

## Landsvirkjun's Financial Statements

### All-time best results – proposal of a USD 140 million dividend to the nation

#### Key figures from the consolidated financial statements

- The State has acquired Landsvirkjun's 64.73% stake in Landsnet hf. and paid USD 305 million according to the acquisition agreement.
- Profit before unrealised financial items amounted to USD 315.9 million, compared to USD 183.3 million in the previous year which is an increase of 72.3%.
- The profit from continued operations, after the State's acquisition of Landsnet hf., was USD 298.7 million but was USD 112.4 million for the prior year, an increase of 166% between years. The profit for the year amounted to USD 161.9 million but was USD 148.6 million in the previous year.
- Operating revenues amounted to USD 608.6 million and increased by USD 123.5 million (25.5%) from the previous year.
- Net debt decreased by USD 657.3 million between years and was USD 843.5 million at year end.
- Cash flow from operating activities amounted to USD 435.9 million, an increase of 34.8% from the previous year.
- The average price to industrial customers was USD 42.9 per megawatt hour which is the highest price in Landsvirkjun's history.
- A dividend amounting to USD 120 million was paid during the year and paid taxes amounted to USD 41 million. A total of USD 161 million.
- During the Annual General Meeting the Company's Board of Directors intend to propose a USD 140 million dividend payment to the owners.

#### Hörður Arnarson, CEO:

"The result for the year was the best in Landsvirkjun's history. Profit before unrealised financial items, which is the benchmark we use to evaluate the company's results, was USD 315.9 million and increased by just over 72% between years. Operating revenues increased by just over 25% from the previous record year 2021. The 2022 operating results are therefore unique in the company's 58 year history.

This accomplishment can be attributed to clear operating goals and renegotiations with most of our largest customers over the past few years. They now pay a price similar to that which is paid in the countries we compare ourselves with. The operating environment for power intensive customers was generally favourable during the year and it is safe to say that their and Landsvirkjun's success is, to a large extent, intertwined. The average price to power intensive industry companies, excluding transmission cost, was just under USD 43 per megawatt hour and has never been higher.

We continued along the course of lowering debt. Net debt decreased by just over USD 657 million from the beginning of the year. We are now at a point where the key ratio net debt/EBITDA is very favourable compared with our sister companies in the Nordic countries, net debt is now only 1,85 times operating profit before depreciation. Landsvirkjun's ability to invest and pay dividends has increased along with this improved debt position and the company's Board of Directors will propose a dividend of USD 140 million for last year during the Annual General Meeting.

Despite the company's good results and positive outlook there are currently some warning signs for the nation's energy affairs. Landsvirkjun's energy system is almost at full capacity, with respect to both energy and power. The demand for green energy is high, both from current customers and potential new and interesting entities. We can regrettably only partially meet this demand and have therefore had to say no to various interesting and promising projects which have been enquiring about power contracts.

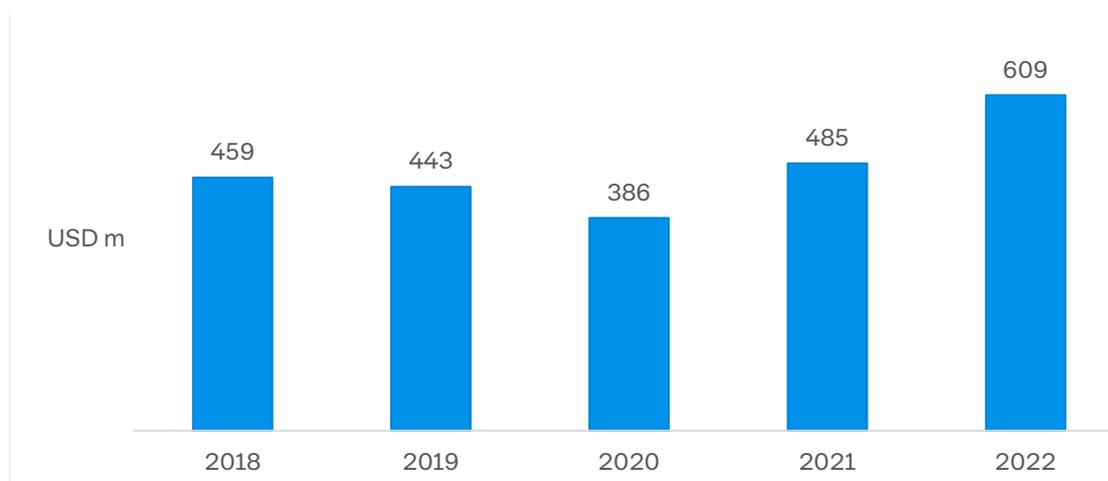
We are currently working on getting the required permits for developing power generating capacity, which we have been preparing for decades. This is how we want to provide enough future energy to fulfil society's needs for energy transition and quality of life, not least in light of the government's ambitious climate goals.

