

Isavia ohf.

Condensed Consolidated Interim Financial Statements

1.1 - 30.6 2025

Disclaimer:

The Condensed Consolidated Interim Financial Statements is a translated version from its original which is in Icelandic. Should there be any discrepancies between the two versions, the Icelandic version will prevail. The Icelandic version is accessible on the Company's website www.isavia.is.

Isavia ohf.
Flugstöð Leifs Eiríkssonar
235 Keflavíkurflugvöllur
id.no. 550210-0370

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1.1 - 30.6 2025

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Statement by the Board of Directors

Isavia ohf. is a state-owned limited company and operates on the basis of Act No. 2/1995 on limited companies. Its domicile is at Keflavik airport and the company's venue is in Hafnarfjörður.

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

These Condensed Consolidated Interim Financial statements have been prepared in accordance with International Financial Reporting Standards on Interim Financial Reporting IAS 34 as adopted by the European Union and additional requirements in the laws on annual accounts. The Consolidated Interim 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.

Operations for the period January to June 2025

According to the Consolidated income statement and other comprehensive income of Isavia ohf., total operating revenue for the period amounted to ISK 24.453 million (1.1-30.6 2024: ISK 23.261 million). The gain for the period amounted to ISK 1.130 million (1.1-30.6 2024: ISK 455 million gain). The positive exchange rate difference amounted to ISK 568 million (1.1-30.6 2024: ISK 490 million positive exchange rate). Salaries and related expenses for the period amounted to ISK 13.245 million (1.1-30.6 2024: ISK 12.446 million). The average number of staff for the period was 1.431 (1.1-30.6 2024: 1.383).

On June 30th 2025, the total assets of Isavia group amounted to ISK 119.698 million (31.12.2024: ISK 114.791 million). Total equity at June 30th 2025 amounted to ISK 50.421 million (31.12.2024: ISK 49.293 million) and the equity ratio for the group on June 30th 2025 was 42,12% (31.12.2024: 42,94%).

The number of passengers who traveled through Keflavík Airport increased by approximately 1,8% during the period from January to June 2025 compared to the same period in 2024, which is in line with the company's expectations. The number of passengers passing through Keflavík Airport was over 3,7 million during the January to June 2025 period compared to 3,67 million passengers for the same period in 2024. The growth during this period has largely been driven by arriving and departing passengers, which increased from 2.541 thousand passengers to 2.676 thousand passengers, or by 5,3%. Meanwhile, connecting and transfer passengers decreased by 5,9%, from 1.136 thousand to 1.069 thousand passengers. Passengers in the domestic flight system decreased by 2,3% during the January to June 2025 period compared to the same period in 2024, or from 340 thousand passengers to 333 thousand passengers. Air traffic in the Icelandic oceanic flight control area increased by 1,4% during the January to June 2025 period compared to the same period in 2024, from 91.755 aircrafts to 92.998 aircrafts.

A change occurred in the group's operations at the beginning of May 2025 when the subsidiary Fríhöfnin ehf. ceased its operations at Keflavík Airport following the tender for duty-free store operations in Keflavík. The company Heinemann Travel Retail Ice ehf. took over the duty-free store operations at Keflavík Airport. As a result, the scope of the group's operations will decrease in conjunction with this change. Fríhöfnin ehf. still operates a duty-free store in Akureyri but will cease this operation by the end of 2025. Subsequently, it is anticipated that the subsidiary's operations will be discontinued. The impact on the group due to these changes is that revenue from the sale of goods by Fríhöfnin ehf. at Keflavík Airport will only be recognized for the period from January 1 to May 7, 2025, and the same applies to the cost of goods sold, payroll costs, and operating expenses. Inventory has also decreased, as the inventory belonging to the duty-free stores at Keflavík Airport was sold at the beginning of May. Otherwise, the group's operations have been in line with the period's plans.

Share capital and shareholder

The share capital on June 30th 2025 amounted to ISK 24.559 million (31.12.2024: ISK 24.559 million). The National Treasury is the sole shareholder in the company at June 30th 2025 same as at the year end 2024.

