



**Consolidated
Financial Statements
2025**

Isavia ohf.

Consolidated Financial Statements

2025

These consolidated financial statements 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.
Flugstöð Leifs Eiríkssonar
235 Keflavíkurflugvöllur
id.no. 550210-0370

Isavia ohf.

Consolidated Financial Statements

2025

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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 Flugstöð Leifs Eiríkssonar at Keflavíkurlugvöllur but its venue is in Hafnarfjörður.

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

The consolidated accounts for 2025 are prepared in accordance with International Financial Reporting Standards (IFRS) as approved by the European Union as well as with supplementary requirements in the Annual Accounts Act. The Consolidated 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 in 2025

According to the statement of income and expenditure of Isavia ohf., total operating income in 2025 amounted to ISK 49.262 million (2024: ISK 51.917 million). The gain for the year amounted to ISK 3.389 million (2024: ISK 5.231 million). The negative exchange rate difference amounted to ISK 941 million (2024: Positive exchange rate ISK 2.057 million). Wages and other staff costs amounted to ISK 24.941 million (2024: ISK 24.755 million), and the average number of staff in 2025 was 1.383 (2024: 1.433). The gender ratio among the staff and managers is 59,25% men, 40,72% women and 0.03% non-binary. The gender ratio among managers (CEO, Directors and Heads of Departments) is 62% men and 38% women.

On December 31st, 2025, the total assets of the consolidated group amounted to ISK 121.435 million (2024: ISK 114.791 million). Equity at the end of 2025 amounted to ISK 52.684 million (2024: ISK 49.293 million) and the equity ratio for the consolidated group was 43,4% at the end of the year (2024: 42,9%).

The Board of Directors proposes that ISK 287 million of the profit of the year will be allocated to the statutory reserve. The remaining profit of the year will be transferred to retained earnings and reference is made to the consolidated Financial Statements concerning the allocation of profit and other changes in the consolidated equity.

Share capital

At the end of the year, the share capital amounted to ISK 24.559 million (2024: ISK 24.559 million). The Icelandic State is the sole owner of Isavia ohf. at the end of 2025, as at the end of 2024.

The Group's Board of Directors proposes that no dividend be paid to the company's owner for the financial year 2025.

Governance

The Board of Isavia has set rules of procedure for itself that, inter alia, define the main tasks and areas of competence of the Board and the CEO. The rules are accessible on the website of the company. The rules state, inter alia, that the Board of the company shall adhere to the guidelines on corporate governance issued by the Icelandic Chamber of Commerce, Confederation of Icelandic Enterprise (SA) and Nasdaq OMX Iceland.

In accordance with the above guidelines on good governance and the Annual Accounts Act, the Board of Isavia has prepared a corporate governance statement that can be accessed on the company's website as well as in Appendix I to the annual accounts.

The Board of Isavia consist of five board members, three women and two men. Therefore, the gender ratio is in accordance with article 63 in Act number 2/1995 which require entities with more than 50 employees to ensure that gender ratio in the Board of Directors shall not be lower than 40% for either gender.

There are two committees operating, the audit committee and the emoluments committee. These committees are entrusted with the task of improving working practices in areas under the auspices of the Board, thus improving the efficacy of the work of Board members. For further information, see the website of the company and Appendix I.

Statement by the Board of Directors and Managing Director

Ownership policy

An ownership strategy has been established for the subsidiaries of Isavia ohf., where effort is made to clarify the responsibilities and roles of the owner, the company, the board and management in order to promote good governance and a clear policy formulation. That way, the ownership strategy is intended to ensure transparent, professional and efficient management of subsidiaries. Subsidiaries are also required to comply with supporting policies, rules and guidelines that are followed on a consolidated basis. These include human resources and equality policies, sustainability policy, risk management policy, supplier code of conduct and policies on the processing of personal data. The ownership strategy together with the appendix are available on the company's website www.isavia.is.

Future prospects

The year 2025 was the fourth largest year ever for Keflavík Airport. A total of 8,1 million passengers passed through the airport, which is a decrease of about 2% from the previous year. A total of 28 airlines operated scheduled flights from Keflavík Airport to around 100 destinations. The bankruptcy of the airline Fly Play hf. affected the total number of passengers, as the original passenger forecast for the year assumed 8,4 million passengers. The number of passengers at Isavia domestic airports decreased slightly between 2024 and 2025.

The number of foreign tourists was just under 2,3 million, a decrease of 0,4% from the previous year and 0,8% below the passenger forecast. Icelandic passengers, on the other hand, were just over 700 thousand, which is an 18% increase from the previous year and 18,6% above the forecast.

In 2025, passengers using the domestic system were 691 thousand, compared to 694 thousand the previous year. For the fourth year in a row, the number of passengers in the domestic system is just under 700 thousand. The advent of the Loftbrú bridge has mitigated the impact and to some extent offset the reduction in passenger numbers.

Air traffic in the Icelandic air traffic control area in 2025 was comparable to traffic in 2024, which was also a record year for air traffic for Isavia ANS ehf. A modest increase in air traffic is expected in the coming year.

One of the most important tasks of the subsidiary Isavia ANS ehf. in the near future will be focused on the successful implementation of a new flight data processing system to replace the old system. A decision on this can be expected in 2026.

During the year, extensive changes and progresses also took place at Keflavík Airport. The east wing was formally opened in March 2025 and marked the largest expansion of the airport since inception. A new playground for the youngest passengers was opened, changes were made to the restaurant and shopping areas, and construction is underway in the airport's access area. On May 7th 2025, Heinemann Travel Retail Ice ehf. formally took over the operation of duty-free stores at Keflavík Airport.

There are both opportunities and challenges ahead. The aviation industry is sensitive to fluctuations in the external environment, and that situation has not changed. Climate change and the new regulations and requirements that come with it can have a significant impact on the operating environment of airports and airlines, including in the form of increased costs or changes in passengers' travel habits. Isavia's operations are extensive and complex, and external changes, both foreseen and unforeseen, can increase the complexity of operations and call for solutions based on the imagination, professionalism and perseverance of employees.

It is the opinion of the Board of Directors and the CEO that the company's operational capability is strong and that Isavia is well equipped to deal with the increased air traffic and increase in passenger numbers that can be expected in the coming years. The company is also well prepared for the infrastructure development planned at Keflavík Airport in near future.

Statement by the Board of Directors and Managing Director

Social responsibility and non-financial information

Isavia's operations fall under requirements within the Act on Annual Accounts regarding non-financial information. In addition, Isavia is required to comply with the requirements in Act no. 25/2023 on information on sustainability in the field of financial services and the classification system for environmentally sustainable economic activities (EU Taxonomy). The law requires certain companies, including Isavia, to disclose the income, investment costs and operating costs that the company has and bears from environmentally sustainable assets.

The Isavia group has a sustainability policy that states that the company has sustainability as its guiding principle in everything it does. The strategy is supported by five-year action plans valid until the end of 2026.

Isavia has supported the UN Global Compact since 2016. With this, the company commits itself to ensure that policy and practices are in line with the ten main principles of the United Nations on human rights, labour issues, environmental issues and anti-corruption measures. The company supports the United Nations' Global Goals for Sustainable Development and works systematically towards them.

Isavia's annual report is issued according to an international standard of the Global Reporting Initiative (GRI) along with special provisions applying to airports. The report provides a detailed information of Isavia's priorities, objectives, key performance indicators and achievements towards increased sustainability. Further information from the report on non-financial information is to be found in Appendix II.

Isavia submits its annual report to the UN Global Compact and Global Reporting Initiative databases every year. The report is now published for the tenth time in this manner and can be found at: <https://www.kefairport.is/fyrirtaekid/skyrslur-og-uppgjor>.

The statement of the Board and Managing Director

According to the best of knowledge of the Board of Directors and CEO of Isavia ohf., the consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and, as applicable, additional requirements of the Act on Annual Accounts.

In the opinion of the Board and the Managing Director of Isavia ohf., the accounting rules of the company are appropriate, and the consolidated accounts give a clear overview of the development and achievements of the company, its risk management and the main areas of uncertainty in its environment.

The Board and the Managing Director confirm, to the best of their knowledge, that the consolidated accounts give a true and fair view of the operating results of the consolidated group, its assets, liabilities and changes in liquidity in 2025.

The Board and the Managing Director have reviewed and approved the consolidated annual accounts of the company for 2025 with their signatures and propose that the Annual General Meeting of the company approve the consolidated accounts.

Hafnarfjörður, March 12th 2026

Board of Directors

Steinþór Pálsson
chairman of the Board

Gréta María Grétarsdóttir
board member

Hera Grímsdóttir
board member

Marta Jónsdóttir
board member

Ómar Svavarsson
board member

Managing Director

Sveinbjörn Indriðason

REPORT OF THE ICELANDIC NATIONAL AUDIT OFFICE

To the Board of Directors and Shareholders of Isavia ohf.

Opinion

The consolidated financial statements of Isavia ohf. for the year ended December 31, 2025, are audited in accordance with Act no. 46/2016 on the Auditor General and the auditing of Government Accounts. The consolidated financial statements comprise the income statement, the balance sheet, the statement of changes in equity, statement of cash flows, information on significant accounting policies and other notes to the financial statements.

It is the opinion of The Icelandic National Audit Office (INAO) that the consolidated financial statements give a true and fair view of the financial position of Isavia ohf. on December 31, 2025, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and additional requirements in the Icelandic Financial Statement Act.

Basis for opinion

The audit was conducted in accordance with International Standards on Auditing (ISAs). The responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of the Auditor General's report. The Auditor General is independent of Isavia ohf. and operates in accordance with Act no. 46/2016 on the Auditor General and the auditing of Government Accounts and with the code of conduct of The International Organization of Supreme Audit Institutions (INTOSAI). The name of the Auditor General's office is "The Icelandic National Audit Office" and The Auditor General manages it. The Auditor General believes that the audit evidence obtained is sufficient and appropriate to provide a basis for the opinion of The Icelandic National Audit Office on the consolidated financial statements.

Other information

It is the opinion of The INAO that the information given in the Statement by the Board of Directors and Managing Director complies with the provisions of paragraph 2 of article 104 of Act no. 3/2006 on the Icelandic Financial Statement Act.

The Board of Director's and the CEO's Responsibilities for the Consolidated Financial Statements

The Board of Directors and the CEO are responsible for the preparation and fair presentation of the Consolidated Financial Statements in accordance with International Financial Reporting Standards (IFRSs) and adopted by the EU and additional requirements in the Icelandic Financial Statement Act, and for such internal control as the Board of Directors and the CEO determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated Financial Statements, the Board of Directors and the CEO are responsible for assessing Isavia ohf.'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 the Board of Directors and the CEO either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The Board of Directors are responsible for monitoring the preparation and presentation of the Consolidated Financial Statements.

Auditor General's Responsibilities for the Audit of the Consolidated Financial Statements

The objectives of The Auditor General are to obtain reasonable assurance about whether the Consolidated 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 The Auditor General's opinion on the Consolidated 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 based on these Consolidated Financial Statements.

As part of an audit in accordance with ISAs, professional judgement was exercised, and professional scepticism maintained throughout the audit. The Auditor General also:

- Identifies and assesses the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains 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.

REPORT OF THE ICELANDIC NATIONAL AUDIT OFFICE

Auditor General's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- Obtains an understanding of internal control relevant to the audit to design audit procedures that are appropriate in the circumstances.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concludes 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 the audit concludes that a material uncertainty exists, The INAO is required to draw attention in the auditor's report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify the opinion. The conclusions of The INAO are based on the audit evidence obtained up to the date of its report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluates the overall presentation, structure, and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated and Separate Financial Statements. The INAO is responsible for the direction, supervision, and performance of the group audit. The INAO remains solely responsible for the audit opinion it gives.

The INAO communicates 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 the audit.

The Icelandic National Audit Office,
March 12th, 2026

Guðmundur Björgvin Helgason,
The Auditor General

Income statement and other comprehensive income for the year 2025

	Notes	2025	2024
Operating revenues	5	49.261.589	51.917.233
Operating expenses			
Cost of goods sold	6	(2.972.537)	(7.813.142)
Salaries and related expenses	7	(24.940.605)	(24.754.535)
Office and administrative expenses		(1.127.727)	(941.247)
Other operating expenses	9	(8.064.731)	(7.749.540)
		<u>(37.105.600)</u>	<u>(41.258.463)</u>
Operating profit before depreciation and amortization		12.155.989	10.658.769
Depreciation and amortization	12,13,14	(4.706.040)	(4.552.466)
Operating profit		7.449.949	6.106.303
Financial income	10	503.865	1.035.398
Financial expenses	10	(2.850.563)	(2.790.514)
Net exchange rate differences	10	(941.066)	2.056.903
Profit before taxes		4.162.185	6.408.091
Income tax	11	(773.480)	(1.177.029)
Profit and other comprehensive income for the year		<u>3.388.705</u>	<u>5.231.062</u>

Statement of Financial Position as at December 31st 2025

Assets

	Notes	31.12.2025	31.12.2024 Restated *
Non-current assets			
Property, plant and equipment	3,12	103.105.397	95.729.172
Intangible assets	3,13	6.219.776	5.774.094
Right of use asset	14	1.379.665	493.643
Shares in other companies		5.000	5.000
Bonds and other long-term receivables	16	0	502.044
		<u>110.709.837</u>	<u>102.503.952</u>
Current assets			
Inventories	17	138.762	759.728
Accounts receivables	18	3.106.237	3.042.954
Current maturities of long-term receivables	16	502.566	501.437
Other receivables	18	1.507.414	2.093.797
Cash and cash equivalents	18	5.469.671	5.889.342
		<u>10.724.649</u>	<u>12.287.259</u>
Total assets		<u><u>121.434.487</u></u>	<u><u>114.791.211</u></u>
Equity and liabilities			
Equity			
Share capital	19	24.559.063	24.559.063
Statutory reserves		3.355.151	3.068.070
Revaluation reserves		34.417	35.741
Restricted reserves		2.853.758	2.240.958
Retained earnings		21.881.182	19.388.921
		<u>52.683.573</u>	<u>49.292.753</u>
Non-current liabilities			
Loans from credit institutions	20	53.673.277	52.154.347
Lease agreements	14	1.315.984	403.733
Other provisions	21	195.000	0
Deferred tax liabilities	22	1.174.668	404.059
		<u>56.358.930</u>	<u>52.962.140</u>
Current liabilities			
Accounts payable	23	3.158.843	6.519.007
Borrowings from financial institutions	23	3.000.000	0
Current maturities of loans from credit institutions	20	1.604.187	1.570.294
Current maturities of lease liabilities	14	89.509	106.945
Current tax liabilities	11	2.920	3.696
Other current liabilities	23	4.536.525	4.336.376
		<u>12.391.985</u>	<u>12.536.318</u>
Liabilities		<u>68.750.914</u>	<u>65.498.458</u>
Total equity and liabilities		<u><u>121.434.487</u></u>	<u><u>114.791.211</u></u>

* Comparative figures have been restated see Note 3 and the statement of changes in equity for further details.

