

EBITDA ISK 2,915 million in Q2 2024

Main results

- Sale of goods amounted to ISK 36,037 million, compared to ISK 34,199 million in the previous year, an increase of 5.4% between years.
- Gross profit from sales of goods and services amounted to ISK 8,593 million, an increase of 837 million or 10.8% between years.
- Margin from sale of goods and services were ISK 23.8% and increased by 1.1 p.p. from Q2 2023 and increased by 2.0 p.p. from Q1 2024.
- Salaries and other personnel expenses increase by 6.6% and full-time equivalents by 4.5%.
- EBITDA amounted to ISK 2,915 million compared to ISK 2,562 million in Q2 2023, increase of 13.8% between years.
- Profit for the quarter amounted to ISK 953 million, or 11.1% of margin from sales an increase of 29.1% YoY.
- Net cash from operating activities was ISK 3,063 million or 35.6% of margin from sales, compared to ISK 2,859 million last year.
- Equity at the end of Q2 2024 amounted to ISK 36,105 million with an equity ratio of 37.2%.
- Lyfja hf. will be included in the Consolidation in the second half of the year. EBITDA guidance for the year 2024 is increased by ISK 800 million to ISK 12,300 – 12,700 million.

ISK million	Q2 2024	Q2 2023	Change	%Change	6M 2024	6M 2023	Change	%Change
Income Statement								
Sale of goods and services	36,037	34,199	1,838	5.4%	68,260	63,683	4,577	7.2%
Margin from sale of goods and services	8,593	7,756	837	10.8%	15,626	13,984	1,642	11.7%
Other operating income	527	518	9	1.7%	1,035	1,015	20	2.0%
EBITDA	2,915	2,562	354	13.8%	4,813	3,962	851	21.5%
EBIT	1,932	1,703	230	13.5%	2,906	2,175	731	33.6%
EBT	1,169	905	264	29.1%	1,399	734	666	90.8%
Profit for the period	953	738	215	29.1%	1,155	647	508	78.5%
Statement of Financial Position					30.6.2024	31.12.2023	Change	%Change
Inventories					13,259	13,557	-299	-2.2%
Trade receivables					6,316	5,985	331	5.5%
Cash and cash equivalents					3,395	3,362	33	1.0%
Interest bearing liabilities					37,174	37,140	33	0.1%
Net interest bearing liabilities					33,779	33,778	1	0.0%
Net interest bearing debt/EBITDA					2.8	3.8	-1.0	-25.4%
Equity ratio					37.2%	37.3%	-0.1 p.p.	-0.2%
Return on equity					11.1%	8.7%	+2.4 p.p.	28.1%
Statement of Cash Flows								
	Q2 2024	Q2 2023	Change	%Change	6M 2024	6M 2023	Change	%Change
Cash flows from operating activities	3,063	2,859	204	7.1%	3,600	4,097	-496	-12.1%
Investing activities	-529	-330	-199	60.2%	-1,264	-1,146	-118	10.3%
Financing activities	-2,059	-2,017	-42	2.1%	-2,284	-2,749	465	-16.9%
Cash and cash equivalents at the end of the period	3,395	2,326	1,069	46.0%	3,395	2,326	1,069	46.0%
Key indicators								
Margin from sale	23.8%	22.7%	+1.1 p.p.	5.1%	22.9%	22.0%	+0.9 p.p.	4.2%
Personel expenses/margin from sale	51.3%	53.3%	-2.0 p.p.	-3.8%	53.5%	55.9%	-2.4 p.p.	-4.2%
EBITDA/margin from sale	33.9%	33.0%	+0.9 p.p.	2.7%	30.8%	28.3%	+2.5 p.p.	8.7%
Profit/margin from sale	11.1%	9.5%	+1.6 p.p.	16.5%	7.4%	4.6%	+2.8 p.p.	59.7%
Earnings per share	3.2	2.4	0.8	30.3%	3.8	2.1	1.7	80.1%
Cash flows from operations/margin from sale	35.6%	36.9%	-1.3 p.p.	-3.3%	23.0%	29.3%	-6.3 p.p.	-21.4%
Investments	956	714	242	33.9%	1,697	1,566	131	8.3%

