

Presentation of Q3 2021 results

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FESTI

CONSOLIDATED HIGHLIGHTS

ISK 3,346 m

EBITDA Q3 2021

25.4%

Margin from sales

2.81

NIBD/EBITDA

ISK 4,245 m

Cash and cash equivalents

48.7%

EBITDA/Margin from sales Q3 2021

40.0%

Salaries/Margin from sales Q3 2021

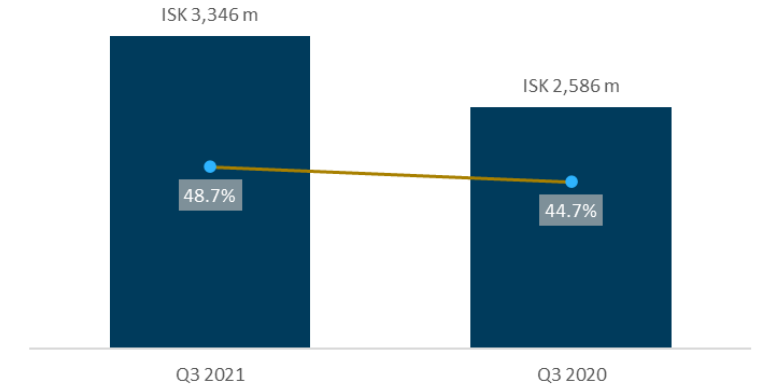
CONSOLIDATED OPERATIONS Q3

Amounts are in ISK million

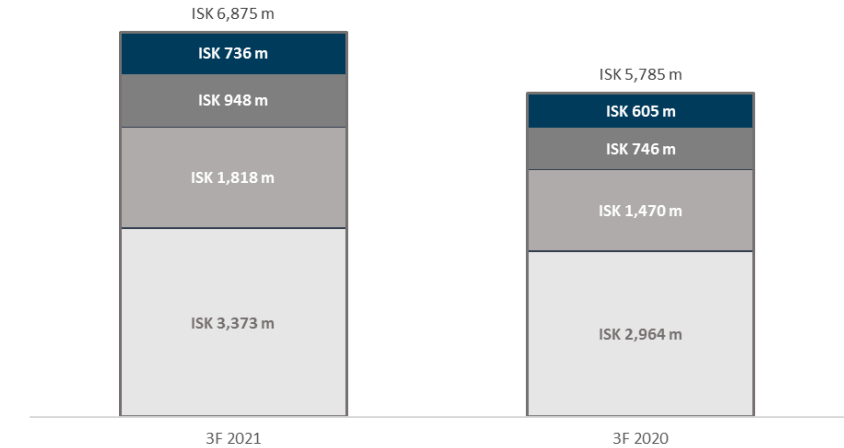
	Q3 2021	Q3 2020	Change	% Chg.
Sale of goods and services	27,064	23,455	3,609	15.4%
Margin from sale of goods and services	6,875	5,785	1,090	18.8%
Lease revenue and operating income	534	432	102	23.6%
Salaries and personnel expenses	-2,752	-2,475	-277	11.2%
Other operating expenses	-1,311	-1,156	-156	13.5%
EBITDA	3,346	2,586	759	29.3%
Key Figures				
EBITDA/Margin from sales	48.7%	44.7%	4.0%	8.8%
Salaries/Margin from sales	40.0%	42.8%	-2.8%	-6.4%
Earnings per share	7.10	3.55	3.55	100.0%

- Sale of goods and services ISK 27,064 million, increase of ISK 3,609 million or 15.4% YoY.
- Margin from sale ISK 6,875 million, increase of 1,090 million or 18.8% YoY.
- Number of full-time employees 1,216, increase by 40 or 3.4% YoY.
- COVID-19 related cost ISK 14 million in salaries and other operating expenses, decrease of ISK 94 million YoY.
- EBITDA ISK 3,346 million in Q3 2021, increase by 759 million or 29.3% YoY.

■ EBITDA ● EBITDA/framlegð



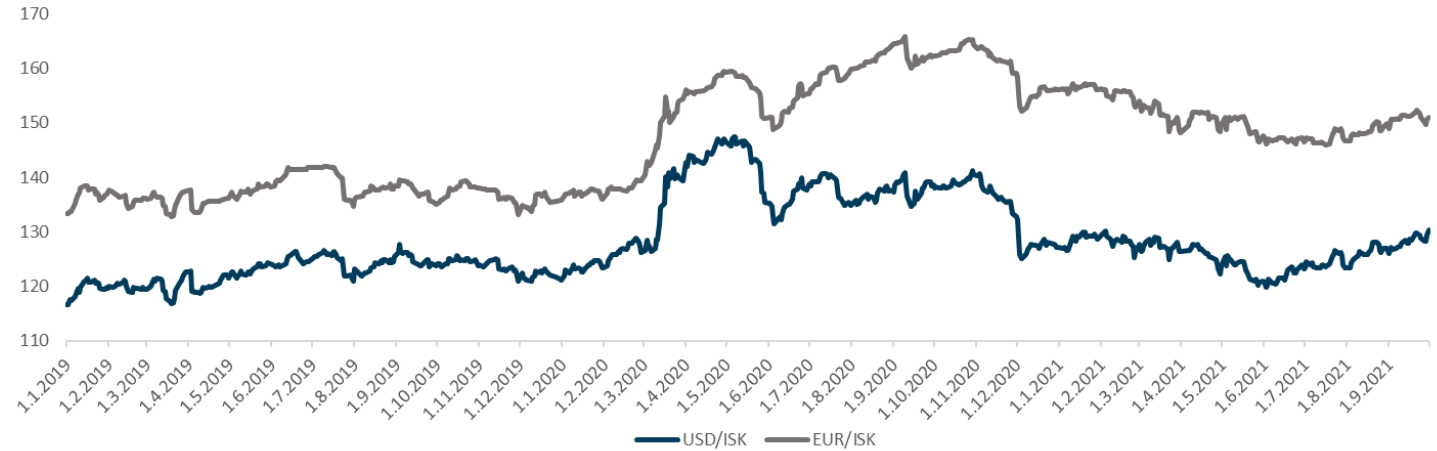
■ Sales margin groceries ■ Sales margin from energy ■ Sales margin electronics ■ Sales margin from other goods



