

Annual Report 2024



About the Annual Report

Isavia is a publicly owned company and operates under legislation on operations and the state's Ownership Policy. The company's disclosure in the field of sustainability is based on several focus points, such as the provisions of Article 66. d. on Non-Financial Disclosure in Act no. 3/2006 on Annual Accounts, and the provisions of Article 8 of the EU Classification Regulation. The company has sustainability as its guiding principle in all its operations and works systematically towards being a role model in this area in Iceland. One manifestation of this is sharing knowledge and experience and working in co-operation with the company's stakeholders.

Since 2016, Isavia has followed the reporting principles of the Global Reporting Initiative GRI standards when preparing the company's Annual Report. The report is published in accordance with the current version of the GRI Standards, as well as the older GRI-G4 airport operators sector disclosures. These special disclosures deal specifically with the challenges and opportunities faced by airports in the field of sustainability.

During the year, work began on the interpretation and implementation of new corporate disclosure requirements under the EU Corporate Sustainability Reporting Directive (CSRD). The cornerstone of the Directive is the implementation of a double materiality assessment and disclosure in accordance with the ESRS standards that accompanies the Directive.

Since the CSRD Directive has not been implemented in Icelandic law and Isavia has not fully completed its work on implementing the requirements of the ESRS standards, the company continues to disclose information in accordance with the GRI standards with the exception that the company's materiality assessment is conducted in accordance with the requirements of the ESRS standards. Numerous employees from various departments within the company were involved in drafting the Annual Report and in information gathering. The information in the report applies to Isavia ohf. and its subsidiaries that appear in the Consolidated Financial Statements unless otherwise stated. All information in the report applies to the 2024 calendar year. In the discussion in the sections on climate, resource utilisation and quality of life, we have added figures from the previous year in parentheses to make it easier for readers to compare.

Isavia complies with the ISO26000 Guideline on Corporate Social Responsibility in its sustainability work.

An external consultant from Ábyrgar lausnir ehf. was recruited to examine the GRI content index of the report and to ensure the quality of the information. The Annual Financial Statements of the company were audited by The National Audit Office.

The publication was focused on improving the presentation of content and meeting the needs of different readers. Isavia welcomes all suggestions on the content and preparation of the report, as continuous improvement is an integral part of our operation.



Annual Report 2024

Publisher

Isavia ohf.

Date

March 26, 2025

ISSN number:

ISSN 3023-1698

© 2025 Isavia ohf.

www.isavia.is | isavia@isavia.is

→ Table of Contents

Introduction

- 4 Introduction by the CEO
- 5 Address of the Chairman
- 6 Year 2024
- 7 Key Figures

Strategy and Management

- 11 **The Board of Directors and Corporate Governance**
 - The Board of Directors
 - CEO of Isavia
 - Subsidiary Boards
- 13 **Operations**
 - Isavia ohf.'s operations
 - Isavia Subsidiaries
 - Passenger and Traffic Forecasts 2025
- 16 **Value Creation**
 - Activities that Create Value for Society
 - Business Model
- 18 **Strategy and Future Development**
 - Isavia ohf.'s Strategy
 - Strategy Metrics
 - Support Policies and Responsible Operations
 - Sustainability Policy
 - Culture
 - Digital Development and IT

- 25 **Risk Management**
 - Risk Management Governance Structure
 - Isavia's Key Risks
- 27 **Material Topics**
 - Double Materiality Assessment
 - Isavia's value chain
 - Conversation with Stakeholders

Sustainable Airports and Airport Communities

- 33 **Climate Issues**
 - Greenhouse Gas Emissions
 - KEF Carbon Footprint 2024
- 37 **Resource Efficiency**
 - Recycling Ratio and Volume of Waste
 - Water
 - Use of Chemicals
 - Pollution and Pollution Control
- 39 **Quality of Life**
 - Air Quality
 - Acoustics
 - Biodiversity
 - Emergency management team
- 43 **Human Resources**
 - Diversity and equality in the workplace
 - Growth, satisfaction and staff rights
 - Psychosocial safety and well-being
- 45 **Training and Education**
 - The Isavia Academy
 - The Isavia ANS training department

Appendix

- 61 GRI Index
- 71 Consolidated Financial Statement



You can select a chapter by clicking on the chapter name

Introduction

- Introduction by the CEO
- Address of the Chairman
Year 2024
- Key Figures

Strategy and Management

- The Board of Directors and
Corporate Governance
- Operations
- Value Creation
- Strategy and
Future Development
- Risk Management
- Material Topics

Sustainable Airports
and Airport Communities

- Climate Issues
- Resource Efficiency
- Quality of Life
- Human Resources
- Training and Education
- Safety and Protection
- Customers
- Procurement
- Development and Expansion

Appendix

- GRI Index
- Consolidated Financial
Statement

Introduction by CEO

Sveinbjörn Indriðason
CEO of Isavia



In 2024, the number of passengers travelling through Keflavik International Airport increased by 7.1%, totalling around 8.3 million. This year, moderate growth is expected, at around 0.8%. During the coming summer months, it is expected that 26 airlines will fly scheduled flights from Keflavik International Airport to 92 destinations, and during winter, 21 airlines will fly from here to 70 destinations.

At the same time, it is expected that 2025 will be the largest year for foreign tourist arrivals to Iceland, with the number reaching over 2.3 million, which is about 9,000 more than the record year of 2018. Keflavik International Airport's forecast for Icelanders' travel abroad assumes that the number will be around 612,000, which is equivalent to each Icelander travelling abroad about 1.6 times during the year.

Last year, the number of transfer passengers passing through Keflavik International Airport increased by 453,000 or 21.0%, accounting for 31.1% of the total number of passengers passing through the airport. At the same time, the number of departing passengers increased by 52,000 or 1.9%. The increase between 2023 and 2024 was, therefore, largely driven by an increase in transfer passengers.

In this context, it is worth remembering that the hub at Keflavik International Airport is one of the drivers of economic growth in Iceland, and the manifestation of that is the number of flight connections. Flight connections not only give a wider group of travellers the opportunity to travel to Iceland, but their increase also supports other factors that affect economic growth, such as exports and easier access to education and culture.

The development of Keflavik International Airport in recent years has aimed to increase the airport's capacity and thus meet demand from its users. In the coming years, it is important to place greater emphasis on infrastructure that improves service

to travellers who use the airport, especially those transfer passengers who choose Keflavik International Airport as a stopover on their way between two destinations.

The operation of domestic airports is carried out by the subsidiary Isavia Regional Airports ehf. on the basis of a service agreement with the Icelandic State. The regional airports themselves are owned and operated by the state. A significant infrastructure debt has accumulated in connection with airport maintenance due to a lack of funding from the State. Despite the company's many appeals, financial hardship has persisted in the domestic aviation sector for years. The importance of domestic aviation has been proven many times in a country as large and sparsely populated as Iceland, and it is therefore necessary for the Icelandic government to take major steps when it comes to allocating funds for maintenance and renewal of the regional airport system.

The operation of Isavia's air navigation services is provided by the subsidiary Isavia ANS. The company provides air navigation and air traffic services on behalf of Iceland not only in the Icelandic air traffic control area, as well as managing the upper airspace of the Greenlandic air traffic control area. Last year was a record year for the Reykjavik air traffic control centre, both in terms of the number of flights and the number of kilometres flown in the area. Air traffic is expected to continue to increase this year.

The operation of the duty-free store at Keflavik International Airport has been provided by the subsidiary Duty-Free Iceland for many years. Last year, a decision was made to outsource the operation of the stores to a third party with the aim of further increasing Keflavik International Airport's revenue from duty-free operations. Following a tender process, a binding agreement has now been made with the German company Heinemann for a franchise to operate duty-free stores at Keflavik International Airport for the next eight years. Heinemann is expected to take over the operations at the beginning of May this year, and, as a result, the story of Duty-Free Iceland will end.

Sustainability is the guiding principle in everything the company does, as stated in its Sustainability Policy. The policy is accompanied by a five-year action plan, valid until the end of 2026, in which the company's emphases, goals and criteria in the field are set out. They were selected with reference to the company's policies, comments from external stakeholders, and our commitment to the UN Global Compact, the United Nations Global Goals and government priorities. Isavia issues an annual report pursuant to GRI standards and its sector specific disclosures regarding airport operators. The report gives an overview of the company's operations in 2024 and their impact on the economy, the environment, the community and human rights. The report is also submitted as a progress report for our support of the UN Global Compact. It is a statement of our intent to continue to work towards the ten basic principles of the United Nations regarding social responsibility in the fields of human rights, labour, environment and anti-corruption measures.

I would like to take this opportunity to thank all the staff of the Isavia Group for a successful year. The operation of airports and air navigation services is inherently sensitive to changes in the external environment, but with the Group's strong team, we are able to handle any situation.

Introduction

Introduction by the CEO
Address of the Chairman
Year 2024
Key Figures

Strategy and Management

The Board of Directors and
Corporate Governance
Operations
Value Creation
Strategy and
Future Development
Risk Management
Material Topics

Sustainable Airports and Airport Communities

Climate Issues
Resource Efficiency
Quality of Life
Human Resources
Training and Education
Safety and Protection
Customers
Procurement
Development and Expansion

Appendix

GRI Index
Consolidated Financial
Statement

Address of the Chairman of the Board of Directors

Kristján Þór Júlíusson
Chairman of the Board



This year was the largest investment year in the company's history. The Isavia Group invested around ISK 18 billion, of which almost ISK 17 billion went to Keflavík International Airport. Over the last 10 years, the Isavia Group has invested for nearly ISK 105 billion, of which ISK 96 billion has been invested in Keflavík International Airport. This need for development is reflected in the 27.0% average annual growth in the number of passengers that have passed through the airport each year over the past 10 years.

To meet this growth at Keflavík International Airport, great emphasis has been placed on prioritising investments in capacity enhancement to meet the needs of the airport's customers. Today, on the other hand, work is underway to prioritise projects that will improve service to passengers, especially transfer passengers who are travelling through Keflavík International Airport.

This change in priorities directly supports the parent company's emphasis that by 2028, the company will have built capacity to support the expected future growth of airlines that choose Keflavík International Airport as a hub. The development of the hub plays a key role in this regard. Isavia's Board of Directors has defined the company's purpose in such a way that it leads an airport community at Keflavík International Airport that contributes to increased quality of life and prosperity in Iceland. General access to capital is limited by the financial terms of the company's long-term loans and construction capacity is limited by the size of the Icelandic labour market. In recent years, the emphasis on investment in capacity has naturally resulted in investment in service quality in accordance with the standards that the company has set for itself. The plan is to improve this in the coming years, as stated above.

In 2023, the Board set ambitious goals in the parent company's updated strategy, and in recent months, work has been underway to find ways to meet these goals. The company's operations

are extremely sensitive to external influences, whether it is the number of passengers and their composition, or labour costs, which are a significant part of operating costs. Despite operations at Keflavík International Airport being good, every effort is currently being made to streamline operations with the aim of better supporting the ongoing, very extensive projects.

A major turning point in the company's operations occurred during the year when the largest business agreement in its history was signed regarding the operation of a duty-free shop at Keflavík International Airport, which has been operated by the state or companies owned by it since 1958. Last year, the Board decided, following preliminary studies and a market survey in the European Economic Area, to tender the operation of the duty-free store. The results of that survey indicated that there would be significant financial benefits for the company to hire a strong operator with extensive experience and knowledge of operating duty-free stores around the world to operate duty-free stores at Keflavík International Airport. The results of that tender were announced in the last quarter, and the German company Heinemann was the winner based on the tender's selection criteria. The company is expected to begin operations at Keflavík International Airport in May 2025.

Despite the good operations and results of the parent company Isavia last year, and an ambitious operating plan for this year, the scope of necessary construction is of such a magnitude that the company's balance sheet will not cover the construction costs needed to achieve Keflavík International Airport's current goals, with the continued strengthening of flight connections as a guiding principle.

The company's development plan is so ambitious in terms of time and cost that it is inevitable, as it stands now, to strengthen the company with increased share capital. It is therefore more important now than ever that the company's owner, the Ministry of

Finance and Economic Affairs on behalf of the State, understands the newly updated strategy of the parent company Isavia. The new Board therefore faces the task of carefully informing the owner representatives about the company's plans and thus giving the shareholder a good basis for making an informed decision about the future plans of the parent company Isavia.

Last year, work continued on projects related to good governance. An updated Code of Conduct was issued during the year, amendments were made to the company's Articles of Association to better meet the goals of good governance, and work was underway to update the Ownership Policy of the parent company Isavia towards its subsidiaries.

In the State's General Ownership Policy for all state-owned companies, it is clearly stipulated that the companies must follow the various goals of the government, including in environmental and climate matters. Sustainability is a guiding principle in all of Isavia's activities, and the company focuses on pulling its weight when it comes to sustainability in its operations. The company is happy to look for all reasonable ways to do its part in this field.

It has been my great honour and pleasure to have had the opportunity to sit on the Board of Directors of Isavia ohf. The board members bring diverse knowledge and different backgrounds to the table, and I especially thank them for their successful and ambitious collaboration for the benefit of the company. On behalf of the Board, I would also like to thank the company's dynamic team of employees for their successful work in an ever-changing and challenging working environment.

We are confident that our experience and knowledge will drive continued success and increase the quality of life and thereby prosperity in our great country.

Introduction

- Introduction by the CEO
- Address of the Chairman
- Year 2024
- Key Figures

Strategy and Management

- The Board of Directors and Corporate Governance
- Operations
- Value Creation
- Strategy and Future Development
- Risk Management
- Material Topics

Sustainable Airports and Airport Communities

- Climate Issues
- Resource Efficiency
- Quality of Life
- Human Resources
- Training and Education
- Safety and Protection
- Customers
- Procurement
- Development and Expansion

Appendix

- GRI Index
- Consolidated Financial Statement

Year 2024



9,021,354

Passengers travelling through all of Isavia's airports

8,472,926 in 2023

Total flights passing through the Reykjavík Oceanic Control Area

200,035

190,194 in 2023

Average number of positions

1,433

1,348 in 2023

Revenue

51,917
M. ISK

45,058 M. ISK 2023



5,231
M. ISK

Overall result

2,102 M. ISK 2023

Investment activities

18,039
M. ISK

16,585 M. ISK 2023



42.9%

Equity ratio

39.3% 2023

Equity

49,293
M. SK

44,064 M. ISK 2023

Tax footprint

8,611
M. ISK

7,016 M. ISK 2023

Carbon footprint

3,993

tons of CO₂ equivalent | 3,743 tons of CO₂ equivalent in 2023

Key Figures

Introduction

Introduction by the CEO
Address of the Chairman
Year 2024
Key Figures

Strategy and Management

The Board of Directors and Corporate Governance
Operations
Value Creation
Strategy and Future Development
Risk Management
Material Topics

Sustainable Airports and Airport Communities

Climate Issues
Resource Efficiency
Quality of Life
Human Resources
Training and Education
Safety and Protection
Customers
Procurement
Development and Expansion

Appendix

GRI Index
Consolidated Financial Statement

Passengers

Total number of passengers through all Isavia airports numbered just over 9 million in 2024, which is a 6.5% increase from 2023. The biggest increase was at Keflavík International Airport, approximately 7.1%, and Akureyri Airport saw an increase of 4.7%. However, there was a decrease of 0.4% at Reykjavík Airport and 0.8% at Egilsstaðir Airport. The total number of international passengers using Icelandic scheduled-flight airports in 2024 increased from just under 7.8 million to just over 8.3 million, i.e. a 7.2% increase between years. The largest increase was at Akureyri Airport, where international passengers increased by 40.0%. The number of domestic passengers fell over the same period, from just under 665,000 to just over 652,000, which represents a decrease of approximately 1.9%.

Flight Movements

Flight movements at all Isavia airports were just over 138,000 in 2024, or a decrease of 4.7% from the year before. There was a decrease in movements of 2.3% at Keflavík International Airport, 6.8% at Reykjavík Airport, approximately 7.5% at Akureyri Airport and 4.3% at Egilsstaðir Airport. International movements were just under 68,000, or a 4.5% increase from 2023. Of this, the increase was greatest at Keflavík International Airport, or just under 5.0%. Domestic movements within Iceland decreased from just under 80,000 in 2023 to just over 70,000 in 2024, or approximately 12.1%. This is due to less activity in private and instructional flights and touch&go landings.

Freight transportation

In 2024, 61,600 tonnes of goods passed through the company's airports, which is a 1.3% decrease from the previous year. International freight transportation was just over 60,000 tonnes, an approximate decrease of 1.1% from 2023. Domestic freight transportation, however, decreased at the same time by 9.5%, or from 1,333 tonnes to just over 1,207 tonnes.

Air traffic control

Approximately 200,000 aircraft passed through Icelandic airspace in 2024, an increase of 5.2% from 2023. A total of 282 million kilometres were flown in the Icelandic air traffic control area in 2024, an increase of 7.7% from previous year. Traffic to and from Iceland accounts for 33.7% of the traffic and overflights 66.3%. Just over a third of all air traffic over the North Atlantic crosses the Icelandic air traffic control area, which is controlled by Isavia ANS.

Number of passengers at all airports	2022	2023	2024	%
Domestic	645,331	665,753	652,696	-1.9%
International	6,179,367	7,806,945	8,368,658	7.2%
	6,824,698	8,472,698	9,021,354	

Number of flight movements	2022	2023	2024	%
Domestic	84,780	79,906	70,254	-12.1%
International	55,380	64,961	67,869	4.5%
	140,160	144,867	138,123	

Freight transportations (tonnes)	2022	2023	2024	%
Domestic	1,383	1,333	1,207	-9.5%
International	55,473	61,086	60,400	-1.1%
	56,856	62,419	61,607	

Total flights passing through the Reykjavík Oceanic Control Area	2022	2023	2024	%
	164,071	190,194	200,035	5.2%

Introduction

Introduction by the CEO
Address of the Chairman
Year 2024
Key Figures

Strategy and Management

The Board of Directors and
Corporate Governance
Operations
Value Creation
Strategy and
Future Development
Risk Management
Material Topics

Sustainable Airports and Airport Communities

Climate Issues
Resource Efficiency
Quality of Life
Human Resources
Training and Education
Safety and Protection
Customers
Procurement
Development and Expansion

Appendix

GRI Index
Consolidated Financial
Statement

Income statement	2022	2023	2024
Revenue	36,505	45,058	51,917
Expenses	-31,341	-36,913	-41,258
EBITDA	5,165	8,145	10,659
Depreciation	-3,932	-4,139	-4,552
EBIT	1,233	4,006	6,106
Net financial expenses	-2,042	-1,302	302
Profit before tax	-809	2,704	6,408
Income tax	191	-603	-1,177
Net profit for the year	-617	2,102	5,231

Cash flow	2022	2023	2024
Cash 1/1	14,683	9,495	15,514
Cash from operations	5,096	10,502	8,992
Investing activities	-14,646	-16,075	-17,524
Financin activities	4,271	11,409	-971
Other changes in cash	91	183	-122
Cash 31/12	9,495	15,514	5,889

Balance sheet	2022	2023	2024
Fixed assets	78,503	89,956	102,504
Current assets	15,774	22,145	12,287
of which cash and cash equivalents	9,495	15,514	5,889
Total assets	94,277	112,101	114,791
Equity	41,962	44,064	49,293
Long-term liabilities	42,566	56,090	52,962
of which interest-bearing debt	42,566	56,090	52,558
Short-term liabilities	9,749	11,946	12,536
Total liabilities	52,315	68,036	65,498

Key ratios	2022	2023	2024
Gross margin	14.1%	18.1%	20.5%
Profit margin	-1.7%	4.7%	10.1%
Return on equity	-1.6%	4.9%	11.2%
Current ratio	1.56	1.79	0.92
Quick ratio	1.62	1.85	0.98
Net debt /EBITDA ratio	6.76	5.15	4.54
Equity ratio	44.5%	39.3%	42.9%
Internal value of shares	1.71	1.79	2.01

All amounts are in millions of ISK

Introduction

Introduction by the CEO
Address of the Chairman
Year 2024

Key Figures

Strategy and Management

The Board of Directors and Corporate Governance
Operations
Value Creation
Strategy and Future Development
Risk Management
Material Topics

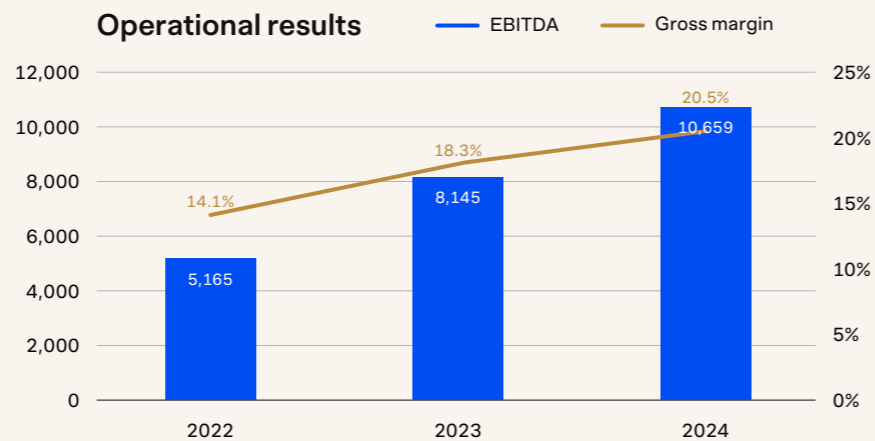
Sustainable Airports and Airport Communities

Climate Issues
Resource Efficiency
Quality of Life
Human Resources
Training and Education
Safety and Protection
Customers
Procurement
Development and Expansion

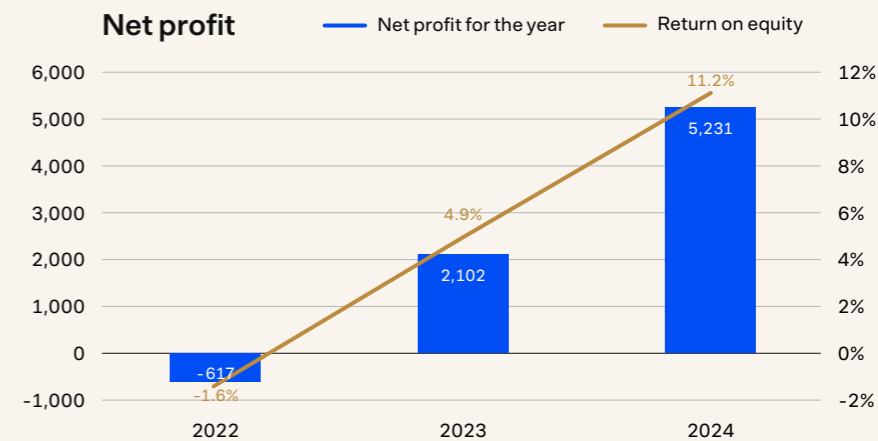
Appendix

GRI Index
Consolidated Financial Statement

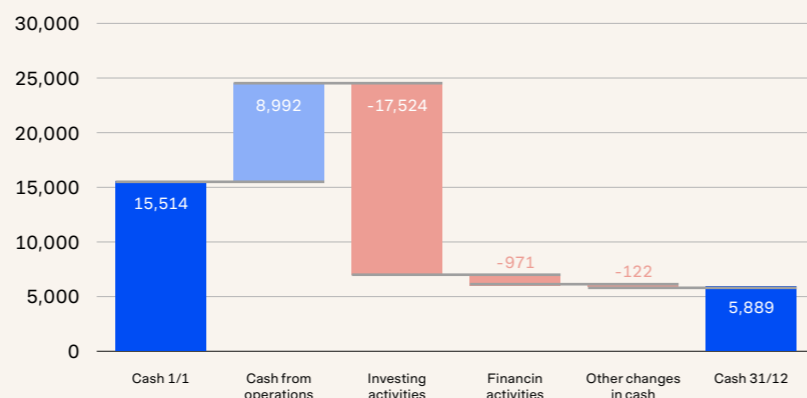
Operational results



Net profit

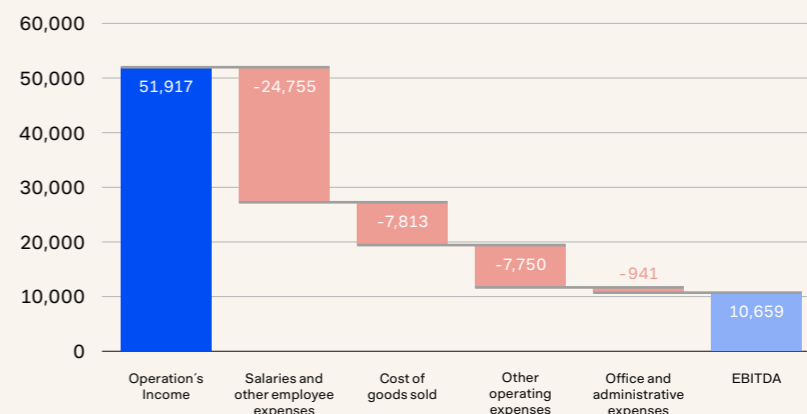


Cash flow 2024

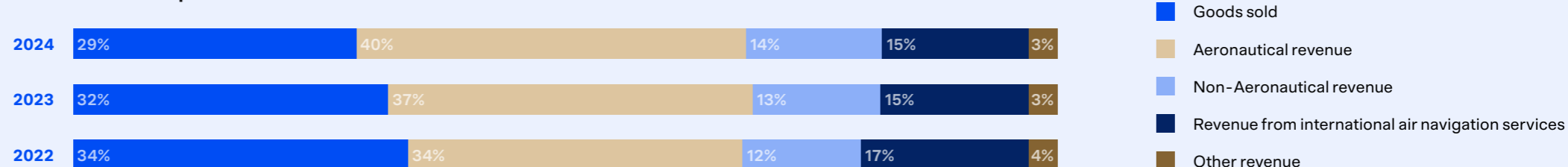


All amounts are in millions of ISK

EBITDA



Revenue split



The background is a smooth gradient of blue, transitioning from a darker shade at the top to a lighter shade at the bottom. A white arrow points to the right, positioned to the left of the text.

→ Strategy and Management

Introduction

- Introduction by the CEO
- Address of the Chairman
- Year 2024
- Key Figures

Strategy and Management

- The Board of Directors and Corporate Governance
- Operations
- Value Creation
- Strategy and Future Development
- Risk Management
- Material Topics

Sustainable Airports and Airport Communities

- Climate Issues
- Resource Efficiency
- Quality of Life
- Human Resources
- Training and Education
- Safety and Protection
- Customers
- Procurement
- Development and Expansion

Appendix

- GRI Index
- Consolidated Financial Statement

The Board of Directors and Corporate Governance

Isavia has an important role to play in managing the operation and development of the infrastructure that forms the basis of Iceland's air transport. To be able to carry out this role safely and efficiently requires strong management and clear Rules of Procedure that help the operations grow and develop.

Laws on Isavia's operations

Isavia ohf. is a public limited liability company owned by the Icelandic state. The company's operations are governed by Act no. 65/2023 on the Development and Operation of Airports and Air Traffic Services and Act no. 80/2022 on Aviation. The government is authorised to entrust Isavia with the management and handling of international commitments and agreements, and the company is obliged to comply with instructions regarding the implementation and performance of such agreements.

The Board of Directors

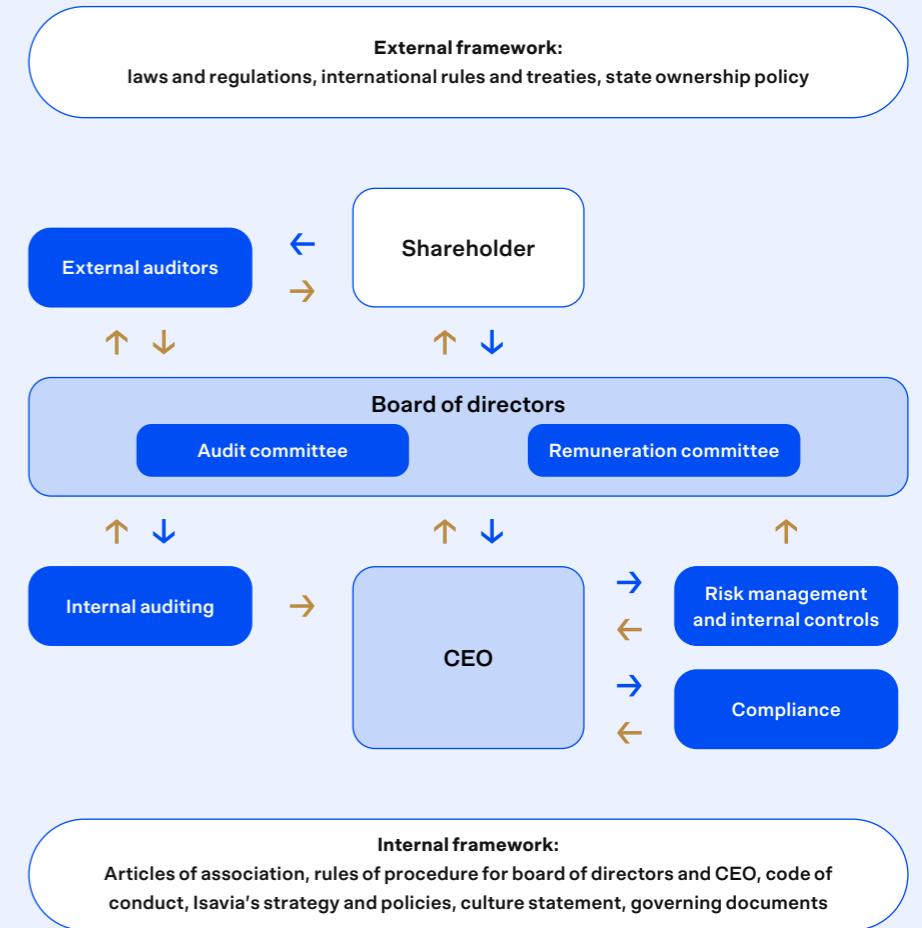
The corporate governance of Isavia is guided by the following factors; [Act no. 2/1995](#) on Limited Liability Companies, the company's Articles of Association, the Rules of Procedure of the Board of Directors and the General Ownership Policy of the State (together with an appendix relating to Isavia ohf.) The appendix relating to Isavia states that one of the State's goals with the ownership is that the operations will be as environmentally friendly as possible and to promote environmentally friendly service to aircraft and passengers and the minimisation of carbon emissions. In addition, the goal is to ensure that operations and investments are sustainable in the long term.

Board members are nominated to the Board by the Minister of Finance and Economic Affairs and are elected at the Annual General Meeting for one year at a time. The Board of Directors convenes the Annual General Meeting (AGM) by notice to shareholders in accordance with the company's laws and Articles of Association, which stipulate that the AGM shall be convened before June each year. The Board has five members and two alternates. The gender ratio on the Board is currently 60% men and 40% women. All Board members are considered independent within the meaning of the Guidelines on Corporate Governance issued by the Icelandic Chamber of Commerce, the SA Confederation of Icelandic Enterprise and Nasdaq Iceland. The board generally meets once a month. The CEO, the CFO & CHRO, and the General Counsel attend board meetings. The Board makes decisions in accordance with the Articles of Association and the Limited Companies Act, but the majority vote of the Board determines the outcome if the Board does not agree. None of the Board members work for the parent company.

Isavia's Board must comply with the company's Code of Conduct, same as the Group's staff in general. A new Code of Conduct, developed through extensive consultation with staff and the Board, came into effect on 16 September, 2024. The company's Board refers to the "Guidelines of Corporate Governance" and complies with them in all major respects. The main deviation is that the company has no Nomination Committee, as nominations are made by a Selection Committee appointed by the Minister of Finance and Economic Affairs, who manages the State's share in the company. The Board's sub-committees are the Audit Committee and the Remuneration Committee, and their scope of activities also includes the subsidiaries of Isavia ohf.

In order to increase the quality and efficiency of the Board's work, it is obliged to carry out a performance evaluation annually. The evaluation is carried out by external consultants, following a standard methodology, and includes the size of the Board, its composition, practices and procedures, as well as the company's development and the CEO's performance.

Governance framework



- Elected/appoints
- Reports to/informs

Introduction

Introduction by the CEO
Address of the Chairman
Year 2024
Key Figures

Strategy and Management

The Board of Directors and
Corporate Governance
Operations
Value Creation
Strategy and
Future Development
Risk Management
Material Topics

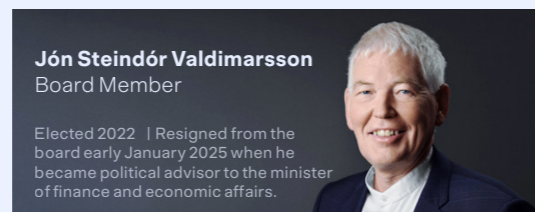
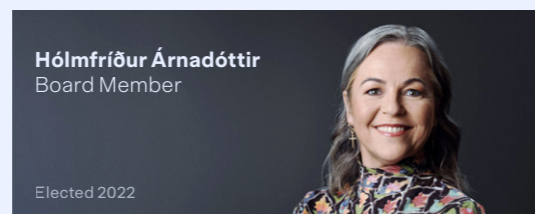
Sustainable Airports and Airport Communities

Climate Issues
Resource Efficiency
Quality of Life
Human Resources
Training and Education
Safety and Protection
Customers
Procurement
Development and Expansion

Appendix

GRI Index
Consolidated Financial
Statement

Board of Directors 2024



- **Marta Jónsdóttir**
Took a seat on the board at the beginning of 2025.
Alternate member of the Board of Directors from 2024.
- **Valdimar Halldórsson**
Joined the Board of Directors in February 2025.
Alternate member of the board from 2022 but previously sat on the main board from 2018-2022.

The Board's Rules of Procedure

The Board has established detailed Rules of Procedure defining its tasks and the scope of authority between it and the Managing Director. Rules of Procedure are reviewed and approved every year. They include the division of tasks between Board members, rules on the eligibility of Board members to take part in processing matters, procedure and minutes for meetings, rules on confidentiality, the obligation to provide information to the Board, the decision-making powers of the Board, etc.

The Board of Directors shall constitute the supreme authority in the affairs of Isavia from one shareholders' meeting to the next, in accordance with laws and the company's Articles of Association. The Board manages the company and ensures adequate supervision of the accounts and disposal of the company's property, as well as confirming the operating budget and investment plans and ensuring compliance with them.

The Board is responsible for ensuring that the company has an organised and effective control system, which consists of integrated risk management and efficient internal control. The Board makes all major decisions in the company's operations and ensures that the company is operated in accordance with the relevant laws and regulations. The Board has the goal of promoting the company's growth and results in the long term by formulating company policy in consultation with company management.

Corporate Governance Statement

The Corporate Governance Statement is the Board's statement for the previous operating year that is published along with the Annual Accounts. The Statement includes information on Board members, subcommittees, shareholders' relations, the Executive Board, ethical standards and other matters relating to the Board.

Remuneration Committee

Isavia's goal is to attract, motivate and retain excellent staff and make working for the company a desirable option. According to the state's General Ownership Policy, wages at the company must be competitive, but at the same time moderate and not leading, and take into account public ownership. The company's Remuneration Committee is made up of two Board members,

and the Remuneration Policy is approved at the Annual General Meeting. According to the Remuneration Policy, Board members are to receive a fixed monthly fee for their work. As a general rule in preparing employment contracts, there are to be no further payments on termination of employment other than those stated in the contract. The remuneration of executives is reviewed once a year.

Audit Committee

The Audit Committee has an advisory and supervisory role for the Board of the parent company, for example by monitoring and ensuring the quality of accounting and other financial information. The committee consists of at least three members, and at least one of the members must be independent of the company and its employees. Each committee member must have knowledge and experience in accordance with the work of the Committee, and at least one of the members must have expertise and experience in the field of accounting or auditing.

CEO of Isavia

The CEO is responsible for the management of all day-to-day operations in accordance with the policies and instructions of the Board. Daily operations do not cover extraordinary and major actions. He has the decision-making powers for all operational and financial matters of the company and supervises its assets. The CEO submits an account of the company's operations and performance at Board meetings and answers to the Board regarding compliance with the company's Articles of Association, laws and regulations. The CEO does not have a relationship of interest with business partners and/or competitors. The CEO also manages and supervises the subsidiaries of Isavia ohf.

Subsidiary Boards

Isavia ohf. has three subsidiaries: Isavia ANS ehf., Isavia Regional Airports ehf. and The Duty Free Store ehf. The companies are 100% owned by Isavia and are run in accordance with the Ownership Policy of Isavia's subsidiaries, their Articles of Association and the Rules of Procedure of the Boards. Policies, rules and guidelines that the parent company is obliged to implement by law or its Ownership Policy also apply to subsidiaries. The Boards of all the three subsidiaries have three members. The gender ratio is 33% women and 67% men.

Further information on the Board of Directors and corporate governance can be found on [Isavia's website](#).

Operations

Introduction

Introduction by the CEO
Address of the Chairman
Year 2024
Key Figures

Strategy and Management

The Board of Directors and Corporate Governance

Operations

Value Creation
Strategy and Future Development
Risk Management
Material Topics

Sustainable Airports and Airport Communities

Climate Issues
Resource Efficiency
Quality of Life
Human Resources
Training and Education
Safety and Protection
Customers
Procurement
Development and Expansion

Appendix

GRI Index
Consolidated Financial Statement

Isavia ohf. is responsible for the development and operation of Keflavík International Airport. Its subsidiaries Isavia ANS and Isavia Regional Airports manage, on one hand, air navigation services in one of the world's largest air traffic control areas and, on the other hand, a strong network of regional airports in Iceland. Isaviás subsidiary Duty Free Store ehf. has operated stores at Keflavik Airport for years, but with a binding agreement between Isavia ohf. and a new operator, the history of Duty Free Iceland ehf. will come to an end.

Isavia ohf.'s operations

The parent company Isavia is responsible for the operation of Keflavík International Airport. The airport is operated wholly on business terms and in a demanding competitive environment. This is where the greatest opportunities lie, as well as the greatest operational risks.

The company's two core divisions operate in Keflavík International Airport: Commercial and Airport Development, which handles airlines and route development, revenue and sales, business insight and optimisation, marketing and experience, infrastructure and buildings and airport development and expansion. Service and Operation, which handles aviation security, services and co-ordination; airport services' control tower operations; service quality; emergency preparedness; and safety management.

Isavia has two support divisions: Finance & Human Resources handles risk management, accounting and settlement, legal services, procurement, document management and economics services, as well as wage issues, human resources and training. Digital Development & IT, however, handles digital development, systems operations and user services.

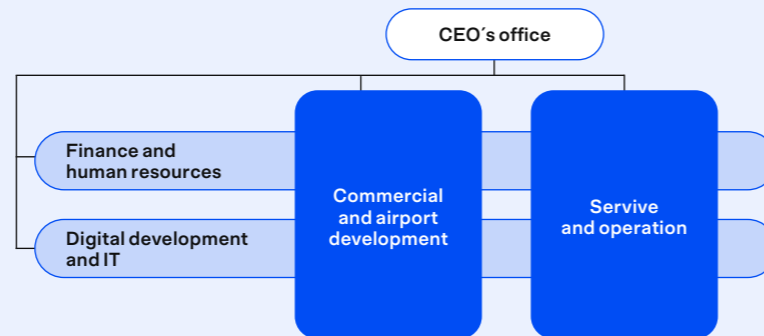
Governance, policy formulation and sustainability, processes and improvements and public relations are the responsibility of the CEO's office. The support divisions and the CEO office are a part of Keflavík International Airport operations. There is strong focus on all divisions of the parent company and the CEO's office working for the Isavia Group as a whole.

Isavia Subsidiaries

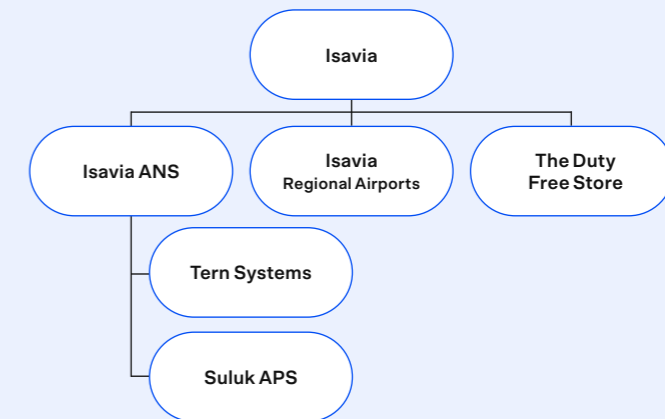
Isavia ANS

Isavia ANS Ltd. holds a license to provide air navigation services for domestic flights, international flights, and intercontinental flights. The company is responsible, among other things, for providing air traffic services over the North Atlantic on behalf of Iceland, in an area called the Reykjavík Control Area (Reykjavík CTA). The International Civil Aviation Organization (ICAO) has granted seven countries the task of handling air traffic services in this area; in addition to Iceland, these include the United Kingdom, Canada, Norway, the United States, Denmark and Portugal. Operations are based on international agreements with 25 countries for services and financing, based on a full cost recovery system. Almost a third of air traffic over the North Atlantic passes through the Reykjavík CTA, which has a unique position among oceanic areas due to its flexibility, both in terms of flight routes and altitudes. The offices of Isavia ANS are located at Nauthólsvegur in Reykjavík, but Iceland radio, an aeronautical communications centre, a division within Isavia ANS, operates in Sóleyjarími in Grafarvogur, and technicians have facilities at Steinhella in Hafnarfjörður. Isavia ANS' subsidiaries are Tern Systems, which develops software for air navigation services, and Suluk, which manages the operations of air navigation services in Greenland. Suluk ApS is located at Kangerslussuaq Airport in Greenland and Tern Systems' headquarters are in Hlíðarsmári in Kópavogur, and a subsidiary and offices in Budapest, Hungary.

