



ELKO



KRÓNAN



BAKKINN
vöruhótel

Vrkir



FESTI

Presentation of Q2 2024 results

1st August 2024

Ásta S. Fjeldsted
Magnús Kr. Ingason



- **Q2 2024 operations**

- Q2 results 2024

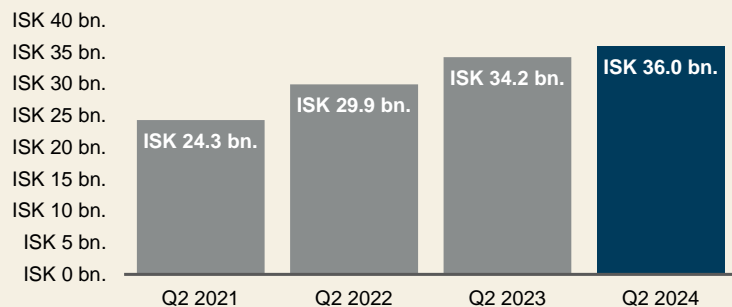
- Position and outlook

Consolidated highlights Q2 2024

Sale of goods and services

ISK 36.0 bn.

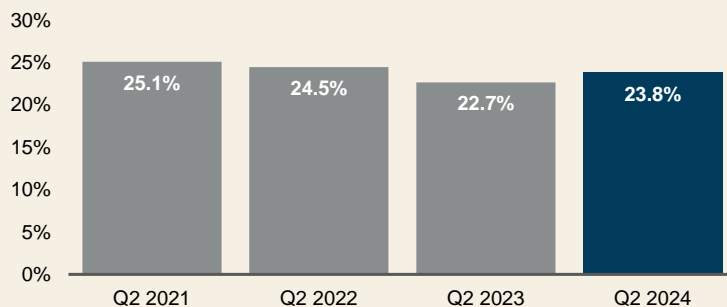
+5.4% YoY



Margin from sale

23.8%

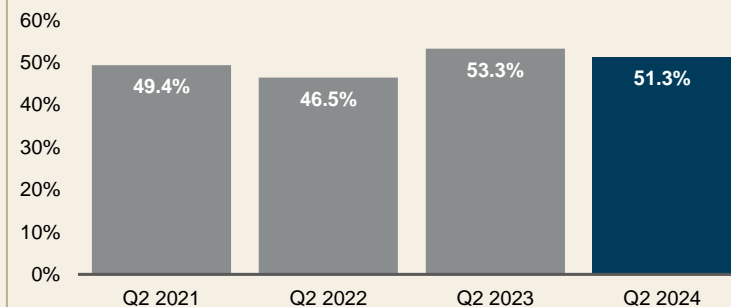
+1.1 p.p. YoY



Salaries/Margin from sale

51.3%

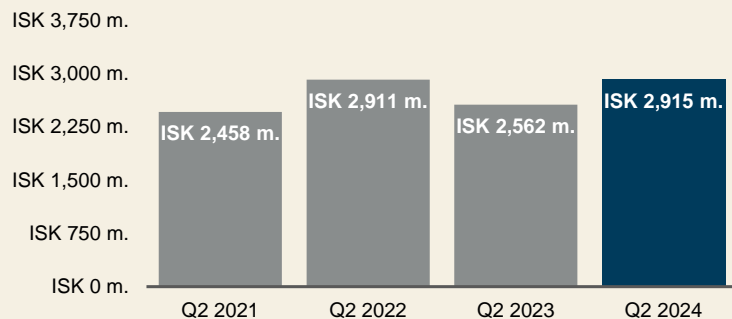
-2.0 p.p. YoY



EBITDA

ISK 2,915 m.