Statement by the Board of Directors

Future prospects

The company's future outlook is generally stable, with passenger forecast for the next few years predicting an average annual growth rate of 3-5% over the next five years. This excludes the coming year, where there might be a decline in the number of passengers passing through Keflavík Airport due to changes at PLAY, which was the second-largest airline at the airport last year. At Keflavík Airport, there has been an emphasis on improving the company's infrastructure to accommodate the increasing number of tourists and enhance service quality through terminal expansion, improved passenger areas, and increased automation in passenger processes. This enables operations to cater to the ever-growing number of passengers and ensure satisfactory service quality for passengers and operators within the airport community.

The statement of the Board and Managing Director

According to the best of our knowledge of the Board and the Managing Director of Isavia ohf. the Condensed Consolidated Interim Financial Statements is in accordance with the international accounting standard for interim financial statements, IAS 34, as confirmed by the European Union and additional requirements in the Act of Annual Accounts.

It is the opinion of the Board of Directors and the Managing Director that the company's accounting principles are appropriate and that this condensed consolidated interim financial statement provides a good overview of the development and performance of the group's operations in the period from January to June 2025 and the main areas of uncertainty in its environment.

The Board and the Managing Director of Isavia ohf. confirm, to the best of their knowledge, that these Condensed Consolidated Interim Financial Statements give a true and fair view of the group's financial performance, assets, liabilities and change in cash flows between January and June 2025.

The Board and Managing Director have reviewed and approved the Condensed Consolidated Interim Financial statements of the company for the period January 1st to June 30th 2025 with their signatures.

Hafnarfjörður, September 25th 2025

Board of Directors

Steinþór Pálsson
Chairman of the Board

Gréta María Grétarsdóttir

Hera Grímsdóttir

Marta Jónsdóttir

Ómar Svavarsson

Managing Director

Sveinbjörn Indriðason

Review Report of The Icelandic National Audit Office

To the Board of Directors and Shareholders of Isavia ohf.

The condensed consolidated interim financial statements of Isavia ohf. for the period January 1st to June 30th, 2025, is reviewed in accordance with Act no. 46/2016 on the Auditor General and the auditing of government accounts. The consolidated interim financial statements comprise the statement of the board of directors, income statement and other comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and notes to the financial statements including a summary of significant accounting policies.

Management's Responsibility for the Consolidated Interim Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of the consolidated interim financial statements in accordance with International Financial Reporting Standard IAS 34 for Interim Financial Reporting as adopted by the European Union.

Auditor General's Responsibility

The responsibility of the Auditor General lies in forming a conclusion on these consolidated interim financial statements based on our review.

Scope of Review

The review of the Icelandic National Audit Office (INAO) was conducted in accordance with International Standard on Review Engagements, ISRE 2410, which discusses an independent auditor's review of the interim financial statements. Such a review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable the INAO to obtain assurance that the office would become aware of all significant matters that might be identified in an audit. Accordingly, the INAO does not express an audit opinion.

Conclusion

Based on the Icelandic National Audit Office's review, nothing has come to our attention that causes the INAO to believe that the accompanying consolidated interim financial statements does not give a true and fair view of the financial position of the entity as at June 30th 2025 and of its financial performance and its cash flows for the six-month period then ended in accordance with International Financial Reporting Standards IAS 34 for Financial Reporting as adopted by the European Union.

The Icelandic National Audit Office,
September 25th, 2025

Guðmundur Björgvin Helgason,
Auditor General

Consolidated income statement and other comprehensive income 1.1 - 30.6 2025

	Notes	Consolidation	
		1.1 - 30.6 2025	1.1 - 30.6 2024
Operating revenues	4	24.452.950	23.261.205
Cost of goods sold		(2.978.657)	(3.566.474)
Salaries and related expenses	5	(13.244.906)	(12.445.548)
Administrative expenses		(569.209)	(477.945)
Other operating expenses		(3.414.679)	(3.557.981)
		<u>(20.207.451)</u>	<u>(20.047.947)</u>
Operating gain before depreciation		4.245.499	3.213.258
Depreciation and amortization	7,8,9	(2.283.425)	(2.271.069)
Operating gain		<u>1.962.074</u>	<u>942.189</u>
Financial income	6	204.211	521.457
Financial expenses	6	(1.400.375)	(1.417.543)
Net exchange rate differences	6	567.568	489.564
		<u>1.333.479</u>	<u>535.667</u>
Gain before taxes		1.333.479	535.667
Income tax		(203.959)	(80.868)
		<u>(203.959)</u>	<u>(80.868)</u>
Gain and other comprehensive income for the period		<u><u>1.129.520</u></u>	<u><u>454.799</u></u>

