

# Reykjavíkurborg

(City of Reykjavik)

Interim Financial Statement  
1 January - 30 September 2020



Reykjavíkurborg  
(City of Reykjavik)  
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## Interim Financial Statement

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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 September 2020

	Reykjavik Municipal (A operation)			Reykjavik Group (A and B operations)		
	Interim		Interim	Interim		Interim
	Financial	Budget with	Financial	Financial	Financial	Financial
	Statement	Annexes	Statement	Statement	Statement	Statement
	Jan-Sep 2020	Jan-Sep 2020	Jan-Sep 2019	Jan-Sep 2020	Jan-Sep 2020	Jan-Sep 2019
<b>Operating revenue</b>						
Tax revenues .....	76.523.587	79.297.555	75.439.561	75.988.280	78.768.302	74.936.432
Contributions from Municipal Equalisation Fund .....	5.626.449	6.006.434	5.536.676	5.626.449	6.006.434	5.536.676
Other revenues .....	11.731.535	15.800.447	14.249.541	58.446.024	66.450.430	60.328.622
<b>Total operating revenues</b>	<b>93.881.571</b>	<b>101.104.435</b>	<b>95.225.777</b>	<b>140.060.752</b>	<b>151.225.165</b>	<b>140.801.730</b>
<b>Operating expenses</b>						
Wage cost and wage-related expenses .....	55.738.340	55.327.474	49.951.229	67.963.798	68.019.792	60.915.767
Changes in pension obligations, LsRb* .....	1.312.500	2.512.500	3.225.001	1.266.204	2.512.500	3.292.214
Other operating expenses .....	34.637.078	35.706.257	33.886.939	44.745.258	46.447.295	43.735.566
<b>Total operating expenses</b>	<b>91.687.918</b>	<b>93.546.230</b>	<b>87.063.168</b>	<b>113.975.260</b>	<b>116.979.588</b>	<b>107.943.546</b>
Operating result before depreciation, EBITDA .....	2.193.653	7.558.205	8.162.609	26.085.492	34.245.578	32.858.184
Depreciation .....	( 4.334.442 )	( 4.227.584 )	( 3.967.917 )	( 15.184.024 )	( 14.531.365 )	( 14.061.499 )
Operating result before financial items.....	( 2.140.789 )	3.330.621	4.194.692	10.901.468	19.714.212	18.796.685
Net financial items .....	1.348.506	61.350	967.246	( 16.422.706 )	( 8.223.703 )	( 9.889.777 )
Operating result before tax, adjustments and effects of associated companies	( 792.283 )	3.391.971	5.161.939	( 5.521.238 )	11.490.510	8.906.907
Income tax .....	0	0	0	1.884.269	( 1.440.988 )	146.660
Value adjustment of investment properties .....	0	0	0	2.593.970	1.113.293	3.891.561
Share in associated companies' operating results .....	0	0	0	4.137	750	( 528 )
Minority interests .....	0	0	0	50.846	0	( 701.315 )
<b>Operating results.....</b>	<b>( 792.283 )</b>	<b>3.391.971</b>	<b>5.161.939</b>	<b>( 988.016 )</b>	<b>11.163.565</b>	<b>12.243.286</b>

\* 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 40.

