

Condensed Consolidated Interim Financial Statements

January 1st to June 30th 2026

Contents

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

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

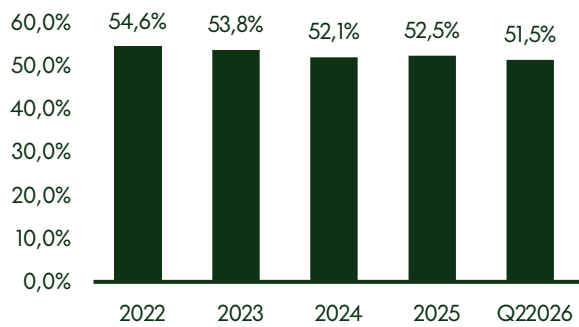


Reykjavik Energy emphasizes these United Nations' Sustainable Development Goals in its operations:

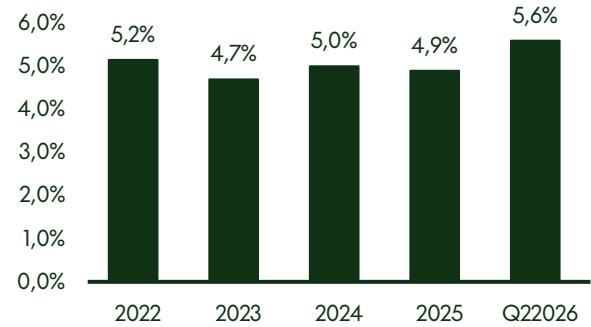


Financial ratios

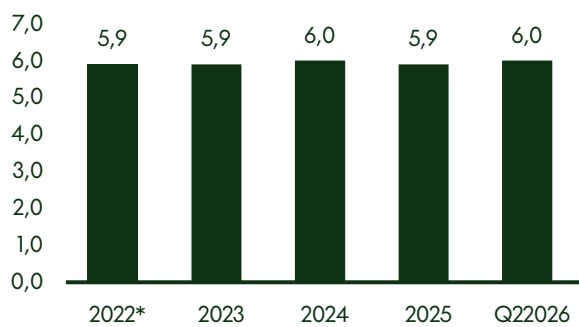
Equity ratio



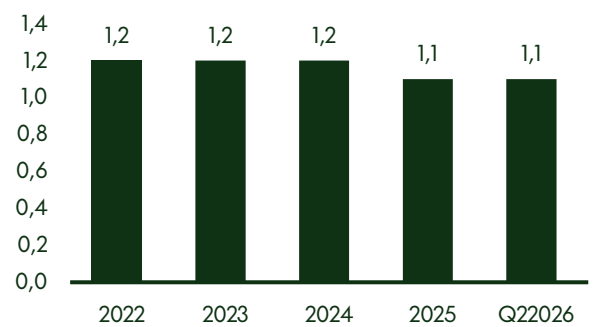
ROA



Net debt / Net cash from operation activities

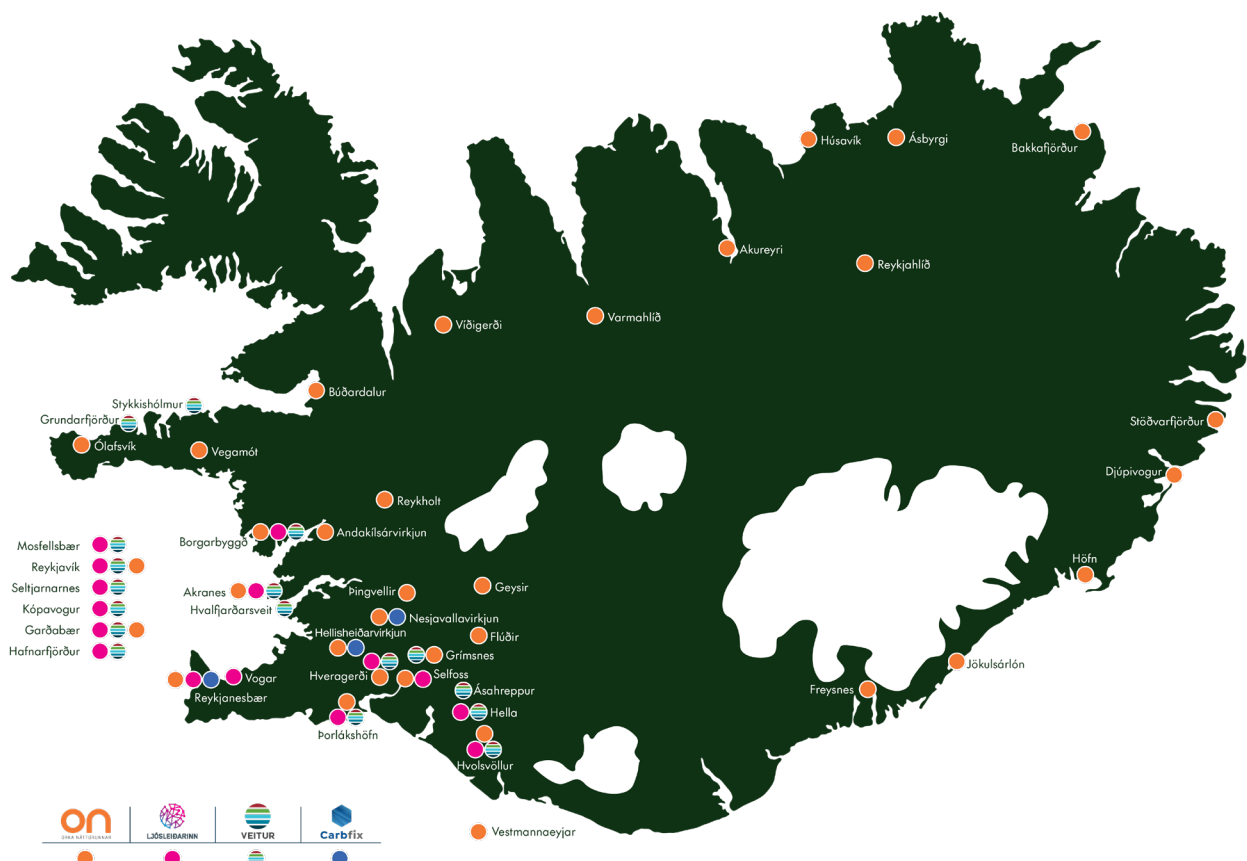


Current ratio without aluminum derivative



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

Services



Operating summary

Operating year	2026 1.1. - 30.6.	2025 1.1. - 30.6.	2024 1.1. - 30.6.	2023 1.1. - 30.6.	2022 1.1. - 30.6.
<i>Amounts are at each year's price level in ISK millions</i>					
Revenues	38.008	34.397	33.424	30.139	28.542
Expenses (	14.266) (	14.162) (	13.822) (	12.281) (	10.716)
Thereof energy purchase and distribution (	2.654) (	3.230) (	3.794) (	3.453) (	3.505)
EBITDA	23.742	20.235	19.602	17.858	17.827
Depreciation and amortisation (	9.221) (	8.557) (	8.316) (	7.687) (	6.796)
EBIT	14.521	11.677	11.286	10.172	11.031
Cash flow statement					
Received interest income	201	188	98	62	21
Paid interest expenses (	4.415) (	4.250) (	3.927) (	3.553) (	2.418)
Net cash from operating activities	18.851	18.727	17.356	14.718	14.197
Working capital from operation	18.185	15.867	14.556	13.912	13.565
Liquid funds					
Deposits and marketable securities	14.772	14.418	10.359	11.414	14.465
Cash and cash equivalents	15.541	20.616	14.598	7.837	7.650
Undrawn credit lines	20.300	15.165	13.805	8.850	7.709
Liquid funds total	50.614	50.199	38.762	28.101	29.824

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 gases underground.

The consolidated interim financial statements for the period 1 January to 30 June 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.