Consolidated Statements of Financial Position June 30th 2025

Assets	Notes	Consolidation	
		30.6 2025	31.12 2024
Non-current assets			
Property, plant and equipment	7	101.760.346	97.970.130
Intangible assets	8	3.408.667	3.533.136
Right of use of asset	9	791.058	493.643
Shares in other companies		5.000	5.000
Bonds and long-term assets		487.950	502.044
		<u>106.453.021</u>	<u>102.503.952</u>
Current assets			
Inventories		105.653	759.728
Accounts receivables	11	4.285.080	3.042.954
Current maturities of long-term receivables		502.406	501.437
Other receivables	11	1.795.271	2.093.797
Cash and cash equivalents		6.556.138	5.889.342
		<u>13.244.547</u>	<u>12.287.259</u>
Total assets		<u><u>119.697.568</u></u>	<u><u>114.791.211</u></u>
Equity and liabilities			
Equity			
Share capital	12	24.559.063	24.559.063
Statutory reserves		3.068.070	3.068.070
Revaluation reserves		35.079	35.741
Retained earnings		22.759.117	21.629.879
		<u>50.421.329</u>	<u>49.292.753</u>
Non-current liabilities			
Loans from credit institutions	13	52.831.748	52.154.347
Lease agreements	9	743.808	403.733
Deferred tax liabilities	14	605.503	404.059
		<u>54.181.059</u>	<u>52.962.140</u>
Current liabilities			
Accounts payable	15	4.522.566	6.519.007
Short term loans from credit institutions	15	3.000.000	0
Current maturities of loans from credit institutions	13	1.559.136	1.570.294
Current maturities of lease agreements	9	71.986	106.945
Current tax liabilities	14	1.877	3.696
Other current liabilities	15	5.939.616	4.336.376
		<u>15.095.180</u>	<u>12.536.318</u>
Liabilities		<u>69.276.239</u>	<u>65.498.458</u>
Total equity and liabilities		<u><u>119.697.568</u></u>	<u><u>114.791.211</u></u>

Consolidated Statement of Changes in Equity 1.1- 30.6 2025

	Share Capital	Statutory Reserves	Revaluation-Reserves	Retained earnings	Total Equity
Equity at January 1st 2024	24.559.063	2.629.177	37.065	16.838.913	44.064.218
Transferred to statutory reserves	0	145.000	0	(145.000)	0
Depreciation of revaluation	0	0	(662)	662	0
Translation differences	0	0	0	(695)	(695)
Comprehensive income	0	0	0	454.799	454.799
Equity at June 30th, 2024	24.559.063	2.774.177	36.403	17.148.679	44.518.322
Equity at January 1st, 2025	24.559.063	3.068.070	35.741	21.629.879	49.292.753
Depreciation of revaluation	0	0	(662)	662	0
Translation difference	0	0	0	(944)	(695)
Comprehensive income	0	0	0	1.129.520	1.129.520
Equity at June 30th, 2025	24.559.063	3.068.070	35.079	22.759.117	50.421.329

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

Consolidated Statement of Cash Flows 1.1 - 30.6 2025

	Notes	Consolidation	
		1.1 -30.6 2025	1.1 -30. 6 2024
Cash flows from operating activities			
Operating gain		1.962.074	942.189
Depreciation and amortization	7,8,9	2.283.425	2.271.069
Short term assets - change of provision		(102.704)	51.659
Gain on disposal of assets		(131)	(1.722)
Working capital provided by operating activities		4.142.664	3.263.195
Changes in inventories		753.853	(159.913)
Changes in operating assets		(309.437)	(1.093.772)
Changes in operating liabilities		(699.047)	2.639.105
Cash generated from operations without interest and taxes		3.888.033	4.648.615
Interest received		61.164	53.490
Interest and foreign exchange rates paid		(1.310.486)	(1.418.226)
Net cash generated from operating activities		2.638.711	3.283.879
Investing activities			
Investments of property, plant and equipment and intangible assets	7,8	(6.106.966)	(8.533.336)
Sales of property, plant and equipment		230.361	8.250
Instalments on bonds		14.937	14.394
Investing activities		(5.861.669)	(8.510.693)
Financing activities			
New bank loans raised	13	2.000.000	0
Short term loans from credit institutions	15	3.000.000	0
Instalments of long-term debt	13	(788.431)	(612.740)
Instalments of leases		(64.119)	(62.139)
Current liabilities, finance of construction plan, change		(257.074)	351.267
Financing activities		3.890.375	(323.613)
Net change in cash and cash equivalents		667.418	(5.550.426)
Cash and cash equivalents at the beginning of the period		5.889.342	15.513.769
Effect of foreign exchange rates on cash and cash equivalents		(622)	(44.191)
Cash and cash equivalents at the end of the period		6.556.138	9.919.152

