

Landsvirkjun's first quarter results

Record revenues and strong cash generation

Key figures from the interim financial statements

- Profit before unrealised financial items amounted to USD 108.7 million, compared to USD 77.3 million for the same period of the prior year, an increase by 40.6%.
- The profit for the period was USD 91.6 million, compared to USD 112.5 million for the same period of the prior year.
- Operating revenues amounted to USD 175.4 million, increasing by USD 28.4 million (19.3%) from the same period of the prior year.
- Net debt decreased by USD 136.7 million from the beginning of the year and amounted to USD 711.3 million at the end of March.
- Cash flow from operations amounted to USD 144.4 million, which is an increase of 42.9% compared to the same period of the prior year.
- During the annual general meeting it was agreed to pay a dividend of USD 140 million.
- Landsvirkjun does not prepare consolidated interim financial statements with its subsidiaries Landsvirkjun Power ehf. and Icelandic Power Insurance Ltd, because their impact is considered insignificant. Instead, the financial statements are prepared according to IAS 27 Separate Financial Statements.

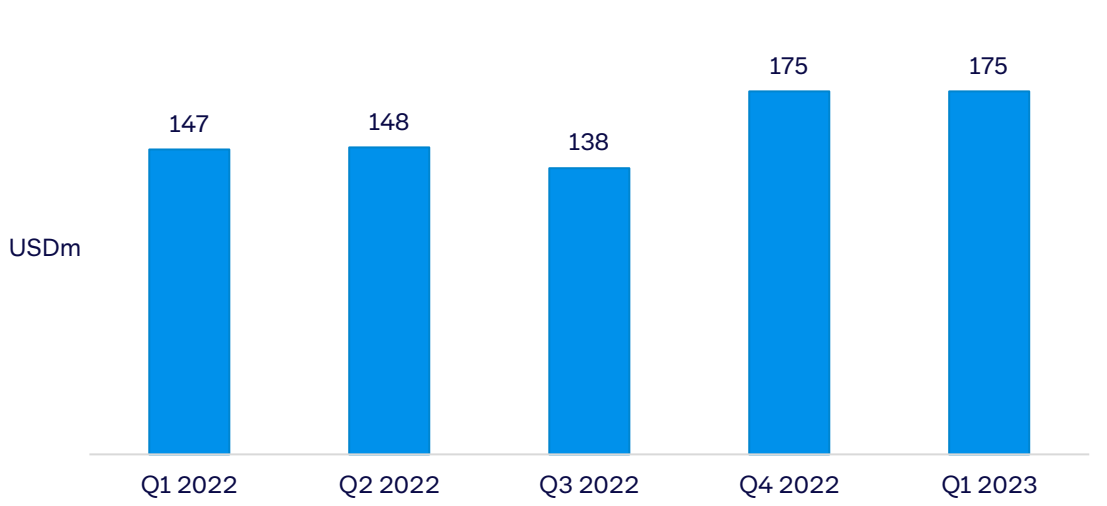
Hörður Arnarson, CEO:

“First quarter results were excellent. Profit before unrealised financial items, which reflects Landsvirkjun’s core operations, increased by more than 40% compared to the first quarter of 2022. Operating revenues increased by almost 20% year on year due to increased electricity sales, high energy prices to power intensive customers, and revenues from realised hedges. Meanwhile, Landsvirkjun’s operating expenses decreased by 8% year on year. Cash generation was also strong in the first quarter, as cash flow from operating activities increased by 43% year on year and was USD 144.4 million.

Power station operations were superb in the first quarter, with a 5% increase in energy generation year on year. However, delivery of controllable load to data centres and fish meal factories had to be reduced repeatedly during the period since the Company’s electricity system was operating at maximum capacity. Landsvirkjun is working hard to acquire the relevant licences needed to increase energy generation to meet the apparent domestic demand for energy and the energy transition.”

