

2025.

Condensed consolidated
financial statements

EIK

Index

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Endorsement and Statement by the **Board of Directors and the CEO**

Eik fasteignafélag hf. is an Icelandic public limited company listed on the Iceland Stock Exchange (Nasdaq Iceland). The Group's structure consists of the parent company, Eik fasteignafélag hf., along with subsidiaries that are 100% owned by the parent company. The Group's operations include ownership, leasing, management, and development of commercial properties, as well as ownership of hotel operations.

Operation

The Group's operating revenues amounted to ISK 12,586 million in 2025, compared to ISK 11,495 million in 2024. Operating expenses totalled ISK 4,685 million in 2025, compared to ISK 4,154 million the previous year, including approximately ISK 135 million related to one-off items during the year, which were primarily attributable to organisational restructuring within the company. The Group's operating profit before valuation changes and depreciation was ISK 7,901 million in 2025, compared to ISK 7,341 million in the year before. Fair value gain on investment properties amounted to ISK 5,352 million. Net financial expenses were ISK 6,331 million in 2025, slightly lower than ISK 6,368 million in 2024. According to the income statement and the statement of comprehensive income, the Group's total profit for the year was ISK 5,494 million, compared to ISK 6,477 million in 2024. Cash flow from operating activities amounted to ISK 4,919 million in 2025, as per the Group's cash flow statement.

Financial Position

As of 31 December 2025, the Group's total assets amounted to ISK 182,359 million according to the statement of financial position. of which, investment properties accounted for ISK 172,760 million, assets for own use were ISK 5,427 million, and cash and cash equivalents for ISK 2,769 million. The Group's equity at year-end 2025 was ISK 54,762 million, including issued share capital of ISK 3,393 million. The Group's equity ratio stood at 30.0% at the end of the year. Interest bearing liabilities totalled ISK 104,210 million, and deferred income tax liabilities amounted to ISK 15,548 million. The Company's net gearing ratio was 58.9%.

The Company has access to bank financing of approximately ISK 2,600 million, which remained unused at year-end. Unencumbered real estate was recorded at approximately ISK 11,620 million at the same date.

During the year, the Company issued a new bond series,

EIK 150536, with a total nominal value of ISK 8,000 million, and received proceeds from a new bank loan amounting to ISK 16,325 million. The Company also repaid bond series EIK 25 1 totalling ISK 2,520 million and bank loans of approximately ISK 13,382 million. Following the acquisition of Festing hf., bank loans amounting to ISK 10,333 million were assumed and are now part of Eik's consolidated debt. The weighted average indexed interest rate of the Company's borrowings was 3.71% at year end, while the weighted average non indexed interest rate was 9.55%. Indexed loans accounted for just over 94% of the Company's interest bearing debt at the end of 2025.

Outlook for 2026

The Company expects operating revenues to be in the range of ISK 14,250 to 14,800 million, and EBITDA for 2026 to be between ISK 9,000 and 9,300 million at constant prices, based on the consumer price index as of January 2026. Further discussion of the outlook for the year can be found on page 4 of the Company's annual report.

Share Capital

The registered share capital at year-end amounted to ISK 3,402,200,000. All shares of the Company are of one class and carry equal rights. The Company holds treasury shares with a nominal value of ISK 8,800,000.

At year-end, the Company's share capital was held by 611 shareholders, compared to 529 shareholders at the beginning of 2025.

The 10 largest shareholders of the Company at the end of 2025, according to the Company's shareholder register, were as follows:

1. Brimgarðar ehf.....	21,1%
2. Langisjór ehf.....	13,2%
3. Brú Lífeyrissjóður starfsmanna sveitarfélaga.....	9,9%
4. Birta lífeyrissjóður.....	8,3%
5. Almenni - Lífsverk lífeyrissjóðurinn.....	7,1%
6. Festa - lífeyrissjóður.....	6,6%
7. Gildi lífeyrissjóður.....	5,4%
8. Lífeyrissjóður verzlunarmanna.....	4,1%
9. Lífsverk lífeyrissjóður.....	3,7%
10. Brú R deild.....	2,1%

Endorsement and Statement by the **Board of Directors and the CEO**

Langisjór ehf., together with its partners Síldarbein ehf., Alma Íbúðafélag hf., and Brimgarðar ehf., held 34.56% of the Company's outstanding share capital at the end of 2025.

At the Company's Annual General Meeting held on 10 April 2025, a dividend of ISK 3,393.4 million was approved for distribution to shareholders in respect of the 2024 financial year.

The Board's policy is to pay an annual dividend amounting to at least 75% of the cash flow from operating activities for the year, after deducting the amount utilised for share repurchases up to the notice of the next Annual General Meeting. When preparing the dividend proposal, consideration is given to the Company's financial position, loan to value ratio, investment plans, and overall economic conditions. The Board proposes that dividends totalling ISK 3,732.74 million be paid to shareholders for the 2025 financial year, equivalent to ISK 1.10 per share, with the payment to be made in two instalments.

Changes in the Asset Portfolio

During the year, the Company acquired Festing hf. Festing's real estate portfolio in Iceland consists of approximately 43,000 square metres across 11 properties. These properties primarily accommodate the operations of Samskip hf. and are mainly located in Reykjavík, with additional sites in Akureyri, Dalvík, Egilsstaðir, Ísafjörður, and Vestmannaeyjar.

The Company sold three properties during the year: Rauðarárstígur 27, Smiðjuvegur 46, and Þönglabakki 1, with a combined area of approximately 2,750 square metres. Additionally, the Company purchased a property under construction at Jötnahella 5, which will provide around 2,600 square metres of industrial space, with delivery expected in the first half of 2027.

Change of CEO

During the year, the Company's Board appointed a new Chief Executive Officer, Hreiðar Má Hermannsson, who commenced his duties on 11 April 2025.

Corporate Social Responsibility

The Company will publishing its sustainability report for the eighth consecutive year as a supplement to the 2025 annual financial statements. The sustainability report provides information on the status and development of the Group's performance indicators with respect to environmental matters, social factors, governance, and

prosperity. In addition, the report addresses Eik's activities in relation to the EU Taxonomy Regulation and the proportion of environmentally sustainable investments.

Governance and Non-Financial Information

Eik fasteignafélag's governance practices comply with Act No. 2/1995 on Limited Liability Companies, the Company's articles of association, and the Board's rules of procedure. The Company emphasises maintaining good governance and aligns its practices with the guidelines issued by the Iceland Chamber of Commerce, Nasdaq Iceland, and the Confederation of Icelandic Employers on corporate governance. The gender composition of the Company's Board is 60% men and 40% women, thereby fulfilling the requirements of the Limited Liability Companies Act regarding gender balance on boards. The Company's executive management team is composed entirely of men. Among the Company's employees, the gender ratio is 70% men and 30% women.

The Group's average number of employees, calculated as full-time equivalents (FTEs), was approximately 58 during the year.

The Nomination Committee receives nominations for the Board and shareholder proposals for board members and nominates candidates for appointment to the Company's Board.

Further information on the Board and governance practices, as well as non-financial reporting, is available on the Company's website, www.eik.is, and in the appendices to the annual financial statements, including the corporate governance statement and non-financial disclosures. The Company's sustainability report, published alongside the annual financial statements, can also be found at www.eik.is/samfelagsleg-abyrgd.

The Company's main financial risks include rental and counterparty risk, liquidity risk, inflation risk, and interest rate risk. Note 24 provides a discussion of the Group's risk management and financial figures related to key risk factors.

Endorsement and Statement by the **Board of Directors and the CEO**

Statement of the Board and CEO

To the best of the knowledge of the Board and the CEO, the Group's financial statements comply with the International Financial Reporting Standards as endorsed by the European Union. It is the opinion of the Board and the CEO that the financial statements provide a true and fair view of the Group's assets, liabilities, and financial

position as of 31 December 2025, as well as its financial performance and cash flow changes for the year 2025.

The Board and CEO of Eik fasteignafélag hf. hereby confirm the Company's financial statements for the year 2025 by their signatures.

Kópavogur, 12 March 2026

Board of Directors

Bjarni Kristján Þorvarðarson
Chairman

Eyjólfur Árni Rafnsson
Board member

Guðrún Bergsteinsdóttir
Board member

Gunnar Þór Gíslason
Board member

Ragnheiður Harðar Harðardóttir
Board member

CEO

Hreiðar Már Hermannsson

Independent Auditors' Report

To the Shareholders and the Board of Directors of Eik fasteignafelag hf.

