

## EBITDA ISK 1,898 million in Q1 2024

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### Main results

- Sale of goods amounted to ISK 32,223 million, compared to ISK 29,484 million in the previous year, an increase of 9.3% between years.
- Gross profit from sales of goods and services amounted to ISK 7,033 million, an increase of 806 million or 12.9% between years.
- Margin from sale of goods and services were ISK 21.8% and increased by 0.7 p.p. from Q1 2023 but decreased by 1.2 p.p. from Q4 2023.
- Salaries and other personnel expenses increase by 7.5% and full-time equivalents by 2.5%.
- EBITDA amounted to ISK 1,898 million compared to ISK 1,401 million in Q1 2023, increase of 35.5% between years.
- Profit for the quarter amounted to ISK 202 million, or 2.9% of margin and increased at turnaround of ISK 293 million YoY.
- Net cash from operating activities was ISK 538 million or 7.6% of margin, compared to ISK 1,238 million last year.
- Equity at the end of Q1 2024 amounted to ISK 35,140 million with an equity ratio of 36.0%.
- EBITDA guidance for the year 2024 raised by ISK 300 million and is now ISK 11,500 – 11,900 million.

ISK million	Q1 2024	Q1 2023	Change	%Change
<b>Income Statement</b>				
Sale of goods and services	32,223	29,484	2,740	9.3%
Margin from sale of goods and services	7,033	6,227	806	12.9%
Other operating income	508	497	11	2.2%
EBITDA	1,898	1,401	497	35.5%
EBIT	974	473	501	106.0%
EBT	230	-172	402	234.0%
Profit for the period	202	-91	293	321.6%
<b>Statement of Financial Position</b>				
	31.3.2024	31.12.2023	Change	%Change
Inventories	14,399	13,557	842	6.2%
Trade receivables	6,627	5,985	642	10.7%
Cash and cash equivalents	2,961	3,362	-401	-11.9%
Interest bearing liabilities without lease liabilities	37,616	37,140	476	1.3%
Net interest bearing liabilities without lease liabilities	34,655	33,778	877	2.6%
Net interest bearing debt/EBITDA	3.0	3.8	-0.8	-20.9%
Equity ratio	36.0%	37.3%	-1.4 p.p.	-3.6%
Return on equity	10.7%	10.5%	+0.2 p.p.	1.8%
<b>Statement of Cash Flows</b>				
	Q1 2024	Q1 2023	Change	%Change
Cash flows from operating activities	538	1,238	-701	-56.6%
Investing activities	-734	-815	81	-9.9%
Financing activities	-225	-732	507	-69.3%
Cash and cash equivalents at the end of the period	2,961	1,823	1,138	62.4%
<b>Key indicators</b>				
Margin from sale	21.8%	21.1%	+0.7 p.p.	3.3%
Personel expenses/margin from sale	56.1%	59.0%	-2.9 p.p.	-4.8%
EBITDA/margin from sale	27.0%	22.5%	+4.5 p.p.	20.0%
Profit/margin from sale	2.9%	-1.5%	+4.3 p.p.	296.2%
Earnings per share	0.7	-0.3	1.0	323.3%
Cash flows from operations/margin from sale	7.6%	19.9%	-12.2 p.p.	-61.6%
Investments	741	852	-112	-13.1%

## Operations in Q1 2024

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The company's operations were good in the first quarter and the results better than budget. Sales of goods and services increased by 9.3% YoY and sales volume increased in all categories except other goods and services. Margin from sales were 21.8%, decreased by 1.2 p.p. from last quarter but increased by 0.7 p.p. from the previous year. Margin from sales in ISK increased by 12.9% YoY but at the same time operating expenses increased by 6.0%. The company's EBITDA was ISK 1,898 million, which is an increase of 35.5% from the previous year. Krónan's EBITDA was ISK 286 million better than the previous year and N1's EBITDA increased by ISK 60 million compared to the previous year. ELKO's EBITDA increased by ISK 73 million compared to the previous year. Finance costs increased by ISK 99 million or 15.4% between years due to raised key interest rates. Net profit for the first quarter was ISK 202 million, a turnaround of ISK 293 million between years. The business outlook for the year is good, with the summer months being the most important season of the year.

