

Skagi hf.

Financial results

Q2 2025



Key highlights Q2 2025



Best quarterly insurance results since listing and all operational metrics strong

80,9% Combined ratio

Financial services continues growth, with revenue **growing 120% YoY**

Quarter	Revenue
Q2 24	333
Q2 25	732

Increased organic growth in AuM, standing at **232bn**

+3% +7bn

Net financial income of insurance investments **under target but over benchmark¹**

Metric	Value
Q2 25	1.2%
Benchmark	0.4%
Target	2.5%

Cross-selling within Skagi group in motion, with emphasis on **VÍS and ÍV collaboration**



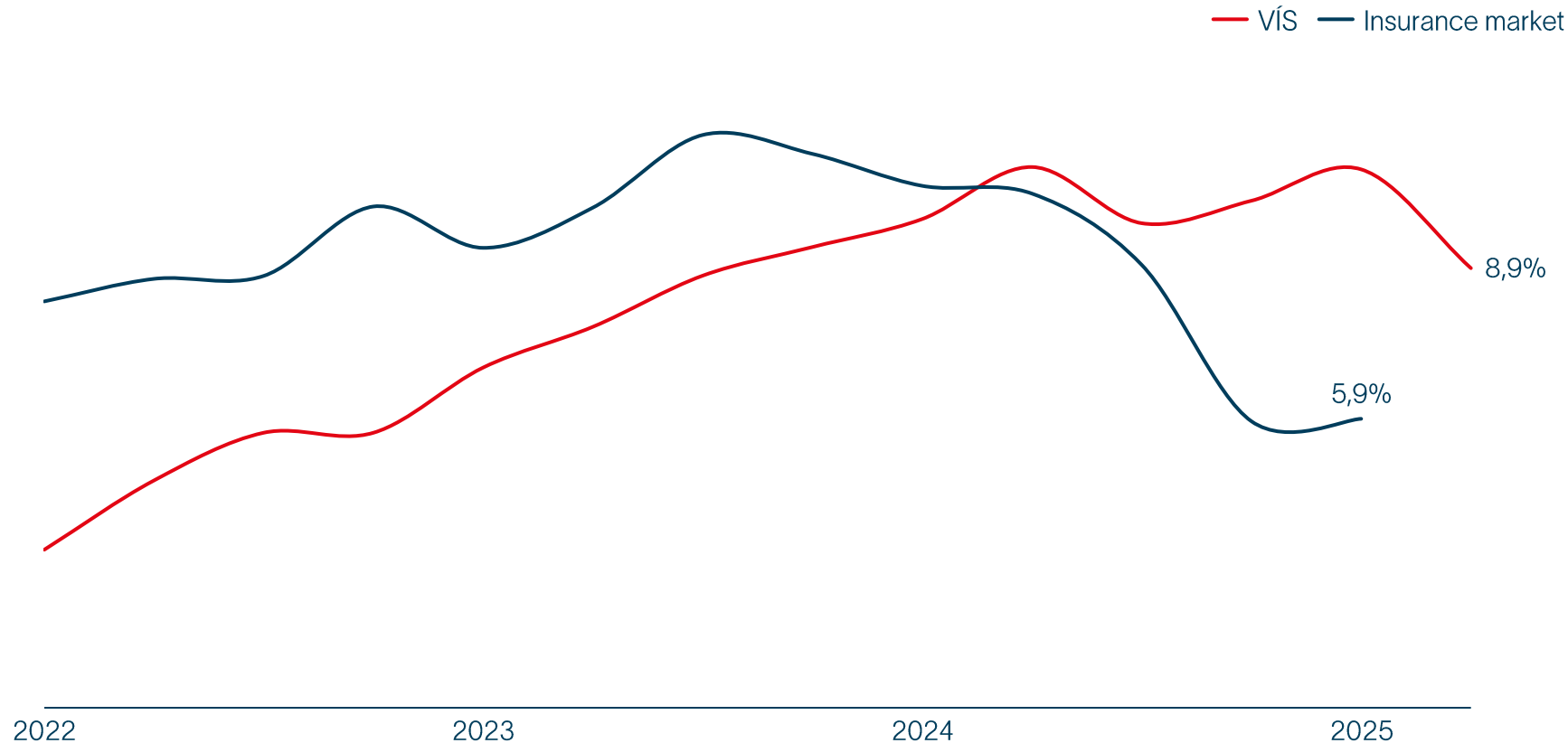
Opportunities for Skagi in an evolving competitive landscape

¹ Net financial income of VÍS insurance investments business unit

VÍS is growing faster than market and has momentum moving forward



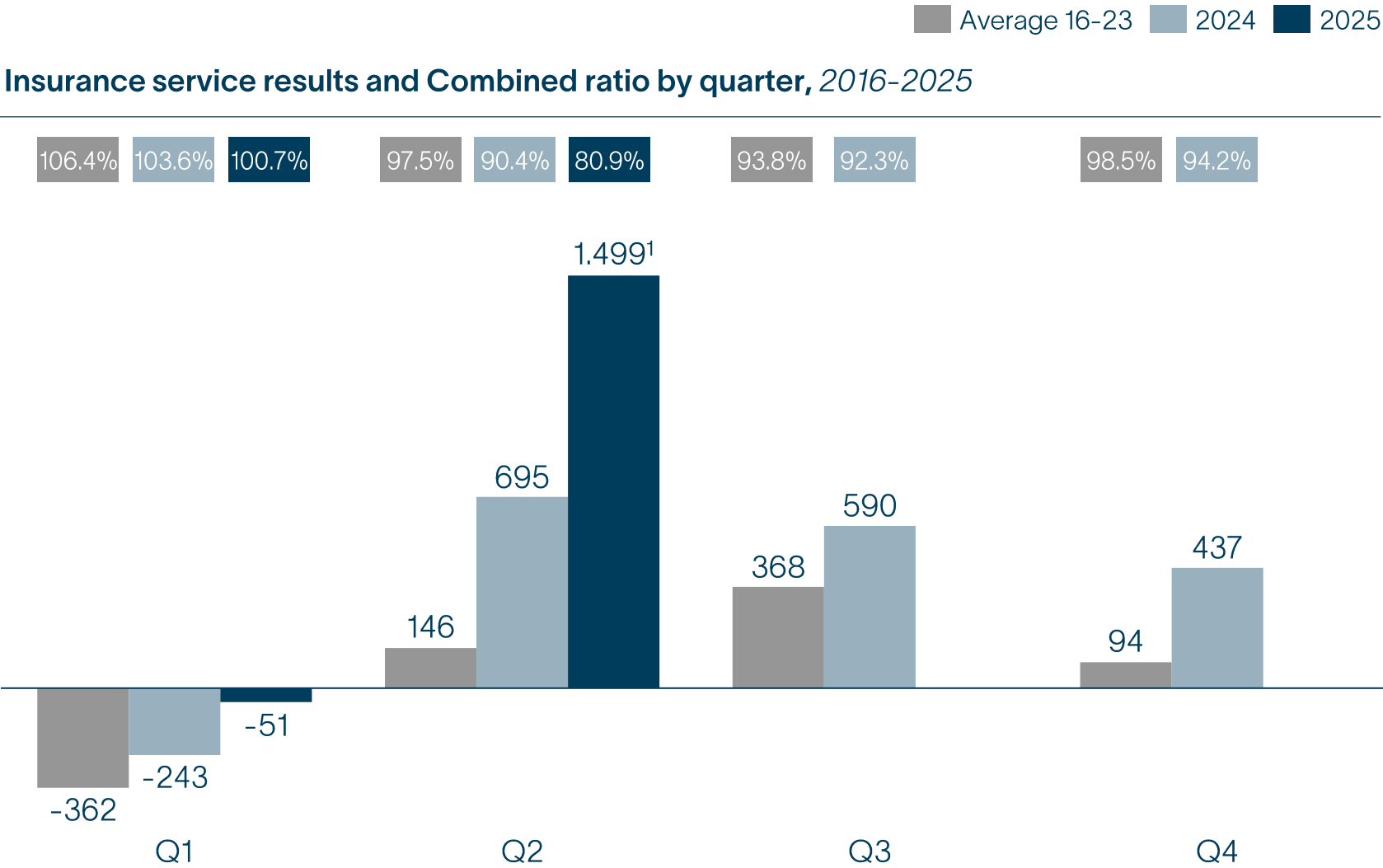
YoY insurance premium growth by quarter
VÍS vs insurance market in Iceland¹



- VÍS continues to show healthy YoY revenue growth
- In absolute terms, Q1 insurance revenue gains exceeded the combined growth of the top three competitors
- Íslandsbanki partnership (launched Q2) has significantly boosted daily lead volume, helping support further growth

