

# LANDSNET

Condensed  
Interim Financial Statement  
January 1st - June 30th 2021

Landsnet hf.  
Gylfaflöt 9  
112 Reykjavík

Reg.no. 580804-2410

# Contents

---

Report of the Board of Directors and the CEO .....	3
Independent Auditors' Review Report .....	4
Income Statement .....	5
Statement of Comprehensive Income .....	6
Statement of Financial Position .....	7
Statement of Equity .....	8
Statement of Cash Flows .....	9
Notes to the Financial Statements .....	10

# Report of the Board of Directors and the CEO

---

The role of Landsnet is to administer the transmission of electricity and system operation in accordance with the provisions of Chapter III of the Electricity Act No. 65/2003.

The Interim Financial Statements are prepared in accordance with IAS 34 Interim Financial Reporting.

Profit of the period amounted to USD 16,471 thousand and total Comprehensive income amounted to USD 17,311.

The Company's equity at end of June amounted to USD 408,371 thousand.

Share capital at the end of June 2021 is divided between four shareholders:

	Share
Landsvirkjun .....	64.73%
Rarik ohf. ....	22.51%
Orkuveita Reykjavíkur .....	6.78%
Orkubú Vestfjarða ohf. ....	5.98%

## Operational year and outlook

Landsnet operates Iceland's electricity transmission system, one of the country's most important infrastructures. The Covid-19 pandemic had a negligible effect on construction projects in the first half of the year, and product delivery and services were minimally affected. The operation of contracts, supplier production, and the delivery of construction-related goods and services are closely monitored. Investments made during the year are expected to be in line with projections.

In June of this year, Landsnet signed a 10-year, fixed rate, USD 50 million loan with the Nordic Investment Bank to finance specific projects, all of which conform with the Bank's criteria for climate change mitigation.

Company operations were successful in the first half of the year and profits were above expectations. The effect of Covid-19 on the company's overall financial performance during this period has been negligible and will not affect the company's 'going concern'. Landsnet's management team and Board of Directors are closely monitoring any potential impact on customers as a result of the pandemic as well as other factors related to the company's business environment.

## Statement of the Board of Directors and the CEO

According to the best knowledge of the Board of Director's and the CEO's, the Interim Financial Statements are in accordance with the International Financial Reporting Standards as adopted by the EU and it is the Board's and CEO's opinion that the Interim Financial Statements give a true and fair view of the financial performance of the Company for the six month period ended 30 June 2021, its assets, liabilities and financial position as at 30 June 2021 and its cash flow for the period then ended.

Further, in our opinion the financial statements and the endorsement by the Board of Directors and the CEO give a fair view of the development and performance of the Company's operations and its position and describes the principal risks and uncertainties faced by the Company.

The Board of Directors and the CEO have today discussed the Interim Financial Statements of Landsnet hf. for the period 1 January to 30 June 2021 and confirmed them by means of their signatures.

Reykjavík, 19 August 2021.

The Board of Directors:

Sigrún Björk Jakobsdóttir  
Katrín Olga Jóhannesdóttir  
Ólafur Rúnar Ólafsson  
Magnús Þór Ásmundsson  
Svava Bjarnadóttir

CEO:

Guðmundur Ingi Ásmundsson

# Independent Auditors' Review Report

---

To the Board of Directors and Shareholders of Landsnet hf.

We have on behalf of The Icelandic National Audit Office, reviewed the accompanying Condensed Interim Financial Statements of Landsnet hf., which comprise the endorsement by the Board of Directors and the CEO, the statement of financial position as at 30 June 2021 and the income statement, statement of comprehensive income, statement of financial position, statement of changes in equity and cash flow statement for the six-month period then ended, and a summary of accounting policies and other explanatory notes.

## **Management's responsibility for the financial statements**

The Board of Directors and CEO are responsible for the preparation and fair presentation of these condensed interim financial statements in accordance with IAS 34 as adopted by the EU.

