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Initiation Report – Public Version – Issued on 02/03/2026.
All information and calculations based on closing prices on 17/02/2026.

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FESTI – Festi hf.

2026 Year-End Target Price

ISK 516

+54% vs Last Price (17/02/2026)

DCF Model
ISK 483

Peer Multiples
ISK 548

Key Valuation Metrics (2026E) - Current Valuation

EV/EBITDA	7,8x
EV/EBIT	12,0x
EV/OCF	9,6x
P/E	14,0x
WACC	9,24%
Implied WACC	12,3%
Implied Cost of Equity	22,2%

Financial Outlook (2026E)

Revenue	ISK 172bn
EBITDA	ISK 17bn
EBITDA margin	9,7%
EBIT	ISK 11bn
EBIT margin	6,3%
ROIC	10,1%
NIBD/EBITDA	1,9x

Investment Highlights

- **High Revenue Visibility:** Large share of revenue generated from **daily-need consumption** (groceries, fuel and pharmaceuticals), supporting **stable demand across economic cycles**.
- **Cash Flow Compounding: Predictable cash generatio**n driven by resilient volumes, disciplined pricing and **limited earnings volatility** in the core retail business.
- **Margin Uplift From Mix, Not Expansion:** Earnings growth driven by **mix improvements, private labels and logistics efficiency** rather than aggressive footprint growth.
- **Capital Discipline: Moderate maintenance capex** and focus on **dividends** and **low-risk bolt-on** acquisitions support attractive risk-adjusted returns.
- **Asset Backing:** Real estate ownership provides balance sheet support and **valuation downside protection** not fully reflected in the current share price.

Investment Merits

- **Cash-generative business model** with **high revenue visibility**.
- **Earnings growth** driven by efficiency and mix improvements.
- **Disciplined capital allocation** and **low reinvestment risk.**
- **Asset-backed balance sheet** supports downside protection.
- **Limited reliance** on transformational execution.

Key Risks

- **Margin pressure** from labor, logistics and supplier cost inflation.
- **Fuel-related earnings volatility** at N1 driven by **prices, taxes and regulation.**
- **Competitive grocery and fuel markets** constrain pricing power.
- **Valuation normalization** may take time in the absence of **clear catalysts.**
- Share price may **lag cash flow development** in the near term.

Please refer to Disclaimer on page 2.

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Discussions

- 2026 year-end **target price of ISK 516** per share.
- Target price is the average of two approaches, a DCF model and a peer group multiple valuation.
- WACC of 9,24%.
  - Current valuation implies a WACC of 12,3% and a cost of equity of over 22%.
- Current valuation implies adjusted EV/EBITDA of 7,8x and an EV/EBIT of 12,0x for 2026 based on AKKUR estimates.
- Base case implied IRR of ~22% for a three-year horizon with potential further upside if multiples close in on peers.
- Property portfolio not valued specifically but accounted for in the WACC.

2026 year-end target price of ISK 516.

WACC of 9,24%.

2026E EV/EBITDA: 7,8x
2026E EV/EBIT: 12,0x
2026E EV/OFC: 9,6x

Implied cost of equity over 22%.

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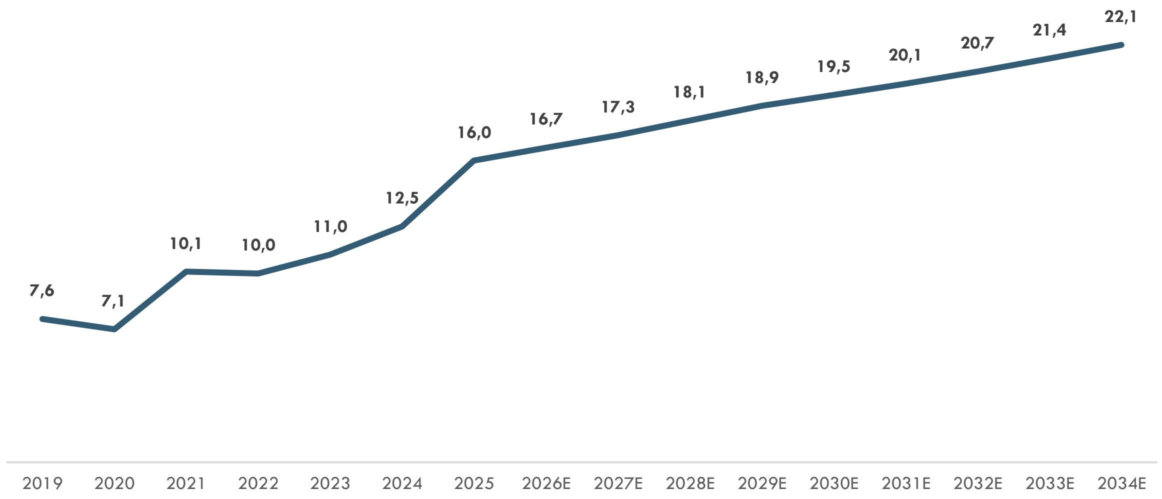
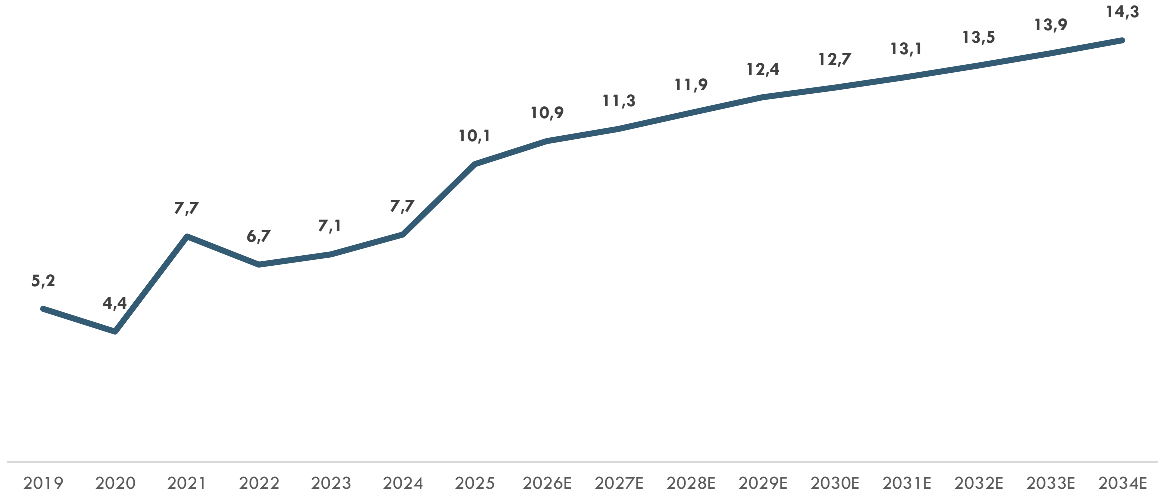
Key Financial Metrics

