

Condensed Consolidated Interim Financial Statements

January 1st to March 31st 2025

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

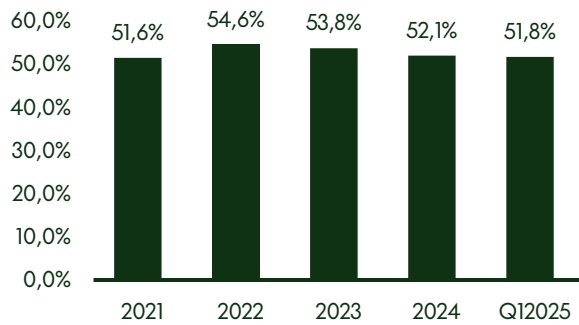


Reykjavik Energy emphasizes these United Nations' Sustainable Development Goals in its operations:

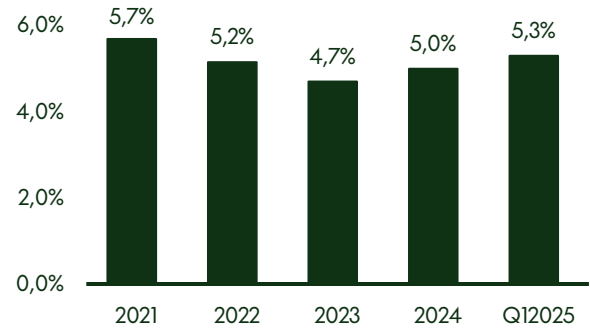


Financial ratios

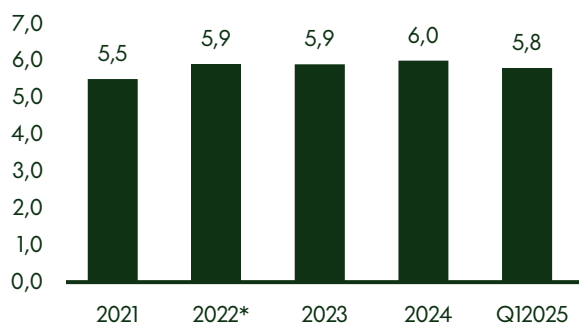
Equity ratio



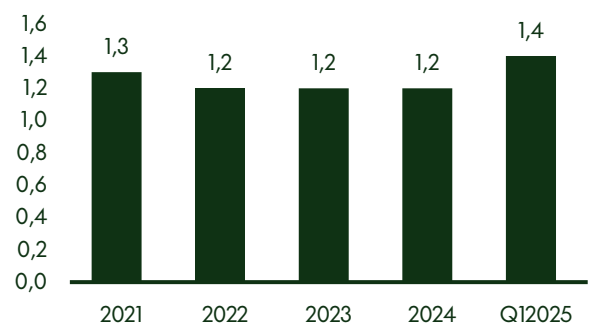
ROA



Net debt / Net cash from operation activities

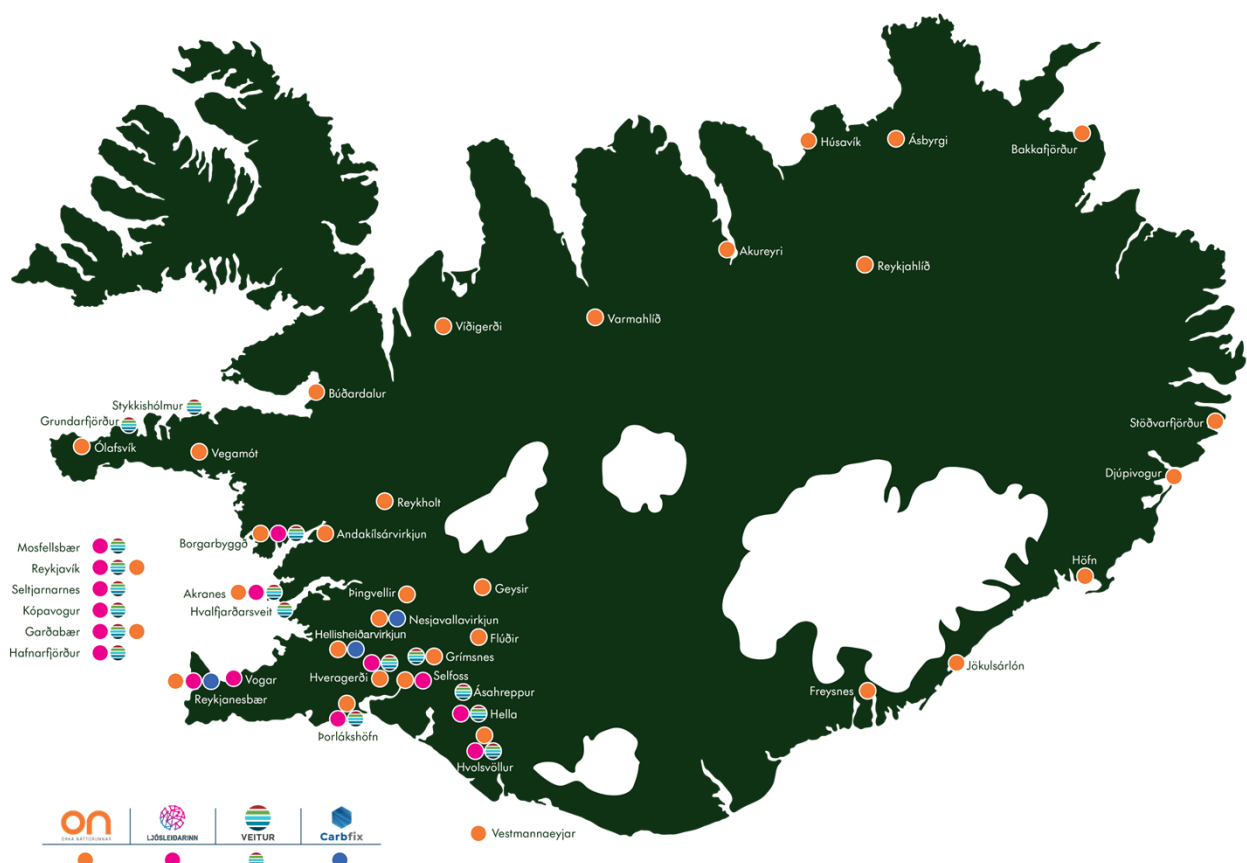


Current ratio without aluminum derivative



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

Services



Operating summary

Operating year	2025	2024	2023	2022	2021
	1.1.-31.3	1.1.-31.3	1.1.-31.3	1.1.-31.3	1.1.-31.3
<i>Amounts are at each years price level in ISK millions</i>					
Revenues	18.839	17.841	16.236	15.664	13.749
Expenses	(6.372)	(6.862)	(6.390)	(5.369)	(4.495)
Thereof energy purchase and distribution	(1.542)	(2.142)	(2.289)	(1.847)	(1.684)
EBITDA	12.467	10.979	9.846	10.295	9.253
Depreciation and amortisation	(4.303)	(4.107)	(3.829)	(3.302)	(3.336)
EBIT	8.164	6.873	6.017	6.993	5.917
Cash flow statement					
Received interest income	82	54	31	8	7
Paid interest expenses	(1.865)	(1.802)	(1.465)	(1.039)	(976)
Net cash from operating activities	10.506	8.144	8.072	3.741	7.653
Working capital from operation	9.387	7.986	7.893	7.962	6.990
Liquid funds					
	31.3.2025	31.3.2024	31.3.2023	31.3.2022	31.3.2021
Deposits and marketable securities	12.464	9.897	12.112	15.046	12.839
Cash and cash equivalents	22.309	8.618	4.876	7.322	14.967
Undrawn credit lines	15.203	10.265	9.100	7.570	13.133
Liquid funds total	49.976	28.779	26.088	29.938	40.939

Endorsement by the Board of Directors and the CEO

Reykjavík Energy (RE) is a joint venture that is governed by Act no. 136/2013 on Reykjavík Energy. RE's statutory role is to engage in the harnessing, production and sale of electricity, hot water, and steam, and the operation of basic infrastructure, such as a distribution system for electricity, heating, water supply, sewerage, and fibre optics system, as well as other similar activities. Additionally, RE conducts activities that can utilize the company's research, knowledge, or equipment, as well as industrial development and innovation, as long as it is related to the core activities of the company, including the storage of carbon dioxide and other water-soluble gas types in the ground.

