

Condensed Consolidated Interim Financial Statements

January 1st to March 31st 2026

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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.

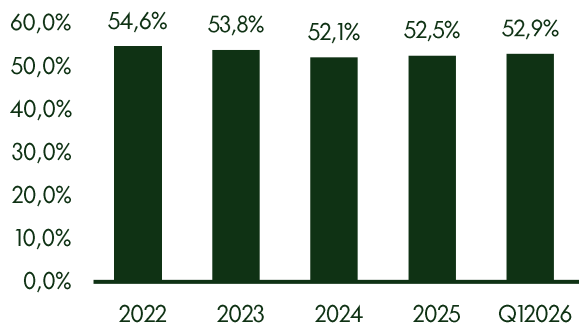


Reykjavik Energy emphasizes these United Nations' Sustainable Development Goals in its operations:

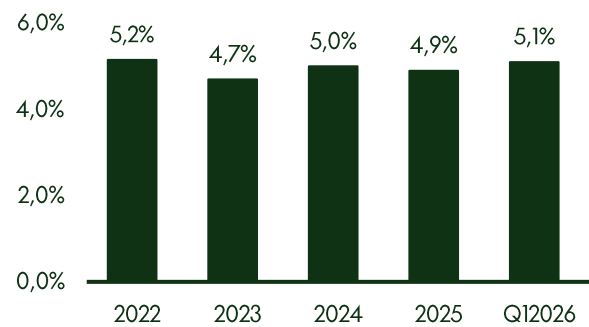


Financial ratios

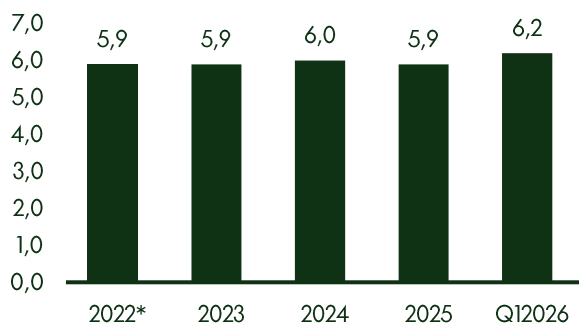
Equity ratio



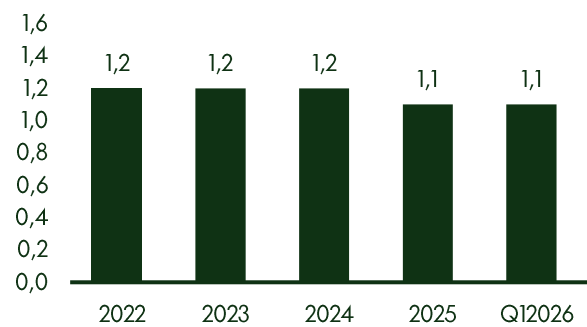
ROA



Net debt / Net cash from operation activities

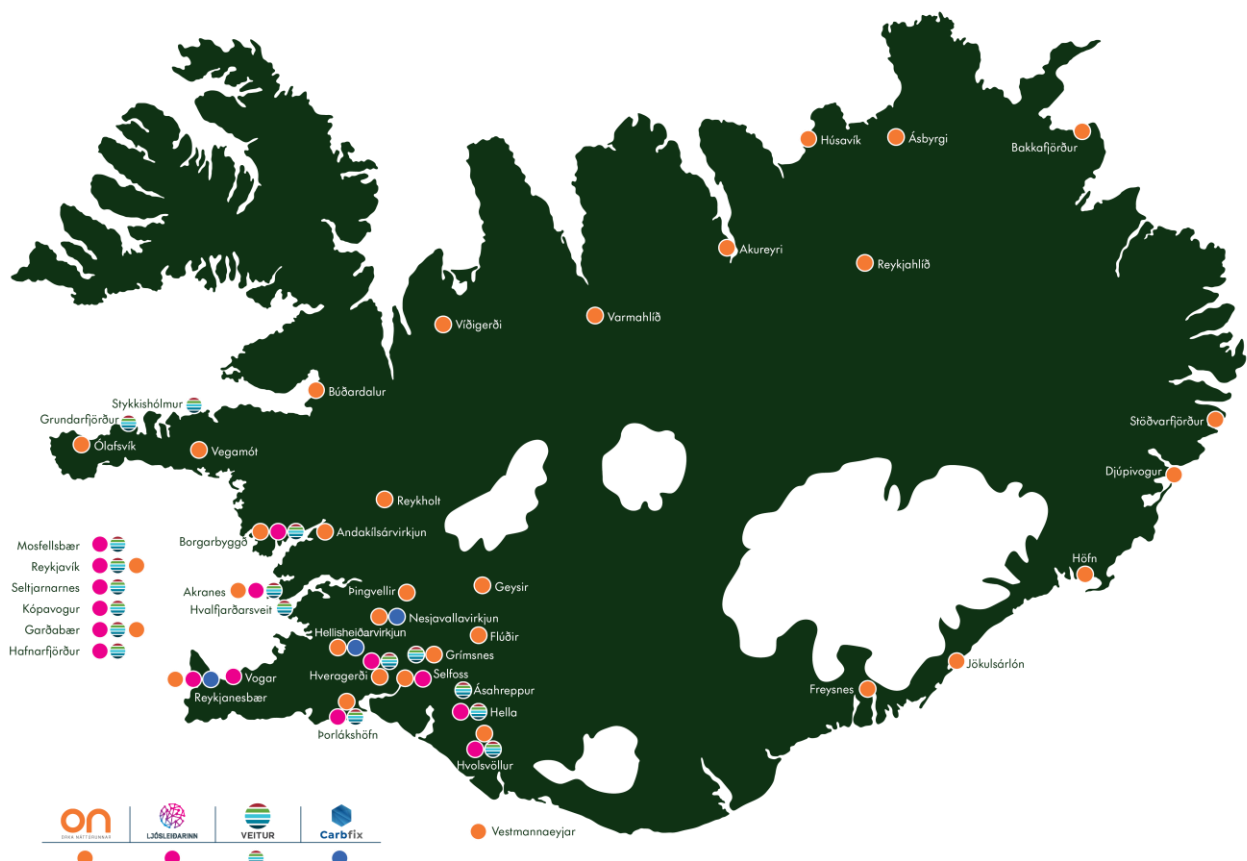


Current ratio without aluminum derivative



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

Services



Operating summary

Operating year	2026 1.1. - 31.3.	2025 1.1. - 31.3.	2024 1.1. - 31.3.	2023 1.1. - 31.3.	2022 1.1. - 31.3.
<i>Amounts are at each year's price level in ISK millions</i>					
Revenues	20.748	18.839	17.841	16.236	15.664
Expenses (	7.006) (	6.372) (	6.862) (	6.390) (	5.369)
Thereof energy purchase and distribution (	1.402) (	1.542) (	2.142) (	2.289) (	1.847)
EBITDA	13.742	12.467	10.979	9.846	10.295
Depreciation and amortisation (	4.595) (	4.303) (	4.107) (	3.829) (	3.302)
EBIT	9.147	8.164	6.873	6.017	6.993
Cash flow statement					
Received interest income	26	82	54	31	8
Paid interest expenses (	2.194) (	1.865) (	1.802) (	1.465) (	1.039)
Net cash from operating activities	9.255	10.506	8.144	8.072	3.741
Working capital from operation	10.708	9.387	7.986	7.893	7.962
Liquid funds					
Deposits and marketable securities	13.460	12.464	9.897	12.112	15.046
Cash and cash equivalents	7.832	22.309	8.618	4.876	7.322
Undrawn credit lines	20.245	15.203	10.265	9.100	7.570
Liquid funds total	41.537	49.976	28.779	26.088	29.938

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 they are 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 2026 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 2026 amounted to ISK 3.054 million (1.1.-31.3.2025: profit ISK 4.464 million). Comprehensive income for the period 1 January to 31 March 2026 was positive and amounted to ISK 2.954 million (1.1.-31.3.2025: positive ISK 1.152 million). According to the statement of financial position the Group's assets amounted to ISK 538.789 million at the end of the period (31.12.2025: ISK 537.907 million). Equity at the end of the period was ISK 285.221 million (31.12.2025: ISK 282.267 million), resulting in equity ratio of 52,9% (31.12.2025: 52,5%).