Organisational chart
Isavia ohf.



Operational Chart



Introduction

- Introduction by the CEO
- Address of the Chairman
Year 2024
- Key Figures

Strategy and Management

- The Board of Directors and
Corporate Governance
- Operations
- Value Creation
- Strategy and
Future Development
- Risk Management
- Material Topics

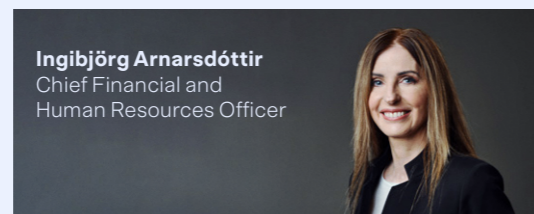
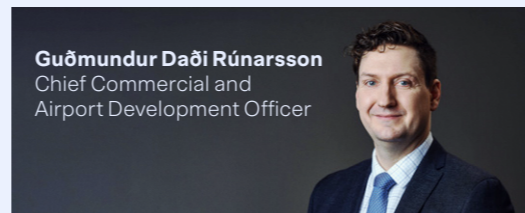
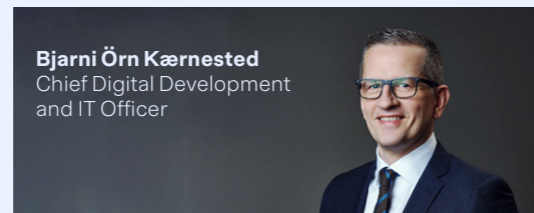
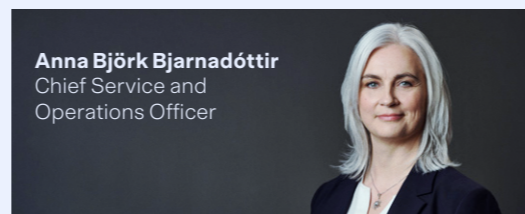
**Sustainable Airports
and Airport Communities**

- Climate Issues
- Resource Efficiency
- Quality of Life
- Human Resources
- Training and Education
- Safety and Protection
- Customers
- Procurement
- Development and Expansion

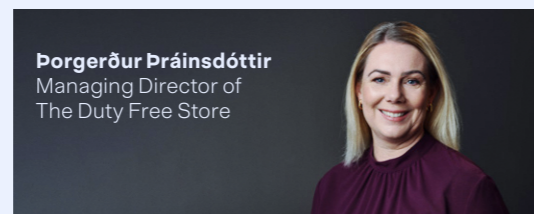
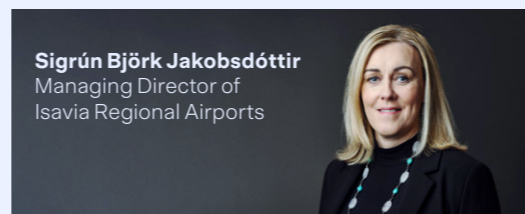
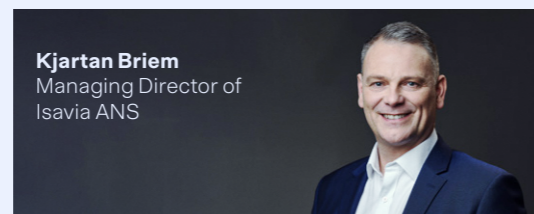
Appendix

- GRI Index
- Consolidated Financial
Statement

Executive Board



Subsidiary Operations



Isavia Regional Airports

Isavia Regional Airports manages the operations of Iceland's scheduled airports other than Keflavík International Airport. The company operates three airports that can handle international flights – Reykjavík Airport, Akureyri Airport and Egilsstaðir Airport – as well as nine smaller airports that are used for regular scheduled domestic flights. The company is also responsible for managing and supervising 30 other landing sites throughout Iceland. Isavia Regional Airport's offices are located at Reykjavík Airport.

The operation is diverse and includes general airport services, air traffic services, aviation security, supervision of construction projects and safety and quality issues. Operations are based on a service agreement between the company and the Ministry of Infrastructure, which determines the level of service for each airport and how they are operated and maintained, as the airports in question are part of the public transport system owned by the state.

International Flight Connections at Regional Airports

The Nature Direct marketing project, which is about promoting the airports in Akureyri and Egilsstaðir as gateways to the country, continued during the year. The project is done in collaboration with Business Iceland, Isavia, Austurbrú and Visit North Iceland. The airline Easyjet continued to fly to Akureyri, but since November there have been flights twice a week from London Gatwick. According to Easyjet's plans, flights will continue until the end of April 2025. The airline also added flights from Manchester twice a week and plans to fly there until the end of March 2025, before flights resume in November. The travel agency Voigt Travel has maintained its scheduled flights to Akureyri from the Netherlands, twice a week during the winter and once a week during the summer. The airline Transavia has been managing these flights since 2019. Flights to Zurich have also continued with the airline Edelweiss, which began using the airport in 2023, while the travel agency Kontiki has also used these flights to transport its tourists to Akureyri. In addition, a number of charter flights have passed through the airports in Egilsstaðir and Akureyri, along with private jets that use the airfields and arrive from various destinations.

Growth in international flights to Akureyri has continued, with passenger numbers accounting for 17% of the airport's total passenger numbers in 2024. In January 2024, a new terminal was put into operation at Akureyri Airport, ensuring that it can accommodate up to 500,000 passengers per year, up from around 200,000 currently. In an emergency, it will then be possible to receive 14 type C and D jets, where previously it was only possible to receive five jets.

Introduction

Introduction by the CEO
Address of the Chairman
Year 2024
Key Figures

Strategy and Management

The Board of Directors and
Corporate Governance

Operations

Value Creation

Strategy and
Future Development

Risk Management

Material Topics

Sustainable Airports and Airport Communities

Climate Issues

Resource Efficiency

Quality of Life

Human Resources

Training and Education

Safety and Protection

Customers

Procurement

Development and Expansion

Appendix

GRI Index

Consolidated Financial
Statement

The Duty Free Store ehf.

Since 1958, a duty-free store has been operated at Keflavík Airport. Today, it is operated by Isavia's subsidiary, Duty Free Store ehf., which was established in 2005. The Duty Free Store operates two departure shops and an arrivals shop with duty-free goods at Keflavík Airport, in accordance with an operating licence agreement with the parent company Isavia.

A decision was made in the second half of 2023 to explore a possible tender for the Duty Free Store. When the decision was made to put the concession out to tender, the aim was to investigate whether it would be possible, in collaboration with a new operator with experience in the operation of duty-free stores, to secure benefits over and above the current arrangement.

The tender for the concession was in the same way as when facilities for other shops and restaurants on the course have been put out to tender. The suitability assessment sought to attract bidders to the tender who had international experience who are familiar with the operation of arrival duty free stores.

The qualification assessment was then sent out in January 2024. A month later, four parties who were deemed qualified were invited to participate. ARI, Dufry, Heinemann and Lagardère. In July, all parties submitted their first bids. Before the subsequent submission of bids took place in October, bidders received feedback on their bids and visited the airport. In November, it was announced that Heinemann had been chosen and would take over the operation of the Duty Free Store on the basis of a concession in the first half of 2025.

The conclusion is that with this change, the airport's revenues will increase at the same time as it will be possible to increase services to passengers and improve the range of products. Increased revenues can then be used for the development of the airport, which in turn improves services and increases prosperity in Iceland.

At the turning point when Heinemann takes over the concession of the operation of a duty free store at Keflavík Airport, the history of the Duty Free Store ehf. will come to an end but a new chapter will commence in the 67 year history of duty free shopping at the airport.

Passenger and Traffic Forecasts 2025

Every year, forecasts are published that indicate the estimated number of passengers and aircraft movements through Keflavík International Airport in the coming year. These two factors have the greatest impact on our operation, and the forecasts are therefore an important part of responding to a dynamic operating environment. The forecasts are prepared in close collaboration with the airlines that fly to Keflavík International Airport and are based on the processing times of the airlines, information from Isavia's systems, and conversations and news regarding the airlines' plans.

Passenger forecasts for 2025 assume that over 8.3 million passengers will travel through Keflavík International Airport. The year will therefore be the third largest in the history of Keflavík International Airport if the forecast is correct. It is expected that the percentage of connecting passengers will be 30.0%, or around 2.5 million passengers. A forecast is also made for the number of foreign tourists. That forecast predicts that over 2.3 million foreign tourists will visit Iceland in 2025. The same number came to the country in 2018, which was the largest year for foreign tourist arrivals to Iceland.

A traffic forecast for the Icelandic air traffic control area is prepared at least annually by a working group called the North Atlantic Economic Financial Forecasting Group (NAT EFFG). The forecast covers air traffic in the North Atlantic, including all traffic in the Icelandic air traffic control area. The forecast is used for income and cost estimates, amongst other things. Isavia ANS has a representative in the group, along with all service providers and representatives of associations using the service in the North Atlantic.



Introduction

Introduction by the CEO
Address of the Chairman
Year 2024
Key Figures

Strategy and Management

The Board of Directors and
Corporate Governance
Operations
Value Creation
Strategy and
Future Development
Risk Management
Material Topics

Sustainable Airports and Airport Communities

Climate Issues
Resource Efficiency
Quality of Life
Human Resources
Training and Education
Safety and Protection
Customers
Procurement
Development and Expansion

Appendix

GRI Index
Consolidated Financial
Statement

Value Creation

Isavia ohf. is a service company that plays an important role. The company manages the operations of the largest gateway for airlines and passengers into Iceland, which creates value not only for tourism in Iceland, but for the entire country through increased prosperity and quality of life. During the year, the company's Executive Board worked to sharpen the company's business model and better connect the business model with the company's strategic priorities for the next five years.

Activities that Create Value for Society

Isavia owns and develops land around Keflavík International Airport and thus provides capacity at Keflavík International Airport. Our activities are aimed at serving airlines and passengers and leading the airport community at Keflavík International Airport in close co-operation with our business partners. The goal is to develop and maintain a positive experience for passengers travelling through the airport, as well as developing and maintaining business relationships with the airlines. A constructive corporate culture is the key to the company's success, and we always have safety and responsibility as a guiding principle in our work.

We contribute resources to our activities that, through the operation of the company, create value for different stakeholders. We strive to provide reliable, efficient and safe services in a sustainable manner, where communication with staff is characterised by trust, friendliness, well-being, security and predictability. We are committed to providing real-time information and focus on providing efficient service with personal assistance as needed. Isavia engages in sustainable procurement and works continuously to improve environmental issues. We focus on social value creation from the operation.

Isavia adheres to four of the United Nations' Sustainable Development Goals (8, 9, 13 and 17) but the company also works with other of the Sustainable Development Goals in its support policies.



Isavia's Value Proposition

Isavia's customer group is divided into two groups: Airlines and passengers. Our value proposition to airlines is to ensure transport infrastructure in the right place with access to a unique market, i.e. Iceland. In addition, we offer efficient connections between continents, which offers opportunities for growth. The company's value proposition to passengers is to enable them to travel to Iceland where they gain a unique experience and become familiar with products that are unique on a global scale. We also ensure passengers have access to numerous flight connections with short transfer times, which increases their options and simplifies their journey.

Our key partners are business partners and service providers. Business partners are key partners in the acquisition of non-flight-related income, and service providers are important partners in fulfilling the company's value proposition to airlines.

Key Resources

The company maintains two over-three-thousand-metre-long runways at Keflavík International Airport, along with buildings, equipment and devices to service passengers. The company also provides a commercial premises and an advertising area at the airport.

The employees are Isavia's greatest resource, with almost 900 people on the payroll. However, Keflavík International Airport employs almost 8,000 individuals who carry out diverse tasks for many different operators. The company takes good care of the employees by promoting health and safety, respecting human rights, and constantly working towards a better workplace environment. Isavia also runs its own school that manages the training and retraining of employees, builds specialisation, and thus ensures the necessary skills of our employees at Keflavík International Airport.

Our employees have important knowledge and experience in the development, operation and service of airports, and thus plays an important role in building the airport's competitiveness. Employee specialisation relates to different aspects of the operation, including passenger flow through the airport, aircraft rotation speed, runway system cleaning, and understanding customer

needs. Great emphasis is placed on digital development at the company and increasing automation and self-service at Keflavík International Airport to further improve customer service.

A total of 8.3 million passengers passed through Keflavík International Airport in 2024. 28 airlines passed through the airport during the year, which have connections to 98 destinations around the world. Over 250 companies operate or provide services at the airport, but in addition to that we are also in contact with a large number of suppliers that provide services to operators every day. Keflavík International Airport is the largest workplace in Suðurnes and thus creates value for the local community, both for its residents who go to the airport for their jobs, and also for employers who sell their products and services to the company. Isavia rents out facilities for various services at the airport and also offers operating licenses to service providers in the field of catering and retail. This is how we work with our business partners to create value for passengers.

Isavia's operations are extensive and therefore inevitably have an impact on its environment. The airport uses essential resources, like water, heat and electricity; and the operation emits greenhouse gases, discharges waste into the ground, and uses land for the development and operation of the airport. The carbon footprint of the airport's direct operations is primarily due to the fuel consumption of equipment used to maintain runway safety. We work systematically to reduce the negative impact and increase the positive impact of our own activities and the activities of those who are members of the value chain. An example of this is the collaborative project of the entire airport community at Keflavík International Airport on ways to reduce the carbon footprint of the airport's operations as a whole. Targeted co-operation and collaboration will lead us to success.

Introduction

Introduction by the CEO
Address of the Chairman
Year 2024
Key Figures

Strategy and Management

The Board of Directors and
Corporate Governance
Operations
Value Creation
Strategy and
Future Development
Risk Management
Material Topics

**Sustainable Airports
and Airport Communities**

Climate Issues
Resource Efficiency
Quality of Life
Human Resources
Training and Education
Safety and Protection
Customers
Procurement
Development and Expansion

Appendix

GRI Index
Consolidated Financial
Statement

Business Model



Strategy and Future Development

Introduction

Introduction by the CEO
Address of the Chairman
Year 2024
Key Figures

Strategy and Management

The Board of Directors and
Corporate Governance
Operations
Value Creation
Strategy and
Future Development
Risk Management
Material Topics

Sustainable Airports and Airport Communities

Climate Issues
Resource Efficiency
Quality of Life
Human Resources
Training and Education
Safety and Protection
Customers
Procurement
Development and Expansion

Appendix

GRI Index
Consolidated Financial
Statement

Isavia is a publicly owned company and operates under legislation on operations and the state's Ownership Strategy. The company's strategy is formulated by its Board of Directors and Executive Board within this framework. Isavia's subsidiaries set their own corporate strategies but work in accordance with most of the parent company's support policies, as stipulated in the Ownership Policy of Isavia ohf.'s subsidiaries. The Executive Board of each subsidiary is responsible for the implementation of its strategy.

Isavia ohf.'s Strategy

We continued to work in accordance with the company's Future Strategy, which was updated in 2021 and is valid until 2040, and a five-year strategy for the years 2024 to 2028, along with an action plan. A clear strategy and vision is the key for employees to connect their work to the strategy and work in accordance with it.

Isavia ohf.'s purpose is to lead an airport community that increases the quality of life and prosperity in Iceland. In this, the operations of Keflavík International Airport play a key role for the country's infrastructure and the responsibility that comes with the operations for a sustainable future.

Our vision is to connect the world through Iceland. It includes increasing the number of flight connections between continents and thereby improving the access of citizens to foreign markets, which contributes to the increased competitiveness and prosperity of Iceland.

The Strategy Circle is a compass for the company's priorities for the future. It connects seven strategic focus areas that lead the company to its future vision and reflects work towards sustainability in all areas of operations. Isavia's strategy has been presented to all employees and is now part of the company's new recruit presentations.

Isavia is one of many companies operating at Keflavík International Airport. The company is a leader in the airport community and takes the initiative to work purposefully with its business partners

for joint success as a whole. In that co-operation, we put our customers first by offering a unique experience and efficient, smart and quality service.

Keflavík International Airport is one of Iceland's key infrastructures, so the emphasis is on developing and maintaining its infrastructure for the long term and constantly improving the use of resources with profitability and long-term interests as a guiding principle. Simultaneously, innovation and continuous development is promoted in its operations. We are guided by sustainability in everything we do and focus on being a role model in safety and security matters.

Focus Areas for the Next 5 Years

To enable employees to work purposefully towards making the company's vision a reality, the main focus areas for the next five years were defined. The goal is to strengthen the company's ability to support the future growth of airlines that choose Keflavík International Airport as their hub. The focus areas were formulated at the beginning of 2024 and include three main areas: customers and airport community; culture; and digital optimisation. These are the factors that are considered to have the greatest impact on increasing Keflavík International Airport's ability to succeed over the next five years.

Customers and the Airport Community

The goal is for Isavia's expertise to support the airlines that use Keflavík International Airport as their hub to achieve success in line with their strategic growth plans. To support this, we build skills and knowledge, work closely with our customers, and ensure that Keflavík International Airport's capacity meets their future forecasts. Also by building a service-oriented airport community with our business partners and service providers that creates benefits for everyone.

Culture

The goal is to promote a constructive culture based on psychological safety. In order to do this, we need to show consideration for each other, and managers need to emphasise

Isavia ohf.'s Strategy



an empowering workplace that encourages employees to succeed and excel in their jobs. The culture should promote collaboration, innovation, and a shared commitment to operational improvement. We will build a strong, skilled and diverse team of employees that enables the entire airport community to operate as one in a constructive environment characterised by transparency and trust.

Digital Optimisation

The goal is to streamline the operations of Keflavík International Airport with technological solutions and real-time information. We leverage data and digital solutions to streamline processes and optimise resource utilisation, thereby reducing operating costs, which translates into more cost-effective options for our customers. Our staff receives appropriate training and we ensure free access to data that can be used to make positive and informed decisions for the business. The company, people, and processes will evolve and become a cohesive and co-ordinated ecosystem that is poised to support the company's further growth.

Strategy Metrics

The key metrics of Isavia ohf. were updated during the year in order to support and systematically work towards the success of the policy. The Executive Board updated the company's strategy metrics. It was decided to increase them from five to eight by 2024.

Introduction

- Introduction by the CEO
- Address of the Chairman
- Year 2024
- Key Figures

Strategy and Management

- The Board of Directors and Corporate Governance
- Operations
- Value Creation
- Strategy and Future Development
- Risk Management
- Material Topics

Sustainable Airports and Airport Communities

- Climate Issues
- Resource Efficiency
- Quality of Life
- Human Resources
- Training and Education
- Safety and Protection
- Customers
- Procurement
- Development and Expansion

Appendix

- GRI Index
- Consolidated Financial Statement

Isavia's strategy 2024-2028



Strategic KPI's until the end of 2028



Customer Excellence and Collaborative Community

- We enable our airline customers to grow their business at the airport
- We are commercially conscious in all our actions
- We have increased service add-ons and product offers
- We have created an airport community



Culture

- We are the place of choice for employees with highly diverse profiles without boundaries
- Our culture is constructive and in line with our culture statement
- We are service-minded
- We continuously improve our work and have the courage to act on what is needed
- We lead by example by living the constructive culture throughout the airport community

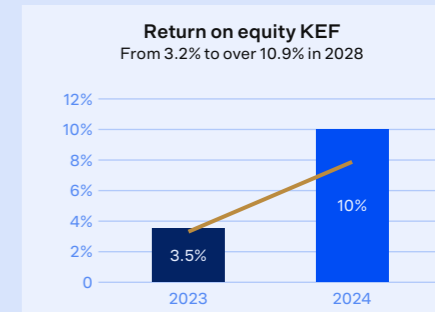
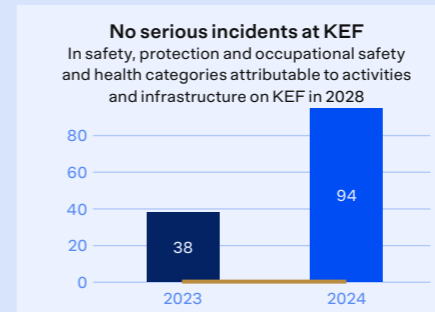
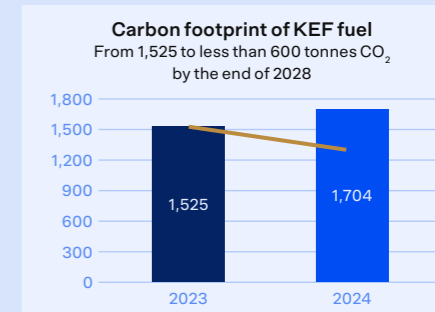
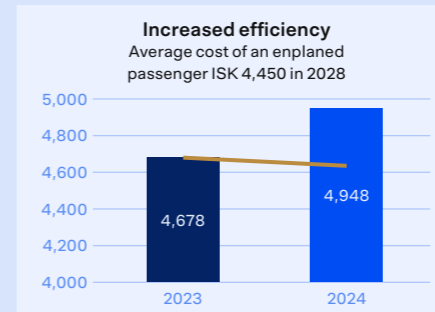
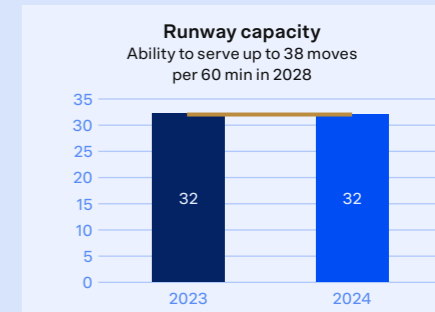
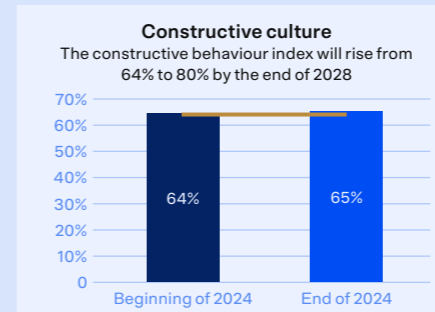
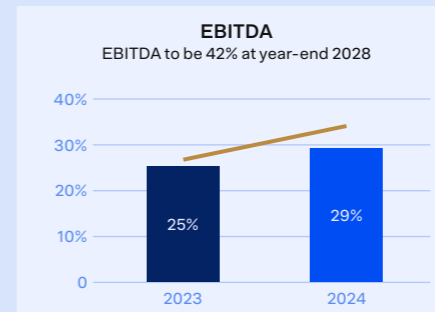


Digital Optimization

- We utilise digitalisation to increase revenue streams
- We have reached a high level of data transparency and information sharing internally and within the airport community that creates value
- We have an efficient airport with optimised and automated processes
- We have a digitally-minded organization ready to scale and embrace future growth

Strategy indicators

— Goal



Introduction

- Introduction by the CEO
- Address of the Chairman
- Year 2024
- Key Figures

Strategy and Management

- The Board of Directors and Corporate Governance
- Operations
- Value Creation
- Strategy and Future Development
- Risk Management
- Material Topics

Sustainable Airports and Airport Communities

- Climate Issues
- Resource Efficiency
- Quality of Life
- Human Resources
- Training and Education
- Safety and Protection
- Customers
- Procurement
- Development and Expansion

Appendix

- GRI Index
- Consolidated Financial Statement

Isavia ANS's Strategy

In 2023, Isavia ANS began developing a new strategy for the next four to five years, in collaboration with the Danish consulting firm Conscious Consulting. The strategy from 2021 was thoroughly reviewed, and its content deepened, and its focus broadened. From the beginning of the strategy formulation process, special emphasis was placed on ensuring that the company's cultural journey and the company's strategy go hand in hand.

In February 2024, a strategy formulation day was held at Nauthóll where all employees were invited to participate in shaping the company's future strategy. The staff's involvement was key in ensuring a shared vision and commitment to implementing the new strategy. The strategy formulation work was completed at the end of the year, resulting in a new vision for Isavia ANS: "Guided by safety, cooperation and operational efficiency we operate as a responsible air navigation provider in the North Atlantic, equipped with a strong team and a constructive working environment."

To support the vision, three strategic streams were defined: Customers and Community, Outstanding Service, and Competence and unity. Three project managers within the company have now taken on responsibility for implementing each strategic direction individually.

Isavia Regional Airports Strategy

The vision of Isavia Regional Airports is a strong airport operation that lays the foundation for an improved quality of life throughout the country. **Strategic priorities until 2027 are:**

→ **Solid operation**

The company's operation is based on a solid foundation and a dynamic team of employees, which creates scope for the long-term development of domestic aviation.

→ **Visibility**

The unique position of Isavia Regional Airports is clear among stakeholders, and there is an understanding of the importance of the operation.

→ **Energy transition and sustainability**

The company builds a sustainable operation, supports the preparation of energy transition in aviation and thus contributes to environmentally friendly transport.

→ **Communications and co-operation**

The company is an active participant in the promotion of aviation as a means of transport.

Support Policies and Responsible Operations

The support policies co-ordinate actions between Isavia's parent and subsidiary companies. They are presented to emphasise specific issues and increase the likelihood of success through detailed operational goals, metrics and actions. Support policies always meet minimum legal obligations but go further in accordance with the company's strategy.

Isavia has presented support policies in accordance with the corporate strategy of Isavia ohf. and subsidiaries and in accordance with Codes of Conduct that support responsible practices towards people, the environment and the economy.

The Managing Directors of the parent company and subsidiaries meet at policy meetings. There, they discuss both policy-related issues and other issues that the Managing Directors of the companies want to discuss with each other in order to co-ordinate policy-related actions and responsibilities. The Boards of the companies regularly discuss issues related to finances, the company's investments, sustainability and social responsibility. Regular communication and conversation with customers and business partners who work within the airport community and the local community is also an integral part of the operation.

We are guided by sustainability in everything we do. We show initiative and work strategically towards being a role model of sustainability in Iceland. We work continuously to increase sustainability in the entire airport community, share knowledge and collaborate closely with the local community. In this way, we build long-term added value for the economy as a whole.

We emphasise sustainable decision-making and working towards progress and continuous improvement in the field. Isavia's Sustainability Policy emphasises the company's commitment to environmental protection, minimisation of negative environmental impacts due to operations, sustainable procurement, good use of resources, reuse, recycling and strengthening of the circular economy.

Infrastructure is built in a sustainable way, and we minimise the environmental impact of construction and operations. The company's goal is becoming net-zero in its own operations by 2030 at the latest. This goal will be achieved through co-operation and active monitoring of environmental factors, energy transition and carbon offsets as needed. In the company's operations, the greatest success in reducing the carbon footprint is achieved through the energy transition of machines and vehicles. Further information on environmental issues can be found in the [sustainability section](#) of the report.

Active Policies

	Isavia Strategy	The Duty Free Store Strategy	Isavia ANS Strategy	Isavia Regional Airports Strategy
Human Resource Policy	✓	✓	✓	✓
Risk policy	✓	✓	✓	✓
Sustainability policy	✓	✓	✓	✓
Occupational health policy	✓	✓	✓	✓
Occupational health policy	✓	✓	✓	✓
Procurement practices	✓	✓	✓	✓
Code of Conduct	✓	✓	✓	✓
Code of Conduct for Suppliers	✓	✓	✓	✓
Safety policy	✓			✓
IT policy	✓			
Digital policy	✓			

Processing of personal data, rules on enquiries based on information law, EKKO response plan, complaints handling rules, whistleblower protection rules.

Introduction

Introduction by the CEO
Address of the Chairman
Year 2024
Key Figures

Strategy and Management

The Board of Directors and
Corporate Governance
Operations
Value Creation
Strategy and
Future Development
Risk Management
Material Topics

Sustainable Airports and Airport Communities

Climate Issues
Resource Efficiency
Quality of Life
Human Resources
Training and Education
Safety and Protection
Customers
Procurement
Development and Expansion

Appendix

GRI Index
Consolidated Financial
Statement

The company's Human Resources and Equality Policy emphasises that employees show each other respect and are honest towards themselves and others. It also emphasises that all employees receive equal opportunities and possibilities. It specifically discusses that employees receive equal pay and equal terms of employment for the same jobs or jobs of equal value regardless of gender, as the company has an equal pay system in accordance with the requirements of the equal pay standard and Icelandic law at all times. Isavia wants to be at the forefront as a workplace where equality and trust prevail.

There is a special support policy on occupational health and safety where Isavia undertakes to be a role model in safety, health and occupational issues by promoting a safe and healthy work environment for those who work in and visit the operating units of the company. The policy is part of preventing accidents, working towards good staff facilities and ensuring a healthy working environment. We encourage and support our staff in adopting healthy lifestyles, and the company provides welfare services. Emphasis is placed on working on safety and occupational health issues in collaboration with other stakeholders at Keflavík International Airport.

The [human resources section](#) of the report discusses Isavia's Human Resources Policy in detail, and the company's Occupational Health and Safety Policy is described in more detail in a special section dedicated to it.

The Risk Policy was reviewed during the year and an updated policy was approved by the Board of Directors in November 2024, along with an update to the company's Risk Policy and defined key risks and risk appetite for Isavia. The Risk Policy is based on Isavia's strategy, and is intended to support set goals and strategy. The policy is discussed in more detail in the [section on risk management](#).

The information security support policy outlines the company's priorities regarding information protection and security in all data processing. The policy covers all the information valuables and activities of the company irrespective of the nature of the information, format or storage location. The Information Security Policy is discussed in more detail in the [section on security and protection](#).

During the year, two new support policies were approved to lay a solid foundation for digital transformation at Isavia. One of them is an IT policy that is intended to support the secure and reliable operation of information infrastructure. The policy emphasises

IT governance, clear ground rules, and increased information security. The Digital Policy, on the other hand, is intended to support Isavia's commercial goals by strengthening technical infrastructure and the interaction of data, technology solutions and employees to create value. The policies are discussed in more detail in the [section on development and expansion](#).

The Code of Conduct for suppliers are set in accordance with the ten principles of the UN Global Compact and the conditions of the International Labour Organisation (ILO). Suppliers of the company are required to meet the Code of Conduct as a minimum, and they must impose the same demands on their suppliers. If a violation of the Code of Conduct is suspected among suppliers, they must notify Isavia of the matter without delay. The Code of Conduct is an attachment to all the company's contracts. If requested, suppliers need to be able to confirm that they adhere to the guidelines. The Code of Conduct addresses the requirements that Isavia has for suppliers in relation to freedom of association and the right to negotiations, forced labour, child labour, discrimination, wages, working hours, health and safety, human rights, environmental issues, business ethics and conflicts of interest.

Procurement and supplier communication is discussed in more detail under the [procurement section](#).

Support policies are formulated and reviewed in accordance with formal procedures and are approved by the CEO or the Board, as appropriate. The company's Code of Conduct and the Suppliers' Code of Conduct undergo the same process.

The CEO, or individual Managing Directors, are responsible for reviewing and overseeing the progress of different support policies, and Managing Directors are responsible for their implementation in their divisions. The CEO is the supervisor of the Sustainability Policy, the Isavia Code of Conduct and the supplier Code of Conduct. The Managing Director of Development and Operations is the supervisor of the Occupational Health and Safety Policy. The Managing Director of Finance and Human Resources is the supervisor of the Human Resources and Equality Policy, the Policy on Comprehensive Risk Management and Procurement Procedures. The Managing Director of Digital Development and IT is the supervisor of the Information Policy, Digital Policy and Information Security Policy.

Valid policies are presented within the company and published on the company's external website kefairport.com/corporate/about



Introduction

- Introduction by the CEO
- Address of the Chairman
Year 2024
- Key Figures

Strategy and Management

- The Board of Directors and
Corporate Governance
- Operations
- Value Creation
- Strategy and
Future Development
- Risk Management
- Material Topics

**Sustainable Airports
and Airport Communities**

- Climate Issues
- Resource Efficiency
- Quality of Life
- Human Resources
- Training and Education
- Safety and Protection
- Customers
- Procurement
- Development and Expansion

Appendix

- GRI Index
- Consolidated Financial
Statement

Sustainability Policy

We are guided by sustainability in everything we do. Isavia's Sustainability Policy is one of the company's support policies and is also one of seven emphases in Isavia's Strategy. The policy, goals, KPI's and action plan that accompanies it should support our success in sustainability. The Sustainability Policy describes how Isavia ensures balance between economy, environment and society factors.

The Sustainability Circle is divided into four components that are most important to us, with the emphasis on the overall strategy and the activities of the company. Further information on Isavia's goals, metrics and actions to achieve sustainability are set out in a five-year sustainability action plan that was submitted to the Environment Agency of Iceland at the end of 2021, as required by law. Innovation in the field of sustainability is monitored and investments made as necessary so that Keflavík International Airport is prepared for a sustainable future. Continuous progress and improvements are being made in the field.

Goals and related improvement projects were selected with reference to the nature of the company and corporate strategy, comments from external stakeholders, the UN Global Goals and related government priorities, as well as in climate issues. Account was also taken of improvement opportunities linked to GRI aspects and to the company's commitments to the principles of the UN Global Compact and to an incentive programmes of which Isavia is a member. Account was also taken of the sustainability journey for airports issued by ACI, the International Airport Association.

The policy is implemented in close collaboration with the different units of the company, with subsidiaries on goals and actions and in co-operation with the airport community at Keflavík International Airport. The company uses a certified environmental management system, and, therefore, the company's Executive Board and Board of Directors are regularly informed about different aspects of sustainability and concerns that arise related to them. The CEO is responsible for the Group's Sustainability Policy, but the implementation is handled by the director of policy formulation and sustainability on their behalf. All Managing Directors are responsible for the implementation of policy. The responsible parties for the actions are the company's Chief Officers and Directors.

The policy and five-year action plan were scheduled to be updated at the end of 2024, but this has been postponed until 2025. The company had its position on the EU's new ESRS sustainability standard reviewed during the year. Detailed information on Isavia's

Sustainability Policy and action plan can be found here:

kefairport.com/corporate/sustainability

Climate issues

- Keflavik Airport Net Zero by 2030
- Success through collaboration, active monitoring and energy transition
- Risk assessment and response to climate change

Resource efficiency

- Protect the environment and minimise negative environmental impact
- Sustainable procurement
- Emphasise on circular economy
- Build infrastructure in a sustainable way



Quality of life

- Role model in sustainability in Iceland
- Increase sustainability in the entire airport community
- Cooperation with the local community
- Mutual sharing of information, knowledge and experience

Value creation

- Build sustainable operations
- Create long term value for the economy
- Make responsible decisions with sustainability as a guiding principle
- Progress and continuous improvement in sustainability

Introduction

Introduction by the CEO
Address of the Chairman
Year 2024
Key Figures

Strategy and Management

The Board of Directors and
Corporate Governance
Operations
Value Creation
Strategy and
Future Development
Risk Management
Material Topics

Sustainable Airports and Airport Communities

Climate Issues
Resource Efficiency
Quality of Life
Human Resources
Training and Education
Safety and Protection
Customers
Procurement
Development and Expansion

Appendix

GRI Index
Consolidated Financial
Statement

Culture

A company culture where communication and collaboration between employees is based on constructive and honest communication is the basis for the company to succeed in an ever-changing environment. For the past four years, Isavia has been working on a transformation project called Together on a New Journey. The journey is intended to shift the company's culture to a constructive culture. All of our employees participate in the journey and work in accordance with the company's cultural charter, which is in the spirit of the ideal culture we work towards creating together.

Culture is one of our strategy focuses until 2028, and clear goals have been set for an ideal culture that we intend to achieve by that time. A survey conducted in the autumn of 2023 revealed that we have already achieved outstanding results since the journey began.

Over the past year, special emphasis has been placed on security screening, which is the largest department at Keflavík International Airport. The plan was to strengthen individual managers and the team as a whole. In parallel, work was done to analyse and improve behavioural and communication patterns in the spirit of a constructive culture. In November, workshops were held with security screening staff, the goal of which was to create awareness of what constitutes a constructive corporate culture and what impact each of us can have on the culture and the working environment.

At the end of 2024, work began on preparing a roadmap for how we intend to achieve these goals by 2028. On the one hand, there is an emphasis on management training that increases the

awareness of managers and encourages them to work together to achieve success and be role models for others in promoting a constructive culture. On the other hand, there is an emphasis on ensuring that employees receive appropriate training and opportunities and support to look inward and consider how they can contribute to promoting a more constructive culture in the workplace. The employees create the culture and influence it through their behaviour and interactions. Therefore, we emphasise that we all need to work together to achieve our goals and can only achieve success through strong collaboration among all employees.

The Cultural Journey of ANS

Following the example of its parent company, Isavia ANS began its own cultural journey in 2023. One of the key projects for 2024 has been the company's ongoing cultural journey, along with smaller change projects that contribute to progress within the company. During the cultural journey, both managers and employees have received appropriate training to promote constructive communication, collaboration, trust, and self-development. Managers also attend regular management training to strengthen their leadership skills, as well as receive regular coaching. The trend over the past year has been for managers to take a more active role in leading cultural journeys within their units, workshops, and similar projects.

We want Isavia ANS to be an interesting and sought-after workplace with exemplary working conditions. We emphasize strong teamwork, employee satisfaction, and ensuring that employees receive appropriate training to perform their jobs and opportunities to develop within the company.

Culture Statement

Our behavioural guidance

We are respectful and honest with ourselves and others. We have fun in our daily work, are brave and constructive and take responsibility for our own performance.

Together we will succeed.

Code of Conduct

The company's [Code of Conduct](#) was updated at the beginning of 2024. This Code of Conduct applies to employees, management and the Boards of the Group's companies and covers all aspects of the company's operations, employee events and professional travel. Iceland has been a party to the United Nations Convention against Corruption (UNCAC) since 2011. Isavia's Code of Conduct is written in accordance with it and OECD guidelines.

The Code of Conduct specifically addresses the importance of operating in accordance with proper and sound business practices and endeavouring at all times to combat corruption, bribery, blackmail and embezzlement. Employees must be mindful of personal data protection and respect the feelings, privacy and private lives of others. Emphasis is placed on treating colleagues and business partners with respect. Bullying, sexual harassment, gender-based harassment or any kind of violence is not tolerated in any circumstances. We do not discriminate on the basis of gender, religion, beliefs, ethnicity, origin, race, colour, financial situation, origin, disability, age or any other grounds.

The Code of Conduct specifically states that decisions must be made in a sustainable manner. When making decisions, we endeavour to ensure that we are always complying with current laws, regulations and international conventions that the company operates under.

The company's procedures for violations of the Code of Conduct are in accordance with the Whistleblower Protection Act and provide for the receipt, treatment and processing of notifications of possible violations of law or other objectionable conduct in the operation of the company. If an employee is harbouring information or documents on the violation of laws or other reprehensible activity in the operations of the Group, they must report it immediately. Reports of such incidents can be submitted through internal processes, but if an employee is unsure whether they should report a particular incident, they can seek advice from an independent party outside of Isavia. The company has a Disclosure Committee, which is comprised of two members from Isavia and one from outside the company. The committee receives reports of violations of rules, records them in a locked, access-controlled area, and ensures the anonymity of the reporter. The Code of Conduct and reporting procedures have been presented to all staff. Continuing education takes place annually, where all staff receive a refresher course on electronic educational materials.

Introduction

Introduction by the CEO
Address of the Chairman
Year 2024
Key Figures

Strategy and Management

The Board of Directors and
Corporate Governance
Operations
Value Creation
Strategy and
Future Development
Risk Management
Material Topics

Sustainable Airports and Airport Communities

Climate Issues
Resource Efficiency
Quality of Life
Human Resources
Training and Education
Safety and Protection
Customers
Procurement
Development and Expansion

Appendix

GRI Index
Consolidated Financial
Statement

Digital Development and IT

The division of Digital Development and IT works systematically to build a digital platform for employees, customers and the airport community as a whole, as well as ensuring safe and reliable operation of Isavia's information infrastructure. Through innovation and technology, we work to maximise the company's profitability and improve the passenger experience in line with the growing demands of the international airport community.

Digital Policy Formulation

The year 2024 marked a turning point in policymaking in the field of digital development and IT. Isavia's policy defined digital optimisation as one of three main pillars, and it was clear that a solid foundation needed to be in place before embarking on ambitious digital transformations. Therefore, two new support policies were formulated that lay the foundation for the company's future growth.

