

Condensed Consolidated Interim Financial Statements

January 1st to June 30th 2025

Contents

Financial ratios and scope of services	3
Operating summary	4
Endorsement by the Board of Directors and the CEO	5
Independent Auditor's Review Report	6
Income Statement	7
Statement of Comprehensive Income	8
Statement of Financial Position	9
Statement of Changes in Equity	10
Statement of Cash Flows	11
Notes to the Interim Financial Statements	12

These Interim Financial statements are translated from the Icelandic original. Should there be discrepancies between the two versions, the Icelandic version will take priority.

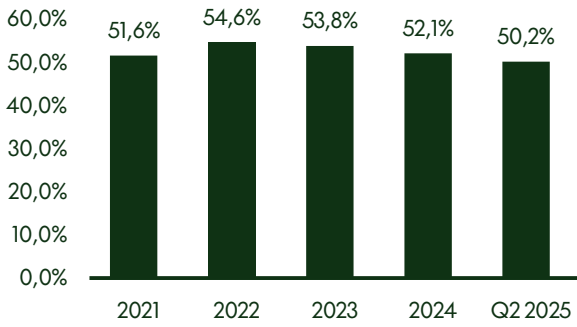


Reykjavik Energy emphasizes these United Nations' Sustainable Development Goals in its operations:

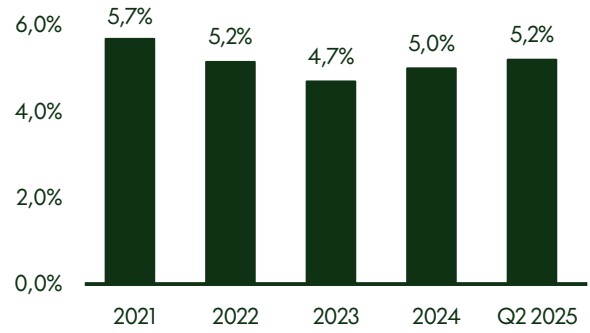


Financial ratios

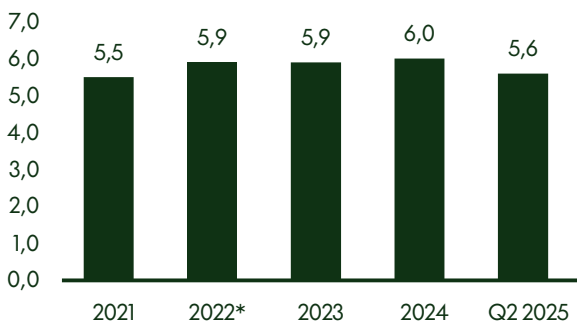
Equity ratio



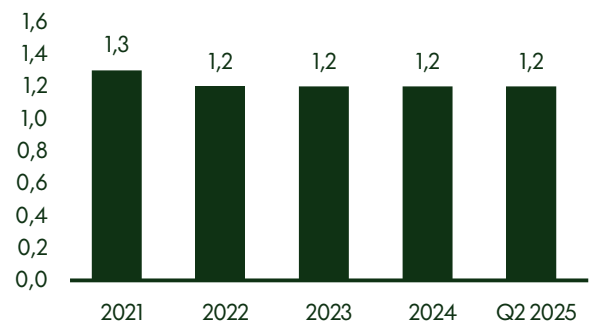
ROA



Net debt / Net cash from operation activities

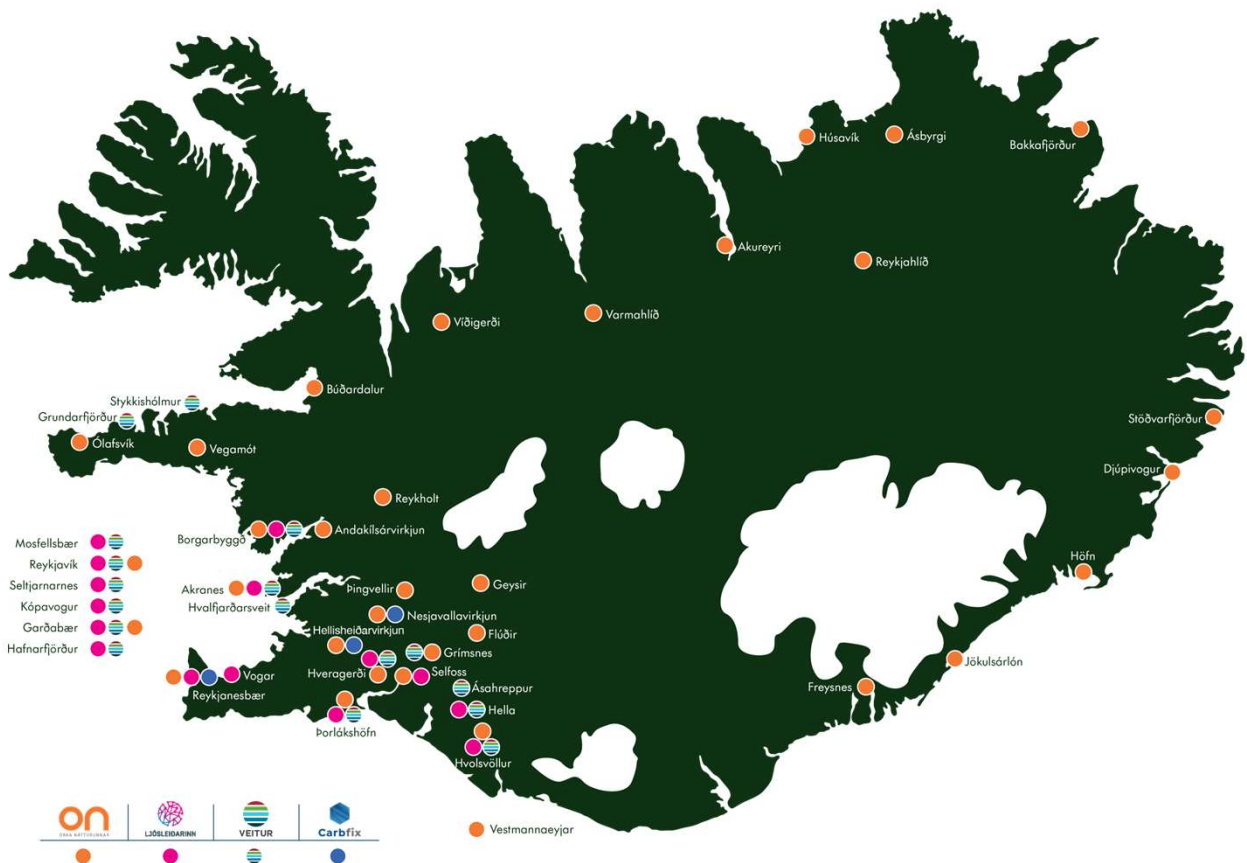


Current ratio without aluminum derivative



*Corrected for the settlement due to the currency agreement with Glitnir

Services



Operating summary

Operating year	2025	2024 *	2023	2022	2021
	1.1.-30.6.	1.1.-30.6.	1.1.-30.6.	1.1.-30.6.	1.1.-30.6.
<i>Amounts are at each years price level in ISK millions</i>					
Revenues	34.397	33.424	30.139	28.542	26.023
Expenses	(14.162)	(13.822)	(12.281)	(10.716)	(9.146)
Thereof energy purchase and distribution	(3.230)	(3.794)	(3.453)	(3.505)	(2.951)
EBITDA	20.235	19.602	17.858	17.827	16.877
Depreciation and amortisation	(8.557)	(8.316)	(7.687)	(6.796)	(6.655)
EBIT	11.677	11.286	10.172	11.031	10.222
Cash flow statement					
Received interest income	188	98	62	21	47
Paid interest expenses	(4.250)	(3.927)	(3.553)	(2.418)	(2.383)
Net cash from operating activities	18.727	17.356	14.718	14.197	14.624
Working capital from operation	15.867	14.556	13.912	13.565	12.471
Liquid funds					
Deposits and marketable securities	14.418	10.359	11.414	14.465	11.723
Cash and cash equivalents	20.616	14.598	7.837	7.650	24.256
Undrawn credit lines	15.165	13.805	8.850	7.709	10.027
Liquid funds total	50.199	38.762	28.101	29.824	46.007

* Comparative figures have been changed. See note 3.

Endorsement by the Board of Directors and the CEO

Reykjavík Energy (RE) is a partnership company operating under the provision of Act No. 136/2013 on Reykjavík Energy. The statutory role of Reykjavík Energy is to engage in the production, generation, and sale of electricity, hot water, and steam, as well as the operation of fundamental infrastructure, such as electricity distribution, district heating, water supply, wastewater management, and data networks, in addition to other activities of a similar nature. Furthermore, Reykjavík Energy and its subsidiaries are engaged in activities that can utilize the research, knowledge, or equipment of the companies, as well as industrial development and innovation, provided that they are linked to the core business of the company, including the storage of carbon dioxide and other water-soluble gases in the ground.

The consolidated interim financial statements for the period 1 January to 30 June 2025 are prepared in accordance with the International Financial Reporting Standard *IAS 34 Interim financial reporting*. The interim financial statements comprise the condensed consolidated interim financial statements of Reykjavík Energy and its subsidiaries.

Profit from the Reykjavík Energy group's operations for the period 1 January to 30 June 2025 amounted to ISK 4.904 million (1.1.-30.6.2024: profit ISK 4.269 million). Comprehensive income for the period 1 January to 30 June 2025 was negative and amounted to ISK 3.980 million (1.1.-30.6.2024: positive ISK 5.756 million). According to the statement of financial position the Group's assets amounted to ISK 508.356 million at the end of the period (31.12.2024: ISK 509.953 million). Equity at the end of the period was ISK 255.252 million (31.12.2024: ISK 265.732 million), resulting in equity ratio of 50,2% (31.12.2024: 52,1%).

At the beginning of the year and at the end of the period the owners of the Company were the following three municipalities:

	Share
Reykjavik City	93,539%
Akranes town	5,528%
Borgarbyggð, municipality	0,933%

Statement of the Board of Directors and the CEO

According to the best knowledge of the Board of Directors and the CEO of Orkuveita Reykjavíkur, the condensed consolidated interim financial statements are in accordance with the international financial reporting standard *IAS 34 on interim financial reporting*. It is the opinion of the Board of Directors and the CEO that the interim financial statements give a fair view of the Group's assets, liabilities and financial position 30 June 2025 and the Group's operating return and changes in cash and cash equivalents in the period 1 January to 30 June 2025.

The Board of Directors and the CEO of Orkuveita Reykjavíkur hereby confirm the Group's consolidated interim financial statements for the period 1 January to 30 June 2025.

Reykjavík, 25 August 2025.

The Board of Directors:

Gylfi Magnússon
Vala Valtýsdóttir
Ragnhildur Alda Vilhjálmisdóttir
Skúli Þór Helgason
Þórður Gunnarsson
Valgarður Lyngdal Jónsson

CEO:

Sævar Freyr Þráinsson

Independent Auditor's Review Report

To the Board of Directors and owners of Reykjavik Energy.

We have reviewed the accompanying condensed consolidated statement of financial position of Orkuveita Reykjavíkur as at June 30, 2025, the operating summary and key financial ratios, the condensed consolidated income statement, statement of comprehensive income, changes in equity and cash flows for the six-month period then ended, and notes to the interim financial information.

The Board of Directors and the CEO are responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34 Interim Financial Reporting. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting*.

Reykjavík, 25 August 2025.

On behalf of Grant Thornton endurskoðun ehf.