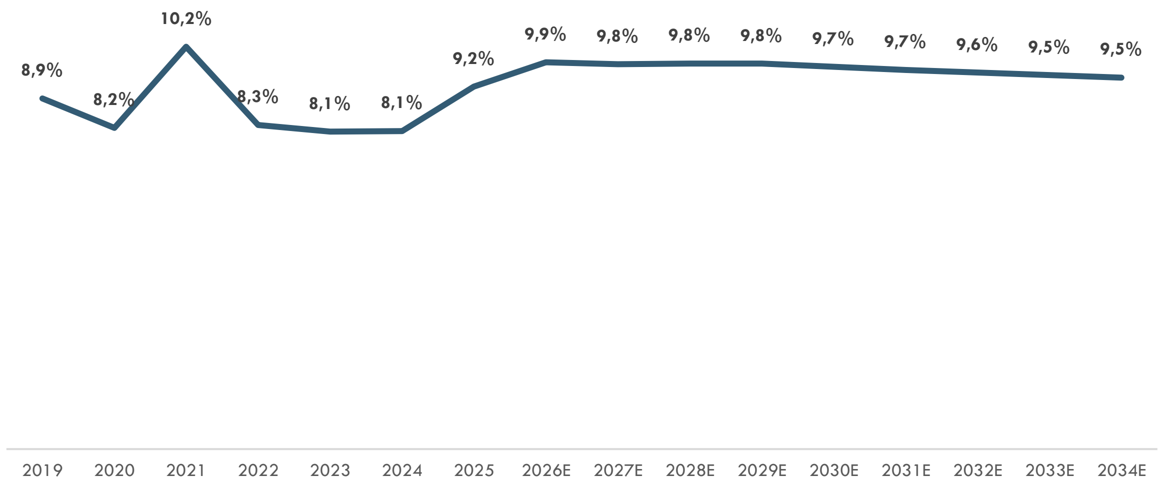
EBITDA (ISKbn)



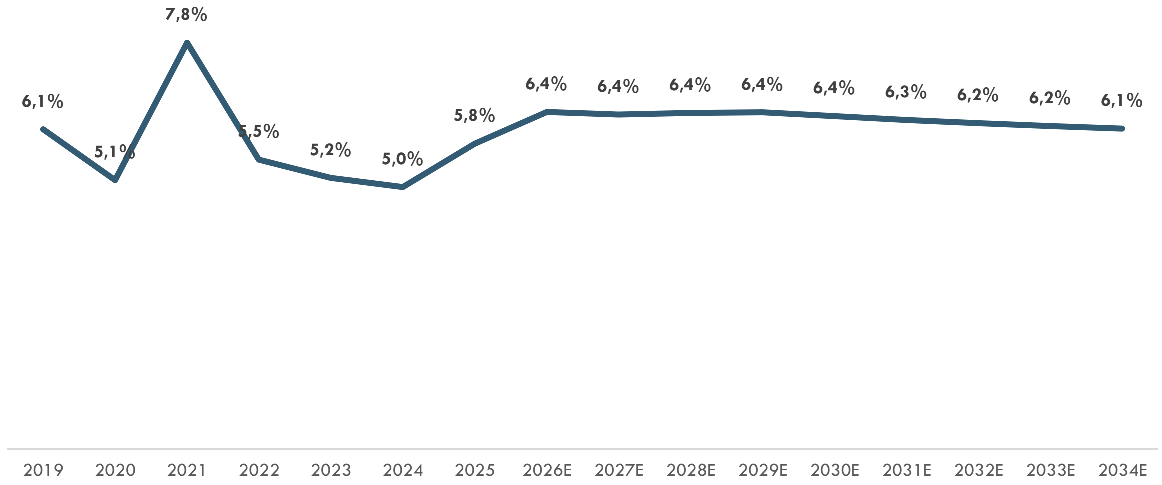
EBIT (ISKbn)



