

# Presentation of Q2 2023 results

27 July 2023

Ásta S. Fjeldsted  
Magnús Kr. Ingason



- **Q2 operations**
- Q2 results 2023
- Position and outlook

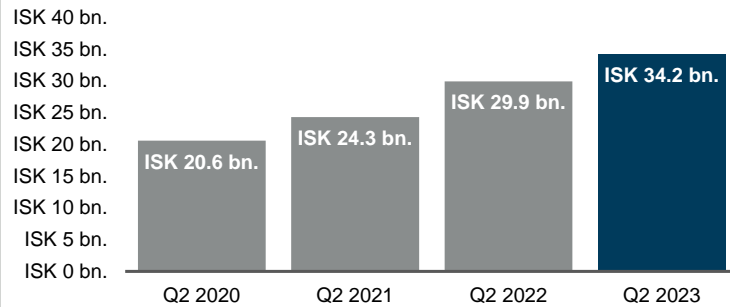
# Consolidated highlights Q2 2023



## Sale of goods and services

**ISK 34.2 bn.**

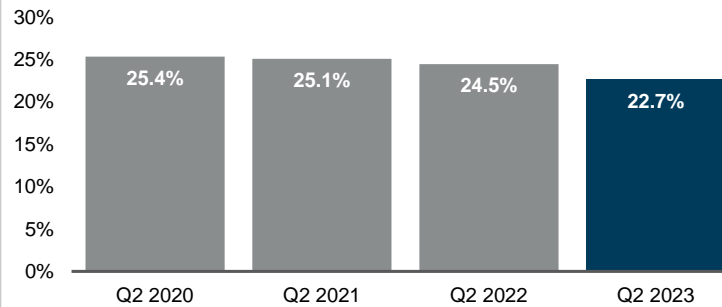
+14.2% YoY



## Margin from sale

**22.7%**

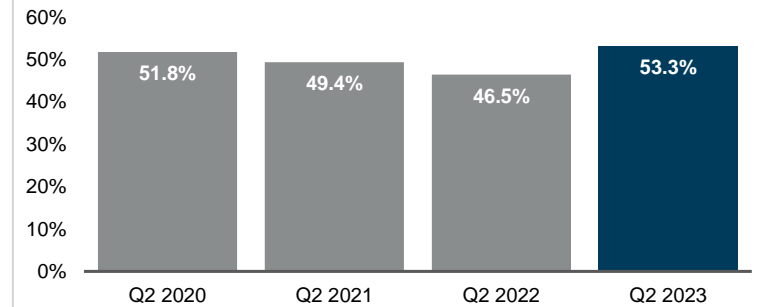
-1.8 p.p. YoY



## Salaries/Margin from sale

**53.3%**

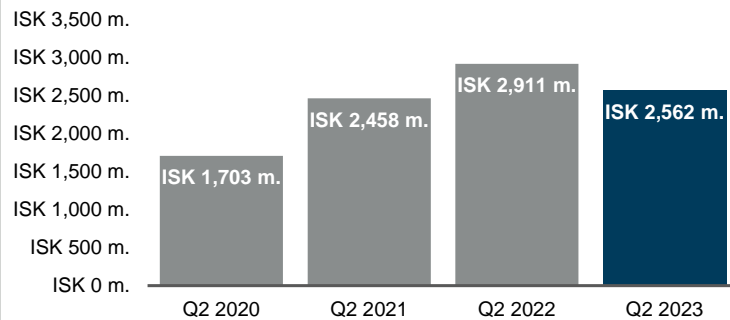
+6.8 p.p. YoY



## EBITDA

**ISK 2,562 m.**

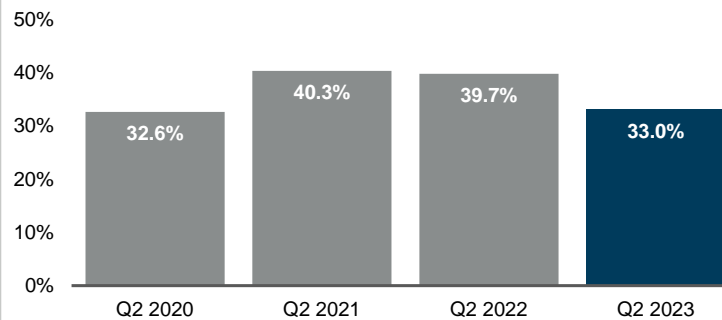
-12.0% YoY



## EBITDA/Margin from sale

**33.0%**

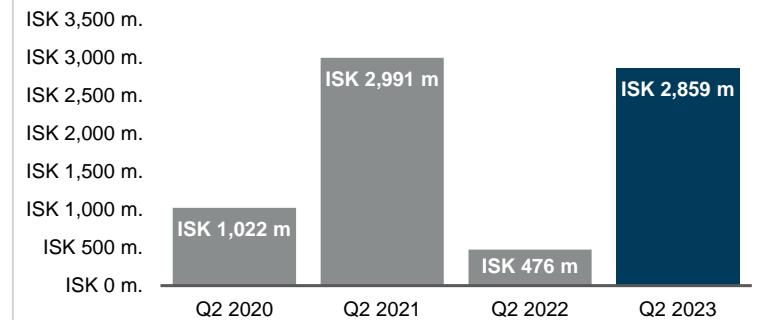
-6.7 p.p. YoY



## Cash from operating activities

**ISK 2,859 m.**

+500.4% YoY



# Latest news of the group's operations



- New Managing Director
- New fuel pump system
- Increased gender parity



- Growth in electronics market
- B2B web sales launched
- Used electronics bring value



- Steady growth
- Rebranding is well received
- Makeover started on Krónan's store in Grandi



- New Managing Director
- Organizational changes
- Lyfja purchase agreement signed

# Ýmir and Óðinn new Managing Directors



**Ýmir Örn Finnbogason new Managing Director of N1 – started working on 1 June**

- Head of BI analysis at Deloitte in the years 2021-2023
- CFO of Plain Vanilla Games og later Teatime Games the years 2012-2021
- Corporate financial advisor for fisheries with Deloitte in the years 2010-2012
- CFO of TaxFree Europe based in London in the years 2007-2010
- CEO of Rammagerðin the years 2004-2006

*Ýmir Örn has a M.Sc. degree in Business Administration from Cass Business School in London and a B.Sc. degree in Business Administration from Reykjavík University.*



**Óðinn Árnason new Managing Director of Festi fasteignir ehf. – started working on 12 July**

- Fund manager at Stefnir hf. in the years 2017-2023
- Fund manager at Stapi pension fund the years 2012-2017
- Worked in real estate and market analysis at Kaupthing Sverige AB in 2011-2012
- Fund manager at Íslensk verðbréf the years 2009-2010
- Broker at Sparisjóðabankinn the years 2007-2009

*Óðinn has a M.Sc. Degree in Real Estate management and financial services from the KTH Royal Institute of Technology in Sweden. Óðinn also holds a degree in sustainable investments from PRI Academy and in securities trading from Reykjavík University.*

# Dagný new to the CEO's office



## **Dagný Engilbertsdóttir has been appointed head of strategic planning in the CEO's office**

- Strategy project manager at Ørsted, Denmark's largest energy company, from 2021
- Consultant at McKinsey & Company in Copenhagen the years 2019-2021
- Worked in financial markets and management at Íslandsbanki in the years 2013-2017
- *Dagný Engilbertsdóttir is an economist from the University of Iceland and has a MBA from IESE Business School in Barcelona. She is also a licenced securities broker from Reykjavík University.*

