



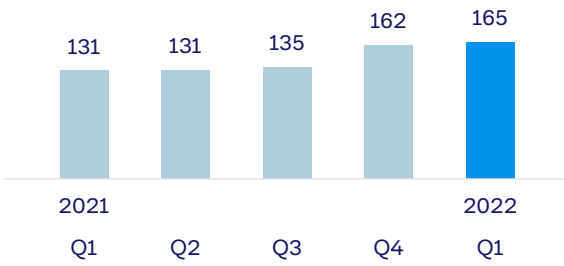
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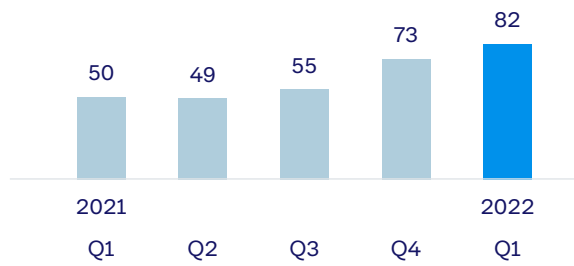


Key figures

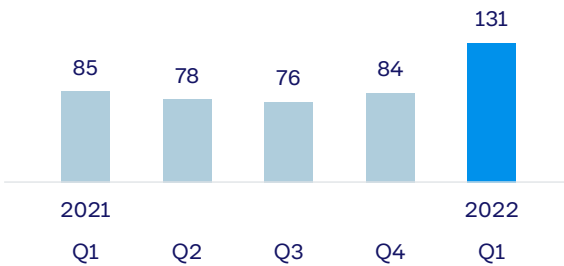
Operating revenues



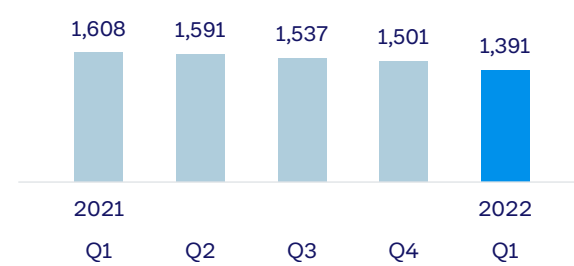
Profit before unrealised financial items



Cash flow from operating activities



Net debt



Key figures

Management's presentation of the operation of Landsvirkjun

Amounts are in USD thousand

	2022 1.1.-31.3.	2021 1.1.-31.3.	2020 1.1.-31.3.	2019 1.1.-31.3.	2018 1.1.-31.3.
Operation					
Operating revenues	192,636	135,826	124,886	131,388	142,810
Realised hedges	(27,836)	(5,118)	1,276	1,769	(1,648)
Total operating revenues	164,800	130,708	126,162	133,157	141,162
Operating and maintainance expenses	(35,346)	(32,882)	(32,111)	(30,706)	(35,893)
EBITDA	129,454	97,826	94,051	102,451	105,269
Depreciation and impairment loss	(34,879)	(34,128)	(31,955)	(33,696)	(30,623)
EBIT	94,575	63,698	62,096	68,755	74,646
Financial items	(12,102)	(13,558)	(16,114)	(18,292)	(18,720)
Profit before unrealised financial items	82,473	50,140	45,982	50,463	55,926
Unrealised financial items:					
Fair value changes in embedded derivatives ...	162,243	3,124	(23,792)	6,842	(39,556)
Fair value changes in other derivatives	(62,119)	(12,087)	5,902	(5,002)	16,879
Unrealised foreign exchange difference	115	5,224	19,916	9,366	(18,856)
	100,239	(3,739)	2,026	11,206	(41,533)
Profit before income tax	182,712	46,401	48,008	61,669	14,393
Income tax	(67,504)	(15,448)	(14,940)	(20,508)	(5,328)
Profit for the period	115,208	30,953	33,068	41,161	9,065
Balance sheet					
	31.3.2022	31.3.2021	31.3.2020	31.3.2019	31.3.2018
Total assets	4,642,751	4,409,554	4,341,997	4,440,665	4,712,186
Total equity	2,477,181	2,260,227	2,260,836	2,200,167	2,072,166
Total liabilities	2,165,570	2,149,327	2,081,161	2,240,498	2,640,020
Net debt*	1,390,904	1,608,064	1,637,277	1,801,882	2,038,072
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)	116,665	83,964	80,473	85,668	85,030
Cash flow from operating activities	131,024	85,443	75,412	83,989	81,142
Investing activities	(15,468)	(25,385)	(19,272)	(17,832)	(42,582)
Financing activities	(74,159)	(552)	(66,471)	(54,022)	160,679
Liquidity					
	31.3.2022	31.3.2021	31.3.2020	31.3.2019	31.3.2018
Cash and cash equivalents	140,278	151,801	96,792	126,435	327,844
Undrawn loans	150,000	160,000	180,000	347,903	388,866
Total liquidity	290,278	311,801	276,792	474,338	716,710
Key ratios					
Return on equity **	10.3%	3.4%	4.9%	7.4%	3.4%
Equity ratio	53.4%	51.3%	52.1%	49.5%	44.0%
Interest cover (EBITDA/net interest exp)**	7.83x	5.93x	5.58x	4.75x	5.55x
FFO / net debt**	28.7%	16.8%	18.8%	17.6%	14.6%
FFO / interest expense**	6.77x	4.79x	4.45x	3.76x	4.36x
Net debt / EBITDA**	3.05x	4.87x	4.42x	4.66x	5.62x
Credit rating without state guarantee at the end of March					
Standard & Poor's	BBB+	BBB	BBB	BBB	BBB
Moody's	Baa1	Baa1	Baa1	Baa2	Baa2

