

## Higher industrial customer prices lead to better results

### Cash flow from operations USD 352 million

#### Key figures from the interim financial statements

- Profit before unrealised financial items amounted to USD 241.4 million, compared to USD 153.9 million in the same period of the prior year, an increase of 56.8%.
- The profit for the period was USD 213.7 million, compared to USD 102.6 million USD in the same period 2021.
- Operating revenues amounted to USD 497.8 million, increasing by USD 100.9 million (25,4%) from the same period of the previous year.
- Net debt decreased by USD 253.1 million from the beginning of the year and amounted to USD 1,247.7 million at the end of September.
- Cash flow from operations amounted to USD 351.7 million, an increase of 47,1% compared to the same period of the prior year.
- The average price to industrial customers, excluding transmission cost, amounted to USD 42.1 per megawatt hour. This is the highest price during the first nine months of the year in Landsvirkjun's history.

#### Hörður Arnarson, CEO:

“This year's operations resulted in the highest nine-month profit in Landsvirkjun's history. Profit before unrealised financial items increased by 57% from the same period of the prior year and amounted to USD 241 million. This increase can mostly be attributed to clear operating goals and an increase in prices to industrial customers. The price increase can be largely attributed to the renegotiations that have taken place in recent years. Those negotiations have resulted in the fact 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.

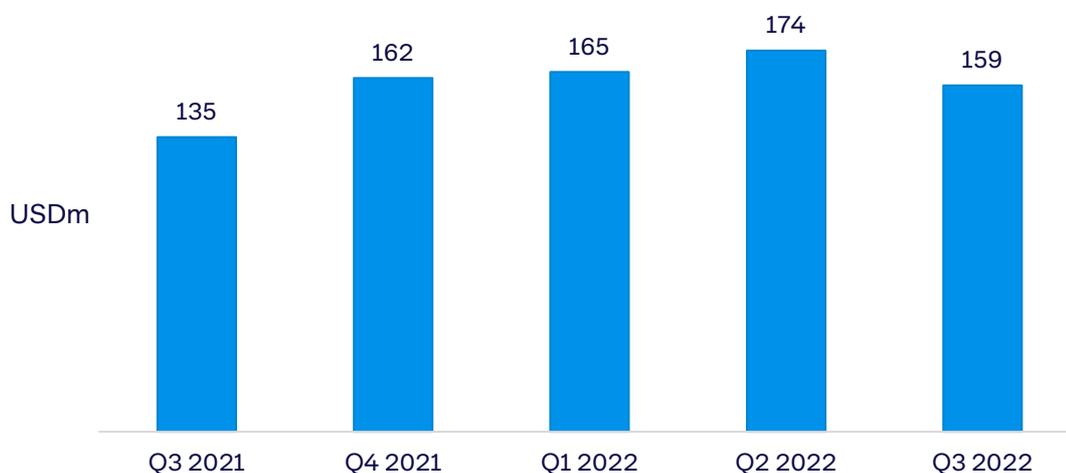
Cash flow was very strong during the period, with cash flow from operations amounting to USD 352 million, resulting in a net debt decrease of USD 253 million.

Power station operations were good for the first nine months of the year, while Landsvirkjun's power generating system operated near full capacity. Meeting this surge in demand represented a challenge for the company's employees, power stations and work processes, often under demanding circumstances due to low reservoir inflows and frequent bad weather during this past winter.

Diverse demand for electricity continues to be the case, from existing customers as well as from interesting new parties. Unfortunately, this demand can only be partially met, as the power generating system is at maximum capacity with regards to both power and energy. Power sales must be triaged under these circumstances. Meanwhile, a lot of work is going into acquiring the necessary permits for further development of power generating capacity in hydro, wind and geothermal, with an emphasis on Hvammur, Búrfellslundur and the expansion of Þeistareykir and Sigalda plants.“

