Heimar hf.

Condensed Consolidated Interim Financial Statements

1 January to 30 June 2026

This financial statement is a translation of the original Icelandic financial statement. In the event of any discrepancy between the Icelandic and English versions, the Icelandic version shall prevail.

Heimar hf.
Hagasmára 1
201 Kópavogur, Iceland
Reg. no. 630109-1080

Contents

Endorsement and Statement by the Board of Directors and the CEO

The operations of Heimar hf. consist of the ownership, development, leasing and operation of real estate used for commercial activities, such as retail and services, industry, offices, and sports and leisure activities. The Company further sells services related to leasing and property operations, such as cleaning, caretaking, maintenance and general property management.

The interim financial statements of Heimar hf. for the period 1 January to 30 June 2026 have been prepared in accordance with the international accounting standard IAS 34 Interim Financial Reporting, as adopted by the European Union, and additional disclosure requirements in the Financial Statements Act no. 3/2006. The interim financial statements comprise the condensed consolidated financial statements of Heimar hf. and its subsidiaries.

Operations and financial position

Operating revenue of the Heimar hf. Group amounted to ISK 8,745 million in the period 1 January to 30 June 2026, compared to ISK 7,578 million for the same period in 2025. The Group's operating profit before value adjustment amounted to ISK 5,830 million in the period, compared to ISK 5,088 million for the same period the previous year.

Profit from the Group's operations in the period amounted to ISK 4,568 million according to the statement of profit or loss, compared to ISK 1,114 million for the same period in 2025. The value adjustment of investment properties amounted to ISK 7,669 million in the period, compared to ISK 1,414 million in the same period of 2025. The higher value adjustment between the years is explained by the rise in the price level in 2026, while at the same time the required rate of return increased in the same period of 2025, which resulted in a lower value adjustment in that period.

Total assets of the Group amounted to ISK 256,263 million at the end of the period according to the statement of financial position. The Company's equity amounted to ISK 82,284 million, including share capital of ISK 1,939 million. The Company's equity ratio was 32% at the end of June 2026.

Outlook

Rising interest rates, price levels and inflation expectations have a direct upward effect on the Company's operating revenue and expenses. It is the assessment of the Board of Directors and management that the composition of the Company's tenants significantly reduces the risk of increased arrears, despite increases in the rent charged to the Company's customers, and recent periods have borne this out. The Company's rental income is for the most part index-linked, at approximately 94%. Demand for leased premises has remained stable, and the Company seeks to ensure that its portfolio consists of sought-after quality assets for which there will be demand in the future. The Company's largest single expense item, apart from finance expenses, is property taxes, and the increase in the official property assessment value in 2026 amounts to approximately 4% from the previous year.

Statement by the Board of Directors and the CEO

To the best of the knowledge of the Board of Directors and the CEO, the condensed consolidated interim financial statements are prepared in accordance with the international accounting standard IAS 34 Interim Financial Reporting, as adopted by the European Union, and additional disclosure requirements in the Financial Statements Act no. 3/2006. It is the opinion of the Board of Directors and the CEO that the interim financial statements give a true and fair view of the assets, liabilities and financial position of the Group as at 30 June 2026, of its operating results, and of the changes in cash and cash equivalents in the period 1 January to 30 June 2026.

Furthermore, it is the opinion of the Board of Directors and the CEO that the interim financial statements and the endorsement of the Board of Directors and the CEO give a clear overview of the development and performance of the Group's operations and of its position, and describe the principal risk factors and uncertainties faced by the Group.

The Board of Directors and the CEO of Heimar hf. have today discussed the consolidated interim financial statements for the period 1 January to 30 June 2026 and confirmed them by means of their signatures.

Kópavogur, 27 August 2026.

The Board of Directors:

Tómas Kristjánsson, Chairman of the Board

Birgir Már Ragnarsson

Guðrún Tinna Ólafsdóttir

Heiðrún Emilía Jónsdóttir

Steingrímur Halldór Pétursson

CEO:

Halldór Benjamín Þorbergsson

Independent Auditor's Review Report

To the Shareholders and the Board of Directors of Heimar hf.