Opinion

We have audited the consolidated financial statements of Eik fasteignafelag hf. for the year ended December 31, 2025 which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the financial position of Eik fasteignafelag hf. as at December 31, 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and additional requirements in the Icelandic Financial Statement Act.

Our opinion in this report on the consolidated financial statements is consistent with the content of the additional report that has been submitted to the audit committee in accordance with the EU Audit Regulation 537/2014 Article 11.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We are independent of Eik fasteignafelag hf. in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Iceland, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Based on the best of our knowledge and belief, no prohibited services referred to in the EU Audit Regulation 537/2014 Article 5.1 has been provided.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit Matters

Valuation of investment property's

The investment property's of the Company are valued at fair value on balance sheet date by management in accordance with IAS 40. Fair value is measured in accordance with IFRS 13.

Investment property of the Company amounts to ISK 172.760 million or 95% of total assets as of 31 December 2025. Valuation change in the year was positive by ISK 5,352 million.

In the valuation of these assets, management assess the cash flows expected from lease agreements. This is based on assumptions about the estimated utilization rate of the assets in the future, market rents at the end of the current lease agreements, operating costs of the assets and the required rate of return.

Due to the significance of the valuation and the fact that the investments properties are a significant part of the Company's financial statements, we consider the valuation of those assets to be a key audit matter in the audit.

Further details on the accounting method and main assumptions used in the valuation can be found in Note 12 and 32.

How the matter was addressed in our audit

We received assistance from our valuation specialists in reviewing the valuation model and the assumptions made by management in their valuation of the company's investment properties.

During this review, we performed the following procedures:

- We verified the effectiveness of the valuation model.
- We reviewed the assumptions used in the calculations and assessed their appropriateness, such as lease amounts according to contracts, utilization rates of the properties, estimated future rental income, market rents at the end of lease terms, and maintenance costs.
- We assessed whether the assumptions underlying the required rate of return were appropriate and compared them to information on financing rates for commercial real estate and other market conditions.
- We verified that the information provided in the disclosures was in compliance with IFRS.

Independent Auditors' Report

Other information

The Board of Directors and the CEO are responsible for other information. Other information is the annual report excluding the consolidated financial statements and our audit report on it. Our opinion on the consolidated financial statements does not extend to other information, and we do not provide any assurance on it.

In connection with our audit of the consolidated financial statements, we are required to read other information in the annual report when it becomes available and assess whether it is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

In accordance with Article 104(2) of Act No. 3/2006 on Annual Accounts, we confirm to the best of our knowledge that the report of the Board of Directors accompanying the consolidated financial statements provides the information required by law on annual accounts and does not contain any additional explanations

Responsibilities of the Board of Directors and the CEO for the Consolidated Financial Statements

The Board of Directors and the CEO are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and additional requirements in the Icelandic Financial Statement Act to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors and the CEO are responsible for assessing Eik fasteignafélag hf. ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors and the CEO either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The board of directors and the audit committee are responsible for overseeing the Eik fasteignafélag hf. financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Eik fasteignafélag hf. internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated

Independent Auditors' Report

financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors and the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors and the Audit Committee a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors and the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on European single electronic format (ESEF Regulation)

As part of our audit of the consolidated financial statements of Eik fasteignafelag hf., we performed procedures to be able to issue an opinion on whether the consolidated financial statements of Eik fasteignafelag for the year 2025 with the file name [2138005WRSDC4DI3BJ43-2025-12-31-is] is prepared, in all material respects, in compliance with laws no. 20/2021 disclosure obligation of issuers of securities and the obligation to flag relating to requirements regarding European single electronic format regulation EU 2019/815 which include requirements related to the preparation of the Consolidated Financial Statements in XHTML format and iXBRL markup.

Management is responsible for preparing the consolidated financial statements in compliance with laws about disclosure obligation of issuers of securities and the obligation to flag. This responsibility includes preparing the consolidated financial statements in a XHTML format in accordance to EU regulation 2019/815 on the European single electronic format (ESEF regulation).

Our responsibility is to obtain reasonable assurance, based on evidence that we have obtained, on whether the consolidated financial statements is prepared in all material respects, in compliance with the ESEF Regulation, and to issue a report that includes our opinion. The nature, timing and extent of procedures selected depend on the auditor's judgement, including the assessment of the risks of material departures from the requirement set out in the ESEF regulation, whether due to fraud or error.

In our opinion, the consolidated financial statements of Eik fasteignafelag hf. for the year 2023 with the file name [2138005WRSDC4DI3BJ43-2025-12-31-is] is prepared, in all material respects, in compliance with the ESEF Regulation.

Appointment of auditor

Deloitte was appointed auditor of Eik fasteignafelag hf. by the general meeting of shareholders on 10 April 2025. Deloitte has been auditor of Eik fasteignafélags hf. Since the general meeting of shareholders on 30 March 2023.

Kópavogur, 12 March 2026

Deloitte ehf.

Signy Magnúsdóttir

State Authorized Public Accountant

Consolidated Statement of Comprehensive Income

for the period from 1 January to 31 December 2025

	Notes	2025	2024
Lease income	5	10.865	9.896
Other operating income	5	1.721	1.599
		<u>12.586</u>	<u>11.495</u>
Operating expenses	6	(4.685)	(4.154)
EBITDA		7.901	7.341
Gain on sale of investment properties		134	0
Changes in value of investment properties	12	5.352	7.327
Depreciation and impairment	13, 14	(188)	(176)
Operating profit		13.199	14.492
Financial income		285	257
Financial expenses		(6.617)	(6.625)
Net financial expenses	9	(6.332)	(6.368)
Profit before income tax		6.867	8.124
Income tax	10, 20	(1.374)	(1.647)
Total profit for the year		<u>5.493</u>	<u>6.477</u>
Key ratios per share:			
Basic earnings and diluted earnings per share	17	1,62	1,90
EBITDA	2	2,33	2,15

Notes on pp. 12 - 38 are an integral part of the interim financial statements

Consolidated Statement of Financial Position as at 31 December 2025

	Notes	2025	2024
Assets			
Intangible assets	11	351	351
Investment properties	12	172.760	145.471
Assets for own use	13	5.427	5.852
Non-current receivables	15	126	288
Non-current assets		<u>178.664</u>	<u>151.962</u>
Trade and other receivables	15	926	694
Cash and cash equivalents		2.769	3.594
Current assets		<u>3.695</u>	<u>4.288</u>
Total assets		<u>182.359</u>	<u>156.250</u>
Equity			
Share capital		3.393	3.393
Share premium		12.371	12.371
Statutory reserve		848	849
Revaluation reserve		1.369	1.392
Retained earnings		35.336	34.656
Total equity	16	<u>54.761</u>	<u>52.661</u>
Liabilities			
Interest-bearing debt	18	94.391	78.982
Lease liabilities	19	4.869	2.512
Income tax liability	20	15.548	14.151
Non-current liabilities		<u>114.808</u>	<u>95.645</u>
Interest-bearing debt	18	9.819	6.116
Trade and other payables	21	2.971	1.828
Current liabilities		<u>12.790</u>	<u>7.944</u>
Total liabilities		<u>127.598</u>	<u>103.589</u>
Total equity and liabilities		<u>182.359</u>	<u>156.250</u>

Notes on pp. 12 - 38 are an integral part of the interim financial statements

Consolidated Statement of Changes in Equity as at 31 December 2025

	Share capital	Share premium	Statutory reserve	Revaluation reserve	Restricted equity	Retained earnings	Total equity
Year 2024							
Equity 1.1.2024	3.415	12.648	854	1.415	0	30.691	49.023
Total profit for the year						6.477	6.477
Repurchase of own shares	(22)	(277)					(299)
Transferred from statutory reserve			(5)			5	0
Depreciation of revalued property				(23)		23	0
Dividend paid ISK 0.74 per share						(2.540)	(2.540)
Equity 31.12.2024	3.393	12.371	849	1.392	0	34.656	52.661
Year 2025							
Equity 1.1.2025	3.393	12.371	849	1.392	0	34.656	52.661
Total profit for the year						5.493	5.493
Transferred from statutory reserve			(1)			1	0
Depreciation of revalued property				(23)		23	0
Transferred to restricted equity					1.444	(1.444)	0
Dividend paid ISK 1.00 per share						(3.393)	(3.393)
Equity 31.12.2025	3.393	12.371	848	1.369	1.444	35.336	54.761