Statement of Changes in Equity 2025

	Share Capital	Statutory reserves	Revaluation reserves	Rrestricted reserves	Retained earnings	Total Equity
Opening balance on January 1st 2024	24.559.063	2.629.177	37.065	0	16.838.913	44.064.218
Transfer to restricted reserves - prior years	0	0	0	1.752.542	(1.752.542)	0
Transfer to restricted reserves	0	0	0	488.416	(488.416)	0
Allocation to the statutory reserves	0	438.893	0	0	(438.893)	0
Depreciation of revaluation	0	0	(1.324)	0	1.324	0
Translation difference	0	0	0	0	(2.527)	(2.527)
Profit and other comprehensive income for the year	0	0	0	0	5.231.062	5.231.062
Equity December 31st 2024	24.559.063	3.068.070	35.741	2.240.958	19.388.921	49.292.753
Opening balance on January 1st 2025	24.559.063	3.068.070	35.741	2.240.958	19.388.921	49.292.754
Transfer to restricted reserves	0	0	0	612.800	(612.800)	0
Allocation to the statutory reserves	0	287.081	0	0	(287.081)	0
Depreciation of revaluation	0	0	(1.324)	0	1.324	0
Translation difference	0	0	0	0	2.114	2.114
Profit and other comprehensive income for the year	0	0	0	0	3.388.705	3.388.705
Equity December 31st 2025	24.559.063	3.355.151	34.417	2.853.758	21.881.182	52.683.573

No dividends were paid to shareholders for the year. Share capital has been fully paid. See note 19 for further information.

The transfer to restricted reserves relates to capitalised development costs, and comparative figures have been restated in accordance with a change in the classification of property, plant and equipment; see notes 3, 13 and 19.

Statement of Cash Flows 2025

	Notes	2025	2024 Restated *
Cash flows from operating activities			
Operating profit		7.449.949	6.106.303
Depreciation and amortization	12,13,14	4.706.040	4.552.466
Accounting depreciation of current assets	16,17	749.980	78.165
Other adjustments		(201.127)	0
Gain on disposal of assets		(5.449)	(2.995)
Operating cash flow without interests and taxes		<u>12.699.393</u>	<u>10.733.939</u>
Inventories, decrease (increase)		628.981	(37.789)
Operating assets, decrease		361.498	481.117
Operating liabilities, (decrease)		(3.233.903)	(407.177)
Net cash flow from operating activities without interests and taxes		<u>10.455.970</u>	<u>10.770.090</u>
Interest income received		543.695	1.022.808
Interest expenses paid		(2.790.284)	(2.707.319)
Service charges paid		(27.757)	(91.047)
Income taxes paid		(3.696)	(2.583)
Net cash flow from operating activities		<u>8.177.928</u>	<u>8.991.949</u>
Investing activities			
Acquisition of property, plant and equipment		(11.450.958)	(17.469.161)
Sale of property, plant and equipment		37.779	12.863
Acquisition of intangible assets	13	(770.679)	(570.020)
Instalments on bonds	16	14.937	14.394
Long term claims Joint Finance contract, change	16	487.950	487.950
Investing activities		<u>(11.680.970)</u>	<u>(17.523.974)</u>
Financing activities			
New long-term borrowing	20	2.000.000	0
Borrowings from financial institutions	23	3.000.000	0
Repayment of borrowings	20	(1.585.579)	(1.217.326)
Instalments of leases	14	(130.241)	(123.123)
Current liabilities, finance of construction plan, change	23	(331.829)	369.209
Financing activities		<u>2.952.350</u>	<u>(971.240)</u>
Net change in cash and cash equivalents		(550.691)	(9.503.265)
Cash and cash equivalents at the beginning of the year		5.889.342	15.513.769
Effect of foreign exchange rates		131.021	(121.161)
Cash and cash equivalents at the end of the year	18	<u>5.469.671</u>	<u>5.889.342</u>
Financing activities not affecting cash flows			
Investment in property, plant and equipment	12	(11.847.085)	0
Investment in property, plant and equipment not affecting cash flows		396.127	0
		<u>(11.450.958)</u>	<u>0</u>
Purchased property, plant and equipment		396.127	0
Change in operating items		(201.127)	0
Other liabilities		(195.000)	0
		<u>0</u>	<u>0</u>

* Comparative figures have been restated see note 3.

Notes

1. General information

Isavia ohf. was established in the beginning of 2010 with a merger between Flugstodir ohf. and Keflavíkurlflugvöllur ohf. 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 at Flugstöð Leifs Eiríkssonar at Keflavíkurlflugvöllur but its legal venue is in 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 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 Innanlandsflugvellir ehf., Fríhöfnin ehf., Tern Systems ehf., Tern Branch Hungary and Suluk ApS in Greenland.

Fríhöfnin ehf. operated shops with duty-free goods at Keflavík Airport in accordance with an operating licence agreement with the parent company Isavia. It was a store where the emphasis was on typical duty-free products, such as alcohol, tobacco, sweets and cosmetics. Fríhöfnin ehf. operated three stores at Keflavík Airport, one for departing passengers, one for passengers to countries outside the Schengen area and one for arriving passengers.

On May 7th 2025, Fríhöfnin ehf. ceased operations of all stores at Keflavík Airport when a new operator took over duty-free stores. In 2024 Fríhöfnin ehf. opened the operation of a shop with duty-free goods in the airport terminal in Akureyri, but that operation was also ceased on 15 October 2025. From that time on, all operations of Fríhöfnin ehf. were ceased.

2. Basis of accounting

The Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards, IFRS, as adopted by the European Union by the end of 2025, new and revised and additional requirements in the Annual Accounts Act. The consolidated financial statements have been prepared on the historical cost basis, except for shares in other companies that are recognised at fair value and certain fixed assets are valued in accordance with revaluation model. The Consolidated Financial Statements are presented in Icelandic krona (ISK), which is the functional currency of the company. All amounts are in ISK thousands, unless stated otherwise.

New and amended standards adopted by the group

The group has applied the following standards and amendments for the first time for its annual reporting period commencing 1 January 2025. In August 2023, the IASB amended IAS 21 to add requirements to help entities to determine whether a currency is exchangeable into another currency, and the spot exchange rate to use where it is not. Prior to these amendments, IAS 21 set out the exchange rate to use when exchangeability is temporarily lacking, but not what to do when lack of exchangeability is not temporary. The amendments listed above had immaterial impact on the financial statements.

New standards and interpretations not yet adopted

2025 reporting periods and have not been early adopted by the group. The group's assessment of the impact of these new standards and amendments is set out below.

New standard, IFRS 18 Presentation and Disclosure in Financial Statements (effective for annual periods beginning on or after 1 January 2027). IFRS 18 will replace IAS 1 Presentation of financial statements, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though IFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive. Management is currently assessing the detailed implications of applying IFRS 18.

The group will apply the new standard from its mandatory effective date of 1 January 2027. Retrospective application is required, and so the comparative information for the financial year ending 31 December 2026 will be restated in accordance with IFRS 18.

Annual improvements to IFRS accounting standards.

In July 2024, the IASB issued nine narrow scope amendments as part of its periodic maintenance of IFRS accounting standards. The amendments include clarifications, simplifications, corrections or changes to improve consistency in IFRS 1 First-time Adoption of IFRS, IFRS 7 Financial Instruments: Disclosure requirements, IFRS 9 Financial Instruments, IFRS 10 Consolidated Financial Statements and IAS 7 Statements of Cash Flows. The amendments will be effective for reporting periods beginning on or after 1 January 2026. Earlier application is permitted and must be disclosed. The group does not expect these amendments to have a material impact on its operations or financial statements.

Notes

3. Changes in classification and restatement of comparative figures

In 2025, a change was made to the classification between operating assets, tangible assets and intangible assets at the subsidiary Isavia ANS ehf. The asset in question was originally classified among operating assets under other assets and is now classified under software among intangible assets. The asset is still in development and therefore no amortization in place. The change between categories only affects operating assets and intangible assets and is specified in this statement. At the same time, restricted reserves among equity are adjusted. In accordance with the overview, the comparative figures as at 31 December 2024 in the statement of financial position for the year have been restated. The notes to operating assets no. 12 and intangible assets no. 13 as well as the statement of equity have also been amended accordingly. The consolidated cash flow for the year 2024 has also been adjusted accordingly due to the capitalisation of the year 2024, which is presented within the investment activities section between investments of operating assets and investments of intangible assets. There is no other impact on the Group's financial statements as a result of this change.

Efnahagsreikningur

	31.12.2024 Restated	31.12.2024 Change	31.12.2024 Original
Assets			
Non-current assets			
Property, plant and equipment	95.729.172	(2.240.958)	97.970.130
Intangible assets	5.774.094	2.240.958	3.533.136
Right of use asset	493.643	0	493.643
Shares in other companies	5.000	0	5.000
Bonds and other long-term receivables	502.044	0	502.044
	<u>102.503.952</u>	<u>0</u>	<u>102.503.952</u>
Current assets	12.287.259	0	12.287.259
Total assets	<u>114.791.211</u>	<u>0</u>	<u>114.791.211</u>
Equity and liabilities			
Equity			
Share capital	24.559.063	0	24.559.063
Statutory reserves	3.068.070	0	3.068.070
Revaluation reserves	35.741	0	35.741
Restricted reserves	2.240.958	2.240.958	0
Retained earnings	19.388.921	(2.240.958)	21.629.879
	<u>49.292.753</u>	<u>0</u>	<u>49.292.753</u>
Liabilities	65.498.458	0	65.498.458
Total equity and liabilities	<u>114.791.211</u>	<u>0</u>	<u>114.791.211</u>
Cash flow			
	2024 Restated	2024 Change	2024 Original
Cash flows from operating activities			
Net cash generated from operating activities	8.991.949	0	8.991.949
Investing activities			
Acquisition of property, plant and equipment	(17.469.161)	488.416	(17.957.577)
Sale of property, plant and equipment	12.863	0	12.863
Acquisition of intangible assets	(570.020)	(488.416)	(81.605)
Instalments on bonds	14.394	0	14.394
Long term claims Joint Finance contract, change	487.950	0	487.950
	<u>(17.523.974)</u>	<u>0</u>	<u>(17.523.974)</u>
Financing activities	(971.240)	0	(971.240)
Net change in cash and cash equivalents	(9.503.265)	0	(9.503.265)
Cash and cash equivalents at the beginning of the year	15.513.769	0	15.513.769
Effect of foreign exchange rates	(121.161)	0	(121.161)
Cash and cash equivalents at the end of the year	<u>5.889.342</u>	<u>0</u>	<u>5.889.342</u>

Notes

4. Accounting assessment

In preparing consolidated financial statements, management is required, in accordance with International Accounting Standards, to make decisions, estimates and conclusions that affect the assets and liabilities at the reporting date, the disclosures in the notes 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. 12, 13, 17 and 18.

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.

5. Operating revenues

The consolidated composition of revenues, is specified as follows

	2025	2024
Revenue from sales	5.167.184	14.970.131
Revenue from services	29.383.382	27.012.734
Revenue from contracts	3.093.800	2.920.300
Revenue from long-term assets	11.617.223	7.014.068
	<u>49.261.589</u>	<u>51.917.233</u>

Revenue from long term assets consist of revenues of real estates, land and equipment. Within revenues from long term assets are rental revenues that fall partly under IFRS 16 Leases. Other revenues above are within IFRS 15 Revenues from contracts with customers. Further description of nature of revenues and timing of the consolidation's revenues can be found in Note 30.

Revenue from the contracts is due to an agreement with the Ministry of Infrastructure for the operation of airports and air navigation services at domestic airports. Revenue in 2025 amounted to ISK 3.094 million. In 2024 the revenue amounted ISK 2.920 million.

6. Cost of goods sold

	2025	2024
Cost of inventories and transportation cost	2.611.591	6.644.367
Alcohol- and Tobacco levies	340.465	1.074.041
Recycling expenses	20.481	94.734
	<u>2.972.537</u>	<u>7.813.142</u>

7. Salaries and related expenses

	2025	2024
Salaries	20.199.849	19.736.142
Contribution to defined contribution plans	2.977.947	2.883.715
Social security contribution	1.456.612	1.419.698
Other salary-related expenses	394.059	365.269
Additional contribution to pension fund and changes in vacation obligation	180.167	378.513
Capitalized employment expenses	(1.335.667)	(1.007.990)
Other employee expenses	1.067.639	979.187
	<u>24.940.605</u>	<u>24.754.535</u>
Average number of employees	1.383	1.433

Total salaries and pension fund contribution for the CEO of Isavia ohf. for the year 2025 amounted to ISK 62 million, compared to ISK 59 million in 2024. In 2025, total payments and the pension fund contribution to the four Directors of the consolidated group, the Directors of subsidiaries and Directors of the parent company amounted to ISK 397 million, compared to ISK 352 million the year before.

Notes

8. Fees to auditors

	2025	2024
	Audit and interim review	Audit and interim review
The Icelandic National Audit Office	44.799	47.267
	<u>44.799</u>	<u>47.267</u>

Other services include the cost of accounting, tax service and assistance on tax return. In years 2025 and 2024, this service was purchased from a third party that is independent of the company's auditor.

9. Other operating expenses

	2025	2024
Housing expenses	2.683.483	2.603.242
Technical and operational systems	2.227.425	1.980.708
Airport and runway expenses	886.001	1.023.882
Vehicle and equipment expenses	516.189	516.497
Other operating expenses	1.751.632	1.625.211
	<u>8.064.731</u>	<u>7.749.540</u>

10. Financial income and expenses

Financial income

	2025	2024
Interest income on cash and cash equivalents	280.321	737.397
Interest income on Bonds and other long-term receivables	1.972	3.331
Interest income on Joint Finance contract	178.235	270.201
Other interest income	43.338	24.469
	<u>503.865</u>	<u>1.035.398</u>

Financial expenses

	2025	2024
Interest expense and indexation	(2.758.637)	(2.643.298)
Other interest expense	(91.925)	(147.216)
	<u>(2.850.563)</u>	<u>(2.790.514)</u>

Net exchange rate differences

	2025	2024
Net exchange rate differences	(941.066)	2.056.903
	<u>(941.066)</u>	<u>2.056.903</u>

11. Income tax

Income tax has been calculated and recorded in the Financial Statements, the amount charged in the Income Statement is ISK 773 million. Income tax payable in the year 2026 is about ISK 2,9 million due to foreign subsidiaries. In year 2024 income tax charged in the Income Statement was ISK 1.177 million and income tax payable in year 2025 was ISK 3,7 million.

