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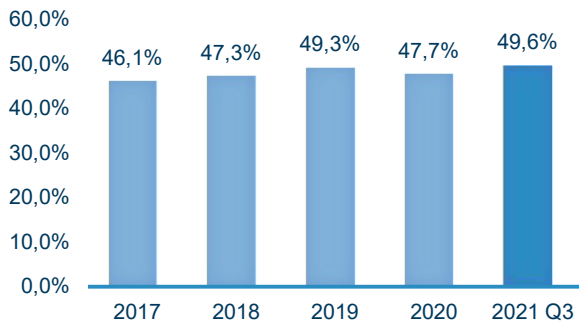
These interim financial statements are translated from the Icelandic original. Should there be discrepancies between the two versions, the Icelandic version will take priority.

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

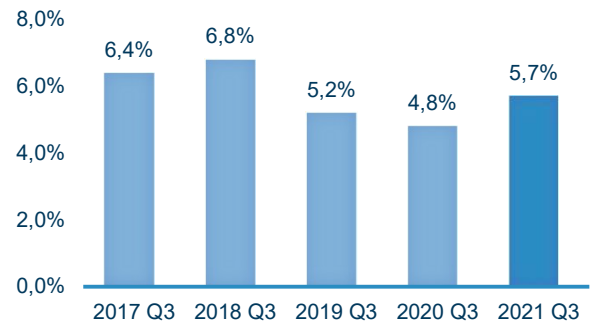


# Financial ratios

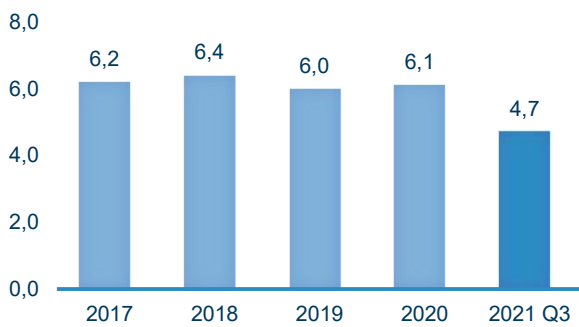
Equity ratio



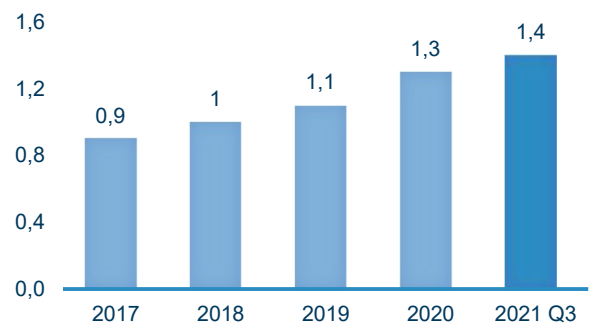
ROA



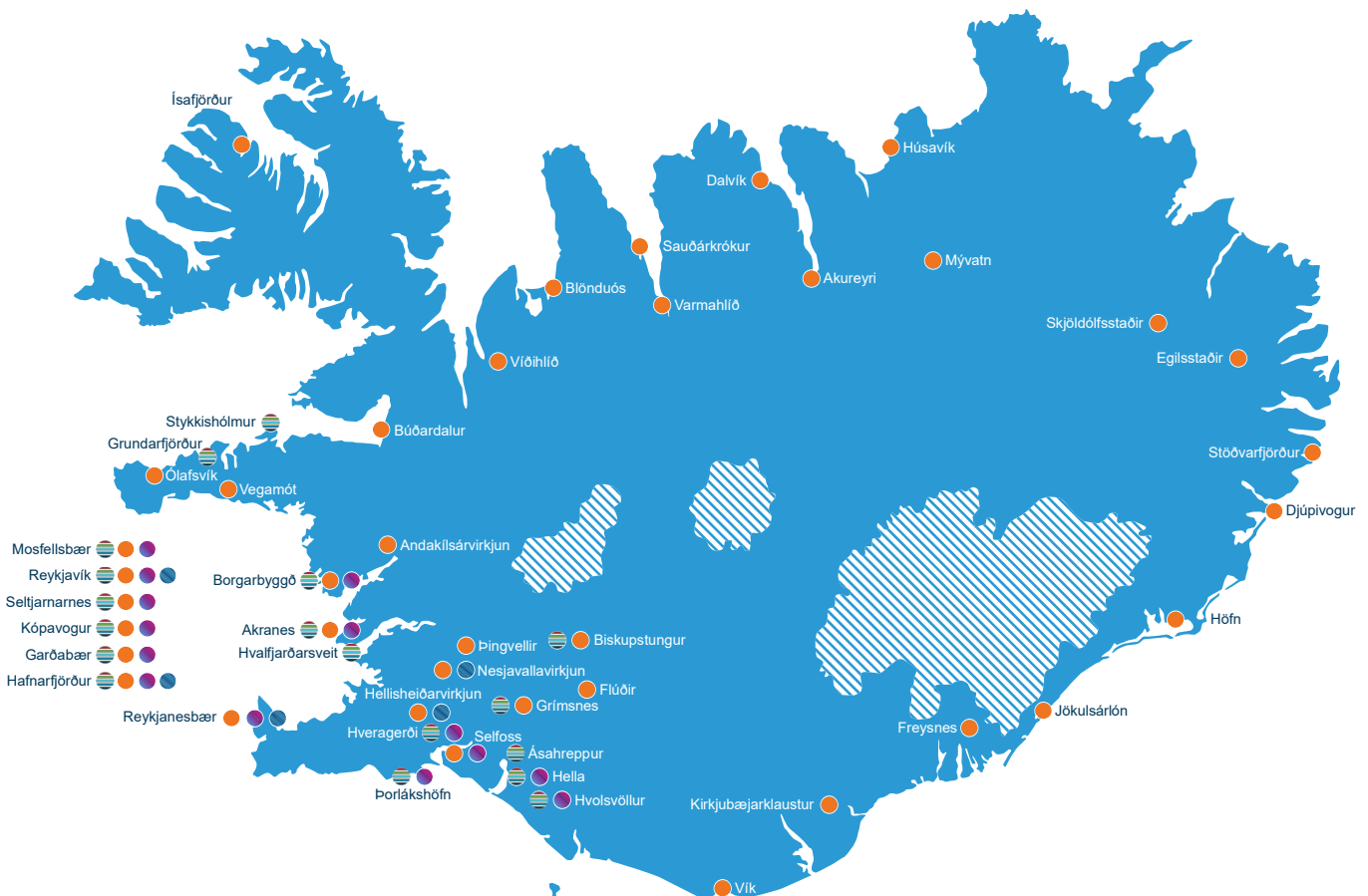
Net debt / Net cash from operation activities



Current ratio without aluminum derivative



# Services



## Operating summary

Operating year	2021	2020	2019	2018	2017
	1.1.-30.9.	1.1.-30.9.	1.1.-30.9.	1.1.-30.9.	1.1.-30.9.
<i>Amounts are at each years price level in ISK millions</i>					
Revenues .....	37.663	35.045	33.578	33.459	31.310
Expenses .....	( 13.339)	( 14.206)	( 13.570)	( 12.540)	( 11.744)
thereof energy purchase and distribution .....	( 4.174)	( 4.181)	( 4.163)	( 4.404)	( 4.238)
<b>EBITDA .....</b>	<b>24.325</b>	<b>20.839</b>	<b>20.008</b>	<b>20.919</b>	<b>19.566</b>
Depreciation .....	( 9.966)	( 9.606)	( 8.900)	( 6.965)	( 7.051)
<b>EBIT .....</b>	<b>14.359</b>	<b>11.233</b>	<b>11.108</b>	<b>13.954</b>	<b>12.515</b>
<b>Cash flow statement:</b>					
Received interest income .....	109	240	266	151	278
Paid interest expense .....	( 3.174)	( 3.724)	( 3.791)	( 2.977)	( 2.990)
Net cash from operating activities .....	21.832	19.416	19.449	17.217	18.625
Working capital from operation .....	17.051	15.727	14.275	16.830	15.080
<b>Liquid funds</b>					
Deposits and marketable securities .....	13.195	12.798	7.750	6.278	7.085
Cash and cash equivalents .....	17.998	11.549	13.221	13.667	11.341
Undrawn credit lines .....	10.198	8.600	11.900	9.000	9.000
<b>Liquid funds total .....</b>	<b>41.391</b>	<b>32.947</b>	<b>32.872</b>	<b>28.945</b>	<b>27.426</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 30 September 2021 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.

