



## **Condensed Consolidated Interim Financial Statements**

**1 January to 31 March 2022**

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Orkuveita Reykjavíkur Group  
Reg no. 551298-3029  
Bæjarhálsi 1, 110 Reykjavík

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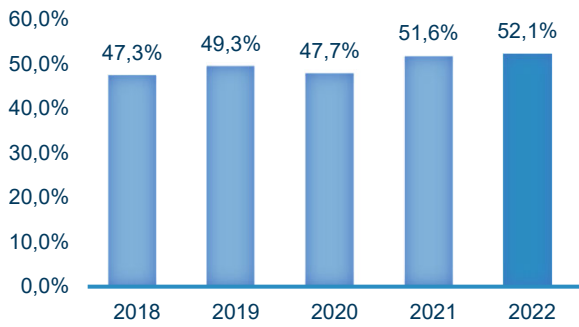
These Interim Financial statements are translated from the Icelandic original. Should there be discrepancies between the two versions, the Icelandic version will take priority.

Orkuveita Reykjavíkur emphasizes these United Nations' Sustainable Development Goals in its operations

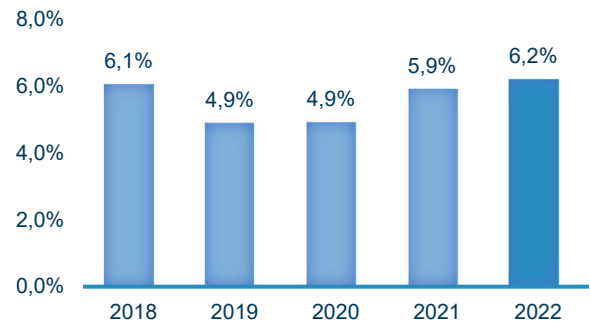


# Financial ratios

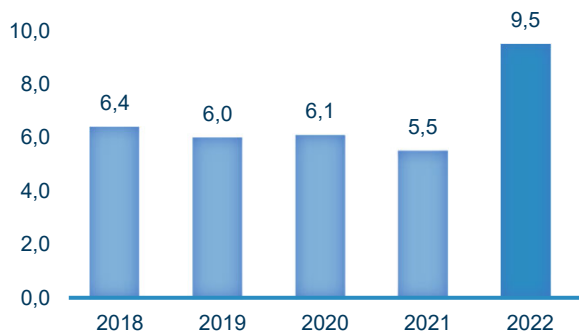
Equity ratio



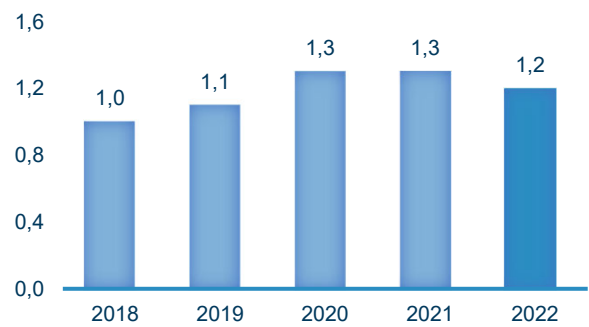
ROA



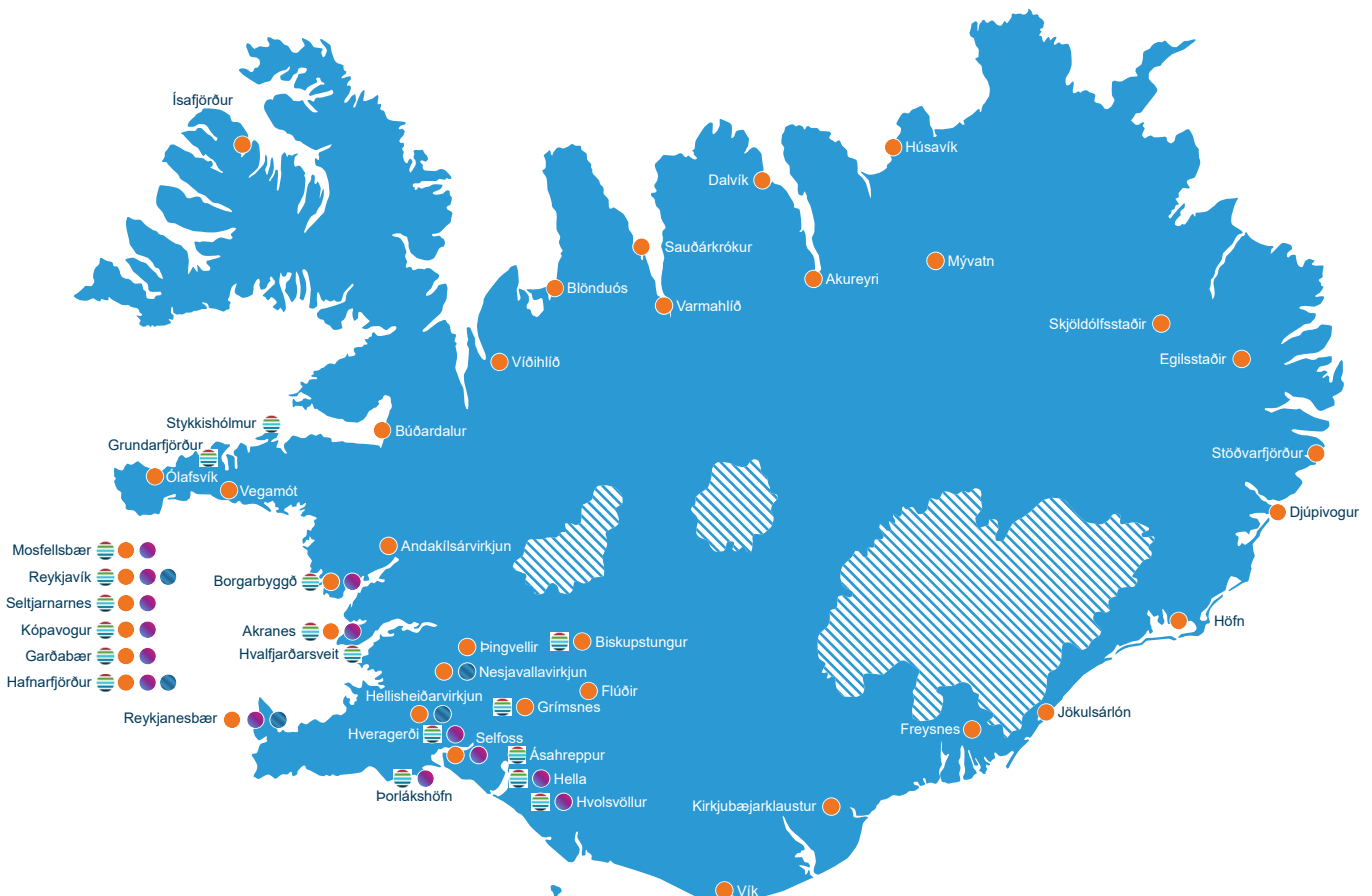
Net debt / Net cash from operation activities



