

Contents

Key figures.....	3
Key figures, Management presentation	4
Endorsement and Statement of the Board of Directors and CEO.....	5
Independent Auditors' Review Report.....	6
Income Statement	7
Statement of Comprehensive Income.....	8
Balance Sheet.....	9
Statement of Equity	10
Statement of Cash Flow	11
Notes.....	12



Key figures

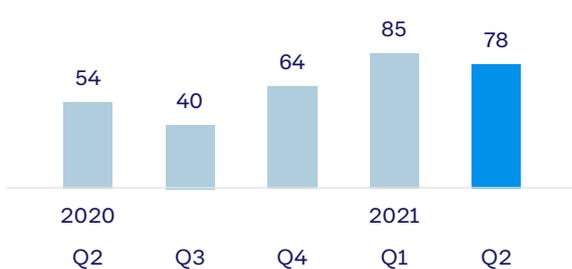
Operating revenues



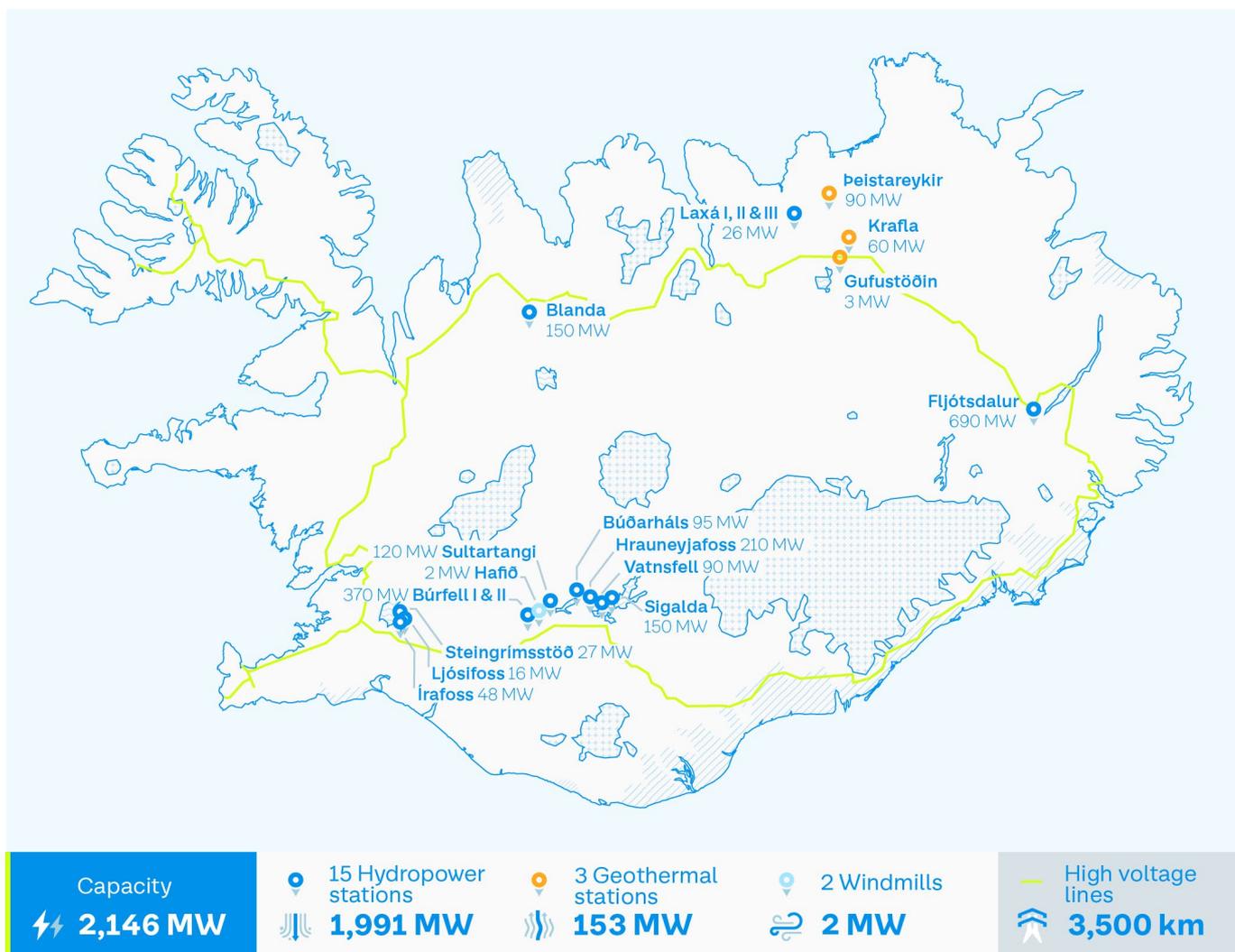
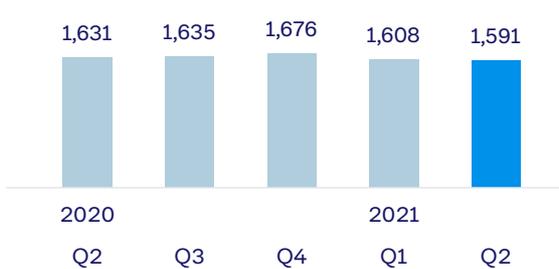
Profit before unrealised financial items