Profit of operations of the Group for the period 1 January to 30 September 2021 was ISK 10.918 million (1.1.-30.9.2020: Profit ISK 744 million). Comprehensive income for the period 1 January to 30 September 2021 was ISK 12.245 million (1.1.-30.9.2020: ISK 8.115 million). According to the statement of financial position the Group's assets were ISK 396.202 million at the end of the period (31.12.2020: ISK 394.164 million). Book value of equity at the end of the period was ISK 196.371 million (31.12.2020: ISK 188.126 million), resulting in equity ratio of 49,6% (31.12.2020: 47,7%).

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%

Ljósleiðarinn ehf. (Reykjavík fiber network) is now the Icelandic name of the subsidiary that was established for Orkuveita Reykjavíkur's telecommunications operations in 2007, then under the name Gagnaveita Reykjavíkur. The decision on this matter was made at a shareholders' meeting on 12 October 2021. Ljósleiðarinn has been the company's main brand since 2014.

## 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 30 September 2021 and the Group's operating return and changes in cash and cash equivalents in the period 1 January to 30 September 2021.

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 30 September 2021.

Reykjavík, 22 November 2021.

The Board of Directors:

*Brynhildur Davíðsdóttir*  
*Páll Gestsson*  
*Vala Valtýsdóttir*  
*Hildur Björnsdóttir*  
*Björn Gíslason*  
*Guðjón Viðar Guðjónsson*

CEO:

*Bjarni Bjarnason*

# Income Statement

## 1 January to 30 September 2021

	Notes	2021 1.7.-30.9.	2020 1.7.-30.9.	2021 1.1.-30.9.	2020 1.1.-30.9.
Operating revenue .....		11.640.616	10.772.664	37.640.209	35.044.638
Sales profit .....		( 192)	591	23.119	591
Total revenue	4	11.640.424	10.773.255	37.663.328	35.045.230
Energy purchase and distribution .....		( 1.222.317)	( 1.356.552)	( 4.173.673)	( 4.180.975)
Salaries and salary related expenses .....		( 1.625.072)	( 1.667.355)	( 5.583.078)	( 5.629.379)
Other operating expenses .....		( 1.345.181)	( 1.303.247)	( 3.581.870)	( 4.395.801)
Operating expenses, total		( 4.192.570)	( 4.327.154)	( 13.338.621)	( 14.206.155)
<b>EBITDA .....</b>		7.447.854	6.446.101	24.324.707	20.839.075
Depreciation and amortisation .....		( 3.311.052)	( 3.322.149)	( 9.966.181)	( 9.605.966)
<b>Results from operating activities .....</b>		4.136.802	3.123.953	14.358.526	11.233.109
Interest income .....		27.084	83.711	114.341	242.857
Interest expenses .....		( 1.889.921)	( 2.059.673)	( 6.121.458)	( 5.831.764)
Other income (expenses) on financial assets and liabilities .....		810.953	1.363.972	7.217.263	( 6.785.131)
Total financial income and expenses	6	( 1.051.884)	( 611.990)	1.210.147	( 12.374.038)
Share in profit (loss) of associated companies .....		0	0	( 3.967)	4.137
Profit (loss) before income tax		3.084.919	2.511.963	15.564.707	( 1.136.792)
Income tax .....		( 997.234)	( 868.511)	( 4.647.163)	1.880.566
<b>Profit for the period</b>		2.087.685	1.643.451	10.917.544	743.773