## **Auditor's responsibility**

Our responsibility is to express an opinion on these Condensed Interim Financial Statements.

## **Scope of Review**

We conducted our review in accordance with International Standard on Review Engagements, ISRE 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. 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 substantially 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 Condensed Interim Financial Statements does not give a true and fair view of the financial position of Landsnet hf. as at June 30, 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.

Reykjavík, 19 August 2021.

## ***Deloitte ehf.***

Gunnar Þorvarðarson  
Certified Public Accountant

Berglind Klara Daníelsdóttir  
Certified Public Accountant

# Income Statement

## for the period from 1 january - 30 June 2021

	Notes	1.1-30.6.2021	1.1-30.6.2020
<b>Operating revenue</b>			
Transmission .....	5	72,205	63,058
Other income .....		930	749
		<u>73,135</u>	<u>63,807</u>
<b>Operating expenses</b>			
Energy procurement costs .....	6	11,419	10,915
Transmission costs .....	7	24,018	23,280
System operation .....	7	4,645	3,873
Other operating expenses .....	7	4,368	3,762
		<u>44,450</u>	<u>41,830</u>
<b>Operating profit</b> .....		28,685	21,977
Financial income .....		136	6,039
Financial expenses .....		( 8,279)	( 7,702)
Net financial expenses .....	8	( 8,143)	( 1,663)
Share in net earnings of associated company .....		41	80
<b>Profit before income tax</b> .....		20,583	20,394
Income tax .....	9	( 4,112)	( 4,067)
<b>Profit for the period</b> .....		<u>16,471</u>	<u>16,327</u>
<b>Earnings per share:</b>			
Basic and diluted earnings per each USD 1 share .....		0.36	0.36

Notes no. 1 to 17 are an integral part of these financial statements.

## Statement of Comprehensive Income for the period from 1 January - 30 June 2021

---

	Notes	1.1-30.6.2021	1.1-30.6.2020
<b>Profit</b> .....		16,471	16,327
<b>Other comprehensive income:</b>			
Translation difference due to subsidiaries and associated companies .....		176 (	797)
Site restoration provision after income tax, change .....		664 (	2,978)
<b>Total other comprehensive income</b> .....		840 (	3,775)
<b>Comprehensive income for the period</b> .....		17,311	12,552

Notes no. 1 to 17 are an integral part of these financial statements.

## Statement of Financial Position as at 30 June 2021

	Notes	30.6.2021	31.12.2020
<b>Assets</b>			
Fixed assets in operation .....	7.10	732,366	704,084
Projects under construction .....	10	117,930	121,374
Intangible assets .....	11	26,271	25,247
Investment in subsidiary and associate .....		5,634	5,417
Long-term note .....	15	2,522	2,453
Non-current assets		884,723	858,575
Inventories .....		5,707	5,194
Receivable from parent company .....	15	4,687	4,383
Trade and other receivables .....		17,679	17,520
Cash and cash equivalents .....		37,386	25,766
Current assets		65,459	52,863
<b>Total assets</b>		950,182	911,438
<b>Equity</b>			
Share capital .....		45,549	45,549
Statutory reserve .....		11,387	10,733
Restricted equity .....		1,098	1,057
Revaluation account .....		163,057	166,798
Foreign currency translation .....		227	51
Retained earnings .....		187,053	180,660
Total Equity		408,371	404,848
<b>Liabilities</b>			
Interest bearing long-term liabilities .....	12	399,675	364,427
Deferred income tax liability .....	13	55,663	55,119
Deferred income .....		2,482	2,555
Provision due to site restoration .....		17,159	17,727
Non-current liabilities		474,979	439,828
Current maturities .....	12	38,295	38,433
Income tax payable .....		7,217	6,250
Trade and other payables .....		21,320	22,079
Current liabilities		66,832	66,762
Total liabilities		541,811	506,590
<b>Total equity and liabilities</b>		950,182	911,438

Notes no. 1 to 17 are an integral part of these financial statements.