# Festi's organizational chart



## FESTI's operational companies



**ELKO Managing Director**  
Óttar Örn Sigurbergsson



**N1 Managing Director**  
Ýmir Örn Finnbogason



**Krónan Managing Director**  
Guðrún Aðalsteinsdóttir

## Festi and supporting companies



**Bakkinn**  
**Managing Director**  
*To be hired*



**Chief Finance and  
Operations Officer**  
Magnús Kr. Ingason



**Festi fasteignir ehf.**  
**Managing Director**  
Óðinn Árnason

## CEO's office

**Festi CEO**  
Ásta S. Fjeldsted

**Head of Strategic Planning**  
Dagný Engilbertsdóttir

# Festi signs agreement on acquisition of Lyfja hf.



- **Festi hf. and SID ehf. signed on July 13<sup>th</sup> 2023, an agreement on Festi's acquisition of all shares in Lyfja hf.**
- **According to the purchase agreement, the enterprise value of Lyfja is valued at ISK 7.8 billion, but the final enterprise value and purchase price will depend on Lyfja's net debt position upon delivery, together with the price of shares in Festi at that time.**
- **The purchase price will be paid by delivery of 10 million shares in Festi and a cash payment of ISK 6 billion less net interest-bearing debt of Lyfja on the fulfilment date.**
- **The agreement is subject to conditions on approval by Festi's shareholders' meeting held no later than August 25<sup>th</sup> and approval by the Icelandic Competition Authority.**
- *Lyfja specializes in pharmacy operations as well as wholesale and retail sales of health-related products. The company currently operates 45 pharmacies and branches all around the country as well as an online store and app. Lyfja and its subsidiaries employ approximately 380 employees. Lyfja's total turnover was ISK 15 billion in 2022.*



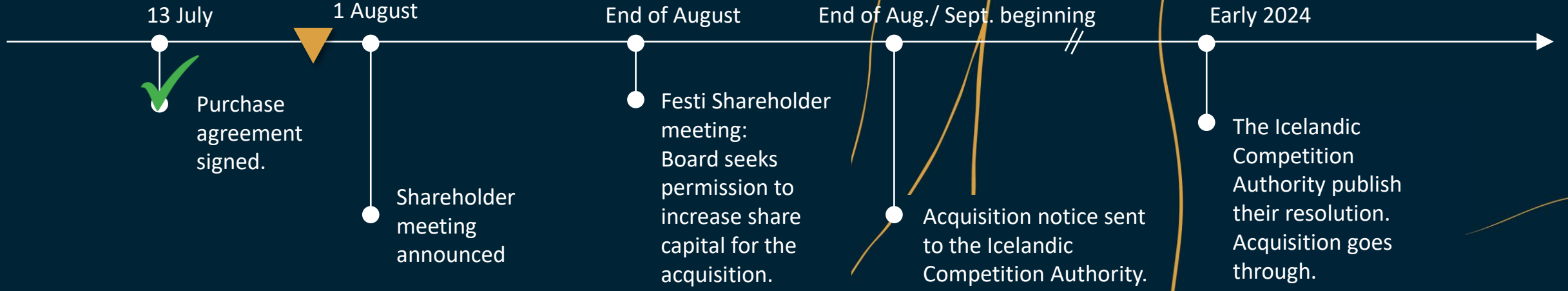
Gengið frá kaupum Festi á Lyfju



Frá undirritun samningsins í dag.



# Timeline – acquisition of Lyfja



# Largest N1 station opens soon and gender ratio equalizes



- **The largest N1 station at Suðurnes.** New N1 service center was started at Flugvelliir in Reykjanesbær in May. Construction is scheduled to be completed in September 2023.
- **Station manager gender ratio is now 50/50.** Aría Jóhannesdóttir hired as station manager in Ólafsvík in June.
- **Kristín Þorleifsdóttir hired as QSR manager** in May. Her role is to lead the development of refreshments with an emphasis on fresh and healthier solutions with changed consumption habits.
- **Continued growth of electricity customer base.** Over 22 thousand customers
- The N1 app continues to grow with just under **13 thousand** downloads.
- **Over 62 thousand Dropp packages delivered** during the quarter, an increase of 19% compared to the same time last year.



Viðskipti | mbl | 20.6.2023 | 11:22

Kristín nýr veitingastjóri N1



Kristín Þorleifsdóttir er menntaður matreiðslumaður og hefur lokið viðskiptafræðigráðu frá HR. Ljósmynd/Aðsend

# N1 implements new fueling systems and OPT's



- N1 took the first steps in implementing **new fueling system and OPT's**. The system is up and running on 65 stations around the country.
- **New selfservice kiosks** opened at our service stations at Staðarskáli, Borgarnes and Ártúnshöfði.
- **New fast-charging stations** installed in Borgarnes and Háholt, upgrades to fast-charging stations in Skógarland and Staðarskáli, and preparations completed for new fast-charging stations at Ártúnshöfði and Hvolsvöllur.
- **N1 and KA sign a new four year contract for the N1 youth tournament** A new four year contract was signed between KA and N1 for continued support and cooperation.
- **Þorgrímur Þráins and N1 sign a partnership agreement.** In recent years, Þorgrímur has delivered the lecture *Let's fall in love with life*, provided by N1 free of charge for all 10th graders in Icelandic schools.



# Krónan growing steadily in challenging times



- Sales in Q2 were ISK 16,178 million which is an increase by 30.3% YoY.
- The number of visits increases considerably between years, or by 20%, as well as number of items sold or around 16%.
- Market share has never been stronger and measures at 35% for Q2 according to Gallup's market research.
- Online sales have increased by 80% compared to Q2 2022. Customers in Vogar, Reykjanesbær, Grindavík og Sandgerði can now enjoy ordering through our Krónan app or our online store.
- Krónan emphasizes transparency in pricing. Customers have a price scanner in their pocket and can compare prices in real time using Krónan's app.



# Krónan – we are up for it!



- **The new Krónan logo comes alive in our stores.**  
Rebranding is well received.
- **Krónan first in Iceland to display advertising and key messages in correlation to the weather.**
- **Krónan offers customers a unique theatre experience!**  
Urbania in close collaboration with Þjóðleikhúsið and Krónan Grandi premiered a wonderful play called Aspas.
- **Krónan raises people's awareness of the sharing economy through „Grab a bag – Leave a bag.“**  
Great collaboration with Design March and Stúdíó Flétta.
- **Krónan participates in the „Big Picking Day“ and encourages customers to pick rubbish and recycle.**  
Bring your picking to us; containers for rubbish from Íslenska Gámafélagið located outside several of Krónan's stores.
- **Makeover has started on Krónan's store in Grandi.**  
A new and improved Krónan store will open in Q3.



# Consumer electronics market still growing



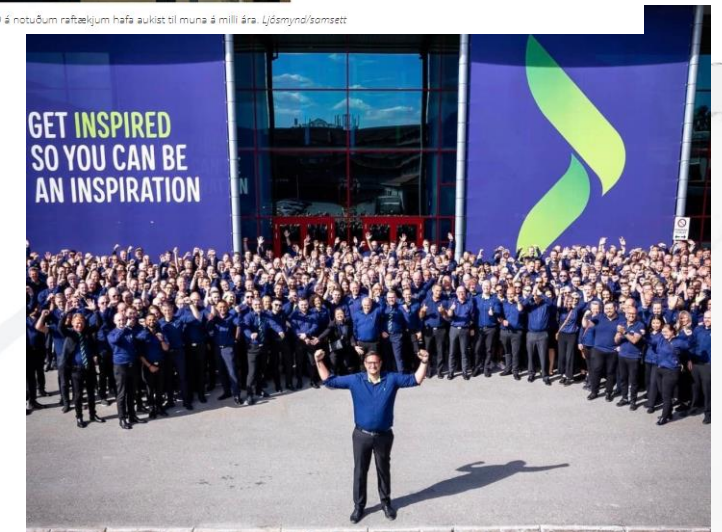
- **Continued growth** in the second quarter in consumer electronics market, 12% according to card turnover figures
- **Business at KEF Airport** going strong in second quarter with a higher increase in turnover than in PAX.
- **Warehouse** for products in aftersales process was launched along with pickup and delivery which increases service level considerably and shortens repair time.
- ELKO sent representatives to the **biggest e-sports** event in the Nordics, **Dreamhack in Jönköping**, as a part of an initiative to support e-sports in Iceland.
- **The biggest consumer electronics convention** in the Nordics held by Elkjop was visited by a number of ELKO employees to increase knowledge and proficiency
- Great success has been achieved in **buying used consumer electronics** from customers. In the first six months between years there is a 30% increase in quantity and a 60% increase in value.