Notes on pp. 12 - 38 are an integral part of the interim financial statements

Consolidated Statement of Cash Flows

for the period from 1 January to 31 December 2025

	Notes	2025	2024
Cash flows from operating activities			
Operating Profit for the year		13.199	14.492
Operating items which do not affect cash flow:			
Gain on sale of investment properties .....	(	134)	0
Valuation changes of investment properties	12 (	5.352)	(7.327)
Depreciation	13, 14	188	176
		<u>7.901</u>	<u>7.341</u>
Change in operating assets		198	153
Change in operating liabilities		39	184
		<u>8.139</u>	<u>7.678</u>
Interest income received	9	285	257
Interest expenses paid .....	(	3.505)	(3.059)
Net cash from operating activities		<u>4.919</u>	<u>4.875</u>
Cash flows used in investment activities			
Investment in investment properties	12 (	4.242)	(5.196)
Sold investment properties		852	0
Investment in assets for own use	13 (	46)	(53)
Sold assets for own use		4	0
Net acquisition of investment property	28 (	4.541)	(263)
Net cash used in investing activities		<u>(7.973)</u>	<u>(5.511)</u>
Cash flows to financing activities			
Short-term bank loan .....	(	466)	0
Dividends paid .....	(	3.393)	(2.540)
Repurchase of own shares		0	(299)
New long-term debts	18	24.765	22.139
Repayments and final payments of long-term loans	18 (	18.677)	(16.054)
Net cash from financing activities		<u>2.229</u>	<u>3.246</u>
Change in cash and cash equivalents		<u>(825)</u>	<u>2.611</u>
Cash and cash equivalents at beginning of year		<u>3.594</u>	<u>984</u>
Cash and cash equivalents at end of year		<u>2.769</u>	<u>3.594</u>
Key ratios per share:			
Net cash from operating activities	2	1,45	1,43

Notes on pp. 12 - 38 are an integral part of the interim financial statements

Notes

1. General Information

Eik fasteignafélag hf., "the Company", is domiciled in Iceland. The Company's headquarters are at Smáratorg 3 in Kópavogur. The consolidated financial statements of the Company for the year 2025 comprise the financial statements of the Company and its subsidiaries, together referred to as the Group. The Group's operations are ownership, rental and operations of business premises and ownership of hotel operations. The consolidated financial statements of the Group are accessible at www.eik.is.

2. Basis of preparation

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and additional Icelandic disclosure requirements for consolidated financial statements of listed companies. Changes in international financial reporting standards and their interpretations for annual periods beginning after 1 January 2025 did not have significant effect on the Group's financial statements. The financial statements were approved by the Group's Board of Directors on 12 March 2026.

b. New and changed International Reporting Standards

The Group has adopted International Financial Reporting Standards as approved by the European Union, including changes to them and new interpretations that apply to financial statements for accounting periods beginning on or after 1 January 2025. The following standards and changes came into effect on 1 January 2025.

- IAS 21 The Effects of Changes in Foreign Exchange Rates	Clarification on handling of exchangeability between currencies.
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It is the assessment of the management that the adoption of the above-mentioned standard and revisions to standards have not had a significant impact on the Consolidated Financial Statements.

The Group has not adopted the following new or revised standards that have been issued but are not yet effective:

	Effective date
- IFRS 18 Presentation and Disclosure in Financial Statements	1 January 2027
- IFRS 19 Subsidiaries without Public Accountability: Disclosures	1 January 2027

It is the assessment of the management that the adoption of IFRS 18 will have effect on the presentation of information in the accounts without affecting accounting valuations. Implementation of the standard is in process, but total effects have not yet been determined. The EU approved IFRS 18 on 16 February 2026, but has not confirmed implementation of IFRS 19 for now.

c. Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis, except investment properties which are measured at fair value, and assets for own use which are measured at revalued cost. Methods in measuring fair value are discussed in notes 3, 12 and 25. Note 30 contains information on the Group's main accounting policies and changes to them during the year.

d. Presentation and functional currency

The consolidated financial statements of the Group are presented in Icelandic krona (ISK), which is the Parent's and subsidiaries' functional currency. All amounts are presented in ISK million unless otherwise stated.

e. Use of estimates and judgements

The preparation of consolidated financial statements in accordance 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. Changes to accounting estimates are recognised in the periods when the changes are made and in subsequent periods if the changes also affect those periods.

Information about management estimates and judgements in applying accounting policies that have the most significant effect on the financial statements is included in note 3 on fair value and note 13 on valuation of investment properties.

f. Key ratios in the income statement and the statement of cash flows

See note 17 for calculation of basic earnings and diluted earnings per share. Other key ratios per share in the income statement and cash flow statement are calculated by dividing the corresponding line item by the weighted average number of ordinary shares during the year according to note 17.

3. Determination of fair value

The Group has established a process for determining fair value. This means that management is responsible for all the important decisions regarding fair value, including decisions related to assessment strategies covered in level 3 of the fair value measurement. In determining fair value the Group utilises market information as far as possible, but if such information is not available it is based on management estimates.

Management regularly reviews important assumptions in the evaluation of assets and liabilities that are based on data which cannot be obtained in the market. If information from third parties, such as prices from brokers or pricing services, are used in determining fair value, management uses the information to support the conclusion that the assessment is in accordance with International Financial Reporting Standards (IFRSs), including the level that such an evaluation would fall under.

Fair value is classified according to the standards in a hierarchy system based on the assumptions used in the measurement according to following definitions:

Level 1: quoted prices (unchanged) in active markets for identical assets and liabilities.

Level 2: other assumptions than quoted prices according to level 1 which can be identified for the asset or liability, either directly (prices) or indirectly (derived from prices).

Level 3: assumptions used in determining asset or liability are not based on available market data (unobservable data).

If the assumptions used in determining fair value of assets and liabilities are classified at different levels in the classification, the total fair value is classified at the same level as the lowest important assumptions in the measurement.

If there is a change in classification of fair value during the reporting period the transfer between stages is at the end of that period.

Further information on assumptions used in determining fair value is in the following notes: Note 12 on intangible assets, note 13 on investment properties and note 32 on significant accounting policies.

4. Segment reporting

Segment reporting contains information on individual parts of the Group's operations. The Group's operations are divided into two segments which sell goods and services in different markets.

Segments 2025	Investment properties	Hotel	Offset entries	Total
Lease income	11.258	0 (	393)	10.865
Other operating income	849	872 (	0)	1.721
Operating expenses	(4.102)	(976)	393 (	4.685)
EBITDA	8.005	(104)	0	7.901
Gain on sale of investment properties	134	0	0	134
Change in value of investment properties	5.352	0	0	5.352
Depreciation	(154)	(34)	0 (	188)
Net financial expenses	(6.332)	(46)	46 (	6.332)
Income tax	(1.410)	36	0 (	1.374)
Profit (loss) for the year	5.595	(147)	46	5.493
Assets 31.12.2025	182.713	513 (	867)	182.359
Liabilities 31.12.2025	127.655	810 (	867)	127.598
Investments of the year	5.031	10	0	5.041

Segments 2024	Investment properties	Hotel	Offset entries	Total
Lease income	10.273	0 (	377)	9.896
Other operating income	787	812	0	1.599
Operating expenses	(3.610)	(921)	377 (	4.154)
EBITDA	7.450	(109)	0	7.341
Change in value of investment properties	7.327	0	0	7.327
Depreciation	(143)	(33)	0 (	176)
Net financial expenses	(6.355)	(44)	31 (	6.368)
Income tax	(1.684)	37	0 (	1.647)
Profit (loss) for the year	6.595	(149)	31	6.477
Assets 31.12.2024	156.463	452 (	665)	156.250
Liabilities 31.12.2024	103.652	602 (	665)	103.589
Investments of the year	5.222	27	0	5.249

5. Operating income

Operating income is specified as follows:

	2025	2024
Lease income	10.865	9.896
Operating income of common properties	813	749
Income from hotel operations	872	810
Other income	36	40
Total operating income	12.586	11.495

The Group has entered into lease agreements which are valid for a period from a few months up to almost 39 years. Almost all of the agreements are connected to price changes by connecting them to consumer price index for indexation. The Group has 11 lease agreements connected to turnover either in full or partly, and the ratio of lease income from such agreements was just under 2% of the Group's total lease income. Income weighted average rental period is 7.6 years (2024: 6.2 years). Some of the lease agreements can be terminated before the end of the lease period. Those terms are not factored into the income weighted average rental period.

