

Condensed Consolidated Interim Financial Statements



January 1st to March 31st 2024

Reykjavík Energy
ssn. 551298-3029
Bæjarhálsi 1, 110 Reykjavík, Iceland

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

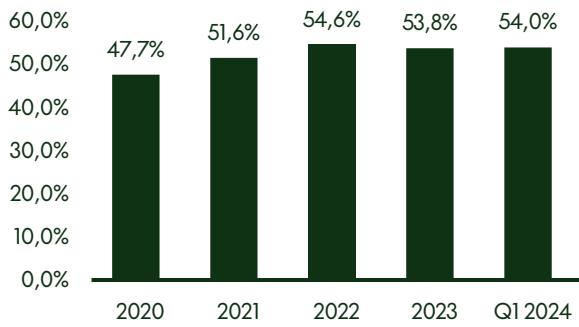


Reykjavik Energy emphasizes these United Nations' Sustainable Development Goals in its operations:

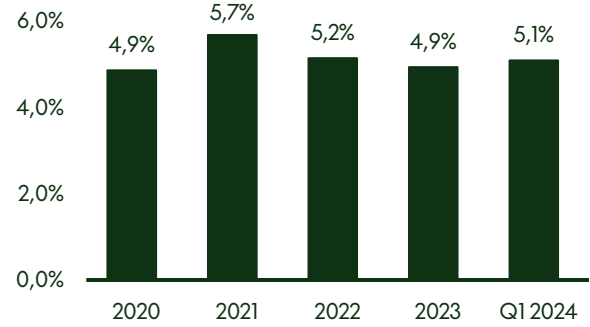


Financial ratios

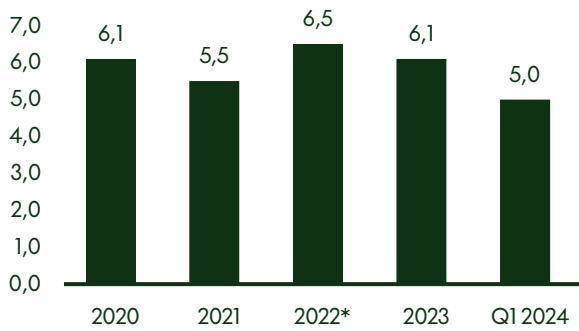
Equity ratio



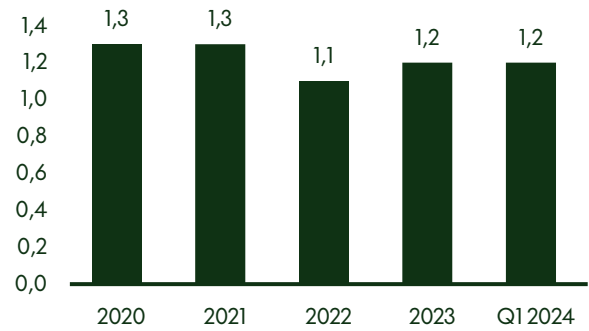
ROA



Net debt / Net cash from operation activities

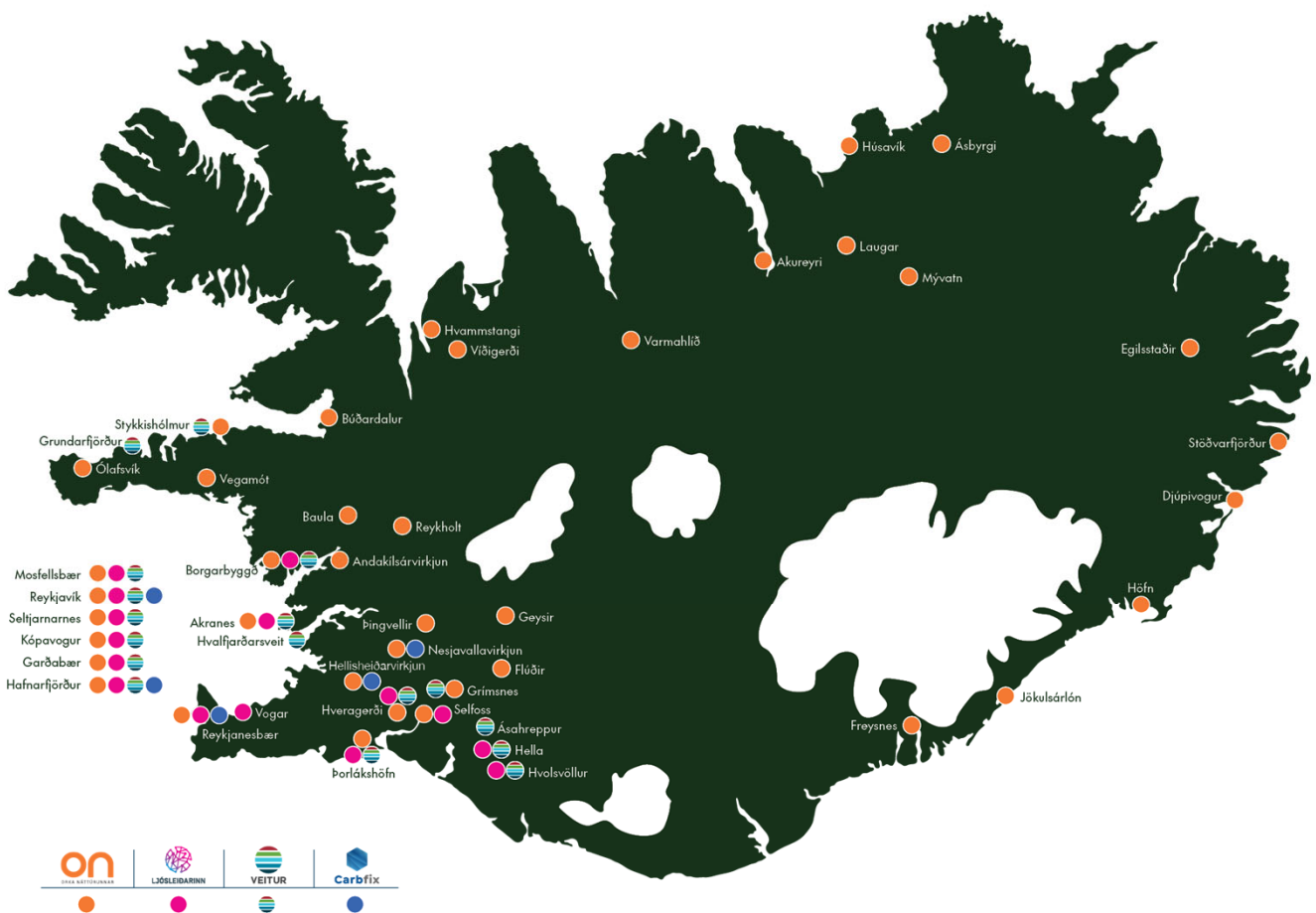


Current ratio without aluminum derivative



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

Services



Operating summary

Operating year	2024	2023	2022	2021	2020
	1.1.-31.3	1.1.-31.3	1.1.-31.3	1.1.-31.3	1.1.-31.3
<i>Amounts are at each years price level in ISK millions</i>					
Revenues	17.841	16.236	15.664	13.749	13.265
Expenses	(6.862)	(6.390)	(5.369)	(4.495)	(4.718)
Thereof energy purchase and distribution	(2.142)	(2.289)	(1.847)	(1.684)	(1.560)
EBITDA	10.979	9.846	10.295	9.253	8.547
Depreciation and amortisation	(4.107)	(3.829)	(3.302)	(3.336)	(3.080)
EBIT	6.873	6.017	6.993	5.917	5.466
Cash flow statement					
Received interest income	54	31	8	7	102
