

# LANDSNET

Condensed  
Interim Financial Statement  
January 1st - June 30th 2023

Landsnet hf.  
Gylfaflöt 9  
112 Reykjavík

Reg.no. 580804-2410

# Contents

---

Report of the Board of Directors and the CEO .....	3
Independent Auditors' Review Report .....	4
Income Statement .....	5
Statement of Comprehensive Income .....	6
Statement of Financial Position .....	7
Statement of Equity .....	8
Statement of Cash Flows .....	9
Notes to the Financial Statements .....	10

# Report of the Board of Directors and the CEO

---

The role of Landsnet is to administer the transmission of electricity and system operation in accordance with the provisions of Chapter III of the Electricity Act No. 65/2003.

The Interim Financial Statements are prepared in accordance with IAS 34 Interim Financial Reporting.

Profit of the period amounted to USD 14,907 thousand and total Comprehensive income amounted to USD 15,278. The Company's equity at end of June amounted to USD 471,788 thousand.

Share capital at the end of June 2023 is divided between two shareholders:

	Share
Icelandic State.....	93.22%
Orkuveita Reykjavíkur .....	6.78%

At year-end, an agreement was reached between the Ministry of Finance and Economic Affairs, Landsvirkjun, Iceland State Electricity (RARIK) and the Westfjord Power Company on the Icelandic government's acquisition of these companies' 93.22% stake in Landsnet, changing the Company's ownership accordingly.

## Operational year and outlook

The Company has been performing well despite the decrease in profit between periods, which is mostly due to exchange rate effects from the ISK's depreciation. Profit for the period slightly underperformed projections due to inflation and exchange rate effects. However, the Company expects a year-end operating result similar to that of the preceding year.

The end of the period includes a lawsuit by Landsvirkjun against the National Energy Authority and Landsnet seeking to annul Tariff No. 43, which took effect on 1 April 2022. The claim for annulment is based on the premise that the capacity charge for in-feed lacked a legal basis. The hearing took place in early February 2023, with the District Court ruling in Landsvirkjun's favour. Landsnet and the National Energy Authority have appealed the case to the Court of Appeal, with a decision expected in October 2023. The management believes that it is more likely than not that the claim for annulment will be cancelled, and therefore have not made a precautionary write-down for the case. Also regardless of the case's outcome, the management expects its long-term financial impact to be insignificant.

## Statement of the Board of Directors and the CEO

According to the best knowledge of the Board of Director's and the CEO's, the Interim Financial Statements are in accordance with the International Financial Reporting Standards as adopted by the EU and it is the Board's and CEO's opinion that the Interim Financial Statements give a true and fair view of the financial performance of the Company for the six month period ended 30 June 2023, its assets, liabilities and financial position as at 30 June 2023 and its cash flow for the period then ended.

Further, in our opinion the financial statements and the endorsement by the Board of Directors and the CEO give a fair view of the development and performance of the Company's operations and its position and describes the principal risks and uncertainties faced by the Company.

The Board of Directors and the CEO have today discussed the Interim Financial Statements of Landsnet hf. for the period 1 January to 30 June 2023 and confirmed them by means of their signatures.

Reykjavík, 17 August 2023.

The Board of Directors:

Sigrún Björk Jakobsdóttir

Birkir Jón Jónsson

Friðrik Sigurðsson

Álfheiður Eymarsdóttir

Elín Björk Jónasdóttir

CEO:

Guðmundur Ingi Ásmundsson

# Independent Auditors' Review Report

---

To the Board of Directors and Shareholders of Landsnet hf.

We have on behalf of The Icelandic National Audit Office, reviewed the accompanying Condensed Interim Financial Statements of Landsnet hf., which comprise the endorsement by the Board of Directors and the CEO, the statement of financial position as at 30 June 2023 and the income statement, statement of comprehensive income, statement of financial position, statement of changes in equity and cash flow statement for the six-month period then ended, and a summary of accounting policies and other explanatory notes.

