



Annual Report

2025

A Decade of Sustainability Information

The 2025 Annual Report marks a milestone in Isavia's disclosure. Since 2016, the company has followed the principles of the Global Reporting Initiative (GRI) when preparing its Annual Report and has therefore published sustainability information to stakeholders in a structured, recognised manner, for a decade.

Sustainability is a guiding principle in all of the company's operations and one manifestation of this is sharing knowledge and experience and working in co-operation with the company's stakeholders.

From the very beginning, there has been a strong emphasis on transparency, accountability, and reliability in the sharing of information about governance and the impact of operations on the environment, society, and the economy, even though the company did not fully understand all the impacts of its operations at the beginning.

Through targeted actions and increased knowledge, the company has improved its overview and moved closer to achieving a more comprehensive picture of its impact, thus putting sustainability at the forefront. That journey is reflected in the company's Annual Reports, and we are proud to share it with readers.

About the Annual Report

As a public limited company, Isavia operates in accordance with the laws governing its activities and the State's ownership policy. The company's sustainability reporting is based on several key frameworks, such as the provisions of Article 66 d on non-financial reporting in Act No. 3/2006 on Annual Accounts, and the provisions of Article 8 of the EU Taxonomy Regulation.

In this edition, efforts were made to improve the presentation of content and meet the needs of diverse reader groups. Isavia welcomes all feedback regarding the content and structure of the report, as continuous improvement is an integral part of our operations.

This report is published in Icelandic and English. In the event of any discrepancy between the two versions, the Icelandic version shall prevail.

Editor
Gunnlaugur Bjarki Snædal

Responsible for the Annual Report
Sveinbjörn Indriðason

Layout
Steinar Birgisson

Design
Brandenburg



Annual Report 2025

Publisher	Date
Isavia ohf.	March 26, 2026

ISSN Number
ISSN 3023-1698

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www.isavia.is | isavia@isavia.is

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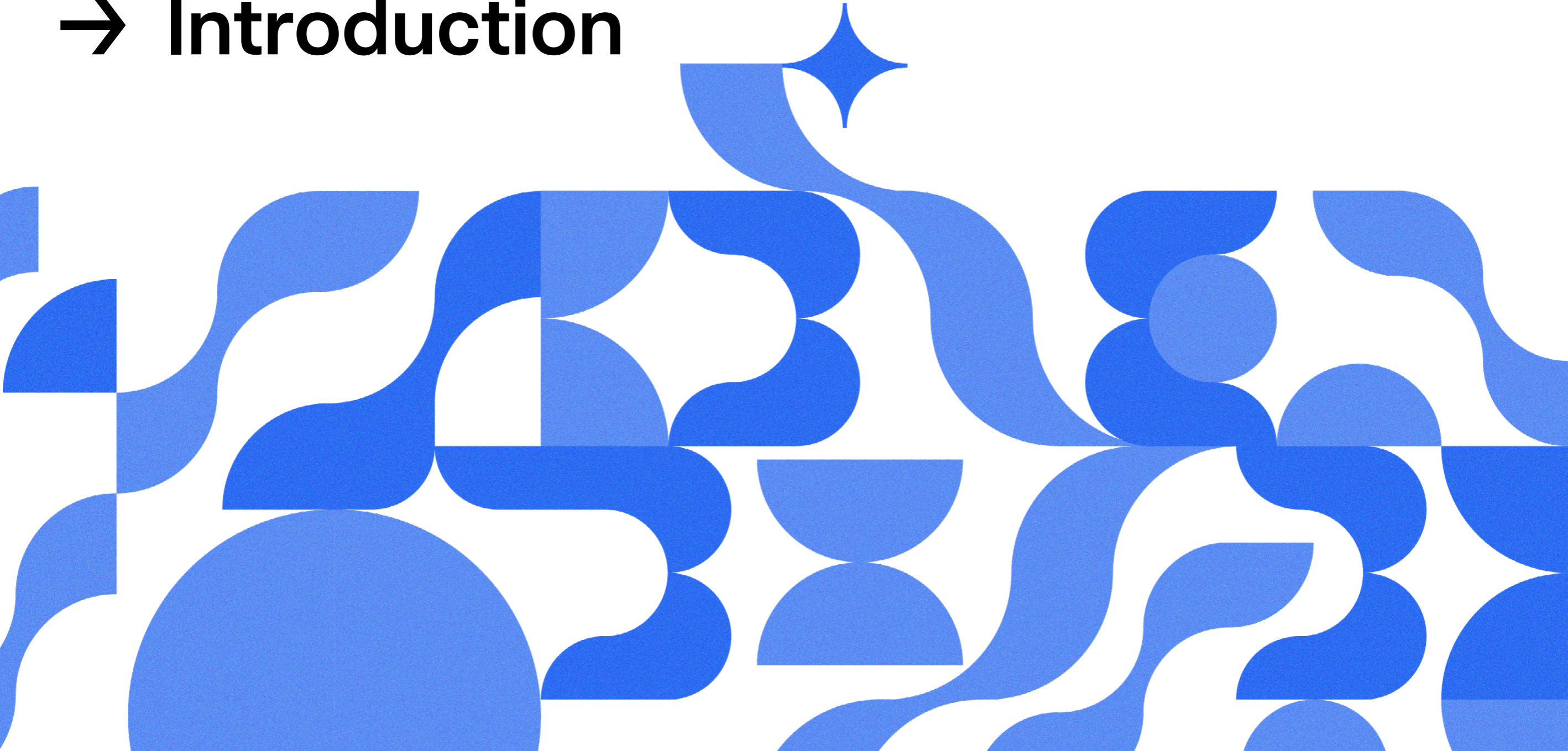
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Sveinbjörn Indriðason
CEO of Isavia

In 2025, 8.1 million passengers passed through Keflavik International Airport, which is a decrease of about 2% between years. This decrease can be wholly attributed to the collapse of the airline Play, which announced at the end of September last year that it had ceased operations. There was considerable lead-up to Play's collapse, the company went from carrying 1.6 million passengers in 2024 to around 950,000 passengers in 2025, which gave Keflavik Airport the opportunity to adapt somewhat to changing passenger expectations. Nevertheless, the company's plans assumed that the airline would carry around 530,000 passengers this year, which did not materialise. This year's passenger expectations assume around 7.5 million passengers, which is a 7.9% decrease year-on-year. What must be kept in mind, however, is that the largest proportion of the decrease in passengers are connecting passengers, so the impact on the company's revenue is smaller than otherwise. This summer, 27 airlines will fly to 80 destinations, and 20 airlines will fly to 65 destinations this winter.

After many years of focus on increasing Keflavik Airport's capacity to meet, often unforeseen, growth, the focus in the coming years will be more on service quality at the airport and increased reliability and efficiency of the runway system. Preparations have already begun for the next major project, which concerns the first phase of the connecting building between the south and north buildings of Keflavik Airport. This project will improve the quality of gates relatively quickly and provide flexibility for both passengers from Schengen and non-Schengen countries.

The operation of domestic airports is carried out by the subsidiary Isavia Regional Airports ehf. based on a service agreement with the Icelandic State. The domestic airports themselves are owned and operated by the state. The number of passengers passing through domestic airports has remained relatively stable since 2022 and has been around 700,000. The greatest growth is at Akureyri Airport, where the number of international passengers has increased by over 38% since 2022.

In recent years, the company's operations have improved considerably, but when it comes to airport maintenance, there has been a lack of funding from the state to meet many years of infrastructure debt. Iceland is a large and sparsely populated country, and domestic air transport is therefore extremely important for equalising the status of the public regardless of residence. In order for domestic airports to fulfil this important role, ways must be found to provide more government funding to them than has been done in recent years.

The operation of Isavia's air navigation services is provided by the subsidiary Avians. The company provides air navigation and air traffic services on behalf of Iceland not only in the Icelandic air traffic control area, as well as the upper airspace of the Greenlandic air traffic control area. The Icelandic control area is one of the largest in the world, covering approximately 5.4 million square kilometres. There was a slight decrease in air traffic in 2025—199,640 movements from 200,035 movements the previous year—but 2024 was a record year.

Last year, The Duty Free Store ceased operations when an operating license agreement was signed with the company Heinemann for the operation of the

duty-free shops at Keflavik International Airport, the operation of which had until then been in the hands of the state or state-owned companies since 1958.

Isavia emphasises being a role model of sustainability in Iceland. The company's Sustainability Policy and accompanying Action Plan set out the emphases, goals, and metrics in this area. They were selected with reference to the company's strategy, comments from external stakeholders, the United Nations Global Goals, government priorities, and our commitment to the UN Global Compact.

The company's Annual Report is published in accordance with the Global Reporting Initiative (GRI) standard and its specific provisions for airports to ensure clear and consistent disclosure of sustainability information. This enables the company to provide stakeholders with reliable and clear information about the impact of its operations on the environment, society, and governance, while building trust and accountability. This year's edition marks a decade of GRI reporting and reflects Isavia's ongoing commitment to providing transparent information and working towards continuous improvements in sustainability.

The report is also a progress report for our support of the UN Global Compact. It is a statement of our intent to continue to work towards the ten main goals of the United Nations regarding social responsibility in the fields of human rights, labour, the environment, and anti-corruption measures.

I would like to thank all employees at the Isavia Group for a great year. We showed once again that even when there are strong headwinds, we find ways to fulfil the important role we have been entrusted with.

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Address of the Chairman of the Board of Directors



Steinþór Pálsson
Chairman of the Board

Connect the world through Iceland

The operation and development of airports and related services always require long-term thinking. However, the operating environment can be volatile from year to year, as experience in recent years has shown. Last year was no exception. Changes in airline operations, including the bankruptcy of Play, affected passenger numbers and remind us that airport operations are to a large extent dependent on external conditions and developments in international markets. Looking at the long-term view, however, it is clear that the underlying trend continues to point to growth.

Strong flight connections are crucial for Iceland due to the country's geographical location and rural areas. They connect the nation to the outside world, support domestic transportation, and make it easier for people and businesses to travel and work. Furthermore, they are an important foundation for the economic sector, including tourism, and contribute to increased cultural exchange. Thus, good air transportation supports both economic development and quality of life throughout the country.

Isavia's strategy is clear. The company's vision is to connect the world through Iceland and the purpose is to lead an airport community that improves quality of life and increases prosperity in Iceland. For this

journey, the operations are built on five main pillars: the customer comes first, a performance-driven team, profitable growth, sustainability at the core, and aviation safety and security as a priority.

The company's profitability has not been in line with targets in recent years, and it is therefore important to strengthen its operating foundation for the future. However, there are significant opportunities. The country's uniqueness, nature and culture, location in the middle of the Atlantic Ocean, and growing demand for transoceanic flights—along with new long-range aircraft—create a good foundation for continued development.

In order to take advantage of these opportunities, targeted and forward-looking investments are needed that improve service, increase capacity, and strengthen the company's operating base. This creates the conditions to increase the company's value in the long term, improve profitability, and enable it to pay dividends in the future.

I would like to thank the Board of Directors, employees and partner companies for their collaboration over the past year and our customers for their trust. With a joint effort, a clear vision, and responsible development, Isavia will continue to connect Iceland to the world and create value for Icelandic society for the future. We succeed together.

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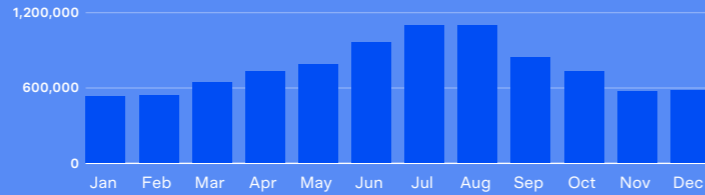
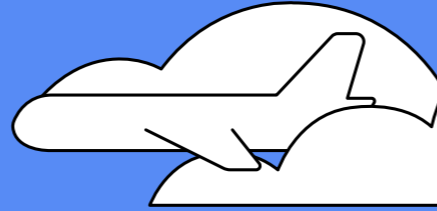
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Passengers travelling through all of Isavia's airports

8,850,752



9,021,354 in 2024

Total flights passing through the Reykjavík Oceanic Control Area

199,640



200,035 in 2024

Airlines to KEF

28

28 in 2024

Destinations KEF

100

98 in 2024

Investment activities

12,222

M. ISK

18,039 M. ISK 2024

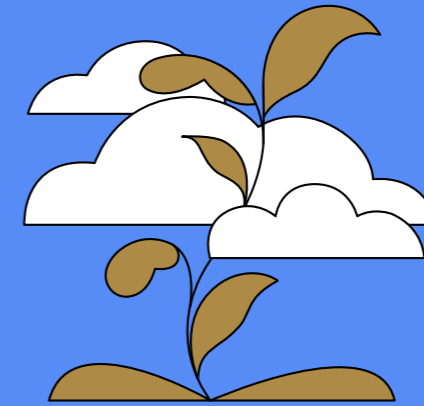
Revenue

49,262

M. ISK

51,917 M. ISK 2024

Overall result



Equity ratio

43.4%

42.9% 2024

Total assets

121,435

M. ISK

114,791 M. ISK 2024

Tax footprint

12,225

M. ISK

8,609 M. ISK 2024

Average number of positions

1,383

1,433 in 2024

Job satisfaction

7.9

on a 10-point scale

7.8 in 2024

Carbon footprint in own operations scope 1 and 2

2,715

tons of CO₂ equivalent

3,576 tons of CO₂ equivalent in 2024



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Passengers

The total number of passengers across all Isavia airports amounted to over 8.8 million in 2025, which is a 1.9% decrease from the year 2024. At Keflavík Airport, passengers decreased by 2.0%, at Reykjavík Airport they decreased by 5.4% but they increased at Akureyri Airport by 7.6% and at Egilsstaðir Airport by 0.8%.

The total number of international passengers through Icelandic scheduled airports in 2025 decreased from over 8.3 million to over 8.2 million, or by 1.9% between years. The increase at Akureyri Airport was about 33.6%. Domestic passengers decreased during the same time from nearly 653 thousand to over 637 thousand, or by 2.3%.

Flight movements

Aircraft movements at all Isavia airports were just under 130,000 in 2025, which is a 5.9% decrease from the year before. Movements decreased by 3.8% at Keflavík Airport, by 13.2% at Reykjavík Airport, and 4.0% at Egilsstaðir Airport but increased by 3.8% at Akureyri Airport. International aircraft movements were over 66 thousand, which is a 2.3% decrease from the year 2024. Of those, the decrease was greatest at Keflavík Airport or about 2.7%, while they increased by 4.6% at Akureyri Airport and by 4.1% at Reykjavík Airport.

Domestically, aircraft movements decreased from over 70 thousand in 2024 to over 63 thousand in 2025, or by 9.4%. This is mostly explained by a decrease in charter flights (sightseeing flights with helicopters).

Freight transportation

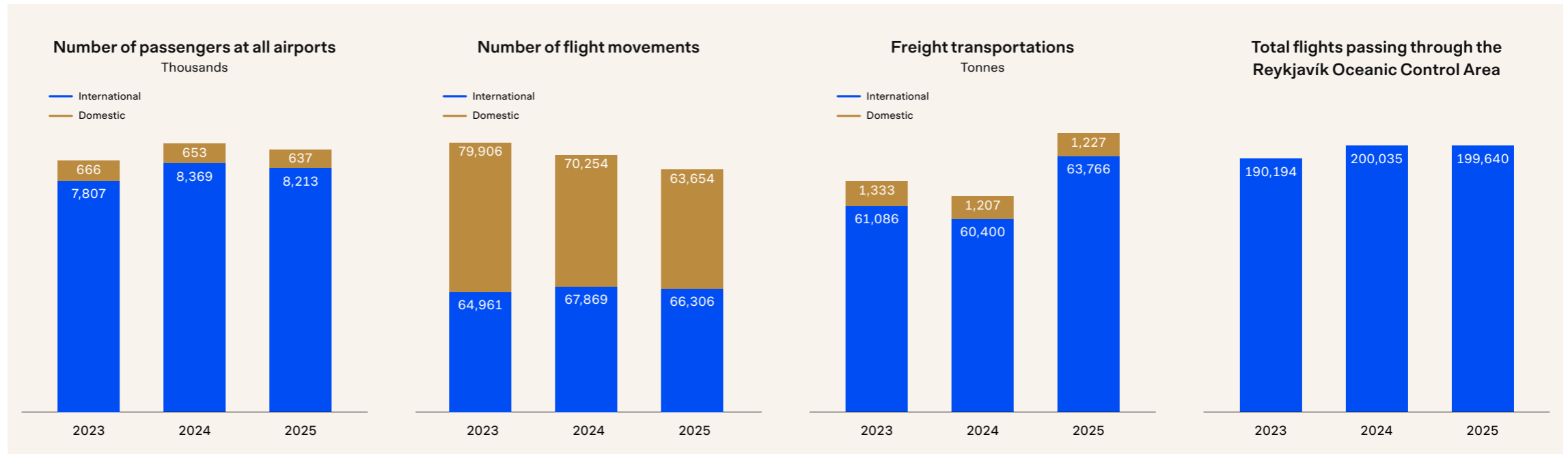
In 2025, 64,900 tonnes of goods passed through the company's airports, which is 5.5% more volume than the year before. International cargo was 63,700 tonnes, which is about 5.6% more volume than in 2024.

Domestic cargo increased at the same time by 1.7%, or from 1,207 tonnes to 1,227 tonnes.

Air traffic control

In total, 199,640 aircraft passed through the Icelandic flight control area in 2025, which is a 0.2% decrease compared to the year before, which was a record year so far with 200,035 aircraft. In total, over 281 million kilometers were flown in the Icelandic oceanic control area in 2025, which is a 0.1% decrease from the year before. Traffic to and from the country is 33% of the traffic and overflights 67%.

Over a third of all air traffic en route across the North Atlantic passes through the Icelandic flight control area which is under the management of Avians.



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Income statement	2023	2024	2025
Revenue	45,058	51,917	49,262
Expenses	-36,913	-41,258	-37,106
EBITDA	8,145	10,659	12,156
Depreciation	-4,139	-4,552	-4,706
EBIT	4,006	6,106	7,450
Net financial expenses	-1,302	302	-3,288
Profit before tax	2,704	6,408	4,162
Income tax	-603	-1,177	-773
Net profit for the year	2,102	5,231	3,389

Cash flow	2023	2024	2025
Cash 1/1	9,495	15,514	5,889
Cash from operations	10,502	8,992	8,178
Investing activities	-16,075	-17,524	-11,681
Financin activities	11,409	-971	2,952
Other changes in cash	183	-122	131
Cash 31/12	15,514	5,889	5,470

Balance sheet	2023	2024	2025
Fixed assets	89,956	102,504	110,710
Current assets	22,145	12,287	10,725
of which cash and cash equivalents	15,514	5,889	5,470
Total assets	112,101	114,791	121,435
Equity	44,064	49,293	52,684
Long-term liabilities	56,090	52,962	56,359
of which interest-bearing debt	56,090	52,558	54,989
Short-term liabilities	11,946	12,536	12,392
Total liabilities	68,036	65,498	68,751

Key ratios	2023	2024	2025
Gross margin	18.1%	20.5%	24.68%
Profit margin	4.7%	10.1%	6.88%
Return on equity	4.9%	11.2%	6.65%
Current ratio	1.79	0.92	0.85
Quick ratio	1.85	0.98	0.87
Net debt /EBITDA ratio	5.15	4.54	4.46
Equity ratio	39.3%	42.9%	43.4%
Internal value of shares	1.79	2.01	2.15

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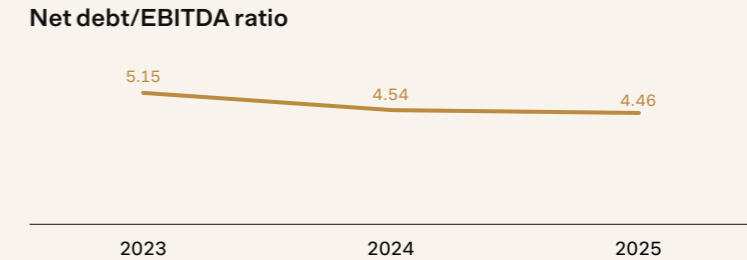
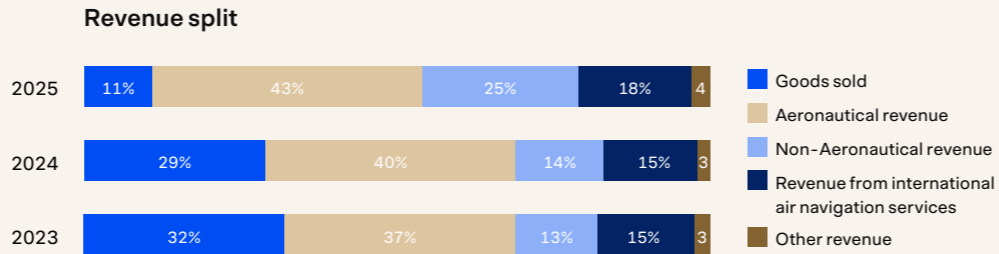
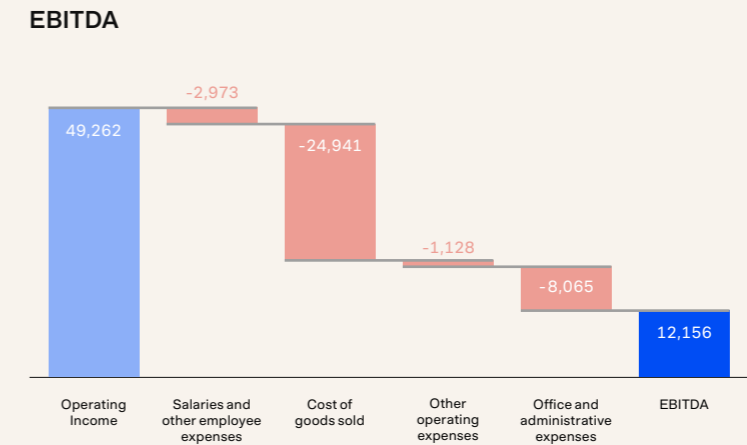
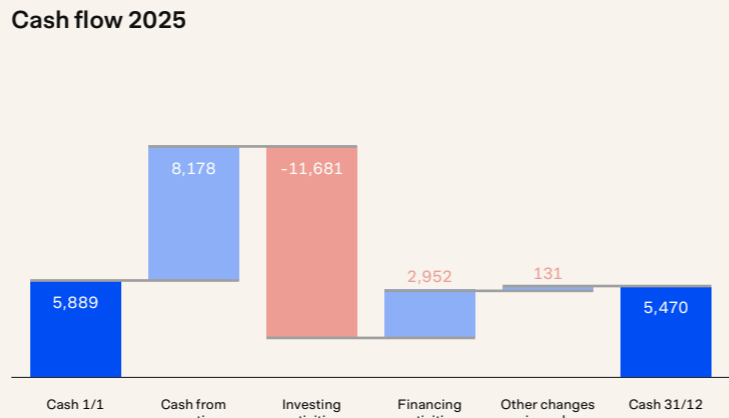
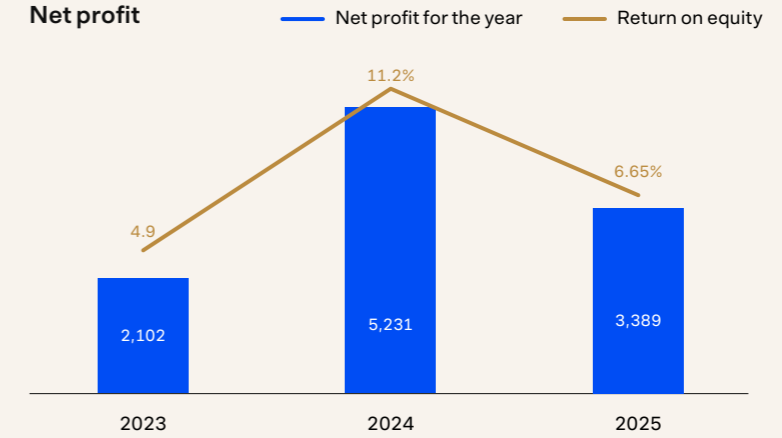
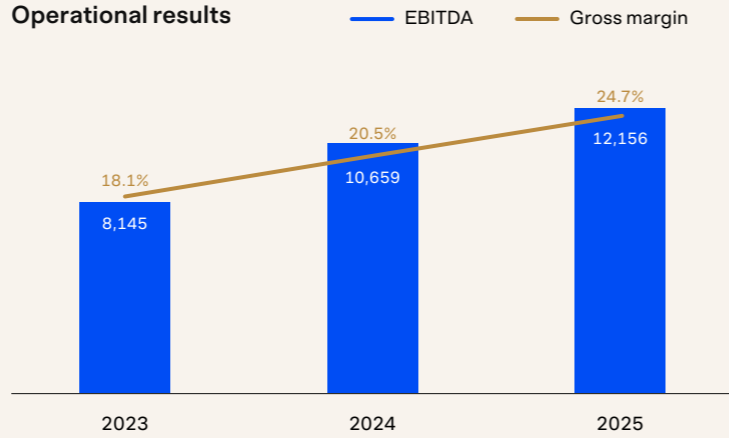
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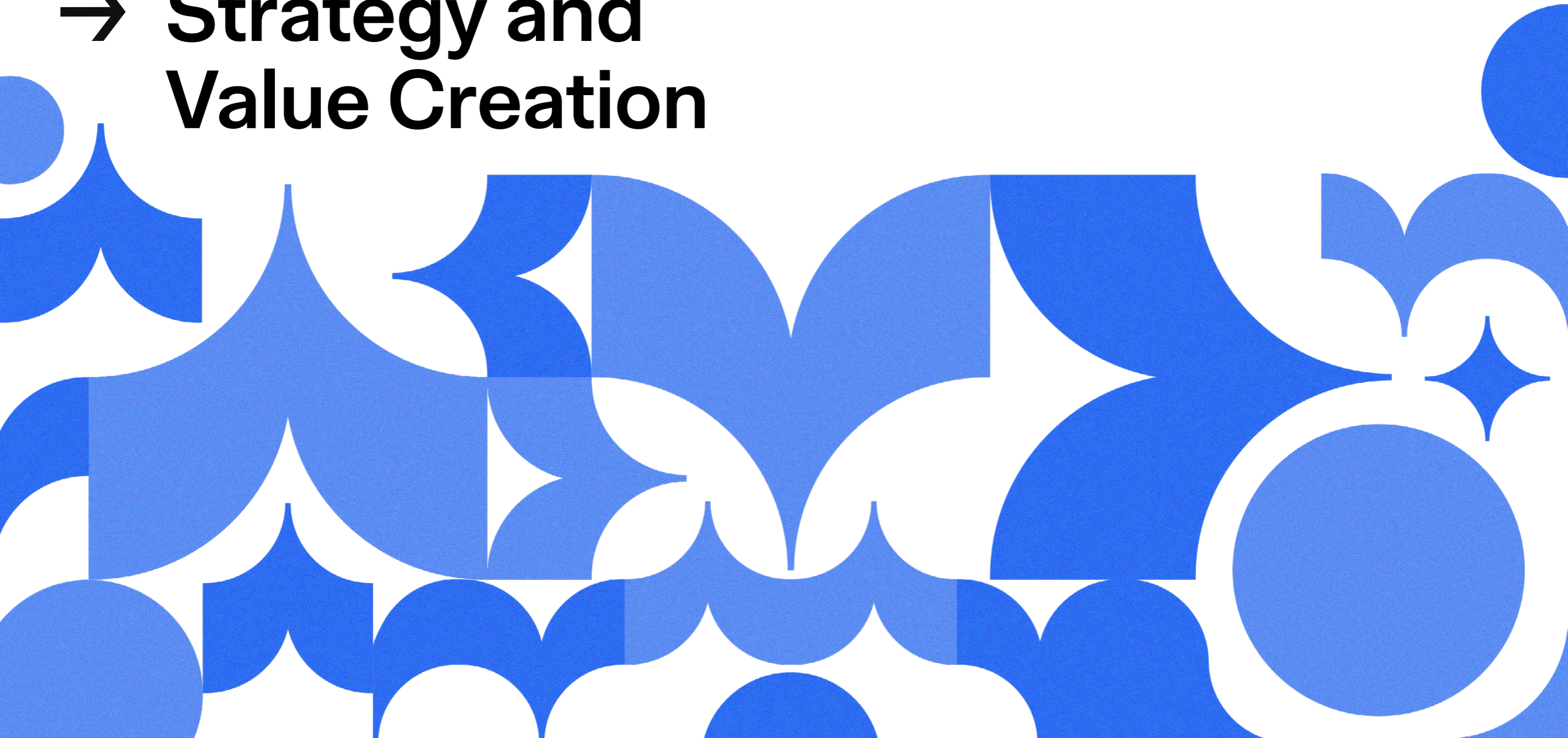
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Isavia ohf. is a service company that plays an important role. The company manages the operations of Keflavík International Airport, the largest gateway for airlines and passengers into Iceland, which creates value not only for tourism in Iceland, but for the entire country through increased prosperity and quality of life.

Activities that Create Value for Society

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

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

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

Isavia's Value Proposition

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

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

Key Resources

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

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

The employees have important knowledge and experience in the development, operation, and service of airports, and thus play an important role in supporting the airport's competitiveness. Employees' specialisation relates to different aspects of the operation, including passenger flow through the airport, aircraft rotation speed, runway system cleaning, and understanding customer needs. Great emphasis is placed on digital development at the company and increasing automation and self-service at Keflavík International Airport to further improve customer service.

A total of 8.2 million passengers passed through Keflavík International Airport in 2025. 28 airlines passed through the airport during the year, which have connections to 100 destinations around the world. Over 250 companies operate or provide services at the airport, but in addition to that we are also in regular contact with a large number of suppliers that provide services to these operators every day. Keflavík International Airport is the largest workplace in Suðurnes and thus creates value for the local community, both for its residents who go to the airport for their jobs, and also for employers

who sell their products and services to the company. Isavia rents out facilities for various services at the airport and offers operating licenses to service providers in the field of catering and retail. This is how we work with our business partners to create value for passengers.