* 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 condensed consolidated financial statements for the period from 1 January to 31 March 2022 are prepared in accordance with IAS 34 Interim Financial Reporting and additional requirements in the Icelandic Financial Statement Act and include, in addition to the parent company, four subsidiaries, Landsnet hf., Orkufjarskipti hf., Icelandic Power Insurance Ltd. and Landsvirkjun Power ehf. The interim financial statements have not been audited or reviewed by the Company's auditors.

According to the income statement, the Group's profit for the period from January to March 2022 amounted to USD 115.2 million while during the same period in 2021 the Group's profit amounted to USD 31.0 million. The change between periods is USD 84.2 million. The fair value changes of derivatives was positive and amounted to USD 100.1 million during the period January to March 2022 compared to a negative difference of USD 9.0 million during the same period in the previous year. The Group's operating revenues amounted to USD 164.8 million during the period compared to USD 130.7 million during the same period in the previous year. Cash flow from operations amounted to USD 131.0 million during the period compared to USD 85.4 million during the same period in the previous year. At the end of March 2022, the Group's cash and cash equivalents amounted to USD 140.3 million and undrawn loans amounted to USD 150.0 million, a total of USD 290.3 million. The Group's equity at the end of March amounted to USD 2,477.2 million according to the balance sheet compared to USD 2,368.8 million at year end 2021. At the annual general meeting on 29 April 2022 a dividend payment to the owners of Landsvirkjun amounting to USD 120.0 million was approved for the year 2021.

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 Group's assets, liabilities and financial position as at 31 March, 2022 and the Group's operating results and changes in cash flow during the period from January to March 2022.

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 2022 give a fair view of the Group's results, financial position and development and describe the main risk factors faced by the Group.

The Board of Directors and the CEO have today discussed the condensed consolidated interim financial statements for the period 1 January to 31 March, 2022 and confirm them by means of their signatures.

Reykjavik, 19 May, 2022.

The Board of Directors:

Jónas Þór Guðmundsson

Jón Björn Hákonarson

Álfheiður Ingadóttir

Gunnar Tryggvason

Soffía Björk Guðmundsdóttir

The CEO:

Hörður Arnarson

Income Statement

	Notes	2022 1.1.-31.3.	2021 1.1.-31.3.
Operating revenues			
Power sales	6	163,696	110,378
Realised hedges		(27,836)	(5,118)
Transmission	6	24,095	21,301
Other income		4,845	4,147
		<u>164,800</u>	<u>130,708</u>
Operating expenses			
Energy generation costs		35,703	36,915
Transmission costs		15,680	14,971
Cost of general research		4,533	3,963
Other operating expenses		14,309	11,161
		<u>70,225</u>	<u>67,010</u>
Operating profit		<u>94,575</u>	<u>63,698</u>
Financial income and (expenses)			
Interest income		278	150
Interest expenses		(13,266)	(13,648)
Foreign exchange difference		957	5,164
Fair value changes in embedded derivatives		162,243	3,124
Fair value changes in other derivatives		(62,119)	(12,087)
	7	<u>88,093</u>	<u>(17,297)</u>
Associated companies		44	0
Profit before income tax		182,712	46,401
Income tax		(67,504)	(15,448)
Net profit for the period		<u>115,208</u>	<u>30,953</u>
Attributable to:			
Owners of the parent company		112,635	27,720
Subsidiaries minority interest		2,573	3,233
		<u>115,208</u>	<u>30,953</u>

Notes 1 to 12 are an integral part of these interim financial statements.