¹ Weighted average growth of VÍS, Sjóvá, TM and Vörður

Consistent improvement of insurance results



1. Thereof 259m due to one-off in discontinued international operations

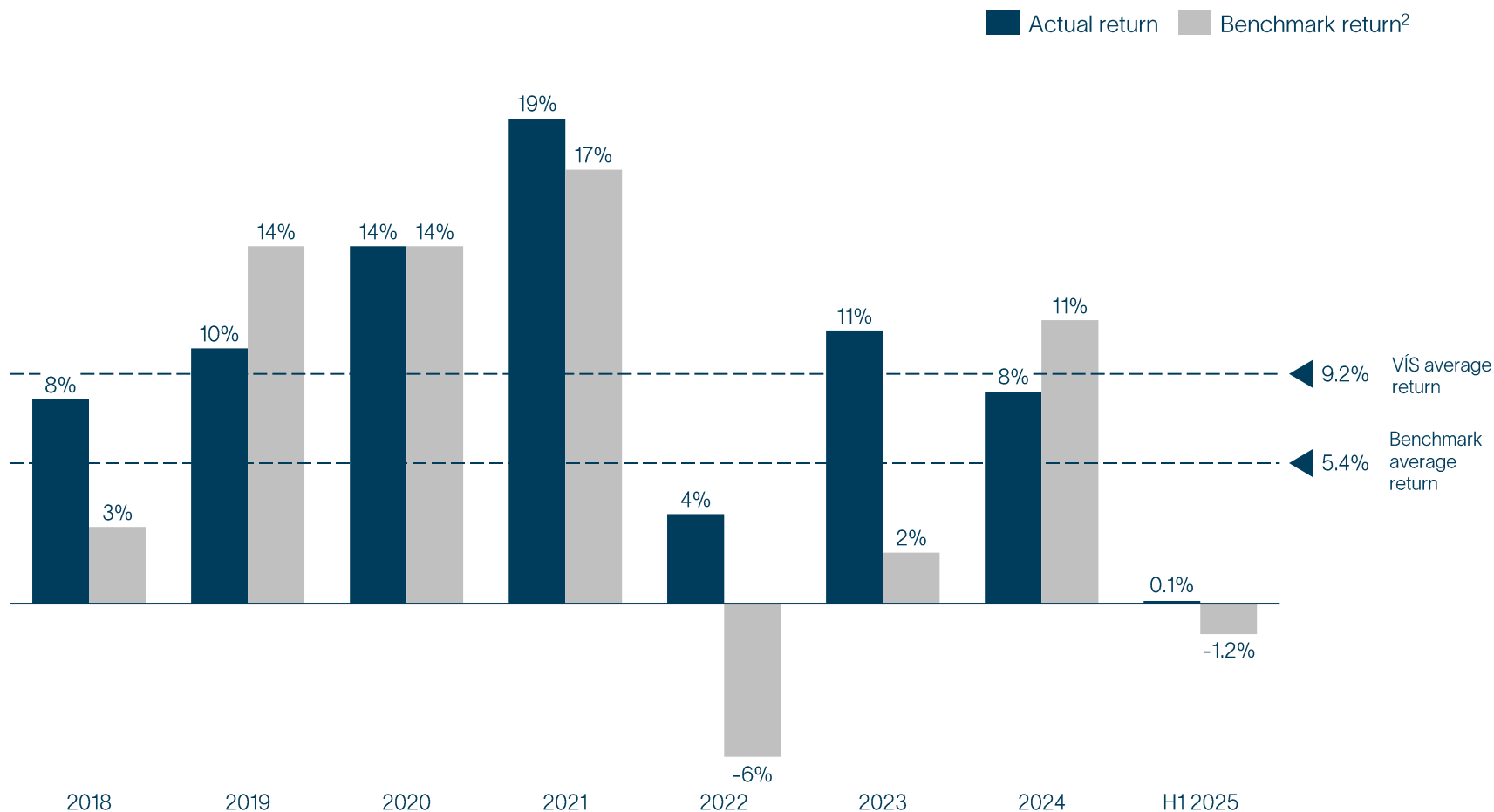
Strategic changes in early 2023 have driven a strong turnaround

- Continued focus on top-tier customer service
- Revenue growth from higher market share and better coverage for existing clients
- Tight opex control, leveraging on past IT investments
- Claims ratio remains well below historical levels
- Q2 boosted, in part, by ISK 259m one-off from discontinued international operations

Insurance investment results under target but outperforming benchmark



Return of insurance investments¹

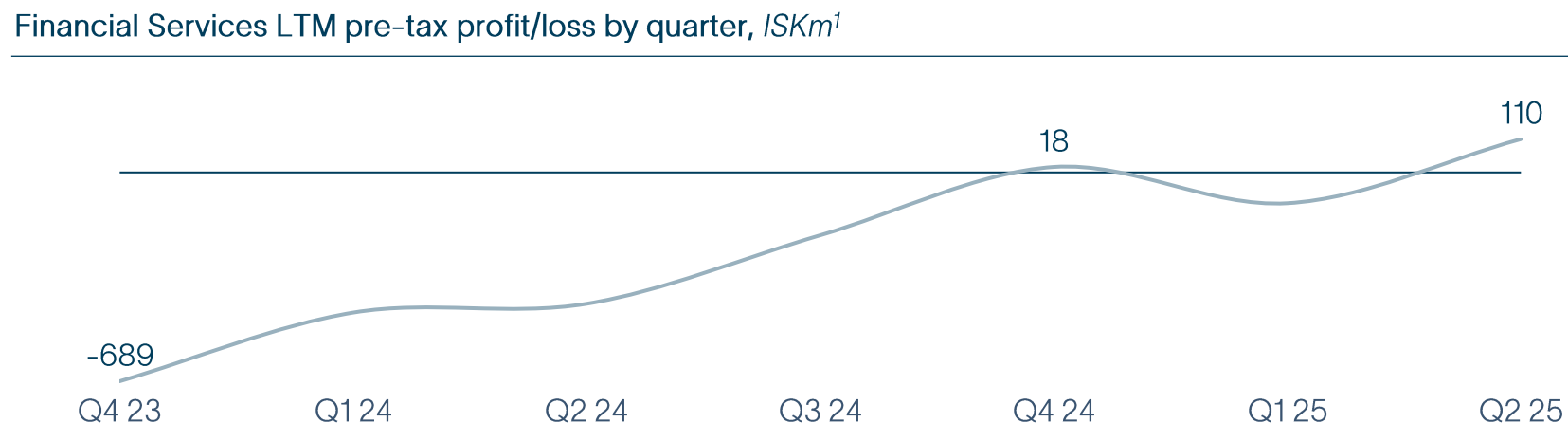
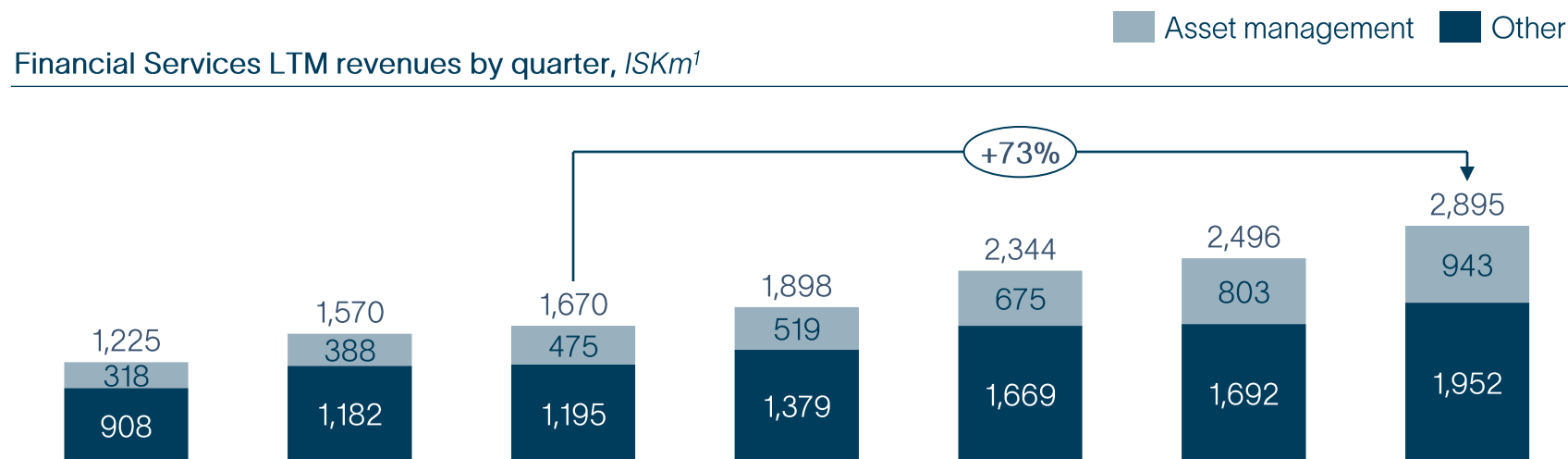


- Q2 return: 1.2% vs. 0.4% benchmark
- H1 2025 return: 0.1% — below target but ahead of market benchmark
- Outperformance driven by strong bond returns, FX hedging, and private equity revaluations
- Portfolio shifted away from listed equities, with reduced exposure to underperforming domestic stocks

