

Isavia ohf.

Condensed Consolidated Interim Financial Statements

1.1 - 30.6 2024

Disclaimer:

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

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

Isavia ohf.

Condensed Consolidated Interim Financial Statements

1.1 - 30.6 2024

Table of Contents

Statement by the Board of Directors and Managing director	2-3
Report on Review of Interim Financial Report of the Icelandic National Audit Office	4
Consolidated Income Statement and other comprehensive income	5
Consolidated Statements of Financial Position	6
Consolidated Statements of Changes in Equity	7
Consolidated Statements of Cash Flows	8
Notes to the Consolidated Financial Statements	9-16

Statement by the Board of Directors and Managing Director

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

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

These Condensed Consolidated Interim Financial statements have been prepared in accordance with International Financial Reporting Standards on Interim Financial Reporting IAS 34 as adopted by the European Union and additional requirements in the laws on annual accounts. The Consolidated Interim Financial Statements are presented in Icelandic krona (ISK), which is the functional currency of the company. All amounts are in ISK thousands, unless stated otherwise.

Operations for the period January to June 2024

According to the Consolidated income statement and other comprehensive income of Isavia ohf., total operating revenue for the period amounted to ISK 23.261 million (1.1-30.6 2023: ISK 20.085 million). The gain for the period amounted to ISK 455 million (1.1-30.6 2023: ISK 221 million loss). The positive exchange rate difference amounted to ISK 490 million (1.1-30.6 2023: ISK 742 million positive exchange rate). Salaries and related expenses for the period amounted to ISK 12.446 million (1.1-30.6 2023: ISK 11.313 million). The average number of staff for the period was 1.383 (1.1-30.6 2023: 1.319).

On June 30th 2024, the total assets of Isavia group amounted to ISK 114.884 million (31.12.2023: ISK 112.101 million). Total equity at June 30th 2024 amounted to ISK 44.518 million (31.12.2023: ISK 44.064 million) and the equity ratio for the group on June 30th 2024 was 38,7% (31.12.2023: 39,3%).

Attention is called to the write-down of claims, including the write-down due to the collapse of WOW air in 2019. Reference is made to note 11 in the notes regarding this issue.

The number of passengers passing through Keflavík Airport increased by over 9,5% between January and June 2024 compared to the same period in 2023, which was 1,8% below the company's plans. The number of passengers passing through Keflavík Airport was around 3,7 million in the period January to June 2024, compared to 3,4 million passengers for the same period in 2023. The growth during this period has been largely driven by connecting passengers, which increased from 843 thousand passengers to 1,135 thousand passengers or about 7% between periods. However, the number of passengers to and from Iceland increased by 1%, or from 2,515 thousand to 2,541 thousand passengers. The tender process for the operation of the Duty Free store at Keflavík Airport began in the first half of the year, and the result of that process is expected before the end of the year.

Share capital and shareholder

The share capital on June 30th 2024 amounted to ISK 24.559 million (31.12.2023: ISK 24.559 million). The National Treasury is the sole shareholder in the company at June 30th 2024 same as at the year end 2023.

Future prospects

The company's future outlook is stable and the company's current passenger forecast for 2024 expect that passengers for the year will be around 6% more than in 2023. The company's plans assume continued passenger growth although the relative annual growth has stabilized or around 4-5% over the next years. At Keflavík Airport, great emphasis has been placed on improving the airport's infrastructure to cope with the increase in the number of tourists, for example by expanding the terminal, improving passenger space and increasing the automation of passenger processes. This has enabled Keflavík Airport to handle an ever-increasing number of passengers.

Statement by the Board of Directors and Managing Director

The statement of the Board and Managing Director

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

It is the opinion of the Board of Directors and the Managing Director that the company's accounting principles are appropriate and that this condensed consolidated interim financial statement provides a good overview of the development and performance of the group's operations in the period from January to June 2024 and the main areas of uncertainty in its environment.

The Board and the Managing Director of Isavia ohf. confirm, to the best of their knowledge, that these Condensed Consolidated Interim Financial Statements give a true and fair view of the group's financial performance, assets, liabilities and change in cash flows between January and June 2024.

The Board and Managing Director have reviewed and approved the Condensed Consolidated Interim Financial statements of the company for the period January 1st to June 30th 2024 with their signatures.