## Statement of Equity for the period from 1 January - 30 June 2021

	Share capital	Statutory reserve	Restricted equity	Translation difference	Revaluation account	Retained earnings	Total equity
<b>Changes in equity for six months ended 30 June 2020</b>							
Equity at 1 January 2020.....	45,549	9,366	920	355	179,851	155,270	391,311
Changes in Site restoration obligation.....					( 2,978)	( 2,978)	( 2,978)
Foreign currency translation.....				( 797)		( 797)	( 797)
Profit for the period.....						16,327	16,327
Total comprehensive income.....		0	0	( 797)	( 2,978)	16,327	12,552
Transfer to statutory reserve.....		667				( 667)	0
Share in net earnings of associated company.....			80			( 80)	0
Dividend paid to shareholders.....						( 9,479)	( 9,479)
Depreciation on revaluation recognised under retained earnings.....					( 4,447)	4,447	0
Equity at 30 June 2020.....	45,549	10,033	1,000	( 442)	172,426	165,818	394,384
<b>Changes in equity for six months ended 30 June 2021</b>							
Equity at 1 January 2021.....	45,549	10,733	1,057	51	166,798	180,660	404,848
Changes in Site restoration obligation.....					664		664
Foreign currency translation.....				176			176
Profit for the period.....						16,471	16,471
Total comprehensive income.....		0	0	176	664	16,471	17,311
Transfer to statutory reserve.....		654				( 654)	0
Share in net earnings of associated company.....			41			( 41)	0
Dividend paid to shareholders.....						( 13,788)	( 13,788)
Depreciation on revaluation recognised under retained earnings.....					( 4,405)	4,405	0
Equity at 30 June 2021.....	45,549	11,387	1,098	227	163,057	187,053	408,371

Notes no. 1 to 17 are an integral part of these financial statements.



# Statement of Cash Flows

## for the period from 1 January - 30 June 2021

	Notes	1.1-30.6.2021	1.1-30.6.2020
<b>Cash flow from operating activities</b>			
Operating profit .....		28,685	21,977
<b>Adjustments for:</b>			
Depreciation and amortisation .....	7	15,034	14,705
Working capital from operation before financial items		43,719	36,682
Operating assets, increase .....	(	870)	( 1,280)
Operating liabilities, decrease (increase) .....		3,028	( 2,872)
Net cash from operating activities before financial items		45,877	32,530
Interest income received .....		33	64
Interest expenses and foreign exchange difference paid .....	(	6,241)	( 4,235)
Taxes paid .....	(	2,767)	( 2,828)
Net cash from operating activities		36,902	25,531
<b>Cash flow to investing activities</b>			
Investment in transmission infrastructures .....	10	( 42,865)	( 28,344)
Other investments .....	10,11	( 1,688)	( 1,223)
Proceeds from sale of fixed assets .....		0	258
Long-term note, change .....		31	25
Net cash used in investing activities		( 44,522)	( 29,284)
<b>Cash flow from financing activities</b>			
Loans from parent company, change .....		0	( 68,234)
Payments of long-term liabilities .....	(	46,792)	( 6,434)
New long-term liabilities .....		79,910	99,524
Dividend paid to shareholders .....	(	13,788)	( 9,479)
Net cash from financing activities		19,330	15,377
<b>Net increase in cash and cash equivalents</b> .....		11,710	11,624
<b>Effect of exchange rate changes on cash and cash equivalents</b> .....	(	90)	( 1,230)
<b>Cash and cash equivalents at 1 January</b> .....		25,766	30,973
<b>Cash and cash equivalents at the end of the period</b> .....		37,386	41,367

Notes no. 1 to 17 are an integral part of these financial statements.