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

# Statement of Comprehensive Income

## 1 January to 30 September 2021

	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>1.7.-30.9.</b>	<b>1.7.-30.9.</b>	<b>1.1.-30.9.</b>	<b>1.1.-30.9.</b>
Profit for the period .....	2.087.685	1.643.451	10.917.544	743.773
<b>Other comprehensive income</b>				
<b>Items moved to equity that could be moved later to the income statement</b>				
Translation difference .....	3.042.778	( 25.432)	1.327.907	7.370.999
	3.042.778	( 25.432)	1.327.907	7.370.999
Other comprehensive income, after taxes .....	3.042.778	( 25.432)	1.327.907	7.370.999
<b>Total comprehensive income for the period</b>	<b>5.130.463</b>	<b>1.618.019</b>	<b>12.245.451</b>	<b>8.114.772</b>

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

# Statement of Financial Position

## 30 September 2021

	30.9.2021	31.12.2020
<b>Assets</b>		
Property, plant and equipment .....	341.527.300	337.493.229
Intangible assets .....	2.900.084	2.837.133
Right-of-use assets .....	2.589.448	2.590.642
Investments in associated companies .....	77.423	81.389
Investments in other companies .....	5.922.680	5.922.680
Embedded derivatives in electricity sales contracts .....	197.388	0
Hedge contracts .....	32.469	509.904
Deferred tax assets .....	2.730.637	6.675.003
Total non-current assets	355.977.428	356.109.980
Inventories .....	1.347.023	1.249.674
Trade receivables .....	5.332.198	5.439.828
Embedded derivatives in electricity sales contracts .....	1.710.637	0
Hedge contracts .....	6.452	45.399
Other receivables .....	355.927	404.863
Prepaid expenses .....	279.203	227.706
Deposits and marketable securities .....	13.195.338	14.866.902
Cash and cash equivalents .....	17.997.584	15.820.051
Total current assets	40.224.361	38.054.423
<b>Total assets</b>	<b>396.201.789</b>	<b>394.164.403</b>
<b>Equity</b>		
Revaluation reserve .....	86.630.789	89.478.008
Equity reserve .....	64.480.271	60.207.208
Development reserve .....	192.651	108.308
Fair value reserve .....	5.467.000	5.467.000
Translation reserve .....	6.231.746	4.903.838
Retained earnings .....	33.368.982	27.961.627
<b>Total equity</b>	<b>196.371.439</b>	<b>188.125.988</b>
<b>Liabilities</b>		
Loans and borrowings .....	154.724.610	152.350.925
Lease liabilities .....	2.465.400	2.472.960
Pension liability .....	637.777	659.027
Embedded derivatives in electricity sales contracts .....	0	4.907.730
Hedge contracts .....	822.932	571.981
Deferred tax liabilities .....	14.130.548	14.662.897
Total non-current liabilities	172.781.267	175.625.520
Accounts payable .....	2.070.431	2.822.579
Loans and borrowings .....	13.688.761	19.349.528
Lease liabilities .....	176.696	167.953
Embedded derivatives in electricity sales contracts .....	0	1.048.651
Hedge contracts .....	1.900.415	846.690
Deferred revenue .....	2.490.290	541.288
Current tax liability .....	1.306.032	1.847.570
Other current liabilities .....	5.416.457	3.788.635
Total current liabilities	27.049.083	30.412.895
<b>Total liabilities</b>	<b>199.830.350</b>	<b>206.038.415</b>
<b>Total equity and liabilities</b>	<b>396.201.789</b>	<b>394.164.403</b>