Paid interest expenses*	(1.802)	(1.465)	(1.039)	(976)	(1.061)
Net cash from operating activities*	8.144	8.072	3.741	7.653	6.076
Working capital from operation	7.986	7.893	7.962	6.990	5.975
Liquid funds					
	31.3.2024	31.3.2023	31.3.2022	31.3.2021	31.3.2020
Deposits and marketable securities	9.897	12.112	15.046	12.839	12.272
Cash and cash equivalents	8.618	4.876	7.322	14.967	10.796
Undrawn credit lines	10.265	9.100	7.570	13.133	9.300
Liquid funds total	28.779	26.088	29.938	40.939	32.368

*The year 2022 is adjusted for the settlement of the currency agreement with Glitnir (court case).

Endorsement by the Board of Directors and the CEO

Orkuveita Reykjavíkur (Orkuveitan) is a partnership that complies with the Icelandic law no.136/2013 on the founding of the partnership Orkuveita Reykjavíkur. Orkuveitan's statutory role is to engage in the harnessing, production and sale of electricity, hot water and steam, and the operation of basic systems, such as a distribution system for electricity, heating, water supply, sewerage and fiber optics system, as well as other similar activities. It also encompasses other operations that can benefit from Orkuveitan's research, knowledge, or facilities, as well as industrial development and innovation, as this relates to the company's core operations.

