

# Presentation of Q1 2023 results

4 May 2023

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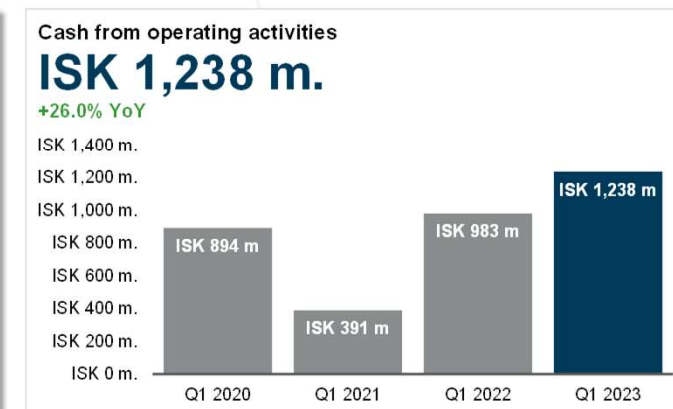
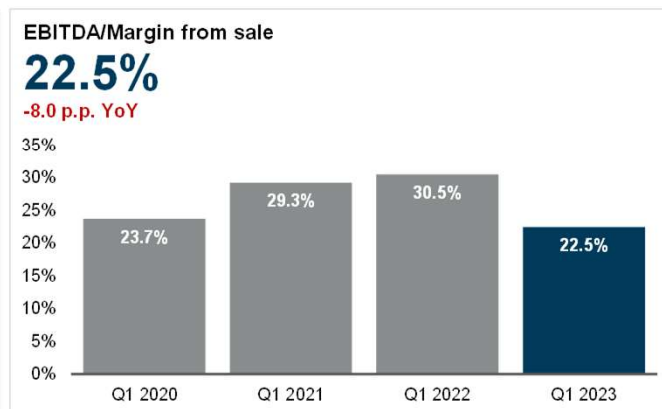
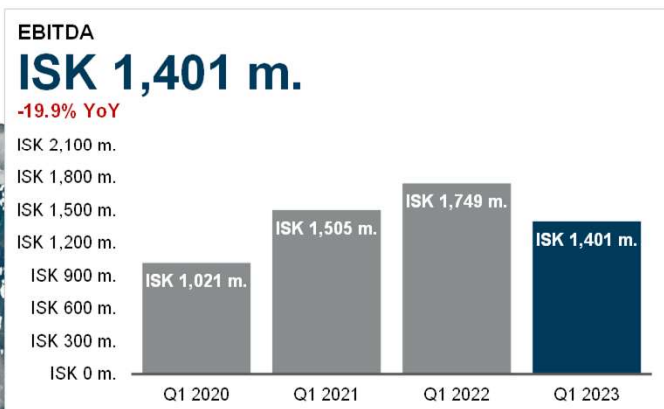
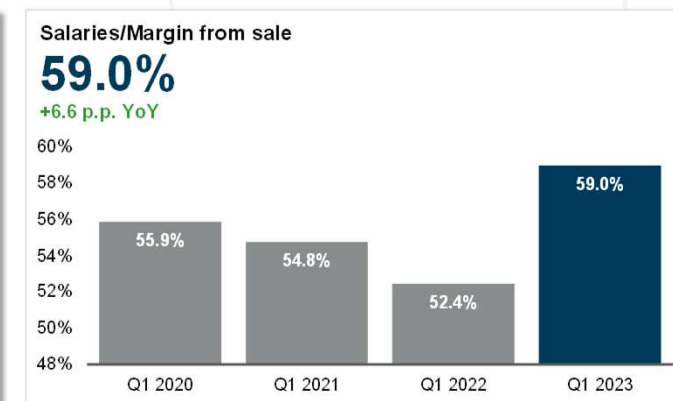
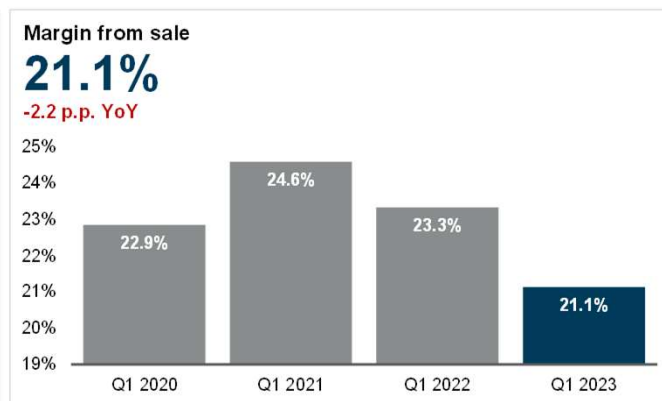
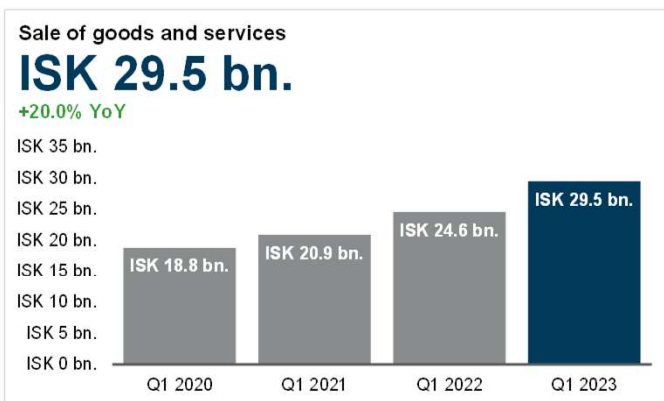


# Summary



- **Q1 operations**
- Q1 results 2023
- Position and outlook

# Consolidated highlights Q1 2023



# Latest news of the group's operations



- A landmark reached in energy transition as N1 charged the first electrical cargo truck in the quarter. 30 new fast charging stations to be installed in the coming months.



- Krónan kept providing fierce competition in the Icelandic grocery market and was recognized as the best Icelandic brand in the consumer market and brand of the year as well.

