

## Strong finances and solid future foundations

The financial statements for 2023 were approved by the Board of Directors on the 15th of February 2024.

### Main points of the financial statement:

- Profits were 25.6 million USD in 2023 compared with 32.5 million USD in 2022.
- Earnings Before Interest and Taxes (EBIT) was 52.7 million USD compared with 55.1 million USD in the previous year.
- Net cash availability was 54.3 million USD at year-end and net cash provided by operating activities amounted to 72.5 million USD.
- Total assets amounted to 1,113.6 million USD at year-end compared with 1,032.4 million USD at the end of the previous year.
- Total equity amounted to 507.5 million USD at year-end and equity ratio was 45.6%
- Return on equity was 5.2% in 2023.

Guðmundur Ingi Ásmundsson, CEO of Landsnet, stated that the company's financial statements reflect success despite unexpected setbacks and the forces of nature.

“Landsnet's financial position remains strong despite various challenges, as the approved financial statements confirmed.

The eruptions and earthquakes that occurred in Reykjanes had a significant impact on the year. However, we worked hard to safeguard our infrastructure in the Svartsengi region, and our efforts paid off in February. Landsnet takes pride in actively safeguarding Reykjanes' infrastructure. The transmission system remains stable and undamaged despite the recent volcanic activity, but efforts continue to safeguard Svartsengi's infrastructure. The importance of having safe and reliable access to electricity becomes apparent in situations like this.

The repair of the Westman Islands line was technically and financially challenging, but it was resolved resourcefully and cost-effectively. Last year was a busy year for construction, but investment plans fell short due to delays in the construction of Suðurnesja Line 2.

Efforts were made to increase transparency and modernise business practices to improve future energy security. We released Landsnet's first energy forecast, significantly impacting the energy debate throughout the year. We also implemented a new calculation model to assess the security of supply in upcoming years.

We have the necessary resources and a solid foundation to successfully handle the projects required for an effective transition to clean energy. Our main priorities include establishing a stable operating environment, fostering a transparent and dynamic business environment, and strengthening the transmission system.”

**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>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
<b>Income Statement</b>				
Operating revenue	169.251	162.755	149.750	130.470
Operating expenses	( 116.566)	( 107.651)	( 90.755)	( 83.893)
<b>Operating profit</b>	52.685	55.104	58.995	46.577
Net financial expenses	( 20.522)	( 14.845)	( 14.762)	( 12.555)
Share in net earnings of associated company	( 160)	297	192	137
<b>Profit before income tax</b>	32.003	40.556	44.425	34.159
Income tax	( 6.436)	( 8.055)	( 8.850)	( 6.831)
<b>Profit</b>	25.567	32.501	35.575	27.328

<i>Amounts are in USD thousand</i>	<b>31.12.2023</b>	<b>31.12.2022</b>	<b>31.12.2021</b>	<b>31.12.2020</b>
<b>Balance Sheet</b>				
Fixed assets	1.027.814	972.882	963.536	858.575
Current assets	85.760	59.468	56.640	52.863
<b>Total assets</b>	1.113.574	1.032.350	1.020.176	911.438
Equity	507.500	482.281	470.557	404.848
Long-term liabilities	542.538	496.300	478.002	439.828
Short-term liabilities	63.536	53.769	71.617	66.762
<b>Total equity and liabilities</b>	1.113.574	1.032.350	1.020.176	911.438

<i>Amounts are in USD thousand</i>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
<b>Cash Flow</b>				
Net cash from operating activities	72.505	72.962	64.443	53.924
Net cash to investment activities	( 63.576)	( 45.052)	( 89.588)	( 87.096)
Net cash to financing activities	17.741	( 26.534)	25.008	28.697
Effect of exchange rate changes on cash	1.329	( 275)	( 405)	( 732)
Cash and cash equivalents at 1 January	26.325	25.224	25.766	30.973
<b>Cash and cash equivalents at 31 December</b>	54.324	26.325	25.224	25.766

<i>Amounts are in USD thousand</i>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
<b>Financial ratios</b>				
EBITDA	92.300	91.024	89.733	76.928
	<b>31.12.2023</b>	<b>31.12.2022</b>	<b>31.12.2021</b>	<b>31.12.2020</b>
Equity ratio	45,6%	46,7%	46,1%	44,4%

**Income Statement**

- Operating revenues were 169.3 million USD in 2023 compared with 162.8 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.
- Operating expenses increased by 8.9 million USD between years. Depreciation increased by USD 3.7 million, personnel cost increased by 3.0 million USD and other operating expenses increased by USD 2.2 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 52.7 million USD compared with 55.1 million USD in the previous year, a decrease of 2.4 million USD between years.
- Net financial expenses amounted to 20.5 million USD compared to 14.8 million USD in the previous year, an increase of USD 5.7 million USD between years.
- Landsnet's profits were 25.6 million USD in 2023 according to the income statement, compared to 32.5 million USD profits in the previous year.
- The EBITDA of the company was 92.3 million USD compared with 91.0 million USD in the previous year.

**Balance sheet**

- The total assets of the company amounted to 1,113.6 million USD at year-end 2023 compared with 1,032.4 million USD at the end of the previous year.
- Net cash availability was 54.3 million USD at year-end and net cash provided by operating activities amounted to 72.5 million USD.
- Total liabilities amounted to 606.1 million USD at year-end compared with 550.1 million USD at the end of the previous year.
- The equity ratio was 45.6% at year-end, compared with 46.7% at the end of the previous year.

**Operating outlook**

The company budget for 2024 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, considering 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 the company considers its access to loan markets to be good.

**About the financial statement**

The financial statements for 2023 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 15th of February 2024.

**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](http://www.landsnet.is) where the Financial Statement is also available.**