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



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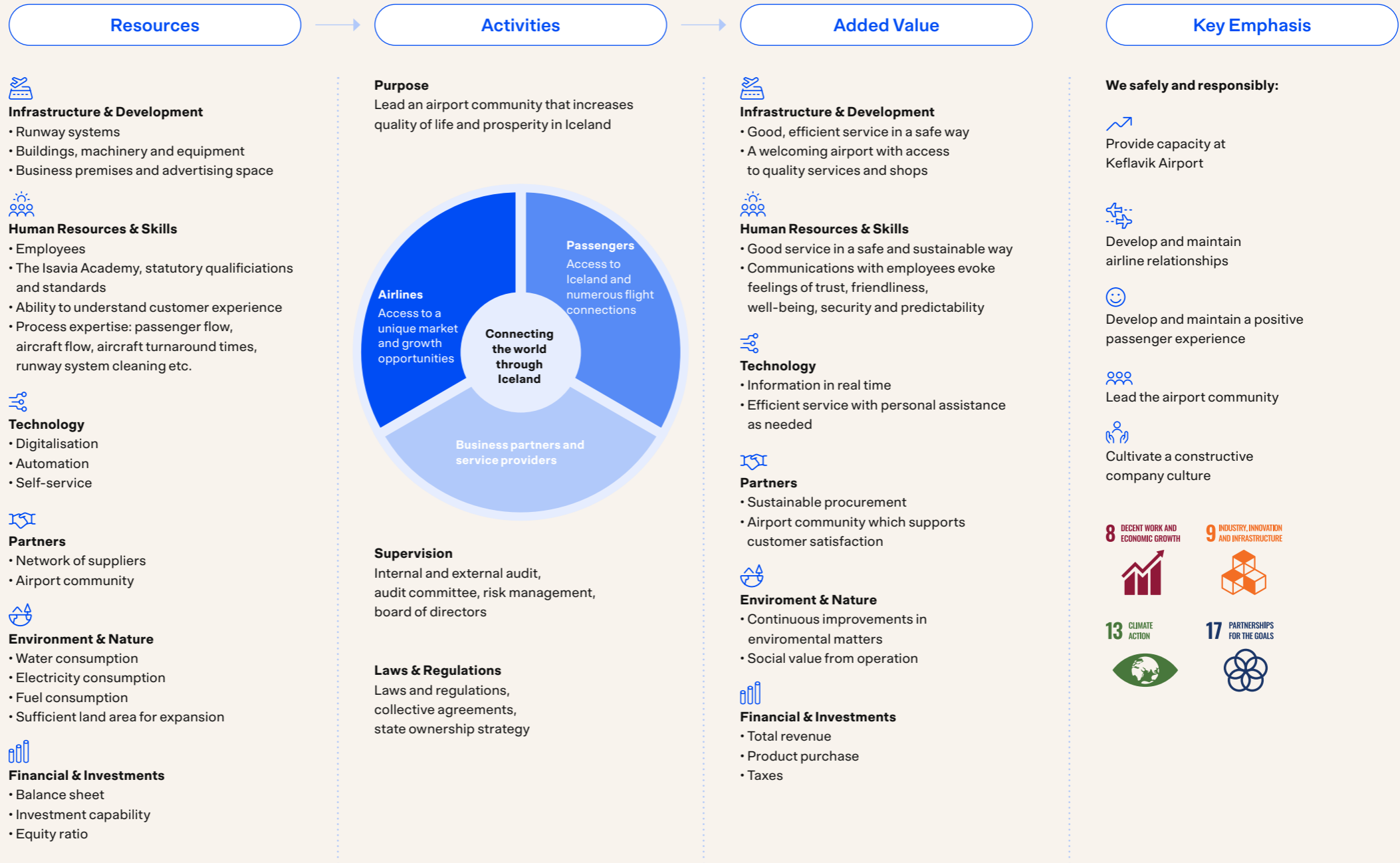
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Isavia is a publicly owned company and operates under legislation on operations and the state's Ownership Policy. The company's strategy is formulated by its Board of Directors and Executive Board within this framework. Isavia's subsidiaries set their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

Isavia's Strategy until 2040

In 2025, we continued to work in accordance with the company's Corporate Strategy, which was updated in 2021 and is valid until 2040, and a five-year strategy for the years 2024 to 2028, along with an Action Plan. At the end of the year, these two strategy documents were reviewed and merged into a single strategy document for simplification, while minor changes were made to the strategy focuses and the Action Plan to 2028 was updated to three years. An updated presentation of the corporate strategy was approved by the Board in January 2026 with updated strategic metrics for the year 2026. A clear strategy and vision are the key for employees to connect their work to the strategy and follow it.

Isavia's purpose is to lead an airport community that increases the quality of life and prosperity in Iceland. The focus is on building a service-oriented airport community with our business partners and service providers that creates benefits for everyone.

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

The number of strategic focus points decreased from seven to five last year. The focus points are that the customer comes first, a performance-

driven team, profitable growth, sustainability at the core, and aviation safety and security as a priority in operations.

The Customer Comes First

Emphasis is placed on providing airlines with efficient service and passengers with a unique experience during their journey through Keflavík Airport. The goal is that within three years we will have real-time data that will be accessible through a common information platform for the airport community and a clear Service Policy that will have been implemented.

Performance-Driven Team

Emphasis is placed on building a team with trust. Great emphasis has been placed on promoting a constructive culture based on psychological safety, where employees are responsible for their own growth, show concern for colleagues, and support each other in their professional growth and

development. The goal is that by 2028 we will have achieved the ideal culture that the company has shaped and set itself to achieve. The culture should promote collaboration, innovation, and a shared commitment to operational improvement. We also need to have a clear vision for the future workforce and work in accordance with it.

Profitable Growth

Emphasis is placed on constantly seeking ways to improve operations. One way is to streamline the operations of Keflavík International Airport with technological solutions and real-time information, where data and digital solutions are used to simplify processes and optimise resource utilisation. The company, people, and processes will evolve and become a cohesive and co-ordinated ecosystem that is poised to support the company's further growth. Another way is to increase the number of passengers and to offer direct flights to Asia by the end of 2028.

Sustainability at the Core

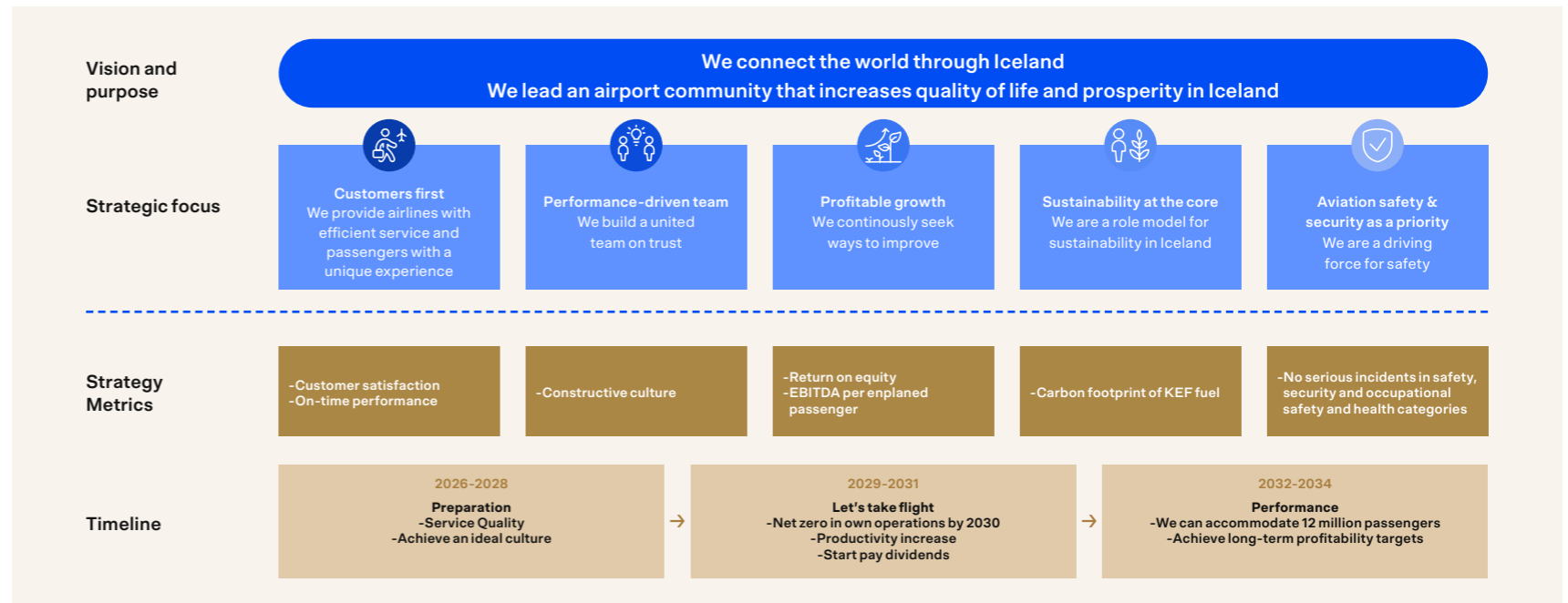
Emphasis is placed on being a role model of sustainability in Iceland. Work is underway to update the Group's current Sustainability Policy and accompanying Action Plan in line with developments in the company's external and internal environment. Work has already begun to analyse how Keflavík Airport can become net-zero by the end of 2050.

Aviation Safety and Security

Emphasis is placed on being a driving force for safety for the entire airport community. The policy must be clear and implemented so that all employees adopt safety behaviour and there are no serious safety incidents at Keflavík Airport.

Strategic Metrics

The Executive Board updated the company's strategy metrics for 2026 in accordance with the change in strategy, and there are now seven instead of eight.



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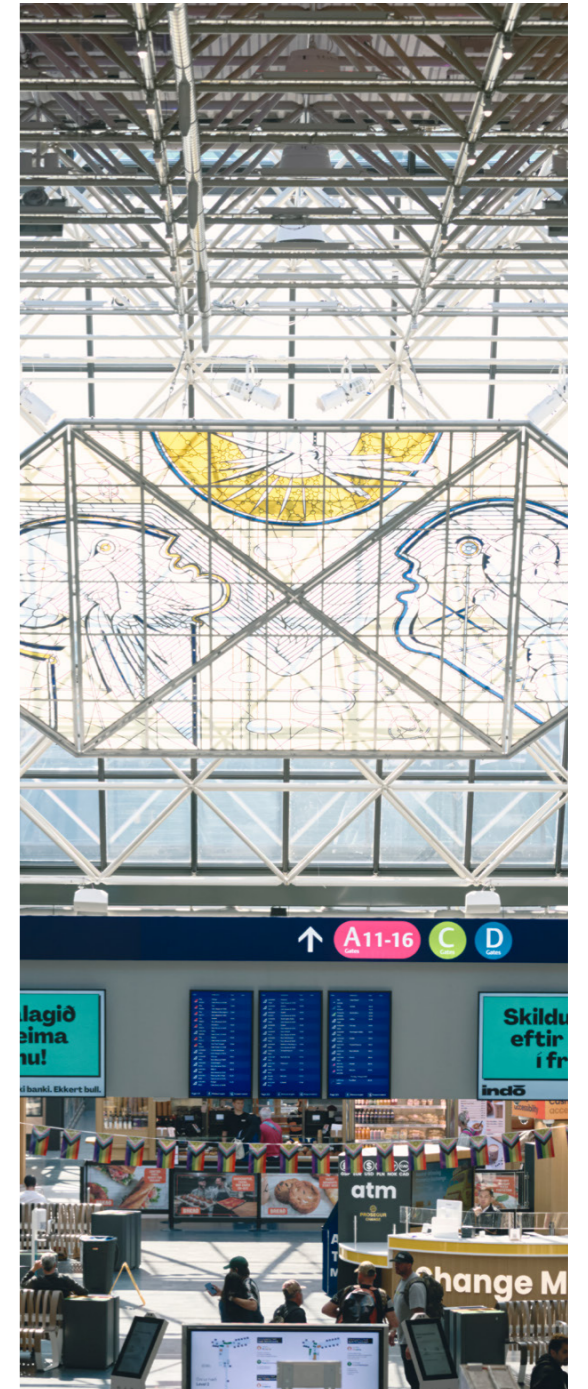
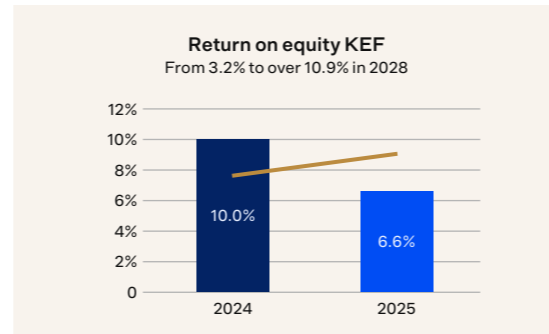
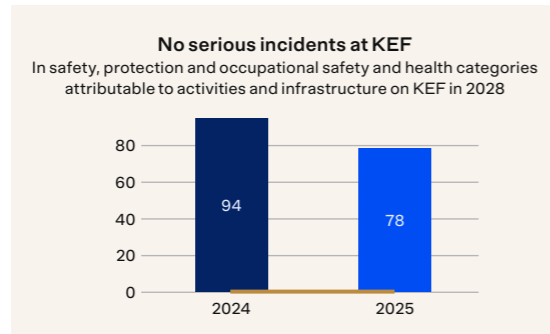
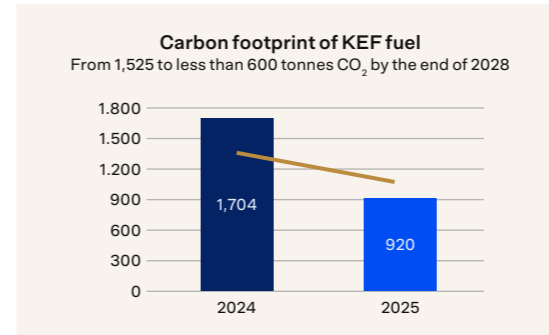
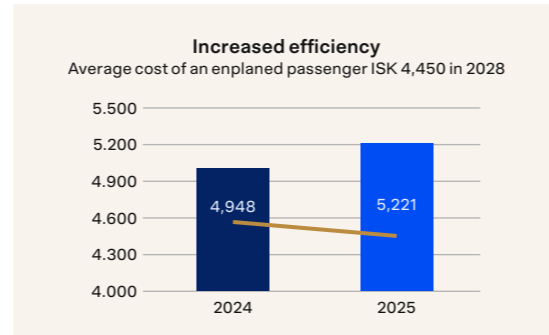
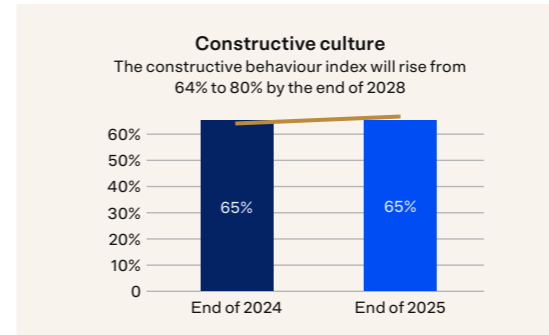
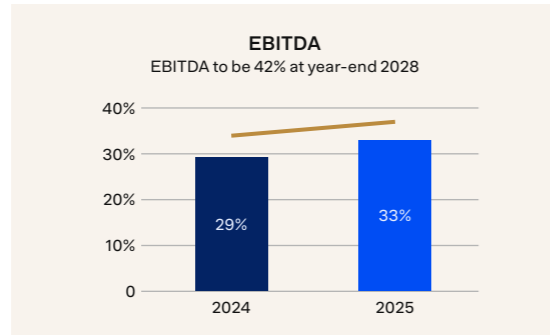
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Key Performance Indicators 2025

Isavia's strategy metrics were the same in 2025 and 2024. They were updated for the year 2026 in order to support and systematically work towards the success of the strategy.

Strategy indicators

— Goal



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The strategies of Isavia's subsidiaries.

Avians

Avians' mission is to be a safe air bridge in the north.

Avians' vision is:

"Guided by safety, cooperation and operational efficiency we operate as a responsible air navigation provider in the North Atlantic, equipped with a strong team and a constructive working environment."

Specific strategic streams include:

- Community & customers
- Outstanding service
- Competence and unity

Last year, work was carried out on defining key indicators that support the objectives of the policy. In this work, emphasis was placed on linking the activities of the departments to the objectives of the strategy. To monitor the development of key performance indicators, quarterly meetings were held with all employees. In 2026, we will continue to work with departmental metrics to ensure that all operations are working as one towards the same objectives.

Isavia Regional Airports

The vision of Isavia Regional Airports is a strong airport operation that lays the foundation for an improved quality of life throughout the country.

Strategic priorities until 2027 are:

- **Solid operation**
The company's operation is based on a solid foundation and a dynamic team of employees, which creates scope for the long-term development of domestic aviation.
- **Visibility**
The unique position of Isavia Regional Airports is clear among stakeholders, and there is an understanding of the importance of the operation
- **Energy transition and sustainability**
The company builds a sustainable operation, supports the preparation of energy transition in aviation and thus contributes to environmentally friendly transport.
- **Communications and co-operation**
The company is an active participant in the promotion of aviation as a means of transport.

Support Policies and Responsible Operations

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

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

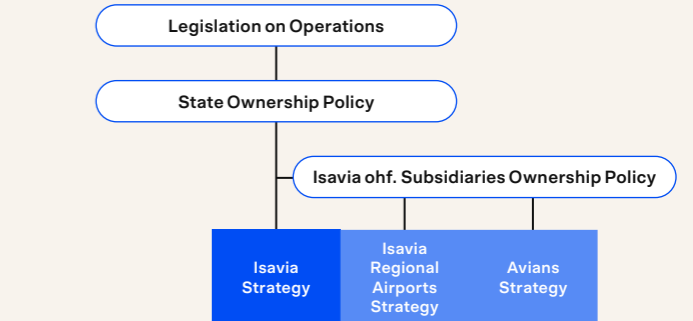
The Boards of the companies regularly discuss issues related to finances, the company's investments, sustainability and social responsibility. Regular communication and conversation with customers and business partners who work within the airport community and the local community is also an integral part of the operation.

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

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

Infrastructure is built in a sustainable way, and we minimise the environmental impact of construction and operations. The company's goal is becoming net-zero in its own operations by 2030 at the latest. This goal will be achieved through co-operation and active monitoring of environmental factors, energy transition and carbon offsets as needed. In the company's operations, the greatest success in

Active Policies



	Isavia Strategy	Isavia Regional Airports Strategy	Avians Strategy
Human resources and gender equality policy	✓	✓	✓
Risk policy	✓	✓	✓
Sustainability policy	✓	✓	✓
Occupational safety policy	✓	✓	✓
Occupational health policy	✓	✓	✓
Procurement practices	✓	✓	✓
Code of Ethics	✓	✓	✓
Code of Ethics for Suppliers	✓	✓	✓
Safety policy	✓	✓	
Digital policy	✓		
IT policy	✓		
Dividend policy	✓		

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

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reducing the carbon footprint is achieved through the energy transition of machines and vehicles. Further information on environmental issues can be found in the sustainability section of the report.

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

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

The company's Occupational Health and Safety Policy is discussed in more detail in a special section dedicated to it.

The Risk Policy is based on Isavia's corporate strategy and is intended to support the company's set goals and policies. The policy is discussed in more detail in the section on risk management.

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

The IT Policy is intended to support the secure and reliable operation of information infrastructure. The policy emphasises IT governance, clear ground rules, and increased information security. The Digital Policy, on the other hand, is intended to support Isavia's commercial goals by strengthening technical infrastructure and the interaction of data, technology solutions and employees to create value. The policies are discussed in more detail in the section on structure and development.

The Code of Ethics for suppliers is in accordance with the ten principles of the UN Global Compact and the conditions of the International Labour Organisation (ILO.) Suppliers of Isavia and its subsidiaries are required to meet the Code of Ethics as a minimum,

and they must impose the same demands on their suppliers. If a violation of the Code of Ethics is suspected among suppliers, they must notify Isavia of the matter without delay. The Code of Ethics is an attachment to all the company's contracts. If requested, suppliers need to be able to confirm that they adhere to the guidelines. The Code of Ethics addresses the requirements that Isavia has for suppliers in relation to freedom of association and the right to negotiations, forced labour, child labour, discrimination, wages, working hours, health and safety, human rights, environmental issues, business ethics and conflicts of interest. Procurement and supplier communication is discussed in more detail under the procurement section.

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

The CEO, or individual Managing Directors, are responsible for reviewing and overseeing the progress of different support policies, and Managing Directors are responsible for their implementation in their divisions. The CEO is the supervisor of the Sustainability Policy, the Isavia Code of Ethics, and the supplier Code of Ethics. The Managing Director of Development and Operations is the supervisor of the Occupational Health and Safety Policy. The Managing Director of Finance is the supervisor of the Policy on Comprehensive Risk Management and

Procurement Procedures. The Managing Director of Human Resources and Culture is the supervisor of the Human Resources and Gender Equality Policy. The Managing Director of Digital Development and IT is the supervisor of the Information Policy, Digital Policy, and Information Security Policy.

Our Culture

A company culture where communication and collaboration between employees is based on constructive and honest communication is the basis for the company to succeed in an ever-changing environment. For the past five years, Keflavik International Airport has been working systematically to change its corporate culture through a shared journey so that the culture is primarily constructive. All of our employees participate in the journey and work in accordance with the company's cultural charter, which is in the spirit of the ideal culture we work towards creating together.

Culture is one of our policy focuses until 2028, and clear goals have been set for an ideal culture that we intend to achieve by that time. A survey conducted in the fall of 2025 revealed that we have already achieved outstanding results since the journey began.

Over the past two years, special emphasis has been placed on working systematically with our frontline departments, and various projects were in progress during the year, either with management teams or all employees from different departments, including security screening, airport services, passenger services, and facilities and infrastructure. Managers were worked with as individuals and through team training to strengthen them as leaders. Great emphasis was placed on working with behaviour and mindset, as well as with processes, organisation, and structure, as needed. A group of executives also attended extensive leadership training and engaged in internal work that strengthens them in order to be better and more capable leaders. In addition, they are better prepared to help people grow and cope with increasingly complex situations and changes, whether they arise from the external or internal environment.

Culture Statement
Our behavioural guidance

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

Together we will succeed.

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Code of Ethics

The company's Code of Ethics was updated at the beginning of 2024. During the review in the fall of 2025, minor changes were made and presented to all stakeholders. The Code of Ethics applies to employees, management and the Boards of the Group's companies and covers all aspects of the company's operations, employee events, and professional travel. Iceland has been a party to the United Nations Convention against Corruption (UNCAC) since 2011. Isavia's Code of Ethics is written with the Convention and OECD guidelines in mind.

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

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

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

Sustainability Policy

Keflavík International Airport is a role model in sustainability in Iceland Isavia's Sustainability Policy is one of the company's support policies and is also one of five strategic priorities in Isavia's Corporate Strategy. The policy, objectives, criteria, and action plan that accompanies it should support our success in sustainability. The Sustainability Policy describes how Isavia ensures balance between sustainability factors regarding economy, environment, and society.

The Sustainability Policy is divided into four main priorities that are most important based on the company's principal policy and operations. Further information on goals, metrics, and actions to achieve sustainability results are specified in a five-year action plan that was submitted to the Environment Agency of Iceland at the end of 2021, as required by law. Innovation in the field of sustainability is monitored and investments made as necessary so that Keflavík International Airport is ready to step into a sustainable future. Continuous progress and improvements are being made in the field across all divisions in the company.

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

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

Climate issues

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

Resource efficiency

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



Quality of life

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

Value creation

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

Isavia's sustainability journey

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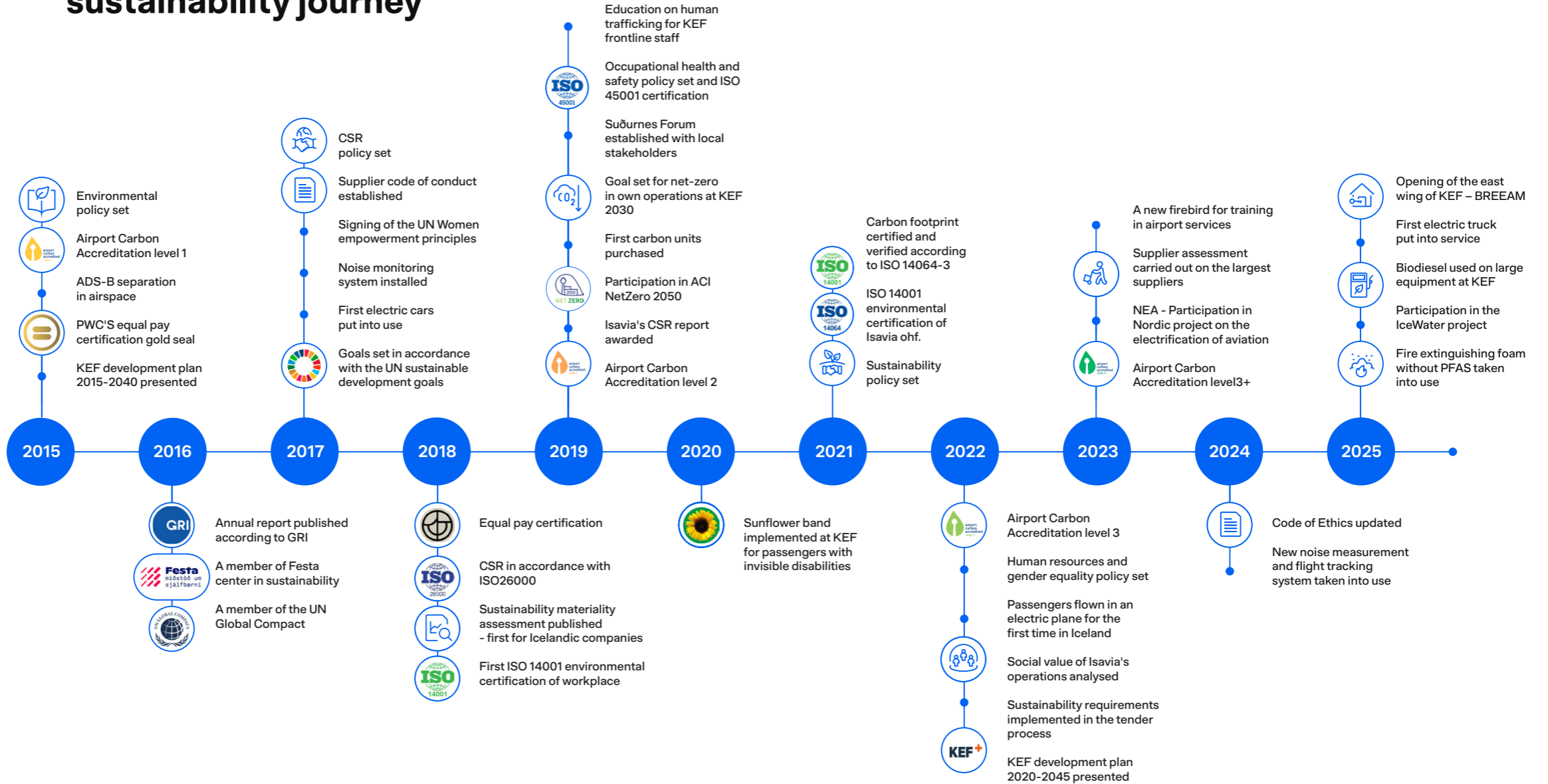
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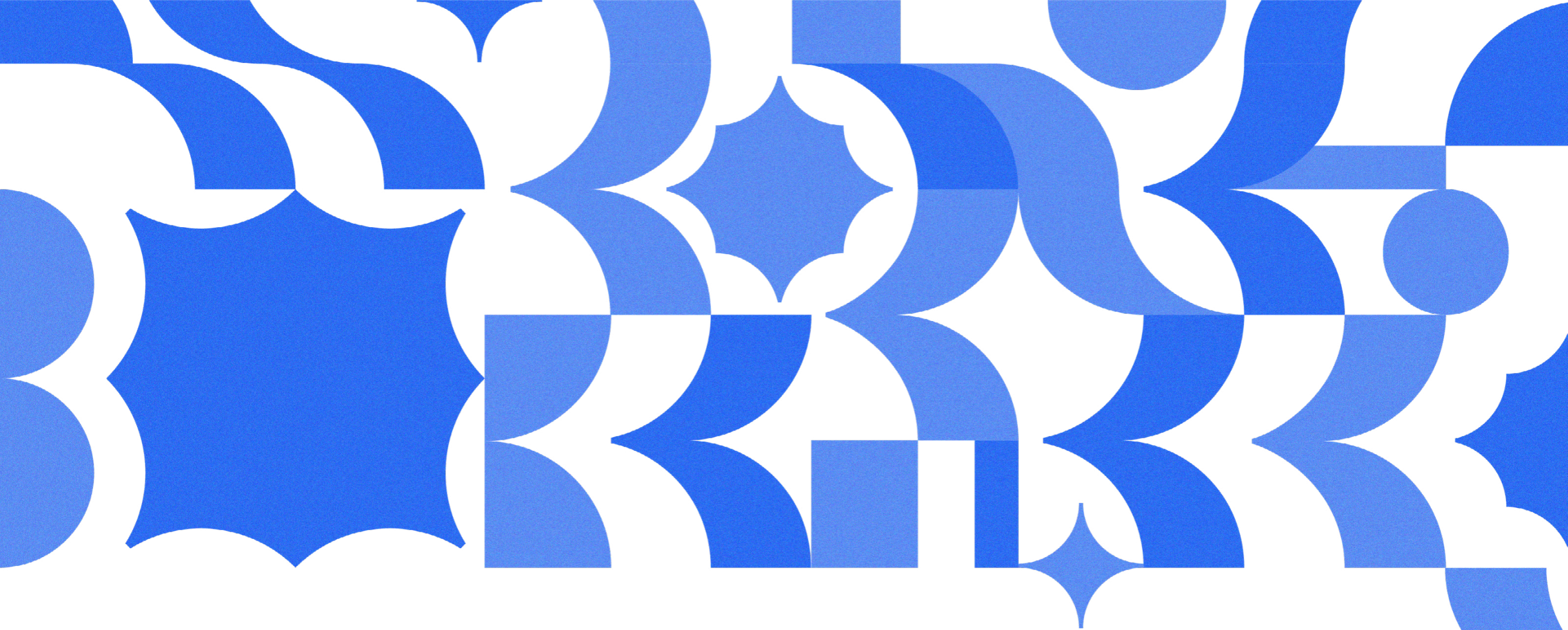
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→ **Operations and
Development**

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Isavia ohf. is responsible for the development and operation of Keflavík International Airport. Its subsidiaries Avians and Isavia Regional Airports manage, on one hand, air navigation services in one of the world's largest air traffic control areas and, on the other hand, a strong network of domestic airports in Iceland.

Isavia's Operations

The parent company Isavia is responsible for the operation of Keflavík International Airport. The airport is operated wholly on business terms and in a demanding competitive environment. This is where the greatest opportunities lie, as well as the greatest operational risks. Amendments were made to Keflavík Airport's organisational chart in January 2026. Today, there are seven divisions: Finance, People and Culture, Digital Development and IT, Services and Operations, Commercial, Airport Development and Infrastructure, and Strategy and Communications.

Organisational chart Isavia ohf.



Finance handles risk management, accounting and settlement, legal services, procurement, records management, and economics and treasury management services.

People and Culture handles wage issues, human resources and cultural issues, and training.

Digital Development and IT handles IT services and infrastructure, digital development, and the implementation of digital policy and co-ordination.

Services and Operations handles airport services, terminal services, control tower operations and co-ordination, as well as emergency preparedness and security management.

The Commercial Division handles business development, airline and marketing affairs, commercial revenue, and sales. Work is underway to recruit a Managing Director.

Airport Development and Infrastructure handles the development of Keflavík Airport, its structures and infrastructure, and the improvement of the airport.

Governance falls under the CEO along with the Strategy and Communications unit, which handles those areas along with sustainability. There is strong focus on all units of the parent company working for the Isavia Group as a whole.

Executive Board



Sveinbjörn Indriðason
Chief Executive Officer



Ingibjörg Arnarsdóttir
Chief Financial Officer



Maren Lind Másdóttir
Chief Airport Development and Infrastructure Officer



Elísabet Sverrisdóttir
Chief People and Culture Officer



Bjarni Örn Kærneded
Chief Digital Development and IT Officer



Bjarni Páll Tryggvason
Chief Service and Operations Officer



Hrönn Ingólfssdóttir
Director of Strategy and Communication

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Isavia Subsidiaries

Avians

At the beginning of 2026, Isavia ANS began implementing a new brand for the company, and it will henceforth operate under the name Avians. The new brand officially took effect on March 24, 2026. The name change is reflected in the company's new look and is part of the company's ongoing development and vision.

Avians has an operating license to provide air navigation services for domestic, international and intercontinental flights and handles air traffic services in the North Atlantic on behalf of Iceland, in an area called the Icelandic air traffic control area. The International Civil Aviation Organisation (ICAO) has granted seven countries the task of handling air traffic services in the North Atlantic; in addition to Iceland, these include the United Kingdom, Canada, Norway, the United States, Denmark, and Portugal. Operations are based on international agreements with 25 countries for services and financing, based on a full cost recovery system. About a third of air traffic over the North Atlantic passes through the Icelandic air traffic control area, which has a very unique position among oceanic areas due to its flexibility, both in terms off-flight routes and altitudes. The offices of Avians are at Nauthólsvegur in Reykjavík, but Aviation Communications, a division within Isavia ANS, also has operations in Sóleyjarimi in Grafarvogur, and technicians have facilities at Steinhella in Hafnarfjörður. Avians subsidiaries are Tern Systems, which develops software for air navigation services, and Suluk, which manages

the staff of air navigation services in Greenland. Suluk ApS is located at Kangerslussuaq Airport in Greenland. Tern Systems' headquarters are in Hlíðarsmári in Kópavogur, and a subsidiary and offices in Budapest, Hungary.