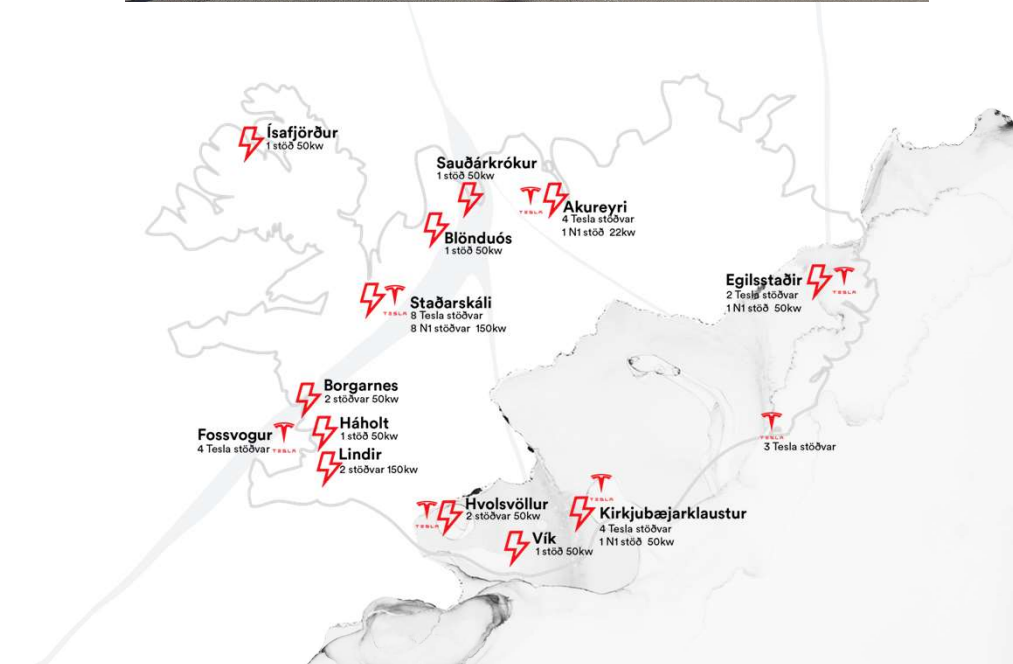


- ELKO growth exceeds the Icelandic electronics market with a 14% year-on-year increase. The ELKO store at Keflavík Airport store going strong.

# A landmark reached in energy transition as..



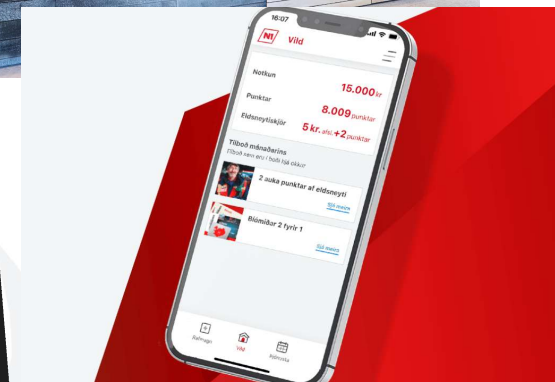
- **...N1 charged the first electrical cargo truck of its kind in Iceland**
  - 16-ton fully electric cargo truck from Volvo. Several trucks are already in operation. An important step in Iceland's energy transition.
- **N1 increase the number of fast charging stations by 30 around the country**
  - In the upcoming months the company will launch 30 new stations that will all have a 150 kW charging capacity, thereby offering one of the most powerful and extensive electrical charging station networks in Iceland.
- **N1 presented an extensive sustainability report for 2022**
  - N1 aims to be a leading company in energy transition with purposeful sustainability changes in its operations. Sustainability measures will play a key role in achieving the intended results. Take a look at the report [here](#).



# Continued additions in N1's service offering



- **N1 increases its offering of healthy and fresh fast food**
  - Djúsi opened at Bildshöfði at the start of the year and Djúsi and Ísey Skyr bar opened simultaneously in March in Háholt Mosfellsbær.
- **Continued growth in N1 app**
  - Almost 8.000 downloads by users.
  - New service launched where e-car owners can now pay for charging in-app.
  - Customers will soon be able to order refreshments from N1, Ísey Skyr bar and Djúsi within the app.
- **N1 self service to be launched in the next weeks.**
  - Self service kiosks installed at selected N1 service stations.
- **N1 handles Dropp deliveries for its customers**
  - 55 thousand deliveries in Q1 and continuous increase.
- **N1 renews the contract with Breiðablik for the next 4 years.**
  - Continued support for youth groups in the club.



# Krónan recognised as the best Icelandic brand in the consumer market and gaining TikTok traction

- Krónan was recognized by Brandr for the **best Icelandic brand** in the consumer market.
- Krónan was also recognized as **Brand of the Year** by Maskína's survey among marketing leaders in Iceland.
- Krónan's **Christmas campaign** was nominated for the **Ára as the best campaign** as well as receiving two nominations for Lúðurinn.
- Krónan published its **ambitious sustainability report** for the fourth year. Take a look at the report [here](#).
- Krónan introduced the **first vegetable Easter egg** on April 1st (April Fools) which was well received by customers and gained considerable coverage.
- Krónan's TikTok account was set up in October and has already racked in **over 1 million views**.
- **300% increased traffic to Krónan's website** compared to last year.

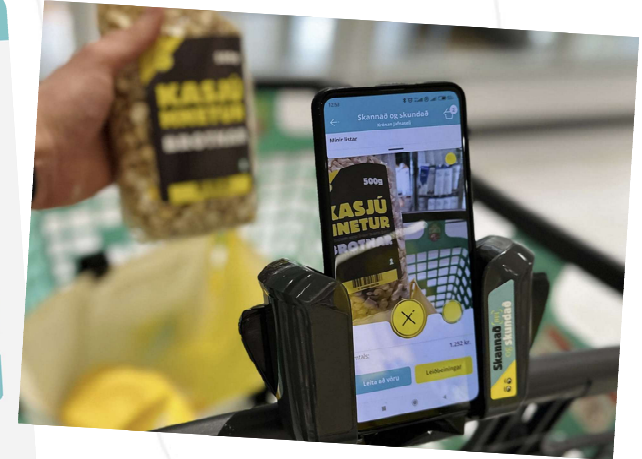
KRÓNAN



# Online sales are on a roll and preparation has started for an overhaul of Krónan's store in Grandi



- **Online shopping launched** successfully in Akureyri in February.
- **Total online revenues have increased by 60%** compared to last year.
- **25% increase in the number of transactions at Krónan** compared to last year.
- The number of transactions through **self service and Scan and Go** has increased by **34% YoY**.
- **Krónan's market share in the grocery retail market has increased by 7%** compared to last year and stands at 36% in March according to Gallup.
- Detailed planning and preparation is underway for an **exciting overhaul of Krónan's store in Grandi**.