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 30 September 2021

	Revaluation reserve	Equity reserve	Develop- ment reserve	Fair value reserve	Translation reserve	Retained earnings	Total equity
<b>1.1.- 30.9. 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 .....					1.327.907		1.327.907
Profit for the period .....						10.917.544	10.917.544
Total comprehensive income .....	0	0	0	0	1.327.907	10.917.544	12.245.451
Depreciation transferred to retained earnings .....	( 2.847.219)					2.847.219	0
Share in profit of subsidiaries and associates transferred to equity reserve .....		4.273.063				( 4.273.063)	0
Transfer to development reserve .....			84.343			( 84.343)	0
Dividends paid .....						( 4.000.000)	( 4.000.000)
Equity at 30 September 2021 .....	86.630.789	64.480.271	192.651	5.467.000	6.231.746	33.368.982	196.371.439
<b>1.1.- 30.9. 2020</b>							
Equity at 1 January 2020 .....	93.186.474	48.585.813	0	4.760.587	2.411.820	33.354.772	182.299.466
Translation difference .....					7.370.999		7.370.999
Profit for the period .....						743.773	743.773
Total comprehensive income .....	0	0	0	0	7.370.999	743.773	8.114.772
Depreciation transferred to retained earnings .....	( 2.704.701)					2.704.701	0
Share in profit of subsidiaries and associates transferred to equity reserve .....		1.488.515				( 1.488.515)	0
Divident paid .....						( 3.000.000)	( 3.000.000)
Equity at 30 September 2020 .....	90.481.773	50.074.328	0	4.760.587	9.782.818	32.314.731	187.414.237

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

# Statement of Cash Flows

## 1 January to 30 September 2021

	<b>2021</b>	<b>2020</b>
	<b>1.1.-30.9.</b>	<b>1.1.-30.9.</b>
<b>Cash flows from operating activities</b>		
Profit for the period .....	10.917.544	743.773
Adjusted for:		
Financial income and expenses .....	( 1.210.147)	12.374.038
Share in P/L of associates .....	3.967	( 4.137)
Income tax .....	4.647.163	( 1.880.566)
Depreciation and amortisation .....	9.966.181	9.605.966
Profit from sale of property, plants and equipment .....	( 23.119)	( 591)
Pension liability, change .....	( 21.250)	( 71.186)
Working capital from operation before interest and taxes	24.280.338	20.767.297
Inventories, increase .....	( 97.349)	( 150.085)
Current assets, decrease .....	118.368	107.840
Current liabilities, increase .....	2.521.241	3.038.386
Cash generated from operations before interests and taxes	26.822.598	23.763.438
Received interest income .....	108.630	240.354
Paid interest expenses .....	( 3.174.397)	( 3.724.371)
Dividend received .....	120.972	88.119
Payments due to other financial income and expenses .....	( 901.560)	102.785
Paid taxes .....	( 1.144.042)	( 1.053.892)
Net cash from operating activities	21.832.200	19.416.432
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment .....	( 11.778.171)	( 11.310.537)
Acquisition of intangible assets .....	( 353.801)	( 431.790)
Proceeds from sale of property, plant and equipment .....	40.023	1.184
Change in deposits .....	6.500.000	( 2.000.000)
Change in marketable securities .....	( 4.270.735)	( 167.701)
Net cash used in investing activities	( 9.862.684)	( 13.908.846)
<b>Cash flows from financing activities</b>		
Proceeds from new borrowings .....	10.035.811	15.004.625
Repayment of borrowings .....	( 15.747.261)	( 14.874.535)
Payments of currency hedges .....	0	( 37.743)
Dividends paid .....	( 4.000.000)	( 3.000.000)
Repayment of lease liability .....	( 77.278)	( 73.905)
Net cash used in financing activities	( 9.788.729)	( 2.981.559)
<b>Increase in cash and cash equivalents .....</b>	<b>2.180.788</b>	<b>2.526.028</b>
<b>Cash and cash equivalents at year beginning .....</b>	<b>15.820.051</b>	<b>8.657.025</b>
<b>Effect of currency fluctuations on cash and cash equivalents .....</b>	<b>( 3.255)</b>	<b>365.983</b>
<b>Cash and cash equivalents at the end of the period .....</b>	<b>17.997.584</b>	<b>11.549.036</b>
<b>Investments and financing without payment effects:</b>		
Acquisition of property, plant and equipment .....	555.206	306.376
Current liabilities, change .....	( 555.206)	( 306.376)
<b>Other information:</b>		
Working capital from operation .....	17.051.473	15.726.829

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 condensed consolidated interim financial statements include the interim financial statements of the parent company and its subsidiaries, (together referred to as "the Group") and a share in associated companies. The consolidated interim financial statements of Orkuveita Reykjavíkur is a part of the consolidated interim financial statements of Reykjavík City.