## **Management's responsibility for the financial statements**

The Board of Directors and CEO are responsible for the preparation and fair presentation of these condensed interim financial statements in accordance with IAS 34 as adopted by the EU.

## **Auditor's responsibility**

Our responsibility is to express an opinion on these Condensed Interim Financial Statements.

## **Scope of Review**

We conducted our review 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 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 Condensed Interim Financial Statements does not give a true and fair view of the financial position of Landsnet hf. as at June 30, 2023, and of its financial performance and its cash flows for the six-month period then ended in accordance with International Financial Reporting Standard, IAS 34, as adopted by the EU.

Reykjavík, 17 August 2023.

## ***Deloitte ehf.***

Gunnar Þorvarðarson  
Certified Public Accountant

Berglind Klara Daníelsdóttir  
Certified Public Accountant

# Income Statement

## for the period from 1 january - 30 June 2023

	Notes	1.1-30.6.2023	1.1-30.6.2022
<b>Operating revenue</b>			
Transmission .....	5	83,098	86,589
Other income .....		984	933
		<u>84,082</u>	<u>87,522</u>
<b>Operating expenses</b>			
Energy procurement costs .....	6	15,563	18,754
Transmission costs .....	7	28,256	25,850
System operation .....	7	2,530	2,975
Other operating expenses .....	7	7,838	7,228
		<u>54,187</u>	<u>54,807</u>
<b>Operating profit</b> .....		29,895	32,715
Financial income .....		1,074	1,171
Financial expenses .....		( 12,537)	( 9,672)
Net financial expenses .....	8	( 11,463)	( 8,501)
Share in net earnings of associated company .....		165	103
<b>Profit before income tax</b> .....		18,597	24,317
Income tax .....	9	( 3,690)	( 4,846)
<b>Profit for the period</b> .....		<u>14,907</u>	<u>19,471</u>
<b>Earnings per share:</b>			
Basic and diluted earnings per each USD 1 share .....		0.33	0.43

Notes no. 1 to 17 are an integral part of these financial statements.

## Statement of Comprehensive Income for the period from 1 January - 30 June 2023

---

	Notes	1.1-30.6.2023	1.1-30.6.2022
<b>Profit</b> .....		14,907	19,471
<b>Other comprehensive income:</b>			
Translation difference due to subsidiaries and associated companies .....		172 (	124)
Site restoration provision after income tax, change .....		199	1,504
<b>Total other comprehensive income</b> .....		371	1,380
<b>Comprehensive income for the period</b> .....		15,278	20,851

Notes no. 1 to 17 are an integral part of these financial statements.

## Statement of Financial Position as at 30 June 2023

	Notes	30.6.2023	31.12.2022	
<b>Assets</b>				
Fixed assets in operation .....	7.10	911,280	917,066	
Projects under construction .....	10	40,903	29,655	
Intangible assets .....	11	21,445	18,464	
Investment in subsidiary and associate .....		4,761	4,424	
Long-term note .....	15	3,804	3,273	
Non-current assets		982,193	972,882	
Inventories .....		6,297	6,192	
Trade and other receivables .....		24,319	26,951	
Cash and cash equivalents .....		52,761	26,325	
Current assets		83,377	59,468	
<b>Total assets</b>		1,065,570	1,032,350	
<b>Equity</b>				
Share capital .....		45,549	45,549	
Statutory reserve .....		11,387	11,387	
Restricted equity .....		1,711	1,546	
Revaluation account .....		190,991	195,582	
Foreign currency translation .....	(	331)	(	503)
Retained earnings .....		222,481	228,720	
Total Equity		471,788	482,281	
<b>Liabilities</b>				
Interest bearing long-term liabilities .....	12	431,550	412,437	
Deferred income tax liability .....	13	70,324	69,883	
Deferred income .....		2,191	2,264	
Provision due to site restoration .....		11,790	11,716	
Non-current liabilities		515,855	496,300	
Current maturities .....	12	50,457	28,066	
Income tax payable .....		6,376	6,673	
Trade and other payables .....		21,094	19,030	
Current liabilities		77,927	53,769	
Total liabilities		593,782	550,069	
<b>Total equity and liabilities</b>		1,065,570	1,032,350	

Notes no. 1 to 17 are an integral part of these financial statements.