The condensed consolidated interim financial statements for the period 1 January to 31 March 2024 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 Orkuveitan and subsidiaries. The interim financial statements have not been reviewed by the independent auditor of the company.

Profit of operations of the Group for the period 1 January to 31 March 2024 was ISK 2.902 million (1.1.-31.3.2023: Profit ISK 2.345 million). Comprehensive income for the period 1 January to 31 March 2024 was ISK 4.134 million (1.1.-31.3.2023: negative ISK 383 million). According to the statement of financial position the Group's assets were ISK 487.000 million at the end of the period (31.12.2023: ISK 481.290 million). Book value of equity at the end of the period was ISK 263.118 million (31.12.2023: ISK 258.984 million), resulting in equity ratio of 54,0% (31.12.2023: 53,8%).

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

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

Statement of the Board of Directors and the CEO

According to the best knowledge of the Board of Directors and the CEO of Orkuveita Reykjavíkur, the condensed consolidated interim financial statements are in accordance with the international financial reporting standard IAS 34 on interim financial reporting. It is the opinion of the Board of Directors and the CEO that the interim financial statements give a fair view of the Group's assets, liabilities and financial position 31 March 2024 and the Group's operating return and changes in cash and cash equivalents in the period 1 January to 31 March 2024.

The Board of Directors and the CEO of Orkuveita Reykjavíkur hereby confirm the Group's condensed consolidated interim financial statements for the period 1 January to 31 March 2024.

Reykjavík, 27 May 2024.

The Board of Directors:

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

CEO:

Sævar Freyr Þráinsson

Income Statement

1 January to 31 March 2024

	Notes	2024 1.1.-31.3.	2023 1.1.-31.3.
Operating revenue	4	17.697.036	16.171.384
Redemption of aluminium derivatives		137.982	62.260
Profit from sale of assets		6.094	2.649
Operating revenues, total		<u>17.841.112</u>	<u>16.236.293</u>
Energy purchase and distribution .....	(	2.142.001)	(2.289.285)
Salaries and salary related expenses .....	(	2.556.108)	(2.318.424)
Other operating expenses .....	(	2.163.530)	(1.782.332)
Operating expenses, total	(	<u>6.861.639)</u>	<u>(6.390.040)</u>
EBITDA		<u>10.979.473</u>	<u>9.846.253</u>
Depreciation and amortisation .....	(	4.106.723)	(3.828.778)
Results from operating activities, EBIT		<u>6.872.750</u>	<u>6.017.475</u>
Interest income		117.985	84.562
Interest expenses .....	(	3.859.956)	(4.301.219)
Other income on financial assets and liabilities		165.843	1.316.372
Total financial income and expenses	6	<u>(3.576.128)</u>	<u>(2.900.286)</u>
Share in profit of associated companies		3.943	6.650
Profit before income tax		3.300.565	3.123.840
Income tax .....	(	398.918)	(778.976)
Profit for the period		<u>2.901.648</u>	<u>2.344.864</u>
Attributable to:			
Equity holders of the Company		2.901.769	2.344.839
Minority interest in subsidiaries .....	(	122)	25
Profit for the period		<u>2.901.648</u>	<u>2.344.864</u>

The notes on pages 11 to 20 are an integral part of these Condensed Consolidated Interim Financial Statements.

Statement of Comprehensive Income

1 January to 31 March 2024

	2024	2023
	1.1.-31.3.	1.1.-31.3.
Profit for the period	2.901.648	2.344.864
Other comprehensive income		
Items moved to equity that could be moved later to the income statement		
Translation difference	1.232.751	(2.727.621)
Other comprehensive income, after taxes	1.232.751	(2.727.621)
Total comprehensive income for the period	<u>4.134.398</u>	<u>(382.757)</u>

The notes on pages 11 to 20 are an integral part of these Condensed Consolidated Interim Financial Statements.