The first policy, the Information Technology Policy, was intended to ensure the secure and reliable operation of information infrastructure. The policy emphasises IT architecture, clear ground rules, and increased information security. The second policy, a Digital Policy, was developed in collaboration with the Danish consulting firm Netcompany, which has worked with major airport operators such as Copenhagen Airports and Avinor, among others. The goal was to analyse how technology solutions could support Isavia's business goals and create value in the company's operations.

The results of the analysis revealed that Isavia's digital maturity received 1.6 points out of a possible 5, making it clear that considerable groundwork needed to be done before extensive digital transformation could be undertaken. Goals were set to achieve a digital maturity of 3 by 2028. To achieve these goals, it is necessary to strengthen technical infrastructure, implement new work processes, and build a powerful interaction between data, technology solutions, and employees.

Isavia's Digital Policy is based on three key themes:

- **IT architecture:** Build a solid foundation for IT with clear strategy, compatible systems, and efficient operations.
- **Data:** Open up access to data by removing "silos" and creating an interactive development environment for data that can be used across business units.
- **Organisation:** Develop a culture based on collaboration, innovation and sustainability with an emphasis on digital skills and knowledge of employees.

Based on these focus areas, 13 key projects were formulated that aim to improve the company's digital capabilities, strengthen data flow, and promote targeted collaboration within Isavia and the airport community. Among the main tasks is the establishment of the digital steerco, a multidisciplinary team that co-ordinates digital development, prioritises projects, and ensures that investments in digital technology deliver maximum value.

Main Tasks and Benefits

Automatic processing of access applications

The airport's access application system has undergone a complete transformation over the past 18 months. The previous system was based on manual processing, which was particularly challenging when the number of applications increased in connection with summer recruitment. Through close collaboration with the National Commissioner of the Icelandic Police and key stakeholders, the process has been fully automated. Isavia receives around 5,000–7,000 applications annually, so there is great benefit in simplifying their processing. The change has been very successful, with processing times reduced from weeks to minutes and working hours for processing applications reduced by 80%.

Using artificial intelligence in reviewing CVs

During the year, artificial intelligence was first used for projects at Isavia, specifically in the evaluation of CVs in a tender for a framework agreement for services at Keflavík International Airport. This was a significant step up from the previous tender, where thousands of man-hours were spent manually evaluating tenderers' CVs. AI was used to assess whether CVs met Isavia's requirements, which yielded good results. The project proved to be an important learning experience for the company and laid the foundation for further utilisation of AI in its operations.

The success of 2024 lies primarily in the solid foundation that has been laid for future projects. With increased automation, improved data collection and a new approach to digital projects, Isavia has taken major steps on its path to digital transformation.

Looking to the Future

In 2025, the focus will be on data literacy and digital skills within Isavia. Emphasis will be placed on training staff in the use of digital solutions and data to achieve greater results. In parallel, efforts will be made to move data to cloud solutions to improve access to it and strengthen collaboration with stakeholders in data-driven decision-making.

AI is becoming more prominent these days, and Isavia aims to be at the forefront of its use. This requires targeted training of staff in the use of artificial intelligence. In digital development, special emphasis will be placed on natural language processing (NLP) and machine learning to support decision-making.

Our objective until 2028 is clear: To ensure digital maturity that will support a better passenger experience, improved competitiveness and contribute to operational sustainability. With the targeted implementation of a digital strategy and the support of its employees, Isavia will continue to strengthen its position as a leading force in international aviation.

Introduction

Introduction by the CEO
Address of the Chairman
Year 2024
Key Figures

Strategy and Management

The Board of Directors and
Corporate Governance
Operations
Value Creation
Strategy and
Future Development
Risk Management
Material Topics

Sustainable Airports and Airport Communities

Climate Issues
Resource Efficiency
Quality of Life
Human Resources
Training and Education
Safety and Protection
Customers
Procurement
Development and Expansion

Appendix

GRI Index
Consolidated Financial
Statement

Risk Management

Great emphasis is placed on Isavia's risk culture being strong, the internal control system consisting of risk management and internal control and that everywhere there is organised and active monitoring of key risks. Stronger risk awareness and a good control environment are conducive to promoting and strengthening all of the company's control systems. Risk Management manages the implementation of comprehensive risk management within the company (ERM). This is a kind of umbrella responsible for ensuring that there is a comprehensive risk assessment for all of the company's key risks.

Risk Management Governance Structure

Isavia's risk management is inherently an independent unit that supports risk managers and owners and assists in identifying risk appetite through risk analyses, risk assessments, and risk monitoring. The Risk Manager sits on the Risk Committee, and, if necessary, can refer matters directly to the Audit Committee and the Board of Directors without intervention.

The Risk Committee, Audit Committee and Internal Audit all play an important role in monitoring risk management within Isavia.

Enterprise Risk Management

The policy has been to implement comprehensive risk management that covers all of Isavia's operations. Goals have been set regarding the maturity of risk management in accordance with recognised theories. Work is being carried out according to a scheduled implementation plan for the company. The goal is that risk management will be well organised in daily tasks and that decision making and the allocation of resources will include additional risk consideration.

Efforts are being made to fortify risk management within the company by:

- Strengthening and promoting Isavia's risk culture. The internal control system consists of risk management and internal control, and there is organised and active monitoring of key risks.
- Clarifying the responsibilities and roles of those involved in risk management and ensure a good understanding of the company's risks.
- Establishing a consistent and structured risk management process.
- Consolidating the methodology so that it takes place in accordance with comprehensive and standardised methods.
- Promoting training, education, and information provision on risk management issues.

Risk Policy

The Board of Directors of Isavia ohf. has put forth a comprehensive risk policy and defined key risks and risk appetite for Isavia. The Risk Policy is based on Isavia's policy and is intended to support set goals and policies.

Methodology

Isavia's risk management is based on the concept of COSO Enterprise Risk Management. Also, the risk management standard ISO 31000:2018 is used as a foundation, as is the research of the Airport Co-operative Research Program (ACRP) in the field of risk management.

Isavia's Key Risks

The Risk Policy was reviewed during the year and an updated policy was approved by the Board of Directors in November 2024. The company's key risks are divided into super- and sub-categories. The policy now defines four additional risks that cut across all risk categories.

Policy risk is the risk related to the company's policy and objectives. The risk involves the company's policy not being in line with developments or changes in the company's internal or external environment, such as increased competition, changes in the Board of Directors or management, changes in laws or regulations, and/or changes in customer needs. In order to reduce policy risk, managers and staff are alert to their environment and foreseeable changes. All significant policy changes are made based on a risk assessment.

Financial risk is a risk of the necessary funds being unavailable to reach the strategic objectives of the company considering the risk which that entails, such as external factors like the economic environment, external shocks, the bankruptcy of customers, war, etc., without a capital advance or emergency loans being required in the long term. The company's financial risks are managed in an active and organised manner.

Operational risk is various kinds of risk within the operation which may have a negative effect on daily operations and service continuity. The risk refers to human error, insufficient internal work processes, systemic failures, or to external events within the operational environment which effect the operation of the company or may, directly or indirectly, damage its information, equipment, image, environment, health or property. Isavia focuses primarily on ensuring continuity of aviation operations. The company aims to reduce the risks that threaten this continuity as much as possible.

Compliance risk is a risk that relates to the company not having adequate processes to identify, assess, and manage compliance risk. Such processes enable the company to fulfill all the requirements outlined in legislation, ordinances, and regulations pertaining to the operation and requirements regarding its operating license. Isavia minimises risk through control measures and effective monitoring. The company complies with all applicable laws, regulations, ordinances, and obligations, both domestic and international, to which it has subscribed.

Introduction

- Introduction by the CEO
- Address of the Chairman
- Year 2024
- Key Figures

Strategy and Management

- The Board of Directors and Corporate Governance
- Operations
- Value Creation
- Strategy and Future Development
- Risk Management
- Material Topics

Sustainable Airports and Airport Communities

- Climate Issues
- Resource Efficiency
- Quality of Life
- Human Resources
- Training and Education
- Safety and Protection
- Customers
- Procurement
- Development and Expansion

Appendix

- GRI Index
- Consolidated Financial Statement

Isavia ohf. Key Risks



Risks that cut across all risk categories

Sustainability risks are those events and/or circumstances in environmental, social, or governance matters that may have a negative impact on the company's business model and policies and its ability to achieve objectives and create value. The company places great emphasis on sustainability in operations and risks are managed, amongst other things, through a sustainability action plan.

Cultural risk is the risk that there is no harmony between the values that the company sets for itself and the actions of management, the behaviour of employees, or the company's operations. The risk is managed through a special cultural journey called "Together on a New Path" that is based on constructive communication and collaboration.

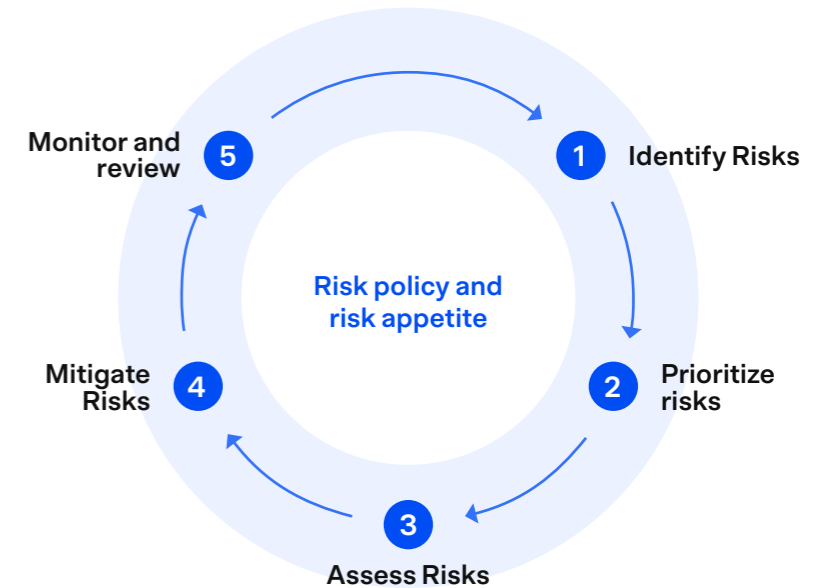
Reputational risk covers cases where Isavia's reputation is at risk, with associated consequences such as negative publicity or attitudes towards the company. It also relates to uncontrollable causes that may negatively impact the company's profits and/or brand. The risk is managed through prevention and response plans.

Fraud risk is the extent to which the company is exposed to deceptive or dishonest acts by individuals or groups that have the opportunity to harm the company. The risk is managed through monitoring and control measures and is taken into account in policies and rules.

Risk Management Process

The company adheres to a formal process of risk management to reduce and manage financial and non-financial risk. The risk management process is set up to map the main risk elements of the company and apply appropriate measures to mitigate such undesirable events.

On the one hand, management manages the company's risk in accordance with the risk appetite determined by Isavia's Board of Directors, which includes the risk that the company is willing to accept to achieve its goals. On the other hand, risk tolerance is considered, which is the limit of acceptable deviation from the goals, defined among other things in laws and regulations that apply to the operations, domestic and international commitments, policy documents, processes, procedures and manuals.



Introduction

- Introduction by the CEO
- Address of the Chairman
- Year 2024
- Key Figures

Strategy and Management

- The Board of Directors and Corporate Governance
- Operations
- Value Creation
- Strategy and Future Development
- Risk Management
- Material Topics

Sustainable Airports and Airport Communities

- Climate Issues
- Resource Efficiency
- Quality of Life
- Human Resources
- Training and Education
- Safety and Protection
- Customers
- Procurement
- Development and Expansion

Appendix

- GRI Index
- Consolidated Financial Statement

Material Topics

Isavia published the first Icelandic company materiality assessment in 2018, which looked at the impact of the company's operations on the environment, society and governance. Since then, the materiality assessment has been the basis for the company's annual disclosure. With new corporate disclosure requirements under the EU Corporate Sustainability Reporting Directive (CSRD,) companies are required to disclose and perform a double materiality assessment.

With a double materiality assessment, companies are not only required to assess the impact of their operations, whether positive or negative, on the environment and society, but also to assess what the risks or opportunities are financially for the company in the context of the environment and society.

Double Materiality Assessment

Isavia conducted a double materiality assessment in accordance with the ESRS standards but also follows the GRI principles for materiality assessment in accordance with GRI Standards for 2021. For the preparation and implementation of the double materiality assessment, a task force was established with representatives of internal key stakeholders. The task force also relied on advice from experienced external parties and EFRAG guidance on the implementation of ESRS 1. During the project period, data and information from the company's internal and external environment were used. Since direct data was not available, as is often the case at earlier or later stages in the value chain of companies, general criteria, and knowledge were used.

Managers and key experts received tailored training on CSRD and human rights issues before workshops began on impact, risk, and opportunity analysis. The results of the double materiality assessment were finally confirmed by the executive management and presented to the company's Board of Directors.

In the 2024 reporting, we only publish the broad terms of the ESRS standards covered by the materiality assessment.

Impact Materiality

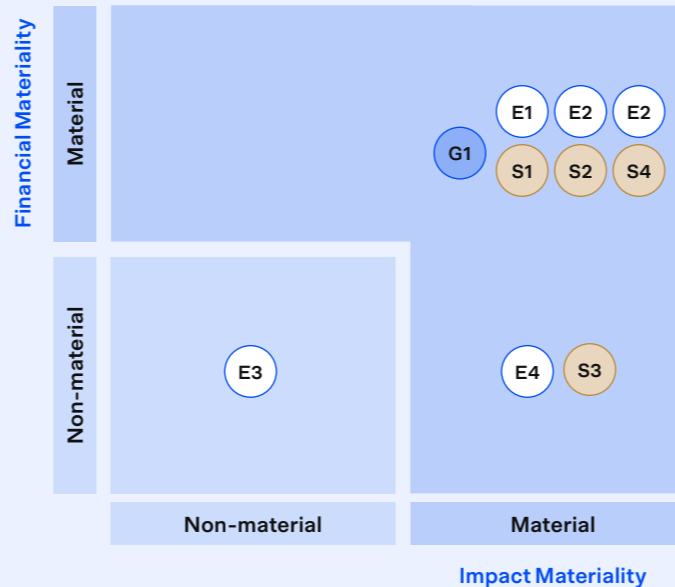
A sustainability issue is defined as significant from an impact perspective if the company is associated with actual or potential significant impacts on people or the environment. The impacts need to be considered over the short, medium, and long term, and whether the company directly caused the impacts or is connected to them through its value chain.

The materiality of the impact is assessed based on a combination of severity or benefit and likelihood of the impact. Severity is determined by the scale, scope, and irremediability of the impact. A high score under one of these factors is enough to have a serious impact. Benefits depend on scale and scope.

Financial Materiality

The sustainability issue is important from a financial perspective if it has a financial impact on the company, i.e. it creates risks or opportunities that affect or are likely to affect the future cash flows and therefore the company's enterprise value in the short, medium or long term. Financial significance is assessed based on a combination of the magnitude of the financial impact on the company and the likelihood.

Double Materiality Assessment



Environmental standards

- E1 Climate change
- E2 Pollution
- E3 Water and marine resources
- E4 Biodiversity and ecosystems
- E5 Resource use and circular economy

Social standards

- S1 Own workforce
- S2 Workers in the value chain
- S3 Affected communities
- S4 Consumers and end-users

Governance

- G1 Business conduct

Introduction

- Introduction by the CEO
- Address of the Chairman
Year 2024
- Key Figures

Strategy and Management

- The Board of Directors and
Corporate Governance
- Operations
- Value Creation
- Strategy and
Future Development
- Risk Management
- Material Topics

**Sustainable Airports
and Airport Communities**

- Climate Issues
- Resource Efficiency
- Quality of Life
- Human Resources
- Training and Education
- Safety and Protection
- Customers
- Procurement
- Development and Expansion

Appendix

- GRI Index
- Consolidated Financial
Statement

Isavia's Methodology and Approach

Scope and Limitations

The scope and limitations of the double materiality assessment cover the Isavia Group and its entire value chain (where information about the value chain has been available) with a focus on its own operations and those suppliers and business partners with whom the Group has a direct business relationship. On the impact side, actual and potential negative impacts, as well as actual and potential positive impacts, are included within the scope of the assessment. The same applies to financial risks and opportunities on the financial side.

Communication With Stakeholders

It is fundamental to understand which stakeholders are affected by the company's operations. Isavia works systematically to engage in dialogue with its stakeholders and understand their positions, concerns and expectations. This information is useful to us when we assess how the company's impact affects the environment and society, on the one hand, or affects financial performance.

Rating

According to ESRS 1 and guidance from EFRAG, three parameters, scale, scope, and irreparability, should be used to assess the severity of actual and potential adverse effects. When assessing positive impacts, two variables are used: scale and scope. When assessing the materiality of potential impacts, the likelihood of them occurring shall be taken into account. The materiality of risks and opportunities is assessed based on the potential size and likelihood of potential financial impact.

Period

Short, medium, and long-term perspectives were considered when assessing impacts, risks and opportunities. The ESRS guidelines do not define the time period itself, but in our opinion, short-term was defined as covering more than one year or the company's accounting period, medium-term as 2-5 years, and long-term as anything longer than 5 years.

Thresholds

To determine whether a topic is classified as important, whether based on impact or financial impact, certain thresholds need to be set. The thresholds are based on the interaction of the factors for which points are given and probabilities. Whether a sustainability topic is considered material for a company's disclosure depends on which side of the thresholds the topic falls on.

Impact	Risks and opportunities
Scale: The size of the impact is rated from 1 (no or negligible impact) to 5 (serious long-term or persistent impact)	Scale: The size of the financial impact is estimated from 1 (<ISK 50 million) to 5 (>ISK 2,000 million)
Scope: The scope of the impact is rated from 1 (impacts only a few people, or the impact is only felt in the same place as it originates) to 5 (impact affects large groups, communities, internationally)	
Irremediability: Only applies when there is a negative impact. Rated from 1 (relatively easy to improve) to 5 (effects are irreparable)	
When assessing the materiality of potential impacts, risks, and opportunities, the likelihood of them occurring shall be taken into account. Rate from 1 (very unlikely) to 5 (very likely/real)	



Introduction

- Introduction by the CEO
- Address of the Chairman
- Year 2024
- Key Figures

Strategy and Management

- The Board of Directors and Corporate Governance
- Operations
- Value Creation
- Strategy and Future Development
- Risk Management
- Material Topics

Sustainable Airports and Airport Communities

- Climate Issues
- Resource Efficiency
- Quality of Life
- Human Resources
- Training and Education
- Safety and Protection
- Customers
- Procurement
- Development and Expansion

Appendix

- GRI Index
- Consolidated Financial Statement

The Process of Conducting the Assessment

1. Preparation

Analysis of the company's value chain, business model and stakeholders. Determine the criteria for scoring and reference limits for the assessment, as well as prepare project participants with training. Educate key stakeholders and decide how their involvement in the assessment will be structured.

2. Scope of impacts, risks and opportunities

A list was compiled of all topics that appear in ESRS 1 Appendix A, as well as all other topics that the company has worked on in relation to sustainability in its operations, e.g. previous materiality assessments.

3. Analysis and assessment of impacts, risks and opportunities

Two workshops were held where Isavia's managers and experts came together with consultants to discuss these predetermined topics and what impact, risks, or opportunities the company's operations and value chain have on them. New topics that emerged during the workshops were added to the overall list of impacts, risks, and opportunities. The assessment used a predetermined scoring scale and thresholds when assessing the importance of the topic.

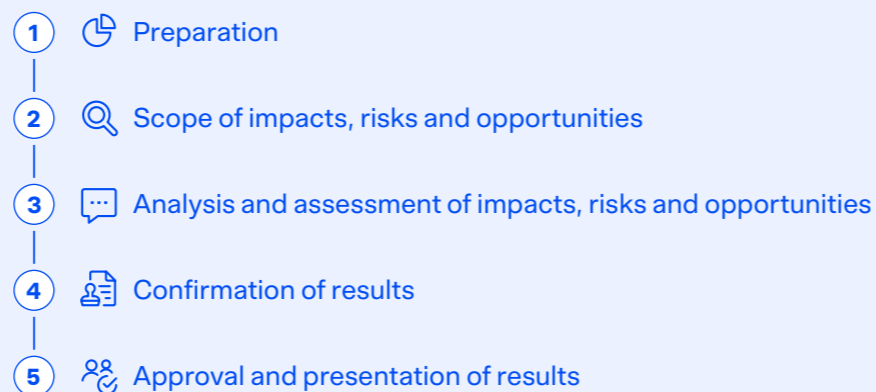
4. Confirmation of results

The first draft of the results of the materiality assessment was reviewed by Isavia's experts. A position was taken on the rating and changes were made if new information became available. At this stage, stakeholders were contacted for confirmation of the assessment. In-depth interviews were conducted with representatives of 9 stakeholders of the company and discussions were conducted based on the initial results of the assessment. Two changes were made to the impact rating following stakeholder interviews that brought those issues above the thresholds of the assessment and are therefore considered material.

5. Approval and presentation of results

In the final step of the assessment, the results were reviewed and approved by the appropriate management with the changes made before the company's Executive Board approved the results and the Board was informed of its findings.

Double Materiality Assessment process



Data points

Preparations are underway to provide information on relevant data points according to the ESRS standards, but as this work has not yet been completed, we publish information in accordance with GRI Standards, as in previous years. The following table shows a rough relationship between the two standards, but is not an exhaustive overview.

ESRS standards	The name of the GRI standard referenced
ESRS 2	GRI 2 GRI 3 GRI 201: Economic Performance 2016 GRI 203: Indirect economic impacts 2016 GRI A01-3: Key figures
E1 Climate change	GRI 302: Energy 2016 GRI 305: Emissions 2016
E2 Pollution	GRI 306: Effluents and waste 2016 GRI A05: Quality of life GRI A06: Resource efficiency
E3 Water and marine resources	GRI 303: Water and effluents 2018
E4 Biodiversity and ecosystems	GRI 304: Biodiversity 2016 GRI A09: Quality of life
E5 Resource use and circular economy	GRI 306: Waste 2020 GRI A04: Resource efficiency
S1 Own workforce	GRI 401: Employment 2016 GRI 403: Occupational health and safety 2018 GRI 404: Training and education 2016 GRI 405: Diversity and equal opportunities 2016 GRI 406: Non-discrimination 2016
S2 Workers in the value chain	GRI 409: Forced or compulsory labor 2016
S3 Affected communities	GRI A07: Quality of life
S4 Consumers and end-users	GRI 418: Customer privacy 2016
G1 Business conduct	GRI 2 GRI 204: Procurement practices 2016

Introduction

Introduction by the CEO
Address of the Chairman
Year 2024
Key Figures

Strategy and Management

The Board of Directors and
Corporate Governance
Operations
Value Creation
Strategy and
Future Development
Risk Management
Material Topics

**Sustainable Airports
and Airport Communities**

Climate Issues
Resource Efficiency
Quality of Life
Human Resources
Training and Education
Safety and Protection
Customers
Procurement
Development and Expansion

Appendix

GRI Index
Consolidated Financial
Statement

Isavia's value chain



Introduction

Introduction by the CEO
Address of the Chairman
Year 2024
Key Figures

Strategy and Management

The Board of Directors and
Corporate Governance
Operations
Value Creation
Strategy and
Future Development
Risk Management
Material Topics

**Sustainable Airports
and Airport Communities**

Climate Issues
Resource Efficiency
Quality of Life
Human Resources
Training and Education
Safety and Protection
Customers
Procurement
Development and Expansion

Appendix

GRI Index
Consolidated Financial
Statement

Conversation With the Group's Stakeholders

We focus on a widespread consensus and strong co-operation with those stakeholders who rely on the services of Isavia and are impacted by its operation. Our activities are spread throughout Iceland, and therefore affect almost all Icelanders in some way.

We have identified stakeholders and categorised them into twelve groups:

- Isavia shareholder
- Customers
- Suppliers
- Staff
- Key partners in airport areas
- Domestic and foreign regulatory agencies and governments
- Public guardians and institutions related to public interests
- Air navigation partners
- Local community and municipalities
- Creditors
- Media
- Interest groups of stakeholders, businesses and professionals

The Isavia Group emphasises taking the initiative in communicating with stakeholders. These communications must be transparent and open. We are in active dialogue with most of these groups and maintain regular communication as needed.

Isavia and its subsidiaries seek suggestions and feedback from stakeholders in various ways. Communication takes place in a variety of ways, including at meetings, through market surveys, in collaborative projects, and through traditional channels with general inquiries and messages.

The following table shows examples of communications between Isavia and its subsidiaries with stakeholders in 2024.

Stakeholders	Arrangement of communication	Stakeholder expectations	Further communication with stakeholders
Isavia shareholder	AGM, regular information meetings with owner representatives.	Efficient operation of airports and other operating units in the Group, building for the future.	Disclosure to owner regarding vision and policy and future development. The main forum for disclosure - the AGM - is used to keep the owner well informed. Code of Conduct established for the company.
Customers	User meetings, regular meetings at domestic and foreign levels and email communication as needed. Passenger expectations closely monitored through passenger surveys such as ASQ.	Information regarding operations and projects, regular information about incidents or events that affect the operation of airports and services, information about improved facilities or services. ASQ surveys provide important information about passenger demands and expectations.	Airport construction is being undertaken, amongst other things, to respond to customer requests
Suppliers	Introductory meetings, field trips, market research, communication through, for example, a tender website.	A transparent process, competition is guaranteed, and procurement processes are well managed.	A new contract management system improves the overview for operating contracts, and terms of business have been updated and published for the entire group, ensuring consistency.
Staff	Daily conversations between managers and employees, regular workplace surveys, conversations during negotiations for collective wage agreements or during job interviews, permanent employment interviews and exit interviews.	Active employee processes that ensure a safe and healthy work environment. Employee satisfaction. Fairness is respected. Management that promotes the growth and development of employees.	Clear disclosure of changes at the parent company regarding new office facilities.
Key partners in airport areas	Business managers communicate with stakeholder representatives as needed. Regular meetings are also held 2 - 4 times a year.	In meetings with operators, expectations are expressed about, for example, facilities.	The passenger forecast for 2025 was presented to partners at the end of 2024. Helps in preparation for the operating year.
Domestic and foreign regulatory agencies and governments	Regular consultation and status meetings, regular emergency preparedness meetings, meetings based on operating license requirements, conversations, phone calls and formal communications via email. Announcement of audits. Changes to procedures, digital systems, or administrative changes are subject to approval by the Icelandic Transport Authority.	Disclosure of operating conditions, ensuring compliance with rules, co-ordinated and centralised management of operations. That the company meets all regulatory requirements. Good and regular communication. Iceland's performance plan, and that Isavia ANS complies with rules on charging and operational capability.	Collaboration on NATO/NSPA runway jet traps renewal, extensive work on optimising the organisation and processes for APOC, good collaboration on aircraft accident exercises at KEF, and negotiation work with the FAA being completed – the FAA has taken over as KEF's advisor when it comes to permits for crosswind flight tests. Co-operation regarding flight restrictions at volcanoes. Regular audits.
Public guardians and institutions related to public interests	Open dialogue on issues related to interest groups. Seeking opinions and comments from NGOs such as ÖBÍ, SAF, etc. when, for example, changes are made to the airport or operations. The Coast Guard - Regular meetings where planning takes place. The Department of Civil Protection and Emergency Management – Meetings through Isavia's emergency management when events occur.	The NGOs emphasise being included in the discussions when changes are made and that their comments are taken into account. The Coast Guard - training and communication/consultation when unexpected incidents arise. The Department of Civil Protection and Emergency Management - training and communication/consultation when unexpected incidents arise.	When making changes, for example to signage in the airport terminal, comments have been sought from ÖBÍ and senior citizens' organisations to ensure that the route system benefits that group of users. The Coast Guard - Regular training 2024 and various unexpected incidents. The Department of Civil Protection and Emergency Management - Several volcanic eruptions and aviation incidents.
Air navigation partners	Regular meetings with partners in the air navigation co-operation forum, e.g. through the Borealis Alliance. Regular meetings also take place with the International Civil Aviation Organization and Eurocontrol, which Iceland recently joined. There is also active dialogue with the Danish Transport Authority and the IAA in Ireland regarding operations in the Faroe Islands and Greenland, and regarding communications with Ireland regarding aeronautical telecommunications services in the North Atlantic. Regular status and consultation meetings. Working groups on special issues, consultations on operations and user fees. Email communication between meetings. CANSO Conference - Airspace world	Emphasis on good co-operation, for example, on Free Route Airspace within the Borealis Alliance and co-operation and exchange of information within international organisations. Safe, cost-effective service with good capacity. Participation in projects and meetings. Eurocontrol – Meetings regarding entry to Eurocontrol CANSO – participation in meetings and conferences	Free Route Airspace's success presented jointly through the Borealis Alliance. Communications regarding Iceland's entry to Eurocontrol. Iceland's representative in Eurocontrol comes from Isavia ANS and has started working in Brussels. Eurocontrol – Regular communication meetings with the Icelandic Transport Authority. Entry process into both Eurocontrol and CANSO Europe. Regular meetings of the ICAO - NAT SPG committees.
Local community and municipalities	A special consultation forum where steering groups meet regularly. The Suðurnes Forum is a collaboration platform between the parent company Isavia and municipalities in the Suðurnes region.	Increase diversity in the economic sector of local communities. Collaboration with educational institutions. Actions on climate change issues. Improved environmentally friendly transportation. Co-operation on electricity security, for example in Suðurnes. Trade and vocational training connected to the Group increased.	Schools in the Suðurnes region have signed a declaration of intent to become UNESCO schools with a focus on sustainable development. Project-based instruction increased with afternoon classes. Nearly 100 students added. Work on a Green Industrial Park. Collaboration on carbon accounting. Construction on Suðurnesja Line 2 underway.
Creditors	Lenders receive information about the status of loan terms once or twice a year and are sent statements or draft statements if requested. Depending on the circumstances, meetings are held more frequently and information is provided about plans for the coming years and the last 3 - 6 months of the company's operations are reviewed.	That the company meets loan terms, financial and otherwise, such as when it comes to compliance with laws and regulations regarding the operations and their environmental impact. Creditors want fair treatment and for invoices to be paid on due dates according to procurement rules.	There is a long-term relationship between the company and lenders and other larger creditors, and a conversation is held if something goes wrong. Financial information is not sent to anyone other than lenders.
Media	Telephone conversations. Press releases Written inquiries and submissions. Press conferences as needed.	Quick and accurate information. Response received as soon as possible. Easy access to the Group to obtain information.	Press releases on major issues. Visits to the Group's construction sites to discuss major projects. Interviews with CEOs and managing directors on podcasts and in major media outlets.
Interest groups of stakeholders, businesses and professionals	Participation in cluster collaboration and collaboration at the level of international organisations, e.g. UN Global Compact and ACI Europe.	Meetings and conferences at the level of associations and collaborations. Participation in accelerators and courses. Open meetings.	Content from partners such as ACI Europe, UN Global Compact and Iceland Tourism used to improve the Group's processes and work.



→ Sustainable Airports
and Airport Communities

Introduction

Introduction by the CEO
Address of the Chairman
Year 2024
Key Figures

Strategy and Management

The Board of Directors and
Corporate Governance
Operations
Value Creation
Strategy and
Future Development
Risk Management
Material Topics

**Sustainable Airports
and Airport Communities**

Climate Issues
Resource Efficiency
Quality of Life
Human Resources
Training and Education
Safety and Protection
Customers
Procurement
Development and Expansion

Appendix

GRI Index
Consolidated Financial
Statement

Climate Issues

Isavia runs an extensive operation and is responsible for keeping it harmonious with the environment and society. We work strategically towards reduction of greenhouse gas emissions and use our knowledge and experience to develop new and sustainable solutions. Work has begun on updating an action plan that will better support our goals of Isavia becoming a carbon-neutral company by 2030. In 2024, work began on a climate risk assessment for the country's airports, which will strengthen protection and response to the impacts of climate change on airport operations.

Greenhouse Gas Emissions

Carbon emissions in Isavia's operations are measured and efforts are being made to reduce them as much as possible. The scope of our carbon footprint is delineated into three parts. Scope 1 includes direct emissions, which are considered our direct responsibility. Scope 2 refers to indirect emissions because of the use of electricity, heating and refrigeration. Scope 3 refers to the emissions which take place within the value chain and resource chain of Isavia.

Overall, Isavia's carbon footprint for Scopes 1 and 2 is highest at Keflavík International Airport, which is largely due to the combustion of fossil fuels. With new legislation on sustainability information, the company will be required to disclose all of Scope 3 for both the parent company and subsidiaries. Part of Scope 3 has been calculated mainly for Keflavík International Airport. Since 2021, the carbon footprint and methodology of calculations is certified and confirmed by an independent third party, in accordance with ISO 14064-3.

Scope 1

Direct greenhouse gas (GHG) emissions through use of energy and chemicals

In 2024, direct GHG emissions in Isavia's operations amounted to 2655 (2261) tonnes of CO₂ equivalents. The emissions are largely due to the fuel use in Keflavík International Airport.

Emissions from the use of de-icing chemicals amounted to 368 (195) tonnes of CO₂ equivalents, an 89% increase between years. Emissions from the use of refrigerants in Keflavík International Airport amounted to 16.5 (315,755) kg of CO₂ equivalents in 2024, a significant decrease between years. This is due to the fact that a leak in Isavia's refrigeration equipment was repaired in 2023. Keflavík Airport operates a sewage system in Stafnes. The sewer system has so far been classified in Scope 3 but will hereafter be classified in Scope 1. The discharge of the sewage system was 50(55) tonnes of CO₂ equivalents.

Direct emissions are increasing year-on-year, or by 8.7%, which can be attributed to an increase in emissions of fuel and de-icing chemicals. The majority of Isavia's carbon footprint within Scope 1 is caused by the use of the large equipment that services runways, aprons and taxiways.

Scope 2

Indirect greenhouse gas (GHG) emissions through energy use

All electricity purchased by Isavia is from renewable sources and comes with confirmed guarantee of origin. Indirect emissions through electricity and hot water use in 2024 totalled 527 (480) tonnes of CO₂ equivalents.

Isavia's Carbon Footprint 2024 (tCO₂e)

	2020	2021	2022	2023	2024
Scope 1					
Fuel use	2,295	1,550	2,345	2,261	2,655
Petrol (L)	26,962	34,358	37,575	34,441	25,687
Diesel (L)	759,292	483,013	776,196	795,679	896,435
Jet fuel (L)	66,676	6,337	58,505	55,300	63,080
Gas (kg)	-	143	110	976	840
De-icing	144	115	134	195	368
Refrigerants	-	41	42	316	0.0165
Wastewater*	-	56	72	55	50
Total Scope 1**	2,439	1,762	2,593	2,827	3,073
Scope 2					
Electricity***	153	179	196	220	233
Location-based emissions	153	179	196	220	233
Market-based emissions	-	-	-	-	-
Heat	270	205	246	260	294
Total Scope 2	423	384	441	480	527
Scope 3					
Waste	86	122	166	283	158
Recycling Rate	41%	39%	38%	41%	49%
Well to tank - Fuel	527	357	542	531	608
Electricity - transmission and distribution	7	9	10	11	12
Business Travel	-	77	297	208	235
Purchase of goods and services	18,475	19,555	53,646	****	****
Employees travel to and from work	-	420	392	432	430
Staff travel of other operators to and from KEF	-	3,970	3,735	3,302	3,331
Passenger travel to and from KEF	7,910	11,617	28,605	30,122	33,255
Landing, takeoff, APU and movements	24,231	34,669	63,304	75,870	69,049
Other operators at KEF	-	1,864	2,429	2,748	7,509
Total Scope 3	59,147	79,808	170,076	113,564	114,587
Total Scope (tCO₂e)	62,008	81,954	173,111	116,871	118,188

* The sewer system will be moved from Scope 3 to Scope 1
 ** Recalculated total with the sewer in scope 1
 *** Electricity considers both location-based and market-based emissions
 **** Not calculated for 2023 and 2024

Figures in parentheses are the figures of the previous year for comparison

Introduction

- Introduction by the CEO
- Address of the Chairman
Year 2024
- Key Figures

Strategy and Management

- The Board of Directors and
Corporate Governance
- Operations
- Value Creation
- Strategy and
Future Development
- Risk Management
- Material Topics

**Sustainable Airports
and Airport Communities**

- Climate Issues
- Resource Efficiency
- Quality of Life
- Human Resources
- Training and Education
- Safety and Protection
- Customers
- Procurement
- Development and Expansion

Appendix

- GRI Index
- Consolidated Financial
Statement

Scope 3

Other indirect greenhouse gas (GHG) emissions

Scope 3 includes, among other things, indirect emissions which take place while taking off and landing and the travels of passengers to and from the airport. These factors comprise by far the largest part of Isavia's carbon footprint, with Scope 3 being 32 times larger than Scopes 1 and 2 combined. This is a big challenge for us because it refers to emissions which don't occur due to our operation but due to the operation of the resource chain. Calculations of these emissions are therefore an important factor in Isavia's collaboration with stakeholders regarding developing improvements and solutions which help all parties reduce emissions. Such mapping gives Isavia an overview of the largest emissions factors from the value chain of the company.

Overview of Emissions According to Scope

Isavia's sustainability dashboard gives managers a better overview of emissions by scope and increases understanding and transparency of the issue. The dashboard can be used to monitor certain environmental factors and intervene earlier to achieve set goals or prevent major problems from arising. Work will continue on developing the dashboard in 2025, but it will also respond to increased demands for carbon footprint calculations.

Since 2018, we have carbon offset all direct emissions from the operations. Since 2021, we have also carbon offset other operating factors which fall outside Scope 1, such as electricity and heating, the business trips of employees and actions related to waste disposal. We buy certified carbon units that meet ACA requirements.

In 2024, 3,690 units were purchased from the company Gold Standard for operations in 2023. Each unit is equivalent to the emission of 1 tonne of CO₂. Units were purchased for projects that support more sustainable cooking conditions in Kenya, the use of biomass for fuel in Brazil and the restoration of biodiversity in Honduras.

Energy Use

Direct energy use

Within the operation of Isavia, fuel use is the most substantial factor with regard to GHG emissions from direct energy use. These emissions can largely be attributed to service and maintenance of runways and airport areas, and therefore their extent can fluctuate between years.

The goal is to replace all of Isavia's equipment with sustainable energy, but so far, environmentally friendly technical solutions have not been developed that can replace all of the equipment used in the company's daily operations. In the meantime, biodiesel is being used to reduce the carbon footprint of fuel consumption. Organic diesel, or hydrotreated vegetable oil, is produced sustainably and is sustainability certified. With its use, the carbon footprint per each litre of fuel is reduced by 99%. It was not possible to implement biodiesel on Isavia's equipment in 2024. The first litres of biodiesel were purchased at the beginning of 2025. In order to gain experience with the use of biodiesel, the implementation will be done in phases. In the first phase, biodiesel will be mainly installed on shovel loaders, runway sweepers and pickup trucks. Implementation is scheduled to be completed in the third quarter of 2025.

In 2024, Isavia hired consultants to prepare a report regarding energy transition in equipment. The report discusses how Isavia can reduce greenhouse gas emissions by examining the status of its vehicles and what the replacement plan needs to be in order to achieve Isavia's goal of carbon neutrality by 2030. Isavia's fleet was classified into two categories: First, those vehicles that could easily run on electricity and second; larger devices that technological development has not yet reached but could, however, use biodiesel instead of fossil fuels. Along with the increase in the number of electric vehicles, an infrastructure needs to be built to service the devices.

Indirect energy use

Indirect energy use is related to the utilisation of electricity and hot water. The electricity use of Isavia increased slightly between years, which can be traced back to an increase in business and a boost in the number of passengers. In the next few years, the electricity use of the company is expected to increase, both due to the expansion of Keflavík International Airport and energy transition.

Surveillance with the electricity use of buildings will be increased in the coming years. This involves measuring use within individual systems or users to reduce energy use. It also includes the implementation of a comprehensive energy utilisation system which will compile information on all use of electricity, water or other energy. Such a system will enable the compilation of all documents regarding the total use in Keflavík International Airport and promote more efficient energy use in the future.

Use of hot water within the Group increased by 13% between years, and amounted to 677,581 (599,504) m³ in 2024.