Profit from the Reykjavík Energy group's operations for the period 1 January to 30 June 2026 amounted to ISK 4,897 million (1.1.-30.6.2025: profit ISK 4,904 million). Comprehensive income for the period 1 January to 30 June 2026 was positive and amounted to ISK 5,615 million (1.1.-30.6.2025: negative ISK 3,980 million). According to the statement of financial position the Group's assets amounted to ISK 552,073 million at the end of the period (31.12.2025: ISK 537,907 million). Equity at the end of the period was ISK 284,382 million (31.12.2025: ISK 282,267 million), resulting in equity ratio of 51.5% (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
Reykjavík City	93,539%
Akranes town	5,528%
Borgarbyggð, municipality	0,933%

Statement of the Board of Directors and the CEO

According to the best knowledge of the Board of Directors and the CEO of Reykjavík Energy, the condensed consolidated interim financial statements are in accordance with the international financial reporting standard *IAS 34 on interim financial reporting*. It is the opinion of the Board of Directors and the CEO that the interim financial statements give a fair view of the Group's assets, liabilities and financial position 30 June 2026 and the Group's operating return and changes in cash and cash equivalents in the period 1 January to 30 June 2026.

The Board of Directors and the CEO of Reykjavík Energy hereby confirm the Group's consolidated interim financial statements for the period 1 January to 30 June 2026.

Reykjavík, 31 August 2026.

The Board of Directors:

Ari Edwald
Einar Þorsteinsson
Ásta Dís Óladóttir
Skúli Þór Helgason
Ragnheiður Björk Halldórsdóttir
Ragnar Baldvin Sæmundsson

CEO:

Sævar Freyr Þráinsson

Independent Auditor's Review Report

To the Board of Directors and owners of Reykjavík Energy.

We have reviewed the accompanying condensed consolidated statement of financial position of Reykjavík Energy as at June 30, 2026, the operating summary and key financial ratios, the condensed consolidated income statement, statement of comprehensive income, changes in equity and cash flows for the six-month period then ended, and notes to the interim financial information.

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

Scope of Review

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

Conclusion

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

Reykjavík, 31 August 2026.

Grant Thornton endurskoðun ehf.

Bjarni Már Jóhannesson
State Authorized Public Accountant

Sturla Jónsson
State Authorized Public Accountant

Income Statement

1 January to 30 June 2026

	Notes	2026 1.4. - 30.6.	2025 1.4. - 30.6.	2026 1.1. - 30.6.	2025 1.1. - 30.6.
Operating revenue	4	17.758.875	15.510.425	38.787.403	34.360.729
Redemption of aluminium derivatives	(	500.394)	37.188	(803.613)	9.725
Profit from sale of assets		1.119	10.421	24.275	26.467
Operating revenues, total		17.259.600	15.558.034	38.008.065	34.396.920
Energy purchase and distribution	(	1.251.685)	(1.688.098)	(2.653.570)	(3.230.472)
Salaries and salary related expenses	6	(3.146.042)	(3.057.939)	(6.209.168)	(5.805.387)
Other operating expenses	(	2.862.017)	(3.044.648)	(5.403.227)	(5.126.453)
Operating expenses, total	(	7.259.744)	(7.790.685)	(14.265.964)	(14.162.313)
EBITDA		9.999.856	7.767.350	23.742.101	20.234.607
Depreciation and amortisation.....	7	(4.626.044)	(4.254.378)	(9.221.391)	(8.557.205)
Results from operating activities, EBIT		5.373.812	3.512.972	14.520.710	11.677.402
Interest income		268.312	398.871	392.869	715.774
Interest expenses	(	4.289.624)	(4.204.736)	(9.862.180)	(7.804.731)
Other income on financial assets and liabilities		596.052	452.567	423.876	754.158
Total financial income and expenses	8	(3.425.260)	(3.353.297)	(9.045.435)	(6.334.798)
Share in (loss) profit of associated companies	(	4.991)	0	(1.423)	2.902
Profit before income tax		1.943.562	159.675	5.473.852	5.345.507
Income tax	(	100.144)	281.194	(576.678)	(441.039)
Profit for the period		1.843.418	440.869	4.897.174	4.904.468
Attributable to:					
Equity holders of the Company		1.843.592	441.118	4.897.589	4.904.888
Minority interest in subsidiaries	(	174)	(250)	(415)	(420)
Profit for the period		1.843.418	440.869	4.897.174	4.904.468

The notes on pages 12 to 23 are an integral part of these Consolidated Financial Statements.