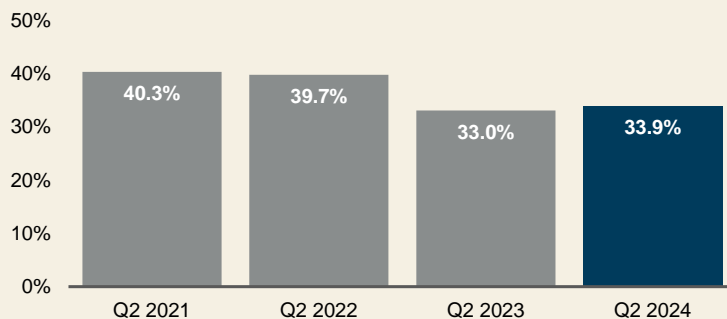
+13.8% YoY



EBITDA/Margin from sale

33.9%

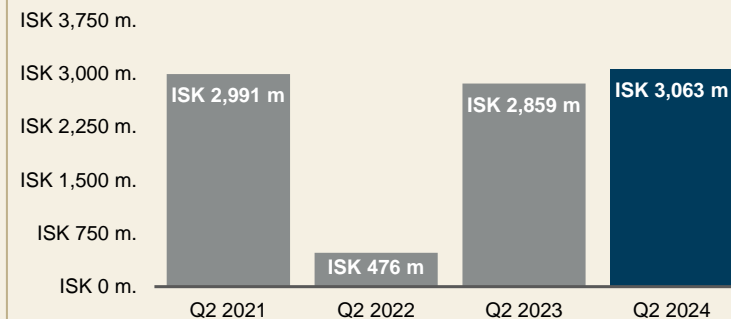
+0.9 p.p. YoY



Cash from operating activities

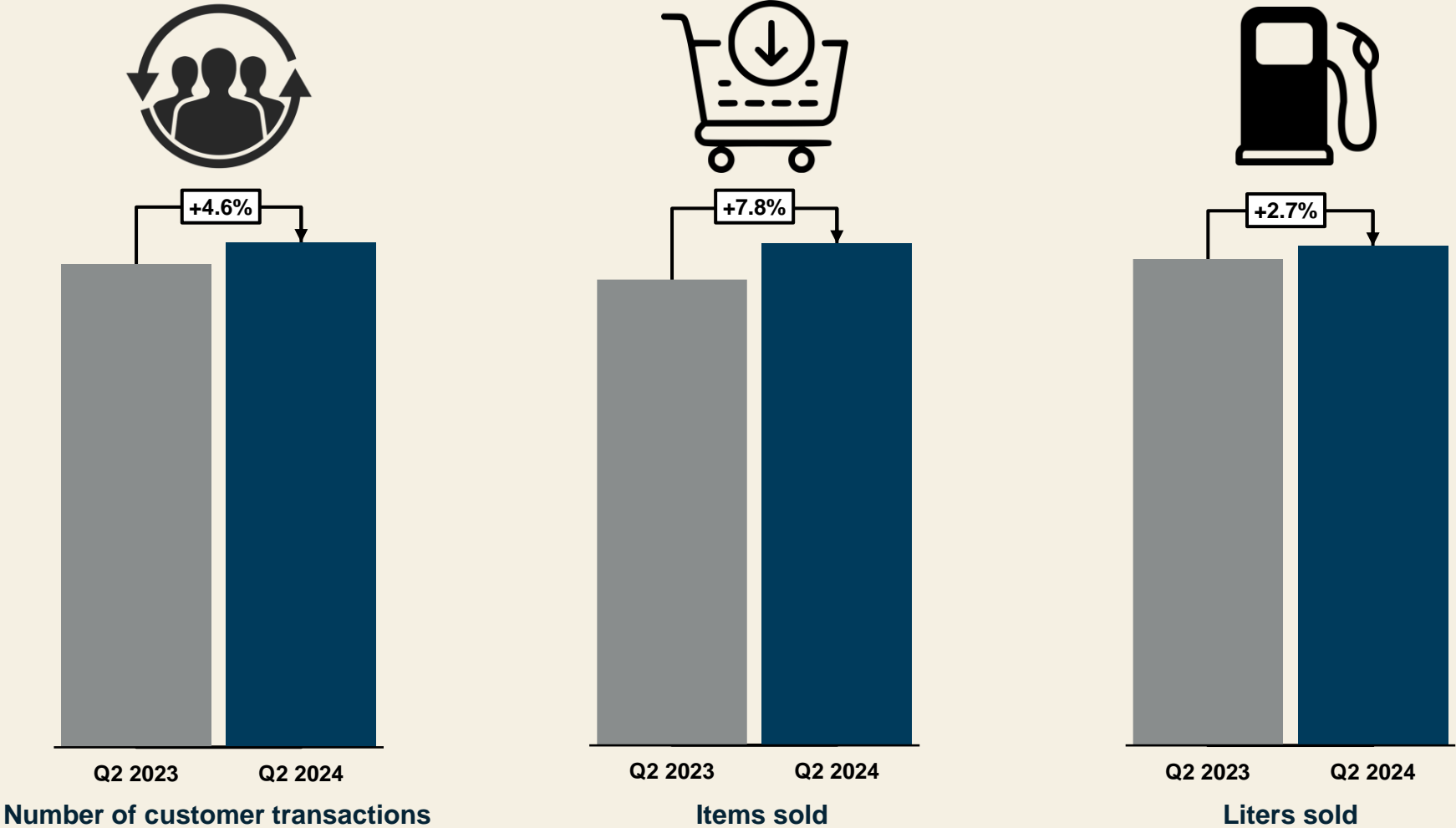
ISK 3,063 m.

+7.1% YoY



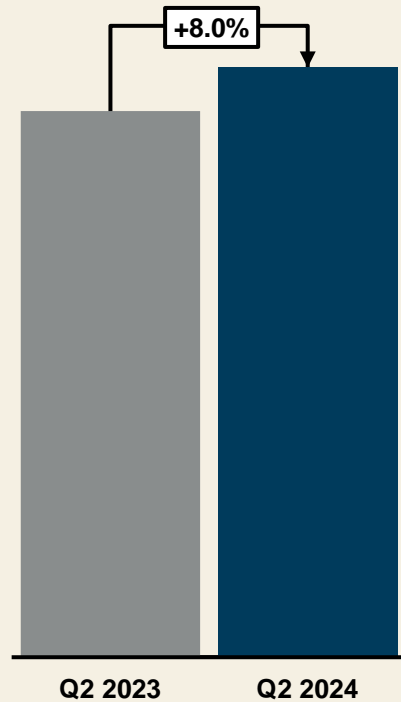
Number of customers and sales in Q2 increases year-over-year

2023 2024

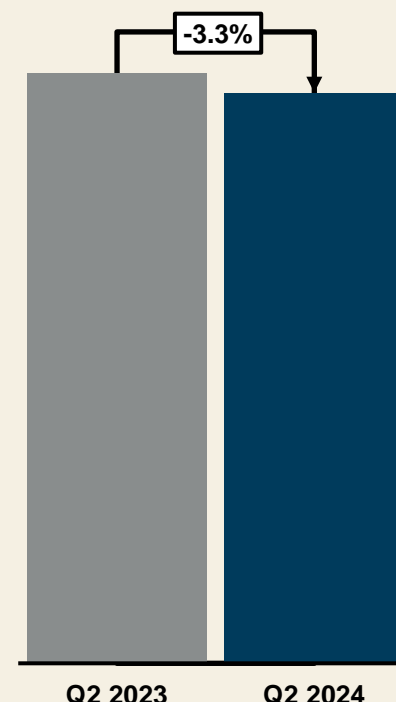


Increase in domestic card turnover but a decrease in foreign

2023 2024



Domestic card turnover



Foreign card turnover



Lyfja is now part of the Festi group



- ◆ The settlement of the payment of all shares in Lyfja hf. to the seller took place on July 10.
- ◆ The final purchase price of Lyfja's shares amounted to ISK 7,117 million.
- ◆ The cash payment amounted to ISK 5,077 million, and the remainder was paid by delivering 10 million shares in Festi at a market value of ISK 2,040 million, based on the closing price of 204 on Nasdaq Iceland on July 10, 2024.
- ◆ Festi took a new loan for the purchase, increasing the group's indebtedness by ISK 4 billion.
- ◆ Alongside the settlement, Hildur Þórisdóttir, acting CEO and Human Resources Director of Lyfja, has joined Festi's executive board.



Festi expects the merger could return ISK 200-400 million through synergies

Shared infrastructure



Clear synergies in operations within the group

Expansion in retail spaces



Shared use of retail space, increased sale per sqm, drive-throughs

Expansion in online stores



Economy of scale in online stores, increased product range

Expansion of services



Continued growth in health-related services, vaccines, health checks, Lyfja heyrn¹, etc.

¹ Lyfja's hearing services



Festi's organisational chart

Festi's operating companies



ELKO Managing Director
Óttar Örn Sigurbergsson



N1 Managing Director
Ásta S. Fjeldsted



Krónan Managing Director
Guðrún Aðalsteinsdóttir



Lyfja Managing Director
Hildur Þórisdóttir

Festi and supporting companies



Bakkinn Managing Director
Eva Guðrún Torfadóttir



**Chief Finance and
Operations Officer**
Magnús Kr. Ingason



**Yrkir eignir Managing
Director**
Óðinn Árnason

Festi CEO
Ásta S. Fjeldsted



Construction has begun in ELKO Lindir



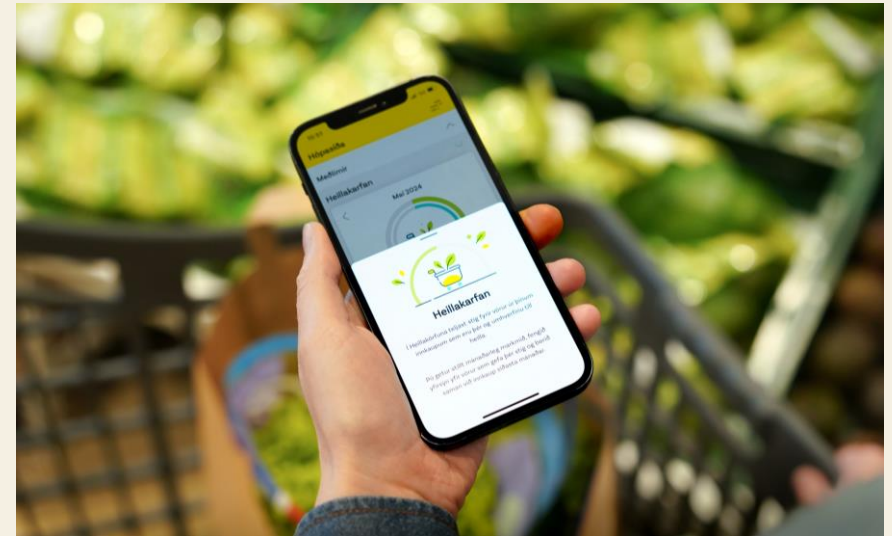
- ◆ **Construction has begun at ELKO Lindir** where the aim is to complete renovation this autumn.
- ◆ The electronics market decreased by 1% in the quarter according to measurements by Meniga, **but ELKO realised a 2% increase.**
- ◆ **The quarter showed growth in both product sales and service revenues** YoY. Increased emphasis on service and insurance sales resulted in a 47% sales increase in the category during the period.
- ◆ The **ratio of online sales increased** YoY¹ and was **22.4%** for the quarter compared to 21.4% last year.
- ◆ **Sales to enterprises continue to increase** and accounted for **17% of total turnover** in Q2 compared to 16% last year.
- ◆ The new **ELKO store in the arrivals hall of KEF Airport** continues to deliver improved results, with **sales increasing by 21%** compared to the same period last year.



