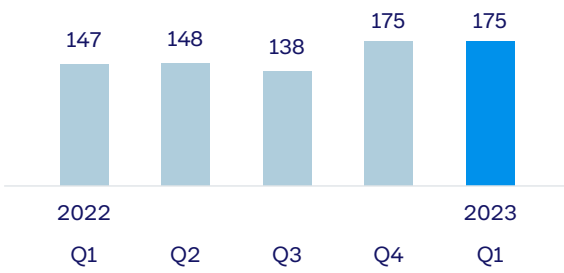


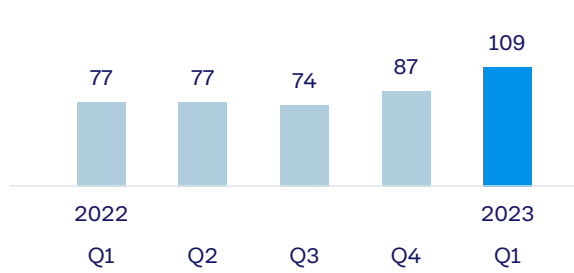


Key figures

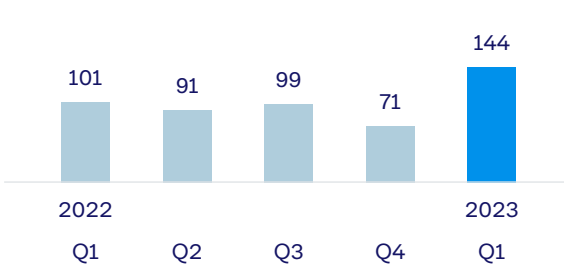
Operating revenues



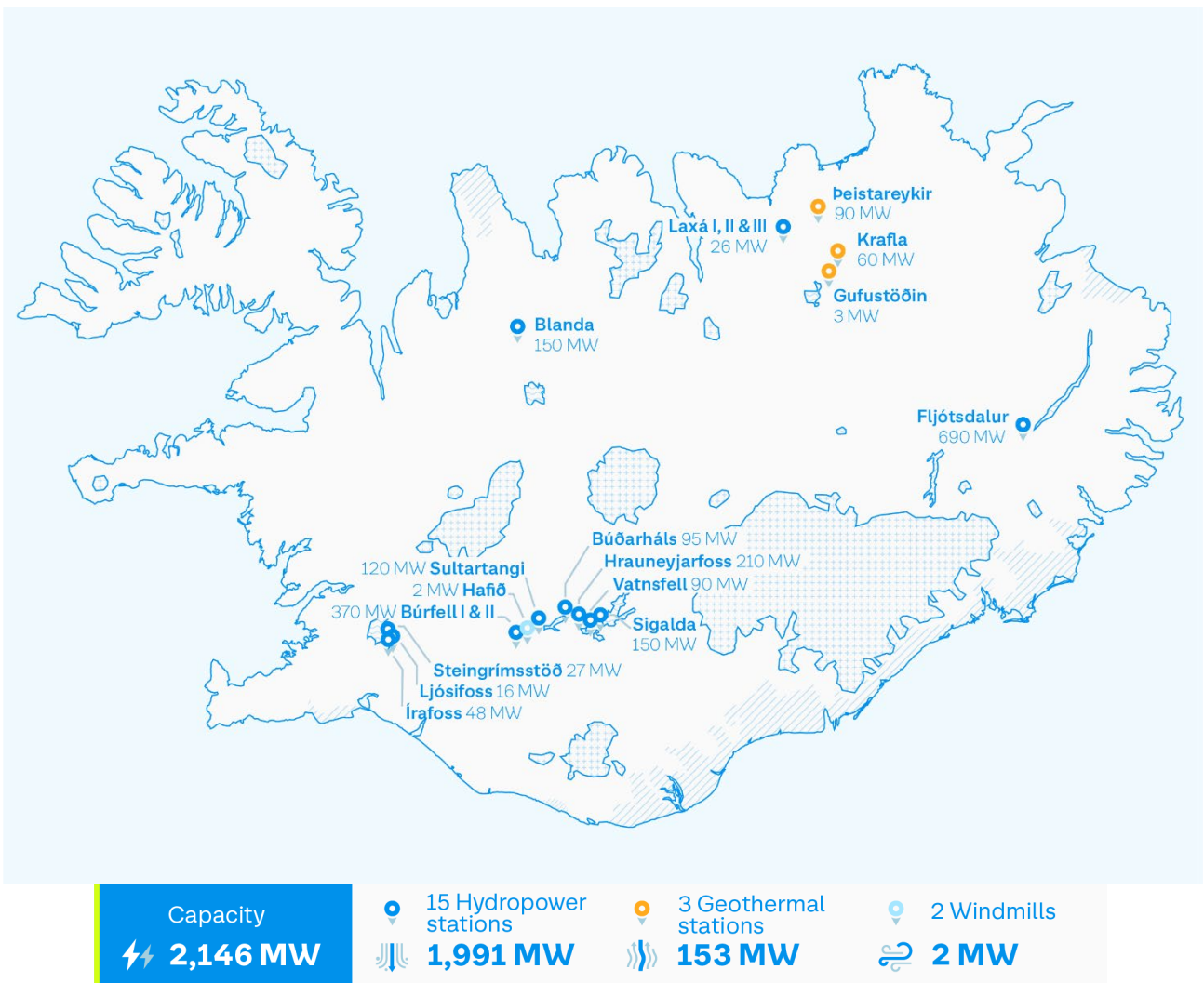
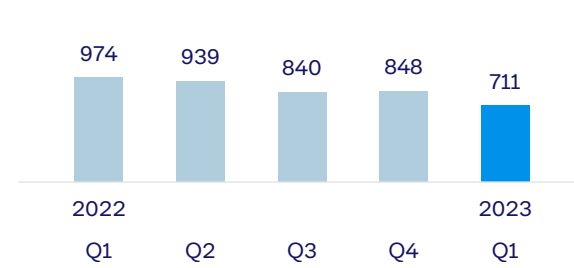
Profit before unrealised financial items