EBITDA margin %



EBIT margin %



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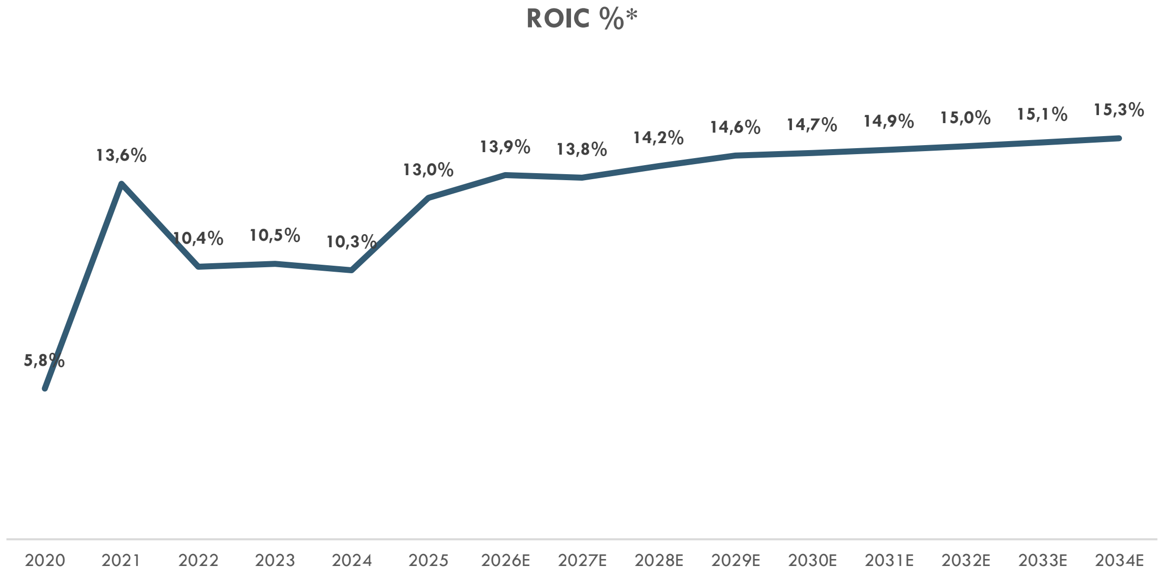
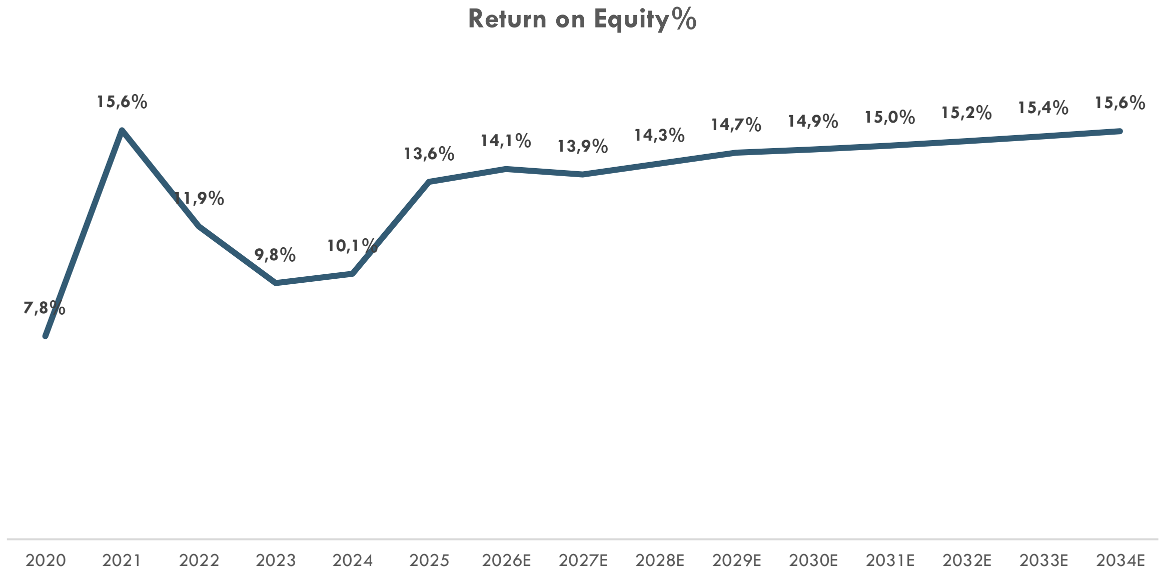
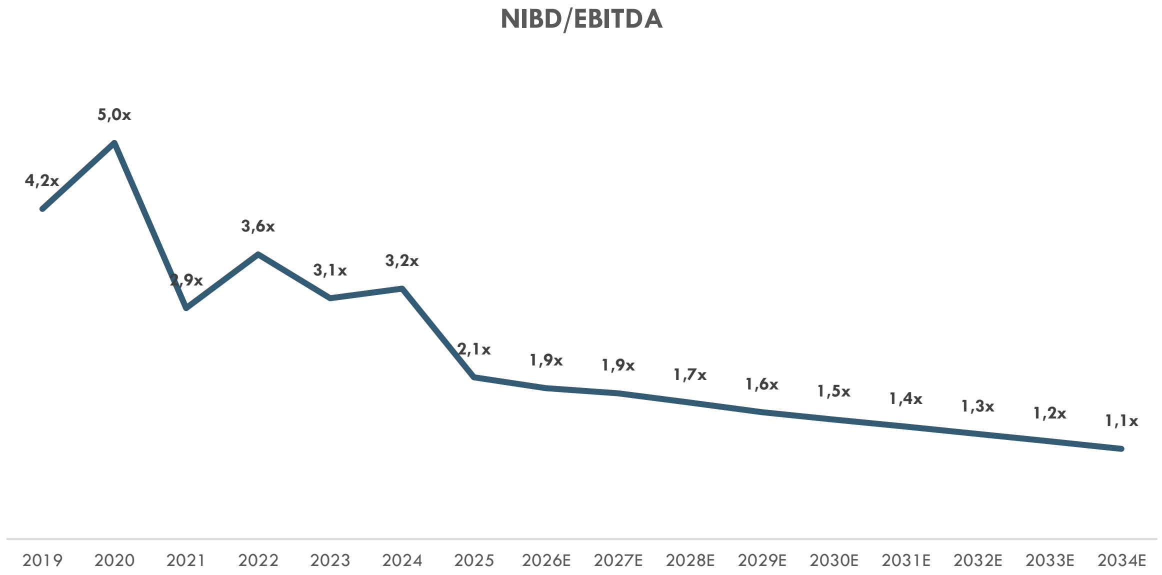
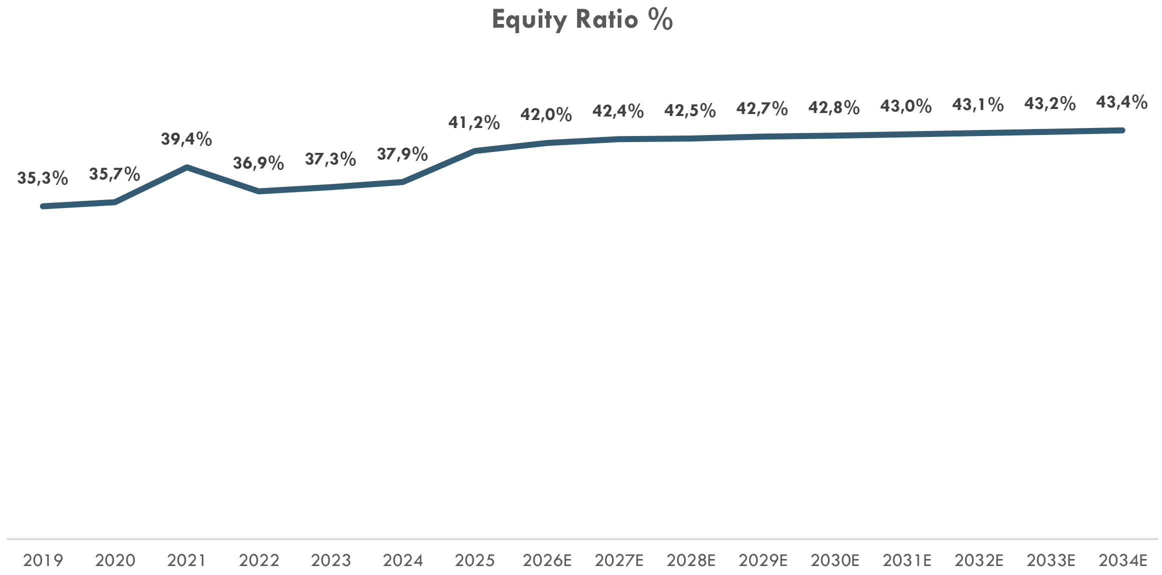
Key Financial Metrics