Statement of Comprehensive Income

1 January to 30 June 2026

	2026 1.4. - 30.6.	2025 1.4. - 30.6.	2026 1.1. - 30.6.	2025 1.1. - 30.6.
Profit for the period	1.843.418	440.869	4.897.174	4.904.468
Other comprehensive income				
Items moved to equity that could be moved later to the income statement				
Translation difference	817.374	(5.572.865)	717.422	(8.884.081)
Other comprehensive income, after taxes	817.374	(5.572.865)	717.422	(8.884.081)
Total comprehensive income for the period	<u>2.660.791</u>	<u>(5.131.997)</u>	<u>5.614.596</u>	<u>(3.979.614)</u>
Attributable to:				
Equity holders of the Company	2.660.969	(5.131.753)	5.614.991	(3.979.204)
Minority interest in subsidiaries	(178)	(244)	(396)	(410)
Total comprehensive income for the period	<u>2.660.791</u>	<u>(5.131.997)</u>	<u>5.614.596</u>	<u>(3.979.614)</u>

The notes on pages 12 to 23 are an integral part of these Consolidated Financial Statements.

Statements of Financial Position

30 June 2026

	Notes	30.6.2026	31.12.2025
Assets			
Property, plant and equipment	10	481.756.648	475.262.068
Intangible assets	11	7.220.551	7.006.283
Right-of-use assets		2.424.620	2.365.818
Investments in associated companies		90.220	91.643
Investments in other companies		6.230.898	6.230.898
Embedded derivatives in electricity sales contracts		1.820.051	2.472.133
Deferred tax assets		6.521.531	5.978.833
Total non-current assets		506.064.518	499.407.676
Inventories		1.814.104	1.793.214
Trade receivables	9	10.403.720	7.389.894
Embedded derivatives in electricity sales contracts		1.334.629	1.238.391
Other receivables		964.312	1.167.572
Prepaid expenses		1.178.572	718.274
Marketable securities		14.772.283	15.364.438
Cash and cash equivalents		15.541.297	10.827.295
Total current assets		46.008.916	38.499.080
Total assets		552.073.434	537.906.756
Equity			
Revaluation reserve		138.179.066	140.971.351
Equity reserve		115.482.702	108.080.431
Development reserve		444.927	320.361
Fair value reserve		5.807.000	5.807.000
Translation reserve		3.734.590	3.017.188
Retained earnings		20.734.924	24.071.886
Equity attributable to equity holders of the Company		284.383.208	282.268.217
Minority interest	(	1.308)	(913)
Total equity		284.381.900	282.267.305
Liabilities			
Loans and borrowings		198.118.534	191.144.457
Lease liabilities		2.391.110	2.363.640
Pension liability		766.003	724.633
Hedge contracts		186.543	355.333
Deferred revenue		1.633.667	1.694.761
Deferred tax liabilities		25.212.352	25.449.668
Total non-current liabilities		228.308.211	221.732.491
Accounts payables		3.788.919	3.762.409
Loans and borrowings		19.324.137	20.949.416
Lease liabilities		176.121	172.448
Hedge contracts		631.865	746.177
Deferred revenue	9	3.072.970	287.123
Current tax liability		1.807.622	2.846.141
Dividends to owners		3.500.000	0
Other current liabilities		7.081.688	5.143.247
Total current liabilities		39.383.323	33.906.960
Total liabilities		267.691.534	255.639.451
Total equity and liabilities		552.073.434	537.906.756

The notes on pages 12 to 23 are an integral part of these Consolidated Financial Statements.

