

Isavia ohf.

Condensed Consolidated
Interim Financial Report

1.1. - 30.06.2020

Isavia Ltd.
Reykjavik Airport
102 Reykjavik
id.no. 550210-0370

Isavia ohf.

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Review Report on Interim Financial Information

To the Board of Directors and shareholders of Isavia ohf.

We have reviewed the accompanying Condensed Consolidated Interim Financial Statements of Isavia ohf. for the period January 1st to June 30th 2020, which comprise the Statement of the Board of Directors, Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and Statement of Cash Flows and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of the Consolidated Interim Financial Statements in accordance with International Financial Reporting Standards IAS 34 for Interim Financial Reporting as adopted by the European Union.

Auditor's Responsibility

Our responsibility is to express a conclusion on these Consolidated Interim Financial Statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements, ISRE 2410. 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 accompanying Consolidated Interim Financial Statements does not give a true and fair view of the financial position of the entity as at June 30th 2020, and of its financial performance and its cash flows for the six-month period then ended in accordance with International Financial Reporting Standards for Interim Financial Reporting IAS 34 as adopted by the European Union.

Emphasis of matter

Without qualifying our opinion, we draw attention to Note 11 to the financial statements which describes the uncertainty of the recovery of a claim due to value added tax from the Icelandic Revenue and Customs office and Note 15 which describes negative impact of Covid-19 on Isavia ohf. and its subsidiaries performance for the year 2020.

The Icelandic National Audit Office, September 24th, 2020

Hinrik Þór Harðarson

State Authorized Public Accountant

Statement by the Board of Directors

Isavia ohf. is a government owned limited company and complies with the Icelandic Limited Companies Act, No. 2/1995. Isavia ohf. owns and operates Keflavik Airport and operates the domestic airports in Iceland under a service agreement with the Ministry of Transport and Local Government. Ownership and maintenance of the domestic airports' infrastructure is under state control. The company also manages air traffic in the Icelandic air traffic control area. Isavia ohf. is a service company in airport operations and navigation and lays the foundation for Iceland's air transport.

The Interim Financial Statements include the consolidated financial statements of Isavia ohf. and its subsidiaries, Duty Free Store ehf, Isavia ANS ehf., Isavia Innanlandsflugvöllir ehf., Tern Systems ehf, Domavia ehf. and Suluk ApS. for the period 1.1 – 30.6.2020. The Interim Financial Statements have been prepared in accordance with International Financial Reporting Standard IAS 34 on Interim Financial Statements.

According to the Income Statement the Company's operating revenues, amounted to ISK 8.607 million for the period. The Company's comprehensive net loss of the period amounted to ISK 7.608 million. At the end of the period the Company's assets amount to ISK 86.223 million in the end of June 2020. Total Equity amounted to ISK 32.829 million. The Company's equity ratio in the period is 38,07%

There was one shareholder in the Company, the Treasury of Iceland, at the end of the period.

In the opinion of the Board of Directors and the Managing Director of Isavia ohf. these Interim Financial Statements contain all necessary information to evaluate the financial position of the company 30.6.2020 operating results and the financial developments during the period 1.1 - 30.06 2020.

It should be noted that there is uncertainty about the treatment of submitted VAT to Directorate of internal revenues for the period September 2016 to December 2018. However, as of early 2019 the uncertainty no longer exists due to amendment to the VAT Act. A further discussion can be found in note 11. In the same note, there is a discussion of the Company's claim concerning unpaid user charges from Wow air before the company's bankruptcy.

The Covid 19 pandemic started to impact Isavia's operations at the end of the first quarter. The impact will be significant on the Company's Financial performance. All planning and forecasting are now based on uncertain assumptions as conditions in the group's operational environment are changing rapidly and in an unpredictable manner under these circumstances. It is estimated that the negative impact of Covid-19 on Isavia and its subsidiaries total comprehensive income in 2020 could be around ISK 15 to 16 billion.

It is the opinion of the Board of Directors and Managing Director that accounting policies used are appropriate and these Condensed Consolidated Financial Statements present all the information necessary to give an overview of development and results in Company's operating performance, as well as describing the principal risk and uncertainty factors faced by the Company.

The Board of Directors and Managing Director of Isavia ohf. hereby confirm the Consolidated Interim Financial Statements for the period that ends 30.6 2020 with their signatures.