Statement of Comprehensive Income

	2022	2021
	1.1.-31.3.	1.1.-31.3.
Profit for the period	<u>115,208</u>	<u>30,953</u>
Items that will not be reclassified subsequently to profit or loss:		
Pension obligation after income tax, change	(441)	(652)
Demolition obligation after income tax, change	1,923	(366)
Items that may be reclassified subsequently to profit or loss:		
Transl. diff. due to subsidiaries and associated companies	214	19
Total operating items moved to equity	<u>1,696</u>	<u>(999)</u>
Total comprehensive income for the period	<u><u>116,904</u></u>	<u><u>29,954</u></u>
Attributable to:		
Owners of the parent company	113,623	26,686
Subsidiaries minority interest	3,281	3,268
	<u>116,904</u>	<u>29,954</u>

Notes 1 to 12 are an integral part of these interim financial statements.

Balance Sheet

Assets	Notes	31.3.2022	31.12.2021
Non-current assets			
Property, plant and equipment		3,889,702	3,916,273
Projects under construction		90,281	83,432
Development cost		131,118	131,521
Other intangible assets		49,845	49,702
Derivative financial instruments	8	177,841	27,290
Associated companies		2,124	2,081
Other non-current assets		673	622
Deferred tax asset		53	44
Total non-current assets		<u>4,341,637</u>	<u>4,210,965</u>
Current assets			
Inventories		6,074	5,825
Accounts receivables and other receivables		99,604	100,085
Derivative financial instruments	8	55,158	31,946
Cash and cash equivalents		140,278	97,560
Total current assets		<u>301,114</u>	<u>235,416</u>
Total assets		<u>4,642,751</u>	<u>4,446,381</u>
Equity and liabilities			
Equity			
Owners' contributions		586,512	586,512
Revaluation account		169,565	169,952
Restricted reserves		62,900	71,143
Translation difference		(42,413)	(42,597)
Other equity		1,539,717	1,417,648
Equity of the owners of the parent company		<u>2,316,281</u>	<u>2,202,658</u>
Minority interest		160,900	166,109
Total equity		<u>2,477,181</u>	<u>2,368,767</u>
Long-term liabilities			
Interest bearing liabilities	9	1,270,151	1,449,195
Accrued pension liabilities		40,513	39,574
Deferred income tax liability		262,077	217,109
Lease obligation		6,148	5,899
Obligation due to demolition		13,374	15,631
Prepaid income		2,373	2,409
Derivative financial instruments	8	42,504	13,777
		<u>1,637,140</u>	<u>1,743,594</u>
Current liabilities			
Accounts payable and other payables		132,322	75,826
Interest bearing liabilities	9	261,031	149,151
Income tax payable		22,794	42,775
Derivative financial instruments	8	112,283	66,268
		<u>528,430</u>	<u>334,020</u>
Total liabilities		<u>2,165,570</u>	<u>2,077,614</u>
Total equity and liabilities		<u>4,642,751</u>	<u>4,446,381</u>

Notes 1 to 12 are an integral part of these interim financial statements.

Statement of Equity

	Owners' contribution	Revaluation account	Restricted reserves	Translation difference	Other equity	Equity attributable to the owners of parent company	Minority interest	Total equity
1 January to 31 March, 2021								
Equity at 1 January, 2021.....	586,512	147,161	59,178	(42,232)	1,341,726	2,092,345	142,790	2,235,135
Translation difference.....				(145)		(145)	164	19
Demolition obligation, change.....		(237)				(237)	(129)	(366)
Pension obligation, change.....					(652)	(652)	0	(652)
Profit for the period.....					27,720	27,720	3,233	30,953
Total comprehensive profit.....		(237)		(145)	27,068	26,686	3,268	29,954
Dividend.....							(4,863)	(4,863)
Share of profit of subsidiaries and associated companies.....			(2,933)		2,933			0
Revaluation transferred to other equity.....		(1,437)			1,437			0
Equity at 31 March, 2021.....	586,512	145,487	56,245	(42,377)	1,373,165	2,119,032	141,195	2,260,227
1 January to 31 March, 2022								
Equity at 1 January, 2022	586,512	169,952	71,143	(42,597)	1,417,648	2,202,658	166,109	2,368,767
Translation difference.....				184		184	30	214
Demolition obligation, change.....		1,245				1,245	678	1,923
Pension obligation, change.....					(441)	(441)	0	(441)
Profit for the period.....					112,635	112,635	2,573	115,208
Total comprehensive profit.....		1,245		184	112,194	113,623	3,281	116,904
Dividend.....							(8,490)	(8,490)
Share of profit of subsidiaries and associated companies.....			(8,243)		8,243			0
Revaluation transferred to other equity.....		(1,632)			1,632			0
Equity at 31 March, 2022.....	586,512	169,565	62,900	(42,413)	1,539,717	2,316,281	160,900	2,477,181

Notes 1 to 12 are an integral part of these interim financial statements.

