

## Results for the first nine months

# Record results but concerns for the nation's energy matters

### Key figures from the interim financial statements

- Profit before unrealised financial items amounted to USD 290 million, but was USD 228.5 million for the same period of the prior year. This is an increase of 26.9% despite a very strong result last year.
- The profit for the period was USD 159.4 million, but was USD 203.8 million for the same period of the prior year. Landsnet's profit was part of the result last year. Landsnet was sold year end 2022.
- Operating revenues amounted to USD 495.4 million, an increase of USD 62 million from the same period of the prior year.
- Net debt decreased by USD 283.2 million from the beginning of the year and amounted to USD 564.8 million at the end of September.
- Interest expenses in excess of interest income decreased significantly and amounted to USD 9.2 million but were USD 23.6 million for the same period of the prior year.
- Cash flow from operations amounted to USD 362.6 million which is a 24.8% increase from the same period of the prior year.

#### Hörður Arnarson, CEO:

“2023 is on track to becoming the best operating year in Landsvirkjun's history. The profit from core operations for the first nine months of the year increased by about 27 percent from 2022, which was a record year at the time. Power revenues increased by about 14% compared to the prior year despite significant decreases on international energy and commodity markets where prices to industrial customers is partially linked to these markets. This can be explained by hedges which delay the effects of these decreases. Interest expenses in excess of interest income continued to decrease, as for prior years, because of decreasing debt and now increasing interest income. Today, 77% of our debt has fixed interest rates which means that they don't change when interest rates are hiked on financial markets.

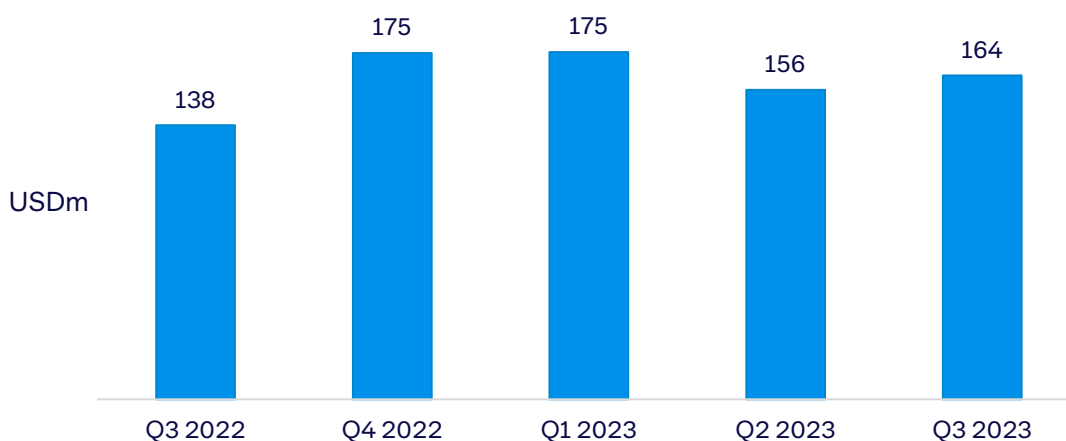
Cash flow from operations amounted to almost USD 363 million during the period which is almost a quarter increase from the same period of the prior year. Net debt continued to decrease, by about USD 283 million, and the key ratio of net debt to EBITDA is now down to 1.1, which is among the best seen for comparable companies. As has been mentioned before, this improved financial position means that the company's ability to pay dividends to its owners, the people of Iceland, has increased significantly.

Although Landsvirkjun's operations continue to exceed expectations at the moment, there are concerns on the horizon in the nation's energy matters. Increasing energy demand is foreseeable due to energy transition and the general growth of the economy, and now there is an urgent need to build further electricity generation capacity to meet it. At Landsvirkjun,

we are currently working diligently to obtain the necessary permits to begin construction on new power plants, which are prerequisites for the significant changes that lie ahead.“