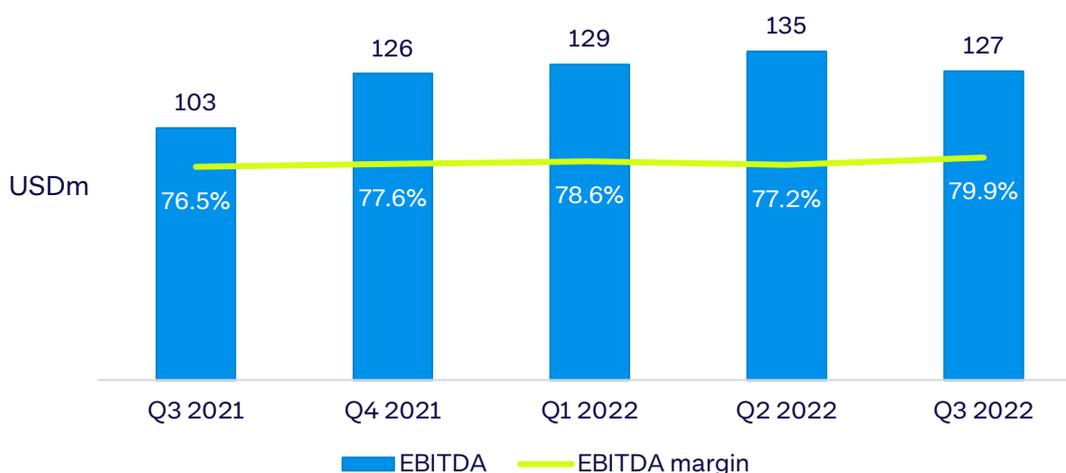
## Operations

### Development of operating revenues



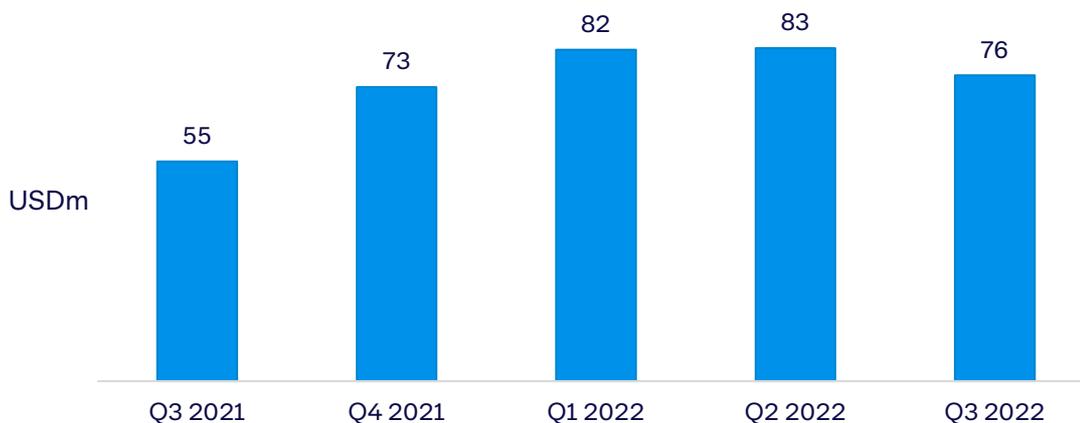
Power demand has been strong during the period, with historically high industrial customer prices. International commodity and energy market prices were high during the period. Operating revenues amounted to USD 159m during the third quarter, translating to an 18% increase from the same period of the prior year.

### EBITDA and EBITDA margin



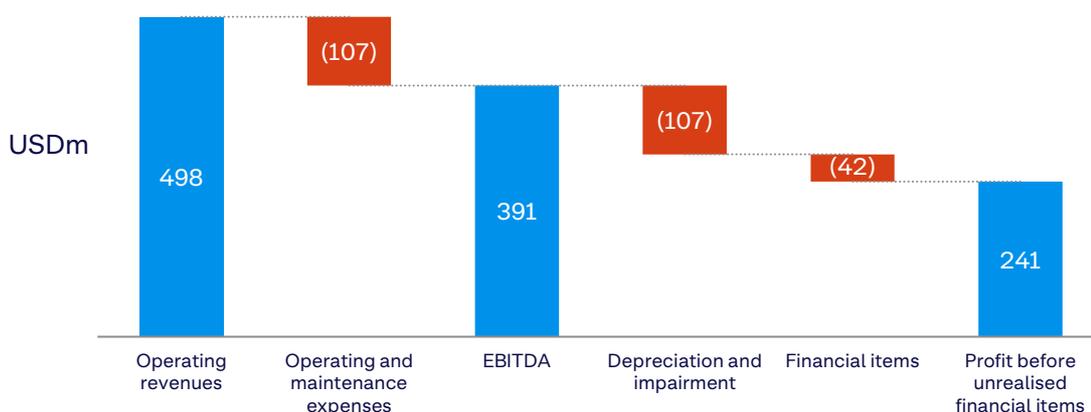
Operating profit before depreciation and impairment loss, EBITDA, amounted to USD 127m during the third quarter, which is 23% higher than the same period of the prior year.

### Profit before unrealised financial items



Profit before unrealised financial items amounted to USD 76m for the third quarter, which is 38% higher than the same period of the prior year.

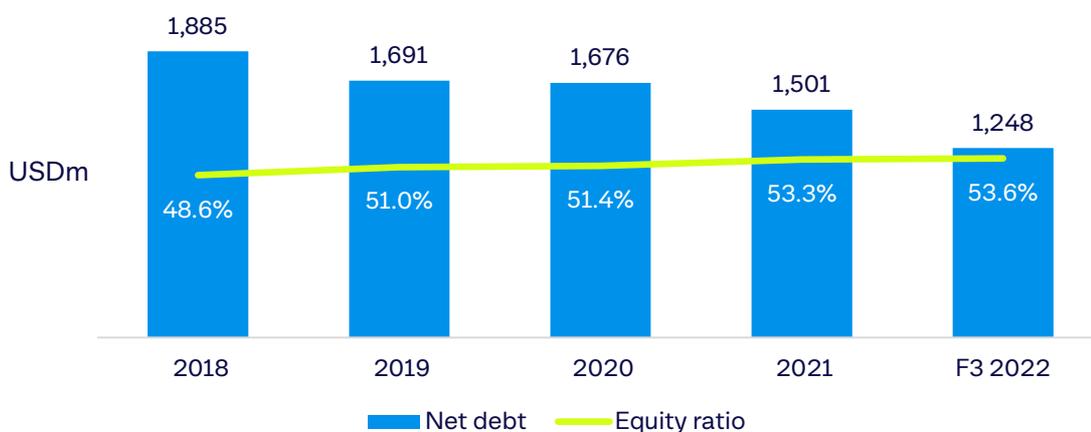
### Items affecting profit before unrealised financial items - 9M