Notes

1. General information

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

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

The Condensed Consolidated Financial Interim Statements of Isavia ohf. consist of the Parent Company and its subsidiaries. Companies within the consolidation are in addition to Isavia ohf., Isavia ANS ehf., Isavia Innanlandsflugvellir ehf., Frhöfnin ehf., Tern Systems ehf., Tern Hungary and Suluk ApS in Greenland.

2. Basis of accounting

The Condensed Consolidated Interim Financial Statements for the period of January 1st to June 30th, 2025 have been prepared in accordance with International Financial Reporting Standards on Interim Financial Reporting IAS 34, as adopted by the European Union, and additional requirements in the Act on Annual Accounts. The Consolidated Financial Statements are prepared on the basis of cost, except certain fixed assets are valued according to the revaluation method. The Condensed Consolidated Interim Financial Statements do not include all the information required in the final financial statements and should be read in conjunction with the Consolidated Financial Statement for the year 2024.

The Interim Financial Statements have been prepared according to the same accounting principles as were used in the preparation of the Consolidated Financial Statements for the year 2024. The Consolidated Interim 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. The financial statements can be accessed from the company headquarters or on its website; www.isavia.is.

3. Use of estimated and judgements

In preparation of the Consolidated Interim Financial Statements, in accordance with International Financial Reporting Standard IAS 34, as adopted by the European Union, requires management to make judgements, estimates and assumptions that affect assets and liabilities at the accounting date, disclosure information as well as 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. Accounting estimate consists of an assessment of the life of assets and allowance for doubtful accounts of the trade receivables and inventories, see note no. 7, 8 and 11.

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

4. Operating revenues

The consolidated composition of revenues, is specified as follows:

	1.1 - 30.6 2025	1.1 - 30.6 2024
Revenue from air navigation.....	4.435.394	4.233.581
Revenue from domestic airports.....	2.051.651	1.844.957
Revenue from Keflavik airport.....	12.379.360	9.945.869
Other revenue.....	365.738	323.180
Revenue from sales of goods.....	5.220.807	6.913.619
	<u>24.452.950</u>	<u>23.261.205</u>

5. Salaries and related expenses

	1.1 - 30.6 2025	1.1 - 30.6 2024
Salaries	10.439.461	9.646.345
Salary-related expenses	2.483.979	2.283.911
Other salary- and employee expenses	321.465	515.292
	<u>13.244.906</u>	<u>12.445.548</u>

Notes

6. Financial income and expenses

Financial income

	1.1 - 30.6 2025	1.1 - 30.6 2024
Interest on bank deposits	142.605	464.665
Interest revenue on investments held to maturity	1.812	3.010
Interest income on Joint Finance contract	38.771	46.788
Other interest revenue	21.023	6.994
	<u>204.211</u>	<u>521.457</u>

Financial expenses

	1.1 - 30.6 2025	1.1 - 30.6 2024
Interest expense and indexation	(1.344.105)	(1.349.413)
Other interest expenses	(56.270)	(68.130)
	<u>(1.400.375)</u>	<u>(1.417.543)</u>