Towards the end of the year an agreement was reached with the State to acquire Landsvirkjun's stake in Landsnet. This was a positive move, as Landsvirkjun has long expressed the opinion that a change to Landsnet's ownership was necessary, as it is unfortunate that a company which has a monopoly on energy transmission is owned by a energy generating company and a distributor.

Power station operations were good during the year but the workload was high on the company's employees, due to of frequent bad weather and slow reservoir inflows. They deserve praise for their selfless and professional effort during these trying times."

## Operations

### Development of operating revenues



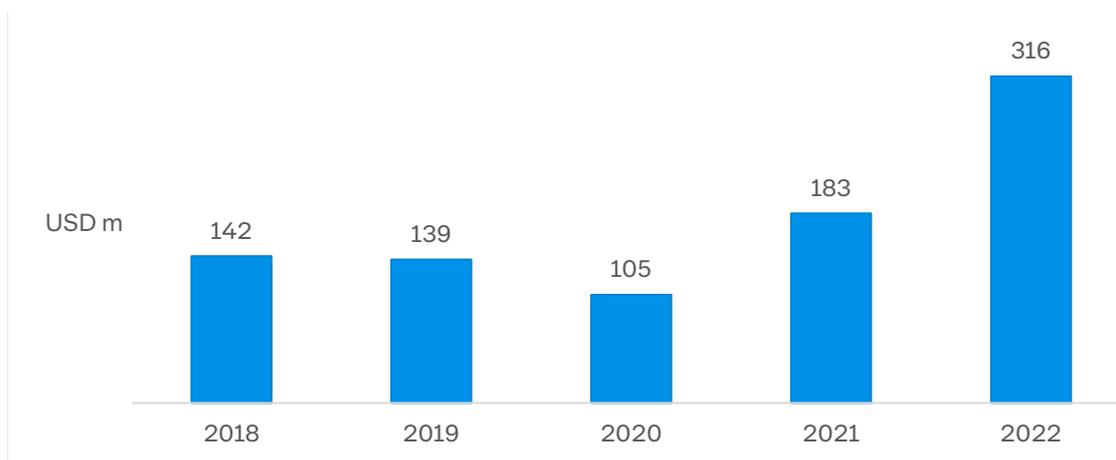
Operating revenues for the year are very strong. They reflect a power system which is at capacity and high prices in international commodity and power markets. Operating revenues increased by USD 124m between years and have never been higher in the company’s history.

### EBITDA and EBITDA margin



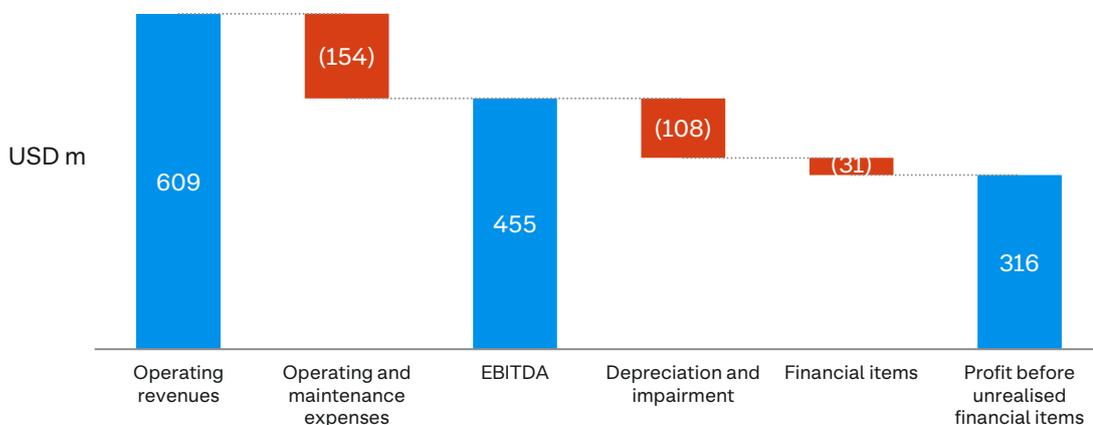
Operating profit before depreciation and amortisation, EBITDA, amounted to USD 455m for the year, a record in the company’s history. This increase is in line with the positive development of operating revenues.

