

Half year results

Strong results in a fully utilised energy system

Key figures from the interim financial statements

- Profit before unrealised financial items amounted to USD 196 million, compared to USD 154.3 million in the same period of the prior year, an increase of 27% compared to a very strong previous year.
- The profit for the period was USD 114 million, compared to USD 137.5 million in the same period of the previous year, when results included the profit of Landsnet.
- Operating revenues amounted to USD 331.8 million, increasing by USD 36.8 million (12.5%) from the same period of the prior year.
- Net debt decreased by USD 182.4 million from the beginning of the year and amounted to USD 665.7 million at the end of June.
- Cash flow from operations amounted to USD 248.8 million, an increase of 29.7% compared to the same period of the previous year.
- During the second quarter, a USD 125 million revolving credit facility was refinanced with a three year maturity. The terms are favourable, at 45 basis points above the SOFR rate.
- S&P Global Ratings changed the outlook of Landsvirkjun's credit rating from stable to positive and confirmed the BBB+ rating.
- Landsvirkjun does not prepare consolidated financial statements which include the subsidiaries Icelandic Power Insurance Ltd. and Landsvirkjun Power ehf., as their results are deemed immaterial. Instead, the accounts are prepared in accordance with IAS 27, Separate Financial Statements.

Hörður Arnarson, CEO:

„Landsvirkjun's operations continue to be strong. Profit from core operations increased by 27% from the same period of 2022, a record year in the company's history. Operating revenues increased by 12.5% from the first half of 2022. This is mainly due to realised hedges as well as continued strong energy sales. However, there have been declines across markets which are connected to the energy price of some of our industrial customers. At the same time, operation expenses have declined by 6% from the prior year.

Cash generation was strong during the period, where cash flow from operations increased by 29.7% and amounted to USD 249 million.

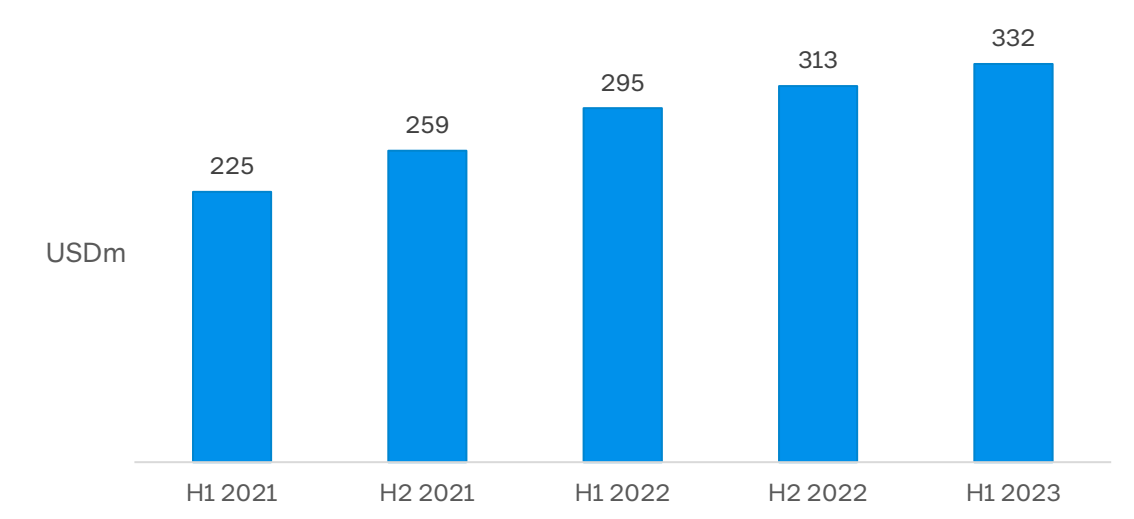
Power plant operations were successful during the first half of the year, in spite of the fact that delivery of energy during the first quarter of the year had to be limited on secondary

contracts for data centres and fishmeal producers. This is because energy generation is currently being run at capacity.