Net exchange rate differences

	1.1 - 30.6 2025	1.1 - 30.6 2024
Net exchange rate differences	567.568	489.564

7. Property, plant and equipment

	Buildings	Aprons and car parks	Control systems	Other assets	Total
Cost					
Balance at beginning of period	67.117.190	33.851.930	2.054.534	23.774.824	126.798.477
Reclassification	(156.386)	0	0	156.386	0
Additions	2.838.319	1.690.912	268.753	1.269.896	6.067.880
Disposals	0	0	(4.848)	(106.648)	(111.497)
Sold	(1.837)	0	0	(335.171)	(337.008)
Balance at end of period	<u>69.797.286</u>	<u>35.542.842</u>	<u>2.318.439</u>	<u>24.759.286</u>	<u>132.417.853</u>
Accumulated depreciation					
Balance at beginning of period	12.896.965	6.884.176	933.378	8.113.829	28.828.348
Reclassification	(48.940)	0	0	48.940	0
Depreciation for the period	685.081	648.548	68.913	644.891	2.047.433
Disposals	0	0	(4.848)	(106.648)	(111.497)
Sold	0	0	0	(106.778)	(106.778)
Balance at end of period	<u>13.533.106</u>	<u>7.532.723</u>	<u>997.443</u>	<u>8.594.234</u>	<u>30.657.506</u>
Book value					
Book value at beginning of period	54.220.224	26.967.754	1.121.156	15.660.995	97.970.130
Book value at end of period	<u>56.264.180</u>	<u>28.010.118</u>	<u>1.320.996</u>	<u>16.165.053</u>	<u>101.760.346</u>
Estimated useful life	0-100 years	5-50 years	3-20 years	0-70 years	

The book value of real estate amounts to ISK 56.264 million, of which projects under construction account for ISK 8.416 million, on which depreciation has not yet begun.

Between January 1 and June 30, 2025, construction and other investments of the group were capitalized for around ISK 6.068 million (1.1-30.6 2024: ISK 8.482 million). Of this, the construction of Keflavík Airport amounted to ISK 5.574 million (1.1-30.6 2024: ISK 7.983 million). In the future, there are ongoing construction projects at Isavia ohf. due to the expansion of the terminal and changes in spaces as well as ongoing construction in the airport area. On June 30, 2025, there were non-financial liabilities in the amount of ISK 6.762 million (31.12.2024: ISK 7.142 million) at Isavia ohf. which have come about as a result of contracts that belong to the projects that are ahead at Keflavík Airport until year end 2026.

Depreciation:	1.1 - 30.6 2025	1.1 - 30.6 2024
Depreciation of property, plant and equipment, see here above	2.047.433	2.039.867
Depreciation of intangible assets, according to note 8	163.556	167.176
Depreciation of right-of-use of assets, according to note 9	72.436	64.026
	<u>2.283.425</u>	<u>2.271.069</u>

Notes

8. Intangible assets

	Usage agreement on facilities	Usage agreement on runways	Software and Development cost	Total
Cost				
Balance at beginning of period	477.035	5.706.000	1.286.674	7.469.709
Additions	0	0	39.087	39.087
Disposals	0	0	(45.126)	(45.126)
Balance at end of period	477.035	5.706.000	1.280.635	7.463.670
Depreciation				
Balance at beginning of period	254.449	3.043.559	638.565	3.936.573
Depreciation	7.950	95.087	60.520	163.556
Disposals	0	0	(45.126)	(45.126)
Balance at end of period	262.398	3.138.647	653.959	4.055.004
Book value				
Book value at beginning of period	222.586	2.662.441	648.109	3.533.136
Book value at end of period	214.637	2.567.353	626.676	3.408.667
Amortization rates	3,3%	3,3%	5-33%	

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

9. Leases 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 4 to 5 years plus one indefinite contract. The group's largest lease agreement, with the exception of an open-ended agreement, is for office space that expires at the end of 2025. 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. A new lease for land was made in this period and the lease period is 50 years. The contractual lease period for land is between 43 and 50 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.

	Property and land	
Right-of-use assets		
Balance at beginning of period	493.643	
Adjustments for indexed leases	12.682	
Changes for new and end of older right of use	357.169	
Depreciation	(72.436)	
Balance at end of period	791.058	
Amounts recognised in income statement		
	1.1 -30.6 2025	1.1 -30.6 2024
Depreciation expense from right-of-use assets	72.436	64.026
Interest expense on lease liabilities	45.423	10.985
Total amount recognised in income statement	117.859	75.011
Lease liabilities		
	30.6 2025	31.12 2024
Lease liabilities, long-term	743.808	403.733
Lease liabilities, instalments in the next 12 months among short-term debts	71.986	106.945
	815.794	510.678
Lease liabilities		
Maturity analysis, undiscounted lease payments	30.6 2025	31.12 2024
Not later than 1 year	136.261	128.562
Later than 1 year and not later than 5 years	361.618	218.967
Later than 5 year	1.763.812	308.451
	2.261.692	655.980

Notes

10. The Consolidation

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

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

11. Other financial assets

Accounts receivables

	30.6 2025	31.12 2024
Domestic account receivables	5.796.061	4.469.011
Foreign account receivables	774.556	959.981
Allowances for doubtful accounts	(2.285.537)	(2.386.037)
	4.285.080	3.042.954

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

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

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

Among the company's accounts receivable is a claim amounting to ISK 2.082 million against the bankrupt estate of Wow Air, as the bankruptcy proceedings have not yet been completed. The claim has been fully written off in the accounting records.