* AKKUR estimates of ROIC adjusted for property portfolio

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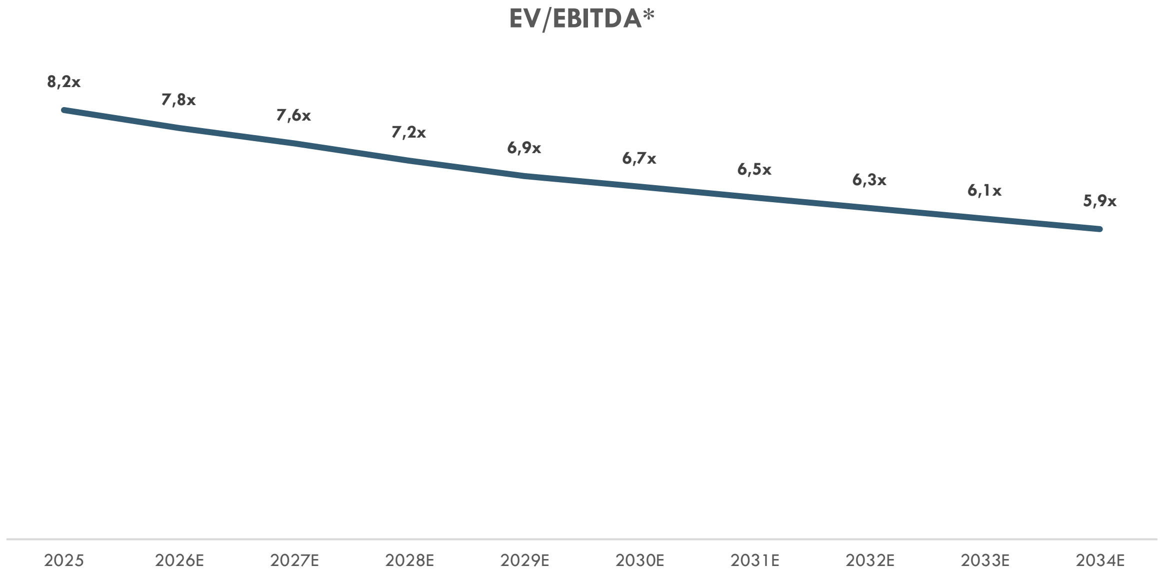
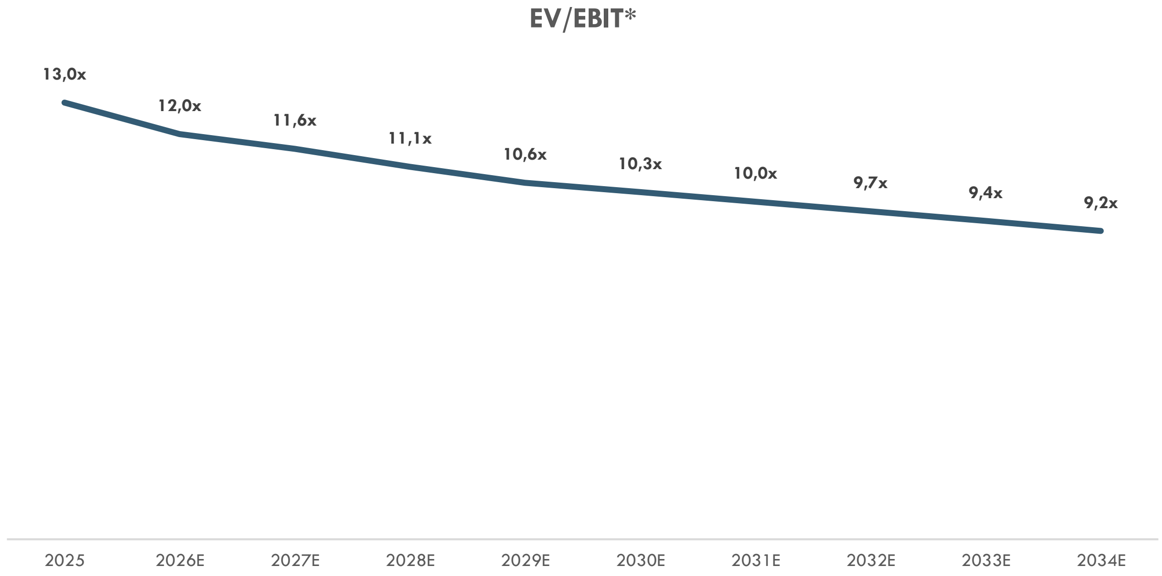
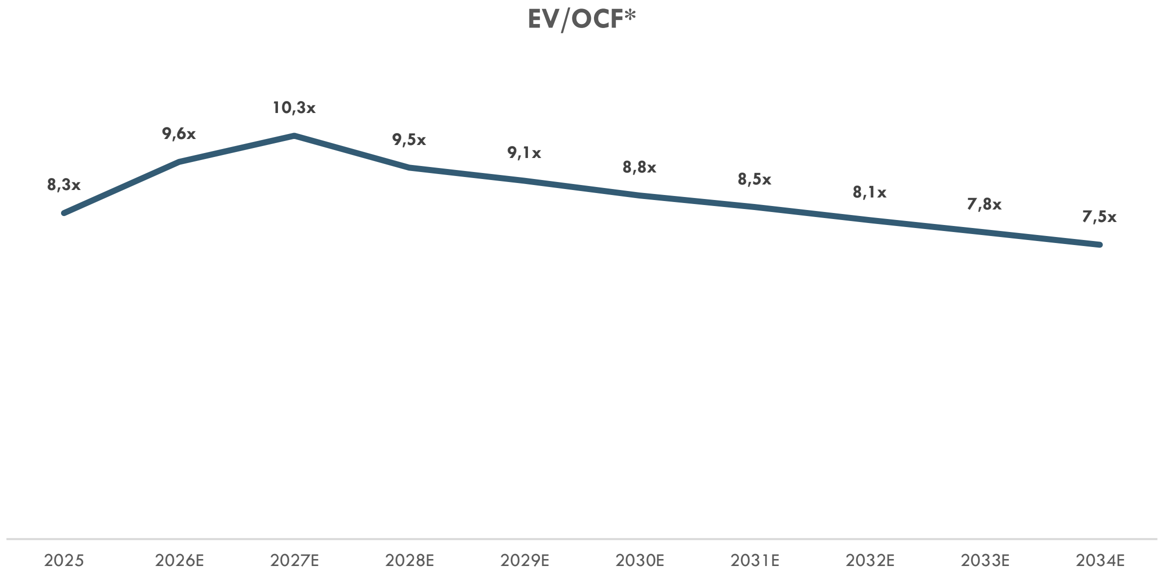
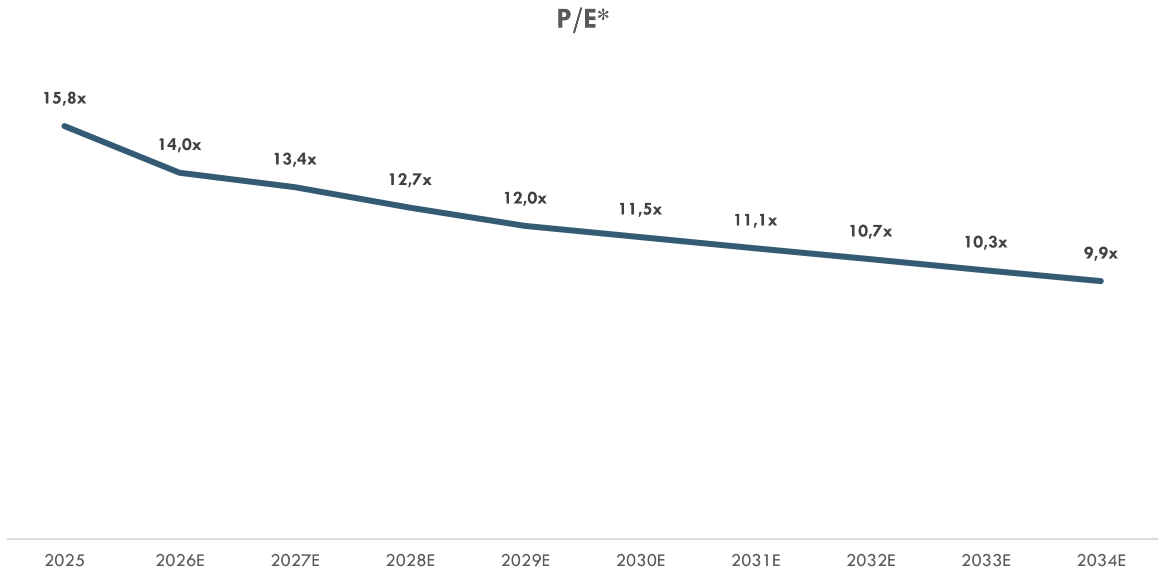
Key Financial Metrics









