

SKEL fjárfestingafélag hf.

INTERIM FINANCIAL STATEMENT FOR H1 2023

Profit after taxes amounted to 2.06 billion ISK

Assets amounted to 42.1 billion ISK

Total equity amounted to 34.9 ISK corresponding to 18.1 ISK per issued share

HIGHLIGHTS OF SKEL'S ASSET PORTFOLIO IN Q2

- Skeljungur and Klettur become Styrkás and concurrently Horn IV invests 3.5 billion ISK in the company
- Sale of all SKEL's shares in Sp/f Orkufelagið finalised at the end of July
- Turnaround in the operation of Orkan
- Orkan's retail operations and Lyfjaval ehf. sold to Heimkaup and Gréta María Grétarsdóttir appointed CEO of the company.

KEY INDICATORS AND RESULTS IN FIRST SIX MONTHS OF 2023

- Investment income amounted to ISK 2,424 million ISK (H1 2022: 6,849 million ISK)
- Operating expenses amounted to 407 million ISK (H1 2022: 636 million ISK)
- Profit after taxes amounted to 2,060 million ISK (H1 2022: 4,939 million ISK)
- Return on equity year-on-year was 12.5% (H1 2022: 30%)
- Earnings per share 1.06 ISK (H1 2022: 2.27 ISK)
- Net cash provided by operating activities was negative by 42 million ISK (H1 2022: positive by 4,480 million ISK)
- Total assets at the end of the period amounted to 42,074 million ISK (31/12/2022: 38,505 million ISK)
- Equity at the end of the period was 34,946 million ISK and the equity ratio was 83% (31/12/2022: 33,430 ISK and 86.2%)
- Equity per share at the end of the period amounted to 18.1 ISK (31/12/2022: 17.3 ISK)
- Cash at the end of the period amounted to 3,904 million ISK, and holdings in treasury bonds amounted to 1,008 million ISK (31/12/2022: 4,731 million ISK and 2,116 million ISK)

ÁSGEIR HELGI REYKFIÖRÐ GYLFASON, SKEL CEO:

“In the first half of the year SKEL’s operating companies comprised of Skeljungur ehf., Klettur – Sales and Services ehf., Orkan ehf., Lyfjaval ehf., Löður ehf., and Gallon ehf. The operation of these companies was overall in line with, or better than, the budget projections presented in the annual financial report.

The most significant deviation in the operation of the companies was the operation of Orkan, which has surpassed expectations so far this year. New management has gained good control of the operation in recent years, by lowering operating expenses and fewer full-time employees. The company now operates 72 Orkan fuel stations and 15 Löður car washing stations with 38 full-time value employees. Customers of the company have been happy with the technical innovations that Orkan has introduced to the market. In the first half of the year Orkan’s EBITDA, excluding the effect of IFRS 16, amounted to 1,013 million ISK, and we are anticipating EBITDA at 1,650 million over the year. We value Orkan at 5,714 million ISK, which corresponds to an EV/EBITDA ratio of 5.0x on our books in the attached interim financial statement.

We are especially satisfied with our success in reaching an agreement with Horn IV slhf., a private equity fund managed by Landsbréf, on a recent increase in the share capital of Styrkás ehf. Styrkás ehf. is a holding company for all the shares in Skeljungur ehf. and Klettur – Sales and Services ehf. We presented plans on the development of a comprehensive service enterprise for the Icelandic industries in our annual financial report and elsewhere and set out our principal ideas in that regard. These presentations have been met with approval and Styrkás has been approached by various parties who have expressed an interest in participating in the venture. We regard Horn as an excellent partner in this venture and following the capital increase the company will be in a favourable financial position to undertake the next steps.

The restructuring of Heimkaup as a holding company for Lyfjaval ehf., the Orkan retail outlets, 10-11, EXTRA and holdings in restaurants and the bakery Brauð & Co. took effect at the end of the period. Gréta María Grétarsdóttir has taken over as CEO of Heimkaup and will lead the project. Norvik ehf. has also subscribed to new shares in the amount of 500 million ISK. We believe that there is room for a challenger in the retail market and we look forward to promoting the company in greater detail.