## Revenues in Q1 2024

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- Total revenue was 32,731 million, an increase of 9.2% from the previous year.
- Revenue from sales of goods and services was ISK 32,223 million in Q1 2024, an increase of 9.3% YoY.
- Sales of grocery and convenience goods amounted to ISK 17,974 million, up by 16.8% between years.
- Sales of fuel and electricity amounted to ISK 8,453 million, an increase of 1.1% between years.
- Sales of electronic equipment amounted to ISK 4,034 million, an increase of 4.9% between years.
- Sales of other goods and services were ISK 1,763 million, a decrease of 6.9% between years.

ISK million	Q1 2024	Q1 2023	Change	%Change
<b>Sale of goods and services</b>				
Grocery and convenience goods	17,974	15,383	2,591	16.8%
Fuel and electricity	8,453	8,361	91	1.1%
Electronic equipment	4,034	3,846	188	4.9%
Other goods and services	1,763	1,894	-131	-6.9%
<b>Total sale of goods and services</b>	<b>32,223</b>	<b>29,484</b>	<b>2,740</b>	<b>9.3%</b>
<b>Total other operating income</b>	<b>508</b>	<b>497</b>	<b>11</b>	<b>2.2%</b>
<b>Total income</b>	<b>32,731</b>	<b>29,980</b>	<b>2,751</b>	<b>9.2%</b>

Sales of grocery and convenience goods increased by 16.8% between years, no new stores were opened during that timeframe. Sales of fuel and electricity increased by 1.1% between years, fuel prices in the global market decreased by around 2-5%, depending on fuel type, between years. Volume sold amounted to 46.7 million liters, which is an increase of 11.1% between years. Revenue from electronic sales increased by 4.9% and revenue from other goods and services decreased by 6.9% between years, mainly due to the cancellation of capelin fishing this season.

## Margins from sales of goods and services in Q1 2024

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- Margin from sales of goods and services amounted to ISK 7,033 million, an increase of 12.9% between years. The margin level was 21.8%, decreases by 1.2 p.p. from the last quarter but increases 0.7 p.p. between years.
- The margin from grocery and convenience goods were ISK 3,983 million, an increase of 14.8% between years. The margin level was 22.2%, a decrease of 0.4 p.p. between years.
- Margin from fuel and electricity were ISK 1,408 million, an increase of ISK 279 million between years. The margin level was 16.7%, an increase of 3.1 p.p. between years.
- Margin from electronics were ISK 1,032 million, an increase of 11.3% between years. The margin level was 25.6%, an increase of 1.5 p.p. between years.
- Margin from other goods and services were ISK 610 million, a decrease of 12.9% between years. The margin level was 34.6%, a decrease of 2.4 p.p. between years.

ISK million	Q1 2024	Q1 2023	Change	%Change
<b>Margin from sale of goods and services</b>				
Grocery and convenience goods	3,983	3,471	512	14.8%
Fuel and electricity	1,408	1,130	279	24.7%
Electronic equipment	1,032	927	105	11.3%
Other goods and services	610	700	-90	-12.9%
<b>Total margin from sales of goods and services</b>	<b>7,033</b>	<b>6,227</b>	<b>806</b>	<b>12.9%</b>

Total margin from sale of goods and services is ISK 7,033 million compared to ISK 6,227 million for the same quarter last year, an increase of 12.9%. Margin from sales of grocery and convenience goods were ISK 3,983 million, up by 14.8% YoY. Margin from fuel and electricity were ISK 1,408 million, an increase of ISK 297 million between years. Margin from electronic sales were ISK 1,032 million, an increase of 11.3%, and the margin of other goods and services was ISK 1,032 million, an increase of 11.3% between years. Margin from other goods and services were ISK 610 million, a decrease of 12.9% YoY. The margin level was 34.6%, a decrease of 2.4 p.p. from the previous year.

## Operating expenses in Q1 2024

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- Operating expenses in Q1 2024 were ISK 5,643 million which is an increase of ISK 320 million or 6.0% YoY.
- Salaries and other personnel expenses increased by ISK 274 million or 7.5% YoY.
- The number of full-time equivalents was 1,330 in Q1 2024, an increase of 2.5% YoY.
- Total other operating expenses increased by ISK 45 million or 2.8% YoY.