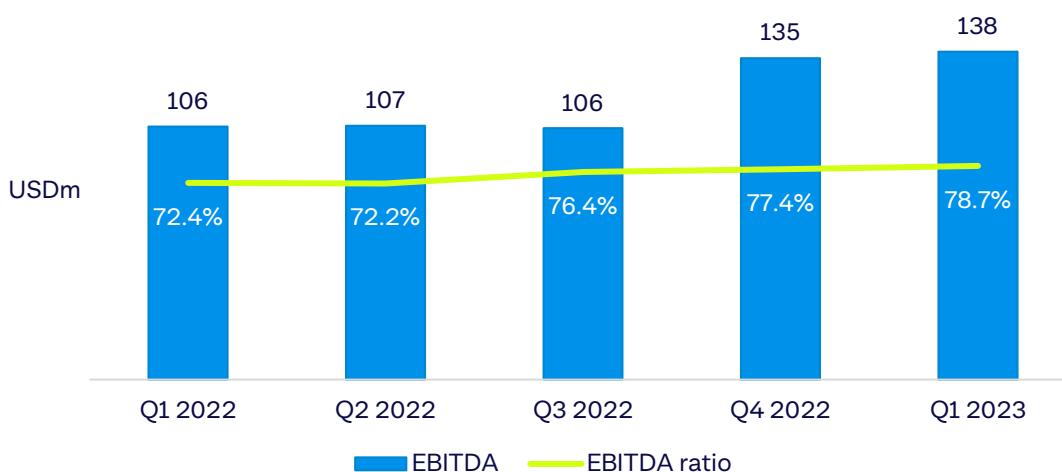
Operations

Development of operating revenues



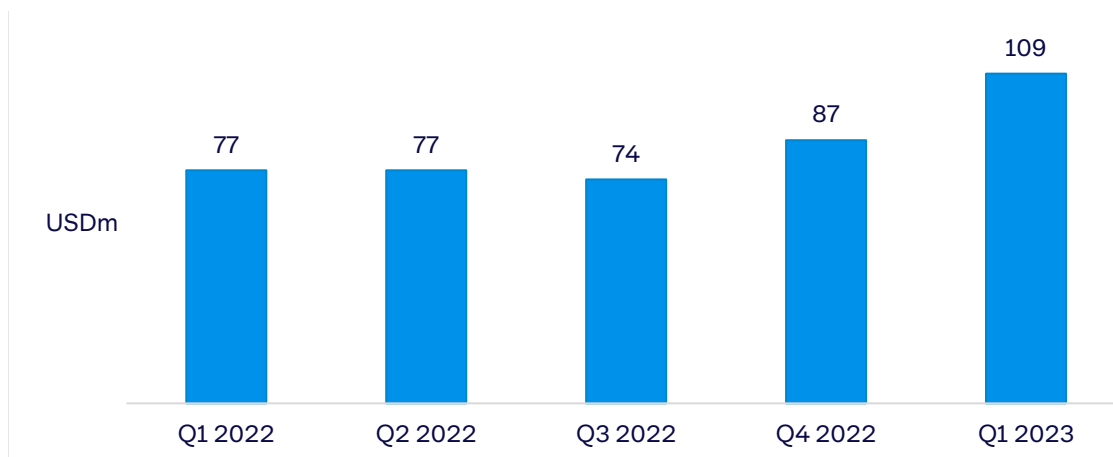
Operating revenues amounted to USD 175m for the first quarter of the year, a 19% increase from the same period of the previous year and the highest revenues for one quarter in Landsvirkjun’s history. Landsvirkjun was able to secure favourable hedging prices which dampen the effect of the substantial decrease in prices on international commodity and energy markets.