## Statement of Equity for the period from 1 January - 30 June 2023

	Share capital	Statutory reserve	Restricted equity	Translation difference	Revaluation account	Retained earnings	Total equity
<b>Changes in equity for six months ended 30 June 2022</b>							
Equity at 1 January 2022.....	45,549	11,387	1,249	( 86)	202,093	210,365	470,557
Profit for the period.....						19,471	19,471
Changes in Site restoration obligation.....					1,504		1,504
Foreign currency translation.....			(	124)		(	124)
Total comprehensive income.....		0	0	(	124)	19,471	20,851
Share in net earnings of associated company.....			103			( 103)	0
Dividend paid to shareholders.....						( 24,074)	( 24,074)
Depreciation on revaluation recognised under retained earnings.....					( 5,006)	5,006	0
Equity at 30 June 2022.....	45,549	11,387	1,352	( 210)	198,591	210,665	467,334
<b>Changes in equity for six months ended 30 June 2023</b>							
Equity at 1 January 2023.....	45,549	11,387	1,546	( 503)	195,582	228,720	482,281
Profit for the period.....						14,907	14,907
Changes in Site restoration obligation.....					199		199
Foreign currency translation.....				172			172
Total comprehensive income.....		0	0	172	199	14,907	15,278
Share in net earnings of associated company.....			165			( 165)	0
Dividend paid to shareholders.....						( 25,771)	( 25,771)
Depreciation on revaluation recognised under retained earnings.....					( 4,790)	4,790	0
Equity at 30 June 2023.....	45,549	11,387	1,711	( 331)	190,991	222,481	471,788

Notes no. 1 to 17 are an integral part of these financial statements.



# Statement of Cash Flows

## for the period from 1 January - 30 June 2023

	Notes	1.1-30.6.2023	1.1-30.6.2022		
<b>Cash flow from operating activities</b>					
Operating profit .....		29,895	32,715		
<b>Adjustments for:</b>					
Profit from sales of fixed assets .....	(	2)	(	5)	
Depreciation and amortisation .....	7	17,921	(	16,597	
Working capital from operation before financial items		47,814		49,307	
Operating assets, decrease (increase) .....		3,190	(	4,227)	
Operating liabilities, increase .....		1,589	(	7,161)	
Net cash from operating activities before financial items		52,593	(	52,241)	
Interest income received .....		421		73	
Interest expenses and foreign exchange difference paid .....	(	9,985)	(	7,276)	
Taxes paid .....	(	3,596)	(	3,195)	
Net cash from operating activities		<u>39,433</u>	(	<u>41,843</u> )	
<b>Cash flow to investing activities</b>					
Investment in transmission infrastructures .....	10	(	20,327)	(	17,215)
Other investments .....	10,11	(	5,882)	(	3,634)
Proceeds from sale of fixed assets .....		16		58	
Long-term note, change .....		(	362)		31
Payment of share in associate company .....		0		605	
Net cash used in investing activities		(	<u>26,555</u> )	(	<u>20,155</u> )
<b>Cash flow from financing activities</b>					
Payments of long-term liabilities .....		(	55,328)	(	14,338)
New long-term liabilities .....		93,301		20,000	
Dividend paid to shareholders .....		(	25,771)	(	24,074)
Net cash from financing activities		<u>12,202</u>	(	<u>18,412</u> )	
<b>Net increase in cash and cash equivalents</b> .....		25,080		3,276	
<b>Effect of exchange rate changes on cash and cash equivalents</b> .....		1,356		414	
<b>Cash and cash equivalents at 1 January</b> .....		<u>26,325</u>		<u>25,224</u>	
<b>Cash and cash equivalents at the end of the period</b> .....		<u><u>52,761</u></u>		<u><u>28,914</u></u>	

Notes no. 1 to 17 are an integral part of these financial statements.