Current ratio without aluminum derivative



# Services



# Operating summary

<b>Operating year</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
	<b>1.1.-31.3.</b>	<b>1.1.-31.3.</b>	<b>1.1.-31.3.</b>	<b>1.1.-31.3.</b>	<b>1.1.-31.3.</b>
<i>Amounts are at each years price level in ISK millions</i>					
Revenues .....	15.664	13.749	13.265	12.643	12.263
Expenses .....	( 5.369)	( 4.495)	( 4.718)	( 4.717)	( 4.511)
thereof energy purchase and distribution .....	( 1.847)	( 1.684)	( 1.560)	( 1.495)	( 1.730)
<b>EBITDA .....</b>	<b>10.295</b>	<b>9.253</b>	<b>8.547</b>	<b>7.926</b>	<b>7.752</b>
Depreciation .....	( 3.302)	( 3.336)	( 3.080)	( 2.829)	( 2.287)
<b>EBIT .....</b>	<b>6.993</b>	<b>5.917</b>	<b>5.466</b>	<b>5.097</b>	<b>5.464</b>
<b>Cash flow statement:</b>					
Received interest income .....	8	7	102	165	103
Paid interest expense .....	( 1.039)	( 976)	( 1.061)	( 940)	( 709)
Net cash from operating activities .....	3.741	7.653	6.076	6.888	4.128
Working capital from operation .....	4.200	6.990	5.975	5.542	7.438
<b>Liquid funds</b>					
Deposits and marketable securities .....	15.046	12.839	12.272	3.802	2.252
Cash and cash equivalents .....	7.322	14.967	10.796	4.610	15.132
Undrawn credit lines .....	7.570	13.133	9.300	11.000	10.000
<b>Liquid funds total .....</b>	<b>29.938</b>	<b>40.939</b>	<b>32.368</b>	<b>19.412</b>	<b>27.384</b>

# Endorsement by the Board of Directors and the CEO

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Orkuveita Reykjavíkur (OR) is a partnership that complies with the Icelandic law no.136/2013 on the founding of the partnership Orkuveita Reykjavíkur. The Group provides services through its subsidiaries that operate power plants, distribute electricity, hot water and cold water, operates the sewage systems in its service area as well as a fiber optic system in its service area.

The condensed consolidated interim financial statements for the period 1 January to 31 March 2022 are prepared in accordance with the International Financial Reporting Standard *IAS 34 Interim financial reporting*. The interim financial statements comprise the condensed consolidated interim financial statements of OR and subsidiaries. The interim financial statements have not been reviewed by the independent auditor of the company.

Profit of operations of the Group for the period 1 January to 31 March 2022 was ISK 6.782 million (1.1.-31.3.2021: Profit ISK 5.931 million). Comprehensive income for the period 1 January to 31 March 2022 was ISK 5.689 million (1.1.-31.3.2021: ISK 5.544 million). According to the statement of financial position the Group's assets were ISK 421.053 million at the end of the period (31.12.2021: ISK 413.882 million). Book value of equity at the end of the period was ISK 219.343 million (31.12.2021: ISK 213.653 million), resulting in equity ratio of 52,1% (31.12.2021: 51,6%).

At the beginning of the year and at the end of the period the Company's shareholders were the following three municipalities:

	Share
Reykjavik City .....	93,539%
Akranes town .....	5,528%
Borgarbyggð, municipality .....	0,933%

## Statement of the Board of Directors and the CEO

According to the best knowledge of the Board of Directors and the CEO of Orkuveita Reykjavíkur, the condensed consolidated interim financial statements are in accordance with the international financial reporting standard IAS 34 on interim financial reporting. It is the opinion of the Board of Directors and the CEO that the interim financial statements give a fair view of the Group's assets, liabilities and financial position 31 March 2022 and the Group's operating return and changes in cash and cash equivalents in the period 1 January to 31 March 2022.

The Board of Directors and the CEO of Orkuveita Reykjavíkur hereby confirm the Group's condensed consolidated interim financial statements for the period 1 January to 31 March 2022.