Reykjavík, September 24th 2020

Board of Directors

Orri Hauksson
Chairman of the Board

Eva Pandora Baldursdóttir

Matthías Páll Imsland

Nanna Margrét Gunnlaugsdóttir

Valdimar Halldórsson

Managing director

Sveinbjörn Indriðason

Consolidated Statements of Comprehensive Income 1.1- 30.06 2020

	Notes	Consolidation	
		1.1 - 30.06.2020	1.1 - 30.06.2019
Operating revenues	4	8.607.375	18.161.710
Cost of goods sold		(1.171.171)	(2.985.230)
Salaries and related expenses	5	(8.210.227)	(9.479.644)
Administrative expenses		(200.026)	(287.531)
Other operating expenses		(2.214.339)	(2.359.869)
Allowances for doubtful accounts		(145.687)	(2.084.840)
Operating (loss) profit before depreciation and amortization		<u>(3.334.075)</u>	<u>964.596</u>
Depreciation and amortization	7,8,9	(1.944.015)	(1.907.001)
Operating (loss)		<u>(5.278.090)</u>	<u>(942.406)</u>
Financial income	6	98.873	145.794
Financial expenses	6	(598.245)	(580.945)
Net exchange rate differences	6	(3.722.718)	(1.795.411)
(Loss) profit before taxes		<u>(9.500.180)</u>	<u>(3.172.967)</u>
Income tax		1.891.975	648.681
Total comprehensive income for the period		<u><u>(7.608.205)</u></u>	<u><u>(2.524.286)</u></u>

Consolidated Statements of Financial Position June 30th 2020

Assets	Notes	Consolidation	
		30.06.2020	31.12.2019
Non-current assets			
Property, plant and equipment	7	57.245.833	57.549.596
Intangible assets	8	4.643.188	4.736.573
Right of use asset	9	138.918	167.222
Bonds		93.906	116.587
		<u>62.121.845</u>	<u>62.569.978</u>
Current assets			
Inventories		494.814	589.823
Accounts receivables	11	1.448.597	2.309.563
Current maturities of long-term assets		38.555	38.062
Other receivables	11	6.001.423	5.968.896
Bank balances and cash		16.117.526	9.166.641
		<u>24.100.913</u>	<u>18.072.985</u>
Total assets		<u>86.222.758</u>	<u>80.642.963</u>
Equity and liabilities			
Equity			
Share capital	12	9.559.063	5.589.063
Statutory reserves		2.483.798	2.483.798
Revaluation reserves		41.698	42.360
Retained earnings		20.744.748	28.350.724
		<u>32.829.307</u>	<u>36.465.945</u>
Non-current liabilities			
Loans from credit institutions	13	44.667.225	32.711.473
Lease agreements	9	86.610	111.548
Deferred tax liabilities	14	159.705	2.054.905
		<u>44.913.540</u>	<u>34.877.925</u>
Current liabilities			
Accounts payable		1.159.393	2.336.079
Current maturities of loans from credit institutions	13	2.869.678	3.339.425
Current maturities of lease agreements	9	55.989	58.506
Current tax liabilities	7	3.225	380.618
Other current liabilities		4.391.625	3.184.464
		<u>8.479.911</u>	<u>9.299.092</u>
Liabilities		<u>53.393.451</u>	<u>44.177.018</u>
Total equity and liabilities		<u>86.222.758</u>	<u>80.642.963</u>

Consolidated Statement of Changes in Equity 1.1.- 30.06.2020

	Share Capital	Statutory Reserves	Revaluation-Reserves	Retained earnings	Total Equity
Opening balance at January 1st, 2019	5.589.063	2.483.798	43.684	27.150.903	35.267.448
Depreciation of revaluation	0	0	(662)	662	0
Translation differences	0	0	0	379	379
Comprehensive income	0	0	0	(2.524.286)	(2.524.286)
Balance at June 30th, 2019	5.589.063	2.483.798	43.022	24.627.658	32.743.541
Opening balance at January 1st, 2020	5.589.063	2.483.798	42.360	28.350.724	36.465.945
New share capital	3.970.000	0	0	0	3.970.000
Depreciation of revaluation	0	0	(662)	662	0
Translation difference	0	0	0	1.567	1.567
Comprehensive income	0	0	0	(7.608.205)	(7.608.205)
Balance at June 30th, 2020	9.559.063	2.483.798	41.698	20.744.748	32.829.307

No dividends were paid to shareholders for the period. All shares have been fully paid.