We have reviewed the accompanying condensed consolidated interim financial statements of Heimar hf. for the period 1 January to 30 June 2026. The condensed consolidated interim financial statements comprise the endorsement of the Board of Directors, the statement of profit or loss and comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and the notes.

Responsibility of the Board of Directors and the CEO for the condensed consolidated interim financial statements

The Board of Directors and the CEO are responsible for the preparation and presentation of the condensed consolidated interim financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and additional disclosure requirements in the Financial Statements Act.

Scope of review

Our review was conducted in accordance with International Standard on Review Engagements ISRE 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters of the Company, together with analytical procedures applied to the various items of the financial statements 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 condensed consolidated interim financial statements do not give a true and fair view of the Company's performance for the period, of its financial position as at 30 June 2026, of the changes in equity in the period and of the changes in cash and cash equivalents in the period, in accordance with International Financial Reporting Standards as adopted by the European Union and additional disclosure requirements in the Financial Statements Act.

Kópavogur, 27 August 2026.

Deloitte ehf.

Ingvi Björn Bergmann
Certified Public Auditor

Consolidated Statement of Profit or Loss and Comprehensive Income for the period 1 January – 30 June 2026

	Note	2026 1.1.-30.6.	2025 1.1.-30.6.
Rental income		8.325	7.169
Income from operations in real estates		420	409
Operating revenue	5	8.745	7.578
Operating expenses of investment properties		(1.780)	(1.464)
Operations in real estates		(655)	(599)
Administrative expenses		(480)	(427)
Operating expenses	6	(2.915)	(2.490)
Operating profit before value adjustment		5.830	5.088
Value adjustment of investment properties	8	7.669	1.414
Depreciation of assets for own use		(35)	(32)
Operating profit		13.463	6.471
Financial income and (finance expenses):			
Financial income		78	144
Finance expenses		(7.862)	(5.236)
Net finance expenses	7	(7.784)	(5.092)
Share in profit of associates	10	31	13
Profit before income tax		5.710	1.393
Income tax		(1.142)	(279)
Comprehensive income for the period		4.568	1.114
Earnings per share		2,34	0,62
Diluted earnings per share		2,33	0,62

The notes on pages 10 - 14 are an integral part of the interim financial statements.

Amounts are in ISK million

Consolidated Statement of Financial Position as at 30 June 2026

	Note	30.6.2026	31.12.2025
Assets			
Investment properties	8	242.568	228.528
Properties and equipment for own use		727	727
Lease deferrals		243	266
Bonds and long-term receivables		70	43
Investments in associates	10	6.093	6.093
Non-current assets		249.701	235.657
Trade receivables		749	832
Other short-term receivables		964	924
Lease deferrals		63	84
Cash and cash equivalents		4.786	2.908
Current assets		6.563	4.748
Total assets		256.263	240.405
Share capital		1.939	1.967
Share premium		20.467	21.439
Restricted equity		35.814	37.196
Retained earnings		24.064	18.882
Equity		82.284	79.483
Interest bearing liabilities	9	134.153	129.890
Lease liability		5.703	5.530
Deferred income tax liability		19.616	18.474
Non-current liabilities		159.471	153.893
Interest bearing liabilities	9	11.786	4.578
Current portion of lease liability		0	48
Trade and other short-term payables		2.721	2.403
Current liabilities		14.508	7.028
Total liabilities		173.978	160.922
Total equity and liabilities		256.263	240.405

The notes on pages 10 - 14 are an integral part of the interim financial statements.