Statement of Financial Position

31 March 2024

	Notes	31.3.2024	31.12.2023
Assets			
Property, plant and equipment		434.637.354	430.996.271
Intangible assets		5.975.765	5.950.008
Right-of-use assets		2.326.979	2.293.737
Investments in associated companies		88.671	81.228
Investments in other companies		55.480	55.680
Embedded derivatives in electricity sales contracts		1.444.920	1.914.127
Hedge contracts		45.782	50.239
Deferred tax assets		5.134.940	4.792.026
Total non-current assets		<u>449.709.891</u>	<u>446.133.316</u>
Inventories		1.634.512	1.653.315
Trade receivables	7	8.783.218	6.580.535
Embedded derivatives in electricity sales contracts		0	15.306
Investments in other companies for sale	10	6.207.000	6.207.000
Hedge contracts		222.976	218.901
Other receivables		1.422.609	1.086.871
Prepaid expenses		505.335	382.182
Marketable securities		9.896.735	8.670.016
Cash and cash equivalents		8.617.941	10.342.367
Total current assets		<u>37.290.326</u>	<u>35.156.494</u>
Total assets		<u>487.000.217</u>	<u>481.289.810</u>
Equity			
Revaluation reserve		129.252.994	130.534.225
Equity reserve		86.027.308	82.377.266
Development reserve		136.264	137.330
Fair value reserve		5.807.000	5.807.000
Translation reserve		10.011.633	8.778.883
Retained earnings		31.882.952	31.348.927
Equity attributable to equity holders of the Company		<u>263.118.152</u>	<u>258.983.631</u>
Minority interest		167	290
Total equity		<u>263.118.319</u>	<u>258.983.922</u>
Liabilities			
Loans and borrowings		164.592.556	165.248.925
Lease liabilities		2.211.916	2.227.221
Pension liability		729.746	721.527
Hedge contracts		42.427	110.834
Deferred revenue		1.793.263	1.709.737
Deferred tax liabilities		23.029.275	23.064.598
Total non-current liabilities		<u>192.399.184</u>	<u>193.082.843</u>
Accounts payables		3.870.132	3.957.445
Loans and borrowings		17.075.854	16.928.649
Lease liabilities		185.797	176.490
Embedded derivatives in electricity sales contracts		214.176	0
Hedge contracts		61.044	82.057
Deferred revenue	7	875.602	491.938
Current tax liability		864.136	1.887.042
Other current liabilities		8.335.973	5.699.424
Total current liabilities		<u>31.482.714</u>	<u>29.223.045</u>
Total liabilities		<u>223.881.899</u>	<u>222.305.888</u>
Total equity and liabilities		<u>487.000.217</u>	<u>481.289.810</u>

The notes on pages 11 to 20 are an integral part of these Condensed Consolidated Interim Financial Statements.

Statement of Changes in Equity

1 January to 31 March 2024

	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. 2024									
Equity at 1 January 2024	130.534.225	82.377.266	137.330	5.807.000	8.778.883	31.348.927	258.983.631	290	258.983.922
Translation difference					1.232.751		1.232.751		1.232.751
Profit for the period						2.901.769	2.901.769	(122)	2.901.648
Total comprehensive income	0	0	0	0	1.232.751	2.901.769	4.134.520	(122)	4.134.398
Depreciation transferred to retained earnings	(1.281.232)					1.281.232	0		0
Share in profit of subsidiaries and associates transferred to equity reserve		3.650.042				(3.650.042)	0		0
Other changes								(2)	(2)
Development reserve, amortisation			(1.066)			1.066	0		0
Equity at 31 March 2024	129.252.994	86.027.308	136.264	5.807.000	10.011.633	31.882.952	263.118.151	167	263.118.318

1.1.- 31.3. 2023									
Equity at 1 January 2023	121.092.491	74.657.104	111.277	5.232.000	11.543.578	33.799.290	246.435.741	337	246.436.078
Translation difference					(2.727.621)		(2.727.621)		(2.727.621)
Profit for the period						2.344.839	2.344.839	25	2.344.864
Total comprehensive income	0	0	0	0	(2.727.621)	2.344.839	(382.782)	25	(382.757)
Depreciation transferred to retained earnings	(1.070.394)					1.070.394	0		0
Share in profit of subsidiaries and associates transferred to equity reserve		1.895.909				(1.895.909)	0		0
Other changes								(7)	(7)
Transfer to development reserve			(25.278)			25.278	0		0
Equity at 31 March 2023	120.022.097	76.553.013	86.000	5.232.000	8.815.957	35.343.892	246.052.959	355	246.053.314

The notes on pages 11 to 20 are an integral part of these Condensed Consolidated Interim Financial Statements.

