

Reykjavíkurborg

(City of Reykjavik)

Interim Financial Statement 1 January - 30 September 2021



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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 2021

	Reykjavik Municipal (A operation)			Reykjavik Group (A and B operations)		
	Interim		Interim	Interim	Interim	Interim
	Financial	Budget with	Financial	Financial	Interim Financial	Financial
	Statement	Annexes	Statement	Statement	Statement	Statement
	Jan-Sept 2021	Jan-Sept 2021	Jan-Sept 2020	Jan-Sept 2021	Jan-Sept 2021	Jan-Sept 2020
Operating revenue						
Tax revenues	82.971.307	78.186.762	76.523.587	82.459.834	77.669.247	76.037.401
Contributions from Municipal Equalisation Fund	5.881.955	5.673.304	5.626.449	5.881.955	5.673.304	5.626.449
Other revenues	14.676.014	15.832.137	11.731.535	60.588.284	61.818.665	54.035.136
Total operating revenues	103.529.276	99.692.203	93.881.571	148.930.073	145.161.217	135.698.985
Operating expenses						
Wage cost and wage-related expenses	63.486.839	59.744.217	55.738.340	73.556.418	70.483.724	65.571.973
Changes in pension obligations, LsRb*	2.512.500	2.625.000	1.312.500	2.516.140	2.625.000	1.266.204
Other operating expenses	38.219.722	39.348.991	34.637.078	45.538.090	48.389.564	43.139.020
Total operating expenses	104.219.061	101.718.208	91.687.918	121.610.648	121.498.287	109.977.197
Operating result before depreciation, EBITDA	(689.785)	(2.026.004)	2.193.653	27.319.425	23.662.929	25.721.788
Depreciation	(4.618.044)	(4.809.294)	(4.334.442)	(15.572.209)	(15.929.190)	(14.836.840)
Operating result before financial items.....	(5.307.829)	(6.835.299)	(2.140.789)	11.747.216	7.733.739	10.884.949
Net financial items	230.461	(285.577)	1.348.506	(5.010.171)	(7.148.154)	(16.346.862)
Operating result before tax, adjustments and effects of associated companies	(5.077.368)	(7.120.875)	(792.283)	6.737.046	585.585	(5.461.913)
Income tax	0	0	0	(4.615.224)	(2.256.666)	1.884.269
Value adjustment of investment properties	0	0	0	14.084.113	847.442	2.593.970
Share in associated companies' operating results	0	0	0	(3.967)	0	4.137
Minority interests	0	0	0	(673.601)	(514.886)	8.479
Operating results.....	(5.077.368)	(7.120.875)	(792.283)	15.528.367	(1.338.525)	(971.058)

* 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 September 2021

Assets

	Reykjavik Municipal (A operation)		Reykjavik Group (A and B operations)	
	Interim Financial Statement	Financial Statement	Interim Financial Statement	Financial Statement
	30.9.2021	31.12.2020	30.9.2021	31.12.2020
Fixed assets				
Intangible assets	0	0	2.900.085	2.837.134
Fixed tangible assets:				
Real estate	128.830.344	126.229.613	152.898.658	149.740.298
Utilities	0	0	330.785.276	327.722.589
Investment properties	0	0	116.044.506	99.050.188
Road systems	27.848.855	24.829.305	28.290.379	25.294.716
Machinery and equipment	6.309.995	5.975.225	11.303.851	10.988.240
Lease properties	5.052.175	5.534.792	6.729.869	7.199.429
	<u>168.041.369</u>	<u>162.568.935</u>	<u>646.052.538</u>	<u>619.995.460</u>
Investments and long-term receivables:				
Capital contributions and shares in companies	13.474.673	12.636.016	11.170.072	10.906.010
Pre-paid costs	8.956.283	9.233.481	9.401.527	9.692.533
Embedded derivatives	0	0	197.388	0
Derivative contracts	0	0	32.469	509.904
Deferred tax assets	0	0	2.730.637	6.675.003
Other long-term receivables	988.217	1.895.218	1.200.225	2.115.165
	<u>23.419.174</u>	<u>23.764.715</u>	<u>24.732.318</u>	<u>29.898.615</u>
Total fixed assets	<u>191.460.543</u>	<u>186.333.650</u>	<u>673.684.940</u>	<u>652.731.208</u>
Current assets				
Inventories	0	0	1.691.007	1.658.508
Short-term receivables:				0
Unclaimed revenues and receivables	14.675.302	13.229.684	20.721.288	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	769.025	302.076	858.652	406.764
Receivables from own companies	171.879	294.580	8.901	15.602
Pre-paid costs	388.081	388.081	683.011	631.496
Embedded derivatives	0	0	1.710.637	0
Derivative contracts	0	0	6.451	45.399
Other receivables	2.590.563	3.599.651	3.348.419	4.318.903
Bank deposits and marketable securities	0	0	13.195.338	14.866.902
Cash and cash equivalents	19.981.684	8.110.912	41.766.086	26.318.982
	<u>38.576.534</u>	<u>29.246.505</u>	<u>83.989.790</u>	<u>68.037.367</u>
Total current assets	<u>38.576.534</u>	<u>29.246.505</u>	<u>83.989.790</u>	<u>68.037.367</u>
Total assets	<u>230.037.077</u>	<u>215.580.155</u>	<u>757.674.730</u>	<u>720.768.575</u>