Tækni & vísindi | mbl | 4.7.2023 | 15:47

Hafa greitt 7,4 milljónir fyrir notuð raftæki



Kaup ELKO á notuðum raftækjum hafa aukist til muna á milli ára. Ljósmynd/somsett



# Businesses can buy products on credit online



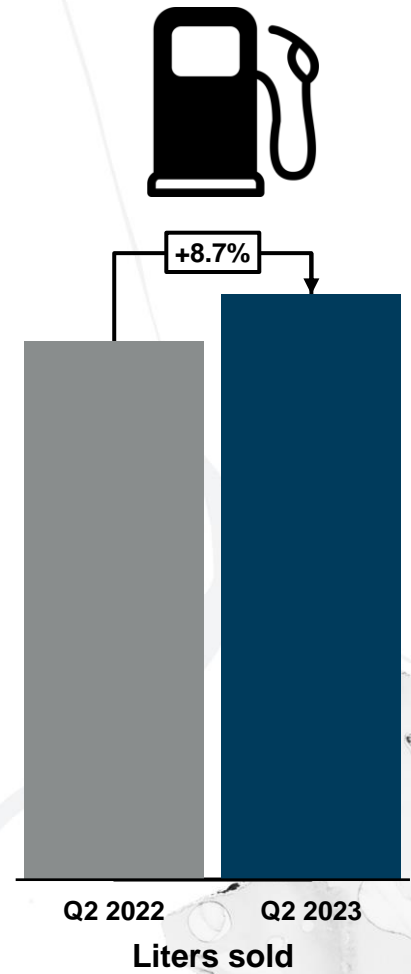
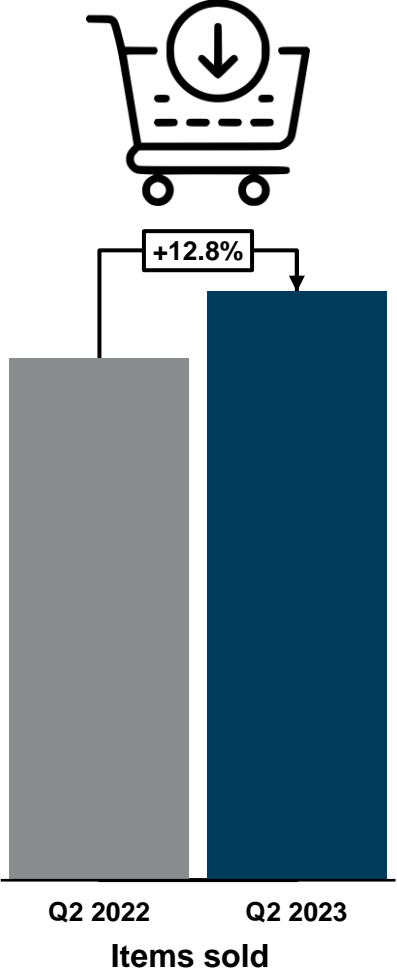
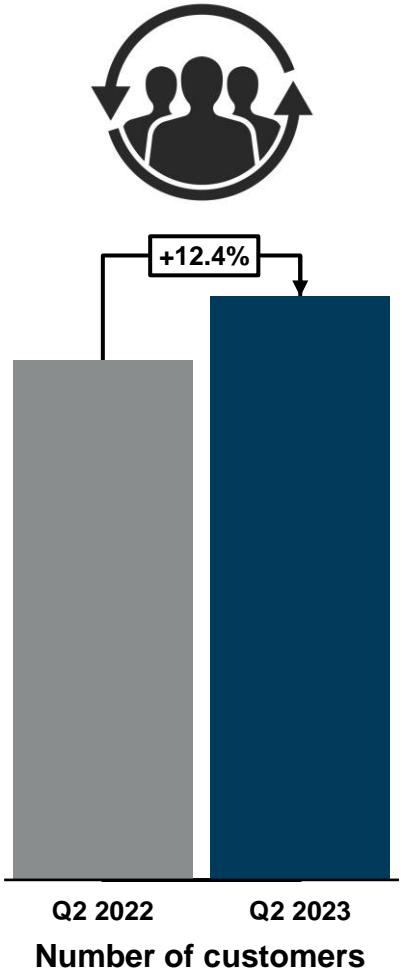
- **Businesses can now login to elko.is** and apply for credit, define purchasers and purchase products online on credit.
- **Business 2 business turnover has increased** by 80% since 2020 in the first 6 months.
- **ELKO signed a procurement framework agreement** with Ríkiskaup for sales of home appliances. Total value ISK 500 million.
- **ELKO has launched on TikTok** with tips and tricks videos about electronics and related products.
- **Construction starting in august** for a new store in the arrival area in Keflavík Airport
- **ELKO will participate in Midgard 2023** – Fan convention for computer games, board games, comic books etc.



# Number of customers and sales in Q2 increases significantly year-over-year



2022 2023





# Summary



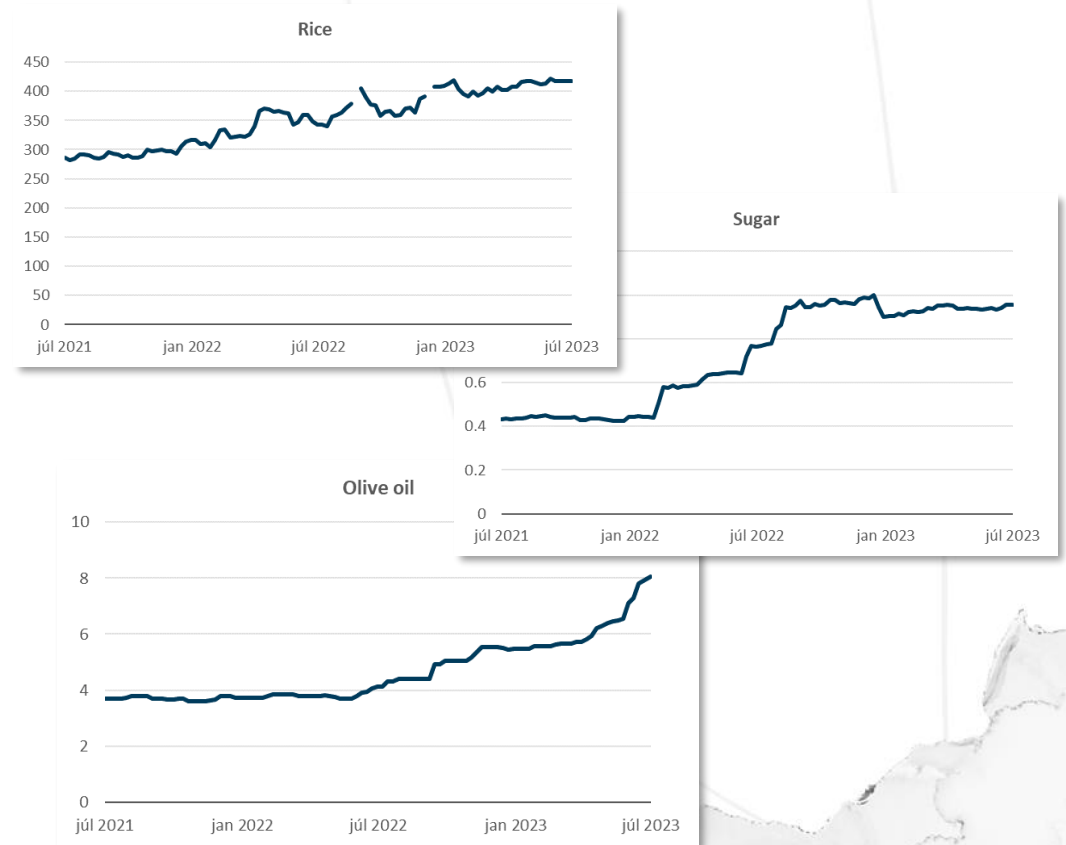
- Q2 2023 operations
- **Q2 results 2023**
- Position and outlook