1. Insurance investments under management of Íslensk verðbréf

2. Benchmark return is combined from Kvika indices for each relevant asset class, based on investment strategy for VÍS Investment portfolio in each year

Consistent revenue growth from Financial services with profitability improving



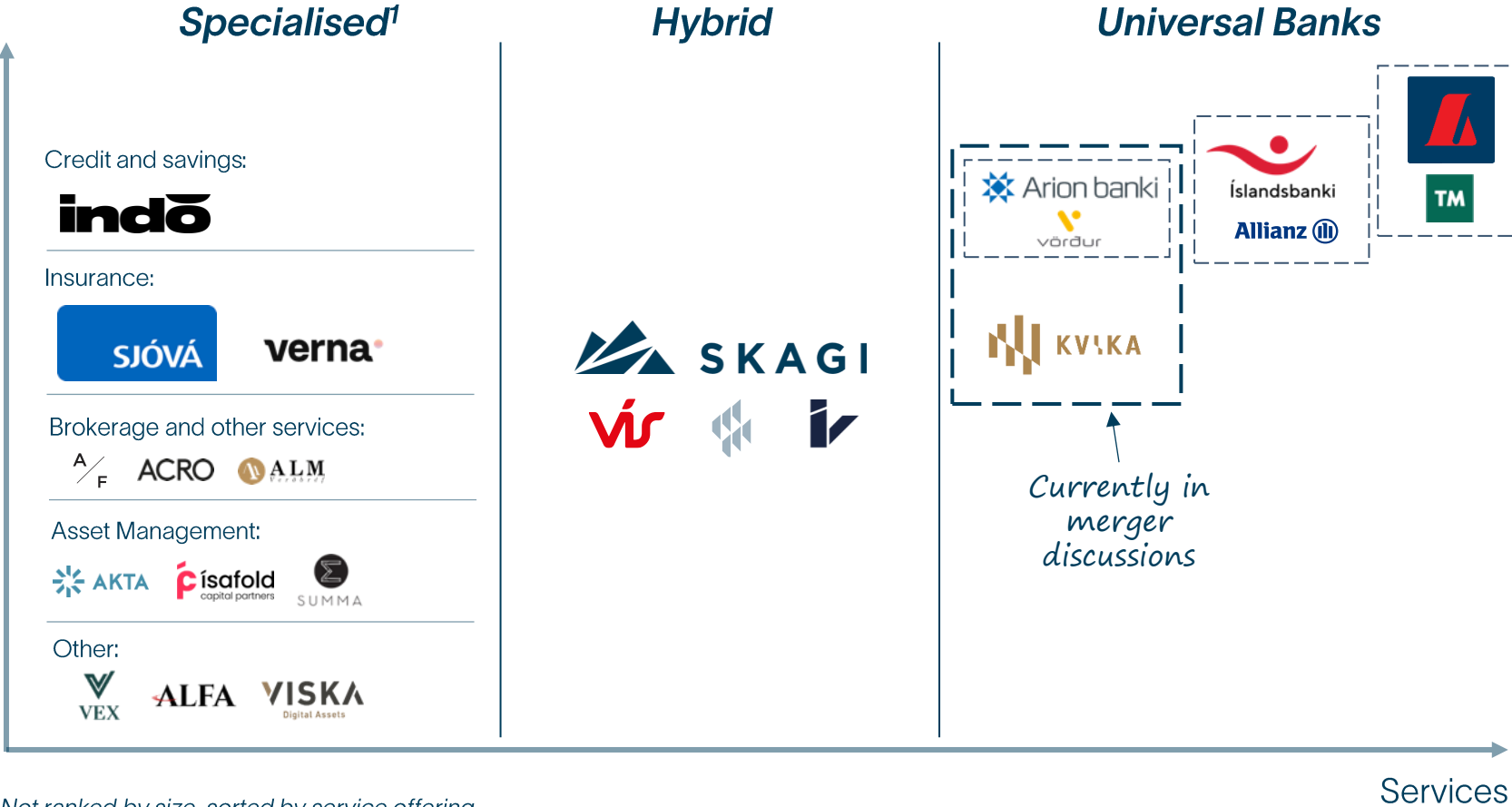
- Financial services have grown steadily in recent quarters, with a broader mix of revenue sources
- Strong emphasis on growth in asset and fund management: AM fees up from ISK 318m to 943m (LTM), a 3x increase
- Focus now on translating growth into profitability by leveraging ÍV merger synergies and scale benefits

1. This illustrates pro forma LTM pre-tax profit/loss by quarter. Fossar losses and revenue in Q1-Q3 2023 were not consolidated with Skagi as the merger of Fossar into Skagi was not concluded until as of Q4 2023.

Clear opportunities for Skagi in an evolving market landscape



Illustrative



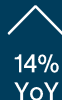
1) Not ranked by size, sorted by service offering

- The financial markets continue to evolve, with merger discussions among local banks signaling a consolidation-driven shift
- Expected consolidation in Iceland's financial services landscape is likely to create multiple strategic options for Skagi in terms of external growth
- Specifically, we see opportunity both in actively participating in future consolidation and in opportunistically acquiring select assets that may become available

Key financial results in 2Q 2025



Core revenue
8,587m



14%
YoY

Group PBT
1,267m

Group profit
972m

Group ROE
18.4%
annualised

Insurance



Best insurance service results since listing in 2013

- Insurance revenues grow 8.9% in Q2 2025
- Combined ratio of 80.9% (2Q 2024: 90.4%) delivering a result of ISK 1,499m and improvement of 804m YoY
- Cost ratio improves at 18.4% (2Q 2024: 19.7%)
- Results ahead of budget and guidance range updated accordingly to 92% - 95% in 2025

1,499m insurance service result
80.9% Combined ratio
8.9% YoY revenue growth

Investments



Weak equities market negatively affect investment income

- Return on investments 1.2% investment income of 536m in Q2 2025
- Negative impact from listed equities amount to ISK -121m in 2Q 2025
- Investment portfolio stands at 47bn at quarter end

-67m net financial income
536 million investment income
1.2% return

Financial services



Growth of Financial services continues

- Net financial services income grow 120% YoY
- Focus on scaling towards further profitability
- Continued strong performance in debt and corporate finance within investment banking
- Emphasis on growth in asset management to support further diversification of financial services
- AuM at 232bn at the end of the quarter

6m operating profit before tax¹
232 AuM²
732 million revenue³

Income statement Q2 2025

Best insurance service results since listing in 2013



Income statement	Q2 2025	Q2 2024	Diff.	Diff. %
Insurance service result	1,499	695	804	116%
Net interest income	92	46	46	98%
Net fee and commission income	657	290	367	127%
Net financial income	-143	-31	-112	361%
Other income	73	37	36	95%
Net Operating Income	2,178	1,038	1,140	110%
Operating expenses	-860	-713	-147	21%
Amortization of intangible assets	-50	-36	-14	40%
Net impairments	-1	-2	1	-50%
Profit before taxes	1,267	287	980	342%
Income tax	-295	-149	-146	51%
Profit	972	138	834	606%

Group KPIs				
Core Revenues	8,587	7,546	1,041	14%
ROE - annualised	18.4%	2.7%	15.7p.p	
Profit per share	0.51	0.07	0.44	628%

Business Unit KPIs				
Insurance revenue	7,855	7,213	642	9%
Combined ratio	80.9%	90.4%	-9.5p.p	
Financial services income	732	333	399	120%
Investment income	536	352	139	52%
Investment income return %	1.2%	0.8%	0.4p.p	

Insurance

- Insurance revenue 7,855m (9% YoY)
- Combined ratio 80.9% and insurance service result 1.499m (804 million improvement YoY)

Financial services

- Net interest income 92m from Fossar and ÍV (98% YoY)
- Net fee and commission income from Fossar and ÍV 657m (127% YoY)

Investments

- Investment income 536m, representing a 1.2% return in the period
- Net financial income negative 143m

Net operating income

- Net operating income 2,178m (110% YoY)

Expenses

- Operating expenses 860m (21% YoY)
- Net impairments in line YoY

Results

- Pre-tax profit of 1,267m and profit after tax of 972m

Income statement 1H 2025

Results impacted by negative investment returns



Income statement	H1 2025	H1 2024	Diff.	Diff. %
Insurance service result	1,449	453	996	220%
Net interest income	200	97	103	106%
Net fee and commission income	1,192	831	361	43%
Net financial income	-1,241	468	-1,709	-365%
Other income	123	62	61	98%
Net Operating Income	1,723	1,911	-188	-10%
Operating expenses	-1,726	-1,342	-384	29%
Amortization of intangible assets	-97	-72	-25	35%
Net impairments	-4	-9	5	-56%
Profit before taxes	-104	488	-592	-121%
Income tax	-276	-216	-60	78%
Profit	-380	272	-652	-240%

Group KPIs				
Core Revenues	16,898	14,961	1,937	13%
ROE - annualised	-3.5%	2.6%	-6.1p.p	
Profit per share	-0.19	0.15	-0.35	-233%