# Notes to the Financial Statements

## 1. Reporting entity

Landsnet hf. is domiciled at Gylfaflöt 9 in Reykjavik, Iceland. The Company is a subsidiary of Landsvirkjun, and the Interim Financial Statement of Landsnet hf. is included in the Consolidated Financial Statements of Landsvirkjun. Landsnet was established in 2004 on the basis of the Electricity Act passed by the Icelandic parliament, the Althingi, in the spring of 2003. The role of Landsnet is to administer the transmission of electricity and system operation in accordance with the provisions of Chapter III of the Electricity Act No. 65/2003, which stipulates that the Company must not engage in any activities other than necessary to perform its duties under the Act.

## 2. Statement of compliance

The Condensed Interim Financial Statements have been prepared in accordance with International Financial Reporting Standard, IAS 34 Interim Financial Reporting as adopted by the EU. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the Financial Statements of the Company for the year ended December 31, 2022. The Company's Financial Statements for the year 2022 can be found at its website [www.landsnet.is](http://www.landsnet.is) and the website of NASDAQ OMX Iceland; [www.nasdaqomxnordic.com](http://www.nasdaqomxnordic.com)

## 3. Use of estimates and judgements

The preparation of the Interim Financial Statements in conformity with IFRS 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.

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.

## 4. Accounting policies

The Condensed Interim Financial Statements are prepared using the same accounting policies as for the year 2022. In the income statement, changes have been made to the classification of costs between system operation and other operating expenses, with appropriate changes made to comparative figures.

The Interim Financial Statements are presented in USD, which is the Company's functional currency. Amounts are presented in USD thousand unless otherwise stated. The Interim Financial Statements have been prepared on the historical cost basis, except for the Company's transmission system is recognised at a revalued amount.

### ***New International Financial Reporting Standards***

The Company has adopted all International Financial Reporting Standards, as adopted by the EU, for the accounting period beginning 1 January 2023, changes to the standards and new interpretations. The Company has not adopted new standards which have been issued but have not yet taken effect. It is the management's opinion that adoption of new standards which are not in effect will not have significant effects on the interim financial statements.

	<b>2023</b>	<b>2022</b>
<b>5. Transmission revenue</b>	<b>1.1.-30.6.</b>	<b>1.1.-30.6.</b>
Transmission revenue consist of:		
Energy transmission to power-intensive consumers .....	37,286	35,923
Energy transmission to distribution system operators .....	22,851	23,030
Transmission losses and ancillary services .....	15,010	22,885
Service income .....	424	665
Input fees .....	7,527	4,086
Transmission revenue total .....	<u>83,098</u>	<u>86,589</u>
<b>6. Energy procurement costs</b>		
Energy procurement costs consist of:		
Electricity purchases due to transmission losses .....	9,388	13,236
Purchase of ancillary services .....	6,175	5,518
Energy procurement costs total .....	<u>15,563</u>	<u>18,754</u>
<b>7. Depreciation and amortisation</b>		
Depreciation and amortisation are specified as follows:		
Depreciation of fixed assets in operation, see Note 10 .....	17,847	16,555
Amortisation and impairment losses of intangible assets, see Note 11 .....	74	42
Depreciation and amortisation recognised in the income statement .....	<u>17,921</u>	<u>16,597</u>

## Notes, continued:

	2023	2022
	1.1.-30.6.	1.1.-30.6.
<b>7. Depreciation and amortisation cont.:</b>		
Depreciation and amortisation are allocated as follows to operating items:		
Transmission costs .....	17,335	16,082
System operation .....	184	182
Other operating expenses .....	402	333
Depreciation and amortisation recognised in the income statement .....	<u>17,921</u>	<u>16,597</u>

## 8. Financial income and expenses

Financial income and expenses are specified as follows:

Interest income .....	819	89
Net gain in fair value of marketable securities .....	255	143
Exchange rate difference .....	0	939
Total financial income .....	<u>1,074</u>	<u>1,171</u>
Interest expenses .....	( 10,139)	( 9,992)
Indexation .....	( 1,809)	( 1,842)
Exchange rate difference .....	( 905)	0
Change in present value of the provision due to site restoration .....	( 322)	( 309)
Capitalised interest expense due to projects under construction .....	638	2,471
Total financial expenses .....	<u>( 12,537)</u>	<u>( 9,672)</u>
Net financial expenses .....	<u>( 11,463)</u>	<u>( 8,501)</u>

Capitalised financial expenses were 5.2% (30.6.22: 5.3%) of capital tied in transmission structures under construction during the year. This is the Company's average finance cost.