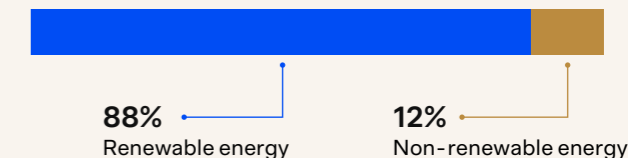
Electricity consumption by Isavia in kWh

	2023	2024
Total	27,040,736	28,667,277
Isavia ohf.	22,021,254	22,844,534
Isavia Regional Airports	2,261,843	3,040,301
Isavia ANS	2,684,509	2,697,832
The Duty Free store	73,130	84,610

Isavia's hot water consumption in kWh

	2023	2024
Total	41,825,396	47,272,568
Isavia ohf.	35,358,654	39,475,794
Isavia Regional Airports	3,820,283	5,122,757
Isavia ANS	2,243,696	2,288,765
The Duty Free store	402,763	385,252

Breakdown of total energy use of Isavia in kWh



Figures in parentheses are the figures of the previous year for comparison

Introduction

Introduction by the CEO
Address of the Chairman
Year 2024
Key Figures

Strategy and Management

The Board of Directors and
Corporate Governance
Operations
Value Creation
Strategy and
Future Development
Risk Management
Material Topics

**Sustainable Airports
and Airport Communities**

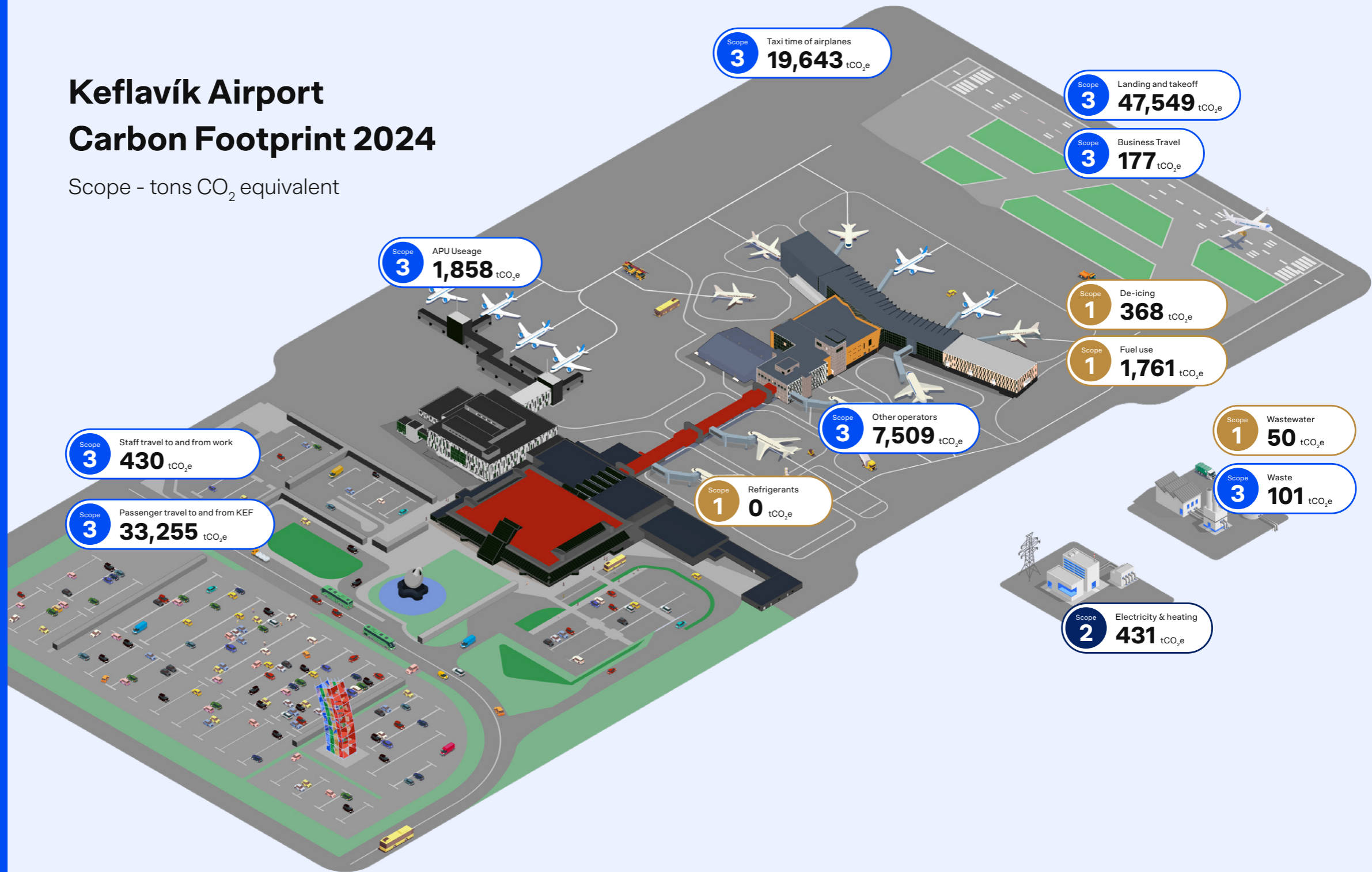
Climate Issues
Resource Efficiency
Quality of Life
Human Resources
Training and Education
Safety and Protection
Customers
Procurement
Development and Expansion

Appendix

GRI Index
Consolidated Financial
Statement

Keflavík Airport Carbon Footprint 2024

Scope - tons CO₂ equivalent



Introduction

Introduction by the CEO
Address of the Chairman
Year 2024
Key Figures

Strategy and Management

The Board of Directors and
Corporate Governance
Operations
Value Creation
Strategy and
Future Development
Risk Management
Material Topics

Sustainable Airports and Airport Communities

Climate Issues
Resource Efficiency
Quality of Life
Human Resources
Training and Education
Safety and Protection
Customers
Procurement
Development and Expansion

Appendix

GRI Index
Consolidated Financial
Statement

The Airport Carbon Accreditation System

The ACA (Airport Carbon Accreditation) is the only international carbon certification system for airports and is run by the Airports Council International (ACI), of which Isavia is a member. The certification system assesses whether airports measure carbon emissions correctly and whether the success of actions to reduce the airport's carbon footprint is in line with the airport's goals. This is done by having independent, accredited parties audit the carbon footprint and its calculations. The goal is to reduce the environmental impact of airports by measuring, managing, and reducing carbon emissions.

ACA certifications are divided into seven levels, ranging from carbon emissions mapping in Scopes 1 and 2 to "Net Zero." Keflavik International Airport is at level four (Level 3+) in the carbon accreditation system, achieving it in 2022. At that level, the airport is required to carbon offset part of its operations and calculate the carbon footprint for Scopes 1 and 2, as well as part of Scope 3, such as waste, staff business travel, passenger travel to and from the airport, staff travel to and from work, and takeoffs and landings.

In Scopes 1 and 2, there are certain factors that Isavia can influence regarding its carbon footprint. Keflavik International Airport already purchases energy produced from renewable resources and has a verified guarantee of origin. Isavia can reduce the use of fossil fuels by switching to biodiesel and through energy transitions. The de-icing chemicals used by Isavia have the Nordic Ecolabel and Blue Angel environmental certifications, and are the most environmentally friendly de-icing chemicals on the market, but their use depends on weather conditions, as severe ice and harsher winters lead to greater use. After the leak that occurred in 2023, a refrigerant replacement plan was developed and worked on in 2024. The replacement of the large cooling system in the south building has been

completed, with a CO₂ system installed, which is the most environmentally friendly in refrigeration today, replacing HFC refrigerants. HFCs (hydrofluorocarbons) are the most common type of F-gases. They are man-made gases that are used in various industries and have a high global warming potential compared to CO₂. Work will continue to replace F-gas refrigerants in the terminal with more suitable and environmentally friendly alternatives that have a lower carbon footprint. In recent years, the sewer system has been in Scope 3 but is now moving up to Scope 1 as Isavia manages the operation of the pumping station. Part of the volume that passes through it comes from sources other than Keflavik International Airport.

In order to achieve the fifth and sixth levels of ACA certification (Level 4 and 4+), goals and actions must be in line with the Paris Agreement, and at the top three levels, goals must be set at least 10 years in advance. In addition, more aspects from Scope 3 are added to the list of issues under consideration in terms of carbon footprint. Goal setting is important for ACA, but the airport's performance is not only assessed based on its carbon footprint, but also on how well it is achieving the set goals. Isavia's success and goals regarding reducing its carbon footprint and carbon neutrality by 2030 can only be achieved through good collaboration with stakeholders, active monitoring of environmental factors, energy transitions, and by ensuring that the action plan is implemented.

New Surveillance Separation and Ideal Flight Altitudes

In 2023 Isavia ANS was the first air navigation service provider in the world to implement a new 15 NM Target to Target ATS surveillance separation based on Automatic Dependent Surveillance Broadcast (ADS-B) and Controller-pilot data link communications (CPDLC). The project was initially a pilot project that was worked on and approved by ICAO and the Icelandic Transport Authority. The new rules give air traffic controllers leeway to use reduced separation between aircraft enroute over the North Atlantic and by that make better use of the airspace, reducing fuel consumptions and CO₂ emission.

In 2024, the International Civil Aviation Authority (ICAO) published the separation, making the project no longer a pilot project. The conditions were further expanded, which has further increased the use of the separation.

Isavia ANS has been working to increase ADS-B surveillance coverage in the Icelandic air traffic control area. Surveillance services are now provided throughout the entire region extending up to the North Pole. This has increased customer service requested through the allocation of preferred flight altitudes and flight routes requested, while reduced separation and better communication through Controller-pilot data link communications (CPDLC) have also had an impact.



Introduction

- Introduction by the CEO
- Address of the Chairman
- Year 2024
- Key Figures

Strategy and Management

- The Board of Directors and Corporate Governance
- Operations
- Value Creation
- Strategy and Future Development
- Risk Management
- Material Topics

Sustainable Airports and Airport Communities

- Climate Issues
- Resource Efficiency
- Quality of Life
- Human Resources
- Training and Education
- Safety and Protection
- Customers
- Procurement
- Development and Expansion

Appendix

- GRI Index
- Consolidated Financial Statement

Resource Efficiency

Great emphasis is placed on environmental issues in all areas of Isavia. Part of this is the precise monitoring and measurement of the environmental impact of the operation and the control of the environmental aspects to which the impact extends. The goal is to assess whether, and if so, then how, the operation can be made more sustainable in line with nature and society. Isavia ohf. has used a certified ISO14001 environmental management system since 2021. In addition to that, we operate according to clear working procedures and constantly seek new ways for improvement and development in that area.

Recycling Ratio and Volume of Waste

Our goal in 2024 was to sort 51% of all the waste generated through our operations. That goal was not reached, but the ratio of sorted waste was 49.0 (41.0)%. The amount of waste per passenger was reduced by 7.6% year-on-year and is 0.17 (0.18) kg per passenger for the Group.

The environmental impact of unsorted waste is considerable, and efforts are therefore being made to reduce its generation. Work is underway on integrating reuse and recycling even better into the circular system of Isavia. The implementation of smart waste solutions for operators in the terminal with the PAYT model (Pay As You Throw.) It involves users paying for the amount they throw away and therefore encourages operators to sort better and reduce waste generation. Landfill disposal of unsorted waste from Isavia ohf. and subsidiaries depends on the geographical areas of the establishments, but most of it is sent abroad for energy efficiency. We have had difficulty achieving our goals in sorting ratio, and are continuing to work on solutions to better manage this issue. The results of 2024 were therefore satisfying, although we realize that we must continue to look for solutions to better manage the issue. The project is complex and involves many stakeholders.

During negotiations and renegotiations of concession agreements with operators, the sustainability of the planned operation is always considered. Furthermore, operators are obligated to commit to meet our sustainability goals for the sorting of waste. In the construction works at Keflavík Airport this year, mineral materials have been reused as much as possible, either within the construction area or for other development, instead of materials that would otherwise have been transported from mines.

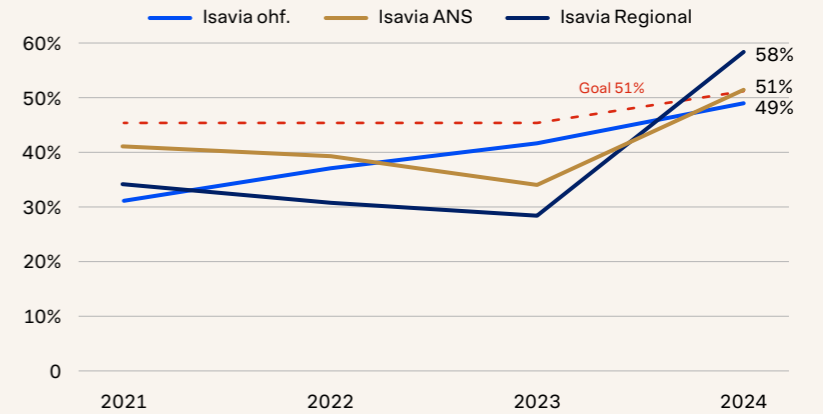
Water

The drinking water of Keflavík Airport and its environs comes from a well in Lágur, approximately eight km southeast of the airport. Isavia also obtains water from the distribution systems of the municipalities where the company has a base of operations and neither recycles nor reuses water from airport areas.

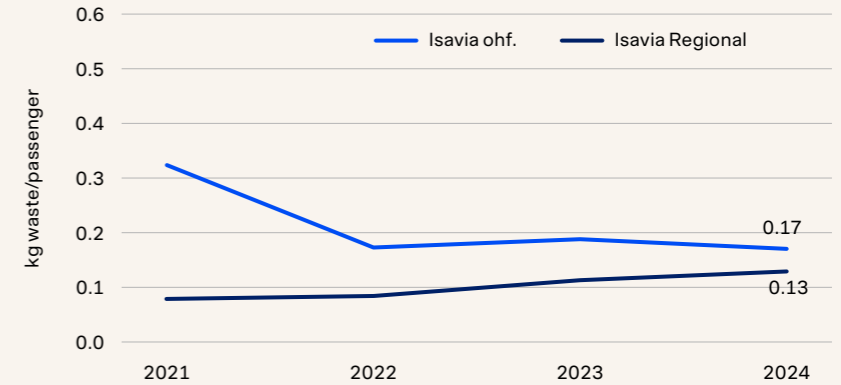
Verkís has had overall responsibility for groundwater investigations at Keflavík Airport since 2017. Groundwater in the area is not used as drinking water but is nevertheless monitored to ensure its purity and freshness. Rosmhvalanes 2 is the groundwater body of Keflavík Airport and is defined by the Environment Agency as "at risk." The last groundwater study was carried out in November 2024, and undesirable chemicals were, in some cases, measured above European standards. They can mostly be traced to the activities of a third party in previous years but to a small extent to de-icing materials used on aircraft on the apron of Keflavík International Airport in certain challenging weather conditions.

Isavia runs a pump and treatment plant at Stafnes for sewage from the terminal at Keflavík International Airport and the surrounding area. Its recipient area is the sea and is defined by Heilbrigðiseftirlit Suðurnesja as a less delicate recipient. Measurements and research are carried out regularly in order

Recycling Proportion



Total Quantity Waste per Passenger



Quantity of De-icing Chemicals in Airports

	2021	2022	2023	2024
De-icing grains (tonnes)	77	116	156	351
De-icing liquid (litres)	188,781	175,542	276,753	419,286

Introduction

Introduction by the CEO
Address of the Chairman
Year 2024
Key Figures

Strategy and Management

The Board of Directors and
Corporate Governance
Operations
Value Creation
Strategy and
Future Development
Risk Management
Material Topics

**Sustainable Airports
and Airport Communities**

Climate Issues
Resource Efficiency
Quality of Life
Human Resources
Training and Education
Safety and Protection
Customers
Procurement
Development and Expansion

Appendix

GRI Index
Consolidated Financial
Statement

to monitor the effects on the sewage treatment plant's recipient areas. In 2022, we engaged the Research Centre of the University of Iceland in Suðurnes to conduct a study of the recipient area of the sewage treatment plant. The aim was to study its effect on plant and animal life in the sea close to the discharge lane at Djúpváik in Stafnsnes. The results indicate that the recipient area is very good and that the environmental impact is low.

Isavia is one of 22 partners of the Icelandic Environment Agency in the LIFE ICEWATER project, which received a ISK 3.5 billion grant from the European Union to improve the implementation of a water plan in Iceland. At Isavia, the funds will be spent on maintenance projects related to sewage and surface water in the airport area. In other places, Isavia uses the sewage system of the municipality of each operating centre. The recipient is in all cases the sea, but the degree of treatment of the wastewater varies depending on the sewer system.

Oil separators and settlement ponds receive the majority of the polluting substances in the surface water that otherwise would end up in the sewage system. In 2023, it was found that with current usage, many oil separators can not handle the volume flowing through them. During the year, a meter was installed that improves monitoring of the oil separator in the area by analysing the amount of oil, water, and sand in the oil separator. The goal is to install such meters in more oil separators and retention basins by 2025. A new retention basin was put into use in 2024, which can hold 14,000 litres of surface water.

The water use of Isavia is significant, as its operation is extensive. Measurements of hot water consumption are within fixed limits, but methods of measuring cold water consumption varies. Cold water consumption figures are therefore not as reliable. The Group used 678 MI (600 MI) of hot water in 2024.

Use of Chemicals

At Keflavík Airport, runway de-icing chemicals is used, both in liquid and solid form, on runways, taxiways, and aprons, in order to increase safety and reduce the impact of ice on operations. The chemicals used are so-called formate salts and are certified with the eco-labels Blue Angel and Swan, are biodegradable and therefore have a low toxicity effect on water. Domestic airports use sand almost exclusively as runway de-icing, but it is also used on apron and taxiways at Keflavík International Airport. The use of de-icing chemicals depends on the weather, the number of aircraft movements and their distribution within the 24-hour period, the size of the activity areas, service requirements, and prevailing anti-ice methodologies. Chemical use therefore varies between years, but increased air traffic, service requirements, and developments in methodology will likely require a continued increase in the use of chemicals for anti-icing. The increased chemical use between 2023 and 2024 can be attributed primarily to weather conditions and the fact that work is continuing to reduce the use of ice-preventative sand at the airport, partly because new types of jet engines are less tolerant of sand absorption than older versions.

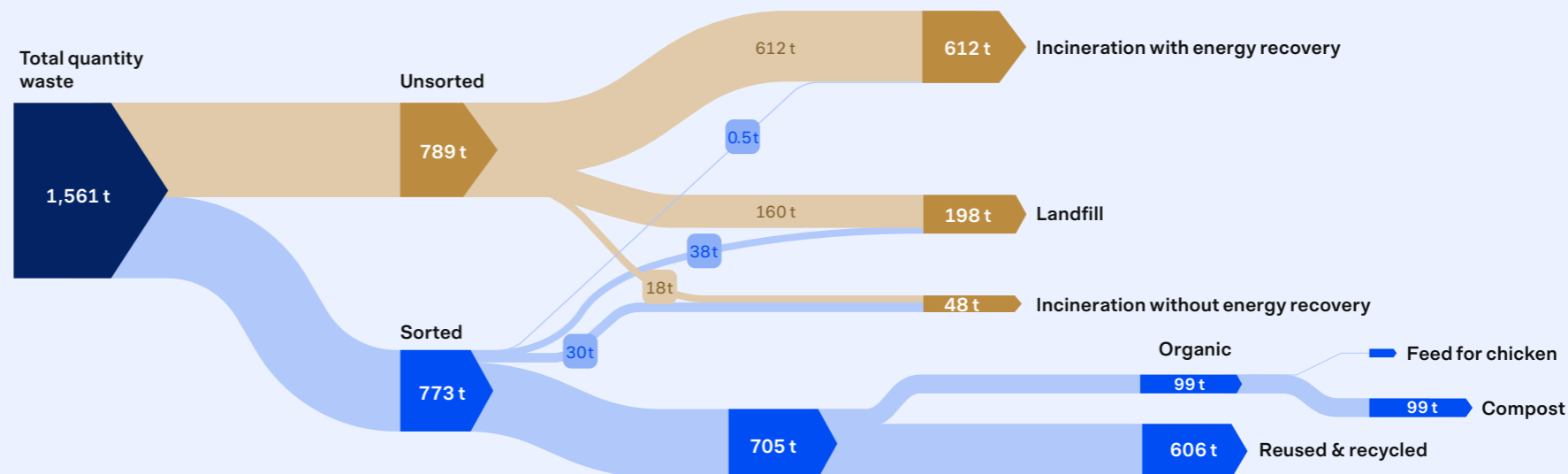
Pollution and Pollution Control

At Keflavík International Airport, minor polluting accidents happen regularly, which are dealt with in accordance with certain working procedures. Most often, the incident in question is a minor oil leak, which can occur during, for instance, the fuelling of airplanes. No major pollution incidents occurred in 2024.

Isavia is currently working on mapping future construction areas at Keflavík International Airport with regard to soil contamination. Particular attention is paid to oil pollution, PFAS pollution, and metal levels above thresholds. Work is also underway on updated procedures for treating soil contamination. Isavia's goal is to have a special area within the airport fence dedicated to the processing of contaminated soil.

Isavia measures chemicals that belong to the PFAS chemical group. This was first done in groundwater monitoring in 2022. The chemicals were measured as exceeding the European benchmark in all the sample holes in the area, albeit in different quantities. The chemicals can mostly be traced to military activities in the airport area, but also the fire department's use of firefighting foam during training at Keflavík Airport. In 2023, Isavia began switching to PFAS-free firefighting foam. Firefighting foam was replaced at domestic airports in 2024, while replacement at Keflavík International Airport and Reykjavík Airport will be completed in 2025. No judgments have been passed this year where Isavia has been found to violate laws or regulations regarding environmental matters, and no such charges are pending.

Waste flows



Introduction

Introduction by the CEO
Address of the Chairman
Year 2024
Key Figures

Strategy and Management

The Board of Directors and
Corporate Governance
Operations
Value Creation
Strategy and
Future Development
Risk Management
Material Topics

Sustainable Airports and Airport Communities

Climate Issues
Resource Efficiency
Quality of Life
Human Resources
Training and Education
Safety and Protection
Customers
Procurement
Development and Expansion

Appendix

GRI Index
Consolidated Financial
Statement

Quality of Life

Isavia works strategically towards being a role model of sustainability issues. We take the initiative to increase sustainability in the entire airport community and collaborate closely with society based on mutual respect. We rely on open communication to disseminate information, and we use our common experience and knowledge to succeed.

Air Quality

Isavia monitors the concentration of various chemicals in the atmosphere. Air quality meters are located at Keflavík International Airport and its immediate surroundings. The quantity of oxides of nitrogen (NO and NO₂) which are the harmful chemicals which should be the most concerning result of airport operations, are measured. Air quality forecasts for Keflavík International Airport show that nitrogen oxide concentrations remain below the limit values, despite the expected number of passengers being 14.5 million per year. The number of passengers in 2024 was 8.3 million.

After the volcanic eruption began in Fagradalsfjall in 2021, Isavia set up other air quality meters in Reykjanes in collaboration with Suðurnesjabær and the Environmental Agency. In addition to prior measurements, the quantity of sulphur dioxide (SO₂) and hydrogen sulphide (H₂S) were measured. In all meters, hydrogen sulfide values were above annual values. Values for nitrogen oxides and sulfur dioxide in other meters were below health protection limits.

Real-time information on air quality meters at and around Keflavík Airport can be found on the website loftgaedi.is.

Acoustics

Isavia monitors acoustics resulting from flights in Keflavík Airport all year round with noise monitors placed at four locations in the vicinity of the airport. Three of them are fixed in specific locations, while one monitor is moveable. Two of the noise monitors have not been active since September and November 2024. One was damaged by the weather, as were the foundations on which it stands, while the other has consistently shown incorrect measurements. Work is underway to fix and calibrate all the monitors.

In 2024, Isavia received 65 (50) reports of noise and nuisance caused by air traffic at Keflavík Airport, most of which were linked to passenger flights directly over residential areas. There were 51 (132) reports of nuisances caused by flight movements at Reykjavík Airport, mainly due to helicopters. Helicopter approach procedures were revised in 2024 and new procedures were issued, which resulted in fewer complaints last year than the previous year. No formal noise reports were received because of the operation of the other airports of Isavia.

In recent years, we have been working on several mitigation measures due to the disturbance that residents in the immediate vicinity of Keflavík Airport may experience. This includes the implementation of new flight trajectories and different use of runways, which are implemented to the greatest extent possible, with due regard to safety and environmental factors, such as wind and runway conditions. In the summer of 2024, runway 10/28 was used more than usual due to construction on taxiway Echo-1 at Keflavík International Airport, which led to an increase in flights over populated areas while construction was underway. The construction is of great importance to both the flow and safety of the runway system.

Efla Consulting Engineers has been mapping acoustics around Keflavík International Airport. The latest information was updated in 2016 at the Environmental Agency, and according to them, no resident suffers 24-hour noise (Lden) over 65 dB as a result of air traffic. Around 300 suffered 24-hour noise from 60 to 64 db and around 1,300 suffered 24-hour noise from 55 to 59 db. The aim is to complete the acoustic mapping of Keflavík International Airport by mid-2025. It was originally planned to be completed in 2024, but this was postponed until 2025.

In 2024, Lden exceeded regulatory limits three times, due to military flights that are exempt from the regulation. Sound measurements related to weather, birds, fireworks, and other such things are cleaned from the data.

New Sound Measurement and Flight Tracking System

For the past seven years, Keflavík International Airport has offered an interactive noise measurement system that is open to everyone. It has been possible to access information about flights that have recently passed through the airport, information about acoustics from noise monitors, and retrieve information going back a month. Emphasis has been placed on offering good systems that the local community of Keflavík International Airport can use to monitor noise in their environment.

In 2024, a contract was signed with the Dutch company Casper NOMS for a new interactive sound measurement and flight tracking system at Keflavík International Airport, which went into operation in July 2024. Casper's innovative solutions focus on flight tracking, noise, operational monitoring, situational awareness, and community engagement. Casper supports airports around the world, including busy international airports such as Copenhagen Airport, Amsterdam Schiphol, and Edinburgh Airport and smaller airports.

The new system includes all the functionality that older systems have offered. In addition, it allows us to better manage noise complaints, link complaints to specific aircraft movements, and to get an even better picture of noise in the vicinity of Keflavík International Airport. Work will be done to translate the system into Icelandic.

It is very important to us to be able to invite residents in the vicinity of Keflavík International Airport to submit comments when they experience disruption from air traffic. With the new system, we can better manage these tips, collect more accurate data, and better develop flight paths so that aircraft noise is less disruptive to our neighbours. We achieve success through good cooperation with the local community.

Only noise complaints regarding Keflavík International Airport will go through the new system. Noise complaints regarding domestic airports are handled through the [Domestic Airports website](#).

A link to the new system can be found here: [Keflavik Airport - flight tracker](#)

Introduction

Introduction by the CEO
Address of the Chairman
Year 2024
Key Figures

Strategy and Management

The Board of Directors and
Corporate Governance
Operations
Value Creation
Strategy and
Future Development
Risk Management
Material Topics

Sustainable Airports and Airport Communities

Climate Issues
Resource Efficiency
Quality of Life
Human Resources
Training and Education
Safety and Protection
Customers
Procurement
Development and Expansion

Appendix

GRI Index
Consolidated Financial
Statement

Biodiversity

Biodiversity is a rapidly growing issue that needs to be given greater attention in the coming years. Animal and bird life within airport areas in Iceland is closely monitored, with the goal being to reduce the likelihood of collisions between animals and aircraft. Animal behaviour is also recorded and incidents that cause them harm are carefully monitored. Isavia keeps track of figures regarding collisions, deterrence and mitigation measures at airports, and information regarding the company's wildlife management each year, where information from all airports in the country is collected.

In 2024, 8 (8) confirmed instances of aircraft birdstrike were recorded at Keflavík International Airport. There were also 11 (8) aircraft birdstrike at domestic airports, of which four were at Reykjavík Airport, three at Akureyri Airport, one at Egilsstaðir Airport, one at Bíldudalur Airport, and two at the airport in Höfn in Hornafjörður.

Isavia analyses the immediate surroundings of the airports, which animal species live there, and the vegetation and food supply in the area. A list of animal species observed in airport areas [can be seen in a table in the appendix](#).

More and more detailed research on biodiversity, ecosystems, and mapping of areas will need to be conducted in the coming years to meet the requirements set forth in new information legislation in sustainability. Despite good monitoring and data collection in recent years, it is necessary to develop a comprehensive vision of the issue, set clear goals, and create a policy and action plan that supports biodiversity.

Suðurnes Discussion Forum

The Suðurnes Discussion Forum is a collaborative project that began in 2019 as an action in line with the company's Sustainability Policy. The four municipalities in Suðurnes participate in the forum – Grindavíkurbær, Reykjanesbær, Suðurnesjabær, and Vogar – Kadeco (Keflavík Airport Development Company,) the Association of Local Authorities in Suðurnes and Isavia. The aim of the forum is to enhance the economy and fortify infrastructure with reference to the UN Sustainable Development Goals.

One of the priority goals of the Suðurnes Discussion Forum is Global Goal 4.7, which aims to ensure that all primary school students in Suðurnes acquire the necessary knowledge and skills to promote sustainable development. With this as a guiding principle, a project was launched in collaboration with Reykjanes UNESCO Global Geopark to ensure that all schools in Reykjanes become UNESCO schools. The project received funding from Sóknaráætlun Suðurnesja, which was used to hire a project manager. An introductory meeting was held at Hljómahöll in September regarding the implementation of a UNESCO school in Reykjanes. All elementary schools in Reykjanes, along with two upper secondary schools and six preschools, signed a letter of intent to join the UNESCO School Project. In order to protect the path to a sustainable society, the school community in Suðurnes has taken a major step by showing solidarity and a willingness to collaborate on important projects so that future generations can enjoy prosperity and sustainability in their immediate environment.

Isavia and Reykjanes UNESCO Global Geopark received a grant from the Development Fund for the project "Waves on Reykjanes, Scientific Literacy and Outdoor Education in Reykjanes Geopark." The goal is, amongst other things, to strengthen students' connections with the environment and to convey knowledge about the importance of sustainability. The project supports a collaborative network of UNESCO schools where the project's products will be accessible in a digital database for teachers, students and residents of Reykjanes.

Purposeful collaboration with the local community is an important part of Isavia's sustainability framework. Emphasis has been placed on active dialogue with schools, institutions, organisations, and municipalities on how to promote employment opportunities and share knowledge and experience. Workshops have been held with members of the local community and schools have been visited. The goal is to meet the challenges facing the Suðurnes region, such as unemployment, the activity of community members, and developing skills and increasing educational opportunities. Isavia, as a major developer in the region, has paid special attention to the availability of vocational and technical training and visited a school in Reykjanesbær to present the company's activities.

Much has been achieved in recent years towards a more sustainable society in the Suðurnes region. Work will continue on various collaborative projects related to the forum's strategic planning. Working groups related to economic development, education in Suðurnes, Reykjanes Geopark, etc., are active.



Introduction

- Introduction by the CEO
- Address of the Chairman
- Year 2024
- Key Figures

Strategy and Management

- The Board of Directors and Corporate Governance
- Operations
- Value Creation
- Strategy and Future Development
- Risk Management
- Material Topics

Sustainable Airports and Airport Communities

- Climate Issues
- Resource Efficiency
- Quality of Life
- Human Resources
- Training and Education
- Safety and Protection
- Customers
- Procurement
- Development and Expansion

Appendix

- GRI Index
- Consolidated Financial Statement

Civil protection and major accident response

Airports and air navigation are of great importance to Icelandic society, both in terms of the economy and security. Isavia has attached great importance on actively participating in the civil defence management system to enhance safety and ensure the operations of this important infrastructure. Isavia also plays an important role in search and rescue response plans within the Icelandic air traffic control area.

Airport security and response are a major element of the company's operations. Isavia, along with its partners, usually holds four full scale exercises at airports handling scheduled flights each year. These exercises are held all over Iceland and participation is very good, with around 1,000 people taking part every year. The exercises are an important element in airport operations and for society as a whole. They are the only regular exercises held in Iceland and are therefore an important element in the civil protection response system, both to practice responses to major accidents and to serve as a consultation forum to develop Iceland's response system. All responders defined in the airport's plan take part in the exercises, together with operations command at both the airport and the civil protection coordination centre in Reykjavik, which are staffed in accordance with the exercises.

Four full scale exercises were held in the course of the year: in Höfn (Hornafjörður) in May, in Gjógur in August, on Grímsey in September, and in Keflavik in November.

Isavia's emergency management team

Isavia's internal response and good coordination within the airport community are key when it comes to ensuring timely response and recovery in relation to operational challenges. The company has therefore focused on ensuring a strong control system and good cooperation between all sides. Isavia's emergency management team was formally set up in 2015 and has since tackled a variety of events, both foreseen and unforeseen.

The emergency management team ensures that Isavia's responses are coordinated and harmonised at times of danger and emergency, when events threaten the company's operative security, with a view to minimising operational disruption and ensuring rapid recovery.

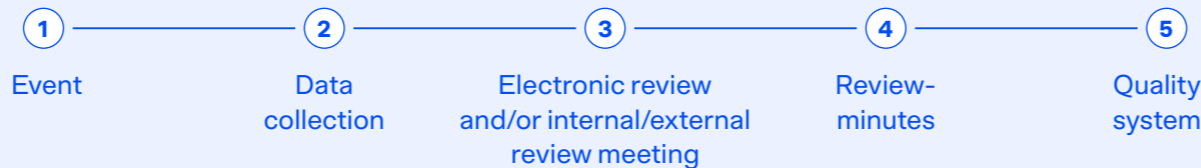
To achieve these goals, the emergency management team follows flexible and effective procedures that tackle events in an organised way. The emergency management team has been deployed many times in the course of the year, and the events have been varied in nature. Each challenge further fosters cooperation within the airport community, and all sides are increasingly better equipped to face new challenges. The emergency management team maintains open communication channels, ensures a smooth supply of information, and holds regular consultation meetings. Short communication channels within Isavia, including among stakeholders and with external parties, have proved important in the process. Reliable responses also depend on a robust review of past events, and the emergency management team ensures that all action taken is reviewed, both within Isavia and, where applicable, among stakeholders. The findings are entered into Isavia's quality system, thereby ensuring that the improvements find their way into operations.

Storms and power cuts

Storms disrupted operations at both the beginning and end of the year, resulting in considerable consultation with airport users in January and December. There was some disruption to flights, but good cooperation between all sides ensured minimal impact on passengers.

Lightning struck the Suðurnes power line on 25 January, leading to widespread power cuts in the Suðurnes region. Isavia's backup power plant came to the rescue, and Isavia staff ensured operations during the power cut.

Emergency and Crisis Management Review Process



Introduction

Introduction by the CEO
Address of the Chairman
Year 2024
Key Figures

Strategy and Management

The Board of Directors and
Corporate Governance
Operations
Value Creation
Strategy and
Future Development
Risk Management
Material Topics

Sustainable Airports and Airport Communities

Climate Issues
Resource Efficiency

Quality of Life

Human Resources
Training and Education
Safety and Protection
Customers
Procurement
Development and Expansion

Appendix

GRI Index
Consolidated Financial
Statement

Seismic activity and volcanic eruptions

Seismic activity persisted on the Reykjanes peninsula, with four volcanic eruptions occurring in the area in the course of the year.

An eruption began at Hagafell on 14 January. This time, the magma tunnel was much closer to Grindavík than on previous occasions, and a fissure opened up at the edge of the town. The eruption did not last long, ending on 16 January. The eruption did not affect flights but had a major impact on the community in Reykjanes, including damage to three buildings in Grindavík.

On the morning of 8 February, an eruption began at Sýlingarfell in a similar area to the eruption of 18 December, and lasted for around 36 hours. There were greater lava flows than in previous eruptions. For a short time, there was minor explosive activity where the lava came into contact with groundwater. However, the ash did not travel far from the eruption site and therefore had a limited effect on flights, except for the short period time when the matter was being investigated. Lava flowed westwards across Grindavíkurvegur and ruptured a hot-water pipeline that supplies water to Keflavík International Airport. Isavia, along with other aviation stakeholders, had already made contingency plans for such a situation and the KEF control system was activated. Consultation and cooperation among the relevant parties was exemplary, and they succeeded in keeping the heat on in Isavia's buildings until 12 February, when the hot-water system was operating at full pressure again. Isavia has now installed a back-up heating station, thus ensuring the supply of hot water should the hot-water supply fail again.

At midnight on the eve of 9 February, there was a failure in the cold-water pipe from Grænás to Ásbrú. The failure was in a location that made Isavia's reserve water tank unusable, which meant that the terminal was without cold water overnight. The lack of cold water posed a challenge and, although action was taken (e.g. the installation of portable toilets,) it was clear that it would not be possible to maintain operations in such circumstances for long. Repairs by the utility company lasted until noon, when the cold water came on again. This situation posed various operational challenges, but no serious disruption.

On 29 May, the third eruption of the year began at Sundhnúksíggar. Once again, lava flowed westwards and threatened infrastructure and property in the area. This eruption was the largest in a series of eruptions at Sundhnúksíggar and lasted for 24 days. About 45 million cubic metres of lava covered an area of some 9.3 km². The eruption did not affect flights.

Around midnight on 20 November, the seventh eruption at Sundhnúksíggar began with short notice. The eruption lasted for three weeks and lava flowed both east and west, including to Svartsengi, but the dykes held. Water-cooling treatment was applied to the lava where there was a risk of it overflowing the dykes. The eruption did not affect flights.

The eruptions occurring in the course of the year have all had a similar pattern – fissure eruptions along long volcanic fissures that reach a peak after a few hours but then subside and fade out or are limited to a small number of eruptions for a few days or weeks. Lava flows rapidly in the first few hours, and repeated lava flows to the west have threatened infrastructure. Further eruptions may be expected in the area as magma continues to build up under Svartsengi, and it is uncertain how long this period of seismic activity will last. The situation is being closely monitored. Infrastructure of great importance for the entire Reykjanes peninsula is located in the seismic zone. A coordinated group of experts within Isavia works both during eruptions to assess and respond to the potential impact of volcanic eruptions on Keflavík International Airport.

Work stoppages

One of the tasks of the emergency management team is to coordinate the sharing of information and Isavia's response among stakeholders regarding work stoppages. The goal is first and foremost to ensure smooth supply of information provision and quick recovery after a work stoppage.

In April, the negotiating committees of the Icelandic Association of Aviation Employees and the Sameykir Union of Public Servants announced industrial action at Keflavík International Airport as result of unsuccessful wage negotiations with the Confederation of Icelandic Enterprise on behalf of Isavia. Strike action was approved by the unions in early May, with calls for a ban on overtime and training, and temporary work stoppages in security screening and passenger transport. Isavia's emergency management team immediately began analysing the impact of the planned industrial action and informing stakeholders. However, in the end no action was taken, as agreements were signed on 7 May.

Nordic Council

The 2024 Session of the Nordic Council was held in Reykjavik in late October. Security was tight, and the impact of this was felt at both Reykjavik Airport and Keflavík International Airport. Preparation and implementation were successful, on the basis of a plan prepared in ahead of the Council of Europe Assembly in 2023.

Cooperation with stakeholders

An important aspect in planning emergency response and crisis management is cooperation with stakeholders. These stakeholders are numerous, have different perspectives and goals, and are located all over the world. In its efforts in this field, Isavia has attached great importance to ensuring positive and close cooperation with all these parties, establishing their roles and needs in the relevant plans, and ensuring the smooth flow of information and communication in times of danger and emergency. Cooperation with these parties has always been very positive, and it is important to further foster and develop cooperation to ensure that everybody is on the same wavelength when needed.

Exercises

It is important to be aware of the threats that may affect the lives and health of staff and passengers and airport operations. Each event is unique, and it is rarely possible to predict all aspects in advance. Strong governance and drills are important elements in any company's crisis planning. Field exercises take time and can be costly, so it is important to maximise the benefits derived from field drills as much as possible. Desk exercises are an important part of preparing for field drills and a good way to gain initial exposure to both older and newer threats. If well organised, they can bolster governance and staff's knowledge of their role when important matters are at stake. Isavia holds numerous desk exercises each year with its partners and internal exercises to improve organisation and increase staff expertise.

Exercises with the police and the special unit of the National Police Commissioner

Although we live in a peaceful society, vigilance and tight security are essential factors in responding to unexpected situations and potential threats. Cooperation with the police is a key element in creating a safe environment and maintaining the safety of passengers, staff and operations. Regular safety drills are held – both field exercises and desk exercises – in addition to close cooperation between all sides. In the course of the year, two exercises were held with the police at Keflavík International Airport – one was a general exercise to practise responses to suspicious luggage and the other was a joint Nordic special forces exercise where one of the scenarios was inside Keflavík International Airport. In connection with the latter, use was made of Isavia's experience in exercises of this type when a presentation was given on setting up drills and accident simulations for police training.