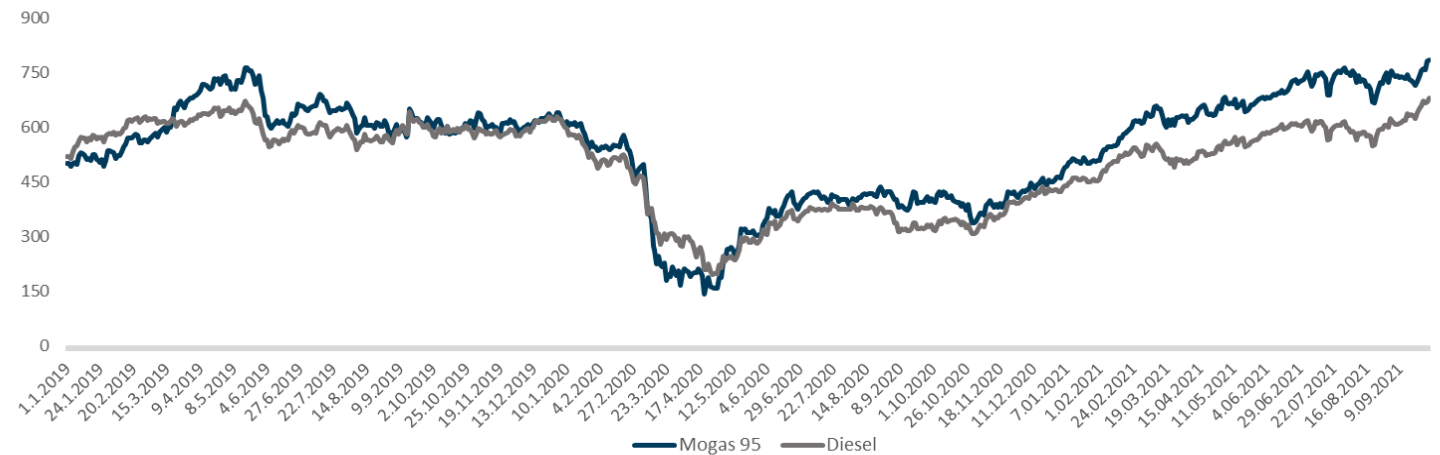
HIGHLIGHTS Q3

- Volatility in USD/ISK and EUR/ISK exchange rates.
- USD/ISK increased by 5.6% and the difference between highest and lowest exchange rate in Q3 is 5.4%.
- EUR/ISK increased by 2.9% and the difference between the highest and lowest exchange rate in Q3 is 4.2%.
- The Q3 2021 average price of diesel fuel was 606.6 USD, compared to an average of 359.7 USD in Q3 2020, an increase of 68.6%.
- The Q3 2021 average price of gasoline was 733.8 USD, compared to an average of 405.6 USD in Q3 2020, an increase of 80.9%.
- The Q3 2021 average price of USD/ISK was 126.3 compared to 137.7 in Q3 2020, a decrease of 8.3%.

Exchange rate development



Price development of Mogas 95 and Diesel





- Revenue was ISK 11,748 million, an increase ISK 2,242 million or 23.6% YoY.
- Removal of COVID-19 restrictions had positive effect on sale of energy in Q3 2021 with sale increase of ISK 1,811 million or 30.5% YoY.
- Sale of other goods increase by ISK 314 million or 18.4% YoY of which largest increase came from sale of car services.
- Margin from energy sales was ISK 1,818 million, an increase of 23.7% YoY. Gain from fuel hedges was ISK 176 million YoY.
- EBITDA was ISK 1,742 million, an increase of ISK 233 million or 15.5% YoY.
- Ísey skyr bar delivering good results. New outlets in Borgarnes and Hveragerdi due to open in Q4.
- Customers of Íslensk Orkumiðlun, subsidiary of N1, selling electricity in retail growing every day.