Consolidated Statement of Cash Flows 1.1 - 30.06.2020

		Consolidation	
	Notes	1.1.-30.06.2020	1.1.-30.06.2019
Cash flows from operating activities			
Operating (loss) profit		(5.278.090)	(942.406)
Depreciation and amortization	7,8,9	1.944.015	1.907.001
Short term assets - change of provision		190.050	2.080.801
Gain on disposal of assets		0	546
Operating cash flow before transfer to working capital		<u>(3.144.025)</u>	<u>3.045.942</u>
Changes in inventories		48.967	(73.211)
Changes in operating assets		715.966	(1.512.775)
Changes in operating liabilities		(377.629)	865.853
Cash generated from operations		<u>(2.756.721)</u>	<u>2.325.808</u>
Interest earned		68.923	88.216
Finance costs paid		(253.780)	(490.796)
Income taxes paid		(198.772)	(381.718)
Net cash generated from operating activities		<u>(3.140.350)</u>	<u>1.541.511</u>
Investing activities			
Investments of property, plant and equipment	7,8	(1.516.633)	(1.873.913)
Installments on bonds		26.027	25.797
		<u>(1.490.606)</u>	<u>(1.848.116)</u>
Financing activities			
New bank loans raised		7.792.000	0
Instalments of long-term debt		(502.310)	(564.298)
Installments of leases		(29.360)	(29.252)
Paid-in share capital		3.970.000	0
		<u>11.230.330</u>	<u>(593.550)</u>
Net change in cash and cash equivalents		6.599.374	(900.155)
Cash and cash equivalents at the beginning of the period		9.166.641	5.436.127
Effect of foreign exchange rates		351.511	43.490
Cash and cash equivalents at the end of the period		<u>16.117.526</u>	<u>4.579.462</u>

Notes

1. General information

Isavia ohf. (The Company) was established in the beginning of 2010 with a merger between Flugstodir ehf. and Keflavíkurlflugvöllur ehf. Isavia ohf. is a government owned private limited company and complies with the Icelandic limited companies law No. 2/1995. The Company's domicile and venue are Reykjavík Airport.

Isavia ohf. is the national operator of airports and air navigation services in Iceland. The Company ensures flight safety and airport security in accordance with recognized international standards and operating licenses issued and supervised by the Icelandic Transport Authority.

The Consolidated Financial Statements of Isavia ohf. consist of the Parent Company and its subsidiaries. Companies within the consolidation are in addition to Isavia ohf., Isavia ANS ehf., Isavia Innanlands ehf., Duty Free Store ehf., Tern Systems ehf., Domavia ehf. and Suluk ApS in Greenland. Together referred to as "The Company"

2. Summary of Significant Accounting Policies

Statement of compliance

The Condensed Consolidated Interim Financial Statements for the period of January 1st to June 30th, 2020 have been prepared in accordance with IAS 34, as adopted by the European Union. Condensed Interim Financial Statements does not include all the information required in the final financial statements and should be read in conjunction with the Consolidated Financial Statement for the year 2019.

The Interim Financial Statements has been prepared according to the same accounting principles as previous year 2019. The financial statements can be accessed from the company headquarters or on its website; www.isavia.is.

The fundamental accounting principles

The Condensed Consolidated Interim Financial Statements are presented in Icelandic krona (ISK), which is the functional currency of the Company. The Condensed Consolidated Interim Financial Statements have been prepared on an historical cost basis except one certain financial asset is revalued.

3. Significant accounting judgements and key sources of estimation uncertainty

In preparing of the Consolidated Financial Statements, managers must, in accordance with International Financial Reporting Standards, make decisions, assess, and draw conclusions that affect assets and liabilities on accounting date, disclosures, income and expenses. Assessment and conclusions are based on historical experience and various other factors that are considered relevant and form a basis for the decisions taken on the book value of assets and liabilities that cannot be found by other means.

Assessments and assumptions are regularly reviewed. Changes in accounting estimates are recognized in the period in which they occur.