# External factors Q2 2023



## Development of prices, salaries and interest rates

- **Consumer price index has risen by 9.5% the last 12 months.** The CPI measured at 590.6 at the end of Q2 compared to 539.5 at the end of Q2 2022.
- **Salary index has risen by 9.6%.** The salary index measured at 939.1 at the end of Q2 compared to 856.6 at the end of Q2
- **CBI key interest rates have increased by 84.2% the last 12 months.** Key interest rates were 8.75% at the end of the quarter compared to 4.75% at the end of Q2 2022.
- **Price increases from suppliers have slowed down to a certain extent.** Commodity markets are heading in the right direction, however with continued challenges for certain products, such as sugar, olive oil, orange juice and rice. Expectations of price decreases to some extent in Q3 and Q4. Considerable price increases on lamb are expected in the fall.

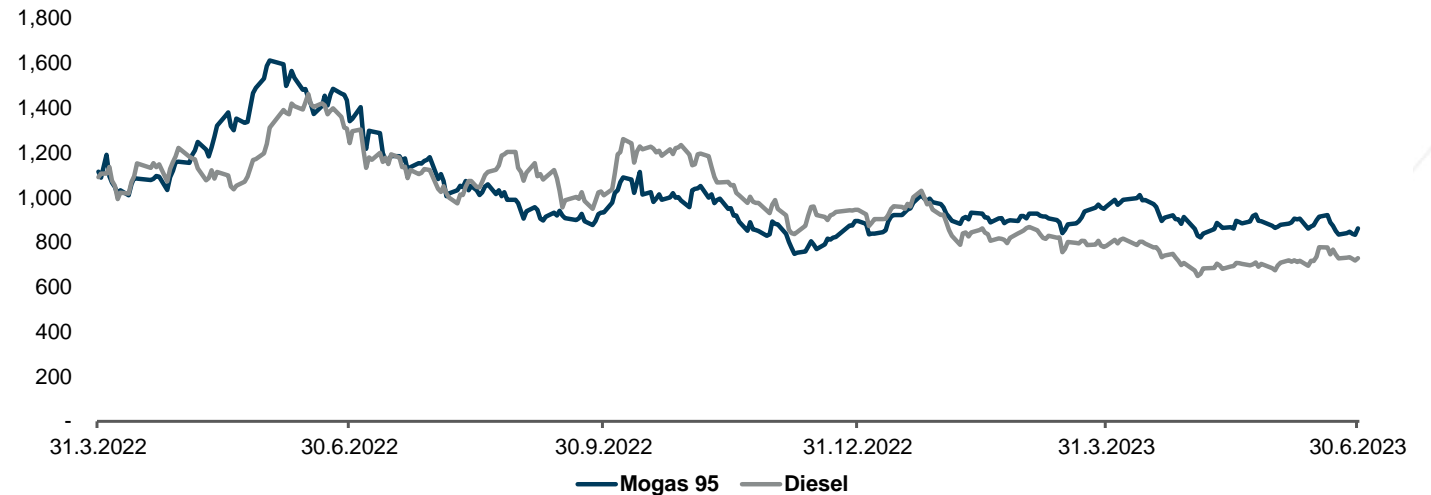


# External factors Q2 2023



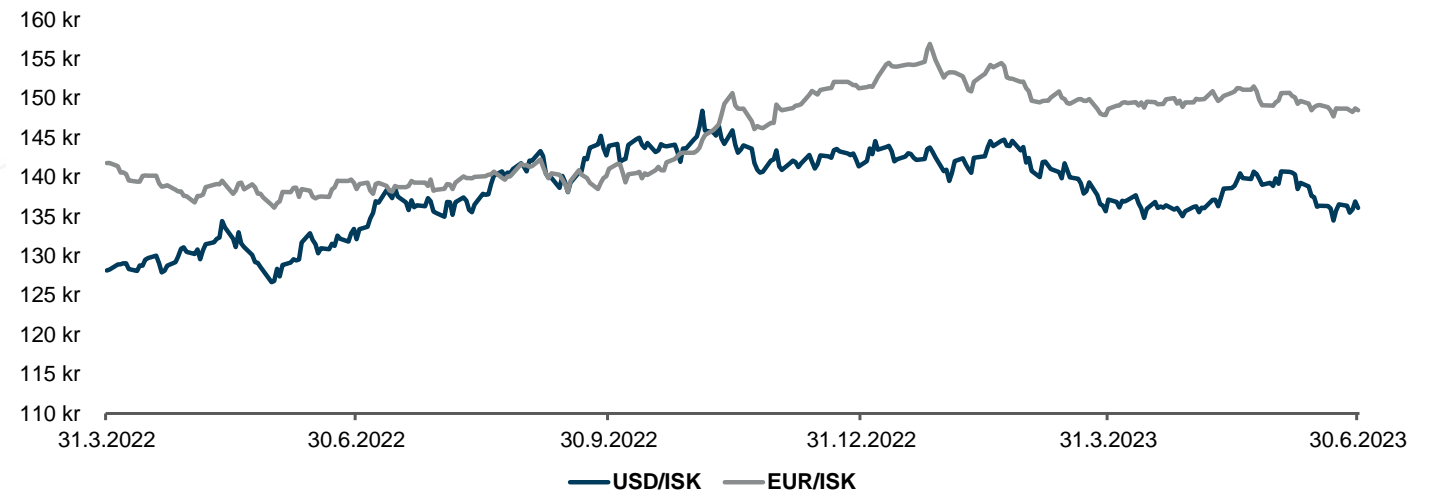
- **Fluctuations in fuel prices** between Q2 2022 and Q2 2023:
- **Diesel average price** was USD 728 compared to USD 1,203 in Q2 2022, decrease by 39.5%.
- **Gasoline average price** was USD 897 compared to USD 1,294 dollar in Q2 2022, decrease by 30.7%.

Price development of Mogas 95 and Diesel



- **Fluctuations in currency USD/ISK and EUR/ISK** between Q2 2022 and Q2 2023:
- **USD/ISK weakened** by 0.7% against ISK and the difference between the highest and lowest exchange rate in Q2 was 5.3%.
- **EUR/ISK weakened** by 0.2% against ISK and the difference between highest and lowest exchange rate in Q1 was 3.4%.