Bjarni Már Jóhannesson

State Authorized Public Accountant

Income Statement

1 January to 30 June 2025

	Notes	2025 1.4.-30.6.	2024 1.4.-30.6.	2025 1.1.-30.06.	2024 1.1.-30.06.
Operating revenue	5	15.510.425	15.585.266 *	34.360.729	33.282.302 *
Settlement of hedge contracts		37.188	(10.591)	9.725	127.390
Sales profit		10.421	8.609	26.467	14.704
Total revenue		15.558.034	15.583.284	34.396.920	33.424.396
Energy purchase and distribution		(1.688.098)	(1.652.331)	(3.230.472)	(3.794.332)
Salaries and salary related expenses	7	(3.057.939)	(2.733.596)	(5.805.387)	(5.289.704)
Other operating expenses		(3.044.648)	(2.574.355) *	(5.126.453)	(4.737.885) *
Operating expenses, total		(7.790.685)	(6.960.282)	(14.162.313)	(13.821.921)
EBITDA		7.767.350	8.623.002	20.234.607	19.602.475
Depreciation and amortisation		(4.254.378)	(4.209.504)	(8.557.205)	(8.316.226)
Results from operating activities (EBIT)		3.512.972	4.413.498	11.677.402	11.286.249
Interest income		398.871	204.149	715.774	322.134
Interest expenses		(4.204.736)	(4.222.564)	(7.804.731)	(8.082.520)
Other income (expenses) on financial assets and liabilities		452.567	1.235.656	754.158	1.401.499
Total financial income and expenses	8	(3.353.297)	(2.782.759)	(6.334.798)	(6.358.887)
Share in profit of associated companies		0	0	2.902	3.943
Profit before income tax		159.675	1.630.739	5.345.507	4.931.305
Income tax		281.194	(263.786)	(441.039)	(662.703)
Profit for the period		440.869	1.366.954	4.904.468	4.268.602
Profit for the period					
Attributable to Parent Company		441.118	1.367.081	4.904.888	4.268.851
Attributable to non-controlling interest		(250)	(127)	(420)	(249)
		440.869	1.366.954	4.904.468	4.268.602

* Comparative figures have been changed. See note 3.

The notes on pages 12 to 24 are an integral part of these Condensed Consolidated Interim Financial Statements.

Statement of Comprehensive Income

1 January to 30 June 2025

	2025 1.4.-30.6.	2024 1.4.-30.6.	2025 1.1.-30.06.	2024 1.1.-30.06.
Profit for the period	440.869	1.366.954	4.904.468	4.268.602
Other comprehensive income				
Items moved to equity that could be moved later to the income statement				
Translation difference	(5.572.865)	254.772	(8.884.092)	1.487.522
Other comprehensive income, after taxes	(5.572.865)	254.772	(8.884.092)	1.487.522
Total comprehensive income for the period	(5.131.997)	1.621.725	(3.979.624)	5.756.124

The notes on pages 12 to 24 are an integral part of these Condensed Consolidated Interim Financial Statements.

Statement of Financial Position

30 June 2025

	Notes	30.6.2025	31.12.2024
Assets			
Property, plant and equipment	10	439.393.763	449.315.631
Intangible assets	11	6.468.172	6.246.068
Right-of-use assets		2.411.997	2.346.362
Investments in associated companies		91.569	88.667
Investments in other companies		6.230.898	6.243.980
Embedded derivatives in electricity sales contracts		606.100	406.754
Hedge contracts		18.162	63.086
Deferred tax assets		6.591.735	6.166.858
Total non-current assets		<u>461.812.395</u>	<u>470.877.406</u>
Inventories		1.646.270	1.632.118
Trade receivables	9	7.111.751	7.829.583
Embedded derivatives in electricity sales contracts		316.727	275.913
Hedge contracts		46.514	94.574
Other receivables		1.612.704	927.652
Prepaid expenses		775.313	283.101
Marketable securities		14.418.175	11.594.110
Cash and cash equivalents		20.615.671	16.438.122
Total current assets		<u>46.543.124</u>	<u>39.075.173</u>
Total assets		<u>508.355.518</u>	<u>509.952.580</u>
Equity			
Revaluation reserve		125.292.968	127.809.202
Equity reserve		101.981.929	94.950.622
Development reserve		252.258	218.177
Fair value reserve		5.807.000	5.807.000
Translation reserve		954.507	9.838.598
Retained earnings		20.964.317	27.108.582
Equity attributable to equity holders of the Company		<u>255.252.978</u>	<u>265.732.181</u>
Minority interest		(629)	(219)
Total equity		<u>255.252.349</u>	<u>265.731.962</u>
Liabilities			
Loans and borrowings		188.269.173	184.597.864
Lease liabilities		2.360.160	2.308.413
Pension liability		736.055	739.347
Hedge contracts		48.201	10.643
Deferred revenue		1.668.453	1.873.970
Deferred tax liabilities		22.351.061	23.153.094
Total non-current liabilities		<u>215.433.103</u>	<u>212.683.332</u>
Accounts payables		3.714.285	3.924.652
Loans and borrowings		19.754.662	19.958.999
Lease liabilities		173.434	177.887
Hedge contracts		94.867	117.432
Deferred revenue	9	2.518.664	266.018
Current tax liability		1.474.930	2.812.055
Dividends to owners	14	3.250.000	0
Other current liabilities		6.689.224	4.280.241
Total current liabilities		<u>37.670.066</u>	<u>31.537.286</u>
Total liabilities		<u>253.103.170</u>	<u>244.220.617</u>
Total equity and liabilities		<u>508.355.518</u>	<u>509.952.580</u>

The notes on pages 12 to 24 are an integral part of these Condensed Consolidated Interim Financial Statements.

Statement of Changes in Equity 1 January to 30 June 2025

	Revaluation reserve	Equity reserve	Develop- ment reserve	Fair value reserve	Translation reserve	Retained earnings	Attributable to equity holders of the Company	Minority interest	Total equity
1.1.- 30.6. 2025									
Equity at 1 January 2025	127.809.202	94.950.622	218.177	5.807.000	9.838.598	27.108.582	265.732.181	(219)	265.731.962
Translation difference					(8.884.092)		(8.884.092)		(8.884.092)
Profit for the period						4.904.888	4.904.888	(420)	4.904.468
Total comprehensive income	0	0	0	0	(8.884.092)	4.904.888	(3.979.204)	(420)	(3.979.624)
Depreciation transferred to retained earnings . (	2.516.234)					2.516.234	0		0
Share in profit of subsidiaries and associates transferred to equity reserve		7.031.307				(7.031.307)	0		0
Other changes								10	10
Transfer to development reserve			34.081			(34.081)	0		0
Dividends to owners						(6.500.000)	(6.500.000)		(6.500.000)
Equity at 30 June 2025	125.292.968	101.981.929	252.258	5.807.000	954.507	20.964.317	255.252.978	(629)	255.252.349
1.1.- 30.6. 2024									
Equity at 1 January 2024	130.534.225	82.377.266	137.330	5.807.000	8.778.883	31.348.927	258.983.631	290	258.983.922
Translation difference					1.487.522		1.487.522		1.487.522
Profit for the period						4.268.851	4.268.851	(249)	4.268.602
Total comprehensive income	0	0	0	0	1.487.522	4.268.851	5.756.373	(249)	5.756.124
Depreciation transferred to retained earnings . (	2.555.434)					2.555.434	0		0
Share in profit of subsidiaries and associates transferred to equity reserve		5.819.875				(5.819.875)	0		0
Other changes								(2)	(2)
Transfer to development reserve			42.109			(42.109)	0		0
Dividends to owners						(5.000.000)	(5.000.000)		(5.000.000)
Equity at 30 June 2024	127.978.791	88.197.141	179.440	5.807.000	10.266.405	27.311.228	259.740.004	39	259.740.043

The notes on pages 12 to 24 are an integral part of these Condensed Consolidated Interim Financial Statements.