* Current valuation adjusted for value of non-core assets

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Key Figures

Summarized Income Statement																
ISKm	Historical Figures							AKKUR Estimates								
	2019	2020	2021	2022	2023	2024	2025	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
Sale of goods and services	85.184	86.260	98.737	121.398	136.251	154.464	173.414	169.462	176.983	184.704	192.628	200.168	208.061	216.324	224.975	234.032
Cost of goods sold	-64.888	-65.576	-74.091	-94.404	-105.584	-117.742	-129.722	-123.603	-129.293	-135.008	-140.885	-146.534	-152.448	-158.643	-165.130	-171.923
Gross profit	**20.295**	**20.684**	**24.646**	**26.994**	**30.667**	**36.722**	**43.692**	**45.859**	**47.690**	**49.696**	**51.743**	**53.634**	**55.612**	**57.681**	**59.845**	**62.109**
Gross margin	*23,8%*	*24,0%*	*25,0%*	*22,2%*	*22,5%*	*23,8%*	*25,2%*	*27,1%*	*26,9%*	*26,9%*	*26,9%*	*26,8%*	*26,7%*	*26,7%*	*26,6%*	*26,5%*
Other operating income	1.558	1.658	2.316	2.386	2.189	2.245	2.313	2.345	2.390	2.436	2.483	2.533	2.583	2.636	2.690	2.746
Salaries and other personnel expenses	-9.953	-10.521	-11.660	-13.456	-15.440	-18.385	-21.676	-22.764	-23.679	-24.630	-25.620	-26.649	-27.719	-28.833	-29.991	-31.196
Other operating expenses	-4.295	-4.765	-5.186	-5.905	-6.400	-8.071	-8.328	-8.745	-9.051	-9.367	-9.695	-10.035	-10.386	-10.749	-11.126	-11.515
EBITDA	**7.605**	**7.057**	**10.117**	**10.020**	**11.015**	**12.511**	**16.001**	**16.695**	**17.350**	**18.135**	**18.911**	**19.483**	**20.090**	**20.735**	**21.418**	**22.144**
EBITDA margin	*8,9%*	*8,2%*	*10,2%*	*8,3%*	*8,1%*	*8,1%*	*9,2%*	*9,9%*	*9,8%*	*9,8%*	*9,8%*	*9,7%*	*9,7%*	*9,6%*	*9,5%*	*9,5%*
Depreciation	-2.698	-2.868	-3.193	-3.528	-4.102	-5.090	-6.049	-5.946	-6.195	-6.435	-6.681	-6.918	-7.166	-7.424	-7.694	-7.975
Changes in value of investment property	291	240	736	216	139	302	159	150	150	150	150	150	150	150	150	150
EBIT	**5.198**	**4.429**	**7.659**	**6.707**	**7.053**	**7.723**	**10.111**	**10.900**	**11.305**	**11.850**	**12.381**	**12.715**	**13.074**	**13.460**	**13.874**	**14.319**
EBIT margin	*6,1%*	*5,1%*	*7,8%*	*5,5%*	*5,2%*	*5,0%*	*5,8%*	*6,4%*	*6,4%*	*6,4%*	*6,4%*	*6,4%*	*6,3%*	*6,2%*	*6,2%*	*6,1%*
Net finance expense (including associates)	-1.828	-1.651	-1.499	-1.772	-2.917	-2.612	-2.508	-2.132	-2.178	-2.164	-2.125	-2.079	-2.034	-1.985	-1.932	-1.874
PBT	**3.370**	**2.778**	**6.160**	**4.936**	**4.136**	**5.112**	**7.603**	**8.768**	**9.127**	**9.686**	**10.256**	**10.636**	**11.041**	**11.475**	**11.943**	**12.444**
Tax	-575	-511	-1.189	-854	-698	-1.093	-1.383	-1.754	-1.825	-1.937	-2.051	-2.127	-2.208	-2.295	-2.389	-2.489
Net income	**2.795**	**2.266**	**4.971**	**4.082**	**3.438**	**4.018**	**6.219**	**7.014**	**7.302**	**7.749**	**8.205**	**8.509**	**8.832**	**9.180**	**9.554**	**9.956**
Net margin	*3,3%*	*2,6%*	*5,0%*	*3,4%*	*2,5%*	*2,6%*	*3,6%*	*4,1%*	*4,1%*	*4,2%*	*4,3%*	*4,3%*	*4,2%*	*4,2%*	*4,2%*	*4,3%*

Multiples*																
	Historical Figures							AKKUR Estimates								
	2019	2020	2021	2022	2023	2024	2025	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
Current Valuation																
EV/EBITDA							8,2x	7,8x	7,6x	7,2x	6,9x	6,7x	6,5x	6,3x	6,1x	5,9x
EV/EBIT							13,0x	12,0x	11,6x	11,1x	10,6x	10,3x	10,0x	9,7x	9,4x	9,2x
EV/OCF							8,3x	9,6x	10,3x	9,5x	9,1x	8,8x	8,5x	8,1x	7,8x	7,5x
P/E							15,8x	14,0x	13,4x	12,7x	12,0x	11,5x	11,1x	10,7x	10,3x	9,9x

* Adjusted for value of non-core assets

Shareholders

20 Largest Shareholders and Changes in 2025

- Pension funds ownership over 70%.
- Largest private shareholder is Þarabakki ehf.
  - Former shareholder of Lyfja and shares acquired in part through Festi's aqcuisition of Lyfja.
- At the end of January, nine out of eleven equity funds covered by AKKUR had Festi as a top 10 position.
- Festi makes up 7,2% of the OMXI15 index and 4,2% of the OMX All Shares index.
  - Fifth highest weight in the OMXI15 and ninth in OMX All Shares.
- Lífeyrissjóður Verzlunarmanna biggest buyers of shares in 2025, acquiring a 2,9% stake.

FESTI	31/01/2026		Change - 2025	
Shareholder	Shares	Stake %	Shares	Stake %
Lífeyrissjóður verzlunarmanna	48.034.083	15,37%	9.060.000	2,9%
Lífeyrissj.starfsm.rík. A-deild	32.073.267	10,26%	-2.030.000	-0,6%
Gildi - lífeyrissjóður	30.191.235	9,66%	1.765.910	0,6%
Brú Lífeyrissjóður starfs sveit	26.894.665	8,60%	-1.467.703	-0,5%
Almenni-Lífsverk lífeyrissjóður	21.199.599	6,78%	1.000.000	0,3%
Stapi lífeyrissjóður	15.053.950	4,82%	-423.413	-0,1%
Birta lífeyrissjóður	12.244.588	3,92%	-1.315.372	-0,4%
Frjálsi lífeyrissjóðurinn	10.463.044	3,35%	465.100	0,1%
Söfnunarsjóður lífeyrisréttinda	8.936.869	2,86%	-543.625	-0,2%
Festa - lífeyrissjóður	6.597.391	2,11%	685.000	0,2%
Lífeyrissj.starfsm.rík. B-deild	5.019.416	1,61%	-780.000	-0,2%
Brú R deild	5.003.665	1,60%	-3.617.000	-1,2%
Stefnir - Innlend hlutabréf hs.	4.352.500	1,39%	-1.545.102	-0,5%
Vanguard Total International S	4.274.948	1,37%	71.455	0,0%
Festi hf.	4.220.000	1,35%	3.410.000	1,1%
Vanguard Emerging Markets Stock	4.013.077	1,28%	979.508	0,3%
Arion banki hf.	3.640.642	1,16%	-1.308.057	-0,4%
Folketrygdfondet	2.705.402	0,87%	2.705.402	0,9%
Landsbréf - Úrvalsbréf hs.	2.594.771	0,83%	2.815.771	0,9%
Þarabakki ehf	2.371.027	0,76%	0	0,0%
20 largest shareholders	**249.884.139**	**79,95%**	**9.927.874**	**3,2%**

* Adjusted for a share capital reduction earlier this year

Key Investment Considerations

Assessing the Risk/Reward Profile

Investment Merits

Cash-Generative Platform With High Revenue Visibility

- **Large share** of revenue derived from **daily-need consumption.**
- Demand visibility **high across the cycle,** limited exposure to discretionary spending.
- **Predictable cash flow** supports stable earnings and balance sheet strength.

Earnings Growth Driven by Mix and Efficiency

- Earnings growth primarily driven by **mix improvements** rather than volume expansion.
- Scale benefits, private-label penetration and logistics optimization support **gradual underlying margin expansion.**
- Operational improvements **embedded within the existing footprint** limit execution risk.

Capital Discipline and Asset Backing Enhance Risk Profile

- **Moderate maintenance capex** requirements across retail formats.
- **Real estate ownership** provides balance sheet support and optionality.
- Capital allocation focused on **dividends** and selective, **low-risk acquisitions.**

Key Risks

Structural Margin Constraints in Competitive Markets

- **Grocery and fuel markets** remain highly competitive, capping pricing power.
- **Sustained input cost inflation** could pressure margins if pass-through is delayed.