Administrators have made assumptions and accounting estimates on the following items that have significant impact on the financial statement

- Property, plant, and equipment
- Intangible assets
- Inventories
- Accounts receivables
- Deferred tax liabilities

4. Revenues

The consolidated composition of revenues, is specified as follows:

	1.1.-30.06.2020	1.1.-30.06.2019
Revenue from air navigation	3.179.073	3.503.604
Revenue from domestic airports	908.184	1.251.428
Revenue from Keflavik airport	2.055.959	7.173.822
Revenue from other functionals	70.272	59.360
Revenue from sales	2.287.337	6.132.435
Other revenues	106.551	41.061
	<u>8.607.375</u>	<u>18.161.710</u>

Notes

5. Salaries and related expenses

	1.1.-30.06.2020	1.1.-30.06.2019
Salaries	6.418.485	7.198.651
Salary-related expenses	1.609.487	1.732.787
Other salary- and employee expenses	182.255	548.206
	<u>8.210.227</u>	<u>9.479.644</u>

6. Financial income and expenses

Financial income

	1.1.-30.06.2020	1.1.-30.06.2019
Interest on bank deposits	53.769	68.712
Interest revenue on investments held to maturity	4.255	6.372
Other interest revenue	40.850	70.710
	<u>98.873</u>	<u>145.794</u>

Financial expenses

	1.1.-30.06.2020	1.1.-30.06.2019
Interest expense and indexation	(576.098)	(543.463)
Debt collection fee	(20.893)	(36.496)
Interest on late payments	(1.254)	(986)
	<u>(598.245)</u>	<u>(580.945)</u>

Net exchange rate differences

	1.1.-30.06.2020	1.1.-30.06.2019
Net exchange rate differences	<u>(3.722.718)</u>	<u>(1.795.411)</u>

7. Property, plant and equipment

	Buildings and artwork	Loading bridges and car parks	Fixtures and machinery	Other assets	Total
Cost					
Balance at beginning of period	37.416.722	19.136.810	3.781.516	16.856.645	77.191.693
Additions	644.067	367.645	2.900	421.007	1.435.619
Disposals	(19.719)	0	0	(151.841)	(171.560)
Balance at end of period	<u>38.041.071</u>	<u>19.504.455</u>	<u>3.784.416</u>	<u>17.125.811</u>	<u>78.455.753</u>
Accumulated depreciation					
Balance at beginning of period	8.918.303	3.223.573	1.666.778	5.833.443	19.642.097
Charge for the period	485.493	395.282	162.908	695.700	1.739.382
Disposals	(19.719)	0	0	(151.841)	(171.560)
Balance at end of period	<u>9.384.077</u>	<u>3.618.855</u>	<u>1.829.686</u>	<u>6.377.301</u>	<u>21.209.920</u>
Book value					
Book value at beginning of period	28.498.419	15.913.237	2.114.738	11.023.202	57.549.596
Book value at end of period	<u>28.656.993</u>	<u>15.885.600</u>	<u>1.954.731</u>	<u>10.748.509</u>	<u>57.245.833</u>

Notes

8. Intangible assets and amortization

Consolidation	Usage agreement on facilities	Usage agreement on runways	Software and Development cost	Total
Cost				
Balance at beginning of period	477.035	5.706.000	1.214.512	7.397.547
Additions	0	0	81.038	81.038
Balance at end of period	477.035	5.706.000	1.295.550	7.478.585
Amortization				
Balance at beginning of period	174.954	2.092.688	393.333	2.660.974
Charge for the period	7.950	95.087	71.386	174.423
Balance at end of period	182.903	2.187.775	464.719	2.835.397
Book value				
Book value at beginning of period	302.081	3.613.312	821.180	4.736.573
Book value at end of period	294.132	3.518.225	830.831	4.643.188
Depreciation rates	3,3%	3,3%	0-10%	

Due to the development of software intended for sale on the global market in the coming years, the development cost amounts to approximately ISK 62,5 million which was capitalized in calendar years 2012 to 2015. The software development was completed in the second half of calendar year 2015 and are available for sale and already in use by clients. The Company has assessed the recoverable amount of this intangible asset and determined that this asset has not suffered an impairment loss. Other software is purchased, and its estimated lifespan is 3-20 years.

According to an agreement between Keflavik International Airport Ltd., now Isavia Ltd. and The Icelandic Defense Agency, now the Icelandic Coast Guard, signed on April 22nd 2009, the Company would take over certain NATO inventory airport facilities and equipment at Keflavik from the beginning of 2009 for the next 30 years. No fees will be charged for the usage, but the Company must cover all costs of daily operations and maintenance expenses, to ensure the conditions are in accordance with the regulated standards by The International Civil Aviation Organization. On behalf of NATO inventory, the Icelandic Coast Guard has the right to use these facilities of which the usage rights are recognized proportionately over the lease term.