Following is an analysis of future lease income of current lease agreements without taking into account revaluation clauses regarding lease payments and termination provisions.

Lease income within one year	12.437	10.272
Lease income after 1-2 years	10.600	9.373
Lease income after 2-3 years	9.315	7.833
Lease income after 3-4 years	8.566	6.590
Lease income after 4-5 years	8.065	5.902
Lease income more than five years	53.995	29.461
Lease income total	102.978	69.431

6. Operating expenses

Operating expenses are specified as follows:	2025	2024
Property tax, water and wastewater expenses	1.672	1.580
Insurance	139	114
Maintenance of investment properties	103	109
Operating expenses of properties	867	802
Other operating expenses of investment properties	299	237
Operating expenses of hotel	583	543
Office and administrative expenses	927	695
Total operating expenses	4.685	4.154

Operating expenses are specified as follows between leased assets and assets not generating lease income in the year:

Leased assets	3.006	2.753
Assets not generating lease income in the year	169	163
	3.175	2.916
Operating expenses of hotel	583	543
Office and administrative expenses	927	695
Total operating expenses	4.685	4.154

7. Salaries and salary related expenses

Salaries and salary related expenses are specified as follows:	2025	2024
Salaries	901	756
Contributions to pension funds	115	100
Other salary-related expenses	88	75
Other staff related expenses	37	35
Total salaries and salary-related expenses	1.239	966
Average number of full-time equivalent employees	58	53
Positions at the end of the year	54	56

Salaries and salary-related expenses are allocated to operating items as follows:

Operating expenses of investment properties	298	255
Constructions and maintenance of properties	76	51
Operating expenses of hotel	168	152
Office and administrative expenses	697	508
Total salaries and salary-related expenses	1.239	966

8. Fees to auditors

Fees to auditors of the Group are specified as follows:

	2025	2024
Audit of financial statements and review of interim financial statements	18	16
Other services	3	1
Total fees to auditors	<u>21</u>	<u>17</u>

9. Finance income and finance expenses

Finance income and finance expenses are specified as follows:

	2025	2024
Interest income	<u>285</u>	<u>257</u>
Interest expenses of long term liabilities	(3.320)	(3.048)
Indexation	(3.097)	(3.384)
Interest expenses on lease liabilities	(153)	(129)
Other finance expenses	(47)	(64)
Total finance expenses	<u>(6.617)</u>	<u>(6.625)</u>
Net financial expenses	<u>(6.332)</u>	<u>(6.368)</u>

10. Income tax**Expensed income tax**

Effective income tax is specified as follows:

		2025		2024
Profit before income tax		<u>6.867</u>		<u>8.124</u>
Income tax according to the current tax ratio	20,0%	1.374	21,0%	1.706
Provision for tax asset, change	0,0%	0	0,3%	22
Other changes	0,0%	0	(1,0%)	(81)
Effective income tax	20,0%	<u>1.374</u>	20,3%	<u>1.647</u>

11. Intangible assets

Intangible assets comprise of goodwill from purchases of subsidiaries. Goodwill is not amortised, but is evaluated at least annually with regards to impairment or more often if there is indication of impairment. In performing impairment test, fair value less cost to disposal was evaluated.

Key assumptions which supported the impairment test were among others the following:

- Weighted rate of return 6.4% (2024: 6,4%)
- Equity ratio 30% (2024: 30%)

The cash flow model used is comparable and with the same presumptions as were used in valuating the Group's investment properties (notes 12 and 30). The impairment test did not indicate any impairment.

The following combined changes of presumptions would have lead to impairment at year end 2025:

- Increase in WACC of 1.6%
- Decrease in market rent by 25%

12. Investment properties

	2025	2024
Book value at the beginning of the year	142.959	129.378
Transferred from assets under developement	0	1.058
Transferred from assets for own use	277	0
Investment in current investment properties	4.068	4.777
Investment in new investment properties	927	419
Investment through acquisition of a Company	15.244	0
Sold investment properties	(936)	0
Value adjustment	5.352	7.327
Book value at end of the year	<u>167.891</u>	<u>142.959</u>
Lease assets	4.869	2.512
Investment properties at the end of the year	<u>172.760</u>	<u>145.471</u>

Segmentation of investment properties

Real estate	162.683	137.761
Building rights and plots	5.208	5.198
Lease assets	4.869	2.512
Total investment assets	<u>172.760</u>	<u>145.471</u>

2025	Commercial buildings	Office buildings	Industrial and storage	Hotel and restaurant	Wellness and other	Total
Book value at 1.1.	33.883	57.440	20.408	14.791	16.437	142.959
Transf. from own assets ...	0	277	0	0	0	277
Investment for the year	963	1.717	492	262	634	4.068
Investm. in new assets	0	0	15.737	0	434	16.171
Sold during the year	(59)	(719)	(110)	(48)	0	(936)
Reclassification	(1.051)	496	533	151	(129)	0
Value adjustment	497	1.666	2.179	515	495	5.352
Book value at 31.12	<u>34.233</u>	<u>60.877</u>	<u>39.240</u>	<u>15.671</u>	<u>17.870</u>	<u>167.891</u>
Proportion	20,4%	36,3%	23,4%	9,3%	10,6%	100,0%

2024	Commercial buildings	Office buildings	Industrial and storage	Hotel and restaurant	Wellness and other	Total
Book value at 1.1.	30.925	53.936	17.477	13.340	13.700	129.378
Transf. from developm.	62	512	484	0	0	1.058
Investment for the year	1.794	1.557	741	325	360	4.777
Investm. in new assets	0	0	0	0	419	419
Reclassification	(252)	(612)	301	195	368	0
Value adjustment	1.354	2.047	1.404	931	1.591	7.327
Book value at 31.12	33.883	57.440	20.408	14.791	16.437	142.959
Proportion	23,7%	40,2%	14,3%	10,3%	11,5%	100,0%

Following is information on main presumptions and changes which have occurred.

The Group's investment properties are valued by management of the Company at fair value at the reporting date in accordance with the International Accounting Standard IAS 40.

In measuring the assets, management has estimated discounted future cash flow that the Group can expect from current lease agreements and lease agreements the Group expects to enter into at the end of lease period of current lease agreements. The measurement is in accordance with level 3 in the fair value hierarchy, see further note 3, and there were no changes in classification during the year. The measurement is based on presumptions on expected utilisation ratio of the properties in the future, market rent at the end of lease periods of current agreements and operating costs of these properties. The approach and conclusions, which are used in measuring both amounts and timing of future cash flow, are revaluated on a regular basis in order to come closer to actual fair value of the assets. Management estimates of development of several other factors in the future are also taken into account, such as changes in lease and capital markets.

Management had transactions of business premises in the 2025 looked at and the result was that evaluation of the Group's investment properties was comparable to those market transactions.

Interests

Presumptions on interests applied in calculating the Group's weighted average cost of capital have been revalued from the previous year's estimate in accordance with changes to general credit terms, but management expectations on market interest of individual assets are relied upon. Changes were made to presumptions of interest rate for increase.

Rate of return on equity and equity ratio

Rate of return on equity is derived from the CAPM model (Capital Asset Pricing Model). Changes were made to presumptions of rate of return on equity for decrease. The Group's WACC is between 6.1% - 7.2% (2024: 6.0% - 7.1%) depending on assets. Tax shield is not taken into account in calculating WACC. Equity ratio is expected to be 30%. Each 1% increase in the occupancy rate for the future corresponds to an increase of almost 0.1% in WACC (2024: almost 0.1%).

Utilisation of lease units

Rental value ratio of the Group was 94.7% at the end of year 2025 (2024: 93.6%). Rental value ratio is the ratio of leased properties which are in a leasable condition relative to lease payments but not relative to square metres. Presumptions on rental value ratio of individual assets are between 0% to 100% and future estimate for the asset portfolio is 95% (2024: 95%).

Market rent

In estimating future cash flow market rent needs to be evaluated at the time when current lease agreements expire. The market rent is based on management estimate of development of rental price in the future.

Estimated lease income is based on current lease agreements and management estimate of development of rental price in the future.