Reykjavík, 23 May 2022.

The Board of Directors:

*Brynhildur Davíðsdóttir*  
*Gylfi Magnússon*  
*Vala Valtýsdóttir*  
*Hildur Björnsdóttir*  
*Eyþór Laxdal Arnalds*  
*Guðjón Viðar Guðjónsson*

CEO:

*Bjarni Bjarnason*



# Income Statement

## 1 January to 31 March 2022

	Notes	2022 1.1.-31.3.	2021 1.1.-31.3.
Operating revenue .....	4	15.655.640	13.740.130
Profit from sale of assets .....		8.304	8.492
Operating revenues, total		15.663.944	13.748.622
Energy purchase and distribution .....	(	1.846.996)	( 1.684.258)
Salaries and salary related expenses .....	(	1.992.325)	( 1.886.844)
Other operating expenses .....	(	1.529.369)	( 924.386)
Operating expenses, total	(	5.368.689)	( 4.495.487)
<b>EBITDA</b> .....		10.295.255	9.253.135
Depreciation and amortisation .....	(	3.302.022)	( 3.336.051)
<b>Results from operating activities, EBIT</b> .....		6.993.233	5.917.084
Interest income .....		45.110	42.988
Interest expenses .....	(	2.924.132)	( 1.821.049)
Other income on financial assets and liabilities .....		6.683.185	4.086.453
Total financial income and expenses	6	3.804.163	2.308.392
Share in profit (loss) of associated companies .....		0	( 3.976)
Profit before income tax		10.797.396	8.221.500
Income tax .....	(	4.015.572)	( 2.290.039)
<b>Profit for the period</b>		6.781.824	5.931.460

The notes on pages 11 to 19 are an integral part of these Consolidated Interim Financial Statements.

# Statement of Comprehensive Income

## 1 January to 31 March 2022

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	<b>2022</b>	<b>2021</b>
	<b>1.1.-31.3.</b>	<b>1.1.-31.3.</b>
Profit for the period .....	<u>6.781.824</u>	<u>5.931.460</u>
<b>Other comprehensive income</b>		
<b>Items moved to equity that could be moved later to the income statement</b>		
Translation difference .....	<u>( 1.092.388)</u>	<u>( 387.725)</u>
	<u>( 1.092.388)</u>	<u>( 387.725)</u>
Other comprehensive income, after taxes .....	<u>( 1.092.388)</u>	<u>( 387.725)</u>
<b>Total comprehensive income for the period</b>	<u><u>5.689.436</u></u>	<u><u>5.543.735</u></u>

The notes on pages 11 to 19 are an integral part of these Consolidated Interim Financial Statements.

# Statement of Financial Position

## 31 March 2022

	Notes	31.3.2022	31.12.2021
<b>Assets</b>			
Property, plant and equipment .....		362.241.338	363.713.260
Intangible assets .....		3.133.112	2.966.481
Right-of-use assets .....		2.140.719	2.576.177
Investments in associated companies .....		80.923	80.923
Investments in other companies .....		55.680	55.680
Embedded derivatives in electricity sales contracts .....		6.923.724	0
Hedge contracts .....		9.548	73.264
Deferred tax assets .....		3.676.422	3.812.930
Total non-current assets		<u>378.261.466</u>	<u>373.278.714</u>
Inventories .....		1.559.539	1.337.505
Trade receivables .....	7	8.039.740	5.625.149
Embedded derivatives in electricity sales contracts .....		3.787.889	1.548.338
Investments available for sale .....		6.095.000	6.095.000
Hedge contracts .....		76.875	17.036
Other receivables .....		403.180	674.401
Prepaid expenses .....		461.411	328.780
Deposits and marketable securities .....		15.046.450	14.657.369
Cash and cash equivalents .....		7.321.817	10.319.874
Total current assets		<u>42.791.901</u>	<u>40.603.452</u>
<b>Total assets</b>		<u>421.053.367</u>	<u>413.882.166</u>
<b>Equity</b>			
Revaluation reserve .....		100.756.980	101.733.552
Equity reserve .....		66.596.700	66.451.877
Development reserve .....		231.741	123.873
Fair value reserve .....		5.695.000	5.695.000
Translation reserve .....		5.215.426	6.307.814
Retained earnings .....		40.846.668	33.340.963
<b>Total equity</b>		<u>219.342.515</u>	<u>213.653.079</u>
<b>Liabilities</b>			
Loans and borrowings .....		144.719.640	149.859.537
Lease liabilities .....		2.024.485	2.475.864
Pension liability .....		665.576	630.879
Embedded derivatives in electricity sales contracts .....		0	931.389
Hedge contracts .....		2.443.756	332.279
Deferred tax liabilities .....		20.047.874	16.929.779
Total non-current liabilities		<u>169.901.332</u>	<u>171.159.726</u>
Accounts payable .....		2.823.995	3.522.684
Loans and borrowings .....		18.725.891	15.187.655
Lease liabilities .....		157.218	179.498
Hedge contracts .....		3.189.465	1.584.188
Deferred revenue .....	7	594.450	142.970
Current tax liability .....		709.370	1.753.949
Other current liabilities .....		5.609.132	6.698.418
Total current liabilities		<u>31.809.520</u>	<u>29.069.361</u>
<b>Total liabilities</b>		<u>201.710.852</u>	<u>200.229.088</u>
<b>Total equity and liabilities</b>		<u>421.053.367</u>	<u>413.882.166</u>

The notes on pages 11 to 19 are an integral part of these Consolidated Interim Financial Statements.