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

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

Statement of the Board of Directors and the CEO

According to the best knowledge of the Board of Directors and the CEO of 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 2026 and the Group's operating return and changes in cash and cash equivalents in the period 1 January to 31 March 2026.

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 2026.

Reykjavík, 1 June 2026.

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 2026

	Notes	2026 1.1. - 31.3.	2025 1.1. - 31.3.
Operating revenue	4	21.028.528	18.850.304
Redemption of aluminium derivatives	(	303.219)	(27.463)
Profit from sale of assets		23.155	16.046
Operating revenues, total		<u>20.748.465</u>	<u>18.838.886</u>
Energy purchase and distribution	(	1.401.885)	(1.542.374)
Salaries and salary related expenses	6 (	3.063.125)	(2.747.448)
Other operating expenses	(	2.541.210)	(2.081.806)
Operating expenses, total	(	<u>7.006.220)</u>	<u>(6.371.628)</u>
EBITDA		<u>13.742.245</u>	<u>12.467.258</u>
Depreciation and amortisation.....	7 (	4.595.347)	(4.302.827)
Results from operating activities, EBIT		<u>9.146.898</u>	<u>8.164.431</u>
Interest income		124.556	316.903
Interest expenses	(	5.572.556)	(3.599.995)
Other income (expenses) on financial assets and liabilities	(	172.175)	301.591
Total financial income and expenses	8 (	<u>5.620.175)</u>	<u>(2.981.501)</u>
Share in profit of associated companies		<u>3.568</u>	<u>2.902</u>
Profit before income tax		3.530.290	5.185.832
Income tax	(	476.534)	(722.233)
Profit for the period		<u><u>3.053.756</u></u>	<u><u>4.463.599</u></u>
Attributable to:			
Equity holders of the Company		3.053.997	4.463.770
Minority interest in subsidiaries	(	241)	(171)
Profit for the period		<u>3.053.756</u>	<u>4.463.599</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 2026

	2026	2025
	1.1. - 31.3.	1.1. - 31.3.
Profit for the period	3.053.756	4.463.599
Other comprehensive income		
Items moved to equity that could be moved later to the income statement		
Translation difference	(99.952)	(3.311.227)
Other comprehensive income, after taxes	(99.952)	(3.311.227)
Total comprehensive income for the period	<u>2.953.805</u>	<u>1.152.373</u>
Attributable to:		
Equity holders of the Company	2.954.022	1.152.538
Minority interest in subsidiaries	(218)	(166)
Total comprehensive income for the period	<u>2.953.805</u>	<u>1.152.373</u>

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

Statements of Financial Position

31 March 2026

	Notes	31.3.2026	31.12.2025
Assets			
Property, plant and equipment	10	477.429.020	475.262.068
Intangible assets	11	7.022.547	7.006.283
Right-of-use assets		2.367.212	2.365.818
Investments in associated companies		95.211	91.643
Investments in other companies		6.230.898	6.230.898
Embedded derivatives in electricity sales contracts		1.418.433	2.472.133
Deferred tax assets		6.445.152	5.978.833
Total non-current assets		501.008.473	499.407.676
Inventories		1.838.881	1.793.214
Trade receivables	9	10.633.672	7.389.894
Embedded derivatives in electricity sales contracts		2.055.255	1.238.391
Other receivables		928.609	1.167.572
Prepaid expenses		1.031.366	718.274
Marketable securities		13.459.963	15.364.438
Cash and cash equivalents		7.832.295	10.827.295
Total current assets		37.780.041	38.499.080
Total assets		538.788.514	537.906.756
Equity			
Revaluation reserve		139.571.662	140.971.351
Equity reserve		112.478.668	108.080.431
Development reserve		455.007	320.361
Fair value reserve		5.807.000	5.807.000
Translation reserve		2.917.236	3.017.188
Retained earnings		23.992.689	24.071.886
Equity attributable to equity holders of the Company		285.222.262	282.268.217
Minority interest	(	1.130)	(913)
Total equity		285.221.132	282.267.305
Liabilities			
Loans and borrowings		190.502.214	191.144.457
Lease liabilities		2.322.071	2.363.640
Pension liability		747.568	724.633
Hedge contracts		257.483	355.333
Deferred revenue		1.645.404	1.694.761
Deferred tax liabilities		25.278.458	25.449.668
Total non-current liabilities		220.753.198	221.732.491
Accounts payables		2.972.327	3.762.409
Loans and borrowings		17.885.056	20.949.416
Lease liabilities		169.926	172.448
Hedge contracts		1.147.680	746.177
Deferred revenue	9	857.246	287.123
Current tax liability		1.115.086	2.846.141
Other current liabilities		8.666.861	5.143.247
Total current liabilities		32.814.184	33.906.960
Total liabilities		253.567.382	255.639.451
Total equity and liabilities		538.788.514	537.906.756