# Notes to the Financial Statements

## 1. Reporting entity

Landsnet hf. is domiciled at Gylfaflöt 9 in Reykjavik, Iceland. The Company is a subsidiary of Landsvirkjun, and the Interim Financial Statement of Landsnet hf. is included in the Consolidated Financial Statements of Landsvirkjun. Landsnet was established in 2004 on the basis of the Electricity Act passed by the Icelandic parliament, the Althingi, in the spring of 2003. The role of Landsnet is to administer the transmission of electricity and system operation in accordance with the provisions of Chapter III of the Electricity Act No. 65/2003, which stipulates that the Company must not engage in any activities other than necessary to perform its duties under the Act.

## 2. Statement of compliance

The Condensed Interim Financial Statements have been prepared in accordance with International Financial Reporting Standard, IAS 34 Interim Financial Reporting as adopted by the EU. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the Financial Statements of the Company for the year ended December 31, 2020. The Company's Financial Statements for the year 2020 can be found at its website [www.landsnet.is](http://www.landsnet.is) and the website of NASDAQ OMX Iceland; [www.nasdaqomxnordic.com](http://www.nasdaqomxnordic.com)

## 3. Use of estimates and judgements

The preparation of the Interim Financial Statements in conformity with IFRS standards 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.

The significant judgements made by management in applying the Companies accounting policies and key sources of estimation uncertainty were the same as those applied to the financial statements as at and for the year ended 31 December 2020. The estimates and assumptions that are, or might be, affected by Covid-19 and have a significant risk of causing a material adjustment to the carrying amounts of assets within the current financial year are the following:

### Estimated impairment

Under the International Accounting Standard, the company's lines and substations are recorded according to the revaluation method. These assets are regularly revaluated when the management team believes that their fair value has changed significantly. The team also assesses any indication that assets may have been impaired at the end of each reporting period and has continuously monitored any potential effects of the Covid-19 pandemic. The team is currently analysing the need to revalue the company's transmission system assets in accordance with Note 10.

### Expected credit losses

According to IFRS 9, loss allowances are measured based on Expected Credit Losses (ECL) which the company has used to calculate its loss allowances. Loan loss indicators were lower at the end of June than at the beginning of the year. However, the management team will continue to monitor the position of customers closely.

## 4. Accounting policies

The Condensed Interim Financial Statements are prepared using the same accounting policies as for the year 2020.

The Interim Financial Statements are presented in USD, which is the Company's functional currency. Amounts are presented in USD thousand unless otherwise stated. The Interim Financial Statements have been prepared on the historical cost basis, except for the Company's transmission system is recognised at a revalued amount.

### New International Financial Reporting Standards

The Company has adopted all International Financial Reporting Standards, as adopted by the EU, for the accounting period beginning 1 January 2021, changes to the standards and new interpretations.

## 5. Transmission revenue

Transmission revenue consist of:

	2021	2020
	1.1.-30.6.	1.1.-30.6.
Energy transmission to power-intensive consumers .....	37,000	32,390
Energy transmission to distribution system operators .....	23,240	19,222
Transmission losses and ancillary services .....	11,102	10,666
Service income .....	290	309
Input fees .....	573	471
Transmission revenue total .....	72,205	63,058

