

SKEL fjárfestingafélag hf. – Financial Statements 2025

Profit after tax amounted to ISK 4,297 million, return on equity of 10.8%.

Total assets amounted to ISK 57,895 million.

Equity amounted to ISK 42,064 million, corresponding to ISK 22.4 per issued share.

Fair value changes of listed assets were negative by ISK 836 million.

Fair value changes of unlisted assets were positive by ISK 5,742 million.

Key portfolio developments of SKEL in 2025

Unlisted assets

SKEL's unlisted domestic assets consist primarily of two companies, Styrkás and Drangar, which operate in different markets and are each building strong corporate groups within related business areas. Styrkás is a leading provider of services to the business sector, while Drangar is a parent company of progressive consumer-market businesses.

The transformation projects within SKEL's portfolio are progressing well. The board of Styrkás has decided to begin preparations for listing the company on the stock exchange in the second quarter of 2027, and over 90% of Drangar's shareholders have signed a shareholders' agreement providing for the company's listing on the stock exchange in the same year. As a result, the proportion of listed assets in SKEL's portfolio is expected to increase significantly in 2027.

Styrkás

Styrkás delivered strong operating performance in 2025, with results in line with projections. Operating profit (EBIT) amounted to approximately ISK 2,500 million, including investment-related costs. Service revenues increased by 29% year-on-year, while rental income increased by 11%. Skeljungur had a record year, Klettur also had a record year in sales, and revenue growth at Stólpi was close to 50%. Net interest-bearing debt of the group amounted to approximately ISK 5,300 million at year-end. Styrkás' projected operating profit for 2026 is in the range of ISK 3,350–3,650 million.

In December 2025, Styrkás completed the acquisition of Hreinsitækni and HRT þjónusta, a leading service provider in environmental and infrastructure services for municipalities and companies. The acquisition established a fourth core business area within Styrkás, focused on environmental and industrial services. The transaction was a key step in fully shaping Styrkás as a strong service company with a broad and diversified offering to businesses and municipalities nationwide. In parallel, the group's properties and land holdings have been transferred into a separate entity, Styrkás fasteignir. Land owned by the company totals 68,000 square meters, and buildings total 3,000 square meters.

Styrkás issued bonds in 2025 that will be listed for trading on the stock exchange. The company has recently followed up with the issuance of longer-dated bonds. The objective of the bond issuances is to establish market access and broaden the company's funding base. The shareholder base of Styrkás also expanded during the year, both as a result of the merger with Hreinsitækni and earlier in the year when SKEL sold a total of a 17.5% stake in

the company to domestic institutional investors. These transactions increase the company's visibility in the financial markets and provide a stable shareholder base ahead of a planned stock exchange listing.

The value of SKEL's 37.7% ownership interest in Styrkás amounted to ISK 11,209 million at year-end and reflected the share price in the transaction involving Hreinsitækni.

Recently, SKEL and Skeljungur entered into a share purchase agreement regarding Skeljungur's acquisition of all shares in Gallon ehf., and thereby indirectly a 25% ownership interest in EBK. Gallon owns and operates fuel storage facilities throughout Iceland. The agreed enterprise value of the transaction is ISK 2,885 million. The acquisition will not affect SKEL's earnings; however, in connection with the transaction, SKEL will repay a loan provided to the company by Gallon in the amount of ISK 1,305 million. Operating profit of Styrkás is expected to increase by approximately ISK 250 million annually once the transaction is completed. The share purchase agreement is subject to approval by the Competition Authority.

Drangar

Drangar was established last summer following the merger of Orkan, Samkaup, Löður, and Lyfjaval. The group operates a total of 63 retail stores, 75 service stations, 11 car wash facilities, and 7 pharmacies. Group revenue for 2026 is estimated at ISK 72,972 million, gross profit at ISK 22,021 million, and EBITDA after lease payments (EBITDAaL) at ISK 5,403 million. Interest-bearing debt amounted to ISK 8,205 million at year-end.

Operations at Drangar during the second half of the previous year were characterized by extensive efficiency measures in the grocery segment. Gross profit and other income amounted to ISK 10,923 million in the second half of the year, and EBITDA after lease payments amounted to ISK 1,532 million. Orkan and Löður performed well, with sold fuel litres increasing by just under 1%, and Löður's subscription system performing better than expected. Revenue at Lyfjaval increased nearly 20% year-on-year.

Since the establishment of Drangar, efforts have focused on strengthening the company financially and improving its competitive position following difficult years in Samkaup's operations. This has been pursued through a two-fold approach: on the one hand, increases in share capital, and on the other, operational improvements. In December, Drangar increased its share capital by ISK 3,600 million through a sale to domestic investors. Since the company's establishment, operating results have improved by more than ISK 1,930 million on annual basis. Efficiency measures have included improved procurement, reduced shrinkage, staff reductions, and operational simplification. During the period, Drangar closed seven stores and one pharmacy, all of which were loss-making units.