Cash flow from operating activities



Net debt



Key figures - not reviewed

Management's presentation of the operation of Landsvirkjun

Amounts are in USD thousand

	2021	2020	2019	2018	2017
	1.1.-30.6.	1.1.-30.6.	1.1.-30.6.	1.1.-30.6.	1.1.-30.6.
Operation					
Operating revenues	276,983	223,281	255,523	273,946	234,172
Realised hedges	(15,020)	3,819	4,195	(4,402)	(1,812)
Total operating revenues	261,963	227,100	259,718	269,544	232,360
Operating and maintenance expenses	(65,962)	(59,745)	(61,525)	(71,789)	(64,676)
EBITDA	196,001	167,355	198,193	197,755	167,684
Depreciation and impairment loss	(68,907)	(63,848)	(67,400)	(61,839)	(58,321)
EBIT	127,094	103,507	130,793	135,916	109,363
Financial items	(27,802)	(30,344)	(34,402)	(49,192)	(34,231)
Profit before unrealised financial items	99,292	73,163	96,391	86,724	75,132
Unrealised financial items:					
Fair value changes in embedd. derivatives	21,400	(19,626)	765	(29,133)	35,816
Fair value changes in other derivatives	(38,871)	(29)	(3,431)	14,046	(2,951)
Unrealised foreign exchange difference	942	9,824	8,419	10,037	(48,495)
	(16,529)	(9,831)	5,753	(5,050)	(15,630)
Profit before income tax	82,763	63,332	102,144	81,674	59,502
Income tax	(27,662)	(19,770)	(33,586)	(27,167)	(19,789)
Profit for the period	55,101	43,562	68,558	54,507	39,713
Balance sheet					
	30.6.2021	30.6.2020	30.6.2019	30.6.2018	30.6.2017
Total assets	4,462,475	4,332,388	4,355,140	4,486,572	4,379,436
Total equity	2,234,624	2,201,115	2,191,134	2,099,502	1,995,963
Total liabilities	2,227,851	2,131,273	2,164,006	2,387,070	2,383,473
Net debt*	1,591,137	1,631,302	1,758,546	1,992,640	2,017,227
Cash flow					
	1.1.-30.6.	1.1.-30.6.	1.1.-30.6.	1.1.-30.6.	1.1.-30.6.
Funds from operation (FFO)	166,179	138,561	166,178	154,955	134,136
Cash flow from operating activities	163,540	129,654	159,892	149,239	142,366
Investing activities	(56,808)	(40,201)	(32,255)	(96,656)	(117,767)
Financing activities	(10,692)	(92,586)	(165,788)	(66,682)	(62,681)
Liquidity					
	30.6.2021	30.6.2020	30.6.2019	30.6.2018	30.6.2017
Cash and cash equivalents	189,412	105,523	76,547	111,802	108,807
Undrawn loans	190,000	180,000	346,417	379,224	401,840
Total liquidity	379,412	285,523	422,964	491,026	510,647
Key ratios					
Return on equity **	4.1%	4.1%	6.4%	6.2%	3.7%
Equity ratio	50.1%	50.8%	50.3%	46.8%	45.6%
Interest cover (EBITDA/net interest exp)**	6.44x	5.43x	5.70x	4.77x	5.32x
FFO / net debt**	18.5%	17.5%	18.6%	15.2%	12.2%
FFO / interest expense**	5.28x	4.31x	4.58x	3.71x	3.95x
Net debt / EBITDA**	4.48x	4.69x	4.51x	5.30x	6.42x
Credit rating without state guarantee at the end of June					
Standard & Poor's	BBB+	BBB	BBB	BBB	BBB
Moody's	Baa1	Baa1	Baa2	Baa2	Baa3

