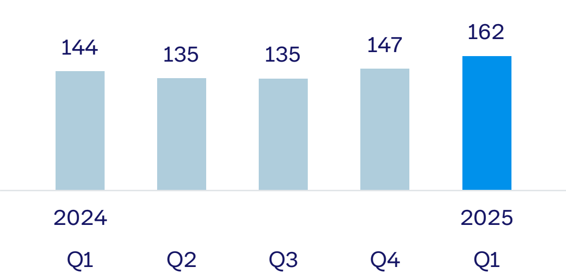
Landsvirkjun

Condensed interim
financial statements
1.1.-31.3.2025

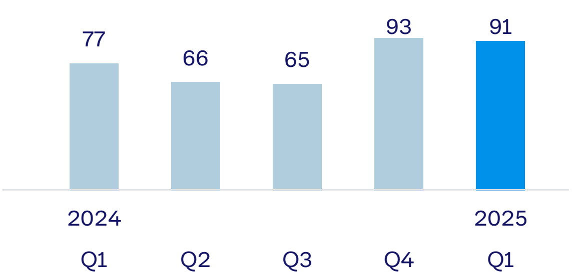
Contents

Key figures

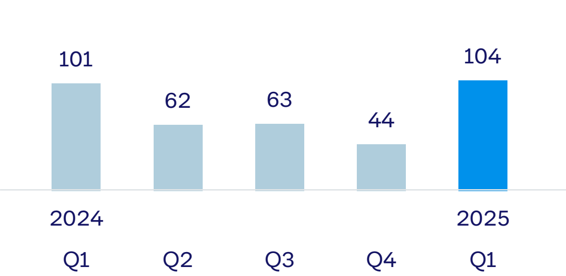
Operating revenues



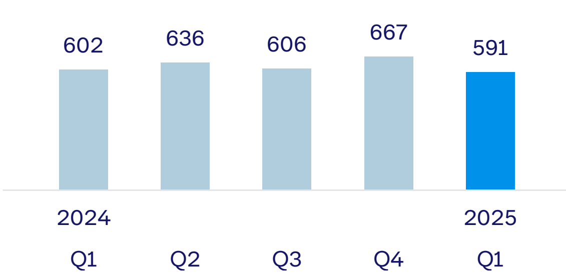
Profit before unrealised financial items



