

Farice ehf.  
Financial Statements 2022

Farice ehf.  
Guðríðarstíg 2-4  
113 Reykjavík

kt. 511203-2950

# Contents

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	Page
Report of the Board of Directors and the CEO .....	3
The Auditor General's Report .....	5
Independent Auditors' Report .....	6
Statement of Comprehensive Income .....	8
Statement of Financial Position .....	9
Statement of Cash Flows .....	10
Notes .....	11

# Report of the Board of Directors and the CEO

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Farice ehf. was established in 2003 as a transmission and data service provider. The company plays an important role in developing and operating infrastructure in the Icelandic society. The company operates three submarine cables, FARICE-1, DANICE and IRIS, that provide connection between Iceland and Europe via backhaul agreements to other networks in major connecting points in Europe such as London, Amsterdam, Dublin and Copenhagen.

IRIS, the newest submarine cable, was put into use on March 1, 2023, which increased the security of Iceland's electronic communications, in accordance with the parliamentary resolution on its policy on electronic communications for the years 2019-2033. The company's contracts with its biggest customers are renewed on a regular basis with regards to their needs at each time. The main risk in the company's operations relates to the service life of its submarine cables, which need to be renewed on a regular basis.

An unexpected failure can also have a major impact on the company's operations if such failure was long drawn out. The company has secured an agreement with a repair ship that guarantees access to swift repair services in the event of a breakdown. However, Farice's has had a pleasant experience with operating the submarine cables for the past decades and has not yet suffered a failure at sea. Faults in land systems are, on the other hand, fairly common and occur several times every year, stressing the importance of active back-up routes on land.

## Operations in the year 2022

According to the income statement the total revenue amounts to EUR 13,1 million and EBIDTA 7,1 million. Sale of bandwidth increased by EUR 0,4 million from prior year and EBITDA increased by EUR 0,2 millions compared to prior year. Non-regular revenues decrease compared to prior year due to closure of a service agreement with the Icelandic State. According to the balance sheet, the company's total assets amount to EUR 100,5 million and the equity amounts to EUR 68,1 million, resulting in an equity ratio of 67,8%. The profit for the year amounted to EUR 48 thousands EUR but this is the first time in the company's history resulting in profits. The payment of long-term liabilities amounted to EUR 2,7 million and cash at the end of the year 2022 amounted to EUR 4,2 millions, out of which 1,5 million has been assigned to the IRIS project. The board proposes that the no dividend payments will be made in the year.

Funding of the new submarine cable, IRIS, was completed by March 2021 with the approval of the EFTA's surveillance Authority, ESA, for state support to Farice regarding the project, but the Icelandic government had decided in September 2020 to ensure the project's progress with its funding. The final cost of the project was EUR 50,4 million, or 0.8% above the original estimate, explained in large part by more non-working days due to weather during the laying of the of the cable, than expected. The share capital was paid according to the project progress and was increased once in the year, by EUR 10.5 millions, see notes no. 6, 11 and 13. At the end of 2022, the share capital has hence been increased by EUR 50 million due to the IRIS project. The company's board expects to increase the share capital by EUR 0,4 million in 2023 for the final settlement of the project.

The project schedule was met in all major respects, and the cable started carrying data traffic on March 1 of 2023 in accordance with plans. Iceland is thus now connected to Europe via three submarine data cables, and as a result the country's communications security has increased tenfold in accordance with the government's policy on communications security.

Sýn hf. appealed ESA's decision to authorize state support to Farice for the IRIS project to the EFTA Court in July 2021 and subsequently the court annulled the decision in June 2022. ESA is therefore reviewing the case again, as well as Farice's contract with Fjarskiptisjóður (Telecommunications Fund) from 2018. Farice expects an outcome in late 2023. According to legal advice received by Farice, the EFTA Court's decision relates to ESA's investigation but not the substance of ESA's decision. Thus, Farice does not expect anything other than that ESA's previous decision on the state support will be confirmed in ESA's further examination of the matter.