Statement of Cash Flows

1 January to 30 June 2025

	2025	2024
	1.1.-30.06.	1.1.-30.06.
Cash flows from operating activities		
Profit for the period	4.904.468	4.268.602
Adjusted for:		
Financial income and expenses	6.334.798	6.358.887
Share in P/L of associates	(2.902)	(3.943)
Income tax	441.039	662.703
Depreciation and amortisation	8.557.205	8.316.226
Profit from sale of property, plants and equipment	(26.467)	(14.704)
Pension liability, change	707	8.693
Working capital from operation before interest and taxes	20.208.848	19.596.464
Inventories, (increase) decrease	(14.152)	21.982
Current assets, increase	(125.882)	(635.976)
Current liabilities, increase	3.496.220	2.804.442
Cash generated from operations before interests and taxes	23.565.034	21.786.912
Received interest income	187.749	98.290
Paid interest expenses	(4.250.450)	(3.926.740)
Dividend received	1.195	94.826
Paid taxes	(776.112)	(697.506)
Net cash from operating activities	18.727.416	17.355.782
Cash flows from investing activities		
Acquisition of property, plant and equipment	(13.089.573)	(12.740.581)
Acquisition of intangible assets	(634.485)	(910.583)
Proceeds from sale of property, plant and equipment	53.363	23.119
Acquisition of associated companies	0	(3.500)
Proceeds from sale of other companies	17.484	0
Change in marketable securities	(2.574.893)	(1.350.390)
Net cash used in investing activities	(16.228.105)	(14.981.935)
Cash flows from financing activities		
Proceeds from new borrowings	16.582.449	10.807.624
Repayment of borrowings	(11.364.640)	(9.072.843)
Deferred revenue	65.545	94.464
Dividends paid	(3.250.000)	0
Repayment of lease liability	(70.280)	(68.926)
Net cash from financing activities	1.963.074	1.760.319
Increase in cash and cash equivalents	4.462.386	4.134.166
Cash and cash equivalents at year beginning	16.438.122	10.342.367
Effect of currency fluctuations on cash and cash equivalents	(284.838)	121.895
Cash and cash equivalents at the end of the period	20.615.670	14.598.427
Investments and financing without payment effects:		
Acquisition of property, plant and equipment	811.193	1.135.698
Current liabilities/-assets, change	2.290.735	(1.135.698)
Dividends paid	(3.250.000)	0
Dividend received	148.071	0
Other information		
Working capital from operation	15.867.095	14.556.048

The notes on pages 12 to 24 are an integral part of these Condensed Consolidated Interim Financial Statements.

Notes

1. Reporting entity

Reykjavik Energy (RE) is a partnership that complies with the Icelandic law no. 136/2013 on Reykjavik Energy. RE's headquarters are at Bæjarháls 1 in Reykjavik. RE's condensed consolidated interim financial statements include the interim financial statements of the parent company and its subsidiaries, (together referred to as "the Group") and a share in associated companies. The consolidated interim financial statements of Reykjavik Energy are a part of the consolidated interim financial statements of Reykjavik city.

The Group provides services through its subsidiaries that operate power plants, distribute electricity, hot water and cold water, operates the sewage systems, a fiber optic system and provide a carbon capture service in its service area.

Subsidiaries in the Group	Main operations	Functional currency	Share	
			30.6.2025	31.12.2024
Ljósleiðarinn ehf.	Fiber optics system	ISK	100%	100%
OR Eignir ehf.	Holding company	ISK	100%	100%
Veitur ehf.	Distribution of electricity and hot water	ISK	100%	100%
Orka náttúrunnar ehf.	Production and sale of electricity	ISK	100%	100%
ON Power ehf.	Production and sale of electricity	USD	100%	100%
OR- vatns- og fráveita sf.	Cold water and sewage	ISK	100%	100%
Eignarhaldsfélagið Carbfix ehf.	Consulting, researches and innovation	ISK	99,9%	99,9%
Carbfix hf.	Consulting, researches and innovation	EUR	100%	100%
Coda Terminal hf.	Construction of a carbon capture plant	EUR	100%	100%

2. Basis of preparation

a. Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with international Financial Reporting Standard *IAS 34 Interim Financial Reporting*. They do not include all of the information required for a complete set of consolidated annual financial statements and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2024. Same accounting principles are applied as for the year 2024. The annual financial statements can be found at the company's web site; www.orkuveitan.is and at the web site of the Icelandic Stock exchange market; www.nasdaqomxnordic.com.

The consolidated interim financial statements were approved by the Board of Directors on 25 August 2025.

b. Functional and presentation currency

The consolidated interim financial statements are presented in Icelandic kronas, which is RE's functional currency. All financial information has been rounded to the nearest thousand unless otherwise stated.

c. Basis of measurement

The consolidated interim financial statements have been prepared on the historical cost basis except for a part of property, plant and equipment have been revalued at fair value, embedded derivatives in electricity sales contracts, assets held for sale and other financial assets and liabilities are stated at fair value. The methods used to measure fair values are discussed further in note 40 with the consolidated financial statements for the year ended 31 December 2024.

d. Foreign currency

i) Trade in foreign currencies

Trade in foreign currencies are recorded in the functional currency of individual Group companies at the rate of the business day. Monetary assets and debts in foreign currencies are reported at the rate of the reporting date. Other assets and debts reported at fair value in foreign currency are reported at the rate of the day the fair value was set. Exchange difference due to foreign trade is reported through P/L.