The consolidated interim financial statements for the period 1 January to 31 March 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. The interim financial statements have not been reviewed by the independent auditor of the company.

Profit from the Reykjavík Energy group's operations for the period 1 January to 31 March 2025 amounted to ISK 4.464 million (1.1.-31.3.2024: profit ISK 2.902 million). Comprehensive income for the period 1 January to 31 March 2025 was positive and amounted to ISK 1.152 million (1.1.-31.3.2024: positive ISK 4.134 million). According to the statement of financial position the Group's assets amounted to ISK 515.167 million at the end of the period (31.12.2024: ISK 509.953 million). Equity at the end of the period was ISK 266.884 million (31.12.2024: ISK 265.732 million), resulting in equity ratio of 51,8% (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
Reykjavík 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 Reykjavík Energy, 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 31 March 2025 and the Group's operating return and changes in cash and cash equivalents in the period 1 January to 31 March 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 31 March 2025.

Reykjavík, 26 May 2025.

The Board of Directors:

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

CEO:

Sævar Freyr Þráinsson

Income Statement

1 January to 31 March 2025

	Notes	2025 1.1.-31.03.	2024 1.1.-31.03.
Operating revenue	4	18.850.304	17.697.036
Redemption of aluminium derivatives .....	(	27.463)	137.982
Profit from sale of assets		16.046	6.094
Operating revenues, total		<u>18.838.886</u>	<u>17.841.112</u>
Energy purchase and distribution .....	(	1.542.374)	(2.142.001)
Salaries and salary related expenses	6	(2.747.448)	(2.556.108)
Other operating expenses .....	(	2.081.806)	(2.163.530)
Operating expenses, total	(	<u>6.371.628</u>	<u>(6.861.639)</u>
EBITDA		<u>12.467.258</u>	<u>10.979.473</u>
Depreciation and amortisation .....	(	4.302.827)	(4.106.723)
Results from operating activities, EBIT		<u>8.164.431</u>	<u>6.872.750</u>
Interest income		316.903	117.985
Interest expenses .....	(	3.599.995)	(3.859.956)
Other income on financial assets and liabilities		301.591	165.843
Total financial income and expenses	7	<u>(2.981.501)</u>	<u>(3.576.128)</u>
Share in profit of associated companies		2.902	3.943
Profit before income tax		<u>5.185.832</u>	<u>3.300.565</u>
Income tax .....	(	722.233)	(398.918)
Profit for the period		<u><u>4.463.599</u></u>	<u><u>2.901.648</u></u>
Attributable to:			
Equity holders of the Company		4.463.770	2.901.769
Minority interest in subsidiaries .....	(	171)	(122)
Profit for the period		<u><u>4.463.599</u></u>	<u><u>2.901.648</u></u>

The notes on pages 11 to 22 are an integral part of these Consolidated Financial Statements.

Statement of Comprehensive Income

1 January to 31 March 2025

	2025 1.1.-31.03.	2024 1.1.-31.03.
Profit for the period	4.463.599	2.901.648
Other comprehensive income		
Items moved to equity that could be moved later to the income statement		
Translation difference	(3.311.227)	1.232.751
Other comprehensive income, after taxes	(3.311.227)	1.232.751
Total comprehensive income for the period	<u>1.152.373</u>	<u>4.134.398</u>

The notes on pages 11 to 22 are an integral part of these Consolidated Financial Statements.