# Statement of Changes in Equity

## 1 January to 31 March 2022

	Revaluation reserve	Equity reserve	Develop- ment reserve	Fair value reserve	Translation reserve	Retained earnings	Total equity
<b>1.1.- 31.3. 2022</b>							
Equity at 1 January 2022 .....	101.733.552	66.451.877	123.873	5.695.000	6.307.814	33.340.963	213.653.079
Translation difference .....					( 1.092.388)		( 1.092.388)
Profit for the period .....						6.781.824	6.781.824
Total comprehensive income .....	0	0	0	0	( 1.092.388)	6.781.824	5.689.436
Depreciation transferred to retained earnings .....	( 976.573)					976.573	0
Share in profit of subsidiaries and associates transferred to equity reserve .....		144.823				( 144.823)	0
Transfer to development reserve .....			107.868			( 107.868)	0
Equity at 31 March 2022 .....	100.756.980	66.596.700	231.741	5.695.000	5.215.426	40.846.668	219.342.515
<b>1.1.-31.3.2021</b>							
Equity at 1 January 2021 .....	89.478.008	60.207.208	108.308	5.467.000	4.903.838	27.961.627	188.125.988
Translation difference .....					( 387.725)		( 387.725)
Profit for the period .....						5.931.460	5.931.460
Total comprehensive income .....	0	0	0	0	( 387.725)	5.931.460	5.543.735
Depreciation transferred to retained earnings .....	( 966.097)					966.097	0
Share in profit of subsidiaries and associates transferred to equity reserve .....		2.975.379				( 2.975.379)	0
Transfer to development reserve .....			32.674			( 32.674)	0
Equity at 31 March 2021 .....	88.511.911	63.182.586	140.981	5.467.000	4.516.113	31.851.132	193.669.723

The notes on pages 11 to 19 are an integral part of these Consolidated Interim Financial Statements.

# Statement of Cash Flows

## 1 January to 31 March 2022

	<b>2022</b>	<b>2021</b>
	<b>1.1.-31.3.</b>	<b>1.1.-31.3.</b>
<b>Cash flows from operating activities</b>		
Profit for the period .....	6.781.824	5.931.460
Adjusted for:		
Financial income and expenses .....	( 3.804.163)	( 2.308.392)
Share in P/L of associates .....	0	3.976
Income tax .....	4.015.572	2.290.039
Depreciation and amortisation .....	3.302.022	3.336.051
Profit from sale of property, plants and equipment .....	( 8.304)	( 8.492)
Pension liability, change .....	34.697	( 25.221)
Working capital from operation before interest and taxes	10.321.647	9.219.422
Inventories, increase .....	( 222.034)	( 204)
Current assets, increase .....	( 2.215.017)	( 1.394.156)
Current liabilities, increase .....	1.212.665	1.299.901
Cash generated from operations before interests and taxes	9.097.260	9.124.963
Received interest income .....	7.773	6.510
Paid interest expenses .....	( 1.038.762)	( 976.063)
Paid interest expenses, derivative contracts .....	( 2.578.937)	0
Dividend received .....	163.856	119.784
Payments due to other financial income and expenses .....	( 1.497.605)	( 150.077)
Paid taxes .....	( 412.555)	( 471.704)
Net cash from operating activities	3.741.030	7.653.413
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment .....	( 4.412.792)	( 3.762.828)
Acquisition of intangible assets .....	( 239.603)	( 101.781)
Proceeds from sale of property, plant and equipment .....	13.116	26.691
Change in deposits .....	0	2.000.000
Change in marketable securities .....	( 498.089)	153.314
Net cash used in investing activities	( 5.136.968)	( 1.684.604)
<b>Cash flows from financing activities</b>		
Proceeds from new borrowings .....	1.555.584	605.254
Repayment of borrowings .....	( 3.059.721)	( 7.285.838)
Repayment of lease liability .....	( 26.686)	( 38.349)
Net cash (used in) financing activities	( 1.530.823)	( 6.718.933)
<b>(Decrease) in cash and cash equivalents</b> .....	( 2.926.761)	( 750.123)
<b>Cash and cash equivalents at year beginning</b> .....	10.319.874	15.820.051
<b>Effect of currency fluctuations on cash and cash equivalents</b> .....	( 71.297)	( 103.259)
<b>Cash and cash equivalents at the end of the period</b> .....	7.321.816	14.966.668
<b>Investments and financing without payment effects:</b>		
Acquisition of property, plant and equipment .....	745.854	712.531
Current liabilities, change .....	( 745.854)	( 712.531)
<b>Other information:</b>		
Working capital from operation .....	4.200.276	6.989.987

The notes on pages 11 to 19 are an integral part of these Consolidated Interim Financial Statements.

# Notes

## 1. Reporting entity

Orkuveita Reykjavíkur "OR" is a partnership that complies with the Icelandic law no. 136/2013 on Orkuveita Reykjavíkur. OR's headquarters are at Bæjarháls 1 in Reykjavík. OR's consolidated financial statements include the financial statements of the parent company and its subsidiaries, (together referred to as "the Group") and a share in associated companies.

The Group provides services through its subsidiaries that operate power plants, distribute electricity, hot water and cold water, operates the sewage systems in its service area as well as a fiber optic system in its service area.