* 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 in the period from 1 January to 30 June 2021 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., Orkufjaraskipti hf., Icelandic Power Insurance Ltd. and Landsvirkjun Power ehf.

According to the income statement, the Group's profit in the period from January to June 2021 amounted to USD 55.1 million while during the same period in 2020 the Group's profit amounted to USD 43.6 million. The change between periods is USD 11.5 million. The Group's operating revenues amounted to USD 262.0 million during the period compared to USD 227.1 million during the same period in the previous year. The increase is mainly due to the increase in the global market price of aluminium and electricity price on the Nord Pool power market. The fair value change of derivatives was negative and amounted to USD 17.5 million during the period January to June 2021 compared to a negative difference of USD 19.7 million during the same period in the previous year and currency exchange difference was positive and amounted to USD 0.8 million compared to a positive difference in the amount of USD 9.7 million during the same period in 2020. Cash flow from operations amounted to USD 163.5 million during the period compared to USD 129.7 million during the same period in the previous year. At the end of June 2021, the Group's cash and cash equivalents amounted to USD 189.4 million and undrawn loans amounted to USD 190.0 million, a total of USD 379.4 million. The Group's equity at the end of June amounted to USD 2,234.6 million according to the balance sheet compared to USD 2,235.1 million at year end 2020.

Effects of the COVID-19 pandemic on Landsvirkjun's operations and other risk factors

Although the effect of COVID-19 was insignificant during the period, the pandemic is not over and it is unclear how it will develop. There is no indication of material negative impact. Reference is made to the consolidated financial statements of the Group for the year 2020 with regard to other risk factors.

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 statements, 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 30 June 2021 and the Group's operating results and changes in cash flow during the period from January to June 2021.

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 June 2021 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 30 June 2021 and confirm them by means of their signatures.

Reykjavik, August 20, 2021.

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

The CEO:
Hörður Arnarson

Independent Auditors' Review Report

To the Board of Directors and owners of Landsvirkjun

We have reviewed the accompanying condensed consolidated interim financial statements of Landsvirkjun, which comprise the endorsement by the Board of Directors, the consolidated statement of financial position as at 30 June, 2021 and the consolidated income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes.

The Board of directors and CEO's responsibility for the Interim Financial Statements

The Board of Directors and CEO are responsible for the preparation and fair presentation of this interim financial information in accordance with International Financial Reporting Standard, IAS 34, as adopted by the EU and additional requirements in the Icelandic Financial Statement Act.

Auditors' Responsibility

Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements, ISRE 2410. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information does not give a true and fair view of the financial position of the Group as at 30 June 2021, and of its financial performance and its cash flows for the six-month period then ended in accordance with International Financial Reporting Standard, IAS 34, as adopted by the EU and additional requirements in the Icelandic Financial Statement Act.

Reykjavik, August 20, 2021.

Deloitte ehf.