Isavia Regional Airports

Isavia Regional Airports manages the operations of Iceland's scheduled airports other than Keflavík International Airport. The company operates three airports that can handle international flights: Reykjavík Airport, Akureyri Airport, and Egilsstaðir Airport – as well as nine smaller airports that are used for regular scheduled domestic flights. The company is also responsible for managing and supervising 30 other landing sites throughout Iceland. Isavia Regional Airport's offices are located at Reykjavík Airport. The operation is diverse and includes general airport services, air traffic services, aviation security, supervision of construction projects and safety and quality issues. Operations are based on a service agreement between the company and the Ministry of Infrastructure, which determines the level of service for each airport and how they are operated and maintained, as the airports in question are part of the public transport system owned by the state.

The Duty-Free Store

The operation of the duty-free shop at Keflavík Airport, which was previously in the hands of the subsidiary The Duty-Free Store, was transferred to a new operator, Heinemann, in 2025. The company therefore had no operations at the end of 2025 and the company will be liquidated.

Subsidiary Operations

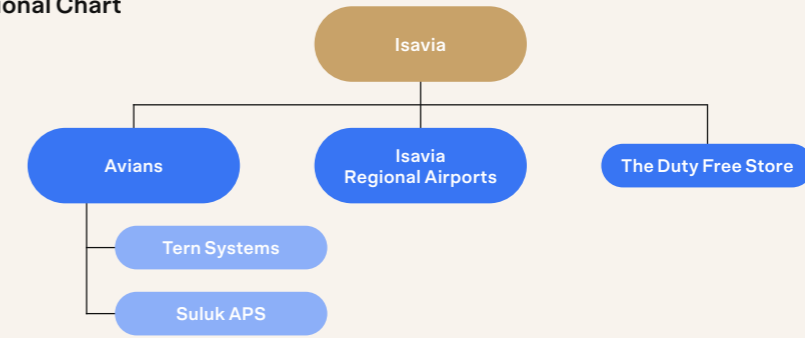


Kjartan Briem
Managing Director of Avians



Sigrún Björk Jakobsdóttir
Managing Director of Isavia Regional Airports

Operational Chart



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Isavia emphasises good collaboration with its customers and providing passengers with reliable and safe service.

Customers of Keflavík Airport

Keflavík Airport plays an important role in welcoming a diverse group of airlines that fly to Iceland from various destinations. In recent years, we have invested in developing the airport, which has already resulted in improved facilities for passengers and airport staff.

Great importance has been attached to developing business on new routes and increasing flight traffic to and from Keflavík Airport with current and new customers.

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

The bankruptcy of Play airlines affected the number of flights and passengers passing through Keflavík Airport last year, as the original passenger forecast for 2025 expected almost 8.4 million passengers. Just under 8.1 million passengers passed through Keflavík Airport in 2025. This is 2.8% below the original forecast. The total number of passengers decreased by 2.0% from the previous year.

In 2025, a total of 28 airlines operated passenger services to and from Keflavík Airport – of those, 16 airlines flew year-round, 10 were added during the summer, and 2 flew only in the winter season. A total of 100 destinations were served, of which 53 were year-round destinations, with an additional 29 added during the summer and 18 during the winter. The most popular destinations this year were London, Copenhagen, New York, Paris and Amsterdam.

Foreign travellers accounted for just over 2.3 million, up 0.4% from the previous year. The total number of foreign travellers was 0.8% below the forecast for the year. Icelanders travelling abroad numbered just over 700,000, an increase of 18.0% from the previous year and 18.6% above what was forecast.

The number of transfer passengers was 2.2 million during the year. The proportion of total passengers was 27.0%, a 14.0% decrease from the previous year when the proportion of transfer passengers was 31.0%.

The number of passenger flight movements was 53,848 in 2025, compared to 55,377 the previous year – a decrease of 2.8%. The number of freight flight movements was 1,806, compared to 1,867 the previous year – a decrease of 3.3%. The most active cargo airlines at Keflavík Airport were Icelandair, DHL, and AirExplore.

Retail and Services at Keflavík Airport

2025 was characterised by continued development and diversification of retail and restaurant services at Keflavík Airport. Emphasis is placed on improving the passenger experience, strengthening Iceland's unique position, and meeting the different needs of tourists at all stages of the journey.

The selection of restaurants and retail outlets increased further during the year with the opening of new convenience stores, both in the north building in the Schengen area and the south building in the non-Schengen area. The emphasis is on freshness, comfort and easy access to both hot and cold food, drinks, and travel-related necessities. At the same time, vending machines were installed throughout the terminal, connected to these stores. This ensures that passengers have access to snacks, drinks, and basic travel products at more locations within the terminal, as well as increasing the speed and accessibility of services. A new delicatessen opened with an emphasis on Icelandic ingredients, food

culture, and products that reflect passengers' last contact with Icelandic traditions. These units have been very well received by visitors.

The non-Schengen area of the airport terminal also underwent major changes and received a significant facelift. A new bar area with a view of the runway opened there, where passengers can enjoy drinks and light meals in a cozy environment while waiting for departure. The autumn months also saw significant changes in the catering industry when new operators took over the operation of a number of catering units. Subsequently, emphasis was placed on strengthening the current offering, including an increased selection of coffee, breads, pastries, and health-related options, as well as a special beverage hub.

The third convenience store opened in the arrival's hall of the terminal this year, and it is considerably larger than the previous store in the same location. The seating area was significantly expanded and the supply of both hot dishes and food to grab and go was increased, to meet the needs of passengers upon landing and also those waiting for arrivals.

A major turning point occurred in the operation of the duty-free shop at Keflavík Airport when a new operator took over after the first tender for a concession. Following the acquisition in May 2025, an extensive redesign and implementation began, in both the arrivals and departures stores. This journey is expected to come to an end in late summer 2026, but it will result in an increased emphasis on Icelandic products, a more diverse product range, more frequent product innovations, improved service, and modern solutions in retail technology.

During the year, currency exchange operations were also simplified with an increased emphasis on ATMs within the security zone, in parallel with the preparation of a new unit in the arrival's hall, outside the security zone, for currency processing and VAT refunds.

Reykjavik CTA – Top Airlines 2025

- Icelandair
- United Airlines
- Turkish Airlines
- Lufthansa
- SAS
- British Airways
- Air Greenland
- Fly Play
- Delta
- Emirates

Total number of destinations

2023	2024	2025
95	98	100

Top Destinations 2025

- Amsterdam
- Boston
- Copenhagen
- Frankfurt
- Helsinki
- London
- New York
- Oslo
- Paris
- Washington

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Pop-up stores or pop-up spaces continued to be an important addition to the airport's service offerings. Special emphasis was placed on experience, education and play, including a temporary shop in connection with the European Women's Football Championship and later the European Men's Handball Championship. The reception was extremely positive and clearly demonstrated the importance of such spaces in responding quickly to passenger demand and interest.

Tenders for bus facilities near the airport terminal and for car rentals were completed during the year. Currently, one operator, Icelandia (Flybus,) is responsible for bus transportation to and from Keflavík International Airport according to a tender for the next four years, whereas previously there were two operators. With this new agreement, the first electric buses entered Flybus operations, and it also marks the first step in the electrification of the bus fleet in scheduled services between KEF and the capital area. Four car rental companies now have facilities at the airport terminal after an invitation to tender, compared to three previously. The facility had not been tendered for nineteen years, making it time to renew contracts for this service at the airport. The aim is for a new area and new technological solution for taxi services to and from KEF to be put into use by mid-2026.

Marketing and Service Surveys at Keflavík Airport

Market and service surveys are carried out regularly at Keflavík Airport, which has taken part in and conducted coordinated service surveys since 2004. This survey is an international survey created by ACI which measures passenger satisfaction at more than 380 airports worldwide. It therefore gives a good idea of where we are in comparison with other airports. The survey measures passenger satisfaction with service and their experience of the airport terminal. It covers 31 aspects of service at the airport and asks about passengers' well-being, overall satisfaction, and overall experience of the airport. The results of the survey are published quarterly and used to make improvements in line with the needs of passengers and airlines.

Keflavík Airport's goal is to be at the top of the rankings among airports that use ACI's survey. In recent years, the drop in overall passenger satisfaction has been attributed to construction at the airport or high levels of pressure due to increased passenger numbers. Keflavík Airport prides itself providing exceptional service to those using the airport. Renovations and the expansion of the terminal building are part of our efforts to improve comfort and service for airport visitors and to better meet their needs.

Avians Customers

Avians main customers are the airlines they serve. Of these, Icelandair is the largest customer, both in terms of the number of flights and the number of miles flown in the Reykjavik CTA in 2025. In second and third place with the most flights are United Airlines and Turkish Airlines, and in second and third place for most miles flown are Turkish Airlines and United Airlines.

In addition to the airlines, Avians cooperates closely with international organizations such as the International Civil Aviation Organization (ICAO), Eurocontrol and CANSO, as well as other international companies in air navigation services. Other groups with which the company has a successful collaboration are Icelandic stakeholders, e.g. the Icelandic Transport Authority, the Icelandic Coast Guard, the Icelandic Meteorological Office, the Civil Protection and the aviation community as a whole.

Users of air navigation services are consulted on operations and investments that take place at special user meetings. They are held annually with airlines flying across the North Atlantic and with domestic airlines and other customers, such as private pilots, helicopter services and flight schools. Consultation on other aspects of air navigation services is also carried out with users at the level of the International Civil Aviation Organization for the North Atlantic (NAT SPG).

International Flight Connections at Regional Airports

Isavia Regional Airports is working on the Nature Direct marketing project in collaboration with Business Iceland, Austurbrú, and Visit North Iceland, which aims to promote the airports in Akureyri and Egilsstaðir as gateways to the country. The project has resulted in the airline Easyjet continuing its flights to London and Manchester via Akureyri Airport, which began in late 2024 and is flying to both cities twice a week in winter.

The travel agency Voigt Travel has also offered scheduled flights to Akureyri from the Netherlands, and the airline Transavia has been managing these flights since 2019. Flights from Akureyri to Zurich have been available with the airline Edelweiss, while the travel agency Kontiki has also used these flights to transport its tourists to Akureyri. In addition, a number of charter flights have passed through the airports in Egilsstaðir and Akureyri, along with private jets that use the airfields and arrive from various destinations.

International passengers accounted for about 20% of Akureyri Airport's total passenger traffic in 2025. A recent border survey highlights the importance of international flights for tourism in the region, finding that direct flights are important when deciding to travel to Iceland and that areas outside the Southwest are preferred. Direct flights to Akureyri have encouraged larger tourist numbers in the region during the winter, which has had a positive impact on the economy in North Iceland. This ensures that tourist service providers have the opportunity to serve tourists all year round. According to the border survey, their total spending during their stay is around ISK 500 million.

The survey was conducted in collaboration with Isavia Regional Airports, Visit North Iceland, and Austurbrú, with support from the Ministry of Food, Agriculture, and Fisheries, and participants were passengers on scheduled flights bound for the UK, the Netherlands, or Switzerland. Passengers were asked about decision-making regarding travel, spending, and length of stay. Around 90% of participants were travelling on vacation, most stayed in a hotel, and the average length of stay was

5.2 nights. It was also stated that the most popular activity is geothermal baths, while nature, tranquility, and the northern lights were considered the main attractions of the area.

Passenger and Traffic Forecast 2026

Every year, forecasts are published that indicate the estimated number of passengers and aircraft movements through Keflavík International Airport in the coming year. These two factors have the greatest impact on our operation, and the forecasts are therefore an important part of responding to a dynamic operating environment. The forecasts are prepared in close co-operation with the airlines that fly to Keflavík International Airport and are based, on, among other things, airline business hours, on information from Isavia's systems, discussions, and news about airline plans.

Passenger forecasts for 2026 assume that over 7.5 million passengers will travel through Keflavík International Airport. It is expected that the percentage of transfer passengers will be 25%, or around 1.9 million passengers. A forecast is also made for the number of foreign tourists. That forecast predicts that over 2.2 million foreign tourists will visit Iceland in 2026, which is a similar number to the past two years.

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

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The operations and development of Isavia and its subsidiaries are extensive, and the impact is felt throughout Iceland. With sustainability as our guiding principle, we work to minimise the environmental impact of projects and increase value creation for society as a whole.

Organisation and Development of Keflavík Airport

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

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

The Master Plan was first officially presented in 2015. It covers a period of 25 years, and our aim is to update

it every five years. Work on the first update was well under way in 2020, when it was postponed due to uncertainty in the aviation world. In 2022, work was resumed, and an updated Master Plan was presented to partners at some 30 consultation meetings, with local authorities, airlines, operators, the Coast Guard, the fire brigade, and numerous other stakeholders. The updated Master Plan was then presented to Isavia management for approval in autumn 2022 and was officially published in March 2023. The aim is to begin work on updating the Master Plan in the second half of 2026, with an updated Development Plan to be published in 2027.

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

Assessment of the Environmental Impact of Development at Keflavík Airport

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

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

In the first stage of the assessment, which was carried out in 2019, an assessment plan was formulated in which the project was defined, the main influencing factors of the project were set out, and the environmental factors to be focused on were highlighted. At the same time, an account was given of the research and data that would be collected to assess the environmental impact of the possible options. The National Planning Agency presented the assessment plan to the public and sought opinions from consulting bodies. The public, stakeholders, licensors, and professional organisations thus had the opportunity to submit comments. The National Planning Agency also gave its opinion on the plan with guidance on the processing, content, and presentation of the environmental assessment report.

The second part of the assessment was largely carried out in 2022, along with the drafting of an environmental assessment report. Work is being

carried out on gathering data and assessing the environmental impact of the project in accordance with the assessment plan. The findings of the assessment are set out in an environmental assessment report that addressed such things as the main environmental impact of the options, the findings of studies, and the compatibility of each option with existing plans, and put forward proposals for countermeasures and monitoring. Based on the findings of the environmental assessment and a comparison of the options, the developer makes a decision and gives reasons for which one they recommend.

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

In 2025, planning work continued the revision of the Keflavík Airport Master Plan 2023–2040. A procession proposal was advertised over the summer and subsequently the submitted comments were processed into an updated report and proposal. The Keflavík Airport Planning Committee has the updated proposal for consideration and hopes to announce it later this year.

Three local planning projects were completed in 2025, including two planning changes for the western area of the airport terminal and one planning change for the NE-area. Among the changes were plot sizes and shapes of plots at Smyrilsvöllur, which are due to be reviewed for allocation soon. In addition, a plot of land was defined for water tanks at the end of the P3 parking lots, new parking lots were put into use for taxis and rental cars at Fálkavöllur, and a 1000 m² expansion was permitted for Icelandair on the plot at Fálkavöllur 13.



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Construction and Development at Keflavík Airport

The Leifur Eiríksson terminal at Keflavík International Airport was inaugurated and put into use in April 1987. It measured, at the time, some 20,000 m². By the end of 2025, just under 100,000 square metres were in use at the airport terminal. With the expansion of the south building, which will be put into operation in March 2026, the terminal will reach 100,000 square metres in size, making it almost five times larger than when it opened.

During the terminal's first year of operation, 750,000 passengers passed through it. In 2025, 8.1 million passengers passed through Keflavík International Airport. The passenger forecast for 2026 predicts around 7.5 million passengers. Although continued growth in passenger numbers is expected in the coming years, it is clear that a certain equilibrium has been achieved in passenger numbers. This is reflected in the development plans for the coming years, where the main focus is on improving the quality of service and passenger experience. It is important to continue to invest vigorously in infrastructure at Keflavík Airport to welcome passengers in a manner that complies with international service standards and Isavia's ambition for a positive passenger experience.

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

Investments at Keflavík Airport in 2025 were somewhat smaller in scale than in recent years, as records were broken in the scope of investments in the previous three years. Investments during the year amounted to around ISK 11 billion but was close to ISK 17 billion in 2024. The investment plan for 2026 assumes that around ISK 13 billion will be invested during the year.

The UK construction and consultancy firm Mace has, since early 2020, worked as Isavia's partner in the development of Keflavík International Airport. The company handles project management and construction supervision and advises on for other projects at Keflavík International Airport, including a connecting building for the widening of the pier between the airport's north and south buildings.

Mace's work over the year has included project management, project governance, risk assessment, communications with stakeholders and sustainability.

Sustainability is always a guiding principle when planning projects at the airport. Thus, all projects relating to the expansion of the terminal are designed with the aim of being certified under the BREEAM environmental certification system.

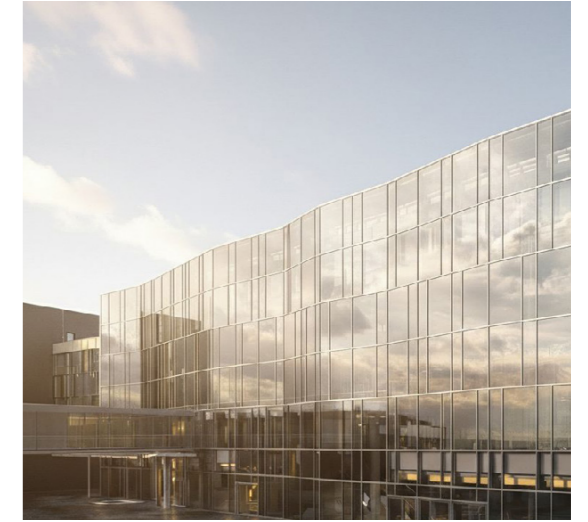
Air Terminal Systems

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

On March 21, 2025, the new aircraft stands at the east wing was officially opened, after the first passengers had passed through it. The new expansion will expand the terminal by 30% and greatly improves space and facilities. Among the additions were four new gangways, two bus gates, a children's play area, and a spacious waiting area.

This summer, work was done to complete the fourth and top floor of the east wing, construction on which began in 2024, and the goal is now for the floor to be put into use in early 2026. This is 1,450 square metres of office space, which has been connected to offices in the north building of the terminal. A walkway was built between the terminal's north building and the new east wing in February. When the space is put into use, the walkway will connect the floor to the existing office space in the north building.

A new children's play area opened at Keflavík Airport this fall. The play area is inspired by the wonderland of Tulipop and is set up with the intention of making the airport a more fun place for the youngest visitors. In the surrounding area there is also an interactive playing equipment, the so-called iWall from the Finnish company CSE Entertainment. At the



terminal's south building (Stand 10,) construction of a two-story extension began in January 2024. This will greatly improve facilities for passengers using the departures gates at the east end of the building. Part of the project is the construction of a new PPB, and there are also plans to adapt aircraft taxi routes by means of measures taken at the airport. This extension is expected to be brought into service in March 2026.

This fall, construction began around and in the arrival's hall at Keflavík Airport, the area that arriving passengers pass through on their way out of the baggage claim area. The goal of the changes is to improve flow and increase comfort for airport visitors. Car rental and bus company services are being relocated and will be consolidated in a redesigned area, and the convenience store in the arrivals area is expanding. The estimated completion date is spring 2026.

The next major phase in the development of the terminal will be the first phase of the connection between the north and south buildings. In this phase, the gangway gates will be expanded and equipped so that passengers can be served on their way in and out of the Schengen area. The construction adds over 10,000 square metres, and upon completion, there will be three aircraft gates in the area that will meet the strictest requirements for seating capacity and passenger comfort.

Construction on the apron will begin in the spring, when a temporary corridor will be installed connecting the north and south buildings. Plans call for construction in this phase of the connecting building to be completed in 2031.

In the second phase of the connecting building, the last section of the existing pier will be widened, and a new, bright central space will create better connectivity between the wings of the terminal. Facilities for arriving passengers will be improved with passport control, a new duty-free shop, and a larger service area.

The Master Plan foresees an increase in the number of aircraft stands to the east extending from the east building. The east building can be said to be the first phase of the expansion where connections with existing older structures are resolved. This enable is to increase the number of aircraft stands at the airport in sensible increments, in accordance with the fleet plans of our largest customers. The preliminary design of this expansion, where up to 16 new aircraft stands will be built, is being carried out in several phases. By completing the preliminary design of the overall project, the phasing of the development is easier, and all technical systems are designed with it in mind. This allows us to add critical infrastructure in a timely manner when needed.

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Runway systems

Isavia's runway systems projects aim to increase the capacity and safety of runways and eliminate bottlenecks that may form there. In 2023, a new taxiway, Mike, was opened for aircraft, which is about 1200 m long and 35 m wide. Design work has begun on the next taxiway project; the new taxiway will be called Bravo and will run parallel to the existing taxiway, November. The taxiway is primarily intended to facilitate the increased aircraft traffic to and from the apron, owing to the increase in the number of aircraft stands to the east.

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

Access, Car Parks, and Road System

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

The increased number of air passengers is accompanied by more traffic in the Keflavík International Airport entrance area. Larger and more accessible areas for buses and taxis are therefore part of the development of the airport's entrance area, as a large portion of airport visitors use this transportation option on their way to or

from the airport. During the year, we completed construction of four new bus stops for scheduled services, and covered walkways will be built to them all the way from the terminal exit.

During the year, work was done to improve facilities for pedestrians, especially walking paths from the terminal building and to various service areas. Work is underway to resurface the main walkways, and this year a snow-melting system was installed under the main walking paths in the area, which will ease the passage of passengers, staff, and others who pass through the airport on snowy days.

In November, a new road was put into use at Keflavík Airport, opening a new route out of the airport area. This is the first phase of a so-called ring connection, which aims to improve both safety and flow at the terminal in line with growing activity at the airport. Until now, the road in front of the terminal building has ended at the arrivals area, where you drive in and out of the P2 parking lot, but the new road runs from that point and northeast to Reykjanesbraut. This change will reduce traffic closest to the airport terminal and prevent vehicles from crossing lanes. All service traffic, such as construction traffic and transportation of supplies will from now on use another approach to the terminal. The opening marks the completion of the first phase of construction on the ring connection, which has been underway since the spring of 2025.

The next phase includes a roundabout that will be built at the intersection of Reykjanesbraut and Arnarvellir, and there will thus be one direction of traffic in front of the airport terminal as you exit the roundabout.



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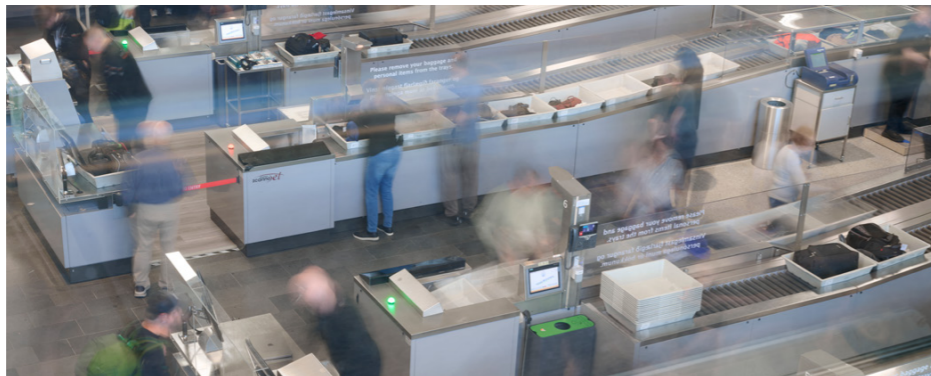
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Services and Operations at Keflavík International Airport

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

A-SMGCS System at Keflavík International Airport

In the course of the year, work continued on the implementation of the Advanced Surface Movement Guidance and Control System (A-SMGCS) at Keflavík International Airport. The project is being carried out in collaboration with Avians, and the system enables the airport to maintain airport traffic control performance under varying weather conditions. The A-SMGCS system also includes a safety and monitoring functionality designed to enhance efficiency and safety in aircraft and vehicle movements in the traffic area. The project is threefold and the invitation to tender and selection of a supplier for the MLAT/ADS-B part of the system was completed this year. The company chosen was SAAB, which operates systems of this type at numerous airports around the world. The invitation to tender for the Surface Movement Radar system began this year and it is expected that a supplier will be selected in early 2026. In parallel with the two tenders, work was carried out on requirements for the software component of the system, which is the third system component.



Renewal of Telecommunications Equipment in COM Site and Relocation to a New Building

This year, the move to the COM site, which houses Keflavík Airport's communications equipment, was completed and all radio equipment was renewed. The radio equipment in the control tower was also renewed. With new radio equipment consisting of 42 devices based on IP technology, operational safety is increased as it is possible to know the status of each radio individually in real time using monitoring equipment. The relocation of operations supports the airport's development plan, as older premises were located in an area where a new taxiway and de-icing infrastructure are planned for the future.

Tendering and Implementation of the A-CDM System

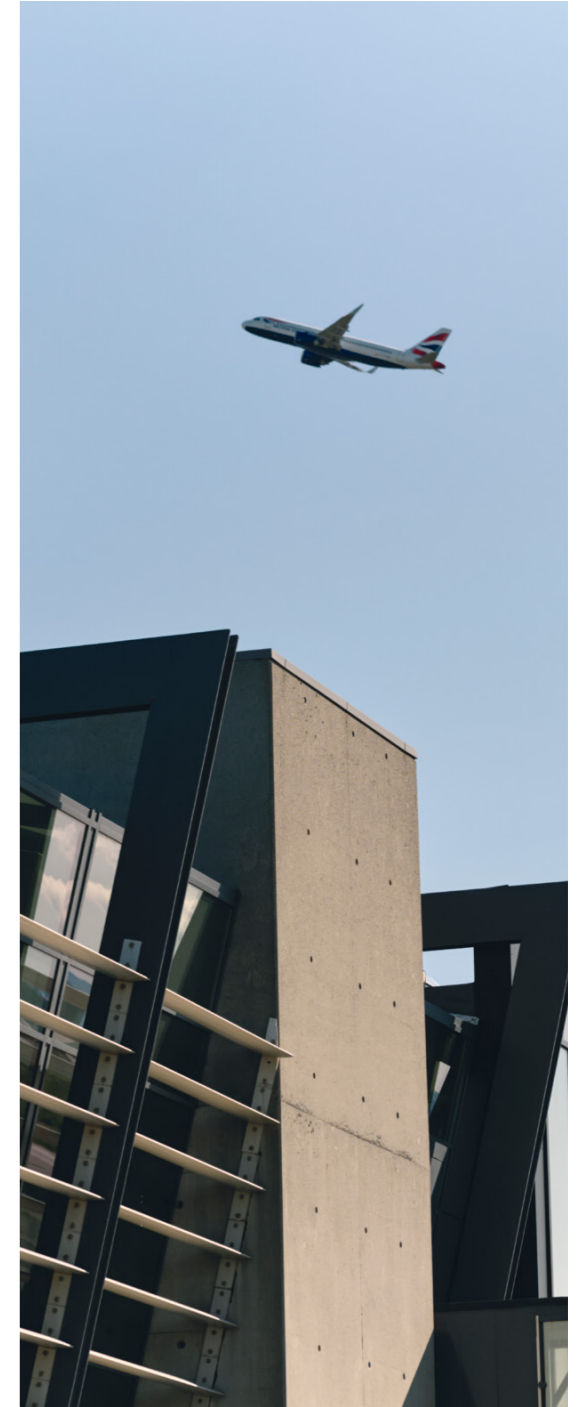
In the course of the year, the decision was made to implement Airport Collaborative Decision Making (A-CDM) at Keflavík International Airport. A-CDM is based on technology and methodology that improves information flow and decision-making for all stakeholders when it comes to the process for aircraft arrivals and departures. The benefits are numerous, for example, it has led to better utilisation of infrastructure, shorter delays, and reduced fuel consumption at other airports, which results in lower carbon emissions. With the expansion of the airport and increased traffic, the complexity of operations increases, and it is important to update processes and develop procedures in parallel to ensure long-term operational efficiency.

Implementation of a New System for Recording and Processing Incidents

During the year, Noggin's technology solutions were implemented to better support incident management at Keflavík Airport and emergency preparedness at the Isavia Group. The implementation has created a platform for co-ordinated and standardised working methods that provide a better and more meaningful insight into hazards and contribute to professional incident processing and emergency response management. Notifications and tips regarding aviation security, air navigation, occupational-, and flight safety flow into a common channel that provides a holistic overview and improves security awareness of potential threats at KEF. It is planned that the notification form on Keflavík International Airport's website, kefairport.is, will be connected to Noggin and the solution will be fully operational in January 2026. With these changes, the goal is to increase the number of registrations and thus better manage so-called "near misses" in order to identify hazards and respond appropriately to them.

Preparations and Processes Regarding Drones

During the year, preparations began for the implementation of a system due to the threat posed by drones in the airport environment. Events at other airports in recent years have shed more light on the importance of increasing the capacity of airports to detect such traffic and updating airport processes and procedures in parallel. The project will examine possible technical solutions along with the development at other international airports. The technology is intended to facilitate the detection of drones in specific areas. Part of the project involves reviewing and updating processes and procedures related to monitoring and responding to drones. Keflavík Airport is borrowing equipment from Eurocontrol that will be installed in early 2026 and will capture data on drones at the airport and in its vicinity. Data from the system will be used in system requirements specification and other aspects of the project. The project is being carried out in collaboration with the Icelandic Coast Guard, the National Commissioner of the Icelandic Police, and the police in Suðurnes.



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Construction at Domestic Airports

Every year, work is conducted on maintenance projects at Isavia's domestic airports. This includes maintenance of runways, aprons, terminals, and other buildings and service roads operated by the company; funds are provided in accordance with the official transport plan in force at any given time.

New Taxiway Names at Reykjavík Airport

In May, new names were introduced for the taxiways at Reykjavik Airport, meaning that taxiways no longer have the same name on both sides of the runway. So-called "holding point" locations have also been redefined, so now each one has its own unique name or number. The goal of the changes is to reduce the likelihood of runway and taxiway incursions by making it easier for flight crews and air traffic control to more accurately identify the location of aircraft and vehicles at the airport. Clearer locations and layouts contribute to improved visibility and safer use of taxiways for aircraft and vehicles.

Tree Felling in Öskjuhlíð

For many years, Isavia has drawn the attention of the City of Reykjavik to the fact that conditions on runway 13/31, which lies between Öskjuhlíð and Skerjafjörður, had become dangerous. The height of the trees in Öskjuhlíð had become a real safety threat to aircraft approaching runway 31 and departing from runway 13. Minima for direct approach to the runway were repealed at one time due to tree growth that had reached the relevant obstacle surface (VSS and OCS.) A so-called circling approach was in effect, which has higher approach minima but can result in a landing being impossible due to cloud height that would otherwise be possible if an RNP approach (Required Navigation Performance) was issued. The approach slope to runway 31 was increased to 4.45° about 13 years ago due to tree growth rising from the VSS surface, which was only intended to be a temporary solution for a few months.

The Icelandic Transport Authority instructed the company to close the runway until it was confirmed that the obstacles had been removed. The runway was therefore closed from February 8 to March 28, 2025, or for seven consecutive weeks. Landings on runways 13 and 31 and takeoffs on runway 13 were closed, and this also applied to ambulance

flights. After numerous meetings with the Icelandic Transport Authority and the City of Reykjavik, the first phase of the project was completed, which included felling approximately 1,600 spruce trees in Öskjuhlíð. This was completed in March and subsequently the safety restrictions on runway 13/31 were lifted after it had been confirmed that the VSS and OCS obstacle surfaces for the runway in question were clear of obstacles. The East Icelandic company Tandraberg handled the tree felling project following an invitation to tender by the City of Reykjavik, and also ensured that the material was put to good use. The logs were therefore transported by ship to Eskifjörður and new products were made from them.