Statement of Changes in Equity 1 January to 30 June 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.-30.6. 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					717.402		717.402	20	717.422
Profit for the period						4.897.589	4.897.589 (	415)	4.897.174
Total comprehensive income	0	0	0	0	717.402	4.897.589	5.614.991 (	396)	5.614.596
Depreciation transferred to retained earnings . (	2.792.285)					2.792.285	0		0
Share in profit of subsidiaries and associates transferred to equity reserve		7.402.271				(7.402.271)	0		0
Development reserve, amortisation			124.565			(124.565)	0		0
Dividends to owners						(3.500.000)	(3.500.000)	(3.500.000)	
Equity at 30 June 2026	138.179.066	115.482.702	444.927	5.807.000	3.734.590	20.734.924	284.383.209 (	1.308)	284.381.900

1.1.-30.6. 2025									
Equity at 1 January 2025	127.809.202	94.950.622	218.177	5.807.000	9.838.598	27.108.582	265.732.181 (	219)	265.731.962
Translation difference					(8.884.092)		(8.884.092)	10 (	8.884.081)
Profit for the period						4.904.888	4.904.888 (	420)	4.904.468
Total comprehensive income	0	0	0	0	(8.884.092)	4.904.888	(3.979.204) (	410)	(3.979.614)
Depreciation transferred to retained earnings . (	2.516.234)					2.516.234	0		0
Share in profit of subsidiaries and associates transferred to equity reserve		7.031.307				(7.031.307)	0		0
Development reserve, amortisation			34.081			(34.081)	0		0
Dividends to owners						(6.500.000)	(6.500.000)	(6.500.000)	
Equity at 30 June 2025	125.292.968	101.981.929	252.258	5.807.000	954.507	20.964.316	255.252.977 (	629)	255.252.349

The notes on pages 12 to 23 are an integral part of these Consolidated Financial Statements.

Statement of Cash Flows

1 January to 30 June 2026

		2026 1.1. - 30.6.	2025 1.1. - 30.6.
Cash flows from operating activities			
Profit for the period		4.897.174	4.904.468
Adjusted for:			
Financial income and expenses	8	9.045.435	6.334.798
Share in P/L of associates		1.423 (	2.902)
Income tax		576.678	441.039
Depreciation and amortisation	7	9.221.391	8.557.205
Profit from sale of property, plants and equipment		(24.275)	(26.467)
Pension liability, change		41.371	707
Working capital from operation before interests and taxes		23.759.197	20.208.848
Inventories, increase		(20.889)	(14.152)
Current assets, increase		(2.906.220)	(125.882)
Current liabilities, increase		3.458.110	3.496.220
Cash generated from operations before interests and taxes		24.290.198	23.565.034
Received interest income		200.843	187.749
Paid interest expenses		(4.415.373)	(4.250.450)
Dividend received		1.195	1.195
Paid taxes		(1.226.225)	(776.112)
Net cash from operating activities		18.850.639	18.727.416
Cash flows from investing activities			
Acquisition of property, plant and equipment	10	(14.090.993)	(13.089.573)
Acquisition of intangible assets	11	(739.712)	(634.485)
Proceeds from sale of property, plant and equipment		54.068	53.363
Acquisition of other companies		0	17.484
Change in marketable securities		1.019.102	(2.574.893)
Net cash used in investing activities		(13.757.537)	(16.228.105)
Cash flows from financing activities			
Proceeds from new borrowings		10.949.760	16.582.449
Repayment of borrowings		(11.114.661)	(11.364.640)
Deferred revenue, change		(74.490)	65.545
Dividends paid		0	(3.250.000)
Repayment of lease liability		(52.160)	(70.280)
Net cash used in investing activities		(291.551)	1.963.074
Increase in cash and cash equivalents		4.801.551	4.462.386
Cash and cash equivalents at year beginning		10.827.295	16.438.122
Effect of currency fluctuations on cash and cash equivalents		(87.550)	(284.838)
Cash and cash equivalents at the end of the period		15.541.297	20.615.670
Investments and financing without payment effects:			
Acquisition of property, plant and equipment	10	(157.874)	811.193
Current liabilities/assets, change		3.509.344	2.290.735
Dividends paid		(3.500.000)	(3.250.000)
Dividend received		148.529	148.071
Other information			
Working capital from operation		18.184.551	15.867.095

The notes on pages 12 to 23 are an integral part of these Consolidated Financial Statements.