Amounts are in ISK million	Q3 2021	Q3 2020	Change	%Change
Total segment revenue	11,748	9,506	2,242	23.6%
Total operating expenses of segments	-10,005	-7,997	-2,009	25.1%
Segment EBITDA	1,742	1,509	233	15.5%
Segment depreciation and amortisation	-854	-596	-258	43.4%
Operating result of segments	888	914	-25	-2.8%
Financial expenses	-213	-244	30	-12.5%
Income tax expense	-205	-139	-67	48.1%
Profit (Loss)	470	531	-61	-11.5%
Segment assets	32,098	30,789	1,308	4.2%
Segment capital expenditure	552	556	-4	-0.7%
Segment liabilities	17,908	17,352	556	3.2%

- Revenue was ISK 11,774 m., an increase of 839 million or 7.7% YoY.
- Three new stores contribute ISK 700 million to the increase. Increase in other stores is 5% YoY. Stores in Nóatún and Hella sold in the beginning of the quarter.
- Margins from sale are rising and are in line with expectations.
- EBITDA was ISK 1.061 million, increase of 312 million or 29.9% YoY.
- Emphasis on customer experience with investments in online store and “scan and go” solutions, launched in Lindir store in September.
- Krónan will open three new stores in 2022
 - Borgartún in the beginning of the year.
 - Skeifan in early spring where older smaller store in similar location is closed at the same time.
 - Akureyri in the autumn

<u>Amounts are in ISK million</u>	<u>Q3 2021</u>	<u>Q3 2020</u>	<u>Change</u>	<u>%Change</u>
Total segment revenue	11,774	10,935	839	7.7%
Total operating expenses of segments	-10,713	-10,118	-595	5.9%
Segment EBITDA	1,061	816	244	29.9%
Segment depreciation and amortisation	-360	-428	68	-15.9%
Operating result of segments	701	389	312	80.4%
Financial expenses	-104	-118	14	-11.8%
Income tax expense	-119	-65	-54	83.7%
Profit	477	205	272	132.5%
Segment assets	16,145	15,061	1,083	7.2%
Segment capital expenditure	407	860	-453	-52.6%
Segment liabilities	13,568	13,523	45	0.3%

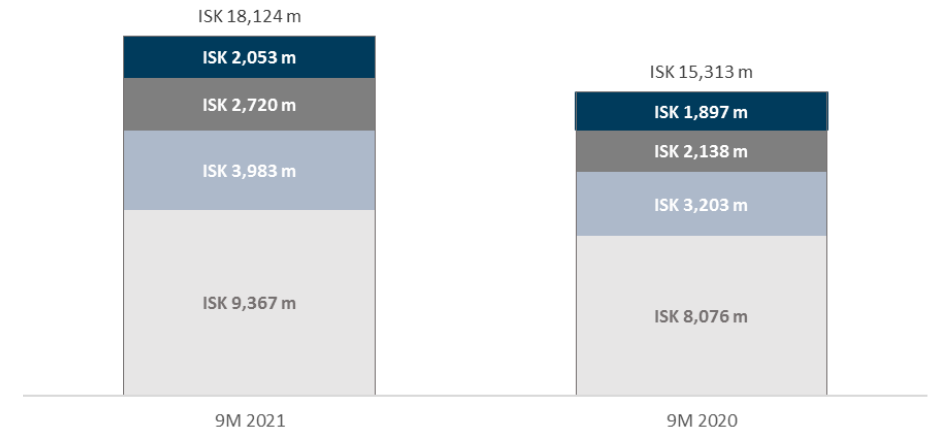
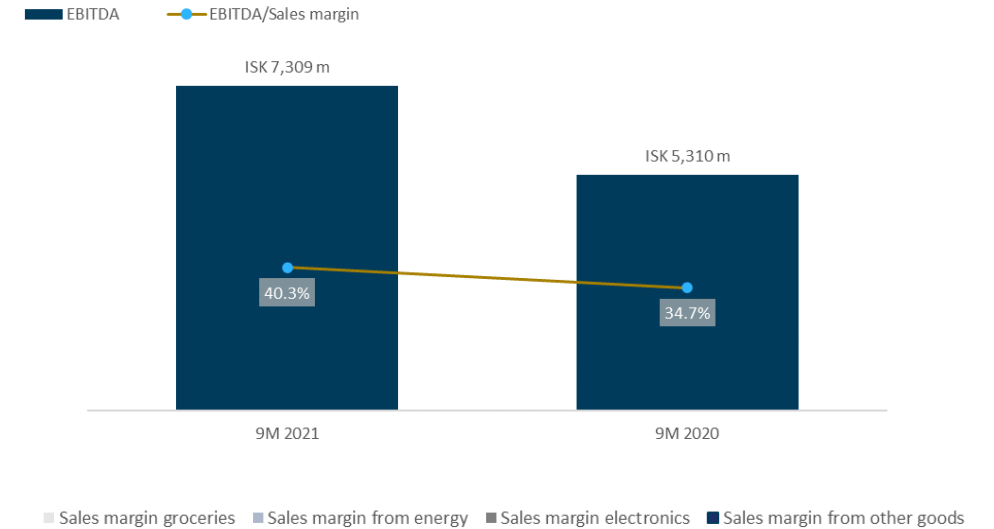
- Revenue was ISK 3,847 million, increase of 473 million or 14.0% YoY.
- New store in Akureyri contributed ISK 292 million to the increase. Increase in other stores 6.4% YoY.
- ELKO store at international airport is starting to gain momentum.
- Margins are up with better pricing and changed emphasis
- Emphasis on „one stop shop“, product range and services.
- EBITDA was ISK 451 million, increase of 157 million or 53.3% YoY.
- New web launched, dropbox outside Lindir store and improved system processing web orders due to launch in Q4.
- ELKO will open a new store in Skeifan mid-year 2022 and close current store at the same time.
- Gestur Hjaltason, MD of ELKO will retire at the end of the year after nearly 20 years with the company. Óttar Örn Sigurðsson, current assistant MD will replace him.