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	
		30.9.2021	31.12.2020
Ljósleiðarinn ehf.	Data transfer	100%	100%
OR Eignir ehf.	Holding company	100%	100%
Veitur ehf.	Distribution of electricity and hot water	100%	100%
Orka náttúrunnar ehf.	Sale of electricity	100%	100%
ON Power ehf.	Sale of electricity	100%	100%
OR Vatns- og fráveita sf.	Cold water and sewage	100%	100%
Carbfix ehf.	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 2020. Same accounting principles are applied as for the year 2020. 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.nasdaqomxnordic.com](http://www.nasdaqomxnordic.com).

The consolidated interim financial statements were approved by the Board of Directors on 22 November 2021.

### b. Functional and presentation currency

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

### c. Basis of measurement

The consolidated interim 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 2020.

### 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>
<b>a. Electricity</b>	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>b. Hot water</b>	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, contd.

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 sewerage 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 Post and Telecom Administration. 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:

	2021	2020
	1.1.-30.9.	1.1.-30.9.
Electricity.....	16.115.925	14.421.562
Hot water.....	10.421.938	10.086.173
Cold water.....	2.635.214	2.573.597
Sewer system.....	4.495.604	4.351.163
Other revenues.....	3.994.647	3.612.735
Revenues from sales of goods and services total.....	37.663.328	35.045.230

# 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 2020.

<b>Business segments - divisions</b>						
<b>1.1.- 30.9. 2021</b>	<b>Utilities</b>	<b>Energy sale and production</b>	<b>Other Operation</b>	<b>Adjustments</b>	<b>IFRS 16*</b>	<b>Total</b>
External revenue .....	23.183.047	11.834.868	2.645.413	0		37.663.328
Inter-segment revenue .....	3.017.142	6.196.108	6.798.669 (	16.011.919)		0
Total segment revenue .....	26.200.190	18.030.976	9.444.081 (	16.011.919)		37.663.328
Segment operation expenses .....	( 14.017.396)	( 8.703.773)	( 6.777.617)	16.011.919	148.246 (	13.338.621)
Segment profit EBITDA .....	12.182.794	9.327.202	2.666.465	0	148.246	24.324.707
Depreciation and amortisation .....	( 4.389.139)	( 4.030.600)	( 1.452.906)	0 (	93.535)	( 9.966.181)
Segment results, EBIT .....	7.793.654	5.296.602	1.213.559	0	54.711	14.358.526
Financial income and expenses .....	( 3.606.782)	( 4.773.734)	1.783.346	7.864.406 (	57.088)	1.210.147
Share in profit of associated companies .....	0	0 (	3.967)	0	(	3.967)
Income tax .....	( 532.795)	( 90.996)	( 1.067.249)	( 2.957.017)	894 (	4.647.163)
Profit for the period .....	3.654.077	431.872	1.925.689	4.907.389 (	1.483)	10.917.544
<b>1.1.- 30.9. 2020</b>						
External revenue .....	22.400.667	10.309.582	2.334.981	0		35.045.230
Inter-segment revenue .....	3.730.856	7.836.160	5.792.356 (	17.359.373)		0
Total segment revenue .....	26.131.524	18.145.742	8.127.337 (	17.359.373)		35.045.230
Segment operation expenses .....	( 14.823.562)	( 10.083.006)	( 6.800.075)	17.359.373	141.115 (	14.206.155)
Segment profit EBITDA .....	11.307.962	8.062.736	1.327.262	0	141.115	20.839.075
Depreciation and amortisation .....	( 4.308.863)	( 3.791.208)	( 1.418.024)	0 (	87.871)	( 9.605.966)
Segment results, EBIT .....	6.999.099	4.271.528	( 90.762)	0	53.244	11.233.109
Financial income and expenses .....	( 2.910.271)	( 1.337.303)	( 5.320.138)	( 2.750.451)	( 55.875)	( 12.374.038)
Share in profit of associated companies .....	0	0	4.137	0		4.137
Income tax .....	( 640.044)	( 579.162)	2.064.430	1.034.352	989	1.880.566
Profit (loss) for the period .....	3.448.784	2.355.063	( 3.342.334)	( 1.716.099)	( 1.642)	743.773