Statement of Financial Position 30 September 2021

Equity and liabilities

	Reykjavik Municipal (A operation)		Reykjavik Group (A and B operations)	
	Interim Financial Statement 30.9.2021	Financial Statement 31.12.2020	Interim Financial Statement 30.9.2021	Financial Statement 31.12.2020
Equity				
Equity account	86.745.720	91.823.088	342.253.935	325.268.859
Minority interest	0	0	13.026.933	12.525.975
Total equity	86.745.720	91.823.088	355.280.868	337.794.835
Obligations				
Pension obligations	37.765.498	36.934.152	38.403.276	37.593.179
Deferred tax liabilities	0	0	14.379.674	14.943.963
Capital contributions from state	0	0	2.881.403	1.960.151
Other obligations	0	0	67.411	242.335
Total obligations	37.765.498	36.934.152	55.731.763	54.739.627
Long-term liabilities				
Long-term debts	71.145.648	53.675.949	279.393.302	256.769.617
Current liabilities, own companies	0	3.189	0	780
Lease liabilities	9.960.602	10.330.342	11.531.051	11.892.725
Embedded derivatives in electricity contracts	0	0	0	4.907.730
Derivative contracts	0	0	822.932	571.981
Total long-term liabilities	81.106.249	64.009.479	291.747.285	274.142.833
Current liabilities				
Debts to credit institutions	64.096	535.606	64.239	953.930
Accounts payable	3.245.652	5.637.810	6.336.268	10.311.061
Embedded derivatives in electricity contracts	0	0	0	1.048.651
Next year's payments on long-term debts	2.797.521	2.124.277	17.874.200	19.419.176
Next year's payments on current liabilities, own companies	3.296	8.887	806	2.173
Next year's payments on lease liabilities	1.085.793	1.023.612	1.228.213	1.157.053
Pension obligations, short-term	2.250.000	2.250.000	2.283.000	2.283.000
Accounts payable to own companies	641.555	727.835	123.312	136.044
Prepayments	89.644	114.972	2.579.934	656.260
Derivative contracts	0	0	1.900.415	846.690
Other payables	14.242.052	10.390.437	22.524.426	17.277.242
Total current liabilities	24.419.610	22.813.436	54.914.813	54.091.281
Total liabilities and obligations	143.291.358	123.757.067	402.393.862	382.973.741
Total equity and liabilities	230.037.077	215.580.155	757.674.730	720.768.575