Notes

2. Basis of preparation, contd.

d. Foreign currency

ii) Subsidiaries with other functional currency than the Icelandic krona

Assets and liabilities in the operations of the companies of the group that have USD and EUR as their functional currency are translated into Icelandic kronas at the rate of the reporting date. Income and expenses of these operations is calculated into Icelandic kronas at the average exchange rate of the period. The exchange difference due to this is reported in a special account in the statement of comprehensive income. When operations with another functional currency than the Icelandic krona are sold, partly or in full, the accommodating exchange difference is recognised in P/L.

e. Use of estimates and judgements

The preparation of the consolidated interim financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

3. Change in presentation

A change has been made to the way intercompany transactions are classified from the previous year and comparative amounts have been adjusted accordingly.

Income statement	Prev. Stated 2024 1.4.-30.6.	Prev. Stated 2024 1.1.-30.6.	Ajustment	Adjusted 2024 1.4.-30.6.	Adjusted 2024 1.1.-30.6.
Operating revenue.....	15.098.264	32.795.300	487.002	15.585.266	33.282.302
Total revenue.....	15.096.282	32.937.394	487.002	15.583.284	33.424.396
Other operating expenses..... (	2.087.354) (	4.250.883) (	487.002) (	2.574.355) (	4.737.885) (
Operating expenses, total..... (	6.473.280) (	13.334.919) (	487.002) (	6.960.282) (	13.821.921) (

4. Operation and revenue recognition of Group's components

The following provides information about the operation of Group's components. Breakdown of revenue for different operations is given in note 5 and income by segment in note 6.

Products and services	Nature, timing of revenue recognition and payments terms
-----------------------	--

- | | |
|----------------|---|
| a. Electricity | ON Power ohf. and Orka náttúrunnar ohf. generate electricity and sell electricity and Utilities distribute electricity according to law no. 65/2003. Revenue from the sale and distribution of electricity is recognised in the income statement according to measured delivery to customer over the period plus a fixed fee. The rate for the distribution of electricity has a revenue cap set by the National Energy Authority in accordance with laws on energy number 65/2003. Upon connection of new users to distribution systems of electricity and upon renewal of connection an initial fee is charged. The initial fee is intended to cover cost of new distribution systems and their renewal. Connection fee is recognised in the income statement upon delivery of the service. Trade receivables from the sale and distribution of electricity generally have a 30 day grace period. Some contracts with certain customers may have different payment arrangements but that is an exception. |
|----------------|---|

Notes

4. Operation and revenue recognition of Group's components, contd.

Products and services	Nature, timing of revenue recognition and payments terms
b. Hot water	ON Power, Orka náttúrunnar and Utilities generate harness hot water and Utilities distribute harness hot water. Revenue from the sale and distribution of harness hot water is recognised in the income statement according to measured delivery to customer over the period plus a fixed fee. Upon connection of new users to distribution systems of harness hot water or upon renewal of connection an initial fee is charged. The initial fee is intended to cover cost of new distribution systems and their renewal. Connection fee is recognised in the income statement upon delivery of the service. Trade receivables from the sale and distribution of harness hot water generally have a 30 day grace period. Some contracts with certain customers may have different payment arrangements but that is an exception.
c. Cold water	OR - vatns- og fráveita collects and distributes cold water from reservoirs. Revenue from the sale of cold water is based on the size of properties plus a fixed fee which is recorded over the period in the income statement. The legal limitation on the upper limit of the rate is 0,5% of the real estate value. In addition revenue is stated for cold water according to measurement from specific industries. Upon connection of new users to distribution systems of cold water and upon renewal of connection an initial fee is charged. The initial fee is intended to cover cost of new distribution systems and their renewal. Connection fee is recognised in the income statement upon delivery of the service. Trade receivables from the sale of cold water generally have a 30 day grace period. Some contracts with certain customers may have different payment arrangements but that is an exception. Billing for cold water and sewage is done in the first 9 months of the year but income is distributed evenly over the year.
d. Sewer system	OR - vatns- og fráveita runs the sewer system. Revenue is based on the size of properties plus a fixed fee which is recorded over the period in the income statement. The legal limitation on the upper limit of the rate is 0,5% of the real estate rateable value. Upon connection of new users to sewage system and upon renewal of connection an initial fee is charged. The initial fee is intended to cover cost of new sewer systems and their renewal. Connection fee is recognised in the income statement upon delivery of the service. Trade receivables from the sewer system generally have a 30 day grace period. Some contracts with certain customers may have different payment arrangements but that is an exception. Billing for cold water and sewage is done in the first 9 months of the year but income is distributed evenly over the year.
e. Other revenues	Ljósleiðarinn operates fiber optics data system. Revenue from fiber optics data system is recognised in the income statement upon delivery of the goods and service. This is a competitive practice that is supervised by The Electronic Communications Office of Iceland. Reykjavík Energy the parent company operates rental of housing and equipment, incidental sale of specialist consultancy services and more. The income of the Carbfix companies is due to consulting, construction and operation of disposal sites. Rental income is recorded as income in the income statement linearly over the lease term and other revenue is recognised upon delivery of goods or services. Trade receivables from other revenues generally have a 30 day grace period.

Notes

5. Revenues from sales of goods and services

The Group's income from sales of goods and services is specified as follows:

	2025	2024
	1.1.-30.06.	1.1.-30.06.
Electricity.....	13.958.927	12.552.351
Hot water.....	10.221.302	10.666.015
Cold water.....	2.051.757	1.949.002
Sewer system.....	3.699.829	3.536.331
Other revenues.....	4.428.914	4.578.604
Revenues from sales of goods and services total.....	<u>34.360.729</u>	<u>33.282.302</u>

Notes

6. Segment reporting

Segment information is presented by the Group's internal reporting. Business segments presented are Utilities, that represent licensed operations in hot and cold water, distribution of electricity and sewage, Energy sale and production, representing the competitive operations in producing and sale of electricity and hot water and Other Operation, that represents the activities of the parent company, the fiber optic operations and the Carbfix companies. The parent company's main activities is providing service to subsidiaries, rental of housing and equipment, incidental sale of specialist consultancy services and more. Ljósleiðarinn represents the fiber optic operations and the Carbfix companies are working on development and distribution of the Carbfix carbon storage method, with the aim of reducing greenhouse gas emissions and combating climate change. Segment reporting is conducted by using the same accounting principle as the group uses and is described in note 40 with the consolidated financial statements for the year ended 31 December 2024.