Statement of Financial Position

31 March 2025

	Notes	31.3.2025	31.12.2024
Assets			
Property, plant and equipment	9	445.520.464	449.315.631
Intangible assets	10	6.289.570	6.246.068
Right-of-use assets		2.350.191	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		490.965	406.754
Hedge contracts		49.490	63.086
Deferred tax assets		6.539.519	6.166.858
Total non-current assets		467.562.666	470.877.406
Inventories		1.426.633	1.632.118
Trade receivables	8	9.361.581	7.829.583
Embedded derivatives in electricity sales contracts		239.547	275.913
Hedge contracts		86.203	94.574
Other receivables		969.940	927.652
Prepaid expenses		747.622	283.101
Marketable securities		12.463.753	11.594.110
Cash and cash equivalents		22.309.408	16.438.122
Total current assets		47.604.689	39.075.173
Total assets		515.167.354	509.952.580
Equity			
Revaluation reserve		126.541.053	127.809.202
Equity reserve		100.321.002	94.950.622
Development reserve		235.843	218.177
Fair value reserve		5.807.000	5.807.000
Translation reserve		6.527.372	9.838.598
Retained earnings		27.452.455	27.108.582
Equity attributable to equity holders of the Company		266.884.724	265.732.181
Minority interest .....	(	385)	(219)
Total equity		266.884.340	265.731.962
Liabilities			
Loans and borrowings		186.201.742	184.597.864
Lease liabilities		2.274.586	2.308.413
Pension liability		710.369	739.347
Hedge contracts		5.865	10.643
Deferred revenue		1.689.998	1.873.970
Deferred tax liabilities		22.862.752	23.153.094
Total non-current liabilities		213.745.312	212.683.332
Accounts payables		3.220.230	3.924.652
Loans and borrowings		20.660.421	19.958.999
Lease liabilities		173.749	177.887
Hedge contracts		77.029	117.432
Deferred revenue	8	922.064	266.018
Current tax liability		1.162.503	2.812.055
Other current liabilities		8.321.706	4.280.241
Total current liabilities		34.537.702	31.537.286
Total liabilities		248.283.014	244.220.617
Total equity and liabilities		515.167.354	509.952.580

The notes on pages 11 to 22 are an integral part of these Consolidated Financial Statements.

Statement of Changes in Equity 1 January to 31 March 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.- 31.3. 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					(3.311.227)		(3.311.227)		(3.311.227)
Profit for the period						4.463.770	4.463.770	(171)	4.463.599
Total comprehensive income	0	0	0	0	(3.311.227)	4.463.770	1.152.543	(171)	1.152.373
Depreciation transferred to retained earnings	(1.268.149)					1.268.149	0		0
Share in profit of subsidiaries and associates transferred to equity reserve		5.370.380				(5.370.380)	0		0
Other changes								5	5
Development reserve, amortisation			17.667			(17.667)	0		0
Equity at 31 March 2025	126.541.053	100.321.002	235.843	5.807.000	6.527.372	27.452.455	266.884.725	(385)	266.884.340
1.1.- 31.3. 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					1.232.751		1.232.751		1.232.751
Profit for the period						2.901.769	2.901.769	(122)	2.901.648
Total comprehensive income	0	0	0	0	1.232.751	2.901.769	4.134.520	(122)	4.134.398
Depreciation transferred to retained earnings	(1.281.232)					1.281.232	0		0
Share in profit of subsidiaries and associates transferred to equity reserve		3.650.042				(3.650.042)	0		0
Other changes								(2)	(2)
Transfer to development reserve			(1.066)			1.066	0		0
Equity at 31 March 2024	129.252.994	86.027.308	136.264	5.807.000	10.011.633	31.882.952	263.118.152	167	263.118.319

The notes on pages 11 to 22 are an integral part of these Consolidated Financial Statements.

Statement of Cash Flows

1 January to 31 March 2025

	2025 1.1.-31.03.	2024 1.1.-31.03.
Cash flows from operating activities		
Profit for the period	4.463.599	2.901.648
Adjusted for:		
Financial income and expenses	2.981.501	3.576.128
Share in P/L of associates	(2.902)	(3.943)
Income tax	722.233	398.918
Depreciation and amortisation	4.302.827	4.106.723
Profit from sale of property, plants and equipment	(16.046)	(6.094)
Pension liability, change	(28.978)	8.219
Working capital from operation before interest and taxes	12.422.234	10.981.598
Inventories, decrease	205.485	18.803
Current assets, increase	(2.079.481)	(2.258.406)
Current liabilities, increase	2.138.992	1.500.889
Cash generated from operations before interests and taxes	12.687.230	10.242.884
Received interest income	81.929	54.382
Paid interest expenses	(1.864.796)	(1.802.056)
Dividend received	1.195	220
Paid taxes	(399.419)	(351.405)
Net cash from operating activities	10.506.139	8.144.024
Cash flows from investing activities		
Acquisition of property, plant and equipment	(6.408.545)	(6.272.906)
Acquisition of intangible assets	(257.549)	(221.656)
Proceeds from sale of property, plant and equipment	34.259	10.051
Acquisition of associated companies	0	(3.500)
Proceeds from sale of other companies	17.484	200
Change in marketable securities	(793.030)	(1.011.406)
Net cash used in investing activities	(7.407.382)	(7.499.216)
Cash flows from financing activities		
Proceeds from new borrowings	10.134.426	1.776.491
Repayment of borrowings	(7.226.200)	(4.219.944)
Deferred revenue	(66.243)	0
Repayment of lease liability	(48.090)	(41.471)
Net cash from (used in) financing activities	2.793.894	(2.484.923)
Increase (decrease) in cash and cash equivalents	5.892.652	(1.840.115)
Cash and cash equivalents at year beginning	16.438.122	10.342.367
Effect of currency fluctuations on cash and cash equivalents	(21.366)	115.689
Cash and cash equivalents at the end of the period	22.309.408	8.617.941
Investments and financing without payment effects:		
Acquisition of property, plant and equipment	883.009	726.373
Current liabilities, change	(883.009)	(726.373)
Other information		
Working capital from operation	9.387.093	7.985.989