Cash flow from operating activities



Net debt



Capacity
2.158 MW

15 Hydropower stations
2.001 MW

3 Geothermal stations
155 MW

2 Windmills
2 MW

Amounts in USD million

Key figures

Management's presentation of the operation of Landsvirkjun

Amounts are in USD thousand

	2025 1.1.-31.3.	2024 1.1.-31.3.	2023 1.1.-31.3.	2022 1.1.-31.3.	2021 1.1.-31.3.
Operation					
Operating revenues	162,710	142,354	162,032	174,884	117,907
Realised hedges	(285)	1,370	13,391	(27,836)	(5,118)
Total operating revenues	162,425	143,724	175,423	147,048	112,789
Operating and maintainance expenses	(44,977)	(38,550)	(37,452)	(40,562)	(37,399)
EBITDA	117,448	105,174	137,971	106,486	75,390
Depreciation and impairment loss	(24,730)	(25,006)	(26,579)	(26,470)	(26,558)
EBIT	92,718	80,168	111,392	80,016	48,832
Financial items	(2,022)	(3,164)	(2,944)	(7,960)	(10,002)
Subsidiaries and associated companies	411	357	227	5,230	6,009
Profit before unrealised financial items	91,107	77,361	108,675	77,286	44,839
Unrealised financial items:					
Fair value changes in embedded derivatives	9,480	(22,668)	14,953	162,243	3,124
Fair value changes in other derivatives	(390)	(807)	34,723	(62,119)	(12,087)
Unrealised foreign exchange difference	(4,981)	2,462	(9,253)	788	4,909
	4,109	(21,013)	40,423	100,912	(4,054)
Profit before income tax	95,216	56,348	149,098	178,198	40,785
Income tax	(37,073)	(21,802)	(57,510)	(65,670)	(13,172)
Profit for the period	58,143	34,546	91,588	112,528	27,613
Balance sheet	**31.3.2025**	**31.3.2024**	**31.3.2023**	**31.3.2022**	**31.3.2021**
Total assets	3,527,256	3,641,298	3,815,436	3,916,953	3,751,050
Total equity	2,361,807	2,397,952	2,388,164	2,326,721	2,129,900
Total liabilities	1,165,449	1,243,346	1,427,272	1,590,232	1,621,150
Net debt*	590,533	601,873	711,336	974,454	1,227,793
Cash flow	**1.1.-31.3.**	**1.1.-31.3.**	**1.1.-31.3.**	**1.1.-31.3.**	**1.1.-31.3.**
Funds from operation (FFO)	112,300	102,265	132,218	97,241	64,489
Cash flow from operating activities	104,138	101,316	144,419	101,050	64,725
Investing activities	(23,736)	(8,122)	(6,579)	11,143	1,998
Financing activities	(72,862)	(12,834)	(177,454)	(76,837)	(12,439)
Liquidity	**31.3.2025**	**31.3.2024**	**31.3.2023**	**31.3.2022**	**31.3.2021**
Cash and cash equivalents	88,911	164,884	113,578	102,168	113,673
Undrawn loans	125,000	125,000	150,000	150,000	150,000
Total liquidity	213,911	289,884	263,578	252,168	263,673
Key ratios					
Return on equity **	7.7%	6.4%	6.0%	10.4%	3.1%
Equity ratio	67.0%	65.9%	62.6%	59.4%	56.8%
Interest cover (EBITDA/net interest exp)**	40.95x	43.10x	18.00x	8.92x	5.89x
FFO / net debt**	68.9%	74.7%	64.3%	32.9%	16.2%
FFO / interest expense**	14.10x	13.64x	12.70x	7.70x	4.68x
Net debt / EBITDA**	1.40x	1.30x	1.46x	2.68x	4.96x
Credit rating without state guarantee at the end of March					
Standard & Poor's	A-	A-	BBB+	BBB+	BBB

*Net debt is interest bearing liabilities less cash and cash equivalents
**Key ratios based on the past 12 months

Endorsement and Statement of the Board of Directors and CEO

Landsvirkjun's objective is to operate in the energy sector and to engage in other business and financial operations according to the decision of the Board of Directors at each time. The Company's interim financial statements for the period from 1 January to 31 March 2025 are prepared in accordance with *IAS 34* Interim Financial Reporting and additional requirements in the Icelandic Financial Statement Act and include the financial statements of the Company which include the results of the subsidiaries, Icelandic Power Insurance Ltd. and Landsvirkjun Power ehf. and associated companies. Landsvirkjun does not prepare consolidated interim financial statements. The interim financial statements have not been audited or reviewed by the Company's auditors.

According to the income statement, the Company's profit for the period from January to March 2025 amounted to USD 58.1 million while the profit during the same period in 2024 amounted to USD 34.5 million. The increase between periods amounted to USD 23.6 million. The fair value changes of derivatives was positive and amounted to USD 9.1 million during the period January to March 2025 compared to a negative difference of USD 23.5 million during the same period in the previous year. The Company's operating revenues amounted to USD 162.4 million during the period compared to USD 143.7 million during the same period in the previous year. Cash flow from operations amounted to USD 104.1 million during the period compared to USD 101.3 million during the same period in the previous year. At the end of March 2025 cash and cash equivalents amounted to USD 88.9 million and undrawn loans amounted to USD 125.0 million, a total of USD 213.9 million. The Company's equity at the end of March amounted to USD 2,361.8 million according to the balance sheet compared to USD 2,303.8 million at year end 2024. At the annual general meeting on 14 April 2025 a dividend payment to the owners of Landsvirkjun amounting to USD 195.0 million was approved for the year 2024.