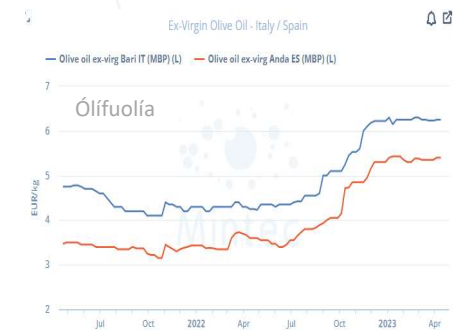
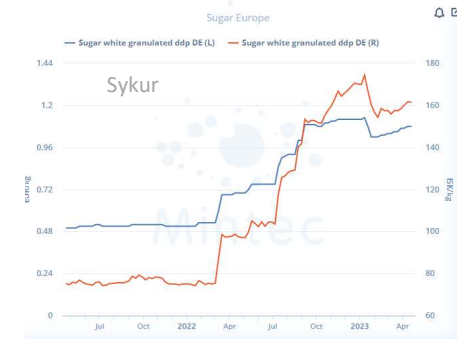
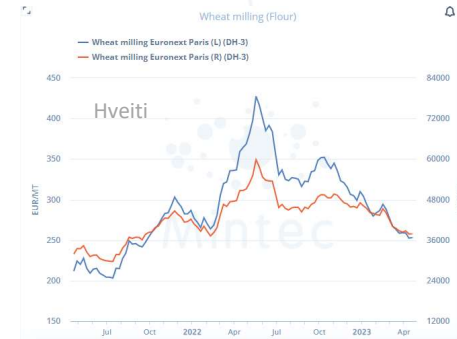


**Við erum  
vinalæg, skýr  
—og þínu þönk**



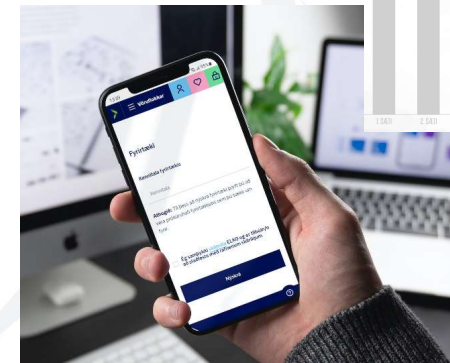
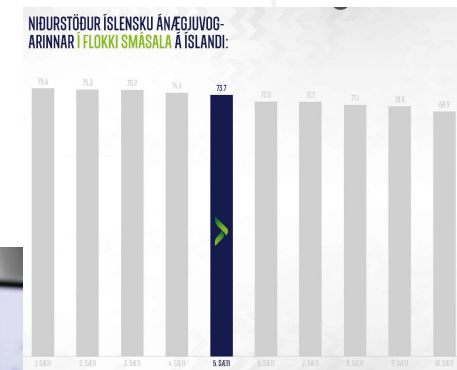
# Price trends and commodity markets

- Still clear signs in Q1 that consumers have changed their buying patterns and are increasingly **choosing cheaper options** due to price increases. It is expected to see this trend continue.
- **Continued pressure on margins and fierce price competition.** There have been fewer supplier announcements on price increases. There is an expectation to see some prices decrease in certain categories in Q2. Krónan continues to increase the number of foreign suppliers to further strengthen competitive advantage.
- **In general, commodity market prices are decreasing**, but with exceptions. The price of gas and electricity has decreased in the last few months which will have a positive effect on production costs. Price of gas oil has decreased by 10% since the beginning of the year which should impact pricing of sea transport.
- **Overseas supply of vegetables is slowly reaching previous balance.** Green house production in e.g. Denmark, Belgium, Holland and Luxembourg is back in operation after being closed down due to high energy costs. This will increase the variety of products on offer, like tomatoes and peppers, this has led to a price reduction in the last few weeks.



# ELKO growing more than the market

- **Consumer electronics and domestic appliance** market is increasing by 9% while ELKO is showing 14% increase (according to total card turnover in the quarter).
- **ELKO airport store** going strong with its highest share of total turnover in the first quarter since launch.
- **ELKO is the sixteenth highest** gross income electrical outlet in the Nordics according to a report by Plimsoll.
- **ELKO.is** nominated as the best retail site in the icelandic online awards and ELKO placed the fifth highest of all retailers measured in the customer satisfaction scale 2022.
- **Legal entities** can now create accounts online in ELKO, credit product purchases, look up invoices, set credit limits and set individual user rights for transactions.
- **ELKO has expanded** the product assortment to heat pumps and car charging stations.
- **ELKO offers** the longest return right until 30th june for confirmation gifts.



# ELKO 25 years in business



- **ELKO celebrated 25 years** in business the 28th of february.
- **Sustainability report issued** with new short-term and long term objectives, new environmental policy and measurements of the green steps program. See the report [here](#).
- **Biggest part of pre-carriage** on foreign shipment changed to trains instead of trucks with less environmental impact.
- **Biggest quarter** yet in purchases of used consumer electronics from customers through the concept „get something for nothing“.
- **Esport event was held** in april in cooperation with Samfés for young people at the age 13-25 years. Esports competition for companies was held in cooperation with RÍSí.
- **All transactions** in credit accounts and card loans are now paparless.
- **April fools**, ELKO opens up a new store in Tenerife with delivery options to Hotels and the Las Americas beach.
- **Upcoming:**
  - **New store** in a new location in the arrival area in Kef Airport this summer.
  - **Centralized aftersales** warehouse for MDA products planned to improve service level.



# Summary



- Q1 2023 operations
- Q1 results 2023
- Position and outlook

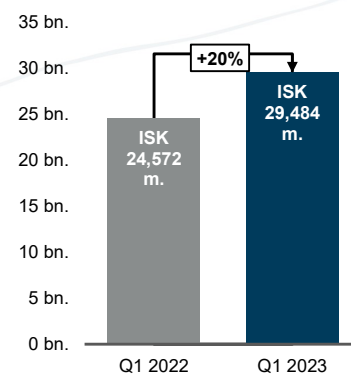
# Operations of the group in Q1 2023



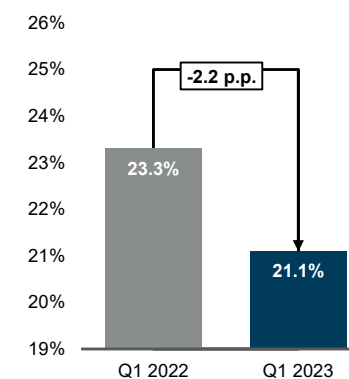
- **Sale of goods and services** increased by ISK 4.9 billion or 20.0% YoY.
- **Margin from sale** was ISK 6,227 million, increase of ISK 493 million or 8.6% YoY.
- **Sharp rises in commodity prices**, transportation and distribution costs in comparison between years increase turnover but lower margin level.
- **Salaries and personnel expenses** ISK 3,673 million, increase of ISK 666 million or 22.2% YoY.
- **Number of full-time employees** 1,294, increase by 140 or 12.1% YoY.
- **The effect of inflation** visible on all operation costs in comparison between years.
- **EBITDA** ISK 1,401 million in the first quarter, decrease of ISK 348 million or 19.9% YoY.