As we at Landsvirkjun have pointed out over the past few years, more energy generating capacity is urgently needed, in order to meet the obvious energy demand in our society from the energy transition and general economic growth. Landsvirkjun is working hard to obtain the required licenses in order for the company to meet these demands from society and government policy.“

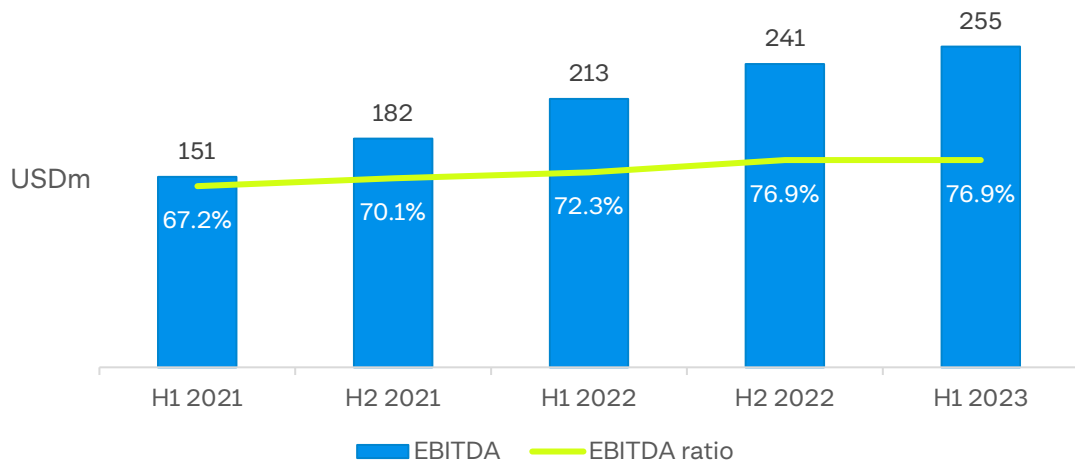
Operations

Operating revenues



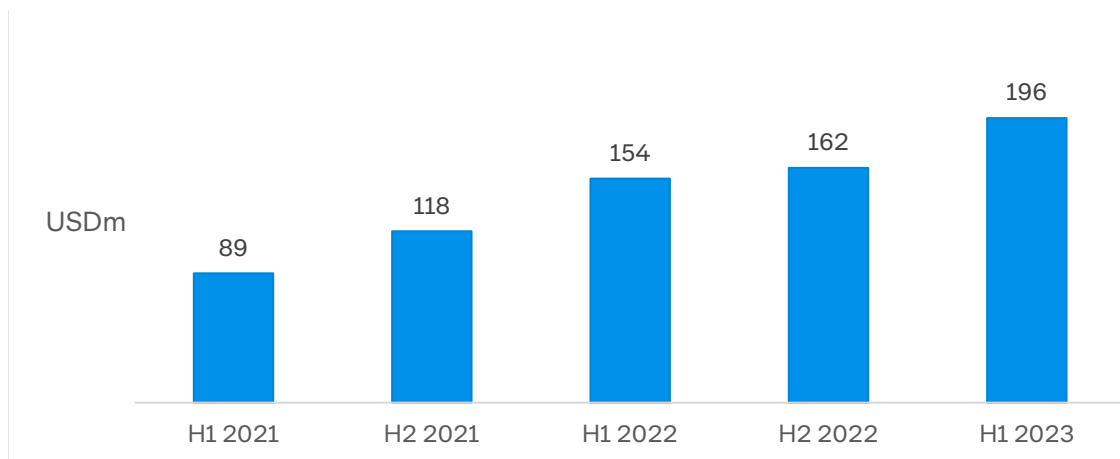
Operating revenues amounted to USD 332 million during the first half of the year, a 12% increase from the same period of the prior year. Revenues from power sales decreased from previous year due to lower aluminium and Nord Pool prices. Offsetting was income from realized aluminium hedges which taken together leaves operating revenues higher than for the first half of 2022. Energy sales continue to be very strong, as the energy system is run at capacity.