Subsidiaries in the Group	Main operations	Share	
		31.3.2022	31.12.2021
Ljósleiðarinn ehf.	Data transfer	100%	100%
OR Eignir ohf.	Holding company	100%	100%
Veitur ohf.	Distribution of electricity and hot water	100%	100%
Orka náttúrunnar ohf.	Sale of electricity	100%	100%
ON Power ohf.	Sale of electricity	100%	100%
OR Vatns- og fráveita sf.	Cold water and sewage	100%	100%
Carbfix ohf.	Consulting, researches and innovation	100%	100%

## 2. Basis of preparation

### a. Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with international Financial Reporting Standard *IAS 34 Interim Financial Reporting*. They do not include all of the information required for a complete set of consolidated annual financial statements and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2021. Same accounting principles are applied as for the year 2021. The annual financial statements can be found at the company's web site; [www.or.is](http://www.or.is) and at the web site of the Icelandic Stock exchange market; [www.nasdaqmxcnordic.com](http://www.nasdaqmxcnordic.com).

The consolidated interim financial statements were approved by the Board of Directors on 23 May 2022.

### b. Functional and presentation currency

The consolidated interim financial statements are presented in Icelandic kronas, which is OR's functional currency. All financial information has been rounded to the nearest thousand unless otherwise stated.

### c. Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for a part of property, plant and equipment have been revalued at fair value, derivative agreement, embedded derivatives in electricity sales contracts, assets held for sale and other financial assets and liabilities are stated at fair value. The methods used to measure fair values are discussed further in note 38 with the consolidated financial statements for the year ended 31 December 2021.

### d. Foreign currency

#### i) Trade in foreign currencies

Trade in foreign currencies is reported into each consolidation company at the rate of the business day. Monetary assets and debts in foreign currencies are reported in the rate of the reporting date. Other assets and debts reported at fair value in foreign currency are reported at the rate of the day the fair value was set. Exchange difference due to foreign trade is reported through P/L.

# Notes

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## 2. Basis of preparation, contd.

### d. Foreign currency, contd.

#### ii) Subsidiary with other functional currency than the Icelandic krona

Assets and liabilities in the operations of a company of the group that has USD as its functional currency are translated into Icelandic kronas at the rate of the reporting date. Income and expenses of this operation is calculated into Icelandic kronas at the average exchange rate of the period. The exchange difference due to this is reported in a special account in the statement of comprehensive income. When operations with another functional currency than the Icelandic krona are sold, partly or in full, the accommodating exchange difference is recognised in P/L.

### e. Use of estimates and judgements

The preparation of the consolidated interim financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

## 3. Operation and revenue recognition of Group's components

The following provides information about the operation of Group's components. Breakdown of revenue for different operations is given in note 4 and income by segment in note 5.

<b>Products and services</b>	<b>Nature, timing of revenue recognition and payments terms</b>
------------------------------	---

- |                |   |
|----------------|---|
| a. Electricity | ON Power ohf. and Orka náttúrunnar ohf. generate electricity and sell electricity and Utilities distribute electricity according to law no. 65/2003. Revenue from the sale and distribution of electricity is recognised in the income statement according to measured delivery to customer over the period plus a fixed fee. The rate for the distribution of electricity has a revenue cap set by the National Energy Authority in accordance with laws on energy number 65/2003. Upon connection of new users to distribution systems of electricity and upon renewal of connection an initial fee is charged. The initial fee is intended to cover cost of new distribution systems and their renewal. Connection fee is recognised in the income statement upon delivery of the service. Trade receivables from the sale and distribution of electricity generally have a 30 day grace period. Some contracts with certain customers may have different payment arrangements but that is an exception. |
| b. Hot water   | ON Power, Orka náttúrunnar and Utilities generate harness hot water and Utilities distribute harness hot water. Revenue from the sale and distribution of harness hot water is recognised in the income statement according to measured delivery to customer over the period plus a fixed fee. Upon connection of new users to distribution systems of harness hot water or upon renewal of connection an initial fee is charged. The initial fee is intended to cover cost of new distribution systems and their renewal. Connection fee is recognised in the income statement upon delivery of the service. Trade receivables from the sale and distribution of harness hot water generally have a 30 day grace period. Some contracts with certain customers may have different payment arrangements but that is an exception.   |

# Notes

## 3. Operation and revenue recognition of Group's components

Products and services	Nature, timing of revenue recognition and payments terms
c. Cold water	OR Water and Sewage collects and distributes cold water from reservoirs. Revenue from the sale of cold water is based on the size of properties plus a fixed fee which is recorded over the period in the income statement. The legal limitation on the upper limit of the rate is 0,5% of the real estate value. In addition revenue is stated for cold water according to measurement from specific industries. Upon connection of new users to distribution systems of cold water and upon renewal of connection an initial fee is charged. The initial fee is intended to cover cost of new distribution systems and their renewal. Connection fee is recognised in the income statement upon delivery of the service. Trade receivables from the sale of cold water generally have a 30 day grace period. Some contracts with certain customers may have different payment arrangements but that is an exception. Billing for cold water and sewage is done in the first 9 months of the year but income is distributed evenly over the year.
d. Sewer system	OR Water and Sewage runs the sewer system. Revenue is based on the size of properties plus a fixed fee which is recorded over the period in the income statement. The legal limitation on the upper limit of the rate is 0,5% of the real estate rateable value. Upon connection of new users to sewage system and upon renewal of connection an initial fee is charged. The initial fee is intended to cover cost of new sewer systems and their renewal. Connection fee is recognised in the income statement upon delivery of the service. Trade receivables from the sewer system generally have a 30 day grace period. Some contracts with certain customers may have different payment arrangements but that is an exception. Billing for cold water and sewage is done in the first 9 months of the year but income is distributed evenly over the year.
e. Other revenues	Ljósleiðarinn operates fiber optics data system. Revenue from fiber optics data system is recognised in the income statement upon delivery of the goods and service. This is a competitive practice that is supervised by The Electronic Communications Office of Iceland. Orkuveita Reykjavíkur the parent company operates rental of housing and equipment, incidental sale of specialist consultancy services and more. Rental income is recorded as income in the income statement linearly over the lease term and other revenue is recognised upon delivery of goods or services. Trade receivables from other revenues generally have a 30 day grace period.