ISK million	Q1 2024	Q1 2023	Change	%Change
<b>Operating expenses</b>				
Salaries and other personnel expenses	3,947	3,673	274	7.5%
<b>Other operating expenses</b>				
Operating costs of real estate	526	512	14	2.7%
Maintenance expenses	283	302	-19	-6.4%
Sales and marketing expenses	372	348	24	6.9%
Office and administrative expenses	116	123	-7	-5.4%
Communication expenses	250	237	13	5.7%
Insurance and claims	54	34	20	58.9%
Other expenses	95	95	0	0.2%
<b>Total other operating expenses</b>	<b>1,696</b>	<b>1,651</b>	<b>45</b>	<b>2.8%</b>
<b>Total operating Expenses</b>	<b>5,643</b>	<b>5,323</b>	<b>320</b>	<b>6.0%</b>

Salaries and other personnel expenses amounted to ISK 3,947 million in Q1 2024 compared to ISK 3,673 million in Q1 2023 which is an increase of 7.5%. Full-time equivalents were 1,330 in the quarter, an increase of 33 full-time equivalents or 2.5% YoY. Contractual wage increases between the periods had an effect of ISK 107 million on the YoY increase. The cost due to the increase in full-time equivalents is ISK 83 million between years. The table below shows an analysis of the increase in wages and other personnel expenses in ISK million between years:

<b>Salaries and other personnel expenses Q1 2023</b>	<b>3,673</b>
Change in full-time position equivalents	83
Contractual wage increases	107
Accrued vacation, change	62
Other changes	23
<b>Salaries and other personnel expenses Q1 2024</b>	<b>3,947</b>

Other operating expenses were ISK 1,696 million compared to ISK 1,651 million in Q1 2023, which is an increase of 2.8% between years. 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 Q1 2024

- Net finance expenses and the impact of affiliates were negative by ISK 744 million in Q1 2024 compared to ISK 645 million in Q1 2023, an increase of ISK 99 million between years.
- Finance income amounted to ISK 84 million, an increase of ISK 57 million between years.
- Finance expenses amounted to ISK 940 million, an increase of ISK 122 million between the years.
- Exchange rate difference was positive by ISK 25 million, like last year.
- The share of profit from associates amounted to positive ISK 87 million but decreased by ISK 35 million between years.

ISK million	Q1 2024	Q1 2023	Change	%Change
Finance income	84	27	57	209.9%
Finance expenses	-940	-818	-122	14.9%
Foreign currency differences	25	24	1	2.9%
Share of profit from associates	87	122	-35	-28.6%
<b>Total</b>	<b>-744</b>	<b>-645</b>	<b>-99</b>	<b>15.4%</b>

Finance income amounted to ISK 84 million, an increase of ISK 57 million between years. Finance expenses amounted to ISK 940 million, an increase of ISK 122 million between years, mostly because of raised key interest rates by the Central Bank of Iceland. Exchange rate difference was positive by 25 million, similar to last year. The share of profit from associates amounted to ISK 87 million, compared to ISK 122 million the same period last year.

#### Statement of financial position at the end of the first quarter 2024

- Total assets amounted to ISK 97,698 million at the end of Q1 2024, an increase of ISK 1,666 million from year-end 2023.
- Non-current assets amounted to ISK 72,818 million, an increase of ISK 414 million from year-end 2023.
- Current assets amounted to 24,880 million, an increase of ISK 1,252 million from year-end 2023.
- Cash and cash equivalents amounted to ISK 2,961 million at the end of Q1 2024, a decrease of ISK 401 million from year-end 2023.
- Net interest-bearing liabilities amounted to ISK 34,655 million and increased by ISK 877 million from year-end 2023.
- Equity ratio was 36.0% at the end of Q1 2024 compared to 37.3% at year-end 2023.

