



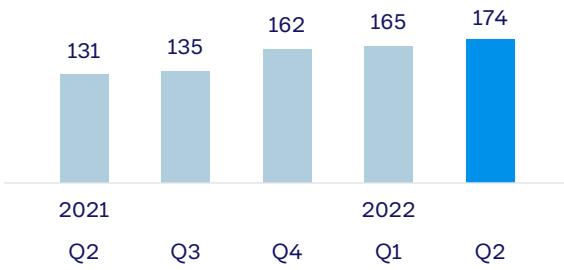
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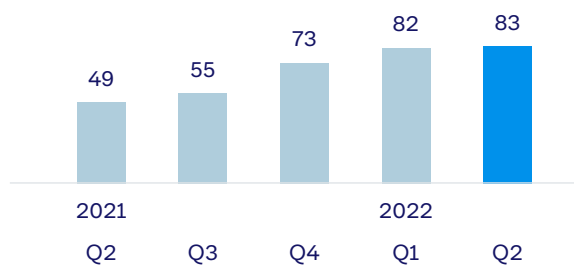


# Key figures

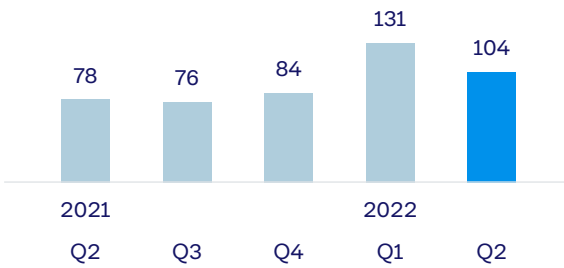
Operating revenues



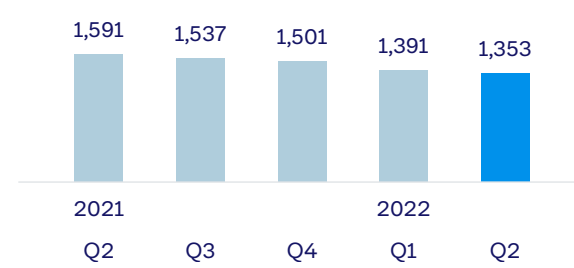
Profit before unrealised financial items



