

Isavia ohf.

Condensed Consolidated Interim Financial Report

1.1 - 30.6 2023

The Condensed Consolidated Interim Financial Report are translated from the original which is in Icelandic. Should there be discrepancies between the two versions, the Icelandic version will take priority over the translated version.

Isavia ohf.
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1.1 - 30.6 2023

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Statement by the Board of Directors and Managing Director

Isavia ohf. (“the consolidated company”) is a state-owned limited company and operates on the basis of Act No. 2/1995 on limited companies. Its domicile is at Keflavik airport and its venue is in Hafnarfjörður.

The purpose of the Isavia Group is aviation-related services and the operation and development of the country's airports. The Consolidated Interim Financial Statements of Isavia ohf. includes, in addition to the parent company, the subsidiaries Isavia ANS ehf., Isavia Innanlandsflugvöllir ehf. and Fríhöfnin ehf. Isavia ANS ehf. owns the subsidiaries Tern Systems ehf. and Suluk ApS and Tern Systems ehf. owns the subsidiary Tern Branch Hungary.

This condensed consolidated interim financial report has been prepared in accordance with Accounting Standard IAS 34 Interim Financial Reporting. The Condensed Consolidated Interim Financial Statements are presented in Icelandic krona (ISK), which is the functional currency of the Consolidation. All amounts are in ISK thousands, unless stated otherwise.

Operations for the period January to June 2023

According to the statement of income and expenditure of Isavia ohf., total operating income for the period amounted to ISK 20.085 million (1.1-30.6 2022: ISK 15.813 million). The loss for the period amounted to ISK 221 million (1.1-30.6 2022: ISK 501 million gain). The positive exchange rate difference amounted to ISK 742 million (1.1-30.6 2022: ISK 2.154 million positive exchange rate). Wages and other staff costs for the period amounted to ISK 11.313 million (1.1-30.6 2022: ISK 9.639 million). The average number of staff for the period was 1.319 (1.1-30.6 2022: 1.146).

On June 30th 2023, the total assets of Isavia group amounted to ISK 102.387 million (31.12.2022: ISK 94.278 million). Total equity at June 30th 2023 amounted to ISK 41.741 million (31.12.2022: ISK 41.962 million) and the equity ratio for the group on June 30th 2023 was 40,77% (31.12.2022: 44,51%).

Attention is called to the write-down of claims, including the write-down due to the collapse of WOW air in 2019. Reference is made to note 11 in the notes regarding this issue.

The number of passengers passing through Keflavik Airport increased by over 46% between January and June 2023 compared to the same period in 2022, which was in line with the company's plans. The number of passengers who passed through Keflavik Airport was around 3,4 million in the period January to June 2023, compared to 2,3 million passengers for the same period in 2022. Official quarantine measures due to the covid epidemic were still present in the first quarter of 2022, which has a considerable impact on the comparison of between periods.

The company took out a loan from Nordic Investment Bank during the period amounting to 50 million euros, to support the development of Keflavik Airport, but interest rates on the capital markets have increased significantly and the increase in capital balance between periods amounted to 302 million ISK.

Share capital

The share capital on June 30th 2023 amounted to ISK 24.559 million (31.12.2022: ISK 24.559 million). The National Treasury is the sole shareholder in the company at June 30th 2023 same as at the year end 2022.

Future prospects

The company's future prospects are stable and the company's passenger forecast for 2023 expect that the year's passengers will be more than in 2019 and that Keflavik Airport has fully recovered following the covid pandemic. The company's plans assume continued passenger growth, although proportionate annual growth will balance below 10% in the coming years. It is important that the company uses all means to increase economies of scale in operations to support the necessary development of infrastructure at Keflavik Airport that is planned in the coming years.

The company completed its first bond issue in the first half of 2023. The process ended in August and the company issued unregistered bonds in the amount of 175 million euros. More information can be found in note 16.

Statement by the Board of Directors and Managing Director

The statement of the Board and Managing Director

It is the opinion of the Board and the Managing Director of Isavia ohf. that the condensed consolidated interim financial statement is in accordance with IAS 34, Interim Financial Reporting, as adopted by the EU and additional requirements in the Icelandic Financial Statement Act. Furthermore it is the opinion of the Board and the Managing Director that the consolidated interim financial statement give a clear overview of the development and achievements of the company in the period January to June 2023, and the main areas of uncertainty in its environment.

The Board and Managing Director have reviewed and approved the Consolidated Interim Financial Accounts of the company for the period January 1st and ends June 30th 2023 with their signatures and propose that the Annual General Meeting of the company approve the consolidated accounts.