Hafnarfjörður, September 16th 2024

Board of Directors

Kristján Þór Júlíusson
Chairman of the Board

Hólmfríður Árnadóttir

Hrólfur Ölvisson

Jón Steindór Valdimarsson

Tómas Ellert Tómasson

Managing Director

Sveinbjörn Indriðason

Review Report of The Icelandic National Audit Office

To the Board of Directors and shareholders of Isavia ohf.

The Condensed Consolidated Interim Financial Statements of Isavia ohf. for the period January 1st to June 30th, 2024, are reviewed in accordance with Act no. 46/2016 on the Auditor General and the auditing of government accounts. The Consolidated Interim Financial Statements comprise the Statement of the Board of Directors, Income Statement and other comprehensive income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and Notes to the Financial Statements including a summary of significant accounting policies.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

The responsibility of the Icelandic National Audit Office (INAO) lies in the conclusion about these Consolidated Interim Financial Statements based on our review.

Scope of Review

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

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

Conclusion

Based on the Icelandic National Audit Office's review, nothing has come to our attention that causes the INAO to believe that the accompanying Consolidated Interim Financial Statements does not give a true and fair view of the financial position of the entity as at June 30th 2024 and of its financial performance and its cash flows for the six-month period then ended in accordance with International Financial Reporting Standards IAS 34 for Financial Reporting as adopted by the European Union.

The Icelandic National Audit Office, September 16, 2024

Guðmundur Björgvin Helgason,

Consolidated income statement and other comprehensive income 1.1 - 30.6 2024

	Notes	Consolidation	
		1.1 - 30.6 2024	1.1 - 30.6 2023
Operating revenues	4	23.261.205	20.084.631
Cost of goods sold		(3.566.474)	(3.480.764)
Salaries and related expenses	5	(12.445.548)	(11.313.090)
Administrative expenses		(477.945)	(365.125)
Other operating expenses		(3.557.981)	(3.148.857)
		<u>(20.047.947)</u>	<u>(18.307.836)</u>
Operating gain before depreciation		3.213.258	1.776.795
Depreciation and amortization	7,8,9	(2.271.069)	(1.946.086)
Operating gain (loss)		942.189	(169.291)
Financial income	6	521.457	325.630
Financial expenses	6	(1.417.543)	(1.163.103)
Net exchange rate differences	6	489.564	742.208
		<u>535.667</u>	<u>(264.556)</u>
Gain (loss) before taxes		535.667	(264.556)
Income tax		(80.868)	43.959
		<u>(80.868)</u>	<u>43.959</u>
Gain (loss) and other comprehensive income for the period		<u>454.799</u>	<u>(220.597)</u>

Consolidated Statements of Financial Position June 30th 2024

Assets	Notes	Consolidation	
		30.6 2024	31.12 2023
Non-current assets			
Property, plant and equipment	7	90.547.106	84.111.674
Intangible assets	8	3.672.128	3.787.878
Right of use asset	9	542.587	277.088
Shares in other companies		5.000	5.000
Bonds and long-term assets		989.830	1.002.225
Deferred tax asset	14	692.134	771.731
		<u>96.448.784</u>	<u>89.955.597</u>
Current assets			
Inventories		887.568	722.765
Accounts receivables	11	4.072.268	3.417.784
Current maturities of long-term receivables		501.280	500.269
Other receivables	11	3.055.021	1.990.323
Cash and cash equivalents		9.919.152	15.513.769
		<u>18.435.288</u>	<u>22.144.910</u>
Total assets		<u><u>114.884.072</u></u>	<u><u>112.100.506</u></u>
Equity and liabilities			
Equity			
Share capital	12	24.559.063	24.559.063
Statutory reserves		2.774.177	2.629.177
Revaluation reserves		36.403	37.065
Retained earnings		17.148.679	16.838.913
		<u>44.518.322</u>	<u>44.064.218</u>
Non-current liabilities			
Loans from credit institutions	13	54.608.046	55.928.043
Lease agreements	9	441.450	162.014
		<u>55.049.497</u>	<u>56.090.056</u>
Current liabilities			
Accounts payable	15	8.111.459	6.391.894
Current maturities of loans from credit institutions	13	1.418.432	1.232.193
Current maturities of lease agreements	9	116.239	128.608
Current tax liabilities	14	174	2.821
Other current liabilities	15	5.669.950	4.190.716
		<u>15.316.254</u>	<u>11.946.232</u>
Liabilities		<u>70.365.750</u>	<u>68.036.288</u>
Total equity and liabilities		<u><u>114.884.072</u></u>	<u><u>112.100.506</u></u>