The effective tax rate is specified as follows:

	2025		2024	
	Amount	%	Amount	%
Profit before taxes	4.162.185		6.408.091	
Tax rate	(832.437)	(20,0%)	(1.345.699)	(21,0%)
Other changes	39.721	1,0%	125.768	2,0%
Changes in tax rate	19.236	0,5%	42.902	0,7%
Income tax according to Income statement	<u>(773.480)</u>	<u>(18,6%)</u>	<u>(1.177.029)</u>	<u>(18,4%)</u>

Notes

12. Property, plant and equipment

	Buildings	Real estates work in progress	Aprons and car parks	Other assets	Total
Cost					
Balance on January 1st 2024	43.589.239	14.125.637	28.970.864	24.882.051	111.567.791
Balance reclassified to intangible assets ..	0	0	0	(1.752.542)	(1.752.542)
Additions	61.336	9.433.384	4.889.178	3.573.679	17.957.577
Capitalized as intangible assets	0	0	0	(488.416)	(488.416)
Disposals	(92.406)	0	(8.112)	(2.586.912)	(2.687.429)
Sold	0	0	0	(39.461)	(39.461)
Balance on January 1st 2025	43.558.169	23.559.021	33.851.930	23.588.400	124.557.520
Reclassification	(123.006)	0	0	123.006	0
Additions	1.410.184	3.916.001	3.313.565	3.207.336	11.847.085
Work in progr moved to depreciation ...	16.921.928	(16.921.928)	0	0	0
Disposals	0	0	0	(831.785)	(831.785)
Sold	0	0	0	(348.833)	(348.833)
Balance on December 31st, 2025	61.767.274	10.553.094	37.165.495	25.738.124	135.223.986
Accumulated depreciation					
Balance on January 1st 2024	11.758.302	0	5.695.422	10.002.392	27.456.117
Depreciation for the year	1.231.069	0	1.196.866	1.661.319	4.089.253
Disposals	(92.406)	0	(8.112)	(2.586.912)	(2.687.429)
Sold	0	0	0	(29.593)	(29.593)
Balance on January 1st 2025	12.896.965	0	6.884.176	9.047.207	28.828.348
Reclassification	(49.418)	0	0	49.418	0
Depreciation for the year	1.430.428	0	1.336.578	1.473.723	4.240.729
Disposals	0	0	0	(831.785)	(831.785)
Sold	0	0	0	(118.703)	(118.703)
Balance on December 31st, 2025	14.277.975	0	8.220.754	9.619.860	32.118.589
Book value					
Book value beginning of year 2025	30.661.204	23.559.021	26.967.754	14.541.193	95.729.172
Book value at year-end 2025	47.489.299	10.553.094	28.944.741	16.118.264	103.105.397

Estimated useful lives of fixed assets are as follows:

Buildings	0-100 years
Aprons and car parks	5-50 years
Other assets	0-50 years

Construction is underway at Leif Eiriksson Airport due to expansion of the terminal and changes in spaces as well as construction in the airport area. In the year 2025, construction and other investments for around ISK 11.329 million were capitalized by the parent company (2024: ISK 16.816 million). Other investments in subsidiaries of Isavia ohf. amounted to ISK 518 million during the year (2024: ISK 1.142 million). There is ongoing construction work ahead regarding the expansion of the terminal and changes in spaces, as well as ongoing construction in the airport area. On December 31st, 2025 there were non-financial obligations due to contracts that belong to the projects ahead until year end 2027 and the obligation amounts to ISK 5.142 million (2024: ISK 7.142 million) at the parent company.

Depreciation:	2025	2024
Depreciation of property, plant and equipment see above	4.240.729	4.089.253
Depreciation of intangible assets according to note 13	324.997	336.347
Depreciation of right-of-use assets according to note 14	140.314	126.866
	4.706.040	4.552.466

Information about the revalued properties in year-end:

	31.12.2025	31.12.2024
Revalued book value	88.735	91.731
Impact of the special revaluation	(41.969)	(43.583)
Book value without impact of revaluation	46.766	48.148

Notes

12. Property, plant and equipment (continued)

The assessment- and insurance value for the Consolidation's assets is itemized as the following:

	2025		2024	
	Official real estate value	Insurance value	Official real estate value	Insurance value
Buildings and sites	54.477.585	174.431.037	43.541.082	181.688.591
Machinery and equipment, asset insurances		2.612.989		2.273.937
Other liquid asset insurance		25.138.884		36.140.033
Halt insurance		6.924.013		14.052.921

Isavia ohf. and subsidiaries have joint insurance. Included in the insurance value of real estates and land is the insurance value for real estate that Isavia Innanlandsflugvellir ehf. manages and those real estates are related to a service agreement with the Ministry of Infrastructure and the insurance value of the real estate amounts to ISK 14.379 million in 2025 (2024: ISK 14.133 million).

13. Intangible assets and amortization

Consolidation	Usage agreement on facilities	Usage agreement on runways	Software and other assets	Total
Cost				
Balance on January 1st 2024	477.035	5.706.000	1.311.836	7.494.871
Balance beginning of 2024 reclassified from operating assets .	0	0	1.752.542	1.752.542
Additions	0	0	81.605	81.605
Capitalized moved from operating assets	0	0	488.416	488.416
Disposals	0	0	(106.767)	(106.767)
Balance on January 1st 2025	477.035	5.706.000	3.527.632	9.710.667
Additions	0	0	770.679	770.679
Disposals	0	0	(421.422)	(421.422)
Balance on December 31st 2025	477.035	5.706.000	3.876.889	10.059.924
Depreciation				
Balance on January 1st 2024	238.550	2.853.385	615.058	3.706.993
Depreciation during the year	15.899	190.174	130.274	336.347
Disposals	0	0	(106.767)	(106.767)
Balance on January 1st 2025	254.449	3.043.559	638.565	3.936.573
Depreciation during the year	15.899	190.174	118.924	324.997
Disposals	0	0	(421.422)	(421.422)
Balance on December 31st 2025	270.348	3.233.734	336.067	3.840.148
Book value				
Book value at beginning of year 2025	222.586	2.662.441	2.889.067	5.774.094
Book value at year-end 2025	206.687	2.472.266	3.540.822	6.219.776
Depreciation rate	3,3%	3,3%	0-33%	

Included in software and other assets is capitalized development costs of a new flight data processing system, which amounted to ISK 2.623 million at year-end (2024: ISK 2.241 million). The software has not been put into use and therefore no amortization is in place. In recent years, the subsidiary Isavia ANS ehf. worked, in collaboration with its subsidiary Tern Systems ehf., on the development of a new flight data processing system to replace the old system. There was no development on the overflight part of the flight data processing system in 2025, but work continued on its approach part. It is being examined whether it is more advantageous to purchase a system for the overflight from a third party that is more advanced in development, and then with specific adaptation to the needs of the operation. A decision on the further development of the overflight system can be expected in 2026.

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 Consolidation 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 Consolidation 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.

Notes

14. Leases agreements

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 10 years plus one indefinite contract. 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 42 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 and land
Carrying amount on January 1st 2024	277.088
Adjustments for indexed leases	20.882
New or renewed leases	322.539
Depreciation	(126.866)
Carrying amount on January 1st 2025	493.643
Adjustments for indexed leases	17.628
New or renewed leases	1.008.707
Depreciation	(140.314)
Carrying amount on December 31st 2025	1.379.665

Amounts recognised in income statement	2025	2024
Depreciation expense from right-of-use assets	140.314	126.866
Interest expense on lease liabilities	54.168	23.627
Total amount recognised in income statement	194.482	150.493

Payment of leases for the year	185.688	146.336
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Lease liabilities	2025	2024
Lease liabilities, long-term	1.315.984	403.733
Lease liabilities, current maturities next 12 months among current liabilities	89.509	106.945
	1.405.494	510.678

Lease liabilities	31.12.2025	31.12.2024
Maturity analysis, undiscounted lease payments		
Less than 1 year	200.802	128.562
Later than 1 year and not later than 5 years	780.266	218.967
Later than 5 year	2.153.262	308.451
	3.134.330	655.980

Notes

15. The Consolidation

The Consolidated Financial Statements of Isavia ohf. consists of the following subsidiaries:

	Ownership	Nominal amount	Principal activity
Shares in subsidiaries are as follows:			
Subsidiaries of Isavia ohf.			
Fríhöfnin ehf., Keflavik Airport	100,00%	50.000	Retail and commerce
Isavia ANS ehf., Reykjavik Airport	100,00%	310.500	Air traffic control services
Isavia Innanlandsflugvelliir ehf., Reykjavik Airport	100,00%	52.350	Domestic airport operations
Subsidiaries of Isavia ANS ehf.			
Suluk ApS, Greenland	100,00%	1.999	Services of air traffic controllers
Tern Systems ehf., Kopavogur	100,00%	80.000	Software and consulting
Subsidiary of Tern Systems ehf.			
Tern Branch Hungary, Hungary	100,00%	16.877	Software and consulting

16. Bonds and other long term receivable

	31.12.2025	31.12.2024
Bonds		
Bond loan	14.615	27.580
Current maturities	(14.615)	(13.487)
	0	14.094
Long term receivable		
Long-term assets - Joint Finance contract	487.950	975.901
Current maturities	(487.950)	(487.950)
	0	487.950
Total amount of bonds and other long-term assets	0	502.044
Bonds and long-term assets instalments are specified as follows:		
	31.12.2025	31.12.2024
Year 2025	0	501.437
Year 2026	502.566	502.044
	502.566	1.003.481

There is an insignificant difference between the fair value and the book value of financial assets in the management's opinion.

17. Inventories

	31.12.2025	31.12.2024
Goods for resale	0	670.506
Goods in transit	0	97.237
Supplies	138.762	0
Allowance for old and obsolete inventory	0	(8.015)
	138.762	759.728
Changes in allowance for old and obsolete inventory:		
At the beginning of the year	(8.015)	(7.189)
Change in the write-off for old and obsolete inventory	(9.661)	(34.983)
Inventories written off	17.676	34.157
At year-end	0	(8.015)
Insurance value of inventories	0	925.418

No inventory is pledged within the Group at the end of the year. The subsidiary Duty-Free Store ehf. ceased operations in 2025 and therefore there are no products for resale at the end of 2025.

The Consolidation's plan is to sell all of its inventories in the next 12 months.

Notes

18. Other financial assets

Accounts receivables

	31.12.2025	31.12.2024
Domestic account receivables	5.697.654	4.469.011
Foreign account receivables	552.615	959.981
Allowances for doubtful accounts	(3.144.032)	(2.386.037)
	<u>3.106.237</u>	<u>3.042.954</u>

Allowance for doubtful accounts

Changes in the allowance for doubtful accounts:

	31.12.2025	31.12.2024
At the beginning of the year	(2.386.037)	(2.308.698)
Change in the write-off of receivables	(758.047)	(86.352)
Amounts written off as uncollectable	52	9.013
At year-end	<u>(3.144.032)</u>	<u>(2.386.037)</u>

Allowance has been made for doubtful accounts. This allowance is based on management's estimates, previous year's experience and economic outlook at the reporting date.

Valuation of allowance for doubtful accounts in the year end 2025 in accordance with IFRS 9 is following:

The Consolidation 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 Consolidation's management that the carrying amount of accounts receivables and other receivables reflects their fair value.

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

The company's claim against the bankruptcy estate of Wow Air amounted toISK 2.110 million is still included in the company's account receivables, as the bankruptcy proceedings have not yet been completed. The claim has been fully written off in accounting terms.

Age analysis and allowance for doubtful accounts for domestic and foreign account receivables were as follows.

Days past due date	31.12.2025			
	Expected loss	Gross amount	Allowance	Book value
Receivables not yet due	5,8%	2.515.833	146.931	2.368.903
1-90 days	54,5%	641.565	349.641	291.924
91-180 days	63,3%	561.353	355.213	206.139
181-270 days	23,9%	60.859	14.542	46.317
> 271 days	92,2%	2.470.659	2.277.705	192.954
Total		<u>6.250.269</u>	<u>3.144.032</u>	<u>3.106.237</u>
Days past due date	31.12.2024			
	Expected loss	Gross amount	Allowance	Book value
Receivables not yet due	0,2%	1.765.497	3.465	1.762.032
1-90 days	4,1%	984.486	40.100	944.386
91-180 days	14,7%	175.608	25.886	149.722
181-270 days	20,2%	82.656	16.692	65.964
> 271 days	95,0%	2.420.745	2.299.894	120.850
Total		<u>5.428.992</u>	<u>2.386.037</u>	<u>3.042.954</u>

Notes

18. Other financial assets (continued)

Other receivables

	31.12.2025	31.12.2024
Value added tax	165.799	796.896
Prepaid expenses	346.659	303.002
Capital income tax	69.362	167.069
Prepaid salaries	25.584	28.350
Contract assets	107.551	0
Other receivables	792.458	798.480
	<u>1.507.414</u>	<u>2.093.797</u>

Cash and cash equivalents

The Consolidation's cash and cash equivalent consist of cash and bank balances.

	31.12.2025	31.12.2024
Bank deposits in ISK	2.362.334	4.076.138
Bank deposits in foreign currencies	3.107.337	1.811.254
Cash at hand in ISK	0	1.950
	<u>5.469.671</u>	<u>5.889.342</u>

19. Equity

Share capital is specified as follows:

	Shares	Ratio	Amount
Total share capital at year-end	<u>24.559.063</u>	<u>100,0%</u>	<u>24.559.063</u>
	24.559.063	100,0%	24.559.063

Each share of one ISK carries one vote. The Minister of Finance and Economic Affairs carries the voting rights on behalf of the Icelandic Treasury. All shares have been paid in full.

Statutory reserves

Funds are allocated to a lawfully required reserve fund in accordance with Icelandic laws on limited companies. The payment of a lawfully required reserve fund to shareholders in the form of dividends is not permitted. According to laws on limited companies, funds must be allocated to the reserve fund until it has reached 25% of the share capital.

Revaluation reserves

Upon the merger of Flugfjarskipti ehf. and Isavia ohf. the properties of the former company were revalued as the market price of that company's real estate was considered to be significantly higher than the book value. The revalued price is based on the estimated sales price confirmed by the appraisers. The valuation change is recognized in a special revaluation account among equity and on income tax liability.

Restricted reserves

When the Group capitalises development cost it transfers a corresponding amount from retained earnings to a restricted reserve. In the future the restricted amount is to be transferred back to retained earnings as the capitalised development cost is amortised in profit or loss.

20. Loans from credit institutions

	Loans from credit institutions	
	31.12.2025	31.12.2024
Liabilities in EUR	48.770.684	48.902.790
Liabilities in ISK	6.506.780	4.821.851
	55.277.464	53.724.641
Current portion of long-term liabilities	<u>(1.604.187)</u>	<u>(1.570.294)</u>
Non-current liabilities at year-end	<u>53.673.277</u>	<u>52.154.347</u>

Change in liabilities for the year is following:

	31.12.2025	31.12.2024
Liabilities at beginning of the year	53.724.641	57.160.236
New long-term borrowings in the year	2.000.000	0
Instalments for the year	(1.585.579)	(1.217.326)
Exchange rate difference and indexation	1.138.402	(2.218.269)
Liabilities at the end of the year	<u>55.277.464</u>	<u>53.724.641</u>

Notes

20. Loans from credit institutions (continued)

Instalments of loans from credit institutions are specified as follows:

	Loans from credit institutions	
	31.12.2025	31.12.2024
Instalments in 2026 / 2025	1.604.187	1.570.294
Instalments in 2027 / 2026	3.607.755	1.573.568
Instalments in 2028 / 2027	5.470.377	1.577.008
Instalments in 2029 / 2028	2.690.593	5.409.497
Instalments in 2030 / 2029	13.734.730	2.629.572
Instalments later	28.169.821	40.964.702
	<u>55.277.464</u>	<u>53.724.641</u>

New borrowings in 2025 amounted to ISK 2.000 million. During the period, short-term credit lines amounting to ISK 3.000 million were also drawn, and short-term liabilities are entered as liabilities to credit institutions. Contractual payments were made on long-term loans in the amount of ISK 1.586 million. Loan agreements in the amount of ISK 57.444 million contain terms on financial strength regarding debt-to-equity ratio and equity ratio and the Group fulfils all terms of loan agreements as of 31.12.2025. There are no indications that the Group will not meet the loan terms in the future. Work is underway on long-term financing for planned investment projects that are expected to begin construction in 2026.

21. Other provisions

	31.12.2025	31.12.2024
Demolition obligations	195.000	0

Other provisions arise from the planned demolition of capitalised furnishings at the Company in 2028.