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 2026

	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. 2026									
Equity at 1 January 2026	140.971.351	108.080.431	320.361	5.807.000	3.017.188	24.071.886	282.268.217 (	913)	282.267.305
Translation difference					(99.952)		(99.952)	23 (	99.929)
Profit for the period						3.053.997	3.053.997 (	241)	3.053.756
Total comprehensive income	0	0	0	0	(99.952)	3.053.997	2.954.045 (	218)	2.953.828
Depreciation transferred to retained earnings . (	1.399.689)					1.399.689	0		0
Share in profit of subsidiaries and associates transferred to equity reserve		4.398.237				(4.398.237)	0		0
Development reserve, amortisation			134.646			(134.646)	0		0
Equity at 31 March 2026	139.571.662	112.478.668	455.007	5.807.000	2.917.236	23.992.690	285.222.263 (	1.130)	285.221.132

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)	5 (	3.311.222)
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 (	166)	1.152.378
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
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

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 2026

	2026 1.1. - 31.3.	2025 1.1. - 31.3.
Cash flows from operating activities		
Profit for the period	3.053.756	4.463.599
Adjusted for:		
Financial income and expenses	5.620.175	2.981.501
Share in P/L of associates (	3.568) (	2.902)
Income tax	476.534	722.233
Depreciation and amortisation	4.595.347	4.302.827
Profit from sale of property, plants and equipment (	23.155) (	16.046)
Pension liability, change	22.936 (	28.978)
Working capital from operation before interests and taxes	13.742.025	12.422.234
Inventories, increase (decrease) (	45.666)	205.485
Current assets, increase (	3.084.550) (	2.079.481)
Current liabilities, increase	1.421.438	2.138.992
Cash generated from operations before interests and taxes	12.033.247	12.687.230
Received interest income	26.010	81.929
Paid interest expenses (	2.194.472) (	1.864.796)
Dividend received	1.195	1.195
Paid taxes (	610.823) (	399.419)
Net cash from operating activities	9.255.157	10.506.139
Cash flows from investing activities		
Acquisition of property, plant and equipment (	7.128.444) (	6.408.545)
Acquisition of intangible assets (	343.787) (	257.549)
Proceeds from sale of property, plant and equipment	35.204	34.259
Acquisition of other companies	0	17.484
Change in marketable securities	2.048.899 (	793.030)
Net cash used in investing activities (	5.388.128) (	7.407.382)
Cash flows from financing activities		
Proceeds from new borrowings	0	10.134.426
Repayment of borrowings (	6.670.838) (	7.226.200)
Deferred revenue, change (	41.858) (	66.243)
Repayment of lease liability (	40.794) (	48.090)
Net cash used in investing activities (	6.753.489) (	2.793.894)
(Decrease) increase in cash and cash equivalents (	2.886.460)	5.892.652
Cash and cash equivalents at year beginning	10.827.295	16.438.122
Effect of currency fluctuations on cash and cash equivalents (	108.540) (	21.366)
Cash and cash equivalents at the end of the period	7.832.295	22.309.409
Other information		
Working capital from operation	10.708.025	9.387.093

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 shares in associated companies.

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

Subsidiaries	Main operation	Functional currency	Share	
			31.3.2026	31.12.2025
Ljósleiðarinn ehf.	Data transfer	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 sewer	ISK	100%	100%
Eignarhaldsfélagið Carbfix ehf.	Consulting, researches and innovation	ISK	99,96%	99,96%
Carbfix hf.	Consulting, researches and innovation	EUR	100%	100%
Coda Terminal hf.	Construction and operation of a reception and disposal facility for carbon dioxide	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 2025. Same accounting principles are applied as for the year 2025. The annual financial statements can be found at the company's website; 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 1 June 2026.