2025	Commercial buildings	Office buildings	Industrial and storage	Hotel and restaurant	Wellness and other	Total
Estimated lease income pr. m ² pr. month (ISK)	1.088-9.698	1.353-6.764	669-5.521	2.995-8.012	831-8.154	
Estimated weighted average rent pr. m ² pr. month (ISK) .	3.276	3.587	2.659	5.810	3.877	3.417
WACC	6,1-7,1%	6,1-7,2%	6,1-7,1%	6,1-6,9%	6,1-7,1%	6,37%
2024	Commercial buildings	Office buildings	Industrial and storage	Hotel and restaurant	Wellness and other	Total
Estimated lease income pr. m ² pr. month (ISK)	1.042-9.282	1.715-6.473	658-3.213	4.002-7.668	813-4.747	
Estimated weighted average rent pr. m ² pr. month (ISK) .	3.142	3.371	2.430	5.134	3.478	3.237
WACC	6,0-7,0%	6,0-7,1%	6,2-7,0%	6,0-6,8%	6,1-7,0%	6,35%

Sensitivity analysis

Effects of changes in fair value of investment properties:

	2025		2024	
	Effect on fair value		Effect on fair value	
Increase (decrease) of lease income by 1%	2.089	(2.089)	1.818	(1.818)
Increase (decrease) of rental value ratio by 1%-point	2.168	(2.168)	1.752	(1.752)
Decrease (Increase) of rate of return by 0.5%-points	12.925	(11.045)	10.966	(9.367)

Official assessment value and insurance value

Book value, official assessment value and fire insurance value of properties is as follows:

	2025	2024
Book value of properties and land	173.075	148.516
Official assessment value of properties and land	137.274	112.517
Fire insurance value of properties	138.353	122.544
Additional fire insurance value of properties	19.459	17.174

Pledges and guarantees

The Group's real estates, whether classified as investment properties, properties under construction og assets for own use, are pledged as collaterals for the Group's liabilities for the amount of ISK 104,109 million at year end (2024: ISK 85,017 million). A part of the Group's real estates carry input VAT encumbrance in the amount of ISK 5,248 million at year end (2024: ISK 4,935 million) which amortise over 20 years. The VAT encumbrance does not become payable unless prerequisites change, if relevant real estate is utilised for operations which are exempt from VAT or they are sold less the encumbrance. In addition there is an encumbrance for the amount of ISK 222 million for a building right at the Company's plot at Borgartún 21. The encumbrance will lapse at year end 2026 and will not become payable unless construction will commence on the plot.

13. Assets for own use

Assets for own use are specified as follows:

	Real estate	Interiors and other	Total
Cost			
Balance at 1.1.2024	5.935	583	6.518
Additions during the year	11	42	53
Balance at 31.12.2024	5.946	625	6.571
Additions during the year	19	27	46
Balance at 31.12.2025	5.672	626	6.298
Depreciation			
Depreciation at 1.1.2024	274	269	543
Depreciation during the year	115	61	176
Total depreciation at 31.12.2024	389	330	719
Transferred to investment properties	(16)	0 (	( 16)
Depreciation during the year	114	74	188
Sold during the year	0 (	21) (	21)
Total depreciation at 31.12.2025	487	383	870
Book value			
At 1.1.2024	5.661	314	5.975
At 31.12.2024	5.557	295	5.852
At 31.12.2025	5.184	243	5.427

The Group's properties for own use are estimated at fair value at the end of the reporting period. The fair value is estimated based on same methodology as the estimate of investment properties (see Note 12). Book value of properties without revaluation is ISK 3,473 at year end 2025 (2024: 3,816 millj. kr.). The change in the revaluation of own real estate in 2025 was immaterial and therefore their valuation was not updated.

14. Depreciation

Depreciation and impairment losses is specified as follows:	2025	2024
Office	2	3
Hotel	146	145
Interiors and other	40	28
Total depreciation and impairment losses	188	176

15. Trade receivables and other receivables

Trade receivables and other receivables are specified as follows:	2025	2024
Long-term receivables	322	504
Current maturities of long term receivables	(184)	(184)
Provision for impairment losses	(12)	(32)
Long-term receivables, net balance	126	288
Trade receivables due to lease	403	421
Trade receivables due to deferred lease payments	175	175
Trade receivables due to other operations	159	143
Provision for impairment losses	(141)	(147)
Total trade receivables	596	592
Short term receivables from sale of investment properties	220	0
Other short-term receivables	110	101
Other short-term receivables total	330	101
Total trade receivables and other short-term receivables	926	694
Provision for impairment of receivables is specified as follows at year end:	2025	2024
Provision at beginning of the year	179	128
Receivables written off during the year	(122)	(23)
Provision during the year	95	74
Provision at year end	153	179

The Group's long-term receivables are for construction loans to the lessee and lease payments due, where lease payments due are changed to long-term receivables. The Group has in general received additional insurance in addition to the receivable becoming interest bearing and in instalment process. Next year's payment of such bonds is classified within trade receivables related to lease income and deferred lease payments. Trade receivables are evaluated based on expected recoveries.

16. Equity

Share capital

The Company's total share capital according to its Articles of Association amount to ISK 3,402,200,000. The Company holds treasury shares in the nominal value of ISK 8,800,000 at the end of the period which is recognised as decrease in share capital. Outstanding shares at year end are 3,393,400,000 and are all paid up. One vote is attached to each ISK 1 share in the Company.

Share premium

Share premium represents excess of payments above nominal value that shareholders have paid for shares sold by the Company.

Reserves

A statutory reserve is established by the Company in accordance with Act No. 2/1995 on limited liability companies, which stipulates that at least 10% of the Company's profit, not utilised to adjust previous years' losses or for other reserves in accordance with law, shall be allocated to the statutory reserve until the reserve amounts to 10% of the Company's share capital. When that benchmark has been reached the contribution to the reserve shall be at least 5% until its value has reached 25% of the Company's share capital. The statutory reserve can be used to offset loss which cannot be offset with entries from other reserves. When the statutory reserve amounts to more than 25% of the share capital, the excess amount can be utilised to increase share capital or, or if provisions in Article 53 of the Act no. 2/1995 on limited liability companies are met, for other needs.

Restricted equity

According to the Financial Statements Act no. 3/2006 companies are required to recognise share in profit or loss of subsidiaries, which is recognised in the income statement and is in excess of dividend received or dividend which has been decided to distribute, to restricted minority interest reserve among equity.

Retained earnings

Retained earnings consist of the Group's retained profit and accumulated deficit from the establishment of the parent company, with valuation changes of investment properties taking into account income tax effects, less dividend payments and transfers to and from other equity items.

Capital management

The Company's Board of Directors has established an equity ratio of 30%. It is the Board's policy to ensure a strong equity position and support stable future operating development. The Board aims to keep balance between rate of return of equity and optimisation and security which is achieved with strong equity ratio. The Company's equity ratio was 33.0% at year end (2024: 33.7%). Return on equity was 10.8% in the year 2025 (2024: 13.7%).

Dividend

Dividend amounting to ISK 3,393 million was paid to shareholders in 2025 due to the year 2024. The Company's Board of Directors' policy is to annually pay dividend or repurchase share for the amount corresponding at least 75% of net cash provided by operations. The Board of Directors proposes a dividend payment of ISK 3,733 million to shareholders for the operating year 2025, taking into account the Company's dividend policy.

17. Basic and diluted earnings per share

Basic earnings per share is calculated by dividing the profit to average number of active shares during the year and shows the earnings per each share of ISK 1. Diluted earnings per share is the same as basic earnings per share since no share options have been granted by the Company nor has it sold convertible bonds.

	2025	2024
Profit for the year.....	5.493	6.477
Weighted-average number of ordinary shares during the year.....	3.393	3.414
Earnings per share.....	1,62	1,90

18. Interest bearing liabilities

This note includes information about the contractual provisions of the Group's interest bearing liabilities. Reference is made to note 25 for information on the Group's foreign exchange and interest rate risk.

