

# SKEL fjárfestingafélag hf.

## Trading statement for the third quarter 2023

### PERFORMANCE OF OPERATING COMPANIES AND LISTED SHARES IN Q3 2023

The performance of operating companies' majority owned by SKEL was good in the third quarter. The combined EBITDA of the companies in Q3 was ISK 1,597 m. or exceeding projections by 12%. SKEL classifies its operating companies on one hand as companies on the consumer market and on the other hand as companies on the corporate market and infrastructure companies.

#### Consumer market

- Orkan, i.e., Orkan and Löður – Ownership 100%
- Heimkaup, i.e., Lyfjaval, 10-11, Extra, Gló etc. – Ownership 81%

<i>ISK million</i>	Actual Q3	Est. Q3	Actual 9M	Est. 9M
Gross profit	2,152	2,198	5,912	5,381
EBITDA*	916	756	1,637	1,137

#### Corporate market and infrastructure

- Styrkás, i.e., Skeljungur and Klettur – Ownership 69,8%
- Gallon – Ownership 100%

<i>ISK million</i>	Actual Q3	Est. Q3	Actual 9M	Est. 9M
Gross profit	1,849	1,876	5,577	5,371
EBITDA*	681	649	1,702	1,562

\*All figures exclude the impact of IFRS 16, meaning all lease contracts are expensed among operating expenses through profit and loss, thereby reducing EBITDA, instead of the right of use being expensed under depreciation, and interest being expensed under financial items, as required by IFRS 16.

Loss on the Company's listed shareholdings amounted to 28 million ISK in the third quarter. Loss in the first nine months of the year amounted to 158 million ISK. The Company's principal shareholdings at the end of the quarter amounted to 2,464 million ISK in VÍS insurance company and 2,805 million ISK in Kaldalón. Other listed holdings amounted to 1,847 million ISK at the end of the quarter. Loan financing stood at 3,003 million ISK at the end of the quarter, and cash and treasury bonds amounted to 5,281 million ISK.

## HIGHLIGHTS OF SKEL'S ASSET PORTFOLIO IN Q3 2023

### **Styrkás launches its operations – CEO hired**

Ásmundur Tryggvason was appointed CEO of Styrkás, a group of companies servicing Icelandic industries. Currently, Styrkás is the parent company of Skeljungur og Klettur. Ásmundur will lead the group and, in collaboration with management, work on the company's external and internal growth by expanding and strengthening services to the business sector in areas such as energy and chemical products, instruments and equipment, the environment, light industry and asset management.

Styrkás's owners are SKEL, with a 69.8% share, and Horn IV slhf., a venture capital fund managed by Landsbréf, with a 29.54% share, and several key managers of the Group.

Also, Skeljungur signed an agreement on the acquisition of all the shares in Búvís ehf. in Akureyri. Búvís specialises in selling and servicing agricultural machinery for farmers. With the acquisition, Skeljungur intends to advance into the agricultural market with its efforts founded on the good work of Búvís in the sector. The transaction is under review by the Competition Authority.

### **Orkan – participant in energy transition and leader in self-service**

Orkan's operations has surpassed its projections over the year. The company has set itself the target of becoming the leading self-service company in Iceland.

Orkan has focused its efforts on active participation in the energy transition process and on utilising its infrastructure to deliver energy for vehicles, regardless of type. Based on this strategy, Orkan has opened three fast charging stations during the quarter and intends to open further thirteen stations in the near future. Once these stations are in operation, Orkan will have

- increased the total number of 150 kW+ charging stations by 60%;
- increased the total number of 150 kW+ supply connections by 143%.

The number of car washes at Löður stations increased by 20.9% between years. Nevertheless, Löður's performance has fallen short of the budget so far this year, due, among other things, to delays in construction work and thereby the opening of new stations. The decision was made to fully integrate the operations of Löður and Orkan, and this decision has already been implemented.

### **Heimkaup - opportunities for external growth**

Heimkaup group consists of Lyfjaval, Heimkaup online store, Extra and 10-11 convenience stores and shares in Gló, Brauð og co. and Sbarro.

The operation of Lyfjaval is in line with projections, with sales increasing by 28% between years. The increase in turnover is largely due to Lyfjaval's new pharmacies, which is a matter of satisfaction. The restructuring of the retail business is progressing according to plan, and the responsible team has been reinforced. Opportunities for external growth are being explored.