The tendering process for the purchasing of a new land network equipment (backhaul) was completed in the year. The equipment will be used at all the main service delivery points, landing stations and on the main land routes in Iceland and Ireland. Ciena was chosen as the manufacturer and installation partner. The installation began in the second half of 2022 and is expected to finalise in the second quarter of 2023. The final stage of the IRIS project was the installation of Ciena's equipment in Iceland and Ireland to connect Farice's delivery points over the cable.

The company operates technical equipment in several countries, which require periodic maintenance and installation work. Therefore it is necessary to carry out regular inspections and installation work abroad. Seven employees worked full-time at the company in the year along with one part-time employee.

# Report of the Board of Directors and the CEO

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## Share capital

Share capital was increased by EUR 10,5 million in the year, due to the construction of the new submarine cable. At the beginning and the end of the year the Icelandic State was the sole owner of the company. The company does not hold any of its own shares.

## Corporate governance and non-financial reporting

The Ministry of Finance and Economic Affairs monitors the ownership of the Icelandic State in Farice. The Board emphasis on practicing good corporate governance, following the law and approved ownership policy of the Icelandic State which was adopted in September 2021, with the purpose of meeting the States objectives with the ownership. The Board consists of three members and one alternative member. The board hires the CEO.

The Board passed an internal audit and control policy during the year, which the company aims to fully implemented within three years. Internal control systems are challenging within the company due to its size and limited number of employees, and hence the adoption of the policy is aimed to mitigate risks due to the difficult nature of internal controls and procedures. The main focus of the company's risk assessment is related to action plans to respond to possible disruption of telecommunications in submarine cables as well as defence systems against cyber attacks.

## Statement by the Board of Directors and the CEO

According to the Board of Directors' best knowledge, the Financial Statements comply with the Icelandic Financial Statements Act and give a true and fair view of the company's assets and liabilities, financial position as at 31 December 2022, operating performance and the cash flow for the year ended 31 December 2022 as well as describing the principal risk and uncertainty factors faced by the company. The report of the Board of Directors provides a clear overview of the development and achievements in the company's operations and its situation.

The Board of Directors and CEO of Farice ehf., hereby confirm the Financial Statements of Farice ehf., for the year 2022 with their signatures.

Reykjavík, March 29th, 2022

The Board of Directors of Farice ehf.

Martha Eiríksdóttir, Chairman

Jón Gunnar Vilhelmsson      Kristín Guðmundsdóttir

Chief Executive Officer

Þorvarður Sveinsson

# The Auditor General's Report

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To the Board of Directors and Shareholders of Farice ehf.

## **Expectations, role and responsibilities of the Auditor General**

The Auditor General operates based on Act no. 46/2016, on the Auditor General and the auditing of government accounts and the Code of Ethics set by the International Organization for Supreme Audit. The role of the Auditor General is to ensure that audits and controls are in accordance with Article 4 of the Act.

The Auditor General is responsible for the work of the Auditors, who work for the Icelandic National Audit Office and perform an audit based on the Act on Auditors and audit, Act on Financial statements and other general rules that they comply with according to International Standards on Auditing.

The Audit was conducted in accordance with Act no. 46/2016 on the Auditor General and audit of state accounts and Act no. 94/2019 on Auditors and auditing.

The Icelandic National Audit Office, March 29th, 2023

Guðmundur Björgvin Helgason  
Auditor General ad interim

# Independent Auditors' Report

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To the Board of Directors and Shareholders of Farice ehf.

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of Farice ehf. for the year ended December 31, 2021. The financial statements comprise the income statement, the balance sheet, statement of cash flows, notes to the financial statements including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Farice ehf. as at December 31, 2021, its financial performance and its cash flows for the year then ended in accordance with requirements in the Icelandic Financial Statement Act. no. 3/2006.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of Farice ehf. and have conducted our work in accordance with Act no. 94/2019 on Auditors and auditing and Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statement.

