

Profit in Q1 2021 ISK 289 million

Main results

- Margin from sales of goods and services was ISK 5,144 million compared to ISK 4,304 million in Q1 2020.
- EBITDA was ISK 1,505 million compared to ISK 1,021 million in Q1 2020, increase of 47.5%.
- Gross margin from sales was 24.6% compared to 22.9% in Q1 2020.
- Operating expenses relating to COVID-19 was 37 million compared to 48 million in Q1 2020.
- Equity was ISK 29,227 million and equity ratio 34.8% compared to 35.7% at the end of 2020.
- Net interest-bearing debt without lease liabilities ISK 30,276 million compared to ISK 29,986 million at year-end 2020.
- EBITDA forecast for 2021 increased by ISK 400 million and is now ISK 7,900 – 8,300 million.

ISK million	Q1 2021	Q1 2020	Change	% Change
Income Statement				
Sale of goods and services	20,917	18,831	2,087	11.1%
Margin from sales of goods and services	5,144	4,304	840	19.5%
Other operating income	455	374	81	21.6%
EBITDA	1,505	1,021	484	47.5%
EBIT	712	398	314	78.7%
EBT	352	66	287	436.8%
Profit for the period	289	53	237	449.4%
Statement of Financial Position				
	31.3.2021	31.12.2020	Change	% Change
Inventories	8,466	7,668	798	10.4%
Trade receivables	5,099	4,924	175	3.6%
Interest bearing liabilities without lease liabilities	32,739	32,549	191	0.6%
Cash and cash equivalents	2,463	2,563	-100	-3.9%
Net interest bearing liabilities without lease liabilities	30,276	29,986	291	1.0%
Statement of Cash Flows				
	Q1 2021	Q1 2020	Change	% Change
Cash flows from operating activities	391	894	-503	-56.3%
Investing activities	-387	-607	220	-36.3%
Financing activities	-117	-645	528	-81.8%
Cash and cash equivalents at the end of the period	2,463	5,023	-2,560	-51.0%
Key indicators				
Margin from sales	24.6%	22.9%	1.7%	7.6%
EBITDA/margin from sales	29.3%	23.7%	5.5%	23.4%
Equity ratio	34.8%	35.7%	-0.9%	-2.5%
Salaries/margin from sales	54.8%	55.9%	-1.1%	-2.0%
Investments	451	572	-120	-21.1%
Inventory turnover	7.6	8.6	-1.0	-11.6%

Operations in Q1 2021

The operation and results in first quarter of 2021 were good. The EBITDA results of N1, Krónan and ELKO were all better than same quarter last year and also better than expected despite the negative effects of COVID-19 congregation ban on operations in the quarter. EBITDA was ISK 1,505 million which is ISK 484 million higher than the result of Q1 2020.

Revenues

- Sales of goods and services were ISK 20,917 million in Q1 2021 compared to ISK 18,831 million in Q1 2020, up by 11.1%.
- Q1 2021 is the first quarter where COVID-19 effects are also in comparative amounts.
- Significant increase in sales of grocery, convenience goods and electronic equipment.
- New stores opened in Q4 2020 showed good results.
- The classification of certain operating revenue and operating expenses for the year 2020 has been changed to harmonize their classification among the Group's entities.

ISK million	Q1 2021	Q1 2020	Change	% Change
Sale of goods and services				
Grocery and convenience goods	12,242	10,366	1,876	18.1%
Fuel and electricity	4,180	4,560	-380	-8.3%
Electronic equipment	3,215	2,569	647	25.2%
Other goods and services	1,279	1,335	-56	-4.2%
Total sale of goods and services	20,917	18,831	2,087	11.1%
Total other operating income	455	374	81	21.6%
Total income	21,372	19,205	2,168	11.3%

Revenue from grocery and convenience goods are up by 18.1% and sale of electronic equipment are up by 25.2% between years. Revenue from new stores contribute ISK 1,125 to the revenue increase between quarters. Revenue from fuel sales and electricity are down by 8.3% which is because the effects of COVID-19 congregation ban were much lower in Q1 2020. Revenues from other goods and services decreased by 4,2% between years.