\* 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 (30.9.2021)</b>						
Property, plant and equipment and intangible assets .....	173.874.852	134.344.628	36.207.904	0		344.427.384
Right-of-use assets .....					2.589.448	2.589.448
Other assets .....	21.665.020	9.127.375	176.119.520 (	157.726.957)		49.184.957
						396.201.789
Loans and borrowings .....	68.100.627	58.361.658	168.413.371 (	126.462.285)		168.413.371
Lease liabilities .....					2.642.096	2.642.096
Other liabilities .....	15.467.412	10.610.446	33.463.550 (	30.766.526)		28.774.883
						199.830.350
<b>Investments 1.1.-30.9.2021</b>						
Property, plant and equipment and intangible assets .....	7.356.413	1.311.341	2.923.762	0		11.591.516
<b>Balance sheet (31.12.2020)</b>						
Property, plant and equipment and intangible assets .....	170.907.579	134.658.796	34.763.987	0		340.330.362
Right-of-use assets .....					2.590.642	2.590.642
Other assets .....	17.299.445	9.017.863	180.282.563 (	155.356.472)		51.243.399
						394.164.403
Loans and borrowings .....	63.350.425	59.115.637	171.700.453 (	122.466.062)		171.700.453
Lease liabilities .....					2.640.913	2.640.913
Other liabilities .....	13.438.843	9.820.903	37.631.920 (	29.194.617)		31.697.049
						206.038.415
<b>Investments 1.1.-30.9.2020</b>						
Property, plant and equipment and intangible assets .....	6.267.005	3.009.679	2.159.267	0		11.435.951

# Notes

## 6. Financial income and expenses

	<b>2021</b>	<b>2020</b>
	<b>1.1.-30.9.</b>	<b>1.1.-30.9.</b>
Financial income and expenses are specified as follows:		
Interest income .....	114.341	242.857
Interest expense and paid indexation .....	( 3.034.513)	( 3.385.004)
Indexation .....	( 2.684.219)	( 1.957.087)
Guarantee fee to owners 1) .....	( 402.725)	( 489.673)
Total interest expenses .....	( 6.121.458)	( 5.831.764)
Fair value changes of embedded derivatives in electricity sales contracts .....	7.864.406	( 2.752.079)
Fair value changes of financial assets and financial liabilities through P/L .....	557.700	796.877
Fair value changes of hedge contracts .....	( 1.821.057)	( 413.919)
Hedge contracts .....	( 899.055)	69.313
Foreign exchange difference .....	1.394.298	( 4.573.440)
Dividends .....	120.972	88.119
Total of other income (expenses) on financial assets and liabilities .....	7.217.263	( 6.785.131)
Total financial income and expenses .....	1.210.147	( 12.374.038)

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 0,81% (2020: 0,85%) and 0,60% (2020: 0,61%) regarding loans due for operations in the open market. The guarantee fee is calculated on total loans quarterly. The guarantee fee amounted to ISK 403 million in the period 1 January to 30 September 2021 (1.1.-30.9.2020: ISK 490 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 2020. Change in fair value that is recognized in the income statement amounts to ISK 6.601 million income in the period 1 January to 30 September 2021 (1.1.-30.9.2020: expense ISK 2.369 million). Fair value changes on financial assets and liabilities defined at level 3 amounts to ISK 7.864 million income in the period 1 January to 30 September 2021 (1.1.-30.9.2020: expense ISK 2.752 million).