Consolidated Statement of Changes in Equity 1.1- 30.6 2024

	Share Capital	Statutory Reserves	Revaluation-Reserves	Retained earnings	Total Equity
Equity at January 1st 2023	24.559.063	2.483.798	38.389	14.880.906	41.962.156
Depreciation of revaluation	0	0	(662)	662	0
Translation differences	0	0	0	(86)	(86)
Comprehensive income	0	0	0	(220.597)	(220.597)
Equity at June 30th, 2023	24.559.063	2.483.798	37.727	14.660.884	41.741.473
Equity at January 1st, 2024	24.559.063	2.629.177	37.065	16.838.913	44.064.218
Transferred to statutory reserves	0	145.000	0	(145.000)	0
Depreciation of revaluation	0	0	(662)	662	0
Translation difference	0	0	0	(695)	(695)
Comprehensive income	0	0	0	454.799	454.799
Equity at June 30th, 2024	24.559.063	2.774.177	36.403	17.148.679	44.518.322

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

Consolidated Statement of Cash Flows 1.1 - 30.6 2024

	Notes	Consolidation	
		1.1 -30.6 2024	1.1 -30. 6 2023
Cash flows from operating activities			
Operating gain (loss)		942.189	(169.291)
Depreciation and amortization	7,8,9	2.271.069	1.946.086
Short term assets - change of provision		51.659	13.028
Loss on disposal of assets		(1.722)	(401)
Working capital provided by operating activities		3.263.195	1.789.422
Changes in inventories		(159.913)	(343.614)
Changes in operating assets		(1.093.772)	(810.076)
Changes in operating liabilities		2.990.372	2.058.103
Cash generated from operations without interest and taxes		4.999.882	2.693.836
Interest received		53.490	15.737
Interest and foreign exchange rates paid		(1.418.226)	(1.047.914)
Net cash generated from operating activities		3.635.147	1.661.658
Investing activities			
Investments of property, plant and equipment	7,8	(8.525.086)	(8.196.737)
Instalments on bonds		14.394	390.657
Investing activities		(8.510.693)	(7.806.080)
Financing activities			
New bank loans raised	13	0	9.035.000
Instalments of long-term debt	13	(612.740)	(2.226.567)
Instalments of leases		(62.139)	(56.861)
Financing activities		(674.880)	6.751.573
Net change in cash and cash equivalents		(5.550.426)	607.151
Cash and cash equivalents at the beginning of the period		15.513.769	9.494.864
Effect of foreign exchange rates on cash and cash equivalents		(44.191)	(81.637)
Cash and cash equivalents at the end of the period		9.919.152	10.020.378

Notes

1. General information

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

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

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

2. Basis of accounting

The Condensed Consolidated Interim Financial Statements for the period of January 1st to June 30th, 2024 have been prepared in accordance with International Financial Reporting Standards on Interim Financial Reporting IAS 34, as adopted by the European Union, and additional requirements in the Act on Annual Accounts. The Consolidated Financial Statements are prepared on the basis of cost, except certain fixed assets are valued according to the revaluation method. The Condensed Consolidated Interim Financial Statements do not include all the information required in the final financial statements and should be read in conjunction with the Consolidated Financial Statement for the year 2023.

The Interim Financial Statements has been prepared according to the same accounting principles as were used in the preparation of the Consolidated Financial Statements for the year 2023. The Consolidated Interim Financial Statements are presented in Icelandic krona (ISK), which is the functional currency of the company. All amounts are in ISK thousands, unless stated otherwise. The financial statements can be accessed from the company headquarters or on its website; www.isavia.is.

3. Use of estimated and judgements

In preparation of the Consolidated Interim Financial Statements, in accordance with International Financial Reporting Standard IAS 34, as adopted by the European Union, requires management to make judgements, estimates and assumptions that affect assets and liabilities at the accounting date, disclosure information as well as income and expenses. The assessment and conclusions are based on experience and various other factors that are considered relevant and form the basis of the decisions made on the book value of assets and liabilities that are not otherwise available. 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. 7, 8 and 11.