Hafnarfjörður, September 18th 2023

Board of Directors

Kristján Þór Júlíusson
chairman of the Board

Hólmfríður Árnadóttir

Hrólfur Ölvisson

Jón Steindór Valdimarsson

Nanna Margrét Gunnlaugsdóttir

Managing Director

Sveinbjörn Indriðason

Report on Review of Interim Financial Report

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 2023, 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 2023, 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.

The Icelandic National Audit Office, September 18th, 2023

Hinrik Þór Harðarson

State Authorized Public Accountant

Consolidated Statements of Comprehensive Income 1.1 - 30.6 2023

	Notes	Consolidation	
		1.1 - 30.6 2023	1.1 - 30.6 2022
Operating revenues	4	20.084.631	15.812.785
Cost of goods sold		(3.480.764)	(2.503.827)
Salaries and related expenses	5	(11.313.090)	(9.639.037)
Administrative expenses		(365.125)	(269.599)
Other operating expenses		(3.148.857)	(2.432.813)
		<u>(18.307.836)</u>	<u>(14.845.276)</u>
Operating profit before depreciation and amortization		1.776.795	967.509
Depreciation and amortization	7,8,9	(1.946.086)	(1.952.830)
Operating loss		<u>(169.291)</u>	<u>(985.321)</u>
Financial income	6	325.630	166.100
Financial expenses	6	(1.163.103)	(701.312)
Net exchange rate differences	6	742.208	2.153.926
		<u>(264.556)</u>	<u>633.394</u>
(Loss) profit before taxes		43.959	(132.480)
Income tax			
Total comprehensive income for the period		<u><u>(220.597)</u></u>	<u><u>500.914</u></u>

Consolidated Statements of Financial Position June 30th 2023

Assets	Notes	Consolidation	
		30.6 2023	31.12 2022
Non-current assets			
Property, plant and equipment	7	77.735.793	71.304.316
Intangible assets	8	3.912.479	4.034.412
Right of use asset	9	252.596	289.041
Shares in other companies		5.000	5.000
Bonds and long-term assets		1.112.333	1.499.630
Deferred tax asset	14	1.415.236	1.370.781
		<u>84.433.437</u>	<u>78.503.180</u>
Current assets			
Inventories		921.408	581.817
Accounts receivables	11	4.139.768	3.413.079
Current maturities of bonds and long-term assets		499.960	498.865
Other receivables	11	2.372.258	1.785.732
Bank balances and cash		10.020.378	9.494.864
		<u>17.953.772</u>	<u>15.774.357</u>
Total assets		<u>102.387.209</u>	<u>94.277.537</u>
Equity and liabilities			
Equity			
Share capital	12	24.559.063	24.559.063
Statutory reserves		2.483.798	2.483.798
Revaluation reserves		37.727	38.389
Retained earnings		14.660.884	14.880.906
		<u>41.741.473</u>	<u>41.962.156</u>
Non-current liabilities			
Loans from credit institutions	13	48.148.395	42.372.010
Lease agreements	9	149.170	194.284
		<u>48.297.565</u>	<u>42.566.294</u>
Current liabilities			
Accounts payable	15	6.389.083	4.705.041
Current maturities of loans from credit institutions	13	2.024.198	1.758.655
Current maturities of lease agreements	9	117.407	108.594
Current tax liabilities	14	0	749
Other current liabilities	15	3.817.483	3.176.049
		<u>12.348.171</u>	<u>9.749.087</u>
Liabilities		<u>60.645.736</u>	<u>52.315.381</u>
Total equity and liabilities		<u>102.387.209</u>	<u>94.277.537</u>

Consolidated Statement of Changes in Equity 1.1- 30.6 2023

	Share Capital	Statutory Reserves	Revaluation-Reserves	Retained earnings	Total Equity
Opening balance at January 1st, 2022	18.559.063	2.483.798	39.712	15.496.253	36.578.827
Depreciation of revaluation	0	0	(662)	662	0
Translation differences	0	0	0	(1.546)	(1.546)
Comprehensive income	0	0	0	500.914	500.914
Balance at June 30th, 2022	18.559.063	2.483.798	39.050	15.996.284	37.078.195
Opening balance at January 1st, 2023	24.559.063	2.483.798	38.389	14.880.906	41.962.156
Depreciation of revaluation	0	0	(662)	662	0
Translation difference	0	0	0	(86)	(86)
Comprehensive income	0	0	0	(220.597)	(220.597)
Balance at June 30th, 2023	24.559.063	2.483.798	37.727	14.660.884	41.741.473