ISK million	Q1 2021	Q1 2020	Change	% Change
Margin from sales of goods and services				
Grocery and convenience goods	2,819	2,554	264	10.3%
Fuel and electricity	954	679	275	40.5%
Electronic equipment	845	573	273	47.7%
Other goods and services	525	498	28	5.5%
Total margin from sales of goods and services	5,144	4,304	840	19.5%

Total margin from sales of goods and services in Q1 2021 is ISK 5,144 million compared to ISK 4,304 million for the same quarter last year, an increase of 19.5%. Margin from grocery and convenience goods is ISK 2,819 million and up by 10.3%. Margin from electronic equipment sales is ISK 845 million and is up by 47.7% and margin from other goods is ISK 525 million and up by 5.5%. Margin from fuel and electricity is ISK 954 million, an increase of ISK 275 million from same quarter last year. Large part of the increase is relating to ISK 140 million inventory reserve in Q1 2020 expenses relating to the price collapse in the oil market in that quarter and also to ISK 50 million profit from fuel hedges between years.

The classification of certain operating revenue and operating expenses has been changed to harmonize their classification among the Group's entities. Comparative figures have been restated accordingly. The change did not have any impact on the performance of the Group, its assets, liabilities, equity or cash flows.

Operating expenses

- Operating expenses in Q1 2021 was ISK 4,094 million, increase of ISK 436 million from Q1 2020
- Contractual wage increases in salary cost of ISK 210 million between quarters.

ISK million	Q1 2021	Q1 2020	Change	% Change
Operating expenses				
Salaries and other personnel expenses	2,818	2,405	413	17.2%
Other operating expenses				
Operating costs of real estate	377	400	-23	-5.8%
Maintenance expenses	200	170	30	17.9%
Sales and marketing expenses	262	256	7	2.6%
Communication expenses	178	148	30	20.3%
Office and administrative expenses	143	166	-23	-13.7%
Insurance and claims	59	37	22	58.9%
Bad debt and change in allowance for bad debt	15	40	-25	-61.9%
Other expenses	41	36	5	14.8%
Total other operating expenses	1,276	1,253	24	1.9%
Total operating Expenses	4,094	3,657	436	11.9%

Salaries and other personnel expenses amount to ISK 2,818 million in Q1 2021 compared to ISK 2,405 million in Q1 2020 which is an increase of 17.2% between same quarter last year. Full-time equivalents were 1,120, an increase of 23 between years. Contractual wage increases were in April 2020 and also in January 2021. The increase in cost is ISK 210 million between quarters. The table below illustrates the difference between years in millions of ISK.

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Salaries and other personnel expenses Q1 2020	2,405
Change in full-time position equivalents	63
Contractual wage increases	210
Accrued vacation, change	64
Covid-19 effects	0
Other	76
Salaries and other personnel expenses Q1 2021	2,818

Other operating expenses were ISK 1,276 million compared to ISK 1,253 million in Q1 2020, an increase of 1,9%. Included is COVID-19 related cost of ISK 22 million.

Financial items

- Net finance cost was ISK 360 million in Q1 2021 compared to ISK 333 million in Q1 2020.

ISK million	Q1 2021	Q1 2020	Change	% Change
Finance income	35	113	-78	-68.8%
Finance expenses	-440	-453	-13	-2.8%
Share of profit from associates	45	8	38	496.7%
Total	-360	-333	-27	8.1%

Statement of financial position

- Total assets amounted to ISK 83,911 million at end of Q1 2021.
- Dividend issued ISK 969 million included in liabilities.
- Equity ratio was 34.8% at end of Q1 2021.
- Cash and cash equivalents amounted to ISK 2,463 million at end Q1 2021.