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, shares in other companies 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 2025.

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 Regulatory 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 ohf., Orka náttúrunnar ohf. 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 sf. 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 sewer for the nine first 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 sewer 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 sewer is done in the first 9 months of the year but income is distributed evenly over the year.
e. Other revenues	Ljósleiðarinn ehf. operates a fiber optics data system. Revenue from fiber optics data system is recognised in the income statement upon delivery of the goods and services. 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

	2026	2025
The Group's income from sales of goods and services is specified as follows:	1.1. - 31.3.	1.1. - 31.3.
Electricity	7.700.845	7.508.424
Hot water	7.658.893	6.204.248
Cold water	1.103.134	1.035.502
Sewer system	1.971.075	1.868.586
Other revenues	2.594.580	2.233.543
Revenues from sales of goods and services total	<u>21.028.528</u>	<u>18.850.304</u>

Notes

5. Segment reporting, contd.

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 sewer, 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 2025.

Business segments - divisions	Utilities	Energy sale and production	Other Operation	Adjust-ments	IFRS 16*	Total
1.1.-31.3. 2026						
External revenue	14.033.793	5.100.345	1.614.326	0		20.748.465
Inter-segment revenue	1.762.279	2.986.625	2.884.938	(7.633.841)		0
Total segment revenue	15.796.072	8.086.970	4.499.264	(7.633.841)		20.748.465
Segment operation expenses	(7.552.332)	(3.075.550)	(4.056.564)	7.581.641	96.585	(7.006.220)
Segment profit EBITDA	8.243.740	5.011.420	442.700	(52.201)	96.585	13.742.245
Depreciation and amortisation	(2.176.012)	(1.530.784)	(907.581)	49.081	(30.051)	(4.595.347)
Segment results, EBIT	6.067.727	3.480.636	(464.881)	(3.119)	66.534	9.146.898
Financial income and expenses	(2.991.694)	(1.135.707)	(1.247.736)	(223.988)	(21.050)	(5.620.175)
Share in profit of associated companies	0	0	3.568	0		3.568
Income tax	(559.388)	(466.905)	477.811	89.051	(17.102)	(476.534)
Profit (loss) for the period	2.516.646	1.878.023	(1.231.238)	(138.057)	28.382	3.053.756
1.1.-31.3. 2025						
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)	(591.043)	(1.194.121)	61.564	(21.174)	(2.981.501)
Share in profit 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

* 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 (31.3.2026)						
Property, plant and equipment and intangible assets	267.408.501	150.760.966	66.425.782	(143.682)		484.451.568
Right-of-use assets					2.367.212	2.367.212
Other assets	35.892.633	10.908.049	216.171.600	(211.002.548)		51.969.735
						<u>538.788.514</u>
Loans and borrowings	98.905.933	49.719.917	215.987.041	(156.225.621)		208.387.271
Lease liabilities					2.491.997	2.491.997
Other liabilities	23.595.454	15.535.649	60.543.914	(56.986.903)		42.688.114
						<u>253.567.382</u>
Investments (1.1.-31.3.2026)						
Property, plant and equipment and intangible assets	4.187.794	1.686.526	1.262.725			7.137.045
Balance sheet (31.12.2025)						
Property, plant and equipment and intangible assets	265.396.719	150.865.228	66.163.148	(156.744)		482.268.351
Right-of-use assets					2.365.818	2.365.818
Other assets	31.663.552	8.703.721	216.648.010	(203.742.697)		53.272.587
						<u>537.906.755</u>
Loans and borrowings	97.215.462	50.258.169	218.593.872	(153.973.631)		212.093.872
Lease liabilities					2.536.088	2.536.088
Other liabilities	21.561.709	14.616.912	56.974.801	(52.143.931)		41.009.491
						<u>255.639.451</u>
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

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

Notes

6. Salaries and salary related expenses

	2026	2025
	1.1. - 31.3.	1.1. - 31.3.
Salaries and salary related expenses are specified as follows:		
Salaries	2.828.895	2.563.634
Defined contribution pension expenses	356.314	331.312
Defined benefit pension expenses, changes	45.656 (	10.136)
Other salary related expenses	241.998	227.770
Total salaries and salary related expenses	3.472.863	3.112.580