Amounts are in ISK million	Q3 2021	Q3 2020	Change	%Change
Total segment revenue	3,847	3,374	473	14.0%
Total operating expenses of segments	-3,396	-3,080	-316	10.3%
Segment EBITDA	451	294	157	53.3%
Segment depreciation and amortisation	-122	-92	-30	32.9%
Operating result of segments	329	203	127	62.5%
Financial expenses	-16	-34	18	-53.0%
Income tax expense	-63	-35	-27	76.4%
Profit	251	133	118	88.8%
Segment assets	5,203	4,319	885	20.5%
Segment capital expenditure	161	179	-18	-10.1%
Segment liabilities	3,978	3,305	673	20.3%

CONSOLIDATED OPERATIONS IN 9M 2021

Amounts are in ISK million	9M 2021	9M 2020	Change	% Chg.
Sale of goods and services	72,308	62,875	9,433	15.0%
Margin from sale of goods and services	18,124	15,313	2,812	18.4%
Lease revenue and operating income	1,593	1,185	407	34.4%
Salaries and personnel expenses	-8,587	-7,588	-998	13.2%
Other operating expenses	-3,821	-3,599	-222	6.2%
EBITDA	7,309	5,310	1,999	37.6%
Key Figures				
EBITDA/Sales margin	40.3%	34.7%	5.6%	16.3%
Salaries/Sales margin	47.4%	49.6%	-2.2%	-4.4%
Earnings per share	11.22	5.31	5.91	111.3%

- Sale of goods and services ISK 72,308 million, increase of 15.0% YoY.
- Margin from sale ISK 18,124 million, increase of 18.4% YoY.
- Salaries and personnel expenses increase by 998 million between years, thereof 574 million due to increase of 81 in FTE.
- Other operating expenses increase by ISK 222 million YoY of which ISK 147 is in maintenance expenses.
- COVID-19 related cost ISK 75 million in salaries and other operating expenses, decrease by 167 million from last year.
- EBITDA ISK 7,309 million in 9M 2021, increase of 37.6% YoY.

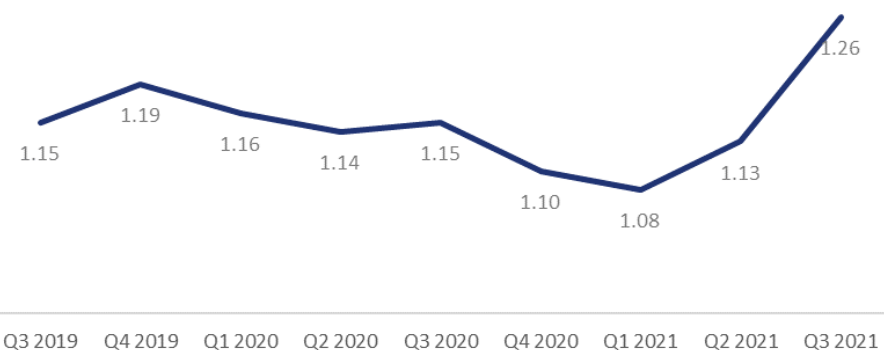


CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts are in ISK million	30.9.2021	31.12.2020	Change	% Chg.
Goodwill	14,668	14,668	0	0.0%
Other Intangible assets	4,816	4,971	-156	-3.1%
Property and equipment	31,654	32,297	-643	-2.0%
Leased assets	5,587	5,420	167	3.1%
Investment properties	7,500	7,467	33	0.4%
Shares in associates	2,328	2,150	178	8.3%
Shares in other companies	13	13	0	1.4%
Long-term receivables	132	272	-140	-51.5%
Non-current assets	66,697	67,258	-561	-0.8%
Inventories	8,863	7,668	1,194	15.6%
Trade receivables	5,887	4,924	964	19.6%
Other short-term receivables	1,073	952	121	12.7%
Cash and cash equivalents	4,245	2,563	1,682	65.6%
Current assets	20,068	16,107	3,961	24.6%
Total assets	86,764	83,365	3,400	4.1%

- Strong Balance Sheet.
- Property and equipment decreases from sale of two stores of Kronan in Q2.
- Higher inventories due to higher global oil prices, increased activity and seasonal fluctuations in inventories.
- Trade receivables increase due to higher oil prices and seasonality in the business.
- Cash was ISK 4,245 million at end of Q3, increase of ISK 1,682 million from year beginning.