Krónan's market share never been higher



- ◆ **Krónan's market share** has never been higher and is now **38%** according to Gallup.
- ◆ **The number of visits increases between years by 11%**, as well as number of items sold by almost 9%.
- ◆ **Online sales increased by 35% YoY** – home delivery services outside the capital area have been well received by customers and are now available in the Eastern fjords of Iceland as well.
- ◆ „Ódýrt“ **campaign outperforms expectations with 19% increase in items sold YoY** – the lowest priced items in each category are labelled specifically to help customers make informed and price conscious purchases.
- ◆ **Krónan's store in Grafarholt was successfully reopened** after renewing and refurbishing the entire layout.
- ◆ **Heillakarfan** was launched at Iceland's Innovation week. This is a **new feature in Krónan's app** where the goal is to create positive habits through daily shopping.



First car wash station opened



- **Ýmir Örn Finnbogason has stepped down as CEO of N1.** The position will be advertised, with a new hire expected by fall.
- ◆ **A new automatic car wash and self-service station with wash booths opened in Mosfellsbær,** with six more locations to be added in the coming months.
- **The quarter was strong for N1's Car Service.** Tire changing performance increased by 11% compared to Q2 2023.
- ◆ **Construction of charging stations with Tesla continues.** A Tesla charging park in Keflavík will open shortly. Construction will begin at Blönduós and Staðarskáli in August.
- ◆ The number of **transactions at service centers decreased by 6.9% YoY.** A **decrease in tourists** weighed heavily, along with **unfavorable weather conditions reducing domestic travel.**
- ◆ **Self-service checkouts** were introduced in Borgarnes in June and the usage during the first weeks has been in line with expectations around 15%.
- The fast-food restaurant **Djúsi will be rebranded to "Nesti – Ferskt & fljótt,"**. The transformation is expected to complete in early August.





- Q2 2024 operations
- **Q2 results 2024**
- Position and outlook

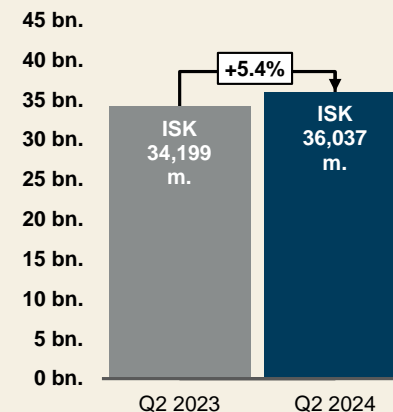
Operations of the group in Q2 2024



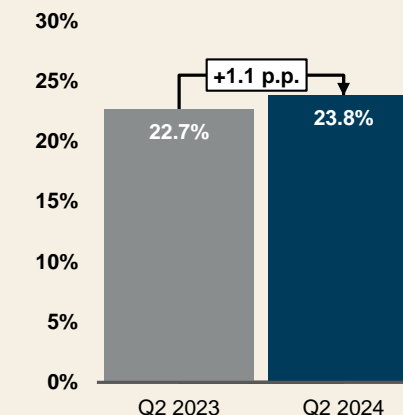
- ◆ **Sale of goods and services** increased by ISK 1.8 billion or 5.4% YoY.
- ◆ **Margin from sale** was ISK 8,593 million, an increase of ISK 837 million or 10.8% YoY.
- ◆ **Margin** percent is 23.8%, increase of 2.0 p.p. from first quarter 2024 and up 1.1 p.p. from Q2 previous year.
- ◆ **Salaries and personnel expenses** was ISK 4,410 million, an increase of ISK 273 million or 6.6% YoY.
- ◆ **Number of full-time employees** 1,423, an increase of 62 or 4.5% YoY.
- ◆ **Other operating expenses** increase by ISK 219 million or 13.9% YoY.
- ◆ **EBITDA** was ISK 2,915 million in Q2, an increase of ISK 354 million or 13.8% YoY.
- ◆ **Profit for the period** was ISK 953 million, increase of ISK 215 million YoY.

Amounts are in ISK million	Q2 2024	Q2 2023	Change	% Chg.
Sale of goods and services	36,037	34,199	1,838	5.4%
Margin from sale of goods and services	8,593	7,756	837	10.8%
Lease revenue and operating income	527	518	9	1.7%
Salaries and personnel expenses	(4,410)	(4,138)	(273)	6.6%
Other operating expenses	(1,794)	(1,575)	(219)	13.9%
EBITDA	2,915	2,562	354	13.8%
EBIT	1,932	1,703	230	13.5%
EBT	1,169	905	264	29.1%
Profit for the period	953	738	215	29.1%
Key Figures				
EBITDA/Margin from sales	33.9%	33.0%	+0.9 p.p.	2.7%
Salaries/Margin from sales	51.3%	53.3%	-2.0 p.p.	-3.8%
Earnings per share	3.16	2.43	0.74	30.3%