Statement by the Board of Directors and the CEO

According to the best knowledge of the Board of Directors and the CEO, the financial statements are in accordance with *IAS 34*, Interim Financial Reporting, as adopted by the EU and additional requirements in the Icelandic Financial Statement Act. According to the best knowledge of the Board of Directors and the CEO the financial statements give a fair view of the Company's assets, liabilities and financial position as at 31 March, 2025 and the Company's operating results and changes in cash flow during the period from January to March 2025.

Furthermore, it is the opinion of the Board of Directors and the CEO that the interim financial statements and the Endorsement by the Board of Directors for the period from January to March 2025 give a fair view of the Company's results, financial position and development and describe the main risk factors faced by the Company.

The Board of Directors and the CEO have today discussed the condensed interim financial statements for the period 1 January to 31 March 2025 and confirm them by means of their signatures.

Reykjavik, 20 May 2025.

The Board of Directors:
Brynja Baldursdóttir
Berglind Ásgeirsdóttir
Sigurður Magnús Garðarsson
Hörður Þórhallsson
Þórdís Ingadóttir

The CEO:
Hörður Arnarson

Income Statement

	Notes	2025 1.1.-31.3.	2024 1.1.-31.3.
Operating revenues			
Power sales	6	141,780	128,057
Realised hedges		(285)	1,370
Other income		20,930	14,297
		162,425	143,724
Operating expenses			
Energy generation costs		54,493	48,491
Cost of general research		3,174	2,471
Other operating expenses		12,040	12,594
		69,707	63,556
Operating profit		92,718	80,168
Financial income and (expenses)			
Interest income		4,272	4,757
Interest expenses		(6,486)	(7,891)
Foreign exchange difference		(4,789)	2,432
Fair value changes in embedded derivatives		9,480	(22,668)
Fair value changes in other derivatives		(390)	(807)
	7	2,087	(24,177)
Subsidiaries and associated companies		411	357
Profit before income tax		95,216	56,348
Income tax		(37,073)	(21,802)
Net profit for the period		58,143	34,546

Notes 1 to 13 are an integral part of these interim financial statements.

Interim Financial Statements of Landsvirkjun 31 March 2025 6 Amounts in USD thousand

Statement of Comprehensive Income

	2025 1.1.-31.3.	2024 1.1.-31.3.
Profit for the period	58,143	34,546
Items that will not be reclassified subsequently to profit or loss:		
Pension obligation after income tax, change	(496)	(588)
Items that may be reclassified subsequently to profit or loss:		
Transl. diff. due to subsidiaries and associated companies	349	(121)
Total operating items moved to equity	(147)	(709)
Total comprehensive income for the period	57,996	33,837

Notes 1 to 13 are an integral part of these interim financial statements.

Interim Financial Statements of Landsvirkjun 31 March 2025 7 Amounts in USD thousand

Balance Sheet

Assets	Notes	31.03.2025	31.12.2024
Non-current assets			
Property, plant and equipment		2,830,150	2,836,572
Projects under construction		35,876	28,874
Development cost		136,473	129,632
Other intangible assets		50,369	50,475
Derivative financial instruments	8	41,670	33,517
Subsidiaries		8,560	8,201
Associated companies		5,628	5,303
Loan to related parties		190,483	186,326
Shares in other companies		723	690
Total non-current assets		3,299,932	3,279,590
Current assets			
Accounts receivables and other receivables		73,889	58,572
Related parties, receivables		43,496	41,028
Derivative financial instruments	8	13,164	12,051
Assets held for sale		7,864	7,864
Cash and cash equivalents		88,911	78,781
Total current assets		227,324	198,296
Total assets		3,527,256	3,477,886
Equity and liabilities			
Equity			
Owners' contributions		586,512	586,512
Restricted reserves		3,355	3,172
Translation difference		(16,303)	(16,652)
Other equity		1,788,243	1,730,779
Total equity		2,361,807	2,303,811
Long-term liabilities			
Interest bearing liabilities	9	556,813	563,096
Accrued pension liabilities		41,289	39,204
Deferred income tax liability		263,267	255,117
Lease obligation		12,274	8,375
Derivative financial instruments	8	1,033	2,337
		874,676	868,129
Current liabilities			
Accounts payable and other payables	11	137,970	37,650
Interest bearing liabilities	9	122,631	182,631
Income tax payable		28,624	83,287
Related parties, liabilities		161	499
Derivative financial instruments	8	1,387	1,879
		290,773	305,946
Total liabilities		1,165,449	1,174,075
Total equity and liabilities		3,527,256	3,477,886