Current ratio



Inventory turnover

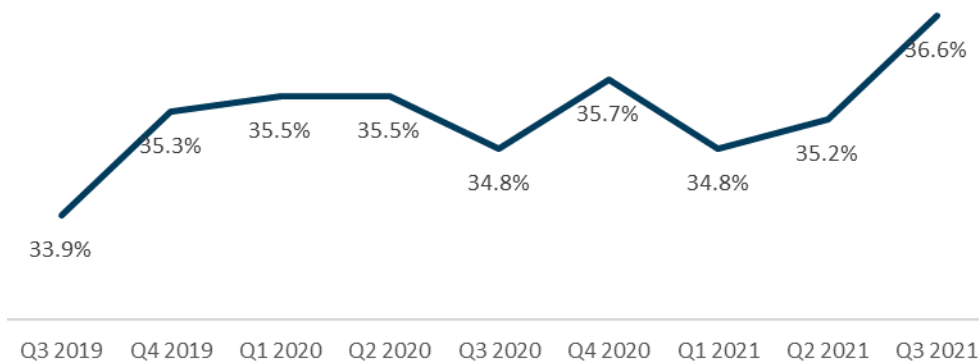


CONSOLIDATED STATEMENT OF FINANCIAL POSITION

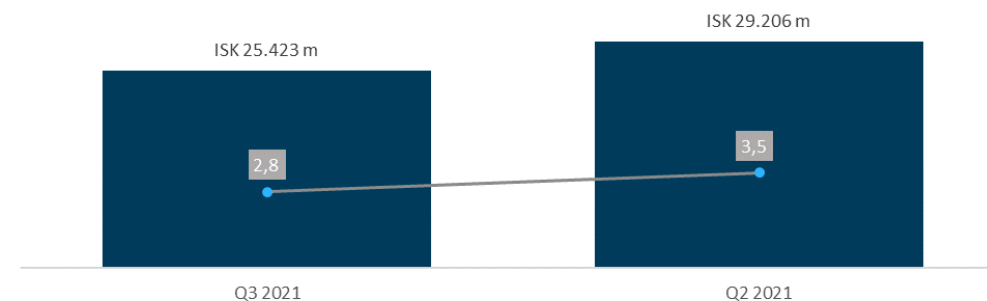
Amounts are in ISK million	30.9.2021	31.12.2020	Change	% Chg.
Equity	31,748	29,784	1,964	6.6%
Payable to credit institutions	28,200	29,075	-875	-3.0%
Lease liabilities	5,366	5,181	185	3.6%
Deferred tax liabilities	5,526	4,664	863	18.5%
Non-current liabilities	39,092	38,919	173	0.4%
Payable to credit institutions	1,468	3,474	-2,006	-57.7%
Lease liabilities	464	430	34	8.0%
Trade payables	7,204	7,019	185	2.6%
Other short-term liabilities	6,789	3,739	3,050	81.6%
Current liabilities	15,925	14,662	1,263	8.6%
Total equity and liabilities	86,764	83,365	3,400	4.1%

- Equity ratio of 36.6%
- Purchase of own shares ISK 390 million and repayment of loans ISK 2,787 million during Q3 2021.
- Other short-term liabilities increase with higher inventories and seasonality in the business.
- Current capital structure is in line with company strategy and well within the covenant agreements with credit institutions.

Equity ratio



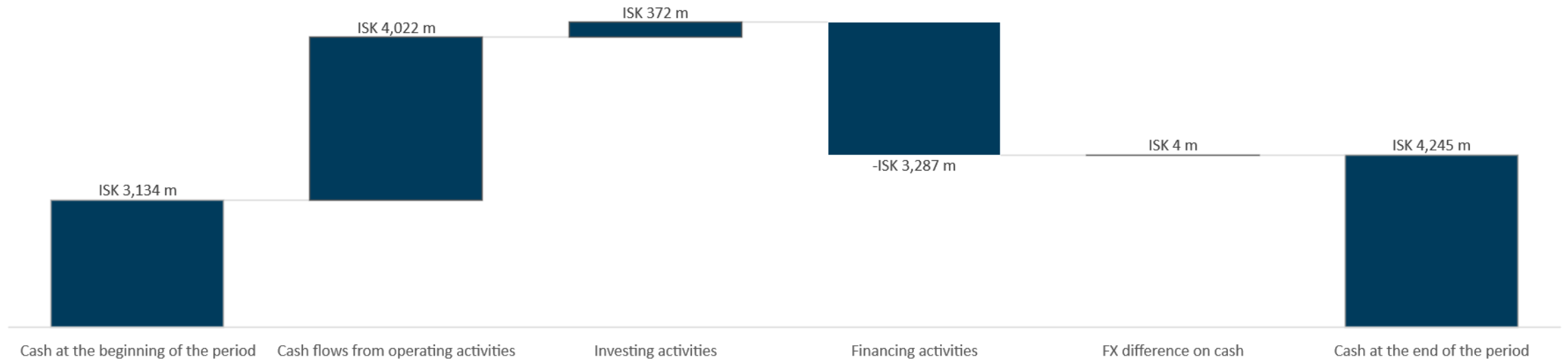
■ Net interest bearing liabilities without lease liabilities
—●— Net interest bearing liabilities without lease liabilities / EBITDA