Amounts are in ISK million

Consolidated Statement of Changes in Equity for the period 1 January – 30 June 2026

	Share capital	Share premium	Restricted equity	Retained earnings	**Total**
1 January to 30 June 2025					
Equity as at 1.1.2025	1.764	14.206	36.952	11.600	64.521
Comprehensive income for the period				1.114	1.114
Transferred to restricted equity account			2.342	(2.342)	0
Transferred to statutory reserve		(61)	61		0
Share capital increase	258	9.229			9.487
Purchase of treasury shares	(14)	(485)			(499)
Dividend				(750)	(750)
Dividend received from subsidiaries			(10.000)	10.000	0
Share option agreements				15	15
Equity 30.6.2025	2.008	22.888	29.355	19.637	73.888
1 January to 30 June 2026					
Equity as at 1.1.2026	1.967	21.439	37.196	18.882	79.483
Comprehensive income for the period				4.568	4.568
Transferred to restricted equity account			5.918	(5.918)	0
Purchase of treasury shares	(28)	(972)			(1.000)
Dividend				(782)	(782)
Dividend received from subsidiaries			(7.300)	7.300	0
Share option agreements				15	15
Equity 30.6.2026	1.939	20.467	35.814	24.064	82.284

The notes on pages 10 - 14 are an integral part of the interim financial statements.

Amounts are in ISK million

Consolidated Statement of Cash Flows for the period 1 January – 30 June 2026

	Note	2026 1.1.-30.6.	2025 1.1.-30.6.
Cash flows from operating activities			
Comprehensive income for the period		4.568	1.114
Adjusted for:			
Value adjustment of investment properties	8	(7.669)	(1.414)
Depreciation of assets for own use		35	32
Net finance expenses	7	7.784	5.092
Share of profit of associates	10	(31)	(13)
Income tax		1.142	279
		5.830	5.088
Change in operating assets		59	(289)
Change in operating liabilities		352	(218)
		6.241	4.581
Interest income received	7	78	144
Interest expenses paid	7	(2.796)	(2.381)
Paid interest expense from lease liabilities		(163)	(95)
Net cash provided by operating activities		3.361	2.250
Cash flows from investing activities			
Investment in investment properties	8	(6.010)	(5.361)
Sales price of investment properties	8	0	26
Dividend received from associates	10	31	308
Investment in properties and equipment for own use (net change)		(35)	(18)
Cash and cash equivalents acquired on acquisition of subsidiaries		0	64
Net cash used in investing activities		(6.014)	(4.981)
Cash flows from financing activities			
Purchase of treasury shares		(1.000)	(499)
Dividend paid		(782)	(750)
New long-term borrowings	9	17.139	8.277
Repayments and settlements of interest bearing long-term liabilities	9	(10.781)	(4.579)
Repayments of lease liabilities		(46)	(104)
Net cash provided by financing activities		4.531	2.346
Changes in cash and cash equivalents		1.878	(386)
Cash and cash equivalents at the beginning of the year		2.908	3.780
Cash and cash equivalents at the end of the period		4.786	3.395
Investing and financing activities not affecting cash flows			
Investment in investment properties	8	0	(17.918)
New share capital sold		0	9.487
Liabilities acquired		0	8.431

The notes on pages 10 - 14 are an integral part of the interim financial statements.

Amounts are in ISK million

Notes

1. **General information**
Heimar hf. (“the Company”), reg. no. 630109-1080, is located at Hagasmári 1 in Kópavogur. The consolidated interim financial statements of the Company for the period 1 January – 30 June 2026 comprise the interim financial statements of the Company and its subsidiaries, together referred to as the “Group” and individually as “Group entities”. The Company is a public limited liability company, listed on the Icelandic Stock Exchange (Nasdaq Iceland hf.).

2. **Basis of preparation**
The consolidated interim financial statements have been prepared in accordance with the international accounting standard on interim financial reporting, IAS 34, as adopted by the European Union, and additional disclosure requirements in the Financial Statements Act no. 3/2006. The condensed consolidated interim financial statements do not include all the information required in complete annual financial statements and should be read in conjunction with the consolidated financial statements of the Group for the year 2025.

The Board of Directors approved and signed the interim financial statements on 27 August 2026.