Notes 1 to 13 are an integral part of these interim financial statements.

Interim Financial Statements of Landsvirkjun 31 March 2025 8 Amounts in USD thousand

Statement of Equity

	Owners' contribution	Restricted reserves	Translation difference	Other equity	Total equity
1 January to 31 March, 2025					
Equity at 1 January, 2025	586,512	3,172	(16,652)	1,730,779	2,303,811
Translation difference			349		349
Pension obligation, change				(496)	(496)
Profit for the period				58,143	58,143
Total comprehensive profit		0	349	57,647	57,996
Share of profit of subsidiaries and associated companies transf.		183		(183)	0
Equity at 31 March, 2025	586,512	3,355	(16,303)	1,788,243	2,361,807
1 January to 31 March, 2024					
Equity at 1 January, 2024	586,512	2,199	(16,449)	1,791,852	2,364,114
Translation difference			(121)		(121)
Pension obligation, change				(588)	(588)
Profit for the period				34,546	34,546
Total comprehensive profit		0	(121)	33,958	33,837
Share of profit of subsidiaries and associated companies transf.		87		(87)	0
Equity at 31 March, 2024	586,512	2,286	(16,570)	1,825,724	2,397,952

Notes 1 to 13 are an integral part of these interim financial statements.

Interim Financial Statements of Landsvirkjun 31 March 2025 9 Amounts in USD thousand

Statement of Cash Flows

	2025 1.1.-31.3.	2024 1.1.-31.3.
Operating activities		
Operating profit	92,718	80,168
Depreciation and impairment loss	24,730	25,006
Pension obligation, change	(577)	(581)
Other changes	68	(2)
Working capital from operation before financial items	116,939	104,591
Operating assets and liabilities, change	14,355	16,578
Cash flow from operating activities before financial items	131,294	121,169
Interest income received	1,827	1,851
Interest expenses and foreign exch. difference paid	(9,195)	(6,921)
Taxes paid	(19,788)	(14,783)
Cash flow from operating activities	104,138	101,316
Investing activities		
Power stations in operation	(3,798)	(3,719)
Power stations under construction	(3,849)	0
Power plant preparation cost	(5,670)	(3,156)
Received dividend	34	0
Other investments	(10,458)	(1,260)
Assets sold	5	13
Investing activities	(23,736)	(8,122)
Financing activities		
Amortisation of long-term debt	(72,862)	(12,834)
Financing activities	(72,862)	(12,834)
Change in cash and cash equivalents	7,540	80,360
Effect of exch. difference on cash and cash equivalents	2,590	(732)
Cash and cash equivalents at the beginning of the year	78,781	85,256
Cash and cash equivalents at the end of the period	88,911	164,884

Notes 1 to 13 are an integral part of these interim financial statements.

Interim Financial Statements of Landsvirkjun 31 March 2025 10 Amounts in USD thousand

Notes

Reporting entity

1. Landsvirkjun

Landsvirkjun is a partnership which operates in Iceland and has its headquarters at Katrínartún 2, Reykjavik, Iceland. Landsvirkjun operates in accordance with the Act on Landsvirkjun no. 42/1983. The Company's main objective is to engage in operations in the energy sector. The interim financial statements include the financial statements of the Company and its shares of subsidiaries and associated companies.