Business segments - divisions

	Utilities	Energy sale and production	Other Operation	Adjust- ments	IFRS 16*	Total
1.1.- 30.6.2025						
External revenue	21.800.365	9.463.544	3.133.012	0		34.396.920
Inter-segment revenue	2.917.860	4.647.859	5.826.968	(13.392.686)		0
Total segment revenue	24.718.224	14.111.403	8.959.980	(13.392.686)		34.396.920
Segment operation expenses	(13.805.775)	(5.559.701)	(8.230.578)	13.298.588	135.153	(14.162.313)
Segment profit EBITDA	10.912.450	8.551.701	729.402	(94.098)	135.153	20.234.607
Depreciation and amortisation	(3.901.657)	(3.051.720)	(1.626.968)	97.209	(74.070)	(8.557.205)
Segment results, EBIT	7.010.793	5.499.982	(897.566)	3.110	61.083	11.677.402
Financial income and expenses	(2.880.331)	(1.289.239)	(2.389.712)	267.229	(42.743)	(6.334.798)
Share in profit of associated companies	0	0	2.902	0		2.902
Income tax	(411.437)	(906.978)	974.572	(90.300)	(6.896)	(441.039)
Profit (loss) for the period	3.719.024	3.303.764	(2.309.803)	180.040	11.444	4.904.468
1.1.- 30.6.2024						
External revenue	21.270.678	9.125.808	3.027.910	0		33.424.396
Inter-segment revenue	2.957.191	4.200.834	5.601.018	(12.759.044)		0
Total segment revenue	24.227.869	13.326.642	8.628.928	(12.759.044)		33.424.396
Segment operation expenses	(13.358.487)	(5.901.748)	(7.872.966)	13.179.187	132.092	(13.821.921)
Segment profit EBITDA	10.869.383	7.424.894	755.963	420.143	132.092	19.602.475
Depreciation and amortisation	(3.768.145)	(2.993.613)	(1.529.008)	47.315	(72.775)	(8.316.226)
Segment results, EBIT	7.101.237	4.431.281	(773.045)	467.459	59.317	11.286.249
Financial income and expenses	(3.365.190)	(1.671.414)	(1.870.223)	590.085	(42.144)	(6.358.887)
Share in profit of associated companies	0	0	3.943	0		3.943
Income tax	(462.168)	(564.834)	583.663	(212.907)	(6.457)	(662.703)
Profit (loss) for the period	3.273.879	2.195.033	(2.055.662)	844.637	10.716	4.268.602

* Segment reporting as used by management does not take into account the guidance of IFRS 16.

Notes

6. Segment reporting, contd.

Business segments - divisions, contd.

	Utilities	Energy sale and production	Other Operation	Adjust- ments	IFRS 16*	Total
Balance sheet (30.6.2025)						
Property, plant and equipment and intangible assets	242.754.112	140.878.584	62.412.106 (	182.867)		445.861.935
Right-of-use assets					2.411.997	2.411.997
Other assets	31.695.571	9.726.626	220.783.564 (	202.124.173)		60.081.586
						<u>508.355.518</u>
Loans and borrowings	93.658.594	49.806.507	214.023.834 (	149.465.102)		208.023.834
Lease liabilities					2.533.595	2.533.595
Other liabilities	21.526.570	13.651.328	60.327.231 (	52.959.388)		42.545.741
						<u>253.103.170</u>
Investments (1.1.-30.6.2025)						
Property, plant and equipment and intangible assets	7.230.091	2.676.647	3.006.126			12.912.864
Balance sheet (31.12.2024)						
Property, plant and equipment and intangible assets	239.425.677	155.293.802	61.051.212 (	208.991)		455.561.699
Right-of-use assets					2.346.362	2.346.362
Other assets	28.982.860	10.579.703	205.143.898 (	192.661.943)		52.044.518
						<u>509.952.580</u>
Loans and borrowings	89.246.676	56.188.927	208.956.863 (	149.835.603)		204.556.863
Lease liabilities					2.486.300	2.486.300
Other liabilities	20.116.367	13.825.084	46.260.508 (	43.024.505)		37.177.454
						<u>244.220.617</u>
Investments (1.1.-30.6.2024)						
Property, plant and equipment and intangible assets	6.581.640	2.851.172	3.082.654			12.515.465

* Segment reporting as used by management does not take into account the guidance of IFRS 16.

Notes

7. Salaries and salary related expenses

	2025	2024
	1.1.-30.06.	1.1.-30.06.
Salaries and salary related expenses are specified as follows:		
Salaries	5.443.679	5.002.016
Defined contribution pension expenses	691.430	641.622
Defined benefit pension expenses, changes	39.875	43.500
Other salary related expenses	492.940	468.674
Total salaries and salary related expenses	<u>6.667.925</u>	<u>6.155.812</u>
Salaries and salary related expenses are stated in the interim financial statements as follows:		
Expensed in the income statement	5.805.387	5.289.704
Capitalised on projects	862.538	866.108
Total salaries and salary related expenses	<u>6.667.925</u>	<u>6.155.812</u>
Number of employees:		
Number of annual working units	674,0	670,4
Management's salaries and benefits for the parent company and subsidiaries are specified as follows:		
Salaries to the Board of Directors of the Parent Company	13.513	12.840
Salaries of the CEO of the Parent Company	26.587	24.103
Salaries of Managing Directors of the Parent Company	63.274	54.612
Salaries to the Board of Directors of subsidiaries	25.544	17.885
Salaries of four Managing Directors of subsidiaries	89.622	83.343
	<u>218.540</u>	<u>192.783</u>

Notes

8. Financial income and expenses

	2025	2024
	1.1.-30.06.	1.1.-30.06.
Financial income and expenses are specified as follows:		
Interest income	715.774	322.134
Interest expenses and paid indexation	(4.188.863)	(3.838.486)
Indexation	(3.458.413)	(4.046.494)
Guarantee fee to owners 1)	(157.454)	(197.540)
Total interest expenses	(7.804.731)	(8.082.520)
Fair value changes of embedded derivatives in electricity sales contracts	240.160	566.242
Fair value changes of financial assets and financial liabilities through P/L	256.322	339.043
Unredeemed fair value changes of hedge contracts	(107.977)	(303.462)
Foreign exchange difference	216.387	678.167
Dividends	149.266	121.509
Total of other income (expenses) on financial assets and liabilities	754.158	1.401.499
Total financial income and expenses	(6.334.798)	(6.358.887)

1) The Group paid a guarantee fee to the owners of the company for guarantees they have made on the Groups loans and borrowings according to a decision made on the annual meeting of Reykjavik Energy in 2005. The fee on yearly basis for its licensed operations is 0,92% (2024: 0,86%) and 0,69% (2024: 0,66%) regarding loans due for operations in the open market. The guarantee fee is calculated on total loans quarterly. The guarantee fee amounted to ISK 157 million in the period 1 January to 30 June 2025 (1.1.-30.6.2024: ISK 198 million) and is accounted for among interest expenses.