9. Leases

Right-of-use assets	Property	Other	Total
Recognised on initial application, January 1st 2020	151.293	15.929	167.222
Adjustments for indexed leases	1.906	0	1.906
Depreciation	(28.407)	(1.803)	(30.210)
Balance at end of period	124.792	14.126	138.918

Amounts recognised in income statement	1.1-30.6 2020	1.1-30.6 2019
Depreciation expense from right-of-use assets	30.210	30.929
Interest expense on lease liabilities	3.476	3.600
Total amount recognised in income statement	33.686	34.529

Lease liabilities

Maturity analysis, undiscounted lease payments	30.6 2020	31.12 2019
Not later than 1 year	61.417	65.156
Later than 1 year and not later than 5 years	61.848	88.398
Later than 5 year	75.732	75.644
	198.996	229.199

Notes

10. The Consolidation

The Consolidated Financial Statements of Isavia Ltd. consists of the parent company and the following subsidiaries:

	Ownership%	Nominal amount	Principal activity
Shares in subsidiaries			
Domavia ehf., Reykjavik	100,00%	500	Real estate business
Duty Free Store ehf., Keflavik Airport	100,00%	50.000	Retail and commerce
Isavia ANS ehf., Reykjavik Airport	100,00%	500	Domestic airport operations
Isavia Innanlandsflugvöllir ehf., Reykjavik Airport	100,00%	500	Air traffic control services
Suluk ApS, Greenland	100,00%	1.999	Services of air traffic controllers
Tern Systems ehf., Kopavogur	100,00%	80.000	Software and consulting

11. Other financial assets

Accounts receivables

	30.06.2020	31.12.2019
Domestic receivables	3.515.448	4.054.592
Foreign receivables	161.447	406.050
Allowances for doubtful accounts	(2.296.766)	(2.151.079)
Receivables joint finance agreement	68.469	0
	<u>1.448.597</u>	<u>2.309.563</u>

Allowance has been made for doubtful accounts. This allowance has been determined by management in reference to past default experience. Value of allowance for doubtful accounts are valued in accordance with IFRS 9 and is following:

The company assesses the allowance for doubtful accounts based on the probability of default occurring any time during the life of the receivables. Accounts receivables are divided into age groups and impairment loss estimated for each group that is based on experience of previous years, management estimate's and future prospects in the client's economic environment. It is the opinion of the Company's management that the carrying amount of accounts receivables and other receivables reflect their fair value.

The Company is of the opinion that objective evidence of impairment is present if the information from the Company or outside parties indicate that the debtor is in financial difficulties or if receivables are more than 90 days past due.

On 28th of March 2019, Isavia provisioned authority to prevent departure on aircraft operated by Wow air based on unpaid accumulated fees due to the airline operation at Keflavik Airport. The cessation was used in accordance with 1st paragraph of Article 136 of the Icelandic Aviation Act No 60/1998. The authority to prevent departure was applied for the airline for all unpaid accrued fees and used in accordance with Article 136, previous judgements, and the application of the provision in previous years. The owner of the aircraft filed a lawsuit at the Reykjanes District Court trying to overturn the aircraft cessation which in the end the district court ruled and ordered that the cessation permit should be lifted after the aircraft owner had paid the accumulated fees belonging to the particular aircraft. Isavia was not given the opportunity to appeal the ruling to a higher court level for review which, in the Company's opinion, was significantly objectionable considering the interests that existed and the higher judicial authority had previously ruled in the Company's favor. Although that ruling was unmarked for legal reasons, the opinion of a higher judicial authority remains. Due to the fact that the equivalent of a collateral for payment of accumulated fees was lost as a result of the ruling of the Reykjanes District Court, it was considered appropriate to write-down the claim in the amount of ISK 2.047,7 million last year. That write-down, however, does not change the Company's view that the decision of the District Court on the refusal to postpone the legal effect in that ruling is significantly objectionable. Isavia started a Court proceeding against the owner of the aircraft and the State Treasury for damages in the implementation of legal execution of the aircraft and it is assumed that the court proceedings will take place before the end of year 2020.