Notes

1. Reporting entity

Reykjavík Energy (RE) is a partnership that complies with the Icelandic law no. 136/2013 on Reykjavík Energy. RE's headquarters are at Bæjarhóls 1 in Reykjavík. 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 shares in associated companies. The consolidated interim financial statements of Reykjavík Energy are a part of the consolidated interim financial statements of Reykjavík city.

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	
			30.6.2026	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 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 31 August 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 are translated 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 related cumulative translation 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 is 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. - 30.6.	1.1. - 30.6.
Electricity	14.836.048	13.958.927
Hot water	12.935.790	10.221.302
Cold water	2.155.220	2.051.757
Sewer system	3.944.745	3.699.829
Other revenues	4.915.600	4.428.914
Revenues from sales of goods and services total	<u>38.787.403</u>	<u>34.360.729</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.-30.6. 2026						
External revenue	25.181.049	9.485.046	3.341.970	0		38.008.065
Inter-segment revenue	3.949.343	5.741.083	5.986.957	(15.677.383)		0
Total segment revenue	29.130.392	15.226.129	9.328.927	(15.677.383)		38.008.065
Segment operation expenses	(15.344.269)	(6.173.088)	(8.455.400)	15.580.690	126.103	(14.265.964)
Segment profit EBITDA	13.786.124	9.053.041	873.527	(96.693)	126.103	23.742.101
Depreciation and amortisation	(4.356.347)	(3.057.372)	(1.850.102)	98.106	(55.676)	(9.221.391)
Segment results, EBIT	9.429.776	5.995.669	(976.575)	1.413	70.426	14.520.710
Financial income and expenses	(5.088.542)	(1.332.577)	(2.051.072)	(530.475)	(42.768)	(9.045.435)
Share in loss of associated companies	0	0	(1.423)	0		(1.423)
Income tax	(681.917)	(923.706)	830.347	208.998	(10.399)	(576.678)
Profit (loss) for the period	3.659.317	3.739.386	(2.198.723)	(320.065)	17.258	4.897.174
1.1.-30.6. 2025						
External revenue	21.800.365	9.463.544	3.133.012	0		34.396.920
Inter-segment revenue	2.917.860	4.647.859	5.826.968	(13.392.686)		0
Total segment revenue	24.718.224	14.111.403	8.959.980	(13.392.686)		34.396.921
Segment operation expenses	(13.805.775)	(5.559.701)	(8.230.578)	13.298.588	135.153	(14.162.313)
Segment profit EBITDA	10.912.450	8.551.702	729.402	(94.098)	135.153	20.234.607
Depreciation and amortisation	(3.901.657)	(3.051.720)	(1.626.968)	97.209	(74.070)	(8.557.205)
Segment results, EBIT	7.010.793	5.499.982	(897.566)	3.110	61.083	11.677.402
Financial income and expenses	(2.880.331)	(1.289.239)	(2.389.712)	267.229	(42.743)	(6.334.798)
Share in profit of associated companies	0	0	2.902	0		2.902
Income tax	(411.437)	(906.978)	974.572	(90.300)	(6.896)	(441.039)
Profit (loss) for the period	3.719.024	3.303.764	(2.309.804)	180.040	11.444	4.904.468

* 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 (30.6.2026)						
Property, plant and equipment and intangible assets	270.050.093	152.604.543	66.453.183	(130.620)		488.977.199
Right-of-use assets					2.424.620	2.424.620
Other assets	36.920.973	9.318.203	237.371.657	(222.939.217)		60.671.616
						<u>552.073.434</u>
Loans and borrowings	102.951.604	49.340.081	225.493.463	(160.342.476)		217.442.672
Lease liabilities					2.567.232	2.567.232
Other liabilities	25.827.044	15.481.569	70.987.058	(64.614.041)		47.681.631
						<u>267.691.534</u>
Investments (1.1.-30.6.2026)						
Property, plant and equipment and intangible assets	9.009.721	3.777.633	2.201.225			14.988.579
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.-30.6.2025)						
Property, plant and equipment and intangible assets	7.230.091	2.676.647	3.006.126			12.912.864