# Statement of Financial Position 30 September 2020

## Assets

	Reykjavik Municipal (A operation)		Reykjavik Group (A and B operations)	
	Interim Financial Statement	Financial Statement	Interim Financial Statement	Financial Statement
	30.9.2020	31.12.2019	30.9.2020	31.12.2019
<b>Fixed assets</b>				
Intangible assets .....	0	0	2.660.623	2.498.099
Fixed tangible assets:				
Real estate .....	124.581.613	122.802.005	153.803.297	151.198.694
Utilities .....	0	0	335.254.729	319.444.939
Investment properties .....	0	0	98.147.682	92.103.198
Road systems .....	22.862.752	20.197.587	23.468.686	20.793.439
Machinery and equipment .....	5.473.847	5.652.043	12.371.844	11.486.601
Lease properties .....	5.695.577	5.234.104	7.320.935	6.833.511
	<u>158.613.788</u>	<u>153.885.739</u>	<u>630.367.173</u>	<u>601.860.382</u>
Investments and long-term receivables:				
Capital contributions and shares in companies .....	12.350.157	11.275.007	10.227.498	9.940.200
Long-term receivables from own companies .....	(0)	8.433.646	0	0
Pre-paid costs .....	9.329.592	9.617.925	10.152.873	10.466.641
Derivative contracts .....	0	0	35.190	229.072
Deferred tax assets .....	0	0	8.047.195	4.879.759
Other long-term receivables .....	2.188.978	2.778.644	2.582.293	3.038.257
	<u>23.868.726</u>	<u>32.105.222</u>	<u>31.045.049</u>	<u>28.553.929</u>
<b>Total fixed assets</b>	<u>182.482.515</u>	<u>185.990.961</u>	<u>664.072.845</u>	<u>632.912.411</u>
<b>Current assets</b>				
Inventories .....	0	0	1.840.997	1.623.232
Short-term receivables:				
Unclaimed revenues and receivables .....	13.128.762	10.880.301	19.696.199	17.823.931
Next year's paym. of own comp. long-term receivab. ....	4.976.245	1.377.777	0	(0)
Next year's payment of other long-term receivables .....	1.149.170	556.891	1.283.739	918.856
Receivables from own companies .....	248.325	441.819	0	0
Pre-paid costs .....	388.081	388.081	1.066.393	1.411.554
Derivative contracts .....	0	0	105.567	388.451
Other receivables .....	2.301.089	1.391.611	3.204.679	2.056.818
Bank deposits and marketable securities .....	0	0	12.797.592	9.833.014
Cash and cash equivalents .....	10.875.465	8.840.324	28.087.732	21.946.655
<b>Total current assets</b>	<u>33.067.137</u>	<u>23.876.804</u>	<u>68.082.898</u>	<u>56.002.512</u>
<b>Total assets</b> .....	<u>215.549.652</u>	<u>209.867.765</u>	<u>732.155.743</u>	<u>688.914.922</u>

# Statement of Financial Position 30 September 2020

## Equity and liabilities

	Reykjavik Municipal (A operation)		Reykjavik Group (A and B operations)	
	Interim Financial	Financial	Interim Financial	Financial
	Statement	Statement	Statement	Statement
	30.9.2020	31.12.2019	30.9.2020	31.12.2019
<b>Equity</b>				
Equity account .....	96.874.091	97.666.374	345.462.861	325.008.983
Minority interest .....	0	0	4.638.985	18.883.544
<b>Total equity</b>	<b>96.874.091</b>	<b>97.666.374</b>	<b>350.101.846</b>	<b>343.892.527</b>
<b>Obligations</b>				
Pension obligations .....	35.483.628	36.312.318	36.135.526	37.035.402
Deferred tax liabilities .....	0	0	15.249.424	14.909.556
Capital contributions from state .....	0	0	1.787.397	1.078.670
Other obligations .....	0	0	424.762	390.040
<b>Total obligations</b>	<b>35.483.628</b>	<b>36.312.318</b>	<b>53.597.109</b>	<b>53.413.669</b>
<b>Long-term liabilities</b>				
Long-term debts .....	50.142.330	45.254.273	249.040.683	225.009.419
Current liabilities, own companies .....	4.742	11.669	0	(0)
Lease liabilities .....	10.506.838	10.159.461	12.019.201	11.625.604
Embedded derivatives in electricity contracts .....	0	0	7.520.134	5.307.027
Derivative contracts .....	0	0	380.263	613.778
<b>Total long-term liabilities</b>	<b>60.653.911</b>	<b>55.425.402</b>	<b>268.960.281</b>	<b>242.555.828</b>
<b>Current liabilities</b>				
Debts to credit institutions .....	195.672	190.928	209.514	219.871
Accounts payable .....	3.212.700	4.472.789	8.678.307	10.501.422
Embedded derivatives in electricity contracts .....	0	0	1.911.274	1.372.302
Next year's payments on long-term debts .....	1.918.416	1.510.317	20.386.663	16.475.728
Next year's payments on current liabilities, own companies .....	9.717	68.366	0	0
Next year's payments on lease liabilities .....	1.004.683	914.300	1.133.228	1.059.075
Pension obligations, short-term .....	2.463.000	2.463.000	2.493.000	2.493.000
Accounts payable to own companies .....	875.340	1.092.454	0	(0)
Prepayments .....	145.449	390.063	2.746.203	539.799
Derivative contracts .....	0	0	487.901	317.233
Other payables .....	12.713.046	9.361.452	21.450.417	16.074.468
<b>Total current liabilities</b>	<b>22.538.021</b>	<b>20.463.670</b>	<b>59.496.507</b>	<b>49.052.897</b>
<b>Total liabilities and obligations</b>	<b>118.675.560</b>	<b>112.201.390</b>	<b>382.053.897</b>	<b>345.022.394</b>
<b>Total equity and liabilities</b>	<b>215.549.652</b>	<b>209.867.765</b>	<b>732.155.743</b>	<b>688.914.921</b>