Cash flow from operating activities



Net debt



## Key figures - not reviewed

### Management's presentation of the operation of Landsvirkjun

Amounts are in USD thousand

	2022	2021	2020	2019	2018
	1.1.-30.6.	1.1.-30.6.	1.1.-30.6.	1.1.-30.6.	1.1.-30.6.
<b>Operation</b>					
Operating revenues .....	392,933	276,983	223,281	255,523	273,946
Realised hedges .....	( 53,666)	( 15,020)	3,819	4,195	( 4,402)
<b>Total operating revenues .....</b>	<b>339,267</b>	<b>261,963</b>	<b>227,100</b>	<b>259,718</b>	<b>269,544</b>
Operating and maintenance expenses .....	( 75,040)	( 65,962)	( 59,745)	( 61,525)	( 71,789)
<b>EBITDA .....</b>	<b>264,227</b>	<b>196,001</b>	<b>167,355</b>	<b>198,193</b>	<b>197,755</b>
Depreciation and impairment loss .....	( 71,210)	( 68,907)	( 63,848)	( 67,400)	( 61,839)
<b>EBIT .....</b>	<b>193,017</b>	<b>127,094</b>	<b>103,507</b>	<b>130,793</b>	<b>135,916</b>
Financial items .....	( 27,684)	( 27,802)	( 30,344)	( 34,402)	( 49,192)
<b>Profit before unrealised financial items ....</b>	<b>165,333</b>	<b>99,292</b>	<b>73,163</b>	<b>96,391</b>	<b>86,724</b>
<b>Unrealised financial items:</b>					
Fair value changes in embedd. derivatives ....	49,799	21,400	( 19,626)	765	( 29,133)
Fair value changes in other derivatives .....	( 4,878)	( 38,871)	( 29)	( 3,431)	14,046
Unrealised foreign exchange difference .....	12,567	942	9,824	8,419	10,037
	57,488	( 16,529)	( 9,831)	5,753	( 5,050)
<b>Profit before income tax .....</b>	<b>222,821</b>	<b>82,763</b>	<b>63,332</b>	<b>102,144</b>	<b>81,674</b>
Income tax .....	( 78,274)	( 27,662)	( 19,770)	( 33,586)	( 27,167)
<b>Profit for the period .....</b>	<b>144,547</b>	<b>55,101</b>	<b>43,562</b>	<b>68,558</b>	<b>54,507</b>
<b>Balance sheet</b>					
	<b>30.6.2022</b>	<b>30.6.2021</b>	<b>30.6.2020</b>	<b>30.6.2019</b>	<b>30.6.2018</b>
Total assets .....	4,512,401	4,462,475	4,332,388	4,355,140	4,486,572
Total equity .....	2,384,666	2,234,624	2,201,115	2,191,134	2,099,502
Total liabilities .....	2,127,735	2,227,851	2,131,273	2,164,006	2,387,070
Net debt* .....	1,353,280	1,591,137	1,631,302	1,758,546	1,992,640
<b>Cash flow</b>					
	<b>1.1.-30.6.</b>	<b>1.1.-30.6.</b>	<b>1.1.-30.6.</b>	<b>1.1.-30.6.</b>	<b>1.1.-30.6.</b>
Funds from operation (FFO) .....	238,835	166,179	138,561	166,178	154,955
Cash flow from operating activities .....	234,883	163,540	129,654	159,892	149,239
Investing activities .....	( 30,909)	( 56,808)	( 40,201)	( 32,255)	( 96,656)
Financing activities .....	( 141,793)	( 10,692)	( 92,586)	( 165,788)	( 66,682)
<b>Liquidity</b>					
	<b>30.6.2022</b>	<b>30.6.2021</b>	<b>30.6.2020</b>	<b>30.6.2019</b>	<b>30.6.2018</b>
Cash and cash equivalents .....	159,346	189,412	105,523	76,547	111,802
Undrawn loans .....	180,000	190,000	180,000	346,417	379,224
Total liquidity .....	339,346	379,412	285,523	422,964	491,026
<b>Key ratios</b>					
Return on equity ** .....	10.7%	4.1%	4.1%	6.4%	6.2%
Equity ratio .....	52.8%	50.1%	50.8%	50.3%	46.8%
Interest cover (EBITDA/net interest exp)** ....	8.65x	6.44x	5.43x	5.70x	4.77x
FFO / net debt** .....	32.5%	18.5%	17.5%	18.6%	15.2%
FFO / interest expense** .....	7.56x	5.28x	4.31x	4.58x	3.71x
Net debt / EBITDA** .....	2.74x	4.48x	4.69x	4.51x	5.30x
<b>Credit rating without state guarantee at the end of June</b>					
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

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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 30 June 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.

According to the income statement, the Group's profit for the period from January to June 2022 amounted to USD 144.5 million while during the same period in 2021 the Group's profit amounted to USD 55.1 million. The change between periods is USD 89.4 million. The Group's operating revenues amounted to USD 339.3 million during the period compared to USD 262.0 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 positive and amounted to USD 44.9 million during the period January to June 2022 compared to a negative difference of USD 17.5 million during the same period in the previous year and currency exchange difference was positive and amounted to USD 10.5 million compared to a positive difference in the amount of USD 0.8 million during the same period in 2021. Cash flow from operations amounted to USD 234.9 million during the period compared to USD 163.5 million during the same period in the previous year. At the end of June 2022, the Group's cash and cash equivalents amounted to USD 159.3 million and undrawn loans amounted to USD 180.0 million, a total of USD 339.3 million. The Group's equity at the end of June amounted to USD 2,384.7 million according to the balance sheet compared to USD 2,368.8 million at year end 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 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 2022 and the Group's operating results and changes in cash flow during the period from January to June 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 June 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 30 June 2022 and confirm them by means of their signatures.

Reykjavik, 30 August, 2022.

The Board of Directors:

Jónas Þór Guðmundsson

Jón Björn Hákonarson

Álfheiður Ingadóttir

Gunnar Tryggvason

Soffía Björk Guðmundsdóttir

The CEO:

Hörður Arnarson

# Independent Auditors' Review Report

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## 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, 2022 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 2022, 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, 30 August, 2022.