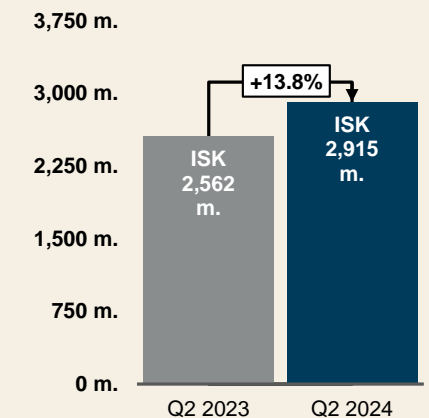
Sale of goods and services



Margin from sale



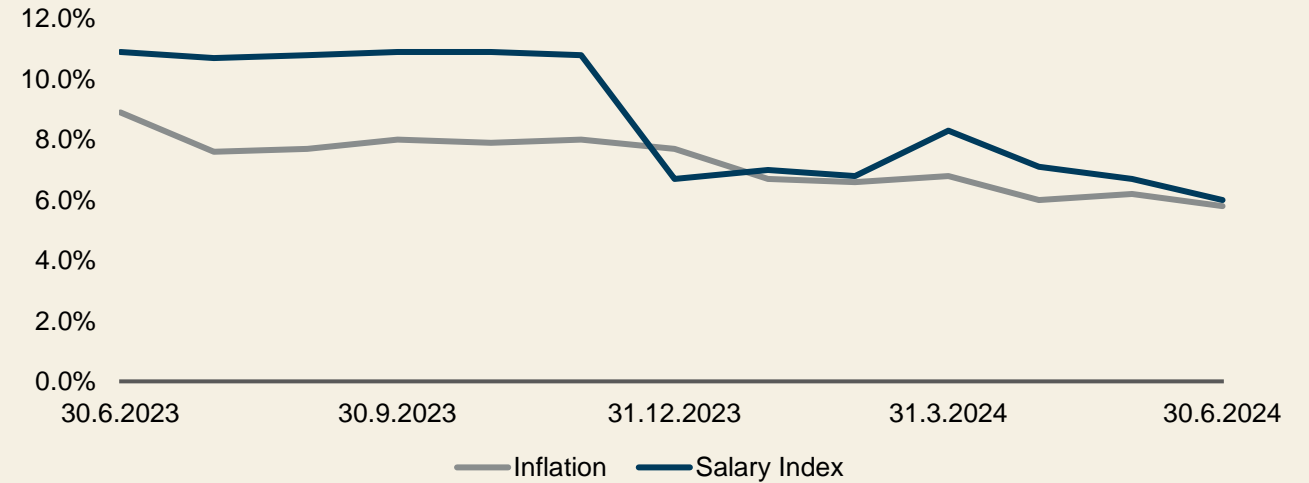
EBITDA



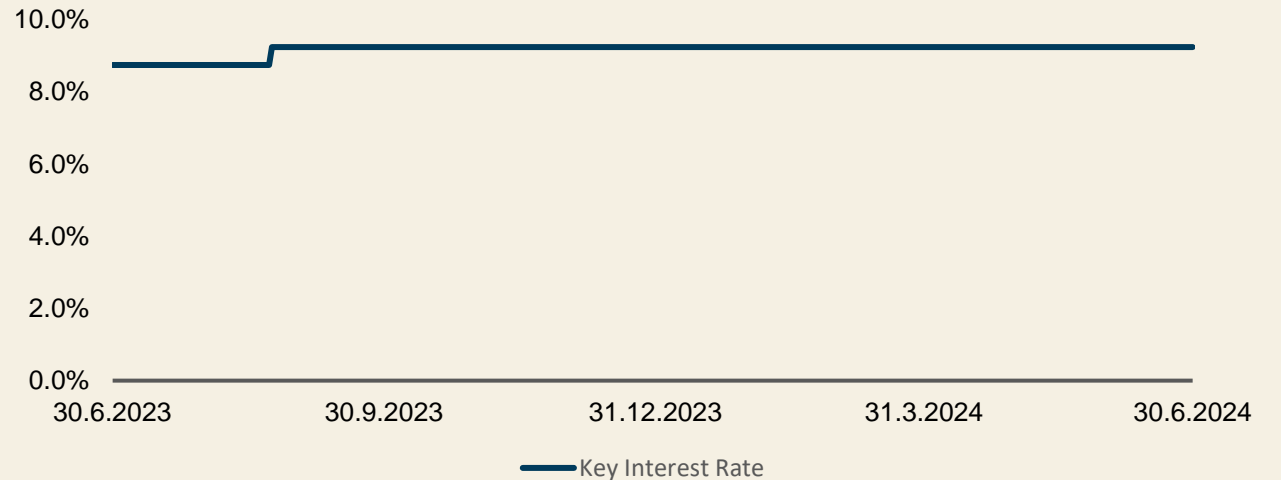
External factors Q2 2024

- ◆ **Price, salary and interest rate development**
 - ◆ **Salary index increased 6.0% over the last 12 months.** Salary index was at 1,006.7 points at the end of the quarter compared to 949.7 at the end of Q2 2023.
 - ◆ **Consumer price index increased 5.8% over the last 12 months.** Consumer price index was measured at 630.3 points the end of the quarter compared to 595.6 at the end of June 2023.
 - ◆ **Key interest rate increased by 50 p.p. over the last 12 months.** Key interest rates were 9.25% at the end of the quarter compared to 8.75% at the end of June 2023.

Inflation and Salary Index (YoY)