The notes on pages 11 to 22 are an integral part of these Consolidated 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 financial statements of the parent company and its subsidiaries, (together referred to as "the Group") and a share in associated companies.

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	
			31.3.2025	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 26 May 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 is reported into each consolidation company at the rate of the business day. Monetary assets and debts in foreign currencies are reported in 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 IFRSs 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. 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 4 and income by segment in note 5.

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.
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.

Notes

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

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

4. 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.-31.03.	1.1.-31.03.
Electricity.....	7.508.424	6.383.040
Hot water.....	6.204.248	6.329.184
Cold water.....	1.035.502	991.659
Sewer system.....	1.868.586	1.776.386
Other revenues.....	2.233.543	2.216.766
Revenues from sales of goods and services total.....	18.850.304	17.697.036

Notes

5. 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

1.1.- 31.3.2025

	Utilities	Energy sale and production	Other Operation	Adjust- ments	IFRS 16*	Total
External revenue	12.023.238	5.246.121	1.569.527	0		18.838.886
Inter-segment revenue	1.402.501	2.061.931	2.885.843 (	6.350.275)		0
Total segment revenue	13.425.739	7.308.052	4.455.370 (	6.350.275)		18.838.886
Segment operation expenses	(6.533.478)	(2.401.108)	(3.839.677)	6.299.793	102.842 (	6.371.628)
Segment profit EBITDA	6.892.261	4.906.944	615.693 (	50.482)	102.842	12.467.258
Depreciation and amortisation	(1.941.942)	(1.564.036)	(805.496)	48.521 (	39.875) (	4.302.827)
Segment results, EBIT	4.950.319	3.342.908	(189.803) (	1.960)	62.967	8.164.431
Financial income and expenses	(1.236.726)	(591.042)	(1.194.121)	61.564 (	21.174) (	2.981.501)
Share in loss of associated companies	0	0	2.902	0		2.902
Income tax	(539.045)	(564.552)	415.068 (	17.990) (	15.714) (	722.233)
Profit (loss) for the period	3.174.548	2.187.313	(965.954)	41.614	26.079	4.463.599

1.1.- 31.3.2024

External revenue	11.744.250	4.541.771	1.555.090	0		17.841.112
Inter-segment revenue	1.402.762	2.338.922	2.613.856 (	6.355.541)		0
Total segment revenue	13.147.013	6.880.694	4.168.946 (	6.355.541)		17.841.112
Segment operation expenses	(6.804.779)	(3.149.087)	(3.321.184)	6.318.857	94.554 (	6.861.639)
Segment profit EBITDA	6.342.234	3.731.607	847.762 (	36.683)	94.554	10.979.473
Depreciation and amortisation	(1.877.449)	(1.488.954)	(729.391)	23.634 (	34.562) (	4.106.723)
Segment results, EBIT	4.464.785	2.242.653	118.370 (	13.049)	59.992	6.872.750
Financial income and expenses	(1.536.606)	(594.257)	(737.865) (	686.648) (	20.751) (	3.576.128)
Share in loss of associated companies	0	0	3.943	0		3.943
Income tax	(439.902)	(336.155)	129.187	262.707 (	14.754) (	398.918)
Profit (loss) for the period	2.488.277	1.312.241	(486.364) (	436.990)	24.486	2.901.648

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

Notes

5. Segment reporting, contd.

Business segments - divisions, contd.