## **Deloitte ehf.**

Birna María Sigurðardóttir  
auditor

Pétur Hansson  
auditor

# Income Statement

	Notes	2022	2021	2022	2021
		1.1.-30.6.	1.1.-30.6.	Q2*	Q2*
<b>Operating revenues</b>					
Power sales .....	6	332,564	228,257	168,868	117,879
Realised hedges .....	(	53,666)	( 15,020)	( 25,830)	( 9,902)
Transmission .....	6	54,659	42,832	30,564	21,531
Other income .....		5,710	5,894	865	1,747
		<u>339,267</u>	<u>261,963</u>	<u>174,467</u>	<u>131,255</u>
<b>Operating expenses</b>					
Energy generation costs .....		72,720	72,742	37,017	35,827
Transmission costs .....		37,121	31,234	21,441	16,263
Cost of general research .....		9,815	8,849	5,282	4,886
Other operating expenses .....		26,594	22,044	12,285	10,883
		<u>146,250</u>	<u>134,869</u>	<u>76,025</u>	<u>67,859</u>
<b>Operating profit</b> .....		<u>193,017</u>	<u>127,094</u>	<u>98,442</u>	<u>63,396</u>
<b>Financial income and (expenses)</b>					
Interest income .....		812	318	534	168
Interest expenses .....	(	26,612)	( 27,869)	( 13,346)	( 14,221)
Profit from sale of shares .....		94	0	94	0
Foreign exchange difference .....		10,509	773	9,552	( 4,391)
Fair value changes in embedded derivatives .....		49,799	21,400	( 112,444)	18,276
Fair value changes in other derivatives .....	(	4,878)	( 38,871)	57,241	( 26,784)
	7	<u>29,724</u>	<u>( 44,249)</u>	<u>( 58,369)</u>	<u>( 26,952)</u>
Associated companies .....		80	( 82)	36	( 82)
<b>Profit before income tax</b> .....		<u>222,821</u>	<u>82,763</u>	<u>40,109</u>	<u>36,362</u>
Income tax .....	(	78,274)	( 27,662)	( 10,770)	( 12,214)
<b>Net profit for the period</b> .....		<u>144,547</u>	<u>55,101</u>	<u>29,339</u>	<u>24,148</u>
<b>Attributable to:</b>					
Owners of the parent company .....		137,677	49,292	25,042	21,572
Subsidiaries minority interest .....		6,870	5,809	4,297	2,576
		<u>144,547</u>	<u>55,101</u>	<u>29,339</u>	<u>24,148</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

	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>1.1.-30.6.</b>	<b>1.1.-30.6.</b>	<b>Q2*</b>	<b>Q2*</b>
<b>Profit for the period</b> .....	144,547	55,101	29,339	24,148
<b>Items transferred to equity that will not be reclassified subsequently to profit or loss:</b>				
Pension obligation after income tax, change .....	( 1,437)	( 1,886)	( 996)	( 1,234)
Demolition obligation after income tax, change .....	1,504	664	( 419)	1,030
<b>Items transferred to equity that may be reclassified subsequently to profit or loss:</b>				
Transl. diff. due to subsid. and assoc. companies .....	( 225)	472	( 439)	453
Total operating items moved to equity	( 158)	( 750)	( 1,854)	249
<b>Total Comprehensive Income for the period</b> ..	<u>144,389</u>	<u>54,351</u>	<u>27,485</u>	<u>24,397</u>
<b>Attributable to:</b>				
Owners of the parent company .....	137,030	48,083	23,407	21,397
Subsidiaries minority interest .....	7,359	6,268	4,078	3,000
	<u>144,389</u>	<u>54,351</u>	<u>27,485</u>	<u>24,397</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