# Statement of Cash Flows 1 January - 30 September 2020

	Reykjavik Municipal (A operation)			Reykjavik Group (A and B operations)		
	Interim		Interim	Interim		Interim
	Financial	Budget with	Financial	Financial	Budget with	Financial
	Statement	Annexes	Statement	Statement	Annexes	Statement
	Jan-Sep 2020	Jan-Sep 2020	Jan-Sep 2019	Jan-Sep 2020	Jan-Sep 2020	Jan-Sep 2019
<b>Cash flows from operating activities</b>						
Operating results.....	( 792.283 )	3.391.971	5.161.939	( 988.016 )	11.163.565	12.243.286
Adjustments not affecting cash flow:						
Gain on sold assets .....	( 777.782 )	( 3.746.567 )	( 1.550.783 )	( 1.120.427 )	( 3.746.567 )	( 1.549.752 )
Depreciation .....	4.334.442	4.227.584	3.967.917	15.184.024	11.096.772	14.061.499
Indexation, discounts and exch.rate differences .....	978.189	1.028.823	834.613	7.567.014	2.865.068	4.041.412
Embedded derivatives, change .....	0	0	0	2.752.080	( 256.917 )	2.280.616
Value adjustment of investment properties .....	0	0	0	( 2.593.970 )	( 742.196 )	( 3.891.561 )
Effect of own companies and minority interests .....	0	0	0	( 54.983 )	( 500 )	701.843
Changes in pension obligations .....	1.312.500	2.512.500	3.835.190	1.266.214	2.529.022	3.902.403
Changes in deferred taxes .....	0	0	0	( 1.885.313 )	131.810	( 1.465.270 )
Other changes .....	878.134	0	0	878.134	0	0
<b>Working capital provided by operating activities</b>	<b>5.933.200</b>	<b>7.414.311</b>	<b>12.248.875</b>	<b>21.004.758</b>	<b>23.040.056</b>	<b>30.324.476</b>
Changes in operating assets and liabilities:						
Inventories decrease (increase) .....	0	0	0	( 217.766 )	( 10.000 )	134.747
Current receivables (increase) decrease .....	( 2.766.753 )	1.152.707	( 2.072.278 )	( 2.741.766 )	1.092.637	( 2.344.278 )
Current liabilities (decrease) increase .....	1.874.312	37.500	3.575.185	5.361.106	23.092	6.580.728
Contributions to pension payments .....	( 2.141.190 )	( 1.950.000 )	( 2.507.000 )	( 2.166.090 )	( 1.950.000 )	( 2.528.217 )
Prepaid contribution to Brú pension fund, changes .....	288.334	288.334	288.334	309.246	291.348	313.768
<b>Change in operating assets and liabilities</b>	<b>( 2.745.297 )</b>	<b>( 471.459 )</b>	<b>( 715.760 )</b>	<b>544.731</b>	<b>( 552.923 )</b>	<b>2.156.748</b>
<b>Net cash provided by operating activities</b>	<b>3.187.903</b>	<b>6.942.852</b>	<b>11.533.115</b>	<b>21.549.489</b>	<b>22.487.133</b>	<b>32.481.224</b>
<b>Investment activities</b>						
Investments in fixed tangible assets .....	( 9.985.930 )	( 15.318.639 )	( 12.037.548 )	( 24.642.698 )	( 25.768.533 )	( 31.735.428 )