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

Consolidated Statement of Cash Flows 1.1 - 30.6 2023

	Notes	Consolidation	
		1.1 -30.6 2023	1.1 -30. 6 2022
Cash flows from operating activities			
Operating loss		(169.291)	(985.321)
Depreciation and amortization	7,8,9	1.946.086	1.952.830
Short term assets - change of provision		13.028	(69.933)
Loss on disposal of assets		(401)	(376)
Operating cash flow before transfer from working capital		1.789.422	897.200
Changes in inventories		(343.614)	(140.835)
Changes in operating assets		(810.076)	(1.281.854)
Changes in operating liabilities		2.058.103	2.391.722
Cash generated from operations		2.693.836	1.866.232
Interest received		15.737	79.405
Finance costs and foreign exchange rates paid		(1.047.914)	(884.297)
Net cash generated from operating activities		1.661.658	1.061.341
Investing activities			
Investments of property, plant and equipment	7,8	(8.196.737)	(6.457.059)
Instalments on bonds		390.657	27.270
Purchased shares in other companies		0	(5.000)
Investing activities		(7.806.080)	(6.434.788)
Financing activities			
New bank loans raised	13	9.035.000	0
Instalments of long-term debt	13	(2.226.567)	(649.194)
Instalments of leases		(56.861)	(47.611)
Financing activities		6.751.573	(696.805)
Net change in cash and cash equivalents		607.151	(6.070.253)
Cash and cash equivalents at the beginning of the period		9.494.864	14.682.766
Effect of foreign exchange rates on cash and cash equivalents		(81.637)	(94.957)
Cash and cash equivalents at the end of the period		10.020.378	8.517.556

Notes

1. General information

Isavia ohf. is a government owned private limited company and complies with the Icelandic limited companies law No. 2/1995. The Company's domicile is Keflavíkflugvöllur and it's venue is Hafnarfjörður.

Isavia, along with its subsidiaries, operates and maintains all airports in Iceland, and it also operates air traffic control in the Icelandic aviation area.

The Condensed Consolidated Financial Interim 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 Innanlandsflugvellir ehf., Duty Free Store ehf., Tern Systems ehf., Tern Hungary and Suluk ApS in Greenland.

2. The fundamental accounting principles

The Condensed Consolidated Interim Financial Statements for the period of January 1st to June 30th, 2023 have been prepared in accordance with IAS 34, as adopted by the European Union, and additional requirements in the Act on Annual Accounts. The Condensed Consolidated 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 2022.

The Interim Financial Statements has been prepared according to the same accounting principles as in the previous year. The Consolidated Interim Financial Statements are presented in Icelandic krona (ISK), which is the functional currency of the Consolidation. All amounts are in ISK thousands, unless stated otherwise. The financial statements can be accessed from the company headquarters or on its website; www.isavia.is.

3. Critical accounting judgements and key sources of estimation uncertainty

In preparing of the Consolidated Financial Statements, managers must, in accordance with International Financial Reporting Standard IAS 34, as adopted by the European Union, make decisions, assess and draw conclusions that affect assets and liabilities on the accounting date, disclosure information and income and expenses. The assessment and conclusions are based on experience and various other factors that are considered relevant and form the basis of the decisions made on the book value of assets and liabilities that are not otherwise available. Actual value may differ from management's estimates. Accounting estimate consists of an assessment of the life of assets and allowance for doubtful accounts of the trade receivables and inventories, see note no. 7, 8 and 11.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised.

4. Revenues

The consolidated composition of revenues, is specified as follows:

	1.1 - 30.6 2023	1.1 - 30.6 2022
Revenue from air navigation.....	3.804.501	3.539.041
Revenue from domestic airports.....	1.565.369	1.311.402
Revenue from Keflavik airport.....	7.672.455	5.573.055
Revenue from other segments.....	252.128	157.218
Revenue from sales of goods.....	6.790.178	5.232.068
	<u>20.084.631</u>	<u>15.812.785</u>

5. Salaries and related expenses

	1.1 - 30.6 2023	1.1 - 30.6 2022
Salaries	8.747.194	7.382.867
Salary-related expenses	2.121.903	1.823.244
Other salary- and employee expenses	443.993	432.926
	<u>11.313.090</u>	<u>9.639.037</u>