Drangar has entered into a partnership with the international retail chain SPAR regarding the use of the SPAR brand in Iceland. Through this partnership, the company will become part of SPAR's international retail network, which comprises approximately 13,800 stores in 48 countries. The collaboration will provide Drangar with access to SPAR's product range, expertise, experience, and marketing materials, while the stores collectively serve approximately 14.7 million consumers daily. SPAR's philosophy is based on local operations supported by best international practices, with a strong focus on freshness, product selection, service, and quality.

It is expected that by the end of 2027, 40 stores currently operating under the brands 10-11, Krambúðin, and Kjörbúðin will operate under the international SPAR brand. SPAR will thereby become the retail chain with the

largest number of stores in Iceland. Through the partnership, Drangar take a major step toward simplifying the company's brand portfolio. At that point, the group will operate three brands Nettó, Prís, and SPAR each with a clearly defined market position. In parallel with the implementation, Drangar expect to simplify operations and improve procurement, leading to lower prices in convenience stores, in part due to access to SPAR's international supplier agreements.

The book value of SKEL's 60.8% ownership interest in Drangar amounted to ISK 17,016 million at year-end and is based on the share valuation in the December share capital increase.

Foreign assets

INNO

In 2024, SKEL and Axcent of Scandinavia acquired the Belgian retail chain INNO, which operates 16 stores across Belgium. SKEL holds a 50% ownership interest in the company alongside Axcent of Scandinavia. Following the change in ownership in 2024, extensive operational changes were implemented under the leadership of the new owners. These changes have resulted in more focused decision-making and clearer strategic priorities. Increased emphasis has also been placed on in-house brands, which has improved margins and enhanced the value proposition for customers.

INNO delivered a positive operational turnaround in the 2024/25 financial year (October–September). Revenue amounted to ISK 42,212 million, an increase of ISK 299 million year-on-year, while EBITDA increased by ISK 618 million to ISK 1,994 million during the period, corresponding to growth of 44.9%.

The retail operating environment in Europe was very challenging in the latter part of the year and continued to be so at the beginning of the current year, with Belgium being no exception. Sales in the first quarter of the new financial year were below management expectations, reflecting ongoing challenges. Despite difficult external conditions, the company continues to focus on further efficiency measures, increased automation, and the implementation of innovations intended to further strengthen INNO's operating platform over the long term. INNO's outlook for 2025/26 targets revenue of ISK 43,816 million and EBITDA of ISK 1,566 million.

Baridi

Baridi Iceland hf. is a company focused on the development and processing of mining licenses in Tanzania. The company completed a capital increase of USD 7 million in the first half of 2025. SKEL's ownership interest in Baridi Iceland is 31.8% of the share capital. The capital increase is intended to finance the next phases of the company's development, in particular capital expenditures related to the construction of the company's copper processing facilities in the Kapalamsenga area of Katavi, located in western Tanzania. The cost of developing the copper processing facilities is estimated at USD 4.9 million, and production is expected to commence toward the end of 2026. Cash and cash equivalents at year-end 2025 amounted to ISK 685 million. The carrying value of SKEL's ownership interest in Baridi in SKEL's books amounted to ISK 2,181 million at year-end and is based on the share price from the capital increase earlier in the year.

Real estate

SKEL acquired a total of 105 residential apartments at Stefnisvogur 2–36 during the years 2023 and 2024. The acquisitions formed part of the company's efforts to mature its balance sheet by converting development assets

into completed properties with established market values. During 2025, 17 apartments were sold. The value of SKEL's real estate holdings at Stefnisvogur amounted to ISK 8,523 million at year-end. At that time, the portfolio comprised 88 properties at Stefnisvogur. Debt secured against the Stefnisvogur properties amounted to ISK 6,177 million.

Yesterday, on 4 February, SKEL signed a purchase agreement for the sale of 49 apartments for a total consideration of ISK 4,192 million. Upon settlement of the transaction, SKEL's liabilities will decrease by ISK 3,508 million.

Listed Assets

The performance of SKEL's listed equities was negative by ISK 836 million, and total holdings in listed equities amounted to ISK 9,085 million at year-end. The most valuable listed holdings of SKEL at the end of the period were a 15.8% ownership interest in Kaldalón hf., with a market value of approximately ISK 4,653 million, and an 8.2% ownership interest in Skagi hf., with a market value of approximately ISK 3,123 million. Other listed equities in SKEL's portfolio had a combined market value of ISK 1,308 million at the end of the period. Listed equities represented 16% of SKEL's total assets at year-end; however, over the longer term, the company's strategy is for 50% of its assets to be invested in listed markets, as previously mentioned.