Fuel-Related Earnings Volatility

- **N1 margins** remain sensitive to fuel price movements, taxes and regulatory changes.
- **Short-term earnings volatility** may mask underlying stability in the core retail business.

Cash Flow Quality May Be Overlooked by the Market

- **Equity story lacks near-term catalysts,** potentially delaying valuation recognition.
- Share price performance may remain **driven by sentiment** rather than cash flow fundamentals.

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Valuation Discussion

Target Price Based on Two Different Approaches

- The target price is calculated at year-end 2026 with two different approaches.
  - Discounted free cash flow model.
  - Multiple valuation based on a peer group.
- The target price is the average of the two approaches, or ISK 516 at year-end 2026.
  - 54% above current market price.

Valuation approach	Weight	ISK
DCF Model	50%	483
Peer Group Multiples	50%	548
Target Price		**516**

Weighted Average Cost of Capital

Based on Damodaran Dataset

- Festi's operations are divided into the following sectors in the Damodaran data;
  - Retail (Grocery and Foods)
  - Retail (Automotive)
  - Retail (General/Diversified)
  - Electronics (Consumer & Office)
  - Healthcare Support Services
  - Real Estate (Operations & Services)
  - The weight is based on AKKUR estimate of each segment's operating profits.
- The risk-free rate is the yield on RIKB 42, a ~10 year government bond.
- The Market Risk Premium for Iceland is 5,14% according to the latest Damodaran data.
- For the capital structure, an equity ratio of 37,5%, the mid-point of the 35-40% target, is assumed and a cost of debt equal to a 1,50% premium to the risk-free rate.
- This all comes down to a cost of equity of 14,09% and a weighted average cost of capital (WACC) of 9,24%.

Sector	Weight	Unlevered Beta
Retail (Grocery and Foods)	35%	0,65
Retail (Automotive)	25%	0,60
Retail (General/Diversified)	5%	0,56
Electronics (Consumer & Office)	10%	1,07
Healthcare Support Services	5%	0,71
Real Estate (Operations & Services)	20%	0,48
Weighted average		**0,64**

WACC	
Risk Free Rate	6,41%
Unleverd Beta	0,64
Market Risk Premium	5,14%
Target Equity Ratio	37,5%
Target Debt Ratio	62,5%
Income Tax Rate	20,0%
Levered Beta	1,49
Cost of Equity	**14,09%**
Risk Premium	7,68%
Debt Premium	1,50%
Cost of Debt	7,91%
WACC	**9,24%**
Risk Premium	2,83%

Free Cash Flow Model

Terminal Value

- Terminal value is calculated with three different methods;
  - Key Value Driver (KVD)
  - Gordon's Growth Model (GGM)
  - EV/EBIT multiple
- Each of the methods has pros and cons so AKKUR uses the average for all three methods.
- Terminal growth estimated 3,5%.
- RONIC assumed 16% in the KVD calculation, slightly above current ROIC.
  - Implies a roughly 20% re-investment ratio in the terminal value, i.e. limited growth investment.
- EV/EBIT multiple assumed 16x in line with historical average.

Terminal Value	
Terminal Growth (g)	3,5%
RONIC	16,0%
Terminal EBIT Multiple	16,0x
KVD Terminal Value	82.451
GGM Terminal Value	125.575
EV/EBIT Terminal Value	118.076
Average	**108.701**

Free Cash Flow Model

Summary

DCF model																
ISKm	Historical Figures							AKKUR Estimates								
									0,50	1,50	2,50	3,50	4,50	5,50	6,50	7,50
	2019	2020	2021	2022	2023	2024	2025	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
Revenues	86.741	87.918	101.053	123.785	138.440	156.708	175.727	171.807	179.372	187.140	195.112	202.700	210.644	218.960	227.665	236.779
Cost of sales	-64.888	-65.576	-74.091	-94.404	-105.584	-117.742	-129.722	-123.603	-129.293	-135.008	-140.885	-146.534	-152.448	-158.643	-165.130	-171.923
OPEX	-14.248	-15.286	-16.845	-19.361	-21.840	-26.456	-30.004	-31.509	-32.729	-33.997	-35.315	-36.683	-38.105	-39.582	-41.117	-42.711
EBITDA	**7.605**	**7.057**	**10.117**	**10.020**	**11.015**	**12.511**	**16.001**	**16.695**	**17.350**	**18.135**	**18.911**	**19.483**	**20.090**	**20.735**	**21.418**	**22.144**
EBITDA margin	*8,8%*	*8,0%*	*10,0%*	*8,1%*	*8,0%*	*8,0%*	*9,1%*	*9,7%*	*9,7%*	*9,7%*	*9,7%*	*9,6%*	*9,5%*	*9,5%*	*9,4%*	*9,4%*
Depreciation	-2.698	-2.868	-3.193	-3.528	-4.102	-5.090	-6.049	-5.946	-6.195	-6.435	-6.681	-6.918	-7.166	-7.424	-7.694	-7.975
Changes in value of investment property..	291	240	736	216	139	302	159	150	150	150	150	150	150	150	150	150
EBIT	**5.198**	**4.429**	**7.659**	**6.707**	**7.053**	**7.723**	**10.111**	**10.900**	**11.305**	**11.850**	**12.381**	**12.715**	**13.074**	**13.460**	**13.874**	**14.319**
EBIT margin	*6,0%*	*5,0%*	*7,6%*	*5,4%*	*5,1%*	*4,9%*	*5,8%*	*6,3%*	*6,3%*	*6,3%*	*6,3%*	*6,3%*	*6,2%*	*6,1%*	*6,1%*	*6,0%*
Tax	-1.040	-886	-1.532	-1.341	-1.411	-1.545	-2.022	-2.180	-2.261	-2.370	-2.476	-2.543	-2.615	-2.692	-2.775	-2.864
NOPLAT	**4.159**	**3.543**	**6.127**	**5.366**	**5.642**	**6.178**	**8.089**	**8.720**	**9.044**	**9.480**	**9.905**	**10.172**	**10.459**	**10.768**	**11.100**	**11.455**
CAPEX	-2.203	-3.783	-2.368	-5.189	-3.985	-4.579	-5.897	-7.697	-5.345	-5.015	-4.838	-5.027	-5.224	-5.430	-5.646	-5.872
ΔNWC	-166	-1.556	332	-2.884	1.938	556	3.690	959	-159	210	16	119	70	102	92	104
CAPEX/Revenues	*2,6%*	*4,4%*	*2,4%*	*4,3%*	*2,9%*	*3,0%*	*3,4%*	*4,5%*	*3,0%*	*2,7%*	*2,5%*	*2,5%*	*2,5%*	*2,5%*	*2,5%*	*2,5%*
FCFF	**4.196**	**832**	**6.548**	**605**	**7.557**	**6.943**	**11.772**	**7.778**	**9.584**	**10.960**	**11.613**	**12.033**	**12.322**	**12.715**	**13.090**	**13.513**
DFCFF									**9.170**	**9.599**	**9.311**	**8.831**	**8.278**	**7.820**	**7.370**	**6.964**

Free Cash Flow Model

Results

- The Free Cash Flow model gives us a target price per share of ISK 483 at year-end 2026.
  - Net debt is AKKUR estimate for year-end 2026.
- The implied WACC is 12,3%, a 5,9% premium above the risk-free rate.
  - Implied WACC is the discount rate required for the model to return the market price per share.
- This implies a 22,2% cost of equity or a 15,8% premium.