Statement of Cash Flows

1 January to 31 March 2024

	2024	2023
	1.1.-31.3.	1.1.-31.3.
Cash flows from operating activities		
Profit for the period	2.901.648	2.344.864
Adjusted for:		
Financial income and expenses	3.576.128	2.900.286
Share in P/L of associates	(3.943)	(6.650)
Income tax	398.918	778.976
Depreciation and amortisation	4.106.723	3.828.778
Profit from sale of property, plants and equipment	(6.094)	(2.649)
Pension liability, change	8.219	11.250
Working capital from operation before interest and taxes	10.981.598	9.854.855
Inventories, decrease (increase)	18.803	78.325
Current assets, increase	(2.258.406)	(1.757.802)
Current liabilities, increase	1.500.889	1.557.772
Cash generated from operations before interests and taxes	10.242.884	9.733.149
Received interest income	54.382	31.294
Paid interest expenses	(1.802.056)	(1.464.932)
Dividend received	220	190.285
Paid taxes	(351.405)	(417.715)
Net cash from operating activities	8.144.024	8.072.081
Cash flows from investing activities		
Acquisition of property, plant and equipment	(6.272.906)	(4.903.877)
Acquisition of intangible assets	(221.656)	(144.831)
Proceeds from sale of property, plant and equipment	10.051	41.203
Acquisition of associated companies	(3.500)	0
Proceeds from sale of other companies	200	0
Change in marketable securities	(1.011.406)	(857.842)
Net cash used in investing activities	(7.499.216)	(5.865.347)
Cash flows from financing activities		
Proceeds from new borrowings	1.776.491	0
Repayment of borrowings	(4.219.944)	(3.828.766)
Repayment of lease liability	(41.471)	(46.075)
Net cash used in financing activities	(2.484.923)	(3.874.841)
Increase (decrease) in cash and cash equivalents	(1.840.115)	(1.668.107)
Cash and cash equivalents at year beginning	10.342.367	6.650.749
Effect of currency fluctuations on cash and cash equivalents	115.689	(106.837)
Cash and cash equivalents at the end of the period	8.617.941	4.875.805
Investments and financing without payment effects:		
Acquisition of property, plant and equipment	726.373	441.360
Current liabilities, change	(726.373)	(441.360)
Other information		
Working capital from operation	7.985.988	7.892.774

The notes on pages 11 to 20 are an integral part of these Condensed Consolidated Interim Financial Statements.

Notes

1. Reporting entity

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

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

Subsidiaries in the Group	Main operations	Functional currency	Share	
			31.3.2024	31.12.2023
Ljósleiðarinn ehf.	Fiber optics system	ISK	100%	100%
OR Eignir ohf.	Holding company	ISK	100%	100%
Veitur ohf.	Distribution of electricity and hot water	ISK	100%	100%
Orka náttúrunnar ohf.	Production and sale of electricity	ISK	100%	100%
ON Power ohf.	Production and sale of electricity	USD	100%	100%
OR- vatns- og fráveita sf.	Cold water and sewage	ISK	100%	100%
Eignarhaldsfélagið Carbfix ohf.	Consulting, researches and innovation	ISK	99,9%	99,9%
Carbfix hf.	Consulting, researches and innovation	EUR	100%	100%
Coda Terminal hf.	Construction of a carbon capture plant	EUR	100%	100%

2. Basis of preparation

a. Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with international Financial Reporting Standard IAS 34 Interim Financial Reporting. They do not include all of the information required for a complete set of consolidated annual financial statements and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2023. Same accounting principles are applied as for the year 2023. The annual financial statements can be found at the company's web site; www.orkuveitan.is and at the web site of the Icelandic Stock exchange market; www.nasdaqomxnordic.com.

The consolidated interim financial statements were approved by the Board of Directors on 27 May 2024.

b. Change in presentation

The presentation of the income statement has been changed from the same period last year. The change consists in the redeemed aluminum which is now included in the operating income, but was previously included in financial income and expenses. It is the opinion of the company's management that the changed classification gives a clearer picture of the company's operating income. The presentation of comparative amounts in the income statement have been changed accordingly.

The presentation of work in progress in the balance sheet has been changed. Work in progress will be sold within the group and have therefore been reclassified among fixed assets and intangible assets in accordance with their final classification.

c. 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.

d. 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, derivative agreement, embedded derivatives in electricity sales contracts, assets held for sale and other financial assets and liabilities are stated at fair value. The methods used to measure fair values are discussed further in note 41 with the consolidated financial statements for the year ended 31 December 2023.

Notes

2. Basis of preparation, contd.

e. *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.

ii) **Subsidiary 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.

f. *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.

Notes

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 5 and income by segment in note 6.