## 9. Income tax

Income tax recognised in the income statement is specified as follows:

	2023	2022
	1.1.-30.6.	1.1.-30.6.
Deferred income tax for the period .....	( 440)	( 891)
Income tax recognised among comprehensive income .....	49	376
Income tax payable .....	( 3,299)	( 4,331)
Income tax recognised in the income statement .....	<u>( 3,690)</u>	<u>( 4,846)</u>
Effective tax rate .....	( 19.8%)	( 19.9%)

## 10. Fixed assets in operation

Fixed assets in operation specified as follows:

	Transmission			
<b>Cost</b>	<b>Substations</b>	<b>lines</b>	<b>Other</b>	<b>Total</b>
Balance 1.1.2022 .....	517,898	728,324	41,584	1,287,806
Additions .....	6,316	2,236	2,094	10,646
Transferred from projects under construction .....	36,726	61,120	0	97,846
Sold .....	0	0	( 244)	( 244)
Balance 31.12.2022 .....	<u>560,940</u>	<u>791,680</u>	<u>43,434</u>	<u>1,396,054</u>
Additions .....	1,854	568	2,757	5,179
Transferred from projects under construction .....	6,896	0	0	6,896
Sold .....	0	0	( 93)	( 93)
Balance 30.6.2023 .....	<u>569,690</u>	<u>792,248</u>	<u>46,098</u>	<u>1,408,036</u>
<b>Depreciation</b>				
Balance 1.1.2022 .....	170,340	256,067	18,121	444,528
Depreciation .....	14,727	18,217	1,675	34,619
Sold .....	0	0	( 159)	( 159)
Balance 31.12.2022 .....	<u>185,067</u>	<u>274,284</u>	<u>19,637</u>	<u>478,988</u>
Depreciation .....	7,804	9,201	842	17,847
Sold .....	0	0	( 79)	( 79)
Balance 30.6.2023 .....	<u>192,871</u>	<u>283,485</u>	<u>20,400</u>	<u>496,756</u>

## Notes, continued:

### 10. Fixed assets in operation, cont.:

	Substations	Transmission lines	Other	Total
<b>Carrying amount</b>				
1.1.2022 .....	347,558	472,257	23,463	843,278
31.12.2022 .....	375,873	517,396	23,797	917,066
30.6.2023 .....	376,819	508,763	25,698	911,280
<b>Carrying amount without revaluation</b>				
1.1.2022 .....	248,861	238,129	23,463	510,453
31.12.2022 .....	282,022	312,546	23,797	618,365
30.6.2023 .....	285,041	360,903	25,698	671,642

#### Basis of revaluation of fixed assets in operation

In accordance with the International Accounting Standard ISA 16, the Company's lines and substations are recognised according to the revaluation method. A revaluation was last conducted on those assets in the year 2021.

The company's policy on the revaluation of assets requires the revaluation of power lines and substations. The reassessment of the year is based on, on the one hand, the operating value through a cash flow analysis and, and on the other hand, the estimated reconstruction cost of the transmission system, which is assessed by independent experts. An impairment test on the underlying assets is also carried out once a year and it is done before the company's annual Financial Statement. In the first half Interim Financial Statement, the management has evaluated whether there are indications of asset impairment, and the conclusion is that there is not.