Maintenance in the Westfjords

In Ísafjörður, a maintenance project was undertaken on the airport terminal building and a building that houses an office, control tower, workshop, and engine shed. Surveillance cameras were installed, garage doors were replaced, controls and motors were improved, and heat pumps were installed.

An extensive project began at Bíldudalur Airport, where work was carried out on the maintenance and renovation of the terminal building and the area as a whole. The kitchen was renovated, as well as the plumbing and walls. Approximately 100 m of water pipes from the water utility leading to the building were renovated and expanded, increasing the transport capacity for the fire department and buildings. A stone wall was then built from the shoreline and out to sea at the inner end of the runway, which better sealed off the airport area to protect it from the encroachment of sheep, which flock to the airport in large numbers.

The renewal of fire engines at Bíldudalur and Gjógur were important improvements to the operation and safety of the fields. In addition, work was completed on new approach routes for both areas, which were flight tested and approved by the Icelandic Transport Authority and will take effect in early 2026. With these new approach procedures to Bíldudalur, it is possible to enter much lower than before, which makes a big difference when there is low cloud cover, and therefore the improvements were extremely important for aircraft operators.



Remotely Controlled Control Tower at Reykjavik Airport

Preparations for a change in Reykjavik Airport's air traffic control by Isavia Regional Airports and Avians continued during the year, and it is now expected that the installation of a 360° camera tower will take place in the spring of 2026. Work has been done on testing the system and conducting audits, as well as consulting with the Icelandic Transport Authority regarding licensing and approval issues. It is expected that future air traffic controller facilities and air traffic control will be located in the Air Traffic Control Centre on Nauthólsvegur.

Remote Tower is a technology that has been in development and use for the past decade in Europe and offers the possibility of providing air traffic control at an airport from a location other than a traditional control tower with equal or better safety. High-quality cameras located on a special camera mast are used instead of the traditional window view from a tower, and the latest technology is applied to increase the situational awareness of air traffic controllers with the aim of increasing safety and improving service.

Another change occurred in the status of air traffic controllers in Reykjavik Tower, who were transferred to Avians at the end of the year, but their operating license has always been in the hands of Avians despite belonging to Isavia Regional Airports. This change is part of the preparation process for a remote-control tower that will be hosted by Avians, and the goal is to ensure clear accountability and streamlined operation of the tower.

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Repairs to the Akureyri Control Tower

During a severe storm that swept across the country in September 2022, part of the top roof covering of the Akureyri control tower was blown off, requiring temporary repairs. During heavy rain and strong winds in February 2025, a lot of water leaked through the balconies onto the floor below the tower, so the roof and balcony cladding were renewed in late summer and autumn. The roof was torn down, a dust and moisture barrier were installed, and the roof was insulated and sheathed. The cladding of the balcony floor and walls below a window in the control tower was also renewed.

Design of a Parallel Taxiway at Egilsstaðir Airport

At Egilsstaðir, work has been underway on the planning and design of a new taxiway and apron, with the goal of the project being to increase the airport's operational safety, capacity, and readiness as an alternate airport. Two workshops were held with Verkís, who has handled the design for Isavia, along with operators, where implementations of the project were reviewed. Design of the northern section of the taxiway will be completed in the coming months, at which time work will begin on the design of the southern loop and the connection between them. It has been proven that with the introduction of the northern loop, the airport can accommodate five to seven aircraft in addition to its current capacity. The project thus supports the company's long-term vision of increased capacity to deal with flight disruptions and ensures the future development of the airport at Egilsstaðir.

Overlay on Stóri-Kroppur

Work began on renewing the runway pavement at Stóri-Kroppur, which had become very poor—cracks had begun to form, and vegetation had begun to grow out of the runway in some places. Cracks were repaired and a new runway covering was subsequently laid. The project will then conclude with the runway being painted in the summer of 2026. The airport at Stóri-Kroppur is widely used for flight training, and the repair was therefore important for the conditions and safety of student pilots.

Renewal of Fire Trucks at Domestic Airports

During the year, new fire trucks were delivered to domestic airports, which will replace four veterans, who are located at Höfn, Gjógur, Bíldudalur, and Grímsey. Vehicles from 1989–1996 have been in use at these airports and have performed firefighting services successfully but have now become very worn out and replacing them was therefore long overdue.

Domestic airports received a special contribution from the Ministry of Infrastructure in 2024–2025 to begin the renewal of the airports' most important security equipment, and it was decided that the renewal of these vehicles was the most urgent task. An invitation to tender for fire trucks was held in 2024, and Ólafur Gíslason & Co hf. – Eldvarnarmiðstöðin had the most favourable bid. The vehicles have pollution protection in line with modern requirements, which will be a major breakthrough in airport security. The vehicles are both safer and have more powerful equipment, which means that the firefighting capacity is doubled compared to what was previously available at these three locations, or from 1,200 litres of water to 2,400 litres. Water collection and water source locations are a challenge in many places, especially in these three locations. These changes therefore represent significant improvements and will also improve response in the region, where there is excellent co-operation between Regional Airports and the local fire departments.



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Development at Avians Renewal of ATM Systems

Work continued during the year on projects related to the renewal of ATM systems for the air traffic control centre. An assessment was made of the main needs and challenges facing the company in this area.

The first versions of Polaris Stripless, which is planned to be brought into use in the air traffic control centre in 2026, are now being tested. At the same time, work was carried out to assess the future implementation of the system to ensure that it best meets the needs of both approach and tower services.

Since the company began a market study in 2024, which led to the decision to tender for a new system for the flyover, much has been achieved. A new set of requirements has been formulated, built on a solid but renewed foundation, a draft agreement has been prepared, and a framework for the competitive negotiation process has been developed. In this work, the company has benefited from the support of the consulting firm EGIS and the British law firm Bird & Bird to ensure a professional and reliable process.

The project is extensive and challenging and is one of the key elements in strengthening Avians core business in the long term. The goal is to have a decision on the selection of a new ATM system for overflights by the end of the year. The project's timeframe is challenging, with a new system expected to be ready for implementation by February 2029, which calls for detailed planning and careful decision-making.

Multilateration

In 2025, Avians signed a contract with Saab to renew the existing multilateration approach surveillance system and expand it for Keflavik International Airport.

Multilateration is a surveillance technique that is based on measuring the time difference between a radar transponder from an aircraft and multiple ground stations. By comparing the time difference between the stations, the aircraft's position can be calculated very precisely.

The technology is particularly suitable where traditional radar coverage is limited, for example at airports or in mountainous areas. Multilateration also offers greater accuracy and better time resolution than traditional radar.

The implementation of the new system is expected to be completed in 2028.

Flight procedure design

Avians flight procedure designers are responsible for developing and designing flight procedures and approach and departure procedures for Isavia airports. This involves calculating safe and efficient routes for both arriving and departing aircraft, taking into account terrain, obstacles, climate, airspace structure, and other factors that affect flight. All designs are carried out in accordance with ICAO standards. Avians designs flight procedures for Iceland, Greenland, and the Faroe Islands.

After a journey of more than three years, Avians received formal certification from the European Aviation Safety Agency (EASA) as an approved flight procedure design service provider under EU Regulation 2017/373. The certification is an important confirmation of the competence and professionalism of the staff, the quality of procedures, safety issues, and the company's governance, and shows that Avians meets all requirements for certified service providers within Europe. With this recognition, the company strengthens its position as a trusted service provider on the international stage.

The largest domestic project of the year in flight-procedure design was the design of the first RNP AR approach in Iceland, for runway 01 in Akureyri. The approach will greatly improve safety and service for aircraft operators using Akureyri Airport. The approach was approved by the Icelandic Transport Authority at the end of the year and will take effect in the spring of 2026.

The scope of projects in Greenland remained extensive. New RNP approach procedures and RNP departure were designed for Qaqortoq in South Greenland. At the end of the year, a contract was signed with Naviair for Avians to design a new TMA and CTA around Nuuk, as well as calculate manned altitudes (MVA.) Avians also undertook to design new route flight procedures to and from Qaqortoq and to upgrade existing procedures to and from Nuuk.

The next design project in Greenland is the design of new flight procedures for the new runway in Ilulissat.

Flight Calibration Service

Avians' flight calibration service department carries out regular flight-calibration projects in Iceland, Greenland, and the Faroe Islands. This is done using the company's aircraft, TF-FMS, a Beechcraft King Air B200 turboprop from 1985. The aircraft is primarily used for routine flight tests of conventional flight navigation equipment and for testing and validating new flight-path designs. It is specially equipped to carry out these tasks.

The equipment used in the tests comes from the Norwegian company Norwegian Special Mission (NSM) and is very well suited to these tasks. In addition to conventional flight-calibration projects, Avians also operates regular observation flights for the Institute of Earth Sciences of the University of Iceland and the Icelandic Civil Protection Agency, to monitor the volcanoes of Örfæjökull, Bárðarbunga, and Katla, amongst other things. Avians flight-calibration service department also handles initial flight tests of approach instruments, which are much more extensive and detailed than routine tests. There are usually three trips to Greenland and two to the Faroe Islands. Additional trips may sometimes be required if new equipment needs to be tested.

Digital Development and IT

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The division of Digital Development and IT is working systematically to build a digital platform for employees, customers, and the airport community as a whole, as well as ensuring safe and reliable operation of Isavia's information infrastructure.

Planning and Development

The year 2025 was characterised by the continued development of digital operations in accordance with the company's Digital Policy. The main focus areas were building and strengthening the Enterprise Architecture, strengthen data-driven operations and improve the planning and management framework in digital projects. Special emphasis was placed on developing the digital skills of employees, building the Microsoft Dynamics 365 solution environment, and ensuring that key infrastructure systems were reliable and secure.

At the end of 2025, an organisational change was undertaken within the division with the aim of strengthening the digital travel infrastructure and ensuring that the division was better positioned to support Isavia's strategy and future growth. With the new structure, the goal was to enhance the company's digital maturity, enhance policy formulation, strengthen consistency and collaboration, and ensure increased efficiency and a clearer division of labour in operations and services.

The 2026 emphases will build on the strong digital foundation that has been laid across all operations. Key areas of focus will include increased automation, strengthening the data environment, continued development of Enterprise Architecture, and strong infrastructure, as well as further integration of artificial intelligence into key operational processes.

With continued concerted efforts in information technology, data management and the development of new practices, Isavia will further strengthen its position in the digital arena and utilise technology to maximise operational profitability and improve the passenger experience in line with the growing demands of the international airport environment.

Digital Policy Formulation and Infrastructure Development

During the year, systematic work was carried out on the progress of key digital policy projects that lay the foundation for Isavia to reach the defined digital maturity level of 3 out of 5. The projects contribute to increased operational efficiency and streamlined work processes, improve service, and customer experience, and enable the company to use data more effectively in decision-making. The focus on a robust and compatible technology base, increased information security, and the development of digital skills among employees creates the prerequisites for future growth and sustainable utilisation of technology in the airport's operations. Digital SteerCo continued to play a key role in prioritising, co-ordinating, and following up on digital projects across divisions and units. A clear governance framework and process for digital projects has resulted in better definition of responsibilities and improved visibility, created increased opportunities to shorten project turnaround times, reduced risk in the development and implementation of new solutions, and increased the ability to ensure that technology investments deliver maximum value.

Continued targeted modernisation of infrastructure was at the forefront during the year, with the replacement of older server equipment marking important steps in renewal and increased operational security.

A high-speed ring connection was established between Keflavik International Airport and the Reykjavik Air Traffic Control Centre, which increases flexibility and improves the possibility of operating a backup environment for Keflavik Airport in Reykjavik. A number of systems were also decommissioned during the year in connection with the closure of The Duty-Free Store's operations.

The operation of information systems went well during the year and no serious operational deviations occurred.

Main Tasks and Benefits

Progress in Generative AI

Major steps were taken in the application of artificial intelligence within Isavia in 2025. At the beginning of the year, procedures were established for the responsible use of artificial intelligence, and employees received targeted training and regular presentations on the possibilities of the technology.

A new AI chatbot was implemented with the aim of increasing employee self-service and improving access to internal information. The chatbot provides employees with fast and secure assistance in daily tasks.

A specialised version of the chatbot was also introduced that can work with Isavia's internal data. Only staff that has completed special training has access to that version, ensuring responsible and safe use. The solution provides quick access to important data that previously required time-consuming manual labour.

At the same time, the implementation of Microsoft Purview began, which supports classification and access control of documents and data based on their sensitivity. This ensures that the chatbot only has access to the data it is intended to access.

Data Warehouse – Migration to a Cloud Environment

A major milestone was reached in the migration of data processing to the cloud with the implementation of Microsoft Fabric. The goal was to increase flexibility, security, and scalability, and ensure better access to consistent data. During the year, the transfer of all financial data was completed and most of the operational data was incorporated into the new solution.

This development has enabled us to:

- improve data processing performance
- reduce time in analysis and reporting,
- increase access to business intelligence and data-driven insights.

It is expected that the old warehouse will be largely decommissioned by the end of 2026, which will yield significant operational benefits.

Increased Digital Skills and Data Literacy

Isavia continued to strengthen the digital skills of its employees through diverse training on AI, data processing, and digital tools.

Particular attention was paid to:

- NLP,
- Machine Learning,
- automated analysis and decision support.

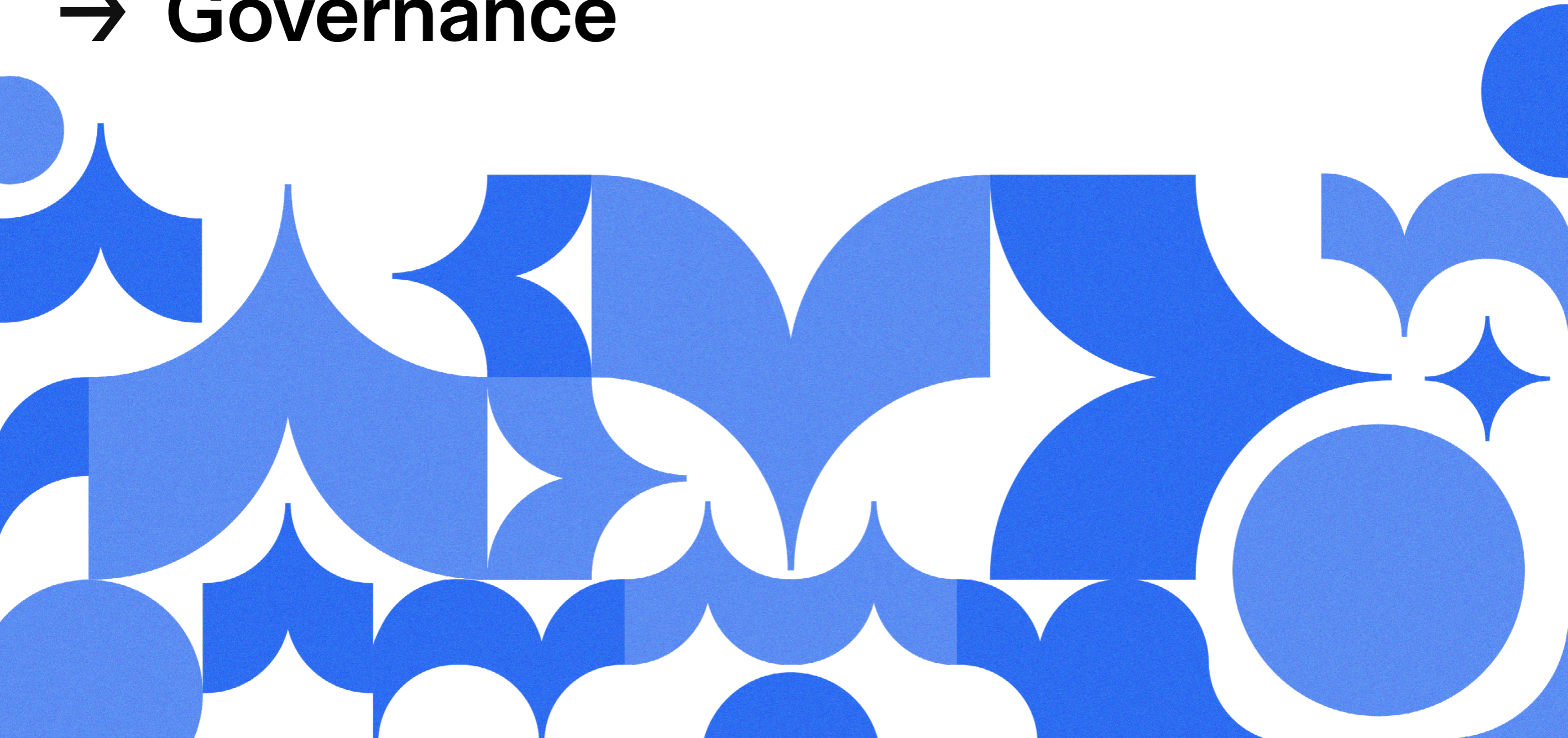
Enterprise Architecture Structure

Targeted work continued on Enterprise Architecture as a key pillar in Isavia's digital transformation and future growth. The intention was to develop a clear overall view of the company's technology environment, strengthen the connection between business needs and solutions, and promote an integrated and cost-effective structure of digital operations. This development was part of the progress of digital policy projects aimed at Isavia reaching a digital maturity level of 3 out of 5 by 2028.

Implementation and Development of Microsoft Dynamics 365

During the year, Isavia continued the implementation and development of Microsoft Dynamics 365 as a central solution environment for information, document, and contract management, process support, and business-related activities. The new solution, Viskan, is based on Dynamics 365 and is integrated with the Microsoft 365 environment. This combination makes it easier for employees to find, file, and work with documents and information in one place, and supports the company's goals of increased digital optimisation and better service. In addition, the first steps were taken towards further development and needs analysis for broader use of the Dynamics environment, including specialised process projects, integrations, and increased use of Power Platform. These steps support unified technology, better service, and data-driven operations.

→ **Governance**



The Board of Directors and Corporate Governance

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

Laws on Isavia's Operations

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

Isavia's Board of Directors

The corporate governance of Isavia is guided by Act no. 2/1995 on Public Limited Companies, the company's Articles of Association, the Board's Rules of Procedure and the General Ownership Policy of the state (including the appendix pertaining to Isavia ohf.) The appendix relating to Isavia states that one of the State's goals with the ownership is that the operations will be as environmentally friendly as possible and to promote environmentally friendly service to aircraft and passengers and the minimisation of carbon emissions. In addition, the goal is to ensure that operations and investments are sustainable in the long term. The Board approved a Dividend Policy for the company in the fall of 2025.

Board members are nominated to the Board by the Minister of Finance and Economic Affairs and are elected at the Annual General Meeting for one year at a time. The Board of Directors convenes the Annual General Meeting (AGM) by notice to shareholder in accordance with the company's laws and Articles of Association, which stipulate that the AGM shall be convened before June each year. The 2025 Annual General Meeting was held on March 26, 2025, in Keflavík, where the company's new Board of

Directors was elected. The Board has five members and two alternates. The gender ratio on the Board is currently 40% men and 60% women. All board members are considered independent within the meaning of the Guidelines on Corporate Governance issued by the Icelandic Chamber of Commerce, the Confederation of Icelandic Enterprise, and Nasdaq Iceland.

The Board generally meets once a month. The CEO, the CFO, and the General Counsel attend board meetings. The Board makes decisions in accordance with the Articles of Association and the Limited Companies Act, but the majority vote of the Board determines the outcome if the Board does not agree. None of the Board members work for the parent company. Isavia's Board must comply with the company's Code of Conduct, same as the Group's staff in general. The updated Code of Conduct came into effect on December 11, 2025. The company's Board refers to the "Guidelines of Corporate Governance" and complies with them in all major respects. The main deviation is that the company has no Nomination Committee, as nominations are made by a Selection Committee appointed by the Minister of Finance and Economic Affairs, who manages the State's share in the company. The Board's sub-committees are the Audit Committee and the Remuneration Committee, and their scope of activities also includes the subsidiaries of Isavia ohf. In order to increase the quality and efficiency of the Board's work, it is obliged to carry out a performance evaluation annually. The evaluation is carried out by external consultants, following a standard methodology, and includes the size of the Board, its composition, practices and procedures, as well as the company's development and the CEO's performance.

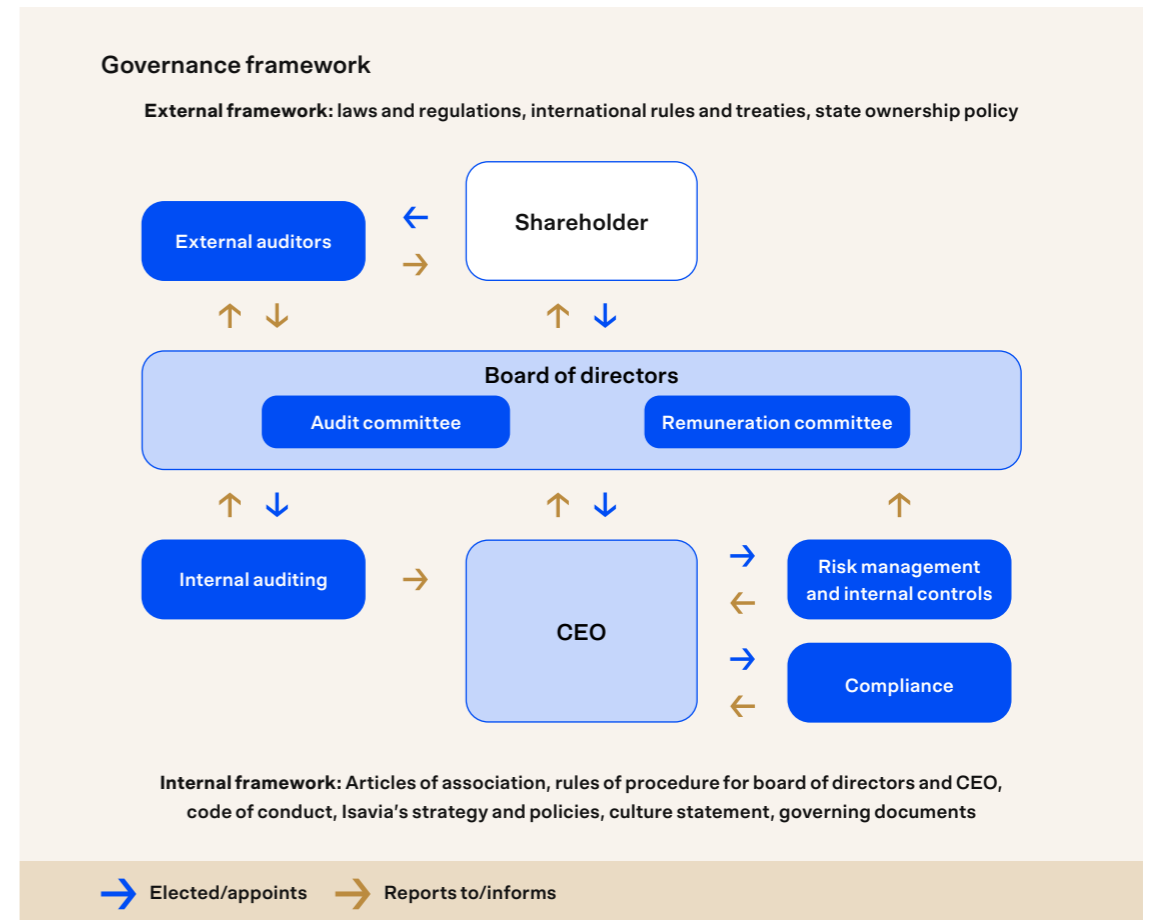
Board's Rules of Procedure

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

confidentiality, the obligation to provide information to the Board, the decision-making powers of the Board, etc. The Board of Directors shall constitute the supreme authority in the affairs of Isavia from one shareholders' meeting to the next, in accordance with laws and the company's Articles of Association.

The Board manages the company and ensures adequate supervision of the accounts and disposal of the company's property, as well as confirming the operating budget and investment plans and ensuring compliance with them.

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



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The Board of Directors of Isavia ohf. Elected at the annual general meeting on 26. March 2025



Steinþór Pálsson
 b.1960
 Chairman of the Board

Chairman of the Remuneration Committee

Education:
 Cand.Oecon Business Administration
 MBA

The CEO of Thor Landeldi ehf.

Other board assignments:
 Norvik hf.
 The Vigdís Finnbogadóttir Foundation Fund
 Mosfellsbær Golf Club

Meeting attended in fiscal year of the BoD:
 Board 14 of 14
 Remuneration Committee 6 of 6



Hera Grímsdóttir
 b.1979
 Vice Chairman of the Board

Education:
 M.Sc Civil Engineering
 MBA

Director of Research and Innovation at Reykjavik Energy

Other board assignments:
 Grænvangur
 Hlíðarendi ses.
 Aska Gerður ehf.

Meeting attended in fiscal year of the BoD:
 Board 14 of 14



Gréta María Grétarsdóttir
 b.1980
 Board member

Member of the Audit Committee

Education:
 M.Sc Engineering

Self-employed

Other board assignments:
 Indó Sparisjóður ehf.
 Svarta mamban ehf.

Meeting attended in fiscal year of the BoD:
 Board 14 of 14
 Audit Committee 8 of 8



Ómar Svavarsson
 b.1969
 Board member

Member of the Audit Committee

Education:
 Cand.Oecon Business Administration

Self-employed

Other board assignments:
 Orka náttúrunnar hf.
 ON Power hf.
 Hvíta Húsið hf.
 Ósea fjárfestingar ehf.
 Seika ehf.

Meeting attended in fiscal year of the BoD:
 Board 14 of 14
 Audit Committee 8 of 8



Marta Jónsdóttir
 b.1979
 Board member

Was also a member of the previous board from January 2025 to March 2025.

Member of the Remuneration Committee

Education:
 ML Law

Self-employed

Other board assignments:
 Húsakostur ehf.
 Sunna fasteignasala ehf.
 Project Aurora I ehf.
 Aurora Ventures ehf.

Meeting attended in fiscal year of the BoD:
 Board 14 of 14
 Remuneration Committee 6 of 6

Corporate Governance Statement

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

Remuneration Committee

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

is approved at the Annual General Meeting.

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

Audit Committee

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

accordance with the work of the Committee, and at least one of the members must have expertise and experience in the field of accounting or auditing.

CEO of Isavia

The CEO is responsible for the management of all day-to-day operations in accordance with the policies and instructions of the Board. Day-to-day operations do not include measures which are unusual or major. He has the decision-making powers for all operational and financial matters of the company and supervises its assets. The CEO submits an account of the company's operations and performance at Board meetings and answers to the Board regarding compliance with the company's Articles of Association, laws and regulations. The CEO does not have a relationship of interest with

business partners and/or competitors. The CEO also manages and supervises the subsidiaries of Isavia ohf.

Subsidiary Boards

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

Risk Management

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Risk management plays a key role in supporting Isavia's policy, future development, and goals. The company's risks encompass a variety of strategic, operational, financial, and compliance risks that must be identified, assessed, managed, and monitored responsibly. Great emphasis is placed on Isavia's risk culture being strong, the internal control system consisting of both risk management and internal control and that everywhere there is organised and active monitoring of key risk factors.

Risk Management Governance Structure

The company operates according to the Three Lines of Defence, which clarifies the roles and responsibilities of everyone involved in risk management within the company.

The first line of defence consists of managers and staff responsible for day-to-day risk management, internal controls, and the implementation of mitigation measures. Risk analysis, assessment and follow-up are carried out there as part of daily operations.

The second line of defence, to which risk management belongs, consists of the company's control units, which are responsible for ensuring that the first line of defence establishes adequate risk management and internal controls and that they are properly followed. Isavia's risk management is inherently an independent unit despite its location in the organisational chart. Risk management supports employees and managers in identifying, assessing, and monitoring risks, ensures a consistent methodology and works in accordance with the company's Risk Policy.

The Risk Manager reports to the Director of Finance, sits on the Risk Committee, and, if necessary, can refer matters directly to the Audit Committee and the Board of Directors without the intervention of the CEO or an immediate superior.

The third line of defence, internal audit, provides independent assurance on the effectiveness of risk management and internal controls and conducts risk-based audits of the first and second lines of defence.

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

COSO Enterprise Risk Management

Isavia's risk management is based on the concept of COSO Enterprise Risk Management. The risk management standard ISO 31000:2018 is also used.

Goals have been set on the maturity level of risk management in accordance with recognised theories. The goal is that risk management will be well organised in daily tasks and that decision making and the allocation of resources will include additional risk consideration.

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

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

Risk Policy

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

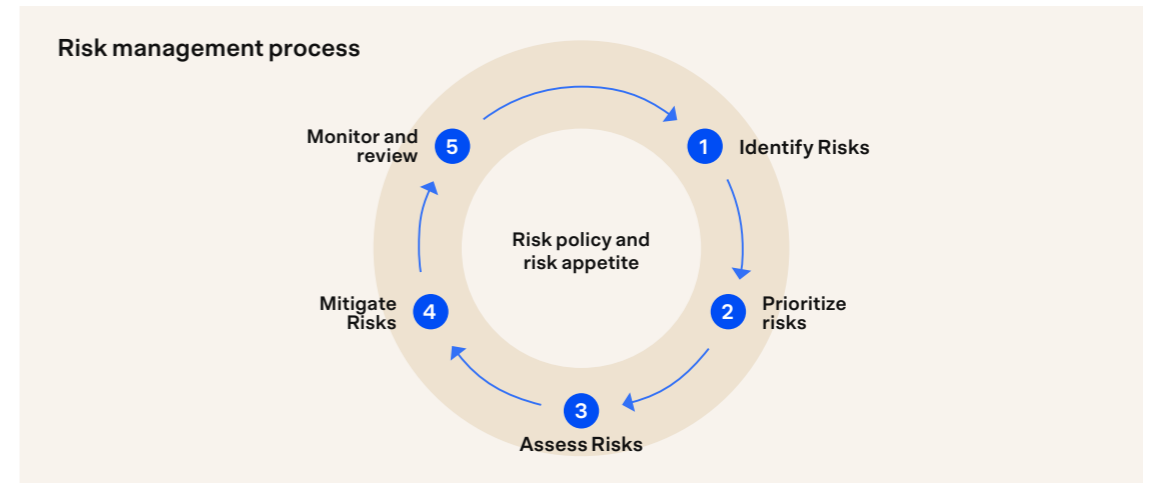
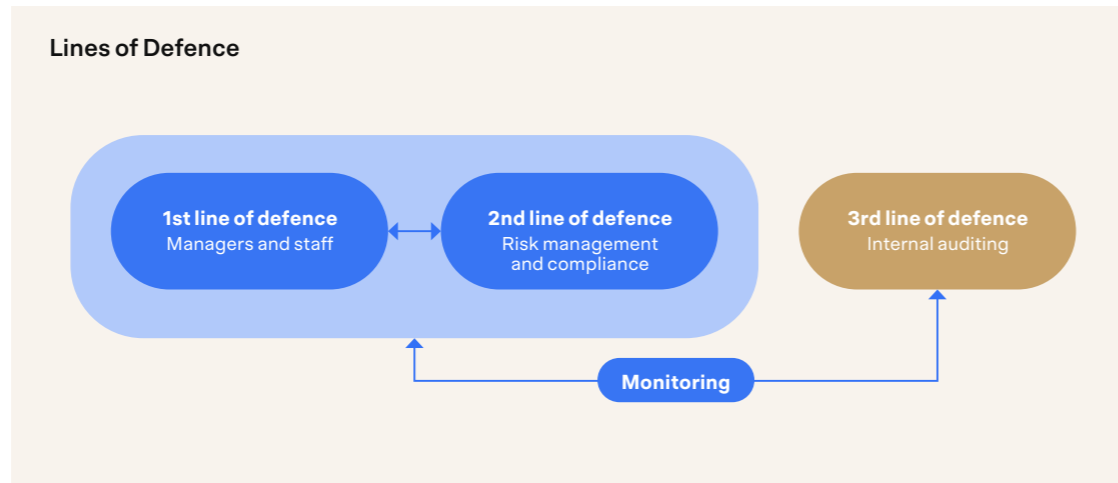
Risk Management Process

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

On the one hand, management manages the company's risk in accordance with the risk appetite determined by Isavia's Board of Directors, which includes any risk that the company is willing to accept to achieve its goals. However, risk tolerance is taken into account, which defines the limits of acceptable deviations from the goals defined at any given time.

