates	0	0	0	0	0	86,751	86,751
Income tax	(8,325)	(122,494)	(7,581)	27,461	4,447	55,293	(51,199)
Profit (loss) for the period	33,299	489,977	31,016	(102,450)	(17,789)	(148,876)	285,177
31 March 2025							
Segment assets	6,747,899	24,048,711	11,938,487	27,354,308	32,034,571	85,518,756	187,642,732
Segment capital expenditure	81,348	266,203	57,563	271,681	104,006	120,027	900,828
Segment liabilities	4,551,318	17,383,401	6,190,463	16,842,076	24,109,763	41,346,232	110,423,253

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.-31.3.2026	Segments total	Eliminations	According to financial statements
Operating profit before depreciation, amortisation and changes in value (EBITDA)	4,071,889	(1,506,728)	2,565,161
Depreciation of property and equipment and leased assets and amortisation of intangible assets	(2,723,652)	1,177,264	(1,546,388)
Changes in value of investment property	61,556		61,556
Operating profit (EBIT)	1,409,793	(329,464)	1,080,329
Net finance costs	(1,199,554)	313,427	(886,127)
Share of profit of associates	76,777		76,777
Income tax	(56,140)	3,207	(52,933)
Profit for the period	230,876	(12,830)	218,046
31 March 2026			
Segment assets	191,076,344	(74,866,743)	116,209,601
Segment capital expenditure	1,367,582		1,367,582
Segment liabilities	108,769,297	(37,530,698)	71,238,599
1.1.-31.3.2025			
Operating profit before depreciation, amortisation and changes in value (EBITDA)	3,878,635	(1,389,389)	2,489,246
Depreciation of property and equipment and leased assets and amortisation of intangible assets	(2,499,762)	1,060,954	(1,438,808)
Changes in value of investment property	49,234		49,234
Operating profit (EBIT)	1,428,107	(328,435)	1,099,672
Net finance costs	(1,178,482)	320,929	(857,553)
Share of profit of associates	86,751		86,751
Income tax	(51,199)	1,501	(49,698)
Profit for the period	285,177	(6,005)	279,172
31 March 2025			
Segment assets	187,642,732	(72,389,783)	115,252,949
Segment capital expenditure	900,828		900,828
Segment liabilities	110,423,253	(37,591,544)	72,831,709

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	2025
	1.1. - 31.3.	1.1. - 31.3.
Sale of goods and services:		
Convenience goods	21,784,595	19,629,132
Fuel and electricity	7,629,676	8,188,910
Electronic equipment	4,612,520	4,309,030
Prescription and over-the-counter medicine	3,883,755	3,473,036
Sale of other goods and services	2,150,477	2,185,747
Total sale of goods and services	<u>40,061,023</u>	<u>37,785,855</u>
Other operating income:		
Lease income from properties	205,640	203,722
Warehouse services	63,518	93,126
Commissions	133,699	129,428
Gain on sale of property and equipment	5,811	6,665
Other operating income	155,027	115,981
Total other operating income	<u>563,695</u>	<u>548,922</u>
Total operating revenue	<u>40,624,718</u>	<u>38,334,777</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 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	2025
	1.1. - 31.3.	1.1. - 31.3.
Convenience goods	5,107,578	4,581,645
Fuel and electricity	1,637,057	1,830,187
Electronic equipment	1,277,816	1,108,225
Prescription and over-the-counter medicine	956,266	932,567
Other goods and services	768,211	759,435
Margin from sale of goods and services	<u>9,746,928</u>	<u>9,212,059</u>

Notes, continued:

8. Salaries and other personnel expenses

Salaries and other personnel expenses are specified as follows:

	2026	2025
	1.1. - 31.3.	1.1. - 31.3.
Salaries	4,260,198	3,900,632
Salary-related expenses	1,154,190	1,083,839
Other personnel expenses	273,994	320,223
Total salaries and other personnel expenses	<u>5,688,382</u>	<u>5,304,694</u>

9. Other operating expenses

Other operating expenses are specified as follows:

	2026	2025
	1.1. - 31.3.	1.1. - 31.3.
Operating expenses of properties	628,925	591,905
Maintenance expenses	281,300	296,696
Sales and marketing expenses	486,509	444,491
Office and administrative expenses	146,103	153,798
Communication expenses	345,223	336,469
Insurance and claims cost	43,984	32,087
Other expenses	125,036	111,595
Total other operating expenses	<u>2,057,080</u>	<u>1,967,041</u>

10. Finance income and finance costs

Finance income is specified as follows:

	2026	2025
	1.1. - 31.3.	1.1. - 31.3.
Interest income on cash and cash equivalents	95,780	88,550
Interest income on receivables	22,650	32,937
Total finance income	<u>118,430</u>	<u>121,487</u>

Finance costs are specified as follows:

Interest expense and CPI-indexation on loans	826,482	779,645
Interest expense on lease liabilities	160,202	157,091
Other interest expense	17,919	23,289
Total finance costs	<u>1,004,603</u>	<u>960,025</u>

11. Operating assets

Acquisition of operating assets in the first three months of 2026 amounted to ISK 1,160 million (2025 Q1: 670 million). Thereof investment in buildings is ISK 494 million (2025 Q1: 78 million), interiors, equipment and tools was ISK 632 million (2025 Q1: 558 million) and investment in computers and other IT hardware was ISK 34 million (2025 Q1: 34 million).

Notes, continued:

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 and 29 July 2025.