Notes

6. Financial income and expenses

Financial income

	1.1 - 30.6 2023	1.1 - 30.6 2022
Interest on bank deposits	276.944	138.395
Interest revenue on investments held to maturity	3.649	4.563
Other interest revenue	45.036	23.143
	<u>325.630</u>	<u>166.100</u>

Financial expenses

	1.1 - 30.6 2023	1.1 - 30.6 2022
Interest expense and indexation	(1.091.595)	(611.965)
Other interest expenses	(71.508)	(89.347)
	<u>(1.163.103)</u>	<u>(701.312)</u>

Net exchange rate differences

	1.1 - 30.6 2023	1.1 - 30.6 2022
Net exchange rate differences	<u>742.208</u>	<u>2.153.926</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	47.624.670	26.334.572	3.313.311	18.797.952	96.070.505
Additions	4.815.546	1.295.570	25.098	2.020.489	8.156.702
Disposals	0	0	(4.792)	(76.067)	(80.859)
Sold	0	0	0	(11.117)	(11.117)
Balance at end of period	<u>52.440.216</u>	<u>27.630.142</u>	<u>3.333.617</u>	<u>20.731.256</u>	<u>104.135.230</u>
Accumulated depreciation					
Balance at beginning of period	10.655.791	4.854.576	2.048.768	7.207.054	24.766.188
Depreciation	550.287	447.611	132.906	590.644	1.721.448
Disposals	0	0	(4.792)	(76.067)	(80.859)
Sold	0	0	0	(7.339)	(7.339)
Balance at end of period	<u>11.206.078</u>	<u>5.302.187</u>	<u>2.176.882</u>	<u>7.714.291</u>	<u>26.399.439</u>
Book value					
Book value at beginning of period	36.968.879	21.479.996	1.264.543	11.590.898	71.304.316
Book value at end of period	<u>41.234.137</u>	<u>22.327.955</u>	<u>1.156.734</u>	<u>13.016.965</u>	<u>77.735.792</u>
Estimated useful life	0-100 years	5-50 years	3-20 years	3-70 years	

Between January 1 and June 30, 2023, construction and other investments of the group were capitalized for around ISK 8.157 million. Of this, the construction of Keflavík Airport amounted to ISK 7.795 million. In the future, there are ongoing construction projects at Isavia ohf. due to the expansion of the terminal and changes in spaces as well as ongoing construction in the airport area. On June 30, 2023, there were non-financial liabilities in the amount of ISK 11.156 million at Isavia ohf. which have come about as a result of contracts that belong to the projects that are ahead at Keflavík Airport until the end of 2024.

Notes

8. Intangible assets and amortization

	Usage agreement on facilities	Usage agreement on runways	Software and Development cost	Total
Cost				
Balance at beginning of period	477.035	5.706.000	1.265.589	7.448.624
Disposals	0	0	(62.504)	(62.504)
Additions	0	0	44.231	44.231
Balance at end of period	477.035	5.706.000	1.247.315	7.430.350
Amortization				
Balance at beginning of period	222.651	2.663.211	528.350	3.414.212
Disposals	0	0	(62.504)	(62.504)
Depreciation	7.950	95.087	63.125	166.161
Balance at end of period	230.600	2.758.298	528.971	3.517.869
Book value				
Book value at beginning of period	254.384	3.042.789	737.238	4.034.412
Book value at end of period	246.435	2.947.702	718.344	3.912.481
Depreciation rates	3,3%	3,3%	5-33%	

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

9. Leases

The group leases real estate and plots of land for its operations that fall under the accounting standard IFRS 16 Leases. The contractual rental period for real estate is 5 to 6 years plus one indefinite contract. The group's largest lease agreement, with the exception of an open-ended agreement, is for office space that expires after 2 years from the reporting date. The company has a pre-lease right for 5 years after the end of the contract period. The open-ended real estate contract has a 6-month notice period on both sides. The contractual lease period for land is between 44 and 48 years.

The following tables show, among other things, an analysis of the underlying asset classes of contractual lease payments where the company is the lessee.