Isavia's Key Risks

The company's key risks are classified into upper and lower risk categories, as well as cross-cutting factors that cover all categories. They reflect the main aspects of the operations, ranging from strategic and operational challenges to financial, environmental, safety, and social factors. During the year, work was carried out to document a



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comprehensive risk assessment for these risks, and this work will continue in 2026. Special emphasis will also be placed on prioritisation in collaboration with management and ensuring a clear overview of the risks that have the greatest impact on the company's operations and future vision.

Risks That Cut Across All Risk Categories

The Risk Policy also defines four cross-cutting risk factors that cover all categories and can affect the company's policy, operations, finances, and compliance. These factors are sustainability, reputation, culture, and fraud. Efforts will be made to minimise these risks through targeted actions, education, and active monitoring.

In **sustainability**, increased demands for accountability and transparency were taken into account and efforts were made to better integrate sustainability into investment assessments. Work on updating the Action Plan has recently been completed and actions and responsibilities will be

monitored regularly. In addition, the governance structure for sustainability issues has been clarified to better support the implementation of the Action Plan.

Reputational risk can arise from publicity or perceptions of the company that are shaped by events within or outside the company and that affect operations or people's experiences. The risk is managed through targeted disclosure, including through communications officer and managers. Efforts were also made to draw attention to the important work of the company's staff, who play a vital role in ensuring passengers have a good journey to and from Iceland.

We continued to strengthen managers' ability to lead **culture** in their own units, including through targeted leadership training and regular support. Staff were also trained to support managers in this role, and a new division—Human Resources and Culture—was established to ensure that assistance, education,

and appropriate tools are available to maintain and strengthen the culture that has been built.

During the year, targeted work began on analysing and assessing **fraud risk** with the aim of strengthening the governance structure and processes related to fraud protection. The work involved clarifying the next steps in developing education, procedures, and supervision. Work will continue on these aspects to ensure that fraud risk is a more visible part of the company's risk management.

Strategic Risk

Strategic risk is the risk related to Isavia's strategy and objectives. It involves the company's strategy not being in line with developments or changes in the company's internal or external environment, such as increased competition, changes in the Board of Directors or management, changes in laws or regulations, and/or changes in customer needs. In addition, external factors, including political and

international circumstances, may affect operating assumptions and priorities and require regular reassessment of the company's policy.

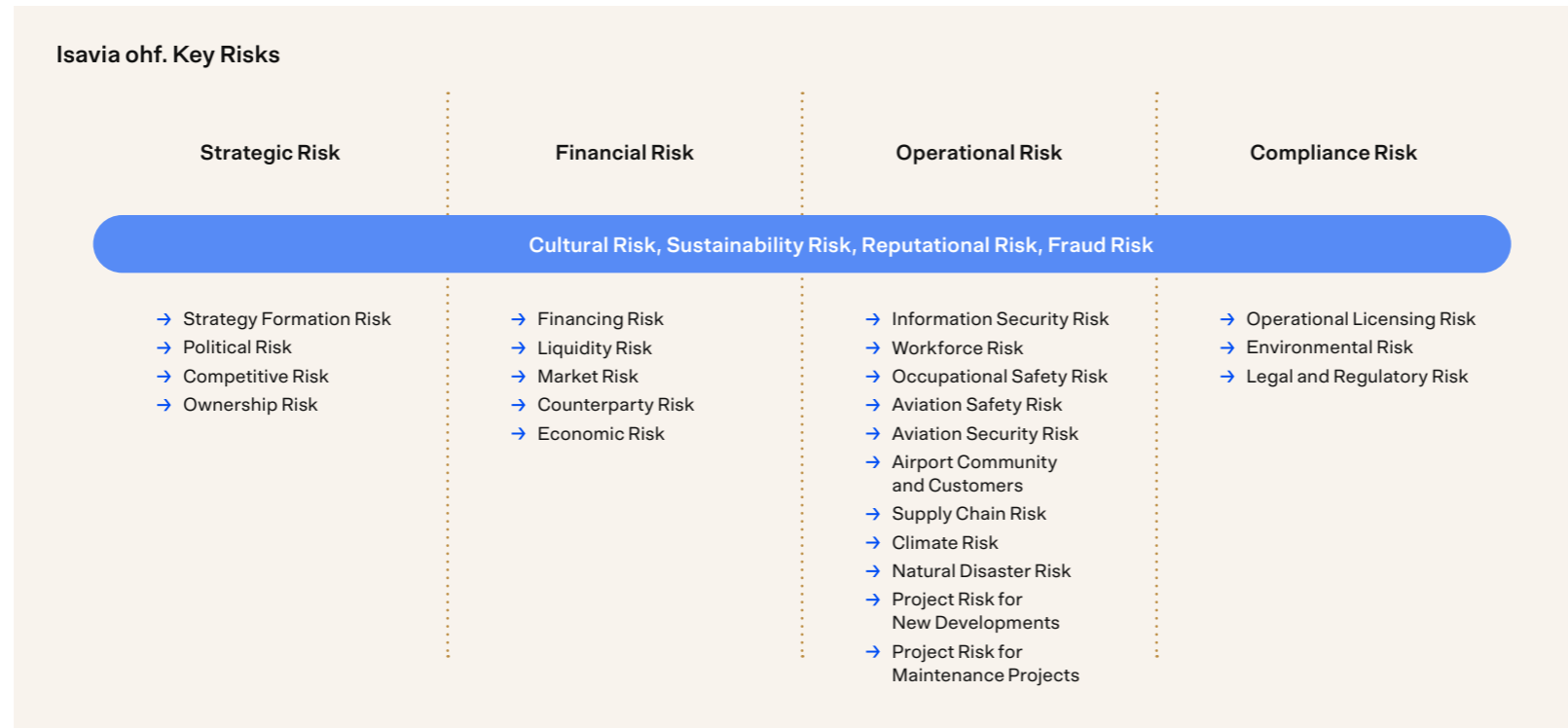
The company is willing to take moderate risks to achieve its goals and support development and innovation, while avoiding risks that may threaten infrastructure or operational stability. During the year, work was done to strengthen strategy-making processes and increase overview of risk factors related to strategy and objectives. The main actions included regular review and updating of policies and objectives, increased participation of managers and staff in strategy development, and systematic analysis of both the internal and external environment. Isavia's strategy is discussed in more detail in the section Strategy.

Financial Risk

Financial risk refers to the possibility that the company will not have sufficient financial strength to achieve its strategic goals, including due to external factors such as the economic environment, the bankruptcy of key customers, natural disasters, or other external shocks. Financial risk includes risks related to financing, liquidity, market changes, counterparties, and economic fluctuations, which can affect the company's operations, investments, and solvency.

The company emphasises ensuring stable financial strength and avoiding risks that may lead to the need for increased equity contributions or emergency loans in the long term. The goal is to minimise financial risk and ensure that the company can meet its obligations and investments.

In recent years, Isavia has invested significantly, and it is planned to continue investing in the development of Keflavík International Airport in the coming years. The company has placed increased emphasis on examining diverse financing options and ensuring sufficient liquidity to meet financing needs. Great emphasis has been placed on preparing plans for operations, investments, and financing, as well as monitoring these processes. The company regularly measures the company's market risk and analyses counterparties and the economic environment, and works to minimise risk through clear procedures, scenario analyses, and regular reporting to the Board and risk committee.



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Operational Risk

Operational risk involves the risk that the company's daily operations will be disrupted by disruptions that may affect service, security, infrastructure, or operations. It is related to people, processes, and systems and can affect the continuity and quality of operations. The company places great emphasis on safety, continuity, and stability in operations, and avoids risks that could affect service, safety, or health of employees, passengers, and customers.

Over the past year, **aviation safety and security** remained a priority in the airport's operations. In these areas, systematic work was done to increase incident reporting within the airport community, including through the implementation of a new incident reporting system to increase quality and simplify processes. Numerous improvements were made with the aim of increasing safety and security culture. Risk assessments are constantly reviewed and information from incident logs and risk management performance is used to learn from experience and make appropriate improvements.

Strong emphasis was placed on strengthening the company's **information security** in accordance with legal requirements and international standards. Cybersecurity exercises were conducted in collaboration with national and international parties, including CERT-IS and NATO, and response plans for major incidents were reviewed and tested. An assessment of the security of key suppliers was carried out, along with audits of the company's suppliers. At the same time, preparations began for the harmonisation of the information security management system with the requirements of the European Union's NIS2 Directive and the EASA PartIS regulation, which relate to information security for aircraft operators, airports, air navigation services, and other key players in aviation activities.

Emphasis was also placed on ensuring continuity in **staffing**, especially in frontline positions, to ensure a good level of service to both passengers and the company's partners. At the same time, systematic

efforts were made to enhance the knowledge and skills of staff through education, training, and retraining. Work was done to update the company's Human Resources Policy and increased emphasis was placed on strengthening the social environment of employees, which promotes a constructive culture and reduces absenteeism, employee turnover, and knowledge loss.

Work began on a **climate risk assessment** for Keflavik Airport, which identified changes in weather patterns and natural hazards that could affect future activities, infrastructure, and operations. The analysis revealed challenges primarily related to the increased frequency of extreme weather events, changing precipitation patterns, and increased fluctuations between freezing and thawing days. An increase in storms may affect flight safety, equipment, and runways, and require increased preparedness. Increasing rainfall intensity can make drainage and surface runoff challenging and cause water-related disruptions in airport areas. Increased fluctuations between freeze and thaw days increase stress on asphalt and structural elements, can accelerate surface degradation, and thus increase maintenance costs. These are all factors that affect operations and safety and require mitigation measures and contingency plans.

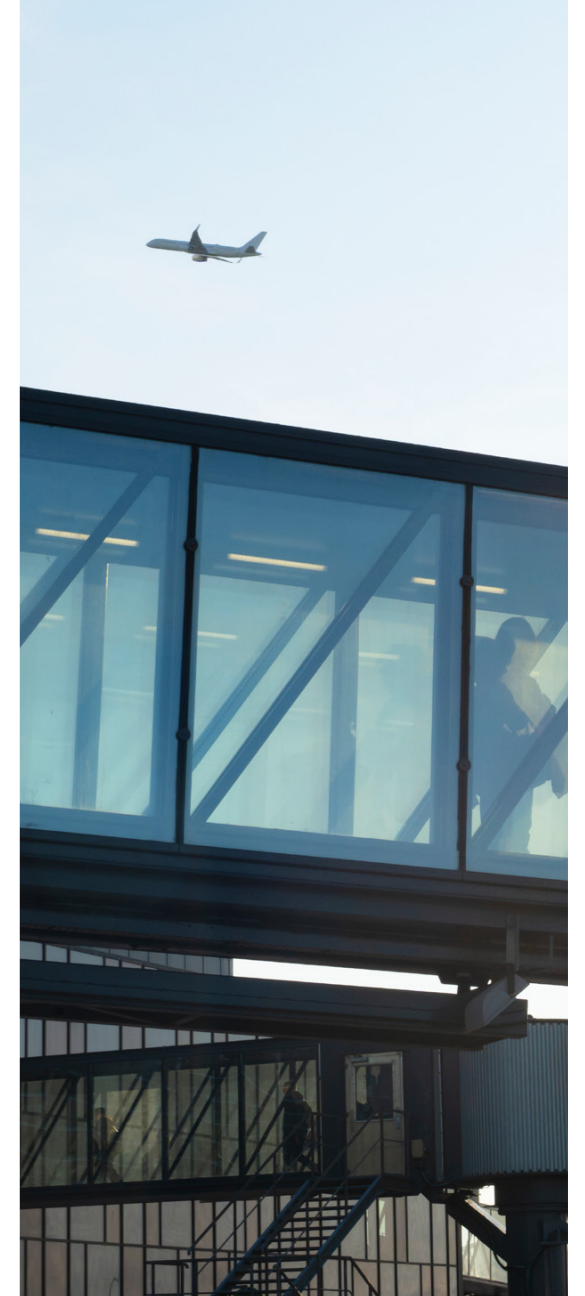
During the year, work continued to strengthen preparedness and response plans for **natural disasters** in accordance with the company's risk assessment. The focus was on clarifying procedures and ensuring a co-ordinated response to events that could affect the company's operations, such as ash fall, gas pollution, earthquakes and storms. The company collaborated with emergency management and stakeholders at the airport to maintain and update plans and strengthen backup solutions for critical infrastructure, including power and utility infrastructure. Through continuous planning and co-operation between stakeholders, efforts are made to minimise the impact of potential events on operations and ensure rapid recovery.

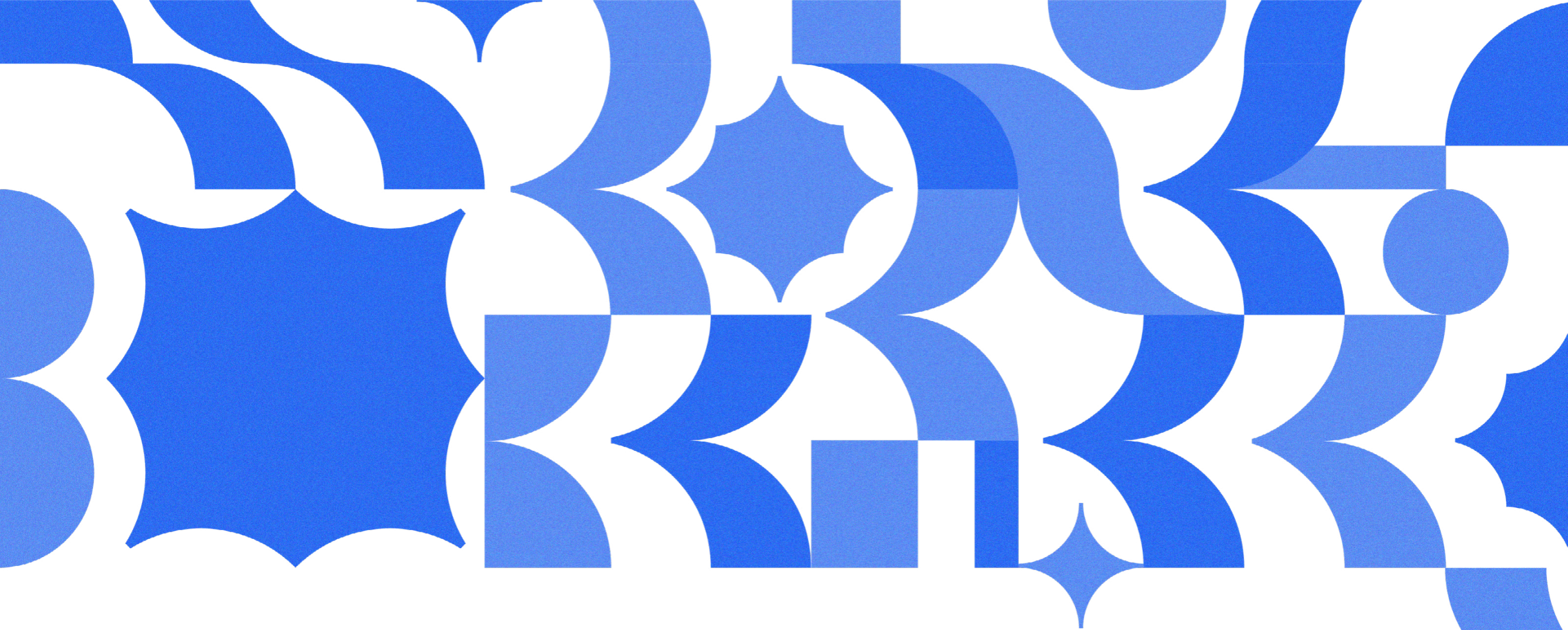
A **supply chain** risk analysis was conducted, which revealed the need for a clearer overview of critical suppliers and associated risks, which called for further work on supplier assessment and classification. Subsequently, an overview was compiled, in collaboration with all departments, of the suppliers considered critical and a plan was formulated for the next steps in assessment and follow-up. In 2026, this work will continue with further analysis and active assessment of critical suppliers to strengthen the company's position against supply chain risks and ensure better resilience to future disruptions.

Compliance Risk

There is a risk that the company does not have adequate processes to identify, assess, and manage compliance risk and thereby ensure that it meets the national and international requirements that apply to its operations, including those requiring a license. To minimise this risk, the company has established processes and monitoring systems to ensure that operations are in compliance with laws, regulations and obligations and to prevent deviations in operations.

Changes in regulations are systematically analysed and communicated to the responsible party for review and implementation according to defined procedures. In addition, there is a special compliance department that monitors compliance with requirements for licensed activities. A clear governance structure and regular audits, both internal and by external auditors, support continuous monitoring and improvement. It is important to continue to ensure sufficient resources to monitor, review, and implement requirements effectively. The main focus in the coming months will be on strengthening internal audits, strengthening implementation processes, and ensuring that changes in regulations are systematically reflected in daily operations.





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Material Sustainability Issues

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For a decade, Isavia has published information about sustainability in its Annual Report for the company's stakeholders. The company was the first Icelandic company to publish a materiality assessment assessing the impact of its operations on the environment, society, and governance. Since then, the materiality assessment has been the basis for the company's annual disclosure.

Disclosure of Sustainability Information

Since 2016, Isavia has followed the reporting principles of the Global Reporting Initiative (GRI) when preparing the company's Annual Report. The Annual Report is published in accordance with the current version of the GRI Standards, as well as the older GRI-G4 airport-operators-sector disclosures. These special disclosures deal specifically with the challenges and opportunities faced by airports in the field of sustainability. The 2025 Annual Report is the tenth report the company has published under this framework.

The Annual Report is also prepared in accordance with the provisions of Article 66(d) of the Annual Accounts Act regarding non-financial disclosure. Information on the European Union Taxonomy can be found in the appendix to the Annual Financial Statements.

The information in the report applies to Isavia ohf. and its subsidiaries that appear in the Consolidated Financial Statements, unless otherwise stated. The information applies to the calendar year 2025. In the textual discussion in chapters on climate, environment and resource utilisation, figures from the previous year have been placed in parentheses to facilitate comparison between years for readers.

Sustainability information in the Annual Report is obtained from the Group's information systems and prepared in collaboration with relevant stakeholders within the Group.

Information on the policy, objectives, results, and management of sustainability factors can be found in the relevant sections of the Annual Report.

An external consultant, Ábyrgar lausnir ehf., was recruited to examine the GRI reference table of the report. The Annual Financial Statements of the company were audited by The National Audit Office.

Previous Annual Reports can be found on the [company's website](#)

Double Materiality Assessment

In 2024, the company conducted an extensive double materiality assessment in accordance with the announced EU Corporate Sustainability Reporting Directive (CSRD) and its accompanying ESRS standards.

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

Since then, the CSRD Directive and the accompanying ESRS standards have undergone various changes in the EU regulatory framework in parallel with the so-called Omnibus amendments. The Directive and its amendments are not yet part of Icelandic law.

Sustainability reporting for 2025 is therefore based on the GRI Standards and a double materiality assessment conducted in accordance with the ESRS standards in 2024 and reviewed in 2025. The results of the double materiality assessment are unchanged between years.

In the 2025 disclosure, we only disclose the titles of the ESRS standards that were included in the materiality assessment, and we also link them to the relevant data points in the GRI standards.

Methodology and Processes

Impact Materiality

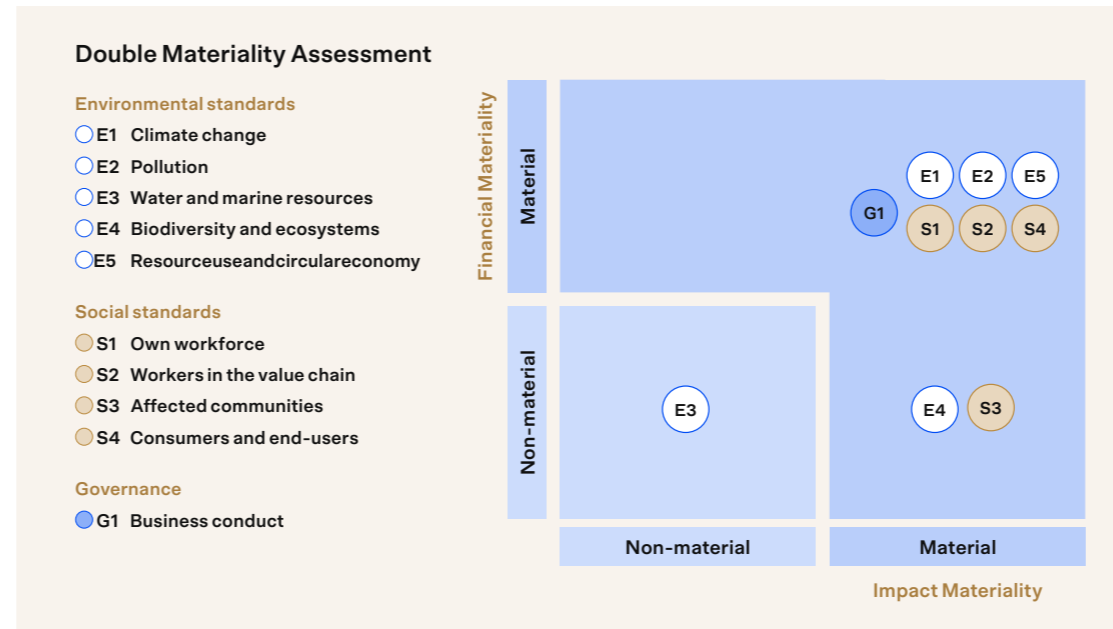
A sustainability issue is defined as significant from an impact perspective if the company is associated with actual or potential significant impacts on people or the environment. The impacts need to be considered over the short, medium, and long term, and whether the company directly caused the impacts or is connected to them through its value chain. The materiality of the impact is assessed based on a combination of severity or benefit and likelihood of the impact. Severity is determined by the size, scope, and severity of the impact. A high score under one of these factors is enough to have a serious impact. Benefits depend on size and scope.

Financial Materiality

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

Scope and Limitations

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



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Communication With Stakeholders

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

Rating

Three parameters—size, scope, and irremediability—are used to assess the severity of actual and potential adverse effects. When assessing positive impacts, two variables are used: size and scope. When assessing the materiality of potential impacts, the likelihood of them occurring shall be taken into account. The materiality of risks and opportunities is assessed based on the potential scope and likelihood of potential financial impact.

Period

Short, medium, and long-term perspectives were considered when assessing impacts, risks and opportunities. In our assessment, short-term was defined as covering more than one year or the company's accounting period, medium-term as 2-5 years, and long-term as anything longer than 5 years.

Thresholds

To determine whether a topic is classified as important, whether based on impact or financial impact, certain thresholds need to be set. The thresholds are based on the interaction of the factors for which points are given and probabilities. Whether a sustainability topic is considered important for a company's disclosure depends on which side of the reference limits the topic falls on. The process of conducting the materiality assessment can be seen in the accompanying figure.

Rating

Impact

Scale: The size of the impact is rated from 1 (no or negligible impact) to 5 (serious long-term or persistent impact)

Scope: The scope of the impact is rated from 1 (impacts only a few people, or the impact is only felt in the same place as it originates) to 5 (impact affects large groups, communities, internationally)

Irremediability: Only applies when there is a negative impact. Rated from 1 (relatively easy to improve) to 5 (effects are irreparable)

When assessing the materiality of potential impacts, risks, and opportunities, the likelihood of them occurring shall be taken into account. Rate from 1 (very unlikely) to 5 (very likely/real)

Risks and opportunities

Scale: The size of the financial impact is estimated from 1 (<ISK 50 million) to 5 (>ISK 2,000 million)

Double Materiality Assessment process

- 1 Preparation
- 2 Scope of impacts, risks and opportunities
- 3 Analysis and assessment of impacts, risks and opportunities
- 4 Confirmation of results
- 5 Approval and presentation of results

Datapoints

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

ESRS standards	The name of the GRI standard referenced
ESRS 2	GRI 2: General Disclosures 2021 GRI 3: Material Topics 2021 GRI 201: Economic Performance 2016 GRI 203: Indirect economic impacts 2016 GRI A01-3: Key figures from operation
E1 Climate change	GRI 302: Energy 2016 GRI 305: Emissions 2016
E2 Pollution	GRI 306: Effluents and waste 2016 GRI A05: Air quality GRI A06: De-icing chemicals
E3 Water and marine resources	GRI 303: Water and effluents 2018
E4 Biodiversity and ecosystems	GRI 304: Biodiversity 2016 GRI A09: Wildlife strikes
E5 Resource use and circular economy	GRI 306: Waste 2020 GRI A04: Wastewater
S1 Own workforce	GRI 401: Employment 2016 GRI 403: Occupational health and safety 2018 GRI 404: Training and education 2016 GRI 405: Diversity and equal opportunities 2016 GRI 406: Non-discrimination 2016
S2 Workers in the value chain	GRI 409: Forced or compulsory labour 2016
S3 Affected communities	GRI A07: Noise GRI A08: Local communities
S4 Consumers and end-users	GRI 418: Customer privacy 2016
G1 Business conduct	GRI 2: General Disclosures 2021 GRI 204: Procurement practices 2016 GRI 205: Anti-corruption 2016 GRI 415: Public policy 2016

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Conversation With the Group's Stakeholders

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

We have identified stakeholders and categorised them into twelve groups:

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

The Isavia Group emphasises taking the initiative in communicating with stakeholders. These communications must be transparent and open. The conversation is active with most groups and maintained on a regular basis as needed.

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

Stakeholders	Form of communication	Stakeholder expectations	Further communication with stakeholders based on their expectations
Isavia shareholder	Annual General Meeting, regular information meetings with the owner representatives.	Efficient operation of airports and other operating units in the Group, development for the future.	Disclosure of information to the owner on future vision and strategy and future development. The main platform for disclosure - the annual general meeting - is used to keep the owner well informed.
Customers	User meetings, regular meetings at domestic and international level, email communication as needed. Passenger expectations are well monitored through passenger surveys such as ASQ.	Information on operations and projects, regular information on incidents or events that affect the operation of courses and services, information on improved facilities or services. ASQ surveys provide important information about the requirements and expectations of passengers.	Construction of the airport, which is undertaken, among other things, in response to customer requests.
Suppliers	Introductory meetings, field trips, market surveys, communication through e.g. the tender website.	Transparent process, competition is ensured, procurement processes are well managed.	Regular meetings with parties and conversations on the basis of e.g. cases. Easy lines of communication open if a conversation is needed.
Staff	Daily conversations between management and staff, regular workplace surveys, conversations during negotiations regarding collective agreements or in recruitment interviews, permanent employment interviews and retirement interviews.	Active employee processes that ensure a safe and healthy work environment. Employee satisfaction. Fairness is maintained. Management that promotes the growth and development of employees.	Clear disclosure of changes in the parent company. Continuous and good information on changes to current office facilities and on new office facilities in the terminal at KEF.
Key partners in airport areas	Account managers communicate with stakeholder representatives as needed. Regular meetings are also held 2-4 times a year.	At meetings with operators, expectations are expressed about e.g. facilities.	The passenger forecast for 2026 was published to partners at the end of 2025. Helps prepare for the operating year.
Domestic and foreign regulators and governments	Regular consultation and status meetings, regular meetings for emergency preparedness, meetings on the basis of operating licenses, conversations, telephone calls, formal inquiries by e-mail. Calling for audits, Changes to procedures, digital systems or administrative changes are subject to approval by the Icelandic Transport Authority.	Disclosure of information on operational conditions, ensuring compliance with rules, coordinated and central management of operations. That the company meets all regulatory requirements Good and regular communication. Iceland's performance plan, that Avians complies with rules on fees and operability.	Co-operation on the renewal of NATO/NSPA on jet traps in runways, extensive work on optimising the organisation and processes for APOC, good co-operation on aircraft accident exercises. Co-operation on flight restrictions at volcanoes. Regular audits.
Public Guardians and Public Interest Institutions	Open dialogue on issues related to interest groups. Opinions and comments are sought from interest groups such as ÖBÍ, SAF, etc. when, for example, changes are undertaken at the airport or in operations. The Coast Guard - Regular meetings where planning takes place. Civil Protection - Meetings through Isavia's Emergency Committee when events occur.	The interest groups emphasize being consulted when changes are undertaken and that their comments are taken into account. The Coast Guard - training and communication/consultation when unexpected incidents occur. Civil Protection - Communication and consultation when unexpected incidents occur.	In the event of changes, e.g. to signage in the terminal, comments have been sought from ÖBÍ and senior citizens' associations to ensure that the route system benefits this group of users. The Coast Guard - Regular training 2025 and various unexpected incidents. Civil Protection - A few volcanic eruptions and air incidents.
Air navigation partners	Regular meetings with partners in the field of air navigation cooperation, e.g. through the Borealis Alliance. Regular meetings also with ICAO and Eurocontrol. There is also active dialogue with the Danish Transport Agency and the IAA in Ireland regarding the operations of the Faroe Islands and Greenland on the one hand, and regarding communications with Ireland regarding air communications services in the North Atlantic. Regular status and consultation meetings. Working groups on special issues, consultation on operations and user fees. Email communication between meetings. CANSO - Airspace world Conference: CANSO - Airspace world.	Emphasis is placed on good cooperation, e.g. on Free Route Airspace within the Borealis Alliance and cooperation and exchange of information within international organisations. Safe, affordable service with good capacity. Participation in projects and meetings. Eurocontrol - Meetings for joining Eurocontrol CANSO - participation in meetings and conferences.	Free Route Airspace's achievements presented jointly through the Borealis Alliance. Communications regarding Iceland's accession to Eurocontrol. Iceland's representative in Eurocontrol comes from Avians and has started work in Brussels. Eurocontrol - Regular communication meetings with the Icelandic Transport Authority. Accession process to both Eurocontrol and CANSO Europe. Regular meetings of ICAO - NAT SPG committees.
Local community and municipalities	A special consultation forum where the steering groups meet regularly. Suðurnesjavettvangur is a collaborative forum between the parent company of Isavia and the municipalities in the Suðurnes.	Increase diversity in the economy of local communities. Collaboration with educational institutions. Actions on climate change-related issues. Improved environmentally friendly transportation. Co-operation on electricity security in e.g. the Suðurnes region. The availability of vocational and vocational subjects in studies related to the group increased.	Work on a Green Industrial Park. Collaboration on carbon accounting.
Creditors	Lenders receive 1x to 2x per year information on the status of loan terms and receive settlement or draft settlements if requested. Depending on the circumstances, meetings are held more frequently, and information is provided on plans for the coming years and the last 3 - 6 months of the company's operations are reviewed.	That the company complies with loan terms, financial and otherwise, e.g. when it comes to compliance with laws and regulations regarding its operations and their environmental impact. Creditors want fair treatment and invoices to be paid on the due date according to purchasing rules.	There is a long-term relationship between the company and lenders and other larger creditors. Financial information is not sent to anyone other than lenders.
Media	Conversations on the phone. Press releases. Written inquiries and presentations. Press conferences as needed.	Fast and accurate information. An answer will be received as soon as possible. Easy access to the group to gather information.	Press releases for major issues. Visits to the group's construction site to discuss the main projects. Interviews with CEOs and executive management in podcasts and major media.
Interest groups of stakeholders, business and professions	Participation in cluster collaboration and collaboration in international organizations, e.g. Global Compact and ACI Europe.	Meetings and conferences in the field of organizations and collaborations. Participation in accelerators and courses. Open meetings.	Material from partners such as ACI Europe, UN Global Compact supports the group's projects.