	2025	2024
Interest bearing liabilities 1 January	85.098	75.566
New borrowings	24.765	22.139
Acquired through purchase of a subsidiary	9.868	0
Repayments and settlements of long-term liabilities	(18.677) (	16.054)
Indexation	3.097	3.381
Capitalised borrowing cost, change	40	44
Other long-term liabilities, change	19	22
Interest bearing liabilities 31 December	104.210	85.098
Long-term liabilities		
Listed bonds and bank loans	94.291	78.900
Other long-term liabilities	100	82
	94.391	78.982
Short-term liabilities		
Current maturities of liabilities	9.819	6.116
	9.819	6.116
Total interest bearing liabilities	104.210	85.098

Terms and repayment period of interest bearing liabilities

	Weighted average interest rates	Final maturity	2025	2024
Bond issue EIK 100346 in ISK, indexed	3,60%	2046	6.649	6.619
Bond issue EIK 161047 in ISK, indexed	3,50%	2047	24.322	24.140
Bond issue EIK 050749 in ISK, indexed	3,08%	2049	7.903	7.830
Bond issue EIK 050726 in ISK, indexed	2,71%	2026	7.100	7.044
Bond issue EIK 141233 in ISK, indexed	2,33%	2033	9.427	9.352
Bond issue EIK 100327 in ISK, indexed	1,45%	2027	3.521	3.502
Bond issue EIK 050734 in ISK, indexed	3,96%	2034	8.226	8.072
Bond issue EIK 150536 in ISK, indexed	3,80%	2036	8.607	0
Bond issue EIK 25 1 in ISK, non-indexed	7,67%	2025	0	2.339
Loans in ISK, indexed	5,39%	2025-2049	22.364	16.119
Loans in ISK, non-indexed	9,55%	2027-2030	5.991	0
Other indexed long-term liabilities	0,00%	2026-2040	90	67
Other non-indexed long-term liabilities	4,31%	2026-2032	10	14
Total long-term liabilities, incl. current maturities			104.210	85.098
Current maturities			(9.819)	(6.116)
Total			94.391	78.982

Repayment of long-term liabilities is specified as follows over the next years:	2025	2024
Repayments within a year	9.819	6.116
Repayments after 1-2 years	16.091	9.123
Repayments after 2-3 years	3.797	5.506
Repayments after 3-4 years	9.632	4.810
Repayments after 4-5 years	7.243	9.747
Subsequent repayments	57.628	49.796
Total	104.210	85.098

At the end of 2025 the Group fulfilled all covenants relating financial strength and cash flow obligations which it has undertaken in terms of loans and bonds.

The Group has unused credit facility amounting to ISK 2,600 million at year end. (2024: 2,600 m.kr.)

19. Lease assets and lease liabilities

	2025	2024
Lease assets		
Balance at beginning of the year	2.512	2.749
Revaluation	394 (	236)
Purchased and sold assets	1.963	0
Balance at end of the year	4.869	2.512

Lease liabilities

Balance at beginning of the year	2.512	2.749
Revaluation	394 (	236)
Purchased and sold assets	1.963	0
Balance at end of the year	4.869	2.512

Amounts in statement of comprehensive income

Interest expenses of lease liabilities expensed to income statement	153	129
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Amounts in statement of cash flow

Interest expense of lease liabilities paid	153	129
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20. Income tax liability

The Group's income tax liability is specified as follows:

	2025	2024
Income tax liability at 1 January	14.151	12.503
Acquired through purchase of a subsidiary	34	0
Income tax liability in statement of comprehensive income	1.374	1.647
Income tax payable	(11)	0
Income tax liability at 31 December	15.559	14.151

Real estate	16.455	15.207
Tax loss carry-forward	(911)	(1.024)
Provision for tax asset	0	3
Other items	4 (	35)
Tax liability at year end	15.548	14.151

Tax loss carry-forward, which is not utilisable against profit within 10 years since it developed, will terminate. Tax loss carry-forward at year end is utilisable as follows:

Taxable loss due to 2015, utilisable until year end 2025	-	240
Taxable loss due to 2016, utilisable until year end 2026	0	239
Taxable loss due to 2017, utilisable until year end 2027	96	179
Taxable loss due to 2018, utilisable until year end 2028	452	452
Taxable loss due to 2019, utilisable until year end 2029	226	226
Taxable loss due to 2020, utilisable until year end 2030	422	422
Taxable loss due to 2021, utilisable until year end 2031	8	9
Taxable loss due to 2022, utilisable until year end 2032	1.831	1.831
Taxable loss due to 2023, utilisable until year end 2033	1.449	1.450
Taxable loss due to 2024, utilisable until year end 2034	70	72
	4.554	5.120

Income tax asset is recognised to the extent that it is considered likely that future profit can be utilised against the asset. Income tax asset is evaluated at each reporting date.

Income tax liability amounting to ISK 3,350 million from Group acquisitions that were classified as asset deals have not been recognised in the balance sheet, as IFRS does not allow such recognition. The liability will not materialise unless the investment assets will be sold. The Group has no plans to sell these assets.

21. Trade payables and other short-term payables

Trade payables and other short-term payables are specified as follows at year end:	2025	2024
Trade payables	507	507
Accrued interest	765	722
Short-term liabilities due to purchased investment assets	753	0
Short-term liabilities due to purchased subsidiary	180	0
Other short-term liabilities	766	599
Total trade payables and other short-term payables	2.971	1.828

22. Investing and financing without credit

Purchase price of investment assets	(753)	0
Purchase price of subsidiary	(180)	0
Other short-term liabilities	933	0

23. Financial risk management

The Group's financial instruments are exposed to several risks and those will be described below along with methods applied by the Group in evaluating and managing the risk. The Company's Board of Directors is responsible for implementing and monitoring the Group's risk management. Risk management is meant to analyse or detect risk factors, set benchmarks relating to risks and monitor it.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and guarantees are not sufficient for the outstanding receivable. Credit risk arises principally from financial position and operations of the Group's customers. The Group analyses financial position of new customers for creditworthiness prior to entering into business, in addition to requesting 3-6 months' guarantees. If a customer does not meet contractual obligations for two months, the matter is referred to the collection committee. Follow up on collections is effective and decisions made on how to react to them.

The Group's maximum exposure to credit risk of financial assets is their book value which at year-end was as follows:

	2025	2024
Cash and cash equivalents	2.769	3.594
Trade receivables	722	880
Other short-term receivables	330	101
Total maximum exposure	3.820	4.575

The aging of trade receivables and impairment at year-end was as follows:

	2025		2024	
	Gross	Impairment	Gross	Impairment
Not past due and past due 1-30 days	260	1	210	2
Past due 31 - 60 days	39	2	44	4
Past due 61 - 90 days	25	9	40	20
Past due more than 90 days	551	141	765	153
	875	153	1.059	179

Overdue receivables due to entities within tourism and bars and restaurants amount to ISK 292 million (2024: ISK 467 million) but they have been depreciated by ISK 29 million (2024: ISK 46 million).

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group observes development of its liquidity by analysing due dates of financial assets and financial liabilities with the aim to ensure that it will always have sufficient liquidity to meet its liabilities. The Group had undrawn credit facilities of ISK 2,600 million at year end. The Group owns unpledged investment properties valued at approx. ISK 11,620 million.

Contractual instalments of liabilities, including expected interest payments, are specified as follows:

2025	Book value	Contractual cash flows	Less than 1 year	1 - 2 years	2 - 5 years	More than 5 years
Interest bearing loans	104.210	134.020	14.016	19.328	28.499	72.177
Trade receivables and other short-term receivables	2.971	2.971	2.971			
	107.180	136.991	16.987	19.328	28.499	72.177
2024	Book value	Contractual cash flows	Less than 1 year	1 - 2 years	2 - 5 years	More than 5 years
Interest bearing loans	85.098	111.972	9.217	11.897	26.738	64.120
Trade receivables and other short-term receivables	1.828	1.828	1.828			
	86.926	113.800	11.045	11.897	26.738	64.120

Interest rate risk

Interest rate risk is the risk of changes in fair value or cash flow from financial assets and financial liabilities due to changes in market interest rates. The Group's interest bearing financial instruments are specified as follows at year end:

	2025	2024
Financial instruments with fixed interest rates		
Interest bearing receivables	3	34
Interest bearing liabilities	(78.032)	(71.175)
Net financial instruments with fixed interest rates	(78.029)	(71.141)

Financial instruments with floating interest rates

Cash and cash equivalents	2.769	3.594
Interest bearing liabilities	(26.177)	(13.923)
Net financial instruments with floating interest rates	(23.409)	(10.329)

Sensitivity analysis of the cash flow of financial instruments with floating interest rates

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) the profit before income tax by ISK 234 (234) million (2024: ISK 103 (103) million). This analysis assumes that all other variables remain constant. The analysis is performed on the same basis as for the year 2024.

Financial instruments with fixed interest rates

The Group's financial instruments with fixed interest rates are not recognised at fair value through statement of comprehensive income. If there is a change in interest rate at reporting date it has no effect on the Group's financial performance.

Inflation risk

Inflation risk is the risk of the Group's results fluctuating due to changes in consumer price index. Interest bearing liabilities in the amount of ISK 98,209 million. (2024: ISK 82,745 million) are indexed to the consumer price index. A change in inflation of one percentage point at year end 2025 would have decreased the Group's profit before income tax in the amount of ISK 982 million (2024: ISK 827 million). The analysis is based on all other variables remaining constant.