Other receivables

	30.06.2020	31.12.2019
Value added tax of previous years	5.196.837	5.198.379
Value added tax	158.785	203.237
Prepaid expenses	183.671	197.911
Other receivables	462.130	369.368
	<u>6.001.423</u>	<u>5.968.896</u>

Notes

11. Other financial assets (continued)

The Company's claim for value added tax of previous years consists mainly of unprocessed VAT reports from the Directorate of Internal Revenue for the period September 2016 to December 2018. The Directorate of Internal Revenue has questioned the validity of the assumption of value added tax registration that the Company serves international flights at Keflavik Airport, according to article 12 in the Act on Value Added Tax, and the Company does not therefore have the right to use a zero tax rate method and get VAT refunded from purchased supplies and services at the same time. The Company on the other hand believes that this important assumption was in place when the Company was established. The Company has made its argument and the claim is still in administrative proceedings.

If the ruling of the matter becomes unfavorable for the Company, the impact can be significant. The estimated effect on the financial statements for the period January 1st - June 30th, 2020 would be an increase in tangible fixed assets by ISK 4.623 million while the corresponding decrease in other short-term claims is the same. There will also be a decrease ISK 690 million in equity after considering tax effects.

Changes have been made to the Value Added Tax Act that eliminates all doubt about the Company's authorization to apply the methodology that has been applied since the establishment of the Company. This change came into force on January 1st, 2019. Different interpretations of the Company and the Director of Internal Revenue on the provisions of the VAT act now only relate to the submission of value added tax reports for the period from September 2016 to December 2018 or until the time the amendment to the Act came into force.

12. Equity

Share capital is specified as follows:

	Shares	Ratio	Amount
Total share capital at end of period	9.559.063	100,0%	9.559.063

Paid in share capital for the period amounts 3.970 million ISK. Each share of one ISK carries one vote. The Ministry of Finance carries the voting rights on behalf of the Icelandic Treasury. All shares have been paid in full.

13. Long term borrowings

	Loans from credit institutions	
	30.06.2020	31.12.2019
Debts in EUR	40.501.114	30.399.800
Debts in ISK	7.035.789	5.651.098
	47.536.903	36.050.897
Amount due for settlement within 12 months	(2.869.678)	(3.339.425)
Non-current liabilities at end of period	44.667.225	32.711.473

Installments of non-current liabilities are specified as follows:

	Loans from credit institutions	
	30.06.2020	31.12.2019
Installments 1.7.2020 - 30.6.2021 / 1.1.2020 - 31.12.2020	2.869.678	3.339.425
Installments 1.7.2021 - 30.6.2022 / 1.1.2021 - 31.12.2021	5.800.457	5.171.750
Installments 1.7.2022 - 30.6.2023 / 1.1.2022 - 31.12.2022	3.673.456	1.432.636
Installments 1.7.2023 - 30.6.2024 / 1.1.2023 - 31.12.2023	2.194.834	1.698.372
Installments 1.7.2024 - 30.6.2025 / 1.1.2024 - 31.12.2024	9.095.897	7.868.610
Installments later	23.902.581	16.540.105
	47.536.903	36.050.897

Notes

14. Deferred tax liability

	Deferred tax liabilities
Opening balance at beginning of period	2.054.905
Income tax payable for the period	(3.225)
Calculated income tax for the period	(1.891.975)
Balance at end of period	159.705

Deferred tax balances consist of the following account balances:

	Deferred tax liabilities
Property, plant, and equipment	2.644.962
Current assets	(420.364)
Deferred exchange rate difference	(532.469)
Other items	(12.675)
Tax loss carried forward	(1.519.749)
	159.705

15. Other obligations

The Covid 19 pandemic started to impact Isavia's operations at the end of the first quarter. The impact will be significant on the Company's Financial performance. All planning and forecasting are now based on weak assumptions as conditions in Consolidations operational environment are changing rapidly and in an unpredictable manner under these circumstances. It is estimated that the negative impact of Covid-19 on Isavia and its subsidiaries performance by 2020 could be around ISK 15 til 16 billion.

At the end of last year, a decision was made to partition Isavia's parent company. The Operation of Air Navigation services and the Operation of the Domestic Airport have now been placed in separate subsidiaries. The partition is expected to be completed before the end of September 2020, but the partition will take effect from 1 January 2020

16. Approval of financial interim statements

The Condensed Consolidated Interim Financial Statements were approved by the Board of Directors on September 24th, 2020.