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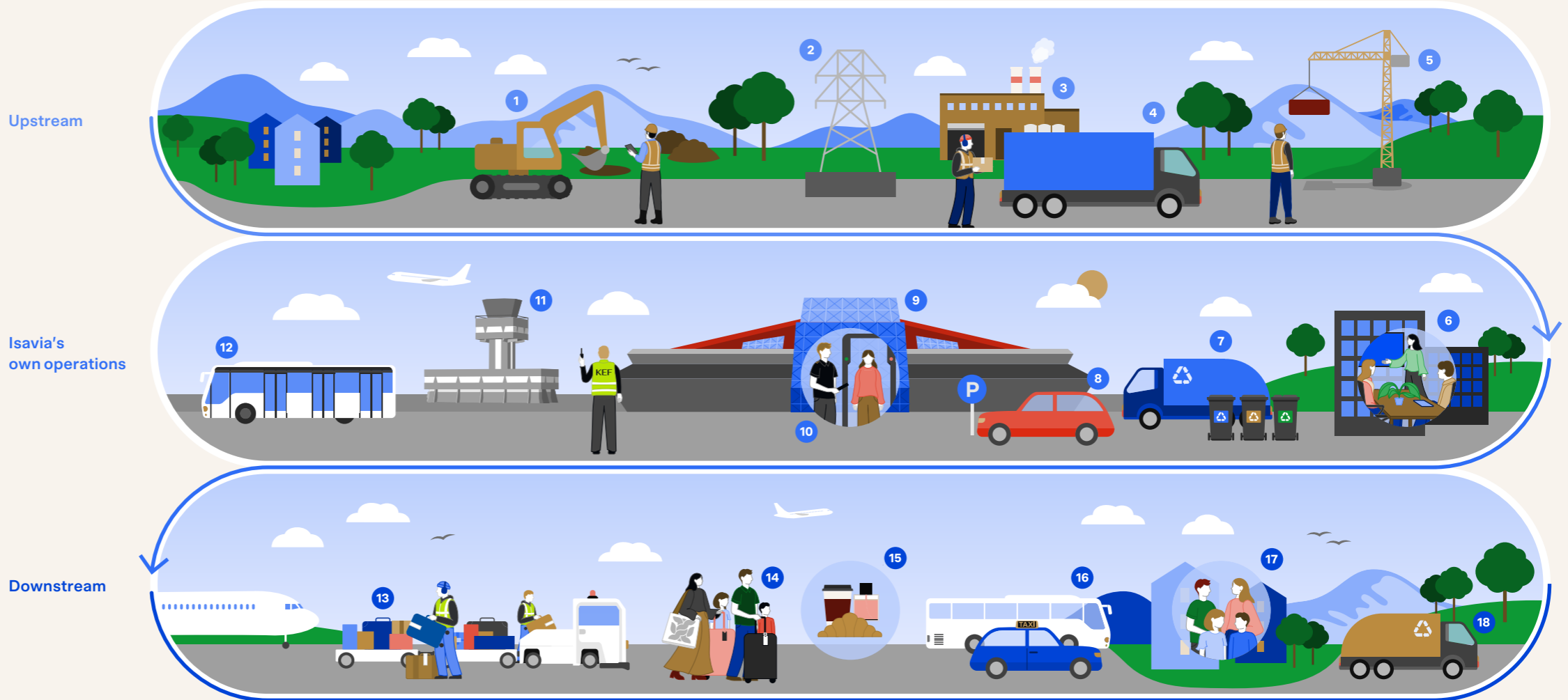
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- 03 - Production
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Isavia runs an extensive operation and is responsible for keeping it harmonious with the environment and society. The company is working systematically to reduce greenhouse gas emissions and minimise risks related to climate change.

Climate Policy and Goals

One of Isavia's strategic focuses is that sustainability is at the forefront and that the company is a role model in this area in Iceland. To support this, the company works according to a Sustainability Policy that outlines goals, actions, and metrics. A discussion of the Sustainability Policy can be found in the policy section of the report. Work is underway to update the Sustainability Policy and related actions, but the current Action Plan specifies three main goals in climate issues:

- Isavia -Net Zero – in its own operations by 2030
- Reduce the total carbon footprint of Keflavík Airport in collaboration with stakeholders
- Conducting a climate change risk analysis

The measures in support of these goals relate, on the one hand, to the energy transition of passenger cars, larger vehicles and engines in the company's operations and the replacement of energy sources for the airport's backup power, and, on the other hand, to energy transition in transportation to the airport in collaboration with stakeholders and continued participation in the international carbon certification system Airport Carbon Accreditation, which is run by the Airports Council International, ACI.

Isavia's Emission Accounting

Isavia's emissions accounting is done in accordance with the Greenhouse Gas Protocol. The GHG Protocol divides emissions from corporate operations into three scopes:

Scope 1: Direct emissions from operations, such as fuel consumption, use of de-icing chemicals, emissions from refrigerants, and wastewater.

Scope 2: Indirect emissions due to purchased energy, such as electricity and hot water consumption.

Scope 3: Other indirect emissions in the company's value chain, e.g. from waste emissions, air travel emissions, and passenger travel to and from the airport.

Isavia's carbon footprint for Scopes 1 and 2 is highest at Keflavík International Airport, which is largely due to the combustion of fossil fuels and the use of de-icing chemicals. Part of Scope 3 has been calculated mainly for Keflavík International Airport, as evident in the table.

For elements in Scope 1 and 2 and waste in Scope 3, information from the company's suppliers is compared with electronic invoices from financial accounting. For other elements in Scope 3, there are more estimates in the calculations. In 2025, the ACA carbon certification system changed its requirements and Isavia now reports on total flight emissions, not just takeoffs and landings, in Scope 3. Information for 2025 therefore takes these changes into account.

The main emission factors used for 2025 were UOS 7.0.1 from the Icelandic Environment and Energy Agency, DEFRA (v1.0 2025,) ACI's Airport Carbon and Emissions Reporting Tool (ACERT v7.0) as well as emission factors from de-icing chemical's

manufacturers. Since 2021, the carbon footprint and methodology of calculations is certified and confirmed by an independent third party, in accordance with ISO 14064-3.

Figures for 2025 do not include the carbon footprint for The Duty-Free Store.

Sustainability Dashboard

The goal of Isavia's sustainability dashboard is to give managers a better overview of emissions by scope and increase understanding and transparency of the issue, so that earlier intervention can be made to achieve set goals. A project by the Department of Environment and Digital Development and Information Technology was launched in the last quarter of 2025, which includes developing the sustainability dashboard to ensure better functionality, building databases, and continuously monitoring more important environmental factors with dashboard solutions, as well as calculating carbon footprints.

Scope 1

In 2025, direct GHG emissions from fossil fuels in Isavia's operations amounted to 1675 (2655) tonnes of CO₂ equivalents. More than half of the emissions are a result of the fuel use in Keflavík International Airport. Emissions from the use of de-icing chemicals amounted to 513 (368) tonnes of CO₂ equivalents, an 39% increase between years. De-icing chemicals are used on the runways of Keflavík Airport, but mainly sand is used at the domestic airports, although de-icing chemicals were also used with the sand at Akureyri Airport and Egilsstaðir Airport. Emissions from the use of refrigerants in Keflavík International Airport amounted to 10 (16.5) kg of CO₂ equivalents in 2025. Keflavík Airport operates a wastewater system in Stafnes, the emissions of which were 45 (50) tonnes of CO₂ equivalent.

Direct emissions decrease year-on-year by 27%, which can be attributed to a decrease in emissions of fuel.

Scope 2

All electricity purchased by Isavia is from renewable sources and comes with confirmed guarantee of origin. Indirect emissions through electricity and hot water use in 2025 totalled 483 (503) tonnes of CO₂ equivalents. The emissions are largely attributable to usage by Isavia ohf., accounting for 84%. For the years 2023 and 2024, the carbon footprint of electricity was recalculated with updated emission factors. The Group used 28.14 (28.67) GWh of electricity in 2025.

Scope 3

Scope 3 includes, amongst other things, emission from waste, full flight emission and the travels of passengers to and from the airport. These factors comprise by far the largest part of Isavia's carbon footprint. This year, the carbon footprint was calculated for total flight emissions and not just for takeoff and landing as in previous years. The increase in the carbon footprint of waste can be attributed to updated emission factors from the Icelandic Environment and Energy Agency, which were published in December 2025.

Scope 3 emissions are a major challenge for us as the emissions occur through the company's supply and value chain and not through the company's direct operations. Overview and calculations of these emissions is therefore an important factor in Isavia's collaboration with stakeholders regarding working on improvements and solutions which help all parties reduce emissions.

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Isavia's Carbon Footprint 2025 (tCO₂e)

	2021	2022	2023	2024	2025 ¹	Change since 2024
Scope 1						
Fuel use	1,550	2,345	2,261	2,655	1,675	-37%
De-icing ²	115	134	195	368	513	39%
Refrigerants ³	41	42	316	0.0165	0.01	-39%
Wastewater	56	72	55	50	45	-10%
Total Scope 1	1,762	2,593	2,827	3,073	2,232	-27%
Scope 2						
Electricity ⁴	179	196	153	209	205	-2%
Location-based emissions	179	196	153	209	205	-2%
Market-based emissions	-	-	-	-	-	-
Heat	205	246	260	294	278	-5%
Total Scope 2	384	441	413	503	483	-4%
Scope 3						
Waste	122	166	283	158	405	156%
Well to tank - Fuel	357	542	531	608	498	-18%
Electricity - transmission loss	9	10	11	12	11	-8%
Heat - transmission loss ⁵	11	13	14	15	15	0%
Business Travel	77	297	208	235	167	-29%
Purchase of goods and services ⁷	19,555	53,646	-	-	-	-
Employees travel to and from work ³	420	392	432	430	397	-8%
Staff travel of other operators to and from KEF ³	3,970	3,735	3,302	3,331	2,916	-12%
Passenger travel to and from KEF ³	11,617	28,605	30,122	33,255	36,503	10%
Landing, takeoff, APU and movements ³	34,669	63,304	75,870	69,049	-	-
Full flight emissions ⁶	-	-	-	-	1,971,497	-
Other operators at KEF ³	1,864	2,429	2,748	7,509	3,547	-53%
Total Scope 3	79,808	170,076	113,564	114,587	2,015,957	
Total tCO₂e	81,954	173,111	116,804	118,163	2,018,672	

¹ The year 2025 includes calculations for Isavia ohf., Regional Airports and Avians, but not the Duty Free Store

² Only applies to Isavia ohf. in the years 2021-2024

³ Only applies to Isavia ohf.

⁴ Electricity recalculated for the years 2023 and 2024 due to updated emission factors 2025

⁵ 2025 is the first year that transmission losses for heat were calculated and at the same time calculated for the previous years as well

⁶ 2025 is the first year that a carbon footprint was calculated for the entire flight, and not just landing and take-off. Has not been recalculated for previous years

⁷ Only applies to Isavia ohf. not calculated separately for 2023, 2024 and 2025

Carbon footprint 2025 broken down by the group's companies into tonnes of CO₂ equivalents

	KEF	Regional	Avians
Scope 1			
Fuel use	920	565	189
De-icing	509	4	-
Refrigerants	0.01	-	-
Wastewater	45	-	-
Total Scope 1	1,473	570	189
Scope 2			
Electricity	163	20	22
Location-based emissions	163	20	22
Market-based emissions	-	-	-
Heat	240	26	12
Total Scope 2	403	46	33
Scope 3			
Electricity - transmission loss	9	1	1
Heat - transmission loss	13	1	1
Well to tank - Fuel	313	143	42
Waste	319	67	19
- recycling rate	38%	52%	66%
Business Travel	130	31	6
Employees travel to and from work	397	-	-
Staff travel of other operators to and from KEF	2,916	-	-
Passenger travel to and from KEF	36,503	-	-
Full flight emissions	1,971,497	-	-
Other operators at KEF	3,547	-	-
Total Scope 3	2,015,644	243	69
Total tCO₂e	2,017,521	859	292

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Direct energy

Direct energy use within the operation of Isavia, fuel use is the most substantial factor with regard to GHG emissions from direct energy use. These emissions can largely be attributed to service and maintenance of runways and airport areas, and therefore their extent can fluctuate between years. The goal is to replace all of Isavia's equipment with energy, but so far, environmentally friendly technical solutions have not been developed that can replace all of the equipment used in the company's daily operations.

In response to this situation, it was decided in 2025 to introduce the use of biodiesel at Keflavík International Airport to reduce the carbon footprint of its operations. Bio diesel, or hydrotreated vegetable oil (HVO,) is produced sustainably and is specifically certified for sustainability. With its use, the carbon footprint per each litre of fuel is reduced by 99%

The implementation was divided into phases and carried out by KEF Airport Services. In the first phase, HVO was installed on about half of the runway sweepers, along with 12 other devices that do not normally enter Keflavík Airport's runways. After approximately 100 hours of operation, the equipment was reviewed. In the second phase, the HVO was installed on the other half of the runway sweepers, along with 13 other devices. The final phase included all other airport service equipment that uses conventional diesel fuel but was to be converted to biodiesel. The implementation was completed in the second half of 2025. The benefit of this is not only reduced greenhouse gas emissions, but the change also reduces the risk of contamination inside the airport service workshop.

The year also saw the first electric van, the Mercedes Benz eActros 300, enter service at Keflavík Airport. The main task the car serves is ice removal at the airport, along with other occasional tasks in the summer. The experience with the car has been very good and it is well suited for tasks such as ice removal, as the distance travelled is approximately 50 km per trip. The total mileage from the time it was put into service until the end of 2025 was 2900 km, which has saved about 1700 litres of diesel fuel, which is a reduction of over 4 tonnes of CO₂ equivalent.

Indirect Energy Use

Indirect energy use is related to the utilisation of electricity and hot water. The electricity use of Isavia decreased slightly between years. In the next few years, the electricity use of the company is expected to increase, both due to the expansion of Keflavík International Airport and energy transition of vehicles owned by Isavia and operators.

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

The use of hot water within the Group decreased by 8% year-on-year and was 621,556 (677,581) m³ in 2025.

Electricity consumption by Isavia in kWh

	2024	2025	Change since 2024
Total	28,667,277	28,135,375	-1.9%
Isavia ohf.	22,844,534	22,432,071	-1.8%
Isavia Regional Airports	3,040,301	2,740,039	-9.9%
Avians	2,697,832	2,963,265	9.8%

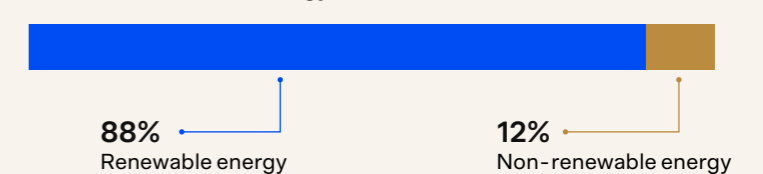
Isavia's hot water consumption in kWh

	2024	2025	Change since 2024
Total	47,272,568	43,334,884	-8%
Isavia ohf.	39,475,794	37,440,198	-5%
Isavia Regional Airports	5,122,757	4,054,288	-21%
Avians	2,288,765	1,840,399	-20%

Fuel consumption of the Isavia Group

	2024	2025	Change since 2024
Diesel/Kerosene (litres)	896,435	617,916	-31%
Petrol (litres)	25,687	18,995	-26%
Methane (litres)			
Jet fuel (litres)	63,080	52,684	-16%
Gas (kg)	840	261	-69%
VLO / Biodiesel (litres)		144,369	

Breakdown of total energy use of Isavia in kWh



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Climate Risk Assessment

Work began on a climate risk assessment for Keflavík International Airport in 2025, which identified changes in weather patterns and natural hazards that could affect future activities, infrastructure, and operations. It was also important to take into account the climatic factors most likely to affect safety, service and maintenance of infrastructure. The main climate risks affecting Keflavík Airport are as follows:

Risk due to extreme weather and its increased frequency

According to forecasts, the frequency of extreme weather, such as gales, storms, and blizzards, will increase in Iceland. Storms like these can cause damage to structures, equipment, and runways at the airport. Such incidents can affect flight safety, increase the likelihood of operational disruptions, and require greater preparedness and maintenance.

Risk due to changes in precipitation

Climate warming in Iceland is causing more rain instead of snowfall. Changes in precipitation, both increases in precipitation amount and intensity, can cause challenges in sewer systems, increase surface runoff, and create the risk of waterborne disruptions on runways and other airport areas.

Risk due to increased fluctuation between freezing and thawing days

Increased fluctuations between freeze and thaw days can increase stress on asphalt and structural elements of runways. Frost-expansion and repeated thawing can cause accelerated surface degradation, creating voids and cracks, as well as increasing maintenance costs. This affects both the operations and safety of the airport.

Carbon Offsetting

Since 2018, Keflavík Airport has carbon offset all direct emissions from the operations. Since 2021, we have also carbon offset other operating factors which fall outside Scope 1, such as electricity and heating, the business trips of employees and actions related to waste disposal. We buy certified carbon units that meet Airport Carbon Accreditation (ACA) requirements. In 2025, 3,936 units were purchased for the Isavia Group for operations in 2024, along with Keflavík Airport purchasing 2,888 units, each unit representing the emission of one tonne of CO₂. Units were purchased in projects that support more sustainable cooking conditions in Kenya, hydroelectric projects in Laos, and the planting of biologically diverse forests in Panama.

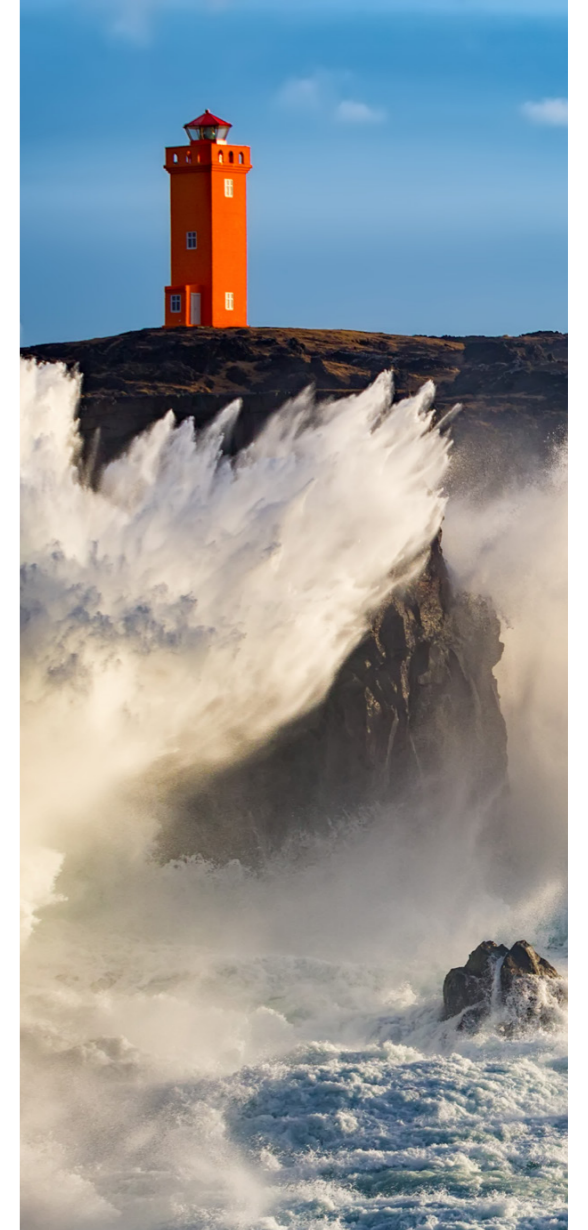
The Airport Carbon Accreditation System

The Airport Carbon Accreditation (ACA) is the only international carbon certification system for airports and is run by the Airports Council International (ACI), of which Isavia is a member. The certification system assesses whether airports measure carbon emissions correctly and whether the success of actions to reduce airports' carbon footprint is in line with the airports' goals.

In 2025, the ACA carbon certification scheme changed its requirements for reporting carbon footprints for landing and takeoff at Level 3+ to requiring reporting carbon footprints for the entire flight route. Information for 2025 is therefore consistent with these changes; previous years have not been recalculated.

In 2025, Keflavík International Airport maintained its Level 3+ certification.

The company aims to achieve higher levels of ACA certification in the coming years, but to do so, goals and actions must be in line with the Paris Agreement and Isavia must have formulated clear future goals. Isavia's success and goals regarding reducing its carbon footprint and carbon neutrality by 2030 can only be achieved through good collaboration with stakeholders, active monitoring of environmental factors, energy transitions, and by ensuring that the action plan is implemented.



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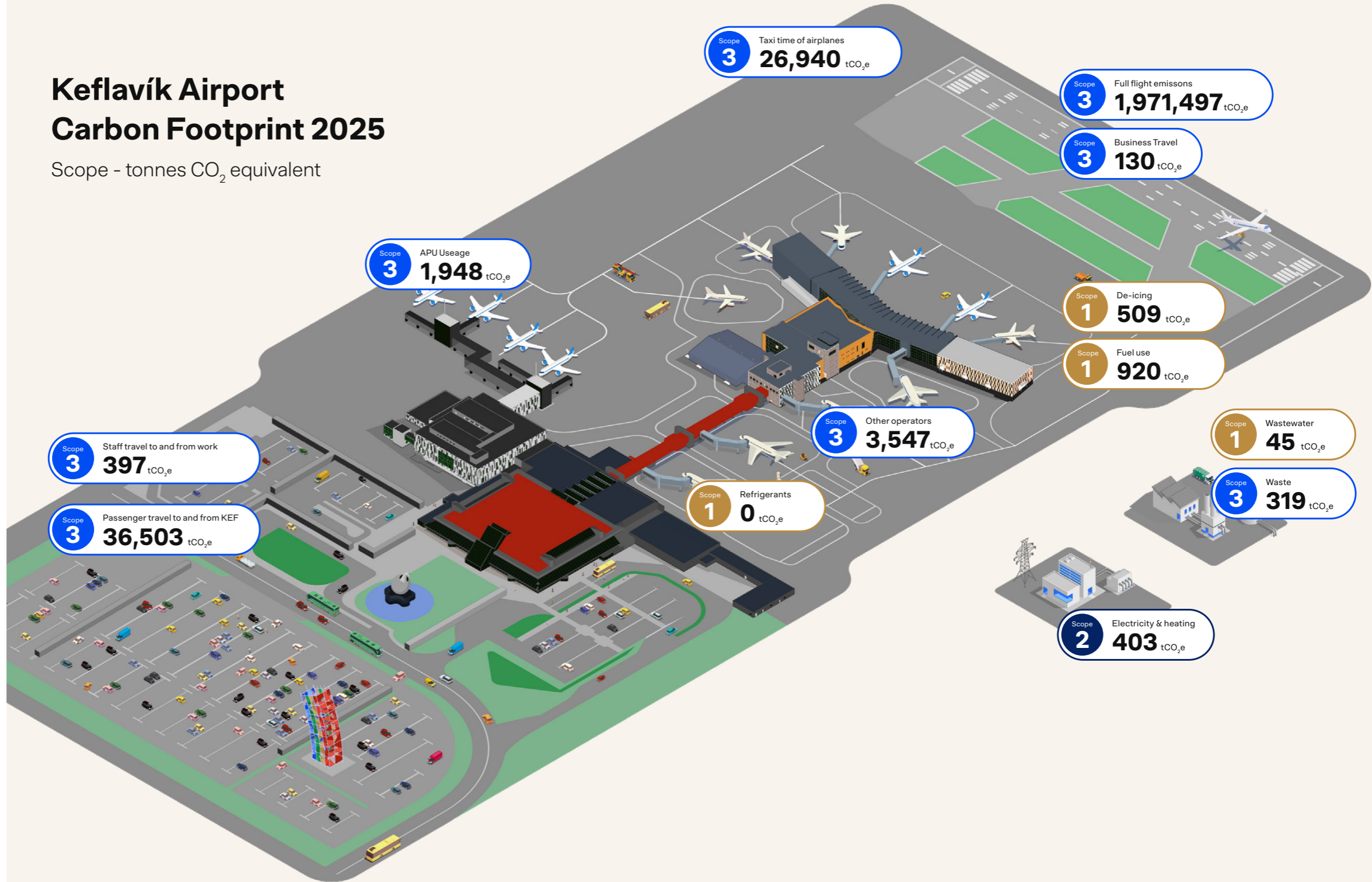
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Keflavík Airport Carbon Footprint 2025

Scope - tonnes CO₂ equivalent



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Isavia works strategically towards being a role model of sustainability issues and works systematically to reduce the environmental impact of its operations. Through initiative, responsibility, and continuous improvement, the focus is on solutions that support a healthy environment and improved quality of life.

Environmental Management

Great emphasis is placed on environmental issues in all areas of the company. Part of this is the precise monitoring and measurement of the environmental impact of the operation and the control of the environmental aspects to which the impact extends. Isavia ohf. has used a certified ISO14001 environmental management system since 2021. In addition to that, we operate according to clear working procedures and constantly seek new ways for improvement and development in that area.

No judgments have been passed this year where Isavia has been found to violate laws or regulations regarding environmental matters, and no such charges are pending.

Biodiversity

Biodiversity is a growing focus in environmental issues, and its importance will increase in the coming years. Animal and bird life within airport areas in Iceland is systematically monitored by Isavia, with the goal being to reduce the likelihood of collisions between animals and aircraft, thus minimising risks to safety, operations, and the environment. A list of animal species observed in airport areas in Iceland can be seen in a table in the appendix.

The company collects and analyses data on collisions, deterrence, and mitigation measures at the country's airports, in addition to systematically recording animal behaviour and keeping track of incidents that cause harm to animals. This data collection supports the assessment of the impact of

activities on biodiversity and forms a basis for the continued development of actions.

Information regarding wildlife management is compiled annually and sent to the Ministry of the Environment, Energy, and Climate and the Natural Science Institute of Iceland.

In 2025, 13 (8) confirmed instances of aircraft birdstrike were recorded at Keflavík International Airport. In addition, 13 (11) birdstrikes occurred at domestic airports, of which two at Reykjavík Airport, five at Akureyri Airport and six at Grímsey Airport.

Pollution and Pollution Control

At Keflavík International Airport, minor polluting accidents happen regularly, which are dealt with in accordance with certain working procedures. Most often, the incident in question is a minor oil leak, which can occur during, for instance, the fuelling of airplanes. No major pollution incidents occurred in 2025.

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

Isavia measures chemicals that belong to the PFAS chemical group. This was first done in groundwater monitoring in 2022. The chemicals were measured as exceeding the European benchmark in all the sample holes in the area, albeit in different quantities. The chemicals can mostly be traced to military operations in the airport area, but also the fire department's use of firefighting foam during training at Keflavík Airport. Domestic airports switched to PFAS-free firefighting foam in 2024, and Keflavík Airport and Reykjavík Airport switched in 2025.

Cleanup Efforts

From October 3-13, 2025, extensive cleaning was carried out in the Keflavík International Airport operating area. The goal of the initiative was to reduce the risk of FOD (Foreign Object Debris) on aircraft operating areas as well as improve the overall appearance of the airport area.

The focus was on outdoor areas within the airport fence, and both internal and external partners were given the opportunity to participate. They were encouraged to clean up their operating area, thus contributing to a safer and tidier environment. The main tasks of Keflavík Airport's airport services included moving and rearranging large items, such as fencing material, crash barriers and concrete chutes, as well as cleaning and reorganising storage areas. Timber, old masts, wires, and other waste were also disposed of, and equipment that was to be preserved was rearranged in an orderly manner.

The cleanup effort yielded excellent results, and the appearance of the airport area improved significantly. A total of 22,840 kg of waste was removed from the Keflavík Airport operating area, mostly metals and wood.

Demolition of the Alert Building

An aircraft hangar owned by the defence forces on Miðnesheiði, the so-called Alert building, was demolished during the year. The hangar was built in 1967 but has been unused since the defence force ceased operations in Iceland in 2006. All materials that were generated during the demolition of the building were sorted, weighed, and disposed of according to material categories. The building contained 40 tonnes of asbestos, which was sent for appropriate disposal by Sorpa.



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Air Quality

Isavia monitors the concentration of several substances in the atmosphere due to its operations, which are NO, NO2, VOC, and particulate matter. Measurements are made at Keflavík Airport and its immediate surroundings, but real-time information from air quality meters at and near the airport can be found on the website loftgaedi.is. The monitoring plan is being revised, but it is clear that monitoring of the substances will take place in more locations than today, a reassessment will be made at the measuring points, and the number of meters on loftgaedi.is will be increased. Air quality forecasts, which assume 14.5 million passengers at Keflavík International Airport, show that nitrogen oxide concentrations will remain below the limit values. The number of passengers in 2025 was nearly 8.16 (8.3) million.

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

Water

Isavia obtains water from the distribution systems of the municipalities where the company has a base of operations. The company neither recycles nor reuses water from airport areas. The drinking water of Keflavík Airport and its environs comes from a well in Lágur, approximately 8 km southeast of the airport.

Groundwater

Verkís has had overall responsibility for groundwater investigations at Keflavík Airport since 2017. Groundwater in the area is not used as drinking water but is nevertheless monitored to ensure its purity and freshness. Rosmhvalanes 2 is the groundwater body of Keflavík Airport and is defined by the Icelandic Environment and Energy Agency as "at risk." Groundwater surveys for 2025 were conducted in May and October. In some cases, undesirable substances were measured above European limits. They can mostly be traced to the activities of a

third party in previous years but to a small extent to de-icing chemicals used on aircraft on the aprons of Keflavík International Airport in certain weather conditions.

A new groundwater plan prepared by Verkís will take effect in 2026 and will be in use until the end of 2027.

Sewage System

Isavia runs a pump and treatment plant at Stafnes for sewage from the terminal area at Keflavík International Airport and Coast Guard area. Its recipient area is the Atlantic Ocean and is defined by Heilbrigðiseftirlit Suðurnesja as a less delicate recipient. Measurements and research are carried out regularly in order to monitor the effects on the sewage treatment plant's recipient areas.

Every year, diving is carried out along the outfall pipeline and its condition, and the environment are assessed and photographed. Diver condition assessment and footage indicate that the recipient area is very good and that the environmental impact is low.

In 2025, 237,370 m³ of wastewater from the airport area was treated at the treatment plant.

Isavia is one of 22 partners of the Icelandic Environment and Energy Agency in the LIFE ICEWATER project, which received a ISK 3.5 billion grant from the European Union to improve the implementation of a water plan in Iceland. At Isavia, the funds will be spent on maintenance projects related to sewage and surface water in the airport area to respond to accumulated pollution from current and past activities in the area. Examples of such pollution include wastewater from car cleaning, forever chemicals (PFAS) from firefighting foam, and de-icing chemicals. An analysis of the source, amount, and distribution of pollution within the area has begun. Planned measures also include removal and treatment of contaminated soil, correction of misconnected sewer lines, better utilisation of oil separators, and groundwater monitoring.

In other places, Isavia uses the sewage system of the municipality of each operating centre. The recipient is in all cases the sea, but the degree of treatment of the wastewater varies depending on the sewer system.