## 4. Revenues from sales of goods and services

The Group's income from sales of goods and services is specified as follows:

	2022	2021
	<b>1.1.-31.3.</b>	<b>1.1.-31.3.</b>
Electricity.....	6.598.558	5.443.937
Hot water.....	5.055.732	4.542.798
Cold water.....	898.073	875.728
Sewer system.....	1.627.958	1.509.698
Other revenues.....	1.475.319	1.367.969
Revenues from sales of goods and services total.....	<u>15.655.640</u>	<u>13.740.130</u>

# Notes

## 5. Segment reporting, contd.

Segment information is presented by the Group's internal reporting. Business segments presented are *Utilities*, that represent licensed operations in hot and cold water, distribution of electricity and sewage, *Energy sale and production*, representing the competitive operations in producing and sale of electricity and hot water and *Other Operation*, that represents the activities of the parent company, the fiber optic operations and Carbfix. The parent company's main activities is providing service to subsidiaries, rental of housing and equipment, incidental sale of specialist consultancy services and more. Reykjavik fiber network represents the fiber optic operations and Carbfix is working on development and distribution the of the CarbFix carbon storage method, with the aim of reducing greenhouse gas emissions and combating climate change. Segment reporting is conducted by using the same accounting principle as the group uses and is described in note 38 with the consolidated financial statements for the year ended 31 December 2021.

### Business segments - divisions

1.1.-31.3.2022	Utilities	Energy sale and production	Other Operation	Adjustments	IFRS 16*	Total
External revenue .....	9.736.237	5.047.804	879.903	0		15.663.944
Inter-segment revenue .....	947.376	1.496.686	2.419.952 (	4.864.014)		0
Total segment revenue .....	10.683.614	6.544.490	3.299.854 (	4.864.014)		15.663.944
Segment operation expenses .....	( 4.819.406)	( 2.718.209)	( 2.759.795)	4.841.389	87.331 (	5.368.689)
Segment profit EBITDA .....	5.864.207	3.826.282	540.060 (	22.625)	87.331	10.295.255
Depreciation and amortisation .....	( 1.539.718)	( 1.259.806)	( 482.311)	13.608 (	33.795)	( 3.302.022)
Segment results, EBIT .....	4.324.490	2.566.475	57.749 (	9.017)	53.536	6.993.233
Financial income and expenses .....	( 1.929.876)	( 5.436.880)	1.084.715	10.101.540 (	15.336)	3.804.163
Share in loss of associated companies .....	0	0	0	0		0
Income tax .....	( 375.882)	575.442	( 405.175)	( 3.795.593)	( 14.363)	( 4.015.572)
Profit for the period .....	2.018.732	( 2.294.963)	737.289	6.296.929	23.837	6.781.824
<b>1.1.- 31.3. 2021</b>						
External revenue .....	8.921.550	3.941.677	885.395	0		13.748.622
Inter-segment revenue .....	675.656	2.156.309	1.949.797 (	4.781.762)		0
Total segment revenue .....	9.597.206	6.097.987	2.835.191 (	4.781.762)		13.748.622
Segment operation expenses .....	( 4.196.406)	( 3.075.474)	( 2.104.234)	4.781.762	98.866 (	4.495.487)
Segment profit EBITDA .....	5.400.800	3.022.512	730.957	0	98.866	9.253.135
Depreciation and amortisation .....	( 1.450.949)	( 1.374.940)	( 479.511)	0 (	30.651)	( 3.336.051)
Segment results, EBIT .....	3.949.850	1.647.572	251.446	0	68.215	5.917.084
Financial income and expenses .....	( 1.010.364)	( 1.191.366)	2.051.769	2.477.312 (	18.958)	2.308.392
Share in profit of associated companies .....	0	0	( 3.976)	0	(	3.976)
Income tax .....	( 419.946)	( 93.207)	( 826.896)	( 931.469)	( 18.521)	( 2.290.039)
Profit for the period .....	2.519.540	362.999	1.472.343	1.545.843	30.736	5.931.461

\* Segment reporting as used by management does not take into account the guidance of IFRS 16.