* 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. - 30.6.	1.1. - 30.6.
Salaries and salary related expenses are specified as follows:		
Salaries	5.738.822	5.443.679
Defined contribution pension expenses	726.815	691.430
Defined benefit pension expenses, changes	85.432	39.875
Other salary related expenses	493.139	492.940
Total salaries and salary related expenses	7.044.207	6.667.925

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

Expensed in the income statement	6.209.168	5.805.387
Capitalised on projects	835.039	862.538
Total salaries and salary related expenses	7.044.207	6.667.925

Number of employees:

Number of annual working units	666,3	677,0
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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	13.109	13.513
Salaries of the CEO of the Parent Company	27.817	26.587
Salaries of Managing Directors of the Parent Company	65.597	63.274
Salaries to the Board of Directors of subsidiaries	25.608	25.544
Salaries of four Managing Directors of subsidiaries	92.873	89.622
Termination expenses and vacation pay settlement	15.875	0
	240.879	218.540

7. Depreciation, amortisation and impairment

	2026	2025
	1.1. - 30.6.	1.1. - 30.6.
Depreciation, amortisation and impairment is specified as follows:		
Depreciation of property, plant and equipment	8.694.621	8.081.870
Amortisation of intangible assets	471.094	401.265
Depreciation of Right-of-use assets	55.676	74.070
Depreciation, amort. and impairment expensed in income statement	9.221.391	8.557.205

Notes

8. Financial income and expenses

	2026 1.1. - 30.6.	2025 1.1. - 30.6.
Financial income and expenses are specified as follows:		
Interest income	392.869	715.774
Interest expenses and paid indexation	(4.209.449)	(4.188.864)
Indexation	(5.529.356)	(3.458.413)
Guarantee fee to owners 1)	(123.374)	(157.454)
Total interest expenses	(9.862.180)	(7.804.731)
Fair value changes of embedded derivatives in electricity sales contracts	(555.845)	240.160
Fair value changes of financial assets and financial liabilities through P/L	426.947	256.322
Unredeemed fair value changes of hedge contracts	283.101	(107.977)
Foreign exchange difference	119.950	216.387
Dividends	149.724	149.266
Total of other income (expenses) on financial assets and liabilities	423.876	754.158
Total financial income and expenses	(9.045.435)	(6.334.798)

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 Reykjavík 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 123 million in the Period 1 January to 30 June 2026 (1.1.-30.6.2025: ISK 157 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 154 million income in the period 1 January to 30 June 2026 (1.1.-30.6.2025: income ISK 389 million). Fair value changes on financial assets and liabilities defined at level 3 amounts to ISK 556 million expense in the period 1 January to 30 June 2026 (1.1.-30.6.2025: income ISK 240 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 is 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

30.6.2026	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	7.745.611	6.139.674	120.565	243.017	14.248.867
Reclassification of assets	631	(39.673)	0	(579)	(39.621)
Translation difference	1.408.808	0	0	(13.255)	1.395.553
Sold or disposed of	116.481	0	0	(453.132)	(336.651)
Balance at period end	418.093.549	535.542.095	17.880.253	8.723.819	980.239.715
Depreciation					
Balance at year beginning	199.602.358	285.628.608	1.545.654	2.932.879	489.709.500
Depreciated during the period ..	4.141.856	4.117.669	167.788	267.308	8.694.621
Reclassification of assets	(1.028)	(2.172)	0	1.028	(2.172)
Translation difference	461.955	0	0	(4.032)	457.923
Sold or disposed of	4.683	0	0	(381.487)	(376.804)
Balance at period end	204.209.823	289.744.105	1.713.442	2.815.697	498.483.067
Carrying amounts					
At 1.1. 2026	209.219.660	243.813.486	16.214.033	6.014.888	475.262.068
At 30.6.2026	213.883.726	245.797.990	16.166.810	5.908.122	481.756.648
31.12.2025	Production system	Utility system	Other real estates	Other equipment	Total
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