Introduction

Introduction by the CEO
Address of the Chairman
Year 2024
Key Figures

Strategy and Management

The Board of Directors and
Corporate Governance
Operations
Value Creation
Strategy and
Future Development
Risk Management
Material Topics

**Sustainable Airports
and Airport Communities**

Climate Issues
Resource Efficiency
Quality of Life
Human Resources
Training and Education
Safety and Protection
Customers
Procurement
Development and Expansion

Appendix

GRI Index
Consolidated Financial
Statement

Human resources

Isavia is one of the largest and diverse workplaces in Iceland. Our airports are the first port of call for Icelandic adventure travellers and the gateway connecting foreign visitors to other parts of Iceland. Our staff are given the opportunity to grow, develop, and utilise their skills in a workplace that attaches great importance to professional advancement and personal strength. Staff cooperation ensures a unique experience for the passengers and airlines using our services. Each person's role is invaluable, and together we make every effort to create a memorable experience and provide excellent service to airlines and partners.

Human resources policy

Our human resources policy is based on respect, honesty and trust in our communication and work. We have set ourselves the goal of being a leading workplace where equality and mutual trust are at the forefront of everything we do. By cultivating a constructive workplace culture, we encourage employees to be courageous and take responsibility for their own performance. We believe that, through joint efforts, the company will succeed as a whole.

Diversity and equality in the workplace

At Isavia, we strive to build a diverse workplace where individuals can flourish and feel safe in their work. We attach great importance to ensuring that everybody has the opportunity to be themselves and contribute to the company. Diversity strengthens our culture and creates an environment that fosters innovation and progress, and therefore we are extremely keen on emphasising that we are all equal within the company.

In 2024, we actively participated in Reykjavik Pride and held events to celebrate diversity. We have also implemented and maintained an equal-pay system since 2018, in accordance with the relevant laws and regulations, and regular salary analyses confirm that there is no significant gender pay gap within the company. We have also received recognition from FKA (Association of Businesswomen in Iceland) for ensuring equal gender ratios in top management positions.

In recent years, we have established good cooperation with the Directorate of Labour and the VIRK Occupational Rehabilitation Fund and have made efforts to offer jobs to people with reduced working capacity who have been received services from those parties. Such recruitment brings many benefits – for Isavia, the new recruits themselves, and society as a whole. Recruiting people with reduced working capacity contributes to employee diversity while enabling us to utilise the labour of people who reflect the society in which we live and work.

Growth, satisfaction and staff rights

2024 was an eventful year in the company's operations. The increase in passenger numbers and air traffic led to an increase in staff, particularly in part-time jobs to meet seasonal fluctuations. This approach has ensured better staffing and operational flexibility. Staff turnover fell significantly during the year – to 11%, the lowest level since 2017.

Workplace Analysis showed that job satisfaction ranged from 7.4 to 7.8 on a scale of 0–10. Over 90% of staff members responded to monthly surveys, and the results confirm that there is continued trust and satisfaction in the workplace.

Almost all staff are members of trade unions and follow their provisions governing rights and obligations. Staff members who choose not to be part of a trade union nevertheless enjoy comparable rights to others. Staff members of all genders have availed themselves of their right to parental leave in the course of the year, and most have returned to work at the end of their leave period.

In the course of the year, the company's board of directors approved new codes of conduct, which apply to all managers and employees within the Isavia group, and are intended to foster integrity in operations, a good reputation and positive decision-making.



Introduction

Introduction by the CEO
Address of the Chairman
Year 2024
Key Figures

Strategy and Management

The Board of Directors and
Corporate Governance
Operations
Value Creation
Strategy and
Future Development
Risk Management
Material Topics

**Sustainable Airports
and Airport Communities**

Climate Issues
Resource Efficiency
Quality of Life
Human Resources
Training and Education
Safety and Protection
Customers
Procurement
Development and Expansion

Appendix

GRI Index
Consolidated Financial
Statement

Psychosocial safety and well-being

Isavia attached great importance to ensuring the safety and well-being of staff. We do not tolerate negative behaviour, bullying, or sexual harassment. In 2024, procedures for social safety were reviewed, and clear guidelines were set for managers on how to resolve issues in that area. We emphasise everybody's responsibility in creating a healthy and positive work environment. In the course of 2024, four cases were reported regarding social safety in the workplace, two of which fell into the category of bullying, sexual harassment, gender-based violence, and violence. Those two cases were investigated according to the established procedures: One ended with the termination of the employment of the alleged perpetrator: The other was concluded with a reconciliation process between the alleged perpetrator and the alleged victims.

Staff have access to annual health assessments in cooperation with Heilsuvernd and may avail themselves of up to five psychology or counselling sessions at the company's expense.

Staff performing fire and rescue services undergo regular health checks to ensure that they are fit to perform their duties satisfactorily. Job risk assessments are regularly conducted to reduce the likelihood of work-related accidents or illnesses.

In the course of the year, we have also trained a group of staff member in peer support, the purpose of which is to provide emotional, social, and practical support after a trauma or when dangerous and/or difficult situations arise in the workplace.

Work environment and future vision

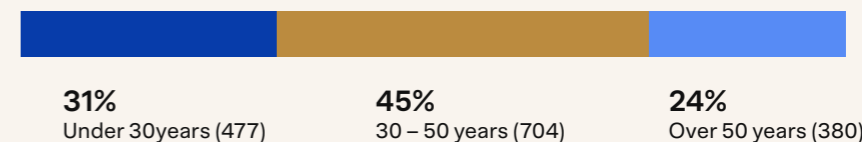
Isavia's has offices throughout Iceland, but the company's main offices are at Keflavík International Airport, in Dalshraun in Hafnarfjörður, and at Reykjavik Airport. In 2024, the decision was taken to extend the East Wing at Keflavík International Airport in order to bring together all of the airport's office operations in one location. The new offices are designed in line with the methodology of a situational work environment and will thus improve cooperation and flexibility between departments. Operations are scheduled to move into the new offices by the end of 2025.

Isavia has succeeded in building up a diverse and fair workplace where staff are able to develop as people and cultivate their talents at work. We are proud of our success and will continue to work towards being an exemplary workplace by strengthening human resources, promoting equality, and ensuring the safety and well-being of staff in all areas.

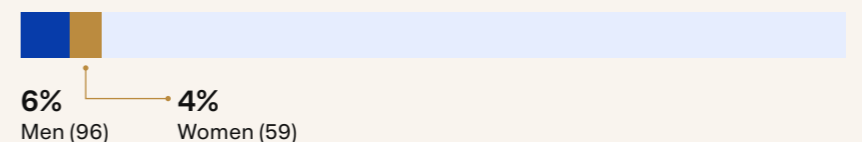
Total number of employees

	Women	%	Men	%	Genderqueer/ Other	%	Total	%
Total number	576	37%	984	63%	1	0%	1561	100
<i>Employees</i>								
Full time	408	26%	826	53%			1234	79%
Part time	168	11%	158	10%	1		327	21%
<i>Employment</i>								
Permanent	493	32%	875	56%			1368	88%
Temporary	83	5%	109	7%	1	0%	193	12%
Interns	11		16				27	
Total number of employees and interns	587		1000		1		1588	

Age distribution of all employees



Ratio of managers of all employees



Age distribution of managers



Introduction

Introduction by the CEO
Address of the Chairman
Year 2024
Key Figures

Strategy and Management

The Board of Directors and Corporate Governance
Operations
Value Creation
Strategy and Future Development
Risk Management
Material Topics

Sustainable Airports and Airport Communities

Climate Issues
Resource Efficiency
Quality of Life
Human Resources

Training and Education

Safety and Protection
Customers
Procurement
Development and Expansion

Appendix

GRI Index
Consolidated Financial Statement

Training and education

Licences to operate airports and air-navigation services are based on operating permits and statutory requirements. The Isavia School and the Isavia ANS training department play a key role in ensuring that staff have the skills they need to meet those requirements. Training ensures that staff are well prepared and safe at work. Since our operating environment is constantly changing, we need to offer our staff a variety of, training, and retraining courses, according to their needs.

The Isavia Academy

The Isavia Academy manages training within Isavia and ensures that staff receive the necessary training to perform their jobs. A wide range of courses to enhance the skills and well-being of employees is provided each year. The Isavia Academy also serves subsidiaries and flight service providers, thus reaching out wider than the staff of the group. The Isavia Academy offers four study lines: the airport operation line, airport terminal line, aviation security line and a general line. The general line has organised courses for all across the Isavia Group. The courses are either digital, traditional learning or a blend of both. It also manages the training of experts and leaders.

All Isavia staff attend training courses at the Isavia Academy every year, for both mandatory and optional training. We ensure that all staff have access to training to enhance their own skills and promote professional development. Staff may also apply for grants to study outside of Isavia.

Effective management training is essential for promoting cooperation and teamwork. There are high demands as regards the skills of managers, and they are therefore offered the opportunity to attend a variety of courses, Buddy groups, coaching, and academic and career counselling, in addition to general mandatory training. The focus is on meeting the needs of each individual as well as ensuring the necessary training and skills. Training activities are based on the Isavia management skills model developed in the autumn of 2023.

Management skills model



Average Hours of Training per year per Employee

	2022	2023	2024
Average hours	47 h.	39 h.	34 h.
Men	51	42	37
Women	42	34	30
Genderqueer /Other	-	55	0
Managers	49	34	30
Employees (without managerial responsibility)	47	39	35

As shown in the table, the average number of hours spent on staff training has fallen slightly year-on-year. Nevertheless, the scope of training has not decreased – the explanation lies in the greater availability of digital learning as opposed to on-site teaching. It takes a student less time to complete academic studies digitally than in a classroom, which largely explains the difference in total hours

Introduction

Introduction by the CEO
Address of the Chairman
Year 2024
Key Figures

Strategy and Management

The Board of Directors and
Corporate Governance
Operations
Value Creation
Strategy and
Future Development
Risk Management
Material Topics

Sustainable Airports and Airport Communities

Climate Issues
Resource Efficiency
Quality of Life
Human Resources
Training and Education
Safety and Protection
Customers
Procurement
Development and Expansion

Appendix

GRI Index
Consolidated Financial
Statement

Human rights, equality and inclusion

Part of the company's educational work focuses on safeguarding human rights, equality and inclusion in Isavia's operations. For instance, frontline staff receive training on the telltale signs of human trafficking and how to respond if such a situation arises. Such staff also complete a course on the 'sunflower lanyard,' which is available to passengers with hidden disabilities and special needs from operators at the airport. The goal is to ensure that staff are able to show such passengers special consideration in communication and service.

Icelandic Courses

We emphasize supporting staff whose native language is not Icelandic by offering grants for Icelandic language studies and a range of educational opportunities. During the spring semester, Icelandic lessons related to aviation were offered both in-person and on Teams. Staff also took part in the distance-learning course 'The Icelandic Trainer' offered by Starfsmennt and also used the 'Bara tala' app, a digital Icelandic tutor. Digital Icelandic courses developed by the Isavia Academy were also utilized. Several employees took the opportunity of meeting up with a mentor from among their colleagues once a week to support their Icelandic studies. These weekly meetings have proven to be very successful. We have seen that they not only support Icelandic language learning, but also significantly assist staff of foreign origin in social interactions and adaptation to the workplace.

Working together with the local community

Work continued on a collaborative project with the consulting firm Mace, which aims to increase social value in the Suðurnes region. Fourth-grade pupils at the Háaleitiskóli school in Ásbrú were given a presentation of Isavia's activities, and Isavia and Mace staff took part in volunteer work for the Red Cross. A group of students from the Suðurnes region and beyond came to Keflavík International Airport for a presentation where they learned about the airport's operations and equipment. On the occasion of the Reykjanes 'Ljósnottt,' a tour of Keflavík International Airport was also offered to the public.

Sustainability

A new and updated version of the course 'Sustainability and Environmental Matters' was released at the beginning of this year. A total of 995 staff members have already completed the course as part of retraining or on boarding training. The course deals with Isavia's sustainability policy, the ISO 14001 environmental management standard, and the environmental aspects of Isavia's operations.

The Isavia ANS training department

Isavia ANS operates a training department with decades of experience of initial, unit and continuous training for air traffic controllers. It also provides training for radio operators, flight data specialists, aerodrome flight information service officers, supervisors, on-the-job-training instructors, assessors and tower assistants.

The initial training for air traffic controllers starts late-summer each year and the duration is around 30 weeks of active training. The initial training is followed by the unit training, which is from 27 weeks to 40 weeks, depending on the unit. Before the training starts the applicants, around 250 of them, must go through various admission tests before being selected for the training. For the year 2024 18 new students started training in air traffic control, 10 finished training and got issued an air traffic controllers licence and 1 controller got his licence renewed after years of working abroad as an air traffic controller. Five controllers added a unit endorsement as area controllers to their licence and three persons graduated as flight data specialists.



Safety and protection

Introduction

Introduction by the CEO
Address of the Chairman
Year 2024
Key Figures

Strategy and Management

The Board of Directors and Corporate Governance
Operations
Value Creation
Strategy and Future Development
Risk Management
Material Topics

Sustainable Airports and Airport Communities

Climate Issues
Resource Efficiency
Quality of Life
Human Resources
Training and Education
Safety and Protection
Customers
Procurement
Development and Expansion

Appendix

GRI Index
Consolidated Financial Statement

Safety and protection are a major part of Isavia's operations. With its occupational health policy, Isavia commits to being a role model in safety, health, and occupational issues, with the aim of preventing accidents, promoting good working conditions, and ensuring a safe and healthy work environment for staff and visitors to the company's offices.

Wide-ranging requirements are placed on airport operators to ensure flight safety. Their operating licences, operations and security systems are therefore dependent on these requirements being met in all respects. All operations use robust network and information systems that ensure data security and protection, and we follow standard procedures to ensure continuous operations and minimise operational risk.

Occupational health and safety

Systematic efforts were made over the year to raise staff awareness regarding safety. This included encouraging all staff to report workplace accidents and 'near misses,' as well as promoting cooperation and the flow of information to management. We have also worked closely with the relevant parties to rectify any deviations and incidents that could lead to workplace accidents.

The number of reported near misses has more than doubled year-on-year, and the goal is to double them again by 2025. More reports enable us to work systematically on prevention and improve security at the airport.

Systematic efforts have been made to improve the analysis of reported incidents and present the results to stakeholders. In connection with those efforts, the Occupational Safety and Quality Board was set up. The role of the Board is to ensure that directors are informed of major incidents and make a joint decision on the appropriate action to take.

Monthly consultation meetings with department heads have also been scheduled to give an overview of each month's incidents and ensure follow-up with necessary improvements.

Safety Days

The 'Safety Days' event was held in a changed format this year – instead of five days, the event lasted for three, and it is now run in cooperation with airport service providers. The event began with a fun game where staff members were encouraged to submit information about risks in their work environment. Some 400 people participated and 30 staff members were selected from the group and received splendid prizes as a token of appreciation.

Safety Committee

The Occupational Health Safety Committee is active across all of Isavia's operations. The Committee is made up safety officers appointed by Isavia and safety stewards representing staff. The Committee works to raise staff awareness regarding safety by means of education and training and ensures compliance with laws and regulations. Particular efforts have been made to increase the participation of committee representatives in the company's formal occupational health and safety activities, including job risk assessments.

Safety, occupational health and safety and health

We attach great importance to education when it comes to the safety, occupational health and safety, and health of our staff. Staff in initial training attend courses in occupational health and safety and the use of defibrillators, while frontline staff also receive training in first response and first aid. Evacuation training is given to passenger service and security staff and to a number of other staff members who serve as evacuation officers in different areas of the airport. Tradespeople and others involved in building work in the area attend a special safety course, and staff selected by their colleagues receive training in community support. In addition, staff in certain jobs receive training in safety and quality management, the use of fire extinguishers, and training as field personnel. In the course of the year, 721 employees received training in this field, racking up a total of 2,500 hours.

Employees Work Related Injuries

	2022	2023	2024
Total injuries	58	60	41
First-aid injuries	31	27	10
Care injuries	10	10	15
Time loss injuries	17	23	16
Rate of recordable work related injuries per 200.000 hours	5.36	5.54	4.95

Cause of injury

	2024
Slippery ice	9
Jam	5
Sharp object	5
Pull/push	4
Fall from a height	3
Passenger	3
Hit	3
Collision	2
Fall from above	1
Fall	1
Noise	1
Oil	1
Clash	1
Cut	1
Pressure	1
Total	41

Introduction

Introduction by the CEO
Address of the Chairman
Year 2024
Key Figures

Strategy and Management

The Board of Directors and
Corporate Governance
Operations
Value Creation
Strategy and
Future Development
Risk Management
Material Topics

Sustainable Airports and Airport Communities

Climate Issues
Resource Efficiency
Quality of Life
Human Resources
Training and Education
Safety and Protection
Customers
Procurement
Development and Expansion

Appendix

GRI Index
Consolidated Financial
Statement

Flight safety

Isavia takes all measures in its operation to increase safety. The company complies with the wide-ranging requirements imposed on airport operators to maintain their operating licence and ensure safe operations. Isavia is committed to maintaining and promoting continuous improvement of the airport's safety management system, which forms the framework for aviation safety and security. This is reflected in Isavia's safety policy in aviation safety and security matters. The policy sets out Isavia's goal to reduce risk in all operations to an acceptable level, since safety is the foundation of all the company's activities.

Airport flight safety at Keflavík International Airport

Part of working towards greater airport flight safety is extensive cooperation with the airport community. Regular meetings are held by Keflavik Runway Incursion Committee regarding incidents occurring on runways and taxiways. The Apron Safety Committee also meets every month on issues related to aprons, aircraft stands, taxiing, etc. These groups are all made up of both Isavia staff and stakeholders that are airport users and are therefore an important link when it comes to improving flight safety at Keflavik International Airport.

Isavia has placed greater focus on raising safety awareness within the airport community, both by organizing 'Safety Days' event and, not least, by urging all staff submit safety reports.

An airport is a complex workplace where it is essential to follow rules and procedures at all locations. It is therefore extremely important to ensure that staff receive continuous training, that risks are managed, and that procedures are both documented and implemented in a targeted manner. It is equally important to record and report all aviation-safety incidents, so that they may be analysed and the necessary improvements may be made.

Airport security at Keflavík International Airport

Airport security means all the measures taken at airports to prevent unlawful acts against civil aviation and the public interest. Isavia is constantly working towards more secure flight operations with the implementation of security measures such as access control, screening and surveillance – Airport security measures are carried out by both Isavia staff and external parties in the airport area. It is therefore important that good and close cooperation exists within the airport community.

The Keflavík International Airport Security Committee meets twice a year and includes representatives of parties with security role at the airport. The Committee's meetings include consultation and assessment of security measures according to regulations, non-compliances and incidents occurring at the airport. In addition to committee meetings, there is further consultation and cooperation at various regular meetings with stakeholders.

Information security and personal data protection

The aviation industry relies on complex IT systems, and cyberattacks can have a serious impact on airport operations and security. Robust network and information systems are key components of Isavia's operations, and ensuring the security of these systems and protecting them from attacks is therefore a priority. Isavia complies with the requirements of the ÍST EN ISO/IEC 27001 security standard, implementing procedures that reduce risk and promote stable operations. Isavia's information security policy, which was established in 2018, is updated regularly, and the requirements for responsible information handling also apply to its partners.

The company attaches great importance to regular improvements and optimising processes and procedures related to data protection. In 2024, no reports or complaints were received about violations of privacy in Isavia's operations, either from customers or regulators.

Digital security

Digital security is a basic prerequisite for operating critical infrastructure. The Act on the Security of Network and Information Systems of Critical Infrastructure supports cybersecurity in Iceland, with an emphasis on risk management, prevention, and preparedness. These issues were at the forefront of the Nordic Council Assembly and the Nordic-Ukraine summit, where Isavia's good cooperation with CERT-IS proved beneficial.

In the course of the year, a cooperation agreement was entered into with Defend Iceland. The agreement increases expertise and security testing, strengthens Isavia's position in the fight against cyber threats, and lays the foundation for a secure digital future. Great progress was also made in educational matters, with new programmes taking into account the needs of various staff groups and making education more targeted.

The role of data protection officer was moved into the group, bolstering internal expertise in the field of data protection and linking up with the company's policy on digital development and increased security in the processing of personal data. Digital supply chain security is also becoming increasingly important in a digital world, with increased emphasis on robust risk management and security testing.

Upcoming international regulations on cybersecurity in the aviation industry will mark a new era, with greater focus on harmonised standards and better preparedness against cyber threats. This development creates exciting opportunities for the aviation industry to become a leader in cybersecurity and ensure sustainable and safe aviation operations in the years to come.

Cooperation on information security

We are looking to the future of cybersecurity and constantly working to ensure a secure and sustainable IT environment. The knowledge, skills and professionalism of our staff are key pillars on this journey, and our information security experts work in cooperation with leading partners to develop Isavia's security issues. Isavia is a member of many forums where cybersecurity is at the forefront, including A-ISAC, which promotes cybersecurity in the aviation industry. A-ISAC members are companies and organisations related to the aviation industry, including airlines, airports, air navigation providers, suppliers, and manufacturers.

Isavia has also participated in exercises on responding to cyber-attacks in order to improve preparedness in these fields. Iceland is a member of Eurocontrol, which supports network and information security in airport operations by means of information exchange, advice, and risk assessment. This collaborative platform raises awareness and prepares us for the ever-changing challenges of the future.



0 No reports of breaches of
personal data protection
were received 2024

Introduction

Introduction by the CEO
Address of the Chairman
Year 2024
Key Figures

Strategy and Management

The Board of Directors and
Corporate Governance
Operations
Value Creation
Strategy and
Future Development
Risk Management
Material Topics

**Sustainable Airports
and Airport Communities**

Climate Issues
Resource Efficiency
Quality of Life
Human Resources
Training and Education
Safety and Protection
Customers
Procurement
Development and Expansion

Appendix

GRI Index
Consolidated Financial
Statement

Customers

Keflavík International Airport plays an important role in welcoming a diverse group of airlines that fly to Iceland from various destinations. Great importance has been attached to developing business on new routes and increasing flight traffic to and from Keflavík International Airport with current and new customers. In recent years, we have invested in developing the airport, and this has already begun to result in improved facilities for passengers and airport staff.

Customers of Keflavík International Airport

The number of flight movements and the number of passengers are the factors that have the greatest impact on Isavia's operations. Isavia's income from Keflavík International Airport can be attributed first and foremost to the airlines flying to the airport, rent income from catering and retail outlets, and other income from renting airport facilities.

External factors had their effect in 2024, with tourist demand for travel to Iceland was somewhat lower than forecasts had anticipated. It is clear that overseas media coverage of the volcanic eruptions on the Reykjanes Peninsula near Grindavik that began in November 2023 has had a negative impact on people travelling to Iceland. This is most clearly discernible in airline load factors in November, December, and January as compared to the previous year, when negative media coverage had largely ended.

Just under 8.3 million passengers passed through Keflavík International Airport in 2024. This is 2.2% below the original forecast, which anticipated almost 8.5 million passengers for the year. Total passenger numbers rose by 7.3% between 2023 and 2024. For every month in 2024, the number of passengers exceeded the number of the equivalent month in 2023, with the greatest increase 19.1% year-on-year occurring in the first quarter.

In 2024, a total of 28 airlines operated passenger services to and from Keflavík International Airport – of those, 16 airlines flew year-round, 11 were added during the summer, and 2 flew only in the winter season. A total of 98 destinations were served, of which 92 were during the summer season and 78 during the winter season. The most popular destinations this year were London, Copenhagen, New York, Paris and Amsterdam.

Foreign travellers accounted for just over 2.2 million of the total passengers, up 2.1% from the previous year. The total number of foreign travellers was 4.8% below the forecast for the year. Icelanders travelling abroad numbered just over 600,000 – a similar number to 2023, i.e. an increase of 0.1% year-on-year. The total number of Icelanders travelling in the course of the year was therefore less than 1% below what was predicted.

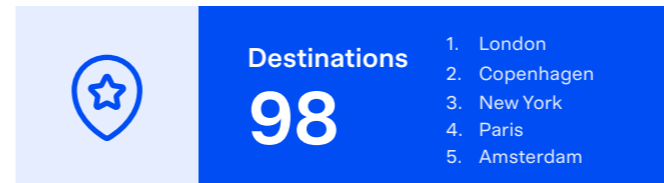
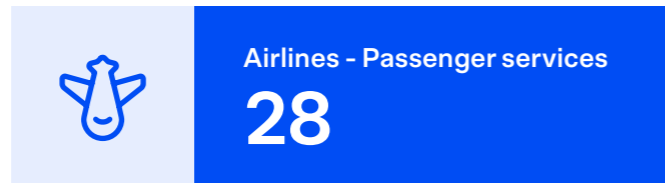
The share of transfer passengers was 31% this year and 27% the year before, and the figures have been rising steadily over the years. The number of transfer passengers increased by 21%, from just over 2.1 million passengers in 2023 to almost 2.6 million passengers in 2024.

The number of passenger flight movements was 55,377 in 2024, compared to 52,085 the previous year – an increase of 6.3% The number of freight flight movements was 1,867, compared to 2,217 the previous year – a decrease of 15.8% The most active cargo airlines at Keflavík International Airport were Icelandair, DHL, AirExplore, and Bluebird Nordic. A total of almost 58,000 tonnes were transported by flight, compared to almost 60,000 tonnes the previous year – a decrease of 2% Imports were on par with the previous year, so the difference comes mostly from exports.

New customer service centre in the departure hall

A new customer service centre in the departure hall of Keflavík International Airport, where Icelandair's sales office was previously located, was put into operation to increase the airport's service level. At this centre, Keflavík International Airport's passenger services will welcome and provide information for passengers who need special assistance on their way through the airport.

The facility will be open between 3:00 a.m. and 11:00 p.m. every day, and is a major step in improving passenger experience and service. The percentage of passengers requesting assistance increases every year, so it is important for services and facilities to develop in line with changing needs. An information desk in the arrivals hall will be part of the customer service centre.



Introduction

- Introduction by the CEO
- Address of the Chairman
Year 2024
- Key Figures

Strategy and Management

- The Board of Directors and
Corporate Governance
- Operations
- Value Creation
- Strategy and
Future Development
- Risk Management
- Material Topics

**Sustainable Airports
and Airport Communities**

- Climate Issues
- Resource Efficiency
- Quality of Life
- Human Resources
- Training and Education
- Safety and Protection
- Customers
- Procurement
- Development and Expansion

Appendix

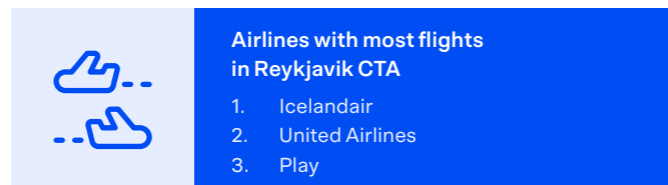
- GRI Index
- Consolidated Financial
Statement

Customers of Isavia ANS

Isavia ANS's customers are the airlines they serve. Of these, Icelandair is the largest customer, both in terms of the number of flights and the number of kilometres flown in the Reykjavik CTA in 2024. United Airlines and Play Air are in second and third place in terms of the number of flights, and United Airlines and Turkish Airlines are in second and third place in terms of the number of kilometres flown.

In addition to the airlines, Isavia ANS is in close cooperation with international organisations such as ICAO (International Civil Aviation Organisation) and Eurocontrol, along with other international air navigation service providers. Other groups the company has a successful partnership with are Icelandic stakeholders, such as the Icelandic Transport Agency, the Coast Guard, and the Icelandic Meteorological Office, as well as the aviation community as a whole.

Special user meetings are held each year where users of air navigation services in the Reykjavik CTA are consulted in regards to operations and investments. These meetings are held annually with airlines flying across the North Atlantic. User consultation meetings with domestic airlines and other customers, such as private pilots, helicopter services, and flight schools are held twice a year. Consultation with users on other aspects of air navigation services are held under the auspices of ICAO for the North Atlantic (NAT-SPG).



Retail operations and services

In 2024, there was strong focus on increasing the range of services for visitors to Keflavík International Airport. The number of restaurants was increased, and the goal was for them to offer varying menus depending on the time of day to increase variety and meet the different needs of passengers depending on when they are travelling. Operators were particularly encouraged to offer Icelandic brands and Icelandic dishes and to use Icelandic ingredients. They were also particularly encouraged to provide passenger with faster and better service. The idea was to reduce queues, while offering the option of ordering food and drinks from vending machines or on a mobile phone at selected restaurants. Three new restaurants were opened in 2024 in a dining area called Aðalstræti, which connects to the east wing of the airport terminal.

All restaurant and retail space has been put out to tender in connection with the construction currently underway at the airport, and that tender procedure is expected to be completed soon. Changes for this purpose began in 2023 and have been implemented in several phases, with an estimated completion date of early 2025.

Renovations have been made to existing shops and a new operator took over foreign exchange services at the airport. Pop-up shops and spaces have been popular at the airport, and such services will continue to be offered.

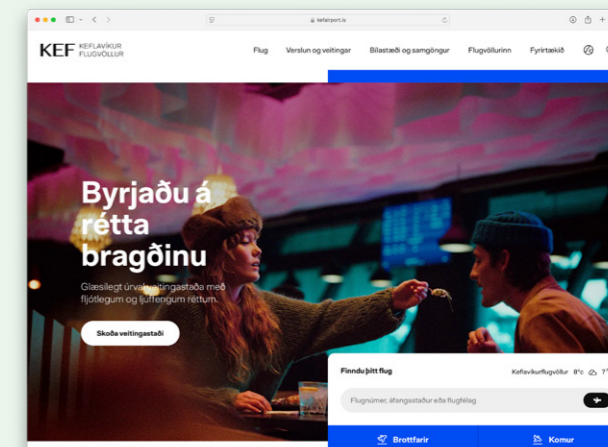
Parking services at Keflavík International Airport were successfully operated in 2024. We have been successful in drawing visitors' attention to the advantages of the new parking system at the airport and the automation that comes with it. We still stress, however, the importance of booking parking spaces in a timely manner online so that passengers pay less for parking spaces and that the operator has forward visibility as regards parking-space usage, especially during peak periods. A new parking system was also implemented at regional airports in 2024. The system is operated by Keflavík International Airport's parking service for Isavia Regional Airports.

The issue of taxi services at the Keflavík International Airport terminal was a challenge in 2024. The number of taxis has tripled since new taxi regulations came into effect in 2023. The terms and conditions for taxis in the area were updated at the beginning of 2024. With them, it has been possible to address the disagreements that have arisen in the taxi sector.

New KEF website

One of the biggest projects last year was the launch of a new website for Keflavík International Airport. The website is designed with user experience as a priority, with clearer navigation, better accessibility, and an updated look.

It was decided to bring the website closer to the needs of passengers and business partners by providing more targeted information and offer operators the opportunity to promote their products and services. The website is the first contact for many users of Keflavík International Airport and has been a key project in strengthening KEF's image as a service platform.



kefairport.com

Introduction

Introduction by the CEO
Address of the Chairman
Year 2024
Key Figures

Strategy and Management

The Board of Directors and
Corporate Governance
Operations
Value Creation
Strategy and
Future Development
Risk Management
Material Topics

Sustainable Airports and Airport Communities

Climate Issues
Resource Efficiency
Quality of Life
Human Resources
Training and Education
Safety and Protection
Customers
Procurement
Development and Expansion

Appendix

GRI Index
Consolidated Financial
Statement

Marketing and service surveys

Market and service surveys are carried out regularly at Keflavík International Airport, which has taken part in and conducted coordinated service surveys since 2004. This survey is an international survey created by ACI which measures passenger satisfaction at more than 300 airports worldwide. It therefore gives a good idea of where we are in comparison with other airports. The survey measures passenger satisfaction with service and their experience of the airport terminal. It covers 31 aspects of service at the airport and asks about passengers' well-being, overall satisfaction and overall experience of the airport. The results of the survey are published quarterly and used to make improvements in line with the needs of passengers and airlines.

Keflavík International Airport has always scored highly among the more than 119 airports in Europe that take part in the ACI service survey. On occasion, however, there have been drops in overall passenger satisfaction, which it has usually been possible to attribute to construction work at the airport or high levels of pressure due to increased passenger numbers.

Keflavík International Airport prides itself providing exceptional service to those using the airport. Renovations to the shopping and dining area and the expansion of the terminal building are part of our efforts to improve comfort and service for airport visitors and to better meet their needs. In addition, a service group was set up that meets quarterly and reviews new ASQ results for the current quarter. This group is made up of department heads and inter-departmental experts who are collectively responsible for certain service aspects at Keflavík International Airport. The purpose is to assess which service elements are needed to maintain good service and where improvements need to be made. As a result of those meetings, working groups have been set up whose role is to improve service in those areas where passenger satisfaction has been found to be the lowest.

Last year, passenger satisfaction was measured for all operational units in the shopping and dining area of Keflavík International Airport. The service measurement system handling these measurements called Excite and is run by the Norwegian company Retail X. All operators have access to the system and can monitor satisfaction measurements in real time for their unit and

compare those measurements with other operating units at the airport. This enables them to understand which aspects of their service process are successful and where improvements could be made. The system is an important tool for operators to improve their service experience and increase transparency. Every month, Keflavík International Airport awards operators for the highest passenger satisfaction and for the greatest month-on-month increase in passenger satisfaction, in both the retail and catering sectors. The system has proven very successful for Keflavík International Airport and operating units in the shopping and restaurant area, and additional aspects of service are therefore being considered for inclusion in the system in the near future.

The KEF brand

Over the year, the KEF brand continued to be strengthened and developed with a clear strategy and targeted action. Our guiding principle is to brighten every moment with the distinctive features of Iceland and bolster Keflavík International Airport as a unique destination. The 'Where stories take flight' campaign focused on highlighting living stories within the airport – passengers' stories of moments that make travel memorable.

In support of this strategy, numerous projects were carried out in relation to the look, feel and presentation of the KEF brand. An important milestone during the year was the ongoing work on further developing Keflavík International Airport's routing and signage system for guiding passengers – with special focus on the Icelandic language being at the forefront. The project has been developed with experts in the field to ensure that the changes reflect both practical and user-friendly needs. We also based ourselves on user behaviour when developing the system. The routing system is still under construction, and the first test took place at the end of 2024.

The KEF Marketing Board and strong cooperation with operators

In the course of the year, increased emphasis was placed on enhancing cooperation with airport operators. The KEF Marketing Board has played a key role in coordinating marketing activities at the airport, similar to those often used in shopping centres. With a more focused strategy and cooperation with operators, we have laid the foundations for a strong joint approach to marketing our product offering and services.



Introduction

Introduction by the CEO
Address of the Chairman
Year 2024
Key Figures

Strategy and Management

The Board of Directors and
Corporate Governance
Operations
Value Creation
Strategy and
Future Development
Risk Management
Material Topics

Sustainable Airports and Airport Communities

Climate Issues
Resource Efficiency
Quality of Life
Human Resources
Training and Education
Safety and Protection
Customers
Procurement
Development and Expansion

Appendix

GRI Index
Consolidated Financial
Statement

Procurement

Isavia's operations affect many facets of the Icelandic economy, and our resource chain includes over 2,000 suppliers. Increased demand for social responsibility encourages continuous improvements to the chain, and responsible management of the chain is an important part of the company's operations. Managing and maintaining a sustainable resource chain increases the likelihood of profitable transactions and reduces operational risks.

Responsible management of the resource chain

There were 2,187 active suppliers on Isavia's supplier list at the end of 2024. Of these, 87% were domestic suppliers and 13% were foreign suppliers. The share of the group's total business with domestic suppliers was 89% and 11% with foreign suppliers. The ten suppliers with the highest turnover at Isavia accounted for 57.6% of total turnover in 2024. Among our subsidiaries, the share of the ten suppliers with the highest turnover was as follows: 69.9% at Isavia ANS, 52.8% at Isavia Domestic Airports, 43% at Duty Free Iceland.

The company's suppliers, both Icelandic and foreign, need to register electronically and fill out the supplier registration form on the Isavia website before transactions can take place. The purchasing department's website is accessible to all those who wish to do business with the company via the Isavia website, in both Icelandic and English. There, suppliers can find information on supplier registration, electronic invoicing, supplier codes of conduct, terms of business, and the company's purchasing practices.

Before the registration form can be filled out, the person must identify themselves with their name, email address, and telephone number. The form requires the entry basic information for the company's financial system. That information is used to make orders and to ensure an efficient accounting process, increasing the likelihood of profitable transactions. By completing the supplier registration form, suppliers agree to the company's terms of business and supplier code of conduct.

The new requirement for suppliers to identify themselves, register electronically, and complete the supplier registration form came into effect in 2024. In 2025, suppliers who were established in the company's financial system before the requirement to use the supplier registration form was brought in will be required to re-register in the same way that new suppliers are required to do today.

Procurement requirements

Isavia carries out procurement in accordance with Act no. 120/2016 on Public Procurement, Regulation no. 340/2017 on the Procurement of Parties in Charge of Water Supply, Energy Supply, Transport, and Postal services, and Regulation no. 950/2017 on Concession Agreements for Works or Services, as applicable.

All tender procedures and major price inquiries require basic eligibility of the bidding companies, including that they are not in default of withholding tax, public levies or statutory pension fund dues. Any bidders who are in arrears are rejected.

Our contracts contain provisions banning artificial contracting and also stipulate that an employment relationship should be the fundamental rule in relations between employees and contractors. This is to ensure that all wage-related payments, whatever they are termed, are paid and that wage agreements are adhered to.

New terms of business, which are available on the company's website, came into effect on 16 December, 2024, and include, among other things, the company's payment terms and various contractual terms, such as termination, default and rescission, transfer, intellectual property and property rights, limitation of liability, data protection and confidentiality. Harmonised payment terms ensure a 30-day payment period for Icelandic suppliers and 45 days for foreign suppliers, thereby reducing the company's financing costs and resulting in healthier cash flow.

To ensure cost traceability and coordinated payment terms, the company's business terms are always referred to in procurements, whether in contracts or in purchasing orders. Any party selling work, products, or services to companies within the group is deemed to have accepted Isavia's current terms and conditions of business.

In 2023, a supplier assessment was carried out on Isavia's ten largest suppliers, with work on this continuing into 2024. One of the aims of the supplier assessment was to gather information on companies' environmental policy and objectives, diversity in the workplace, carbon footprint, code of conduct, work procedures, and policies on bribery and sustainable procurement. Among other things, the supplier assessment is useful for the company to better understand its supply chain, and provides information that helps us identify opportunities for improvement in relation to stricter requirements for disclosure of information by companies on their value chains. In 2025, a formal supplier assessment will be implemented at the beginning of the purchasing process, mainly for critical suppliers, with due diligence and a supplier risk assessment. In this context, a critical supplier is considered to be one which plays a key role in an operations or production process on whose products, work or services operations depend.

Supplier code of conduct

Isavia has issued a supplier [code of conduct](#), and all suppliers doing business with the group are expected to adhere to it in their operations. The code also requires suppliers to ensure that their own suppliers do likewise. By adopting the code, suppliers are demonstrating social responsibility in line with the United Nations Global Goals on human rights, labour issues, the environment, and anti-corruption.

The supplier code of conduct is always included in the tender documentation, in order to limit the likelihood of the use of forced, compulsory, or child labour for resources and equipment purchased in domestic and international markets. The supplier code of conduct is also attached to all Isavia contracts.



2,187 active suppliers

87% domestic
13% foreign

Introduction

Introduction by the CEO
Address of the Chairman
Year 2024
Key Figures

Strategy and Management

The Board of Directors and
Corporate Governance
Operations
Value Creation
Strategy and
Future Development
Risk Management
Material Topics

Sustainable Airports and Airport Communities

Climate Issues
Resource Efficiency
Quality of Life
Human Resources
Training and Education
Safety and Protection
Customers

Procurement
Development and Expansion

Appendix

GRI Index
Consolidated Financial
Statement

New procurement rules and procurement traceability

New procurement rules were approved by the company's CEO and came into effect on 29 February, 2024. The focus was on ensuring that the rules should be easy to follow, procurement for lower amounts should be simplified, the division of responsibilities and roles should be better understood, and there should be greater traceability of procurement by introducing a new procurement system and contract management system. A new internal procurement website was also launched, where Isavia staff have access to all the information they need regarding the company's purchases and how they should be managed.

A new purchasing system was implemented and put into use by the group in early summer 2024. Introduction of this system has brought about a major change in the way orders are placed at the company. The financial powers of purchasers have been defined, and purchasers are the only ones authorised to place orders in the system. Purchasers now carry out their own purchases by placing orders on a computer or telephone and can send electronic purchase orders to suppliers from the system wherever they are. If the amount of an order exceeds the authorisation of the employee in question, the order will be submitted to the next manager for approval before the order goes through.

All purchasers have an overview of their orders in the purchasing system. On the procurement department's intranet, which is open to all Isavia staff, employees have access to a Power Bi report that tracks all orders placed at the company. The user can view and look up the number of orders down to individual departments, based on amounts, suppliers, and purchasers. The new system has already brought about a significant increase in the registration of orders. The system also complies effectively with Isavia's new procurement rules, which state that all invoices to the company for purchases must contain a reference to an order or contract.