Operations in Q2 2024

The company's operations were good in the second quarter and the results in line with management's expectations. Sales of goods and services increased by 5.4% YoY and transactions increased by 4.6%. The margin from sales was 23.8%, it increased by 2.0 p.p. from last quarter and increased by 1.1 p.p. from the previous year. Margin from sales in ISK increased by 10.8% YoY but at the same time operating expenses increased by 8.6%. The company's EBITDA was ISK 2,915 million, which is an increase of 13.8% from the previous year. Krónan's EBITDA was ISK 179 million better than the previous year and N1's EBITDA increased by ISK 119 million compared to the previous year. ELKO's EBITDA decreased by ISK 32 million compared to the previous year. Net finance costs decreased by ISK 34 million or 4.2% between years. Net profit for the first quarter was ISK 953 million, an increase of ISK 215 million or 29.1% between years. The business outlook for the year is good.

In July, a payment was made for the entire share capital of Lyfja hf. to the seller and the company will be a part of the Consolidation from 1st of July 2024. The purchase price amounted to ISK 7,117 million that divides between issuance of Festi's 10 million of own shares for ISK 2,040 million and payment of cash for ISK 5,077 million. Lyfja's turnover in 2023 was ISK 16.4 billion and EBITDA 1.4 billion. EBITDA forecast for the second half of 2024 is ISK 800 million.

Revenues in Q2 2024

- Total revenue was 36,564 million, an increase of 5.3% from the previous year.
- Revenue from sales of goods and services was ISK 36,037 million in Q2 2024, an increase of 5.4% YoY.
- Sales of grocery and convenience goods amounted to ISK 19,199 million, up by 9.9% between years.
- Sales of fuel and electricity amounted to ISK 10,003 million, an increase of 3.7% between years.
- Sales of electronic equipment amounted to ISK 4,462 million, an increase of 2.0% between years.
- Sales of other goods and services were ISK 2,373 million, a decrease of 12.3% between years.

ISK million	Q2 2024	Q2 2023	Change	%Change	6M 2024	6M 2023	Change	%Change
Sale of goods and services								
Grocery and convenience goods	19,199	17,477	1,722	9.9%	37,173	32,860	4,314	13.1%
Fuel and electricity	10,003	9,642	361	3.7%	18,456	18,003	452	2.5%
Electronic equipment	4,462	4,374	87	2.0%	8,495	8,220	275	3.4%
Other goods and services	2,373	2,706	-333	-12.3%	4,136	4,600	-464	-10.1%
Total sale of goods and services	36,037	34,199	1,838	5.4%	68,260	63,683	4,577	7.2%
Total other operating income	527	518	9	1.7%	1,035	1,015	20	2.0%
Total income	36,564	34,717	1,847	5.3%	69,295	64,697	4,597	7.1%

Sales of grocery and convenience goods increased by 9.9% between years, no new stores were opened during that timeframe. Sales of fuel and electricity increased by 3.7% between years, fuel prices in the global market increased by around 1-11%, depending on fuel type, between years. Volume sold amounted to 55.3 million liters, which is an increase of 2.6% between years. Revenue from electronic sales increased by 2.0% and revenue from other goods and services decreased by 12.3% between years, because of one off sale of garbage bins to the city of Reykjavík last year.