22. Deferred tax assets (-credit)

	31.12.2025	31.12.2024
Balance at beginning of the year	404.059	(771.732)
Calculated income tax for the year	773.480	1.177.029
Income tax payable for the next year	(2.920)	(3.696)
Translation exchange difference	49	2.458
Balance at the end of the year	<u>1.174.668</u>	<u>404.059</u>

Deferred tax assets (-credit) consist of the following account balances

	31.12.2025	31.12.2024
Property, plant and equipment	2.464.658	1.857.028
Current assets	(624.630)	(494.897)
Other items	(3.066)	4.994
Exchange differences	6.418	300.641
Effect of carry forward income tax loss	(668.712)	(1.263.707)
	<u>1.174.668</u>	<u>404.059</u>

Tax loss carried forward can be used against taxable profit, as specified:

	31.12.2025	31.12.2024
Available to the year 2030	82.503	619.567
Available to the year 2031	2.050.280	4.339.935
Available to the year 2032	385.532	385.532
Available to the year 2033	356.035	356.035
Available to the year 2034	316.605	316.585
Available to the year 2035	152.608	0
	<u>3.343.562</u>	<u>6.017.654</u>

It is the management's assessment, based on the operating budgets of the coming years, that the group's tax loss at the end of 2025 will be used against the tax profit of the coming years.

Notes

23. Other financial liabilities

Accounts payable

	31.12.2025	31.12.2024
Domestic accounts payable	1.984.379	2.976.871
Domestic accounts payable - due to construction plan	290.485	622.314
Foreign accounts payable	442.536	780.281
Accounts payable due to Joint Finance contract	441.443	2.139.541
	3.158.843	6.519.007

Domestic accounts payable due to the construction plan are due to the implementation part of the service agreement with the Ministry of Infrastructure. Payments for the construction part of the year 2025 have already been received and therefore form this debt as these payments have not been fully allocated. Cash and receivables from related parties include credits arising from these payments.

The accounts payable under the Joint Finance agreement is due to the recovery of costs for air navigation services in the North Atlantic. In 2023 and 2024, air traffic in Iceland's air traffic control area was higher than anticipated, which led to more user fees being collected than the cost of the service. The provisions of the agreement are that if the user fees collected for the service are higher, a debt is created for the period, which is repaid by a reduction in the user fee cost base two years later. The debt due to overrecovered costs in 2023 was repaid to users in the form of lower user fees than would otherwise have been the case in 2025, and therefore the trade debt due to the Joint Finance agreement decreased considerably during the year. As air traffic estimates and air navigation services were both slightly below budget, the recovery of costs in 2025 does not have a major impact on the business position due to the Joint Finance agreement.

Current maturities of long-term liabilities

	31.12.2025	31.12.2024
Loans from credit institutions	3.000.000	0

During the year, credit lines with credit institutions were drawn, amounting to ISK 3,000 million and due for payment within 12 months. The financial terms of the Group's loan agreements apply equally to long-term loan agreements and to short-term liabilities to credit institutions. See Explanation in note 20.

Næsta árs afborganir langtímaskulda

	31.12.2025	31.12.2024
Loans from credit institutions	1.604.187	1.570.294

Other current liabilities

	31.12.2025	31.12.2024
Value added tax, payable	33.316	47.445
Accrued additional contribution to pension fund	110.572	112.843
Salaries and related expenses payable	902.334	938.483
Accrued holiday commitment	2.421.088	2.370.177
Accrued interest, payable	607.286	578.664
Other liabilities	200.776	117.812
Deferred revenue	178.745	156.207
Incomplete construction contract	82.408	14.745
	4.536.525	4.336.376

24. Financial risk

Financial instruments

The consolidated financial assets and liabilities are specified into following types of financial instruments and are all recorded at amortized cost:

Financial assets	31.12.2025	31.12.2024
Cash and cash equivalents	5.469.671	5.889.342
Bonds and other long-term receivable	502.566	1.003.481
Other current receivables	4.172.045	4.638.330
	10.144.283	11.531.153

It is the opinion of the Group's management that the book value of accounts receivable and other financial assets reflects their fair value. Credit risk, exchange rate risk and impairment (write-down) of the Group's trade receivables and other claims are discussed in note 30.

Notes

24. Financial risk (continued)

Financial liabilities	31.12.2025	31.12.2024
Loans and borrowings from financial institutions	58.277.464	53.724.641
Accounts payable	3.158.843	6.519.007
Other current liabilities	4.036.243	3.638.138
	<u>65.472.550</u>	<u>63.881.786</u>

Liabilities to credit institutions are at market interest rates and therefore there is an insignificant difference between their book value and fair value at any given time. Current liabilities are not discounted because there is an insignificant difference between their fair value on the one hand and their book value on the other.

Risk management

The Board of Directors has set out a comprehensive risk policy for the parent company and subsidiaries have completed or are completing their own risk policies that address their specific key risks. Financial risk is partly managed by the parent company. The risk has been divided into key risk components, which are funding risk, liquidity risk, market risk, counterparty risk and economic risk, and they are managed in a systematic and efficiency manner.

Interest rate risk

Interest rate risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Interest rate changes affect the expected cash flow of assets and liabilities which bear floating interest rates.

Sensitivity analysis

The analysis below shows the effect of a 50 and 100 percentage point increase on net interest-bearing assets and liabilities on earnings and equity at the balance sheet date. The sensitivity analysis covers the interest-bearing assets and liabilities that carry variable interest rates and assumes that all other variables other than those considered here are fixed. The sensitivity analysis takes into account tax effects and therefore reflects the effects that come into the income statement and equity.

Effects on profit or loss and other equity are the same as change in valuation of the underlying financial instruments is not charged directly to equity. Positive amount indicates increased profits and equity. Lower interest rates would have the same effect but in the opposite direction:

	31.12.2025		31.12.2024	
	50 bps.	100 bps.	50 bps.	100 bps.
Effects on profit or loss and other equity	(30.532)	(61.064)	(19.973)	(39.946)

Foreign currency risk

Foreign currency risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency rates. Foreign currency risk exposure does arise when there is a difference between assets and liabilities denominated in foreign currency.

The majority of assets of the Consolidation are in the local currency, but some of the financial assets are denominated in foreign currency. The majority of the liabilities of the Consolidation are denominated in foreign currencies. The following table details the currencies that affect the operations of the Consolidation. Rates and volatility in exchange rates are based on mid rates.

Currency	Year-end rate	
	2025	2024
EUR	147,20	143,90
GBP	125,20	173,30
DKK	19,71	19,30
USD	125,20	138,20
HUF	0,38	0,35

Notes

24. Financial risk (continued)

Foreign currency risk 31.12.2025

	Assets	Liabilities	Net balance
EUR	3.380.135	49.031.729	(45.651.595)
GBP	49.477	41.429	8.048
DKK	110.367	104.554	5.813
USD	100.358	36.184	64.174
HUF	15.875	4.444	11.431

Foreign currency risk 31.12.2024

	Assets	Liabilities	Net balance
EUR	2.408.241	49.498.872	(47.090.630)
GBP	56.756	18.756	37.999
DKK	177.879	35.657	142.222
USD	95.213	54.806	40.407
HUF	13.003	8.841	4.162

Sensitivity analysis

The table below shows what effects 5% and 10% increase of the relevant foreign currency rate against the ISK against the relevant currencies would have on profit or loss and equity based on the balance of assets and liabilities in the relevant currency at the reporting date. The table above details monetary assets and liabilities that are denominated in foreign currency and the sensitivity analysis applies to. The foreign currency assets and liabilities in the sensitivity analysis are mainly foreign currency borrowings and foreign currency bank balances and trade receivables. The analysis assumes that all other variables than the relevant foreign currency rate are held constant. The sensitivity analysis covers the currencies with the most significant exchange rate risk. The sensitivity analysis takes into account tax effects and therefore reflects the impact on the income statement and equity. The effects on profit or loss and equity are the same, as the change in valuation of underlying financial instruments in foreign currency is not in any case recognized directly in equity. Change of the ISK by 5% and 10% against the currencies below would have had the same effect but in the opposite direction.

Effects on profit or loss and equity

	31.12.2025		31.12.2024	
	5%	10%	5%	10%
EUR	(1.826.064)	(3.652.128)	(1.860.080)	(3.720.160)
GBP	322	644	1.501	3.002
DKK	233	465	5.618	11.236
USD	2.567	5.134	1.596	3.192
HUF	457	914	164	329

Counterparty risk

Counterparty risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial instruments for the Consolidation. The Consolidation actively monitors developments in assets exposed to counterparty risk. A more detailed description of the Consolidation's assessment of expected credit losses due to financial assets can be found in Notes 30 (accounting policies for impairment of financial assets) and 18 (allowance for doubtful accounts). The Consolidation has not recognized any impairment losses on bond assets, as the amounts are insignificant and management considers any potential write-down to be immaterial.

	31.12.2025	31.12.2024
Bonds and other long-term receivables	502.566	1.003.481
Accounts receivables	3.106.237	3.042.954
Other receivables	1.065.809	1.595.376
Cash and cash equivalents	5.469.671	5.889.342
	<u>10.144.283</u>	<u>11.531.153</u>

The Consolidation's maximum credit risk exposure corresponds to the carrying amounts presented above.

Capital management

The Group's treasury management monitors the management of capital risk in consultation with the Board of Directors and management. The Group manages its financing in accordance with its ownership policy, with strong emphasis on a long-term perspective regarding the structure and operations of the Group. Furthermore, emphasis is placed on ensuring that the Group's entities, particularly those engaged in competitive activities, generate acceptable results and maintain income-generating assets. This includes, among other things, ensuring that the Treasury receives a reasonable return on equity in line with the risk profile of operations.

Notes

24. Financial risk (continued)

Liquidity risk management

Liquidity risk is the risk that the Consolidation has difficulties in meeting its financial obligations or planned investments, or that it will only be able to do so on much less favourable terms than has been the case. Liquidity status, developments and the impact of market conditions and future prospects are regularly monitored. The overview excludes expected interest payments.

	Payable within 1 year	Payable between 1 - 4 years	Payable after 4 years	Total
Liabilities 31.12.2025				
Non-interest bearing	7.370.142	0	0	7.370.142
Floating interest rates	181.062	9.433.653	3.927.469	13.542.184
Fixed interest rates	4.248.069	16.069.803	24.242.352	44.560.224
	11.799.273	25.503.456	28.169.821	65.472.550
Assets 31.12.2025				
Non-interest bearing	4.235.133	0	0	4.235.133
Floating interest rates	5.909.149	0	0	5.909.149
	10.144.283	0	0	10.144.283
Net balance 31.12.2025	(1.654.991)	(25.503.456)	(28.169.821)	(55.328.268)
	Payable within 1 year	Payable between 1 - 4 years	Payable after 4 years	Total
Liabilities 31.12.2024				
Non-interest bearing	10.307.145	0	0	10.307.145
Floating interest rates	935.946	6.291.687	4.513.692	11.741.325
Fixed interest rates	1.215.879	4.897.958	35.719.479	41.833.315
	12.458.970	11.189.645	40.233.171	63.881.786
Assets 31.12.2024				
Non-interest bearing	4.846.329	0	0	4.846.329
Floating interest rates	6.182.781	502.044	0	6.684.825
	11.029.109	502.044	0	11.531.153
Net balance 31.12.2024	(1.429.861)	(10.687.601)	(40.233.171)	(52.350.633)

Operational risk

Operational risk is a variety of risks in the Group's operations that may have a negative impact on the day-to-day operations and continuity of the Group's services. The risk refers to human error, inadequate internal processes, system failures or external events in the operating environment that affect the Group's operations or may cause direct or indirect damage to information, equipment, image, environment, health or its assets. The Group focuses first and foremost on ensuring continuity in its flight operations. The company aims to reduce the risks that threaten this continuity as much as possible.

25. Other issues

Revenues of International Air Navigation Services

On the basis of a service agreement with the Ministry of Infrastructure, the Consolidation offers air navigation services within the Icelandic, Greenland, and Faroese airspaces in accordance with the Icelandic Government's commitments in international agreements. For this obligation, there is a Joint Financing Agreement which was signed in 1956 between 13 member countries of ICAO, The International Civil Aviation Organization. These member countries are now twenty-five.

Court Proceedings

An air traffic controller sued Isavia ANS ehf. due to a provision in the collective agreement between FÍF and Isavia ohf. regarding a maximum of 63 years of seniority. The District Court ruled in favor of Isavia ANS ehf., but the Court of Appeal agreed to the air traffic controller's claims. The case was appealed to the Supreme Court, which set aside the judgment of the Court of Appeal and referred the case back to the Court of Appeal for legal proceedings.

A number of former employees of the company sued for the reduction of the seniority maximum at the Isavia group from 70 years to 67 in 2020 and demanded damages. The cases were won in the district court, but the Court of Appeal agreed to the claims of two employees. Isavia ohf. has asked for permission to appeal to the Supreme Court in these cases. A third court case of this nature was won in the district court but is awaiting a hearing in the Court of Appeal.

Notes

26. Other obligations

Operating license

Isavia ohf. and its subsidiaries have an indefinite operating licenses for the operation of air navigation, airports and landing places and are subject to conditions resulting from them as they are at any given time.

The Consolidation and its subsidiaries are obliged to respect international commitments entered into by the Icelandic authorities on the basis of international agreements relating to their operations.

Isavia ANS ehf. has an operating license without a time limit for the operational management of air traffic and air navigation services in accordance with Regulation no. 720/2019, and which remains valid as long as its conditions are met. The company is also the holder of a certificate as an air traffic controller training company and is a declared operator for non-profit activities (NCC) and special operations (SPO) in accordance with Regulation no. 237/2014 with subsequent amendments.

Service agreements

Isavia ohf. has service contracts with the Ministry of Infrastructure until 31 December 2026 for the operation in Keflavik Airport. Furthermore, the company must respect the international obligations that the Icelandic government has undertaken on the basis of international agreements.

The Group has a service agreement with the Ministry of Infrastructure for the operation and development of the domestic airport system for the year 2026. Furthermore, the company is required to respect international obligations that the Icelandic government has entered into on the basis of international agreements, as well as to attend to the maintenance and development of domestic airports in accordance with government decisions at any given time.

The service agreement for domestic airports is twofold. On the one hand, payments to the company for the daily operation of domestic airports, as per note number 5. On the other hand, payments to the company for projects related to maintenance and new construction at domestic airports, as per note number 23. The company does not capitalize maintenance or new construction as the company assets, as such construction are not owned by the company but of the Icelandic state, and the company is only entrusted with the administration of these projects.

Projects for maintenance and new construction at domestic airports are in accordance with the current transport plan at any given time. At the end of the year, the company submitted its proposal for a 15-year transport plan and prioritisation of construction. During the year, maintenance projects were carried out at landing sites, such as at Blönduós and Stóri Kropp, as well as general maintenance of real estate and renewal of lighting equipment. Preparations continued with the remote-controlled control tower at Reykjavik Airport.

Insurance

The insurance cover of Isavia ohf. applies to the consolidated group as a whole.

In addition to mandatory vehicle and real estate insurance, the company has commercial liability insurance, comprehensive property insurance, liquid assets insurance and motor vehicle comprehensive insurance as applicable. The company insures air navigation and airport operations as well as the subsidiary's aircraft on the Lloyds market (in accordance with the terms of the insurance) for up to USD 1.5 billion.

The directors and officers liability is ISK 300 million.

Employees obligations

The company has all insurance for employees in accordance with current union collective wage agreements except insurance for air traffic controller certificates. According to the union collective agreements of air traffic controllers, the company shall, at its own expense, secure the certificate of each air traffic controller who has VFR and/or IFR professional qualifications. The company has not purchased insurance and therefore has an obligation on Isavia ANS ehf. in the event of the loss of air traffic controllers' certificates in accordance with union collective agreements.

27. Events after the reporting period

No events have occurred after the reporting date that require adjustment or changes to the financial statements.