CONSOLIDATED STATEMENT OF CASH FLOW Q3

Amounts are in ISK million	Q3 2021	Q3 2020	Change	% Chg.
Cash at the beginning of the period	3,134	4,294	-1,160	-27.0%
Cash flows from operating activities	4,022	2,453	1,568	63.9%
Investing activities	372	-998	1,370	-137.3%
Financing activities	-3,287	-756	-2,531	334.7%
FX difference on cash	4	-3	7	-250.5%
Cash at the end of the period	4,245	4,991	-746	-14.9%

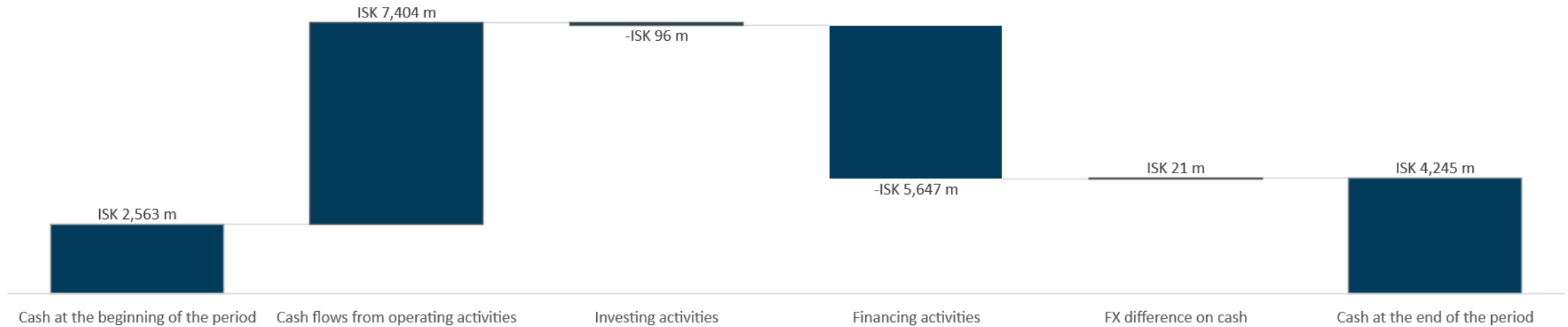
- Cash from operating activities was ISK 4,022 million an increase of ISK 1,568 million due to better results and increase in short-term liabilities relating to increase in turnover.
- Investing activities are positive as ISK 372 million in Q3 2021, an increase of ISK 1,370 million YoY.
- Financing activities are negative and amount to ISK 3,287 million in Q3 2021, an increase of 2,531 YoY.
- Increase in cash position in Q3 2021 from Q2 2021 amounted to ISK 1,111 million an increase of ISK 414 million YoY.



CONSOLIDATED STATEMENT OF CASH FLOW 9M

Amounts are in ISK million	9M 2021	9M 2020	Change	% Chg.
Cash at the beginning of the period	2,563	5,369	-2,806	-52.3%
Cash flows from operating activities	7,404	4,369	3,035	69.5%
Investing activities	-96	-2,435	2,339	-96.1%
Financing activities	-5,647	-2,345	-3,302	140.8%
FX difference on cash	21	33	-12	-36.5%
Cash at the end of the period	4,245	4,991	-746	-14.9%

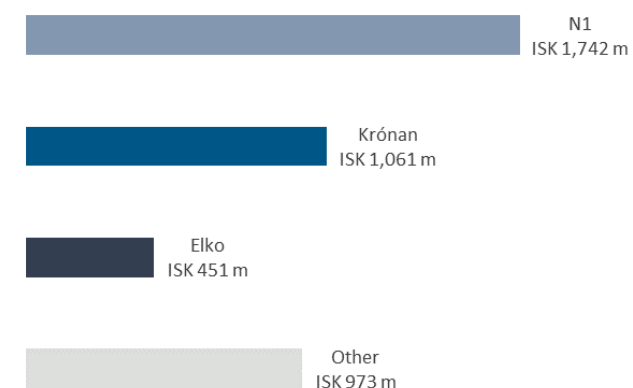
- Cash from operating activities was ISK 7,404 million, an increase of ISK 3,035 million YoY, due to better results and increase in short-term liabilities relating to increase in turnover.
- Investment activities are negative and amount to ISK 96 million in 9M 2021, a decrease of ISK 2,339 million YoY.
- Financing activities are negative and amount to ISK 5,647 million in 9M 2021, an increase of ISK 3,302 million YoY.
- Increase in cash position in 9M 2021 was ISK 1,682 million, an increase of ISK 2,060 million YoY.



