

Renegotiations with power intensive customers lead to stronger results

Profit for the first half of the year USD 145 million

Key figures from the interim financial statements

- Profit before unrealised financial items amounted to USD 165.3 million, compared to USD 99.3 million in the same period of the prior year, an increase of 66.5%.
- The profit for the period was USD 144.5 million but was USD 55.1 million in the same period of the previous year.
- Operating revenues amounted to USD 339.3 million, increasing by USD 77.3 million (29.5%) from the same period of the prior year.
- Net debt decreased by USD 147.5 million from the beginning of the year and amounted to USD 1,353.3 million at the end of June.
- Cash flow from operations amounted to USD 234.9 million, which is an increase of 43.6% compared to the same period of the previous year.
- Average prices to industrial customers excluding transmission was USD 42.1 per megawatt hour, which is the highest price for any six months results in Landsvirkjun's history.

Hörður Arnarson, CEO:

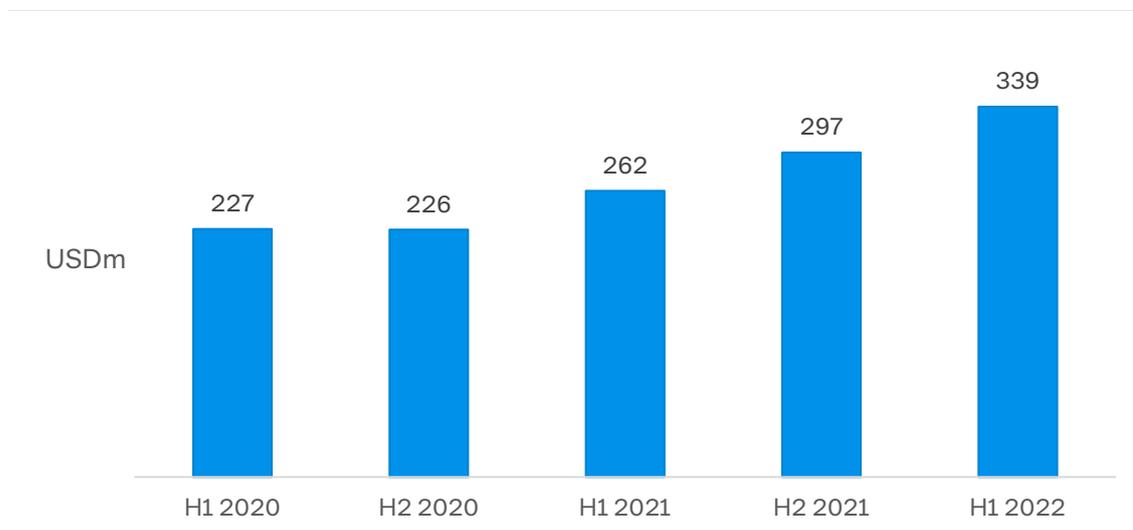
„The profit for the first half of the year is the highest in Landsvirkjun's history. Profit before unrealised financial items increased by two-thirds compared to the same period of last year and amounted to just over USD 165 million. This increase can mostly be attributed to an increase in energy prices to power intensive customers. Operating revenues, amounting to USD 339 million, have never been higher for six month results since Landsvirkjun was founded.

Power station operations were good for the period. After a difficult first quarter, where frequent bad weather and a difficult reservoir status posed some difficulties for the company, spring arrived with high water inflows, resulting in a good status currently.

Power demand was the highest we have seen during the period, where delivery to industrial customers increased by 5%, while wholesale primary power delivery increased by 23%. At the same time, average prices excluding transmission to industrial customers were the highest ever for the first half of the year, USD 42.1 dollars per megawatt hour. This can be largely attributed to the renegotiations that have taken place in recent years and have ensured that most of Landsvirkjun's customers now pay a similar price to that which they would pay in those countries that we compare ourselves with.“