### Net debt keeps decreasing

The company's cash generation (cash flow from operations) amounted to USD 117m for the third quarter, which is USD 41m higher than the same period of the prior year. Net debt (interest bearing liabilities less cash and cash equivalents) decreased by USD 253m from the start of the year.

### Net debt and equity ratio



Cash and cash equivalents amounted to USD 231m at the end of September, which is USD 134m higher than at 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, although results will continue to be affected by international commodity and energy markets.

Reykjavik, 18 November, 2022  
 Further information is provided by:  
 Rafnar Lárusson, CFO Tel. + 354 515 9000

## 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.-30.9.	1.1.-30.9.	1.1.-30.9.	1.1.-30.9.	1.1.-30.9.
<b>Operation</b>					
Operating revenues .....	579,867	430,504	323,055	365,493	403,800
Realised hedges .....	( 82,023)	( 33,592)	4,906	6,956	( 4,983)
<b>Total operating revenues .....</b>	<b>497,844</b>	<b>396,912</b>	<b>327,961</b>	<b>372,449</b>	<b>398,817</b>
Operating and maintainance expenses .....	( 106,974)	( 97,609)	( 92,403)	( 89,737)	( 107,125)
<b>EBITDA .....</b>	<b>390,870</b>	<b>299,303</b>	<b>235,558</b>	<b>282,712</b>	<b>291,692</b>
Depreciation and impairment loss .....	( 106,955)	( 103,891)	( 95,764)	( 100,800)	( 93,114)
<b>EBIT .....</b>	<b>283,915</b>	<b>195,412</b>	<b>139,794</b>	<b>181,912</b>	<b>198,578</b>
Financial items .....	( 42,484)	( 41,466)	( 47,392)	( 52,852)	( 65,134)
<b>Profit before unrealised financial items .....</b>	<b>241,431</b>	<b>153,946</b>	<b>92,402</b>	<b>129,060</b>	<b>133,444</b>
<b>Unrealised financial items:</b>					
Fair value changes in embedded derivatives .....	39,384	49,242	( 6,384)	( 7,780)	( 32,762)
Fair value changes in other derivatives .....	16,471	( 58,987)	( 4,541)	( 3,046)	17,573
Unrealised foreign exchange difference .....	27,594	9,365	7,711	16,494	14,623
	83,449	( 380)	( 3,214)	5,668	( 566)
<b>Profit before income tax .....</b>	<b>324,880</b>	<b>153,566</b>	<b>89,188</b>	<b>134,728</b>	<b>132,878</b>
Income tax .....	( 111,207)	( 51,014)	( 27,996)	( 44,579)	( 43,601)
<b>Profit .....</b>	<b>213,673</b>	<b>102,552</b>	<b>61,192</b>	<b>90,149</b>	<b>89,277</b>
<b>Balance sheet</b>					
	<b>30.9.2022</b>	<b>30.9.2021</b>	<b>30.9.2020</b>	<b>30.9.2019</b>	<b>30.9.2018</b>
Total assets .....	4,576,862	4,453,863	4,336,657	4,336,760	4,445,981
Total equity .....	2,452,954	2,281,433	2,217,323	2,211,197	2,132,829
Total liabilities .....	2,123,908	2,172,430	2,119,334	2,125,563	2,313,152
Net liabilities .....	1,247,712	1,537,433	1,634,720	1,712,848	1,940,009
<b>Key figures</b>					
Cash flow from operating activities .....	351,655	239,064	169,828	222,407	222,693
Investing activities .....	( 49,545)	( 86,035)	( 74,958)	( 57,202)	( 126,863)
Financing activities .....	( 164,287)	( 96,392)	( 102,884)	( 201,102)	( 131,696)
Total liquidity .....	421,405	338,821	451,063	375,969	453,359
Equity ratio .....	53.6%	51.2%	51.1%	51.0%	48.0%
Return on equity .....	11.4%	5.4%	3.9%	5.7%	5.8%
Interest cover (EBITDA/net interest expenses) .....	9.29x	7.18x	5.48x	5.39x	4.88x
Net liabilities / EBITDA .....	2.42x	3.94x	4.93x	4.50x	5.00x

## 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.