Fluctuations in currency USD/ISK and EUR/ISK



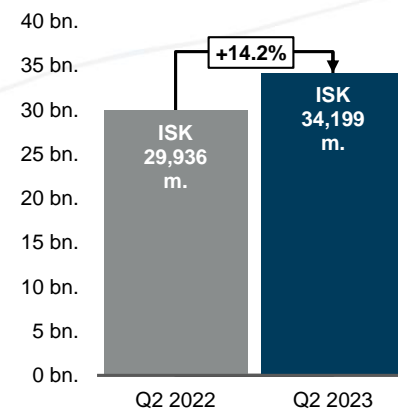
# Operations of the group in Q2 2023



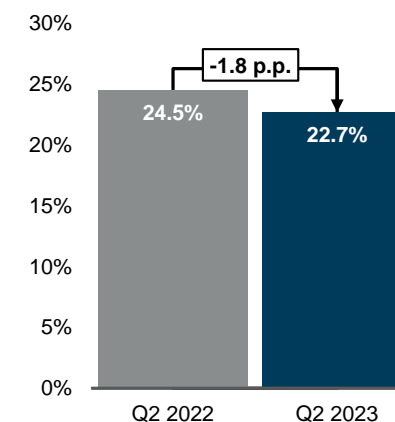
- **Sale of goods and services** increased by ISK 4.3 billion or 14.2% YoY.
- **Margin from sale** was ISK 7,756 million, increase of ISK 491 million or 5.9% YoY.
- **Margin percent increases by 1.6 p.p from last quarter** with improvements across all sectors
- **Salaries and personnel expenses** ISK 4,138 million, increase of ISK 730 million or 21.4% YoY. Non-recurring cost of ISK 154 million in Q2.
- **Number of full-time employees** 1,359, increase by 120 or 9.7% YoY.
- **Other operating expenses** increase by 5.8% YoY
- **EBITDA** ISK 2,562 million in Q2, decrease of ISK 349 million or 12.0% YoY.

Amounts are in ISK million	Q2 2023	Q2 2022	Change	% Chg.
Sale of goods and services	34,199	29,936	4,263	14.2%
Margin from sale of goods and services	7,756	7,325	431	5.9%
Lease revenue and operating income	518	482	36	7.5%
Salaries and personnel expenses	4,138	3,408	730	21.4%
Other operating expenses	(1,575)	(1,489)	(86)	5.8%
EBITDA	2,562	2,911	(349)	-12.0%
<b>Key Figures</b>				
EBITDA/Margin from sales	33.0%	39.7%	-6.7 p.p.	-16.9%
Salaries/Margin from sales	53.3%	46.5%	+6.8 p.p.	14.7%
Earnings per share	2.43	4.45	-2.02	-45.4%

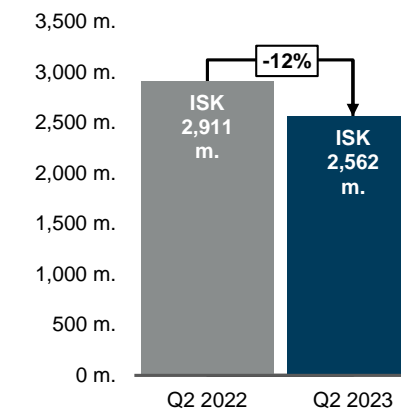
Sale of goods and services



Margin from sale



EBITDA

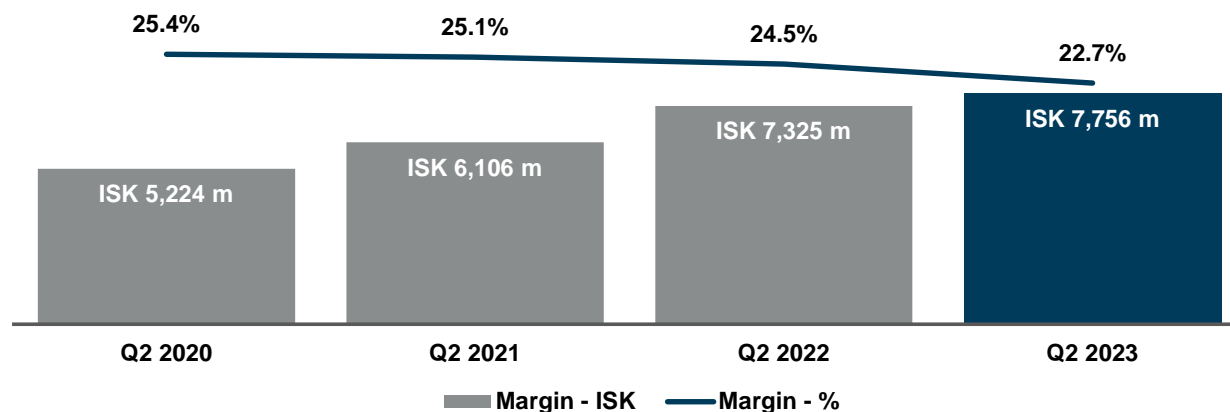


# Margin from sales – Second Quarter

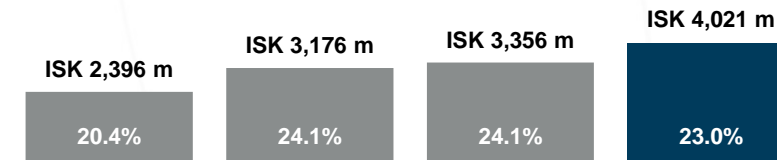


- **Turnover increases** in every sector but **margin from sales decreases**. Increase in margin percent in all sectors from last quarter
- Margin ratio in Q2 2023 was 22.7% a decrease of 1.8 p.p. YoY but increases by 1.6 p.p. from Q1 2023
- **Margin from sales in ISK increases** YoY in every category **except fuel**.
- **Margin from sales in ISK in grocery and convenience goods increases 19.8% YoY, Fuel and electricity decreases 20.4%, electronic equipment increases 11.3% and other goods and services increase 5.5% YoY.**
- **Total margin from sales** increases by 5.9% YOY and is 7,756 million compared to 7,325 million in Q2 2022.