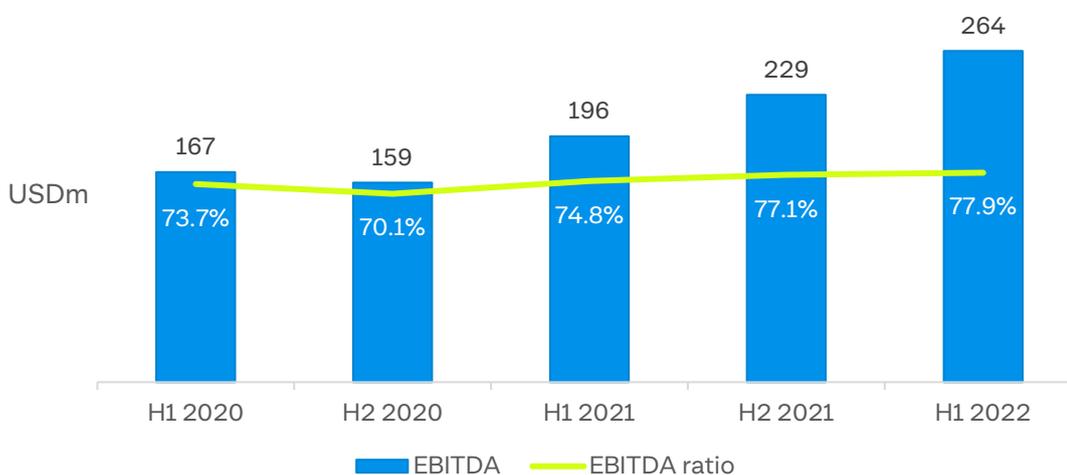
Operations

Development of operating revenues



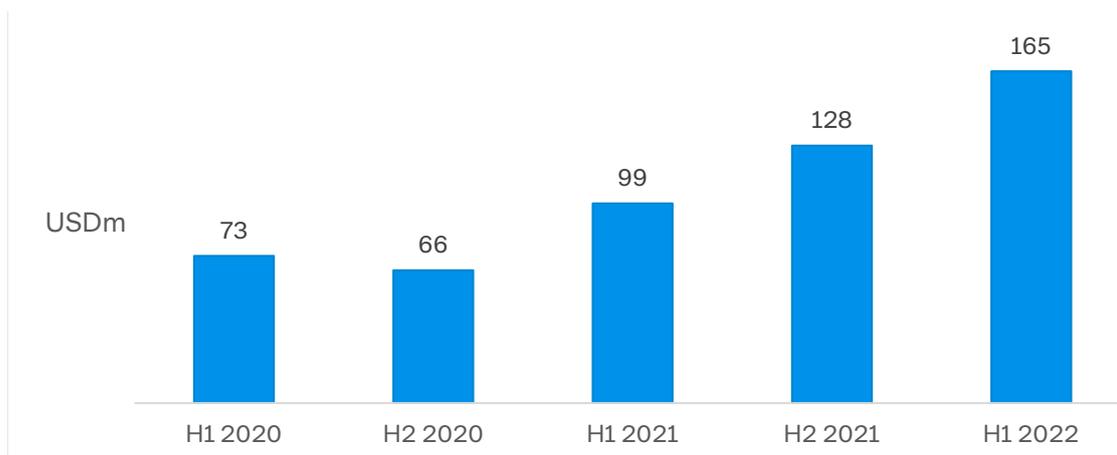
Electricity demand in Iceland is high and in fact exceeds supply. Operating revenues were USD 339 million for the first half of the year, which is 30% higher than for the same period of last year. Prices on international commodity and energy markets were high during the period.