### Other information

In accordance with Paragraph 2 article 104 of the Icelandic Financial Statement Act no. 3/2006, we confirm to the best of our knowledge that the accompanying report of the board of directors includes all information required by the Icelandic Financial Statement Act that is not disclosed elsewhere in the financial statements.

### Responsibilities of the Board of Directors and CEO for the Financial Statements

The Board of Directors and the CEO are responsible for the preparation and fair presentation of the financial statements in accordance with requirements in the Icelandic Financial Statement Act, and for such internal control as the Board of Directors and the CEO determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the CEO are responsible for assessing Farice ehf.'s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Board of Directors and the CEO either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. The Board of Directors are responsible for monitoring the preparation and presentation of the financial statements.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion on Financial Statements. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

## Independent auditors' report cont.:

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### Auditor's Responsibilities for the Audit of the Financial Statements

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The Icelandic National Audit Office, March 29th, 2023

Birgir Finnbogason  
State Authorized Public Accountant

# Income Statement 2022

	Notes	2022	2021
Sale of bandwidth .....		13.107.741	12.689.051
Other income .....		39.500	573.309
	3	13.147.241	13.262.360
Operating expenses .....	8	4.649.919	4.725.622
Other expenses .....	8	1.433.875	1.408.230
Research and development costs .....	9	0	220.000
		6.083.794	6.353.852
<b>Profit before depreciation and finance items</b> .....		7.063.447	6.908.508
Depreciation .....	10	( 6.278.491)	( 6.231.324)
<b>Operating profit</b>		784.956	677.184
Interest income .....		32.424	5.391
Interest and indexation expenses .....	7	( 918.352)	( 1.143.344)
Exchange rate differences .....		148.746	( 45.801)
<b>Net finance cost</b> .....		( 737.182)	( 1.183.754)
 <b>Net Profit (Loss) in the year</b>		47.774	( 506.570)



## Balance Sheet as at 31 December 2022

	Notes	31.12.2022	31.12.2021
<b>Assets</b>			
Operating assets .....	10	43.356.028	48.558.113
Construction costs due to Iris cable .....	10	48.671.501	28.241.426
Prepaid expenses .....	11	3.168.005	1.011.907
Non-current assets		<u>95.195.533</u>	<u>77.811.446</u>
Trade receivables .....	4	216.000	296.848
Other receivables .....		611.757	475.581
Prepaid expenses .....	11	265.907	179.657
Cash and cash equivalents .....	5	4.244.666	13.750.683
Current assets		<u>5.338.330</u>	<u>14.702.769</u>
<b>Total assets</b>		<u><u>100.533.863</u></u>	<u><u>92.514.215</u></u>
<b>Equity</b>			
Share capital .....		77.875.905	67.375.905
Accumulated deficit .....		( 9.682.084)	( 9.729.858)
Total equity	13	<u>68.193.821</u>	<u>57.646.047</u>
<b>Liabilities</b>			
Interest-bearing long-term liabilities .....	7	28.344.615	31.044.102
		<u>28.344.615</u>	<u>31.044.102</u>
Interest-bearing short-term liabilities .....	7	2.699.487	2.699.487
Trade payables .....		762.824	528.967
Other liabilities and deferred income .....		533.117	595.612
Current liabilities		<u>3.995.427</u>	<u>3.824.066</u>
Total liabilities		<u>32.340.042</u>	<u>34.868.168</u>
<b>Total equity and liabilities</b>		<u><u>100.533.863</u></u>	<u><u>92.514.215</u></u>