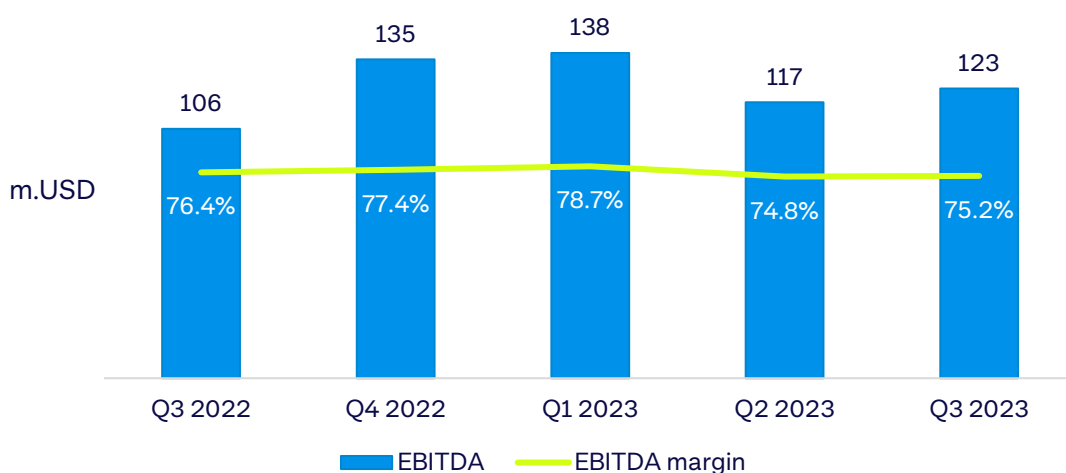
## Operations

### Operating revenues



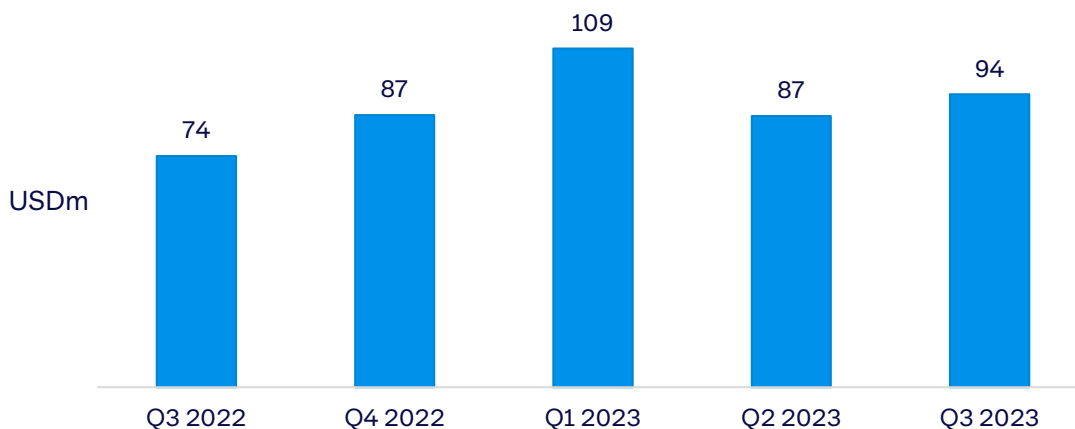
Power sales continue to be very robust, as the demand is so high that the power system is operating at full capacity. Revenue from power sales has decreased along with international commodity and energy prices. However, operating revenues increase from the prior year due to hedges.

### EBITDA and EBITDA margin



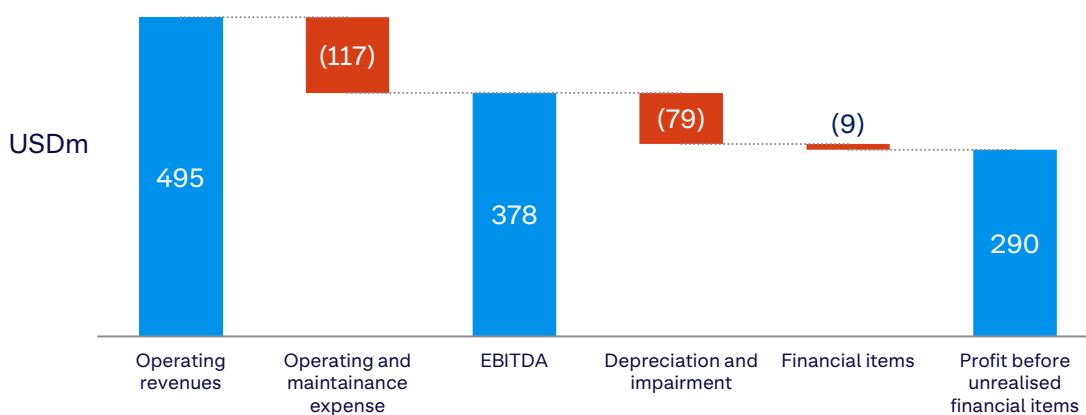
Operating profit before depreciation, EBITDA, amounted to USD 123m for the third quarter and increases by 15% between years.