Notes

28. Related parties

Related parties are parties that have direct or indirect control over, or significant influence on, the Company, or have the power to participate in decisions regarding its financial and operating policies. Related parties of the Group include key management personnel, close members of their families, and entities over which such persons exercise control or significant influence. Parent entities and entities over which the Group exercises control or significant influence are also considered related parties. Isavia ohf. is a government-owned entity and, in accordance with IAS 24 Related Party Disclosures, a partial exemption from the disclosure requirements applies to government-related entities. The Group's principal transactions with public entities consist of an agreement with the State regarding the operation of domestic airports, which is entered into by the subsidiary Isavia Innanlandsflugvöllir ehf. Information on the operations of Isavia Innanlandsflugvöllir ehf. is presented in the segment report.

Disclosures regarding salaries for the Board of Directors and Managing Director are disclosed in Note no. 7. Sales of goods and services to key management personnel and related parties are immaterial.

29. Consolidated ratios

From Statement of Comprehensive Income:

	2025	2024
Profitability		
Earnings (loss) before interests, taxes, depreciation and amortisation (EBITDA)	12.155.989	10.658.769
a) Operating EBITDA margin	24,68%	20,53%
b) Profit (loss) margin on operating revenue	6,88%	10,08%
c) Earnings per share (EPS)	0,14	0,21
d) Return on equity	6,65%	11,21%
e) EBITDA/operating revenue		
f) Earnings per share (EPS)		
g) Net income/total revenue		
h) Net income/average equity		

From Balance sheet:

	31.12.2025	31.12.2024
Activity ratios		
e) Investment in inventories	0,00	0,01
f) Asset turnover	0,42	0,46
g) Inventory turnover	6,62	10,54
h) Receivables turnover	16,02	16,07
i) Inventory/revenues		
j) Net income/average total assets		
k) Cost of goods sold/average inventory		
l) Revenues/average accounts receivables		
Liquidity ratios		
m) Quick or acid-test ratio	0,85	0,92
n) Current ratio	0,87	0,98
o) Net Interest-bearing Debts/EBITDA	4,46	4,54
p) (Current assets - inventories)/current liabilities		
q) Current assets/current liabilities		
Coverage ratios		
r) Equity ratio	43,38%	42,94%
s) Internal value of shares	2,15	2,01
t) Shareholders equity/total assets		
u) Shareholders equity/capital stock		

Notes

30. Summary of Significant Accounting Policies

Consolidation

The Consolidated Financial Statements comprise the financial statements of the Parent Company and its subsidiaries at the reporting date. Control exists when the Parent Company has power over an investee, is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to use its power to affect those returns.

The Consolidated Financial Statements are prepared in accordance with the acquisition method. Upon the acquisition of subsidiaries, assets acquired and liabilities assumed are measured at fair value at the acquisition date. Any excess of the consideration transferred over the net identifiable assets acquired is recognized as goodwill. The results of operations of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the acquisition date or up to the date of disposal, as applicable.

One of the objectives of the consolidated financial statements is to present only the Group's external income, expenses, assets and liabilities. Accordingly, intra-group transactions and balances are eliminated on consolidation. Where necessary, adjustments are made to the financial statements of subsidiaries to align their accounting policies with those of the group.

Risk management

The system of the internal control and risk management covers both financial and non-financial information, its reliability, quality and integrity, as well as the safeguarding of assets. The system of the internal control is intended to ensure that the information in the financial statements is adequate, covers important aspects and is presented in an objective manner. The company's financial statements are prepared in accordance with international accounting standards. The financial statements are reviewed by the company's management and the audit committee.

Revenue recognition

Revenue recognition

The revenue recognition of the Consolidation reflects the consideration that the Consolidation expects to receive due to the sale of goods and services to the customer. The Consolidation records revenues when the control of the sold goods or services is transferred to the customer. In general, the Consolidation's invoices are made monthly as provided service for the relevant month, with the exception of the sale of the Duty Free Store that is recorded when the sale takes place.

Air navigation - Isavia ANS ehf.

The air navigation division handles air navigation services for domestic and international flights across large areas of the North Atlantic. The revenue of the division comes, e.g., from air navigation services to flight operators in North Atlantic on the basis of a Joint Finance agreement (international agreement), air navigation services on airspace and air navigation services at airports in Iceland.

Domestic airports - Isavia Innanlandsflugvöllir ehf.

The domestic airports system handles the operation and maintenance of all airports in Iceland apart from Keflavik airport. The largest part of revenue from domestic airports comes from a service agreement with the Ministry of Infrastructure, but other revenues consist of user charge and leasing of buildings. All buildings at airports in Iceland besides Keflavik airport are under control of the Icelandic state.

Keflavik airport - Isavia ohf.

The organisation of Keflavik Airport is divided into commerce and development on one hand and services and operations on the other. Commerce and development deals with airlines and routes, business and marketing, the operation and investment in infrastructure along with airport development and improvements in the airport. The services and operations part deals with security, aviation protection, passenger services and the operation of the airport tower.

Frihöfnin ehf. (Duty Free Store)

Revenue from the Duty Free Store are mainly revenues from sales of goods, but other revenue of the Consolidation is for example advertising revenue.

Other subsidiaries

Revenue from other subsidiaries of Isavia ohf. are mainly revenues from sales of service and goods and from contracts and other various revenues.

Lease income

The group is a lessor and rents out the group's various properties. All leases are classified as operating leases. Part of the rental income from the group's real estate space falls within the scope of IFRS 16 Leases, while the other property income specified above is within the scope of IFRS 15 Income from contracts with customers. Leasing can be between companies within a group or outside the group to a third party.

Lease income from operating leases is recognized on a straight-line basis over the term of the lease. Costs directly related to leases and management of operating leases are added to the book value of the leased asset and are then expensed on a straight-line basis over the lease term. The group is not a party to finance lease agreements as a lessor.

Notes

30. Summary of Significant Accounting Policies (continued)

Revenue recognition (continued)

Lease income (continued)

Property lease income primarily relates to the Parent Company's leasing of premises at Leif Eiriksson Airport, as well as land and real estate directly connected to the terminal. As Leif Eiriksson Airport constitutes a single registered property, it is not possible to distinguish between investment property held for rental purposes and property used by the Group for its own operations.

Payment terms

The Group's general payment terms provide for a 30-day payment period. The Group does not apply any unusual payment terms.

Recognition of expenses

Expenses incurred to generate income during the period are recognized as operating expenses. Fees incurred during the financial year but for subsequent financial years are recognized in the balance sheet as prepaid expenses. Expenses that relate to the financial year but are payable later are recognized as a liability as accrued expenses in the balance sheet.

Construction contracts

When the outcome of a construction contract can be reliably estimated, contract revenue and expenses are recognized by reference to the proportion of costs incurred relative to the total estimated contract costs at the reporting date. Variations in contract work, claims and incentive payments are recognized to the extent that they can be measured reliably and it is probable that they will be received.

When the outcome of a construction contract cannot be reliably estimated, revenue is recognized only to the extent of contract costs incurred that are expected to be recoverable. Contract costs are recognized as an expense in the period in which they are incurred.

When it is probable that a construction contract will result in a loss, the expected loss is recognized immediately.

Foreign currencies

Transactions in foreign currencies are initially recorded at the rates of exchange prevailing on the dates of the transactions. Monetary assets and liabilities denominated in such currencies are re-translated at the rates prevailing on the balance sheet date. Profits and losses arising on exchange are included in net profit or loss for the period.

Borrowing costs

Interest income is recognized for the relevant period in accordance with the relevant principal and interest rate.

Borrowing costs arising directly from the acquisition, construction or production of assets that qualify for capitalization are capitalized as part of the asset up to the time when the asset is ready for use or sale. A qualifying asset is an asset that takes a considerable amount of time to get into a usable or viable condition.

Investment income from short-term investments related to the financing of capitalized assets is recognized as a deduction of capitalized capital costs.

All other financial expenses are recognized in the income statement during the period in which they are incurred.

Income tax

Income tax is calculated and recognized in the consolidated financial statements. Its calculation is based on pre-tax results, taking into account permanent discrepancies between taxable income and profit according to the annual accounts. The income tax rate is 20%. Expensed income tax consists of income tax payable and deferred income tax.

Income tax payable is an income tax that is scheduled to be paid next year due to taxable profits for the year as well as adjustments to income tax payable for previous years. Taxable profits may be other than accounting profits. Calculated income tax is based on the applicable tax rate at the reporting date.

Deferred income tax is due to the temporary difference between the balance sheet items in the tax settlement on the one hand and the annual accounts on the other, where the income tax base is based on other assumptions than its financial statements. Deferred income tax is not recognized for goodwill that is not tax deductible. Furthermore, deferred income tax is not recognized for investments in subsidiaries if it is considered that the Parent Company can control when the temporary difference is reversed, and it is not expected that the turnaround will occur in the foreseeable future. Deferred income tax is based on the applicable tax rate at the reporting date.

Deferred tax assets are assessed on the balance sheet date and are recognized to the extent that it is probable to use offset taxable profits in the future.

Deferred tax is recognized in the income statement, unless it relates to items of equity, then it is recognized among equity.

Notes

30. Summary of Significant Accounting Policies (continued)

Property, plant and equipment

Assets are listed among property, plant and equipment when the economic benefits associated with the asset are likely to benefit the Consolidation and the cost of the asset can be reliably estimated. Fixed assets are recognized using the cost method. Under the cost method, property, plant and equipment are recognized at original cost less accumulated amortization and impairment. The cost of property, plant and equipment consists of the purchase price and all direct costs of bringing the property into a viable state.

Upon the merger of Flugfjarskipti ehf. and Isavia ohf. the properties of the aforementioned company were revalued as the market price of that company's real estate was considered to be significantly higher than the book value. The revalued price is based on the estimated sales price confirmed by the appraisers. The valuation change is recognized in a special revaluation account among equity and on income tax liability.

Depreciation is recognized systematically over the estimated useful life of the asset, taking into account the expected residual value. Estimated utilization time and depreciation methods are reassessed at the end of each accounting period.

Assets held under finance lease are depreciated over their expected useful lives on the same basis as owned assets.

Gains or losses arising from the sale of property, plant and equipment are the difference between the sale price and the book value of assets at the date of sale and are recognized in the income statement, profit from sales and other sales and other expenses. On the sale of revalued property, plant and equipment, the revaluation is recognized in retained earnings.

The general and special cost of borrowing directly attributable to the procurement, construction and production of an asset is booked as an asset at the time necessary to bring the asset into a remunerative state. Qualifying assets are assets that need time to become remunerative. Other borrowing costs are expensed in the period incurred.

Intangible assets

Intangible assets are capitalized when it is probable that future economic benefits associated with the asset are likely to benefit the Consolidation and the cost of the asset can be reliably estimated. Among the intangible assets is software. These assets are recognized at cost less accumulated amortization and impairment losses. Depreciation is recognized systematically over the estimated useful life of the asset. Estimated useful lives and depreciation methods are reassessed at the end of each accounting period.

Intangible assets resulting from the merger of the companies are only accounted for if they are distinctive from goodwill. At the initial registration they are recognized at cost, but with later assessments they are stated at cost less accumulated depreciations and impairment losses.

Shares in other companies

Shares in other companies are at cost price, but it is the management's judgement that the cost is approximately its fair value.

Leases

The Consolidation assesses whether a contract is or contains a lease, at inception of the contract. The Consolidation recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Consolidation recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Consolidation uses its incremental borrowing rate. The lease payments included in the measurement of the lease liability comprise fixed payments less any incentives, variable lease payments that depend on an index or rate, expected residual guarantees and the exercise price of purchase options if the Consolidation expects to exercise the option.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. The Consolidation remeasures the lease liability if the lease term has changed, when lease payments change in an index or rate or when a lease contract is modified and the modification is not accounted for as a separate lease.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Consolidation expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Consolidation has used this practical expedient.

Notes

30. Summary of Significant Accounting Policies (continued)

Impairment

At the end of each reporting period, the Consolidation reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If an indication of impairment occurs, the recoverable amount of the asset is assessed in order to determine how extensive such impairment is.

The recoverable value is either the net realizable value or the value in use of an asset, whichever is higher. For the purpose of estimating the value in use, expected cash flow has been recognized at present value using the interest rate relevant to the financing of such an asset, taking into account tax. When the recoverable value of individual assets cannot be assessed, the Consolidation assesses the recoverable value of the cash-generating unit to which the asset belongs.

If the recoverable value of an asset or cash-generating unit is lower than the carrying amount, the carrying amount of the asset is reduced to its recoverable value. Impairment of cash-generating units is recognized initially as a decrease in related goodwill, and then at a proportional decrease in the carrying amount of other assets of the entity. Impairment losses are recognized in the income statement.

If previously recognized impairment no longer applies, the carrying amount of the asset may rise again, but not in excess of the original cost. Impairment of goodwill is not reversible.

Inventories

Inventories are stated at the lower of cost or net realizable value, after taking obsolete and defective goods into consideration. Net realizable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

Cash and cash equivalents

Cash and cash equivalents cover cash on hand, bank deposits and other short-term investments easily converted to cash and with a maturity of up to three months. Bank overdrafts are shown amongst short-term liabilities in the balance sheet.

Provisions

Provisions are recognized when the Consolidation has a present obligation as a result of a past event, and it is probable that the Consolidation will be required to settle that obligation.

Financial assets

Financial assets are recognized at fair value on initial recognition in accounting. When financial assets are not measured at fair value through profit or loss, all direct transaction costs are expensed to increase their value at initial recognition in accounting. IFRS 9 divides financial assets into two categories, on the one hand, financial assets are recorded at amortized cost and, on the other hand, financial assets at fair value. The Consolidation records all its financial assets at amortized cost.

Financial assets at amortized cost

Financial assets that are due for maturity and contractual payments on set dates consists only of instalments of principal and interest, shall be recorded at amortized cost unless the instrument is defined at fair value through profit or loss in accordance with fair value allowance. Such assets are initially recognized at fair value plus any related cost. After initial recognition, such financial assets are measured at amortized cost based on effective interest, net of impairment. The Consolidation financial assets valued at amortized cost are bonds, accounts receivable, other short-term receivables and cash.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognized based on the effective interest rate for all financial instruments other than those defined as financial assets at fair value through profit or loss.

Notes

30. Summary of Significant Accounting Policies (continued)

Financial assets (continued)

Investments held to maturity

Financial assets are classified as financial assets intended to be held to maturity when the Consolidation has investments, i.e., bills or bonds with the intent and the ability to hold to maturity. When applicable, investments held to maturity are recognised at amortized cost, using effective interest method less any impairment losses.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortized cost using the effective interest method, less any impairment. Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Impairment model IFRS 9 is based on the expected loan loss, which is a change from the previous standard IAS 39, which only required that loan losses be recognized as a result of past events. The Consolidation's financial assets that fall within the scope of the impairment model are debt securities, trade receivables, other short-term receivables (apart from capital gains tax, VAT receivable and pre-payments) and cash.

When assessing expected loan losses for accounts receivable, the Consolidation uses a simplified approach. This approach requires that the Consolidation assess allowance for doubtful accounts that is equal to the expected loan losses during the life of the receivables. The Consolidation's accounts receivable is divided into categories according to the number of days that they are due. In assessing a fixed allowance for doubtful accounts ratio for each category, the historical loss history of the Consolidation is taken into account, adjusted for future economic development expectations if needed. The Consolidation conducts the evaluation down to individual customers or group of customers if the experience shows a significant difference in the loss pattern for certain customers or groups of customers. In some cases, this may result in a deviation from the estimated percentage to individual customer groups. See the detailed discussion of expected loan losses for accounts receivable in note 18.