<b>Assets</b>	<b>Notes</b>	<b>30.06.2022</b>	<b>31.12.2021</b>
<b>Non-current assets</b>			
Property, plant and equipment .....		3,869,637	3,916,273
Projects under construction .....		88,959	83,432
Development cost .....		130,579	131,521
Other intangible assets .....		50,446	49,702
Derivative financial instruments .....	8	87,948	27,290
Associated companies .....		2,367	2,081
Deferred tax asset .....		50	44
Other non-current assets .....		652	622
Total non-current assets		<u>4,230,638</u>	<u>4,210,965</u>
<b>Current assets</b>			
Inventories .....		6,216	5,825
Accounts receivables and other receivables .....		93,148	100,085
Derivative financial instruments .....	8	23,053	31,946
Cash and cash equivalents .....		159,346	97,560
Total current assets		<u>281,763</u>	<u>235,416</u>
<b>Total assets</b>		<u><u>4,512,401</u></u>	<u><u>4,446,381</u></u>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Owners' contributions .....		586,512	586,512
Revaluation account .....		167,658	169,952
Restricted reserves .....		70,864	71,143
Translation difference .....		( 42,781)	( 42,597)
Other equity .....		1,437,435	1,417,648
Equity of the owners of the parent company		<u>2,219,688</u>	<u>2,202,658</u>
Minority interest .....		164,978	166,109
Total equity		<u>2,384,666</u>	<u>2,368,767</u>
<b>Long-term liabilities</b>			
Interest bearing liabilities .....	9	1,251,570	1,449,195
Accrued pension liabilities .....		39,761	39,574
Deferred income tax liability .....		250,592	217,109
Lease obligation .....		6,298	5,899
Obligation due to demolition .....		14,060	15,631
Prepaid income .....		2,337	2,409
Derivative financial instruments .....	8	16,257	13,777
		<u>1,580,875</u>	<u>1,743,594</u>
<b>Current liabilities</b>			
Accounts payable and other payables .....		166,239	75,826
Interest bearing liabilities .....	9	261,056	149,151
Income tax payable .....		44,266	42,775
Derivative financial instruments .....	8	75,299	66,268
		<u>546,860</u>	<u>334,020</u>
Total liabilities		<u>2,127,735</u>	<u>2,077,614</u>
<b>Total equity and liabilities</b>		<u><u>4,512,401</u></u>	<u><u>4,446,381</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
<b>1 January to 30 June, 2021</b>								
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 transferred...			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
<b>1 January to 30 June, 2022</b>								
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.....				(183)		(183)	(42)	(225)
Demolition obligation, change.....		973				973	531	1,504
Pension obligation, change.....					(1,437)	(1,437)	0	(1,437)
Profit for the period.....					137,677	137,677	6,870	144,547
Total comprehensive profit.....		973		(183)	136,240	137,030	7,359	144,389
Dividend.....					(120,000)	(120,000)	(8,490)	(128,490)
Share of profit of subsidiaries and associated companies transferred...			(279)		279	0	0	0
Revaluation transferred to other equity.....		(3,267)			3,267	0	0	0
Equity at 30 June, 2022.....	586,512	167,658	70,864	(42,781)	1,437,435	2,219,688	164,978	2,384,666