3. **Significant accounting policies**
The same accounting policies have been applied in the preparation of these interim financial statements as were applied in the preparation of the consolidated financial statements of the Group for the year 2025. The annual financial statements are available from the Company or on its website www.heimar.is.

The interim financial statements are presented in Icelandic krona (ISK), which is the Company's functional currency, and all amounts are presented in ISK million. They have been prepared on the historical cost basis, except that the Group's investment properties are measured at fair value.

The difference between the fair value and the carrying amount of financial assets and financial liabilities is insignificant.

4. **Use of estimates and judgements by management**
The preparation of interim financial statements in accordance with International Financial Reporting Standards 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.

Information about significant decisions where accounting policies have the most significant effect on the carrying amount of assets is included in note 8 - valuation of investment properties.

5. **Operating revenue**
Operating revenue is specified as follows:

	2026 **1.1.-30.6.**	**2025** **1.1.-30.6.**
Rental income from leases	8.367	7.213
Deferred rental income	(43)	(44)
Total rental income	8.325	7.169
Income from operations in real estates	420	409
Total operating revenue	8.745	7.578

6. Operating expenses

Operating expenses are specified as follows:

	2026 1.1.-30.6.	2025 1.1.-30.6.
Property tax, water and sewage fees	1.044	939
Insurance	149	130
Maintenance and refurbishment	239	220
Energy and waste disposal	108	94
Depreciation and amortization of receivables	59	40
Salaries and salary related expenses	905	769
Capitalised salaries	(163)	(162)
Other operating expenses	574	461
Total operating expenses	2.915	2.490

7. Financial income and finance expenses

Financial income and finance expenses are specified as follows:

	2026 1.1.-30.6	2025 1.1.-30.6
Interest income	78	144
Total financial income	78	144
Interest expense	(2.770)	(2.419)
Capitalised interest expense	191	95
Borrowing cost	(80)	(29)
Interest expense from leases	(163)	(95)
Indexation	(5.040)	(2.788)
Total finance expenses	(7.862)	(5.236)
Net finance expenses	(7.784)	(5.092)

Capitalised interest expenses relate to properties under construction or undergoing considerable renovation that are not leased out. Interest is calculated using average indexed interest rates and reflects the average terms of the Company's financing at any given time.

8. Investment properties

The Group's investment properties are measured at fair value at the reporting date in accordance with the international accounting standards IAS 40 Investment Property and IFRS 13 Fair Value Measurement. Assets under development whose fair value cannot be reliably estimated are recognised at cost. All investment properties fall under level 3 of the fair value classification system, which means that the valuation is not based on available market information. When valuing investment properties, the discounted future cash flow of individual properties is used. The cash flow model is based on free cash flow to the Group, which is discounted using the weighted average cost of capital (WACC) required of the Company. The cash flow plan in the model is for 30 years. The valuation of investment properties is carried out by employees of the parent company and is based on the same valuation method as the previous year.

The required return on equity is estimated based on the CAPM (Capital Asset Pricing Model), which is based on risk-free indexed interest rates. The benchmark for risk-free interest is based on the 3-month average yield of a long-term index-linked government-backed bond. In addition to risk-free interest, there is a premium to cover the risk associated with the Company's underlying operations at any given time. Interest on loan capital is assessed considering the general interest rates offered on the market. The leverage ratio is expected to be 65% for the future.

Included in the valuation of investment properties are furnishings and other accessories necessary to ensure the properties' income flow. The determination of the fair value of investment properties is based on assumptions that depend on management's judgement, and therefore the actual sale price may differ from the estimate.

