

Reykjavíkurborg

(City of Reykjavik)

Interim Financial Statement 1 January - 30 June 2021



Reykjavíkurborg
(City of Reykjavik)
Reg. no. 530269-7609
City hall
Tjarnargötu 11
101 Reykjavík

Reykjavíkurborg

(City of Reykjavik)

Interim Financial Statement

1 January - 30 June 2021

Table of contents

	Page
Income Statement	2
Statement of Financial Position	3-4
Statement of Cash Flows	5

Please note:

This is an English translation of the Icelandic Interim Financial Statements of Reykjavíkurborg (the City of Reykjavik). In the event of any discrepancy between the English and Icelandic versions the original Icelandic text shall prevail.

Income Statement 1 January - 30 June 2021

	Reykjavik Municipal (A operation)			Reykjavik Group (A and B operations)		
	Interim		Interim	Interim		Interim
	Financial Statement Jan-Jun 2021	Budget with Annexes Jan-Jun 2021	Financial Statement Jan-Jun 2020	Financial Statement Jan-Jun 2021	Interim Financial Statement Jan-Jun 2021	Financial Statement Jan-Jun 2020
Operating revenue						
Tax revenues	54.137.709	50.806.860	49.802.445	53.796.727	50.461.851	49.478.321
Contributions from Municipal Equalisation Fund	3.710.419	3.701.890	3.628.099	3.710.419	3.701.890	3.628.099
Other revenues	10.610.388	10.944.648	7.328.800	41.411.891	41.602.333	36.174.556
Total operating revenues	68.458.516	65.453.399	60.759.345	98.919.037	95.766.074	89.280.976
Operating expenses						
Wage cost and wage-related expenses	42.286.418	39.676.538	35.912.207	49.238.603	46.836.209	42.716.603
Changes in pension obligations, LsRb*	1.750.000	1.750.000	1.125.000	1.753.028	1.750.000	1.062.174
Other operating expenses	26.085.345	26.635.478	23.480.611	30.725.974	32.662.527	29.300.259
Total operating expenses	70.121.763	68.062.016	60.517.818	81.717.605	81.248.736	73.079.036
Operating result before depreciation, EBITDA	(1.663.247)	(2.608.618)	241.527	17.201.431	14.517.338	16.201.941
Depreciation	(3.090.945)	(3.215.634)	(2.889.482)	(10.394.083)	(10.628.898)	(9.779.588)
Operating result before financial items.....	(4.754.192)	(5.824.252)	(2.647.955)	6.807.349	3.888.440	6.422.353
Net financial items	(2.567.702)	(2.170.061)	(462.702)	(2.175.325)	(4.875.113)	(13.898.652)
Operating result before tax, adjustments and effects of associated companies	(7.321.894)	(7.994.313)	(3.110.657)	4.632.024	(986.673)	(7.476.299)
Income tax	0	0	0	(3.601.536)	(1.504.444)	2.805.205
Value adjustment of investment properties	0	0	0	11.087.373	564.961	78.810
Share in associated companies' operating results	0	0	0	(3.570)	0	4.137
Minority interests	0	0	0	(564.069)	(343.257)	84.141
Operating results.....	(7.321.894)	(7.994.313)	(3.110.657)	11.550.222	(2.269.413)	(4.504.005)

* For the evaluation of pension obligations, it is assumed that the national mortality rate will continue to decrease and that life expectancy will increase instead of basing assumptions on the experience of previous years. See note 41.