#### Projects under construction:

	2023	2022
<b>Cost</b>		
Balance 1.1. ....	29,655	83,432
Additions .....	18,007	30,896
Transferred to fixed assets in operation .....	( 6,896)	( 97,846)
Transferred from intangible assets .....	137	13,173
Balance 30.6. / 31.12. ....	40,903	29,655

### 11. Intangible assets:

Intangible assets specified as follows:

	Capitalised development cost	Software	Total
<b>Cost</b>			
Balance 1.1.2022 .....	34,055	5,943	39,998
Additions .....	3,483	658	4,141
Transferred to projects under construction .....	( 13,173)	0	( 13,173)
Balance 31.12.2022 .....	24,365	6,601	30,966
Additions .....	2,955	237	3,192
Transferred to projects under construction .....	( 137)	0	( 137)
Balance 30.6.2023 .....	27,183	6,838	34,021
<b>Amortisation and impairment losses</b>			
Balance 1.1.2022 .....	7,359	3,842	11,201
Amortisation and impairment losses .....	1,195	106	1,301
Balance 31.12.2022 .....	8,554	3,948	12,502
Amortisation .....	0	74	74
Balance 30.6.2023 .....	8,554	4,022	12,576
<b>Carrying amount</b>			
1.1.2022 .....	26,696	2,101	28,797
31.12.2022 .....	15,811	2,653	18,464
30.6.2023 .....	18,629	2,816	21,445

## Notes, continued:

### 12. Interest-bearing loans and borrowings

This Note provides information on the contractual terms of the Company's interest-bearing loans and borrowings, which are measured at amortised cost.

<b>Non-current liabilities</b>	<b>30.6.2023</b>	<b>31.12.2022</b>
Loan agreement and notes in USD, fixed interest .....	443,846	404,502
Listed indexed bond loan in NASDAQ OMX in ISK, fixed interest .....	36,676	34,675
	480,522	439,177
Current maturities on non-current liabilities .....	( 50,457)	( 28,066)
	430,065	411,111
Lease liabilities .....	1,485	1,326
Interest-bearing non-current liabilities total .....	431,550	412,437

Interest rates on the loans range between 2.08% - 5.73%. Weighted average interest rates of the Company are 4.33% (31.12.2022: 4.46%).

Maturities by year of interest-bearing loans and borrowings:

1.7.2023 - 30.6.2024 / 1.1.2023 - 31.12.2023 .....	50,457	28,066
1.7.2024 - 30.6.2025 / 1.1.2024 - 31.12.2024 .....	16,656	79,217
1.7.2025 - 30.6.2026 / 1.1.2025 - 31.12.2025 .....	16,797	12,346
1.7.2026 - 30.6.2027 / 1.1.2026 - 31.12.2026 .....	116,973	63,478
1.7.2027 - 30.6.2028 / 1.1.2027 - 31.12.2027 .....	14,678	61,682
Later .....	264,961	194,388
	480,522	439,177

### 13. Deferred tax liability

The breakdown of deferred tax liability is as follows:

	<b>2023</b>	<b>2022</b>
	<b>1.1.-30.6.</b>	<b>1.1.-31.12.</b>
Deferred tax liability at 1 January .....	69,883	67,571
Calculated income tax for the year .....	3,690	8,055
Deferred tax liability due to changes in site restoration obligation .....	50	930
Income tax payable .....	( 3,299)	( 6,673)
Deferred tax liability at end of period .....	70,324	69,883

The breakdown of deferred tax liability was as follows at end of period:

Non-current assets in operation .....	70,053	69,557
Intangible assets .....	2,413	2,210
Other assets .....	907	721
Provision due to site restoration .....	( 2,358)	( 2,343)
Other obligations .....	( 793)	( 770)
Unrealized exchange rate difference .....	102	508
Deferred tax liability at end of period .....	70,324	69,883

### 14. Financial instruments

#### Liquidity risk

The following are the contractual maturities of financial liabilities, including future interest payments:

	<b>Carrying amount</b>	<b>Contractual cash flow</b>	<b>Within 12 months</b>	<b>1-2 years</b>	<b>2-5 years</b>	<b>After 5 years</b>
<b>30 June 2023</b>						
<b>Non-derivative financial liabilities:</b>						
Non-current liabilities .....	484,272	482,303	50,739	33,969	132,052	265,543
Trade and other payables .....	14,214	14,214	14,214	0	0	0
	498,486	496,517	64,953	33,969	132,052	265,543