	Utilities	Energy sale and production	Other Operation	Adjust- ments	IFRS 16*	Total
Balance sheet (31.3.2025)						
Property, plant and equipment and intangible assets	240.629.515	149.749.324	61.627.125 (	195.929)	2.350.191	451.810.034
Right-of-use assets						2.350.191
Other assets	31.701.670	12.704.066	212.411.302 (	195.809.909)		61.007.129
						515.167.354
Loans and borrowings	89.495.803	53.618.395	212.262.163 (	148.514.198)	2.448.335	206.862.163
Lease liabilities						2.448.335
Other liabilities	20.615.340	14.111.590	51.789.968 (	47.544.383)		38.972.516
						248.283.014
Investments (1.1.-31.3.2025)						
Property, plant and equipment and intangible assets	3.145.780	1.229.256	1.408.049			5.783.085
Balance sheet (31.12.2024)						
Property, plant and equipment and intangible assets	239.425.677	155.293.802	61.051.212 (	208.991)	2.346.362	455.561.699
Right-of-use assets						2.346.362
Other assets	28.982.860	10.579.703	205.143.898 (	192.661.943)		52.044.518
						509.952.580
Loans and borrowings	89.246.676	56.188.927	208.956.863 (	149.835.603)	2.486.300	204.556.863
Lease liabilities						2.486.300
Other liabilities	20.116.367	13.825.084	46.260.508 (	43.024.505)		37.177.454
						244.220.617
Investments (1.1.-31.3.2024)						
Property, plant and equipment and intangible assets	2.850.793	1.260.060	1.649.488			5.760.341

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

Notes

6. Salaries and salary related expenses

	2025	2024
	1.1.-31.03.	1.1.-31.03.
Salaries and salary related expenses are specified as follows:		
Salaries	2.563.634	2.425.127
Defined contribution pension expenses	331.312	307.315
Defined benefit pension expenses, changes ..... (	10.136)	25.125
Other salary related expenses	227.770	237.707
Total salaries and salary related expenses	3.112.580	2.995.273

Salaries and salary related expenses are stated in the interim financial statements as follows:

Expensed in the income statement	2.747.448	2.556.108
Capitalised on projects	365.131	439.164
Total salaries and salary related expenses	3.112.580	2.995.273

Number of employees:

Number of annual working units	637,9	638,6
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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	7.143	5.703
Salaries of the CEO of the Parent Company	12.858	11.781
Salaries of Managing Directors of the Parent Company	30.081	25.539
Salaries to the Board of Directors of subsidiaries	9.850	4.602
Salaries of four Managing Directors of subsidiaries	42.657	39.120
	102.590	86.744

Notes

7. Financial income and expenses

	2025 1.1.-31.03.	2024 1.1.-31.03.
Financial income and expenses are specified as follows:		
Interest income	316.903	117.985
Interest expenses and paid indexation	(2.151.306)	(1.975.103)
Indexation	(1.369.050)	(1.783.590)
Guarantee fee to owners 1)	(79.639)	(101.263)
Total interest expenses	(3.599.995)	(3.859.956)
Fair value changes of embedded derivatives in electricity sales contracts	47.845	(698.689)
Fair value changes of financial assets and financial liabilities through P/L	81.105	215.313
Unredeemed fair value changes of hedge contracts	23.216	89.037
Foreign exchange difference	148.230	559.963
Dividends	1.195	220
Total of other income on financial assets and liabilities	301.591	165.843
Total financial income and expenses	(2.981.501)	(3.576.128)

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 81 million in the period 1 January to 31 March 2025 (1.1.-31.3.2024: ISK 101 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 152 million income in the period 1 January to 31. March 2025 (1.1.-31.3.2024: expense ISK 394 million). Fair value changes on financial assets and liabilities defined at level 3 amounts to ISK 48 million income in the period 1 January to 31. March 2025 (1.1.-31.3.2024: expense ISK 699 million).