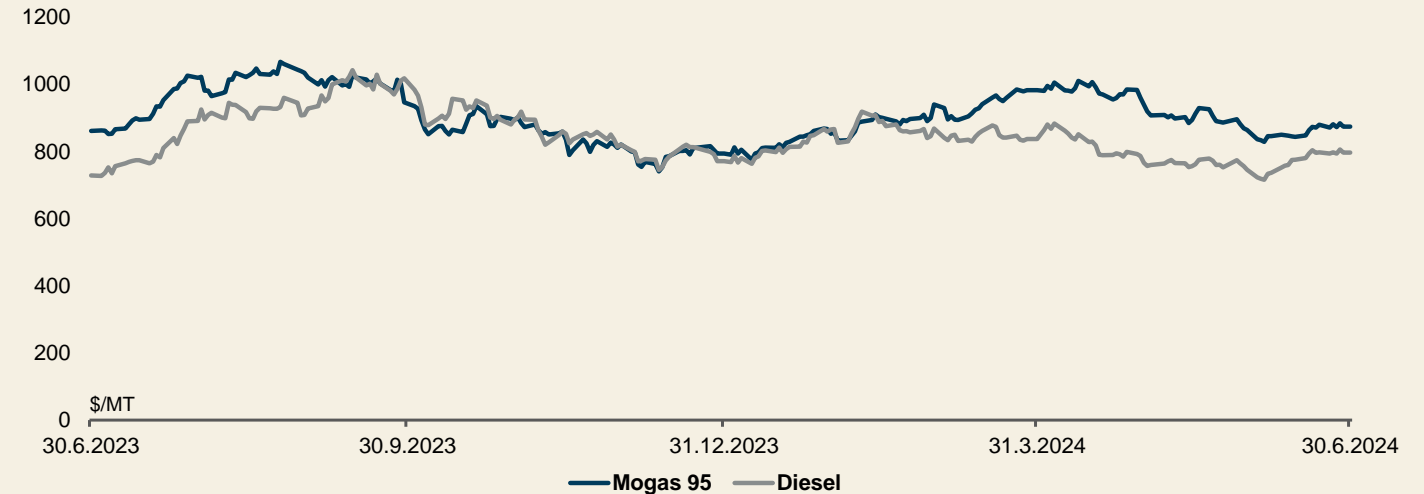
Central Bank Key Interest Rate



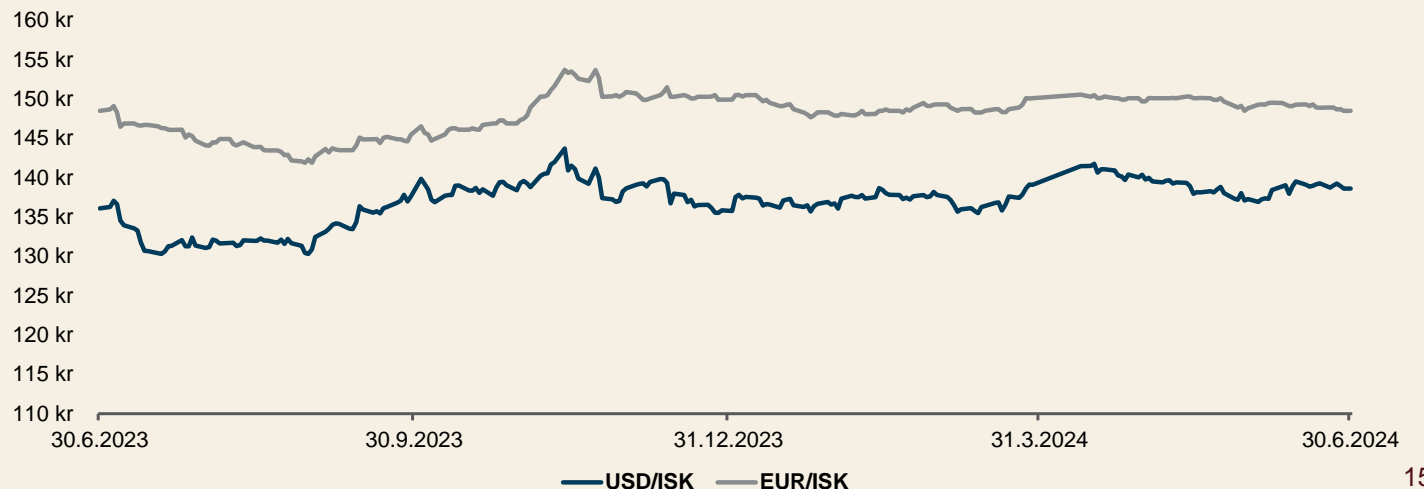
External factors Q2 2024

- ◆ **Fluctuations in fuel prices** between Q2 2023 and Q2 2024:
 - ◆ **Diesel prices decreased by 4.8% within Q2 2024** compared to a decrease of 7.0% in Q2 2023. The **average price** within each quarter increased by 8.2% YoY.
 - ◆ **Gasoline price decreased by 11.0% within Q2 2024** compared to a decrease of 10.2% in Q2 2023. The **average price** within each quarter increased by 1.9% YoY.
- ◆ **Fluctuations in currency USD/ISK and EUR/ISK** between Q2 2023 and Q2 2024:
 - ◆ **USD/ISK decreased** by 0.4% and the difference between the highest and lowest exchange rate in Q2 was 3.7%.
 - ◆ **EUR/ISK decreased** by 1.0% and the difference between highest and lowest exchange rate in Q2 was 1.6%.

Price development of Mogas 95 and Diesel

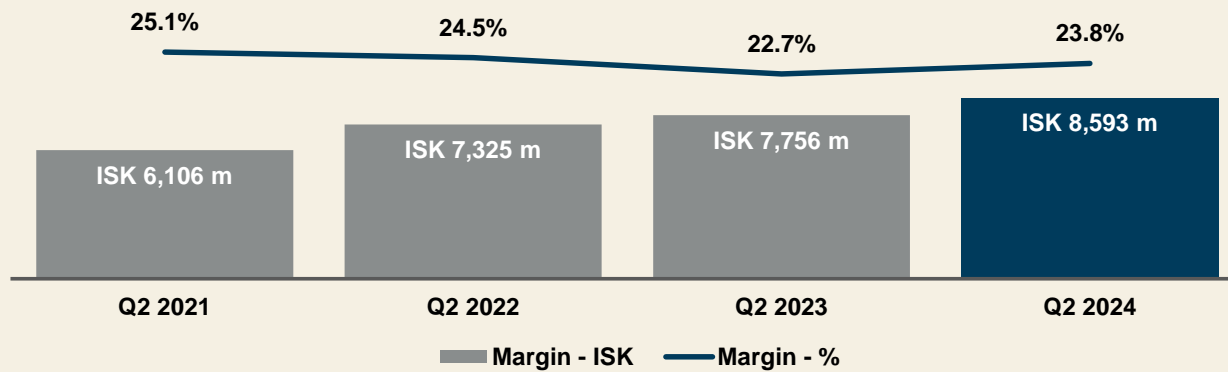


Fluctuations in currency USD/ISK and EUR/ISK

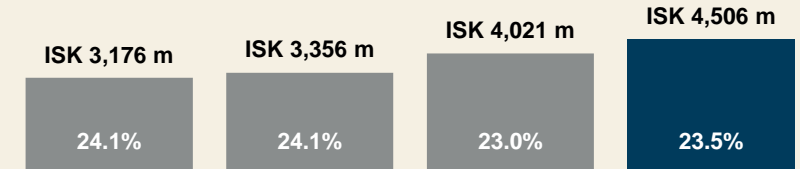


Margin from sale in Q2 2024

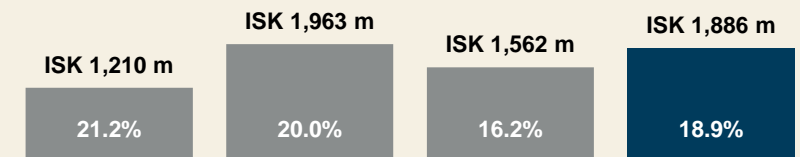
- ◆ **Turnover increases** in every sector except other goods and services. **Margin from ratio also increases** in all sectors from last year.
- ◆ **Total margin** from sales increases by 10.8% from last year and is ISK 8,593 million.
- ◆ **Margin ratio in Q2 2024 was 23.8%** an increase of 2.0 p.p. from the previous quarter and an increases of 1.1 p.p. YoY.
- ◆ **Margin from sales in ISK** in grocery and convenience goods increases 12.1% from last year, **Fuel and electricity** increases 20.7%, **electronic equipment** increases 4.9% and **other goods and services** decrease 2.4% from last year.