ISK million	31.3.2024	31.12.2023	Change	%Change
Goodwill	14,842	14,842	0	0.0%
Other intangible assets	4,229	4,260	-31	-0.7%
Property and equipment	35,736	35,779	-42	-0.1%
Leased assets	8,383	8,097	286	3.5%
Investment properties	6,764	6,647	117	1.8%
 Inventories	 14,399	 13,557	 842	 6.2%
Trade receivables	6,627	5,985	642	10.7%
Cash and cash equivalents	2,961	3,362	-401	-11.9%
 Interest bearing liabilities	 37,616	 37,140	 476	 1.3%
Net interest bearing liabilities	34,655	33,778	877	2.6%
 Equity ratio	 36.0%	 37.3%	 -1.4 p.p.	 -3.6%
Inventory turnover	7.7	7.3	0.4	5.5%

April 23<sup>rd</sup> 2024 – Festi Q1 2024

Goodwill amounted to ISK 14,842 million and other intangible assets ISK 4,229 million at the end of Q1 2024. Properties and equipment amounted to ISK 35,736 million, a decrease of ISK 42 million and investment properties amounted to ISK 6,764 million at the end of Q1 2024, an increase of ISK 117 million from year-end 2022.

Inventories increased by ISK 842 million from year-end 2023. Trade receivables increased by ISK 642 million from the beginning of the year. Cash and cash equivalents decreased by 401 million from year-end 2023.

Net interest-bearing liabilities amounted to ISK 37,606 million which is an increase of ISK 877 million from year-end 2024. The dividend approved at the Annual General meeting in March amounted to ISK 904 million and paid out 6<sup>th</sup> of April is recorded in current liabilities in the balance sheet at the end of March. Equity ratio was 36.0% at the end of Q1 2024 compared to 37.3% at year-end 2023. The company's cash position remains strong as well as the balance sheet.

### Cashflow and investments in Q1 2024

- Net cash from operating activities was ISK 538 million or 7.6% of the margin, compared to 1,238 million the year before.
- Net cash used in investing activities was ISK 734 million, a decrease of ISK 81 million from the year before.
- Net cash used in financing activities was negative ISK 225 million, a decrease of ISK 507 million from last year.

ISK million	Q1 2024	Q1 2023	Change	%Change
<b>Cash flow</b>				
<b>Cash and cash equivalents, beginning of period</b>	<b>3,362</b>	<b>2,112</b>	<b>1,250</b>	<b>59.2%</b>
Net cash to operating activities	538	1,238	-701	-56.6%
Net cash used in investing activities	-734	-815	81	-9.9%
Net cash used in financing activities	-225	-732	507	-69.3%
Effect of movements in exchange rates on cash	21	20	1	2.5%
<b>Cash and cash equivalents change</b>	<b>-422</b>	<b>-309</b>	<b>-113</b>	<b>36.5%</b>
<b>Cash and cash equivalents, end of period</b>	<b>2,961</b>	<b>1,823</b>	<b>1,138</b>	<b>62.4%</b>

Net cash from operations in Q1 2024 amounted to ISK 538 million, a decrease of ISK 701 million between years. Net cash used in Investments amounted to ISK 734 million, a decrease of ISK 81 million between years. Installments on interest-bearing loans and leases amounted to ISK 225 million, ISK 26 million higher than last year. Cash and cash equivalents decreased by ISK 422 million in the first quarter of 2024 and amounted to ISK 2,961 million at the end of Q1 2024.

April 23<sup>rd</sup> 2024 – Festi Q1 2024

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

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EBITDA guidance for the year 2024 is raised by ISK 300 million, and is in the range ISK 11,500 – 11,900 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 36.0% at the end year 2023 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.

## **Shareholders**

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- The Company's market capitalization at the end of Q1 2024 amounted to ISK 56.8 billion, a decrease of 8.0% from last quarter.
- The number of shareholders was 1,190 at the end of Q1 2024

## **Investor meeting and online presentation on Wednesday the 24<sup>th</sup> of April 2024**

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An investor meeting and online presentation for market participants will take place on Wednesday, April 24<sup>th</sup> at Dalvegur 10-14, 3<sup>rd</sup> 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-q1-2024>

Participants attending virtually will be able to ask questions during the meeting via the e-mail [fjarfestatengsl@festi.is](mailto: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**

- Q2 2024: July 31<sup>st</sup>, 2024
- Q3 2024: October 30<sup>th</sup>, 2024
- Q4 2024: February 5<sup>th</sup>, 2025
- Annual general meeting 2025: March 5<sup>th</sup>, 2025

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