At each reporting date it is examined whether there is objective evidence of impairment of financial assets. A financial asset is impaired if there is objective evidence that one or more events that have occurred will affect the expected future cash flow of the asset and that impairment can be reliably estimated. The Consolidation recognizes specific allowance for doubtful accounts for financial assets where there is objective evidence of impairment.

Changes in the impairment contribution of a financial asset to a provision are recognized in the income statement during the period in which the measurement is carried out. Impairment is reversed if the reversal can be objectively linked to an event that occurred after the impairment was recognized.

Derecognition of financial assets

The Consolidation derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

Financial liabilities and equity instruments

Financial liabilities

Other financial liabilities, including liabilities to financial institutions, are initially measured at fair value less transaction costs. For subsequent assessments, they are recognized at amortized cost based on effective interest.

Derecognition of financial liabilities

The Consolidation derecognizes financial liabilities when, and only when, the Consolidation's obligations are discharged, cancelled or they expire.

Notes

31. Segment reporting

Segment information is disclosed based on the Group's organizational structure and internal management reporting. The principal activity of Isavia ANS ehf. consists of providing services to air carriers under a Joint Finance Agreement. Isavia Innanlandsflugvellir ehf. is responsible for the operation of domestic airports and airport control towers. Keflavík Airport represents the operation of Keflavík International Airport and the air traffic control tower in Keflavík, as well as Leif Eiríksson Air Terminal and related support functions. Further information on the revenue of each operating segment is disclosed in note 30.

Included in segment revenue is lease income amounting to ISK 10.702 million (2024: ISK 9.705 million), which falls within the scope of IFRS 16 Leases. Other revenue specified above falls within the scope of IFRS 15 Revenue from Contracts with Customers. A more detailed description of the nature of the Group's revenue and the timing of revenue recognition is provided in note 30.

Segment information year 2025

	Isavia ANS ehf.	Isavia Innanlands- flugvellir ehf.	Isavia ohf.	Frhöfnin ehf.	Other subsidiaries	Eliminations	Consolidated
	Air- navigation	Domestic Airports	Keflavik Airport	Duty Free Store	Other		
Revenue							
External revenue	9.259.842	4.171.894	30.055.866	5.228.028	545.959	0	49.261.589
Inter-segment revenue	1.686.640	102.075	2.002.505	0	1.097.439	(4.888.660)	0
Total revenue	10.946.482	4.273.970	32.058.371	5.228.028	1.643.398	(4.888.660)	49.261.589
Income statement							
Operating profit	926.573	270.295	6.181.251	(27.350)	(9.845)	109.025	7.449.949
Net financial income / (expenses)	50.623	(82.562)	(2.740.016)	38.618	(54.868)	(499.558)	(3.287.763)
Profit before taxes	977.196	187.734	3.441.234	11.268	(64.713)	(390.534)	4.162.185
Profit for the year	788.325	150.403	2.870.813	10.374	(40.655)	(390.555)	3.388.705
Balance sheet							
Non-current assets	5.917.378	1.391.497	105.802.085	1.046	798.974	(3.201.143)	110.709.837
Other assets unallocated to segments	1.842.549	587.857	9.072.918	1.048.681	523.861	(2.351.218)	10.724.649
Total assets	7.759.927	1.979.355	114.875.003	1.049.727	1.322.836	(5.552.361)	121.434.487
Total liabilities	4.508.117	2.099.088	65.786.001	30.693	935.858	(4.608.842)	68.750.914
Equity	3.251.811	(119.733)	49.089.002	1.019.034	386.978	(943.520)	52.683.573
Other information							
Capital additions	827.962	182.716	11.408.873	0	241.225	(43.011)	12.617.764
Depreciation and amortization	320.090	127.766	4.182.837	92.596	55.095	(72.344)	4.706.040

Notes

31. Segment reporting (continued)

Segment information year 2024

	Isavia ANS ehf.	Isavia Innanlands- flugvellir ehf.	Isavia ohf.	Fríhöfnin ehf.	Other subsidiaries	Eliminations	Consolidated
	Air- navigation	Domestic Airports	Keflavik Airport	Duty Free Store	Other		
Revenue							
External revenue	8.723.829	3.814.958	23.670.625	15.161.660	546.161		51.917.233
Inter-segment revenue	1.704.648	63.715	5.429.241	0	1.143.349	(8.340.953)	0
Total revenue	<u>10.428.477</u>	<u>3.878.673</u>	<u>29.099.865</u>	<u>15.161.660</u>	<u>1.689.510</u>	<u>(8.340.953)</u>	<u>51.917.233</u>
Income statement							
Operating profit	1.064.464	158.905	4.503.981	501.584	(62.047)	(60.583)	6.106.303
Net financial income / (expenses)	107.656	(116.681)	760.918	18.493	(24.172)	(444.426)	301.788
Profit before taxes	1.172.120	42.224	5.264.898	520.077	(86.219)	(505.009)	6.408.091
Profit for the year	919.234	33.555	4.388.934	409.977	(16.085)	(504.552)	5.231.062
Balance sheet							
Non-current assets	5.912.361	1.379.840	97.778.084	320.333	572.111	(3.458.778)	102.503.952
Other assets unallocated to segments	1.915.446	856.461	8.243.712	2.645.954	647.062	(2.021.376)	12.287.259
Total assets	7.827.807	2.236.301	106.021.797	2.966.287	1.219.173	(5.480.153)	114.791.211
Total liabilities	5.364.321	2.506.437	59.803.608	1.457.627	793.654	(4.427.189)	65.498.458
Equity	2.463.485	(270.136)	46.218.189	1.508.660	425.519	(1.052.964)	49.292.753
Other information							
Capital additions	829.697	194.889	16.897.475	83.427	33.692	0	18.039.181
Depreciation and amortization	350.313	134.093	3.977.928	219.710	50.637	(180.215)	4.552.466

Appendix I Statement of Governance

The Statement of Governance is the report of the Board of Directors for the Board's past operating year 2025 - 2026 and is published together with the financial statements for the calendar year 2025. The Statement of Governance is made in accordance with Article 66. c of the Act on Annual Accounts No. 3/2006 with subsequent amendments.

With this statement of governance, Isavia is complying with the corporate governance guidelines issued by the Iceland Chamber of Commerce, SA - Confederation of Icelandic Enterprise and Nasdaq Iceland, issued July 1, 2021, and is the 6th edition. Isavia complies with the provisions of the guidelines, with the exception that no specific policy on diversity has been established in relation to the Board of Directors, but stipulates that the company's human resources and equality policy shall aim for diversity. The company also follows the General Ownership Policy of the state for all state-owned companies, issued in September 2021, as well as an appendix pertaining to Isavia ohf. where possible.

Laws and regulations

Isavia ohf. is a public limited company owned by the Icelandic government. The company's activities are governed by law no. 65/2023 on the development and operation of airports and air traffic services and Aviation Act No. 80/2022.

Isavia's corporate governance is based on Act No. 2/1995 on Private Limited Companies, the company's articles of association and the rules of procedure of the board of directors.

The Board of the company takes into account the guidelines on corporate governance and complies with them in all material respects. The main deviation is that there is no active nomination committee at the company, as nominations to the company's board are made by the Minister of Finance and Economic Affairs, who manages the shares owned by the Icelandic government in the company.

There have been no court rulings where the company's activities are considered to have been in violation of laws or regulations.

The laws on the company can be accessed on the Althingi's website, www.althingi.is, and articles of association and rules of procedure on the company's website www.isavia.is. Guidelines on corporate governance can be found on the Iceland Chamber of Commerce's website. The guidelines are published at <https://leidbeiningar.is>. More information about the legal and regulatory framework that Isavia must follow, as applicable to Isavia operations, can be found here: [Laws & regulations | Samgöngustofa \(samgongustofa.is\)](#).

Risk management and internal control

The Board of Directors has set out a comprehensive risk strategy for the parent company and subsidiaries have completed or are completing their own risk strategies that address their specific key risks. The risk policy and key risk factors are updated and reassessed annually and approved by the board.

The risk strategy is based on Isavia's overall strategy and is intended to support the strategy and set objectives. The purpose of the risk strategy of Isavia and its subsidiaries is to ensure active risk management and a good risk culture. Isavia's risk management is based on the philosophy of integrated risk management or enterprise risk management. Recognized methods are used for risk analysis and risk assessment and work is underway to develop a harmonized process for the Group.

The Group has an active Risk Committee, whose objective is to ensure that the organization and implementation of risk management is in line with the Board's strategy. The Committee's tasks include oversight and monitoring of the risk management of the parent company and subsidiaries. The CEO and the managing directors of the parent company and subsidiaries are responsible for identifying, defining and assessing risks within their areas of responsibility, as well as for establishing appropriate controls to minimize risk. The board and the audit committee regularly discuss risk management and internal control.

KPMG ehf. is the Group's internal audit. In accordance with a contract, which, among other things, assesses risk management, internal control and corporate governance using systematic methods and thus supports the companies in achieving their goals. The internal audit function operates independently and does not make decisions related to the company's daily operations and is appointed by the board of directors of the parent company.

The Board

The Board consists of five members and two alternates elected at the annual general meeting for a term of one year at a time. Board members are nominated to the Board by the Minister of Finance and Economic Affairs. In the Board the gender ratio is 60% women and 40% men. All members of the Board of Directors are considered independent, within the meaning of the Guidelines on Corporate Governance.

Appendix I Statement of Governance

The activities and rules of procedure of the board of directors

The board of directors has set operating rules that define the main tasks and areas of authority of the board and CEO. The current rules of procedure were approved at a board meeting on May 5, 2025. These include provisions regarding the division of tasks within the board, rules on eligibility for participation in handling matters, on meeting rules and minutes, rules on confidentiality, disclosure to the board and decision-making power. The rules of procedure of the board are published on the company's website.

The main role of the board is to manage the company's affairs between shareholders' meetings, to ensure that there is sufficient control over the company's accounting and handling of funds, to confirm the operating and investment plans and ensure that they are followed. The board makes major decisions in the company's operations and ensures that the company is run in accordance with laws and regulations.

The board must also promote the company's operation and ensure its long-term success, by setting the company a strategy in cooperation with its management.

During the working year 2025 - 2026, 14 board meetings were held. All meetings of the Board of Directors were quorate. The Board's work plan for the next operating year is available following the Annual General Meeting. The Chairman of the Board presides over Board meetings. In addition to the Board, the CEO, the Chief Financial Officer and Head of Human Resources, and the Chief Legal Officer attend Board meetings. The Chief Legal Officer also serves as the secretary of the Board and prepares the minutes. The minutes of Board meetings are signed by the Board of Directors, the Chief Executive Officer and the secretary of the meeting.

The evaluation of the work of the board of directors

The Board of Directors evaluates its work on a regular basis, work methods and procedures, the company's progress, the CEO's performance, as well as the effectiveness of subcommittees if they are active. Such an evaluation of performance includes, among other things, that the board assesses the strengths and weaknesses in its work and procedures and considers the things that it believes can be improved.

The appointment of Isavia board of directors 2025–2026

Steinþór Pálsson is the Chairman of the Board of Directors of Isavia from 2025. He has a Cand. Oecon degree from the University of Iceland and MBA from the University of Edinburgh. Steinþór has extensive experience and knowledge in the business community as a leader and director, e.g. in strategy, finance, operations and change management. He is the CEO of Thor Landeldi, a board member of Norvik, chairman of the Vigdís Finnbogadóttir Institute of Cultural Affairs, and a member of the board of Mosfellsbær Golf Club. Steinþór was Chairman of the Steering Committee of the ÍL-sjóðs from 2023 to 2025, consultant and partner at KPMG from 2018 to 2022, CEO of Landsbankinn from 2010 to 2016, Managing Director of Actavis for 8 years both in Iceland and abroad, a manager at Íslandsbanki and Handelsbanki for around 15 years and a manager at other companies for a shorter period. Steinþór has also served on the boards of various other companies and their associations and is a member of Isavia's remuneration committee.

Hera Grímsdóttir joined the Board of Directors of Isavia in March 2025 and is the Vice-Chairman of the Board. Hera is the Managing Director of the Research and Innovation Division of Reykjavik Energy. Hera holds an M.Sc. degree in Civil Engineering with a specialization in construction management and decision-making, as well as an MBA degree from Reykjavik University. She has extensive experience in management and policy making from diverse sectors of the Icelandic business sector. From 2018–2022, Hera was the Dean of the Faculty of Industrial and Technical Studies at Reykjavik University. Previously, she had served as the head of the school's construction division and taught, among other things, project management and strategic planning. Hera has extensive knowledge of improvement processes and project management in complex and international projects. From 2011 to 2015 she worked for Össur, and before that for the engineering firm Efla, first in the energy division and later in the construction division. Hera has also served on boards related to technology, innovation and property development, including Veitur Utilities, Grænvangur and Innov property development company.

Gréta María Grétarsdóttir joined the Board of Directors of Isavia in March 2025. Gréta has a degree in engineering from the University of Iceland. She has over 20 years of experience in operations and finance and has served as CEO in various industries. Gréta María worked from 2023-2025 as the CEO of Prís. Prior to that, Gréta María worked as CEO of Arctic Adventures, Managing Director of Innovation, Corporate Social Responsibility and Investor Relations at Brim, Managing Director of Krónan, CFO of Festi and Head of Economics at Arion Bank. Gréta María has also served on the boards of various companies, including Indó Savings Bank, Reitir Real Estate Company, the Red Cross, as well as being the first chairman of the Food Fund and leading its development. She has also worked as a consultant and mentor in business and innovation accelerators, where she shares her valuable experience and insights with entrepreneurs and managers. Gréta María is a member of Isavia's audit committee.

Appendix I Statement of Governance

The appointment of Isavia board of directors 2024–2025 (continued)

Ómar Svavarsson joined the Board of Directors of Isavia in March 2025. Ómar has a degree in business administration and completed a Cand. Oecon degree from the University of Iceland in 1995. He has over 25 years of management experience, including 12 years as CEO. He worked for Sjóvá for many years in various management positions, where he was the longest-serving Managing Director of the Sales and Service Division. In 2005, he joined Vodafone and was appointed CEO of the company in 2009, where he worked until 2014. From 2017 to 2024, he was the CEO of Securitas hf. and has since worked as an independent consultant and run his own company. Ómar has held numerous board positions. He was a member of the board of directors of the telecommunications company Kall p/f from 2006 to 2014 and was chairman of the board of directors of FøroyaTele from 2015 to 2021. Since 2024, he has been a board member of ON Power. Ómar is a member of the Board of Directors of Isavia's Audit Committee.

Marta Jónsdóttir, born in 1979, has been a member of the board of directors since the beginning of 2025 after serving as alternate board member of Isavia in 2024. Marta is a lawyer with an ML-degree in law from Bifröst University of Business Administration since 2006 and a B.Sc. in business law from the same school since 2004. She was the managing director of Kadeco, Prúnarfélags Keflavíkurflugvallar ehf., the managing director of Alþjóðlegra bifreiðatrygginga á Íslandi sf., worked at the Ministry of the Interior where she handled traffic matters, was the chief lawyer of the Traffic Authority, department head at the Icelandic Transport Authority and was project manager at of the registry department at the Reykjavík District Magistrate. Since 2021, Marta has worked independently, mainly in legal advice, mediation and real estate-related projects. Marta has pursued various additional education and professional qualifications, such as a study in negotiation techniques at Harvard Business School, certification as a real estate and ship agent, and has taken a course in mediation. Marta has also served on a number of boards, such as the board of Hekla, the Regional Development Agency for the Reykjanes peninsula, and the Reykjanes peninsula Market Centre, on the board of Fluglestarinnar – prúnarfélags ehf ,she was chairman of the traffic safety planning team of the transportation plan, vice chairman of the Traffic Council and various committees in the field of transportation, both domestically and internationally, such as the Working Group on Transport at EFTA. She is also a member of the Northwestern Constituency Electoral Commission. Marta is a member of Isavia's Remuneration Committee.

