

Investor presentation

Q2 2022

12. August 2022

Ásgeir Helgi Reykförð Gylfason, CEO

SKEL

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Q2 2022

ISK 1.6 billion

PROFIT
AFTER TAXES IN Q2

- Sale of real estate to REIR – returned 1.4 billion ISK in profit in Q2
- Skel and operating companies on budget despite market price fluctuations and challenges arising from disruptions in the supply chain.
- Judgment of the Court of Appeals No. 189/2021 in favour of Skel returned 393 million ISK plus interest
- 4.95 billion ISK in profit after taxes in H1 2022. Estimated profit for the year is 7.6-8.3 billion ISK

“ Transformation of the company well under way

New management

- Ásgeir H. Reyk fjörð and Magnús Ingi Einarsson have joined the investment company
- Auður Daníelsdóttir **has been appointed CEO of Orkan**

Real estate deal completed

KALDALÓN

- Real estate sold to **Kaldalón**
- Development properties sold to Reir - Þróun

REIR

Changed focus

- Financial statement of **SKEL** as parent company replaces previous consolidated statement
- A valuation of all assets with turnovers exceeding 1 billion ISK will take place concurrently with preparation of annual financial statement
- Orkan and Skeljungur will be operated in preparation for listing

Financials

Income statement for Q2 2022

<i>M.ISK</i>	Q2 2022	Q1 2022
Change in Fair value	365	299
Financial income (-expenses)	126	8
Capital gains and other income	1.826	4.226
Investing income	2.316	4.533
Salaries	(294)	(112)
Other expenses	(87)	(144)
Operating expenses	(381)	(255)
EBIT	1.935	4.278
Taxes	(338)	(935)
Total income	1.597	3.342

- Fair value change of financial assets
 - Operating companies 652 million ISK
 - Listed equity holdings -287 million ISK
- Capital gains and other income mostly capital gains on real estate and capitalisation resulting from a court case
- Operating expense in Q2 and the year as a whole marked by cost of division of the Company and restructuring; a balance will be achieved over the coming two quarters
- The target is to bring operating expense below 2% of the Company's equity after this year
- Return on equity in H1 2022 30% year-on-year

Balance Sheet Q2 2022

<i>M.ISK</i>	30.6.2022
Investment assets	17.605
Receivables and other assets	1.567
Cash and cash equivalents	7.535
Total assets	26.707
Equity	23.323
Interest bearing debt	661
Deferred tax liability	2.228
Payables and other liabilities	495
Total liabilities	3.384
Total equity and liabilities	26.707

- Investment assets
 - Domestic unlisted companies 11 billion ISK
 - Domestic listed companies 3 billion ISK
 - Foreign unlisted companies 2.6 billion ISK
 - Other investments and properties 1 billion ISK
- Forward position in VÍS off the balance sheet is 1,5 billion ISK
- Loans to operating companies 950 million ISK
- Dividend of 500 million ISK paid on 13 April
- Equity ratio 87.3% (81.8% counting forward contracts)

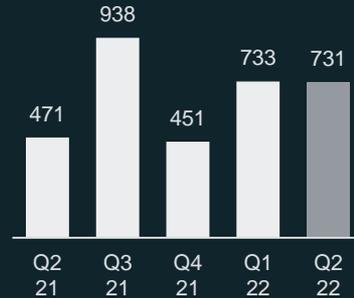
Principal results of SKEL and operating companies in Iceland in Q2