Valuation summary	mISK	ISK Per Share
Present value of free cash flow	67.344	218
Present value of terminal value	108.701	353
Enterprise value	**176.045**	**571**
Net debt	-32.068	-104
Non-operating assets	4.850	16
Equity value	**148.827**	**483**

Terminal Growth (g)	WACC 7,74%	8,24%	8,74%	9,24%	9,74%	10,24%	10,74%
2,0%	543	505	472	443	417	394	373
2,5%	564	522	486	454	427	402	380
3,0%	590	542	**502**	**467**	**437**	411	387
3,5%	621	567	**521**	**483**	**450**	421	396
4,0%	662	597	**544**	**501**	**464**	433	405
4,5%	714	635	573	523	482	447	417
5,0%	786	685	610	551	503	463	430

Sensitivity analysis showing the effect of change in the WACC and the terminal growth rate

Peer Group Multiple Valuation

Valuation Based on Peer Group Multiples

- One method of valuation is a multiple valuation based on a peer group.
- Peer group consists of 30 European and US consumer stable retail companies.
- The peer group is trading at median 2026 multiples of 9,8x EBITDA, 16,8x EBIT and 18,6x earnings.
- Applying those multiples to AKKUR 2026 estimates for Festi gives us a price range of ISK 521-599, average of ISK 548.

2026 multiples	Peer Group Multiple	AKKUR 2026E	Target Price
EV/EBITDA	9,8x	17.350	525
EV/EBIT	16,8x	11.305	599
P/E	18,6x	7.302	521
Average			**548**

Peer Group	EV/EBITDA 2026E	EV/EBIT 2026E	P/E 2026E
Walmart Inc.	24,8x	36,0x	49,5x
Costco Wholesale Corporation	31,0x	38,1x	49,9x
Loblaw Companies Limited	13,3x	20,0x	28,4x
Alimentation Couche-Tard Inc.	11,0x	17,2x	20,9x
Target Corporation	8,6x	14,4x	15,7x
The Kroger Co.	8,1x	13,9x	14,6x
Tesco PLC	8,5x	13,4x	17,4x
Koninklijke Ahold Delhaize N.V.	6,8x	13,5x	14,4x
Dollar General Corporation	15,2x	22,7x	22,8x
Dollar Tree, Inc.	14,0x	19,4x	22,0x
Casey's General Stores, Inc.	19,2x	28,2x	38,3x
Jerónimo Martins, SGPS, S.A.	7,0x	13,2x	18,6x
Metro Inc.	11,8x	16,3x	19,2x
BJ's Wholesale Club, Inc.	13,8x	19,3x	23,1x
Carrefour SA	6,5x	13,2x	10,4x
Dino Polska S.A.	14,8x	13,9x	17,0x
Marks and Spencer plc	7,7x	18,1x	23,7x
Kesko Oyj	8,9x	13,1x	15,9x
J Sainsbury plc	6,4x	16,8x	18,0x
Albertsons Companies, Inc.	8,9x	12,5x	8,6x
Empire Company Limited	7,5x	13,9x	15,5x
Axfood AB	10,5x	20,8x	25,4x
Sprouts Farmers Market, Inc.	9,8x	12,0x	12,9x
Zabka Group S.A.	7,5x	15,0x	23,4x
Colruyt Group N.V.	5,5x	10,4x	11,9x
PriceSmart, Inc.	13,0x	18,0x	28,3x
Distribuidora Internacional de Alimentación, S.A.	6,9x	25,8x	30,0x
The North West Company Inc.	11,5x	17,8x	17,6x
Grocery Outlet Holding Corp.	10,6x	74,4x	12,7x
Median	**9,8x**	**16,8x**	**18,6x**

Source: Koyfin, AKKUR calculations

Returns Analysis

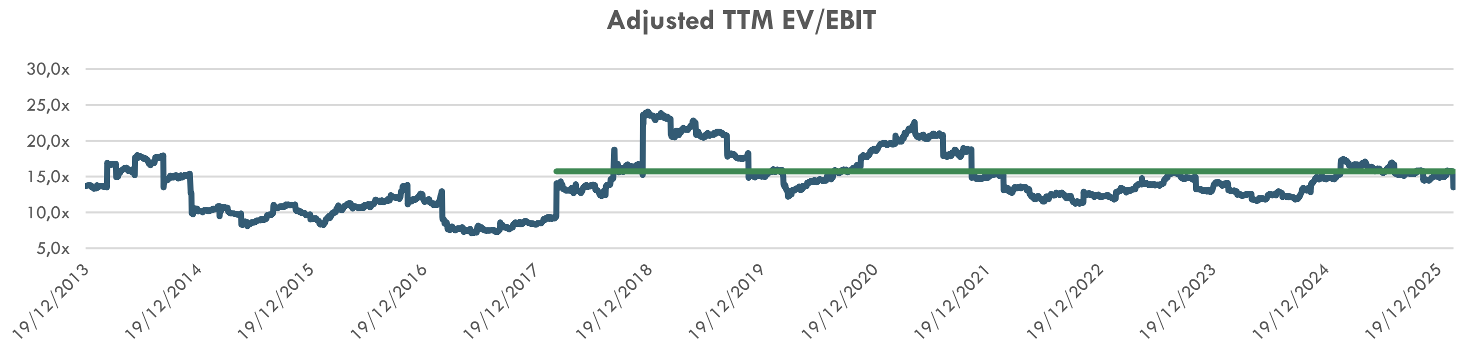
Analysis of Potential Returns

- On average, Festi has traded at 15,7x TTM adjusted EV/EBIT since the N1 and Festi merger with a high of 23,2x and a low of 11,2x.
- Assuming an entry price of ISK 335 and an exit at 16x EBIT at year-end 2028, the IRR is roughly 22% and the money multiple around 1,7x.
  - 16x EBIT implies trailing multiples of 10,5x EBITDA and 20,2x earnings in 2028.
  - Lower than trailing multiples for peers.

		IRR Assuming Exit at Year End 2028						
		Exit EV/EBIT Multiple						
		13,0x	14,0x	15,0x	16,0x	17,0x	18,0x	19,0x
Entry Price	320	1,49x	1,62x	1,75x	1,88x	2,01x	2,14x	2,27x
	330	1,45x	1,57x	1,70x	1,82x	1,95x	2,08x	2,20x
	340	1,40x	1,52x	**1,65x**	**1,77x**	**1,89x**	2,01x	2,13x
	350	1,36x	1,48x	**1,60x**	**1,72x**	**1,83x**	1,95x	2,07x
	360	1,32x	1,44x	**1,55x**	**1,67x**	**1,78x**	1,90x	2,01x
	370	1,28x	1,40x	1,51x	1,62x	1,73x	1,84x	1,95x
	380	1,25x	1,36x	1,47x	1,57x	1,68x	1,79x	1,90x

		IRR Assuming Exit at Year End 2028						
		Exit EV/EBIT Multiple						
		13,0x	14,0x	15,0x	16,0x	17,0x	18,0x	19,0x
Entry Price	305	17,1%	20,5%	23,7%	26,8%	29,7%	32,4%	35,1%
	315	15,7%	19,1%	22,2%	25,3%	28,1%	30,9%	33,5%
	325	14,4%	17,7%	**20,9%**	**23,8%**	**26,7%**	29,4%	32,0%
	335	13,1%	16,4%	**19,5%**	**22,5%**	**25,3%**	28,0%	30,5%
	345	11,9%	15,2%	**18,2%**	**21,2%**	**23,9%**	26,6%	29,2%
	355	10,7%	14,0%	17,0%	19,9%	22,7%	25,3%	27,8%
	365	9,6%	12,8%	15,8%	18,7%	21,4%	24,0%	26,5%