## Notes, continued:

	2021 1.1.-30.6.	2020 1.1.-30.6.		
<b>6. Energy procurement costs</b>				
Energy procurement costs consist of:				
Electricity purchases due to transmission losses .....	6,695	6,686		
Purchase of ancillary services .....	4,724	4,229		
Energy procurement costs total .....	11,419	10,915		
<b>7. Depreciation and amortisation</b>				
Depreciation and amortisation are specified as follows:				
Depreciation of fixed assets in operation, see Note 10 .....	14,834	14,570		
Amortisation and impairment losses of intangible assets, see Note 11 .....	200	135		
Depreciation and amortisation recognised in the income statement .....	15,034	14,705		
Depreciation and amortisation are allocated as follows to operating items:				
Transmission costs .....	14,559	14,230		
System operation .....	176	181		
Other operating expenses .....	299	294		
Depreciation and amortisation recognised in the income statement .....	15,034	14,705		
<b>8. Financial income and expenses</b>				
Financial income and expenses are specified as follows:				
Interest income .....	55	352		
Net gain in fair value of marketable securities .....	81	86		
Exchange rate difference .....	0	5,601		
Total financial income .....	136	6,039		
Interest expenses .....	( 8,757)	( 8,511)		
Indexation .....	( 923)	( 481)		
Exchange rate difference .....	( 1,435)	0		
Change in present value of the provision due to site restoration .....	( 262)	( 246)		
Capitalised interest expense due to projects under construction .....	3,098	1,536		
Total financial expenses .....	( 8,279)	( 7,702)		
Net financial expenses .....	( 8,143)	( 1,663)		
Capitalised financial expenses were 4.6% (30.06.20: 4.8%) of capital tied in transmission structures under construction during the year. This is the Company's average finance cost.				
<b>9. Income tax</b>	2021	2020		
Income tax recognised in the income statement is specified as follows:	1.1.-30.6.	1.1.-30.6.		
Deferred income tax for the period .....	( 543)	( 71)		
Income tax recognised among comprehensive income .....	166	( 745)		
Income tax payable .....	( 3,735)	( 3,251)		
Income tax recognised in the income statement .....	( 4,112)	( 4,067)		
Effective tax rate .....	( 20.0%)	( 19.9%)		
<b>10. Fixed assets in operation</b>				
Fixed assets in operation specified as follows:				
<b>Cost</b>	<b>Substations</b>	<b>Transmission lines</b>	<b>Other</b>	<b>Total</b>
Balance 1.1.2020 .....	442,729	595,995	40,406	1,079,130
Additions .....	3,184	226	849	4,259
Transferred from projects under construction .....	4,815	4,649	0	9,464
Sold .....	0	0	( 392)	( 392)
Balance 31.12.2020 .....	450,728	600,870	40,863	1,092,461
Additions .....	1,639	656	229	2,524
Transferred from projects under construction .....	25,916	14,676	0	40,592
Balance 30.6.2021 .....	478,283	616,202	41,092	1,135,577

## Notes, continued:

### 10. Fixed assets in operation, cont.:

	Transmission			Total
	Substations	lines	Other	
<b>Depreciation</b>				
Balance 1.1.2020 .....	134,013	209,559	15,519	359,091
Depreciation .....	12,789	15,326	1,473	29,588
Sold .....	0	0	( 302)	( 302)
Balance 31.12.2020 .....	146,802	224,885	16,690	388,377
Depreciation .....	6,405	7,673	756	14,834
Balance 30.6.2021 .....	153,207	232,558	17,446	403,211
<b>Carrying amount</b>				
1.1.2020 .....	308,716	386,436	24,887	720,039
31.12.2020 .....	303,926	375,985	24,173	704,084
30.6.2021 .....	325,076	383,644	23,646	732,366
<b>Carrying amount without revaluation</b>				
1.1.2020 .....	224,357	241,147	24,887	490,391
31.12.2020 .....	223,440	238,129	24,173	485,742
30.6.2021 .....	246,471	249,413	23,646	519,530

#### Basis of revaluation of fixed assets in operation

In accordance with the International Accounting Standard ISA 16, the Company's lines and substations are recognised according to the revaluation method. A revaluation was last conducted on those assets in the year 2015.

The company's policy on the revaluation of assets requires the revaluation of power lines and substations if the difference between the book value of the revalued property and its fair value has reached 5% and exceeded ISK 5 billion. There are indications that such a difference is emerging. The reassessment of the year is based on, on the one hand, the operating value through a cash flow analysis and, and on the other hand, the estimated reconstruction cost of the transmission system, which is assessed by independent experts. Such an assessment will be available at the end of the year to determine whether the limit has been exceeded.