Amounts are in ISK million	Q1 2023	Q1 2022	Change	% Chg.
Sale of goods and services	29,484	24,572	4,912	20.0%
Margin from sale of goods and services	6,227	5,734	493	8.6%
Lease revenue and operating income	497	431	66	15.4%
Salaries and personnel expenses	3,673	3,006	666	22.2%
Other operating expenses	(1,651)	(1,409)	(241)	17.1%
EBITDA	1,401	1,749	(348)	-19.9%
<b>Key Figures</b>				
EBITDA/Margin from sales	33.4%	43.1%	-9.7 p.p.	-22.5%
Salaries/Margin from sales	54.4%	47.1%	+7.3 p.p.	15.4%
Earnings per share	2.29	4.26	-1.97	-46.2%

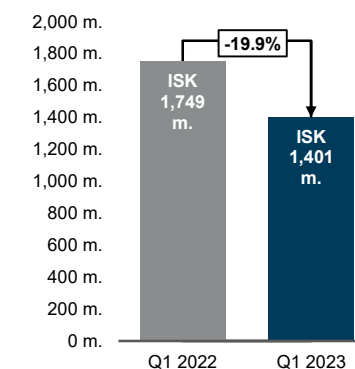
Sale of goods and services



Margin from sale



EBITDA

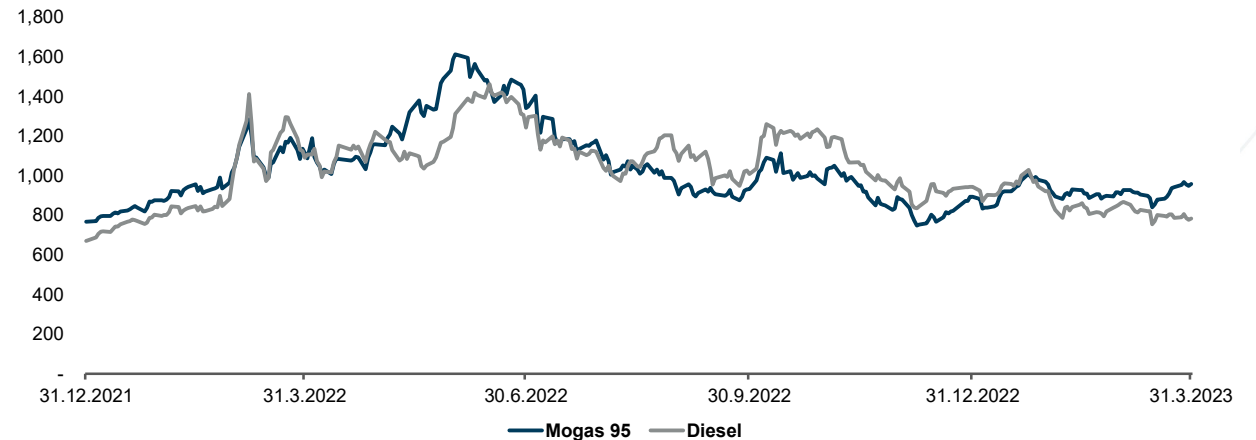


# External factors Q1 2023



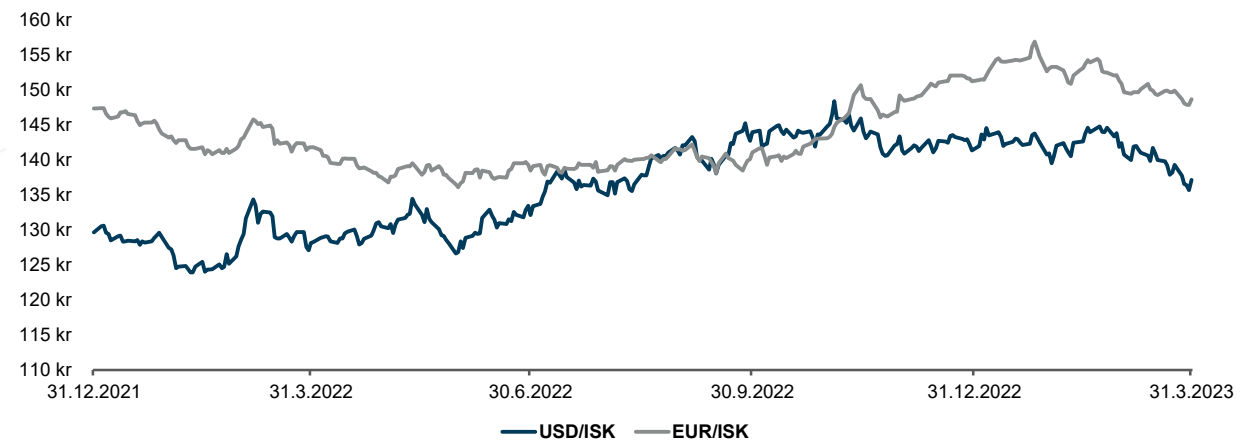
- **Fluctuations in fuel prices** between Q1 2022 and Q1 2023:
- **Diesel average price** was USD 861 compared to USD 925 in Q1 2022, decrease by 6.8%.
- **Gasoline average price** was USD 917 compared to USD 964 dollar in Q1 2022, decrease by 4.9%.

Price development of Mogas 95 and Diesel



- **Fluctuations in currency USD/ISK and EUR/ISK** between Q1 2022 and Q1 2023:
- **USD/ISK weakened** by 3.0% against ISK and the difference between the highest and lowest exchange rate in Q1 was 7.3%.
- **EUR/ISK weakened** by 1.7% against ISK and the difference between highest and lowest exchange rate in Q1 was 6.4%.

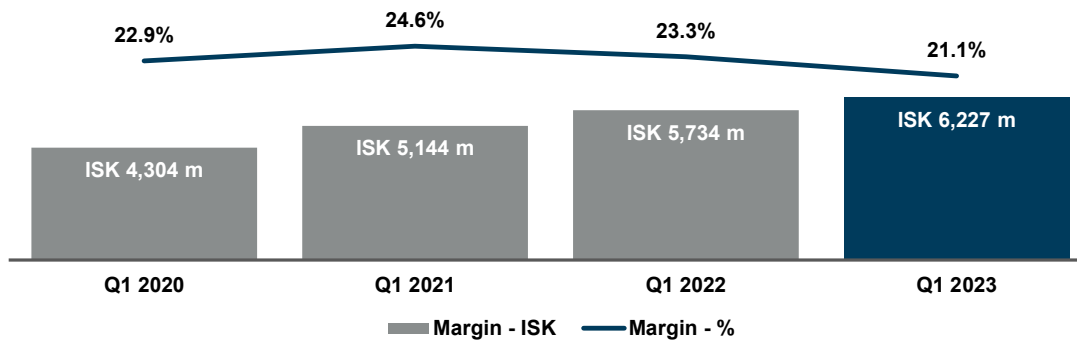
Fluctuations in currency USD/ISK and EUR/ISK



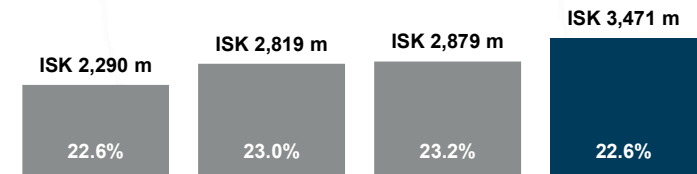
# Margin from sales – First Quarter

- **Turnover increases** in every category but **margin from sales decreases** due to increasing commodity prices.
- **Margin ratio in Q1 2023 was 21.1%** a decrease of 2.2 p.p.
- **Margin from sales in ISK increases** YoY in every category except fuel.
- **Margin from sales in ISK in grocery and convenience goods increases 20.6% YoY, Fuel and electricity decreases 11.3%, electronic equipment increases 13.1% and other goods and services increase 5.1% YoY.**
- **Total margin from sales** increases by 8.6% YOY and is 6,227 million compared to 5,734 million in Q1 2022.