EBITDA and EBITDA ratio



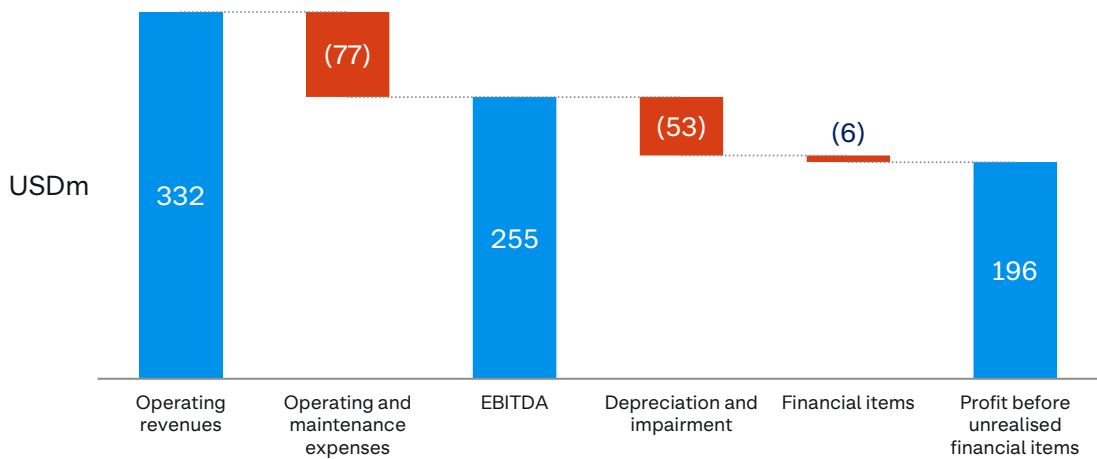
Operating profit before depreciation, EBITDA, amounted to USD 255 million and increased by 20% between years.

Profit before unrealised financial items



Profit before unrealised financial items amounted to USD 196 million, reflecting strong revenues.

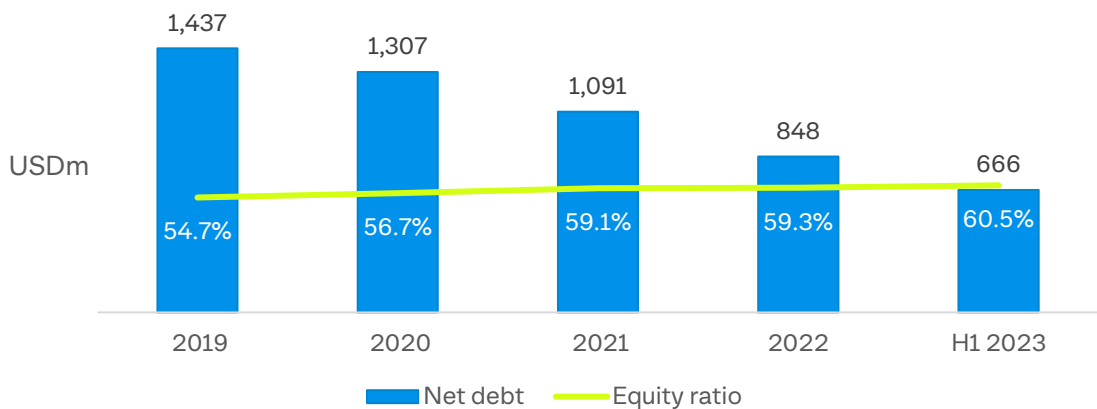
Items affecting profit before unrealized financial items