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

Expensed in the income statement	3.063.125	2.747.448
Capitalised on projects	409.738	365.131
Total salaries and salary related expenses	3.472.863	3.112.580

Number of employees:

Number of annual working units	654,3	640,9
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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	6.580	7.143
Salaries of the CEO of the Parent Company	13.751	12.858
Salaries of Managing Directors of the Parent Company	32.653	30.081
Salaries to the Board of Directors of subsidiaries	12.709	12.460
Salaries of four Managing Directors of subsidiaries	53.278	42.657
	118.972	105.200

7. Depreciation, amortisation and impairment

	2026	2025
	1.1. - 31.3.	1.1. - 31.3.
Depreciation, amortisation and impairment is specified as follows:		
Depreciation of property, plant and equipment	4.333.654	4.064.093
Amortisation of intangible assets	231.643	198.859
Depreciation of Right-of-use assets	30.051	39.875
Depreciation, amort. and impairment expensed in income statement	4.595.347	4.302.827

Notes

8. Financial income and expenses

	2026	2025
	1.1. - 31.3.	1.1. - 31.3.
Financial income and expenses are specified as follows:		
Interest income	124.556	316.903
Interest expenses and paid indexation	(2.125.198)	(2.151.306)
Indexation	(3.382.605)	(1.369.050)
Guarantee fee to owners 1)	(64.753)	(79.639)
Total interest expenses	(5.572.556)	(3.599.995)
Fair value changes of embedded derivatives in electricity sales contracts	(236.837)	47.845
Fair value changes of financial assets and financial liabilities through P/L	144.424	81.105
Unredeemed fair value changes of hedge contracts	(303.653)	23.216
Foreign exchange difference	74.167	148.230
Dividends	149.724	1.195
Total of other income (expenses) on financial assets and liabilities	(172.175)	301.591
Total financial income and expenses	(5.620.175)	(2.981.501)

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 1,01% (2025: 0,92%) and 0,66% (2025: 0,69%) regarding loans due for operations in the open market. The guarantee fee is calculated on total loans quarterly. The guarantee fee amounted to ISK 60,6 million in the Period 1 January to 31 March 2026 (1.1.-31.3.2025: ISK 81 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 2025. Change in fair value that is recognized in the income statement amounts to ISK 396 million income in the period 1 January to 31 March 2026 (1.1.-31.3.2025: income ISK 152 million). Fair value changes on financial assets and liabilities defined at level 3 amounts to ISK 237 million income in the period 1 January to 31 March 2026 (1.1.-31.3.2025: income ISK 48 million).

9. Receivables and deferred revenue

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

Notes

10. Property, plant and equipment

31.3.2026	Production system	Utility system	Other real estates	Other equipment	Total
Cost or deemed cost					
Balance at year beginning	408.822.018	529.442.094	17.759.688	8.947.768	964.971.568
Additions during the period	3.552.284	3.063.044	81.790	135.165	6.832.283
Reclassification of assets	631	(39.673)	0	(579)	(39.621)
Translation difference	(446.908)	0	0	(124.478)	(571.386)
Sold or disposed of	122.520	0	0	(15.180)	107.340
Balance at period end	412.050.546	532.465.465	17.841.478	8.942.696	971.300.184
Depreciation					
Balance at year beginning	199.602.358	285.628.608	1.545.654	2.932.879	489.709.500
Depreciated during the period ..	2.062.998	2.059.708	83.751	127.197	4.333.654
Reclassification of assets	(1.028)	(2.172)	0	1.028	(2.172)
Translation difference	(105.319)	0	0	(4.651)	(109.970)
Sold or disposed of	10.606	0	0	(70.453)	(59.847)
Balance at period end	201.569.615	287.686.144	1.629.405	2.986.000	493.871.164
Carrying amounts					
At 1.1. 2026	209.219.660	243.813.486	16.214.033	6.014.888	475.262.068
At 31.3.2026	210.480.931	244.779.320	16.212.073	5.956.696	477.429.020
31.12.2025					
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 year	13.225.254	13.469.284	2.229.096	2.575.172	31.498.806
Reclassification of assets	0	0	0	52	52
Revaluation, increase	20.964.119	31.444.928	0	0	52.409.047
Translation difference	(14.986.644)	0	0	53.981	(14.932.662)
Sold or disposed of	121.305	(3.563)	(146.313)	(238.793)	(267.364)
Balance at year end	408.822.018	529.442.094	17.759.688	8.947.768	964.971.568
Depreciation					
Balance at year beginning	183.562.578	259.398.471	1.354.626	2.632.383	446.948.058
Depreciated during the year	7.906.189	7.820.137	232.456	444.519	16.403.301
Reclassification of assets	746	0	0	(742)	4
Revaluation, increase	12.409.076	18.410.117	0	0	30.819.194
Translation difference	(4.231.405)	0	0	2.829	(4.228.577)
Sold or disposed of	(44.827)	(117)	(41.428)	(146.109)	(232.481)
Balance at year end	199.602.358	285.628.608	1.545.654	2.932.879	489.709.500
Carrying amounts					
At 1.1. 2025	205.935.405	225.132.975	14.322.278	3.924.973	449.315.631
At 31.12.2025	209.219.660	243.813.486	16.214.033	6.014.888	475.262.068