Cash flow from operating activities



Net debt



Contents

Key Figures, Management's Presentation of the Operation of Landsvirkjun	4
Endorsement and Statement of the Board of Directors and CEO	5
Income Statement	6
Statement of Comprehensive Income	7
Balance Sheet	8
Statement of Equity	9
Statement of Cash Flows	10
Notes	11

Key figures

Management's presentation of the operation of Landsvirkjun

Amounts are in USD thousand*

	2023 1.1.-31.3.	2022 1.1.-31.3.	2021 1.1.-31.3.	2020 1.1.-31.3.	2019 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 for the period	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 debt**	711,336	974,454	1,227,793	1,311,005	1,552,678
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)	132,218	97,241	64,489	63,698	65,229
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)
Liquidity					
	31.3.2023	31.3.2022	31.3.2021	31.3.2020	31.3.2019
Cash and cash equivalents	113,578	102,168	113,673	37,817	73,357
Undrawn loans	150,000	150,000	150,000	150,000	297,903
Total liquidity	263,578	252,168	263,673	187,817	371,260
Key ratios					
Return on equity ***	6.0%	10.4%	3.1%	4.5%	7.0%
Equity ratio	62.6%	59.4%	56.8%	57.4%	53.1%
Interest cover (EBITDA/net interest exp)***	18.00x	8.92x	5.89x	5.65x	4.46x
FFO / net debt***	64.3%	32.9%	16.2%	18.4%	15.1%
FFO / interest expense***	12.70x	7.70x	4.68x	4.28x	3.31x
Net debt / EBITDA**	1.46x	2.68x	4.96x	4.47x	5.30x
Credit rating without state guarantee at the end of March					
Standard & Poor's	BBB+	BBB+	BBB	BBB	BBB
Moody's	Baa1	Baa1	Baa1	Baa1	Baa2