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

## Statement of Cash Flows

	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>1.1.-30.6.</b>	<b>1.1.-30.6.</b>	<b>Q2*</b>	<b>Q2*</b>
<b>Operating activities</b>				
Operating profit .....	193,017	127,094	98,442	63,396
Depreciation and impairment loss .....	71,210	68,907	36,331	34,779
Pension obligation, change .....	( 1,115)	( 1,072)	( 587)	( 561)
Other changes .....	( 7)	( 945)	( 7)	( 939)
Working capital from op. before fin. items	263,105	193,984	134,179	96,675
Operating assets, change .....	6,741	( 1,007)	6,200	5,510
Operating liabilities, change .....	567	9,650	( 21,651)	( 6,881)
Cash flow from operating act. bef. fin. items	270,413	202,627	118,728	95,304
Interest income received .....	771	305	530	174
Interest exp. and foreign exch. diff. paid .....	( 25,343)	( 27,501)	( 9,262)	( 10,429)
Taxes paid .....	( 10,958)	( 11,891)	( 6,137)	( 6,952)
Cash flow from operating activities	<u>234,883</u>	<u>163,540</u>	<u>103,859</u>	<u>78,097</u>
<b>Investing activities</b>				
Power stations in operation .....	( 6,630)	( 10,987)	( 2,927)	( 5,244)
Transmission .....	( 17,215)	( 42,865)	( 8,132)	( 26,057)
Power plant preparation cost .....	( 1,306)	( 712)	( 870)	( 122)
Purchased shares .....	( 353)	( 305)	( 315)	( 15)
Sold shares .....	248	0	248	0
Other investments .....	( 5,715)	( 3,349)	( 3,507)	( 1,380)
Assets sold .....	62	1,410	62	1,395
Investing activities	<u>( 30,909)</u>	<u>( 56,808)</u>	<u>( 15,441)</u>	<u>( 31,423)</u>
<b>Financing activities</b>				
Dividend paid to owners .....	( 68,490)	( 29,862)	( 60,000)	( 25,000)
New loans .....	20,000	179,910	0	59,910
Amortisation of long-term debt .....	( 93,303)	( 160,740)	( 7,634)	( 45,050)
Financing activities	<u>( 141,793)</u>	<u>( 10,692)</u>	<u>( 67,634)</u>	<u>( 10,140)</u>
<b>Change in cash and cash equivalents .....</b>	<b>62,181</b>	<b>96,040</b>	<b>20,784</b>	<b>36,534</b>
<b>Effect of exchange diff. on cash and cash equiv ...</b>	<b>( 395)</b>	<b>1,409</b>	<b>( 1,716)</b>	<b>1,077</b>
<b>Cash and cash equiv. at the beginning of the year</b>	<b><u>97,560</u></b>	<b><u>91,963</u></b>	<b><u>140,278</u></b>	<b><u>151,801</u></b>
<b>Cash and cash equiv. at the end of the period .....</b>	<b><u><u>159,346</u></u></b>	<b><u><u>189,412</u></u></b>	<b><u><u>159,346</u></u></b>	<b><u><u>189,412</u></u></b>

\* 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 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 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 2021 can be found on its website [www.landsvirkjun.com](http://www.landsvirkjun.com) and the website of NASDAQ OMX Iceland; [www.nasdaqomxnordic.com](http://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 the 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

<b>Operating segments 1.1.-30.6.2022</b>	<b>Electricity generation</b>	<b>Electricity transmission</b>	<b>Other segments</b>	<b>Adjustments</b>	<b>Total</b>
Income from third party .....	283,410	55,055	802		339,267
Income within the Group .....	12,216	32,466	1,747	( 46,429)	0
Segment income .....	295,626	87,521	2,549	( 46,429)	339,267
Segment operating expenses .....	( 81,751)	( 38,207)	( 1,511)	46,429	( 75,040)
EBITDA .....	213,875	49,314	1,038		264,227
Depreciation and impairm. loss ....	( 54,327)	( 16,598)	( 493)	208	( 71,210)
Segment earnings, EBIT .....	159,548	32,716	545	208	193,017

## Notes, contd.:

### 5. Segment information contd.:

	Electricity generation	Electricity transmission	Other segments	Adjustments	Total
Segment assets 30.6.2022 .....	3,799,028	1,026,285	20,015	( 335,294)	4,510,034
Shares in assoc. companies .....	427	4,846	1,940	( 4,846)	2,367
Total assets 30.6.2022 .....	3,799,455	1,031,131	21,955	( 340,140)	4,512,401
Segment liabilities 30.6.2022 .....	1,566,266	563,798	8,804	( 11,133)	2,127,735
Total liabilities 30.6.2022 .....	1,566,266	563,798	8,804	( 11,133)	2,127,735

### Operating segments 1.1.-30.6.2021

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
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 1.1.-30.6.	2021 1.1.-30.6.
Power sales are specified as follows:		
Retail sales companies .....	42,107	30,672
Power intensive users .....	290,457	197,585
Power sales total .....	332,564	228,257
Revenues from transmission are specified as follows:		
Transmission .....	40,260	37,720
Transmission losses, grid service and other transmission revenues .....	14,399	5,112
Transmission total .....	54,659	42,832