Business Unit KPIs				
Insurance revenue	15,386	14,002	1,384	10%
Combined ratio	90.6%	96.8%	-6.3p.p	
Financial services income	1,512	960	552	58%
Investment income	39	1,298	-1,259	-97%
Investment income return %	0.1%	3.0%	-2.9p.p	

Insurance

- Insurance revenue 15,386m (10% YoY)
- Combined ratio 90.6% and insurance service result 1.449m (996 million improvement YoY)

Financial services

- Net interest income 200m from Fossar and ÍV (106% YoY)
- Net fee and commission income from Fossar and ÍV 1,192m (43% YoY)

Investments

- Investment income 39m, representing a 0.1% return in the period
- Net financial income negative 1,241m

Net operating income

- Net operating income 1,723m (-10% YoY)

Expenses

- Operating expenses 1,726m (29% YoY)
- Net impairments slightly lower YoY

Results

- Pre-tax loss of 104m and loss after tax of 380m
- High effective tax rate due to losses on listed equity

Balance sheet

Strong and robust balance sheet



Balance sheet, ISKm	30.6.2025	31.3.2025	Δ%	30.6.2024	Δ%
Assets					
Cash	2,317	3,091	-25%	1,467	58%
Insurance investments assets	45,720	46,021	-1%	44,025	4%
Fixed income securities	5,360	6,768	-21%	4,787	12%
Shares and other variable income securities	494	387	28%	231	113%
Securities used for hedging	6,023	4,951	22%	4,226	43%
Loans to customers	9,598	8,643	11%	3,908	146%
Goodwill and intangible assets	5,878	5,373	9%	4,068	44%
Other assets	7,056	7,259	-3%	5,981	18%
Total Assets	82,446	82,493	0%	68,693	20%
Liabilities and Equity					
Insurance liabilities	30,340	30,819	-2%	27,501	10%
Money market deposits	10,682	9,412	13%	9,115	17%
Bills and marketable instruments	4,222	4,764	-11%	2,119	99%
Other liabilities	11,949	12,820	-7%	6,285	90%
Subordinated liabilities	3,859	3,752	3%	3,716	4%
Total Liabilities	61,053	61,567	-1%	48,736	25%
Equity	21,393	20,927	2%	19,957	7%
Total Liabilities and Equity	82,446	82,493	0%	68,693	20%

- Total group assets are 82bn (+20% YoY)
- Insurance investment assets stand at 45.7bn (47bn including cash)
- Insurance liability 30.3bn (10% YoY)
- Balance sheet of Fossar consists mainly of liquid government bonds and listed assets
- Loans to customers consist in part of financing with security in liquid listed assets
- Fossar funding source is mostly in form of money market deposits, bills and bonds
- Fossar has continued to diversify its funding sources with longer term bonds
- Goodwill and intangible assets are mainly related to acquisitions and mergers in financial services
- Equity of the group stands at 21.4bn

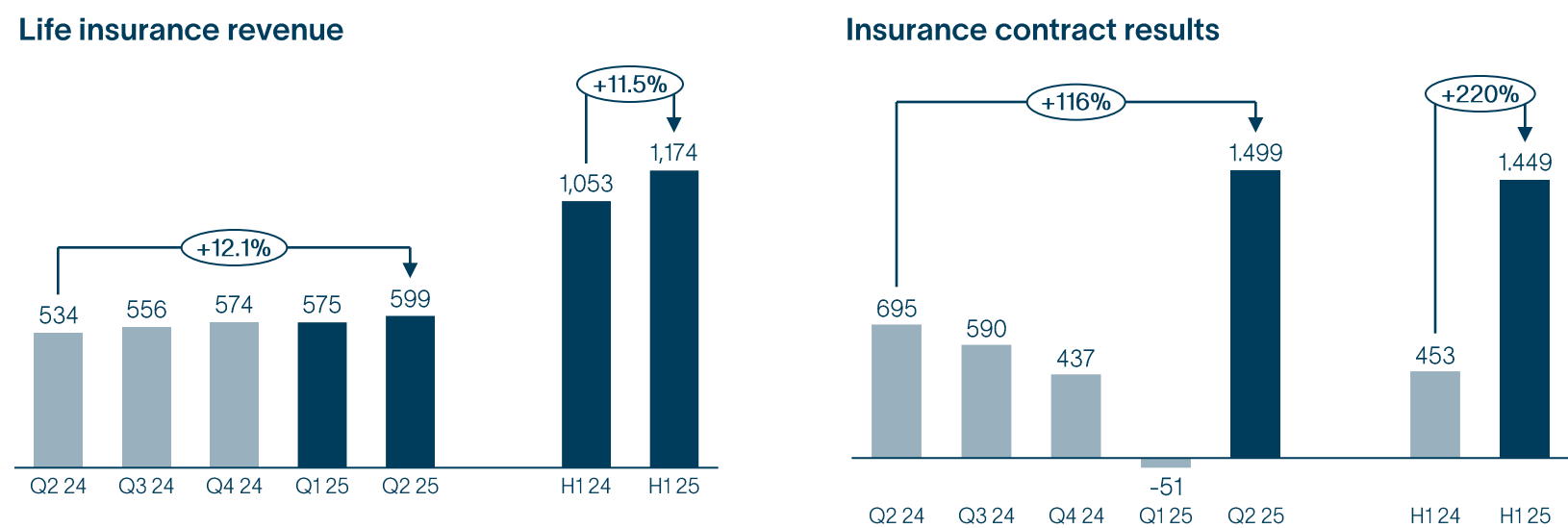
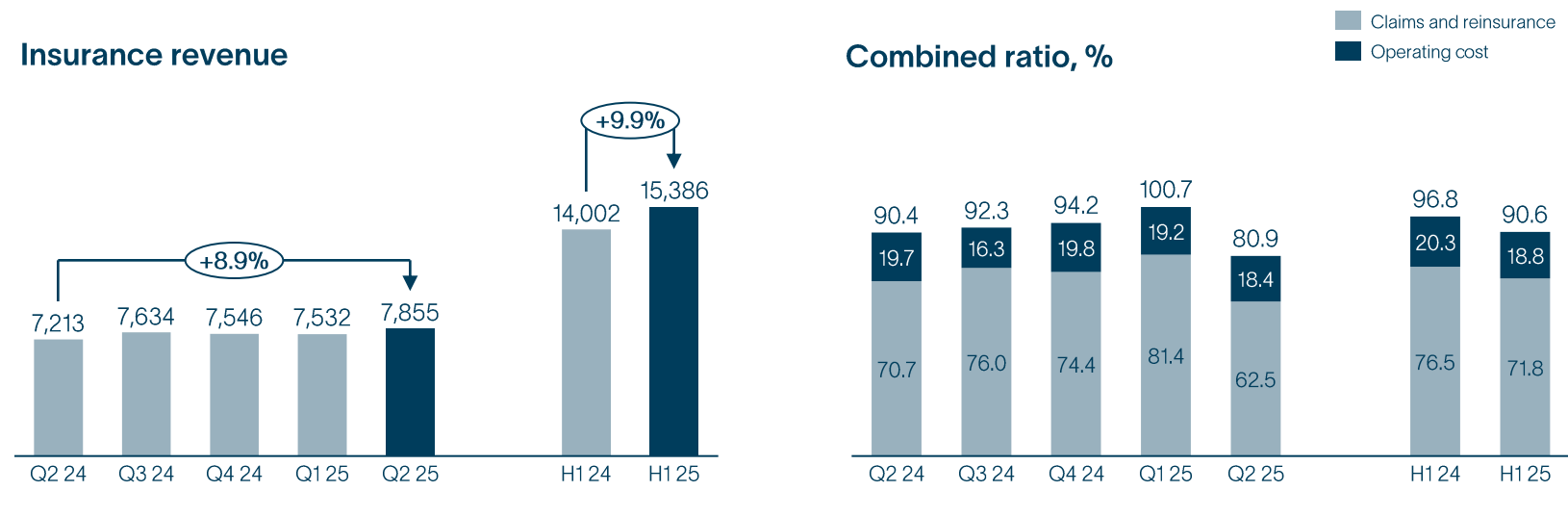
Business unit financials