EBITDA and EBITDA ratio



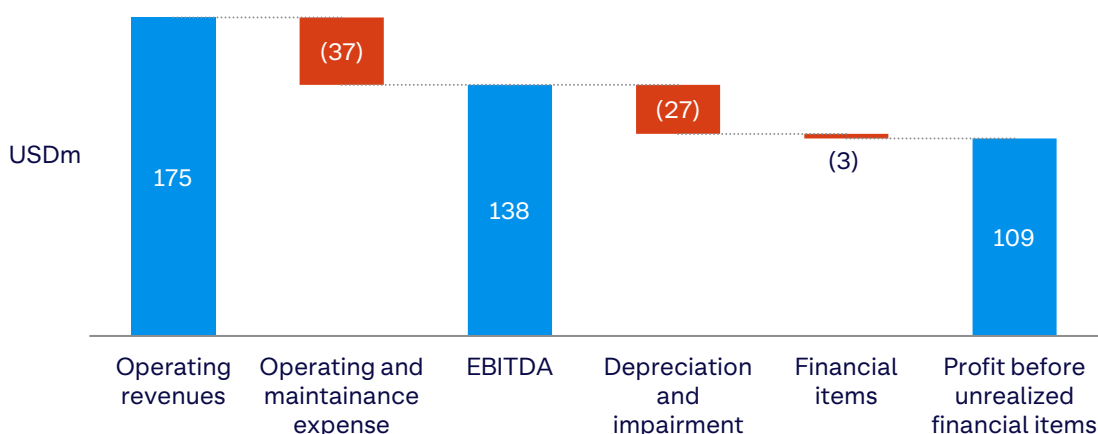
Operating profit before depreciation and amortisation, EBITDA, amounted to USD 138 million in the quarter – in line with strong revenues.

Profit before unrealised financial items



The profit amounted to USD 109 million in the first quarter, reflecting Landsvirkjun’s strong core operations.

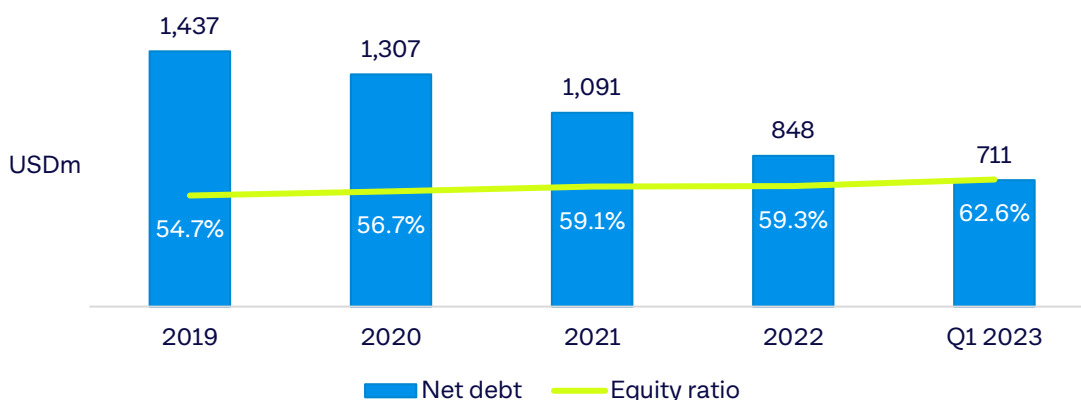
Items affecting profit before unrealized financial items