Notes

11. Other financial assets (continued)

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

	30.6 2025			
	Expected loss	Gross amount	Allowance	Book value
Past-Due status				
Receivables not yet due	0,0%	3.476.227	148	3.476.079
1-90 days	1,9%	600.101	11.421	588.680
91-180 days	12,0%	48.465	5.824	42.641
181-270 days	30,1%	145.068	43.729	101.339
271 days and older	96,7%	2.300.756	2.224.415	76.341
Total		6.570.617	2.285.537	4.285.080

	31.12 2024			
	Expected loss	Gross amount	Allowance	Book value
Past-Due status				
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 and older	95,0%	2.420.745	2.299.894	120.850
Total		5.428.992	2.386.037	3.042.954

Other receivables

	30.6 2025	31.12 2024
Value added tax	133.393	796.896
Prepaid expenses	276.462	303.002
Capital income tax	203.584	167.069
Accrued interest	111.146	0
Prepaid salaries	0	28.350
Construction contracts	103.803	0
Other receivables	966.884	798.480
	1.795.271	2.093.797

12. Equity

Share capital is specified as follows:

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

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

Notes

13. Loans from credit institutions

	Loans from credit institutions	
	30.6 2025	31.12 2024
Liabilities in EUR	47.719.568	48.902.790
Liabilities in ISK	6.671.316	4.821.851
	54.390.884	53.724.641
Current portion of long-term liabilities	(1.559.136)	(1.570.294)
	52.831.748	52.154.347
	30.6 2025	31.12 2024
Liabilities at beginning of period	53.724.641	57.160.236
New long-term borrowings	2.000.000	0
Instalments for the period	(788.431)	(1.217.326)
Exchange rate difference and indexation	(545.326)	(2.218.269)
Liabilities at the end of period / year	54.390.884	53.724.641

Instalments of non-current liabilities are specified as follows:

	Loans from credit institutions	
	30.6 2025	31.12 2024
Instalments 1.7.2025 - 30.6.2026 / 1.1.2025 - 31.12.2025	1.559.136	1.570.294
Instalments 1.7.2026 - 30.6.2027 / 1.1.2026 - 31.12.2026	3.562.578	1.573.568
Instalments 1.7.2027 - 30.6.2028 / 1.1.2027 - 31.12.2027	2.212.558	1.577.008
Instalments 1.7.2028 - 30.6.2029 / 1.1.2028 - 31.12.2028	5.251.900	5.409.497
Instalments 1.7.2029 - 30.6.2030 / 1.1.2029 - 31.12.2029	2.603.685	2.629.572
Instalments later	39.201.027	40.964.702
	54.390.884	53.724.641

New borrowings during the period amounted to ISK 2.000 million. During the period, short-term credit lines totaling ISK 3.000 million were also drawn and recorded as current liabilities under short term loans from credit institutions. Contractual payments on long-term loans amounted to ISK 788 million. The company's loan agreements totaling ISK 56.533 million include covenants, concerning financial strength regarding debt ratio and equity ratio and the company met all the conditions of the loan agreements as of June 30th, 2025. The company believes there are no indications that these financial covenants will not be met in the next 12 months.