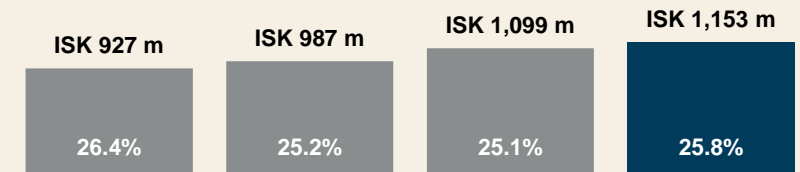
Grocery and convenience goods



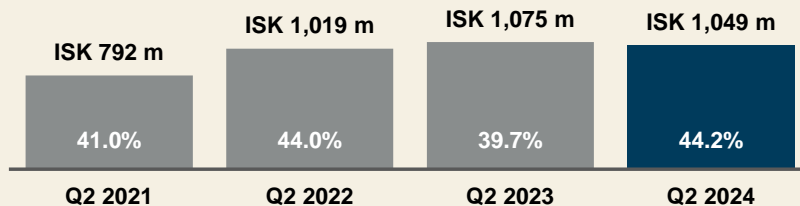
Fuel and electricity



Electronic equipment

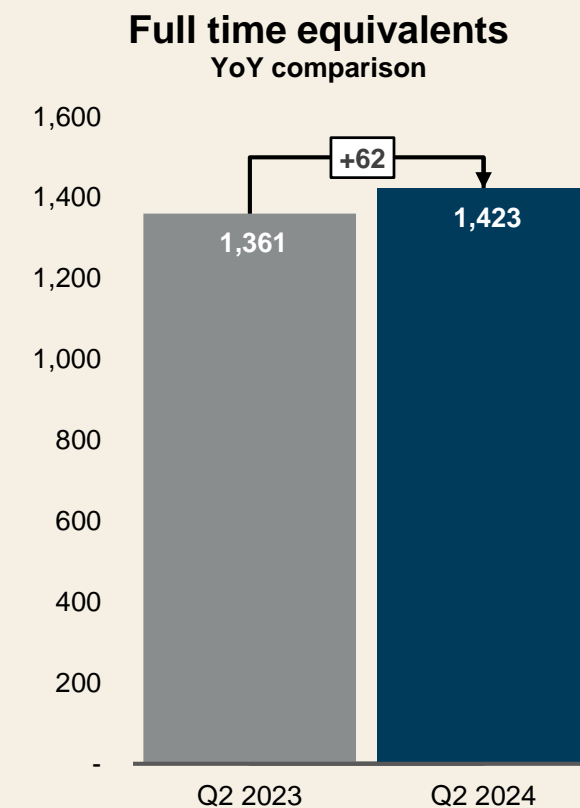
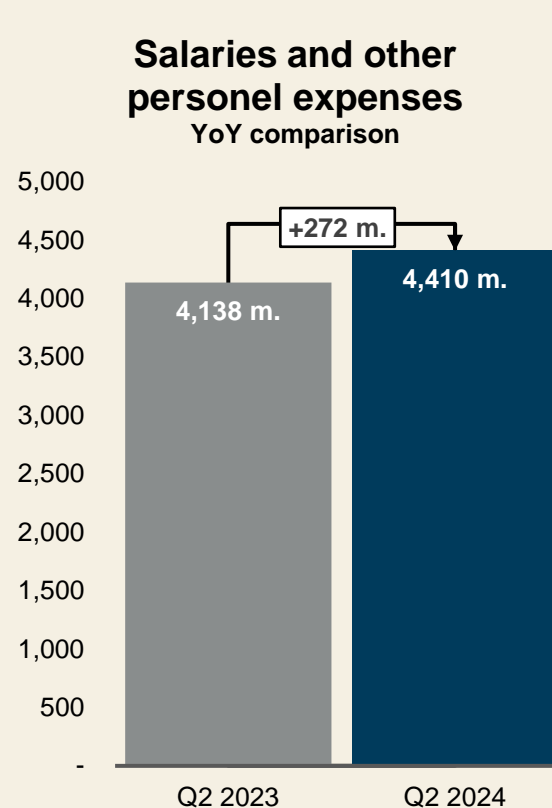


Other goods and services



Salaries and other personnel expenses in Q2 2024

- ♦ **Salaries and other personnel expenses** amounted to ISK 4,410 million and increases by ISK 272 million or 6.6% YoY.
- ♦ **Full-time equivalents increased by 62 YoY** and the increase amounts to ISK 166 million.
 - ♦ Increased FTE at the office, new service station at Flugvellir and Ísey at Grandi along with increased activities explain the increase.
- ♦ **Contractual wage increases** had an effect of ISK 156 million YoY increase.
- ♦ **YoY increase of 4.1%** without the effects of increases in full-time equivalents and one-off expenses relating to top management changes.



Salaries and other personnel expenses Q2 2023	4,138
Change in full-time position equivalents	166
Contractual wage increases	156
Accrued vacation, change	-21
Other changes	-29
Salaries and other personnel expenses Q2 2024	4,410

N1 – Highlights Q2 2024



- Revenue was ISK 14,258 million, a decrease of ISK 58 million or 0.4% YoY.
- Sales of fuel and electricity increased by ISK 361 million or 3.7% YoY. Sales in litres were 55.3 million, 2.6% more volume than last year. Volume increases in most categories.
- Margin increased in fuel and electricity by ISK 324 million or 20.7% but decreases in sale of other goods and services by ISK 26 million or 2.4%.
- EBITDA was ISK 1,209 million, an increase of ISK 120 million or 11.1% YoY.
- Profit was ISK 220 million, an increase of 129 million between years.

 **96**
Fuel dispenser
locations

 **12**
Tire and oil
service stations

 **13**
EV charging
locations

	Q2 2024	Q2 2023	Change	%
Total revenue	14,258	14,316	(58)	-0.4%
Total cost	(13,049)	(13,228)	178	-1.3%
EBITDA	1,209	1,088	120	11.1%
EBITDA-ratio	8.5%	7.6%	+0.9 p.p.	11.5%
EBIT	495	377	118	31.3%
EBIT-ratio	3.5%	2.6%	+0.8 p.p.	31.8%
Profit (loss)	220	91	129	141.0%



Krónan – Highlights Q2 2024


- Revenue was ISK 18,063 million, an increase of ISK 1,885 million or 11.7% YoY.
- Same number of stores but new locations for smart store.
- Margin level increases as a result of various successful actions to reduce cost of goods sold.
- EBITDA was ISK 1,376 million, an increase of ISK 227 million or 19.8% YoY.
- Profit was ISK 553 million, an increase of ISK 139 million or 33.5% YoY.



27
Grocery stores



First Swan certified
Icelandic grocery school
chain



7 yrs
Happiest customers
in the grocery market

	Q2 2024	Q2 2023	Change	%
Total revenue	18,063	16,178	1,885	11.7%
Total cost	(16,687)	(15,029)	(1,658)	11.0%
EBITDA	1,376	1,149	227	19.8%
EBITDA-ratio	7.6%	7.1%	+0.5 p.p.	7.3%
EBIT	753	619	133	21.5%
EBIT-ratio	4.2%	3.8%	+0.3 p.p.	8.8%
Profit (loss)	553	414	139	33.5%



ELKO – Highlights Q2 2024

- Revenue was ISK 4,515 million, increase of ISK 102 million or 2.3% YoY.
- Increased turnover in all stores except Grandi and Lindir.
- Newly renovated store in Keflavik airport had a good start, sales increased by 21% YoY.
- Margin levels increase from last quarter and between years.
- EBITDA was ISK 348 million, a decrease of 32 million or 8.5% YoY.
- Profit was ISK 124 million, a decrease of 45 million or 26.5% YoY.



	Q2 2024	Q2 2023	Change	%
Total revenue	4,515	4,413	102	2.3%
Total cost	(4,167)	(4,033)	(134)	3.3%
EBITDA	348	380	(32)	-8.5%
EBITDA-ratio	7.7%	8.6%	-0.9 p.p.	-10.5%
EBIT	196	242	(46)	-19.2%
EBIT-ratio	4.3%	5.5%	-1.2 p.p.	-21.0%
Profit (loss)	124	168	(45)	-26.5%

Yrkir - Highlights Q2 2024

- All real estate operations of the Festi Group were brought under Yrkir from January 1, 2024, which makes comparisons between years difficult.
- Revenue was ISK 1,066 million, increase of ISK 605 million or 131.2% YoY.
- Net operating income (NOI) of properties were ISK 918 million, compared to ISK 979 million Q2 2023 for the whole real estate operations of the Group.
- Utilization ratio was 99% and increases by 1 percentage points between years.
- EBITDA was ISK 846 million and profit was ISK 50 million.

