Consolidated Financial Statements 2024

isavia

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

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 Keflavíkurflugvöllur 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 Fríhöfnin 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 Isaiva 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 date, 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 Sundhnúksgígar 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 additional, 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.

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

		Consolidation	
	Notes	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)
		(41.258.463)	(36.912.536)
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		5.231.062	2.101.928

Consolidated Financial Statements of Isavia ohf. 2024 7 All amounts are in thousands of ISK

Consolidated Statements of Financial Position December 31st, 2024

Assets		Consolidation	
	Notes	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
		102.503.952	89.955.597
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
		12.287.259	22.144.910
Total assets		114.791.211	112.100.506
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		49.292.753	44.064.218
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
		52.962.140	56.090.056
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
		12.536.318	11.946.232
Liabilities		65.498.458	68.036.288
Total equity and liabilities		114.791.211	112.100.506

Consolidated Financial Statements of Isavia ohf. 2024 8 All amounts are in thousands of ISK

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	24.559.063	2.629.177	37.065	16.838.913	44.064.218
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	24.559.063	3.068.070	35.741	21.629.879	49.292.753

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

Consolidated Financial Statements of Isavia ohf. 2024 9 All amounts are in thousands of ISK

Consolidated Statement of Cash Flows 2024

	Notes	Consolidation 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

Consolidated Financial Statements of Isavia ohf. 2024 10 All amounts are in thousands of ISK

Notes

1. General information

Isavia ohf. (the Consolidation) was established in the beginning of 2010 with a merger between Flugstodir ohf. and Keflavíkurflugvöllur 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 Keflavíkurflugvöllur 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
	51.917.233	45.057.963

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
	7.813.142	7.569.152

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
	24.754.535	21.975.018
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
	47.267	0	35.867	0

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.

Consolidated Financial Statements of Isavia ohf. 2024 12 All amounts are in thousands of ISK

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
	7.749.540	6.625.806

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
	1.035.398	1.184.228

Financial expenses

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

Net exchange rate differences

	2024	2023
Net exchange rate differences	2.056.903	179.716
	2.056.903	179.716

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	(1.177.029)	(18,4%)	(602.863)	(22,3%)

Consolidated Financial Statements of Isavia ohf. 2024 13 All amounts are in thousands of ISK

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

Consolidated Financial Statements of Isavia ohf. 2024 14 All amounts are in thousands of ISK

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 Innanlandsflugvellir ehf. manages and those real estates are related to a service agreement with the Ministry of Infrastructure and the insurance value of the real estate amounts to ISK 14.133 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.

Consolidated Financial Statements of Isavia ohf. 2024 15 All amounts are in thousands of ISK

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	Property and land
Carrying amount on January 1st 2023	289.041
Adjustments for indexed leases	20.281
New or renewed leases	88.301
Depreciation	(120.534)
Carrying amount on January 1st 2024	277.088
Adjustments for indexed leases	20.882
New or renewed leases	322.539
Depreciation	(126.866)
Carrying amount on December 31st 2024	493.643

Amounts recognised in income statement	2024	2023
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	150.493	134.227
Payment of leases for the year	146.336	131.701
Lease liabilities		
Lease liabilities, long-term	403.733	162.014
Lease liabilities, current maturities next 12 months among current liabilities	106.945	128.608
	510.678	290.621

Lease liabilities

Maturity analysis, undiscounted lease payments	31.12.2024	31.12.2023
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
	655.980	353.932

Consolidated Financial Statements of Isavia ohf. 2024 16 All amounts are in thousands of ISK

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

Bonds	31.12.2024	31.12.2023
Bond loan	27.580	38.643
Current maturities	(13.487)	(12.318)
	14.094	26.324

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)
	487.950	975.901
Total amount of bonds and other long-term assets	502.044	1.002.225

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
	1.003.481	1.502.494

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)
	759.728	722.765

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	(8.015)	(7.189)
Insurance value of inventories	925.418	857.641

No inventories have been pledged at year-end.

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

Consolidated Financial Statements of Isavia ohf. 2024 17 All amounts are in thousands of ISK

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)
	3.042.954	3.417.784

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	(2.386.037)	(2.308.698)

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 Keflavík 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.