Statement of Cash Flows

	2022	2021
	1.1.-31.3.	1.1.-31.3.
Operating activities		
Operating profit	94,575	63,698
Depreciation and impairment loss	34,879	34,128
Pension obligation, change	(528)	(511)
Other changes	0	(6)
Working capital from operation before financial items	<u>128,926</u>	<u>97,309</u>
Operating assets, change	541	(6,517)
Operating liabilities, change	<u>22,218</u>	<u>16,531</u>
Cash flow from operating activities before financial items	151,685	107,323
Interest income received	241	131
Interest expenses and foreign exch. difference paid	(16,081)	(17,072)
Taxes paid	(4,821)	(4,939)
Cash flow from operating activities	<u>131,024</u>	<u>85,443</u>
Investing activities		
Power stations in operation	(3,703)	(5,743)
Transmission	(9,083)	(16,808)
Power plant preparation cost	(436)	(590)
Purchased shares	(38)	(290)
Other investments	(2,208)	(1,969)
Assets sold	0	15
Investing activities	<u>(15,468)</u>	<u>(25,385)</u>
Financing activities		
Dividend paid	(8,490)	(4,862)
New loans	20,000	120,000
Amortisation of long-term debt	(85,669)	(115,690)
Financing activities	<u>(74,159)</u>	<u>(552)</u>
Change in cash and cash equivalents	41,397	59,506
Effect of exch. difference on cash and cash equivalents .	1,321	332
Cash and cash equivalents at the beginning of the year .	<u>97,560</u>	<u>91,963</u>
Cash and cash equivalents at the end of the period	<u>140,278</u>	<u>151,801</u>

Notes 1 to 12 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, Reykjavik, 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 consolidated financial statements of the Company and its subsidiaries.

2. Statement of IFRS compliance

The consolidated 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 consolidated financial statements of the Group for the year ended 31 December, 2021.

3. Significant accounting policies

The interim financial statements are prepared using the same accounting policies as for the year 2021 except that the Group has adopted new International Accounting Standards, as adopted by the EU, for the accounting period beginning 1 January, 2022, changes to the standards and new interpretations. The Group 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 consolidated interim financial statements. The Group's financial statements for the year 2021 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 parent 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.

Notes, contd.:

5. Segment information

Operating segments 1.1.-31.3.2022	Electricity generation	Electricity transmission	Other segments	Adjustments	Total
Income from third party	140,105	24,300	395		164,800
Income within the Group	7,421	15,370	863	(23,654)	0
Segment income	147,526	39,670	1,258	(23,654)	164,800
Segment operating expenses	(40,634)	(17,631)	(736)	23,654	(35,346)
EBITDA	106,892	22,039	522		129,454
Depreciation and impairm. loss	(26,470)	(8,265)	(248)	104	(34,879)
Segment earnings, EBIT	80,422	13,774	274	104	94,575
Segment assets 31.3.2022	3,924,419	1,022,384	20,782	(326,958)	4,640,627
Shares in assoc. companies	434	5,013	1,690	(5,013)	2,124
Total assets 31.3.2022	3,924,853	1,027,397	22,472	(331,971)	4,642,751
Segment liabilities 31.3.2022	1,595,120	571,598	9,113	(10,260)	2,165,570
Total liabilities 31.3.2022	1,595,120	571,598	9,113	(10,260)	2,165,570

Operating segments 1.1.-31.3.2021

Income from third party	108,892	21,502	314		130,708
Income within the Group	4,054	15,303	908	(20,265)	0
Segment income	112,946	36,805	1,222	(20,265)	130,708
Segment operating expenses	(37,436)	(14,786)	(925)	20,265	(32,882)
EBITDA	75,510	22,019	297		97,826
Depreciation and impairm. loss	(26,559)	(7,444)	(229)	104	(34,128)
Segment earnings, EBIT	48,951	14,575	68	104	63,698
Segment assets 31.12.2021	3,744,745	1,015,309	21,447	(337,201)	4,444,300
Shares in assoc. companies	426	4,868	1,655	(4,868)	2,081
Total assets 31.12.2021	3,745,171	1,020,177	23,102	(342,069)	4,446,381
Segment liabilities 31.12.2021	1,529,360	549,619	10,099	(11,464)	2,077,614
Total liabilities 31.12.2021	1,529,360	549,619	10,099	(11,464)	2,077,614