Gross profit



Amounts in million ISK

EBITDA*



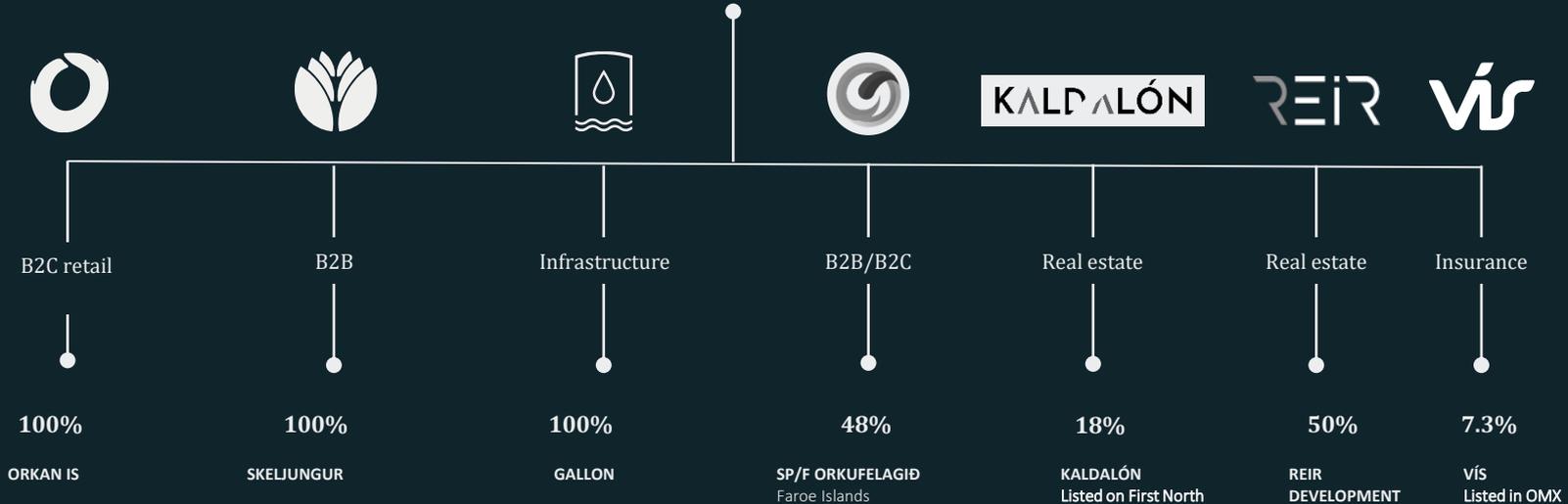
Amounts in million ISK

- Operating companies 100% owned by SKEL are Skeljungur, Orkan and Gallon
- EBITDA performance 731 million ISK v. 471 million ISK in Q2 21
- Operation of Löður entered accounts in Q3 21 and the operation of Lyfjaval in Q4 21
- Fuel inventories are largely hedged with forward contracts
- Significant changes in the world market price of commodities raised challenges in inventory management and had a negative impact on results over the quarter
- Long-term debts of the operating companies are 4.4 billion ISK

*Capital gains on real estates amounting to **1,392** million ISK in Q2 is not included in the figures. The same applies capital gains of 4,104 million ISK in Q1. SKEL's investment income is included in EBITDA as the Company has no other operating income

Investment assets

SKEL



Skeljungur

Growth on solid base

Skeljungur's role is to meet the energy needs of corporations in an efficient and secure manner in harmony with society and the environment

POSITION

- Sound business relationships in all industries and with many of Iceland's largest corporations
- Valuable brand with ties to Iceland's energy history
- Extensive knowledge and infrastructure connected with imports, energy, chemicals and related business activities
- The objective is to extend services to the Icelandic industries through external and internal growth

FUTURE VISION

- Focus on growth industries
- Internal growth, *Shell* agency and consultancy on energy use
- External growth, attractive companies in related sectors that offer a variety of opportunities for synergy
- Triple EBITDA and listing in the primary market in 3-5 years

“ We engage in wholesale and services to large-scale users of energy and chemical products

We have been serving the Icelandic industries since 1928.