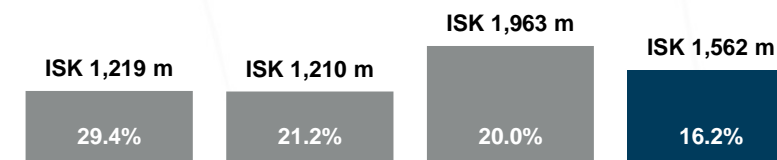
Margin from sale of goods and services



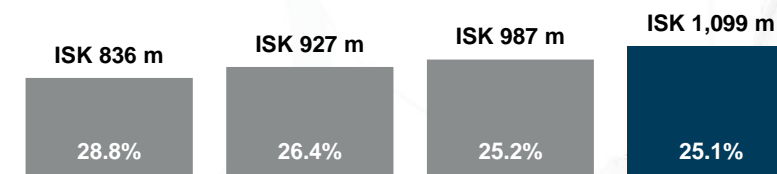
Grocery and convenience goods



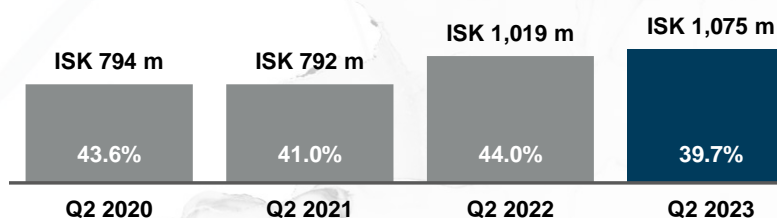
Fuel and electricity



Electronic equipment



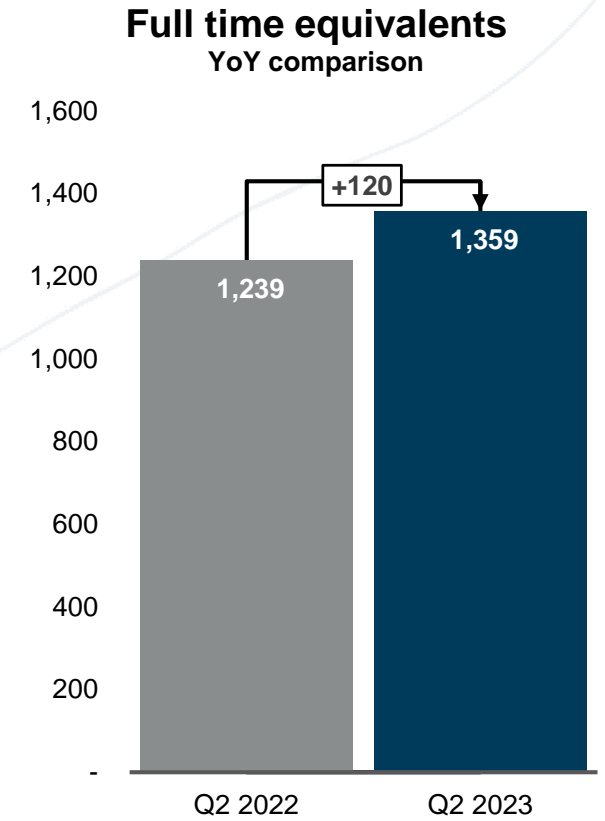
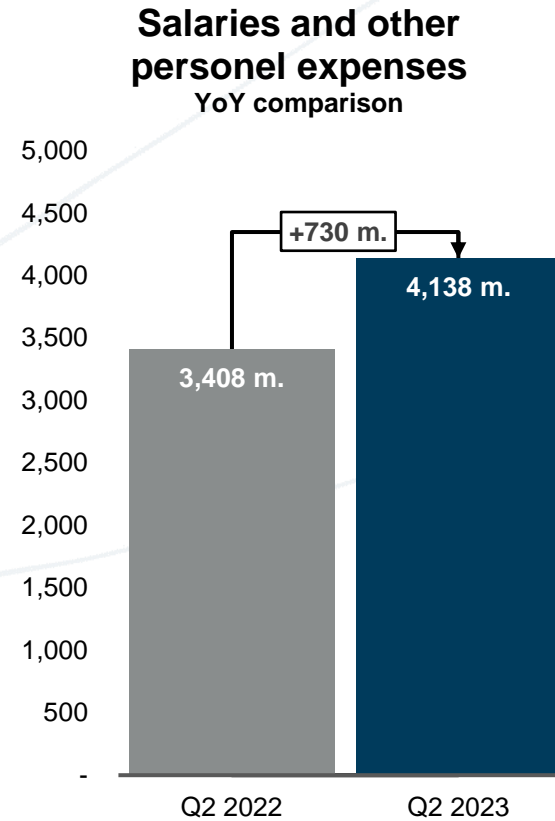
Other goods and services



# Salaries and other personnel expenses in Q2 2023



- **Salaries and other personnel expenses** increases by ISK 730 million YoY.
- **Full-time equivalents increased by 120** YoY and the increase amounts to ISK 308 million.
  - New Krónan stores, N1's new car workshop, Icelandic Food Company and new points of sale explain the year-on-year increase
- **Contractual wage increases** had an effect of ISK 250 million YoY increase.
- **Non-recurring cost** due to severance agreements ISK 154 million during the quarter.
- **YoY increase of 7.9%** without the effects of increases in full-time equivalents and non-recurring costs.



<b>Salaries and other personnel expenses Q2 2022</b>	<b>3,408</b>
Change in full-time position equivalents	308
Contractual wage increases	250
Accrued vacation, change	16
Other changes	155
<b>Salaries and other personnel expenses Q2 2023</b>	<b>4,138</b>

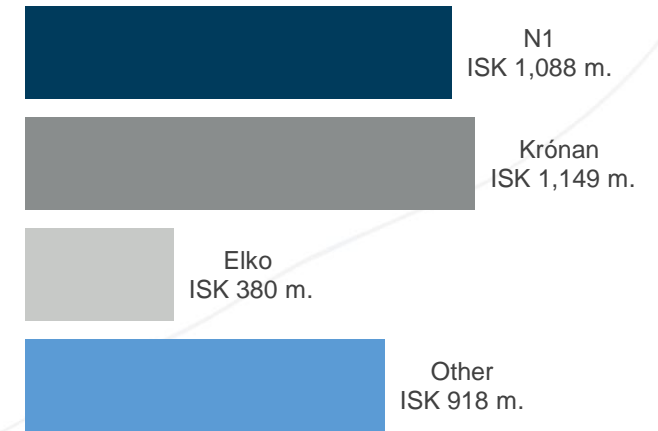
# Operating segments of the group – Q2 2023



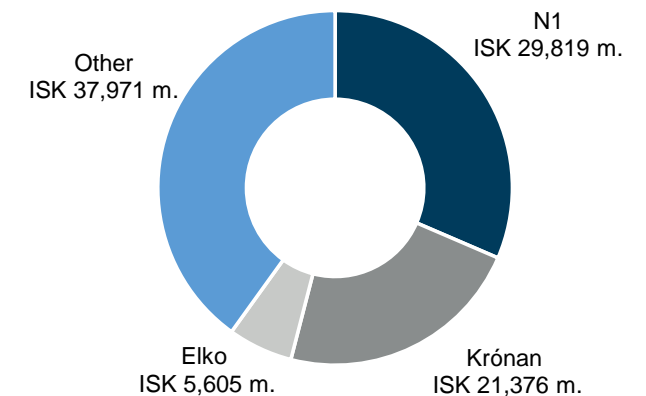
Amounts are in ISK million

	N1	Krónan	Elko	Other	Total
Operating revenue outside of group	14,214	15,825	4,409	269	34,717
Other revenue within group	102	352	3	1,760	2,218
<b>Total segment revenue</b>	<b>14,316</b>	<b>16,178</b>	<b>4,413</b>	<b>2,029</b>	<b>36,935</b>
Total operating expenses of segments	(13,228)	(15,029)	(4,033)	(1,110)	(33,400)
<b>Segment EBITDA</b>	<b>1,088</b>	<b>1,149</b>	<b>380</b>	<b>918</b>	<b>3,535</b>
Segment depreciation and amortisation	(711)	(529)	(138)	(264)	(1,643)
Fair value changes of investment properties	0	0	0	86	86
<b>Operating result of segments</b>	<b>377</b>	<b>619</b>	<b>242</b>	<b>740</b>	<b>1,978</b>
Financial expenses	(263)	(113)	(32)	(792)	(1,200)
Share of profit from associates	0	0	0	50	50
Income tax expense	(23)	(92)	(42)	5	(152)
<b>Profit</b>	<b>91</b>	<b>414</b>	<b>168</b>	<b>3</b>	<b>676</b>
Segment assets	29,819	21,376	5,605	37,971	94,771
Segment capital expenditure	628	273	117	548	1,566
Segment liabilities	20,755	17,361	4,278	18,736	61,130

## Segment EBITDA



## Segment assets



# N1 – Highlights Q2 2023



- Revenue was ISK 14,316 million, an increase of ISK 440 million or 3.2% YoY.
- Sales of fuel and electricity decreased by ISK 152 million or 1.6% YoY. Sales in liters were 53.9 million, 9% more than last year. Increase in all categories except jet fuels.
- Sale of other goods and services increase by ISK 389 million or 16.8% YoY. Increase from sales of consumables, tires, car service and chemicals.
- EBITDA was ISK 1,088 million, a decrease of ISK 583 million or 34.9% YoY.
- Non-recurring cost of ISK 84 million in severance agreements is expensed in the quarter
- Lower profit margins in sales to large customers because of negative development of global fuel prices from year-end 2022. Negative effects due to fuel hedge contracts ISK 232 million year-over-year.