- Insurance
 - Financial services
 - Investments
-



Insurance

Ongoing journey towards growth and improved profitability



All amounts are in ISK unless stated otherwise

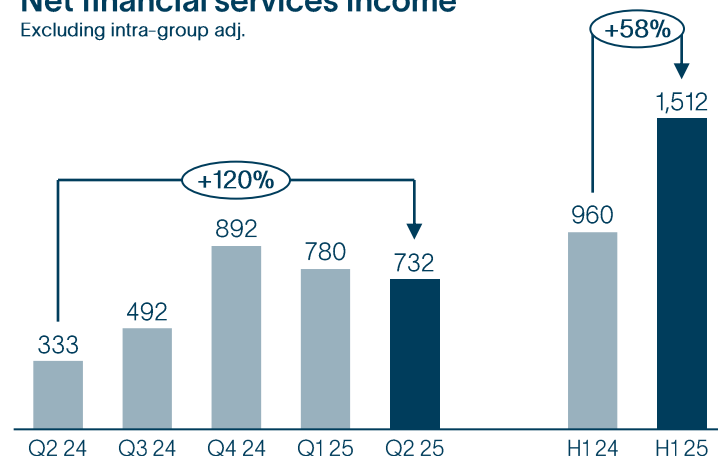
- Positive momentum in insurance revenue remains
- 8.9% insurance revenue growth in Q2 YoY and 9.9% H1 2025
- Strong 12.1% Q2 growth in life and health insurance and ongoing emphasis on growth in this product range
- The partnership with Íslandsbanki which began this quarter is off to a strong start
- Claims ratio historically low in Q2
- Cost measures implemented and higher premium base continue to result in decreased cost ratio, down to 18.8% in H1 2025 compared to 20.3% the year before
- Combined ratio is 80.9% in Q2 and 90.6% in H1 2025, partly driven by a positive 259m one-off in relation to discontinued international operations
- Thus, guidance range for combined ratio for the year has been updated to 92-95%, from 93-96%

Financial services

Growth of Financial services continues

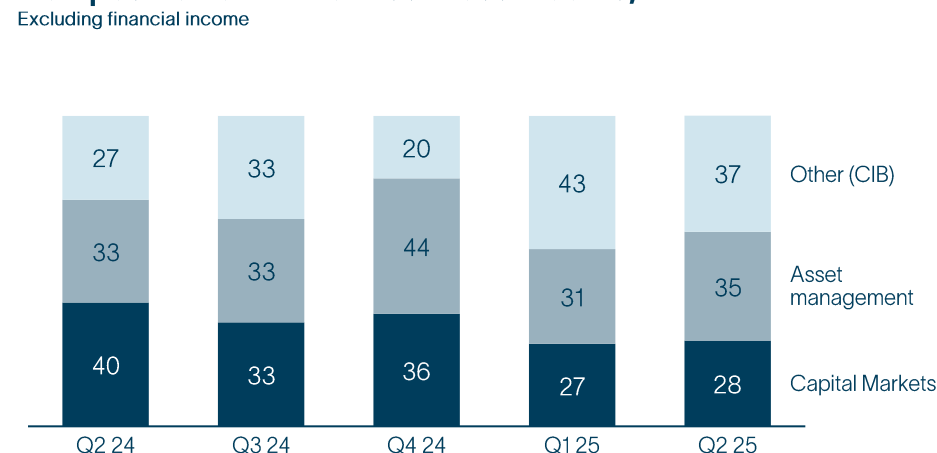
Net financial services income

Excluding intra-group adj.



Composition of financial services income, %

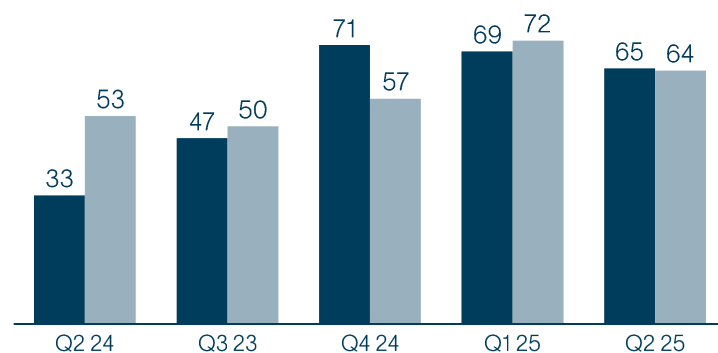
Excluding financial income



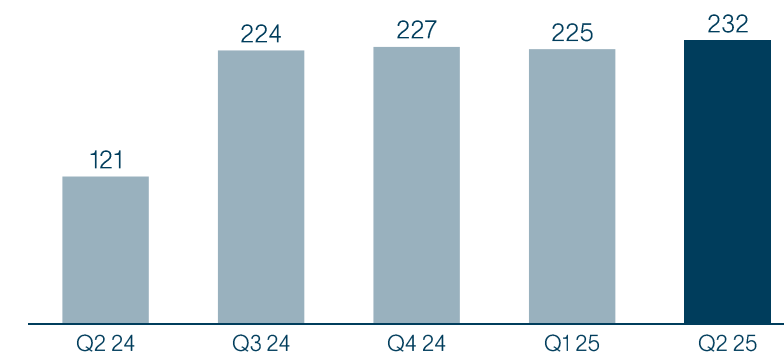
Income and costs per FTE

ISKm annualized, only including financial services

Income per FTE
Costs per FTE



Assets under management *billions ISK*



All amounts are in ISKm unless stated otherwise

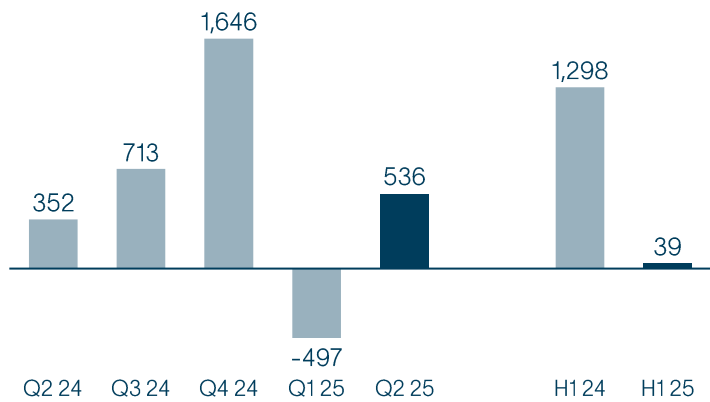
- Financial services generate revenue growth of 120% in Q2 and 58% YoY in 1H 2025
- Financial services continues to deliver diversified income streams, with over 70% of income coming from non-capital markets related activities in 2025
- Group AuM of 232bn at end of period growing at 12% p.a. and we see a momentum for even stronger growth in the second half of the year with new fund products
- Significant expenses were incurred in the first half in relation to the merger of Íslenk verðbréf and other one-off expenses, in total amounting to 95m
- Financial services delivered pre-tax profit of 6 million Q2 but a pre-tax loss of 27m in 1H 2025
- Focus is now firmly on scaling towards further profitability

Investments

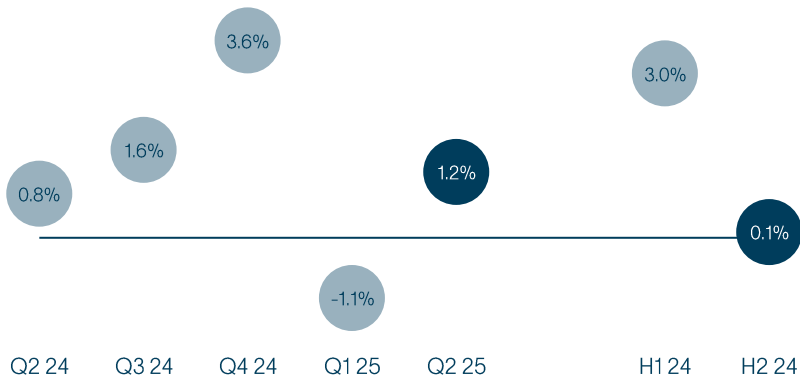


Weak equities market negatively affect investment income

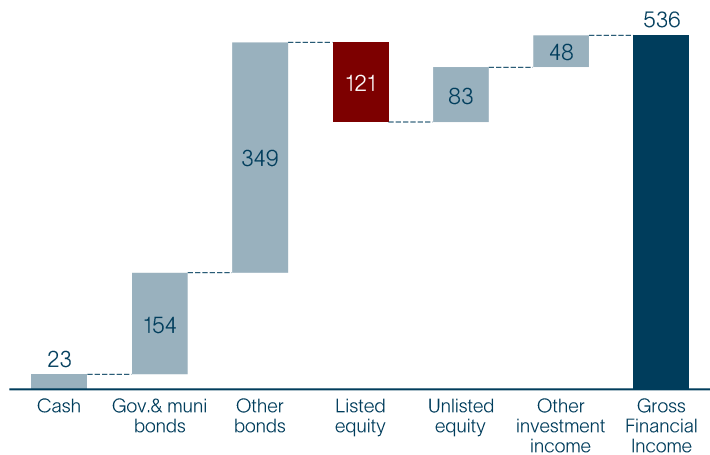
Investment income



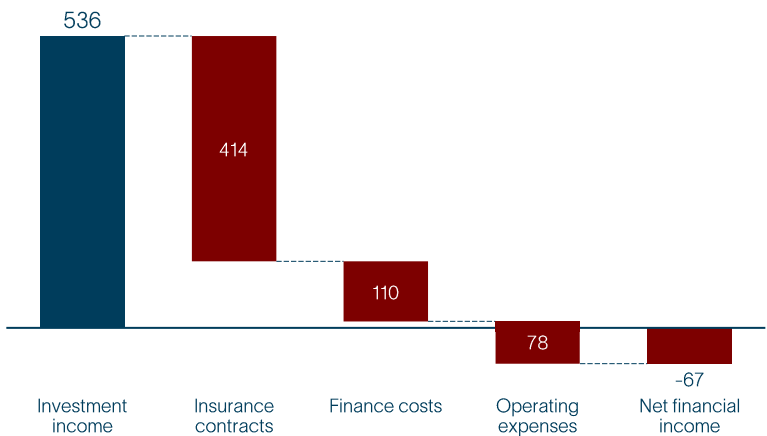
Return on investment assets



Investment income from assets in Q2 2025



Net financial income breakdown of investments in Q2 2025



- Weak listed equities negatively impact investment results by ISK -1,184 million in 1H 2025, thereof -1,063m in Q1 and -121m in Q2
- Return on investments 1.2% in Q2 and 0.1% in 1H 2025
- Investment income of 536m in Q2 and 39m in 1H 2025
- Investment income mainly driven across bond portfolio whilst equities remained weak during the same period
- Current interest rate environment drives high financial expenses from insurance contracts and other finances costs, totaling 524m in Q2 and 1,036m in 1H 2025
- Net financial income result of investments is -67m in 2Q and -1,155m in 1H 2025