Movements of share options are specified as follows:

	Nominal	Weighted average
	shares	exercise price
		at 31.3.2026
Share options granted 2024.....	14,469	
Forfeited share options.....	(1,488)	
Shares outstanding at 31 December 2024 for vesting in the coming years.....	<u>12,981</u>	
Share options granted 2025.....	1,697	
Exercised share options.....	(1,049)	
Forfeited share options.....	(1,680)	
Shares outstanding at 31 December 2025 for vesting in the coming years.....	<u>11,949</u>	
Forfeited share options.....	(135)	
Shares outstanding at 31 March 2026 for vesting in the coming years.....	<u>11,814</u>	205.3

Share options granted:

	Nominal	Weighted average
	shares	exercise price
		at 31.3.2026
100% exercisable in May 2026.....	3,991	197.0
100% exercisable in May 2027.....	4,132	203.0
100% exercisable in November 2027.....	1,575	207.0
100% exercisable in May 2028.....	1,575	207.0
100% exercisable in August 2028.....	90	311.0
100% exercisable in November 2028.....	270	237.2
100% exercisable in February 2029.....	90	311.0
100% exercisable in August 2029.....	90	311.0
	<u>11,813</u>	<u>205.3</u>

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 316 million over their vesting period, of which ISK 90 million is expensed as salary cost during the first nine months of 2025.

Notes, continued:

13. Interest bearing loans

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

The loans are specified as follows:

	2026	2025
	1.1. - 31.3.	1.1. - 31.12.
Long-term loans		
Balance at the beginning of the year	24,015,932	29,339,934
Repayments	(4,496,814)	(7,124,343)
New loans	4,200,000	40,272
Expensed borrowing costs	2,330	46,265
CPI-indexation	321,569	626,111
Change in current portion	(499,648)	1,087,693
Balance at end of period	<u>23,543,369</u>	<u>24,015,932</u>
Short-term loans		
Current portion of long-term loans	2,639,077	2,139,429
Notes payable	2,261,334	1,253,150
Balance at end of period	<u>4,900,411</u>	<u>3,392,579</u>
Total Interest bearing loans	<u>28,443,780</u>	<u>27,408,511</u>

	Wheighted average interest rates		Outstanding amounts at	
	2026	2025	31.3.2026	31.12.2025
Non-indexed loans at floating interest rates	8.8%	9.4%	12,099,386	12,118,541
CPI-indexed loans at floating interest rates	5.2%	5.1%	9,838,965	14,036,820
CPI-indexed loans at fixed interest rates	4.0%		4,244,095	0
Notes payable.....	7.9%	7.9%	2,261,334	1,253,150
Total Interest bearing loans			<u>28,443,780</u>	<u>27,408,511</u>

The maturities of the loans are specified as follows:

Year 2026	4,894,185	3,392,579
Year 2027	2,636,201	2,141,655
Year 2028	2,422,924	1,928,378
Year 2029	2,222,432	1,727,887
Year 2030	2,222,615	1,728,070
Year 2031	7,873,567	10,066,006
Due for payment onwards	6,171,856	6,423,936
Total Interest bearing loans	<u>28,443,780</u>	<u>27,408,511</u>

As of 31 March 2026, the Group had undrawn credit lines in the amount of ISK 1,000 million.

Notes, continued:

14. Lease liabilities

Lease liabilities are specified as follows:

	2026	2025
	1.1. - 31.3.	1.1. - 31.12.
Carrying amount at the beginning of the year	11,467,150	11,389,211
New lease contracts	13,521	1,177,635
Increase due to indexation of lease payments	289,669	377,961
Payment of lease liabilities during the year	(385,423)	(1,477,657)
Total lease liabilities	<u>11,384,917</u>	<u>11,467,150</u>
Current portion	(1,504,372)	(1,437,761)
Total non-current portion of lease liabilities	<u>9,880,545</u>	<u>10,029,389</u>

The maturity analysis of lease liabilities is specified as follows at end of period:

Year 2026	1,128,279	1,437,761
Year 2027	1,418,600	1,390,522
Year 2028	1,163,435	1,127,642
Year 2029	904,170	855,728
Year 2030	800,702	776,626
Year 2031	812,506	796,170
Due for payment onwards	5,157,225	5,082,701
Total	<u>11,384,917</u>	<u>11,467,150</u>

	2026	2025
	1.1. - 31.3.	1.1. - 31.3.
Impact of lease liabilities in profit or loss are as follows:		
Depreciation of lease assets	409,008	384,366
Interest expensed on lease liabilities	160,202	157,091

Expensed rent due to lease agreements which are not capitalised:

Property rent	59,939	63,118
Other rent payments	1,512	2,283

Impact of rental agreements on Statement of Cash Flows:

Payments due to lease contracts, principal and interest	545,625	516,392
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All lease liabilities are denominated in Icelandic krona.

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.

<u>Company</u>	<u>Business 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, 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 specialises in imports and wholesales of pharmacy products and cosmetic and health-related products sold in stores all around 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 a 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
	1.1. - 31.3.	1.1. - 31.3.
Operations		
Turnover rate of inventories		
Utilisation of goods / average balance of inventories for last 12 months	9.0	8.5
Sales days in trade receivables:		
Average balance of trade receivables for last 12 months / goods and services sold	9.6	12.3
EBITDA / margin from sales of goods and services	26.3%	27.0%
Salaries and other personnel expenses / margin from sales of goods and services	58.4%	57.6%
Other operating expenses / margin from sales of goods and services	21.1%	21.4%
	31.3.2026	31.12.2025
Financial position		
Current ratio: current assets / current liabilities	0.89	1.01
Liquidity ratio: (current assets - inventories) / current liabilities	0.35	0.47
Leverage: net interest bearing liabilities excluding lease liabilities / EBITDA	1.51	1.34
Equity ratio: equity / total capital	38.7%	41.2%
Return on equity: profit for last 12 months period / average balance of equity	13.7%	13.9%