## Notes, contd.:

<b>7. Financial income and (expenses)</b>	<b>2022</b>	<b>2021</b>
Financial income and (expenses) are specified as follows:	1.1.-30.6.	1.1.-30.6.
Interest income .....	812	318
Interest expense .....	( 26,521)	( 28,880)
Guarantee fee .....	( 351)	( 844)
Indexation .....	( 1,902)	( 981)
The effect of the present value of demolition obligation .....	( 309)	( 262)
Capitalised finance cost .....	2,471	3,098
Total interest expense .....	( 26,612)	( 27,869)
Profit from sale of shares .....	94	0
Realised foreign exchange difference .....	( 2,058)	( 169)
Unrealised foreign exchange difference .....	12,567	942
Total foreign exchange difference .....	10,509	773
Fair value changes in embedded derivatives .....	49,799	21,400
Fair value changes in other derivatives .....	( 4,878)	( 38,871)
Financial income and (expenses)	29,724	( 44,249)

## 8. Derivative financial instruments in the balance sheet

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

	<b>30.06.2022</b>	<b>31.12.2021</b>
<b>Assets:</b>		
Embedded derivatives in power contracts .....	86,935	37,135
Commodity hedges .....	23,242	20,212
Currency swaps .....	824	1,889
	<u>111,001</u>	<u>59,236</u>
Derivative financial instruments are divided as follows:		
Long-term component of derivative agreements .....	87,948	27,290
Short-term component of derivative agreements .....	23,053	31,946
	<u>111,001</u>	<u>59,236</u>
<b>Liabilities:</b>		
Commodity hedges .....	91,556	80,045
	<u>91,556</u>	<u>80,045</u>
Derivative financial instruments are divided as follows:		
Long-term component of derivative agreements .....	16,257	13,777
Short-term component of derivative agreements .....	75,299	66,268
	<u>91,556</u>	<u>80,045</u>

## Notes, contd.:

### 9. Liabilities

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

		30.06.2022		31.12.2021	
	Maturity date	Average interest	Remaining balance	Average interest	Remaining balance
Liabilities in ISK .....	2034	5.0%	36,539	5.0%	36,690
Liabilities in CHF .....	2022	0.0%	0	0.0%	3,210
Liabilities in EUR .....	2026	0.0%	155,753	0.0%	169,741
Liabilities in USD .....	2022-2035	3.7%	1,320,334	3.5%	1,388,705
			<u>1,512,626</u>		<u>1,598,346</u>
Current maturities of long-term debt .....			( 261,056)		( 149,151)
Total long-term debt .....			<u>1,251,570</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 3.4%, taking into account the state guarantee fee (2021:3.6%).

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

	30.06.2022
1.7.2022-30.6.2023 .....	261,056
1.7.2023-31.12.2023 .....	67,084
2024 .....	58,950
2025 .....	195,097
2026 .....	297,036
2027 .....	89,435
Later .....	543,968
	<u>1,512,626</u>

### 10. Comparison of fair value and book value

	30.06.2022		31.12.2021	
	Book value	Fair value	Book value	Fair value
Interest bearing long term liabilities .....	1,512,626	1,607,075	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 with the underlying currencies yield curve.

Interest rates are specified as follows:

	30.06.2022	31.12.2021
Interest bearing liabilities in USD .....	2.3 to 3.3%	0.2 to 1.7%
Interest bearing liabilities other than in USD .....	0.0 to 0.99%	-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
<b>30.06.2022</b>			
Embedded derivatives .....		86,935	86,935
Other derivatives .....	( 67,490)		( 67,490)
Revaluation of property, plant and equipment .....		252,271	252,271
Shares in other companies .....		652	652
	<u>( 67,490)</u>	<u>339,858</u>	<u>272,368</u>
<b>31.12.2021</b>			
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

The Icelandic Minister of Tourism, Industry and Innovation appointed a workgroup in 2019 to assess the viability of transferring ownership of Landsnet within an acceptable timeframe, wholly or partially, to the state. Landsnet operates the Icelandic electricity transmission system. Landsvirkjun owns 64.7% of Landsnet's shares. On 1 July 2021 a legal amendment to the law about the foundation of Landsnet hf. no 75/2004 took effect stating that the transmission company shall be directly owned by the Icelandic state and/or municipalities. According to the law no 37/2022 the amendment was postponed until 31 December 2022.