6. Operating revenues

	2022	2021
	1.1.-31.3.	1.1.-31.3.
Power sales are specified as follows:		
Retail sales companies	24,921	17,901
Power intensive users	138,775	92,477
Power sales total	163,696	110,378
Revenues from transmission are specified as follows:		
Transmission	20,378	18,910
Transmission losses, grid service and other transmission revenues	3,717	2,391
Transmission total	24,095	21,301

Notes, contd.:

7. Financial income and (expenses)	2022	2021
Financial income and (expenses) are specified as follows:	1.1.-31.3.	1.1.-31.3.
Interest income	278	150
Interest expense	(13,248)	(14,292)
Guarantee fee	(181)	(449)
Indexation	(801)	(323)
The effect of the present value of demolition obligation	(148)	(130)
Capitalised finance cost	1,112	1,546
Total interest expense	(13,266)	(13,648)
Realised foreign exchange difference	842	(60)
Unrealised foreign exchange difference	115	5,224
Total foreign exchange difference	957	5,164
Fair value changes in embedded derivatives	162,243	3,124
Fair value changes in other derivatives	(62,119)	(12,087)
Financial income and (expenses)	88,093	(17,297)

8. Derivative financial instruments in the balance sheet

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

	31.3.2022	31.12.2021
Assets:		
Embedded derivatives in power contracts	199,378	37,135
Commodity hedges	30,236	20,212
Currency swaps	3,385	1,889
	232,999	59,236
Derivative financial instruments are divided as follows:		
Long-term component of derivative agreements	177,841	27,290
Short-term component of derivative agreements	55,158	31,946
	232,999	59,236
Liabilities:		
Commodity hedges	154,787	80,045
	154,787	80,045
Derivative financial instruments are divided as follows:		
Long-term component of derivative agreements	42,504	13,777
Short-term component of derivative agreements	112,283	66,268
	154,787	80,045

Notes, contd.:

9. Liabilities

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

	Maturity date	31.3.2022 Average interest	Remaining balance	31.12.2021 Average interest	Remaining balance
Liabilities in ISK	2034	5.0%	38,208	5.0%	36,690
Liabilities in CHF	2022	0.0%	0	0.0%	3,210
Liabilities in EUR	2026	0.0%	166,445	0.0%	169,741
Liabilities in USD	2022-2035	3.6%	1,326,529	3.5%	1,388,705
			<u>1,531,182</u>		<u>1,598,346</u>
Current maturities of long-term debt			(261,031)		(149,151)
Total long-term debt			<u>1,270,151</u>		<u>1,449,195</u>

Interest rates on the loans range between 0.0-5.0%. Nominal interest rates for the period were on average 3.3%, taking into account the state guarantee fee (2021:3.6%).

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

	31.3.2022
1.4.2022-31.3.2023	261,031
1.4.2023-31.12.2023	73,423
2024	58,922
2025	195,069
2026	307,706
2027	89,404
Later	545,627
	<u>1,531,182</u>

10. Comparison of fair value and book value

	31.3.2022		31.12.2021	
	Book value	Fair value	Book value	Fair value
Interest bearing long term liabilities	1,531,182	1,629,248	1,598,346	1,764,683

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:

	31.3.2022	31.12.2021
Interest bearing liabilities in USD	1.0 to 2.6%	0.2 to 1.7%
Interest bearing liabilities other than in USD	-0.6 to 0.9%	-0.7 to 0.7%

Notes, contd.:

11. 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
31.3.2022			
Embedded derivatives		199,378	199,378
Other derivatives	(121,166)	(121,166)
Revaluation of property, plant and equipment		255,457	255,457
Shares in other companies		673	673
	<u>(121,166)</u>	<u>455,508</u>	<u>334,342</u>
31.12.2021			
Embedded derivatives		37,135	37,135
Other derivatives	(57,945)	(57,945)
Revaluation of property, plant and equipment		258,595	258,595
Shares in other companies		622	622
	<u>(57,945)</u>	<u>296,352</u>	<u>238,407</u>

12. Other matters

At the annual general meeting on 29 April, 2022 a dividend payment to the owners of Landsvirkjun amounting to USD 120.0 million was approved for the year 2021.

The Icelandic Minister of Tourism, Industry and Innovation appointed a workgroup in 2019 to assess the viability of transferring ownership of Landsnet, wholly or partially, to the state within an acceptable timeframe. Landsnet operates the Icelandic electricity transmission system. Landsvirkjun owns 64.7% of Landsnet's shares. A new law took effect on the 1st July 2021 stating that the transmission company shall be directly owned by the Icelandic state and/or municipalities. The provision is to be implemented 1 July 2022.