Birna María Sigurðardóttir
auditor

Pétur Hansson
auditor

Income Statement

	Notes	2021	2020	2021	2020
		1.1.-30.6.	1.1.-30.6.	Q2*	Q2*
Operating revenues					
Power sales	6	228,257	182,011	117,879	79,971
Realised hedges .....	(	15,020)	3,819	(9,902)	2,543
Transmission	6	42,832	37,838	21,531	17,887
Other income		5,894	3,432	1,747	537
		<u>261,963</u>	<u>227,100</u>	<u>131,255</u>	<u>100,938</u>
Operating expenses					
Energy generation costs		72,742	69,357	35,827	34,070
Transmission costs		31,234	30,856	16,263	14,482
Cost of general research		8,849	3,981	4,886	1,944
Other operating expenses		22,044	19,399	10,883	9,031
		<u>134,869</u>	<u>123,593</u>	<u>67,859</u>	<u>59,527</u>
Operating profit.....		<u>127,094</u>	<u>103,507</u>	<u>63,396</u>	<u>41,411</u>
Financial income and (expenses)					
Interest income		318	1,003	168	240
Interest expenses .....	(	27,869)	(31,129)	(14,221)	(14,838)
Foreign exchange difference		773	9,709	(4,391)	(9,618)
Fair value changes in embedded derivatives		21,400	(19,626)	18,276	4,166
Fair value changes in other derivatives .....	(	38,871)	(29)	(26,784)	(5,931)
	7	<u>(44,249)</u>	<u>(40,072)</u>	<u>(26,952)</u>	<u>(25,981)</u>
Associated companies .....	(	82)	(103)	(82)	(106)
Profit before income tax.....		<u>82,763</u>	<u>63,332</u>	<u>36,362</u>	<u>15,324</u>
Income tax .....	(	27,662)	(19,770)	(12,214)	(4,830)
Net profit for the period.....		<u>55,101</u>	<u>43,562</u>	<u>24,148</u>	<u>10,494</u>
Attributable to:					
Owners of the parent company		49,292	37,804	21,572	8,489
Subsidiaries minority interest		5,809	5,758	2,576	2,005
		<u>55,101</u>	<u>43,562</u>	<u>24,148</u>	<u>10,494</u>

* Quarterly financial statements have not been reviewed by the auditors of the group.

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

Statement of Comprehensive Income

	2021	2020	2021	2020
	1.1.-30.6.	1.1.-30.6.	Q2*	Q2*
Profit for the period	55,101	43,562	24,148	10,494
Items transferred to equity that will not be reclassified subsequently to profit or loss:				
Pension obligation after income tax, change	(1,886)	(909)	(1,234)	(583)
Demolition obligation after income tax, change	664	(2,978)	1,030	(1,423)
Items transferred to equity that may be reclassified subsequently to profit or loss:				
Transl. diff. due to subsid. and assoc. companies	472	(1,873)	453	533
Total operating items moved to equity	(750)	(5,760)	249	(1,473)
Total Comprehensive Income for the period ..	<u>54,351</u>	<u>37,802</u>	<u>24,397</u>	<u>9,021</u>
Attributable to:				
Owners of the parent company	48,083	33,375	21,397	7,475
Subsidiaries minority interest	6,268	4,427	3,000	1,546
	<u>54,351</u>	<u>37,802</u>	<u>24,397</u>	<u>9,021</u>

* Quarterly financial statements have not been reviewed by the auditors of the group.