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

4. Operating revenues

The consolidated composition of revenues, is specified as follows:

	1.1 - 30.6 2024	1.1 - 30.6 2023
Revenue from air navigation.....	4.233.581	3.804.501
Revenue from domestic airports.....	1.844.957	1.565.369
Revenue from Keflavik airport.....	9.945.869	7.672.455
Other revenue.....	323.180	252.128
Revenue from sales of goods.....	6.913.619	6.790.178
	<u>23.261.205</u>	<u>20.084.631</u>

5. Salaries and related expenses

	1.1 - 30.6 2024	1.1 - 30.6 2023
Salaries	9.646.345	8.747.194
Salary-related expenses	2.283.911	2.121.903
Other salary- and employee expenses	515.292	443.993
	<u>12.445.548</u>	<u>11.313.090</u>

Notes

6. Financial income and expenses

Financial income

	1.1 - 30.6 2024	1.1 - 30.6 2023
Interest on bank deposits	464.665	276.944
Interest revenue on investments held to maturity	3.010	3.649
Interest income on Joint Finance contract	46.788	37.287
Other interest revenue	6.994	7.750
	<u>521.457</u>	<u>325.630</u>

Financial expenses

	1.1 - 30.6 2024	1.1 - 30.6 2023
Interest expense and indexation	(1.349.413)	(1.091.595)
Other interest expenses	(68.130)	(71.508)
	<u>(1.417.543)</u>	<u>(1.163.103)</u>

Net exchange rate differences

	1.1 - 30.6 2024	1.1 - 30.6 2023
Net exchange rate differences	489.564	742.208

7. Property, plant and equipment

	Buildings and artwork	Aprons and car parks	Control systems	Other assets	Total
Cost					
Balance at beginning of period	57.714.876	28.970.864	3.124.895	21.757.156	111.567.791
Additions	4.622.199	2.110.592	81.301	1.667.734	8.481.827
Disposals	(69.061)	0	(57.967)	(593.605)	(720.633)
Sold	0	0	0	(28.297)	(28.297)
Balance at end of period	<u>62.268.014</u>	<u>31.081.456</u>	<u>3.148.229</u>	<u>22.802.988</u>	<u>119.300.687</u>
Accumulated depreciation					
Balance at beginning of period	11.758.302	5.695.422	2.071.567	7.930.825	27.456.117
Depreciation for the period	609.553	595.705	124.026	710.583	2.039.867
Disposals	(69.061)	0	(57.967)	(593.605)	(720.633)
Sold	0	0	0	(21.769)	(21.769)
Balance at end of period	<u>12.298.794</u>	<u>6.291.127</u>	<u>2.137.626</u>	<u>8.026.034</u>	<u>28.753.582</u>
Book value					
Book value at beginning of period	45.956.573	23.275.442	1.053.328	13.826.331	84.111.674
Book value at end of period	<u>49.969.220</u>	<u>24.790.329</u>	<u>1.010.603</u>	<u>14.776.954</u>	<u>90.547.106</u>
Estimated useful life	0-100 years	5-50 years	3-20 years	3-70 years	

Between January 1 and June 30, 2024, construction and other investments of the group were capitalized for around ISK 8.482 million (1.1-30.6 2023: ISK 8.157 million). Of this, the construction of Keflavík Airport amounted to ISK 7.983 million (1.1-30.6 2023: ISK 7.795 million). In the future, there are ongoing construction projects at Isavia ohf. due to the expansion of the terminal and changes in spaces as well as ongoing construction in the airport area. On June 30, 2024, there were non-financial liabilities in the amount of ISK 12.123 million (31.12.2023: ISK 12.873 million) at Isavia ohf. which have come about as a result of contracts that belong to the projects that are ahead at Keflavík Airport until June 30th 2025.

Depreciation

	1.1 - 30.6 2024	1.1 - 30.6 2023
Depreciation of property, plant and equipment, see here above	2.039.867	1.721.448
Depreciation of intangible assets, according to note 8	167.176	166.161
Depreciation of right-of-use, according to note 9	64.026	58.476
	<u>2.271.069</u>	<u>1.946.086</u>

Notes

8. Intangible assets

	Usage agreement on facilities	Usage agreement on runways	Software and Development cost	Total
Cost				
Balance at beginning of period	477.035	5.706.000	1.311.836	7.494.871
Additions	0	0	51.426	51.426
Disposals	0	0	(20.990)	(20.990)
Balance at end of period	477.035	5.706.000	1.342.272	7.525.307
Depreciation				
Balance at beginning of period	238.550	2.853.385	615.058	3.706.993
Depreciation	7.950	95.087	64.139	167.176
Disposals	0	0	(20.990)	(20.990)
Balance at end of period	246.499	2.948.472	658.208	3.853.179
Book value				
Book value at beginning of period	238.485	2.852.615	696.778	3.787.878
Book value at end of period	230.536	2.757.528	684.064	3.672.128
Amortization rates	3,3%	3,3%	5-33%	

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

9. Leases agreements

The group leases real estate and plots of land for its operations that fall under the accounting standard IFRS 16 Leases. The contractual rental period for real estate is 5 to 6 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 44 and 48 years.