8. 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

9. Property, plant and equipment

	Production system	Utility system	Other real estates	Other equipment	Total
31.3.2025					
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	2.344.254	2.383.802	392.266	414.266	5.534.587
Translation difference	(7.281.329)	0	0	(16.141)	(7.297.470)
Sold or disposed of	0	0	0	(89.203)	(89.203)
Balance at period end	384.560.909	486.915.247	16.069.170	6.866.277	894.411.603
Depreciation					
Balance at year beginning	183.562.578	259.398.471	1.354.626	2.632.383	446.948.058
Depreciated during the period	2.009.577	1.904.475	52.307	97.734	4.064.093
Translation difference	(2.049.285)	0	0	(738)	(2.050.023)
Sold or disposed of	1	0	0	(70.990)	(70.989)
Balance at period end	183.522.871	261.302.946	1.406.933	2.658.390	448.891.140
Carrying amounts					
At 1.1. 2025.....	205.935.405	225.132.975	14.322.278	3.924.973	449.315.631
At 31.03. 2025.....	201.038.038	225.612.302	14.662.237	4.207.887	445.520.464
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

10. Intangible assets

Intangible assets are specified as follows:

	Heating rights	Software	Development cost	Business relations	Total
31.3.2025					
Cost					
Balance at year beginning	1.513.758	6.371.718	727.185	1.908.000	10.520.662
Additions during the period	0	151.601	96.897	0	248.498
Translation difference	0	0	(6.282)	0	(6.282)
Balance at period end	1.513.758	6.523.319	817.800	1.908.000	10.762.878
Amortisation					
Balance at year beginning	457.768	3.525.273	77.692	213.860	4.274.594
Amortisation during the period	0	149.236	5.620	44.003	198.859
Translation difference	0	0	(145)	0	(145)
Balance at period end	457.768	3.674.507	83.168	257.864	4.473.307
Carrying amounts					
At 1.1. 2025	1.055.990	2.846.446	649.493	1.694.140	6.246.068
At 31.3. 2025	1.055.990	2.848.812	734.633	1.650.136	6.289.570
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

11. 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:

	31.3.2025		31.12.2024	
	Carrying amount	Fair value	Carrying amount	Fair value
Interest-bearing liabilities	206.862.163	198.325.777	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:

	31.3.2025	31.12.2024
Embedded derivatives in electr. sales contr.	6,91% to 7,60%	7,28% to 7,67%
Hedge contracts	4,38% to 4,54%	4,35% to 4,55%
Interest bearing loans	1,71% to 9,83%	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 analyses 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.

31.3.2025	Level 1	Level 2	Level 3	Total
Shares in companies	0	0	6.230.898	6.230.898
Embedded derivatives in sales contracts	0	0	730.512	730.512
Hedge contracts	0	52.800	0	52.800
Marketable securities	12.463.753	0	0	12.463.753
	12.463.753	52.800	6.961.410	19.477.963
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

12. 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 31 March 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.-31.03.	1.1.-31.03.
Sale to related parties:		
Reykjavik City.....	414.233	368.582
Institutions and companies controlled by Reykjavik City.....	217.664	194.410
	631.897	562.992
Purchases from related parties:		
Reykjavik City.....	6.887	19.244
Institutions and companies controlled by Reykjavik City.....	6.146	4.654
Associates.....	29.188	28.683
	42.221	52.581
	31.3.2025	31.12.2024
Receivables for related parties:		
Reykjavik City.....	181.443	285.531
Institutions and companies controlled by Reykjavik City.....	75.849	50.994
	257.292	336.525
Payables for related parties:		
Reykjavik City.....	30.527	109.358
Institutions and companies controlled by Reykjavik City.....	303	57
	30.830	109.415
	2025	2024
	1.1.-31.03.	1.1.-31.03.
Guarantee fee paid to owners of the company:		
Reykjavik City	74.494	94.246
Akranes town	4.402	6.510
Borgarbyggð, municipality	743	508
	79.639	101.263

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 7.

Notes

13. 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 31 March 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 810 million. The estimated completion is in July 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 náttúran 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.

14. Events after the reporting period

Dividend to owners

A dividend of ISK 6.500 million was approved at the RE's Annual General Meeting on 11 April. In June, ISK 3.250 million will be paid, and ISK 3.250 million will be paid in August.

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.