Notes

11. Intangible assets

	Heating rights	Software	Development cost	Business relations	Total
31.3.2026					
Cost					
Balance at year beginning	1.513.758	7.505.328	1.302.186	1.908.000	12.229.273
Additions during the period	0	297.645	7.116	0	304.761
Reclassification of assets	0	39.673 (	52)	0	39.621
Sold or disposed of	0 (	6.474)	(69.597)	0 (	76.072)
Translation difference	0	0 (	25.718)	0 (	25.718)
Balance at period end	1.513.758	7.836.172	1.213.935	1.908.000	12.471.865
Amortisation					
Balance at year beginning	457.768	4.236.374	138.974	389.873	5.222.990
Amortisation during the period ...	0	160.432	27.207	44.003	231.643
Reclassification of assets	0	2.172	0	0	2.172
Sold or disposed of	0 (	5.826)	0	0 (	5.826)
Translation difference	1	0 (	1.662)	0 (	1.661)
Balance at period end	457.769	4.393.152	164.520	433.877	5.449.318
Carrying amounts					
At 1.1. 2026	1.055.990	3.268.954	1.163.212	1.518.127	7.006.283
At 31.3.2026	1.055.989	3.443.020	1.049.416	1.474.123	7.022.547
31.12.2025					
Cost					
Balance at year beginning	1.513.758	6.371.718	727.185	1.908.000	10.520.662
Additions during the year	0	1.133.610	563.750	0	1.697.360
Reclassification of assets	0	0 (	52)	0 (	52)
Sold or disposed of	0	0 (	10.074)	0 (	10.074)
Translation difference	0	0	21.376	0	21.376
Balance at year end	1.513.758	7.505.328	1.302.186	1.908.000	12.229.273
Amortisation					
Balance at year beginning	457.768	3.525.273	77.692	213.860	4.274.594
Amortisation during the year	0	711.101	60.238	176.013	947.352
Translation difference	0	0	1.044	0	1.044
Balance at year end	457.768	4.236.374	138.974	389.873	5.222.990
Carrying amounts					
At 1.1. 2025	1.055.990	2.846.446	649.493	1.694.140	6.246.068
At 31.12.2025	1.055.990	3.268.954	1.163.212	1.518.127	7.006.283

Notes

12. Fair value

Comparison of fair value versus carrying amounts

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

	31.3.2026		31.12.2025	
	Carrying amount	Fair value	Carrying amount	Fair value
Interest-bearing liabilities	208.387.271	201.254.335	#####	204.694.239

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:

	31.3.2026	31.12.2025
Embedded derivatives in electr. sales contr.	7,04% - 7,40%	7,72% - 8,31%
Hedge contracts	3,65% - 3,77%	3,57% - 4,00%
Interest bearing loans	1,30% - 9,78%	1,53% - 9,12%

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 2025. It is recommended to take into consideration this note while reading the interim financial statements for the current period since change in these presumptions can have considerable effect on certain amounts in the consolidated interim financial statements.