# Statement of Cash Flows

	Notes	2022	2021
<b>Cash flow from operating activities</b>			
Loss for the year .....		47.773	( 506.569)
Adjustments for:			
Depreciation and amortization .....	10	6.278.491	6.231.324
Effect of change in accounting policies .....		0	( 43.379)
Other non-cash operating activities .....		179.652	194.326
		<u>6.505.916</u>	<u>5.875.702</u>
Changes in current assets and liabilities .....			
Current receivables (increase) .....		( 55.329)	254.447
Short-term debt increase .....		171.362	( 126.964)
Changes in operating assets and liabilities		<u>116.033</u>	<u>127.483</u>
Cash flow generated from operating activities		<u>6.621.949</u>	<u>6.003.185</u>
<b>Cash flows from investing activities</b>			
Investments in operating assets .....	10	( 21.506.479)	( 29.081.819)
Other longterm investments .....	11	( 2.422.000)	0
Cash flows used in investing activities		<u>( 23.928.479)</u>	<u>( 29.081.819)</u>
<b>Cash flows from financing activities</b>			
Issued new share capital .....	13	10.500.000	39.500.000
Interest-bearing liabilities, loan payments .....		( 2.699.487)	( 5.856.411)
Cash flows from financing activities		<u>7.800.513</u>	<u>33.643.589</u>
<b>Change in net cash and cash equivalents</b> .....		( 9.506.017)	10.564.955
<b>Cash at the beginning of the year</b> .....		13.750.683	3.185.728
<b>Cash at the year end</b> .....		<u>4.244.666</u>	<u>13.750.683</u>

# Notes

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## 1. The company

Farice ehf. is a Icelandic private limited company and operates on the basis of Act no. 138/1998 on private limited companies. The company's registered office address is Guðríðarstíg 2-4, Reykjavík, Iceland. The principal activities of the company are to insure safe telecommunications between Iceland and its neighbour countries by submarine cables. The company has operations in Iceland, and connections to the Faroe Islands, Denmark and the United Kingdom.

## 2. Basis of preparation

### A. Statement of compliance

The financial statements are prepared in accordance with the Financial Statements Act no 3/2006 and The Regulation on the Presentation and Contents of Financial Statements and Consolidated Financial Statements. They are based on cost accounting and are prepared according to the same accounting principles as for the previous year. The financial statements are presented in EUR.

### B. Use of estimates and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of the reporting period. Actual results in the future could differ from such estimates and the differences may be material to the financial statements.

### C. Foreign currency translation

Transactions in foreign currencies are recognised in the functional currency at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are recognised at the exchange rate ruling at the reporting date. Exchange differences arising from transactions in foreign currencies are recognised in the income statement. Foreign currencies refer to all currencies other than the EUR.

## 3. Revenue recognition

Revenues are recognized when they are realized and earned. The company generates revenues by providing data services between Iceland, the Faroe Islands, UK and mainland Europe via submarine cable system. Revenues are stable and foreseeable but sales contract with customers are usually made for at minimum two years period.

Four customers account for around 67% of the revenues from bandwidth sales and were around 65% in 2021. Over half of the company's income, or 58%, was generated from the domestic market, which is a similar proportion as in the previous years.

## 4. Trade receivables

Receivables are recorded at nominal value and are written off when they prove to be ultimately lost. Around 95% of the receivables at year end were in euros (2021: 97%).

## 5. Cash and cash equivalents

Cash and cash equivalents consist of funds and on demand bank deposits.

## 6. Iris submarine cable

At year end the construction of the IRIS cable is mostly completed and the cable will be put in use in the first quarter of 2023. Costs were originally estimated around 50 million euros, which was funded with capital stock increase, 39,5 millions in 2021 og 10,5 millions 2022.

By year end the cost of the project amounts to about 48,7 million euros and current estimations now assume that the total project cost will be 50,4 million euros. The cost increase is mainly due to unfavourable weather conditions during the laying of the cable. It is assumed that the additional cost will be funded with capital stock increase in 2023.

# Notes

## 7. Interest-bearing long-term liabilities

The company's long-term loan from the Icelandic government (Endurlán Ríkissjóðs - ER) is in euros and carries fixed 2,5% interests. The DANICE cable, landing site at Landeyjasandi and all related assets and equipment is mortgaged for the company's liability with ER. The company has used free operation cash to make additional payments in the past and plans to continue to do so when possible.