EBITDA and EBITDA ratio



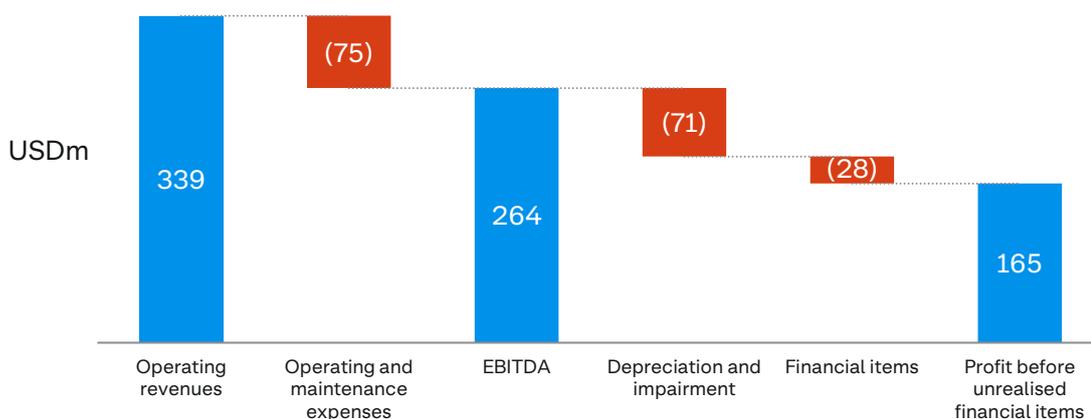
Operating profit before depreciation, EBITDA, amounted to USD 264 million during the first half of the year and has never been higher. This increase is in line with higher revenues.

Profit before unrealised financial items



Profit before unrealised financial items amounted to USD 165 million during the first half of the year and reflects the strong core operation of Landsvirkjun.

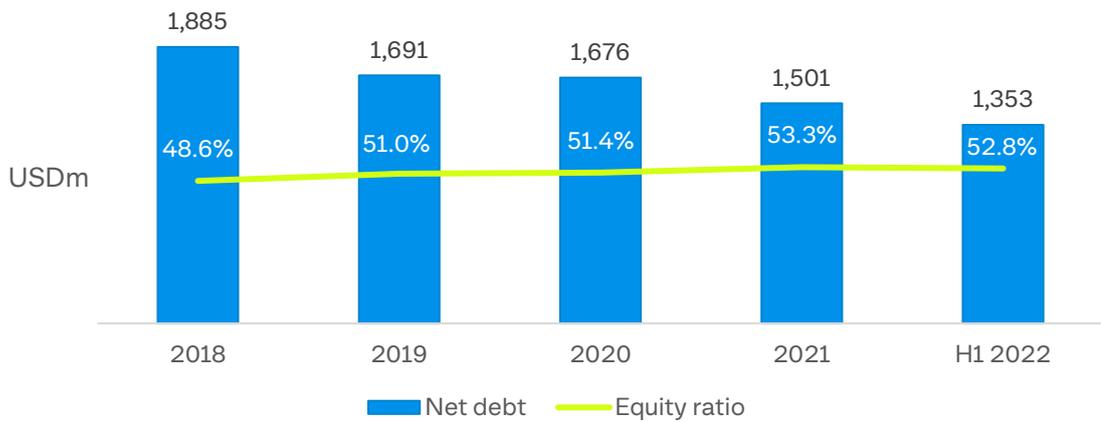
Items affecting profit before unrealized financial items



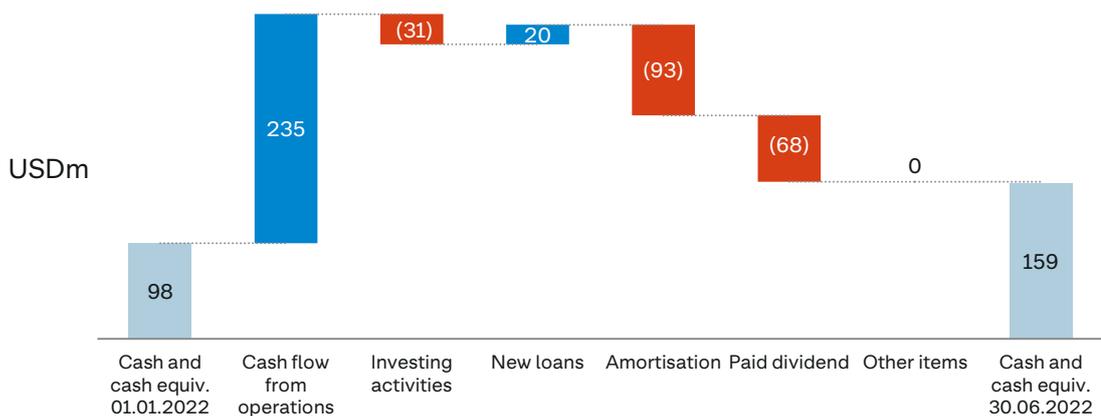
Net debt continues to decrease

The company’s cash generation (cash from operating activities) was USD 235 million during the first half of the year, an increase of USD 71 million from the same period of the prior year. Net debt (interest bearing liabilities less cash and cash equivalents) decreased by USD 148 million from the beginning of the year.