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

Balance Sheet

Assets	Notes	30.06.2021	31.12.2020
Non-current assets			
Property, plant and equipment		3,843,697	3,855,644
Projects under construction		117,930	121,374
Development cost		133,286	136,412
Other intangible assets		48,978	48,590
Derivative financial instruments	8	32,893	14,931
Associated companies		2,152	1,901
Deferred tax asset		31	4
Other non-current assets		747	723
Total non-current assets		<u>4,179,714</u>	<u>4,179,579</u>
Current assets			
Inventories		6,097	5,553
Accounts receivables and other receivables		69,372	69,344
Derivative financial instruments	8	17,880	1,905
Cash and cash equivalents		189,412	91,963
Total current assets		<u>282,761</u>	<u>168,765</u>
Total assets		<u><u>4,462,475</u></u>	<u><u>4,348,344</u></u>
Equity and liabilities			
Equity			
Owners' contributions		586,512	586,512
Revaluation account		144,710	147,161
Restricted reserves		61,017	59,178
Translation difference		(41,985)	(42,232)
Other equity		1,340,175	1,341,726
Equity of the owners of the parent company		<u>2,090,429</u>	<u>2,092,345</u>
Minority interest		144,195	142,790
Total equity		<u>2,234,624</u>	<u>2,235,135</u>
Long-term liabilities			
Interest bearing liabilities	9	1,579,635	1,531,715
Accrued pension liabilities		39,746	36,597
Deferred income tax liability		183,989	173,513
Lease obligation		6,283	6,091
Obligation due to demolition		17,159	17,727
Prepaid income		2,482	2,555
Derivative financial instruments	8	26,075	5,408
		<u>1,855,369</u>	<u>1,773,606</u>
Current liabilities			
Accounts payable and other payables		111,688	71,072
Interest bearing liabilities	9	200,914	236,052
Income tax payable		16,315	24,618
Derivative financial instruments	8	43,565	7,861
		<u>372,482</u>	<u>339,603</u>
Total liabilities		<u>2,227,851</u>	<u>2,113,209</u>
Total equity and liabilities		<u><u>4,462,475</u></u>	<u><u>4,348,344</u></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 the company	Minority interest	Total equity
1 January to 30 June, 2020								
Equity at 1 January, 2020.....	586,512	155,668	47,191	(41,570)	1,349,582	2,097,383	138,016	2,235,399
Translation difference.....				(1,592)		(1,592)	(281)	(1,873)
Demolition obligation, change.....		(1,928)				(1,928)	(1,050)	(2,978)
Pension obligation, change.....					(909)	(909)	0	(909)
Profit for the period.....					37,804	37,804	5,758	43,562
Total comprehensive profit.....		(1,928)		(1,592)	36,895	33,375	4,427	37,802
Dividend.....					(68,743)	(68,743)	(3,343)	(72,086)
Share of profit of subsidiaries and associated companies.....			2,733		(2,733)	0	0	0
Revaluation transferred to other equity.....		(2,905)			2,905	0	0	0
Equity at 30 June, 2020.....	586,512	150,835	49,924	(43,162)	1,317,906	2,062,015	139,100	2,201,115
1 January to 30 June, 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.....				247		247	225	472
Demolition obligation, change.....		430				430	234	664
Pension obligation, change.....					(1,886)	(1,886)	0	(1,886)
Profit for the period.....					49,292	49,292	5,809	55,101
Total comprehensive profit.....		430		247	47,406	48,083	6,268	54,351
Dividend.....					(50,000)	(50,000)	(4,863)	(54,863)
Share of profit of subsidiaries and associated companies.....			1,839		(1,839)	0	0	0
Revaluation transferred to other equity.....		(2,881)			2,881	0	0	0
Equity at 30 June, 2021.....	586,512	144,710	61,017	(41,985)	1,340,175	2,090,429	144,195	2,234,624

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

Statement of Cash Flows

	2021	2020	2021	2020
	1.1.-30.6.	1.1.-30.6.	Q2*	Q2*
Operating activities				
Operating profit	127,094	103,507	63,396	41,411
Depreciation and impairment loss	68,907	63,848	34,779	31,893
Pension obligation, change	(1,072)	(860)	(561)	(417)
Other changes	(945)	1	(939)	1
Working capital from op. before fin. items	193,984	166,496	96,675	72,888
Operating assets, change	(1,007)	12,993	5,510	9,013
Operating liabilities, change	9,650	(9,012)	(6,881)	(12,656)
Cash flow from operating act. bef. fin. items	202,627	170,477	95,304	69,245
Interest income received	305	669	174	181
Interest exp. and foreign exch. diff. paid	(27,501)	(33,712)	(10,429)	(11,089)
Taxes paid	(11,891)	(7,780)	(6,952)	(4,095)
Cash flow from operating activities	<u>163,540</u>	<u>129,654</u>	<u>78,097</u>	<u>54,242</u>
Investing activities				
Power stations in operation	(10,987)	(8,525)	(5,244)	(3,950)
Transmission	(42,865)	(28,344)	(26,057)	(15,553)
Power plant preparation cost	(712)	(843)	(122)	(218)
Purchased shares	(305)	0	(15)	
Other investments	(3,349)	(2,504)	(1,380)	(1,212)
Assets sold	1,410	15	1,395	4
Investing activities	<u>(56,808)</u>	<u>(40,201)</u>	<u>(31,423)</u>	<u>(20,929)</u>
Financing activities				
Dividend paid to owners	(29,862)	(24,641)	(25,000)	(21,298)
New loans	179,910	179,524	59,910	0
Currency swaps	0	(41,175)	0	0
Amortisation of long-term debt	(160,740)	(206,294)	(45,050)	(4,817)
Financing activities	<u>(10,692)</u>	<u>(92,586)</u>	<u>(10,140)</u>	<u>(26,115)</u>
Change in cash and cash equivalents	96,040	(3,133)	36,534	7,198
Effect of exchange diff.on cash and cash equiv	1,409	(1,831)	1,077	1,533
Cash and cash equiv. at the beginning of the year	<u>91,963</u>	<u>110,487</u>	<u>151,801</u>	<u>96,792</u>
Cash and cash equiv. at the end of the period	<u><u>189,412</u></u>	<u><u>105,523</u></u>	<u><u>189,412</u></u>	<u><u>105,523</u></u>