Board alternates

Sigrún Dóra Sævinsdóttir
Bjarni Herrera

CEO

The CEO is responsible for the daily operations of the company in accordance with the policy and instructions of the Board of Directors. The CEO works in accordance with the CEO's rules of procedure approved at the Board of Directors meeting on December 13, 2023. The day-to-day management does not include measures that are unusual or of major significance. The CEO has decision-making authority over all operational and financial matters of the company and oversees its assets. The CEO reports to the Board of Directors on the company's operations and performance at Board meetings, is responsible to the Board of Directors and for compliance with the Company's Articles of Association, laws and regulations. The CEO has no conflicts of interest with the Company's business partners or competitors.

The CEO is Sveinbjörn Indriðason, born in 1972, an economist from the University of Iceland in 1998. He worked for Fjárfestingarbanki atvinnulífsins and worked in risk management for Icelandair from 1999 to 2005. Sveinbjörn was CFO of FL Group from 2005 to 2008 and Chief Operating and Financial Officer of CLARA from 2011. Sveinbjörn was Isavia Chief Financial Officer from 2013 until June 2019, when he was appointed Isavia CEO.

The CEO also oversees and supervises Isavia ohf's subsidiaries. The ownership policy of Isavia ohf's subsidiaries has been established, which seeks to clarify the responsibilities and roles of the owner, the company, the board and management to promote good governance and a clear strategy. Thus, the ownership policy should ensure transparent, professional and efficient management of subsidiaries. Appendices have also been made which set out policies, rules and guidelines that are followed on a consolidated basis. These include human resources policy, sustainability policy, comprehensive risk management policy, ethics and the handling of personal information to name a few. The ownership policy and appendix are available on the company's website www.isavia.is.

The company's financial statements

Isavia fiscal year is the calendar year. The company's financial statements can be accessed at the Register of Annual Accounts as well as on the company's website www.isavia.is.

Appendix I Statement of Governance

Subcommittees

There are two subcommittees of the Board of Directors. The members of the committees are appointed by the Board of Isavia ohf.

Remuneration committee

The board of Isavia appoints two individuals to the remuneration committee who also sit on the company's board. The main task of the remuneration committee is to prepare an annual draft remuneration policy that is submitted to the company's annual general meeting, to prepare a proposal for the annual general meeting on the remuneration of the board, to prepare a proposal to the board on criteria for salaries and other remuneration of CEOs and managing directors of subsidiaries. The remuneration committee monitors that the remuneration policy is implemented, and that salaries and terms of employment are in accordance with laws, rules and good practice. The rules of procedure of the remuneration committee together with the company's remuneration policy can be found on the company's website.

Audit committee

Chapter IX of Act no. 3/2006 on annual accounts, cf. Act no. 80/2008 applies to the audit committee. The company's board sets the committee's rules of procedure, to further complement the law. At its first meeting following the Annual General Meeting each year, the Board of Directors of Isavia appoints two individuals to the Audit Committee, while the Annual General Meeting appoints the Chair of the Committee. The Audit Committee consists of three members, one of whom is independent of the Company and two of whom are members of the Board of Directors. The main role of the audit committee is to assess the company's supervisory environment, analyse the effectiveness of internal auditing, monitor the implementation of auditing, submit a proposal for the appointment of an external auditor in consultation with the National Audit Office, cf. Article 7 Act no. 46/2016 on the Auditor General and the audit of the central government accounts, together with an assessment of the auditor's independence, an assessment of the effectiveness of risk policy, risk appetite and risk management, and ensure compliance with applicable laws and regulations. The committee's other tasks include reviewing financial information and the arrangements for providing information from management, internal auditing and external auditors, and verifying that the information the board receives about the company's operations, position and future prospects is reliable and gives the clearest picture of the company's position at any given time. The roles and rules of procedure of the Audit Committee can be found on the company's website.

Arrangements for shareholder and board of directors relations

One shareholder, the Icelandic state, owns all the shares in the company and the Minister of Finance and Economic Affairs controls the share. Notice of a shareholders' meeting is sent to a contact person at the Ministry of Finance and Economic Affairs. Shareholder meetings are the main forum for providing information to the shareholder. Other communication with shareholders on the company's affairs is in most cases initiated by the company. The board of Isavia and the CEO have had meetings with the Minister or employees of the Ministry of Finance.

The board of directors and the CEO of the company follow the General Ownership Policy of the state for all state-owned companies in their work. The company sends out press releases that inform about the company's results and other aspects of its operations, as

Statement of governance was approved at the board meeting of Isavia ohf. on the March 12th, 2026.

Appendix II Non-financial disclosure

The business model

Isavia ohf. is a public limited company that handles the operation, maintenance and development of Keflavík Airport. Its subsidiaries are three: Isavia Innanlandsflugvöllir ehf. which handles the operation of airports for domestic scheduled flights and landing sites in Iceland, Fríhöfnin ehf. and Isavia ANS ehf. providing domestic and international air navigation services across the North Atlantic. The subsidiary Isavia ANS ehf. owns two subsidiaries, Tern Systems ehf. which is a software company and Suluk ApS which is a service for air traffic controllers in Greenland. Tern Systems ehf. owns one subsidiary, also a software company, which is Tern Branch Hungary.

Isavia is a service company which operates and maintains the infrastructure on which Icelandic aviation is based, its connection with the rest of the world and aviation between continents. Isavia ohf. activity is therefore vital for the nation and the economy. Wide emphasis is placed on those economic actors that rely on the services of the company and are impacted by it.

Isavia operates in an international competitive market where competition between airports is keen. The market environment has undergone profound change in recent years, with no end in sight. Greater emphasis has been placed on sustainability in airport operations, and Isavia has made a determined effort in recent years to ensure future sustainability. The company sees great opportunities in Iceland's future competitive advantage, based on the environment and sustainability. The company's policy reflects these views.

Strategy

The purpose of Isavia, the parent company, is to lead an airport community that increases the quality of life and prosperity in Iceland, and the vision is to connect the world through Iceland. The purpose emphasizes the role of Keflavík Airport as an important infrastructure for Icelandic society and the responsibility that comes with it in a sustainable future. The overall purpose and strategy reflect the company's focus on sustainability.

Isavia's vision is to connect the world through Iceland. It focuses on the development of the transfer hub and reflects the expected development in air transport in the coming years. In order to support the development, the airport's infrastructure must be developed. The company's strategy is to deliver a leading airport that will grow in a sustainable manner and support the nation's prosperity. After all, the activities yield significant economic benefits for the economy as a whole.

Last year, work continued in accordance with the five-year strategic priorities set at the beginning of 2024 and were built around three main priorities: customers and airport community, culture and digital optimization. At the end of last year, the parent company's policy was reviewed, its presentation simplified and its focus sharpened. The strategic focus is: Customers first, results-driven team spirit, profitable growth, sustainability at the forefront, and aviation safety and protection as a priority. The update was prepared by the Executive Board with the involvement of the Board of Directors, which formally approved it in January 2026.

Key metrics

The policy indicators of Isavia ohf., the parent company, were unchanged between years. Eight goals and policy indicators were worked on in 2025. They are:

Goal 1: EBITDA from 25% at year-end 2023 to 42% year-end 2028. It will rise to 37% in 2025. EBITDA was 33,5% at year-end 2025.

Goal 2: The percentage of satisfied customers will increase from 83% by the end of 2023 to 85% by 2028. It will rise to 84% by 2025 for passengers. The percentage of satisfied customers was 81% at the end of 2025.

Goal 3: The performance behaviour index for a constructive culture will increase from 64% at the beginning of 2024 to 80% by the end of 2028. It will rise to 68% in 2025. The performance index was 65% at the end of 2025.

Goal 4: The capacity of runways should have the ability to serve up to 38 movements in 60 minutes by 2028. The capacity will remain at 32 movements by 2025. The capacity was 32 movements at the end of 2025.

Goal 5: Increased efficiency is achieved by increasing the average cost per load passenger from ISK 4,678 at the end of 2023 to ISK 4.450 in 2028. It will reach 4.587 ISK by the end of 2025. It was ISK 5.221 at the end of 2025.

Goal 6: The carbon footprint of Keflavik Airport's fuel will increase from 1.525 by the end of 2023 to less than 600 tonnes of CO₂ by 2028. This will rise to 1.126 tonnes by the end of 2025. The measurement for 2025 was 920 tonnes.

Goal 7: No serious incidents at Keflavik Airport in terms of safety, security or occupational health and safety that can be traced to the operations and infrastructure of Keflavik Airport by 2028. The number of serious incidents will increase from 38 at the end of 2023. There were 78 incidents in 2025.

Goal 8: Return on equity (ROE) from 3,2% at year-end 2023 to over 10,9% in 2028. It will rise to 9% by 2025. Return on equity (ROE) in 2025 was 6,94%.

Appendix II Non-financial disclosure

Sustainability

The Isavia group has a policy of social responsibility and has supported the UN Global Compact since 2016. With that, Isavia commits itself to ensure that its policies and practices are in line with the ten criteria of the United Nations on human rights, labour issues, environmental issues and anti-corruption measures. The Isavia group has a sustainability policy that states that the company has sustainability as its guiding principle in everything it does. The policy is supported by five-year action plans tailored to each company in the group, valid until the end of 2026.

Isavia goals, metrics and actions to achieve sustainability are set out in a five-year sustainability action plan that was submitted to the Environment Agency at the end of 2021, as required by law. When choosing the goals and remedial projects related to them, we looked at the nature of the company and its metrics, the suggestions of external stakeholders, the Global Goals and the government's emphasis on them and on climate issues. Account was also taken of improvement opportunities linked to the GRI factors, the company's commitments to the principles of the UN Global Compact and incentive projects that the company is a member of. In addition, ACI (Airport Council International) has issued guidelines on sustainability paths for airports that were taken into account. The action plan was submitted to the CEO and executive board for approval and presented to the board of directors.

The company worked in accordance with the action plan during 2025. Isavia's sustainability policy and action plan are currently being reviewed in accordance with the changes that have taken place and are ahead in the company's external environment. More detailed information on Isavia's sustainability policy and action plan can be found here: www.kefairport.is/fyrirtaekid/sjalfbaerni. The European Union (EU) Taxonomy Regulation entered into force in Iceland on 1 June 2023 with Act No. 25/2023 on Sustainability Disclosure in the Financial Services Sector and Taxonomy for Sustainable Investments. The report can be found in the consolidated financial statements of Isavia ohf. under Appendix II, where this disclosure of information is only prepared on a consolidated basis, as stipulated in the Regulation.

The company began work on preparing for the new EU Sustainability Reporting Directive (CSRD) that is planned to be implemented in Iceland. The changes are intended to promote consistency and transparency in companies' sustainability information. A cornerstone of the CSRD Directive and the ESRS sustainability standards that accompany it is the obligation for companies to prepare a double materiality analysis. A double materiality analysis considers, on the one hand, the impacts (positive/negative) that the company's operations have on people and the environment and, on the other hand, what financial risks or opportunities these impacts have on the company's operations.

Environmental issues

In accordance with the company's sustainability policy, Isavia guiding principle is to keep the negative environmental impact of its activities to a minimum in harmony and cooperation with stakeholders with a focus on climate issues. Keflavík Airport is a participant in a carbon certification system organized by the Airports Council International (ACI) called Airport Carbon Accreditation (ACA) and has a certified environmental management system according to the international standard ISO14001. Isavia's carbon footprint has been reviewed and verified by an external party, the international company Normec Verifavia, which specializes in airport audits.

Fuel consumption is the most important environmental factor in Isavia operations. Fuel consumption in the operation is closely monitored and efforts are made to reduce it where possible. Most of the use is for service and maintenance of runways and tarmacs areas of the airports. In 2021, a detailed analysis was made of the replacement of vehicles at Keflavík Airport. As a result, a decision was made that the airport would be carbon-free by 2030, which means that all vehicles owned by Isavia ohf. will be based on environmentally friendly energy sources. Isavia carbon offsets its activities.

Code of conduct

Isavia has a code of conduct, which was updated in 2025 and approved by the Board of Directors. It applies to all board members and employees within the Isavia group and is part of their employment contracts. There is a procedure in place for reporting breaches of the code of ethics that ensures a clear process for employees and external parties to report violations. Information about this is available on the company's website. The code of conduct for Isavia suppliers and subsidiaries is established in accordance with the ten criteria of the UN Global Compact. The company's suppliers are required to comply with the code of conduct as a minimum standard and that they make the same requirement to their suppliers. Isavia should be notified if a violation of the code is suspected. If requested, suppliers must be able to confirm that these codes of conduct are followed. The company's contracts contain provisions on the prohibition of artificial contracting and stipulate that relationship must be the main rule in interaction between the staff and contracting vendor. This is done to ensure that all wage related payments, by whatever name they are called, are paid and that the provisions of wage contracts are followed.

Appendix II Non-financial disclosure

Human resources

Isavia human resources policy is to create a workplace where employees show respect to each other and are honest with themselves and others. The company intends to be at the forefront as a workplace where equality and trust prevail. Efforts are being made to ensure equal opportunities for employees and the possibility to use their talents at work.

In 2025, the Company's human resources and equality policy was updated and approved by the Executive Management. Along with the policy, a new equality action plan was sent for approval by the Equal opportunities agency, which certified the plan for the next two years.

Isavia is committed to implementing, documenting and maintaining an equal pay system in accordance with the requirements of the equal pay standard ÍST 85 and obtaining equal pay certification in accordance with Act no. 150/2000 on equal status and equal rights of irrespective of gender. The company implemented an equal pay management system in 2018. In 2024, the company received re-certification after an audit carried out by BSI in Iceland. The equal pay management system is intended to ensure that all employees are paid equal wages and enjoy the same pay for the same or equally valuable work, regardless of gender. Along with the certification, a wage analysis was carried out, which revealed that there is no unexplained gender wage gap at Isavia.

Isavia has a response plan for bullying, gender-based and sexual harassment and violence (EKKO) in accordance with the relevant law. The plan covers all of Isavia establishments and subsidiaries and applies equally to staff, managers and contractors who work on behalf of the company or on behalf of other service providers at Isavia establishments. The response plan is based on Isavia policy that bullying, sexual harassment, gender-based harassment or other forms of violence are not tolerated under any circumstances. It is the company's goal to eradicate such behaviour through preventive actions in the form of education and through professional work processes.

Employees or others who have information about breaches of law or other reprehensible conduct in the group's operations must report this. Isavia ensures a certain level of protection for those who report offenses or other reprehensible conduct in the operation in accordance with Act no. 40/2020 on the protection of whistle-blowers. Notices to that effect can be submitted through the Isavia website.

Risk management

Isavia's internal control and risk management system is based on a formal risk management process and is intended, among other things, to highlight and manage financial and non-financial risks of the parent company and subsidiaries. Risk management takes into account non-financial matters in internal control, establishes appropriate key performance indicators and is based on the Group's strategy and objectives. Isavia's risk management is discussed in more detail in the company's corporate governance statement and annual report.