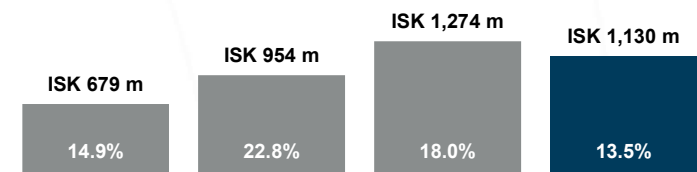
Margin from sale of goods and services



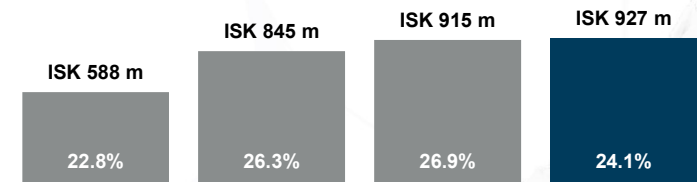
Grocery and convenience goods



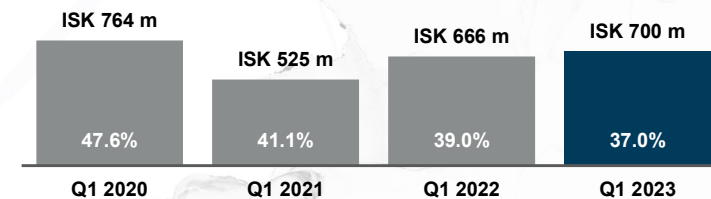
Fuel and electricity



Electronic equipment



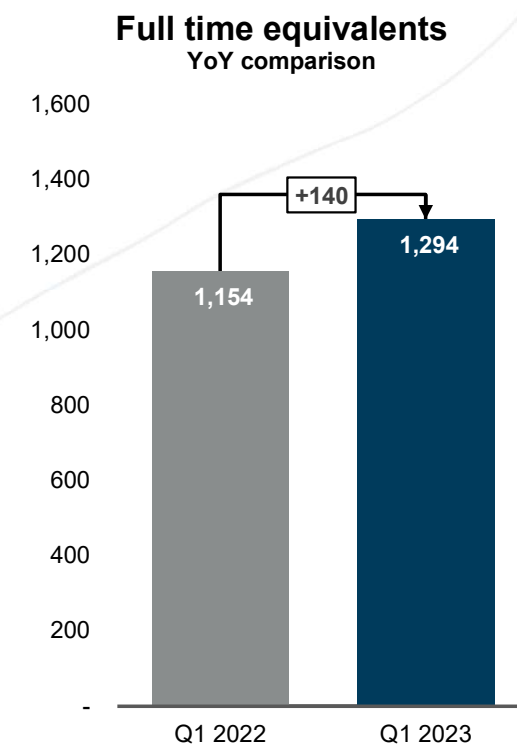
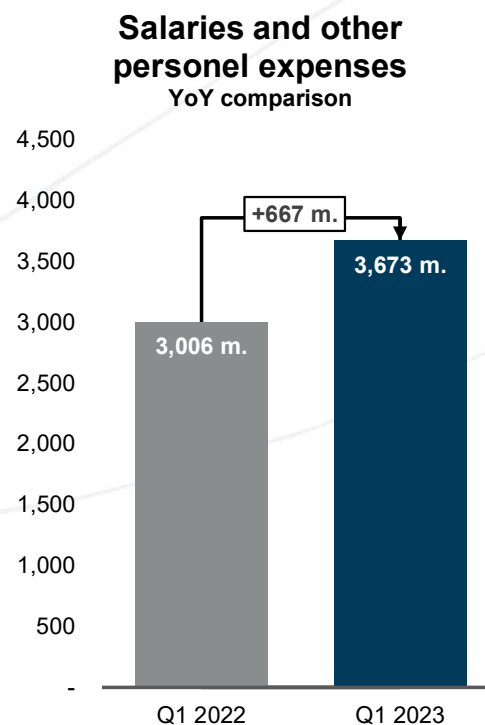
Other goods and services



# Salaries and other personnel expenses in Q1 2023



- Salaries and other personnel expenses increases by ISK 667 million YoY.
- **Full-time equivalents increased by 140** YoY and the increase amounts to ISK 329 million.
  - New Krónan stores, N1's new car workshop, Icelandic Food Company and new points of sale explain the year-on-year increase
- Two contractual wage increases came to effect between the periods in April and November 2022 and had an effect of 266 million YoY increase.



<b>Salaries and other personnel expenses Q1 2022</b>	<b>3,006</b>
Change in full-time position equivalents	329
Contractual wage increases	266
Accrued vacation, change	8
Other personnel expenses	63
<b>Salaries and other personnel expenses Q1 2023</b>	<b>3,673</b>