In the second half of 2024, work on setting up and implementing a new contract management system to keep track of all the company's contracts was also started. Staff are currently being trained, and the aim is for all new company contracts to be registered in the system from 2025 onwards. Introduction of the purchasing and contract management systems will bring about significantly greater traceability of purchases, and we will have a better overview of the company's purchases, which will result in more efficient working methods, increased savings and reduces the likelihood of loss of revenue.

Tendering and contract negotiations

Many of the tenders that took place and were completed in the course of the year involved time-consuming but high-quality negotiation processes that will create great value for the company.

Examples of such tenders include running the duty-free shop, the food court, cash machines, currency exchange, and self-service solutions at Keflavík International Airport.

Contract negotiations were also entered into for the Remote Tower for Reykjavík Airport, as well as a new tender for the framework agreement for designers. Other procurements tendered during the year included tenders for the company's insurance, RFI transmitters, back-up power plants for Keflavík International Airport, clothing for airport staff, fire engines for domestic airports, tenders for an electric truck, vehicle procurement, materials for de-icing at airports and LED screens in the arrivals hall of Keflavík International Airport.

Dynamic purchasing systems, framework agreements and market surveys

Purchases via dynamic purchasing systems (DPS) have increased, and Isavia has so far entered into three such contracts with a total of 30 suppliers. The contracts cover the purchase of LED screens, new vehicles, and machinery, as well as the purchase of de-icing fluid for runways. Once a contract is entered into, procurement is carried out through closed tenders within the system. The number of contracts with suppliers via dynamic purchasing systems is planned to rise in 2025. The systems help us to meet Isavia's goal of making operations carbon-neutral by 2030 and support efforts to exchange fossil-fuel vehicles for ones that burn fuel which is more environmentally friendly. The main advantages of operating these contracts are that they provide active competition and new suppliers can enter the contracts at any time during the contractual term, as long as they meet the minimum eligibility requirements set out in each individual tender.

Isavia regularly tenders out framework contracts, but as the number of DPSs increases, the number of framework contracts decreases accordingly. Several framework contracts are in force at the company, and all purchases of goods, services, and practical projects covered by the agreements are carried out within them.

The use of market surveys has increased significantly within the company, and it has become more common than not for such surveys to be conducted before the procurement process begins, whether it involves the purchase of goods, works, or services. Market surveys are also conducted in preparation for franchise tenders. Market surveys are often advertised on TED, the European Union's joint tender website, but also in other ways depending on the circumstances. The aim is to prepare purchases, gather information, and inform companies about planned purchases and the requirements laid down in connection with them.



Development and expansion

Introduction

Introduction by the CEO
Address of the Chairman
Year 2024
Key Figures

Strategy and Management

The Board of Directors and
Corporate Governance
Operations
Value Creation
Strategy and
Future Development
Risk Management
Material Topics

Sustainable Airports and Airport Communities

Climate Issues
Resource Efficiency
Quality of Life
Human Resources
Training and Education
Safety and Protection
Customers
Procurement
Development and Expansion

Appendix

GRI Index
Consolidated Financial
Statement

With sustainability always to the fore, Isavia works strategically to minimise environmental impact and create value for and with society, while ensuring increased efficiency in operations. Development and construction at Keflavík International Airport is a large-scale project that affects the environment, society, and the economy, and Isavia takes that responsibility seriously. We work systematically towards technological innovation, with the aim of implementing digital solutions that maximise Isavia's profitability and improve the passenger experience.

Planning and development

The Keflavík International Airport Master Plan is a vision of how the airport may evolve in line with passenger numbers and the needs of the community.

When formulating our Master Plan, we have endeavoured to foster good relations with the immediate community. Consultation meetings are held as part of work on the Master Plan, and progress is regularly presented to stakeholders and the media. The aim is to communicate building plans and future vision for the airport to stakeholders and to set out phased and flexible plans that take into account passenger and traffic forecasts.

The Master Plan was first officially presented in 2015. It covers a period of 25 years, and our aim is to update it every five years. Work on the first update was well under way in 2020, when it was postponed due to uncertainty in the aviation world. In 2022, work was resumed and an updated Master Plan was presented to partners at some 30 consultation meetings, with local authorities, airlines, operators, the Coast Guard, the fire brigade, and numerous other stakeholders. The updated Master Plan was then presented to Isavia management for approval in autumn 2022 and was officially published in March 2023.

The Development Plan deals with the phasing and development sequence of projects over the next 7 to 10 years in accordance with the Master Plan. The Development Plan deals in particular with the cost estimates and time schedules for construction work and analyses changes in passenger patterns and flight traffic in the context of construction plans. The airport's Master Plan and Development Plan have been approved by Isavia's board of directors, after consideration by the executive board.

Assessment of the environmental impact of development at Keflavík International Airport

Isavia requested authorisation from the National Planning Agency to assess the overall environmental impact of construction work at Keflavík International Airport. This was done after consultation with the National Planning Agency and taking into account the benefits that an environmental impact assessment process can deliver. In its environmental impact assessment, the airport has gone further and the scope of its assessment of the overall impact of its Development Plan is wider than that stipulated in environmental impact assessment legislation.

The environmental assessment report sets out the projects that Isavia has planned up to 2032 and the main impact thereof. Two substantive options and one no-change option are discussed. Two different levels of development are considered based on assumptions regarding developments in the volume of passengers up to 2032, specifically as to whether a new pier (Austurflugur) should be planned or not. The no-change option means no construction.

In the first stage of the assessment, which was carried out in 2019, an assessment plan was formulated in which the project was defined, the main influencing factors of the project were set out, and the environmental factors to be focused on were highlighted. At the same time, an account was given of the research and data that would be collected to assess the environmental impact of the possible options.

The National Planning Agency presented the assessment plan to the public and sought opinions from consulting bodies. The public, stakeholders, licensors and professional organisations had the opportunity to submit comments. The National Planning Agency gave its opinion on the assessment plan with guidance on the processing, content and presentation of the environmental assessment report.

The second part of the assessment was largely carried out in 2022, along with the drafting of an environmental assessment report. Work is being carried out on gathering data and assessing the environmental impact of the project in accordance with the assessment plan. The findings of the assessment are set out in an environmental assessment report that addressed such things as the main environmental impact of the options, the findings of studies, and the compatibility of each option with existing plans, and put forward proposals for counter-measures and monitoring. Based on the findings of the environmental assessment and a comparison of the options, the developer makes a decision and gives reasons for which one they recommend.

The National Planning Agency submitted its opinion on the environmental assessment of the expansion of Keflavík International Airport on 6 October 2023. The environmental assessment report was submitted to the National Planning Agency on 3 March 2023 and officially presented from 15 March to 2 May 2023. The conclusion of the National Planning Agency's opinion is that, in its view, the environmental assessment report meets the requirements of Act no.111/2021 on the Environmental Assessment of Projects and Plans.



Introduction

Introduction by the CEO
Address of the Chairman
Year 2024
Key Figures

Strategy and Management

The Board of Directors and
Corporate Governance
Operations
Value Creation
Strategy and
Future Development
Risk Management
Material Topics

Sustainable Airports and Airport Communities

Climate Issues
Resource Efficiency
Quality of Life
Human Resources
Training and Education
Safety and Protection
Customers
Procurement
Development and Expansion

Appendix

GRI Index
Consolidated Financial
Statement



Works and construction

The Leifur Eiriksson terminal at Keflavik International Airport was inaugurated and put into use in April 1987. It measured, at the time, some 20,000 m². At the end of 2024, the terminal covered some 90,000 m², with over 10,000 m² of new space under construction. It therefore be over 100,000 m² in size before the end of 2025, almost five times larger than when it opened.

During the terminal's first year of operation, 750,000 passengers passed through it. In 2024, 8.3 million passengers passed through Keflavik International Airport. The passenger forecast for 2025 predicts around 8.4 million passengers. It is clear that significant investment will need to be made in the infrastructure at Keflavik International Airport to meet these rising passenger numbers in a manner that complies with international service standards and Isavia's ambition for a positive passenger experience.

The purpose of the Development Plan for Keflavik International Airport is to assess the need for investment and is based on an extensive passenger analysis, time and cost estimates for individual projects, and the internal phasing of projects.

The year 2024 was the most extensive year in investments at Keflavik International Airport to date, and is the third in a row in which a record has been broken in terms of investments at the airport. A total of ISK 17 billion was invested. The investment plan for 2025 expect a slightly lower level of investments than in 2024, i.e. some ISK 13.8 billion.

The UK construction and consultancy firm Mace has, since early 2020, worked as Isavia's partner in the development of Keflavik International Airport. The company handles project management and construction supervision and advises on for other projects at Keflavik International Airport, including a connecting building for the widening of the pier between the airport's north and south buildings. Mace's work over the year has included project management, project governance, risk assessment, communications with stakeholders and sustainability. All projects relating to the expansion of the terminal are designed with the aim of being certified under the BREEAM environmental certification system.

Introduction

Introduction by the CEO
Address of the Chairman
Year 2024
Key Figures

Strategy and Management

The Board of Directors and
Corporate Governance
Operations
Value Creation
Strategy and
Future Development
Risk Management
Material Topics

Sustainable Airports and Airport Communities

Climate Issues
Resource Efficiency
Quality of Life
Human Resources
Training and Education
Safety and Protection
Customers
Procurement
Development and Expansion

Appendix

GRI Index
Consolidated Financial
Statement

Air Terminal systems

Construction at Keflavik International Airport began in early summer 2021, in preparation for the expansion of the terminal's north buildings to the east. The east building is an important element in the airport's Development Plan. The first phase involved the installation of a new, high-performance luggage reception system on the ground floor, which was opened in 2023. After the changes, the arrivals hall is much more spacious, and work on the expansion of the duty-free shop was completed in spring 2024.

The next phase of the expansion opened in 2024, when a new shopping and dining area was opened. Construction work at new aircraft stands and gates was largely completed by the end of the year, and these stands are expected to be fully operational in March 2025.

At the terminal's south building (Stand 10), construction of a two-story extension began in January 2024. This will improve facilities for passengers using the departures gates at the east end of the building. Part of the project is the construction of a new PPB, and there are also plans to adapt aircraft taxi routes by means of measures taken at the airport. This extension is expected to be brought into service in summer 2025.

The next major phases in the development of Keflavik International Airport will be the expansion of the connector between the north and south buildings and a further increase in the number of aircraft stands to the east, with the Austurfingur project.

The current pier will be widened, and a bright, new central space will create a better connection between the wings of the airport. Facilities for arriving passengers will be improved with better passport control, a new duty-free shop, and larger service areas. Design work has been ongoing for the past few years, while construction on the terminal-adjacent apron is expected to begin in 2025 and work on the building itself in 2026.

The Master Plan foresees an increase in the number of aircraft stands to the east extending from the east building. The east building can be said to be the first phase of the expansion where connections with existing older structures are resolved. This enable is to increase the number of aircraft stands at the airport in sensible increments, in accordance with the fleet plans of our largest customers.

Runway systems

Isavia's runway systems projects aim to increase the capacity and safety of runways and eliminate bottlenecks that may form there. Mike is a new taxiway for aircraft and is about 1,200 m long and 35 m wide. Construction work on Mike was completed in 2023, and traffic was allowed on the first new taxiway at the airport since opening.

Design work has begun on the next taxiway project; the new taxiway will be called Bravo and will run parallel to the existing taxiway, November. The taxiway is primarily intended to facilitate the increased aircraft traffic to and from the apron, owing to the increase in the number of aircraft stands to the east.

Design has also begun on improved aircraft de-icing facilities. The facility will be in a special area, and its existence will make it possible to collect excess liquid generated during the de-icing of aircraft. In addition, there is an advantage in moving de-icing away from the terminal, as it reduces the waiting time of aircraft at the gate.

Access, car parks and road system

A special development plan for the terminal forecourt was approved by Isaviás board in autumn 2022. The plan takes into account the passenger needs and improved passenger experience, as well as possibilities for revenue regarding a possible hotel, transportation, and shopping and services outside the restricted area.

The increased number of air passengers is accompanied by more traffic in the Keflavik International Airport entrance area. Larger and more accessible areas for buses and taxis are therefore part of the development of the airport's entrance area, as a large share of travellers use those means of transport.

Construction of new bus stops for scheduled services is well underway. There will be a total of four parking spaces. The first parking spaces have already been brought into use, with project completion scheduled for the first half of 2025.

Building works to cover existing walkways has been divided into two phases, and foundation work has begun. The first phase will include covering the walkways to internal bus stops and car parks located in the arrivals area, specifically short-term car park P2. In the second phase of the construction, walkways to long-term car park P3 and external bus stops will be covered.

The design includes a change in how drivers approach the airport. This will be done by creating a circular connection in front of the airport terminal. A roundabout will be built at the intersection of Reykjanesbraut and Arnarvellir, and there will thus be one direction of traffic in front of the airport terminal as you exit the roundabout.

Extending the road that already exists in front of the airport, a stretch of road will be added from where the road ends today and all the way to Reykjanesbraut, forming a circular connection. This change will reduce traffic closest to the airport terminal and prevent vehicles from crossing lanes. All service traffic, such as construction traffic and transportation of supplies, will then be routed via another approach to the terminal. These changes will greatly improve safety and access to the airport.

In order to handle the increased traffic of travellers through the airport, the number of long-term and short-term parking spaces for passengers will be increased, along with parking spaces for staff. The plan to build two indoor car parks on four floors with an underground floor. The first one will be built on the west side of the terminal (in the current P1 car park) and will be able to take around 1,800 vehicles. An indoor car park north of the terminal is planned in accordance with the long-term development of the airport.

Introduction

Introduction by the CEO
Address of the Chairman
Year 2024
Key Figures

Strategy and Management

The Board of Directors and
Corporate Governance
Operations
Value Creation
Strategy and
Future Development
Risk Management
Material Topics

Sustainable Airports and Airport Communities

Climate Issues
Resource Efficiency
Quality of Life
Human Resources
Training and Education
Safety and Protection
Customers
Procurement
Development and Expansion

Appendix

GRI Index
Consolidated Financial
Statement

Services and operations at Keflavík International Airport

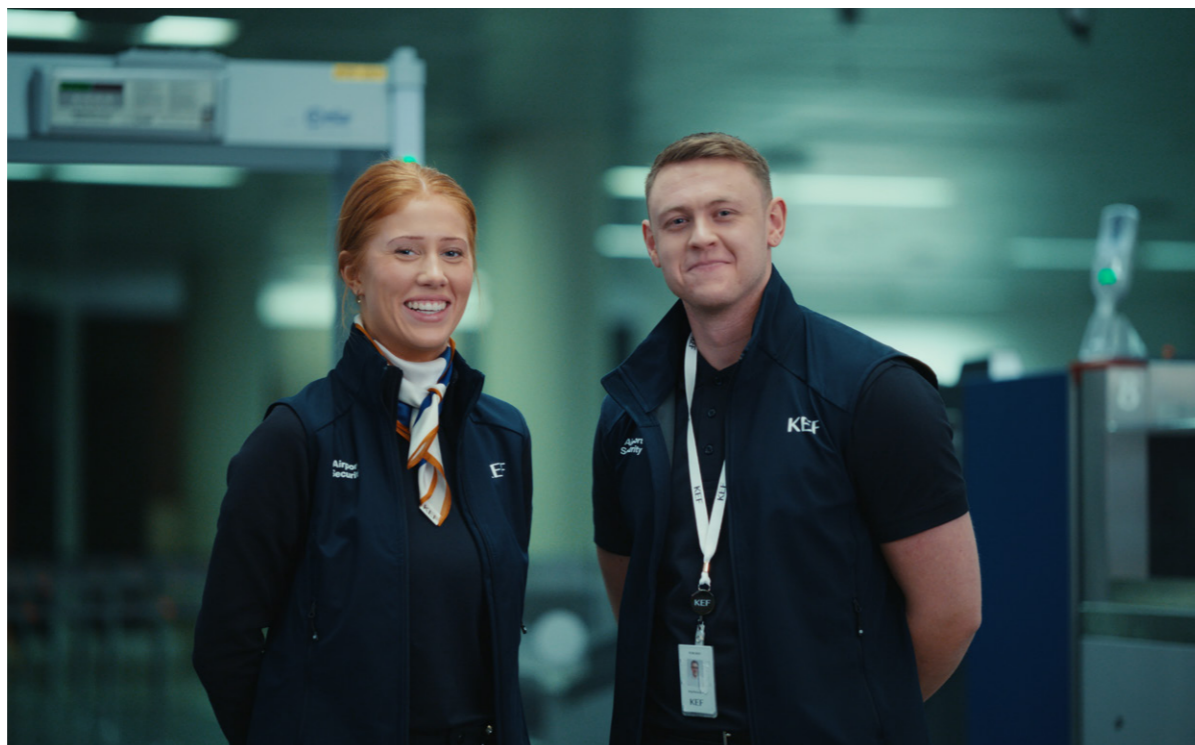
Service levels and safety are always a priority in the operations of Keflavík International Airport; in the course of the year, service standards were successfully met alongside numerous maintenance and development projects. Procedures and processes are under constant review, and technological developments are closely monitored and implemented as needed to support key airport processes.

Renewal of technological environment for check-in and self-service bag drop

In the course of the year, renewal of the technical infrastructure for check-in solutions at Keflavík International Airport was completed. Following a tender procedure, an agreement was entered into with Amadeus. All equipment at check-in desks and gates has been renewed, as well as kiosks and self-service bag-drop stations. By contracting out these solutions to a single supplier, we achieve better synergy and can increase the number of airlines using the equipment. The check-in process should thus be faster and more convenient for passengers on their way through Keflavík International Airport.

Update of flight-information system

In the course of the year, an upgrade of Keflavík International Airport's flight-information system, sourced from Veovo, was completed. The system was first brought in in 2016. The flight-information system is an essential system in the airport's operations, with data from the system forming the basis for collecting airport charges, including approach charges and en-route flight charges. The system is used by both Keflavík International Airport and the regional airports, with over 1,000 users. The update has made the user interface simpler and more modern, making it easier to adapt the system to the airport's needs.



Preparation of A-SMGCS system at Keflavík International Airport

In the course of the year, the decision was made to implement the 'Advanced Surface Movement Guidance and Control System' (A-SMGCS) at Keflavík International Airport. Preparations have been underway for several years, and the system will enable the airport to maintain performance of airport traffic control under varying weather conditions. The A-SMGCS system also includes a safety and monitoring functionality designed to enhance efficiency and safety in aircraft and vehicle movements in the traffic area. There are various operation benefits to implementing the system, and the system ensures that the airport meets the general standards and requirements imposed on international airports. Making the airport more reliable is all the more dependent on optimising usage of existing infrastructure, mainly the runway and taxiway system.

The system greatly increases safety by detecting the actual location of aircraft and other vehicles at the airport in all weather conditions. It is extremely necessary to maintain capacity in aircraft movements in poor visibility, and the experience of other airports is that implementing A-SMGCS makes it possible to maintain up to 80% of an airport's usual capacity in difficult weather conditions.

The A-SMGCS system is based on more than one system component, and we rely on definitions from Eurocontrol and ICAO when selecting system components. At Keflavík International Airport, we attach great importance to selecting those system components that deliver the greatest benefits to the airport, while other components will be evaluated over time.

The system will also enable air-traffic services to increased automation in communications between the control tower and other units, such as the air traffic control centre, the Coast Guard, airport dispatchers, and the Keflavík Airport Operations Centre (APOC,) as well as with pilots when issuing flight clearances. The system will collect data and store them retroactively; this is expected to foster discipline, increase operational quality across the entire airport community, and reduce vehicle-related incidents.

Looking at the Master Plan, it is clear that the airport's runway and taxiway system must develop technically and support demands for increased capacity in all weather conditions. Implementing the system allows us to improve our service to airlines and encourage them to choose Keflavík International Airport as their destination, as it meets well-known standards regarding the technical environment for service and operations. The system is planned to be put into operation in the second half of 2026.

The project is a cooperative effort with Isavia ANS.

Introduction

Introduction by the CEO
Address of the Chairman
Year 2024
Key Figures

Strategy and Management

The Board of Directors and
Corporate Governance
Operations
Value Creation
Strategy and
Future Development
Risk Management
Material Topics

Sustainable Airports and Airport Communities

Climate Issues
Resource Efficiency
Quality of Life
Human Resources
Training and Education
Safety and Protection
Customers
Procurement
Development and Expansion

Appendix

GRI Index
Consolidated Financial
Statement

Isavia ANS improvement project

Renewal of the flight data processing system

Significant progress was made in 2024 on projects related to the renewal of flight data processing systems for the air traffic control centre. The first versions of Polaris Stripless, which is planned to be brought into operation in the air traffic control centre in 2026, have already been installed in a test-environment at Hlíðarsmári and at Isavia ANS. The system received a positive response when it was presented to air traffic controllers and other staff, who showed great interest in it.

An Isavia ANS team attended the 'Airspace World' exhibition, where solutions devised by the largest vendors on the market were presented and demonstrations of the systems were offered. Subsequently, the company conducted a market survey over the course of the year, which resulted in a document providing an overview of the main needs for flight data processing systems and the challenges we face in this field. Many vendors visited ANS headquarters to present their solutions in detail and valuable insight to the market was gathered by the ANS team. It is clear that the timeframe for the project is challenging, as a new system needs to be ready for implementation by February 2029. This will require precise planning and careful decision-making. A detailed analysis is currently underway that aims to reach a conclusion as to whether Isavia ANS should invest in a ready-made system from well-known vendors and adapt it to its operations or continue to develop a customised system in cooperation with subsidiary Tern Systems.

Oceanic clearance removal (OCR)

OCR was one of the largest and most comprehensive projects implemented for the Reykjavik air traffic control centre in 2024. The project had been in preparation for a long time across the North Atlantic region (NAT), but implementation had previously been delayed due to implementation problems in Gander and Shanwick control areas. The OCR was implemented on the evening of March 20th 2024 in Reykjavik control area and in the Portuguese control area of Santa Maria. At the same time, a change was made to the terminology used when issuing clearances for domestic flights within Iceland.

Flight validation

Isavia ANS's flight validation department carries out regular flight validation projects in Iceland, Greenland and the Faroe Islands. This is done using the company's aircraft, TF-FMS, a Beechcraft King Air B200 propeller jet from 1985. The aircraft is primarily used for routine flight tests of conventional flight navigation equipment and for testing and validating new flight procedure designs, and the aircraft is specially equipped to perform these tasks. The equipment used in these tests comes from the Norwegian company Norwegian Special Mission (NSM) and is very well suited to these tasks. In addition to conventional flight validation projects, Isavia ANS also operates regular observation flights for the Institute of Earth Sciences of the University of Iceland and the Icelandic Civil Protection Agency to monitor the volcanoes of Öraefajökull, Bárðarbunga and Katla.

In 2024, the flight validation projects carried out by Isavia ANS were as diverse as ever. Two trips were made to the Faroe Islands for routine tests, and, in June, regular flight tests were carried out to Greenland, where equipment measurements were conducted at seven airports

on the west coast of Greenland. The purpose of the project is to ensure the accuracy of critical flight navigation systems and approach instruments, including PAPI lights and DME. The northernmost airport visited was the airport in Qaanaaq, a village located just north of the 77th parallel. Qaanaaq is the northernmost inhabited area in Greenland with permanent year-round residence and is one of the northernmost inhabited areas in the world, with just over 600 residents. Qaanaaq's remote location highlights the importance of these measurements in maintaining safety and reliability in challenging conditions.

In November, the runway at Nuuk was opened after being extended to 2,200 m, allowing much larger aircraft to fly there than before. At the same time, a new terminal was opened, and all the airport's approach and lighting equipment was renewed. Isavia ANS's flight validation department was responsible for testing of the new equipment. New approach and departure procedures were designed by Isavia ANS flight procedure designers and were later tested by the flight validation department.

Oceanic clearances were originally used to ensure that pilots and air traffic controllers had the same information about the flight path, altitude, and speed of aircraft, at a time when communications services were largely based on high-frequency (HF) communications and flight path surveillance was carried out by means of status reports from pilots. Developments in aircraft and air navigation services technology have rendered this method unnecessary. More precise flying reduces the likelihood of deviations from flight paths, and air traffic controllers are now able to better monitor the actual location of aircraft with the help of radar, ADS-B, and ADS-C. There is also now greater automation in air traffic control systems, enabling pilots to monitor compliance with flight procedures and send warnings if an aircraft is heading off course. Confirmation of intended flight paths over the ocean is also carried out via CPDLC messages, further enhancing safety and efficiency.

Flight procedure design

ANS flight procedure designers are responsible for developing and designing flight routes and approach and departure procedures for Isavia airports. This involves calculating safe and efficient routes for both arriving and departing aircraft, considering terrain, obstacles, climate, airspace, and other factors that affect flight. All designs are carried out according to ICAO standards. Isavia ANS designs flight procedures for Iceland, Greenland and the Faroe Islands. In 2024, work was carried out on various projects, including 15 new designs, three revisions of older designs, two revisions of ENR maps, and 45 obstacle calculations; the workload for such calculations has increased enormously in recent years.

Flight procedure design in Greenland has increased in recent years. Over the year, Isavia ANS flight procedure designers designed several flight procedures for a new runway at Nuuk airport and for a new departure procedure at Kangerlussuaq. Ongoing projects await in Greenland, including the design of new flight procedure for Ilulissat and a new airport in Qaqortoq.



Introduction

Introduction by the CEO
Address of the Chairman
Year 2024
Key Figures

Strategy and Management

The Board of Directors and
Corporate Governance
Operations
Value Creation
Strategy and
Future Development
Risk Management
Material Topics

Sustainable Airports and Airport Communities

Climate Issues
Resource Efficiency
Quality of Life
Human Resources
Training and Education
Safety and Protection
Customers
Procurement
Development and Expansion

Appendix

GRI Index
Consolidated Financial
Statement

Cronos

For many years, a solution was sought to offer the reception of electronic VFR flight plans at Isavia ANS. Three reasons lay behind the implementation of such a system: to meet the requirements that a full ICAO flight plan must be submitted, to maintain centrally all VFR plans, and to ensure that users had access to a place to submit an electronic VFR plan. Initially, it was considered whether it would be possible to receive all general flight plans via Cronos, but after the decision of Iceland joining Eurocontrol, electronic receipt of flight plans through Cronos would be limited to the receipt of VFR flight plans.

2024 was the first full year in which all VFR flight plans are electronic, with the receipt of electronic VFR flight plans through Cronos starting on March 23, 2023. It is possible to submit electronic VFR plans or users can call a central telephone number where Isavia ANS employees are responsible for creating VFR plans in Cronos. Statistics for the year 2024 show that 97% of VFR flight plans are received electronically from users. Only 3% call in with a flight plan, which is considered a good result.

Construction at domestic airports

Every year, work is conducted on maintenance projects at Isavia's domestic airports. This includes maintenance of runways, aprons, terminals, and other buildings and service roads operated by the company; funds are provided in accordance with the official transport plan in force at any given time. Regular maintenance was performed, runways were painted, and meteorological equipment was renewed at all airports, in addition to mandatory checks and updates of approach paths.

A new apron at Akureyri Airport was brought into operation in the course of the year, along with a new terminal that greatly improves the service and experience of passengers, air carriers, and airport staff. This was celebrated with a formal inauguration on the airport's 70th anniversary on 5 December, which was attended by ministers, staff and those who have worked on the project in recent years.

At Reykjavík Airport, maintenance projects continued, including the demolition of a radar building located within the runway safety area and asphalt work on the aprons. In addition, localizer approach equipment was renewed on runway 13.

LED runway lights were installed on both runways at Reykjavík Airport, and new LED approach lights were installed at Hringbraut. At Bíldudalur Airport, work was also carried out on installing LED runway lights; there is a future large-scale project involving

renewal of all runway lighting systems at domestic airports. The airport fence at Fluggarðir was partially renovated, and various improvements were made to the car park at Reykjavík Airport. New payment systems were installed at airport car parks at Reykjavík, Akureyri, and Egilsstaðir airports.

New snow removal equipment was purchased at Vopnafjörður Airport, while a new trace analysis machine was brought into use and an access card system installed at Egilsstaðir Airport.

Marking and painting work is part of the regular maintenance of runways and aprons at Icelandic airports. At Blönduós, runway cladding was laid, and work will continue in 2025 when the upper layer of cladding will be placed on the runway. At Hornafjörður Airport, lighting controls were installed in the control tower, a project that was carried out in cooperation with both Isavia ANS and Tern.

Remote Tower BIRK

Preparations for changes to Reykjavík Airport's air traffic control continued, and a remote-controlled control tower is expected to be installed in 2025. Air traffic control at Reykjavík Airport will then be transferred from a traditional control tower to a remote tower and tower operations will be moved to facilities in the Control Centre.

To increase their knowledge of the operation of remote tower services, the staff of Isavia regional airports visited Avinor Bodø, in Norway in 2024, where they familiarised themselves with the operations of a control tower centre that remotely controls radio services at a number of airports in northern Norway. In the future, the remote tower will strengthen air navigation services at the airport and create knowledge and skills for remote tower services in Iceland.

The project is a collaborative project with Isavia ANS, and a purchase agreement has been concluded for a remote tower system from Indra. A so-called Preliminary Design Review (PDR) phase is currently underway, where the system is designed. That phase concludes with a Critical Design Review (CDR), where the design is approved by Isavia ANS. The CDR is expected to be completed in mid-March 2025. According to the schedule, the system is to be delivered to Isavia ANS for installation at the end of June 2025. The continuation of the project will then be determined, among other things, by the progress of the installation work, with SAT tests scheduled for mid-October 2025.



→ Appendix

GRI Content Index

Introduction

Introduction by the CEO
Address of the Chairman
Year 2024
Key Figures

Strategy and Management

The Board of Directors and
Corporate Governance
Operations
Value Creation
Strategy and
Future Development
Risk Management
Material Topics

Sustainable Airports and Airport Communities

Climate Issues
Resource Efficiency
Quality of Life
Human Resources
Training and Education
Safety and Protection
Customers
Procurement
Development and Expansion

Appendix

GRI Index
Consolidated Financial
Statement

Statement of use	Isavia has reported in accordance with the GRI Standards for the period 1. January - 31. December 2024
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	GRI- G4 Airport Operators Sector Disclosure

GRI Standard	Disclosure	Location	Requirements fulfilled and if not, reason for omission	Explanation	UNGC	SDG
General Disclosures						
GRI 2: General Disclosures 2021	2- 1 Organizational details	Governance Operations		Isavia ohf. Leifur Eiriksson Air Terminal, 235 Keflavik Airport. Isavia ANS, Nauthólsvegi 66, 102 Reykjavik. Isavia Regional Airports, Reykjavik Airport, 102 Reykjavik. The Duty free store, Leifur Eiriksson Air Terminal, 235 Keflavik Airport. Isavia ANS has operations in Greenland, Poland and Hungary through its subsidiaries Suluk and Tern Systems.		
	2- 2 Entities included in the organization's sustainability reporting	Operations		Isavia ohf. and its subsidiaries		
	2- 3 Reporting period, frequency and contact point			Isavia's annual report and financial statements cover the calendar year 2024. The date of publication in Icelandic of the annual report is 26 March 2024 and the report is published annually. Further information on the contents of the report can be found at www.kefairport.is/fyrirtaekid/hafdu-samband		
	2- 4 Restatements of information			- The company's carbon footprint calculated using updated DEFRA coefficients. The calculation of the carbon footprint of take-offs and landings was partially changed as information from AirCarbon's software solution was used for the first time. The company's sewerage system has been moved from Scope 3 to Scope 1 and previous years have been recalculated. - Figures on the amount of de-icing materials that were published in the 2023 Annual Report have been corrected		
	2- 5 External assurance	Material Topics		The company's annual accounts are audited by the National Audit Office. Independent consultant of Ábyrgar lausnir ehf. Reviews the GRI references in the annual report.		
	2- 6 Activities, value chain and other business relationships. Additionally, for airports: Catchment area for passengers and cargo originating in the vicinity of the airport, estimated number of employees in the reporting organization, size of airport, number and length of runways, stating whether they are primary or crosswind runways, minimum connection time between flights at the airport, number of operations, number of airlines served, and number of destinations served.	Operations Value Creation Procurement Customers Key Figures Consolidated Financial Statement				
	2- 7 Employees	Human Resources		We define Iceland as one area in our numbers. When presenting data that require breakdown of gender, the information is grouped by women or men. No employee is registered as genderqueer or otherwise in our information systems, although this possibility exists.	6	8

Introduction

Introduction by the CEO
Address of the Chairman
Year 2024
Key Figures

Strategy and Management

The Board of Directors and
Corporate Governance
Operations
Value Creation
Strategy and
Future Development
Risk Management
Material Topics

**Sustainable Airports
and Airport Communities**

Climate Issues
Resource Efficiency
Quality of Life
Human Resources
Training and Education
Safety and Protection
Customers
Procurement
Development and Expansion

Appendix

GRI Index
Consolidated Financial
Statement

GRI Standard	Disclosure	Location	Requirements fulfilled and if not, reason for omission	Explanation	UNGC	SDG
GRI 2: General Disclosures 2021	2- 8 Workers who are not employees	Human Resources	Partially fulfilled. We had 27 interns during the year, 11 women and 16 men. The number of self-employed consultants working for the union is not specifically kept.		6	
	2- 9 Governance structure and composition	Governance Corporate Governance Statement		Further information on the boards of directors of Isavia ohf and its subsidiaries can be found here: www.kefairport.is/fyrirtaekid/stjorn-og-stjornarhaettir ans.isavia.is/um-okkur/stjorn www.innanlandsflugvellir.is/innanlandsflugvellir/um-okkur/stjorn-og-skipulag	10	5
	2- 10 Nomination and selection of the highest governance body	Governance				5
	2- 11 Chair of the highest governance body	Corporate Governance Statement				
	2- 12 Role of the highest governance body in overseeing the management of impacts	Governance Strategy and Future Development Corporate Governance Statement				
	2- 13 Delegation of responsibility for managing impacts	Strategy and Future Development				
	2- 14 Role of the highest governance body in sustainability reporting	Strategy and Future Development			The CEO is the controller of the annual report.	
	2- 15 Conflicts of interest	Governance Corporate Governance Statement				
	2- 16 Communication of critical concerns	Rules of Procedure for the Board of Directors		The Rules of Procedure of the Board of Directors explain how major issues are communicated to the Board. Isavia makes public some of the matters submitted to the Board of Directors, such as interim and annual financial statements, but is otherwise bound by confidentiality regarding the matters under consideration.		
	2- 17 Collective knowledge of the highest governance body	Strategy and Future Development		Partially met – the Board of Directors discusses sustainability issues		
	2- 18 Evaluation of the performance of the highest governance body	Governance Corporate Governance Statement				
	2- 19 Remuneration policies	Remuneration Policy				
	2- 20 Process to determine remuneration	Rule of Procedure of the Isavia ohf. Remuneration Committee				
	2- 21 Annual total compensation ratio				The ratio of the highest paid person in the company to the median total wage payments of full-time employees is 4.16. The percentage decrease between 2023 and 2024 in the total wage payments of the highest paid individual and the median total wage payments of full-time employees is - 0.34.	
	2- 22 Statement on sustainable development strategy	Introduction by CEO				
2- 23 Policy commitments	Strategy and Future Development					
2- 24 Embedding policy commitments	Strategy and Future Development					

Introduction

Introduction by the CEO
Address of the Chairman
Year 2024
Key Figures

Strategy and Management

The Board of Directors and
Corporate Governance
Operations
Value Creation
Strategy and
Future Development
Risk Management
Material Topics

**Sustainable Airports
and Airport Communities**

Climate Issues
Resource Efficiency
Quality of Life
Human Resources
Training and Education
Safety and Protection
Customers
Procurement
Development and Expansion

Appendix

GRI Index
Consolidated Financial
Statement

GRI Standard	Disclosure	Location	Requirements fulfilled and if not, reason for omission	Explanation	UNGC	SDG
GRI 2: General Disclosures 2021	2-25 Processes to remediate negative impacts	Strategy and Future Development Operations Material Topics Quality of Life				
	2-26 Mechanisms for seeking advice and raising concerns			The company ensures certain protection for employees who report criminal offences or other reprehensible conduct in their operations, in accordance with Act No. 40/2020, on the Protection of Whistleblowers. An employee who possesses information or data regarding violations of law or other reprehensible conduct in the group's operations must report such fact. A process has been put in place to make it easier for employees to communicate such information anonymously through the company's website.		
	2-27 Compliance with laws and regulations			No judgments or penalties have been imposed on Isavia in 2024 due to environmental or socioeconomic issues.		
	2-28 Membership associations			Airport Council International (ACI), American - Icelandic Chamber of Commerce, Borealis, co-operative forum for flight navigation service providers in North - West Europe, Civil Air Navigation Services Organisation (CANSO), Danish - Icelandic Chamber of Commerce, Festa, Icelandic Centre for Corporate Social Responsibility, French - Icelandic Chamber of Commerce, Eurocontrol, Mannauður, Association of Human Resources Managers, NAT-SPG, co-operative forum of States within the ICAO NAT Region, Nordic Initiative for Sustainable Aviation (NISA), Confederation of Icelandic Employers, Association of Reykjanes Employers, Icelandic Travel Industry Association, Ský, Association of IT people, Excellence Iceland (Stjórnvís), United Nations Global Compact.		
	2-29 Approach to stakeholder engagement	Material Topics				
	2-30 Collective bargaining agreements	Human Resources			3	8

Introduction

Introduction by the CEO
Address of the Chairman
Year 2024
Key Figures

Strategy and Management

The Board of Directors and
Corporate Governance
Operations
Value Creation
Strategy and
Future Development
Risk Management
Material Topics

**Sustainable Airports
and Airport Communities**

Climate Issues
Resource Efficiency
Quality of Life
Human Resources
Training and Education
Safety and Protection
Customers
Procurement
Development and Expansion

Appendix

GRI Index
Consolidated Financial
Statement

GRI Standard	Disclosure	Location	Requirements fulfilled and if not, reason for omission	Explanation	UNGC	SDG
Material topics						
GRI 3: Material Topics 2021	3- 1 Process to determine material topics	Material Topics				
	3- 2 List of material topics	Material Topics				
Economic performance						
GRI 3: Material Topics 2021	3- 3 Management of material topics	Governance				
		Risk Management Strategy and Future Development Operations Value Creation Material Topics				
GRI 201: Economic Performance 2016	201- 1 Direct economic value generated and distributed	Value Creation Consolidated Financial Statement			8	
Indirect economic impacts						
GRI 3: Material Topics 2021	3- 3 Management of material topics	Governance				
		Risk Management Strategy and Future Development Operations Value Creation Material Topics				
GRI 203: Indirect Economic Impacts 2016	203- 1 Infrastructure investments and services supported Additionally, for airports: Relevance to the airport sector because of high impact on local economies	Strategy and Future Development Value Creation				
	203- 2 Significant indirect economic impacts	Strategy and Future Development Value Creation			8	
Procurement practices						
GRI 3: Material Topics 2021	3- 3 Management of material topics	Strategy and Future Development Value Creation Material Topics Procurement				
GRI 204: Procurement Practices 2016	204- 1 Proportion of spending on local suppliers	Procurement		We define Iceland as one area in our numbers.		8,12

Introduction

Introduction by the CEO
Address of the Chairman
Year 2024
Key Figures

Strategy and Management

The Board of Directors and
Corporate Governance
Operations
Value Creation
Strategy and
Future Development
Risk Management
Material Topics

**Sustainable Airports
and Airport Communities**

Climate Issues
Resource Efficiency
Quality of Life
Human Resources
Training and Education
Safety and Protection
Customers
Procurement
Development and Expansion

Appendix

GRI Index
Consolidated Financial
Statement

GRI Standard	Disclosure	Location	Requirements fulfilled and if not, reason for omission	Explanation	UNGC	SDG
Energy						
GRI 3: Material Topics 2021	3-3 Management of material topics	Strategy and Future Development Value Creation Material Topics Climate Issues				
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Climate Issues			7,8	8,12
	302-2 Energy consumption outside of the organization	Climate Issues			8	8,12
	302-4 Reduction of energy consumption Additionally, for airports: Important for airports to share sectoral best practice	Climate Issues			8,9	13
Water and effluents						
GRI 3: Material Topics 2021	3-3 Management of material topics	Strategy and Future Development Material Topics Resource Efficiency				
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Resource Efficiency				
	303-2 Management of water discharge - related impacts	Resource Efficiency				
	303-3 Water withdrawal	Resource Efficiency				
Biodiversity						
GRI 3: Material Topics 2021	3-3 Management of material topics	Strategy and Future Development Value Creation Quality of Life				
GRI 304: Biodiversity 2016	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations			An appendix contains a table with information on the animal species that have been seen at Isavia's airports.		
Emissions						
GRI 3: Material Topics 2021	3-3 Management of material topics	Strategy and Future Development Value Creation Material Topics Climate Issues Quality of Life				