Statement of Financial Position 30 June 2021

Assets

	Reykjavik Municipal (A operation)		Reykjavik Group (A and B operations)	
	Interim Financial Statement	Financial Statement	Interim Financial Statement	Financial Statement
	30.6.2021	31.12.2020	30.6.2021	31.12.2020
Fixed assets				
Intangible assets	0	0	2.875.698	2.837.134
Fixed tangible assets:				
Real estate	127.218.348	126.229.613	150.928.294	149.740.298
Utilities	0	0	324.330.870	327.722.589
Investment properties	0	0	112.569.331	99.050.188
Road systems	26.865.382	24.829.305	27.313.569	25.294.716
Machinery and equipment	6.190.628	5.975.225	11.222.229	10.988.240
Lease properties	5.213.048	5.534.792	6.884.662	7.199.429
	<u>165.487.406</u>	<u>162.568.935</u>	<u>633.248.955</u>	<u>619.995.460</u>
Investments and long-term receivables:				
Capital contributions and shares in companies	13.487.337	12.636.016	11.174.977	10.906.010
Long-term receivables from own companies	(0)	0	(0)	0
Pre-paid costs	9.052.572	9.233.481	9.514.393	9.692.533
Derivative contracts	0	0	6.064	509.904
Deferred tax assets	0	0	3.727.404	6.675.003
Other long-term receivables	1.620.277	1.895.218	1.854.735	2.115.165
	<u>24.160.186</u>	<u>23.764.715</u>	<u>26.277.572</u>	<u>29.898.615</u>
Total fixed assets	<u>189.647.592</u>	<u>186.333.650</u>	<u>662.402.225</u>	<u>652.731.208</u>
Current assets				
Inventories	0	0	1.699.073	1.658.508
Short-term receivables:				0
Unclaimed revenues and receivables	14.897.699	13.229.684	22.145.927	19.774.810
Next year's paym. of own comp. long-term receivab.	0	3.321.522	0	0
Next year's payment of other long-term receivables	504.235	302.076	595.101	406.764
Receivables from own companies	189.636	294.580	4.251	15.602
Pre-paid costs	388.081	388.081	673.876	631.496
Derivative contracts	0	0	42.772	45.399
Other receivables	2.395.943	3.599.651	3.344.720	4.318.903
Bank deposits and marketable securities	0	0	11.722.962	14.866.902
Cash and cash equivalents	14.711.642	8.110.912	42.135.380	26.318.982
	<u>33.087.235</u>	<u>29.246.505</u>	<u>82.975.988</u>	<u>68.037.367</u>
Total current assets	<u>33.087.235</u>	<u>29.246.505</u>	<u>82.975.988</u>	<u>68.037.367</u>
Total assets	<u>222.734.827</u>	<u>215.580.155</u>	<u>745.378.213</u>	<u>720.768.575</u>

Statement of Financial Position 30 June 2021

Equity and liabilities

	Reykjavik Municipal (A operation)		Reykjavik Group (A and B operations)	
	Interim Financial Statement 30.6.2021	Financial Statement 31.12.2020	Interim Financial Statement 30.6.2021	Financial Statement 31.12.2020
Equity				
Equity account	84.501.194	91.823.088	349.635.495	325.268.859
Minority interest	0	0	(1.335.059)	12.525.975
Total equity	84.501.194	91.823.088	348.300.435	337.794.835
Obligations				
Pension obligations	37.598.755	36.934.152	38.238.329	37.593.179
Deferred tax liabilities	0	0	14.495.191	14.943.963
Capital contributions from state	0	0	2.771.006	1.960.151
Other obligations	0	0	65.538	242.335
Total obligations	37.598.755	36.934.152	55.570.063	54.739.627
Long-term liabilities				
Long-term debts	65.378.795	53.675.949	272.432.412	256.769.617
Current liabilities, own companies	0	3.189	0	780
Lease liabilities	10.120.653	10.330.342	11.676.987	11.892.725
Embedded derivatives in electricity contracts	0	0	1.106.442	4.907.730
Derivative contracts	0	0	579.250	571.981
Total long-term liabilities	75.499.447	64.009.479	285.795.091	274.142.833
Current liabilities				
Debts to credit institutions	284.401	535.606	284.999	953.930
Accounts payable	3.320.656	5.637.810	6.675.569	10.311.061
Embedded derivatives in electricity contracts	0	0	0	1.048.651
Next year's payments on long-term debts	2.483.217	2.124.277	18.631.742	19.419.176
Next year's payments on current liabilities, own companies	6.536	8.887	1.598	2.173
Next year's payments on lease liabilities	1.068.091	1.023.612	1.203.613	1.157.053
Pension obligations, short-term	2.250.000	2.250.000	2.283.000	2.283.000
Accounts payable to own companies	539.599	727.835	108.837	136.044
Prepayments	94.198	114.972	2.162.347	656.260
Derivative contracts	0	0	1.163.144	846.690
Other payables	15.088.733	10.390.437	23.197.773	17.277.242
Total current liabilities	25.135.431	22.813.436	55.712.623	54.091.281
Total liabilities and obligations	138.233.634	123.757.067	397.077.777	382.973.741
Total equity and liabilities	222.734.827	215.580.155	745.378.213	720.768.575