Sensitivity of returns based on different entry prices and exit EV/EBIT multiple at year-end 2028



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Assumptions and KPIs

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Assumptions and KPIs																
	Historical Figures							AKKUR Estimates								
	2019	2020	2021	2022	2023	2024	2025	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
Revenue Growth																
Convenience Goods		19,6%	8,8%	9,6%	21,7%	13,3%	11,7%	7,0%	5,0%	5,0%	5,0%	5,0%	5,0%	5,0%	5,0%	5,0%
Fuel and Electricity		-28,5%	27,7%	62,0%	0,7%	2,6%	-1,5%	-31,0%	3,5%	3,0%	2,5%	0,0%	0,0%	0,0%	0,0%	0,0%
Electronic Equipment		17,9%	18,4%	9,4%	7,8%	6,6%	7,3%	4,5%	4,0%	4,0%	4,0%	4,0%	4,0%	4,0%	4,0%	4,0%
Prescription and OTC Medicine								4,5%	4,0%	4,0%	4,0%	4,0%	4,0%	4,0%	4,0%	4,0%
Other Goods and Services		-15,0%	10,7%	19,0%	10,2%	-0,1%	11,4%	4,5%	3,5%	3,5%	3,5%	3,5%	3,5%	3,5%	3,5%	3,5%
Total Revenues		2,8%	14,3%	21,2%	11,3%	8,5%	5,2%	-2,3%	4,4%	4,4%	4,3%	3,9%	3,9%	4,0%	4,0%	4,0%
Expenses																
COGS %% Sales	76,2%	76,0%	75,0%	77,8%	77,5%	76,2%	74,8%	72,9%	73,1%	73,1%	73,1%	73,2%	73,3%	73,3%	73,4%	73,5%
Employee Cost %% Sales	11,7%	12,2%	11,8%	11,1%	11,3%	11,9%	12,5%	13,4%	13,4%	13,3%	13,3%	13,3%	13,3%	13,3%	13,3%	13,3%
Employee Cost %% Gross Profit	49,0%	50,9%	47,3%	49,8%	50,3%	50,1%	49,6%	49,6%	49,7%	49,6%	49,5%	49,7%	49,8%	50,0%	50,1%	50,2%
Other Operating Expenses %% Sales	5,0%	5,5%	5,3%	4,9%	4,7%	5,2%	4,8%	5,2%	5,1%	5,1%	5,0%	5,0%	5,0%	5,0%	4,9%	4,9%
Other Operating Expenses %% Gross Profit	21,2%	23,0%	21,0%	21,9%	20,9%	22,0%	19,1%	19,1%	19,0%	18,8%	18,7%	18,7%	18,7%	18,6%	18,6%	18,5%
Capital Structure																
Equity Ratio	35,3%	35,7%	39,4%	36,9%	37,3%	37,9%	41,2%	42,0%	42,4%	42,5%	42,7%	42,8%	43,0%	43,1%	43,2%	43,4%
Net Interest Bearing Debt (NIBD) (ISKm)	31.975	35.596	29.731	36.328	33.778	39.881	32.947	32.068	32.182	31.515	30.590	29.688	28.767	27.739	26.639	25.439
NIBD/EBITDA	4,2x	5,0x	2,9x	3,6x	3,1x	3,2x	2,1x	1,9x	1,9x	1,7x	1,6x	1,5x	1,4x	1,3x	1,2x	1,1x
NIBD/EBIT	6,2x	8,0x	3,9x	5,4x	4,8x	5,2x	3,3x	2,9x	2,8x	2,7x	2,5x	2,3x	2,2x	2,1x	1,9x	1,8x
EBITDA/Finance Cost	3,2x	3,5x	5,2x	4,2x	3,1x	3,3x	4,5x	5,4x	5,5x	5,7x	5,9x	6,0x	6,2x	6,3x	6,4x	6,6x
EBIT/Finance Cost	2,2x	2,2x	3,9x	2,8x	2,0x	2,0x	2,8x	3,5x	3,6x	3,7x	3,9x	3,9x	4,0x	4,1x	4,2x	4,3x

Assumptions and KPIs

Overview

Assumptions and KPIs																
	Historical Figures							AKKUR Estimates								
	2019	2020	2021	2022	2023	2024	2025	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
Net Working Capital																
Days Inventory Outstanding		42,7	42,4	43,7	46,1	42,9	39,8	42,3	41,6	41,5	41,6	41,6	41,6	41,6	41,6	41,6
Days Sales Outstanding		21,9	21,3	18,6	18,0	17,8	15,7	15,1	15,7	15,7	15,7	15,7	15,7	15,7	15,7	15,7
Days Payable Outstanding		38,5	34,6	30,3	31,8	33,4	34,7	37,6	36,2	36,1	36,1	36,2	36,2	36,2	36,2	36,2
Cash Conversion Cycle		26,2	29,1	32,1	32,3	27,3	20,8	19,8	21,1	21,1	21,1	21,2	21,2	21,2	21,2	21,2
Profitability																
Invested Capital*	63.971	65.780	65.307	70.285	70.348	84.521	84.436	88.377	90.013	91.512	93.100	94.616	96.210	97.889	99.660	101.528
Return on Invested Capital (ROIC)*		5,5%	9,3%	7,9%	8,0%	8,0%	9,6%	10,1%	10,1%	10,4%	10,7%	10,8%	11,0%	11,1%	11,2%	11,4%
ROIC excluding goodwill**		7,0%	12,0%	10,1%	10,2%	10,2%	12,2%	12,8%	12,8%	13,1%	13,4%	13,5%	13,6%	13,7%	13,8%	13,9%
Return on Equity (ROE)		7,8%	15,6%	11,9%	9,8%	10,1%	13,6%	14,1%	13,9%	14,3%	14,7%	14,9%	15,0%	15,2%	15,4%	15,6%
CAPEX and D&A																
PP&E CAPEX %% Revenues		3,2%	1,8%	3,7%	2,5%	2,4%	2,9%	4,0%	2,5%	2,2%	2,0%	2,0%	2,0%	2,0%	2,0%	2,0%
PP&E D&A %% Revenues		2,0%	1,9%	1,5%	1,7%	1,7%	1,8%	1,8%	1,8%	1,8%	1,8%	1,8%	1,8%	1,8%	1,8%	1,8%
Intangibles CAPEX %% Revenues		1,1%	0,5%	0,5%	0,4%	0,5%	0,5%	0,5%	0,5%	0,5%	0,5%	0,5%	0,5%	0,5%	0,5%	0,5%
Intangibles D&A %% Revenues		0,7%	0,7%	0,7%	0,6%	0,7%	0,7%	0,7%	0,7%	0,7%	0,7%	0,7%	0,7%	0,7%	0,7%	0,7%
Leasa Liabilities																
Lease Payments		672	768	1.091	1.313	1.737	2.134	2.107	2.191	2.255	2.322	2.390	2.460	2.532	2.606	2.682
Lease Payments %% Revenues		0,8%	0,8%	0,9%	1,0%	1,1%	1,2%	1,2%	1,2%	1,2%	1,2%	1,2%	1,2%	1,2%	1,2%	1,1%
Right of Use Asset Depreciation (ISKm)		480	546	813	983	1.299	1.581	1.577	1.634	1.676	1.720	1.764	1.810	1.857	1.905	1.955

* Invested Capital excludes book value of non-core assets