Amounts are in ISK million

Segmentation of investment properties is specified as follows:	The Group's investment properties	Right-of-use assets	Total
Carrying amount			
Balance as at 1.1.2026	222.951	5.578	228.528
Investment properties purchased	1.782		1.782
Improvements during the period	4.418		4.418
Adjustments due to revaluation of lease liabilities		171	171
Value adjustment for the period	7.714	(46)	7.669
Balance as at 30.6.2026	236.865	5.703	242.568

Segmentation of investment properties 2025:			
Carrying amount			
Balance as at 1.1.2025	188.180	3.247	191.427
Investment properties purchased	21.064	2.471	23.535
Improvements during the year	6.005		6.005
Sold during the year	(26)		(26)
Adjustments due to revaluation of lease liabilities		72	72
Value adjustment for the year	7.728	(212)	7.516
Balance as at 31.12.2025	222.951	5.578	228.528

Segmentation of the Group's investment properties 30.6.2026:

	Commercial buildings	Office buildings	Industrial and storage buildings	Hotels	Sports, education and entertainment	Assets under development	Total
Carrying amount							
Balance as at 1.1.	67.383	83.647	16.408	26.643	25.717	3.152	222.951
Reclassification	240	81	(76)	0	0	(245)	0
Purchased during the period	46	1.737	0	0	0	0	1.782
Improvements during the period	1.062	888	62	26	836	1.544	4.418
Value adjustment for the period	2.693	2.737	684	837	774	(10)	7.714
Balance as at 30.6.	71.424	89.090	17.078	27.505	27.327	4.441	236.865
Pre-tax weighted average cost of capital (WACC)	6,45%	6,37%	6,85%	6,77%	6,29%		6,47%

Amounts are in ISK million

Segmentation of the Group's investment properties 31.12.2025:

	Commercial buildings	Office buildings	Industrial and storage buildings	Hotels	Sports, education and entertainment	Assets under development	**Total**
Carrying amount							
Balance as at 1.1.	60.797	65.459	14.211	19.496	24.779	3.437	188.180
Reclassification	1.513	0	0	0	0	(1.513)	0
Purchased during the year	27	14.661	0	6.316	0	60	21.064
Improvements during the year	3.083	1.435	140	120	296	931	6.005
Sold during the year	(26)	0	0	0	0	0	(26)
Value adjustment for the year	1.989	2.092	2.057	711	642	237	7.728
Balance as at 31.12.	67.383	83.647	16.408	26.643	25.717	3.152	222.951
Pre-tax weighted average cost of capital (WACC)	6,44%	6,40%	6,83%	6,80%	6,28%		6,48%

	2026		**2025**	
	Increase	Decrease	Increase	Decrease
Sensitivity analysis of fair value:				
Increase (decrease) in rental income of 5%	14.262	(14.262)	12.633	(12.633)
Decrease (increase) in yield of 0.5 percentage points	18.813	(16.094)	16.679	(14.272)

9. Interest bearing liabilities

Interest bearing liabilities are specified as follows:

	30.6.2026	**31.12.2025**
Green bond issues on the market	61.237	50.416
Green bank loans	3.990	3.979
Green interest-bearing liabilities	65.227	54.395
Other bond issues on the market	46.435	45.481
Other liabilities to credit institutions	35.521	35.733
Other interest bearing liabilities	81.956	81.215
Interest bearing liabilities excluding discounts, premium and capitalised borrowing cost	147.183	135.609
Discounts, premium and capitalised borrowing cost	(1.244)	(1.142)
Current maturities of interest bearing liabilities	(11.786)	(4.578)
Total interest bearing liabilities, non-current portion	134.153	129.890

The Group has arranged short-term credit facilities and undrawn credit lines amounted to ISK 4,600 million at the end of the period.

Amounts are in ISK million

Changes in interest bearing liabilities during the period, excluding discounts, premium and capitalised borrowing cost, are specified as follows:

	2026 1.1.-30.6.	2025 1.1.-31.12.
Interest bearing liabilities 1 January	135.609	118.019
New borrowings	17.315	18.877
Interest bearing liabilities acquired through acquisition of companies	0	7.487
Repayments and settlements of long-term liabilities	(10.781)	(12.916)
Indexation	5.040	4.142
Interest bearing liabilities at the end of the period	147.183	135.609

10. Investments in associates

Klasi ehf. holdings 33.3%
Klasi ehf., Silfursmári 12, 201 Kópavogur, is a real estate development company owned in equal shares by Heimar hf., Hagar hf. and KLS eignarhaldsfélag.
Tómas Kristjánsson, Chairman of the Board of Heimar hf., is also one of the main owners of KLS eignarhaldsfélag ehf. and sits on the board of Klasi ehf.