Fair value changes through P/L

Generally accepted valuation methods are used to determine the fair value of certain financial assets and financial liabilities, further discussed in note 40 with the financial statements of the Group for the year 2024. Change in fair value that is recognized in the income statement amounts to ISK 389 million income in the period 1 January to 30 June 2025 (1.1.-30.6.2024: income ISK 602 million). Fair value changes on financial assets and liabilities defined at level 3 amounts to ISK 240 million income in the period 1 January to 30 June 2025 (1.1.-30.6.2024: income ISK 566 million).

9. Receivables and deferred revenue

The balance of trade receivables and deferred revenue changes considerably between periods since income is collected evenly but actual usage fluctuates significantly between periods. Also, billing for cold water and sewage is done in the first nine months of the year but income disbursed evenly over the year. Recognition of income is subject to usage and deliverance of the service in accordance with accounting standards.

Notes

10. Property, plant and equipment

	Production system	Utility system	Other real estates	Other equipment	Total
30.6.2025					
Cost or deemed cost					
Balance at year beginning	389.497.984	484.531.446	15.676.905	6.557.355	896.263.689
Additions during the period	4.958.174	5.521.669	1.189.890	608.646	12.278.380
Translation difference	(19.651.599)	0	0	(22.694)	(19.674.293)
Sold or disposed of	0	0	0	(147.088)	(147.088)
Balance at period end	374.804.559	490.053.115	16.866.795	6.996.220	888.720.688
Depreciation					
Balance at year beginning	183.562.578	259.398.471	1.354.626	2.632.383	446.948.058
Depreciated during the period	3.936.163	3.820.379	105.069	220.259	8.081.870
Translation difference	(5.581.420)	0	0	(1.391)	(5.582.811)
Sold or disposed of	0	0	0	(120.192)	(120.192)
Balance at period end	181.917.321	263.218.850	1.459.695	2.731.059	449.326.925
Carrying amounts					
At 1.1. 2025.....	205.935.405	225.132.975	14.322.278	3.924.973	449.315.631
At 30.06. 2025.....	192.887.238	226.834.265	15.407.099	4.265.161	439.393.763
31.12.2024					
Cost or deemed cost					
Balance at year beginning	375.981.252	465.614.035	13.431.037	5.545.699	860.572.022
Additions during the year	11.375.835	14.756.516	2.245.868	1.466.593	29.844.812
Reclassification of assets	0	0	0	(89.115)	(89.115)
Translation difference	2.137.243	0	0	(50.671)	2.086.572
Sold or disposed of	3.654	(50.526)	0	(315.150)	(362.022)
Revaluation, increase	0	4.211.421	0	0	4.211.421
Balance at year end	389.497.984	484.531.446	15.676.905	6.557.355	896.263.689
Depreciation					
Balance at year beginning	175.082.753	250.788.956	1.210.036	2.494.006	429.575.751
Depreciated during the year	7.898.033	7.373.831	144.591	485.856	15.902.311
Reclassification of assets	0	0	0	(89.115)	(89.115)
Translation difference	581.786	0	0	(2.759)	579.027
Sold or disposed of	6	(1.671)	0	(255.606)	(257.272)
Revaluation, increase	0	1.237.356	0	0	1.237.356
Balance at year end	183.562.578	259.398.471	1.354.626	2.632.383	446.948.058
Carrying amounts					
At 1.1. 2024.....	200.898.499	214.825.078	12.221.001	3.051.693	430.996.271
At 31.12. 2024	205.935.405	225.132.975	14.322.278	3.924.973	449.315.631

Notes

11. Intangible assets

	Heating rights	Software	Development cost	Business relations	Total
30.6.2025					
Cost					
Balance at year beginning	1.513.758	6.371.718	727.185	1.908.000	10.520.662
Additions during the period	0	373.362	261.123	0	634.485
Translation difference	0	0	(11.467)	0	(11.467)
Balance at period end	1.513.758	6.745.080	976.841	1.908.000	11.143.680
Amortisation					
Balance at year beginning	457.768	3.525.273	77.692	213.860	4.274.594
Amortisation during the period	0	296.916	16.343	88.006	401.265
Translation difference	0	0	(351)	0	(351)
Balance at period end	457.768	3.822.188	93.684	301.867	4.675.508
Carrying amounts					
At 1.1. 2025	1.055.990	2.846.446	649.493	1.694.140	6.246.068
At 30.6. 2025	1.055.990	2.922.892	883.157	1.606.133	6.468.172
31.12.2024					
Cost					
Balance at year beginning	1.478.758	5.521.463	446.062	1.908.000	9.354.283
Additions during the year	35.000	806.112	259.941	0	1.101.054
Reclassification of assets	0	44.142	44.972	0	89.115
Sold or disposed of	0	0	(1.449)	0	(1.449)
Translation difference	0	0	(22.341)	0	(22.341)
Balance at year end	1.513.758	6.371.718	727.185	1.908.000	10.520.662
Amortisation					
Balance at year beginning	457.768	2.888.453	20.206	37.847	3.404.275
Amortisation during the year	0	592.678	12.786	176.013	781.477
Reclassification of assets	0	44.142	44.972	0	89.114
Translation difference	0	(0)	(272)	0	(273)
Balance at year end	457.768	3.525.273	77.692	213.860	4.274.594
Carrying amounts					
At 1.1. 2024	1.020.990	2.633.010	425.855	1.870.153	5.950.008
At 31.12. 2024	1.055.990	2.846.446	649.493	1.694.140	6.246.068

Notes

12. Fair value

Comparison of fair value versus carrying amounts

The carrying amounts of financial assets and financial liabilities is equal to their fair value with the exception that interest bearing loans are stated at amortised cost. The fair values of interest bearing liabilities, together with the carrying amounts are specified as follows:

	30.6.2025		31.12.2024	
	Carrying amount	Fair value	Carrying amount	Fair value
Interest-bearing liabilities	208.023.834	197.873.730	204.556.863	195.716.102

The fair value of interest bearing liabilities is calculated based on present value of future principal and interest, which is discounted at market interest rate plus appropriate interest rate risk premium at the reporting date. The fair value of interest bearing liabilities where a direct or indirect market price is available is assessed as Level 1 fair value. Fair value for liabilities that cannot be obtained through direct or indirect pricing is measured as Level 2 fair value.