#### Projects under construction:

	2021	2020
<b>Cost</b>		
Balance 1.1. ....	121,374	47,443
Additions .....	36,994	83,394
Transferred from intangible assets .....	154	1
Transferred to fixed assets in operation .....	( 40,592)	( 9,464)
Balance 30.6. / 31.12. ....	117,930	121,374

### 11. Intangible assets:

Intangible assets specified as follows:

	Capitalised	Software	Total
	development cost		
<b>Cost</b>			
Balance 1.1.2020 .....	28,928	5,022	33,950
Additions .....	2,008	53	2,061
Transferred to projects under construction .....	( 1)	0	( 1)
Balance 31.12.2020 .....	30,935	5,075	36,010
Additions .....	1,075	303	1,378
Transferred to projects under construction .....	( 154)	0	( 154)
Balance 30.6.2021 .....	31,856	5,378	37,234

## Notes, continued:

11. Intangible assets, cont.:	Capitalised development			
	Amortisation and impairment losses	cost	Software	Total
Balance 1.1.2020 .....		6,294	3,706	10,000
Amortisation and impairment losses .....		693	70	763
Balance 31.12.2020 .....		6,987	3,776	10,763
Amortisation and impairment losses .....		172	28	200
Balance 30.6.2021 .....		7,159	3,804	10,963
<b>Carrying amount</b>				
1.1.2020 .....		22,634	1,316	23,950
31.12.2020 .....		23,948	1,299	25,247
30.6.2021 .....		24,697	1,574	26,271

## 12. Interest-bearing loans and borrowings

This Note provides information on the contractual terms of the Company's interest-bearing loans and borrowings, which are measured at amortised cost.

Non-current liabilities	30.6.2021	31.12.2020
Loan agreement and notes in USD, fixed interest .....	391,194	353,681
Loan agreement in CHF, LIBOR + margin .....	6,346	9,978
Listed indexed bond loan in NASDAQ OMX in ISK, fixed interest .....	39,008	37,853
	436,548	401,512
Current maturities on non-current liabilities .....	( 38,295)	( 38,433)
	398,253	363,079
Lease liabilities .....	1,422	1,348
Interest-bearing non-current liabilities total .....	399,675	364,427

Interest rates on the loans range between 0% - 5%. Weighted average interest rates of the Company are 4.01% (31.12.2020: 4.21%).

In June of this year, Landsnet signed a 10-year, fixed rate, USD 50 million loan with the Nordic Investment Bank.

Maturities by year of interest-bearing loans and borrowings:

1.7.2021 - 30.6.2022 / 1.1.2021 - 31.12.2021 .....	38,295	38,433
1.7.2022 - 30.6.2023 / 1.1.2022 - 31.12.2022 .....	12,072	15,226
1.7.2023 - 30.6.2024 / 1.1.2023 - 31.12.2023 .....	47,206	23,012
1.7.2024 - 30.6.2025 / 1.1.2024 - 31.12.2024 .....	12,354	26,160
1.7.2025 - 30.6.2026 / 1.1.2025 - 31.12.2025 .....	12,488	7,288
Later .....	314,133	291,393
	436,548	401,512

## 13. Deferred tax liability

The breakdown of deferred tax liability is as follows:

	2021	2020
	1.1.-30.6.	1.1.-31.12.
Deferred tax liability at 1 January .....	55,119	55,563
Calculated income tax for the year .....	4,112	6,808
Deferred tax liability due to changes in site restoration obligation .....	167 (	1,002)
Income tax payable .....	( 3,735)	( 6,250)
Deferred tax liability at end of period .....	55,663	55,119

The breakdown of deferred tax liability was as follows at end of period:

Non-current assets in operation .....	55,338	55,054
Intangible assets .....	3,969	3,436
Other assets .....	742	754
Provision due to site restoration .....	( 3,432)	( 3,545)
Other obligations .....	( 841)	( 849)
Unrealized exchange rate difference .....	( 113)	269
Deferred tax liability at end of period .....	55,663	55,119