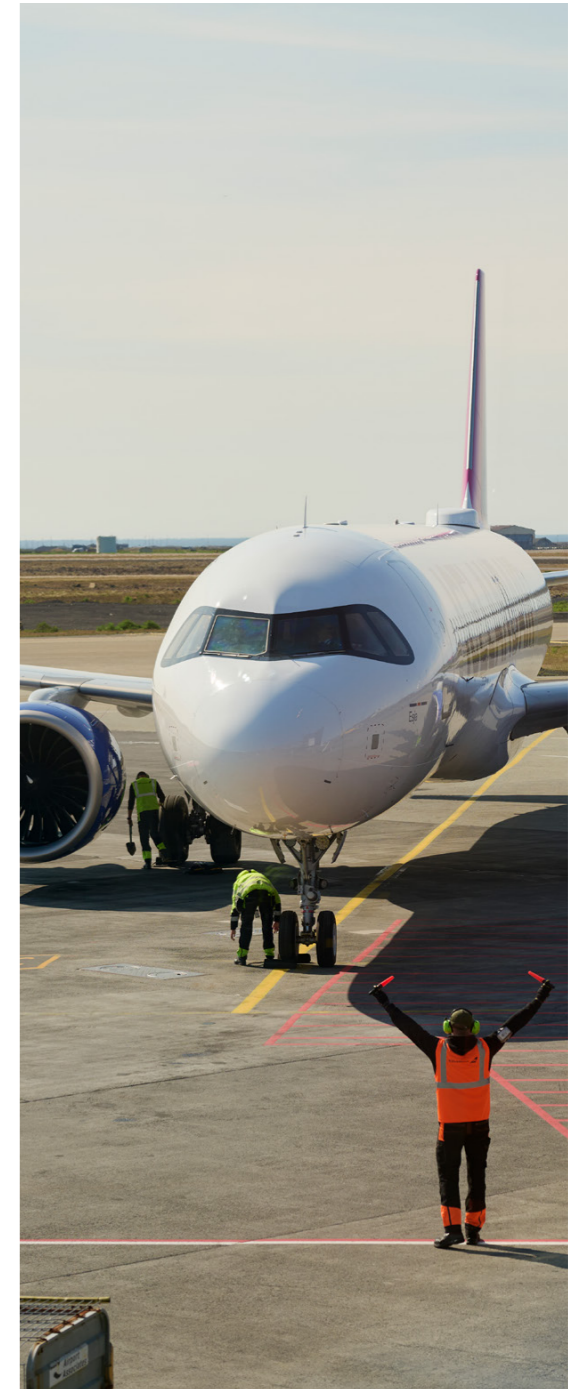
Oil Separators and Settlement Ponds

Oil separators and settlement ponds receive the majority of the polluting substances in the surface water that otherwise would end up in the sewage system. In 2023, it was found that with current usage, many oil separators in the airport area cannot handle the volume flowing through them. In 2024 a meter was installed that improves monitoring of the oil separator in the area by analysing the amount of oil, water, and sand in the oil separator. In addition, a new settlement pond west of the airport was put into use, which can hold 14,000 litres of surface water.

A new rainwater purification system was built at the northern part of Háaleitishláður, east of hangar 885. The system receives runoff from a large part of the airport area around the hangar, a total area of about 13 ha. It is estimated that surface runoff from the area can amount to up to 989 l/s during extreme rainfall.

The cleaning system consists of an oil separator, a settlement pond, a rock trap, and an overflow ditch. The oil separator is sized to clean 80% of all precipitation events according to the requirements of first-stage cleaning, which is the highest level of cleaning according to applicable standards and regulations. The nominal size of the oil separator is NS200, and it is equipped with an integrated 20,000 litre sand trap.

The oil separator has a warning device that indicates when the oil compartment is filling. It is also equipped with an automatic shut-off device that stops the flow if the oil chamber fills completely. The effluent from the oil separator is directed into a new 585 m² settlement pond, which contributes to further purification and smooths out flow peaks during larger rainfall events. The settlement pond has a storage capacity of over 300 m³ of water and can also be used as an emergency storage facility for oil in the event of an oil spill at the airport. The settlement pond is equipped with an overflow channel in the existing canal system, which ensures a safe path for excess water during larger rainfall events and prevents backflow into the airport's oil separator and rainwater system.



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Noise

Isavia monitors noise resulting from flights in Keflavík Airport all year round with noise monitors placed at four locations in the vicinity of the airport. Three of them are fixed in specific locations, while one monitor has a removable microphone. In 2025, two noise monitors that had reached their expiration date were replaced, and the plan is to replace the other two noise monitors in 2026. The location of the monitors did not change during the update. One monitor was vandalised in September 2025, rendering it inoperable. Repairs were completed in February 2026, and it has been operational since then.

In 2024, Isavia received 69 (65) reports of noise and nuisance caused by air traffic at Keflavík Airport, most of which were linked to passenger flights directly over residential areas. There were 84 (51) reports of nuisances caused by flight movements at Reykjavík Airport. No formal noise reports were received because of the operation of the other airports of Isavia.

In recent years, we have been working on several mitigation measures due to the disturbance that residents in the immediate vicinity of Keflavík Airport may experience. This includes the implementation of new flight trajectories and different use of runways, which are implemented to the greatest extent possible, with due regard to safety and environmental factors, such as wind and runway conditions. In the coming years, construction will continue on runway taxiways, which may lead to an increase in air travel overpopulated areas during the construction period. The construction is of great importance to both the flow and safety of the runway system.

Helicopter approach procedures in Reykjavík Airport were revised in 2024 and new procedures were subsequently issued.

Efla Consulting Engineers has been mapping acoustics around Keflavík International Airport. Information was updated in 2016 at the Icelandic

Environmental and Energy Agency, and according to them, no resident suffers 24-hour noise (Lden) over 65 dB as a result of air traffic. Around 300 suffered 24-hour noise from 60 to 64 db and around 1,300 suffered 24-hour noise from 55 to 59 db.

Mapping the noise of Keflavík International Airport is currently being carried out using a mapping system designed by SINTEF. A web interface displays a noise map that takes into account aircraft movements, the calculated noise of different types of aircraft, the number of residents around the airport, and the distribution of noise. The system offers calculations that take into account population trends and increased air traffic. Within the main area of impact from noise from Keflavík Airport, closest to the runways, there are over 1100 residents who are exposed to 55–65 Lden. Sound measurements related to weather, birds, fireworks, and other such things are cleaned from the data. In 2025, Lden exceeded regulatory limits twice, due to military flights that are exempt from the regulation.

Sound Measurement and Flight Tracking System

For the past eight years, Keflavík International Airport has offered an interactive noise measurement system that is open to the public to monitor noise in the immediate vicinity of the airport. It has been possible to access information about flights that have recently passed through the airport, information about acoustics from sound meters, and retrieve information going back a month. The system also invites users to submit comments when they experience disruption from air traffic. A new system was put into use in 2024 and work is underway to translate its interface into Icelandic. With the new system, we can better manage comments, collect more accurate data, and better develop flight paths so that aircraft noise is less disruptive.

Further information about Keflavík Airport's noise measurement system can be found here: [Keflavik Airport – flight tracker](#)

In 2025, Reykjavík Airport contracted with the same party as Keflavík International Airport for a noise measurement system. The systems provide the opportunity to better manage noise complaints, link complaints to specific aircraft movements, and to get an even better picture of noise in the vicinity of the airports. Analytical work was carried out to find suitable locations in close proximity to the airport for the two sound level meters that were purchased. One microphone has been installed on the north side of apron 1 (Básar) and another is being prepared at Kársnes. In 2026, analysis work will continue, and it is planned to order two additional meters that will be located on the west and north sides of Reykjavík Airport.

A link to Reykjavík Airport's new acoustic measurement system can be found here: [Reykjavík Airport – flight tracker](#)

For other domestic airports, acoustic announcements are made via the Isavia Domestic Airports website [innanlandsflugvellir.is](#)



Resource Utilisation

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Responsible resource utilisation is a key prerequisite for sustainable development. By using natural resources wisely, reducing waste, and increasing recycling, we contribute to more sustainable operations for the future.

Waste and Disposal

The environmental impact of unsorted waste is considerable, and efforts are therefore being made to reduce its generation. Work is underway on integrating reuse and recycling better into the circular system of Isavia.

Landfill disposal of unsorted waste from Isavia ohf. and subsidiaries depends on the geographical areas of the establishments, but most of it is sent abroad for energy efficiency.

During negotiations and renegotiations of concession agreements with operators within the Group, the sustainability issues of the planned operation are always considered. Furthermore, operators are obligated to commit to meet our sustainability goals for the sorting of waste.

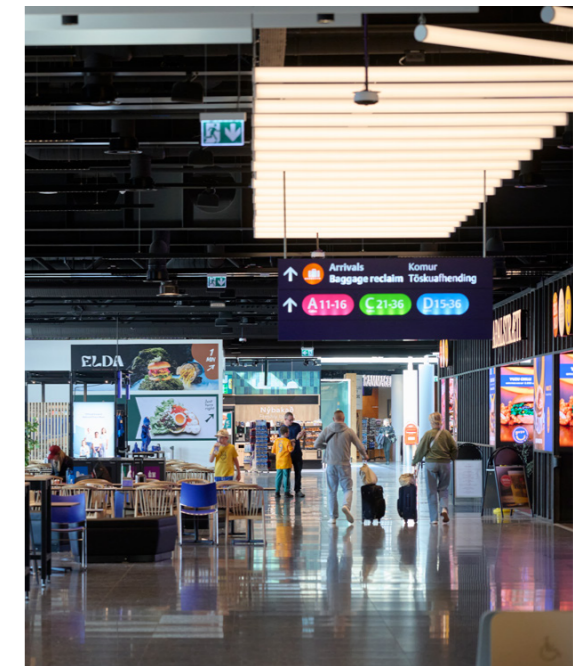
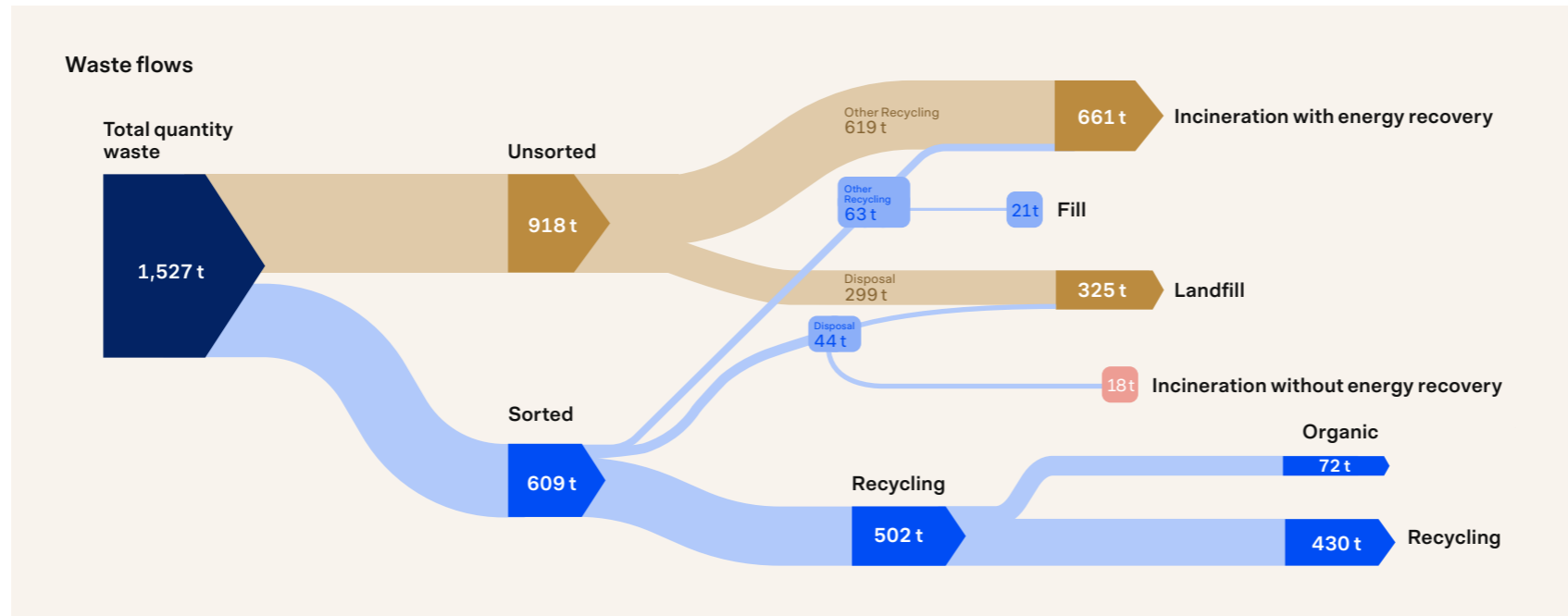
Work continues on implementing smart waste solutions for terminal operators, which involves users paying for the amount they throw away and therefore encourages operators to sort better and reduce waste generation. The waste solution is planned to be implemented in the first half of 2026.

Proportion of Sorted Waste

Our goal in 2025 was to sort 55% of all the waste generated through our operations. That goal was not reached, but the ratio of sorted waste was 40% (49.) The amount of waste per passenger was reduced by 3.4% year-on-year and is 0.16 (0.17) kg per passenger for the Group's airports.

Analysis of regular measurements in the second half of 2025 showed that the set targets for classification rates would likely not be achieved. In response to this situation, a waste team was launched to manage the environmental aspect and promote better results. The team has established an active dialogue with stakeholders, which has resulted in a better overview and regular follow-up, as well as improvement projects, including in connection with better sorting of organic waste.

To achieve our goal of a 70% sorting rate by 2030, we will continue to work systematically on the issue and launch smart waste solutions to work towards our goals of waste reduction and improved sorting quality. Work is underway to update the operator's operations manual to ensure consistency and accessible instructions for all airport personnel, and part of this is to fully engage the operator in waste sorting.



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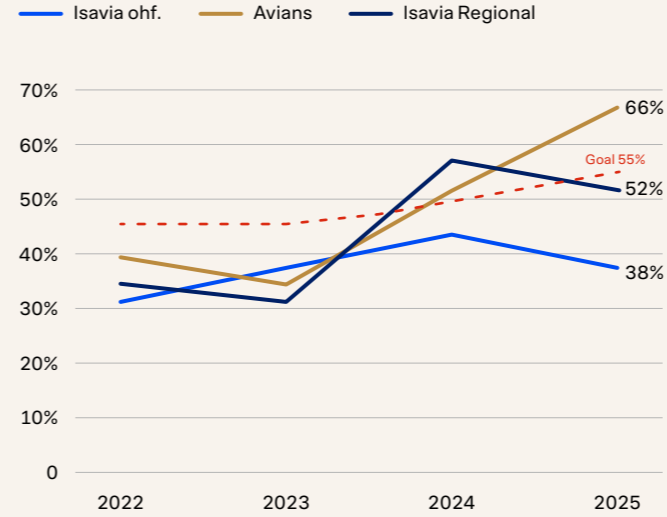
Use of Chemicals

At Keflavík Airport, de-icing chemicals are used, both in liquid and solid form, on runways, taxiways, and aprons, in order to increase safety and reduce the impact of ice on operations. The chemicals used are so-called formate salts and are certified with the eco-labels Blue Angel and Swan, are biodegradable and therefore have a low toxicity effect on water. Domestic airports use sand almost exclusively as an ice-preventative agent, but it is also used on hangars and taxiways at Keflavík International Airport.

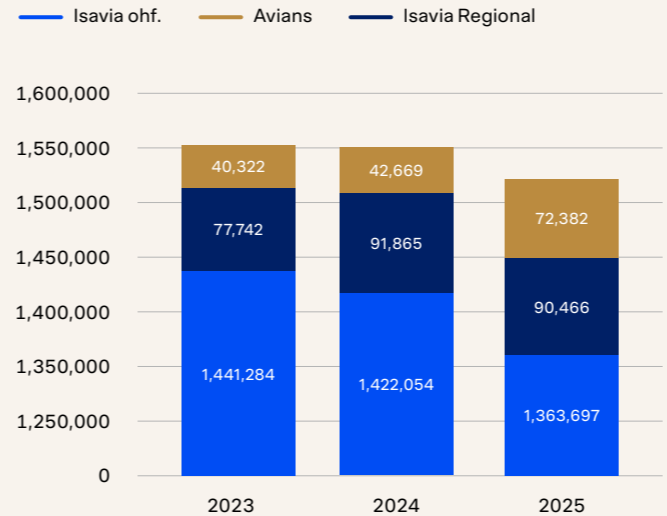
The need for de-icing chemicals depends on the weather, the number of aircraft movements and their distribution within the 24-hour period, the size of the activity areas, service requirements, and prevailing anti-ice methodologies. Chemical use therefore varies between years, but increased air traffic, service requirements, and developments in methodology will likely require a continued increase in the use of chemicals for anti-icing.

Work continues to reduce the use of anti-icing sand at the airport. This requires, among other things, increased snow removal and greater use of ice-preventative agents. The main reasons for the increased chemical use between 2024 and 2025 can be attributed to the fact that snowfall in the first half of 2025 was significantly greater than during the same period in 2024, which requires the use of anti-icing granules. Despite little snowfall in the latter part of the year, conditions with frost formation and black ice were very frequent. Proactive ice removal measures in these conditions involve the use of both anti-icing fluids and anti-icing granules instead of using sand after ice has formed. Sand use at Keflavík International Airport in 2025 was 71% of the amount used on average over the previous three years.

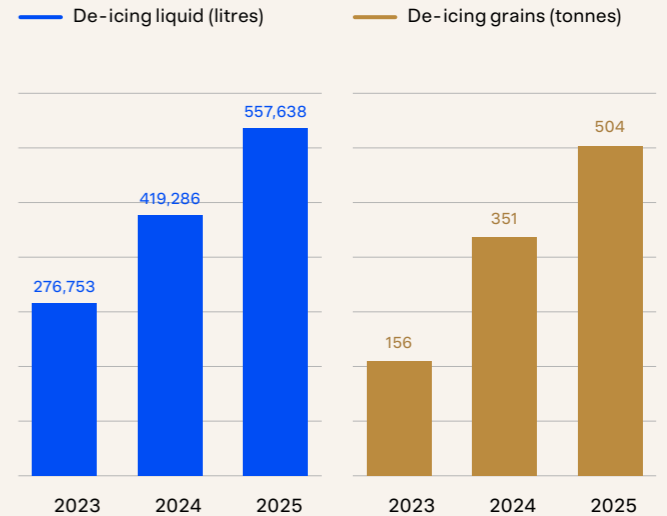
Recycling Proportion



Total Quantity Waste (kg)



Quantity of De-icing Chemicals in Airports



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Isavia is one of the largest and most diverse workplaces in Iceland and plays an important role in the nation's transportation system. The company's staff is a key prerequisite for safe and efficient airport operations and excellent service to passengers, airlines, and partners.

Human Resources Policy and Focus

Through targeted Human Resources management, emphasis is placed on creating a work environment where professionalism, respect, and collaboration are the guiding principles, and employees are given the opportunity to grow and develop in their work.

In 2025, work was carried out on updating Isavia's Human Resources Policy, building on the previous policy but clarifying its emphases further. The company's Human Resources Policy is based on respect, honesty, and trust in our communication and work. Its goal is for Isavia to be a leading workplace where equality and collaboration are valued and employees are encouraged to show courage, be constructive in communication, and take responsibility for their own performance. Through joint efforts, the aim is to achieve success as a whole.

Social Safety and Healthy Work Environment

The social safety and well-being of employees were among the top priorities of the year. During the year, procedures related to social security were reviewed and revised. In parallel with this work, all staff completed an electronic training course on social safety, which covered bullying, sexual harassment, gender-based harassment, and violence. Following the course, human resources consultants held meetings with departments and divisions, emphasising the importance of a safe working environment and creating a forum for discussion about communications and the workplace culture that is being pursued within the company.

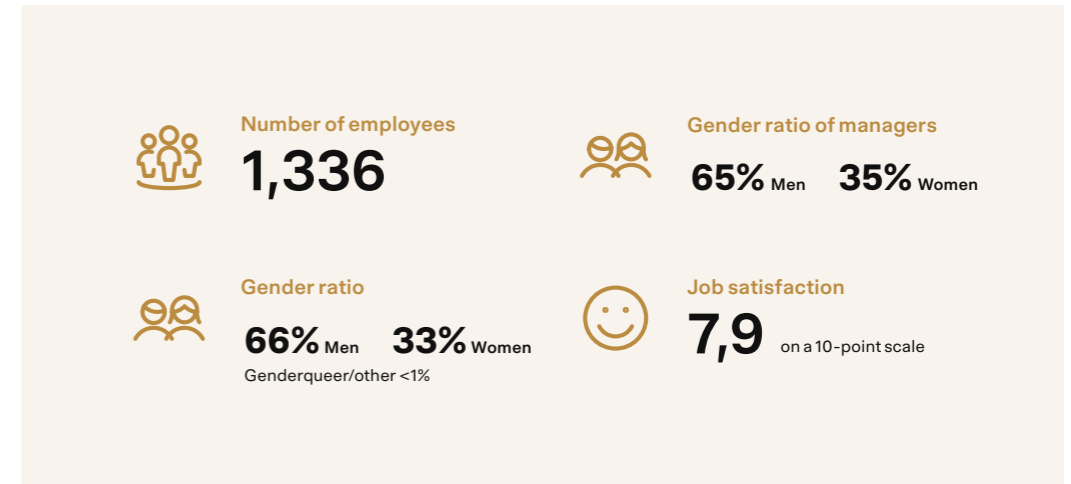
Leadership Development and Coaching

During the year, an important step was taken in developing leadership skills and personal empowerment of employees by implementing workplace coaching in collaboration with SpiralUp. Employees were given the opportunity to attend coaching at the workplace and work systematically on their own development in life and work. Attendance was very good, and all coaching sessions were filled in a short time. The results of performance measurements showed that participants experienced significant positive impacts on their jobs, performance, and job satisfaction. All managers were then invited to take advantage of up to five coaching sessions during the year to strengthen their leadership skills, which a large proportion of them took advantage of.

The implementation of situational management also began among Isavia's management. Three groups completed training in the methodology, which aims to support managers in assessing the competence and commitment of employees in individual projects and adapting their management style to the circumstances at hand.

Workplace Culture and Ideal Culture

Isavia continued to work on implementing a positive culture within the company with the aim of promoting constructive behaviour and a positive communication culture among managers and employees. The Human Resources department participated in numerous implementation projects in collaboration with other departments and groups, with an emphasis on workshops, management training, and coaching of leaders and experts. This work seeks to strengthen shared values, increase co-operation, and improve the company's operational performance..



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Recruitment and Human Resources Processes

Work continued on improving some of the company's recruitment processes, which have been in constant development in recent years. In 2025, three hundred individuals were hired for summer jobs in various departments at Isavia. The recruitment process went well and was characterised by professional and effective collaboration between management and the human resources department.

Working Together with the Local Community

Isavia continued its successful collaboration with external stakeholders on recruitment and employment for individuals with reduced working capacity living in the airport's local community. In recent years, the company has placed great emphasis on close collaboration with parties such as the Directorate of Labour and VIRK Vocational Rehabilitation Fund, with the aim of providing individuals with reduced working capacity with realistic opportunities for employment when circumstances permit. Such collaboration supports the company's social responsibility, increases diversity in the workforce, and strengthens Isavia's ties to the community.

Uniforms and Appearance of Staff

During the year, an invitation to tender was launched for the renewal of staff uniforms. The Danish company Olino won the tender and in November, fitting of the new clothing took place. The introduction of new uniforms is expected to take place in early 2026. The aim of renewing the clothing is to strengthen the image of Keflavík International Airport, harmonise the appearance of staff and improve the overall guest experience, as well as ensure the staff's professional and cohesive appearance.

Communication with Unions and External Human Resources Stakeholders

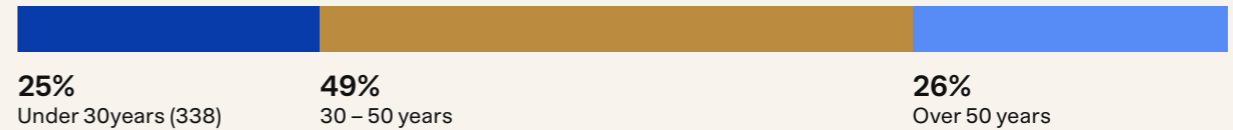
The main external stakeholders in human resources at Isavia are business associations, employee unions, and various service providers. Co-operation and collaboration with these parties was generally good during the year and was characterised by professionalism and mutual trust.

During the year, work was carried out on collective wage agreements between Isavia and the Icelandic Air Traffic Controllers Association. The Confederation of Icelandic Employers represented the company in the negotiations. Agreements were not reached despite repeated negotiation meetings, and the matter was therefore referred to arbitration, in accordance with the current arrangements.

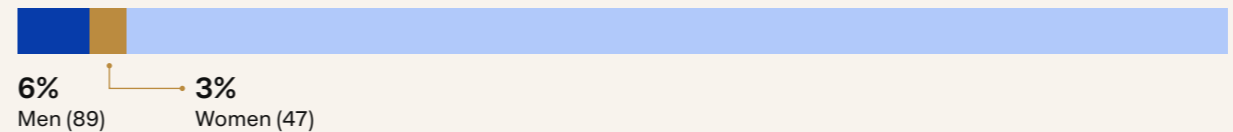
Total number of employees

	Women	%	Men	%	Genderqueer/Other	Total	%
Total number	445	33%	887	66%	4	1336	100
Employees							
Full time	343	26%	759	57%	3	1105	83%
Part time	102	8%	128	10%	1	231	17%
Employment							
Permanent	410	31%	827	62%	3	1240	93%
Temporary	35	3%	60	4%	1	96	7%
Interns	5		9			14	
Total number of employees and interns	450		896		4	1350	

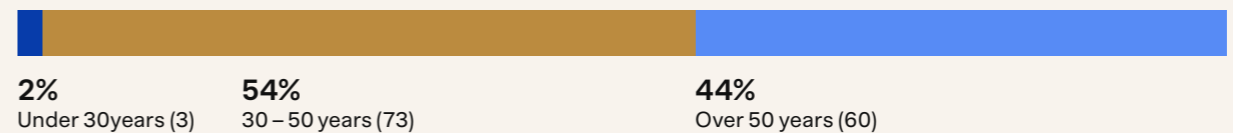
Isavia ohf. / Age distribution of all employees



Ratio of managers of all employees



Age distribution of managers



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Training and Education

The company has set a clear and ambitious Education and Training Policy that supports safety, operational capability, and future development. The Isavia School and the Avians training department play a key role in ensuring that staff have the skills they need to be prepared and safe in their work.

The Isavia School

The Isavia School operates as a central education and training unit for employees, managers, and contractors. The school also handles certain aspects of training for the subsidiaries Isavia Domestic Airport and Avians. Strong emphasis is placed on equal access to education for employees, regardless of location, job rate, or role.

Access is ensured with:

- digital solutions that enable employees to access training regardless of time and place,
- flexible study programmes that take into account shift work and a diverse work environment,
- diverse teaching methods that meet the different needs of students and curriculum that offers a choice of more than one language.

The aim of Isavia’s educational work is to provide employees with:

- focused basic training in line with external requirements together with continuing
- education and training, diverse education that strengthens the individual,
- increases job satisfaction, and makes the job successful, encouragement, support, and grants to pursue studies outside the company.

The school operates four study programmes for different groups: general, aviation security, terminal, and airport programs. The general programme has organised training across the company and oversees the training of specialists and managers.

Effective management training is essential for promoting co-operation and teamwork. Isavia’s managers are offered coaching as well as a variety of courses. This year, the focus was on situational management, strengthening leadership skills, and the role of managers in shaping culture. Emphasis is placed on meeting individual needs and supporting managers in taking responsibility for developing their own skills and increasing their performance at work.

In addition to traditional school activities, we place great emphasis on social responsibility and participation in the local community. Every year we welcome a number of students at all school levels for career presentations. We participate in the professional promotion of the Association of Municipalities in Suðurnes and visit primary and secondary schools as well as welcoming interns.

Much effort is made to provide easy access to the course material and to offer a choice of language: Icelandic or English. There is also an emphasis on social security and continuous improvements to corporate culture.

Safety and Quality Issues

The Isavia School took an active part in the preparation and implementation of Safety Days 2025, where the main topics were occupational health and safety, security, and accident prevention in collaboration with the airport community.

Regular training and follow-up with evacuation representatives took place, using both digital learning materials and practical training. Regular first aid and fire safety courses were available to employees, and a total of 141 individuals attended training in this field at the Isavia Group during the year. The training was both digital and practical and supported the company’s goal of ensuring the highest levels of safety and quality.

Icelandic Tuition

Support for employees whose native language is other than Icelandic is important to us. During the year, the Bara Tala app was launched, which supports daily Icelandic use. In addition, three Icelandic sessions are accessible in the learning management system. We provided grants for Icelandic language studies and provided guidance on diverse educational opportunities to enhance employees’ language skills.

Measurement and Evaluation of Results During the year

Isavia School implemented an ambitious and data-driven plan for evaluating the effectiveness of education with the aim of ensuring a real impact on competence, safety, and job satisfaction. The plan consists of an attitude survey, an annual quality assessment of study programs, and an evaluation of on-site and digital courses. The school’s metrics were reassessed, and the foundation was laid for a common dashboard that supports the targeted development of education.

In September, an attitude survey was conducted among Isavia employees with the aim of assessing the quality of education, training, and service at Isavia School. A total of 290 responses were received, corresponding to a response rate of 30.6%. The main results are summarised below.

- Quality of education and training: 84% believe that the quality of education and training meets their expectations.
- Usefulness of education and training: 82% believe that training provides the ability to perform work safely.
- The Isavia School services: 90% consider Isavia School’s services to be good.

The survey also revealed areas where there are opportunities for improvement. The results mainly indicated that practical training could be increased, more targeted new recruit training could be developed, and a more diverse range of courses could be ensured.

Average Hours of Training per year per Employee

	2023	2024	2025
Average hours	39 h.	34 h.	32 h.
Men	42	37	38
Women	34	30	26
Genderqueer/ Other	55	0	22
Managers	34	30	21
Employees (without managerial responsibility)	39	35	35



In 2025, a total of 292 different courses were offered by the Group

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Training at Avians

Avians operates a dedicated training department called Þjálfun, which has decades of experience in developing and implementing training in the field of air navigation services. Þjálfun provides extensive education and training that includes theoretical instruction, practical training in simulators, on-the-job training, retraining, and continuous training, in accordance with current industry requirements and standards.

Both basic and continuing education for air traffic control staff, aeronautical telecommunications, aeronautical data science, and flight information services, are offered. The department is also responsible for organising and implementing basic and continuing training for watchkeepers, trainers, examiners, and tower assistants, with the aim of ensuring professionalism, safety, and continuous competence of personnel.