Products and services	Nature, timing of revenue recognition and payments terms
a. Electricity	ON Power ohf. and Orka náttúrunnar ohf. generate electricity and sell electricity and Utilities distribute electricity according to law no. 65/2003. Revenue from the sale and distribution of electricity is recognised in the income statement according to measured delivery to customer over the period plus a fixed fee. The rate for the distribution of electricity has a revenue cap set by the National Energy Authority in accordance with laws on energy number 65/2003. Upon connection of new users to distribution systems of electricity and upon renewal of connection an initial fee is charged. The initial fee is intended to cover cost of new distribution systems and their renewal. Connection fee is recognised in the income statement upon delivery of the service. Trade receivables from the sale and distribution of electricity generally have a 30 day grace period. Some contracts with certain customers may have different payment arrangements but that is an exception.
b. Hot water	ON Power, Orka náttúrunnar and Utilities generate harness hot water and Utilities distribute harness hot water. Revenue from the sale and distribution of harness hot water is recognised in the income statement according to measured delivery to customer over the period plus a fixed fee. Upon connection of new users to distribution systems of harness hot water or upon renewal of connection an initial fee is charged. The initial fee is intended to cover cost of new distribution systems and their renewal. Connection fee is recognised in the income statement upon delivery of the service. Trade receivables from the sale and distribution of harness hot water generally have a 30 day grace period. Some contracts with certain customers may have different payment arrangements but that is an exception.
c. Cold water	OR - vatns- og fráveita collects and distributes cold water from reservoirs. Revenue from the sale of cold water is based on the size of properties plus a fixed fee which is recorded over the period in the income statement. The legal limitation on the upper limit of the rate is 0,5% of the real estate value. In addition revenue is stated for cold water according to measurement from specific industries. Upon connection of new users to distribution systems of cold water and upon renewal of connection an initial fee is charged. The initial fee is intended to cover cost of new distribution systems and their renewal. Connection fee is recognised in the income statement upon delivery of the service. Trade receivables from the sale of cold water generally have a 30 day grace period. Some contracts with certain customers may have different payment arrangements but that is an exception. Billing for cold water and sewage is done in the first 9 months of the year but income is distributed evenly over the year.

Notes

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

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

4. Revenues from sales of goods and services

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

	2024	2023
	1.1.-31.3.	1.1.-31.3.
Electricity.....	6.383.040	6.144.763
Hot water.....	6.329.184	5.834.814
Cold water.....	991.659	915.238
Sewer system.....	1.776.386	1.656.758
Other revenues.....	2.216.766	1.619.811
Revenues from sales of goods and services total.....	17.697.036	16.171.384

Notes

5. Segment reporting

Segment information is presented by the Group's internal reporting. Business segments presented are Utilities, that represent licensed operations in hot and cold water, distribution of electricity and sewage, Energy sale and production, representing the competitive operations in producing and sale of electricity and hot water and Other Operation, that represents the activities of the parent company, the fiber optic operations and the Carbfix companies. The parent company's main activities is providing service to subsidiaries, rental of housing and equipment, incidental sale of specialist consultancy services and more. Ljósleiðarinn represents the fiber optic operations and the Carbfix companies are working on development and distribution the 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 41 with the consolidated financial statements for the year ended 31 December 2023.

Business segments - divisions

1.1.- 31.3. 2024	Utilities	Energy sale and production	Other Operation	Adjustments	IFRS 16*	Total
External revenue	11.744.250	4.541.771	1.555.090	0		17.841.112
Inter-segment revenue	1.402.762	2.338.922	2.613.856 (	6.355.541)		0
Total segment revenue	13.147.013	6.880.694	4.168.946 (	6.355.541)		17.841.112
Segment operation expenses	(6.804.779)	(3.149.087)	(3.321.184)	6.318.857	94.554 (	6.861.639)
Segment profit EBITDA	6.342.234	3.731.607	847.762 (	36.683)	94.554	10.979.473
Depreciation and amortisation	(1.877.449)	(1.488.954)	(729.391)	23.634 (	34.562)	(4.106.723)
Segment results, EBIT	4.464.785	2.242.653	118.370 (	13.049)	59.992	6.872.750
Financial income and expenses	(1.536.606)	(594.257)	(737.865)	(686.648)	(20.751)	(3.576.128)
Share in loss of associated companies	0	0	3.943	0		3.943
Income tax	(439.902)	(336.155)	129.187	262.707 (	14.754)	(398.918)
Profit (loss) for the period	2.488.276	1.312.241	(486.364)	(436.990)	24.486	2.901.648
1.1.- 31.3. 2023						
External revenue	10.261.627	4.900.657	1.074.009	0		16.236.293
Inter-segment revenue	1.069.543	1.997.809	2.389.595 (	5.456.948)		0
Total segment revenue	11.331.170	6.898.466	3.463.604 (	5.456.948)		16.236.293
Segment operation expenses	(5.829.082)	(3.277.374)	(2.807.749)	5.431.339	92.827 (	6.390.040)
Segment profit EBITDA	5.502.088	3.621.092	655.855 (	25.609)	92.827	9.846.253
Depreciation and amortisation	(1.737.117)	(1.431.767)	(636.343)	15.355 (	38.906)	(3.828.778)
Segment results, EBIT	3.764.970	2.189.326	19.512 (	10.254)	53.921	6.017.475
Financial income and expenses	(2.509.714)	(1.019.600)	55.893	589.126 (	15.991)	(2.900.286)
Share in loss of associated companies	0	0	6.650	0		6.650
Income tax	(214.373)	(238.762)	(36.981)	(274.598)	(14.262)	(778.976)
Profit for the period	1.040.883	930.964	45.075	304.274	23.668	2.344.864