 **83**
Properties owned
by Group

 **99%**
Properties rented out

 **90%**
Own use of properties

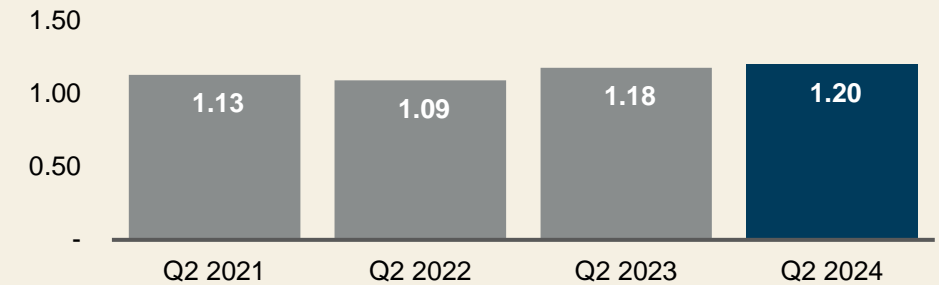
	Q2 2024	Q2 2023	Change	%
Total revenue	1,066	461	605	131.2%
Total cost	(219)	(100)	(120)	120.4%
EBITDA	846	361	485	134.2%
EBITDA-ratio	79.4%	78.4%	+1.0 p.p.	1.3%
EBIT	504	368	137	37.2%
EBIT-ratio	47.3%	79.8%	-32.4 p.p.	-40.7%
Profit (loss)	50	68	(18)	-26.7%



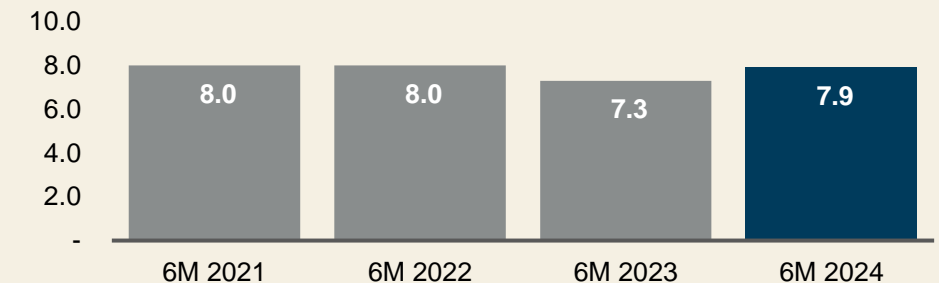
Statement of Financial Position 30.06.2024

Amounts are in ISK million	30.6.2024	31.12.2023	Change	%
Goodwill	14,842	14,842	0	0.0%
Other Intangible assets	4,245	4,260	(15)	-0.4%
Property and equipment	35,820	35,779	41	0.1%
Leased assets	8,571	8,097	474	5.9%
Investment properties	6,914	6,647	267	4.0%
Shares in associates	2,534	2,621	(87)	-3.3%
Shares in other companies	14	14	0	0.0%
Long-term receivables	45	145	(100)	-68.9%
Non-current assets	72,985	72,405	581	0.8%
Inventories	13,259	13,557	(299)	-2.2%
Trade receivables	6,316	5,985	331	5.5%
Other short-term receivables	974	723	251	34.7%
Cash and cash equivalents	3,395	3,362	33	1.0%
Current assets	23,944	23,627	316	1.3%
Total assets	96,929	96,032	897	0.9%

Current ratio



Inventory turnover

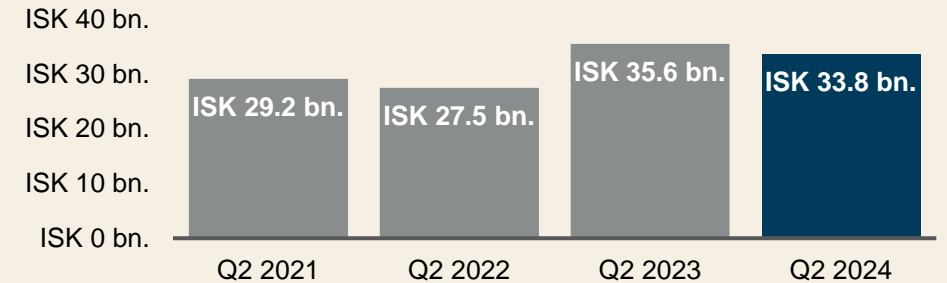


- ♦ **Total assets ISK 96,929 million and increase by ISK 897 million from year-end.**
- ♦ **Operational- and investment assets increase by ISK 308 million from year-end.**
- ♦ **Inventories decreased by ISK 299 million from year-end due to increased activities.**
- ♦ **Accounts receivable and other short-term receivables increase by ISK 582 million from year-end.**
- ♦ **Cash and cash equivalents was ISK 3,395 million and increase by ISK 33 million from year-end 2023.**

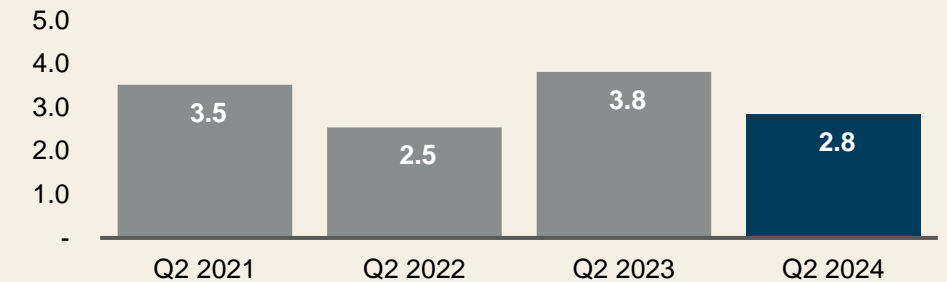
Statement of Financial Position 30.06.2024

Amounts are in ISK million	30.6.2024	31.12.2023	Change	%
Equity	36,105	35,842	263	0.7%
Payable to credit institutions	26,161	26,681	(520)	-1.9%
Lease liabilities	8,233	7,793	440	5.6%
Deferred tax liabilities	6,430	6,185	245	4.0%
Non-current liabilities	40,824	40,659	165	0.4%
Payable to credit institutions	1,816	1,807	9	0.5%
Lease liabilities	963	859	104	12.1%
Trade payables	10,041	9,760	281	2.9%
Other short-term liabilities	7,179	7,104	75	1.1%
Current liabilities	20,000	19,531	469	2.4%
Total equity and liabilities	96,929	96,032	897	0.9%