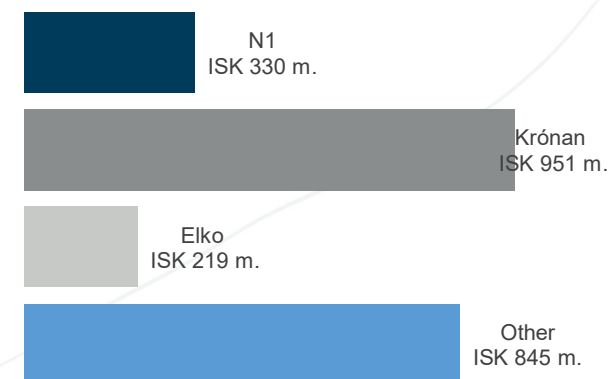


# Operating segments of the group – Q1 2023

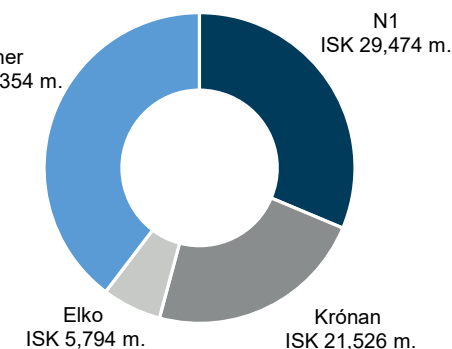


Amounts are in ISK million	N1	Krónan	Elko	Other	Total
Operating revenue outside of group	11,650	14,197	3,877	256	29,980
Other revenue within group	70	296	5	1,723	2,095
<b>Total segment revenue</b>	<b>11,721</b>	<b>14,493</b>	<b>3,882</b>	<b>1,979</b>	<b>32,075</b>
Total operating expenses of segments	(11,390)	(13,542)	(3,663)	(1,134)	(29,729)
<b>Segment EBITDA</b>	<b>330</b>	<b>951</b>	<b>219</b>	<b>845</b>	<b>2,346</b>
Segment depreciation and amortisation	(710)	(517)	(134)	(257)	(1,618)
Fair value changes of investment properties	0	0	0	16	16
<b>Operating result of segments</b>	<b>(380)</b>	<b>434</b>	<b>85</b>	<b>603</b>	<b>743</b>
Financial expenses	(269)	(102)	(12)	(737)	(1,120)
Share of profit from associates	0	0	0	122	122
Income tax expense	130	(61)	(15)	43	98
<b>Profit</b>	<b>(519)</b>	<b>271</b>	<b>58</b>	<b>32</b>	<b>(158)</b>
Segment assets	29,474	21,526	5,794	37,354	94,148
Segment capital expenditure	363	239	54	197	852
Segment liabilities	19,989	16,656	4,049	20,550	61,243

## Segment EBITDA



## Segment assets



# N1 – Highlights Q1 2023



- Revenue was ISK 11,721 million, an increase of ISK 1,681 million or 16.7% YoY.
- Sales of fuel and electricity increased by ISK 1,295 million or 18.3% YoY. Sales in liters were 41.4 million, 12% lower than last year. Increase in all categories except sales to large customers.
- Sale of other goods and services increase by ISK 186 million or 10.9% YoY. Increase from sales of tires, car service, lubricants and chemicals.
- EBITDA was ISK 330 million, a decrease of ISK 302 million or 48.8% YoY.
- Negative effects due to fuel hedge contracts ISK 174 million year-over-year. Lower profit margins in sales to large customers because of negative development of global fuel prices from year-end 2022

 **95**  
Afgreiðslustaðir  
eldsneytis

 **12**  
Hjólbarða- og  
smurverkstæði

 **14**  
Afgreiðslustaðir  
rafhleðslu

	Q1 2023	Q1 2022	Change	%
Total revenue	<b>11,721</b>	10,039	1,681	16.7%
Total cost	<b>(11,390)</b>	(9,407)	(1,983)	21.1%
EBITDA	<b>330</b>	633	(302)	-47.8%
EBITDA-ratio	<b>2.8%</b>	6.3%	-3.5 p.p.	-55.3%
EBIT	<b>(380)</b>	(4)	(375)	8624.5%
EBIT-ratio	<b>-3.2%</b>	0.0%	-3.2 p.p.	7373.0%
Profit (loss)	<b>(519)</b>	(209)	(310)	148.1%

# KRÓNAN – Highlights Q1 2023



- Revenue was ISK 14,493 million, an increase of ISK 3,100 million or 27.2% YoY
- Icelandic Food Company a part of Krónan's group from January 1st. 2023.
- New stores opened in Borgartún, Akureyri and Skeifan and one was closed in Skeifan. Like for like, revenues are up by 12.5% YoY.
- Continued price increases in all product categories keep the margin level under pressure.
- EBITDA was ISK 951 million, an increase of ISK 102 million or 12.0% YoY.



	Q1 2023	Q1 2022	Change	%
Total revenue	<b>14,493</b>	11,393	3,100	27.2%
Total cost	<b>(13,542)</b>	(10,544)	(2,998)	28.4%
EBITDA	<b>951</b>	849	102	12.0%
EBITDA-ratio	<b>6.6%</b>	7.4%	-0.9 p.p.	-11.9%
EBIT	<b>434</b>	437	(3)	-0.7%
EBIT-ratio	<b>3.0%</b>	3.8%	-0.8 p.p.	-21.9%
Profit (loss)	<b>271</b>	271	1	0.3%

# ELKO – Highlights Q1 2023



- Revenue was ISK 3,882 million, increase of ISK 458 million or 13.4% YoY.
- Stores in Keflavik airport are recovering due to increasing tourism and Icelander's travels, huge increase or 75% YoY.
- Increased turnover in all ELKO stores except Web Store.
- Margin ISK 927 million, increase of 1.3% between years. Margin levels decrease between years and is under high pressure due to price increases from suppliers.
- EBITDA was 219 million, decrease of 93 million or 29.7% YoY.



Raftækjaverslanir



Jafnvægisvogin 2022



Fyrirmyndarfyirtæki  
VR 2022

	Q1 2023	Q1 2022	Change	%
Total revenue	<b>3,882</b>	3,424	458	13.4%
Total cost	<b>(3,663)</b>	(3,112)	(551)	17.7%
EBITDA	<b>219</b>	312	(93)	-29.7%
EBITDA-ratio	<b>5.6%</b>	9.1%	-3.5 p.p.	-38.0%
EBIT	<b>85</b>	199	(114)	-57.3%
EBIT-ratio	<b>2.2%</b>	5.8%	-3.6 p.p.	-62.4%
Profit (loss)	<b>58</b>	140	(82)	-58.6%

# Other entities - Highlights Q1 2023

**BAKKINN**  
vöruhótel



**FESTI**  
fasteignir

- Revenue was ISK 1,979 million, increase of ISK 191 million or 10.7% YoY.
- Net operating income of properties were ISK 916 million, compared to ISK 837 million Q1 2022.
- Utilization ratio was 98%, which is similar to the year before.
- Own use of property decreased to 88% compared to 89% Q1 2022, decrease of 1 p.p.
- EBITDA ISK 845 million, an increase of ISK 27 million between years.