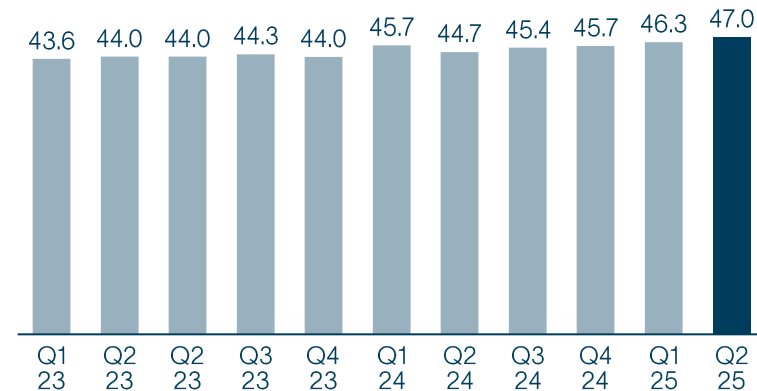
All amounts are in ISKm unless stated otherwise

Investment portfolio

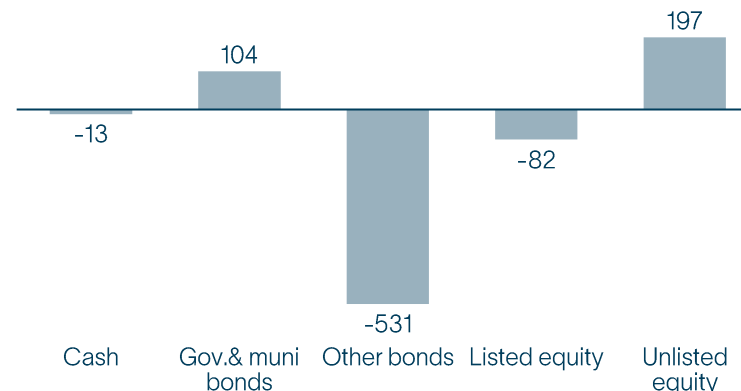
Investment portfolio with limited exposure on listed equity



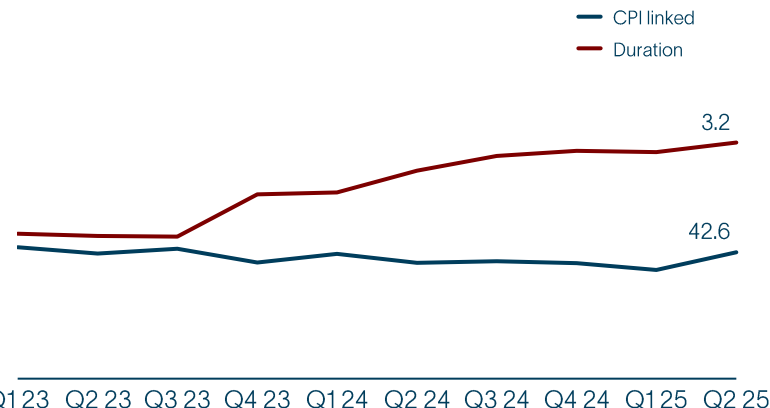
Investment assets¹, ISK billions



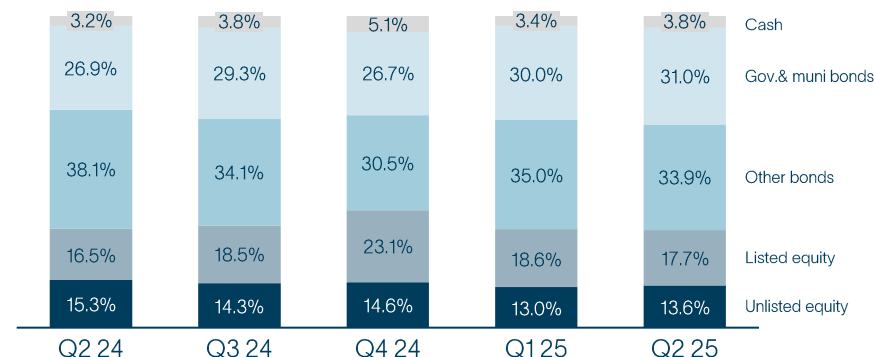
Asset allocation shift in Q2 25



Bonds - duration and CPI-linked ratio



Asset allocation



- Investment asset portfolio¹ stands at 47bn at end of quarter, consisting of financial assets of VÍS insurance
- Composition of portfolio is 69% bonds and 31% equity, thereof 14% in unlisted equity
- Allocation shift with reduced listed equities and lower exposure to other bonds
- Duration higher at about 3.2 in Q2
- Foreign bonds are comprised of foreign credit funds and bonds issued by financial institutions
- Currency hedges are in place against the foreign bond exposure