July 31st, 2024 – Festi Q2 2024

Margins from sales of goods and services in Q2 2024

- Margin from sales of goods and services amounted to ISK 8,593 million, an increase of 10.8% between years. The margin level was 23.8%, increases by 2.0 p.p. from the last quarter and increases by 1.1 p.p. between years.
- The margin from grocery and convenience goods was ISK 4,506 million, an increase of 12.1% between years. The margin level was 23.5%, an increase of 0.5 p.p. between years.
- Margin from fuel and electricity were ISK 1,886 million, an increase of ISK 324 million between years. The margin level was 18.9%, an increase of 2.7 p.p. between years.
- Margin from electronics was ISK 1,153 million, an increase of 4.9% between years. The margin level was 25.8%, an increase of 0.7 p.p. between years.
- Margin from other goods and services were ISK 1,049 million, a decrease of 2.4% between years. The margin level was 44.2%, an increase of 4.5 p.p. between years.

ISK million	Q2 2024	Q2 2023	Change	%Change	6M 2024	6M 2023	Change	%Change
Margin from sale of goods and services								
Grocery and convenience goods	4,506	4,021	485	12.1%	8,489	7,492	997	13.3%
Fuel and electricity	1,886	1,562	324	20.7%	3,294	2,692	602	22.4%
Electronic equipment	1,153	1,099	54	4.9%	2,184	2,025	159	7.8%
Other goods and services	1,049	1,075	-26	-2.4%	1,659	1,775	-116	-6.5%
Total margin from sales of goods and services	8,593	7,756	837	10.8%	15,626	13,984	1,642	11.7%

The total margin from sale of goods and services is ISK 8,593 million compared to ISK 7,756 million for the same quarter last year, an increase of 10.8%. Margin from sales of grocery and convenience goods were ISK 4,506 million, up by 12.1% YoY. Margin from fuel and electricity were ISK 1,886 million, an increase of ISK 324 million between years. Margin from electronic sales were ISK 1,153 million, an increase of 4.9%, and the margin of other goods and services was ISK 1,049 million, a decrease of 2.4% between years.

Operating expenses in Q2 2024

- Operating expenses in Q2 2024 were ISK 6,204 million which is an increase of ISK 492 million or 8.6% YoY.
- Salaries and other personnel expenses increased by ISK 273 million or 6.6% YoY.
- The number of full-time equivalents was 1,423 in Q2 2024, an increase of 4.5% YoY.
- Total other operating expenses increased by ISK 219 million or 13.9% YoY.

ISK million	Q2 2024	Q2 2023	Change	%Change	6M 2024	6M 2023	Change	%Change
Operating expenses								
Salaries and other personnel expenses	4,410	4,138	273	6.6%	8,357	7,810	547	7.0%
Other operating expenses								
Operating costs of real estate	529	523	6	1.1%	1,054	1,035	20	1.9%
Maintenance expenses	264	239	25	10.5%	547	541	6	1.1%
Sales and marketing expenses	481	378	103	27.4%	853	726	127	17.5%
Office and administrative expenses	142	132	10	7.5%	258	255	3	1.3%
Communication expenses	253	208	46	22.0%	503	444	59	13.3%
Insurance and claims	48	10	38	397.6%	101	43	58	133.5%
Other expenses	77	86	-9	-10.6%	172	181	-9	-4.9%
Total other operating expenses	1,794	1,575	219	13.9%	3,490	3,226	264	8.2%
Total operating expenses	6,204	5,713	492	8.6%	11,847	11,036	811	7.4%

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Salaries and other personnel expenses amounted to ISK 4,410 million in Q2 2024 compared to ISK 4,138 million in Q2 2023 which is an increase of 6.6%. Full-time equivalents were 1,423 in the quarter, an increase of 62 full-time equivalents or 4.5% YoY. Contractual wage increases between the periods had an effect of ISK 156 million on the YoY increase. The cost due to the increase in full-time equivalents is ISK 166 million between years. The table below shows an analysis of the increase in wages and other personnel expenses in ISK million between years:

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

Other operating expenses were ISK 1,794 million compared to ISK 1,575 million in Q2 2023, which is an increase of ISK 219 million or 13.9% between years. The increase in sales and marketing expenses was ISK 103 million or 27.4% because of production of advertising material happening later last year. The effect of inflation and increased sales affect comparison of cost items between years, but good results have been achieved in reducing all operating costs in the current environment, as can be seen in the cost comparison between years.