 **84**  
Eignir í eigu  
samstæðunnar

 **98%**  
Húsnæðis í útleigu

 **88%**  
Eigin not húsnæðis

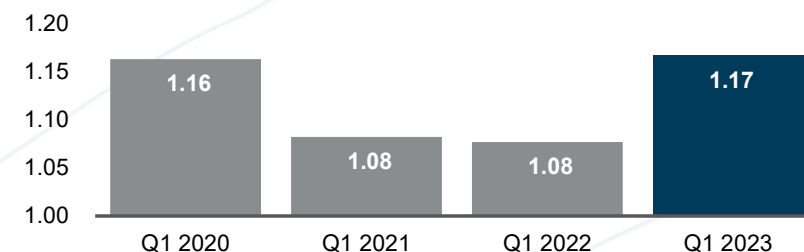
	Q1 2023	Q1 2022	Change	%
Total revenue	<b>1,979</b>	1,787	191	10.7%
Total cost	<b>(1,134)</b>	(969)	(165)	17.0%
EBITDA	<b>845</b>	818	27	3.3%
EBITDA-ratio	<b>42.7%</b>	45.8%	-3.1 p.p.	-6.7%
EBIT	<b>603</b>	579	24	4.2%
EBIT-ratio	<b>30.5%</b>	32.4%	-1.9 p.p.	-5.9%
Profit (loss)	<b>32</b>	192	(160)	-83.6%

# Statement of Financial Position 31.03.2023

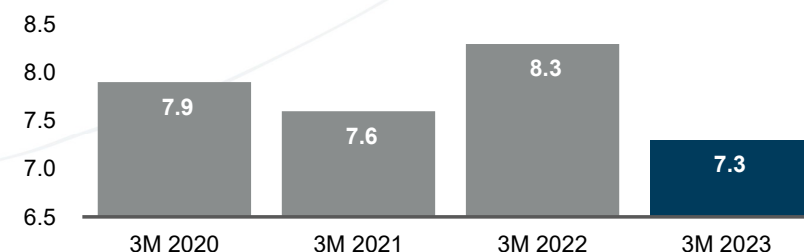


Amounts are in ISK million	31.3.2023	31.12.2022	Change	%
Goodwill	14,842	14,862	(20)	-0.1%
Other Intangible assets	4,434	4,517	(83)	-1.8%
Property and equipment	34,993	34,815	178	0.5%
Leased assets	8,082	8,012	70	0.9%
Investment properties	6,504	6,479	25	0.4%
Shares in associates	2,705	2,601	104	4.0%
Shares in other companies	14	14	0	0.0%
Long-term receivables	148	150	(2)	-1.3%
<b>Non-current assets</b>	<b>71,723</b>	<b>71,450</b>	<b>273</b>	<b>0.4%</b>
Inventories	14,197	13,086	1,112	8.5%
Trade receivables	5,794	5,960	(166)	-2.8%
Other short-term receivables	610	764	(155)	-20.2%
Cash and cash equivalents	1,823	2,112	(289)	-13.7%
<b>Current assets</b>	<b>22,425</b>	<b>21,923</b>	<b>502</b>	<b>2.3%</b>
<b>Total assets</b>	<b>94,148</b>	<b>93,373</b>	<b>775</b>	<b>0.8%</b>

Current ratio



Inventory turnover



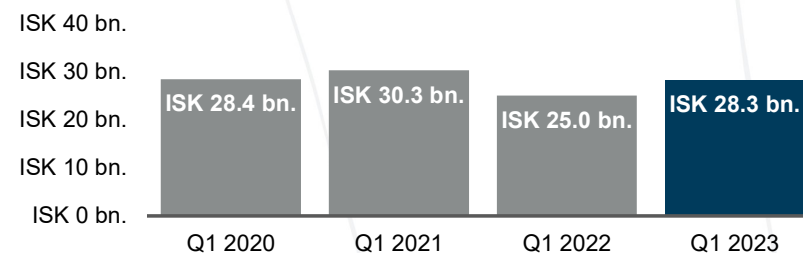
- **Strong balance sheet**
- Operational- and investment assets **increase by ISK 203 million from year-end.**
- Leased assets **increased due to new lease contracts** for new stores.
- Inventories increased by 1,112 million from year-end due increased activities and seasonal fluctuations.
- Accounts receivable and other short term receivable **decrease by 320 million from year-end.**
- **Cash and cash equivalents was ISK 1,823 million at year end, a decrease of 289 million from year-end 2022.**

# Statement of Financial Position 31.3.2023

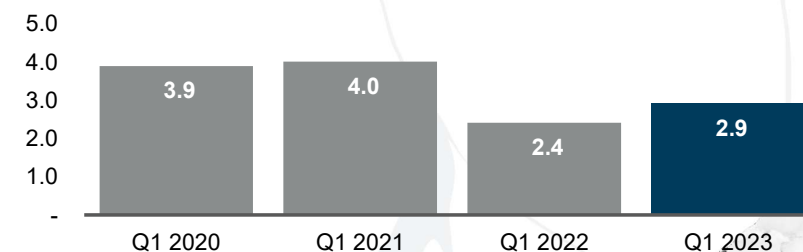


Amounts are in ISK million	31.3.2023	31.12.2022	Change	%
<b>Equity</b>	32,905	34,460	(1,556)	-4.5%
Payable to credit institutions	28,323	28,224	99	0.4%
Lease liabilities	7,775	7,715	60	0.8%
Deferred tax liabilities	5,920	6,001	(81)	-1.3%
<b>Non-current liabilities</b>	42,018	41,940	79	0.2%
Payable to credit institutions	1,796	1,790	6	0.3%
Lease liabilities	752	712	41	5.7%
Trade payables	9,393	8,630	763	8.8%
Other short-term liabilities	7,284	5,841	1,442	24.7%
<b>Current liabilities</b>	19,225	16,973	2,252	13.3%
<b>Total equity and liabilities</b>	94,148	93,373	775	0.8%

## Net interest bearing debt



## Net interest bearing debt/EBITDA



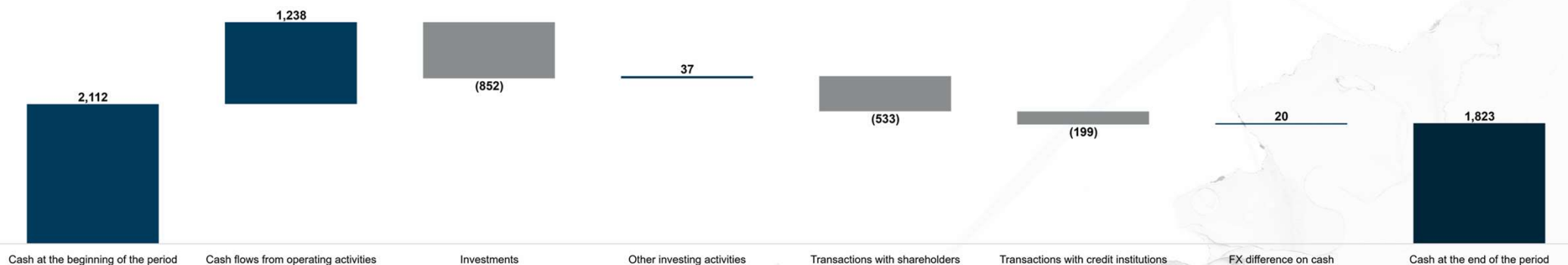
- **Equity ratio of 34.9% at the end of Q1 2023.**
- **Purchase of own shares ISK 533 million** during the quarter.
- **Trade payables and other short-term liabilities** increased by ISK 2,205 million. Dividend payment to shareholders ISK 914 million included in short term liabilities.
- Current capital structure is **in line with company strategy** and **well within the covenant agreements with credit institutions.**

# Consolidated Statement of Cash Flow Q1 2023



- **Cash from operating activities was ISK 1,238 million, an increase of ISK 255 million YoY.**
- **Investments amounted to ISK 852 million in Q1 2023, a decrease of ISK 1,051 million YoY.**
- **Repayments of interest-bearing debt** amounted to ISK 199 million.
- **Decrease in cash position** in Q1 2023 amounted to ISK 829 million.