Introduction

Introduction by the CEO
Address of the Chairman
Year 2024
Key Figures

Strategy and Management

The Board of Directors and
Corporate Governance
Operations
Value Creation
Strategy and
Future Development
Risk Management
Material Topics

**Sustainable Airports
and Airport Communities**

Climate Issues
Resource Efficiency
Quality of Life
Human Resources
Training and Education
Safety and Protection
Customers
Procurement
Development and Expansion

Appendix

GRI Index
Consolidated Financial
Statement

GRI Standard	Disclosure	Location	Requirements fulfilled and if not, reason for omission	Explanation	UNGC	SDG
GRI 305: Emissions 2016	305- 1 Direct (Scope 1) GHG emissions	Climate Issues			7,8	13
	305- 2 Energy indirect (Scope 2) GHG emissions	Climate Issues			7,8	13
	305- 3 Other indirect (Scope 3) GHG emissions	Climate Issues			7,8	13
	305- 4 GHG emissions intensity	Climate Issues			8	13
	305- 5 Reduction of GHG emissions Additionally, for airports: Reference to ACI- ACA Airport Carbon Accreditation Program	Climate Issues			8,9	13
	305- 7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Quality of Life			7,8	13
Waste						
GRI 3: Material Topics 2021	3- 3 Management of material topics	Strategy and Future Development Value Creation Material Topics Resource Efficiency				
GRI 306: Effluents and waste 2016	306- 3 Significant spills	Resource Efficiency			8	12
GRI 306: Waste 2020	306- 1 Waste generation and significant waste- related impacts	Resource Efficiency			8	12
	306- 2 Management of significant waste- related impacts	Resource Efficiency			8	12
	306- 3 Waste generated Additionally, for airports: Report on the weight of waste from international flights	Resource Efficiency			8	12
Employment						
GRI 3: Material Topics 2021	3- 3 Management of material topics	Strategy and Future Development Value Creation Material Topics Human Resources				
GRI 401: Employment 2016	401- 1 New employee hires and employee turnover	Human Resources		Employee turnover in 2024 was 11% (15% in 2023).	6	5,8
	401- 3 Parental leave	Human Resources		The total number of employees who took parental leave during the year was 99 (38 women and 61 men). The total number of employees who returned from parental leave was 99 (38 women and 61 men). Information on the total number of employees who returned from parental leave and were still employed 12 months later is not available	6	5,8

Introduction

Introduction by the CEO
Address of the Chairman
Year 2024
Key Figures

Strategy and Management

The Board of Directors and
Corporate Governance
Operations
Value Creation
Strategy and
Future Development
Risk Management
Material Topics

**Sustainable Airports
and Airport Communities**

Climate Issues
Resource Efficiency
Quality of Life
Human Resources
Training and Education
Safety and Protection
Customers
Procurement
Development and Expansion

Appendix

GRI Index
Consolidated Financial
Statement

GRI Standard	Disclosure	Location	Requirements fulfilled and if not, reason for omission	Explanation	UNGC	SDG
Occupational health and safety						
GRI 3: Material Topics 2021	3-3 Management of material topics	Strategy and Future Development Value Creation Material Topics Quality of Life Human Resources Training and Education Safety and Security				
GRI 403: Occupational Health and Safety 2018	403- 1 Occupational health and safety management system	Human Resources Safety and Security			3,8	
	403- 2 Hazard identification, risk assessment, and incident investigation	Safety and Security			8	
	403- 3 Occupational health services	Human Resources Safety and Security			8	
	403- 4 Worker participation, consultation, and communication on occupational health and safety	Safety and Security			8	
	403- 5 Worker training on occupational health and safety	Training and Education Safety and Security			8	
	403- 6 Promotion of worker health	Human Resources Safety and Security			3	
	403- 7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Safety and Security				
	403- 8 Workers covered by an occupational health and safety management system	Human Resources Safety and Security	Partially met - missing data		8	
	403- 9 Work- related injuries	Safety and Security	Partially met - missing data			
Training and education						
GRI 3: Material Topics 2021	3-3 Management of material topics	Strategy and Future Development Value Creation Material Topics Training and Education Human Resources				
GRI 404: Training and Education 2016	404- 1 Average hours of training per year per employee	Training and Education			6	8
	404- 2 Programs for upgrading employee skills and transition assistance programs	Training and Education			6	8
	404- 3 Percentage of employees receiving regular performance and career development reviews	Human Resources			6	8

Introduction

Introduction by the CEO
Address of the Chairman
Year 2024
Key Figures

Strategy and Management

The Board of Directors and
Corporate Governance
Operations
Value Creation
Strategy and
Future Development
Risk Management
Material Topics

**Sustainable Airports
and Airport Communities**

Climate Issues
Resource Efficiency
Quality of Life
Human Resources
Training and Education
Safety and Protection
Customers
Procurement
Development and Expansion

Appendix

GRI Index
Consolidated Financial
Statement

GRI Standard	Disclosure	Location	Requirements fulfilled and if not, reason for omission	Explanation	UNGC	SDG
Diversity and equal opportunity						
GRI 3: Material Topics 2021	3- 3 Management of material topics	Strategy and Future Development Value Creation Material Topics Human Resources				
GRI 405: Diversity and Equal Opportunity 2016	405- 1 Diversity of governance bodies and employees	Human Resources	Partially met. Item b is not classified by job title only age		6	5,8
	405- 2 Ratio of basic salary and remuneration of women to men	Human Resources			6	5,8 10
Non- discrimination						
GRI 3: Material Topics 2021	3- 3 Management of material topics	Strategy and Future Development Value Creation Material Topics Human Resources				
GRI 406: Nondiscrimination 2016	406- 1 Incidents of discrimination and corrective actions taken	Human Resources		In 2024, 4 cases were reported concerning the company's policy and rules on the social environment and psychosocial aspects. After further investigation, there were two cases concerning sexual harassment and two concerning unwanted communication. One case ended with dismissal and another with settlement.	6	5,8
Forced or compulsory labor						
GRI 3: Material Topics 2021	3- 3 Management of material topics	Strategy and Future Development Value Creation Material Topics Human Resources Procurement				
GRI 409: Forced or Compulsory Labor 2016	409- 1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Procurement Supplier Code of Conduct			4	8,12
Human Rights						
GRI 3: Material Topics 2021	3- 3 Management of material topics	Strategy and Future Development Value Creation Material Topics Human Resources Procurement				
GRI 412: Human Rights Assessment	412- 3 Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Procurement Supplier Code of Conduct			2	12

Introduction

Introduction by the CEO
Address of the Chairman
Year 2024
Key Figures

Strategy and Management

The Board of Directors and
Corporate Governance
Operations
Value Creation
Strategy and
Future Development
Risk Management
Material Topics

**Sustainable Airports
and Airport Communities**

Climate Issues
Resource Efficiency
Quality of Life
Human Resources
Training and Education
Safety and Protection
Customers
Procurement
Development and Expansion

Appendix

GRI Index
Consolidated Financial
Statement

GRI Standard	Disclosure	Location	Requirements fulfilled and if not, reason for omission	Explanation	UNGC	SDG
Local communities						
GRI 3: Material Topics 2021	3-3 Management of material topics	Strategy and Future Development Value Creation Material Topics Quality of Life Development and Expansion				
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Strategy and Future Development Value Creation Development and Expansion			1	17
	413-2 Operations with significant actual and potential negative impacts on local communities	Strategy and Future Development Value Creation Development and Expansion			1	
Customer privacy						
GRI 3: Material Topics 2021	3-3 Management of material topics	Strategy and Future Development Material Topics Safety and Security				
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Safety and Security				
GRI- G4 Airport Operators Sector Disclosure						
GRI A01	Total number of passengers annually, broken down by passengers on international and domestic flights and broken down by origin and destination and transfer, including transit passengers	Key Figures Operations				
GRI A02	Annual total number of aircraft movements by day and by night, broken down by commercial cargo, general aviation and state aviation flights	Key Figures Operations	Total number of movements not broken down by time of day.			
GRI A03	Total amount of cargo tonnage	Key Figures Operations				
GRI A04	Quality of storm water by applicable regulatory standards	Resource Efficiency	Partially met - missing data			
GRI A05	Ambient air quality levels according to pollutant concentrations in microgram per m ³ or parts per million (ppm) by regulatory regime	Quality of Life				13
GRI A06	Aircraft and pavement de-icing /anti-icing fluid used and treated by m ³ and/or tonnes	Resource Efficiency				12,13
GRI A07	Number and percentage change of people residing in areas affected by noise	Quality of Life				
GRI A08	Number of persons physically or economically displaced, either voluntarily or involuntarily, by the airport operator or on its behalf by governmental or other entity, and compensation provided			No such cases reported		
GRI A09	Total annual number of wildlife strikes per 10.000 aircraft movements	Quality of Life				

Introduction

Introduction by the CEO
Address of the Chairman
Year 2024
Key Figures

Strategy and Management

The Board of Directors and
Corporate Governance
Operations
Value Creation
Strategy and
Future Development
Risk Management
Material Topics

**Sustainable Airports
and Airport Communities**

Climate Issues
Resource Efficiency
Quality of Life
Human Resources
Training and Education
Safety and Protection
Customers
Procurement
Development and Expansion

Appendix

GRI Index
Consolidated Financial
Statement

GRI 304-4 Species that have been seen at Isavia airports

Species	Scientific name	Iceland	Legal status in Iceland	IUNC Red List
Rabbit	Oryctolagus cuniculus	Not applicable (NA)	Unprotected	Data deficient (DD)
Cat	Felis silvestris catus	Not applicable (NA)	Unprotected	Not applicable (NA)
Mink	Mustela vision	Not applicable (NA)	Unprotected	Least concern(LC)
Sheep	Ovis aries	Not applicable (NA)	Unprotected	Data deficient (DD)
Swant	Cygnus cygnus	Least concern(LC)	Protected	Least concern(LC)
Greylag goose	Anser anser	Least concern(LC)	Protected except in the period 20 August – 15 March	Least concern(LC)
Pink-footed goose	Anser brachyrhynchus	Least concern(LC)	Friðuð nema á tímabilinu 20.ág – 15.mars	Least concern(LC)
European golden plover	Pluvialis apricaria	Least concern(LC)	Protected	Least concern(LC)
Black-headed gull	Larus ridibundus	Least concern(LC)	Unprotected except in the period 1 September - 15 March	Least concern(LC)
Common snipe	Gallinago gallinago	Least concern(LC)	Protected	Least concern(LC)
Brent goose	Ranta bernicla	Least concern(LC)	Protected	Least concern(LC)
Arctic fox	Vulpes lagopus	Least concern(LC)	Protected	Least concern(LC)
Ringed plover	Charadrius hiaticula	Least concern(LC)	Protected	Least concern(LC)
Redwing	Turdus iliacus	Least concern(LC)	Protected	Least concern(LC)
Eurasian whimbrel	Numenius phaeopus	Least concern(LC)	Protected	Least concern(LC)
Stirling	Sturnus vulgaris	Least concern(LC)	Protected	Least concern(LC)
Field mouse	Apodemus sylvaticus	Least concern(LC)	Protected	Least concern(LC)
Godwit	Limosa limosa	Least concern(LC)	Protected	Near threatened (NT)
Dunlin	Calidris alpina	Least concern(LC)	Protected	Least concern(LC)
White wagtail	Motacilla alba	Least concern(LC)	Protected	Least concern(LC)
Merlin	Falco columbarius	Least concern(LC)	Protected	Least concern(LC)
Wheatear	Oenanthe oenanthe	Least concern(LC)	Protected	Least concern(LC)
Mallard	Anas platyrhynchos	Least concern(LC)	Protected except in the period 1 September - 15 March	Least concern(LC)
Mew gull	Larus canus	Least concern(LC)	Protected	Least concern(LC)
Meadow pipit	Anthus pratensis	Least concern(LC)	Protected	Least concern(LC)
Lesser black-backed gull	Larus fuscus	Data deficient (DD)	Unprotected	Least concern(LC)
Fulmar	Fulmarus glacialis	At risk (EN)	Protected except in the period 1 September - 15 March	Least concern(LC)
Glaucous gull	Larus hyperboreus	At risk (EN)	Protected except in the period 1 September - 15 March	Least concern(LC)
Arctic skua	Stercorarius parasiticus	At risk (EN)	Protected except around protected eider nesting in the period 15 April – 14 July	Least concern(LC)
Sandpiper	Calidris maritima	At risk (EN)	Protected	Least concern(LC)
Great black-backed gull	Larus marinus	At risk (EN)	Unprotected	Least concern(LC)
Raven	Corvus corax	Vulnerable (VU)	Unprotected	Least concern(LC)
Arctic tern	Sterna paradisaea	Vulnerable (VU)	Protected	Least concern(LC)
Snow bunting	Plectrophenax nivalis	Vulnerable (VU)	Protected	Least concern(LC)
Euroasian oystercatcher	Haematopus ostralegus	Vulnerable (VU)	Protected	Near threatened (NT)
Eider duck	Somateria mollissima	Vulnerable (VU)	Protected	Near threatened (NT)
Ptarmigan	Lagopus muta	Near threatened (NT)	Protected except for a few days the autumn according to regulations	Least concern(LC)
Herring gull	Larus argentatus	Near threatened (NT)	Unprotected	Least concern(LC)
Redshank	Tringa totanus	Near threatened (NT)	Protected	Least concern(LC)

Consolidated Financial Statements 2024



Isavia ohf.

Consolidated Financial Statements

2024

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

2024

Table of Contents

Statement by the Board of Directors and Managing Director	2-4
Report of the Icelandic National Audit Office	5-6
Consolidated Income statement and other comprehensive income	7
Consolidated Statements of Financial Position	8
Consolidated Statements of Changes in Equity	9
Consolidated Statements of Cash Flows	10
Notes to the Consolidated Financial Statements	11-33
Unaudited appendixes	
Appendix I Statement of Governance	34-37
Appendix II Non-financial disclosure	38-47

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 Keflavíkurlflugvöllur 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 2024 are drawn up 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 Condensed 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 2024

According to the statement of income and expenditure of Isavia ohf., total operating income in 2024 amounted to ISK 51.917 million (2023: ISK 45.058 million). The gain for the year amounted to ISK 5.231 million (2023: ISK 2.102 million). The positive exchange rate difference amounted to ISK 2.057 million (2023: ISK 180 million). Wages and other staff costs amounted to ISK 24.755 million (2023: ISK 21.975 million), and the average number of staff in 2024 was 1.433 (2023: 1.348). The gender ratio among the staff and managers is 65,43% men, 34,55 women and 0,02% non-binary. The gender ratio among managers (CEO, Directors and Heads of Departments) is 60% men and 40% women.

On December 31st, 2024, the total assets of the consolidated group amounted to ISK 114.791 million (2023: ISK 112.101 million). Equity at the end of 2024 amounted to ISK 49.293 million (2023: ISK 44.064 million) and the equity ratio for the consolidated group was 42,9% at the end of the year (2023: 39,3%).

The Board of Directors proposes that ISK 439 million of the profit the year will be allocated into the statutory reserve. The remaining profit of the year will be transferred to retained earnings and reference is made to the 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 (2023: ISK 24.559 million). There was no share capital increase in 2024. The government is the sole owner of Isavia ohf. at the end of year 2024 as at the end of the year 2023.

The Group's Board of Directors proposes that no dividend be paid to the company's owner for the 2024 operating year.

Governance

The Board of Isavia has set operating rules 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, SA Association of Icelandic Enterprise 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 statement of governance 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, two women and three men. Therefore, the gender ratio is in accordance with article 63 in laws 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 policy, sustainability policy, comprehensive risk management policy, code of conduct and processing of personal data, to name a few. The ownership strategy together with the appendix are available on the company's website www.isavia.is.

Future prospects

The year 2024 was the company's second largest year ever, with a total of 8.3 million passengers served at the airport, which is 7.1% increase from the previous year. A total of 28 airlines flew from Keflavík Airport to 98 destinations.

Frequent volcanic eruptions at Sundhnúksgrígar impacted the demand for foreign tourist travel to Iceland. Keflavík Airport's passenger forecast for 2024 expected 2.4 million foreign tourists, but they turned out to be 2.3 million. Nevertheless, the number of foreign passengers increased by 2.1% from 2023. The number of Icelandic passengers through Keflavík Airport in 2024 was around 600 thousand, which is a 0.1% increase between years.

Construction continued and progressed well at Keflavík Airport in 2024 and good cooperation between all parties was the key to the success. Construction around the second floor of the new East Wing of the airport was the main focus, as the East Wing is a key factor in the future development of the airport. When completed, the East Wing will be larger than the original terminal building that was inaugurated in 1987 and the East Wing will among other things include a new baggage sorting system, a larger catering and waiting area with a corresponding increase in service quality, as well as new gangways. The East Wing will be put into use in March 2025. Construction on the expansion of the South Building of the airport began at the beginning of 2024 and has progressed well. The expansion of the south building will create more space for passengers, making the wait for their journey more enjoyable.

Following preliminary studies and a market survey in the European Economic Area, a decision was made to tender the operation of the Duty Free at Keflavík Airport. The result of that survey indicated that there would be financial benefits for the company to get a strong operator with extensive experience and knowledge of operating duty-free shops around the world to operate the Duty Free Store at Keflavík Airport. The result of that tender was clear in the last quarter of the year, and the German company Heinemann was selected based on the selection criteria of the tender. It is expected that they will begin operations at Keflavík Airport in the first half of 2025. This is a turning point, as the Duty Free Store has been run by the state or state-owned companies since 1958.

Passenger numbers decreased slightly between 2023 and 2024 at Isavia Innanlands and number of passengers using the domestic airport system are just under 695,000 passengers. There has been a significant change in travel behaviour since the pandemic, but the introduction of the Air Bridge has offset the decrease in passengers.

Record air traffic was recorded in the Icelandic air traffic control area in 2024 at Isavia ANS, and a slight increase in air traffic is expected in the coming years.

Interesting but challenging times lie ahead. The aviation industry has always been sensitive to fluctuations in its external environment and this is specially true now that the climate change has become tangible with the associated uncertainty that comes with new rules and laws that can significantly increase costs or reduce passenger numbers. Isavia's operations are extensive and in many ways complex. External changes, both foreseen and unforeseen, can increase the complexity of operations and call for solutions that require imagination and resilience of the employees.

The Board of Directors and CEO assess the company's operational capabilities are strong and that the company is well positioned to handle the upcoming air traffic and passenger growth at Keflavík Airport, along with the infrastructure development that is planned to be undertaken at Keflavík Airport in the coming years.

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 classification system for sustainable investments. 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 ninth 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 2024.

The Board and the Managing Director have reviewed and approved the consolidated annual accounts of the company for 2024 with their signatures and propose that the Annual General Meeting of the company approve the consolidated accounts.

Hafnarfjörður, March 12th 2025

Board of Directors

Kristján Þór Júlíusson
chairman of the Board

Hólmfríður Árnadóttir
board member

Hrólfur Ölvisson
board member

Marta Jónsdóttir
board member

Valdimar Halldórsson
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 year ended December 31, 2024, is 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, 2024, 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 of Supreme Audit Institutions (ISSAIs). The responsibilities under those standards are further described in the Auditor General's Responsibilities for the Audit of the consolidated Financial Statements section of the INAO's report following. 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's 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 determines 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 Board of Directors and the CEO either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for monitoring the preparation and presentation of the 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 audit report that includes The INAO'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 ISSAIs 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 ISSAIs, professional judgement was exercised, and professional scepticism maintained throughout the audit. The INAO 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 audit 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 are identified during the audit.

The Icelandic National Audit Office,
March 12th, 2025

Guðmundur Björgvin Helgason,
Auditor General

Consolidated Income statement and other comprehensive income for the year 2024

	Notes	Consolidation	
		2024	2023
Operating revenues	4	51.917.233	45.057.963
Operating expenses			
Cost of goods sold	5	(7.813.142)	(7.569.152)
Salaries and related expenses	6	(24.754.535)	(21.975.018)
Administrative expenses		(941.247)	(742.560)
Other operating expenses	8	(7.749.540)	(6.625.806)
		<u>(41.258.463)</u>	<u>(36.912.536)</u>
Operating gain before depreciation		10.658.769	8.145.427
Depreciation and amortization	11,12,13	(4.552.466)	(4.138.991)
Operating gain		6.106.303	4.006.436
Financial income	9	1.035.398	1.184.228
Financial expenses	9	(2.790.514)	(2.665.589)
Net exchange rate differences	9	2.056.903	179.716
Gain before taxes		6.408.091	2.704.792
Income tax	10	(1.177.029)	(602.863)
Gain and other comprehensive income for the year		<u>5.231.062</u>	<u>2.101.928</u>

Consolidated Statements of Financial Position December 31st, 2024

Assets	Notes	Consolidation	
		31.12.2024	31.12.2023
Non-current assets			
Property, plant and equipment	11	97.970.130	84.111.674
Intangible assets	12	3.533.136	3.787.878
Right of use asset	13	493.643	277.088
Shares in other companies		5.000	5.000
Bonds and other long-term receivables	15	502.044	1.002.225
Deferred tax asset	20	0	771.731
		<u>102.503.952</u>	<u>89.955.597</u>
Current assets			
Inventories	16	759.728	722.765
Accounts receivables	17	3.042.954	3.417.784
Current maturities of long-term receivables	15	501.437	500.269
Other receivables	17	2.093.797	1.990.323
Cash and cash equivalents	17	5.889.342	15.513.769
		<u>12.287.259</u>	<u>22.144.910</u>
Total assets		<u><u>114.791.211</u></u>	<u><u>112.100.506</u></u>
Equity and liabilities			
Equity			
Share capital	18	24.559.063	24.559.063
Statutory reserves		3.068.070	2.629.177
Revaluation reserves		35.741	37.065
Retained earnings		21.629.879	16.838.913
Total equity		<u>49.292.753</u>	<u>44.064.218</u>
Non-current liabilities			
Loans from credit institutions	19	52.154.347	55.928.043
Lease agreements	13	403.733	162.014
Deferred tax liabilities	20	404.059	0
		<u>52.962.140</u>	<u>56.090.056</u>
Current liabilities			
Accounts payable	21	6.519.007	6.391.894
Current maturities of loans from credit institutions	19	1.570.294	1.232.193
Current maturities of lease agreements	13	106.945	128.608
Current tax liabilities	10	3.696	2.821
Other current liabilities	21	4.336.376	4.190.716
		<u>12.536.318</u>	<u>11.946.232</u>
Liabilities		<u>65.498.458</u>	<u>68.036.288</u>
Total equity and liabilities		<u><u>114.791.211</u></u>	<u><u>112.100.506</u></u>

Consolidated Statement of Changes in Equity 2024

	Share Capital	Statutory reserves	Revaluation reserves	Retained earnings	Total Equity
Opening balance on January 1st 2023	24.559.063	2.483.798	38.389	14.880.906	41.962.156
Allocation to the statutory reserves	0	145.379	0	(145.379)	0
Depreciation of revaluation	0	0	(1.324)	1.324	0
Translation difference	0	0	0	133	133
Gain and other comprehensive income for the year	0	0	0	2.101.928	2.101.928
Balance on December 31st 2023	<u>24.559.063</u>	<u>2.629.177</u>	<u>37.065</u>	<u>16.838.913</u>	<u>44.064.218</u>
Opening balance on January 1st 2024	24.559.063	2.629.177	37.065	16.838.913	44.064.218
Allocation to the statutory reserves	0	438.893	0	(438.893)	0
Depreciation of revaluation	0	0	(1.324)	1.324	0
Translation difference	0	0	0	(2.527)	(2.527)
Gain and other comprehensive income for the year	0	0	0	5.231.062	5.231.062
Balance on December 31st 2024	<u>24.559.063</u>	<u>3.068.070</u>	<u>35.741</u>	<u>21.629.879</u>	<u>49.292.753</u>

No dividends were paid to shareholders for the year. Share capital has been fully paid. See note 18 for further information.

Consolidated Statement of Cash Flows 2024

		Consolidation	
	Notes	2024	2023
Cash flows from operating activities			
Operating gain		6.106.303	4.006.436
Depreciation and amortization	11,12,13	4.552.466	4.138.991
Accounting depreciation of current assets	16,17	78.165	36.010
Gain on disposal of assets		(2.995)	(2.571)
Operating cash flow before changes in operating assets and liabilities		10.733.939	8.178.866
Changes in inventories		(37.789)	(144.274)
Changes in operating assets		481.117	105.263
Changes in operating liabilities		(407.177)	3.307.846
Cash generated from operations		10.770.090	11.447.701
Interest income received		1.022.808	1.188.567
Interest expenses paid		(2.707.319)	(2.063.145)
Service charges paid		(91.047)	(71.061)
Income taxes paid		(2.583)	0
Net cash generated from operating activities		8.991.949	10.502.062
Investing activities			
Acquisition of property, plant and equipment	11	(17.957.577)	(16.502.344)
Sale of property, plant and equipment		12.863	8.336
Acquisition of intangible assets	12	(81.605)	(82.702)
Instalments on bonds	15	14.394	13.475
Long term claims Joint Finance contract, change	15	487.950	487.950
Investing activities		(17.523.974)	(16.075.285)
Financing activities			
New long-term borrowing	19	0	34.182.500
Repayment of borrowings	19	(1.217.326)	(21.246.270)
Instalments of leases	13	(123.123)	(118.920)
Current liabilities, finance of construction plan, change	21	369.209	(1.408.280)
Financing activities		(971.240)	11.409.030
Net change in cash and cash equivalents		(9.503.265)	5.835.807
Cash and cash equivalents at the beginning of the year		15.513.769	9.494.864
Effect of foreign exchange rates		(121.161)	183.098
Cash and cash equivalents at the end of the year	17	5.889.342	15.513.769

Notes

1. General information

Isavia ohf. (the Consolidation) 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 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.

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 the year 2024, new and revised and additional requirements in the Annual Accounts Act. The Consolidated Financial Statements are prepared on the basis of cost, except certain fixed assets are valued according to the revaluation method. 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 2024.

Classification of Liabilities as Current or Non-current and Non-current liabilities with covenants – Amendments to IAS 1

The amendment listed above did not have any material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

New standards and interpretations not yet adopted

Several amendments to accounting standards have been made that are not effective for the financial statements ending 31 December 2024 and have not been implemented before the effective date of these financial statements. The group's assessment of the new and amended standards is set out below.

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. The standard is required to be applied retrospectively and therefore the comparative information for the financial year ending 31 December 2026 will be restated in accordance with IFRS 18.

3. 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. 11, 12, 16 and 17.

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.

Notes

4. Operating revenues

The consolidated composition of revenues, is specified as follows

	2024	2023
Revenue from sales	14.970.131	14.590.032
Revenue from services	27.012.734	22.368.023
Revenue from contracts	2.920.300	2.436.000
Revenue from long-term assets	7.014.068	5.663.908
	<u>51.917.233</u>	<u>45.057.963</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 29.

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 2024 amounted to ISK 2.920 million. In 2023 the revenue amounted ISK 2.436 million.

5. Cost of goods sold

	2024	2023
Cost of inventories and transportation cost	6.644.367	6.370.886
Alcohol- and Tobacco levies	1.074.041	1.095.124
Recycling expenses	94.734	103.142
	<u>7.813.142</u>	<u>7.569.152</u>

6. Salaries and related expenses

	2024	2023
Salaries	19.736.142	17.558.212
Contribution to defined contribution plans	2.883.715	2.653.172
Social security contribution	1.419.698	1.267.712
Other salary-related expenses	365.269	325.221
Additional contribution to pension fund and changes in vacation obligation	378.513	373.960
Capitalized employment expenses	(1.007.990)	(1.094.303)
Other employee expenses	979.187	891.044
	<u>24.754.535</u>	<u>21.975.018</u>

Average number of employees	1.433	1.348
-----------------------------------	-------	-------

Total salaries and pension fund contribution for the CEO of Isavia ohf. for the year 2024 amounted to ISK 59 million, compared to ISK 55 million in 2023. In 2024, 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 352 million, compared to ISK 349 million the year before.

7. Fees to auditors

	2024		2023	
	Audit	Other service	Audit	Other service
The Icelandic National Audit office	47.267	0	35.867	0
	<u>47.267</u>	<u>0</u>	<u>35.867</u>	<u>0</u>

Other services include the cost of accounting, tax service and assistance on tax return. In year 2024 and 2023, this service was purchased by a third party that is independent of the company's auditor.

Notes

8. Other operating expenses

	2024	2023
Housing expenses	2.603.242	2.262.877
Technical and operational systems	1.980.708	1.881.455
Airport and runway expenses	1.023.882	664.139
Vehicle and equipment expenses	516.497	479.207
Other operating expenses	1.625.211	1.338.127
	<u>7.749.540</u>	<u>6.625.806</u>

9. Financial income and expenses

Financial income

	2024	2023
Interest income on cash and cash equivalents	737.397	863.911
Interest income on Bonds and other long-term receivables	3.331	4.619
Interest income on Joint Finance contract	270.201	292.357
Other interest income	24.469	23.342
	<u>1.035.398</u>	<u>1.184.228</u>

Financial expenses

	2024	2023
Interest expense and indexation	(2.643.298)	(2.494.552)
Other interest expense	(147.216)	(171.036)
	<u>(2.790.514)</u>	<u>(2.665.589)</u>

Net exchange rate differences

	2024	2023
Net exchange rate differences	2.056.903	179.716
	<u>2.056.903</u>	<u>179.716</u>

10. Income tax

Income tax has been calculated and recorded in the consolidated Financial Statements, the amount charged in the Income Statement is ISK 1.177 million. Income tax payable in the year 2025 is about ISK 3,7 million due to foreign subsidiaries. In year 2023 income tax charged in the Income Statement was ISK 603 million and income tax payable in year 2024 was ISK 2,8 million.

The effective tax rate is specified as follows:

	2024		2023	
	Amount	%	Amount	%
Profit before taxes	6.408.091		2.704.792	
Tax rate	(1.345.699)	(21,0%)	(540.958)	(20,0%)
Other changes	125.768	2,0%	(61.905)	(2,3%)
Changes in tax rate	42.902	0,7%	0	0,0%
Income tax according to Income statement	<u>(1.177.029)</u>	<u>(18,4%)</u>	<u>(602.863)</u>	<u>(22,3%)</u>

Notes

11. Property, plant and equipment

	Buildings and artwork	Aprons and car parks	Control systems	Other assets	Total
Cost					
Balance on January 1st 2023	47.624.670	26.334.572	3.313.311	18.797.952	96.070.505
Reclassification	0	0	0	15.858	15.858
Additions	10.119.969	2.830.876	56.027	3.495.473	16.502.344
Disposals	(29.763)	(194.584)	(244.443)	(522.749)	(991.539)
Sold	0	0	0	(29.377)	(29.377)
Balance on January 1st 2024	57.714.876	28.970.864	3.124.895	21.757.156	111.567.791
Additions	9.494.720	4.889.178	341.706	3.231.973	17.957.577
Disposals	(92.406)	(8.112)	(1.412.067)	(1.174.844)	(2.687.429)
Sold	0	0	0	(39.461)	(39.461)
Balance on December 31st, 2024	67.117.190	33.851.930	2.054.534	23.774.824	126.798.477
Accumulated depreciation					
Balance on January 1st 2023	10.655.791	4.854.576	2.048.768	7.207.054	24.766.188
Reclassification	0	0	0	15.858	15.858
Depreciation for the year	1.132.274	1.035.430	267.241	1.254.277	3.689.223
Disposals	(29.763)	(194.584)	(244.443)	(522.749)	(991.539)
Sold	0	0	0	(23.614)	(23.614)
Balance on January 1st 2024	11.758.302	5.695.422	2.071.567	7.930.825	27.456.117
Depreciation for the year	1.231.069	1.196.866	273.878	1.387.441	4.089.253
Disposals	(92.406)	(8.112)	(1.412.067)	(1.174.844)	(2.687.429)
Sold	0	0	0	(29.593)	(29.593)
Balance on December 31st, 2024	12.896.965	6.884.176	933.378	8.113.829	28.828.348
Book value					
Book value beginning of year 2024	45.956.573	23.275.442	1.053.328	13.826.331	84.111.674
Book value at year-end 2024	54.220.224	26.967.754	1.121.156	15.660.995	97.970.130

Estimated useful lives of fixed assets are as follows:

Buildings and artwork	0-100 years
Aprons and car parks	5-50 years
Fixtures and machinery	3-20 years
Other assets	3-70 years

Construction is underway at Leif Eiríksson Airport due to expansion of the terminal and changes in spaces as well as construction in the airport area. In the year 2024, construction and other investments for around ISK 16.816 million were capitalized by the parent company (2023: ISK 15.643 million). Other investments in subsidiaries of Isavia ohf. amounted to ISK 1.142 million during the year (2023: ISK 859,4 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, 2024, there were non-financial obligations due to contracts that belong to the projects ahead until year end 2025, and the obligation amounts to ISK 7.142 million (2023: ISK 12.873 million) at the parent company.

Depreciation:	2024	2023
Depreciation of property, plant and equipment see above	4.089.253	3.689.223
Depreciation of intangible assets according to note 12	336.347	329.233
Depreciation of right-of-use assets according to note 13	126.866	120.534
	4.552.466	4.138.991

Information about the revalued properties in year-end:

	31.12.2024	31.12.2023
Revalued book value	91.731	94.727
Impact of the special revaluation	(43.583)	(45.197)
Book value without impact of revaluation	48.148	49.530

Notes

11. Property, plant and equipment (continued)

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

	2024		2023	
	Official real estate value	Insurance value	Official real estate value	Insurance value
Buildings and sites	43.541.082	181.688.591	40.156.351	164.726.635
Machinery and equipment, asset insurances		2.273.937		2.005.264
Other liquid asset insurance		36.140.033		35.385.543
Halt insurance		14.052.921		13.017.555

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 Innanlandsflugvelliir 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 14.133 million in 2024 (2023: ISK 13.192 million).

12. Intangible assets and amortization

Consolidation	Usage agreement on facilities	Usage agreement on runways	Software and development cost	Total
Cost				
Balance on January 1st 2023	477.035	5.706.000	1.265.589	7.448.624
Corrected between categories	0	0	(2)	(2)
Additions	0	0	82.702	82.702
Disposals	0	0	(36.452)	(36.452)
Balance on January 1st 2024	477.035	5.706.000	1.311.836	7.494.871
Additions	0	0	81.605	81.605
Disposals	0	0	(106.767)	(106.767)
Balance on December 31st 2024	477.035	5.706.000	1.286.674	7.469.709
Depreciation				
Balance on January 1st 2023	222.651	2.663.211	528.350	3.414.212
Depreciation during the year	15.899	190.174	123.160	329.233
Disposals	0	0	(36.452)	(36.452)
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 December 31st 2024	254.449	3.043.559	638.565	3.936.573
Book value				
Book value at beginning of year 2024	238.485	2.852.615	696.778	3.787.878
Book value at year-end 2024	222.586	2.662.441	648.109	3.533.136
Depreciation rate	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 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

13. 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 after 1 year from the reporting date. 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 43 and 47 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	<u>Property and land</u>
Carrying amount on January 1st 2023	289.041
Adjustments for indexed leases	20.281
New or renewed leases	88.301
Depreciation	<u>(120.534)</u>
Carrying amount on January 1st 2024	277.088
Adjustments for indexed leases	20.882
New or renewed leases	322.539
Depreciation	<u>(126.866)</u>
Carrying amount on December 31st 2024	<u>493.643</u>

Amounts recognised in income statement	<u>2024</u>	<u>2023</u>
Depreciation expense from right-of-use assets	126.866	120.534
Interest expense on lease liabilities	23.627	13.693
Total amount recognised in income statement	<u>150.493</u>	<u>134.227</u>

Payment of leases for the year	146.336	131.701
--------------------------------------	---------	---------

Lease liabilities	<u>2024</u>	<u>2023</u>
Lease liabilities, long-term	403.733	162.014
Lease liabilities, current maturities next 12 months among current liabilities	106.945	128.608
	<u>510.678</u>	<u>290.621</u>

Lease liabilities	<u>31.12.2024</u>	<u>31.12.2023</u>
Maturity analysis, undiscounted lease payments		
Less than 1 year	128.562	139.291
Later than 1 year and not later than 5 years	218.967	126.659
Later than 5 year	308.451	87.982
	<u>655.980</u>	<u>353.932</u>

Notes

14. 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.			
Frihöfnin ehf., Keflavik Airport	100,00%	50.000	Retail and commerce
Isavia ANS ehf., Reykjavik Airport	100,00%	310.500	Air traffic control services
Isavia Innanlandsflugvöllir 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

15. Bonds and other long term receivable

	31.12.2024	31.12.2023
Bonds		
Bond loan	27.580	38.643
Current maturities	(13.487)	(12.318)
	<u>14.094</u>	<u>26.324</u>
Long term receivable		
	31.12.2024	31.12.2023
Long-term assets - Joint Finance contract	975.901	1.463.851
Current maturities	(487.950)	(487.950)
	<u>487.950</u>	<u>975.901</u>
Total amount of bonds and other long-term assets	<u>502.044</u>	<u>1.002.225</u>
Bonds and long-term assets instalments are specified as follows:		
	31.12.2024	31.12.2023
Year 2024	0	500.269
Year 2025	501.437	500.823
Year 2026	502.044	501.402
	<u>1.003.481</u>	<u>1.502.494</u>

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

16. Inventories

	31.12.2024	31.12.2023
Goods for resale	670.506	663.216
Goods in transit	97.237	66.738
Allowance for old and obsolete inventory	(8.015)	(7.189)
	<u>759.728</u>	<u>722.765</u>
Changes in allowance for old and obsolete inventory:		
At the beginning of the year	(7.189)	(3.863)
Change in the write-off for old and obsolete inventory	(34.983)	(37.122)
Inventories written off	34.157	33.797
At year-end	<u>(8.015)</u>	<u>(7.189)</u>
Insurance value of inventories	<u>925.418</u>	<u>857.641</u>

No inventories have been pledged at year-end.

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

Notes

17. Other financial assets

Accounts receivables

	31.12.2024	31.12.2023
Domestic account receivables	4.469.011	5.147.913
Foreign account receivables	959.981	578.570
Allowances for doubtful accounts	(2.386.037)	(2.308.698)
	<u>3.042.954</u>	<u>3.417.784</u>

Allowance for doubtful accounts

Changes in the allowance for doubtful accounts:

	31.12.2024	31.12.2023
At the beginning of the year	(2.308.698)	(2.276.014)
Change in the write-off of receivables	(86.352)	(65.638)
Amounts written off as uncollectable	9.013	32.954
At year-end	<u>(2.386.037)</u>	<u>(2.308.698)</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 2024 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.

On March 28th, 2019, Isavia exercised its authority to ground an aircraft operated by WOW air due to unpaid user fees for the operation of the airline at Keflavik Airport. The owner of the aircraft filed a lawsuit before the Reykjanes District Court, which overturned the grounding of the aircraft, despite clear provisions of law authorizing the suspension in the company's opinion. Due to this ruling of the Reykjanes District Court, it was considered appropriate to write down a fee claim in the amount of ISK 2.091 million in the group's books, despite the group's opinion that this was a wrong ruling. Isavia sued the aircraft owner and the Treasury for damages caused by the installation. The District Court's judgment of December 22nd, 2021 (Case E-1085/2020) agreed to all of Isavia's claims in addition to the payment of legal costs. With the rule of the National Court on May 12th, 2023, Isavia's claims were rejected. With the rule of the Supreme Court on May 6th, 2024, Isavia's claims were rejected and Isavia was found liable for damages due to the grounding of the aircraft for the period after the fees related to the aircraft had been paid and until the aircraft was flown out of the country. A settlement for this matter was reached in the fall of 2024, thus concluding the litigation.

The company's claim against the bankruptcy estate of Wow Air 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	31.12.2024			
	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>
Days past due date	31.12.2023			
	Expected loss	Gross amount	Allowance	Book value
Receivables not yet due	0,1%	2.519.416	2.425	2.516.991
1-90 days	3,1%	746.998	23.467	723.531
91-180 days	10,0%	67.337	6.734	60.604
181-270 days	44,3%	47.904	21.207	26.697
> 271 days	96,2%	2.344.827	2.254.865	89.962
Total		<u>5.726.482</u>	<u>2.308.698</u>	<u>3.417.784</u>

Notes

17. Other financial assets (continued)

Other receivables

	31.12.2024	31.12.2023
Value added tax	796.896	838.283
Prepaid expenses	303.002	241.857
Capital income tax	167.069	191.994
Prepaid salaries	28.350	26.799
Other receivables	798.480	691.390
	<u>2.093.797</u>	<u>1.990.323</u>

Cash and cash equivalents

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

	31.12.2024	31.12.2023
Bank deposits in ISK	4.076.138	9.547.496
Bank deposits in foreign currencies	1.811.254	5.963.903
Cash at hand in ISK	1.950	2.370
	<u>5.889.342</u>	<u>15.513.769</u>

18. Equity

Share capital is specified as follows:

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

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.