# Notes

## 5. Segment reporting, contd.

### Business segments - divisions, contd.

	Utilities	Energy sale and production	Other Operation	Adjust- ments	IFRS 16*	Total
<b>Balance sheet (31.3.2022)</b>						
Property, plant and equipment and intangible assets .....	189.299.341	134.884.325	41.190.785	0		365.374.451
Right-of-use assets .....					2.140.719	2.140.719
Other assets .....	22.345.702	11.931.863	192.146.963 (	172.886.331)		53.538.197
						<u>421.053.367</u>
Loans and borrowings .....	71.163.733	56.471.576	163.445.531 (	127.635.309)		163.445.531
Lease liabilities .....					2.181.703	2.181.703
Other liabilities .....	15.470.440	14.340.835	54.432.095 (	48.159.752)		36.083.618
						<u>201.710.852</u>
<b>Investments (1.1.-31.3.2022)</b>						
Property, plant and equipment and intangible assets .....	2.184.333	570.654	1.153.253	0		3.908.240
<b>Balance sheet (31.12.2021)</b>						
Property, plant and equipment and intangible assets .....	188.654.726	137.513.969	40.511.046	0		366.679.741
Right-of-use assets .....					2.576.177	2.576.177
Other assets .....	19.054.117	10.896.392	187.047.232 (	172.371.492)		44.626.249
						<u>413.882.166</u>
Loans and borrowings .....	68.675.925	57.795.104	165.047.192 (	126.471.030)		165.047.192
Lease liabilities .....					2.655.361	2.655.361
Other liabilities .....	16.040.778	11.224.130	50.026.064 (	44.764.436)		32.526.535
						<u>200.229.088</u>
<b>Investments (1.1.-31.3.2021)</b>						
Property, plant and equipment and intangible assets .....	1.739.375	427.243	985.460	0		3.152.078

# Notes

## 6. Financial income and expenses

	2022	2021
	1.1.-31.3.	1.1.-31.3.
Financial income and expenses are specified as follows:		
Interest income .....	45.110	42.988
Interest expense and paid indexation .....	( 1.102.465)	( 1.016.727)
Indexation .....	( 1.696.564)	( 664.228)
Guarantee fee to owners 1) .....	( 125.103)	( 140.094)
Total interest expenses .....	( 2.924.132)	( 1.821.049)
Fair value changes of embedded derivatives in electricity sales contracts .....	10.094.663	2.477.312
Fair value changes of financial assets and financial liabilities through P/L .....	( 109.008)	125.507
Fair value changes of hedge contracts .....	( 3.720.631)	( 366.014)
Hedge contracts .....	( 753.958)	( 149.240)
Foreign exchange difference .....	962.046	1.879.104
Dividends .....	210.072	119.784
Total of other income (expenses) on financial assets and liabilities .....	6.683.185	4.086.453
Total financial income and expenses .....	3.804.163	2.308.392

1) The Group paid a guarantee fee to current and former owners of the company for guarantees they have made on the Groups loans and borrowings according to a decision made on the annual meeting of Orkuveita Reykjavíkur in 2005. The fee on yearly basis for its licensed operations is 0,82% (2021: 0,81%) and 0,63% (2021: 0,60%) regarding loans due for operations in the open market. The guarantee fee is calculated on total loans quarterly. The guarantee fee amounted to ISK 125 million in the period 1 January to 31 March 2022 (1.1.-31.3.2021: ISK 140 million) and is accounted for among interest expenses.

### Fair value changes through P/L

Generally accepted valuation methods are used to determine the fair value of certain financial assets and financial liabilities, further discussed in note 38 with the financial statements of the Group for the year 2021. Change in fair value that is recognized in the income statement amounts to ISK 6.265 million income in the period 1 January to 31 March 2022 (1.1.-31.3.2021: income ISK 2.237 million). Fair value changes on financial assets and liabilities defined at level 3 amounts to ISK 10.095 million income in the period 1 January to 31 March 2022 (1.1.-31.3.2021: income ISK 2.477 million).

## 7. Receivables and deferred revenue

The balance of trade receivables and deferred revenue changes considerably between periods since income is collected evenly but actual usage fluctuates significantly between periods. Also, billing for cold water and sewage is done in the first nine months of the year but income disbursed evenly over the year. Recognition of income is subject to usage and deliverance of the service in accordance with accounting standards.

# Notes

## 8. Fair value

### Comparison of fair value versus carrying amounts

The carrying amounts of financial assets and financial liabilities is equal to their fair value with the exception that interest bearing loans are stated at amortised cost. The fair values of interest bearing liabilities, together with the carrying amounts are specified as follows:

	31.3.2022		31.12.2021	
	Carrying amount	Fair value	Carrying amount	Fair value
Interest-bearing liabilities .....	163.445.531	175.688.173	165.047.192	176.771.819

The fair value of interest bearing liabilities is calculated based on present value of future principal and interest cash flows, discounted at the interest rate plus appropriate interest rate risk premium at the reporting date. The fair value of interest bearing liabilities is defined at Level 2.

### Interest rates used for determining fair value

Where applicable, the interest yield curve at the reporting date is used in discounting estimated cash flow. The interests are specified as follows:

	31.3.2022	31.12.2021
Embedded derivatives in electr. sales contr. ....	8,75% to 10,43%	7,99% to 9,49%
Hedge contracts .....	-0,9% to 2,6%	0,1% to 1,3%
Interest bearing loans .....	0,51% to 6,21%	0,49% to 3,88%

Sensitivity analysis on effect of change in interest rates, currency and price of aluminium are shown in note 28 in the financial statements of the Group for the year 2021. It is recommended to take into consideration this note while reading the interim financial statements for the current period since change in these presumptions can have considerable effect on certain amounts in the interim financial statements.

### Fair value hierarchy

The table below analysis financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs). Valuation of shares in other companies is prepared by specialists within the company and other specialists and based on the results and official data on future earnings and investments in underlying assets.