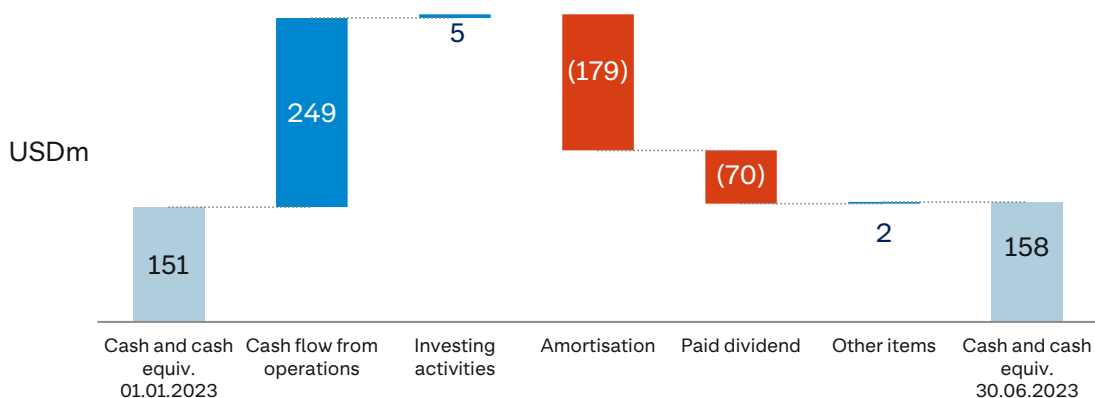
Debt continues to decrease

The company’s cash generation (cash from operating activities) was strong during the period, amounting to USD 249 million, an increase of USD 57 million from the same period of the prior year. Net debt (interest bearing liabilities less cash and cash equivalents) decreased by USD 182 million from the beginning of the year and by USD 274 million from the same period of the prior year.

Net debt and equity ratio



Cash and cash equivalents amounted to USD 158 million at the end of June, an increase of USD 7 million from the beginning of the year.



Operating outlook

Electricity demand remains high enough for the system to be at capacity. Work is underway to acquire the relevant permits for further capacity build up. Strong demand is having a positive impact on the outlook, but results will continue to be affected by price developments on international commodity and energy markets.

Reykjavik, 28 August 2023

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 Company's functional currency.

Key figures from the interim financial statements in thousand USD:

	2023	2022	2021	2020	2019
	1.1.-30.6.	1.1.-30.6.	1.1.-30.6.	1.1.-30.6.	1.1.-30.6.
Operation					
Operating revenues	296,492	348,621	240,272	190,310	221,243
Realised hedges	35,260	(53,666)	(15,020)	3,819	4,195
Total operating revenues	331,752	294,955	225,252	194,129	225,438
Operating and maintenance expenses	(76,769)	(81,641)	(73,905)	(64,233)	(72,282)
EBITDA	254,983	213,314	151,347	129,896	153,156
Depreciation and impairment loss	(53,036)	(54,327)	(53,610)	(48,938)	(52,320)
EBIT	201,947	158,987	97,737	80,958	100,836
Financial items	(6,435)	(18,069)	(20,054)	(23,909)	(27,135)
Subsidiaries and associated companies	456	13,426	10,755	10,860	13,113
Profit before unrealised financial items	195,968	154,344	88,438	67,909	86,814
Unrealised financial items:					
Fair value changes in embedded derivatives	(40,130)	49,799	21,400	(19,626)	765
Fair value changes in other derivatives	37,089	(4,878)	(38,871)	(29)	(3,431)
Unrealised foreign exchange difference	(8,344)	11,576	1,663	4,976	5,783
	(11,385)	56,497	(15,808)	(14,679)	3,117
Profit before income tax	184,583	210,841	72,630	53,230	89,931
Income tax	(70,611)	(73,378)	(23,552)	(15,640)	(28,554)
Profit	113,972	137,463	49,078	37,590	61,377
Balance sheet					
Total assets	3,751,978	3,793,095	3,786,279	3,710,018	3,833,898
Total equity	2,270,014	2,230,022	2,101,190	2,073,203	2,067,745
Total liabilities	1,481,964	1,563,073	1,685,089	1,636,815	1,766,153
Net liabilities	665,726	939,370	1,199,676	1,298,412	1,511,760
Key figures					
Cash flow from operating activities	248,784	191,800	125,114	102,842	121,533
Investing activities	4,718	6,696	(2,360)	64,023	(8,596)
Financing activities	(248,930)	(138,308)	(38,900)	(182,037)	(156,926)
Total liquidity	282,726	275,315	294,324	205,051	320,598
Equity ratio	60.5%	58.8%	55.5%	55.9%	53.9%
Return on equity	6.2%	10.7%	3.9%	3.9%	6.1%
Interest cover (EBITDA/net interest expenses) ...	21.74x	10.36x	6.46x	5.53x	5.63x
Net liabilities / EBITDA	1.34x	2.38x	4.46x	4.75x	5.08x

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.