14. Deferred tax liabilities (deferred tax assets)

	30.6.2025	31.12.2024
Opening balance at beginning of period	404.059	(771.732)
Calculated income tax for the period	203.959	1.177.029
Income tax payable for the period	(1.877)	(3.696)
Translation exchange difference	(638)	2.458
Balance at end of period	605.503	404.059

Deferred tax liabilities consist of the following account balances:

	30.6 2025	31.12 2024
Property, plant, and equipment	1.803.056	1.857.028
Current assets	(453.050)	(494.897)
Exchange differences	209.729	300.641
Other items	(2.312)	4.994
Tax loss carried forward	(951.921)	(1.263.707)
	605.503	404.059

Notes

14. Deferred tax liabilities (deferred tax assets continued)

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

	30.6 2025	31.12 2024
Available to the year 2030	258.408	619.567
Available to the year 2031	3.182.989	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	316.585	316.585
Available to the year 2035	260.055	0
	<u>4.759.604</u>	<u>6.017.654</u>

15. Other financial liabilities

Accounts payable

	30.6 2025	31.12 2024
Domestic accounts payable	2.343.732	2.976.871
Domestic accounts payable - due to construction plan	365.240	622.314
Foreign accounts payable	407.083	780.281
Accounts payable due to Joint Finance contract	1.406.511	2.139.541
	<u>4.522.566</u>	<u>6.519.007</u>

Domestic accounts payable due to the construction plan belong to Isavia Innanlandsflugvöllir ehf. and have arisen due to the construction part of its service agreement with the Ministry of Infrastructure. Payments for the domestic accounts payable of the construction part have already been partially received, forming this liability since these payments have not been fully allocated. Cash and cash equivalents include a credit arising from these payments.

Accounts payable due to related to the Joint Finance agreement belongs to Isavia ANS ehf. and has arisen due to the recovery of costs associated with air traffic services in the North Atlantic. In 2023, air traffic in Iceland's control area was higher than anticipated, that resulted in more user fees being collected than the cost of the service. The provisions of the agreement state that if collected user fees for the service exceed the costs, a liability is created for the period, which is refunded by reducing the cost basis of user fees two years later.

Short term loans from credit institutions

	30.6 2025	31.12 2024
Short term loans from credit institutions	3.000.000	0

During the period, credit lines amounting to ISK 3.000 million were drawn, which are due for repayment within 12 months.

Other current liabilities

	30.6 2025	31.12 2024
Value added tax, payable	179.797	47.445
Salaries and related expenses payable	2.106.681	938.483
Salary commitments	2.751.264	2.483.020
Accrued interest, payable	637.902	578.664
Deferred income	166.675	156.207
Other liabilities	15.705	117.812
Construction contracts liability	81.592	14.745
	<u>5.939.616</u>	<u>4.336.376</u>

Current maturities of long-term liabilities

	30.6 2025	31.12 2024
Loans from credit institutions	1.559.136	1.570.294
	<u>1.559.136</u>	<u>1.570.294</u>

Notes

16. Related parties

Parties are considered to be related parties if they have direct or indirect control over the company or have the power to govern its financial and operating policies. Related parties of the group include: key executives, close family members of key executives and companies in which key executives or their close family members exercise control or significant influence. The parent company and companies in which the parent company exercises control or significant influence are also considered related parties. Isavia ohf. is a public limited company, and a partial exemptions from the disclosure requirements for government related entities in the revised version of IAS 24. The group's main transactions with public entities are an agreement with the state for the operation of domestic airports belonging to the subsidiary Isavia Innanlandsflugvöllur ehf.

Sales of goods and services to key management personnel and related parties are immaterial.

17. Other matters

During an internal audit in May 2025 at the subsidiary Isavia ANS ehf., discrepancies in the recording of working hours for air traffic controllers at the company's control center were discovered. These deviations were related to the recording of presence in the work position, but these violations did not result in any financial gain for the employees involved. The issue is solely related to their rights, as the recording can affect the fulfillment of the minimum requirements needed to perform the job. The Icelandic Transport Authority is currently reviewing the matter.

Court Proceedings

On February 20th, 2025, a ruling was issued by the Landsréttingur (Court of Appeals) regarding the tenure of an air traffic controller, where the court upheld the air traffic controller's claims that Isavia ANS ehf. was not permitted to terminate his employment based on clause 18.4.5 in the collective agreement between the Icelandic Air Traffic Controllers' Association and Isavia ohf. Permission to appeal to the Supreme Court was requested and granted, and the case is now awaiting proceedings in the Supreme Court.

18. Events after the reporting period

There are no subsequent events to be disclosed.