	Maturity	2022		2021	
		Interest rate	Carrying amount	Interest rate	Carrying amount
Secured loan. EUR	2034	2,5%	31.044.102	2,5%	33.743.589
Current maturities.....			(2.699.487)		(2.699.487)
Total long-term liabilities.....			28.344.615		31.044.102

Maturities are specified as follows over the next years:

	2022	2021
Year 2023/2022.....	2.699.487	2.699.487
Year 2024/2023.....	2.699.487	2.699.487
Year 2025/2024.....	2.699.487	2.699.487
Year 2026/2025.....	2.699.487	2.699.487
Year 2027/2026.....	2.699.487	2.699.487
Subsequent.....	17.546.667	20.246.154
	31.044.102	33.743.589

The change in interest-bearing debt during the year is as follows:

	2022	2021
Amount on January 1.....	33.743.589	39.600.000
Payment in the year.....	( 2.699.487)	( 5.856.411)
Amount on December 31st .....	31.044.102	33.743.589

## 8. Operating expenses

The company's operating expenses is as follows:

	2022	2021
<b>Salaries and salary-related expenses</b>		
Salaries .....	859.534	734.875
Salary related expenses .....	191.240	159.926
Accrued vacation pay .....	( 9.063)	19.056
Capitalized salaries .....	( 51.373)	( 98.518)
Total .....	990.338	815.339

Number of employees .....	7,5	7
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	2022	2021
<b>General operating expenses</b>		
Operation of submarine cable system .....	4.649.919	4.725.622
Auditing .....	29.634	29.419
Other operating- and management expenses .....	413.903	563.472
Total .....	5.093.456	5.318.513

## 9. Research and development

	2022	2021
Research and development costs, IRIS .....	0	220.000
Total .....	0	220.000

# Notes

## 10. Operating assets

Operating assets are recorded at cost price less depreciation. Depreciation is calculated as a fixed percentage from the time the assets are put into use, based on their estimated useful life.

Estimated useful life by asset type is determined as follows:

Connection equipment.....	10 years
Cable landing stations.....	20 years
Submarine cables.....	20 years
Other telecommunication equipment.....	5 - 10 years

The assets residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at the end of each financial year.

	PoP/ Backhaul/CS	Farice	Danice	Iris	Total
<b>Total cost</b>					
Total cost 1.1.2021 .....	22.895.052	46.950.412	83.714.995	0	153.560.459
Additions in the year .....	797.222		43.172	28.241.426	29.081.820
Total cost 31.12.2021 .....	23.692.274	46.950.412	83.758.167	28.241.426	182.642.279
Additions in the year .....	1.076.405			20.430.074	21.506.479
Total cost 31.12.2022 .....	24.768.679	46.950.412	83.758.167	48.671.500	204.148.758

### Depreciation

Depreciated 1.1.2021 .....	18.053.891	39.257.561	42.299.965	0	99.611.417
Depreciation in the year ...	397.244	1.865.084	3.968.996	0	6.231.324
Depreciated 31.12.2021 ...	18.451.135	41.122.645	46.268.961	0	105.842.741
Depreciation in the year ...	423.161	1.868.655	3.986.675	0	6.278.491
Depreciated 31.12.2022 ...	18.874.296	42.991.300	50.255.636	0	112.121.232

### Net book value

Book value 31.12.2021 .....	5.241.139	5.827.767	37.489.206	28.241.426	76.799.538
Book value 31.12.2022 .....	5.894.383	3.959.112	33.502.531	48.671.500	92.027.526

Insurance value of the company's assets amounted to EUR 13,7 million.

At year end the construction costs of the IRIS project amounted to about 48,7 million euros but the cable was put to use in March 1, 2023. The IRIS cable is therefore not depreciated in the year 2022. Investments in new backhaul system was partially depreciated, depending on usage status.