Financial items in Q2 2024

- Net finance expenses and the impact of affiliates were negative by ISK 763 million in Q2 2024 compared to ISK 797 million in Q2 2023, a decrease of ISK 34 million between years.
- Finance income amounted to ISK 74 million, an increase of ISK 32 million between years.
- Finance expenses amounted to ISK 962 million, an increase of ISK 69 million between the years.
- Exchange rate difference was negative by ISK 9 million, decreases by ISK 13 million between years.
- The share of profit from associates amounted to ISK 134 million and increased by ISK 84 million between years.

ISK million	Q2 2024	Q2 2023	Change	%Change	6M 2024	6M 2023	Change	%Change
Finance income	74	42	32	76.1%	159	69	89	128.7%
Finance expenses	-962	-893	-69	7.7%	-1,902	-1,711	-191	11.2%
Foreign currency differences	-9	4	-13	-298.3%	16	28	-12	-42.8%
Share of profit from associates	134	50	84	168.3%	221	172	49	28.4%
Total	-763	-797	34	-4.2%	-1,507	-1,442	-65	4.5%

Finance income amounted to ISK 74 million, an increase of ISK 32 million between years. Finance expenses amounted to ISK 962 million, an increase of ISK 69 million between years, because of raised key interest rates by the Central Bank of Iceland. Exchange rate difference was negative by ISK 9 million, a decrease of ISK 13 million compared to last year. The share of profit from associates amounted to ISK 134 million, compared to ISK 50 million the same period last year.

Statement of financial position at the end of the second quarter 2024

- Total assets amounted to ISK 96,929 million, an increase of ISK 897 million from year-end 2023.
- Non-current assets amounted to ISK 72,985 million, an increase of ISK 581 million from year-end 2023.
- Current assets amounted to ISK 23,944 million, an increase of ISK 316 million from year-end 2023.
- Cash and cash equivalents amount to ISK 3,395 million, an increase of ISK 33 million from year-end 2023.
- Net interest-bearing liabilities amounted to ISK 33,779 million, an increase of ISK 1 million from year-end 2023.
- Equity ratio was 37.2% at the end of Q2 2024 compared to 37.3% at year-end 2023.

ISK million	30.6.2024	31.12.2023	Change	%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%
Inventories	13,259	13,557	-299	-2.2%
Trade receivables	6,316	5,985	331	5.5%
Cash and cash equivalents	3,395	3,362	33	1.0%
Interest bearing liabilities	37,174	37,140	33	0.1%
Net interest bearing liabilities	33,779	33,778	1	0.0%
Equity ratio	37.2%	37.3%	-0.1 p.p.	-0.2%
Inventory turnover	7.9	7.3	0.6	8.2%

Goodwill amounted to ISK 14,842 million and other intangible assets ISK 4,245 million at the end of Q2 2024. Properties and equipment amounted to ISK 35,820 million, an increase of ISK 41 million and investment properties amounted to ISK 6,914 million at the end of Q2 2024, an increase of ISK 267 million from year-end 2023.

Inventories decreased by ISK 299 million from year-end 2023. Trade receivables increased by ISK 331 million from the beginning of the year. Cash and cash equivalents increased by 33 million from year-end 2023.

Net interest-bearing liabilities amounted to ISK 33,779 million which is an increase of ISK 1 million from year-end 2023. The dividend approved at the Annual General meeting in March amounted to ISK 904 million and was paid out in the quarter. Equity ratio was 37.2% at the end of Q2 2024 compared to 37.3% at year-end 2023. The company's cash position remains strong as well as the balance sheet.