24. Operation risk

Operational risk is a risk related to other factors than those discussed above, general factors which apply to operation of real estate companies. Operational risk is the risk of direct or indirect loss arising from a wide variety of factors in the Group's operations, the work of the Group's personnel, technology and organisation, and from external factors other than the above mentioned, such as changes in laws, increased tax levy as with property taxes and general attitude towards corporate governance. Operational risks arise from all of the Group's operations.

The Group's objective is to manage operational risk efficiently in order to avoid financial losses and to protect the Group's reputation. In order to reduce operational risk, among other things, an appropriate segregation of duties has been implemented, transactions are controlled as well as compliance with laws, regular assessment of risk is performed, employees are trained, procedures are organised and documented, and insurance is purchased when applicable.

25. Fair value

Comparison of fair value and book value

Fair value and book value of financial assets and financial liabilities is specified as follows:

	31 December 2025		31 December 2024	
	Book value	Fair value	Book value	Fair value
Interest bearing loans	104.210	101.850	85.098	83.042

Fair value of the Company's listed bonds is calculated in accordance with level 2, see note 3. Fair value of financial assets and other financial liabilities is the same as their book value.

26. Related parties

Definition of related parties

The Group has a related party relationship with members of the Board of Directors, management and shareholders which have significant influence, companies controlled by them, along with their spouses and financially dependent children.

Related parties with significant influence

Gunnar Þór Gíslason, a board member of Eik, is the representative of Langisjór ehf., which, along with its partners Síldarbein ehf., Alma íbúðafélag hf., and Brimgarðar ehf., holds 1,181,839,704 shares in the company, corresponding to 34.83% of the company's share capital.

Transactions with companies controlled by members of the Board of Directors

The Group leased rental spaces to two related parties and earned a rent income of ISK 5.0 million during the year (2024: ISK 6.4 million).

Transactions with key management

Salaries and benefits to key management for their work for the Group and shares in the Company are specified as follows:

Year 2025	Salaries and benefits	Bonus payments	Contribution to pension funds	Nominal value of shares
Bjarni Kristján Þorvarðarson, Chairman of the Board	11,7		1,6	
Eyjólfur Árni Rafnsson, Board member	5,6		0,8	
Guðrún Bergsteinsdóttir, Board member	6,0		0,8	
Gunnar Þór Gíslason, Board member	6,2		0,8	1181,8
Ragnheiður Harðar Harðardóttir, Board member	7,0		0,9	
Hreiðar Már Hermannsson, CEO	38,3	11,0	6,7	1,0
Garðar Hannes Friðjónsson, former CEO	74,2	2,8	10,4	7,0
Directors (5)	150,1	26,3	21,7	0,8

Directors at year end: Friðrik Ársælsson, Guðbjartur Magnússon and Lýður Heiðar Gunnarsson. Following organizational changes in August, Árni Huldar Sveinbjörnsson, Eyjólfur Gunnarsson and Sturla Gunnar Eðvarðsson left the board of directors and Friðrik Ársælsson joined the board of directors.

Year 2024	Salaries and benefits	Bonus payments	Contribution to pension funds	Nominal value of shares
Bjarni Kristján Þorvarðarson, Chairman of the Board	11,1		1,5	
Eyjólfur Árni Rafnsson, Board member	5,4		0,7	
Guðrún Bergsteinsdóttir, Board member	5,7		0,8	
Hersir Sigurgeirsson, Board member	1,9		0,3	0,5
Ragnheiður Harðar Harðardóttir, Board member	6,5		0,9	
Garðar Hannes Friðjónsson, CEO	52,6	5,8	7,9	11,5
Directors (6)	153,1	16,8	22,9	1,3

Directors at year end: Árni Huldar Sveinbjörnsson, Eyjólfur Gunnarsson, Guðbjartur Magnússon, Lýður Heiðar Gunnarsson and Sturla Gunnar Eðvarðsson.

No irregular contracts have been entered into with board members or management.

Shares owned by Hreiðar Már Hermannsson is through Lausamjöll ehf. Shares owned by Gunnar Þór Gíslason, board member, are through Síldarbein ehf., Alma íbúðafélag hf., Langisjór ehf. and Brimgarðar ehf. and the shares owned by the former CEO, Garðar Hannes Friðjónsson, are through Burðarbitar ehf.

27. Subsidiaries

Shareholding in subsidiaries	Share 2022	Share 2021
Eik rekstrarfélag ehf.	100,0%	100,0%
Landfestar ehf.	100,0%	100,0%
EF16 ehf.	100,0%	100,0%
Festing hf.	100,0%	0,0%
Hótel 1919 ehf.	100,0%	100,0%

All of the subsidiaries are domiciled in Reykjavík.

28. Acquisition of Festing hf.

In December 2025, Eik acquired all shares in Festing hf., based on an agreement that was signed in May 2025. The acquisition is treated as asset purchase where the purchase price is assigned proportionally to the assessed fair value of assets at the day of acquisition. There is no effect on income tax liability. Cost related to the acquisition amounted to ISK 187 million, which is capitalized as part of the purchase price of the assets.

Fair value of assets and liabilities of Festing hf. at acquisition date are as follows:

Investment properties	15.070
Receivables	48
Cash and cash equivalents	109
Long-term liabilities	(9.868)
Bank loans	(466)
Other short-term liabilities	(251)
	<u>4.643</u>
Paid with cash and cash equivalents	4.463
Unpaid purchase price	180
	<u>4.643</u>

29. Events after the reporting date

On 29 January 2026, the Company issued a new bond series, EIK 120266. Subsequently, on 25 February, the Company conducted an exchange offer where it repurchased a portion of the bond series EIK 050726, which matures in July 2026, and settled by issuing new bonds in the EIK 120266 series. In total, the Company has issued ISK 3.700 million at nominal value in EIK 120266 and repurchased ISK 1.000 million at nominal value in EIK 050726.

30. Significant accounting policies

The accounting policies set out below have been consistently applied to all periods presented in the Group's financial statements.

In order to increase the information value of the financial statements, the notes are published on the basis of how appropriate and significant they are for the reader. This entails that information which is considered neither significant nor appropriate for the user of the financial statements are not published in the notes.

a. Basis of consolidation

i) Merger of companies

The purchase method is applied at merger when control transfers to the Group. The transaction at merger is measured at fair value as well as the separable assets and liabilities which are taken over. Goodwill generated is tested annually for impairment. Profit from favourable purchases is recognised immediately in the statement of comprehensive income. Transaction costs are expensed as it occurs except when it is related to issue of bonds or shares.

Conditional supplementary payments are recognised at fair value at the acquisition date. If such supplementary payment is categories as equity it is not revalued and is settled within equity. In other instances changes in fair value of conditional supplementary payment is recognised in the statement of comprehensive income.

ii) Subsidiaries

Subsidiaries are entities controlled by the Group. Control is based on whether the Group has power over the investment, bears a risk or has the rights to variable returns from its involvement in the investment and has the ability to affect its returns of the investment. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

iii) Loss of control

When the Group loses control of a subsidiary the assets and liabilities of the subsidiary are removed from the consolidated financial statements along with the share of other shareholders of the entity and other items in equity. All related profit or loss is recognised in the statement of comprehensive income. Remaining share is measured at fair value at the date control was lost.

iv) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised loss is eliminated by the same method as unrealised profit, but only to the extent that there is no indication of impairment of the asset.

b. Foreign currencies transactions

Transactions in foreign currencies are recognised in the functional currency of individual group entities at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are recognised at the exchange rate ruling at the reporting date. Other assets and liabilities recognised in foreign currencies at fair value are translated at the exchange rate ruling at the date of determination of fair value.

Exchange differences arising from transactions in foreign currencies are recognised in the statement of comprehensive income.

c. Financial instruments

i) *Financial assets*

Loans, receivables and cash and cash equivalent are recognised at the date they incurred. Other financial assets are initially recognised at the date the Group became party to contractual provisions of the financial instrument.

Financial assets are deregistered if contractual rights of the Group to cash flow related to the financial assets expires or if the Group delivers right to cash flow related to the financial asset to another party without retaining control or almost all of the risk and benefit which the ownership entails.

Financial assets and financial liabilities are offset and net amount recognised in statement of financial position when and only when the Group has legal right to offset and intentions are to settle with offsetting financial assets and financial instruments or redeem the asset og settle the liability at the same time.