## Notes, continued:

### 14. Financial instruments

#### Liquidity risk

The following are the contractual maturities of financial liabilities, including future interest payments:

	Carrying amount	Contractual cash flow	Within 12 months	1-2 years	2-5 years	After 5 years
<b>30 June 2021</b>						
<b>Non-derivative financial liabilities:</b>						
Non-current liabilities .....	440,050	551,702	55,594	28,657	115,759	351,692
Trade and other payables .....	16,770	16,770	16,770	0	0	0
	<u>456,820</u>	<u>568,472</u>	<u>72,364</u>	<u>28,657</u>	<u>115,759</u>	<u>351,692</u>
<b>31 December 2020</b>						
<b>Non-derivative financial liabilities:</b>						
Non-current liabilities .....	405,113	518,774	55,177	31,029	98,991	333,577
Trade and other payables .....	17,096	17,096	17,096	0	0	0
	<u>422,209</u>	<u>535,870</u>	<u>72,273</u>	<u>31,029</u>	<u>98,991</u>	<u>333,577</u>

#### Fair value

##### Fair value versus carrying amounts

The fair values and carrying amounts of financial assets and liabilities as reported in the balance sheet are specified as follows:

	30.6.2021		31.12.2020	
	Carrying amount	Fair value	Carrying amount	Fair value
Other non-current liabilities .....	( 436,548)	( 461,295)	( 401,512)	( 470,627)
	<u>( 436,548)</u>	<u>( 461,295)</u>	<u>( 401,512)</u>	<u>( 470,627)</u>

#### Interest rate in valuation of fair value

Where applicable, expected contractual cash flow is discounted using the interest rate on government bonds plus a 1% margin on the reporting date.

### 15. Related parties

#### Definition of related parties

The Company has a related-party relationship with its shareholders, subsidiary, associates, directors, executive officers and companies in their possession. Transactions with related parties are on the same basis as transactions with non-related parties.

#### Transactions with related parties

	1.1.-30.6.2021	1.1.-30.6.2020
<b>Sale of goods and services:</b>		
Landsnet's parent company and its subsidiaries .....	29,898	25,655
Landsnet's other shareholders .....	26,668	21,582
Sale of goods and services to related parties total .....	<u>56,566</u>	<u>47,237</u>
<b>Cost of goods and services:</b>		
Landsnet's parent company and its subsidiaries .....	8,846	7,240
Landsnet's other shareholders .....	4,075	4,441
Cost of goods and services to related parties total .....	<u>12,921</u>	<u>11,681</u>

## Notes, continued:

### 15. Related parties, cont.:

#### Balance:

Trade receivables and trade payables with related parties are as follows:

	30.6.2021		31.12.2020	
	Receivables	Payables	Receivables	Payables
Landsnet's parent company and its subsidiaries .....	4,687	0	4,383	0
Landsnet's other shareholders .....	3,456	0	6,592	0
Total .....	<u>8,143</u>	<u>0</u>	<u>10,975</u>	<u>0</u>

Other receivables and payables with related parties are as follows:

	30.6.2021	31.12.2020
Interest-bearing long-term note to associate .....	<u>2,583</u>	<u>2,510</u>

### 16. Other issues

At the annual general meeting March 25, 2021 the payment of dividends to shareholders in the amount of ISK 1,750 million (USD 13.8 million) was approved. The dividends were paid to shareholders in March 2021.

### 17. Financial ratios

The company's key financial ratios:

Financial performance:	1.1.-30.6.2021	1.1.-30.6.2020
EBIT .....	28,685	21,977
EBITDA .....	43,719	36,682
<b>Financial position:</b>	<b>30.6.2021</b>	<b>31.12.2020</b>
Current ratio – current assets/current liabilities .....	0.98	0.79
Equity ratio – equity/total assets .....	43.0%	44.4%
Return on average equity .....	8.1%	6.9%