	Level 1	Level 2	Level 3	Total
<b>31.3.2022</b>				
Shares in companies .....	0	0	6.095.000	6.095.000
Embedded derivatives in sales contracts .....	0	0	10.711.612	10.711.612
Hedge contracts .....	0 (	5.546.797)	0 (	5.546.797)
Marketable securities .....	15.046.450	0	0	15.046.450
	15.046.450	( 5.546.797)	16.806.612	26.306.265
<b>31.12.2021</b>				
Shares in companies .....	0	0	6.150.680	6.150.680
Embedded derivatives in sales contracts .....	0	0	616.949	616.949
Hedge contracts .....	0 (	1.826.167)	0 (	1.826.167)
Marketable securities .....	14.657.369	0	0	14.657.369
	14.657.369	( 1.826.167)	6.767.629	19.598.832

# Notes

## 9. Related parties

### Definition of related parties

Reykjavik city, institutions and companies ruled by the city, associated companies, Board members, Directors and key management are considered as the Group's related parties. Spouses of the before mentioned and financially dependent children are also considered as related parties as well as companies owned by or directed by those in question.

### Transactions with related parties

The parties mentioned here above have had transactions with the Group within the period. Terms and conditions of these transactions were equivalent with transactions with unrelated parties.

The following gives an overview of the transactions with related parties during the period 1 January to 31 March 2022 as well as a statement of receivables and payables at the end of the period. Transactions and positions with subsidiaries are eliminated in the interim financial statement, therefore that information is not provided. This information does not include sale of conventional household supplies to the related parties.

	<b>2022</b>	<b>2021</b>
	<b>1.1.-31.3.</b>	<b>1.1.-31.3.</b>
Sale to related parties:		
Reykjavik City.....	390.787	451.331
Institutions and companies controlled by Reykjavik City.....	168.043	125.027
Associates.....	0	1.040
	<u>558.830</u>	<u>577.398</u>
Purchases from related parties:		
Reykjavik City.....	6.212	53.401
Institutions and companies controlled by Reykjavik City.....	18.080	7.306
Associates.....	24.679	17.009
	<u>48.971</u>	<u>77.716</u>
	<b>31.3.2022</b>	<b>31.12.2021</b>
Receivables for related parties:		
Reykjavik City.....	178.670	199.107
Institutions and companies controlled by Reykjavik City.....	61.127	44.932
	<u>239.797</u>	<u>244.039</u>
Payables for related parties:		
Reykjavik City.....	178.670	176.414
Institutions and companies controlled by Reykjavik City.....	61.127	1.035
	<u>239.797</u>	<u>177.449</u>
	<b>2022</b>	<b>2021</b>
	<b>1.1.-31.3.</b>	<b>1.1.-31.3.</b>
Interest expense on loans from owners of the parent Company:		
Reykjavik City .....	116.390	164.128
Akranes town .....	8.039	9.700
Borgarbyggð, municipality .....	673	1.637
	<u>125.103</u>	<u>175.465</u>

### Guarantee fee to owners

OR paid a guarantee fee to Reykjavik City and other owners of the company for guarantees they have granted on the Groups loans and borrowings. For further information regarding amounts and the guarantee fee, see note 6.

# Notes

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## 10. Other matters

### Repair at headquarters

At the end of August 2015, severe water damage occurred at the company's headquarters on Bæjarháls 1. From the beginning, the actions of OR's management has been aimed at creating adequate working conditions for employees. Experts have been consulted in all main decisions. Attempts have also been made to find the most sensible ways to remedy the damage and also to dig into its causes. In 2017, the building was closed and operations relocated. It was decided to go into a detailed options analysis and look at the possibilities that were in the situation. The result was to remove the defective walls of the house, repair it and rebuild the walls. OR has entered into a construction contract for the renovation of the building with Ístak. Construction began in May 2021 and is on scheduled. The renovation period will be approximately 22 months and the construction contract with Ístak is around ISK 1,580 million. At end of September an accrued cost of the construction contract amounted to estimately ISK 730 million. Preparations for the necessary interior improvements have begun and the aim is for the project to be put out to tender by the end of 2022.

### Water damage at Vatns- og fráveita

A water main was ruptured on 21 January 2021 during Vatns- og fráveita's repair by Suðurgata in Reykjavík. The rupture resulted in a great flood of water streaming into the buildings of the University of Iceland. The damage has been reported to the insurance companies of Vatns- og fráveita, consultants and contractors. The University of Iceland requested court-appointed assessors to assess the extent of the damage and they submitted an assessment report in January 2022. The assessment of the renovations was estimated at a total of ISK 123,6 million. The University of Iceland submitted a request to the District Court of Reykjavík on March 4th, 2022, requesting reassessment by court-appointed assessors. New court-appointed assessors have not yet been appointed by the court. Vatns- og fráveita has a free liability insurance that covers liability that falls on the company. The terms of that insurance prescribe about ISK 5 million deductible and 50% of the amount of damage thereafter. The ceiling of the insurance is ISK 300 million.

### Litigation and claims

Ljósleiðarinn ehf. (formerly Gagnaveita Reykjavíkur ehf.) submitted a claim on March 5th 2019 to Síminn hf. demanding compensation for damage allegedly suffered as a result of violation of the Media Act, which was the subject of Decision published by the Post and Telecom Administration on July 3 th 2018. The claim amounts to ISK 1.3 billion for loss of income, accrued cost and interest. A formal response was requested from Síminn. On March 19th 2019 a response came from Síminn where they rejected the claim entirely. Síminn hf. took legal action against the Post and Telecom Administration, Ljósleiðarinn ehf., Sýn hf. and Milu ehf. in respect of the Decision of the Administration regarding the alleged violation. The ruling of the District Court was announced on 1 July 2020, where the PTA decision was upheld, albeit with some changes in the criteria. The case was appealed to the National Court by Síminn hf., PST and Sýn hf., the date of proceedings have not been decided.

No entries have been made due to this claim in the Group's interim financial statements 31.3.2022.