Þóður Guðjónsson, CEO of Skeljungur



Orkan

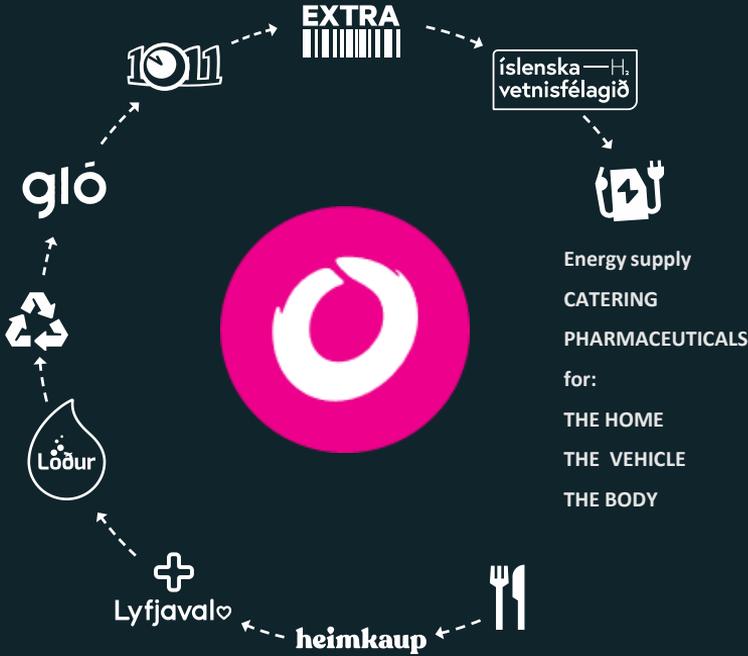
Convenient, simple and enterprising

SITUATION

- Orkan is one of the largest retail businesses in Iceland
- Over 16 thousand customers, on average, do business with Orkan each and every days
- The energy transition entails great opportunities for the company
- Orkan has always been a pioneer in offering new services and will continue on that path

POINTS OF FOCUS

- Double EBITDA through internal and external growth
- Fit for listing in the coming three years



“ We have a clear mission

We simplify the lives of our customers in collaboration with our partners



Auður Danielsdóttir, CEO of Orkan

Gallon

Infrastructure company

POSITION

- Tanks around the country that will hold over 90 million litres. The greatest capacity is in Örfirisey in Reykjavik
- The need for tanks will continue even though the use of fuel will fall – fuel will be replaced by other liquids
- Similar tank storage companies are known abroad, generally in more diverse operations
- The utilisation of tanks needs to be improved by means that include exploring opportunities for storage of other liquids for external entities

FUTURE VISION

- Changed focus of the company from dependent to independent business activities based on foreign models
- Gain an edge in increased storage facilities for goods in Iceland in the light of increased activities in the Arctic region
- There are clear options for improved efficiency in Iceland - if there is interest in doing so

“

The company's tanks will hold 90 million litres of oil or other products

We anticipate opportunities for far better utilisation in the future



Már Erlingsson, CEO of Gallon

REIR Development

New strong real estate and development company

SKEL

SUMMARY

- Fasti and Skel found a new company, Reir Development, in equal ownership
- Strong ownership group possessing extensive knowledge and experience in the development and construction of real properties
- Attractive development assets at various stages of development, focusing on residential properties
- Total assets 4,800 million ISK and estimated volume of construction 46 thousand square metres
- Share capital and shareholders' loans 3,100 million ISK
- Interest-bearing loans 1,700 million ISK

HNODRAHOLT - DEVELOPMENT UNDER WAY



- Asset valued at ISK 3,100 million
- Construction volume 24 thousand square metres
- Estimated number of residences 220
- Project completion scheduled for 2027/2028

RENTAL PROPERTIES – FUTURE DEVELOPMENT



- Assets valued at 1,700 million ISK
- Lease contracts with Orkan generate revenue until development work begins
- Estimated construction volume 22 thousand square metres
- Project completion scheduled for 2029/2030

Other investments



- Operations were successful in Q2
- The performance of Magn exceeded expectations and there are prospects of continued success in the Faroe Islands
- The development of an 18 MW windmill farm is progressing well, with completion scheduled for the second half of this year
- Knowledge of the utilisation of wind power, which can be put to use elsewhere
- Asset capitalised at sales price

S/P ORKUFELAGIÐ – 48.3%

KALDALÓN

- The market value of the company fell by 13.2% in Q2, in line with many other listed companies
- Revenue-generating assets continue to grow in number
- Since 1 April acquisitions of 14,315 m² of real properties have been announced, which will return the company an estimated 500 million ISK in annual revenue
- Kaldalón is a key assets in SKEL's portfolio, and SKEL officers Ásgeir Helgi and Magnús Ingi were elected to the board of directors of Kaldalón in May
- Share price at end of Q2 was 1.76