Fair value hierarchy

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

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

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

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

	Level 1	Level 2	Level 3	Total
31.3.2026				
Shares in companies	0	0	6.230.898	6.230.898
Embedded derivatives in sales contracts	0	0	3.473.687	3.473.687
Hedge contracts	0 (1.405.163)		0 (1.405.163)	
Marketable securities	13.459.963	0	0	13.459.963
	13.459.963	(1.405.163)	9.704.585	21.759.386
31.12.2025				
Shares in companies	0	0	6.230.898	6.230.898
Embedded derivatives in sales contracts	0	0	3.710.524	3.710.524
Hedge contracts	0 (1.101.510)		0 (1.101.510)	
Marketable securities	15.364.438	0	0	15.364.438

Notes

15.364.438 (1.101.510) 9.941.422 24.204.350

13. Related parties

Definition of related parties

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

Transactions with related parties

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

The following gives an overview of the transactions with related parties during the period 1 January to 31 March 2026 as well as a statement of receivables and payables at year end. Transactions and positions with subsidiaries are eliminated in the consolidated financial statement, therefore that information is not provided. This information does not include sale of conventional household supplies to the related parties.

	2026	2025
	1.1. - 31.3.	1.1. - 31.3.
Sale to related parties:		
Reykjavik City	478.737	414.233
Institutions and companies controlled by Reykjavik City	249.698	217.664
Associates	360	0
	<u>728.795</u>	<u>631.897</u>
Purchases from related parties:		
Reykjavik City	58	6.887
Institutions and companies controlled by Reykjavik City	2.853	6.146
Associates	30.035	29.188
	<u>32.946</u>	<u>42.221</u>
Receivables for related parties:	31.3.2026	31.12.2025
Reykjavik City	15.285	12.637
Institutions and companies controlled by Reykjavik City	29.130	13.128
	<u>44.415</u>	<u>25.765</u>
Payables for related parties:		
Reykjavik City	39.642	93.165
Institutions and companies controlled by Reykjavik City	679	1.162
	<u>40.321</u>	<u>94.327</u>
	2026	2025
	1.1. - 31.3.	1.1. - 31.3.
Guarantee fees paid to the owners:		
Reykjavik City	60.570	74.494
Akranes town	3.580	4.402
Borgarbyggð, municipality	604	743
	<u>64.753</u>	<u>79.639</u>

Guarantee fees paid to the owners are included in interest expenses in the above statement. Amounts and further discussion regarding the guarantee fee are disclosed in Note 8. Management's salaries and benefits are listed in note 6.

Notes

14. Other matters

Operational disruption at Norðurál in Grundartangi

On 21 October last year, an operational disruption occurred at Norðurál in Grundartangi due to a failure in two transformers. As a result, production at the aluminium smelter was partially suspended, and Norðurál has since taken delivery of only an insignificant portion of the contractually agreed volume. Norðurál is one of the largest customers of ON Power, a subsidiary of Reykjavik Energy, and the interruption has therefore had a significant impact on the operations of ON Power and, consequently, on those of RE. The parties disagree as to whether Norðurál is obliged to fulfil its contractual take-or-pay commitment and pay for the agreed volume despite not taking delivery, as Norðurál has invoked force majeure. ON Power has rejected this position. RE and ON Power have initiated arbitration proceedings to resolve the dispute. The restart of the smelter commenced in April 2026, following the end of the first quarter; however, it remains uncertain when full operations will be restored.

There is also uncertainty regarding ON Power's payment obligations to Landsnet under the parties' transmission agreement, based on considerations similar to those described above. Since the operational disruption at Norðurál, ON Power has paid only for the transmitted volume of electricity and the measured peak demand. The difference between the amounts paid and invoices issued by Landsnet for the year 2025 amounts to approximately USD 2,7 million. A formal response from Landsnet regarding its position is still pending; however, it may be assumed that the matter will become disputed and will ultimately need to be resolved before the courts.

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 6.207 million as of 31 December 2026. The shares are included among fixed assets. RE has resumed discussions with the Ministry of Finance concerning the potential acquisition of its ownership interest.

15. Events after the reporting period

Dividend to owners

A dividend amounting to ISK 4,500 million was approved at the Annual General Meeting held on 17 April 2026. Of this amount, ISK 3,500 million is unconditional, while the payment of ISK 1,000 million is subject to the favourable resolution of certain uncertainties. The proposal assumes that financial conditions are met both before and after the dividend distribution in accordance with the financial forecast for the period 2025–2027.