July 31st, 2024 – Festi Q2 2024

Cashflow in Q2 2024

- Net cash from operating activities was ISK 3,063 million or 35.6% of the margin, compared to ISK 2,859 million the year before.
- Net cash used in investing activities was ISK 529 million, an increase of ISK 199 million from the year before.
- Net cash used in financing activities was ISK 2,059 million, an increase of ISK 42 million from last year.

ISK million	Q2 2024	Q2 2023	Change	%Change	6M 2024	6M 2023	Change	%Change
Cash flow								
Cash and cash equivalents, beginning of period	2,961	1,823	1,138	62.4%	3,362	2,112	1,250	59.2%
Net cash to operating activities	3,063	2,859	204	7.1%	3,600	4,097	-496	-12.1%
Net cash used in investing activities	-529	-330	-199	60.2%	-1,264	-1,146	-118	10.3%
Net cash used in financing activities	-2,059	-2,017	-42	2.1%	-2,284	-2,749	465	-16.9%
Effect of movements in exchange rates on cash	-41	-9	-32	373.0%	-20	11	-32	-276.7%
Cash and cash equivalents change	475	511	-36	-7.1%	53	202	-149	-73.8%
Cash and cash equivalents, end of period	3,395	2,326	1,069	46.0%	3,395	2,326	1,069	46.0%

Net cash from operations in Q2 2024 amounted to ISK 3,063 million, an increase of ISK 204 million between years. Net cash used in Investments amounted to ISK 529 million, an increase of ISK 199 million between years. Investments in properties and other assets amounted to ISK 956 million during the quarter. Installments on interest-bearing loans and leases amounted to ISK 1,160 million, and net cash used in financing activities was ISK 42 million higher than previous year. Cash and cash equivalents increased by ISK 475 million in the second quarter of 2024 and amounted to ISK 3,395 million at the end of Q2 2024.

Outlook in Festi hf. operations, EBITDA and CAPEX budget for 2024

EBITDA guidance for the year 2024 is increased by ISK 800 million to ISK 12,300 – 12,700 million. CAPEX forecast is unchanged at ISK 4,400 – ISK 4,800 million.

The following external factors can have a major impact on the company's operations:

- Impact of Russia's invasion of Ukraine and the conflict in the Middle East on supply of goods.
- Major changes in global commodity prices and exchange rates.
- High inflation in international markets, as well as in Iceland.
- Uncertainty in number of tourist arrivals to Iceland and Icelanders travelling abroad.

The company has an equity ratio of 37.2% at the end of Q2 2024 and the company has a strong financial position. The outlook for the business is good and the company is in a good position to handle the tasks ahead.

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Shareholders

- The Company's market capitalization at the end of Q2 2024 amounted to ISK 61.5 billion, a decrease of 0.5% from the beginning of the year.
- The number of shareholders was 1,172 at the end of Q2 2024

Investor meeting and online presentation on Wednesday the 1st of August 2024

An investor meeting and online presentation for market participants will take place on Thursday, August 1st at Dalvegur 10-14, 3rd floor.

Ásta S. Fjeldsted, CEO of Festi, and Magnús Kr. Ingason, CFO of Festi, will present the Group's performance and answer questions. The meeting starts at 08:30 local time.

Registration for the web stream takes place at: <https://www.festi.is/en/tenglar/results-q2-2024>

Participants attending virtually will be able to ask questions during the meeting via the e-mail fjarfestatengsl@festi.is. Answers will be provided at the end of the presentation.

The presentation will be held in Icelandic. Promotional material for the meeting will be available after that on the Festi website:

<https://www.festi.is/en/fjarhagsupplysingar>

Financial calendar

- Q3 2024: October 30th, 2024
- Q4 2024: February 5th, 2025
- Annual general meeting 2025: March 5th, 2025

For further information please contact Ásta S. Fjeldsted, CEO (asta@festi.is) or Magnús Kr. Ingason, CFO (mki@festi.is).