Net debt and equity ratio



Cash and cash equivalents amounted to USD 159 million at the end of June, an increase of USD 62 million from year end 2021.



Operating outlook

Landsvirkjun’s results are very strong at the moment, which is mainly due to the increase in prices to power intensive customers, reflecting renegotiations of power contracts during the past few years. The operating outlook is therefore currently good, but results will continue to be affected by international commodity and energy markets.

Reykjavik, 30 August, 2022
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About the interim financial statements

The Interim Financial Statements of Landsvirkjun are prepared in accordance with International Financial Reporting Standards (IFRS) and are presented in USD which is the parent Company's functional currency.

Key figures from the interim financial statements in thousand USD:

	2022	2021	2020	2019	2018
	1.1.-30.6.	1.1.-30.6.	1.1.-30.6.	1.1.-30.6.	1.1.-30.6.
Operation					
Operating revenues	392,933	276,983	223,281	255,523	273,946
Realised hedges	(53,666)	(15,020)	3,819	4,195	(4,402)
Total operating revenues	339,267	261,963	227,100	259,718	269,544
Operating and maintenance expenses	(75,040)	(65,962)	(59,745)	(61,525)	(71,789)
EBITDA	264,227	196,001	167,355	198,193	197,755
Depreciation and impairment loss	(71,210)	(68,907)	(63,848)	(67,400)	(61,839)
EBIT	193,017	127,094	103,507	130,793	135,916
Financial items	(27,684)	(27,802)	(30,344)	(34,402)	(49,192)
Profit before unrealised financial items	165,333	99,292	73,163	96,391	86,724
Unrealised financial items:					
Fair value changes in embedded derivatives	49,799	21,400	(19,626)	765	(29,133)
Fair value changes in other derivatives	(4,878)	(38,871)	(29)	(3,431)	14,046
Unrealised foreign exchange difference	12,567	942	9,824	8,419	10,037
	57,488	(16,529)	(9,831)	5,753	(5,050)
Profit before income tax	222,821	82,763	63,332	102,144	81,674
Income tax	(78,274)	(27,662)	(19,770)	(33,586)	(27,167)
Profit	144,547	55,101	43,562	68,558	54,507
Balance sheet					
	30.6.2022	30.6.2021	30.6.2020	30.6.2019	30.6.2018
Total assets	4,512,401	4,462,475	4,332,388	4,355,140	4,486,572
Total equity	2,384,666	2,234,624	2,201,115	2,191,134	2,099,502
Total liabilities	2,127,735	2,227,851	2,131,273	2,164,006	2,387,070
Net liabilities	1,353,280	1,591,137	1,631,302	1,758,546	1,992,640
Key figures					
Cash flow from operating activities	234,883	163,540	129,654	159,892	149,239
Investing activities	(30,909)	(56,808)	(40,201)	(32,255)	(96,656)
Financing activities	(141,793)	(10,692)	(92,586)	(165,788)	(66,682)
Total liquidity	339,346	379,412	285,523	422,964	491,026
Equity ratio	52.8%	50.1%	50.8%	50.3%	46.8%
Return on equity	10.7%	4.1%	4.1%	6.4%	6.2%
Interest cover (EBITDA/net interest expenses) ...	8.65x	6.44x	5.43x	5.70x	4.77x
Net liabilities / EBITDA	2.74x	4.48x	4.69x	4.51x	5.30x

About Landsvirkjun

Landsvirkjun, established in 1965, is an energy generation company owned by the Icelandic nation. Landsvirkjun's role is to maximize the value of the renewable energy resources it has been entrusted with, in a sustainable and efficient manner. The Company's vision is a sustainable world, powered by renewable energy. The Company produces 70% of all electricity in Iceland, from 100% renewable energy resources: hydroelectric energy, geothermal energy and wind energy. The Company is a leader in the sustainable utilisation of energy resources, while at the same time contributing to increased knowledge, innovation and technical development in society.