

INTERIM FINANCIAL STATEMENT H1 2024

Loss after taxes amounted to ISK 314 million.

The company's assets amounted to ISK 49,136 million.

Equity amounted to ISK 36,602 million, which corresponds to 19.5 per issued share

Profit from listed shareholdings was negative by ISK 426 million.

Profit from unlisted assets was positive by ISK 510 million.

Performance of Operating Companies and listed shares in H1 2024

Listed holdings

The result from listed shareholdings was negative by ISK 426 million in first half. Total assets in registered securities were ISK 9,396 million at the beginning of the year and decreased to ISK 8,844 million by June 30. At the end of the period, SKEL's principal listed shareholdings included a 15.3% stake in Kaldalón, with a market value of ISK 2,840 million, and an 8.2% stake in Skaga, valued at ISK 2,334 million. Other listed shareholdings had a combined market value of ISK 3,666 million. Listed securities accounted for 18% of SKEL's total assets, with a long-term goal of increasing this proportion to 50%.

Consumer market

Orkan // Löður, both fully owned by SKEL, saw a 3% increase in transactions and a 1% rise in liters sold during the first half of the year compared to the same period last year. Löður introduced a new subscription model that has been well received and opened new washing stations in Vestmannaeyjar and Einhella in Hafnarfjörður, Although the Vesturlandsvegur station was delayed, it is now open and operational. Additional stations in Akureyri and Fellsmúla in Reykjavík are set to open later this year. Meanwhile, Löður closed eight car washes at N1 service stations. The combined EBITDA for Orkan and Löður reached ISK 954 million, surpassing the estimated ISK 923 million, with H1 valuation boosted by ISK 479 million, primarily due to strong operating performance and accelerated future cash flows.

Heimkaup and Lyfjaval, 81% owned by SKEL, faced challenges, particularly Heimkaup, which was impacted by the launch of its new discount store, Prís. Heimkaup reported a negative result of ISK 241 million for the first half of the year, compared to an estimated negative result of ISK 145 million. Lyfjaval, however, is performing well, with a 13% increase in sales year-on-year. The company recently opened a pharmacy on Miklubraut in Reykjavík and plans to open another in Selfoss later this year. The Heimkaup group valuation was reduced by ISK 794 million during the period. In the coming days, Prís, a discount store operated by Heimkaup, will open its doors. To mark the occasion, SKEL's investor presentation will be held at the new Prís store tomorrow, August 16.

In early July, SKEL acquired 50% of INNO, a prominent Belgian retail chain with 16 department stores in prime locations across major cities. in partnership with Axcen of Scandinavia, led by Ayad Al-Saffar. Ayad Al-Saffar and his co-investors previously acquired Åhléns retail chain in 2022, where they have achieved significant success in

revitalizing the company's operations. Åhléns currently operates 49 stores in Sweden and with 3,000 employees. INNO offers a wide range of popular brands in fashion, cosmetics, toys, home goods, furniture, and more, and also operates an online store and wholesale outlet, employing 1,360 people. This investment is part of SKEL's strategy to increase the proportion of foreign assets in its portfolio, with a long-term goal of reaching 30%. As of the end of the period, foreign assets accounted for 4% of the portfolio, though this excludes the INNO investment, which was finalized in July.

Merger Negotiations with Samkaup

SKEL has been in negotiations with Samkaup this year regarding the merger of Samkaup with several SKEL-owned companies, including Orkan IS ehf., Löður ehf., Heimkaup ehf., and Lyfjaval ehf. A letter of intent was signed in May, and the due diligence process for all involved companies has been completed. The parties are now in advanced negotiations. SKEL will provide updates on the progress as appropriate.

Corporate market and infrastructure

Styrkás, 63.4% owned by SKEL, is performing well, with profits estimated to be about 10% higher than originally forecasted for the year. During the period, Styrkás acquired Stólpar and its related companies, with their financial results fully consolidated for the year. Additionally, Styrkás has entered into an agreement to acquire all the capital in Kraftur ehf., a company that sells MAN, Palfinger, and Bucher-Municipal products in Iceland and operates a service workshop for MAN vehicles. This purchase is subject to approval by the Competition Authority and suppliers. Styrkás is valued on SKEL's books at the latest trading price, with SKEL's stake valued at ISK 9,684 million.

Gallon, wholly owned by SKEL, is performing in line with forecasts. In Q3 2023, SKEL announced plans to explore opportunities for the sale or further development of Gallon. Negotiations are in the early stages with potential buyers for 80% of Gallon's share capital, with the outcome dependent on due diligence and other customary conditions. Further updates will be provided as appropriate. Gallon's value is recorded at ISK 2,903 million as of the end of the period.

Real estate

The value of SKEL's apartments near Stefnisvogur increased by ISK 309 million, reflecting a 6.2% rise according to the housing price index over the period. During this time, SKEL also decided to exercise a purchase option for 35 apartments at Stefnisvogur, originally signed in fall 2023. Additionally, the company agreed to purchase more units, bringing the total acquisition to 50 apartments, covering 5,534 square meters. The total purchase price is ISK 4,704 million, averaging ISK 850 thousand per square meter. The apartments are expected to be delivered in Q4 2024, and SKEL plans to offer them for long-term rental through a leasing agent.

Shareholders

As of 30 June 2024, the company had 1,018 shareholders, a 1% decrease since the beginning of the year. Following a reduction in share capital during the period, the total number of shares is 1,878,479,032, with no own shares held by the company at the end of the period. A dividend of 750 million ISK was paid on 16 April 2024.

Ásgeir Helgi Reyk fjörð Gylfason, CEO of SKEL:

"The result for the first half of the year shows a loss equivalent to 0.6% of the company's assets. This loss is primarily due to the negative performance of our listed shareholdings and a cautious revaluation of our retail property holdings.

However, Styrkás and Orkan exceeded forecasts in the first half, which is very encouraging, as these are SKEL's most valuable assets. Customer visits to Orkan's service centers are increasing, along with the volume of liters sold. The operations of Styrkás are performing beyond our expectations. I believe that with Styrkás, we are building a company that will play an active role in the development of infrastructure and the energy sector in this country.

On the retail side, business was more challenging than anticipated during the first half of the year. We expect this to be temporary and are eager to see how consumers respond to the opening of our new retail store, Prís.

We have also made decisive steps in our foreign investments, acquiring a 50% share in the Belgian retail chain INNO in collaboration with the owners of Áhléns. In the long term, SKEL's policy is to have up to 30% of its portfolio comprised of foreign assets.

Negotiations with Samkaup are ongoing, with due diligence now complete. I am hopeful that we can announce the outcome of these negotiations in the next days."

Financial calendar for SKEL fjárfestingafélag hf. for the year 2024:

Investor presentation for H1 2024: 16 August at 8:30 AM at the Prís premises located at Smáratorg 3, Kópavogur 2H and annual report: 6 February 2025

Annual General Meeting (AGM) 2024: 6 March 2025

For further information, please contact Ásgeir Helgi Reyk fjörð Gylfason at fjarfestar@skel.is or call 444-3040.

Disclaimer

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