* 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 (31.3.2024)						
Property, plant and equipment and intangible assets	231.327.281	154.122.502	55.424.575 (	261.239)		440.613.119
Right-of-use assets					2.326.979	2.326.979
Other assets	28.804.151	11.809.332	180.264.423 (	176.817.786)		44.060.119
						<u>487.000.217</u>
Loans and borrowings	83.457.296	55.640.798	184.368.410 (	141.798.094)		181.668.410
Lease liabilities					2.397.713	2.397.713
Other liabilities	19.754.981	14.282.649	41.623.232 (	35.845.086)		39.815.776
						<u>223.881.899</u>
Investments (1.1.-31.3.2024)						
Property, plant and equipment and intangible assets	2.850.793	1.260.060	1.649.488	0		5.760.341
Balance sheet (31.12.2023)						
Property, plant and equipment and intangible assets	230.353.938	152.358.342	54.495.239 (	261.239)		436.946.279
Right-of-use assets					2.293.737	2.293.737
Other assets	25.611.049	10.055.838	178.924.277 (	172.541.371)		42.049.793
						<u>481.289.810</u>
Loans and borrowings	82.731.886	55.536.810	184.377.574 (	140.468.696)		182.177.574
Lease liabilities					2.403.711	2.403.711
Other liabilities	18.802.222	13.418.382	38.804.246 (	33.300.248)		37.724.603
						<u>222.305.888</u>
Investments (1.1.-31.3.2023)						
Property, plant and equipment and intangible assets	2.626.448	476.330	2.259.348 (	984.944)		4.377.182

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

Notes

6. Financial income and expenses

	2024	2023
	1.1.-31.3.	1.1.-31.3.
Financial income and expenses are specified as follows:		
Interest income	117.985	84.562
Interest expenses and paid indexation	(1.975.103)	(1.646.857)
Indexation	(1.783.590)	(2.535.278)
Guarantee fee to owners 1)	(101.263)	(119.084)
Total interest expenses	(3.859.956)	(4.301.219)
Fair value changes of embedded derivatives in electricity sales contracts	(698.689)	581.853
Fair value changes of financial assets and financial liabilities through P/L	215.313	183.875
Unredeemed fair value changes of hedge contracts	89.037	(101.291)
Foreign exchange difference	559.962	407.979
Dividends	220	243.955
Total of other income (expenses) on financial assets and liabilities	165.843	1.316.372
Total financial income and expenses	(3.576.128)	(2.900.286)

1) The Group paid a guarantee fee to the owners of the company for guarantees they have made on the Groups loans and borrowings according to a decision made on the annual meeting of Reykjavik Energy in 2005. The fee on yearly basis for its licensed operations is 0,86% (2023: 0,81%) and 0,66% (2023: 0,65%) regarding loans due for operations in the open market. The guarantee fee is calculated on total loans quarterly. The guarantee fee amounted to ISK 101 million in the period 1 January to 31 March 2024 (1.1.-31.3.2023: ISK 119 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 41 with the financial statements of the Group for the year 2023. Change in fair value that is recognized in the income statement amounts to ISK 394 million expense in the period 1 January to 31 March 2024 (1.1.-31.3.2023: revenue ISK 664 million). Fair value changes on financial assets and liabilities defined at level 3 amounts to ISK 699 million expense in the period 1 January to 31 March 2024 (1.1.-31.3.2023: revenue ISK 582 million).