* Quarterly financial statements have not been reviewed by the auditors of the group.

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

Notes

1. Reporting entity

Landsvirkjun is a partnership which operates in Iceland and has its headquarters in 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, 2020.

3. Significant accounting policies

The interim financial statements are prepared using the same accounting policies as for the year 2020 except that the Group has adopted new International Accounting Standards, as adopted by the EU, for the accounting period beginning 1 January, 2021, 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 management's opinion that the 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 2020 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.

5. Segment information

Operating segments 1.1.-30.6.2021	Electricity generation	Electricity transmission	Other segments	Adjustments	Total
Income from third party	218,011	43,237	715		261,963
Income within the Group	7,556	29,898	1,794	(39,248)	0
Segment income	225,567	73,135	2,509	(39,248)	261,963
Segment operating expenses	(73,985)	(29,417)	(1,808)	39,248	(65,962)
EBITDA	151,582	43,718	701		196,001
Depreciation and impairm. loss	(53,610)	(15,034)	(471)	208	(68,907)
Segment earnings, EBIT	97,972	28,684	230	208	127,094

Notes, contd.:

5. Segment information contd.:

	Electricity generation	Electricity transmission	Other segments	Adjustments	Total
Segment assets 30.6.2021	3,793,774	944,552	20,860	(298,863)	4,460,323
Shares in assoc. companies	333	5,630	1,819	(5,630)	2,152
Total assets 30.6.2021	<u>3,794,107</u>	<u>950,182</u>	<u>22,679</u>	<u>(304,493)</u>	<u>4,462,475</u>
Segment liabilities 30.6.2021	1,688,048	541,810	7,738	(9,745)	2,227,851
Total liabilities 30.6.2021	<u>1,688,048</u>	<u>541,810</u>	<u>7,738</u>	<u>(9,745)</u>	<u>2,227,851</u>

Operating segments 1.1.-30.6.2020

Income from third party	188,352	38,152	596		227,100
Income within the Group	6,077	25,655	1,891	(33,623)	0
Segment income	194,429	63,807	2,487	(33,623)	227,100
Segment operating expenses	(64,385)	(27,126)	(1,857)	33,623	(59,745)
EBITDA	130,044	36,681	630		167,355
Depreciation and impairm. loss	(48,938)	(14,704)	(406)	200	(63,848)
Segment earnings, EBIT	<u>81,106</u>	<u>21,977</u>	<u>224</u>	<u>200</u>	<u>103,507</u>
Segment assets 31.12.2020	3,716,194	906,025	20,392	(296,168)	4,346,443
Shares in assoc. companies	249	5,413	1,652	(5,413)	1,901
Total assets 31.12.2020	<u>3,716,443</u>	<u>911,438</u>	<u>22,044</u>	<u>(301,581)</u>	<u>4,348,344</u>
Segment liabilities 31.12.2020	1,608,488	506,589	7,489	(9,357)	2,113,209
Total liabilities 31.12.2020	<u>1,608,488</u>	<u>506,589</u>	<u>7,489</u>	<u>(9,357)</u>	<u>2,113,209</u>