## 11. Prepaid expenses

Prepaid expenses consists of a state guarantee fee paid in 2019 to the ER for the secured bond issue and the landing license for IRIS submarine cable, valid for the next 35 years and expected to be expensed throughout the useful life of the cable. The landing license is owned by and Irish subsidiary of Farice in Iceland.

	Guarantee fee ER	Landing license
Balance 31.12 .....	1.011.910	2.422.000
Transferred to income statement 2023, published with current assets .....	164.990	100.917
Transferred to income statement 2024 .....	150.333	121.100
Transferred to income statement 2025 .....	135.657	121.100
Transferred to income statement 2026 .....	120.990	121.100
Transferred to income statement 2027 .....	106.323	121.100
Transferred to income statement later .....	333.617	1.836.683

# Notes

## 11. Prepaid expenses

	2022	2021
The prepaid expenses are published in the balance sheet as follows:		
None-current prepaid expenses .....	3.168.005	1.011.907
Current prepaid expenses .....	265.907	179.657
	3.433.912	1.191.564

## 12. Tax matters

Operational profit in the year amounts to EUR 47,7 thousand but there are no taxes payable due to loss carryforward from previous years.

Deferred tax asset is calculated but not recognised or recorded in the balance sheet due to the uncertainty of utilisation in the coming years. The asset represents accumulated tax loss carryforward from past years, as well as the difference in the accounting methods used for tax purposes compared to the ones used for Financial Statements, whereas income tax is calculated based on other premises than the ones used for financial reporting, basically due to timing differences.

Deferred tax asset is as follows at the year end:

Loss carryforward 2013 available until 2023 .....	5.795.000
Loss carryforward 2014 available until 2024 .....	793.299
Loss carryforward 2015 available until 2025 .....	1.971.075
Loss carryforward 2016 available until 2026 .....	4.504.575
Loss carryforward 2017 available until 2027 .....	2.388.094
Loss carryforward 2018 available until 2028 .....	812.281
Loss carryforward 2019 available until 2029 .....	3.001.299
Loss carryforward total .....	19.265.623

Deferred tax asset is as follows at the year end:

	2022	2021
Property and equipment .....	2.155.511	1.913.754
Deferred foreign exchange difference .....	(15.608)	12.540
Tax loss carryforward .....	3.853.125	6.414.604
Impairment of tax asset .....	(5.993.028)	(8.340.898)

## 13. Equity

Total share capital at year end amounts to 77,9 million euros of nominal value. Increase in the year amounts to 10,5 million euros. .

Statement of changes in equity:

	Share capital	Accumulated deficit	Total equity
Equity at 1.1 .....	67.375.905	( 9.729.858)	57.646.047
Issued new share capital .....	10.500.000		10.500.000
Net gain .....		47.773	47.773
Equity at 31.12 .....	77.875.905	( 9.682.085)	68.193.820

# Notes

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## 14. Related parties

The company's related parties are shareholders, Board members, the CEO, and close family members of the aforementioned parties. No related parties purchased service from the company, nor did the company buy goods or service of any kind from related parties in year.

## 15. Going concern

Over the past few years the company has recognised significant losses even though both EBIDTA and cash flow from operations has been positive at the same time. In 2019 the company refinanced unfavourable loans with new loans on better terms and settled accumulated losses with a decrease in share capital.

Submarine cables FARICE-1 og DANICE are the main framework for the company's operations and are depreciated based on a 20 year useful life but are presumed to continue to generate revenues, and to further ensure the safety of data transfers between Iceland and the rest of the world, for longer.

Based on unchanged accounting assumptions about the life of FARICE-1, it is presumed it will be fully , it will be fully depreciated by the end of 2024 and DANICE at the end of 2028. The depreciation of IRIS then starts in 2023 and hence the expected operating result for the next years will be negative, despite positive cash flow and EBITDA.

Based on the aforementioned assumptions the Board's assessment is that there is no doubt that the company will be able to continue as a going concern.