Right-of-use assets	Property	
Balance at beginning of period	289.041	
Adjustments for indexed leases	14.252	
Changes for new and end of older right of use	7.779	
Depreciation	(58.476)	
Balance at end of period	252.596	
Amounts recognised in income statement	1.1 -30.6 2023	1.1 -30.6 2022
Depreciation expense from right-of-use assets	58.476	50.548
Interest expense on lease liabilities	7.379	9.685
Total amount recognised in income statement	65.855	60.233
Lease liabilities	30.6 2023	31.12 2022
Lease liabilities, long-term	149.170	194.284
Lease liabilities, instalments in the next 12 months among short-term debts	117.407	108.594
	266.577	302.878
Lease liabilities	30.6 2023	31.12 2022
Maturity analysis, undiscounted lease payments		
Not later than 1 year	127.721	120.004
Later than 1 year and not later than 5 years	116.599	164.203
Later than 5 year	85.590	85.270
	329.909	369.476

Notes

10. The Consolidation

The Consolidated Financial Statements of Isavia Ltd. consists of the following companies:

Shares in subsidiaries:	Ownership%	Nominal amount	Principal activity
Subsidiaries of Isavia ohf.			
Duty Free Store ehf., Keflavik Airport	100,0%	50.000	Retail and commerce
Isavia ANS ehf., Reykjavik Airport	100,0%	310.500	Air traffic control services
Isavia Innanlandsflugvelliir ehf., Reykjavik Airport	100,0%	52.350	Domestic airport operations
Subsidiaries of Isavia ANS ehf.			
Suluk ApS, Greenland	100,0%	1.999	Services of air traffic controllers
Tern Systems ehf., Kopavogur	100,0%	80.000	Software and consulting
Subsidiaries of Tern Systems ehf.			
Tern Branch, Hungary	100,0%	16.877	Software and consulting

11. Other financial assets

Accounts receivables

	30.6 2023	31.12 2022
Domestic receivables	5.403.867	4.278.486
Foreign receivables	1.012.877	607.138
Allowances for doubtful accounts	(2.276.976)	(2.276.014)
Receivables joint finance agreement	0	803.469
	4.139.768	3.413.079

Allowance has been made for doubtful accounts. This allowance is based on management's estimates, previous years experience and economic outlook at the reporting date. Value of allowance for doubtful accounts are valued in accordance with IFRS 9 as follows:

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

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

On March 28, 2019, Isavia exercised its authority to ground an aircraft operated by WOW air due to unpaid user fees for the operation of the airline at Keflavik Airport. The owner of the aircraft filed a lawsuit before the Reykjanes District Court, which overturned the grounding of the aircraft, despite clear provisions of law authorizing the suspension in the company's opinion. Due to this ruling of the Reykjanes District Court, it was considered appropriate to write down a fee claim in the amount of ISK 2.119 million in the group's books, despite the group's opinion that this was a wrong ruling.

Isavia sued the aircraft owner and the Treasury for damages caused by the installation. The District Court's rule of December 22nd 2021 (Case E-1085/2020) agreed to all of Isavia's claims in addition to the payment of legal costs. With the rule of the National Court on May 12 2023, ALC and the Treasury were acquitted of Isavia's claims. Isavia appealed the case to the Supreme Court, which accepted the case's appeal with a decision from June 22nd, 2023. A statement from Isavia has been submitted to the Court.

Notes

11. Other financial assets (continued)

Analysis of aging and allowance for doubtful accounts at the balance sheet date were as follows:

	30.6 2023			
	Expected credit loss	Gross amount	Allowance	Book value
Past-Due status				
Receivables not yet due	0,1%	3.654.009	3.135	3.650.875
Receivables, past-due 1-90 days	7,0%	375.026	26.113	348.913
Receivables, past-due 91-180 days	13,3%	21.834	2.894	18.940
Receivables, past-due 181-270 days	30,0%	60.706	18.212	42.494
Receivables, past-due 271 days and older	96,6%	2.305.168	2.226.622	78.546
Total		6.416.744	2.276.976	4.139.768

	31.12 2022			
	Expected credit loss	Gross amount	Allowance	Book value
Past-Due status				
Receivables not yet due	0,2%	2.154.555	5.045	2.149.510
Receivables, past-due 1-90 days	9,5%	327.208	31.062	296.145
Receivables, past-due 91-180 days	10,0%	88.954	8.901	80.053
Receivables, past-due 181-270 days	30,0%	28.455	8.537	19.919
Receivables, past-due 271 days and older	97,2%	2.286.452	2.222.469	63.983
Total		4.885.624	2.276.014	2.609.610

Other receivables

	30.6 2023	31.12 2022
Value added tax	944.303	879.485
Prepaid expenses	247.077	143.183
Capital income tax	132.365	69.717
Accrued interest	202.493	0
Prepaid salaries	30.415	34.442
Other receivables	815.606	658.904
	2.372.258	1.785.732

12. Equity

Share capital is specified as follows:

	Shares	Ratio	Amount
Total share capital at end of period	24.559.063	100,0%	24.559.063

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.