 **96**  
Afgreiðslustaðir  
eldsneytis

 **12**  
Hjólbarða- og  
smurverkstæði

 **26**  
Afgreiðslustaðir  
rafhleðslu

	Q2 2023	Q2 2022	Change	%
Total revenue	<b>14,316</b>	13,877	440	3.2%
Total cost	<b>(13,228)</b>	(12,205)	(1,023)	8.4%
EBITDA	<b>1,088</b>	1,672	(583)	-34.9%
EBITDA-ratio	<b>7.6%</b>	12.0%	-4.4 p.p.	-36.9%
EBIT	<b>377</b>	1,018	(641)	-62.9%
EBIT-ratio	<b>2.6%</b>	7.3%	-4.7 p.p.	-64.1%
Profit (loss)	<b>91</b>	674	(583)	-86.5%



# KRÓNAN – Highlights Q2 2023



- Revenue was ISK 16,178 million, an increase of ISK 3,762 million or 30.3% YoY
- Icelandic Food Company a part of Krónan's group from January 1<sup>st</sup>, 2023.
- New stores opened in Borgartún, Akureyri and Skeifan and one was closed in Skeifan. Like for like, revenues are up by 16.7% YoY.
- EBITDA was ISK 1,149 million, an increase of ISK 219 million or 23.6% YoY.
- Actions underway to improve profit margins and lower costs.



Matvöruverslanir



Fyrsta verslunarkeðjan á Íslandi með Svansvottun



Ánægðustu viðskiptavinir á matvörumarkaði

	Q2 2023	Q2 2022	Change	%
Total revenue	<b>16,178</b>	12,415	3,762	30.3%
Total cost	<b>(15,029)</b>	(11,486)	(3,543)	30.8%
EBITDA	<b>1,149</b>	929	219	23.6%
EBITDA-ratio	<b>7.1%</b>	7.5%	-0.4 p.p.	-5.1%
EBIT	<b>619</b>	487	132	27.2%
EBIT-ratio	<b>3.8%</b>	3.9%	-0.1 p.p.	-2.4%
Profit (loss)	<b>414</b>	303	111	36.7%

# ELKO – Highlights Q2 2023



- Revenue was ISK 4,413 million, increase of ISK 462 million or 11.7% YoY.
- Sales in stores in Keflavik airport increase due to increasing tourism and Icelander's travels, the increase amounts to 35% YoY.
- Increased turnover in all ELKO stores except Web Store and Grandi.
- Margin ISK 1,075 million, increase of 5.4% between years. Margin levels increase from last quarter but decrease between years.
- EBITDA was 380 million, increase of 36 million or 10.6% YoY.



Raftækjaverslanir



Jafnvægisvogin 2022



Fyrirmyndarfyrirtæki  
VR 2022

	Q2 2023	Q2 2022	Change	%
Total revenue	<b>4,413</b>	3,950	462	11.7%
Total cost	<b>(4,033)</b>	(3,607)	(426)	11.8%
EBITDA	<b>380</b>	343	36	10.6%
EBITDA-ratio	<b>8.6%</b>	8.7%	-0.1 p.p.	-1.0%
EBIT	<b>242</b>	217	25	11.7%
EBIT-ratio	<b>5.5%</b>	5.5%	-0.0 p.p.	0.0%
Profit (loss)	<b>168</b>	164	4	2.3%

# Other entities - Highlights Q2 2023

**BAKKINN**  
vöruhótel



**FESTI**  
fasteignir

- Revenue was ISK 2,029 million, increase of ISK 177 million or 9.5% YoY.
- Net operating income of properties were ISK 973 million, compared to ISK 885 million Q2 2022.
- Utilization ratio was 98%, compared to 97% in Q2 2022, an increase of 1 p.p.
- Own use of property was 88% and stays the same between years.
- EBITDA ISK 918 million, an increase of ISK 68 million between years.

 **83**  
Eignir í eigu  
samstæðunnar

 **98%**  
Húsnæðis í útleigu

 **88%**  
Eigin not húsnæðis

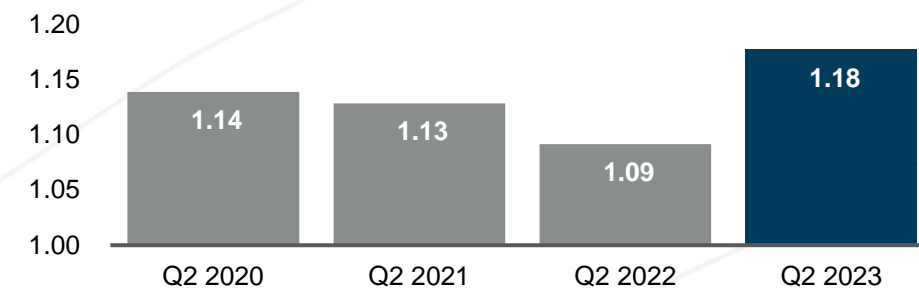
	Q2 2023	Q2 2022	Change	%
Total revenue	<b>2,029</b>	1,852	177	9.5%
Total cost	<b>(1,110)</b>	(1,002)	(109)	10.8%
EBITDA	<b>918</b>	850	68	8.0%
EBITDA-ratio	<b>45.3%</b>	45.9%	-0.6 p.p.	-1.4%
EBIT	<b>740</b>	553	187	33.8%
EBIT-ratio	<b>36.5%</b>	29.9%	+6.6 p.p.	22.2%
Profit (loss)	<b>3</b>	116	(114)	-97.6%

# Statement of Financial Position 30.06.2023

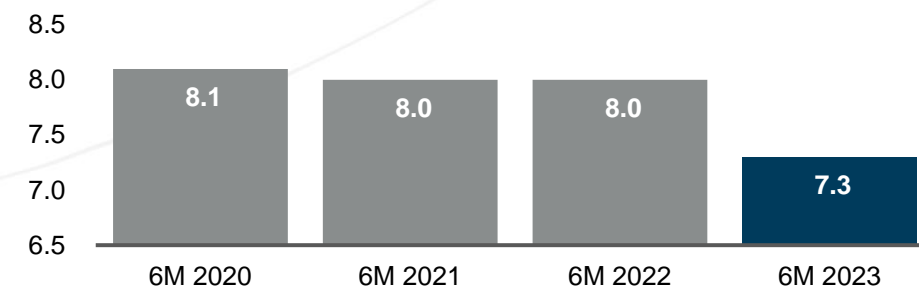


Amounts are in ISK million	30.6.2023	31.12.2022	Change	%
Goodwill	14,842	14,862	(20)	-0.1%
Other Intangible assets	4,387	4,517	(130)	-2.9%
Property and equipment	35,036	34,815	221	0.6%
Leased assets	8,130	8,012	118	1.5%
Investment properties	6,596	6,479	117	1.8%
Shares in associates	2,409	2,601	(192)	-7.4%
Shares in other companies	14	14	0	0.0%
Long-term receivables	149	150	(2)	-1.1%
<b>Non-current assets</b>	<b>71,562</b>	<b>71,450</b>	<b>112</b>	<b>0.2%</b>
Inventories	14,259	13,086	1,173	9.0%
Trade receivables	5,950	5,960	(10)	-0.2%
Other short-term receivables	674	764	(90)	-11.8%
Cash and cash equivalents	2,326	2,112	214	10.1%
<b>Current assets</b>	<b>23,209</b>	<b>21,923</b>	<b>1,286</b>	<b>5.9%</b>
<b>Total assets</b>	<b>94,771</b>	<b>93,373</b>	<b>1,398</b>	<b>1.5%</b>