### Profit before unrealised financial items



Profit before unrealised financial items is the benchmark Landsvirkjun uses to evaluate the company’s core operations. The profit was USD 316m for the year, which is also a record.

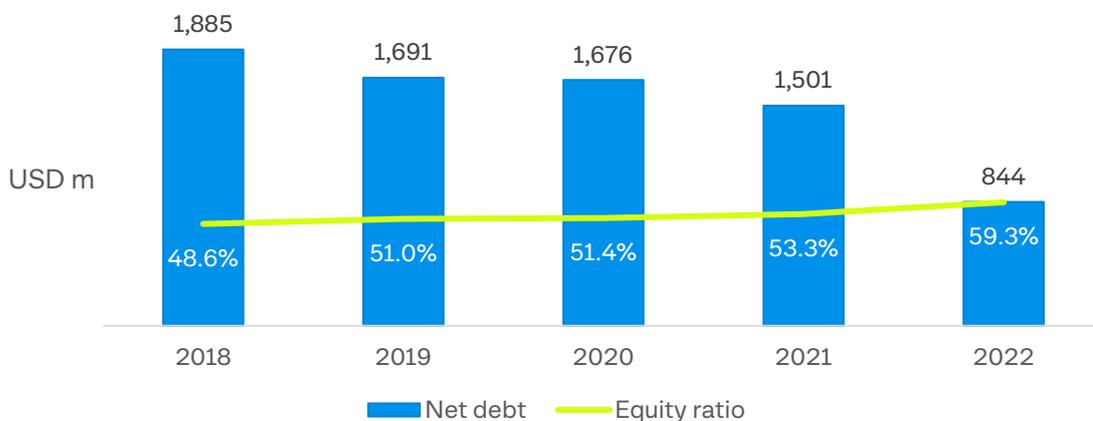
### Items affecting profit before unrealised financial items



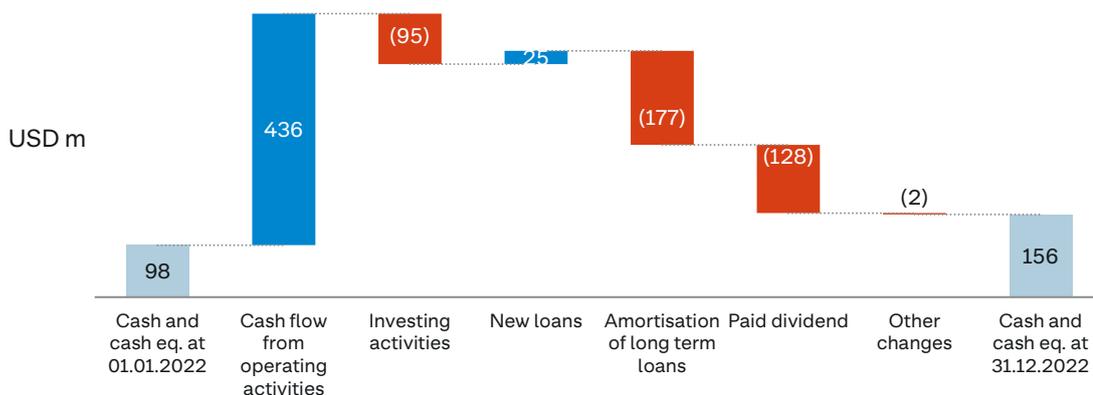
### The State acquires Landsnet

A USD 137 million loss was realised on discontinued operations, mostly due to translation difference reclassification and income tax (see the financial statements).

### Net debt and equity ratio



Cash and cash equivalents amounted to USD 156m at the end of the year, which is a USD 58m increase from year end 2021.



### Operational outlook

Demand for electric energy has increased to a point where the energy system is almost at capacity with respect to both energy and power. This has caused a situation where new demand can only be partially met. We are currently working on getting the required permits for developing generating capacity in hydro, wind and geothermal power. This strong demand has a positive effect on the operating outlook but the operating results will however continue to be affected by international commodity and energy markets.