	31.12.2024			
Days past due date	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		5.428.992	2.386.037	3.042.954

	31.12.2023			
Days past due date	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		5.726.482	2.308.698	3.417.784

Consolidated Financial Statements of Isavia ohf. 2024 18 All amounts are in thousands of ISK

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
	2.093.797	1.990.323

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
	5.889.342	15.513.769

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
	24.559.063	100,0%	24.559.063

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

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

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

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
	53.724.641	57.160.236
Current portion of long-term liabilities	(1.570.294)	(1.232.193)
Non-current liabilities at year-end	52.154.347	55.928.043

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	53.724.641	57.160.236

Consolidated Financial Statements of Isavia ohf. 2024 19 All amounts are in thousands of ISK

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
	53.724.641	57.160.236

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 Keflavík 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	404.059	(771.732)

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)
	404.059	(771.732)

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
	6.017.654	11.234.349

Consolidated Financial Statements of Isavia ohf. 2024 20 All amounts are in thousands of ISK

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
	6.519.007	6.391.894

Domestic accounts payable due to the construction plan belong to Isavia Innanlandsflugvellir 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
	4.336.376	4.190.716

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.

Consolidated Financial Statements of Isavia ohf. 2024 21 All amounts are in thousands of ISK

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.

	Year-end rate	
Currency	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

Consolidated Financial Statements of Isavia ohf. 2024 22 All amounts are in thousands of ISK

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
	11.531.153	21.963.720

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

Consolidated Financial Statements of Isavia ohf. 2024 23 All amounts are in thousands of ISK

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.

Consolidated Financial Statements of Isavia ohf. 2024 24 All amounts are in thousands of ISK

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 Innanlandsflugvellir 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 Innanlandsflugvellir ehf. The segment report provides information on the operations of Isavia Innanlandsflugvellir 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
f) Net income/average total assets
g) Cost of goods sold/average inventory
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

Consolidated Financial Statements of Isavia ohf. 2024 26 All amounts are in thousands of ISK

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 Keflavík 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.

Fríhöfnin 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.

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.

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.

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.

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.

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.	Fríhöfnin ehf.	Other subsidiaries	Eliminations	Consolidated
	Air-navigation	Domestic Airports	Keflavik Airport	Duty Free Store	Other		
Revenue							
External revenue	8.723.829	3.814.958	23.670.625	15.161.660	546.161		51.917.233
Inter-segment revenue	1.704.648	63.715	5.429.241	0	1.143.349	(8.340.953)	0
Total revenue	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

Consolidated Financial Statements of Isavia ohf. 2024 32 All amounts are in thousands of ISK

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	9.298.563	3.259.684	24.320.289	14.767.737	1.509.054	(8.097.364)	45.057.963
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

Consolidated Financial Statements of Isavia ohf. 2024 33 All amounts are in thousands of ISK

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 Althing'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 Togaraútgerð 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 Jarðefnaíðnaðar 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, Þróunarfélags 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 – þróunarfélags 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, Fríhöfninni ehf., 3Z Pharma ehf., Hefring Marine ehf., Mýsköpun ehf., Fjárfestingarfélags Þingeyinga ehf. and GI Rannsóknum (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 Innanlandsflugvellir ehf. which handles the operation of airports for domestic scheduled flights and landing sites in Iceland, Fríhöfnin 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 CO_2 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.

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 indictor 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')									
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**	**Minimum Safeguards**	**Proportion of Taxonomy aligned (A.1) or eligible (A.2) turnover, year 2023**	**Category enabling activity**	**Category transitional activity**
		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%**	**N**	**N**	**N**	**N**	**N**	**N**	**N**	**0%**		
Of which Enabling		0	0%	0%	0%	0%	0%	0%	0%	N	N	N	N	N	N	N	0%	0%	
Of which Transitional		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%**

Consolidated Financial Statements of Isavia ohf. 2024 44 All amounts are in thousands of ISK

EU Taxonomy

CAPITAL EXPENDITURE

Financial year N=2024	2024			Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')									
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	Biodiversity	Minimum Safeguards	Proportion of Taxonomy aligned (A.1) or eligible (A.2) CapEx, year 2023	Category enabling activity	Category transitional activity
		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%**	**N**	**N**	**N**	**N**	**N**	**N**	**N**	**0%**		
Of which Enabling		0	0%	0%	0%	0%	0%	0%	0%	N	N	N	N	N	N	N	0%	0%	
Of which Transitional		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%**

Consolidated Financial Statements of Isavia ohf. 2024 45 All amounts are in thousands of ISK

EU Taxonomy

OPERATING EXPENDITURE

Financial year N=2024	2024			Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')									
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	Minimum Safeguards	Proportion of Taxonomy aligned (A.1) or eligible (A.2) OpEx, year 2023	Category enabling activity	Category transitional activity
		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%**	**N**	**N**	**N**	**N**	**N**	**N**	**N**	**0%**		
Of which Enabling		0	0%	0%	0%	0%	0%	0%	0%	N	N	N	N	N	N	N	0%	0%	
Of which Transitional		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%**

Consolidated Financial Statements of Isavia ohf. 2024 46 All amounts are in thousands of ISK

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

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