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ISK million	31.3.2021	31.12.2020	Change	% Change
Goodwill	14,668	14,668	0	0.0%
Other intangible assets	4,918	4,971	-54	-1.1%
Property and equipment	32,173	32,297	-125	-0.4%
Leased assets	5,323	5,420	-96	-1.8%
Investment properties	7,404	7,467	-63	-0.8%
Inventories	8,466	7,668	798	10.4%
Trade receivables	5,099	4,924	175	3.6%
Cash and cash equivalents	2,463	2,563	-100	-3.9%
Interest bearing liabilities without lease liabilities	32,739	32,549	191	0.6%
Net interest bearing liabilities without lease liabilities	30,276	29,986	291	1.0%
Net interest bearing liabilities	35,807	35,596	210	0.6%
Equity ratio	34.8%	35.7%	-0.9%	-2.5%
Inventory turnover	7.6	8.6	-1.0	-11.6%

Goodwill is ISK 14,668 million and other intangible assets ISK 4,918 million at end of Q1 2021. Properties and equipment amounted to ISK 32,173 million and investment properties to ISK 7,404 million at end of Q1 2021. Inventory increase because of seasonality in the business.

Net interest-bearing liabilities without lease liabilities amount to ISK 30,276 million which is an increase of ISK 291 million from year-end 2020. Equity ratio was 34.8% at the end of Q1 2021 compared to 35.7% at year-end 2020. Dividend issued in the amount of ISK 969 million included in liabilities as it was paid on 8 April 2021. The cash position remains strong as well as the balance sheet.

Cash flow and investments

- Net cash from operating activities ISK 391 million compared to ISK 894 million in Q1 2020.
- Cash used for investments was ISK 451 million.

ISK million	Q1 2021	Q1 2020	Change	% Change
Cash flow				
Cash and cash equivalents, beginning of period	2,563	5,369	-2,806	-52.3%
Net cash to operating activities	391	894	-503	-56.3%
Net cash used in investing activities	-387	-607	220	-36.3%
Net cash used in financing activities	-117	-645	528	-81.8%
Effect of movements in exchange rates on cash	13	12	1	6.9%
Cash and cash equivalents change	-100	-346	246	-71.1%
Cash and cash equivalents, end of period	2,463	5,023	-2,560	-51.0%

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Net cash from operating activities was ISK 391 million in Q1 2021 which is a decrease of ISK 503 million between same quarter last year. Negative effect of ISK 850 million are from payment of trade payables on 31 March 2021 not due until first days of April but paid because of 5 day easter holiday beginning of April. Positive effect of same amount will come into Q2 2021. Investments amounted to ISK 451 million which is a decrease of ISK 120 million between years. Investment is expected to be ISK 2,800 in 2021. Net cash and cash equivalents decreased by ISK 100 million in Q1 2021.

Future outlook and EBITDA guidance for 2021

EBITDA guidance for the year 2021 is updated and is in the range of ISK 7,900 – 8,300 million.

Following factors may affect the ongoing business:

- Uncertainties related to COVID19 and the ongoing congregation ban.
- Volatility in fuel prices and the ISK.
- Unemployment rates and drop in GDP.
- The Icelandic economy will be affected for some months/years.

The company has an equity ratio of 34,8% and a strong cash position. The business outlook is good, and the company is well equipped to handle the projects that lie ahead

Shareholders

- The Company's market capitalization was ISK 61.7 billion at the end of Q1 2021.
- The number of shareholders was 916 at end of Q1 2021.

Investor meeting - Presentation on Thursday the 29th of April 2021

A presentation will be held online on Thursday the 29th of April 2021 due to COVID restrictions. Eggert Kristófersson CEO of Festi will present the results and answer questions. Registration is here https://origo.zoom.us/webinar/register/WN_bexqqMsuQ2iimGAX_RURyw

The meeting will begin at 08:30 local time. The presentation and related material will be accessible on Festi website following the presentation, see <https://festi.is/r/fjarhagsupplysingar> as well as on the company news section on Nasdaq OMX Iceland hf. webpage.

Financial calendar

- Quarterly Interim Financial Statements for Q2 2021: 28 July 2021
- Quarterly Interim Financial Statements for Q3 2021: 28 October 2021
- Annual Financial Statements for the year 2021: 4 February 2022
- Annual general meeting 2022: 2 March 2022

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