2. Statement of IFRS compliance

The interim financial statements have been prepared in accordance with International Financial Reporting Standard IAS 34 Interim Financial Reporting as adopted by the EU and additional requirements in the Icelandic Financial Statements Act. They do not encompass all the information necessary for complete annual financial statements, and should be read in conjunction with the financial statements for the year ended 31 December, 2024.

3. Significant accounting policies

The interim financial statements are prepared using the same accounting policies as for the year 2024 except that the Company has adopted new International Accounting Standards, as adopted by the EU, for the accounting period beginning 1 January, 2025, changes to the standards and new interpretations. The Company has not implemented new or enhanced standards that have been issued but are not yet in effect. The financial statements for the year 2024 can be found on its website www.landsvirkjun.com and the website of NASDAQ OMX Iceland; www.nasdaqomxnordic.com.

The interim financial statements are presented in USD, which is the Company's functional currency. Amounts are presented in USD thousand unless otherwise stated.

4. Use of estimates and judgements

The preparation of interim financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

5. Segment information

All operations of the Company fall under one segment. Landsvirkjun's objective, according to law, is to operate in the energy sector and to engage in other business and financial operations according to the decision of the Board of Directors at each time. Landsvirkjun harnesses hydroelectric power, geothermal power and wind power. Landsvirkjun sells all of its electricity generation in Iceland, both to retail sales companies and to power intensive industrial users.

6. Operating revenues

	2025	**2024**
	1.1.-31.3.	1.1.-31.3.
Power sales are specified as follows:		
Retail sales companies	40,675	38,446
Power intensive users	101,105	89,611
Power sales total	141,780	128,057

Notes, contd.:

7. Financial income and (expenses)

Financial income and (expenses) are specified as follows:

	2025 1.1.-31.3.	2024 1.1.-31.3.
Interest income	4,272	4,757
Interest expense	(6,640)	(7,757)
Guarantee fee	(138)	(134)
Capitalised interest	292	0
Total interest expense	(6,486)	(7,891)
Realised foreign exchange difference	192	(30)
Unrealised foreign exchange difference	(4,981)	2,462
Total foreign exchange difference	(4,789)	2,432
Fair value changes in embedded derivatives	9,480	(22,668)
Fair value changes in other derivatives	(390)	(807)
Financial income and (expenses)	2,087	(24,177)

8. Derivative financial instruments in the balance sheet

Derivative financial instruments in the balance sheet are specified as follows:

	31.03.2025	31.12.2024
Assets:		
Embedded derivatives in power contracts	51,607	42,127
Commodity hedges	3,047	3,441
Currency swaps	180	0
	54,834	45,568
Derivative financial instruments are divided as follows:		
Long-term component of derivative agreements	41,670	33,517
Short-term component of derivative agreements	13,164	12,051
	54,834	45,568
Liabilities:		
Commodity hedges	2,420	2,984
Currency swaps	0	1,232
	2,420	4,216
Derivative financial instruments are divided as follows:		
Long-term component of derivative agreements	1,033	2,337
Short-term component of derivative agreements	1,387	1,879
	2,420	4,216

Interim Financial Statements of Landsvirkjun 31 March 2025 12 Amounts in USD thousand

Notes, contd.:

9. Liabilities

Interest bearing long-term debt is categorized by currencies as follows:

	Maturity date	31.03.2025 Average interest	Remaining balance	31.12.2024 Average interest	Remaining balance
Liabilities in EUR	2026	2.8%	162,200	3.2%	156,164
Liabilities in USD	2025-2035	3.9%	517,244	3.9%	589,563
			679,444		745,727
Current maturities of long-term debt			(122,631)		(182,631)
Total long-term debt			556,813		563,096

Interest rates on the loans range between 2.8-6.3%. Nominal interest rates for the period were on average 3.6%, taking into account the state guarantee fee (2024:3.8%).