Current ratio



Inventory turnover



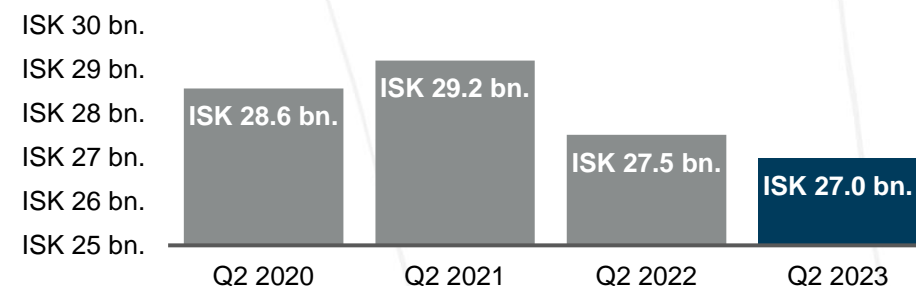
- **Total assets ISK 94,771 million and increase by ISK 1,398 million from year-end**
- **Operational- and investment assets increase by ISK 338 million from year-end.**
- **Inventories increased by 1,173 million from year-end due increased activities and seasonal fluctuations.**
- **Accounts receivable and other short-term receivables decrease by 100 million from year-end.**
- **Cash and cash equivalents was ISK 2,326 million at year-end, an increase of 214 million from year-end 2022.**

# Statement of Financial Position 30.06.2023

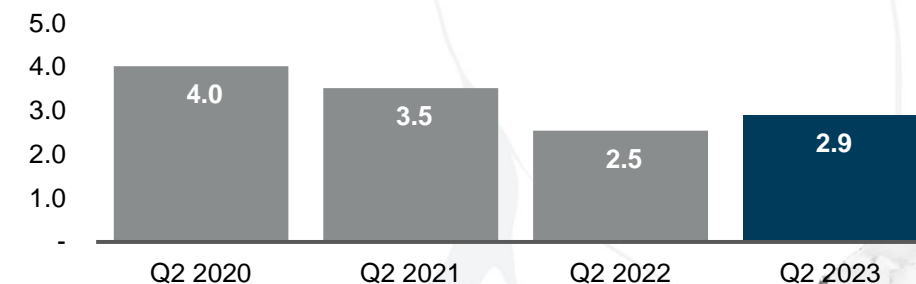


Amounts are in ISK million	30.6.2023	31.12.2022	Change	%
<b>Equity</b>	33,641	34,460	(819)	-2.4%
Payable to credit institutions	27,498	28,224	(726)	-2.6%
Lease liabilities	7,830	7,715	115	1.5%
Deferred tax liabilities	6,087	6,001	86	1.4%
<b>Non-current liabilities</b>	41,414	41,940	(525)	-1.3%
Payable to credit institutions	1,801	1,790	11	0.6%
Lease liabilities	784	712	72	10.1%
Trade payables	9,863	8,630	1,233	14.3%
Other short-term liabilities	7,267	5,841	1,426	24.4%
<b>Current liabilities</b>	19,715	16,973	2,742	16.2%
<b>Total equity and liabilities</b>	94,771	93,373	1,398	1.5%

## Net interest bearing debt



## Net interest bearing debt/EBITDA



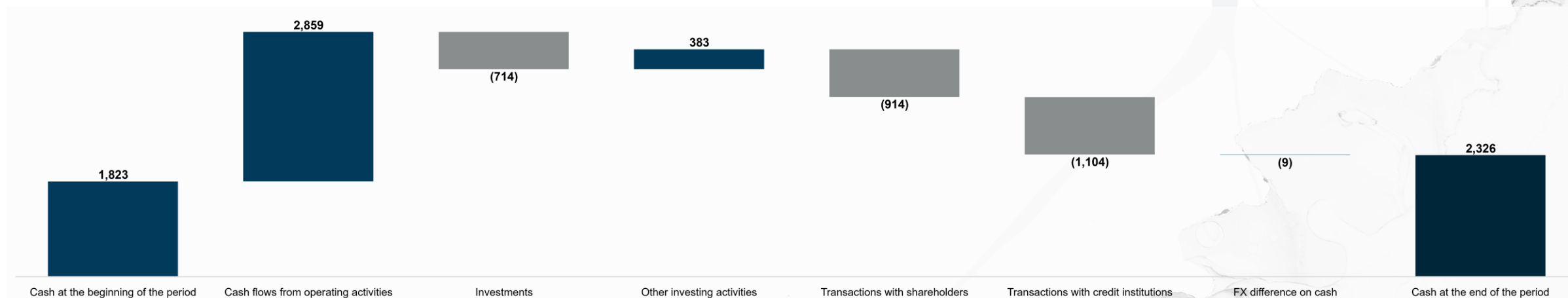
- **Equity ratio of 35.5% at the end of Q2 2023.**
- **Purchase of own shares and dividend paid amounts to ISK 1,447 million during the year.**
- **Trade payables and other short-term liabilities** increased by ISK 2,659 million, of which ISK 1,816 million are due to duties related to inventory.
- Net-interest bearing liabilities without lease liabilities ISK 29,299 million and decrease by 715 million from year-end.
- Current capital structure is **in line with company strategy** and **well within the covenant agreements with credit institutions.**

# Consolidated Statement of Cash Flow Q2 2023



- **Cash from operating activities was ISK 2,859 million, an increase of ISK 2,382 million YoY.**
- **Investments amounted to ISK 714 million** in Q2 2023, a decrease of ISK 502 million YoY.
- **Paid dividend ISK 914 million** during the quarter.
- **Repayments of interest-bearing debt and lease liabilities** amounted to ISK 1,104 million.
- **Increase in cash position** in Q2 2023 amounted to ISK 503 million.

ISK millions	Q2 2023	Q2 2022	Change	%
Cash at the beginning of the period	1,823	2,653	(829)	-31.3%
Cash flows from operating activities	2,859	476	2,382	500.4%
Investments	(714)	(1,216)	502	-41.3%
Other investing activities	383	256	127	49.5%
Transactions with shareholders	(914)	(1,757)	844	-48.0%
Transactions with credit institutions	(1,104)	1,644	(2,748)	-167.1%
FX difference on cash	(9)	28	(37)	-130.5%
<b>Cash at the end of the period</b>	<b>2,326</b>	<b>2,085</b>	<b>241</b>	<b>11.6%</b>



# Summary



- Q2 2023 operations
- Q2 results 2023
- **Position and outlook**

# Share price development – Nasdaq OMX



Shareholders (10 largest)	%
Lífeyrissj.starfsm.rikk. A-deild	11.4
Lífeyrissjóður verzlunarmanna	10.6
Gildi - lífeyrissjóður	9.4
Brú Lífeyrissjóður starfs sveit	8.4
Birta lífeyrissjóður	6.4
Almenni lífeyrissjóðurinn	4.6
Festa - lífeyrissjóður	4.0
Stapi lífeyrissjóður	3.6
Frjálsi lífeyrissjóðurinn	3.6
Söfnunarsjóður lífeyrisréttinda	3.0

Market information	30.6.2023	31.12.2022	Change
Issued shares	305 m.	308 m.	-1.0%
Price at the end of the period	ISK 171	ISK 182	-6.0%
Market cap	ISK 52,070 M	ISK 55,965 M	-7.0%
Turnover 12m	ISK 35,167 M	ISK 48,808 M	-27.9%
Number of shareholders	1,248	1,269	-1.7%





# Position and outlook for 2023



## Financial forecast 2023

- Festi's EBITDA forecast for 2023 is unchanged at 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 14.2%, but inflation puts high pressure on margins.
- Profit margins increase in all sectors from last quarter.
- Continued focus on operational expenses and finding ways to lower unit costs within the Group.
- Organisational changes were made to sharpen the focus on improved growth.
- Purchase agreement for all of Lyfja's share capital was signed on 13 July

## Investments and transactions with shareholders:

- The company's CAPEX forecast for 2023 is lowered by ISK 250 million and is now ISK 4,500 – 5,000 million.
- Investments in Q2 2023 amounted to ISK 714 million.
- Dividends in the amount of ISK 914 million paid in the quarter.
- New buyback program amounting to ISK 600 million started on 21 July.

**Thank you**



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