

A Strong Foundation for the Future

- Landsnet's Financial Statements for 2022 were approved at today's Board meeting

The financial statements for 2022 were approved by the Board of Directors on the 16th of February 2023.

Main points of the financial statement:

- Profits were 32.5 million USD in 2022 compared with 35.6 million USD in 2021.
- Earnings Before Interest and Taxes (EBIT) was 55.1 million USD compared with 59.0 million USD in the previous year.
- Net cash availability was 26.3 million USD at year-end and net cash provided by operating activities amounted to 73.0 million USD.
- Total assets amounted to 1,032.4 million USD at year-end compared with 1,020.2 million USD in 2021.
- Total equity amounted to 482.3 million USD at year-end and equity ratio was 46.7%
- The annual rate of return was 6.8% in 2022.

Landsnet's Chief Financial Officer, Gulaug Sigurardóttir, has stated that the results of the Financial Statement indicate the company's financial strength and that it is well positioned to deal with the challenges that lie ahead in the energy sector. Cash from operations is strong, the company's return on equity is 6.8% and the equity ratio is 46.7%. As the transmission system needs considerable development in the coming years, financial strength and stability are vital for continued success.

"Our role is to develop a transmission system capable of meeting present demands as well as preparing for the challenges of the future. Operating an electricity transmission system involves a great deal of responsibility, whether it concerns security of supply, the environment, or efficient use of finances. Our transmission lines play a crucial role in the energy transition. Energy trade arrangements need to be improved just as other countries have done to maximise energy efficiency and meet the nation's energy goals. This is an exciting time for Landsnet, and it is pleasing to see that the financial statements demonstrate the company's strength and ability to move forward with new owners." says Guðlaug Sigurðardóttir, CFO at Landsnet."

The main results of the financial statement, key figures and balance sheet ratios (amounts in thousands of USD):

<i>Amounts are in USD thousand</i>	2022	2021	2020	2019
Income Statement				
Operating revenue	162,755	149,750	130,470	140,331
Operating expenses	(107,651)	(90,755)	(83,893)	(90,147)
Operating profit	55,104	58,995	46,577	50,184
Net financial expenses	(14,845)	(14,762)	(12,555)	(12,714)
Share in net earnings of associated company	297	192	137	334
Profit before income tax	40,556	44,425	34,159	37,804
Income tax	(8,055)	(8,850)	(6,831)	(7,497)
Profit	32,501	35,575	27,328	30,307

<i>Amounts are in USD thousand</i>	31.12.2022	31.12.2021	31.12.2020	31.12.2019
Balance Sheet				
Fixed assets	972,882	963,536	858,575	799,596
Current assets	59,468	56,640	52,863	52,711
Total assets	1,032,350	1,020,176	911,438	852,307
Equity	482,281	470,557	404,848	391,311
Long-term liabilities	496,300	478,002	439,828	353,511
Short-term liabilities	53,769	71,617	66,762	107,485
Total equity and liabilities	1,032,350	1,020,176	911,438	852,307

<i>Amounts are in USD thousand</i>	2022	2021	2020	2019
Cash Flow				
Net cash from operating activities	72,962	64,443	53,924	67,211
Net cash to investment activities	(45,052)	(89,588)	(87,096)	(43,889)
Net cash to financing activities	(26,534)	25,008	28,697	(30,296)
Effect of exchange rate changes on cash	(275)	(405)	(732)	(832)
Cash and cash equivalents at 1 January	25,224	25,766	30,973	38,779
Cash and cash equivalents at 31 December	26,325	25,224	25,766	30,973

<i>Amounts are in USD thousand</i>	2022	2021	2020	2019
Financial ratios				
EBITDA	91,024	89,733	76,928	79,825
	31.12.2022	31.12.2021	31.12.2020	31.12.2019
Equity ratio	46.7%	46.1%	44.4%	45.9%

Income Statement

- Operating revenues were 162.8 million USD in 2022 compared with 149.8 million USD in the previous year. The company has four main revenue sources: Revenue from energy-intensive users, revenue from transmission to distribution system operators, in-feed fees and revenue from the sale of transmission losses and ancillary services.
 - Changes were made on in-feed fees in the year 2022. Transmission revenue from power-intensive users and distributors decreased as a result. Revenue from transmission to energy-intensive users decreased by 4.2 million USD and revenue from transmissions to distributors decreased by 3.8 million USD between years. The tariff for distributors is in ISK and the weakening of the average exchange rate of ISK against the USD has therefore had some effect. In contrast, revenue from in-feed fees increased to USD 10.4 million between years. Overall, electricity transmission revenue, excluding the sale of transmission losses and ancillary services, increased by USD 3 million between years.
 - Revenue from transmission losses and ancillary services in the transmission system increased between years, by USD 9.7 million. The tariff for these services is based on tenders for each quarter. Both procurement and resale prices temporarily increased in the second quarter when hydropower stations ran low on water.
- Operating expenses increased by 16.9 million USD between years. Higher purchase prices for energy due to transmission losses and ancillary services amounted to USD 9.4 million, depreciation increased by USD 5.2 million and operating expenses increased by USD 2.3 million.
- The effect of exchange rate fluctuations is reflected in certain items in Icelandic kronas in income and expenses, but the overall effect has not been significant for operating profits before financial items.
- Earnings Before Interest and Taxes (EBIT) was 55.1 million USD compared with 59.0 million USD in the previous year, a decrease of 3.9 million USD between years.
- Net financial expenses amounted to 14.8 million USD as in the previous year 2021. Net financial expenses are therefore unchanged between years.
- Landsnet's profits were 32.5 million USD in 2022 according to the income statement, compared to 35.6 million USD profits in 2021.
- The EBITDA of the company was 91.0 million USD in 2022 compared with 89.7 million USD in the previous year.

Balance sheet

- The total assets of the company amounted to 1,032.4 million USD at year-end compared with 1,020.2 million USD in 2021.
- Net cash availability was 26.3 million USD at year-end and net cash provided by operating activities amounted to 73.0 million USD.
- Total liabilities amounted to 550.1 million USD at year-end compared with 549.6 million USD in 2021.
- The equity ratio was 46.7% at year-end, compared with 46.1% in the previous year.

Dividends in the amount of 24.1 million USD were paid out in 2022 from profit in 2021.

Operating outlook

The company budget for 2023 predicts a 33.2 million USD profit from company operations. The revenue plan is based on the amount and price changes that the company was aware of when making the plan. The cost estimate is based on the actual cost of the operation of the company, taking into account the criteria for determining the revenue cap. The company's plans for construction during the year amount to approximately 101.7 million USD. Financing for construction projects is underway and access to loan markets is good.

About the financial statement

The financial statements for 2022 were prepared in accordance with the International Financial Reporting Standards (IFRS). These financial statements are presented in USD, which is the company's functional currency. The financial statements were approved by the Board of Directors on the 16th of February 2023.

About Landsnet hf.

Landsnet was established in 2005 and is responsible for operating Iceland's electricity transmission system, one of the most important parts of Iceland's infrastructure. Our role is to operate and develop Iceland's electricity transmission system and administer its system operations. More information can be provided by Guðlaug Sigurðardóttir, CFO of Landsnet.

More information can be accessed on Landsnet's website: www.landsnet.is where the Financial Statement is also available.