*The amounts for the period and comparative amounts are amounts of the parent company, see note 4

**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 condensed financial statements for the period from 1 January to 31 March 2023 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, see further note no. 4. 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 2023 amounted to USD 91.6 million while the profit during the same period in 2022 amounted to USD 112.5 million. The decrease between periods amounted to USD 20.9 million. The fair value changes of derivatives was positive and amounted to USD 49.7 million during the period January to March 2023 compared to a positive difference of USD 100.1 million during the same period in the previous year. The Company's operating revenues amounted to USD 175.4 million during the period compared to USD 147.0 million during the same period in the previous year. Cash flow from operations amounted to USD 144.4 million during the period compared to USD 101.1 million during the same period in the previous year. At the end of March 2023 cash and cash equivalents amounted to USD 113.6 million and undrawn loans amounted to USD 150.0 million, a total of USD 263.6 million. The Company's equity at the end of March amounted to USD 2,388.2 million according to the balance sheet compared to USD 2,296.7 million at year end 2022. At the annual general meeting on 26 April 2023 a dividend payment to the owners of Landsvirkjun amounting to USD 140.0 million was approved for the year 2022.

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, 2023 and the Company's operating results and changes in cash flow during the period from January to March 2023.

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 2023 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 2023 and confirm them by means of their signatures.

Reykjavik, 15 May 2023.

The Board of Directors:
Jónas Þór Guðmundsson
Jón Björn Hákonarson
Álfheiður Ingadóttir
Gunnar Tryggvason
Soffía Björk Guðmundsdóttir

The CEO:
Hörður Arnarson

Income Statement

	Notes	2023	2022
		1.1.-31.3.	1.1.-31.3.
Operating revenues			
Power sales	7	151,790	170,403
Realised hedges		13,391 (27,836)
Other income		10,242	4,481
		<u>175,423</u>	<u>147,048</u>
Operating expenses			
Energy generation costs		48,700	51,478
Cost of general research		4,684	4,537
Other operating expenses		10,647	11,017
		<u>64,031</u>	<u>67,032</u>
Operating profit		<u>111,392</u>	<u>80,016</u>
Financial income and (expenses)			
Interest income		5,327	251
Interest expenses		(8,907) (8,589)
Foreign exchange difference		(8,617)	1,166
Fair value changes in embedded derivatives		14,953	162,243
Fair value changes in other derivatives		34,723 (62,119)
	8	<u>37,479</u>	<u>92,952</u>
Subsidiaries and associated companies		<u>227</u>	<u>5,230</u>
Profit before income tax		149,098	178,198
Income tax		(57,510) (65,670)
Net profit for the period		<u>91,588</u>	<u>112,528</u>

The amounts for the period and comparative amounts are amounts of the parent company, see note 4

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

Statement of Comprehensive Income

	2023	2022
	1.1.-31.3.	1.1.-31.3.
Profit for the period	91,588	112,528
Items that will not be reclassified subsequently to profit or loss:		
Pension obligation after income tax, change	(443)	(441)
Demolition obligation after income tax, change	0	1,245
Items that may be reclassified subsequently to profit or loss:		
Transl. diff. due to subsidiaries and associated companies	343	184
Total operating items moved to equity	(100)	988
Total comprehensive income for the period	91,488	113,516

The amounts for the period and comparative amounts are amounts of the parent company, see note 4