7. Receivables and deferred revenue

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

Notes

8. 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:

	31.3.2024		31.12.2023	
	Carrying amount	Fair value	Carrying amount	Fair value
Interest-bearing liabilities	181.668.410	194.045.218	182.177.574	192.855.767

The fair value of interest bearing liabilities is calculated based on present value of future principal and interest cash flows, discounted at the interest rate plus appropriate interest rate risk premium at the reporting date. The fair value of interest bearing liabilities is defined at Level 2.

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:

	31.3.2024	31.12.2023
Embedded derivatives in electr. sales contr.	7,67% to 9,21%	7,32% to 9,24%
Hedge contracts	4,53% to 5,59%	4,3% to 5,6%
Interest bearing loans	2,31% to 12,16%	2,32% to 10,06%

Sensitivity analysis on effect of change in interest rates, currency and price of aluminium are shown in note 29 in the financial statements of the Group for the year 2023. 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 condensed 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
31.3.2024				
Shares in companies	0	0	6.262.480	6.262.480
Embedded derivatives in sales contracts	0	0	1.230.744	1.230.744
Hedge contracts	0	165.286	0	165.286
Marketable securities	9.896.735	0	0	9.896.735
	9.896.735	165.286	7.493.224	17.555.245
31.12.2023				
Shares in companies	0	0	6.262.680	6.262.680
Embedded derivatives in sales contracts	0	0	1.929.433	1.929.433
Hedge contracts	0	76.249	0	76.249
Marketable securities	8.670.016	0	0	8.670.016
	8.670.016	76.249	8.192.113	16.938.379

Notes

9. 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 2024 as well as a statement of receivables and payables at the end of the period. Transactions and positions with subsidiaries are eliminated in the interim financial statement, therefore that information is not provided. This information does not include sale of conventional household supplies to the related parties.

	2024	2023
	1.1.-31.3.	1.1.-31.3.
Sale to related parties:		
Reykjavik City.....	368.582	416.034
Institutions and companies controlled by Reykjavik City.....	194.410	179.989
	<u>562.992</u>	<u>596.023</u>
Purchases from related parties:		
Reykjavik City.....	19.244	34.148
Institutions and companies controlled by Reykjavik City.....	4.654	26.075
Associates.....	28.683	26.598
	<u>52.581</u>	<u>86.821</u>
	31.3.2024	31.12.2023
Receivables for related parties:		
Reykjavik City.....	206.048	320.908
Institutions and companies controlled by Reykjavik City.....	70.458	37.299
	<u>276.506</u>	<u>358.207</u>
Payables for related parties:		
Reykjavik City.....	134.855	197.221
Institutions and companies controlled by Reykjavik City.....	1.359	1.879
Associates.....	0	14
	<u>136.214</u>	<u>199.114</u>
	2024	2023
	1.1.-31.3.	1.1.-31.3.
Guarantee fee paid to owners of the company:		
Reykjavik City	94.246	110.820
Akranes town	6.510	7.655
Borgarbyggð, municipality	508	609
	<u>101.263</u>	<u>119.084</u>

RE paid a guarantee fee to Reykjavik City and other owners of the company for guarantees they have granted on the Groups loans and borrowings. For further information regarding amounts and the guarantee fee, see note 6.

Notes

10. Other matters

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

In 2023, the arbitration process continued regarding the interpretation of the provisions of the electricity sales contract with Norðurál, which ON Power is in charge of implementing. The case pertains to RE's demand for a review of contracts, where the balance between the interests of the contracting parties has been disturbed due to events and assumptions over which RE has no control. In this phase of the case, will result of the arbitration only refer to whether the balance between the contracting parties has been disturbed due to unforeseeable incidents, resulting in a discussion of changes in contracts, but not to take a position on possible amounts.

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. As a result, negotiations began with representatives of the Ministry of Finance on the matter. At the end of 2022, the ministry negotiated with state-owned companies to purchase their shares in Landsnet, but the ministry wanted to finalise those agreements before its purchase of RE's shares was completed. The sale of RE's shares in Landsnet was not finalised in the year 2023 as had been planned. The book value of the shares in Landsnet is estimated at ISK 6,2 billion on 31.3.2024 and is included among current assets.

Repair at headquarters

In 2015, severe water damage occurred at the company's headquarters on Bæjarháls 1. The renovation of the exterior walls of the building has been completed and the construction of the interior has begun. RE has entered into a construction contracts for the internal work, and the total liability for these contracts are ISK 1.773,9 million. According to the construction contract the completion of all construction works is 31 December 2024.

11. Events after the reporting period

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