Operating costs and solvency

- Operating costs
 - Solvency and bank capitalisation
-

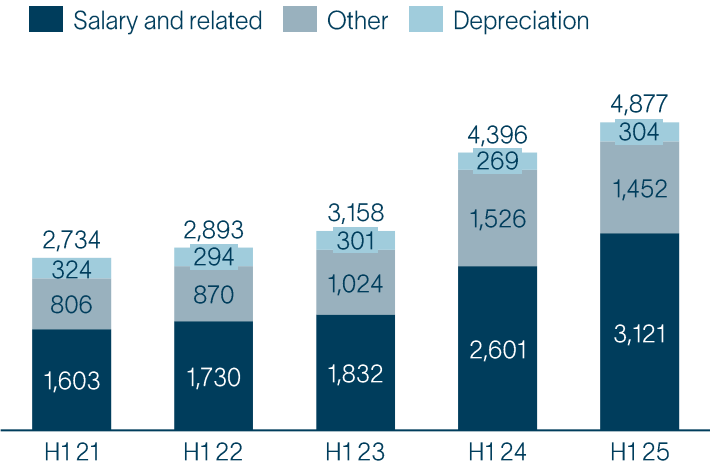


Operating costs

Operating costs impacted by costs related to ÍV merger

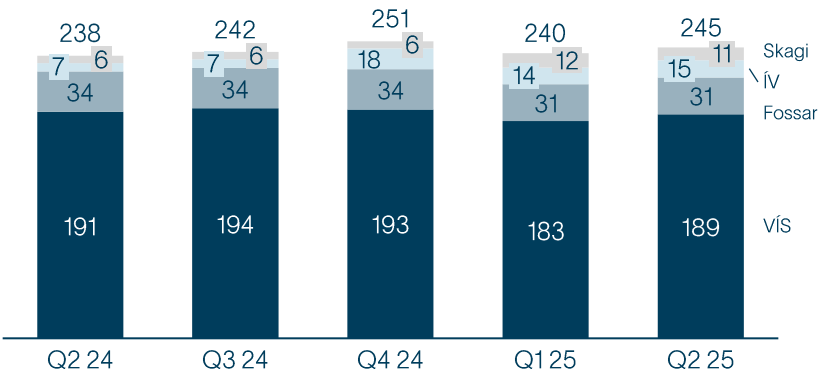


Operating costs



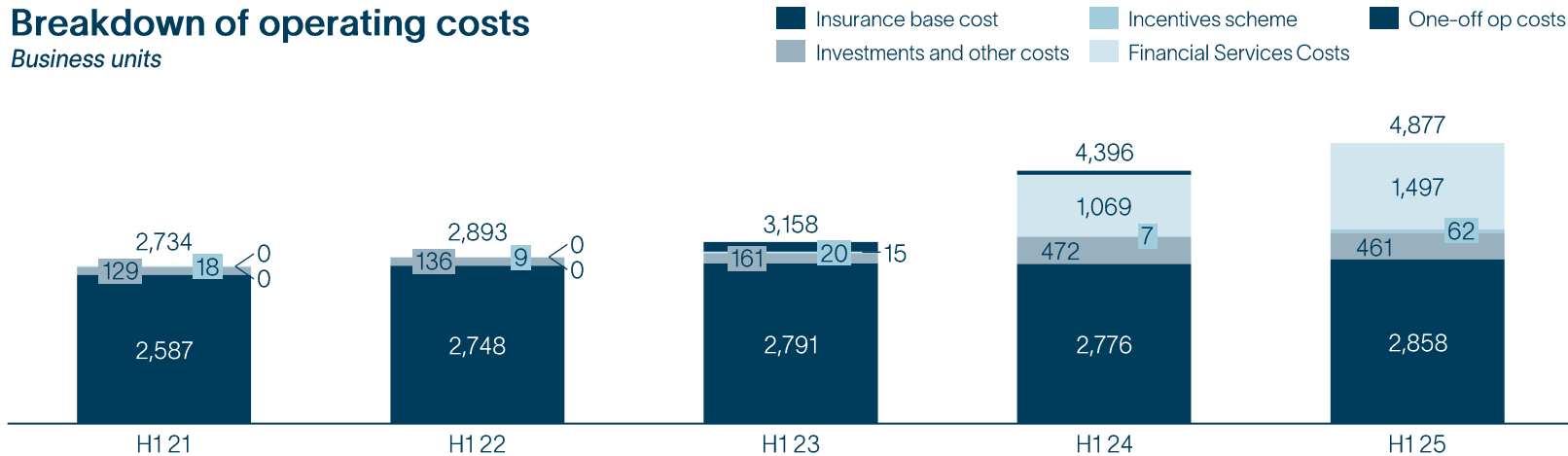
Employees (FTEs)

Average over period



Breakdown of operating costs

Business units



All amounts are in ISKm unless stated otherwise

- Operating costs increase YoY mainly due to inclusion of ÍV base operating costs. Furthermore costs are higher due to integration and other one off expenses within Financial services of approx. 95 million in 1H 2025
- Other integration costs incurred by the group during the period amounted to approx. 40 million, related to transfer of insurance and establishment of group structure
- Streamlining of operating costs continues with focus on cost measures and synergies across all business units
- Average 244 FTEs at end of period and has reduced by 7 FTEs during the year. FTEs are up 6 FTEs YoY, which is explained in part by ÍV aquisition
- Insurance base costs increase only ~3% YoY

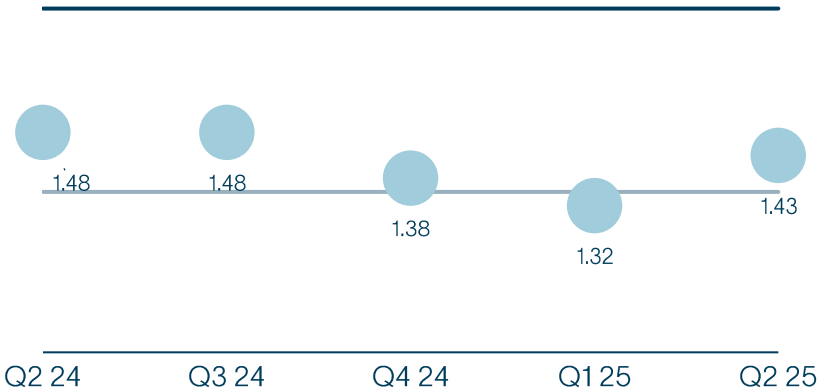
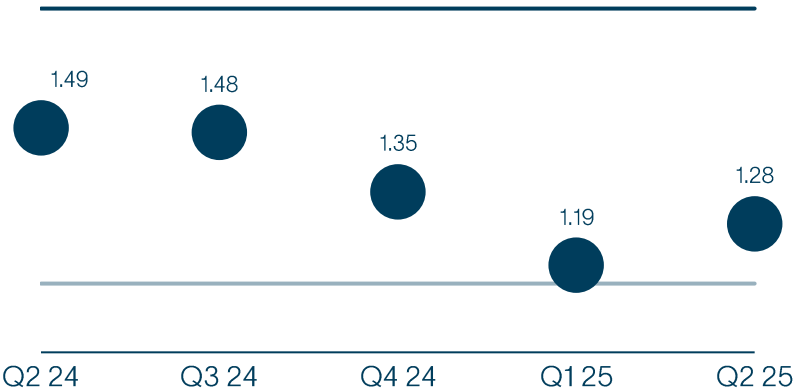
Solvency ratio and inv. bank capital

Market conditions and dividend result in solvency temporarily below target



Group solvency ratio

Insurance solvency ratio



Solvency position

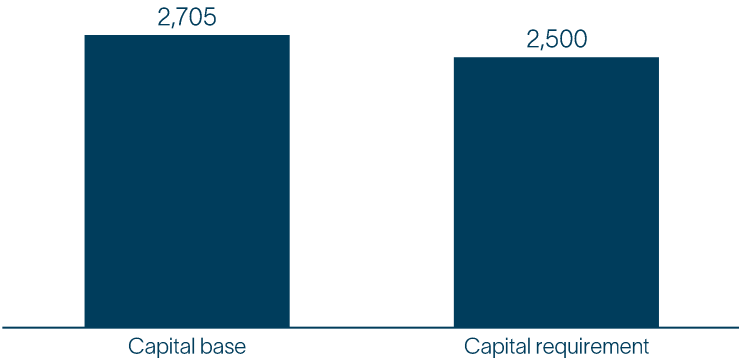
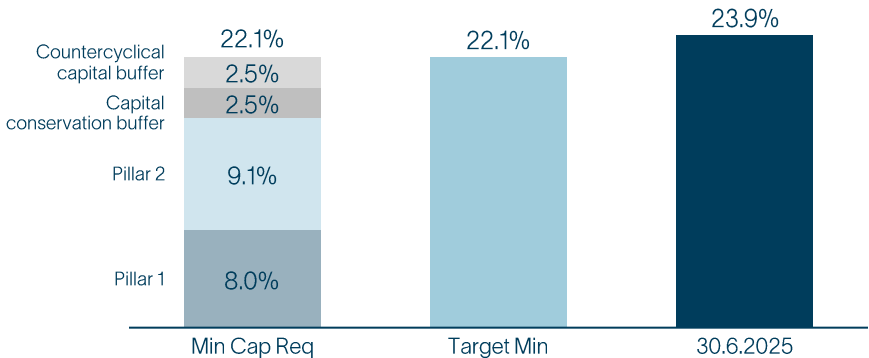
- Group solvency ratio is 1.28 at end of year while VÍS insurance solvency ratio is 1.43
- Own funds are within target policy levels;

Fossar capital position

- Fossar capital ratio of 23.9%
- Fossar capital position is ~200m above capital requirement

Fossar – capital ratio

Fossar – capital and requirement



Capital allocation

- Capital allocation optimization within the Group to support internal and external growth is consistently monitored

All amounts are in ISKm unless stated otherwise



Insurance services deliver strong results but investment income is below expectations

- **Insurance:** Results ahead of expectations and strong momentum into the second half of the year
- **Financial Services:** Revenue growth on track and emphasis on increasing profitability with continued growth
- **Investments:** Weak equity markets have considerable impact on results

Ongoing positive momentum in insurance services into the 2H

Record 1,449m results in 1H 2025

Financial services continue to **grow** – with a YoY income growth of **58% in 1H 2025**

Strong results in Q2 2025 delivering ROE of **18.4%** despite muted returns from investment portfolio

First half impacted **heavily** by weak performance in the Icelandic equities market

Appendix:

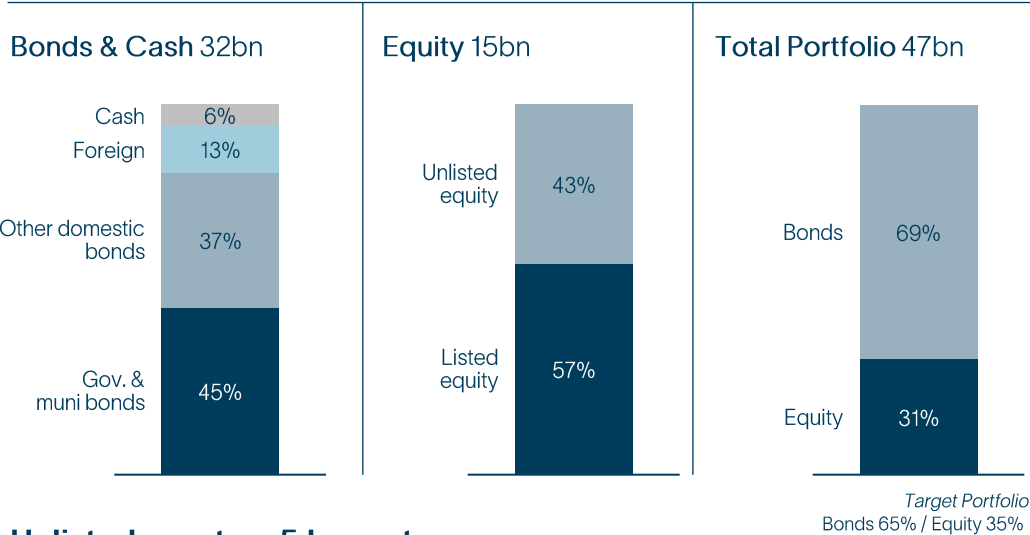
Further information

Investment portfolio – additional information

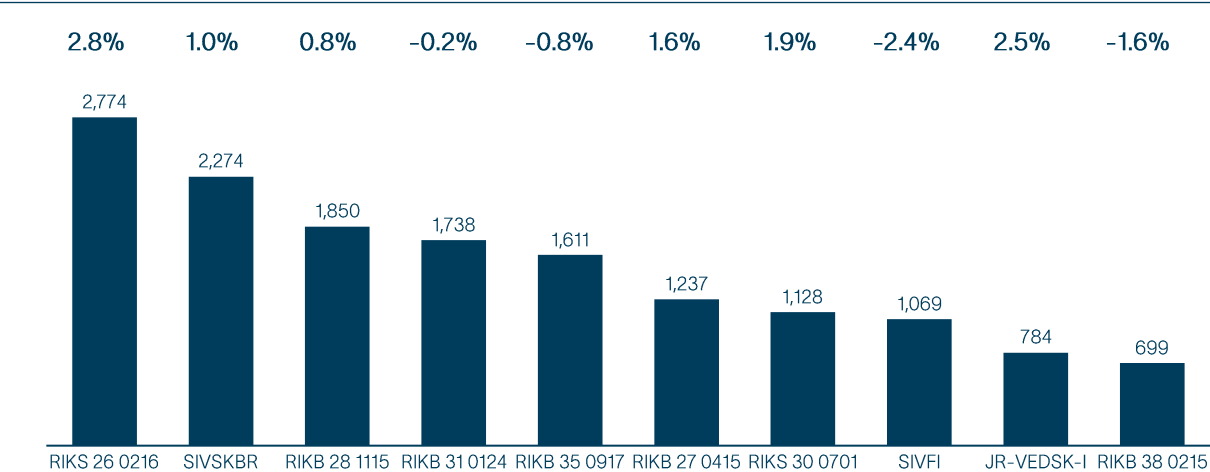


Breakdown of asset allocation and major positions in the portfolio

Allocation of bonds and equity



Bonds – 10 largest and return in quarter

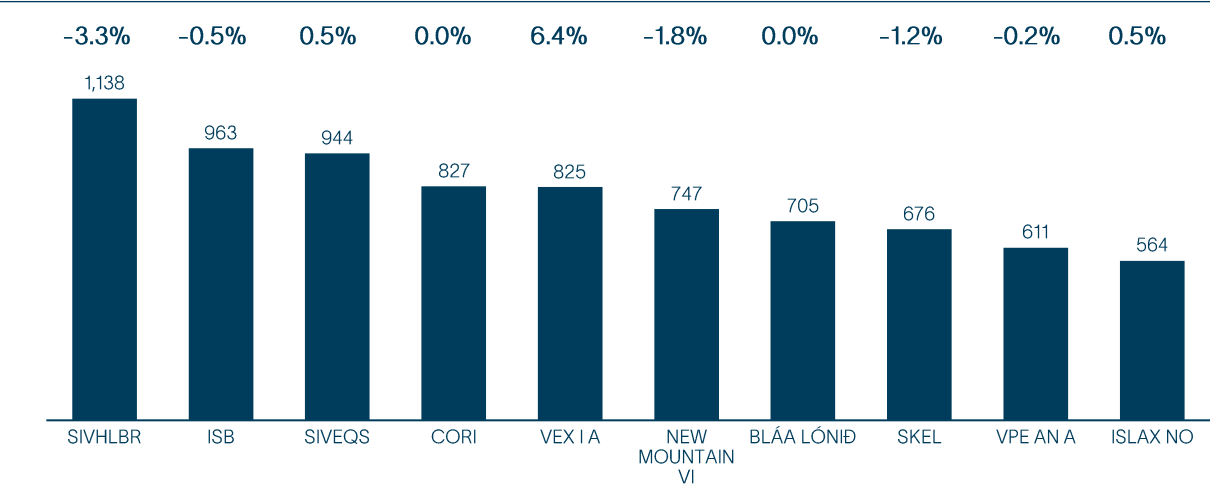


Unlisted assets – 5 largest

	Value 30.06.2025	Value 31.03.2025	Difference	Share price 31.03.2025
CORIPHARMA	827	827	0	13.7
BLUE LAGOON	705	705	0	80
annata Powering possibilities	611	602	9	134.9*
nox HEALTH	425	330	95	83.5**
Styrkás	300	0	300	20.5

* indirect via VPE AN (VEX) | **indirect via Nox Holding ehf.

Equity – 10 largest and return in quarter



1 Increase is due to participation in equity raise and not an increase in share price
All amounts are in ISKm unless stated otherwise

Fossar Investment Bank – balance sheet

Strong balance sheet with majority of assets in listed assets



Balance sheet	30.6.2025	31.3.2025	Δ%
Assets			
Fixed income securities	5,087	6,484	-22%
Shares and other variable income securities	494	387	6%
Securities used for hedging	6,023	4,951	22%
Cash	928	909	2%
Loans to customers	9,598	8,643	11%
Claims and other assets	1,343	1,282	7%
Total assets	23,472	22,656	3%
Liabilities and Equity			
Borrowings	3,350	4,400	-24%
Money market deposits	10,682	9,412	13%
Bills and marketable instruments	4,222	4,764	-11%
Other liabilities	2,325	1,255	85%
Total liabilities	20,580	19,831	4%
Total equity	2,893	2,826	0%
Total Liabilities and Equity	23,472	22,656	3%





LCR ratio and net stable funding ratio

Liquidity coverage ratio (LCR)	30.06.2025	31.03.2025
High quality liquid assets	3,390	4,719
Net outflow	1,624	1,161
Liquidity coverage ratio (LCR)	209%	406%
<i>Minimum regulatory requirement</i>	<i>100%</i>	<i>100%</i>
Net stable funding ratio (NSFR)	30.06.2025	31.03.2025
Available stable funding	8,786	7,666
Required stable funding	5,366	5,519
Net stable funding ratio (NSFR)	164%	139%
<i>Minimum regulatory requirement</i>	<i>100%</i>	<i>100%</i>

All amounts are in ISKm unless stated otherwise

Skagi financial targets

Guidance range and targets for 2025


 SKAGI	2025 target
 Combined ratio	<94%
Range:	92 - 95%
 Financial services revenue	>3.1bn
Range:	2.9 - 3.5bn
 Investment return	10%

1. Target Combined ratio for VÍS insurance business. Guidance range is 92-95% in 2025.
2. Target Financial Services Income includes all income of Financial services. Guidance range is 2.9-3.5bn in 2025. Target RoTE from Financial services is >20%.
3. Investment return target is based on market conditions and assumptions in November 2024 and asset allocation policy for 2025 (35% Equity & 65% Bonds). Investments include solely the investments and income derived from VÍS Insurance investment portfolio.

Outlook to be updated if performance is expected to be outside of target range on Combined Ratio in Insurance or on revenue in Financial Services.
No update is given on Investment return of Investments nor on RoTE in Financial services.



Long-term targets 2026 put forward in relation to VÍS/Fossar merger¹

 SKAGI	Q2 2025 annualized	2026 target
Profit per share	2.04	2.50
AuM	232bn	250bn
Core revenue	34.3bn	36bn
Financial services revenue	2.9bn	4bn

All targets on track

Disclaimer

The information in this presentation is based on sources that Skagi hf. ("Skagi" or "the Company") deems reliable at a given time but it is not possible to guarantee that they are infallible. Skagi is not responsible for the quality, accuracy, or reliability of information in this presentation and Skagi shall not be liable for damages that can be attributed to the fact that the information turns out to be inaccurate, unreliable, or insufficient.

All information in this presentation is property of Skagi. Neither the presentation nor the information it contains can be copied, altered, or distributed in any way, either in part or full.

This presentation is intended for information purposes only and is not in any way intended as part of or basis for decision making of its recipients. Recipients should not in any way interpret the content of this presentation as a guarantee, instructions or investment advice.

Skagi is not obligated in any way to provide recipients of this presentation with further information about the company or update or amend the presentation if the underlying information changes.

The future outlook of Skagi is subject to various risk- and uncertainty factors, which can mean that actual future results could differ considerably from the statements in this presentation. External factors, such as supply of capital, laws and regulations coming into effect, impact of regulatory authorities can all have substantial effect. Skagi reiterates that the recipients of this presentation should not rely on statements in this presentation at a later date as they are only applicable on the date of publication. Any forward-looking statements are fully valid with respect to this disclaimer.

By receiving this presentation, its recipients confirm that they are bound by the above disclaimers and limitations.





SKAGI