Total assets of Klasi ehf. as at 30.6.2026 were ISK 25,319 million and the equity ratio was 72%.

Smárabyggð ehf. holdings 20.6%
Smárabyggð ehf., Silfursmári 12, 201 Kópavogur, held real estate and land in Smárabyggð in Kópavogur but that development has been completed. Total assets of Smárabyggð according to the financial statements as at 31.12.2025 were ISK 299 million and the equity ratio was 53%.

Investments in associates are specified as follows:

	30.6.2026	31.12.2025
Carrying amount as at 1.1.	6.093	5.558
Share in profit of associates	31	844
Dividend received from associate	(31)	(308)
Carrying amount as at 30.6. / 31.12.	6.093	6.093

11. Other matters

Legal proceedings
Two legal actions are pending between Heimar atvinnuhúsnæði ehf. and FF11 ehf., co-owner of the property at Miðhraun 4 in Garðabær. The cases concern the settlement between co-owners following the fire on 5 April 2018, and the monetary claims of FF11 ehf. amount in total to approximately ISK 360 million in the two cases, inter alia in respect of alleged loss of rental income, common costs and liability for damages. Heimar atvinnuhúsnæði ehf. has rejected all claims and contested all pleas. The Company's counterclaims amount to ISK 18.9 million. In one of the cases, expert assessments have been obtained and the case is still pending before the District Court. In the other case, which concerns allegedly overpaid security deposits and common costs, judgment was given by the Court of Appeal (Landsréttur) in case no. 607/2024, in which Heimar atvinnuhúsnæði ehf. and the housing association of Miðhraun 4 were acquitted of all claims of FF11 ehf. FF11 ehf. subsequently requested leave to appeal to the Supreme Court, which was granted, and the case will therefore be heard by the Supreme Court. At this point in time it is not possible to assess whether the above-mentioned legal proceedings will have a financial impact on the Company.

Amounts are in ISK million

Quarterly Statement

	Q2 2026	Q1 2026	Q4 2025	Q3 2025	Total
Rental income	4.207	4.118	4.219	4.017	16.560
Income from operations in real estates	213	208	209	207	836
Operating revenue	4.419	4.325	4.428	4.223	17.396
Operating expenses of investment properties	(902)	(878)	(841)	(799)	(3.421)
Operations in real estates	(316)	(339)	(371)	(284)	(1.310)
Administrative expenses	(224)	(255)	(283)	(177)	(939)
Operating expenses	(1.443)	(1.472)	(1.495)	(1.260)	(5.670)
Operating profit before value adjustment	2.977	2.853	2.934	2.963	11.726
Value adjustment of investment properties	3.400	4.268	4.367	1.735	13.771
Depreciation of assets for own use	(18)	(17)	(20)	(16)	(72)
Operating profit	6.359	7.105	7.280	4.681	25.425
Financial income and (finance expenses):					
Financial income	70	8	70	27	176
Finance expenses	(3.534)	(4.328)	(1.536)	(2.524)	(11.922)
Net finance expenses	(3.465)	(4.320)	(1.465)	(2.497)	(11.746)
Share in profit of associates	(17)	48	828	3	862
Profit before income tax	2.877	2.833	6.642	2.188	14.539
Income tax	(575)	(567)	(1.154)	(437)	(2.733)
Comprehensive income for the period	2.301	2.266	5.487	1.750	11.805
Earnings per share					
Earnings per share	1,18	1,15	2,77	0,87	
Diluted earnings per share	1,18	1,15	2,77	0,87	

Amounts are in ISK million