Net interest bearing debt



Net interest bearing debt/EBITDA

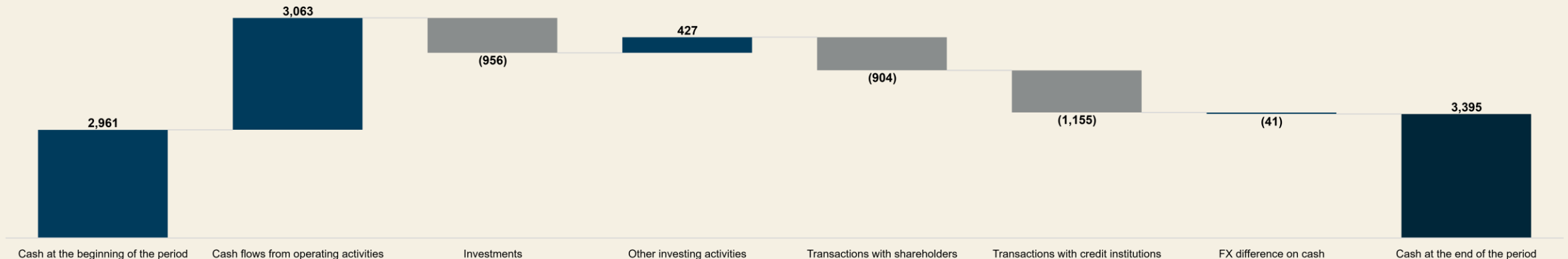


- ♦ **Equity ratio of 37.2%** at year-end.
- ♦ **Trade payables and other short-term liabilities** increased by ISK 356 million, of which ISK 281 million are due to Trade payables.
- ♦ **Net-interest bearing liabilities** amounted ISK 33.779 million and increase by ISK 1 million from year-end.
- ♦ Current capital structure is **in line with company strategy** and **well within the covenant agreements with credit institutions**.

Consolidated Statement of Cash Flow Q2 2024

- ◆ **Cash from operating activities was ISK 3,063 million, an increase of ISK 204 million YoY.**
- ◆ **Investments amounted to ISK 956 million in Q2 2024, an increase of ISK 242 million YoY.**
- ◆ **Repayments of interest-bearing debt and lease liabilities** amounted to ISK 1,160 million.
- ◆ **Increase in cash position** in Q2 2024 amounted to ISK 434 million.

ISK millions	Q2 2024	Q2 2023	Change	%
Cash at the beginning of the period	2,961	1,823	1,138	62.4%
Cash flows from operating activities	3,063	2,859	204	7.1%
Investments	(956)	(714)	(242)	33.9%
Other investing activities	427	383	43	11.3%
Transactions with shareholders	(904)	(914)	10	-1.1%
Transactions with credit institutions	(1,155)	(1,104)	(51)	4.7%
FX difference on cash	(41)	(9)	(32)	373.0%
Cash at the end of the period	3,395	2,326	1,069	46.0%



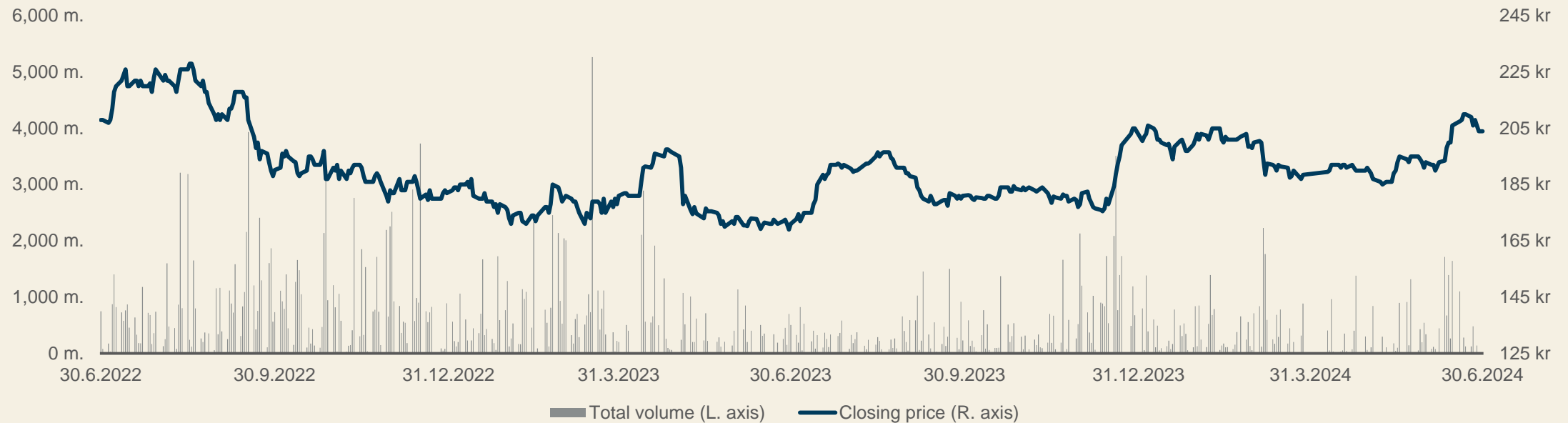


- Q2 2024 operations
- Q2 results 2024
- **Position and outlook**

Share price development – Nasdaq OMX

Shareholders (10 largest)	%
Lífeyrissjóður verzlunarmanna	11.6
Lífeyrissj.starfsm.rík. A-deild	11.3
Gildi - lífeyrissjóður	9.7
Brú Lífeyrissjóður starfs sveit	9.2
Birta lífeyrissjóður	5.1
Stapi lífeyrissjóður	4.8
Almenni lífeyrissjóðurinn	4.8
Frjálsi lífeyrissjóðurinn	3.3
Söfnunarsjóður lífeyrisréttinda	3.1
Stefnir - Innlend hlutabréf hs.	3.0

Market information	30.6.2024	31.12.2023	Change
Issued shares	301 m.	301 m.	0.0%
Price at the end of the period	ISK 204	ISK 205	-0.5%
Market cap	ISK 61,456 M	ISK 61,757 M	-0.5%
Turnover 12m	ISK 17,981 M	ISK 22,781 M	-21.1%
Number of shareholders	1,172	1,191	-1.6%



Highlights and outlook 2024

Highlights:

- ♦ **Operations in the quarter performed well** and the results are in line with the company's budget.
- ♦ **Sales of goods and services in the quarter increased by 5.4% and margin from sales by 10.8%.**
- ♦ **Operating expenses increase by 8.6%.**
- ♦ **Continued focus** on margin, optimization of operations and reducing operating expenses.
- ♦ **Lyfja joins the group from 1 July. We assume the synergy effect will amount to ISK 200-400 million per year.**
- ♦ **Preparation started for the sale of ODR, EBK and EAK started. Presentations to potential investors are expected to begin in Q3 2024.**

EBITDA guidance and CAPEX budget 2024

- ♦ **Lyfja joins the group from 1 July. EBITDA guidance for the year 2024 is increased by ISK 800 million and is now ISK 12,300 – 12,700 million.**
- ♦ **CAPEX forecast for the year 2024 is ISK 4,400 – 4,800 million.**

Assumptions and risk factors:

- ♦ Effects of Icelandic Central Bank's interest rate hikes on the economy.
- ♦ Impact of armed conflicts on commodity prices and supply variety.
- ♦ High inflation and weakening of the Icelandic krona.
- ♦ Uncertainty about the number of tourist arrivals in Iceland and Icelanders' travels abroad.



Thank you

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