Interest rates used for determining fair value

Where applicable, the interest yield curve at the reporting date is used in discounting estimated cash flow. The interests are specified as follows:

	30.6.2025	31.12.2024
Embedded derivatives in electr. sales contr.	6,65% to 7,57%	7,28% to 7,67%
Hedge contracts	4,37% to 4,61%	4,35% to 4,55%
Interest bearing loans	1,45% to 9,27%	2,05% to 10,31%

Sensitivity analysis on effect of change in interest rates, currency and price of aluminium are shown in note 28 in the financial statements of the Group for the year 2024. It is recommended to take into consideration this note while reading the interim financial statements for the current period since change in these presumptions can have considerable effect on certain amounts in the consolidated interim financial statements.

Fair value hierarchy

The table below analysis financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs). Valuation of shares in other companies is prepared by specialists within the company and other specialists and based on the results and official data on future earnings and investments in underlying assets.

	Level 1	Level 2	Level 3	Total
30.6.2025				
Shares in companies	0	0	6.230.898	6.230.898
Embedded derivatives in sales contracts	0	0	922.827	922.827
Hedge contracts	0	(78.392)	0	(78.392)
Marketable securities	14.418.175	0	0	14.418.175
	14.418.175	(78.392)	7.153.724	21.493.507
31.12.2024				
Shares in companies	0	0	6.243.980	6.243.980
Embedded derivatives in sales contracts	0	0	682.667	682.667
Hedge contracts	0	29.584	0	29.584
Marketable securities	11.594.110	0	0	11.594.110
	11.594.110	29.584	6.926.647	18.550.341

Notes

13. Related parties

Definition of related parties

Reykjavik City, institutions and companies ruled by the City, associated companies, Board members, Directors and key management are considered as the Group's related parties. Spouses of the before mentioned and financially dependent children are also considered as related parties as well as companies owned by or directed by those in question.

Transactions with related parties

The parties mentioned here above have had transactions with the Group within the period.

The following gives an overview of the transactions with related parties during the period 1 January to 30 June 2025 as well as a statement of receivables and payables at the end of the period. Transactions and positions with subsidiaries are eliminated in the interim financial statement, therefore that information is not provided. This information does not include sale of conventional household supplies to the related parties.

	2025	2024
	1.1.-30.06.	1.1.-30.06.
Sale to related parties:		
Reykjavik City.....	1.112.746	1.047.027
Institutions and companies controlled by Reykjavik City.....	487.004	477.210
	<u>1.599.750</u>	<u>1.524.237</u>
Purchases from related parties:		
Reykjavik City.....	20.746	33.149
Institutions and companies controlled by Reykjavik City.....	10.184	9.159
Associates.....	58.671	57.440
	<u>89.601</u>	<u>99.748</u>
	30.6.2025	31.12.2024
Receivables for related parties:		
Reykjavik City.....	153.277	285.531
Institutions and companies controlled by Reykjavik City.....	80.447	50.994
	<u>233.724</u>	<u>336.525</u>
Payables for related parties:		
Reykjavik City.....	53.248	109.358
Institutions and companies controlled by Reykjavik City.....	3.136	57
	<u>56.384</u>	<u>109.415</u>
	2025	2024
	1.1.-30.06.	1.1.-30.06.
Guarantee fee paid to owners of the company:		
Reykjavik City	147.281	184.262
Akranes town	8.704	11.830
Borgarbyggð, municipality	1.469	1.406
	<u>157.454</u>	<u>197.498</u>

Reykjavik Energy paid a guarantee fee to Reykjavik City and other owners of the company for guarantees they have granted on the Groups loans and borrowings. For further information regarding amounts and the guarantee fee, see note 8.

Notes

14. Other matters

Arbitration on the interpretation of the provision of the electricity contract with Norðurál

In April 2025, RE, ON Power, and Norðurál signed a new contract for the sale of electricity to the aluminum plant in Grundartangi. The contract is for up to five years and supersedes older electricity sales agreements between RE and Norðurál. The agreement also stipulates that RE and Norðurál will discontinue legal proceedings before arbitration regarding differing interpretations by the parties of the provisions of the previous contract.

Sale of shares in Landsnet

Over the past periods, the aim has been to sell RE's shares in Landsnet, as the Electricity Act stipulates that the transmission company must be directly owned by the Icelandic state and/or municipalities. At the end of 2020, RE's board agreed that a declaration of intent regarding a change in Landsnet's ownership would be signed, and to begin negotiations regarding the sale of the shares. The sale of RE's shares has not been completed despite the legal obligation to do so. The book value of the shares is estimated at ISK 6.200 million as of 30 June 2025. The shares are included among fixed assets.

Repair at headquarters

In 2015, severe water damage occurred at the company's headquarters on Bæjarháls 1. The renovation of the exterior walls of the building has been completed and the construction of the interior has begun. RE has entered into a construction contracts for the internal work, and the total liability for these contracts are ISK 400 million. The estimated completion is in September 2025.

Refund of capacity charges due to distribution of electricity

In mid year 2024, a ruling was made by the Supreme Court confirming that Landsnet hf. was not allowed to impose capacity charges for the connection of electricity to the transmission system of Landsnet hf. according to tariff number 43/2022, on Orka náttúrunnar ohf. and ON Power ohf. as electricity producers. The charge was collected over a 17-month period during the years 2022-2023. In January 2025, Landsnet refunded the previously collected capacity charge. The refund amounts to ISK 450 million and is recorded as a reduction in distribution of electricity for the period in the income statement.

Dividend to owners

At RE's Annual General Meeting on 11 April 2025, it was agreed to pay a dividend up to the amount of ISK 6.500 million. Of this amount, ISK 3.250 million was paid in June and ISK 3.250 million will be paid in August and are therefore among current liabilities on 30.6.2025.

15. Events after the reporting period

Management is not aware of events that have occurred after the reporting period and affected the condensed consolidated interim financial statements or need to be disclosed.