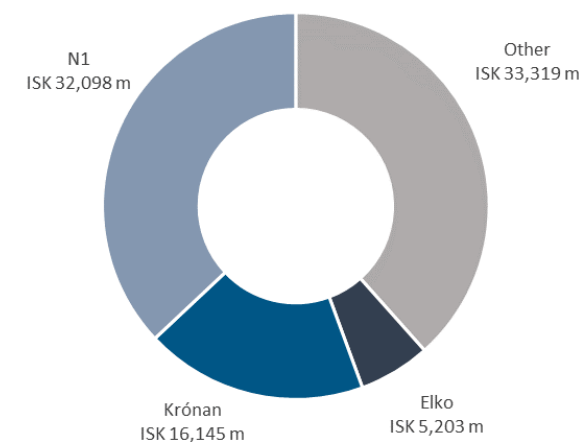
OPERATING SEGMENTS OF THE GROUP – Q3 2021

Amounts are in ISK million	N1	Krónan	Elko	Other	Total
Operating revenue outside of group	11,640	11,760	3,845	354	27,598
Other revenue within group	107	14	3	1,515	1,639
Total segment revenue	11,748	11,774	3,847	1,869	29,237
Total operating expenses of segments	-10,005	-10,713	-3,396	-896	-25,010
Segment EBITDA	1,742	1,061	451	973	4,227
Segment depreciation and amortisation	-854	-360	-122	-364	-1,700
Fair value changes of investment properties	0	0	0	435	435
Operating result of segments	888	701	329	1,044	2,962
Financial expenses	-213	-104	-16	-394	-728
Share of profit from associates	0	0	0	167	167
Income tax expense	-205	-119	-63	-86	-473
Profit	470	477	251	731	1,929
Segment assets	32,098	16,145	5,203	33,319	86,764
Segment capital expenditure	552	407	161	415	1,535
Segment liabilities	17,908	13,568	3,978	19,563	55,017

Segment EBITDA



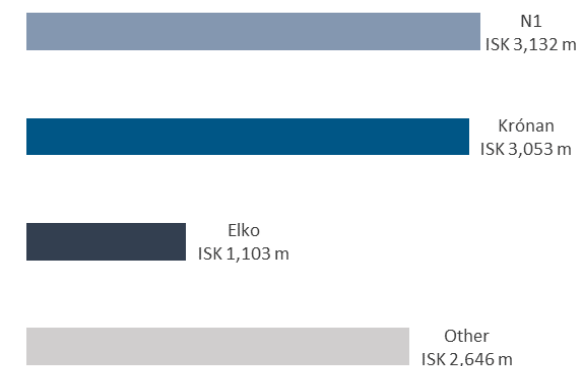
Segment Assets



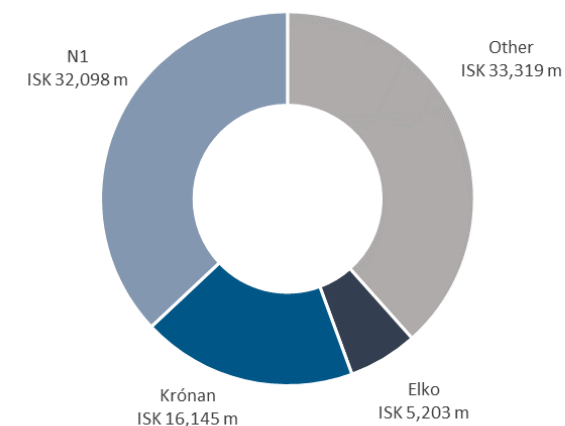
OPERATING SEGMENTS OF THE GROUP – 9M 2021

Amounts are in ISK million	N1	Krónan	Elko	Other	Total
Total segment revenue	27,711	34,971	10,624	5,365	78,672
Total operating expenses of segments	-24,579	-31,918	-9,522	-2,719	-68,738
Segment EBITDA	3,132	3,053	1,103	2,646	9,933
Segment depreciation and amortisation	-1,830	-1,123	-330	-1,083	-4,365
Fair value changes of investment properties	0	0	0	393	393
Operating result of segments	1,302	1,930	772	1,956	5,961
Financial expenses	-657	-319	-61	-1,482	-2,519
Share of profit from associates	0	0	0	293	293
Income tax expense	-200	-322	-142	-25	-689
Profit	446	1,289	569	743	3,047
Segment assets	32,098	16,145	5,203	33,319	86,764
Segment capital expenditure	552	407	161	415	1,535
Segment liabilities	17,908	13,568	3,978	19,563	55,017