According to loan agreements, the maturities of long-term debt are as follows:

	31.03.2025
1.4.2025-31.3.2026	122,631
1.4.2026-31.12.2026	177,445
2027	27,619
2028	131,764
2029	69,384
2030	119,384
Later	31,217
	679,444

10. Comparison of fair value and book value

	31.03.2025 Book value	Fair value	31.12.2024 Book value	Fair value
Interest-bearing loans issued by the Icelandic state	227,327	233,256	223,305	226,710
Interest-bearing long term liabilities	(679,444)	(681,160)	(745,727)	(741,939)

Fair value of other financial instruments is equal to book value.

Fair value of interest-bearing loans to related parties and liabilities is calculated by discounting the expected cash flows using the underlying currencies yield curve.

Interest rates are specified as follows:	31.03.2025	31.12.2024
Interest-bearing assets and liabilities in USD	2.8 to 6.3%	2.8 to 6.3%
Interest-bearing assets and liabilities in EUR	2.8 to 3.5%	3.2 to 3.5%

Interim Financial Statements of Landsvirkjun 31 March 2025 13 Amounts in USD thousand

Notes, contd.:

11. Accounts payable and other payables

Accounts payable and other payables are specified as follows:	31.03.2025	31.12.2024
Accounts payable	31,596	1,029
Accrued interest	6,498	6,795
Value added tax	27,467	15,468
Income tax payable due to last year	55,848	0
Other short term liabilities	16,561	14,358
	137,970	37,650

12. Fair value classification

The table displays the level categorisation for items in the interim financial statements that are valued at fair value.

	Level 2	Level 3	Total
31.03.2025			
Embedded derivatives		51,607	51,607
Other derivatives	806		806
Shares in other companies		723	723
	806	52,330	53,136
31.12.2024			
Embedded derivatives		42,127	42,127
Other derivatives	(775)		(775)
Shares in other companies		690	690
	(775)	42,817	42,042

13. Other matters

At the annual general meeting on 14 April, 2025 a dividend payment to the owners of Landsvirkjun amounting to USD 195.0 million was approved for the year 2024.

In a letter dated 9 February 2024, the Competition Authority formally notified Landsvirkjun of its decision to initiate an investigation into whether provisions in contracts with power intensive customers, specifically those prohibiting the resale of electricity under long-term contracts without prior approval from Landsvirkjun are in violation of competition law or the provisions of the EEA Agreement.

Since 2020, following a complaint, the Competition Authority has been conducting a review and investigation into whether Landsvirkjun's participation in Landsnet hf.'s transmission loss auctions during the period 2017–2021 constituted a violation of competition law. As part of the proceedings, the Competition Authority issued a statement of objections to Landsvirkjun, to which the company submitted a formal response in the spring of 2024.

In June 2024, the EFTA Surveillance Authority (ESA) requested information from Landsvirkjun regarding a complaint about the company's refusal to sell electricity for electrofuel projects. Subsequently, at a meeting on 28 April 2025, ESA notified Landsvirkjun of its intent to formally announce on 30 April 2025, the opening of an investigation into a possible infringement of Article 54 of the EEA Agreement. This decision is strictly to initiate an investigation and does not presuppose that an infringement has occurred.

After a Supreme Court ruling in June 2024, Landsvirkjun requested a refund from Landsnet hf. for an unlawfully charged in-feed tariff. Landsnet reimbursed the company in January 2025, totalling USD 17.2 million. Landsvirkjun has since refunded its customers the amounts they were charged during the period the tariff was in place. These refunds were recorded as reductions in accounts receivable and accounts payable at the end of 2024. Final settlement is completed.

Interim Financial Statements of Landsvirkjun 31 March 2025 14 Amounts in USD thousand