### Profit before unrealized financial items



Profit before unrealized financial items amounted to USD 94m for the third quarter and increases by 27% between years.

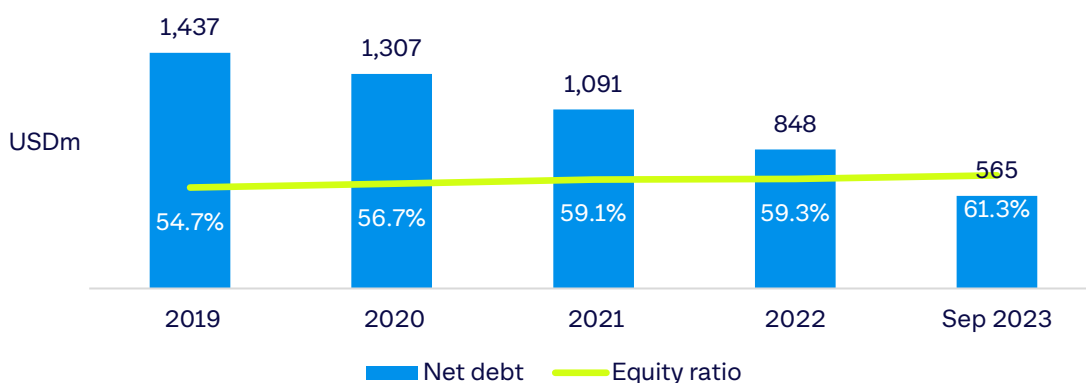
### Items affecting profit before unrealised financial items



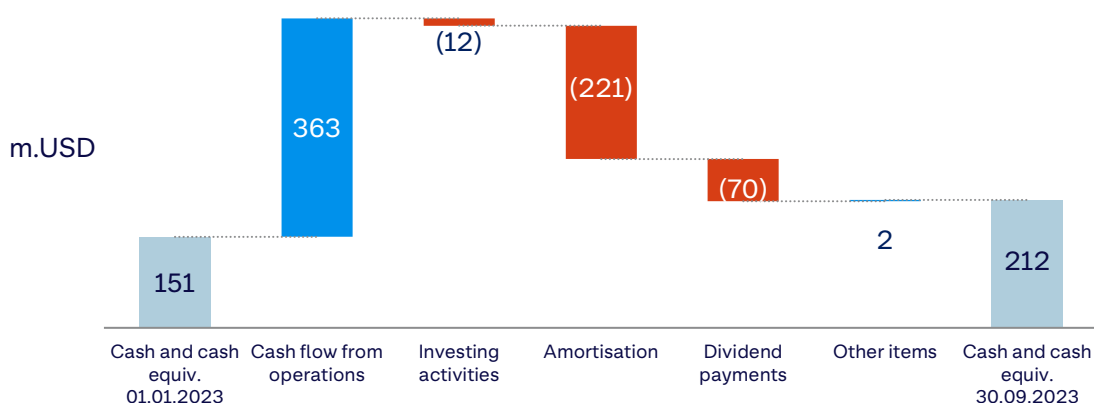
### Strong financial position

Landsvirkjun has placed significant emphasis on reducing its debt in recent years. Net debt is interest-bearing debt net of cash and cash equivalents. Since the beginning of the year, net debt has decreased by USD 283m.

### Net debt and equity ratio



Cash and cash equivalents amounted to USD 212m at the end of September 2023 and has increased by USD 61m since the beginning of the year.



### Operating outlook

The demand for electricity continues to be so high that the power system is fully utilized. Efforts are being made to obtain the necessary permits for energy production expansion. This high demand certainly has a positive impact on operating prospects, but the outcome will continue to be influenced by developments in international commodity and energy markets.

Reykjavík, 10 November 2023

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## About the interim financial statements

The Interim Financial Statements of Landsvirkjun are prepared in accordance with International Financial Reporting Standards (IFRS) and are presented in USD which is the Company's functional currency.