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

Balance Sheet

Assets	Notes	31.03.2023	31.12.2022
Non-current assets			
Property, plant and equipment		2,964,366	2,984,071
Development cost		100,062	100,011
Other intangible assets		48,682	48,513
Derivative financial instruments	9	109,864	98,964
Subsidiaries		7,175	6,579
Associated companies		4,680	4,707
Loan to related parties		271,084	268,840
Other non-current assets		657	631
Total non-current assets		<u>3,506,570</u>	<u>3,512,316</u>
Current assets			
Accounts receivables and other receivables		75,874	115,896
Related parties, receivables		43,389	39,935
Derivative financial instruments	9	76,025	53,856
Cash and cash equivalents		113,578	150,945
Total current assets		<u>308,866</u>	<u>360,632</u>
Total assets		<u><u>3,815,436</u></u>	<u><u>3,872,948</u></u>
Equity and liabilities			
Equity			
Owners' contributions		586,512	586,512
Restricted reserves		1,701	197
Translation difference		(16,364)	(16,707)
Other equity		1,816,315	1,726,674
Total equity		<u>2,388,164</u>	<u>2,296,676</u>
Long-term liabilities			
Interest bearing liabilities	10	767,295	776,406
Accrued pension liabilities		38,181	36,427
Deferred income tax liability		252,939	232,912
Lease obligation		4,729	4,472
Derivative financial instruments	9	4,288	5,535
		<u>1,067,432</u>	<u>1,055,752</u>
Current liabilities			
Accounts payable and other payables		253,455	74,798
Interest bearing liabilities	10	57,619	222,619
Income tax payable		37,216	195,059
Derivative financial instruments	9	11,550	28,044
		<u>359,840</u>	<u>520,520</u>
Total liabilities		<u>1,427,272</u>	<u>1,576,272</u>
Total equity and liabilities		<u><u>3,815,436</u></u>	<u><u>3,872,948</u></u>

The amounts for the period and comparative amounts are amounts of the parent company, see note 4

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

Statement of Equity

	Owners' contribution	Revaluation account	Restricted reserves	Translation difference	Other equity	Total equity
1 January to 31 March, 2022						
Equity at 1 January, 2022.....	586,512	169,952	71,143	(57,648)	1,443,246	2,213,205
Translation difference.....				184		184
Demolition obligation, change.....		1,245				1,245
Pension obligation, change.....					(441)	(441)
Profit for the period.....					112,528	112,528
Total comprehensive profit.....		1,245	0	184	112,087	113,516
Share of profit of subsidiaries and associated companies transf.....			(8,243)		8,243	
Revaluation transferred to other equity.....		(1,632)			1,632	
Equity at 31 March, 2022.....	586,512	169,565	62,900	(57,464)	1,565,208	2,326,721
1 January to 31 March, 2023						
Equity at 1 January, 2023	586,512	0	197	(16,707)	1,726,674	2,296,676
Translation difference.....				343		343
Pension obligation, change.....					(443)	(443)
Profit for the period.....					91,588	91,588
Total comprehensive profit.....		0	0	343	91,145	91,488
Share of profit of subsidiaries and associated companies transf.....			1,504		(1,504)	
Equity at 31 March, 2023.....	586,512	0	1,701	(16,364)	1,816,315	2,388,164

The amounts for the period and comparative amounts are amounts of the parent company, see note 4

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

Statement of Cash Flows

	2023	2022
	1.1.-31.3.	1.1.-31.3.
Operating activities		
Operating profit	111,392	80,016
Depreciation and impairment loss	26,579	26,470
Pension obligation, change	(476)	(528)
Other changes	(26)	0
Working capital from operation before financial items	<u>137,469</u>	<u>105,958</u>
Operating assets, change	39,966	3,043
Operating liabilities, change	(17,071)	7,730
Cash flow from operating activities before financial items	<u>160,364</u>	<u>116,731</u>
Interest income received	1,918	188
Interest expenses and foreign exch. difference paid	(12,409)	(12,723)
Taxes paid	(5,454)	(3,146)
Cash flow from operating activities	<u>144,419</u>	<u>101,050</u>
Investing activities		
Power stations in operation	(3,926)	(3,703)
Power plant preparation cost	(1,402)	(436)
Purchased shares	0	(38)
Received dividend	0	15,584
Other investments	(1,365)	(264)
Assets sold	114	0
Investing activities	<u>(6,579)</u>	<u>11,143</u>
Financing activities		
Shares decrease in subsidiaries	0	605
Amortisation of long-term debt	(177,454)	(77,442)
Financing activities	<u>(177,454)</u>	<u>(76,837)</u>
Change in cash and cash equivalents	(39,614)	35,356
Effect of exch. difference on cash and cash equivalents .	2,247	914
Cash and cash equivalents at the beginning of the year .	<u>150,945</u>	<u>65,898</u>
Cash and cash equivalents at the end of the period	<u>113,578</u>	<u>102,168</u>