Notes

13. Long term borrowings

	Loans from credit institutions	
	30.6 2023	31.12 2022
Debts in EUR	44.905.970	38.743.295
Debts in ISK	5.266.623	5.387.370
	50.172.593	44.130.665
Amount due for settlement within 12 months	(2.024.198)	(1.758.655)
	48.148.395	42.372.010
	30.6 2023	31.12 2022
Liabilities at beginning of the year	44.130.665	44.447.034
New long-term borrowings	9.035.000	14.136.409
Full repayment of loans with new loans	0	(14.136.409)
Instalments for the period	(2.226.567)	(1.365.184)
Exchange rate difference and indexation	(766.505)	1.048.814
Liabilities at the end of the period	50.172.593	44.130.665

Instalments of non-current liabilities are specified as follows:

	Loans from credit institutions	
	30.6 2023	31.12 2022
Instalments 1.7.2023 - 30.6.2024 / 1.1.2023 - 31.12.2023	2.024.198	1.758.655
Instalments 1.7.2024 - 30.6.2025 / 1.1.2024 - 31.12.2024	2.218.898	2.054.502
Instalments 1.7.2025 - 30.6.2026 / 1.1.2025 - 31.12.2025	2.413.742	2.448.224
Instalments 1.7.2026 - 30.6.2027 / 1.1.2026 - 31.12.2026	7.214.713	7.464.648
Instalments 1.7.2027 - 30.6.2028 / 1.1.2027 - 31.12.2027	2.850.011	2.203.482
Instalments later	33.451.031	28.201.154
	50.172.593	44.130.665

New long-term loans in the period are mainly for financing Isavia ohf.'s construction projects. at Keflavik Airport.

Loans amounting to ISK 49.279 are subject to terms related to the equity ratio. Of this amount, loans amounting to ISK 45.312 million are also subject to terms related to the ratio of net interest-bearing debt to EBITDA.

14. Deferred tax assets

	Deferred tax assets	
	30.6.2023	31.12.2022
Opening balance at beginning of period	1.370.781	1.178.092
Calculated income tax for the period	43.959	191.477
Income tax payable for the period	0	749
Translation exchange difference	496	463
Balance at end of period	1.415.236	1.370.781

Deferred tax assets consist of the following account balances:

	Deferred tax assets	
	30.6 2023	31.12 2022
Property, plant, and equipment	(1.976.168)	(2.112.270)
Current assets	452.521	444.607
Exchange differences	(40.717)	(13.126)
Other items	(19.194)	(14.895)
Tax loss carried forward	2.998.793	3.066.466
	1.415.236	1.370.781

Notes

14. Deferred tax assets (continued)

Tax loss carry forward can be used to deduct future tax profit as follows:

	30.6 2023	31.12 2022
Usable until the year 2030	10.202.120	10.596.095
Usable until the year 2031	4.333.148	4.338.709
Usable until the year 2032	386.982	397.524
Usable until the year 2033	71.717	0
	<u>14.993.967</u>	<u>15.332.328</u>

15. Other financial liabilities

Accounts payable

	30.6 2023	31.12 2022
Domestic accounts payable	3.853.210	2.313.296
Domestic accounts payable - due to construction plan	895.353	1.662.307
Foreign accounts payable	1.640.520	729.437
	<u>6.389.083</u>	<u>4.705.041</u>

Other current liabilities

	30.6 2023	31.12 2022
Salaries and related expenses payable	951.204	825.354
Accrued additional contribution to pension fund	2.292.341	1.905.800
Accrued interest, payable	229.347	169.444
Deferred income	178.354	173.254
Value added tax, payable	33.322	30.081
Other liabilities	132.914	72.116
	<u>3.817.483</u>	<u>3.176.049</u>

Current maturities of long-term liabilities

	30.6 2023	31.12 2022
Loans from credit institutions	2.024.198	1.758.655
	<u>2.024.198</u>	<u>1.758.655</u>

16. Other matters

The company worked on its first bond issuance in the first half of 2023 with DNB Markets Inc. as placement agent. In August 2023 the company issued bonds to US investors in a senior unsecured private placement of EUR 175 million (equivalent to ISK 25 billion). The proceeds will be used to refinance existing loans of the company and to support further development at Keflavik International Airport. The bonds have a duration of 7-12 years and with this bond issuance Isavia is securing capital on long-term advantageous terms.

17. Approval of Condensed Consolidated Interim Financial Report

The Condensed Consolidated Interim Financial Report was approved by the Board of Directors on September 18th, 2023.