19. Loans from credit institutions

	Loans from credit institutions	
	31.12.2024	31.12.2023
Liabilities in EUR	48.902.790	52.039.016
Liabilities in ISK	4.821.851	5.121.220
	<u>53.724.641</u>	<u>57.160.236</u>
Current portion of long-term liabilities	(1.570.294)	(1.232.193)
Non-current liabilities at year-end	<u>52.154.347</u>	<u>55.928.043</u>

Change in liabilities for the year is following:

	31.12.2024	31.12.2023
Liabilities at beginning of the year	57.160.236	44.130.665
New long-term borrowings in the year	0	34.182.500
Instalments for the year	(1.217.326)	(21.246.270)
Exchange rate difference and indexation	(2.218.269)	93.342
Liabilities at the end of the year	<u>53.724.641</u>	<u>57.160.236</u>

Notes

19. Loans from credit institutions (continued)

Instalments of loans from credit institutions are specified as follows:

	Loans from credit institutions	
	31.12.2024	31.12.2023
Instalments in 2025 / 2024	1.570.294	1.232.193
Instalments in 2026 / 2025	1.573.568	1.623.555
Instalments in 2027 / 2026	1.577.008	1.626.680
Instalments in 2028 / 2027	5.409.497	1.629.964
Instalments in 2029 / 2028	2.629.572	5.522.288
Instalments later	40.964.702	45.525.556
	<u>53.724.641</u>	<u>57.160.236</u>

In the year 2024 there were no new borrowings, but contractual repayments of existing loans were made in the amount of ISK 1.217 million. The Group's loan agreements amount to ISK 53.725 million contain financial covenants regarding debt and equity ratios, and the company has complied with all covenants at year-end 2024. There are no indications that the company will have difficulties complying with the covenants in 2025.

The Company finalized its first bond issuance in 2023 and issued non-listed bonds amounted to EUR 175 million and the company a loan from the Nordic Investment Bank that amounted to EUR 50 million. The financing was used to refinance the company's older loans and to support the development of Keflavik Airport.

20. Deferred tax assets (-credit)

	31.12.2024	31.12.2023
Balance at beginning of the year	(771.732)	(1.370.781)
Calculated income tax for the year	1.177.029	602.863
Income tax payable for the next year	(3.696)	(2.821)
Translation exchange difference	2.458	(992)
Balance at the end of the year	<u>404.059</u>	<u>(771.732)</u>

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

	31.12.2024	31.12.2023
Property, plant and equipment	1.857.028	1.952.801
Current assets	(494.897)	(458.206)
Other items	4.994	14.151
Exchange differences	300.641	(33.608)
Effect of carry forward income tax loss	(1.263.707)	(2.246.870)
	<u>404.059</u>	<u>(771.732)</u>

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

	31.12.2024	31.12.2023
Available to the year 2030	619.567	6.159.439
Available to the year 2031	4.339.935	4.339.935
Available to the year 2032	385.532	385.532
Available to the year 2033	356.035	349.443
Available to the year 2034	316.585	0
	<u>6.017.654</u>	<u>11.234.349</u>

Notes

21. Other financial liabilities

Accounts payable

	31.12.2024	31.12.2023
Domestic accounts payable	2.976.871	2.757.926
Domestic accounts payable - due to construction plan	622.314	253.105
Foreign accounts payable	780.281	756.814
Accounts payable due to Joint Finance contract	2.139.541	2.624.048
	<u>6.519.007</u>	<u>6.391.894</u>

Domestic accounts payable due to the construction plan belong to Isavia Innanlandsflugvöllir ehf. and are because of the service agreement with the Ministry of Infrastructure, the part on construction. Payments for the year, the construction part, have already been received and therefore form this debt as these payments have not been fully disposed of. Cash and cash equivalents include credit due to these payments.

Account payable due to Joint Finance contract is due to reimbursement of cost of air navigation services in the North Atlantic. During 2023 the air traffic in Iceland's air traffic control area was more frequent than originally planned, which resulted in more being collected from user fees than the cost of the service. The contract specifies that if the collected user fees for the service are higher, a debt is created which is repaid through a reduction in the cost base of user fees two years later.

Current maturities of long-term liabilities

	31.12.2024	31.12.2023
Loans from credit institutions	1.570.294	1.232.193

Other current liabilities

	31.12.2024	31.12.2023
Value added tax, payable	47.445	34.151
Accrued additional contribution to pension fund	112.843	150.576
Salaries and related expenses payable	938.483	827.252
Accrued holiday commitment	2.370.177	2.021.004
Accrued interest, payable	578.664	621.939
Other liabilities	117.812	309.422
Deferred revenue	156.207	155.960
Incomplete construction contract	14.745	70.413
	<u>4.336.376</u>	<u>4.190.716</u>

22. 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	31.12.2024	31.12.2023
Cash and cash equivalents	5.889.342	15.513.769
Bonds and other long-term receivable	1.003.481	1.502.494
Other current receivables	4.638.330	4.947.457
Financial liabilities	31.12.2024	31.12.2023
Other financial liabilities	63.881.786	67.112.195

Loans and advances and other financial liabilities are measured at amortized cost with effective interest method less impairment.

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.

Notes

22. Financial risk (continued)

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:

	31.12.2024		31.12.2023	
	50 bps.	100 bps.	50 bps.	100 bps.
Effects on profit or loss and other equity	(19.973)	(39.946)	17.463	34.925

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	
	2024	2023
EUR	143,90	150,50
GBP	173,30	173,18
JPY	0,882	0,963
CHF	152,70	162,53
DKK	19,30	20,19
NOK	12,21	13,39
SEK	12,57	13,56
USD	138,20	136,20
CAD	96,08	102,79
HUF	0,35	0,39

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
JPY	1	0	1
CHF	4.117	22.728	(18.611)
DKK	177.879	35.657	142.222
NOK	1.084	7.153	(6.068)
SEK	23.345	65.276	(41.931)
USD	95.213	54.806	40.407
CAD	19	0	19
HUF	13.003	8.841	4.162

Notes

22. Financial risk (continued)

Foreign currency risk 31.12.2023

	Assets	Liabilities	Net balance
EUR	6.014.659	52.612.406	(46.597.747)
GBP	329.672	34.750	294.922
JPY	25	0	25
CHF	5.269	16.238	(10.970)
DKK	97.446	51.187	46.259
NOK	884	893	(9)
SEK	2.974	40.116	(37.142)
USD	87.848	69.803	18.046
CAD	162	0	162
HUF	7.801	4.311	3.490

Sensitivity analysis

The table below shows what effects 5% and 10% increase of the relevant foreign currency rate against the ISK would have on profit or loss and other 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 apply 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 that include the most exchange rate risk. The sensitivity analysis does take into account tax effects and therefore reflects the impact on the income statement and equity. The effect 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

	31.12.2024		31.12.2023	
	5%	10%	5%	10%
EUR	(1.860.080)	(3.720.160)	(1.863.910)	(3.727.820)
GBP	1.501	3.002	11.797	23.594
JPY	0	0	1	2
CHF	(735)	(1.470)	(439)	(878)
DKK	5.618	11.236	1.850	3.701
NOK	(240)	(479)	(0)	(1)
SEK	(1.656)	(3.313)	(1.486)	(2.971)
USD	1.596	3.192	722	1.444
CAD	1	2	6	13
HUF	164	329	140	279

Counterparty risk

Counterparty risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss for the Consolidation. The Consolidation actively monitors the changes to its credit risk. A more detailed description of the Consolidation's assessment of expected loan losses due to financial assets can be found in Notes 29 (accounting policies for impairment of financial assets) and 17 (allowance for doubtful accounts). The Consolidation has no write-down on bond assets that are low amounts, and the estimate of the management is that the write-down would be insignificant.

	31.12.2024	31.12.2023
Bonds and other long-term receivables	1.003.481	1.502.494
Accounts receivables	3.042.954	3.417.784
Other receivables	1.595.376	1.529.673
Cash and cash equivalents	5.889.342	15.513.769
	<u>11.531.153</u>	<u>21.963.720</u>

The maximum credit risk of the Consolidation is the carrying amount itemized above.

Notes

22. Financial risk (continued)

Capital management

The Group's treasury management monitors the capital risk management in consultation with the owners, the board and management. The Group manages its financing in accordance with its ownership policy. Great emphasis is placed on long-term perspectives on the structure and operation of the group. It is also emphasized that the group's companies, especially when they are in competitive operations, return acceptable results and ensure the maintenance of income-generating assets. This means, among other things, that the Treasury receives a normal return on equity in accordance with the risk of operations.

Liquidity risk management

Liquidity risk is the risk that the Consolidation has difficulties to meet 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.

	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)
	Payable within 1 year	Payable between 1 - 4 years	Payable after 4 years	Total
Liabilities 31.12.2023				
Non-interest bearing	9.951.959	0	0	9.951.959
Floating interest rates	1.998.795	5.320.160	5.294.257	12.613.211
Fixed interest rates	874.372	5.082.327	38.590.326	44.547.024
	12.825.126	10.402.487	43.884.583	67.112.195
Assets 31.12.2023				
Non-interest bearing	4.984.864	0	0	4.984.864
Floating interest rates	15.976.630	1.002.225	0	16.978.856
	20.961.495	1.002.225	0	21.963.720
Net balance 31.12.2023	8.136.369	(9.400.262)	(43.884.583)	(45.148.475)

23. 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.

Notes

23. Other issues (continued)

Court Proceedings

The bankruptcy estate of Air Berlin has sued the company due to the grounding of its aircraft in 2017. The amount of the claim is EUR 795 thousand (ISK 120 million ISK). The bankruptcy estate's claim was accepted in a lower court in Berlin in December 2021. The case was appealed to the higher court in Berlin, which confirmed the decision of the lower court on February 22, 2023. The estate suspended payments from two airlines in Germany to Isavia for the above-mentioned amount. Isavia subsequently grounded an aircraft to secure the payment of these fees in Iceland, and a case is now being brought before the National Court to confirm the security payment. In the meantime, the bankruptcy estate of Air Berlin requested that it be granted enforcement in Iceland based on the decision of the German courts before the Reykjanes District Court, which granted the estate's claim. A settlement for this was made at the end of 2024.

On February 20, 2025, the National Court ruled in favour of the air traffic controller's seniority. Permission to appeal to the Supreme Court will be sought.

24. 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 is obliged to respect international commitments made by the Government in Iceland on the basis of international agreements relating to the Consolidation's 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 2025 for the operation in Keflavík Airport. Furthermore, the company must respect the international obligations that the Icelandic government has undertaken on the basis of international agreements.

Isavia Innanlandsflugvöllir ehf. has two- year service contract 2024 and 2025 with the Ministry of Infrastructure for the operation and the development of domestic airports. Furthermore, the company must respect the international obligations that the Icelandic government has undertaken on the basis of international agreements, as well as carrying out the maintenance and development of domestic airports in accordance with the decisions of the Icelandic government at any given time.

The service agreement for domestic airports is twofold. On one hand, payments to the company for the daily operation of domestic airports, as per note number 4. On the other hand, payments to the company for projects related to maintenance and new construction at domestic airports, as per note number 21. 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.

Maintenance and new construction projects at domestic airports are in accordance with the current transportation plan from the State. The largest project was at Akureyri Airport, about 900 million. Other construction projects at Icelandic scheduled airports amount to about 500 million ISK. The 15-year transportation plan for the years 2024 to 2038 is currently being revised and will include both maintenance projects and new construction. There are exceptions at the three international airports in Iceland due to approach lights and these will be financed in the next transportation plan.

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.

The Company purchases insurance for employees in accordance with the terms of the collective bargaining agreement, except for the air traffic controller's license which the Company runs at its own risk.

Notes

25. Events after the reporting period

Isavia ohf. decided while ago to tender the operation of a duty-free shop at Keflavík Airport and that process was completed late 2024. The outcome of the tender was that it was agreed to accept a bid for the operation and a new operator will take over the operations in May 2025. At that point, Isavia ohf.'s operating license agreement with its subsidiary Fríhöfnin ehf. will expire and Fríhöfnin ehf. will cease operations in May 2025. When Fríhöfnin ehf. ceases operations and a new operator takes over, the staff of Fríhöfnin ehf. and the obligations relating to the staff will be transferred to the new operator of the duty-free shop at Keflavík Airport on the basis of Act No. 72/2002 on the legal status of employees upon transfer agreement between companies. A buyer is already secured for the inventories and the majority of the assets of Fríhöfnin ehf. There is no doubt that Fríhöfnin ehf. will pay its debts at this point. Accordance to management, there is no concerns in place about the going concern of Fríhöfnin ehf. for the next 12 months.

26. Related parties

Related parties are those parties which have direct or indirect influence of the Company or have the power to control 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 close family members control or have significant influence. Parent companies and companies where the group controls or has a significant influence are also considered related parties. Isavia ohf. is a government owned and a partial exemption is provided from the disclosure requirements for government-related entities in the revised version of IAS 24. But the group's main transactions with public entities is an agreement with the state on the operation of domestic airports, which belongs to the subsidiary Isavia Innanlandsflugvöllir ehf. The segment report provides information on the operations of Isavia Innanlandsflugvöllir ehf.

Disclosures regarding salaries for the Board of Directors and Managing Director is explained in Note no. 6. Sales of goods and service to key management personnel and related parties are immaterial.

27. Approval of financial statements

The financial statements were approved by the Board of Directors and authorised for issue on March 12th, 2025.

28. Consolidated ratios

From Statement of Comprehensive Income:

	2024	2023
Profitability		
Earnings (loss) before interests, taxes, depreciation and amortisation (EBITDA)	10.658.769	8.145.427
a) Contribution margin on operation	20,53%	18,08%
b) Profit (loss) margin on operating revenue	10,08%	4,66%
c) Earnings per share (EPS)	0,21	0,09
d) Return on equity	11,21%	4,89%
a) EBITDA/total revenue		b) Net income/total revenue
c) Earnings per share (EPS)		d) Net income/average equity

From Balance sheet:

	31.12.2024	31.12.2023
Activity ratios		
e) Investment in inventories	0,01	0,02
f) Rate of return on assets	0,46	0,44
g) Inventory turnover	10,54	11,60
h) Receivables turnover	16,07	13,19
e) Inventory/revenues		g) Cost of goods sold/average inventory
f) Net income/average total assets		h) Revenues/average accounts receivables
Liquidity ratios		
i) Quick or acid-test ratio	0,92	1,79
j) Current ratio	0,98	1,85
k) Net Interest-bearing Debts/EBITDA	4,54	5,15
i) (Current assets - inventories)/current liabilities		j) Current assets/current liabilities
Coverage ratios		
l) Equity ratio	42,94%	39,31%
m) Internal value of shares	2,01	1,79
l) Shareholders equity/total assets		m) Shareholders equity/capital stock

Notes

29. Summary of Significant Accounting Policies

Consolidation

The Consolidated Financial Statements include the Parent Company Financial Statements and the Financial Statements of the companies under its control (subsidiaries) at the reporting date. Control exists when the parent Company has legal right of decision over the investment, is at risk or has the right to receive variable advantage from the investment and with power of decision, can influence its proceeds from the investment.

The Consolidation is prepared in accordance with the acquisition price rule. When acquiring subsidiaries, assets and liabilities are measured at fair value at the acquisition date. If the purchase price is higher than the net asset after such an assessment, the difference is recognized as goodwill. The operating results of subsidiaries acquired or disposed during the year are included in the consolidated income statement from the effective date of acquisition or until the date of disposal, as applicable.

Among the objectives of the consolidated financial statements is to disclose only the Consolidation's external income, expenses, assets and liabilities, therefore transactions within it are eliminated in the preparation of the financial statements. If appropriate, adjustments are made to the subsidiaries financial statements to align them with the Consolidations accounting policies.

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 Innanlandsflugvellir 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.

Notes

29. Summary of Significant Accounting Policies (continued)

Lease income (continued)

Property lease is primarily the parent company's lease of spaces in Leif Eiríksson Airport and land and real estate directly connected to the terminal. Since Leif Eiríksson Airport is a single property number, it is not possible to differentiate between an investment property for rent and a property for own use.

Payment terms

The Group's general payment terms are a 30-day payment deadline. The Group does not have 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 status of a contract can be reliably assessed, income and expenses are recognized based on the percentage of accrued costs in accordance with the provisions of the contract on the reporting date. Changes to the components of the contract, the claim for compensation and bonus payments are recognized to the extent that the amount can be estimated reliably and is likely to arrive.

When the status of a contract cannot be reliably estimated, revenue is recognized in proportion to the accrued costs that are likely to be recovered. The cost of the construction contract is recognized as an expense in the period incurred.

When the loss of a construction contract is likely, 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

29. 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

29. 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

29. 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 17.

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

30. Segment reporting

Segment information is disclosed on basis of organizational structure and internal management information. The majority of business for Isavia ANS ehf. consists of service to air carriers on the basis of a Joint Finance Agreement. Isavia Innanlandsflugvellir ehf. are the operation of airports and airport control towers for domestic flights. Keflavík Airport is the operation of Keflavík International Airport and control tower in Keflavík in addition to Leifur Eiríksson Air Terminal. In Note 29 there are information regarding each segment.

Within the income of segments are lease income that amounts ISK 9.705 million (2023: about ISK 8.861 million) which fall within the scope of IFRS 16 Leases. Other revenue specified above are within the scope of IFRS 15 Revenue from contracts with customers. A more detailed description of the nature of the income and the timing of the Consolidation's revenue can be found in note 29.

Segment information year 2024

	Isavia ANS ehf.	Isavia Innanlands- flugvellir ehf.	Isavia ohf.	Frihöfnin 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	10.428.477	3.878.673	29.099.865	15.161.660	1.689.510	(8.340.953)	51.917.233
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

Notes

30. Segment reporting (continued)

Segment information year 2023

	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	7.646.980	3.217.347	19.022.231	14.767.737	403.668		45.057.963
Inter-segment revenue	1.651.583	42.337	5.298.058	0	1.105.386	(8.097.364)	0
Total revenue	<u>9.298.563</u>	<u>3.259.684</u>	<u>24.320.289</u>	<u>14.767.737</u>	<u>1.509.054</u>	<u>(8.097.364)</u>	<u>45.057.963</u>
Income statement							
Operating profit	1.065.976	(171.109)	2.527.112	636.599	10.538	(62.679)	4.006.436
Net financial income / (expenses)	(142.168)	(22.560)	(707.538)	(10.649)	2.744	(421.474)	(1.301.645)
Profit before taxes	923.808	(193.669)	1.819.574	625.949	13.282	(484.153)	2.704.792
Profit for the year	739.082	(154.939)	1.453.785	500.756	47.894	(484.649)	2.101.928
Balance sheet							
Non-current assets	5.933.593	1.323.773	86.963.404	453.653	189.777	(4.908.604)	89.955.597
Other assets unallocated to segments	2.149.669	615.195	17.186.243	2.688.972	655.181	(1.150.350)	22.144.910
Total assets	8.083.263	1.938.969	104.149.647	3.142.624	844.958	(6.058.954)	112.100.506
Total liabilities	6.539.011	2.242.659	62.315.298	1.593.941	400.827	(5.055.448)	68.036.288
Equity	1.544.252	(303.690)	41.829.255	1.548.684	444.130	(998.412)	44.064.218
Other information							
Capital additions	638.196	94.198	15.687.959	155.995	8.698	0	16.585.046
Depreciation and amortization	321.212	127.685	3.607.257	217.880	50.545	(185.587)	4.138.991

Appendix I Statement of Governance

The Statement of Governance is the report of the Board of Directors for the Board's past operating year 2024 - 2025 and is published together with the financial statements for the calendar year 2023. The Statement of Governance is made in accordance with Article 66. c of the Act on Annual Accounts no. 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. The company also follows the General Ownership Policy of the state for all state-owned companies, issued in September 2021.

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 take into account the guidelines on corporate governance and complies with them in all material senses. 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 own 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 \(samgongustofa.is\)](#).

Internal control and risk management

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 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. 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.

KPMG ehf. is the Group's internal audit. In according to 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. Internal audit 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 five alternates elected at a shareholders 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 40% women and 60% men. All Board members are viewed as independent, within the meaning of the as Guidelines on Company 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 December 13, 2023. 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 2024 - 2025, 14 board meetings were held. All board meetings were quorate, as all board meetings were fully quorate. The Board's work plan for the next operating year is available after the annual general meeting. The Chairman of the Board leads the meetings. In addition to the Board, the CEO, the chief financial officer and Human Resources and the Chief Legal Officer, who also writes the minutes are signed by the board, the CEO and CFO.

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 2024–2025

Kristján Þór Júlíusson, born in 1957, is the chairman of the board from 2022, with a teaching qualification from the University of Iceland and a Captain's qualification from the Marine School in Reykjavík. Kristján Þór was a Member of Parliament for the Northeast Constituency 2007-2021. He was Minister of Health 2013-2017, Minister of Education and Culture and Minister of Nordic Cooperation 2017 and Minister of Fisheries and Agriculture 2017-2021. He was a member of Alþingi Budget Committee 2007-2013, Industry Committee 2007-2009 and Environment Committee 2009-2011. Kristján Þór was mayor of Dalvík 1986-1994 and mayor of Ísafjörður 1994-1997. Served on the Akureyri town council 1998-2009 and was mayor of Akureyri 1998-2006. Chairman of the board of the Iðnþróunarfélag Eyjafjarður hf. 1987–1992. On the board of the company's Útgerðarfélag Dalvíkinga hf. 1987–1990, Söltunarfélag Dalvíkur hf. 1987–1993, and Sæplast hf. 1988–1994. Kristján Þór was chairman of the board of Hafnarsamband sveitarfélaga 1994-1997 and chairman of the board of Eyþing 1998-2002. On the board of Togaraútgærð Ísafjarðar hf. 1996–1997 and chairman of the board of Samherja hf. 1996–1998. On the board of the Samband íslenskra sveitarfélaga 1998–2007. Chairman of the board of the Akureyri City Employees' Pension Fund 1998–2007. On the board of the Fjárfestingarbanki atvinnulífsins 1999–2000. On the board of the Eignarhaldsfélag Burnabótafélags Íslands 1999–2008. In the Icelandic Tourism Board 1999–2003. In the years 1999-2007, Kristján Þór sat on the board of Landsvirkjun. He was the chairman of the board of Lífeyrissjóður Norðurlands 2000-2007 and on the board of Fasteignamat ríkisins in the same period. Kristján was on the board of Íslensk verðbréf 2002–2009. Kristján Þór was elected to Isavia board at the 2022 general meeting and sits on Isavia remuneration committee.

Hólmfríður Árnadóttir, born in 1973, is a board member from 2022, with a B. Ed. and M.Ed. degrees from the University of Akureyri and Dipl. Ed. degree from the University of Iceland. Hólmfríður works as the department head of Kennslumiðstöð of the University of Iceland and project manager of distance learning at the same school. She has over 20 years of management, consulting and teaching experience. She worked as a school principal from 2016-2022 and as an expert at the University of Akureyri from 2012-2016. She has served on numerous boards, councils and committees. Hólmfríður was elected to Isavia board at the 2022 general meeting and sits on Isavia remuneration committee.

Hrólfur Ölvisson, born 1960, studied politics and media studies at the University of Iceland. Since 2016, Hrólfur has worked as the manager of Jarðefnaðnaðar ehf. as well as sitting on the company's board of directors. He also sits on the board of Sementsverksmiðinn ehf. and Eignarhaldsfélagið Hornsteinn ehf. together with holding the chairmanship of the board at Bær hf. Hrólfur has held numerous management positions before, but among other things he worked as the managing director of the newspaper Tímans 1988-1993 and as the managing director of the Progressive Party 2010-2016. He has also served on numerous boards over the years, but among other things he was on the board of the Búnaðarbankinn Bankaráð 1998-2001, was the chairman of the board of the Fire Protection Agency 1997-2001, of the Purchasing Council of the City of Reykjavík 2003-2005 and chairman of the Labor Agency 1998-2007. Hrólfur was elected to the Isavia board at the 2023 general meeting.

Appendix I Statement of Governance

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

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, Prúunarfélags 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 – prúunarfélags 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.

Valdimar Halldórsson, born 1973, was a member of the board of directors from 2018 to 2022 and rejoined the board in February 2025. Valdimar is an independent consultant and board member. Valdimar was the managing director of the Whale Museum in Húsavík and Norðursiglingar hf. from 2016 to 2021. He was a consultant at HF Verðbréf 2013-2016, assistant to the Minister of Industry and Innovation 2012-2013, specialist at IFS and Marko Partners 2008-2012, specialist in the research department of Íslandsbanki 2004-2008 and at the National Economic Institute/Statistics Iceland 2000-2004. Valdimar is a board member of Stapa lífeyrissjóður, Frihöfninni ehf., 3Z Pharma ehf., Hefring Marine ehf., Mýsköpun ehf., Fjárfestingarfélags Þingeyinga ehf. and GI Rannsóknnum (Gallup) ehf.

Nanna Margrét Gunnlaugsdóttir was a board member from the 2018 AGM until February 2025 when she resigned from the board and took a seat as a member of the parliament at Alþingi.

Jón Steindór Valdimarsson was a board member from the 2022 AGM and served on the board until the beginning of 2025 when he resigned from the board and became Assistant to the Minister of Finance and Economic Affairs.

Board alternates

Ingveldur Sæmundsdóttir, born 1970, MBA, assistant to the Minister of Infrastructure.

Sigrún Traustadóttir, born 1962, MBA, consultant. Was the main member of the board 2014-2017, deputy from 2017.

Tómas Ellert Tómasson, born 1970, civil engineer, currently works for SG-hús ehf. on Selfoss.

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 Procedures approved at the Board of Directors meeting on December 13, 2023. Daily operations do not include measures that are unusual or significant. 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 conflict of interest with business partners and/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, committee members 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 after the Annual General Meeting each year, Isavia board of directors appoints three individuals to Isavia audit committee. It consists of three members, one independent of the company and two members of the board. 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, make a proposal for the selection 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. Roles and rules of procedure 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 Chairman of the board of directors 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, 2025.

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, Frihöfnin ehf. which handles the operation of four duty free shops in Leif Eiríksson Air Terminal 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. The company's 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 vision is to connect the world through Iceland. It focuses on the development of the transfer hub and reflects the expected development in the coming years in air transport. In order to support the development, the airport's infrastructure needs to be built. The company's strategy aims to deliver a leading airport that will grow sustainably and support the nation's prosperity. After all, they deliver significant economic benefits for the economy.

Last year, five-year strategic priorities were set to enable employees to work purposefully towards the company's vision. The focus was on strengthening the company's ability to support the future growth of airlines that choose Keflavík Airport as their hub. The five-year strategy was set at the beginning of 2024 and is built around three main focuses: customers and airport community, culture and digital optimization. These are the factors that are considered to have the greatest impact on increasing Keflavík Airport's ability to achieve the strategy. The five-year strategy was prepared by the Executive Board with the involvement of the Board of Directors, which formally approved it, along with an accompanying action plan, in February 2024.

Key metrics

The strategic indicators of Isavia ohf., the parent company, were updated in accordance with the five-year strategy to work systematically towards its success. Eight goals and strategic indicators were worked on in 2024. They are:

Goal 1: EBITDA will increase from 25% at the end of 2023 to 42% at the end of 2028. It will increase to 34% in 2024. EBITDA was 29% at the end of 2024.

Goal 2: The percentage of satisfied customers will increase from 83% at the end of 2023 to 85% in 2028. It will increase from 83% to 85% in 2024 for passengers. The percentage of satisfied customers was 83% at the end of 2024.

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

Goal 4: Runway capacity is to have the ability to serve up to 38 movements per 60 minutes in 2028. The capacity will remain at 32 movements in 2024. The capacity was 32 movements at the end of 2024.

Goal 5: Increased efficiency will be achieved by decreasing the average cost per passenger from ISK 4,678 at the end of 2023 to ISK 4,450 in 2028. The goal is for the average cost to reach ISK 4,632 by the end of 2024. It was ISK 4,948 at the end of 2024.

Goal 6: Keflavík Airport's fuel carbon footprint will go from 1,525 tons at the end of 2023 to under 600 tons of CO₂ in 2028. It will go to 1,300 tons by the end of 2024. The measurement for 2024 was 1,761 tons.

Goal 7: No serious incidents at Keflavík Airport in safety, security or occupational health and safety that can be attributed to Keflavík Airport's operations and infrastructure in 2028. The number of serious incidents will decrease from 38 at the end of 2023. There were 94 incidents in 2024.

Goal 8: Return on equity will increase from 3.2% at the end of 2023 to over 10.9% in 2028. It will increase to 7.5% in 2024. Return on equity in 2024 was 10%.

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. Isavia supports the United Nations' Global Goals for Sustainable Development and works systematically towards them. 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.

Isavia's sustainability strategy and action plan are currently being reviewed in accordance with the changes that have occurred and are coming in the company's external environment. More detailed information about Isavia's Sustainability Strategy and action plan can be found here: www.kefairport.is/fyrirtaekid/sjalfbaerni. The European Commission, the EU Taxonomy entered into force in Iceland on 1 June 2023 with Act No. 25/2023. EU Taxonomy is a classification system for determining sustainable economic activities that provides companies, investors, and policymakers with appropriate definitions for which economic activities can be considered environmentally sustainable. The report can be found in the consolidated financial statements of Isavia ohf. under Appendix II, as this information is only provided 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. The company completed the analysis during the year and subsequently conducted a gap analysis of the requirements set by the ESRS standards.

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 2024 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. 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 2022, the company's human resources, and equality policies were combined into one to show that equality issues are part of all human resources-related issues at the company. 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. The strategy and action plan are under review.

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 oversight 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 issues in risk management and internal control, sets 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 eighth 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

EU Taxonomy regulation entered into force in Iceland on 1 June 2023 with Act. no. 25/2023 on Sustainable Finance Disclosure Regulation (SFDR) and taxonomy 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 percentage of turnover, capital expenditure and operating expenses for the most recent operating period on eligible activities, that is, activities covered by the EU Taxonomy regulation. Similarly, the same key performance indicators must be disclosed for activities that meet all the criteria of the regulation and are considered to be aligned activities or environmentally sustainable.

It is considered that all business activities, which are not described in the delegated acts, are classified as not eligible. It should therefore be noted that the EU taxonomy regulation is not in itself an exhaustive list of sustainable economic activities and related criteria, as many activities are currently not defined according to it, so far.

Appendix II Non-financial disclosure

Definitions

The environmental objectives are six:

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

According to the EU taxonomy regulation, eligible economic activities are those economic activities described in the current delegated acts for each of the environmental objectives, regardless of whether that economic activity meets any or all of the technical assessment criteria laid down in those delegated acts.

For an activity to be considered aligned and thereby meet the requirements of the EU Taxonomy regulation to be environmentally sustainable, it must:

- The business activity must make a substantial contribution to one or more environmental goals.
- Does not cause significant harm to other environmental targets.
- Complies with minimum protective measures.

Eligible business operations in accordance with the EU taxonomy regulation

Isavia carried out an analysis of the group's activities in relation to the definition of the EU taxonomy regulation, of eligible and coordinated business operations according to both climate goals. Within the group are companies that operate airports, air traffic services, duty-free shops and software companies.

This analysis was done at the level of each investment and asset. It can be said that for a given activity, three scenarios are possible: all related investments are coordinated; only a portion of related investments are coordinated; or no corresponding investment is coordinated. A similar argument can be used for assets.

When only a part of related activities is eligible or coordinated, the entity is then relied upon the data and that information from IT systems are sufficiently disaggregated and accessible so that the validity of the assessment can be proven. Isavia will look into this when improving the company's information systems and also to be prepared for the requirement that information published under the EU Taxonomy regulation will be taken out by a third party as announced within a few years.

After the analysis, the following categories of business operations were assessed as eligible:

- 5.3 Construction, extension and operation of waste water collection and treatment
- 6.3 Urban and suburban transport, road passenger transport
- 6.5 Transportation by motorbikes, 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

Sustainable use and conservation of water and marine resources:

- 2.3 Sustainable urban drainage systems (SUDS)

Transition to a circular economy:

- 7.2 Renovation of existing buildings

Pollution prevention and pollution control:

- 2.4 Remediation of contaminated sites and areas

Eligible activities covered by EU Taxonomy

Isavia assesses that it does not formally meet all of the minimum safeguards specified. Therefore, the company does not provide information on aligned business activities according to the taxonomy regulation. Failure to fully implement the minimum safeguards does not have legal consequences as the taxonomy regulation is a reporting regulation. Isavia began work during the year on improvements to meet these measures and is expected to complete them satisfactorily in 2025.

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.

The fact that the required minimum safeguard is met is a prerequisite for business activities to be classified as environmentally sustainable and thus aligned with the taxonomy regulation. In order to implement and ensure minimum safeguards, Isavia has aligned itself with the final report on minimum safeguards from the Platform on Sustainable Finance from October 2022. The main focus of the report is on human rights, corruption and bribery, taxation and fair competition. When assessing compliance with minimum safeguards, it is assessed whether adequate processes are implemented for each of the above subjects to avoid negative impacts.

Isavia considers itself to meet the minimum safeguards requirements mentioned regarding corruption and bribery, taxation and fair competition in all respects. The procedure that the company has not fully implemented is a human rights due diligence process that is specifically specified in the OECD guidelines. It is worth noting that although Isavia has not implemented the due diligence steps as mentioned in the OECD guidelines, this does not mean that human rights are being violated, as the guidelines only address the procedural aspects of human rights due diligence.

Isavia began work this year on improvements to meet these measures and is expected to complete them satisfactorily in 2025.

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 used in the calculations of the key performance indicators, turnover, investment expenses and operating expenses.

Turnover

The group's classifiable income ratio was calculated as the portion of net income from goods and services related to classifiable business activities (numerator) divided by net income (denominator; the denominator corresponds to the group's income; see also the notes to the group, number 4 income).

Isavia earns income from products and services related to classifiable business activities. By far the largest item is rental income from housing, which falls under category CCM 7.7 Acquisition and ownership of buildings. In addition, the company earns income from the operation of the sewage system, which falls under category CCM 5.3 Construction, extension and operation of waste water collection and treatment. Finally, revenue is generated from charging stations that fall under category CCM 6.15 Infrastructure enabling low-carbon road transport and public transport.

Capital expenditure

The EU taxonomy regulation defines the key performance indicator as classifiable investment expenditure (numerator), divided by all additions to tangible and intangible assets during the financial year before depreciation and any revaluations, including those arising from revaluations and impairments, for the relevant financial year and excluding changes in fair value (denominator).

The largest part of the investment cost that are considered to be eligible can be attributed to the extensive construction that take place at Keflavík Airport and fall under category CCM 7.1 Construction of new buildings. Next are investment costs related to improvements to existing premises which fall under category CE 7.2 Renovation of existing buildings. Construction of a settling pond at Keflavík Airport falls under category WTR 2.3 Sustainable urban drainage systems. Purchase of machinery and equipment related to snow removal and mowing of runways and aprons falls under category CCM 6.20 Air transport ground handling operations. The company's purchase of vehicles falls under category CCM 6.5 Transportation by motorcycles, passenger cars and light commercial vehicles. Installation of LED approach lights at Keflavík Airport falls under category CCM 7.3 Installation, maintenance and repair of energy-efficient equipment. Renewal and increase in the number of aircraft ground connections (Ground Power Units) falls under category CCM 6.17 Low-carbon airport infrastructure. Finally, there are investment costs related to projects for the cleaning of contaminated soil in the airport area that fall under category PPC 2.4 Remediation of contaminated sites and areas.

Operational expenditure

The taxonomy regulation's uses a significantly narrower definition of operating expenses than the traditional definition used in IFRS standards for financial reporting. Operational expenditure, accordance to the taxonomy regulations, shall include direct non-capitalised costs that relate to research and development, building renovation measures, short-term leasing, maintenance and repair and any other direct expenditures relating to the day-to-day maintenance of fixed assets or third parties to whom activities are outsourced, which are necessary to ensure the continued efficient operation of such assets.

Appendix II Non-financial disclosure

To determine the key metrics for operating expenses, the classifiable operating expenses (numerator) according to the classification regulation are determined in proportion to the operating expenses (denominator).

The largest part of the eligible operating expenses in accordance other EU taxonomy regulations is incurred for maintenance and repairs to ensure the efficient operation of assets. These operating expenses fall under category CCM 7.7 Acquisition and ownership of buildings. The largest part of these is due to the cleaning of the airport terminal at Keflavík Airport, but there are also maintenance costs. Isavia operates a workshop and a proportion of the operating costs there are due to spare parts, tire changes and repairs to snow removal equipment and related equipment, which falls under category CCM 6.20 Air transport ground handling operations, but also due to the company's vehicles, which fall under category CCM 6.5 Transport by motorcycles, passenger cars and light commercial vehicles, and on the other hand, due to buses used in passenger transport at the airport, under category CCM 6.3 Urban and suburban transport, road passenger transport.

Tables showing key metrics follow.

EU Taxonomy

TURNOVER

Financial year N=2024	2024			Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')						Minimum Safeguards	Proportion of Taxonomy aligned (A.1) or eligible (A.2) turnover, year 2023	Category enabling activity	Category transitional activity
Economic Activities	Code	Turnover	Proportion of Turnover year 2024	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)

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	4.878.427	9,4%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								8,8%		
Construction, extension and operation of waste water collection and treatment	CCM 5.3	49.538	0,1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0,1%		
Infrastructure enabling low-carbon road transport and public transport	CCM 6.15	579	0,0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0,0%		
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		4.928.544	9,5%	9,5%	%	%	%	%	%								8,9%		
A. Turnover of Taxonomy eligible activities (A.1+A.2)		4.928.544	9,5%	9,5%	%	%	%	%	%								8,9%		

B. TAXONOMY-NON-ELIGIBLE ACTIVITIES

Turnover of Taxonomy-non-eligible activities (B)	46.988.688	90,5%
Total	51.917.233	100,0%

EU Taxonomy

CAPITAL EXPENDITURE

Financial year N=2024	2024			Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')						Minimum Safeguards	Proportion of Taxonomy aligned (A.1) or eligible (A.2) CapEx, year 2023	Category enabling activity	Category transitional activity
	Economic Activities	Code	CapEx	Proportion of CapEx, year 2024	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)

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	10.420.091	57,8%	EL	N/EL	N/EL	N/EL	N/EL	N/EL										56,3%
Renovation of existing buildings	CE 7.2	733.826	4,1%	N/EL	N/EL	N/EL	N/EL	EL	N/EL										0,0%
Sustainable urban drainage systems	WTR 2.3	303.546	1,7%	N/EL	N/EL	EL	N/EL	N/EL	N/EL										0,0%
Air transport ground handling operations	CCM 6.20	89.689	0,5%	EL	N/EL	N/EL	N/EL	N/EL	N/EL										0,0%
Low carbon airport infrastructure	CCM 6.17	49.055	0,3%	EL	N/EL	N/EL	N/EL	N/EL	N/EL										0,2%
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	22.626	0,1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL										1,0%
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	22.167	0,1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL										0,2%
Remediation of contaminated sites and areas	PPC 2.4	12.622	0,1%	N/EL	N/EL	N/EL	EL	N/EL	N/EL										0,0%
CapEx of Taxonomy eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		11.653.622	64,6%	58,8%	%	1,7%	0,1%	%	%										57,7%
A. CapEx of Taxonomy eligible activities (A.1+A.2)		11.653.622	64,6%	58,8%	%	1,7%	0,1%	%	%										57,7%

B. TAXONOMY-NON-ELIGIBLE ACTIVITIES

Turnover of Taxonomy-non-eligible activities (B)	6.385.559	35,4%
Total	18.039.181	100,0%

EU Taxonomy

OPERATING EXPENDITURE

Financial year N=2024	2024			Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')						Minimum Safeguards	Proportion of Taxonomy aligned (A.1) or eligible (A.2) OpEx, year 2023	Category enabling activity	Category transitional activity
Economic Activities	Code	OpEx	Proportion of OpEx, year 2024	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										
Acquisitions and ownership of buildings	CCM 7.7	542.456	1,3%	EL	N/EL	N/EL	N/EL	N/EL	N/EL										1,4%
Air transport ground handling operations	CCM 6.20	142.160	0,3%	EL	N/EL	N/EL	N/EL	N/EL	N/EL										0,0%
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	37.104	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	27.188	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)		748.908	1,8%	1,8%	%	%	%	%	%										1,6%
A. OpEx of Taxonomy eligible activities (A.1+A.2)		748.908	1,8%	1,8%	%	%	%	%	%										1,6%

B. TAXONOMY-NON-ELIGIBLE ACTIVITIES

OpEx of Taxonomy-non-eligible activities (B)	40.509.556	98,2%
Total	41.258.463	100,0%

EU Taxonomy reporting

NUCLEAR AND FOSSIL GAS RELATED ACTIVITIES	YES/NO
Nuclear energy related activities	
The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO
Fossil gas related activities	
The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