The amounts for the period and comparative amounts are amounts of the parent company, see note 4

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

Notes

Reporting entity

1. Landsvirkjun

Landsvirkjun is a partnership which operates in Iceland and has its headquarters at Háaleitisbraut 68, Reykjavík, Iceland. Landsvirkjun operates according to 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 Statement Act. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the financial statements for the year ended 31 December, 2022.

3. Significant accounting policies

The interim financial statements are prepared using the same accounting policies as for the year 2022 except that the Company has adopted new International Accounting Standards, as adopted by the EU, for the accounting period beginning 1 January, 2023, changes to the standards and new interpretations. The Company has not adopted new or improved standards which have been issued but have not yet taken effect. It is the management's opinion that adoption of new and improved standards and interpretations which are not in effect will not have significant effects on the interim financial statements. The financial statements for the year 2022 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. Presentation of financial statements

Landsvirkjun sold its shares in Landsnet hf. to the Icelandic state in year end 2022. As a result of the sale, Landsvirkjun has two fewer subsidiaries, as Landsnet and Landsvirkjun jointly owned Orkufjarskipti hf. Landsvirkjun now has two subsidiaries, Icelandic Power Insurance Ltd. and Landsvirkjun Power ehf.

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. The performance of the subsidiaries is shown in a single number in the income statement in the line Subsidiaries and associated companies. The effects of subsidiaries and subsidiary assets and liabilities are not listed separately in the balance sheet but appear under Subsidiaries. The cash flow statement only shows the parent company's cash flow.

Notes, contd.:

4. Presentation of financial statements, contd.

The Landsvirkjun Group's operating revenues from continued operations in 2022 was USD 608.6 million compared to the parent company's operating revenues of USD 608.3 million. Operating expenses and financial items of the Group amounted to USD 384.7 million compared to USD 384.8 million for the parent company. Investments in subsidiaries are entered according to the equity method and their results are included in the line Subsidiaries and associated companies. Therefore, the results of the interim financial statements of the parent company are the same as those of the Group. The total assets of Landsvirkjun's parent company at the end of 2022 amounted to almost 100% of the Group's consolidated assets and the total liabilities of the parent company were nearly 100% of the total liabilities of the Group. Landsvirkjun's shares in subsidiaries are shown in the line Subsidiaries among non-current assets in the balance sheet.

Considering the above, Landsvirkjun's management believes that the impact of presenting interim financial statements for the parent company alongside consolidated interim financial statements would be insignificant to informed readers. The IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors states that IFRS Standard requirements do not have to be applied if the effect is assessed as insignificant and not expected to influence the decisions of informed readers of financial statements.

5. 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.

6. 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 its electricity generation in Iceland, on the one hand to retail sales companies and on the other to power intensive industrial users.