30.6.2026	Heating rights	Software	Development cost	Business relations	Total
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	724.853	14.860	0	739.712
Reclassification of assets	0	39.673 (	52)	0	39.621
Translation difference	0	0 (	23.252)	0 (	23.252)
Sold or disposed of	0 (	146.451)	(69.301)	0 (	215.752)
Balance at period end	1.513.758	8.123.403	1.224.440	1.908.000	12.769.602
Amortisation					
Balance at year beginning	457.768	4.236.374	138.974	389.873	5.222.990
Amortisation during the period ...	0	328.635	54.452	88.006	471.094
Reclassification of assets	0	2.172	0	0	2.172
Translation difference	1	0 (	1.404)	0 (	1.403)
Sold or disposed of	0 (	145.803)	0	0 (	145.803)
Balance at period end	457.769	4.421.379	192.022	477.880	5.549.051
Carrying amounts					
At 1.1. 2026	1.055.990	3.268.954	1.163.212	1.518.127	7.006.283
At 30.6.2026	1.055.989	3.702.024	1.032.418	1.430.120	7.220.551
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:

	30.6.2026		31.12.2025	
	Carrying amount	Fair value	Carrying amount	Fair value
Interest-bearing liabilities	217.442.672	210.406.729	212.093.872	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:

	30.6.2026	31.12.2025
Embedded derivatives in electr. sales contr.	7,22% - 7,53%	7,72% - 8,31%
Hedge contracts	3,69% - 3,79%	3,57% - 4,00%
Interest bearing loans	1,25% - 10,07%	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.

30.6.2026	Level 1	Level 2	Level 3	Total
Shares in companies	0	0	6.230.898	6.230.898
Embedded derivatives in sales contracts	0	0	3.154.679	3.154.679
Hedge contracts	0 (	818.409)	0 (	818.409)
Marketable securities	14.772.283	0	0	14.772.283
	14.772.283	(818.409)	9.385.577	23.339.452
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
	15.364.438	(1.101.510)	9.941.422	24.204.350

Notes

13. Related parties

Definition of related parties

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

Transactions with related parties

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

The following gives an overview of the transactions with related parties during the period 1 January to 30 June 2026 as well as a statement of receivables and payables at year end. Transactions and positions with subsidiaries are eliminated in the consolidated interim 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. - 30.6.	1.1. - 30.6.
Sale to related parties:		
Reykjavík City	1.244.901	1.112.746
Institutions and companies controlled by Reykjavík City	487.657	487.004
Associates	720	0
	<u>1.733.278</u>	<u>1.599.750</u>
Purchases from related parties:		
Reykjavík City	202.968	214.164
Institutions and companies controlled by Reykjavík City	4.544	10.275
Associates	62.041	58.671
	<u>269.553</u>	<u>283.110</u>
Receivables for related parties:	30.6.2026	31.12.2025
Reykjavík City	42.324	12.637
Institutions and companies controlled by Reykjavík City	26.494	13.128
	<u>68.818</u>	<u>25.765</u>
Payables for related parties:		
Reykjavík City	85.327	93.165
Institutions and companies controlled by Reykjavík City	2	1.162
	<u>85.329</u>	<u>94.327</u>
	2026	2025
	1.1. - 30.6.	1.1. - 30.6.
Guarantee fees paid to the owners:		
Reykjavík City	115.403	147.281
Akranes town	6.820	8.704
Borgarbyggð, municipality	1.151	1.469
	<u>123.374</u>	<u>157.454</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 Reykjavík 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 and full capacity is expected to be reached in the fourth quarter of 2026.

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. On the reporting date, the difference between the amounts paid and invoices issued by Landsnet since October 2025, amounts to approximately ISK 404 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 30 June 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.

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 and will be paid on 14 August and is therefore among current liabilities on 30 June 2026. A 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.

15. Events after the reporting period

Divident to owners

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