Financial assets at amortised cost

Financial assets are recognised at amortised cost are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially measured at fair value plus all related transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses

Financial assets at amortised cost comprise trade receivables and other short-term receivables.

Cash and cash equivalents

Cash and cash equivalents consist of funds and on demand bank deposits and securities available within three months.

ii) *Financial liabilities*

Interest bearing liabilities are recognised at the date they were entered into. All other financial liabilities are initially recognised at the transaction date where the Group became party to contractual provisions of the financial instrument.

The Group deregisteres financial liability if contractual obligations related to the financial liability finish, they are relinquished or expire. The Group classifies financial liabilities other than deruvative agreements as other financial liabilities. Financial liabilities are initially measured at fair value plus all direct transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

The Group's financial liabilites consist of interest bearing liabilities, trade payables and other short-term liabilities.

iii) *Share capital*

Direct costs attributable to the issue of share capital are recognised as a deduction from equity, net of tax effects.

d. Intangible assets

i) *Goodwill*

Goodwill arises upon the acquisition of subsidiaries. Goodwill is the difference between the cost upon take-over and the fair value of overtaken assets, liabilities and uncertain liabilities. If negative goodwill arises it is immediately recognised in the statement of comprehensive income less accumulated impairment.

ii) *Other intangible assets*

Other intangible assets which are acquired or are written up at acquisition of subsidiaries and have limited useful life are capitalised at cost less accumulated depreciation and impairment as appropriate.

iii) *Subsequent cost*

Subsequent cost is only capitalised if it increases benefit of the asset for which the cost is related to. Other costs, including due to goodwill and trademarks created within the Group, is recognised in the statement of comprehensive income when it incurs.

iv) *Depreciation of intangible assets*

Depreciation of intangible assets is recognised in the statement of comprehensive income on a straight-line basis over their estimated useful lives. The estimated useful life is specified as follows:

e. Investment properties

Investment properties are real estates (land and buildings) owned by the Group to create rental income, for value increase or both. Investment properties are recognised at fair value in accordance with International Accounting Standard IAS 40, see further note 13. Measurement of investment assets relies upon fair value of comparable assets in active market in transactions between unrelated informed parties, and discounted future cash flow of individual assets. The measurement takes into account the sum of expected future rental income of the properties in addition to cost of operating and maintaining the properties. Estimated future rental income is mostly based on current lease agreements. Estimated operating costs and maintenance of properties is subtracted from rental income. Market interest rates are used in discounting. Changes of fair value of investment properties are recognised under the item changes in value of investment properties in the statement of comprehensive income. Investment properties are not amortised.

When asset for own use becomes investment property due to a change in utilisation, the difference created at transfer of book value and fair value of the property is recognised as revaluation in other profit if there is a profit. At sale of investment property this profit is recognised among retained earnings. Loss which is created at such event is recognised immediately in the statement of comprehensive income.

If investment property is used by its owner it is classified as asset for own use and its fair value at reclassification date will become its cost price in the accounts.

f. Properties under development

Property which is under development and is intended to be used as an investment property, is recognised at cost.

g. Assets for own use

i) *Recording and valuation*

Assets for own use are measured at cost less depreciation and impairment losses. Revalued cost is fair value of the assets at the revaluation date less accumulated depreciations. All increases due to the revaluation are recognised in revaluation reserve among equity less income tax. Depreciation of the revaluation is recognised in the statement of comprehensive income and annually an adjustment is recognised which corresponds to the amount in revaluation reserve and retained earnings. Annual revaluation is performed.

Cost consists of direct cost of the transaction. Cost of assets for own use which the Group itself builds, consist of materials and salaries, other costs incurred in making the asset operative and is considered to be part of cost of the property. Purchased software which is essential in order to use hardware is capitalised as part of that equipment.

When assets for own use are composed of units with different useful lives the units are separated and depreciated in line with the useful life.

Profit of sale of assets for own use is the difference between actual sale price and book value of the property and is recognised in the statement of comprehensive income among operating income.

Interest expenses of loans which are used to finance the cost of properties under construction are capitalised over the construction period.

ii) *Subsequent costs*

Cost of renewing certain parts assets for own use are capitalised if it is considered likely that benefit related to the asset will be received by the Group and the cost can reasonably be measured. All other cost is expensed in the statement of comprehensive income when it incurs.

iii) *Depreciation*

Depreciation measured on a straight-line basis over the estimated useful lives of assets for own use. Land is not depreciated. The estimated useful lives are specified as follows:

	Useful life
Properties for own use	50 - 100 years
Other assets for own use	5 - 10 years

Depreciation methods, estimated useful life and residual value are revalued at each accounting date.

h. Impairment

i) *Financial assets*

A financial asset, not recognised at fair value, is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. Impairment of financial assets is recognised in the statement of comprehensive income.

ii) *Other assets*

Book value of other assets of the Group is reviewed at each reporting date to determine whether there are indications of impairment. If there is any such indication the recoverable amount of the asset is estimated. Goodwill is tested for impairment at least once a year.

The recoverable amount of an asset or a cash generating unit is the higher of their net fair value or value in use. Value in use is determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is expensed when the book value of an asset or a cash generating unit is higher than its recoverable amount. A cash generating unit is the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or asset groups. Impairment losses recognised in respect of cash generating units are allocated first to reduce the book value of the goodwill and then to reduce the book value of the other assets in the cash generating unit on a pro rata basis. An impairment loss is expensed in the statement of comprehensive income.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent of prior recognition of impairment taking taxes into account.

i. Obligations

Obligations are recognised in the statement of financial position when the Group has a legal obligation or entered into obligations due to past events, it is considered probable that they will be settled and they can be reliably measured. If the effect is significant, the obligation is assessed by discounting estimated future cash flow with interest before taxes which shows current market assessment of time value of money and, if appropriate, the risk inherent with the obligation.

j. Lease agreements

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. Right-of-use assets and lease liabilities are only due to leases of land with third parties. There is now right-of-use asset in the Group's statement of financial position. Lease liabilities are initially measured at the present value of unpaid lease payments at the commencement date. If the interest rate implicit in the land lease can be determined it is used for determining present value of the liability. If it cannot be determined then the incremental borrowing rate shall be used, which is the method applied by the Group. Variable incremental borrowing rates are used based on location and category of real estate on each land and a comparable method is applied in determining incremental borrowing rate as is with valuation of the Group's investment properties. The interest rates used for determining present value are determined so that 70% is incremental borrowing rate and 30% is incremental borrowing rate with yield. This method is used for all of the Group's leases of land.

k. Rental income

Rental income of investment properties are recognised in the statement of comprehensive income over the rental period.

l. Operating expense of investment properties

Operating expense of investment properties is expensed when it incurs and contains among other property taxes, insurance, maintenance and impairment of trade receivables.

m. Finance income and finance expenses

Finance income comprises interest income on financial assets and foreign exchange gain on foreign currencies. Interest income is recognised in the statement of comprehensive income as it accrues based on effective interests.

Finance expenses comprise interest expense and indexation on borrowings, exchange rate loss on foreign currencies and other finance expenses. Interest expenses are recognised in the statement of comprehensive income as it accrues based on effective interests.

Foreign currency gains and losses are reported on a net basis.

n. Income tax

Income tax expense comprises current and deferred income tax. Income tax is recognised in statement of comprehensive income except to the extent that it relates to operating items recognised directly in equity, in which case the income tax is recognised in equity.

Current income tax is the expected tax payable next year on the taxable income for the current year, using tax rates effective at the reporting date, in addition to adjustments made to current tax of previous years.

Deferred income tax is recognised using the balance sheet method, providing for temporary differences between the book value of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred income tax is not recognised for temporary differences relating to investments in subsidiaries as long as it is considered that the parent company can control when they are reversed and also it is likely that they will not reverse in the foreseeable future. The amount of deferred tax is based on the expected tax rate to be in effect when the temporary difference will be reversed, as per law in effect at the reporting date.

A deferred income tax asset is only recognised to the extent that it is probable that future taxable profits will be available against the asset. Deferred income tax asset is reviewed at each reporting date and reduced to the extent that it is no longer probable it will be realised.

o. Earnings per share

The financial statements present basic and diluted earnings per share data for ordinary shares in the Company. Basic earnings per share is calculated by dividing profit by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares in respect of shares which might be issued in relation to share purchase agreements and other financial instruments which are convertible to shares in the Company.

p. Segment reporting

A segment is a distinguishable component of the Group within a certain business environment.