7. Operating revenues

	2023	2022
	1.1.-31.3.	1.1.-31.3.
Power sales are specified as follows:		
Retail sales companies	34,605	31,628
Power intensive users	117,185	138,775
Power sales total	<u>151,790</u>	<u>170,403</u>

Notes, contd.:

8. Financial income and (expenses)	2023	2022
Financial income and (expenses) are specified as follows:	1.1.-31.3.	1.1.-31.3.
Interest income	5,327	251
Interest expense	(8,768)	(8,408)
Guarantee fee	(139)	(181)
Total interest expense	(8,907)	(8,589)
Realised foreign exchange difference	636	378
Unrealised foreign exchange difference	(9,253)	788
Total foreign exchange difference	(8,617)	1,166
Fair value changes in embedded derivatives	14,953	162,243
Fair value changes in other derivatives	34,723	(62,119)
Financial income and (expenses)	37,479	92,952

9. Derivative financial instruments in the balance sheet

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

	31.03.2023	31.12.2022
Assets:		
Embedded derivatives in power contracts	113,705	98,752
Commodity hedges	68,683	50,583
Currency swaps	3,501	3,485
	185,889	152,820
Derivative financial instruments are divided as follows:		
Long-term component of derivative agreements	109,864	98,964
Short-term component of derivative agreements	76,025	53,856
	185,889	152,820
Liabilities:		
Commodity hedges	15,837	33,579
	15,837	33,579
Derivative financial instruments are divided as follows:		
Long-term component of derivative agreements	4,288	5,535
Short-term component of derivative agreements	11,550	28,044
	15,837	33,579

Notes, contd.:

10. Liabilities

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

	Maturity date	31.03.2023 Average interest	Remaining balance	31.12.2022 Average interest	Remaining balance
Liabilities in EUR	2026	2.5%	163,072	1.6%	159,938
Liabilities in USD	2023-2035	3.7%	661,841	3.6%	839,087
			<u>824,914</u>		<u>999,025</u>
Current maturities of long-term debt			<u>(57,619)</u>		<u>(222,619)</u>
Total long-term debt			<u>767,295</u>		<u>776,406</u>

Interest rates on the loans range between 2.5-6.8%. Nominal interest rates for the period were on average 3.9%, taking into account the state guarantee fee (2022:3.3%).

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

	31.03.2023
1.4.2023-31.3.2024	57,619
1.4.2024-31.12.2024	15,225
2025	182,631
2026	190,742
2027	27,619
2028	131,764
Later	219,314
	<u>824,914</u>

11. Comparison of fair value and book value

	31.03.2023		31.12.2022	
	Book value	Fair value	Book value	Fair value
Interest bearing long term liabilities	824,914	832,418	999,025	1,004,138

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

Fair value of interest bearing liabilities is calculated by discounting the expected cash flows using the underlying currencies yield curve.

Interest rates are specified as follows:

	31.03.2023	31.12.2022
Interest bearing liabilities in USD	3.4 to 5.2%	3.8 to 5.1%
Interest bearing liabilities other than in USD	2.7 to 3.5%	1.5 to 3.5%

Notes, contd.:

12. Fair value classification

The table shows the level categorisation for items in the interim financial statements recognised at fair value.

	Level 2	Level 3	Total
31.03.2023			
Embedded derivatives		113,705	113,705
Other derivatives	56,347		56,347
Shares in other companies		657	657
	<u>56,347</u>	<u>114,362</u>	<u>170,709</u>
31.12.2022			
Embedded derivatives		98,752	98,752
Other derivatives	20,489		20,489
Shares in other companies		631	631
	<u>20,489</u>	<u>99,383</u>	<u>119,872</u>

13. Other matters

At the annual general meeting on 26 April, 2023 a dividend payment to the owners of Landsvirkjun amounting to USD 140.0 million was approved for the year 2022.

AIB, the Association of Issuing Bodies of guarantees of origin in Europe, issued a press release on 27 April stating that the Association had decided to suspend trading in guarantees of origin from Iceland. According to the decision, AIB is of the opinion that EECS rules have not been observed in the handling of guarantees of origin, noting that certain power intensive industrial users maintain that renewable energy is used in their production, while at the same time guarantees of origin are being sold out of the country. AIB has issued a rectification order addressed to the Icelandic issuing body, Landsnet hf. Landsvirkjun has protested AIB's decision, maintaining that it is flawed in form and substance, without foundation in EECS rules, and contrary to European law.