Skýringar

19. Segment reporting

Segment information is disclosed according to the group's structure and internal management information. The majority of Isavia ANS ehf. operations consists of service to air carriers on the basis of a Joint Finance Agreement. Isavia Innanlandsflugvöllir ehf. operates domestic airports and control towers for domestic flights. Isavia ohf. operates the Keflavík International Airport and controls tower in Keflavík in addition to Keflavík Airport Terminal and operation of service segments.

Segment information 1.1 - 30.6 2025

	Isavia ANS ehf.	Isavia Innanlands- flugvöllir ehf.	Isavia ohf.	Fríhöfnin ehf.	Other subsidiaries	Eliminations	Consolidated
	Air navigation	Domestic Airports	Keflavík Airport	Duty Free Store	Other		
Revenue							
External revenue	4.435.394	2.051.651	12.379.360	5.220.807	365.738		24.452.950
Inter-segment revenue	811.843	59.179	1.655.056	0	547.431	(3.073.509)	0
Total revenue	5.247.237	2.110.830	14.034.416	5.220.807	913.169	(3.073.509)	24.452.950
Income statement							
Operating profit	497.698	66.776	1.454.610	(24.640)	(141.394)	109.025	1.962.074
Net financial income / (expenses)	(19.911)	(44.844)	(63.195)	18.781	(19.868)	(499.558)	(628.596)
Profit before taxes	477.786	21.931	1.391.416	(5.859)	(161.261)	(390.534)	1.333.479
Profit for the period	388.767	17.765	1.234.641	(3.324)	(117.774)	(390.555)	1.129.520
Balance sheet at June 30th, 2025							
Non-current assets	6.218.653	1.324.707	101.735.776	1.134	606.461	(3.433.709)	106.453.021
Other assets unallocated to segments	2.361.982	839.153	10.929.009	1.389.816	742.546	(3.017.959)	13.244.547
Total assets	8.580.635	2.163.860	112.664.785	1.390.950	1.349.008	(6.451.669)	119.697.568
Total liabilities	5.728.383	2.416.231	65.211.955	385.613	1.042.349	(5.508.292)	69.276.239
Equity	2.852.252	(252.371)	47.452.830	1.005.336	306.658	(943.377)	50.421.329
Other information at June 30th, 2025							
Capital additions	482.347	5.898	5.613.582	0	5.139	0	6.106.966
Depreciation and amortization	160.125	61.465	2.015.295	92.596	26.288	(72.344)	2.283.425

Skýringar

19. Segment reporting (continued)

Segment information 1.1 - 30.6 2024

	Isavia ANS ehf.	Isavia Innanlands- flugvellir ehf.	Isavia ehf.	Fríhöfnin ehf.	Other subsidiaries	Eliminations	Consolidated
	Air navigation	Domestic Airports	Keflavik Airport	Duty Free Store	Other		
Revenue							
External revenue	4.233.581	1.844.957	9.945.869	6.913.619	323.180	0	23.261.205
Inter-segment revenue	835.707	22.823	2.516.096	0	525.295	(3.899.921)	0
Total revenue	5.069.288	1.867.780	12.461.965	6.913.619	848.475	(3.899.921)	23.261.205
Income statement							
Operating profit	523.155	(29.097)	444.871	79.078	(27.423)	(48.393)	942.189
Net financial income / (expenses)	(37.529)	(62.398)	138.576	6.400	(6.488)	(445.083)	(406.522)
Profit before taxes	485.626	(91.495)	583.447	85.478	-33.912	(493.476)	535.667
Profit for the period	376.908	(72.078)	600.315	66.648	(23.296)	(493.697)	454.799
Balance sheet at June 30th, 2024							
Non-current assets	6.083.107	1.365.073	92.127.354	417.705	521.007	(4.065.462)	96.448.784
Other assets unallocated to segments	2.042.506	954.447	13.499.014	2.822.517	586.744	(1.469.939)	18.435.288
Total assets	8.125.613	2.319.520	105.626.368	3.240.222	1.107.750	(5.535.401)	114.884.072
Total liabilities	6.204.454	2.695.289	63.196.799	2.074.891	687.611	(4.493.292)	70.365.750
Equity	1.921.159	(375.769)	42.429.570	1.165.331	420.140	(1.042.109)	44.518.322
Other information at June 30th, 2024							
Capital additions	322.178	89.435	8.034.156	66.172	21.396	0	8.533.336
Depreciation and amortization	160.269	68.278	1.997.852	108.901	25.255	(89.488)	2.271.069