KALDALÓN – 18%



- The market value of the company was somewhat volatile in the quarter but was similar at the beginning and end of the quarter.
- The operation of insurance companies was more difficult in Q2 than last year owing to poorer returns from investments and insurance activities
- Significant value in a strong brand, solid history and large customer base
- The company can play a large role in the transitions ahead in finance and insurance operations
- The company will publish its financial statement around mid-August
- Share price at end of Q2 was 17.7

VÍS – 7.3%

Prospects

Prospects for SKEL

(from Q1 presentation)



Work with existing assets and support their continued growth

Acquisition of companies in related operations to expand operations and increase turnover

Optimization of operations and balance sheet



Utilize the company's investment capacity and invest in new industries

Listed and unlisted investments

Investment in VÍS and Kaldalón

Emphasis on opportunities where profitability can be increased with support from SKEL

Position after Q2



A number of investment opportunities were examined in the quarter

The acquisition of several companies, all of which are a good fit with the company's current assets, are being studied further

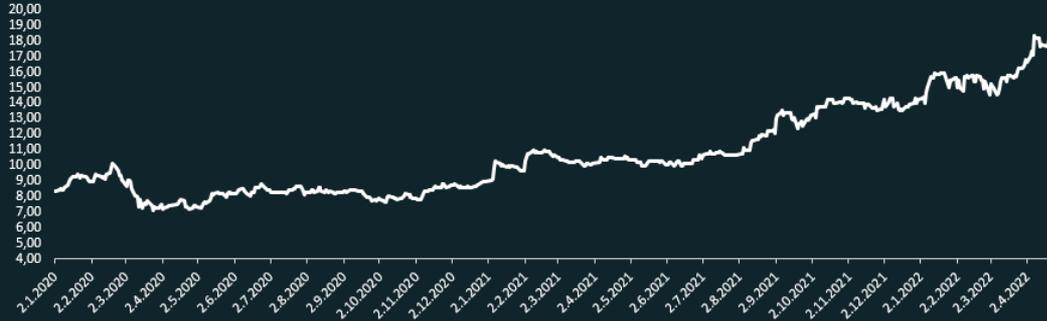


The primary focus in the coming months will be on the current asset portfolio

Ambitious targets of internal and external growth, e.g. for Orkan and Skeljungur, and plans to prepare those companies for listing.

Extensive opportunities to add to these companies smaller and larger units that are a good fit with their activities, points of focus and business base

SKEL shareholders



Shareholder	Nominal value of share in million	Share
Strengur hf.	969	50,1%
Frjálsi lífeyrissjóðurinn	166	8,6%
Arion banki hf.	143	7,4%
TCA ECDF III Holding S.á.r.l.	97	5,0%
Birta lífeyrissjóður	81	4,2%
Stefnir - Innlend hlutabréf hs.	38	1,9%
Kvika banki hf.	35	1,8%
Stefnir - ÍS 5 hs.	26	1,3%
Eftirlaunasj atvinnuflugmanna	24	1,2%
JV ehf.	20	1,0%
10 largest shareholders total	1.599	82,6%
Other shareholders	337	17,4%
Total outstanding shares	1.936	100,0%
Shares owned by Skeljungur	0	0,0%
Total shares as in articles of associati	1.936	100,0%

Market information	
Total shares	1.936 m
Number of shareholders	1011
Market value at listing	14,849 b
Market value at 31.12.19	17,754 b
Market value at 31.12.20	17,812 b
Market value at 31.12.21	27,492 b
Market value at 31.3.22	32,138 b

- At the annual general meeting the Board of Directors was granted authority to buy up to a 10% share in the Company and increase its share count by 200 million ISK in nominal value
- There was no trading in the company's own shares over the quarter
- The price of shares in SKEL is up by 16.9% from the beginning of the year (closing price of 16.6)

Questions?

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