The following tables show, among other things, an analysis of the underlying asset classes of contractual lease payments where the company is the lessee.

	Property and land	
Right-of-use assets		
Balance at beginning of period		277.088
Adjustments for indexed leases		15.182
Changes for new and end of older right of use		314.342
Depreciation		(64.026)
Balance at end of period		542.587
Depreciation recognised in income statement		
	1.1 -30.6 2024	1.1 -30.6 2023
Depreciation expense from right-of-use assets	64.026	58.476
Interest expense on lease liabilities	10.985	7.379
Total amount recognised in income statement	75.011	65.855
Lease liabilities		
	30.6 2024	31.12 2023
Lease liabilities, long-term	441.450	162.014
Lease liabilities, instalments in the next 12 months among short-term debts	116.239	128.608
	557.690	290.621
Lease liabilities		
Maturity analysis, undiscounted lease payments		
	30.6 2024	31.12 2023
Not later than 1 year	118.841	139.291
Later than 1 year and not later than 5 years	345.877	126.659
Later than 5 year	84.680	87.982
	549.398	353.932

Notes

10. The Consolidation

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

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

11. Other financial assets

Accounts receivables

	30.6 2024	31.12 2023
Domestic account receivables	5.211.828	5.147.913
Foreign account receivables	1.258.345	578.570
Allowances for doubtful accounts	(2.397.905)	(2.308.698)
	4.072.268	3.417.784

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

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

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

On March 28, 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 Keflavík Airport. The owner of the aircraft filed a lawsuit before the Reykjanes District Court, which overturned the grounding of the aircraft. Due to this ruling of the Reykjanes District Court, it was considered appropriate to write down a fee claim in the amount of ISK 2.120 million in the group's financial statements, 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 12 2023, Isavia's claims were rejected.

With the ruling of the Supreme Court in case no. 34/2023 on May 6th, 2024, ALC and the Icelandic government were acquitted of Isavia's claims. In addition to that, Isavia was ordered to pay court costs and additionally ordered to pay compensation for damage caused by the grounding of the aircraft from May 6, 2019 to July 18, 2019. Negotiations on a settlement after this ruling are currently ongoing.

Notes

11. Other financial assets (continued)

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

	30.6 2024			
	Expected loss	Gross amount	Allowance	Book value
Past-Due status				
Receivables not yet due	0,3%	2.838.638	7.833	2.830.804
1-90 days	4,5%	1.010.711	45.206	965.505
91-180 days	13,9%	96.982	13.469	83.512
181-270 days	21,3%	107.204	22.804	84.400
271 days and older	95,5%	2.416.639	2.308.593	108.047
Total		6.470.174	2.397.905	4.072.268

	31.12 2023			
	Expected loss	Gross amount	Allowance	Book value
Past-Due status				
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 and older	96,2%	2.344.827	2.254.865	89.962
Total		5.726.482	2.308.698	3.417.784

Other receivables

	30.6 2024	31.12 2023
Value added tax	1.329.212	838.283
Prepaid expenses	176.009	241.857
Capital income tax	296.272	191.994
Accrued interest	360.784	0
Prepaid salaries	0	26.799
Other receivables	892.744	691.390
	3.055.021	1.990.323

12. Equity

Share capital is specified as follows:

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

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

Notes

13. Loans from credit institutions

	Loans from credit institutions	
	30.6 2024	31.12 2023
Liabilities in EUR	51.043.881	52.039.016
Liabilities in ISK	4.982.597	5.121.220
	56.026.478	57.160.236
Current portion of long-term liabilities	(1.418.432)	(1.232.193)
	54.608.046	55.928.043
	30.6 2024	31.12 2023
Liabilities at beginning of period	57.160.236	44.130.665
New long-term borrowings	0	34.182.500
Instalments for the period	(612.740)	(21.246.270)
Exchange rate difference and indexation	(521.017)	93.342
Liabilities at the end of period	56.026.478	57.160.236

Instalments of non-current liabilities are specified as follows:

	Loans from credit institutions	
	30.6 2024	31.12 2023
Instalments 1.7.2024 - 30.6.2025 / 1.1.2024 - 31.12.2024	1.418.432	1.232.193
Instalments 1.7.2025 - 30.6.2026 / 1.1.2025 - 31.12.2025	1.613.718	1.623.555
Instalments 1.7.2026 - 30.6.2027 / 1.1.2026 - 31.12.2026	1.617.035	1.626.680
Instalments 1.7.2027 - 30.6.2028 / 1.1.2027 - 31.12.2027	2.297.338	1.629.964
Instalments 1.7.2028 - 30.6.2029 / 1.1.2028 - 31.12.2028	5.366.996	5.522.288
Instalments later	43.712.958	45.525.556
	56.026.478	57.160.236

Borrowings amounting to of ISK 55,138 million are subject to financial conditions regarding the equity ratio and debt ratio. In addition to the company's free cash flow, Isavia ohf. has access to lines of credit in the amount of ISK 6 billion to finance its projects. The company's plans presume that new long-term borrowings will be taken during 2025 which will be used to repay credit lines and to finance ongoing projects.

14. Deferred tax assets

	Deferred tax assets	
	30.6.2024	31.12.2023
Opening balance at beginning of period	(771.732)	(1.370.781)
Calculated income tax for the period	80.868	602.863
Income tax payable for the period	(174)	(2.821)
Translation exchange difference	(1.096)	(992)
Balance at end of period	(692.134)	(771.732)

Deferred tax assets consist of the following account balances:

	30.6 2024	31.12 2023
Property, plant, and equipment	1.951.236	1.952.801
Current assets	(497.952)	(458.206)
Exchange differences	81.237	14.151
Other items	17.870	(33.608)
Tax loss carried forward	(2.244.523)	(2.246.870)
	(692.134)	(771.732)

Notes

14. Deferred tax assets (continued)

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

	30.6 2024	31.12 2023
Available to the year 2030	5.530.501	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	349.443	349.443
Available to the year 2034	82.795	0
	<u>10.688.206</u>	<u>11.234.349</u>

15. Other financial liabilities

Accounts payable

	30.6 2024	31.12 2023
Domestic accounts payable	4.019.386	2.757.926
Domestic accounts payable - due to construction plan	604.373	253.105
Foreign accounts payable	839.777	756.814
Accounts payable due to Joint Finance contract	2.647.924	2.624.048
	<u>8.111.459</u>	<u>6.391.894</u>

Domestic accounts payable due to the construction plan belong to Isavia Innanlandsflugvellir ehf. and are due to the execution part of the group's service agreement with the Ministry of Infrastructure. Payments for construction parts that have already been received at the end of this period are classified as liability at period end, since these payments have not been fully allocated. Among the cash and cash equivalents is a deposit that is 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. 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 liability is created for the period.

Other current liabilities

	30.6 2024	31.12 2023
Value added tax, payable	31.877	34.151
Salaries and related expenses payable	2.079.849	827.252
Accrued holiday commitment	2.656.951	2.171.579
Accrued interest, payable	609.336	621.939
Deferred income	164.905	155.960
Other liabilities	127.033	309.422
Construction contracts liability	0	70.413
	<u>5.669.950</u>	<u>4.190.716</u>

Current maturities of long-term liabilities

	30.6 2024	31.12 2023
Loans from credit institutions	1.418.432	1.232.193
	<u>1.418.432</u>	<u>1.232.193</u>

16. Other matters

Court Proceedings

The bankruptcy estate of Air Berlin has sued the company due to the grounding of its aircraft in 2017. The case was lost in Germany and Isavia was ordered to pay the bankruptcy estate EUR 795 thousand (ISK 118 million). The bankruptcy estate suspended the payments of two German airlines to Isavia for this amount. Subsequently, Isavia grounded an aircraft to guarantee the payment of these fees in Iceland, and a case is now pending before the National Court to confirm the guarantee payment.

In note 11 in these interim financial statements, information on a lawsuit where Isavia ohf. sued the owner of a Wow air aircraft and the Treasury is in place.

Disputes regarding the termination of employment of several employees are being processed in the District Court. Icelandair has filed a lawsuit against Isavia ohf. and Isavia ANS ehf. for recognition of liability for damages due to the strike actions of the Icelandic Air Traffic Controller Association at Keflavik Airport in December 2023, and the case is being prosecuted before the Reykjaness District Court. In addition, there are several court cases in progress, and it is uncertain whether and how these cases will proceed.

Notes

17. Events after the reporting period

There are no subsequent events to be disclosed.

18. Approval of Condensed Consolidated Interim Financial Statement

The Condensed Consolidated Interim Financial Statement was approved by the Board of Directors on September 16th, 2024.