ISK millions	Q1 2023	Q1 2022	Change	%
Cash at the beginning of the period	2,112	4,003	(1,891)	-47.2%
Cash flows from operating activities	1,238	983	255	26.0%
Investments	(852)	(1,904)	1,051	-55.2%
Other investing activities	37	286	(249)	-87.0%
Transactions with shareholders	(533)	(836)	303	-36.2%
Transactions with credit institutions	(199)	154	(353)	-228.7%
FX difference on cash	20	(34)	54	-159.6%
<b>Cash at the end of the period</b>	<b>1,823</b>	<b>2,653</b>	<b>(829)</b>	<b>-31.3%</b>





# Summary



- Q1 2023 operations
- Q1 results 2023
- **Position and outlook**

# Share price development – Nasdaq OMX

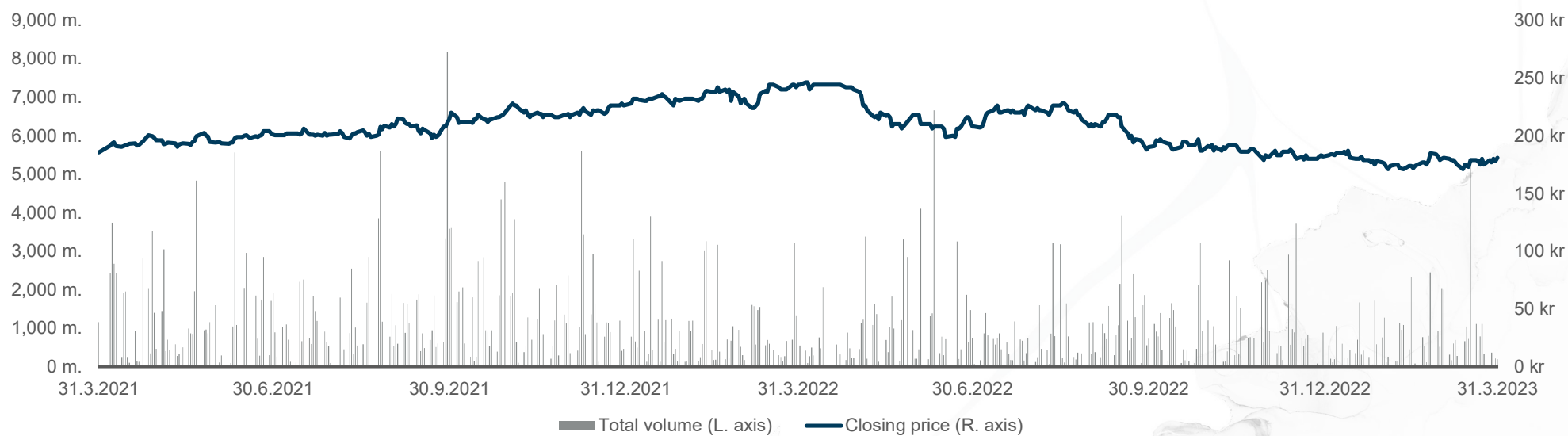


## Shareholders (10 largest)

	%
Lífeyrissj.starfsm.rík. A-deild	11.0
Lífeyrissjóður verzlunarmanna	10.6
Gildi - lífeyrissjóður	9.4
Brú Lífeyrissjóður starfs sveit	8.4
Birta lífeyrissjóður	7.0
Almenni lífeyrissjóðurinn	4.6
Stapi lífeyrissjóður	4.2
Festa - lífeyrissjóður	4.2
Frjálsi lífeyrissjóðurinn	3.6
Söfnunarsjóður lífeyrisréttinda	3.0

## Market information

Issued shares	305 m.
Market cap 31.03.23	ISK 55,115 M
Market cap 31.03.22	ISK 76,250 M
Number of shareholders	1,268



# Position and outlook for 2023

## Financial forecast 2023

- Festi's EBITDA forecast for 2023 is ISK 9,750 – 10,250 million.

## Assumption and risks:

- Icelandic Central Bank's interest rate hikes.
- Impact of Russia's invasion in Ukraine on commodity prices and supply variety.
- Major changes in world commodity prices and the ISK exchange rate.
- High inflation in international markets and Iceland.
- Uncertainty about the number of tourist arrivals in Iceland and Icelanders' travels abroad.

## Highlights:

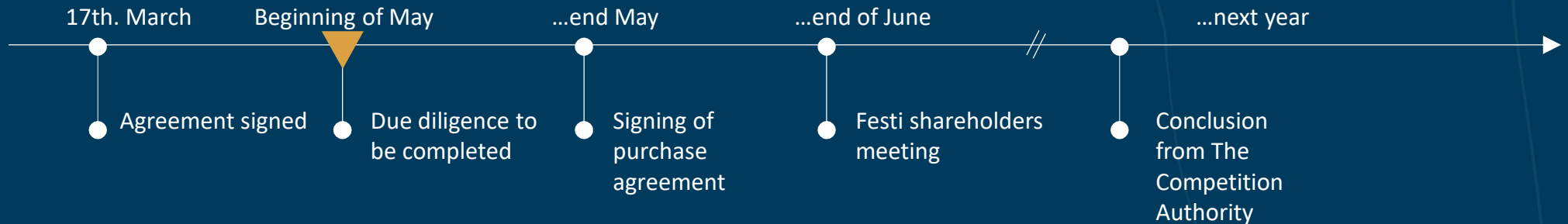
- The quarters operations preformed as expected.
- Sales for the quarter increased by 20.0%, but inflation puts high pressure on margins.
- Closely working with suppliers to ensure product variety and looking at all options to achieve efficiency to counteract current price increases.
- Increased focus on operational expenses and finding ways to lower unit costs within the Group.
- Action plan underway that will deliver results over the next months.

## Investments and transactions with shareholders:

- The company's CAPEX forecast for 2023 is ISK 4,500 – 5,000 million.
- Investments in Q1 2023 amounted to ISK 852 million.
- Purchase of own shares for 533 million during the quarter.
- Dividends in the amount of ISK 914 million paid April 12th, 2023.



# Good progress in the purchase of Lyfja



Due diligence conducted with consultants in recent weeks.

Next steps:

- Drafting a purchase agreement and secure financing
- Shareholders meeting scheduled in end of June where shareholder approval will be requested to increase the share capital by 10 million shares to cover the purchase price for the transaction

**Thank you**



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