Statement of Cash Flows 1 January - 30 September 2021

	Reykjavik Municipal (A operation)			Reykjavik Group (A and B operations)		
	Interim		Interim	Interim		Interim
	Financial Statement Jan-Sept 2021	Budget with Annexes Jan-Sept 2021	Financial Statement Jan-Sept 2020	Financial Statement Jan-Sept 2021	Budget with Annexes Jan-Sept 2021	Financial Statement Jan-Sept 2020
Cash flows from operating activities						
Operating results.....	(5.077.368)	(7.120.875)	(792.283)	15.528.367	(1.338.525)	(971.058)
Adjustments not affecting cash flow:						
Gain on sold assets	(2.015.964)	(3.132.367)	(777.782)	(2.052.630)	(3.132.367)	(1.074.590)
Depreciation	4.618.044	4.809.294	4.334.442	15.586.735	15.929.190	14.836.840
Indexation, discounts and exch.rate differences	1.988.720	1.293.735	978.189	3.529.110	2.208.861	7.532.505
Embedded derivatives, change	0	0	0	(5.956.381)	(917.029)	2.752.080
Value adjustment of investment properties	0	0	0	(14.084.131)	(847.442)	(2.593.970)
Effect of own companies and minority interests	0	0	0	677.568	514.886	(12.616)
Changes in pension obligations	2.512.500	2.625.000	1.312.500	2.516.188	2.651.171	1.266.214
Changes in deferred taxes	0	0	0	4.615.224	471.099	(1.885.313)
Provision for losses	(381.850)	0	878.134	(381.850)	0	878.134
Working capital provided by operating activities	1.644.082	(1.525.212)	5.933.200	19.978.201	15.539.844	20.728.226
Changes in operating assets and liabilities:						
Inventories decrease (increase)	0	0	0	(32.432)	26.580	(217.246)
Current receivables (increase) decrease	(1.333.976)	(1.151.154)	(2.766.753)	(1.038.654)	(997.744)	(2.925.121)
Current liabilities (decrease) increase	1.375.750	256.619	1.874.312	3.726.801	235.701	5.595.887
Contributions to pension payments	(1.681.154)	(1.500.000)	(2.141.190)	(1.706.092)	(1.500.000)	(2.166.090)
Prepaid contribution to Brú pension fund, changes	277.197	288.334	288.334	291.543	290.884	302.663
Change in operating assets and liabilities	(1.362.182)	(2.106.201)	(2.745.297)	1.241.165	(1.944.579)	590.092
Net cash provided by operating activities	281.900	(3.631.413)	3.187.903	21.219.366	13.595.265	21.318.319
Investment activities						
Investments in fixed tangible assets	(11.300.589)	(19.226.121)	(9.985.930)	(23.738.383)	(36.286.361)	(23.616.975)
Investment in investment properties	0	0	0	(2.819.924)	(3.686.385)	(3.369.887)
Investments in intangible assets	0	0	0	(353.801)	(486.000)	(431.790)
Paid road construction fees	1.784.022	2.250.000	912.258	1.784.022	2.250.000	912.258
Sales of building rights	1.909.980	2.831.614	772.078	1.948.243	2.831.614	772.078
Proceeds from sale of fixed tangible assets	658.725	300.753	16.885	991.252	364.786	475.507
Change in shareholdings	(838.656)	(2.022.780)	(1.075.150)	(267.839)	(1.294.857)	(564.861)
Short-term investments	(25.328)	0	(244.615)	2.203.937	0	(1.799.470)
Restricted bank deposits	0	0	0	(5.432)	0	(36.126)
Long-term receivables, change	4.047.643	3.759.374	3.965.000	757.543	1.337.778	(947.929)
Investment activities	(3.764.203)	(12.107.159)	(5.639.474)	(19.500.382)	(34.969.426)	(28.607.195)
Financing activities						
Capital contributions from state	0	0	0	566.047	774.594	624.930
New long-term borrowings	18.618.959	24.080.000	5.600.565	30.838.448	36.877.912	24.043.117
New lease liabilities	0	0	941.326	61.652	0	980.720
Repayments of long-term liabilities	(2.014.724)	(1.461.299)	(1.356.948)	(15.474.557)	(14.568.483)	(11.929.257)
Payments on lease liabilities	(779.405)	(770.876)	(716.044)	(822.171)	(770.876)	(755.462)
Derivative contracts paid	0	0	0	0	(121.689)	(37.743)
Paid-in capital	0	0	0	325	(93.898)	283.880
Short-term borrowings, change	(471.510)	0	4.744	(1.180.143)	16.908	241.849
Dividends paid	0	0	0	(258.440)	(195.000)	(193.915)
Other financing activities	(244)	(0)	13.068	(244)	(0)	12.991
Financing activities	15.353.076	21.847.825	4.486.711	13.730.916	21.919.468	13.271.110
(Decrease) Increase in cash and cash equivalents.....	11.870.772	6.109.253	2.035.140	15.449.900	545.306	5.982.234
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	(1.814)
Effect of currency fluctuations on cash.....	0	0	0	(3.255)	0	365.983
Cash and cash equivalents at 30.09.2021.....	19.981.684	7.423.688	10.875.465	41.766.086	17.757.281	27.471.702