# Notes

## 7. 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:

	30.9.2021		31.12.2020	
	Carrying amount	Fair value	Carrying amount	Fair value
Interest-bearing liabilities .....	168.413.371	179.716.359	171.700.453	183.772.703

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:

	30.9.2021	31.12.2020
Embedded derivatives in electr. sales contr. ....	9,59% to 11,19%	9,58% to 10,72%
Hedge contracts .....	0,1% to 1,0%	-0,6% to 0,2%
Interest bearing loans .....	0,17% to 6,73%	0,45% to 3,32%

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 2020. 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>30.9.2021</b>				
Shares in companies .....	0	0	5.922.680	5.922.680
Embedded derivatives in sales contracts .....	0	0	1.908.025	1.908.025
Hedge contracts .....	0 ( 2.684.427)		0 ( 2.684.427)	
Marketable securities .....	13.195.338	0	0	13.195.338
	13.195.338	( 2.684.427)	7.830.705	18.341.615
<b>31.12.2020</b>				
Shares in companies .....	0	0	5.922.680	5.922.680
Embedded derivatives in sales contracts .....	0	0 ( 5.956.381)	( 5.956.381)	( 5.956.381)
Hedge contracts .....	0 ( 863.369)		0 ( 863.369)	
Marketable securities .....	8.366.902	0	0	8.366.902
	8.366.902	( 863.369)	( 33.701)	7.469.833

# Notes

## 8. 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 30 September 2021 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.

	2021	2020
	1.1.-30.9.	1.1.-30.9.
Sale to related parties:		
Reykjavik City.....	1.380.315	1.326.911
Institutions and companies controlled by Reykjavik City.....	539.619	490.743
Associates.....	1.040	0
	1.920.974	1.817.654
Purchases from related parties:		
Reykjavik City.....	55.305	36.807
Institutions and companies controlled by Reykjavik City.....	67.656	27.516
Associates.....	51.529	45.536
	174.490	109.859
	<b>30.9.2021</b>	<b>31.12.2020</b>
Receivables for related parties:		
Reykjavik City.....	5.020	167.785
Institutions and companies controlled by Reykjavik City.....	3.457	38.605
	8.477	206.389
Payables for related parties:		
Reykjavik City.....	150.039	11.105
Institutions and companies controlled by Reykjavik City.....	1.052	0
Associates.....	0	6.994
	151.091	18.099
Interest bearing loans from owners of the parent Company:		
Reykjavik City .....	0	3.321.522
Akranes town .....	0	196.296
Borgarbyggð, municipality .....	0	33.130
	0	3.550.949
	<b>2021</b>	<b>2020</b>
	<b>1.1.-30.9.</b>	<b>1.1.-30.9.</b>
Interest expense on loans from owners of the parent Company:		
Reykjavik City .....	408.509	750.950
Akranes town .....	27.880	44.748
Borgarbyggð, municipality .....	2.454	7.502
	438.843	803.200

### 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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## 9. Other matters

### Derivative contracts in default

Among other current liabilities are derivative contracts accounted for that are in default. In previous periods ISK 740 million have been expensed. The contracts have not been settled due to great uncertainties on how to settle them and Orkuveita Reykjavíkur was sued regarding the claims. At the beginning of July 2020, the Reykjavík District Court ruled in favor of Glitnir HoldCo ehf. and judged Orkuveita Reykjavíkur to pay Glitnir HoldCo ISK 747 million plus interests. As at 31.12.2020, the amount with penalty interest is ISK 3.238 million.

It is the opinion of the management that there is not a reason to change the precautionary entry in question. The argument being that the final ruling has not been cast. The court does not seem to have taken into account Orkuveita Reykjavíkur's views in the case and the company has therefore instructed its lawyer to appeal the judgment of the Reykjavík District Court to the National Court, the case has been brought before the court and the court decision is now awaited. No payments will be made until the final decision of the courts is available, whether it is before the National Court or the Supreme Court.

### Repair at headquarters

At the end of August 2015, severe water damage occurred at the company's headquarters on Bæjarhóls 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 155 million excluding VAT.

### 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. A damage assessment has not been carried out or an assessment of liability. 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 Mílu 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 30.9.2021.