## Key figures from the interim financial statements in thousand USD:

	2023	2022	2021	2020	2019
	1.1.-30.9.	1.1.-30.9.	1.1.-30.9.	1.1.-30.9.	1.1.-30.9.
<b>Operation</b>					
Operating revenues .....	431,314	515,423	377,027	273,333	316,206
Realised hedges .....	64,049 (	82,023) (	33,592)	4,906	6,956
<b>Total operating revenues .....</b>	<b>495,363</b>	<b>433,400</b>	<b>343,435</b>	<b>278,239</b>	<b>323,162</b>
Operating and maintainance expenses .....	( 117,422) (	114,295) (	111,434) (	99,868) (	106,113)
<b>EBITDA .....</b>	<b>377,941</b>	<b>319,105</b>	<b>232,001</b>	<b>178,371</b>	<b>217,049</b>
Depreciation and impairment loss .....	( 79,325) (	81,214) (	80,690) (	73,410) (	78,241)
<b>EBIT .....</b>	<b>298,616</b>	<b>237,891</b>	<b>151,311</b>	<b>104,961</b>	<b>138,808</b>
Financial items .....	( 9,300) (	27,529) (	30,294) (	34,143) (	41,670)
Subsidiaries and associated companies .....	644	18,178	17,712	15,190	17,138
<b>Profit before unrealised financial items .....</b>	<b>289,960</b>	<b>228,540</b>	<b>138,729</b>	<b>86,008</b>	<b>114,276</b>
<b>Unrealised financial items:</b>					
Fair value changes in embedded derivatives .....	( 34,041)	39,384	49,242 (	6,384) (	7,780)
Fair value changes in other derivatives .....	8,671	16,471 (	58,987) (	4,541) (	3,046)
Unrealised foreign exchange difference .....	( 8,481)	23,817	7,942	64	13,737
	( 33,851)	79,672 (	1,803) (	10,861)	2,911
<b>Profit before income tax .....</b>	<b>256,109</b>	<b>308,212</b>	<b>136,926</b>	<b>75,147</b>	<b>117,187</b>
Income tax .....	( 96,682) (	104,391) (	44,233) (	22,258) (	37,690)
<b>Profit .....</b>	<b>159,427</b>	<b>203,821</b>	<b>92,693</b>	<b>52,889</b>	<b>79,497</b>
<b>Balance sheet</b>					
	<b>30.9.2023</b>	<b>30.9.2022</b>	<b>30.9.2021</b>	<b>30.9.2020</b>	<b>30.9.2019</b>
Total assets .....	3,773,748	3,869,482	3,785,118	3,718,720	3,817,925
Total equity .....	2,314,554	2,295,440	2,143,914	2,087,403	2,085,460
Total liabilities .....	1,459,194	1,574,042	1,641,204	1,631,317	1,732,465
Net liabilities .....	564,841	839,547	1,135,208	1,283,149	1,459,469
<b>Key figures</b>					
Cash flow from operating activities .....	362,613	290,531	189,084	133,948	168,192
Investing activities .....	( 12,157)	1,163 (	7,825)	59,286 (	11,364)
Financing activities .....	( 291,388) (	150,760) (	121,339) (	192,280) (	189,246)
Total liquidity .....	337,220	353,323	269,442	371,635	283,031
Equity ratio .....	61.3%	59.3%	56.6%	56.1%	54.6%
Return on equity .....	5.1%	11.5%	5.2%	3.7%	5.3%
Interest cover (EBITDA/net interest expenses) .	29.57x	11.82x	7.39x	5.57x	5.29x
Net liabilities / EBITDA .....	1.10x	2.00x	3.77x	4.97x	5.00x

## About Landsvirkjun

Landsvirkjun, established in 1965, is an energy generation company owned by the Icelandic nation. Landsvirkjun's role is to maximize the value of the renewable energy resources it has been entrusted with, in a sustainable and efficient manner. The Company's vision is a sustainable world, powered by renewable energy. The Company generates 70% of all electricity in Iceland, from 100% renewable energy resources: hydroelectric, geothermal and wind. The Company is a leader in the sustainable utilisation of energy resources, while at the same time contributing to increased knowledge, innovation and technical development in society.