### **Gallon – infrastructure company in development**

There are significant opportunities to expand the company by merging it with other companies with similar infrastructure. Marinó Örn Tryggvason has taken over as chairman of the board of Gallon. In addition to his traditional board duties, Marinó Örn will explore opportunities to sell the company, or to develop a company with increased sources of income. There has been interest among investors in joining this process, which could result in a decision by SKEL to sell its share in Gallon.

### **Purchase of real estate in Stefnisvogur**

Over the quarter, SKEL acquired 55 residential apartments, totalling 5,905 square meters, at Stefnisvogur 2, 104 Reykjavik, from Stefnisvogur 2 ehf. The purchase price was 4,900 million ISK. Delivery of the apartments is scheduled before year-end 2023. Concurrently with the execution of the purchase agreement an agreement was reached on an option to buy 35 residential properties owned by Stefnisvogur ehf. at Stefnisvogur 12, 104 Reykjavik, totalling 3,816 square metres. The purchase price according to the option agreement is 3,243 million ISK. If SKEL exercises its option, the understanding is that the properties at Stefnisvogur 12 will be delivered before year-end 2024.

Payment for the properties at Stefnisvogur 2 will be as follows:

Cash, 400 million ISK, transfer of shares and loans in Reir Development, 1,100 million ISK and loan 3,400 million ISK.

Negotiations are in progress leasing all the apartments to a party, which will subsequently offer the apartments for long-term leases in the market. Based on this arrangement, it is likely that SKEL's operating cost will not increase because of this investment. Total annual rental income is projected at 235 million ISK and NOI at 200 million ISK. The investment will defer a tax payment of 770 million ISK, and the impact on SKEL's cash flow will therefore be positive.

### **Klettagarðar 8-10 – the company sold**

SKEL placed Klettagarðar 8-10 in a divestment process in the spring of 2023. On 11 October, SKEL signed a purchase agreement for the sale of all shares in the company. The enterprise value of the company in the transaction was 1.925 million ISK.

### **Own shares and payments to shareholders**

On 12 April SKEL paid out dividends corresponding to 0.31 ISK per share or in total 600 million ISK. In the third quarter, SKEL has launched two separate Buy-Back programmes, the first in

the amount of 250 million ISK in market price and the second in the amount of 500 million ISK. By 20 October, SKEL had purchased own shares for 33.9 million ISK in nominal value, against payment of 442 million ISK.

The number of shareholders at the start of the quarter was 1,044, and 1,052 at the end of the quarter. The price of shares in SKEL was 13 ISK at the end of the quarter, setting the Company's market value at 25,168 million ISK. The amount of dividends and buy-backs for the year amounts to 4.14% of the company's market value.

### **Sp/f Orkufelagið – Settlement of purchase agreement**

In August SKEL finalized the settlement of a purchase agreement for the sale of all the Company's shares in SP/F Orkufelagið. The purchase price of the shares was 146,054,899 DKK. The remaining assets and exposures of the Company constitute a put option amounting to 20,744,188 DKK and a loan in the initial amount of 19,083,711 DKK.

### **ÁSGEIR HELGI REYKFIJÖRÐ GYLFASON, SKEL CEO:**

“The operation of the Company has been successful to date this year. The decisions, investments and divestments announced earlier have largely been implemented. Styrkás, a newly established company servicing corporations across all industries, has begun its operations. Outside investors have invested in the project and will take part in further development of the company. SKEL's holdings in Magn have been sold to a leading investor in the Faroe Islands. Orkan has been streamlined to a significant extent and is now at the forefront of the self-service sector in Iceland. Work on developing a challenger in the retail market under the Heimkaup brand is under way. We have also put further investment into real estate, as announced in the second quarter statement, and thereby transformed a part of our development properties into income-generating properties with a known market price. Market conditions have been challenging, and the value of the Company's listed assets fell over the quarter. We have launched an initiative on further development of an infrastructure company with Gallon, and I look forward to seeing the progress of that work and other projects.”

### **DISCLAIMER:**

In conclusion, it should be noted that the main purpose of this trading statement is to provide investors and others with insight into the unlisted companies owned by SKEL, as well as reporting on a few other newsworthy matters. This is not an interim financial statement, as the Company has previously announced that no such financial statement will be issued following the first and third quarters. Furthermore, this information on the performance of operating companies is based on management data which have not been audited or reviewed. All operating figures exclude the impact of IFRS 16.

The annual financial statement for 2023 will be published on 8 February 2024.  
*For further information, or to request a meeting, please contact [fjarfestar@skel.is](mailto:fjarfestar@skel.is)*