Annual report

The annual report of the Isavia group is issued according to the international standard of the Global Reporting Initiative, including its special provisions regarding airports. The report deals with the points of emphasis, goals, key criteria and achievements of Isavia in its quest for increased sustainability. The report deals with issues of the environment, the community and the economy in detail. Furthermore, Isavia presents an annual report of the company each year as a progress report to the UN Global Compact and Global Reporting Initiative. The report is now published for the tenth time in this way. The reports are stored in the company's document system and published on an external website at the following address: www.kefairport.is/fyrirtaekid/skyrslur-og-uppgjor.

EU Taxonomy reporting

The EU Taxonomy Regulation entered into force in Iceland on 1 June 2023 with Act no. 25/2023 on sustainability-related disclosures in the financial services sector and a classification system for sustainable investments.

Based on the laws, regulations have been issued that, among other things, prescribe what conditions economic activities must meet to be considered to contribute significantly to the specified environmental objectives, and also how the information that companies are required to disclose should be presented.

Companies are required to disclose the proportion of turnover, capital expenditure and operating expenditure for the most recent financial period attributable to eligible activities, i.e. activities covered by the EU Taxonomy Regulation. In addition, the same key performance indicators shall be disclosed for activities that meet all applicable criteria of the regulation and are therefore considered taxonomy-aligned.

Economic activities that are not described in the delegated acts are classified as not eligible. It should therefore be noted that the EU Taxonomy Regulation does not constitute an exhaustive list of environmentally sustainable economic activities and related criteria, as a number of activities are currently not defined under the regulation.

Appendix II Non-financial disclosure

Definitions

The environmental objectives of the EU Taxonomy Regulation are six:

- climate change mitigation
- climate change adaptation
- sustainable use and protection of water and marine resource
- transition to a circular economy
- pollution prevention and control
- protection and restoration of biodiversity and ecosystems

In accordance with the EU Taxonomy Regulation, taxonomy-eligible economic activities are those activities described in the applicable delegated acts for each environmental objective, irrespective of whether the activity meets any or all of the technical screening criteria set out in those delegated acts.

An economic activity is considered taxonomy-aligned, and therefore environmentally sustainable under the EU Taxonomy Regulation, if it is taxonomy-eligible and meets all of the following requirement;

- the activity makes a substantial contribution to one or more environmental objectives
- the activity does not cause significant harm to any other environmental objectives.
- the activity complies with minimum safeguards.

Eligible business operations in accordance with the EU taxonomy regulation

Isavia carried out an analysis of the Group's activities in relation to the definitions of eligible and taxonomy-aligned economic activities under the EU Taxonomy Regulation, with respect to both climate objectives. Within the group are companies that operate airports, air traffic services and software companies.

The analysis was performed at the level of each individual investment and asset. For a given activity, three scenarios may apply: all related investments are taxonomy-aligned; only a portion of the related investments is taxonomy-aligned; or no related investments are taxonomy-aligned. The same approach applies to assets.

Where only part of the related activities is eligible or taxonomy-aligned, the assessment relies on the availability of sufficiently disaggregated and accessible data from the Group's information systems to substantiate the conclusions reached. Following the analysis, the following categories of economic activities were assessed as eligible:

Climate change mitigation (CCM):

- 5.3 Construction, extension and operation of wastewater collection and treatment systems
- 6.3 Urban and suburban transport, road passenger transport
- 6.5 Transport by motorcycles, passenger cars and light commercial vehicles
- 6.15 Infrastructure enabling low-carbon road transport and public transport
- 6.17 Low-carbon airport infrastructure
- 6.20 Air transport ground handling operations
- 7.1 Construction of new buildings
- 7.3 Installation, maintenance and repair of energy-efficient equipment
- 7.7 Acquisition and ownership of buildings

Transition to a circular economy (CE):

- 3.2 Renovation of existing buildings
- 3.3 Demolition of buildings and other structures

Pollution prevention and control (PPC):

- 2.4 Remediation of contaminated sites and areas

Eligible activities covered by EU Taxonomy

Isavia assesses that it does not formally comply with all of the specified minimum safeguards. Consequently, the company does not disclose information on taxonomy-aligned economic activities in accordance with the EU Taxonomy Regulation. Failure to fully implement the minimum safeguards does not have legal consequences, as the EU Taxonomy Regulation is a reporting regulation. Although completion of the improvement work was initially planned for 2025, the improvements will instead be completed satisfactorily in 2026.

Appendix II Non-financial disclosure

Minimum safeguards

As part of the minimum safeguards measures, various requirements are made for the implementation of procedures based, among other things, on the guidelines of the Organization for Economic Co-operation and Development (OECD) for multinational companies and the guiding principles of the United Nations on business and human rights, as well as eight fundamental conventions in the declaration of the International Labor Organization.

Meeting the required minimum safeguard is a prerequisite for business activities to be classified as environmentally sustainable and, consequently, aligned with the Taxonomy Regulation. In order to implement and ensure compliance with minimum safeguards, Isavia has aligned itself with the Final Report on Minimum Safeguards issued by the Platform on Sustainable Finance in October 2022. The report primarily focuses on human rights, corruption and bribery, taxation, and fair competition. Compliance with minimum safeguards is assessed by evaluating whether adequate processes have been implemented for each of the above areas in order to prevent negative

Isavia considers that it fully meets the minimum safeguard requirements relating to corruption and bribery, taxation, and fair competition. The only procedure that has not yet been fully implemented by the Company is a human rights due diligence process as specifically set out in the OECD Guidelines. It should be noted that, although Isavia has not implemented the due diligence steps referred to in the OECD Guidelines, this does not imply that human rights are being violated, as the Guidelines address procedural aspects of human rights due diligence only.

During the year, Isavia participated in training provided by the United Nations Global Compact relating to the implementation of the OECD human rights due diligence process for companies. This training serves as a reference point for the Company's further development and improvement in this area.

Key performance indicators

The financial statements of the Isavia Group are prepared in accordance with International Financial Reporting Standards (IFRS) as disclosed in Note 2 to the financial statements. The calculations of key performance indicators are presented on a consolidated level, where internal transactions have been eliminated to avoid double counting. The following methodology was applied in the calculations of the key performance indicators, turnover, investment expenses and operating expenses.

Turnover

The Group's taxonomy-eligible income ratio was calculated as the share of net revenue derived from goods and services associated with taxonomy-eligible economic activities (numerator), divided by net revenue (denominator; the denominator corresponds to the Group's total revenue; see also Note 4, Revenue).

Isavia generates revenue from goods and services related to taxonomy-eligible economic activities. The largest component of such revenue comprises rental income from buildings falling under activity CCM 7.7, Acquisition and ownership of buildings. In addition, the company generates revenue from wastewater operations classified under activity CCM 5.3, Construction, expansion and operation of wastewater collection and treatment systems.

Capital expenditure

The EU Taxonomy Regulation defines the key performance indicator as taxonomy-eligible capital expenditure (numerator), divided by total additions to tangible and intangible assets during the financial year, before depreciation and any revaluations, including additions arising from revaluations and impairments, for the relevant financial year and excluding changes in fair value (denominator).

The largest portion of the investment expenditure considered taxonomy-eligible can be attributed to the extensive construction projects taking place at Keflavík Airport, which fall under activity CCM 7.1 Construction of new buildings. This is followed by investment expenditure related to improvements to existing premises, which fall under activity CE 3.2 Renovation of existing buildings. The demolition of the Alert building at Keflavík Airport falls under activity CE 3.3 Demolition of buildings and other structures. The company's purchases of vehicles fall under activity CCM 6.5 Transportation by motorcycles, passenger cars and light commercial vehicles. The installation of LED lighting in the South Building and LED approach lights at Keflavik Airport falls under activity CCM 7.3 Installation, maintenance and repair of energy-efficient equipment. The renewal and increase in the number of aircraft ground connections (Ground Power Units), voltage upgrades and the expansion of charging stations fall under activity CCM 6.17 Low-carbon airport infrastructure. The purchase of machinery and equipment related to operations on runways and aprons, such as snow removal and sweeping, falls under activity CCM 6.20 Air transport ground handling operations. Projects related to the remediation of contaminated soil within the airport area fall under activity PPC 2.4 Remediation of contaminated sites and areas. Finally, the company's purchase of a bus falls under activity CCM 6.3 Urban and suburban transport, passenger transport by road.

Operational expenditure

The EU Taxonomy Regulation applies a significantly narrower definition of operating expenditure than the definition used under the IFRS Standards applied in financial reporting. According to the EU Taxonomy Regulation, operating expenditure includes direct non-capitalised costs relating to research and development, building renovation measures, short-term leasing, maintenance and repair, and other direct expenditures associated with the day-to-day servicing of tangible fixed assets or third parties to whom activities are outsourced, which are necessary to ensure the continued and effective operation of such assets.

Appendix II Non-financial disclosure

To determine the key performance indicator for operating expenditure, taxonomy-eligible operating expenditure (numerator), as defined by the EU Taxonomy Regulation, is divided by total operating expenditure (denominator).

The largest portion of taxonomy-eligible operating expenditure relates to maintenance and repair activities required to ensure the efficient operation of assets. Such operating expenditure falls under activity CCM 7.7, Acquisition and ownership of buildings. The most significant component relates to the cleaning of the terminal building at Keflavík Airport, in addition to maintenance costs. Isavia operates a workshop, and a portion of the operating expenditure relates to spare parts, tyre changes and repairs to snow removal vehicles and related equipment, which fall under activity CCM 6.20, Air transport ground handling operations. In addition, operating expenditure relates to the company's vehicles classified under activity CCM 6.5, Transportation by motorcycles, passenger cars and light commercial vehicles, as well as buses used for passenger transport at the airport, which fall under activity CCM 6.3, Urban and suburban transport, passenger transport by road.

Tables presenting key performance indicators follow.

EU Taxonomy

TURNOVER

Financial year N=2025	2025			Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')						Minimum Safeguards	Proportion of Taxonomy aligned (A.1) or eligible (A.2) Turnover, year 2024	Category enabling activity	Category transitional activity
	Economic Activities	Code	Turnover	Proportion of turnover year 2025	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy				
		ISK	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T

A. TAXONOMY-ELIGIBLE ACTIVITIES

A.1. Environmentally sustainable activities (Taxonomy-aligned)																		
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)	0	0%	0%	0%	0%	0%	0%	0%	0%	N	N	N	N	N	N	N	0%	
<i>Of which Enabling</i>	0	0%	0%	0%	0%	0%	0%	0%	0%	N	N	N	N	N	N	N	0%	0%
<i>Of which Transitional</i>	0	0%	0%							N	N	N	N	N	N	N	0%	0%
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																		
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL									
Acquisitions and ownership of buildings	CCM 7.7	8.881.384	18,0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								9,4%	
Construction, extension and operation of waste water collection and treatment	CCM 5.3	54.025	0,1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0,1%	
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		8.935.409	18,1%	9,5%	%	%	%	%	%								8,9%	
A. Turnover of Taxonomy eligible activities (A.1+A.2)		8.935.409	18,1%	9,5%	%	%	%	%	%								8,9%	

B. TAXONOMY-NON-ELIGIBLE ACTIVITIES

Turnover of Taxonomy-non-eligible activities (B)	40.325.957	81,9%
Total	49.261.366	100,0%

EU Taxonomy

CAPITAL EXPENDITURE

Financial year N=2025	2025			Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')						Minimum Safeguards	Proportion of Taxonomy aligned (A.1) or eligible (A.2) CapEx, year 2024	Category enabling activity	Category transitional activity
Economic Activities	Code	CapEx	Proportion of CapEx year 2025	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity				
		ISK	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T

A. TAXONOMY-ELIGIBLE ACTIVITIES

A.1. Environmentally sustainable activities (Taxonomy-aligned)

CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)	0	0%	0%	0%	0%	0%	0%	0%	0%	N	N	N	N	N	N	N	0%		
<i>Of which Enabling</i>	0	0%	0%	0%	0%	0%	0%	0%	0%	N	N	N	N	N	N	N	0%	0%	
<i>Of which Transitional</i>	0	0%	0%							N	N	N	N	N	N	N	0%		0%

A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)

				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Construction of new buildings	CCM 7.1	5.322.529	43,6%	EL	N/EL	N/EL	N/EL	N/EL	N/EL										57,8%
Renovation of existing buildings	CE 3.2	566.081	4,6%	N/EL	N/EL	N/EL	N/EL	N/EL	EL										4,1%
Demolition of buildings and other structures	CE 3.3	142.647	1,2%	N/EL	N/EL	EL	N/EL	N/EL	N/EL										0,0%
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	78.117	0,6%	EL	N/EL	N/EL	N/EL	N/EL	N/EL										0,1%
Installation, maintenance and repair of energy-efficient equipment	CCM 7.3	58.207	0,5%	EL	N/EL	N/EL	N/EL	N/EL	N/EL										0,1%
Low carbon airport infrastructure	CCM 6.17	41.082	0,3%	EL	N/EL	N/EL	N/EL	N/EL	N/EL										0,3%
Air transport ground handling operations	CCM 6.20	35.238	0,3%																0,5%
Remediation of contaminated sites and areas	PPC 2.4	10.164	0,1%																0,1%
Urban and suburban transport, road passenger transport	CCM 6.3	7.642	0,1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL										0,0%
Sustainable urban drainage systems (SUDS)	WTR 2.3	0	0,0%	N/EL	N/EL	N/EL	EL	N/EL	N/EL										1,7%
CapEx of Taxonomy eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		6.261.707	51,2%	44,8%	%	1,2%	0,0%	%	%										64,7%
A. CapEx of Taxonomy eligible activities (A.1+A.2)		6.261.707	51,2%	44,8%	%	1,2%	0,0%	%	%										64,7%

B. TAXONOMY-NON-ELIGIBLE ACTIVITIES

CapEx of Taxonomy-non-eligible activities (B)	5.959.930	48,8%
Total	12.221.636	100,0%

EU Taxonomy

OPERATING EXPENDITURE

Financial year N=2025	2025			Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')							Minimum Safeguards	Proportion of Taxonomy aligned (A.1) or eligible (A.2) OpEx, year 2024	Category enabling activity	Category transitional activity
Economic Activities	Code	OpEx	Proportion of OpEx year 2025	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity					
		ISK	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T	

A. TAXONOMY-ELIGIBLE ACTIVITIES

A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)	0	0%	0%	0%	0%	0%	0%	0%	0%	N	N	N	N	N	N	N	0%		
<i>Of which Enabling</i>	0	0%	0%	0%	0%	0%	0%	0%	0%	N	N	N	N	N	N	N	0%	0%	
<i>Of which Transitional</i>	0	0%	0%							N	N	N	N	N	N	N	0%	0%	
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Aquisitions and ownership of buildings	CCM 7.7	524.960	1,4%	EL	N/EL	N/EL	N/EL	N/EL	N/EL										1,3%
Air transport ground handling operations	CE 3.2	155.191	0,4%	EL	N/EL	N/EL	N/EL	N/EL	N/EL										0,3%
Transport by motorbikes, passenger cars- and light commercial vehicles	CCM 6.5	47.269	0,1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL										0,1%
Urban and suburban transport, road passenger transport	CCM 6.3	33.721	0,1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL										0,1%
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		761.140	2,1%	2,1%	%	%	%	%	%										1,8%
A. OpEx of Taxonomy eligible activities (A.1+A.2)		761.140	2,1%	2,1%	%	%	%	%	%										1,8%

B. TAXONOMY-NON-ELIGIBLE ACTIVITIES

OpEx of Taxonomy-non-eligible activities (B)	36.344.460	97,9%
Total	37.105.600	100,0%



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