6. Operating revenues

	2021 1.1.-30.6.	2020 1.1.-30.6.
Power sales are specified as follows:		
Retail sales companies	30,672	32,508
Power intensive users	197,585	149,503
Power sales total	<u>228,257</u>	<u>182,011</u>
Revenues from transmission are specified as follows:		
Transmission	37,720	32,736
Transmission losses, grid service and other transmission revenues	5,112	5,102
Transmission total	<u>42,832</u>	<u>37,838</u>

Notes, contd.:

7. Financial income and (expenses)	2021	2020
Financial income and (expenses) are specified as follows:	1.1.-30.6.	1.1.-30.6.
Interest income	318	1,003
Interest expense	(28,880)	(30,834)
Guarantee fee	(844)	(1,078)
Indexation	(981)	(506)
The effect of the present value of demolition obligation	(262)	(247)
Capitalised finance cost	3,098	1,536
Total interest expense	(27,869)	(31,129)
Realised foreign exchange difference	(169)	(115)
Unrealised foreign exchange difference	942	9,824
Total foreign exchange difference	773	9,709
Fair value changes in embedded derivatives	21,400	(19,626)
Fair value changes in other derivatives	(38,871)	(29)
Financial income and (expenses)	(44,249)	(40,072)

8. Derivative financial instruments in the balance sheet

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

	30.06.2021	31.12.2020
Assets:		
Embedded derivatives in power contracts	25,081	4,571
Commodity hedges	19,578	4,139
Currency swaps	6,114	8,126
	<u>50,773</u>	<u>16,836</u>
Derivative financial instruments are divided as follows:		
Long-term component of derivative agreements	32,893	14,931
Short-term component of derivative agreements	17,880	1,905
	<u>50,773</u>	<u>16,836</u>
Liabilities:		
Embedded derivatives in power contracts	0	890
Commodity hedges	68,744	12,379
Currency swaps	896	0
	<u>69,640</u>	<u>13,269</u>
Derivative financial instruments are divided as follows:		
Long-term component of derivative agreements	26,075	5,408
Short-term component of derivative agreements	43,565	7,861
	<u>69,640</u>	<u>13,269</u>

Notes, contd.:

9. Liabilities

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

		30.06.2021		31.12.2020	
	Maturity date	Average interest	Remaining balance	Average interest	Remaining balance
Liabilities in ISK	2021-2034	5.0%	39,008	5.0%	37,853
Liabilities in CHF	2021-2022	0.0%	6,346	0.0%	9,978
Liabilities in EUR	2024-2026	0.0%	273,373	0.0%	282,143
Liabilities in USD	2021-2035	3.5%	1,461,822	3.4%	1,437,793
			<u>1,780,549</u>		<u>1,767,767</u>
Current maturities of long-term debt			(200,914)		(236,052)
Total long-term debt			<u>1,579,635</u>		<u>1,531,715</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 (2020:3.2%).

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

	30.06.2021
1.7.2021-30.6.2022	200,914
1.7.2022-31.12.2022	27,124
2023	250,811
2024	154,084
2025	195,119
2026	319,588
Later	632,909
	<u>1,780,549</u>

10. Comparison of fair value and book value

	30.06.2021		31.12.2020	
	Book value	Fair value	Book value	Fair value
Interest bearing long term liabilities	1,780,549	1,985,879	1,767,767	2,005,966

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 with the underlying currencies yield curve.

Interest rates are specified as follows:

	30.06.2021	31.12.2020
Interest bearing liabilities in ISK	-0.1 to 0.9%	0.1 to 1.2%
Interest bearing liabilities other than in ISK	-0.7 to 1.7%	-0.8 to 0.9%

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
30.06.2021			
Embedded derivatives		25,081	25,081
Other derivatives	(43,947)		(43,947)
Revaluation of property, plant and equipment		213,071	213,071
Shares in other companies		598	598
	<u>(43,947)</u>	<u>238,750</u>	<u>194,803</u>
31.12.2020			
Embedded derivatives		3,681	3,681
Other derivatives	(113)		(113)
Revaluation of property, plant and equipment		218,605	218,605
Shares in other companies		579	579
	<u>(113)</u>	<u>222,865</u>	<u>222,752</u>

12. Other matters

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. 1 July 2021 a law took effect 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.