Kaldalón grew and took important steps toward achieving the company's objectives during the past year. During the year, the company added a total of 17,000 square meters, bringing Kaldalón's property portfolio to approximately 144,000 square meters. The company also signed a purchase agreement for properties owned by FÍ fasteignafélag, comprising more than 25,000 square meters, which will increase the portfolio to approximately 170,000 square meters. Kaldalón will fully finance the acquisition of the FÍ fasteignafélag properties through the issuance of equity and listed bonds, strengthening the company financially and broadening its investor base. Significant opportunities exist in the refinancing of Kaldalón, and the company used the past year to further increase its issuance of listed bonds. In 2026, the company plans to commence dividend payments, having already used the market for share buybacks and thereby begun returning capital to shareholders.

Skagi has likewise moved closer to the objectives presented in connection with the company's transformation from an insurance company into a financial group. The core of Skagi's operations remains VÍS, which has led growth in the insurance market in recent quarters, moving closer to regaining its former position in that market. There has been substantial growth in the group's financial services activities, as well as solid growth in asset management. A key priority now is for the company to convert this growth into value creation for shareholders.

In October, the boards of Skagi and Íslandsbanki announced the signing of a term sheet regarding a merger and further discussions. It is proposed that Skagi shareholders will own 15% of the combined entity, with estimated synergies in the range of ISK 1.8–2.4 billion. The announcement describes increased growth opportunities in banking and insurance on the one hand, and investment banking and asset management activities on the other. SKEL supports the proposed merger as it has been presented to the market.

Shareholders

At SKEL's annual general meeting on 6 March 2025, shareholders approved the payment of dividends to shareholders in 2025 in respect of the 2024 financial year in the amount of ISK 6,000 million, to be paid in two

instalments. The first dividend payment, in the amount of ISK 3,000 million, was made on 20 March 2025. The second dividend payment, also in the amount of ISK 3,000 million, was made on 5 November, in accordance with the decision of the shareholders' meeting the previous day.

The board of directors proposes that dividends be paid to shareholders in 2026 in respect of the 2025 financial year in the amount of ISK 2,200 million, corresponding to ISK 1.17 per share. Further details will be provided in the notice convening the annual general meeting.

The Board will submit to the Company's Annual General Meeting a proposal to renew the authorization to purchase the Company's own shares. Subject to the AGM's approval, the Company will begin preparations for the implementation of a share repurchase program.

The number of shareholders at the beginning of 2025 was 881, and at year-end the number had increased to 979.

Ásgeir Helgi Reyk fjörð Gylfason, CEO of SKEL:

"There were two sides to SKEL's operations and performance in 2025. Returns were acceptable given market conditions, but fell short of the company's objectives. The main reason for this was the loss generated by listed assets. In that respect, 2025 will not go down in the history books.

SKEL's role is to develop opportunities with long-term value creation as its guiding principle. In this regard, the company is on the right track. The portfolio of unlisted assets is taking on an increasingly clear shape. The development of Drangar and Styrkás is progressing well. In these companies, challenges are turned into tasks, and we say what we intend to do and then we do it.

SKEL played a key role in the establishment of Drangar, which is the parent company of progressive consumer-market businesses across the country and plays an important role in society. Considerable work has already been completed, with more still ahead.

Styrkás reached full maturity over the past year as a leading provider of services to the business sector. Through acquisitions in environmental and infrastructure services, Styrkás has strengthened all the necessary pillars of the company and is therefore well positioned to further expand its comprehensive service offering. It has been particularly gratifying to see the level of investor interest in the company. The board has decided to commence preparations for a stock exchange listing next year. That is where the company belongs and it will be a valuable addition to the market.

It is also worth noting the strong performance during the year of the listed companies that carry the greatest weight in SKEL's portfolio. VÍS, which is part of Skagi, regained its former position in the insurance market, while Kaldalón took decisive steps forward through the acquisition of properties from FÍ fasteignafélag, thereby firmly establishing itself as a strong real estate company in the market."

Financial calendar of SKEL fjárfestingafélag hf. for 2026:

Presentation of 2025 annual results: 6 February 2026 at Studios, Reykjavík Edition, at 08:30

Annual General Meeting 2026: 5 March 2026

Interim results for the first half of 2026: 13 August

Second half and full-year results for 2026: 11 February 2027

Annual General Meeting 2027: 11 March 2027

Disclaimer:

This press release contains references to forward-looking statements regarding future prospects that are subject to uncertainty and may result in actual outcomes differing from those anticipated herein. Information on the performance of unlisted companies is based on management accounts, as their audited financial statements have not yet been finalized. SKEL has no obligation to, and will not, update these forward-looking statements to reflect events or circumstances occurring after the publication of this press release. Investors are cautioned not to place undue reliance on forward-looking statements contained herein, as they apply only as of the date of publication. Reference is otherwise made to the company's disclosure policy, which is available on its website.

Further information is available from Ásgeir Helgi Reykfyörð Gylfason, fjarfestar@skel.is.