Reykjavík, February 20, 2023  
 Further information provided by:  
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## About the financial statements

The 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 financial statements in thousand USD:

	2022	2021	2020	2019	2018
<b>Operation</b>					
Operating revenues .....	709,042	544,001	380,712	432,483	463,926
Realised hedges .....	( 100,412)	( 58,881)	5,262	10,047	( 4,534)
<b>Total operating revenues .....</b>	<b>608,630</b>	<b>485,120</b>	<b>385,974</b>	<b>442,530</b>	<b>459,392</b>
Operating expenses .....	( 153,728)	( 151,713)	( 138,201)	( 145,732)	( 161,614)
<b>EBITDA .....</b>	<b>454,902</b>	<b>333,407</b>	<b>247,773</b>	<b>296,798</b>	<b>297,778</b>
Depreciation and impairment loss .....	( 107,820)	( 107,446)	( 98,128)	( 104,708)	( 95,095)
<b>EBIT .....</b>	<b>347,082</b>	<b>225,961</b>	<b>149,645</b>	<b>192,090</b>	<b>202,683</b>
Financial items .....	( 31,045)	( 42,407)	( 44,978)	( 53,318)	( 60,554)
Associated companies .....	( 146)	( 248)	( 12)	( 27)	( 179)
<b>Profit before unrealised financial items .....</b>	<b>315,891</b>	<b>183,306</b>	<b>104,655</b>	<b>138,745</b>	<b>141,950</b>
<b>Unrealised financial items:</b>					
Fair value changes in embedded derivatives .....	61,616	33,455	970	( 1,323)	( 49,410)
Fair value changes in other derivatives .....	81,547	( 46,301)	( 12,726)	( 8,011)	24,878
Unrealised foreign exchange difference .....	11,071	10,661	( 9,087)	6,779	16,070
	154,234	( 2,185)	( 20,843)	( 2,555)	( 8,462)
<b>Profit before income tax .....</b>	<b>470,125</b>	<b>181,121</b>	<b>83,812</b>	<b>136,190</b>	<b>133,488</b>
Income tax .....	( 171,399)	( 68,750)	( 33,185)	( 52,401)	( 50,257)
<b>Profit from continued operations .....</b>	<b>298,726</b>	<b>112,371</b>	<b>50,627</b>	<b>83,789</b>	<b>83,231</b>
<b>Profit (loss) from discontinued operations ...</b>	<b>( 136,803)</b>	<b>36,207</b>	<b>27,991</b>	<b>31,089</b>	<b>37,798</b>
<b>Net profit .....</b>	<b>161,923</b>	<b>148,578</b>	<b>78,618</b>	<b>114,878</b>	<b>121,029</b>
<b>Balance sheet</b>					
Total assets .....	3,873,145	4,446,381	4,348,344	4,381,633	4,451,081
Total equity .....	2,296,825	2,368,767	2,235,135	2,235,399	2,163,056
Total liabilities .....	1,576,320	2,077,614	2,113,209	2,146,234	2,288,025
Net debt .....	843,516	1,500,786	1,675,804	1,691,462	1,884,603
<b>Key figures</b>					
Cash flow from operating activities .....	435,916	323,299	234,084	295,764	295,761
Investing activities .....	( 95,011)	( 113,035)	( 111,550)	( 82,420)	( 150,864)
Financing activities .....	( 280,523)	( 204,453)	( 142,399)	( 218,261)	( 151,876)
Total liquidity .....	305,509	267,560	371,963	290,487	469,433
Equity ratio .....	59.3%	53.3%	51.4%	51.0%	48.6%
Return on equity .....	6.8%	6.6%	3.5%	5.3%	5.9%
Interest cover (EBITDA/net interest expenses) .	14.33x	7.23x	5.66x	5.55x	4.76x
Net debt / EBITDA .....	1.85x	3.53x	5.14x	4.47x	4.83x

## 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 generates 70% of all electricity in Iceland, from 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.

*There will be a meeting for media and financial analysts tomorrow Tuesday 21st February at 09:00 at Landsvirkjun's premises, Háaleitisbraut 68 in Reykjavík. Hörður Arnarson CEO and Rafnar Lárusson CFO will cover the most significant parts of the 2022 full year results.*