## Notes, continued:

### 14. Financial instruments, cont.:

	Carrying amount	Contractual cash flow	Within 12 months	1-2 years	2-5 years	After 5 years
<b>31 December 2022</b>						
<b>Non-derivative financial liabilities:</b>						
Non-current liabilities .....	442,554	528,614	44,381	94,272	174,359	215,602
Trade and other payables .....	12,679	12,679	12,679	0	0	0
	<u>455,233</u>	<u>541,293</u>	<u>57,060</u>	<u>94,272</u>	<u>174,359</u>	<u>215,602</u>

#### Fair value

##### Fair value versus carrying amounts

The fair values and carrying amounts of financial assets and liabilities as reported in the balance sheet are specified as follows:

	30.6.2023		31.12.2022	
	Carrying amount	Fair value	Carrying amount	Fair value
Other non-current liabilities .....	( 480,522)	( 475,662)	( 439,177)	( 433,652)
	<u>( 480,522)</u>	<u>( 475,662)</u>	<u>( 439,177)</u>	<u>( 433,652)</u>

#### Interest rate in valuation of fair value

Where applicable, expected contractual cash flow is discounted using the interest rate on government bonds plus a 1% margin on the reporting date.

### 15. Related parties

#### Definition of related parties

The Company has a related-party relationship with its shareholders, subsidiary, associates, directors, executive officers and companies in their possession. Transactions with related parties are on the same basis as transactions with non-related parties.

At year-end 2022, a 93.22% stake in the Company was transferred from Landsvirkjun, Iceland State Electricity (RARIK) and the Westfjord Power Company to the Icelandic Treasury. This resulted in a changed definition of 'related parties,' but transactions with the aforesaid companies are included in the comparative figures.

The activities of the Landsnet subsidiary Elma orkuvíðskipti ehf. were minor in extent during the period, and hence no consolidated financial statements have been prepared.

#### Transactions with related parties

	1.1.-30.6.2023	1.1.-30.6.2022
<b>Sale of goods and services:</b>		
Subsidiary and associate/ Landsnet's parent company and its subsidiaries .....	10	31,376
Landsnet's other shareholders .....	17,448	31,386
Sale of goods and services to related parties total .....	<u>17,458</u>	<u>62,762</u>
<b>Cost of goods and services:</b>		
subsidiary and associate/ Landsnet's parent company and its subsidiaries .....	996	11,504
subsidiary and associate/ Landsnet's parent company and its subsidiaries .....	788	2,529
Cost of goods and services to related parties total .....	<u>1,784</u>	<u>14,033</u>

## Notes, continued:

### 15. Related parties, cont.:

#### Balance:

Trade receivables and trade payables with related parties are as follows:

	30.6.2023		31.12.2022	
	Receivables	Payables	Receivables	Payables
Landsnet's parent company and its subsidiaries .....	0	29	145	0
Landsnet's other shareholders .....	3,083	0	3,550	0
Total .....	<u>3,083</u>	<u>29</u>	<u>3,695</u>	<u>0</u>

Other receivables and payables with related parties are as follows:

	30.6.2023	31.12.2022
Interest-bearing long-term note to related parties with current maturities .....	<u>4,010</u>	<u>3,468</u>

### 16. Other issues

At the annual general meeting March 24, 2023 the payment of dividends to shareholders in the amount of ISK 3,600 million (USD 25.8 million) was approved. The dividends were paid to shareholders in March 2023.

### 17. Financial ratios

The company's key financial ratios:

Financial performance:	1.1.-30.6.2023	1.1.-30.6.2022
EBIT .....	29,895	32,715
EBITDA .....	47,816	49,312
<b>Financial position:</b>	<b>30.6.2023</b>	<b>31.12.2022</b>
Current ratio – current assets/current liabilities .....	1.07	1.11
Equity ratio – equity/total assets .....	44.3%	46.7%
Return on average equity .....	6.2%	6.8%