Segment EBITDA

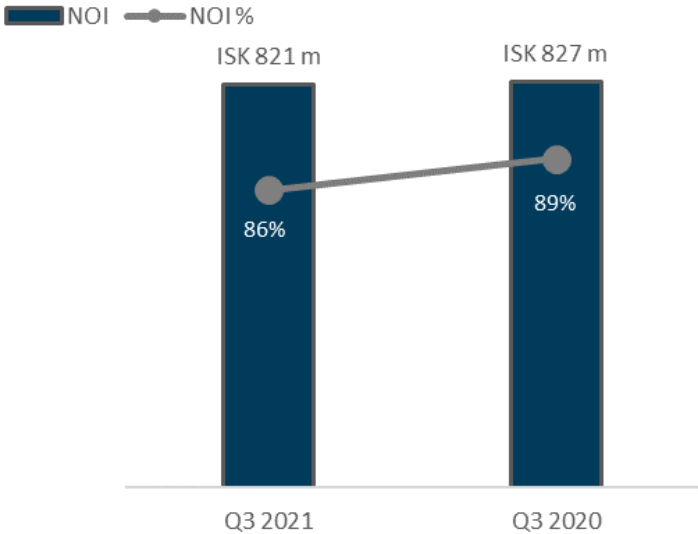


Segment Assets



REAL ESTATE OPERATIONS OF THE GROUP

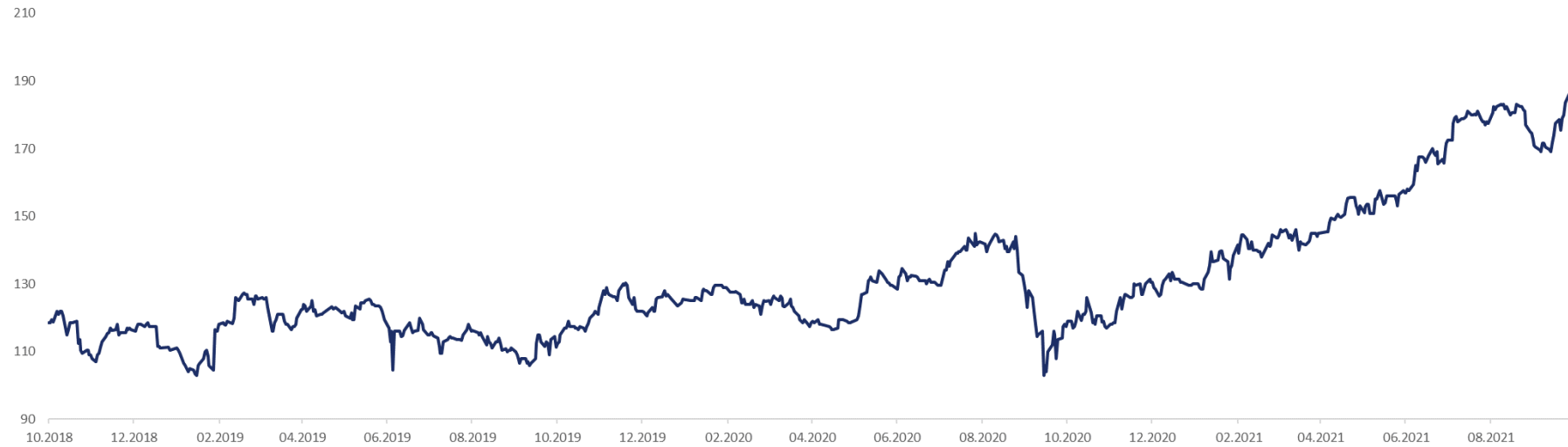
Properties, key figures	Q3 2021	Q3 2020
NOI*	ISK 894 m	ISK 879 m
NOI ratio	86%	89%
Utilization ratio	97%	97%
LTV**	59%	63%
Number of Festi's properties	91	87
Total square meters	102 thousand m ²	106 thousand m ²
Own use	85%	85%
Leased to third parties	15%	15%



* Net operating income

** Loan-to-value ratio

SHARE PRICE DEVELOPMENT



Shareholders (10 largest)

	%
Lífeyrissjóður verzlunarmanna	11.5
Lífeyrissj.starfsm.rík. A-deild	9.9
Gildi - lífeyrissjóður	9.5
Birta lífeyrissjóður	5.8
Brú Lífeyrissjóður starfs sveit	5.0
Stapi lífeyrissjóður	5.0
Almenni lífeyrissjóðurinn	4.9
Frjálsi lífeyrissjóðurinn	3.5
Lífeyrissj.starfsm.rík. B-deild	3.0
Söfnunarsjóður lífeyrisréttinda	2.9

Market information

Issued shares	319 m.
Market cap at the end of dec 2020	ISK 69,229 M
Market cap at the end of dec 2019	ISK 47,423 M
Number of shareholders	979



POSITION AND OUTLOOK



POSITION AND OUTLOOK FOR 2021

Financial forecast

- In light of Q3 2021 better results, EBITDA forecast for the year 2021 is increased by ISK 600 million with an announcement to Nasdaq OMX on September 29th and is now to ISK 9,400 – ISK 9,800 million excluding estimated capital gain with the sale of property to Reitir announced June 30th 2021.

Assumptions:

- Tourism expected to gradually increase.
- Large fluctuations in ISK exchange rate and global oil markets turmoil can lead to changes in margins and sales.
- Increase in imported goods and delays in the supply chain in the world market.
- Ongoing uncertainty due to COVID-19 effects.

Highlights:

- Great turnaround in N1 operations with lifting of government congregation bans
- Austurvegur in Selfoss was sold in the quarter.
- 3 properties are in the process of sale to Reitir.
- 3 new Kronan stores and 1 new ELKO store due to open in 2022.
- Ongoing focus on decrease in operating expenses.

Investments and transactions with shareholders:

- Investments in Q3 2021 amounted to ISK 547 million.
- Investments are expected as ISK 3,000 million for 2021.
- Purchase of own shares for ISK 390 million during the quarter.

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