SKEL’s holding in Kaldalón hf. fell in value by 302 million ISK over the first half of the year. As the company’s largest shareholder, SKEL has played a strategic role in the development of Kaldalón hf. We believe that the company’s focus on simplified operations, a streamlined portfolio and minimised cost will be to the company’s advantage over the long term. Kaldalón hf. recently announced its finalisation of a framework for an issue of debt instruments, and the company should therefore be well placed to finance itself in the market when the time is favourable. In the same announcement the CEO of the company was quoted as saying that the company was on track to achieve its prerequisites for the listing of the company on the ICEX, and that preparations would begin immediately.

The market value of SKEL’s holdings in VÍS increased by 111 million ISK over the first half of the year. We believe that the company’s strategy of transformation from a deep-rooted insurance company

to a growth company in the financial markets, which was initiated about two years ago, is a sensible course of action. It is essential for Icelandic companies in our small market to have diverse sources of income. Since the turn of the year the company has launched asset and fund management activities in a separate company, SIV Asset Management hf., and shareholders have approved a merger with Fossar Investment Bank in a decisive manner. It is satisfying to observe the turnaround that has occurred in the company's sales and its apparent success in attracting quality management staff.

The sale of a 48.3% share in Orkufélagið, a holding company for shares in P/F Magn in the Faroe Islands, was completed recently with the payment of the purchase price. The remaining liabilities and assets of SKEL relating to Orkufélagið comprise a put option for Hólmar ehf., which was announced last 15 February, and a seller financing loan granted in 2021 to the buyers of about 460 million ISK. The sale represents a milestone in our history, as the company has the stated policy of reducing the weight of sales of fossil fuel in its portfolio, which, following the sale, accounts for 47%. It is our intention to retain a large part of the proceeds of the sale for investment in northern Europe.

In the first half of the year, SKEL placed the real estate company Klettagarða 8-10 ehf., in a divestment process with Íslandsbanki's Corporate Finance division. Several offers were received from specialised entities, most within an acceptable price range. The decision was made to open negotiations with one bidder on the sale of the company in its entirety with a view to simplifying SKEL's asset portfolio. We hope to complete the sale of the company before the end of the year.

SKEL's asset portfolio is changing, with the weight of unlisted companies now at 67.9%, as compared to 69.4% at the turn of the year. It may be assumed that the proportion of unlisted assets will be in the range of 50% for the future, but this will of course be determined to some extent by the price trend of listed assets and revaluation of unlisted assets. The company's liquidity position is quite substantial, but we intend to increase the weight of listed assets and real properties in the coming months.

Last 12 April the company paid out a dividend amounting to 600 m. ISK, corresponding to 0.31 ISK per outstanding share. SKEL announced the execution of a repurchase programme in the maximum amount of 250 m. ISK last 12 July and repurchases began on the following day; the repurchase will be concluded next 31 December, at the latest. At the beginning of the year there were 1006 shareholders in the company; at the end of the first half of the year shareholders were 1044."

PRESENTATION MEETING

An open presentation of the Company's interim financial report will be held on 17 August at the Reykjavik Edition Hotel at 2 Austurbakki, 101 Reykjavík. The meeting will begin at 08:30. At the meeting, Ásgeir Helgi Reykfjörð Gylfason, CEO, and Magnús Ingi Einarsson, CFO, will present the results and highlights of the Company's operations.

The presentation material from the meeting will be made accessible on SKEL's website, <https://skel.is/fjarfestar>.

INTERIM FINANCIAL STATEMENT H1 2023

The principal points of this report derive from the Company's interim financial statement, which was approved by the Board of Directors at a meeting of the Board on 16 August 2023.

This interim statement is prepared based on International Financial Reporting Standards (IFRS). The interim condensed financial statement has not been audited or reviewed by the Company's independent auditors.

Further details are included in the interim condensed financial statement, which is attached to this notice and accessible on www.skel.is.

For further information please contact Ásgeir Helgi Reyk fjörð Gylfason, fjarfestar@skel.is