Statement of Cash Flows 1 January - 30 June 2021

	Reykjavik Municipal (A operation)			Reykjavik Group (A and B operations)		
	Interim		Interim	Interim		Interim
	Financial Statement Jan-Jun 2021	Budget with Annexes Jan-Jun 2021	Financial Statement Jan-Jun 2020	Financial Statement Jan-Jun 2021	Budget with Annexes Jan-Jun 2021	Financial Statement Jan-Jun 2020
Cash flows from operating activities						
Operating results.....	(7.321.894)	(7.994.313)	(3.110.657)	11.550.222	(2.269.413)	(4.504.005)
Adjustments not affecting cash flow:						
Gain on sold assets	(1.733.226)	(2.159.116)	38.770	(1.764.674)	(2.159.116)	(260.386)
Depreciation	3.090.945	3.215.634	2.889.482	10.414.261	10.628.898	9.779.588
Indexation, discounts and exch.rate differences	1.377.638	1.062.539	589.833	1.666.614	1.672.623	4.054.750
Embedded derivatives, change	0	0	0	(4.849.939)	(611.353)	5.737.480
Value adjustment of investment properties	0	0	0	(11.112.886)	(564.961)	(78.810)
Effect of own companies and minority interests	0	0	0	567.639	343.257	88.278
Changes in pension obligations	1.750.000	1.750.000	1.125.000	1.746.972	1.767.447	1.062.190
Changes in deferred taxes	0	0	0	3.601.536	314.066	(2.805.205)
Provision for losses	(386.850)	0	351.200	(386.850)	0	351.200
Working capital provided by operating activities	(3.223.387)	(4.125.256)	1.883.627	11.432.894	9.121.448	13.425.079
Changes in operating assets and liabilities:						
Inventories decrease (increase)	0	0	0	(40.498)	17.720	(368.403)
Current receivables (increase) decrease	(1.352.533)	10.377.427	(2.292.268)	(2.269.888)	10.479.700	(2.974.250)
Current liabilities (decrease) increase	2.196.148	171.080	933.899	4.594.590	157.134	3.527.325
Contributions to pension payments	(1.085.397)	(1.000.000)	(1.410.242)	(1.101.822)	(1.000.000)	(1.424.956)
Prepaid contribution to Brú pension fund, changes	180.908	192.222	192.222	178.676	193.923	201.775
Change in operating assets and liabilities	(60.873)	9.740.729	(2.576.389)	1.361.058	9.848.477	(1.038.508)
Net cash provided by operating activities	(3.284.260)	5.615.473	(692.762)	12.793.952	18.969.925	12.386.571
Investment activities						
Investments in fixed tangible assets	(6.633.654)	(10.238.516)	(5.641.270)	(14.439.472)	(21.612.010)	(14.852.735)
Investment in investment properties	0	0	0	(2.260.873)	(2.457.590)	(1.830.170)
Investments in intangible assets	0	0	0	(232.763)	(324.000)	(316.030)
Paid road construction fees	1.198.643	1.350.000	599.932	1.198.643	1.350.000	599.932
Sales of building rights	1.627.528	1.958.614	(43.583)	1.665.791	1.958.614	(43.583)
Proceeds from sale of fixed tangible assets	657.945	200.502	15.066	779.259	243.191	460.333
Change in shareholdings	(851.321)	(1.348.520)	(437.384)	(272.347)	(863.238)	(48.561)
Short-term investments	(20.774)	0	(214.574)	3.435.611	0	(2.232.977)
Restricted bank deposits	0	0	0	(3.749)	0	8.202
Long-term receivables, change	3.677.693	3.477.561	914.245	360.593	1.863.164	215.944
Investment activities	(343.940)	(4.600.359)	(4.807.568)	(9.769.306)	(19.841.870)	(18.039.645)
Financing activities						
Capital contributions from state	0	0	0	450.749	516.396	495.256
New long-term borrowings	12.261.819	20.640.000	5.600.565	24.436.308	29.171.941	18.566.583
New lease liabilities	0	0	951.865	37.819	0	988.664
Repayments of long-term liabilities	(1.245.494)	(1.208.466)	(1.031.005)	(10.410.203)	(9.946.589)	(8.430.669)
Payments on lease liabilities	(513.538)	(508.676)	(472.792)	(536.323)	(508.676)	(494.474)
Derivative contracts paid	0	0	0	0	(81.126)	90.757
Paid-in capital	0	0	0	325	(62.598)	5.632
Short-term borrowings, change	(251.205)	0	(110.820)	(859.713)	11.272	220.500
Dividends paid	0	0	0	(77.822)	0	(334.773)
Other financing activities	(22.653)	(12.179.734)	51.007	(22.653)	(12.179.734)	50.929
Financing activities	10.228.930	6.743.124	4.988.820	13.018.487	6.920.886	11.158.405
(Decrease) Increase in cash and cash equivalents.....	6.600.730	7.758.238	(511.510)	16.043.134	6.048.941	5.505.331
Cash and cash equivalents at beginning of year.....	8.110.912	1.314.436	8.840.324	26.318.982	17.211.812	21.125.297
The effect of changes in the shareholding on cash.....	0	0	0	459	163	(1.813)
Effect of currency fluctuations on cash.....	0	0	0	(227.194)	0	306.371
Cash and cash equivalents at 30.06.2021.....	14.711.642	9.072.674	8.328.814	42.135.380	23.260.915	26.935.185