Investment in investment properties .....	0	0	0	( 3.369.887 )	( 2.593.067 )	( 3.266.038 )
Investments in intangible assets .....	0	0	0	( 431.790 )	( 400.000 )	( 506.618 )
Paid road construction fees .....	912.258	2.507.625	1.448.512	912.258	2.507.625	1.448.512
Sales of building rights .....	772.078	3.299.697	1.534.292	772.078	3.299.697	1.534.292
Proceeds from sale of fixed tangible assets .....	16.885	446.870	166.708	570.284	540.820	428.672
Change in shareholdings .....	( 1.075.150 )	( 1.552.425 )	( 152.054 )	( 564.861 )	( 1.245.425 )	5.987
Short-term investments .....	( 244.615 )	0	( 517.865 )	( 1.601.190 )	0	( 884.357 )
Restricted bank deposits .....	0	0	0	( 64.123 )	0	( 10.083 )
Long-term receivables, change .....	3.965.000	( 443.730 )	1.899.690	( 870.079 )	( 1.011.120 )	960.458
<b>Investment activities</b>	<b>( 5.639.474 )</b>	<b>( 11.060.602 )</b>	<b>( 7.658.265 )</b>	<b>( 29.290.008 )</b>	<b>( 24.670.003 )</b>	<b>( 32.024.602 )</b>
<b>Financing activities</b>						
Capital contributions from state .....	0	0	0	624.930	99.438	414.279
New long-term borrowings .....	5.600.565	5.250.000	4.209.957	24.043.117	14.264.324	20.123.382
New lease liabilities .....	941.326	0	57.548	980.720	0	2.233.321
Repayments of long-term liabilities .....	( 1.356.948 )	( 1.229.163 )	( 1.294.054 )	( 11.990.335 )	( 9.192.954 )	( 16.350.101 )
Payments on lease liabilities .....	( 716.044 )	( 681.201 )	( 659.790 )	( 755.462 )	( 681.201 )	( 870.326 )
Derivative contracts paid .....	0	0	0	( 37.743 )	( 57.623 )	( 410.138 )
Paid-in capital .....	0	0	0	499.512	0	200.000
Short-term borrowings, change .....	4.744	0	( 210.487 )	437.302	47.881	1.278.094
Dividends paid .....	0	0	0	( 299.419 )	( 103.590 )	( 266.878 )
Other financing activities .....	13.068	1.067.167	( 71.208 )	12.991	1.067.167	( 71.208 )
<b>Financing activities</b>	<b>4.486.711</b>	<b>4.406.803</b>	<b>2.031.965</b>	<b>13.515.613</b>	<b>5.443.444</b>	<b>6.280.424</b>
<b>(Decrease) Increase in cash and cash equivalents.....</b>	<b>2.035.140</b>	<b>289.053</b>	<b>5.906.815</b>	<b>5.775.093</b>	<b>670.042</b>	<b>6.737.046</b>
<b>Cash and cash equivalents at beginning of year.....</b>	<b>8.840.324</b>	<b>7.922.463</b>	<b>10.040.334</b>	<b>21.946.655</b>	<b>21.994.780</b>	<b>25.976.122</b>
<b>Effect of currency fluctuations on cash.....</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>365.983</b>	<b>0</b>	<b>423.040</b>
<b>Cash and cash equivalents at year-end.....</b>	<b>10.875.465</b>	<b>8.211.516</b>	<b>15.947.149</b>	<b>28.087.732</b>	<b>22.664.822</b>	<b>33.136.208</b>