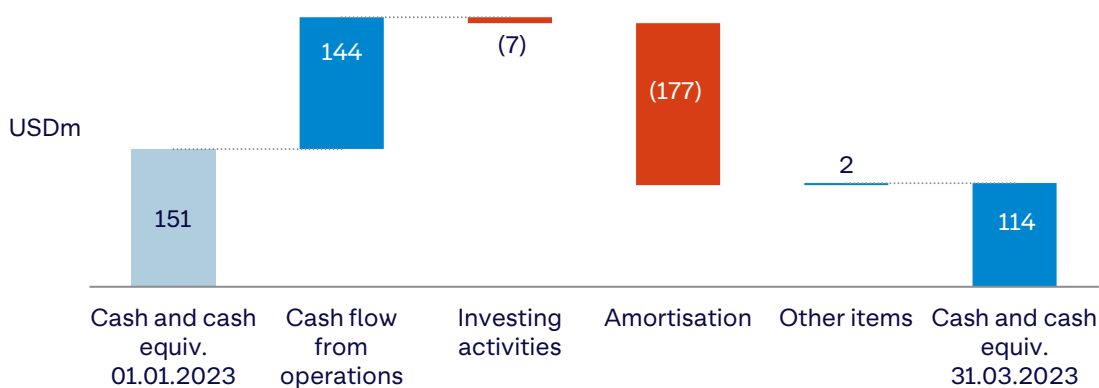
Strong cash generation

The company’s cash generation (cash flow from operating activities) was USD 144 million for the quarter, which is USD 43 million higher than for the same period of the previous year. Net debt (interest bearing liabilities less cash and cash equivalent) has decreased by USD 137 million since the start of the year and by USD 263 million since the same time last year. Landsvirkjun’s debt keeps decreasing, which is reflected in a high equity ratio which has now surpassed 60%. The ratio of net debt to EBITDA is now 1,46 but was 5,30 for the same period in 2019.

Net debt and equity ratio



The Group’s cash and cash equivalents amounted to USD 151 million at year end 2022, and have decreased by USD 37 million.



Operating outlook

Power demand remains high with the energy system at capacity. We are currently working on getting the required permits for developing generating capacity. This strong demand has a positive effect on the operating outlook, however the operating results will continue to be affected by international commodity and energy markets.

Reykjavik, 15 May 2023

Further information is provided by:

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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.-31.3.	1.1.-31.3.	1.1.-31.3.	1.1.-31.3.	1.1.-31.3.
Operation					
Operating revenues	162,032	174,884	117,907	107,954	114,107
Realised hedges	13,391 (	27,836) (	5,118)	1,276	1,769
Total operating revenues	175,423	147,048	112,789	109,230	115,876
Operating and maintenance expenses	(37,452) (	40,562) (	37,399) (	33,677) (	36,856)
EBITDA	137,971	106,486	75,390	75,553	79,020
Depreciation and impairment loss	(26,579) (	26,470) (	26,558) (	24,479) (	26,154)
EBIT	111,392	80,016	48,832	51,074	52,866
Financial items	(2,944) (	7,960) (	10,002) (	12,981) (	14,137)
Subsidiaries and associated companies	227	5,230	6,009	7,119	7,340
Profit before unrealised financial items	108,675	77,286	44,839	45,212	46,069
Unrealised financial items:					
Fair value changes in embedded derivatives	14,953	162,243	3,124 (	23,792)	6,842
Fair value changes in other derivatives	34,723 (	62,119) (	12,087)	5,902 (	5,002)
Unrealised foreign exchange difference	(9,253)	788	4,909	14,124	6,937
	40,423	100,912 (	4,054) (	3,766)	8,777
Profit before income tax	149,098	178,198	40,785	41,446	54,846
Income tax	(57,510) (	65,670) (	13,172) (	12,238) (	17,690)
Profit	91,588	112,528	27,613	29,208	37,156
Balance sheet					
	31.3.2023	31.3.2022	31.3.2021	31.3.2020	31.3.2019
Total assets	3,815,436	3,916,953	3,751,050	3,721,584	3,919,024
Total equity	2,388,164	2,326,721	2,129,900	2,134,578	2,079,919
Total liabilities	1,427,272	1,590,232	1,621,150	1,587,006	1,839,105
Net liabilities	711,336	974,454	1,227,793	1,311,005	1,552,678
Key figures					
Cash flow from operating activities	144,419	101,050	64,725	59,367	61,838
Investing activities	(6,579)	11,143	1,998 (	68,682) (	5,297)
Financing activities	(177,454) (	76,837) (	12,439) (	159,304) (	51,033)
Total liquidity	263,578	252,168	263,673	187,817	371,260
Equity ratio	62.6%	59.4%	56.8%	57.4%	53.1%
Return on equity	6.0%	10.4%	3.1%	4.5%	7.0%
Interest cover (EBITDA/net interest expenses)	18.00x	8.92x	5.89x	5.65x	4.46x
Net liabilities / EBITDA	1.46x	2.68x	4.96x	4.47x	5.30x

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.