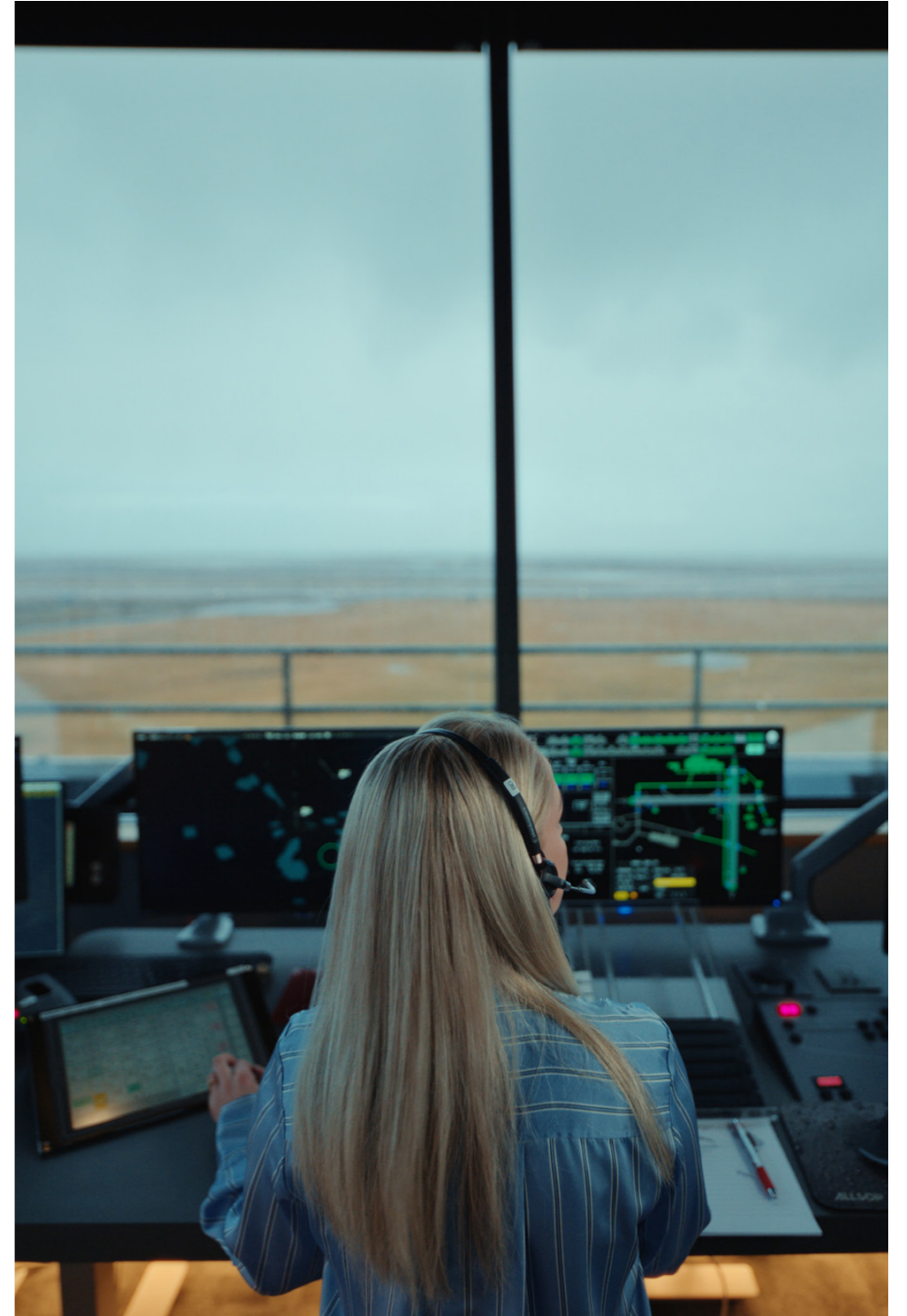
Air traffic control studies begin annually in the fall and are generally two-year programmes that combine theoretical study, simulation training, and practical training. The admissions process takes place at the beginning of the year and on average around 250 individuals apply for admission to the programme, which reflects the high interest and competition for jobs in this specialised field.

In 2025, 18 new students began their studies in air traffic control. In the same year, eight new air traffic controllers graduated, two air traffic controllers obtained dual qualifications in regional management, and three individuals completed studies in aeronautical data science. At the end of the year, two interns in regional management were undergoing on-the-job training and one intern was undergoing on-the-job training in Reykjavik Tower.

During the year, strong emphasis was also placed on developing skills and training within the operations. Ten new job trainers joined the group, and 47 air traffic controllers attended a refresher course for job trainers. One air traffic controller obtained a qualification as a simulator instructor (STDI.)

The group of examiners was also bolstered with six new examiners, and 35 examiners attended continuing education courses during the year. In addition, six air traffic controllers were qualified as head supervisors and twelve air traffic controllers were qualified as supervisors, which supports safe and continuous staffing in shift-based operations.

The results reflect the targeted development of competence within the operation and the important contribution of training to safe and efficient air navigation services.



Safety and Protection

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Isavia meets extensive safety and security requirements that support the company's sound and reliable operations. Strong network and information security, targeted occupational health and safety, and close collaboration with stakeholders strengthen security and contribute to continuous and high-quality service.

Occupational Health and Safety and Safety Culture

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

The focus in occupational health and safety in 2025 was primarily on education and prevention, in line with Isavia's goal of promoting a safety culture and reducing risks in its operations.

The occupational health and safety team hosted educational sessions for the various departments, covering the fundamentals of occupational health and safety. Furthermore, safety communication was strengthened with regular, short, and concise messages (safety tips) on social media and information screens, with the aim of increasing awareness and maintaining a focus on safety in daily work.

To monitor and evaluate the development of safety culture, it was decided to establish regular measurements of staff safety awareness. In November, a survey was conducted among employees for the first time. Participation was very good, and results show that around 83% of participants believe that a strong safety culture exists within Isavia. The results are used as a baseline for ongoing measurements and targeted improvements.

Risk Analysis and Incident Investigation

This year, work was also carried out on a more systematic approach to job risk assessment, with

increased integration into the analysis of incidents that occur in the company's operations. By better linking risk assessments to actual incidents and operational experience, a more solid foundation has been created for more effective and targeted mitigation measures. This benefit is reflected in improved risk management, which leads to a reduction in risks in the work environment.

The importance of reporting continued to be emphasised and staff were encouraged to record both minor and serious incidents. The goal is to ensure that all incidents, deviations, and near misses are visible in the system and serve as a basis for analysis, prevention, and continuous improvement.

The number of notifications has increased steadily over the years. The increased number of reports reflects increased safety awareness and staff confidence in the reporting system, rather than an increase in risk in the operations.

The implementation of a new incident recording system was completed during the year. The system significantly strengthens the company's ability to systematically record, analyse, and follow up on reported incidents, including root cause analysis and corrective action. The implementation has created a better overview of incident trends and their relationship to job risk assessments.

The new system also improves information flow and enables the company to communicate information more effectively to employees about the improvements that have been made following notifications. This contributes to increased transparency, increased trust in the reporting system, and a more active learning process within occupational health and safety work.

In 2026, strong emphasis will continue to be placed on the importance of reporting, which is a key component of an effective occupational health and safety system and the development of a safety culture.

Work-Related Accidents and Metrics

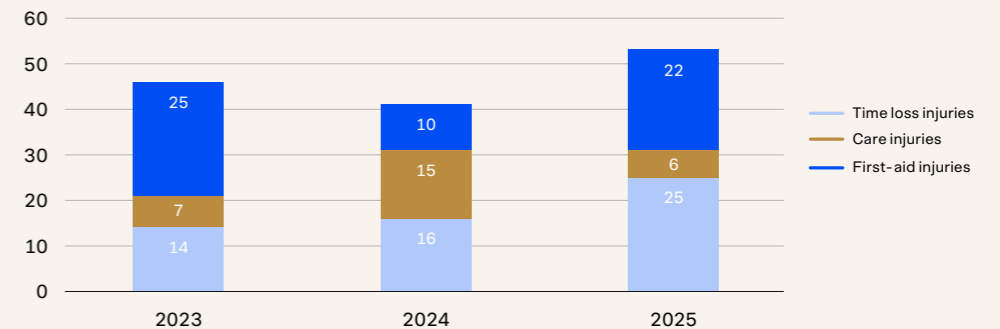
During the year, changes were made to measurements and targets in relation to work-related accidents. Standard metrics—LTFR (Lost Time Frequency Rate) and AFR (All Frequency Rate)—were adopted to measure lost-time accidents on the one hand and the total number of work-related accidents on the other.

The use of these metrics strengthens the comparability of data between years and allows the company to analyse the development of work-related accidents in a more targeted manner, including the severity of accidents and their impact on employee absence. The information is used for risk analysis, prioritising prevention, and evaluating the effectiveness of occupational health and safety efforts.

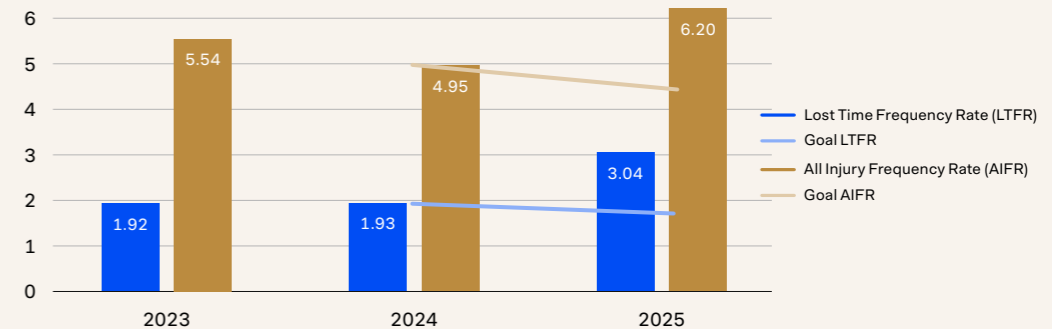
In addition to work-related accident metrics, the company uses other key success and performance indicators to assess the effectiveness of occupational health and safety practices and the development of a safety culture. These include the total number of incident reports, the percentage of closed cases, and follow-up on actions related to prevention and education.

These indicators provide important information about employee participation in the reporting system, the effectiveness of corrective action, and how well preventive and educational measures are being implemented in daily work. Along with measurements of the frequency and severity of accidents, they are used for a comprehensive assessment of occupational safety and health performance.

Employees Work Related Injuries



Rate of work-related injuries per 200,000 hours



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Safety Committee

The Safety Committee works systematically to raise staff awareness regarding safety by means of education and training and ensures compliance with laws and regulations in the field of occupational health and safety. The committee also promotes an active flow of information between management and employees on key safety issues and improvements.

Particular efforts have been made to increase the participation of committee representatives in the company's formal occupational health and safety activities, including conducting and reviewing job risk assessments. This approach strengthens the quality of risk analysis and increases staff dedication to safety issues.

During the year, the number of representatives on the Occupational Safety and Health Committee was increased with the aim of strengthening the

committee's work and increasing the effectiveness of representatives in formal occupational safety and health work.

Safety Days

The theme of this year's Safety Days was fire prevention and safety awareness. In this context, educational and practical courses were offered on the use of fire extinguishers and fire blankets to train employees in responding to fires both in the workplace and at home. Attendance at the courses was high, and there were more applicants than available spaces, which reflects the great interest in education in this field.

Furthermore, employees were encouraged to familiarise themselves with evacuation plans, escape routes, and the location of the nearest fire extinguisher in their work environment, in accordance with requirements for prevention and

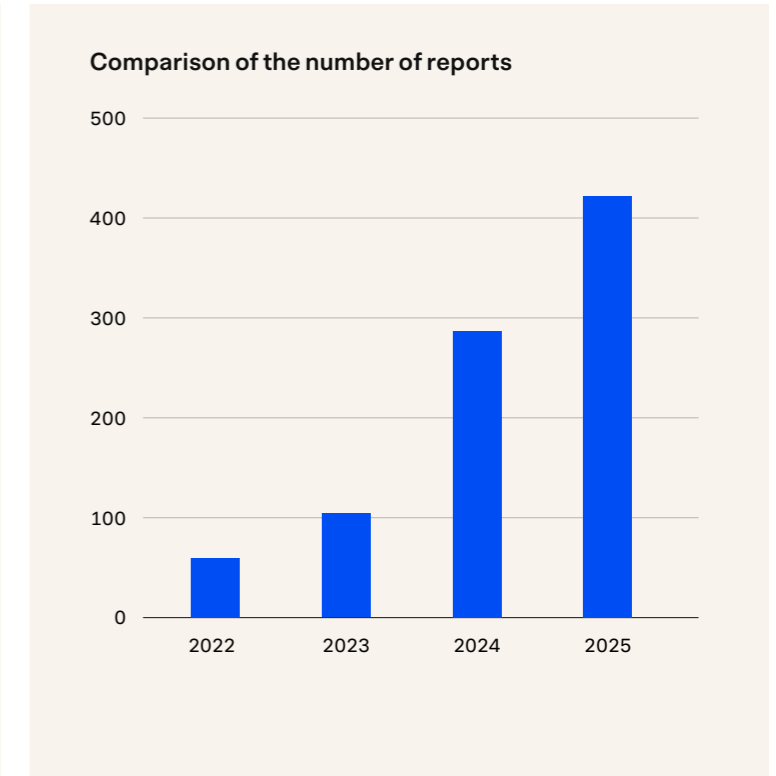
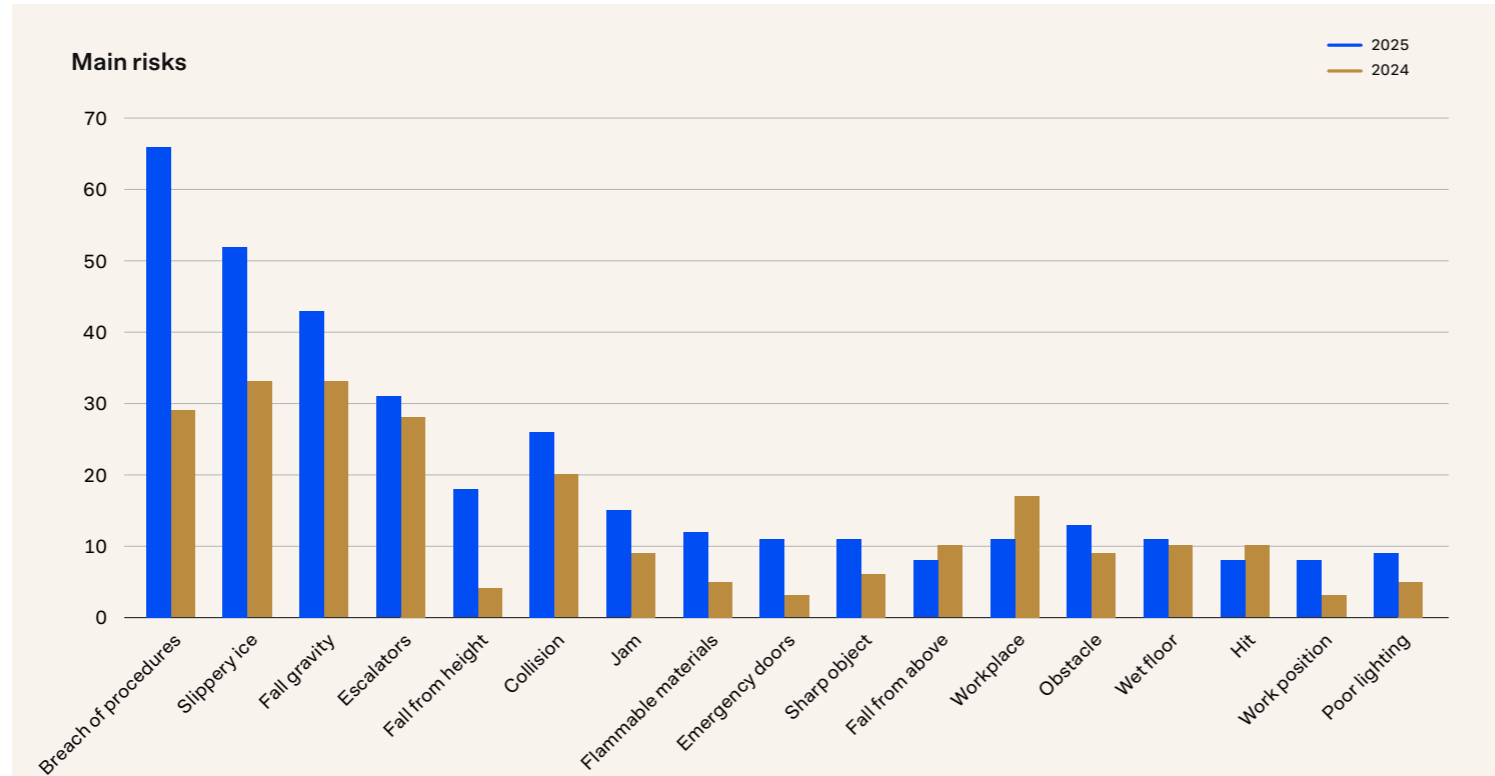
preparedness. Isavia's CEO opened the Safety Days with an address, and this time the Safety Games were specifically tailored to evacuations and fire safety issues to strengthen safety awareness in an interactive way.

Mutual Respect

Unacceptable communication, threatening behaviour, and even assaults have increased at the airport in recent months. To respond to such incidents and support staff in dealing with challenging situations, a project was undertaken that involved defining clear criteria for what constitutes threatening behaviour and presenting a clear message about what is not tolerated in communication.

A working group was appointed to formulate a policy on mutual respect in communication. The goal of the policy is to define preventive measures, reduce

the likelihood of incidents related to threatening behaviour, and respond systematically when such incidents arise. The implementation of the policy has now begun, but in parallel, systematic recording and analysis of incidents is taking place to ensure appropriate responses, remediation, and continuous improvement in the working environment.



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Flight Safety

Isavia takes targeted and systematic action in its operations to bolster aviation safety and security. The company complies with the wide-ranging requirements imposed on airport operators and air navigation services to maintain their operating licence and ensure safe and reliable operations.

Isavia is committed to maintaining and promoting continuous improvement of the airport's safety management system, which forms a comprehensive framework for aviation safety and security. The company's Safety Policy reflects this commitment. The policy sets out Isavia's strives to reduce risk in all operations to an acceptable level, since aviation safety is a key component in all the company's activities.

Aviation Safety at Keflavik International Airport

Extensive collaboration with the airport community is a key component in enhancing aviation safety. Aviation safety is a shared responsibility of everyone who passes through the airport and requires active collaboration and consultation.

Regular meetings are held by the Runway Safety Committee where runway and taxiway safety are discussed. The Airport Safety Committee also meets monthly to discuss safety at airport hangars and aircraft parking lots. These committees include representatives from both Isavia and airport users and are therefore an important forum for consultation and co-operation in ensuring flight safety at Keflavik Airport.

Emphasis is placed on promoting safety awareness within the airport community, including through annual Safety Days and by encouraging all staff to register and submit safety reports.

An airport is a complex workplace where safety is based on following rules and procedures at all locations. It is important to ensure that staff receive high-quality and continuous training, risk management is conducted in a targeted way, and that procedures are both documented and implemented in a systematic manner. It is also imperative that all aviation safety incidents are recorded and reported so that they can be analysed, lessons learned, and appropriate improvements can be made.

Aviation Security at Keflavik International Airport

Aviation security includes all the measures taken at airports to prevent unlawful acts directed against civil aviation and the public interest. With the aviation security measures implemented at the airport, Isavia is constantly working towards greater flight safety. Examples of these measures include access controls, screening, and surveillance.

Aviation security measures are carried out by both Isavia staff and external parties in the airport area; it is therefore important for good and close cooperation to exist within the airport community. The Keflavik International Airport Aviation Security Committee meets twice a year and includes representatives of parties with an aviation security role at the airport. The committee's meetings include consultation and assessment of aviation security measures based on regulations and deviations and incidents occurring at the airport. In addition to the meetings, the committee engages in further consultation and collaboration at regular meetings with other stakeholders.

Information Security and Personal Data Protection

Information and network security is a key prerequisite for the safe and stable operation of Isavia as an operator of critical infrastructure in the aviation industry. The aviation industry relies on complex IT systems and cyberattacks can have a serious impact on airport operations and security. During the management review this year, Isavia's defined goals in the field of information security and privacy for 2025 were reviewed. An overall assessment revealed that the objectives had been largely achieved, although certain areas require further development. The results of the review have been used to shape the company's focus and goals for the coming year, in line with the changing risk environment and expected demands in the aviation industry.

The management's overall assessment is that Isavia's robust network and information systems support secure and stable operations, but also that increased digital complexity, increased connections with external parties, and growing demands for data protection call for continued development and strengthening of certain aspects.

Isavia complies with the requirements of the ÍST EN ISO/IEC 27001 and bases information security management on defined procedures that reduce risk and promote stable operations. Isavia's information security policy, which was established in 2018, is updated regularly, and the requirements for responsible information handling also apply to its partners, in light of increased risks in the supply chain.

The company attaches great importance to regular improvements and optimising processes related to data protection. The Icelandic Data Protection Authority launched a proactive investigation into the electronic monitoring of parking lots at Keflavik International Airport and several airports of Isavia Regional Airports following two complaints received by the agency. The review is not complete, and its findings will be taken into account in the continued development of processes and procedures, as appropriate.

During the year, new software was purchased to manage compliance with data protection legislation and implementation has begun. It includes reviewing and strengthening processes and procedures with the aim of improving oversight and strengthening management of privacy issues.

Isavia began participating in a collaborative group of data protection representatives at ACI airports in Europe to strengthen the company's internal skills in the field of data protection and information security when handling personal data. Isavia also actively participates in national and international collaboration on cybersecurity, which supports the company's preparedness and development of security issues.

Digital Security

Digital security is a basic prerequisite for the operation of critical infrastructure. During the year, special emphasis was placed on strengthening information and network security management through more targeted measurements, improved performance overview, and regular risk assessments. Work was done to ensure compliance with new and changing requirements in the company's operating environment, as well as to review security monitoring

arrangements with the aim of ensuring efficiency and appropriate support for the operation of critical infrastructure.

A targeted review of network and information security was carried out this year, with the involvement of independent experts. The review covered, on the one hand, third-party access and connections to Isavia's systems and, on the other hand, a comprehensive assessment of network security within the Group. The results of these audits were used to strengthen risk assessments, prioritise improvements, and improve management's overview of the state of digital security.

Isavia also participated in exercises on responding to serious cyber incidents in collaboration with other operators of critical infrastructure. Such exercises are an important part of testing preparedness, co-ordination, and communication with external parties, and are useful in the ongoing development of the company's response and contingency plans.

Management places emphasis on ensuring that the governance structure, responsibilities, and resources in the field of information security and privacy are in line with the scope, complexity, and international requirements of the company's operations. In the opinion of management, participation in independent audits and exercises has strengthened the company's ability to assess its own situation, respond to serious cyber threats, and co-ordinate responses with external parties, which is a key prerequisite in the operation of critical infrastructure. Isavia's management also believes that the year's main goals in the field of information security and privacy have been achieved and emphasises continued development and regular review of these issues as part of the company's comprehensive risk management and operational security.

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We take the initiative to increase sustainability in the entire airport community and collaborate closely with society based on mutual respect. We rely on open communication to disseminate information, and we use our common experience and knowledge to succeed.

Civil Protection and Major Accident Response

Airports and air navigation services are important components of Icelandic society and play a key role in macroeconomic and security terms. The company places great emphasis on a robust contingency system to best secure this important infrastructure, with an emphasis on integration and collaboration with other key partners and customers. Isavia also plays an important role in search and rescue response plans within the Icelandic air traffic control area.

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

Three full scale exercises were held during the year, at Vestmannaeyjar Airport in April, at Þórshöfn Airport in September, and at Reykjavík Airport in October.

The Isavia and Landsbjörg Emergency Response Fund was revived this year, with the aim of strengthening major accident response in the vicinity of airports and busy tourist attractions in Iceland. The agreement is for three years, during which Isavia will support the rescue teams' intensive work with ISK 30 million.

Isavia's Emergency Management Team

Isavia's internal response and good coordination within the airport community are key when it comes to ensuring timely response and recovery in relation to operational challenges. The company has focused on ensuring a strong control system and good cooperation between all sides. Since Isavia's Emergency Management Team was formally set up in 2015, it has tackled a variety of events, both foreseen and unforeseen. The Emergency Management Team ensures that Isavia's responses are co-ordinated and harmonised during times of risk and emergencies to events that threaten the company's operative security. The goal is to minimise operational disruption and ensure rapid recovery.

To achieve these goals, the Emergency Management Team follows flexible and effective procedures that tackle events in an organised way. The Emergency Management Team has been activated several times during the year, although fewer times than in recent years. Collaboration within the airport community has been very good. The Emergency Management Team maintains open communication channels, ensures a smooth supply of information, and holds regular consultation meetings. Short communication channels within Isavia, including among stakeholders and with external parties, have proved important in the process. Reliable responses also depend on a robust review of past events, and the emergency management team ensures that all action taken is reviewed, both within Isavia and among stakeholders, where applicable. The findings are entered into Isavia's quality system, thereby ensuring that the improvements find their way into operations.

A Changing Global Landscape

Changes in international affairs have brought to light new challenges that can affect the airport community. New security threats and increased uncertainty call for better co-ordination between countries, faster information sharing, and regular exercises for responders. Collaboration and flexibility are therefore key factors in responding quickly to unforeseen events to ensure the safety of passengers, staff, and critical infrastructure.

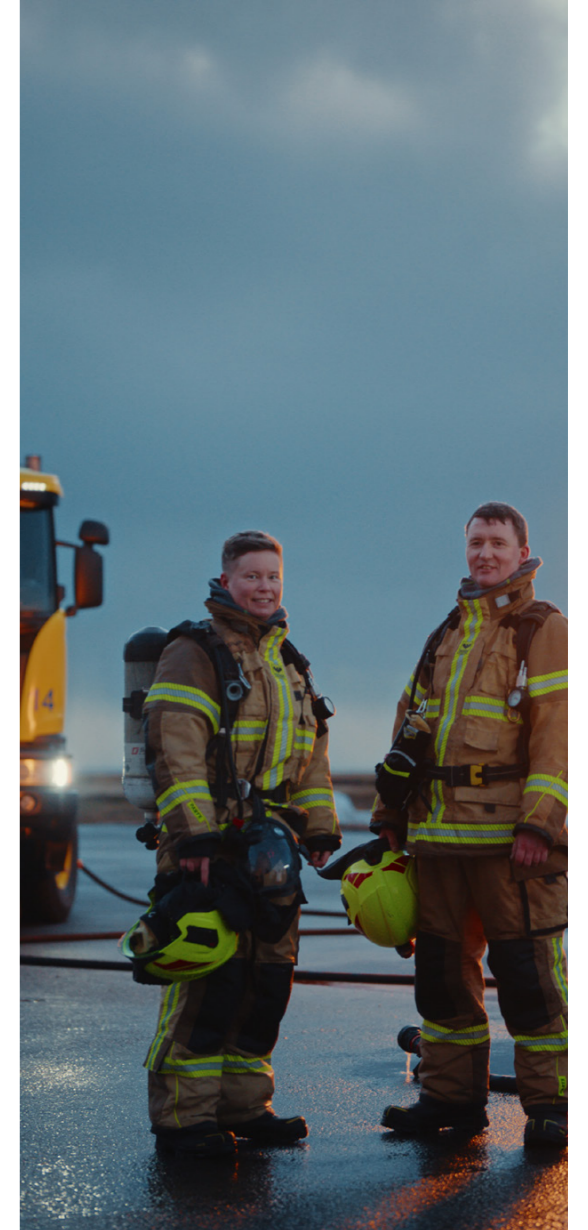
Drills

Strong governance and drills are important elements in any company's crisis planning. Field drills take time and can be costly, so it is important to maximise the benefits derived from them as much as possible. Desk exercises are an important part of preparing for field drills and a good way to gain initial exposure to both older and newer threats. If well organised, they can bolster governance and staff's knowledge of their role when important matters are at stake. Isavia holds numerous desk exercises each year with its partners and internal exercises to improve organisation and increase staff expertise, as well as participating in exercises with other stakeholders.

Isavia's Emergency Management Team participated in Cyber Coalition Exercise, an international cybersecurity exercise organised by NATO, which is being held in collaboration with CERT-IS and other key stakeholders.

Co-operation with Stakeholders

A fundamental element of crisis management is co-operation with stakeholders. These stakeholders are numerous, have different perspectives and goals, and are located all over the world. Isavia has attached great importance to ensuring positive and close cooperation with all these parties, establishing their roles and needs in the relevant plans, and ensuring the smooth flow of information and communication in times of danger and emergency. The collaboration has been very good now as always, and results in good co-operation when times are tough.



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Seismic Activity and Volcanic Eruptions

Seismic activity persisted on the Reykjanes peninsula, with two volcanic eruptions occurring in the area in the course of the year. Activity in the Sundhnúkagígar crater row has decreased and magma accumulation is slowing, but it is uncertain how long the period of seismic activity will last. Infrastructure of great importance, since the entire Reykjanes peninsula is located in a seismic activity zone. A co-ordinated group of experts within Isavia works both and during eruptions to assess and respond to their potential impact on Keflavík International Airport.

On the morning of April 1, an eruption began southeast of Þorbjörn, which lasted only six hours, making it the shortest eruption since the beginning of the period. On July 16, an eruption began northeast of Stóra Skógfell, which lasted for three weeks. No infrastructure was threatened, but gas pollution and volcanic ash spread widely during the first week after the eruption began.

Work Stoppages

One of the tasks of the emergency management team is to coordinate the sharing of information and Isavia's response among stakeholders regarding work stoppages. The goal is first and foremost to ensure smooth supply of information provision and quick recovery after a work stoppage. In the autumn months, strike action was approved by air traffic controllers in October and a work stoppage was subsequently called. The Emergency Management Team was responsible for analysing the impact and informing stakeholders about the progress of the case. There were several strike actions until it was decided to refer the wage dispute to arbitration on November 20.

Suðurnes Discussion Forum

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

Sustainability Week was held for the first time in September 2025, where various events were held to increase sustainability in our daily lives. There is a great desire within Isavia to continue working together and further strengthen our sustainability work in collaboration with the local community, with prosperity and quality of life as our guiding principles.

The members of the Suðurnes Discussion Forum decided last year to renew the mandate for the collaboration platform and appoint new people to the collaboration's executive team. There have been significant personnel changes within the group, and now local government elections are coming up where new people will be elected. Messages will be sent to the parties involved in the collaboration to ensure their willingness to continue the good work of recent years.

Purposeful collaboration with the local community is an important part of Isavia's sustainability framework. Emphasis has been placed on active dialogue with schools, institutions, organisations, and municipalities on how to promote employment opportunities and share knowledge and experience.



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

Procurement

Isavia's procurement is made in accordance with Act no. 120/2016 on Public Procurement, Regulation no. 340/2017 on the procurement of parties in charge of water supply, energy supply, transport and postal services, as well as Regulation no. 950/2017 on concession agreements for works or services above the European Economic Area thresholds, as applicable at any time.

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

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

The company's procurement has also placed increased emphasis on environmental considerations and social responsibility, for example through requirements that de-icing agents meet specific environmental standards and that information be submitted to calculate the carbon footprint resulting

from the chemical degradation of the agent after use, targets for environmentally friendly packaging in stores at Keflavík Airport, and scoring in tender processes for reduced electricity consumption of electronic devices. In tenders for bus and car rental facilities, emphasis was placed on bidders having a clear sustainability policy and working systematically to minimise the environmental impact of their operations.

Isavia's terms of business, which are available on the company's website, include, among other things, the company's payment terms and various contractual terms, such as termination, default and rescission, transfer, intellectual property and property rights, limitation of liability, data protection, and confidentiality. Uniform payment terms guarantee the company a 30-day payment period for invoices in Icelandic króna and 45 days for invoices in other currencies, which reduces the company's financing costs and increases healthy cash flow.

Isavia's procurement rules emphasise that the rules are easy to follow, purchases for lower amounts are simplified, the division of responsibilities and roles is clearly defined, and the traceability of purchases is ensured through the company's purchasing and contract management systems.

Invitation to Tender

Many of the tenders that took place and were completed in the course of the year involved time-consuming but high-quality negotiation processes that will create great value for the company. Examples of such tenders include a concession for bus facilities, a concession for car rental facilities, and a negotiation process for radar equipment for Keflavik International Airport. Other procurements that were put out to tender during the year included tenders for multilateration equipment, sweeps, purchases of vehicles, materials for de-icing at airports, and LED screens in the landing strip at Keflavik Airport.

Dynamic Purchasing System

Procurement through dynamic purchasing systems (DPS) have increased and the company now operates four such systems. The systems cover the purchase of LED screens, new vehicles, and machinery, as well as the purchase of de-icing agents for runways and paint for runways, taxiways, and aprons. Once such a system is established, procurements are made through closed tenders within the system. Increasing the number of dynamic purchasing systems will continue to be considered in 2026. The systems help us to meet Isavia's goal of making operations carbon-neutral by 2030 and support efforts to exchange fossil-fuel vehicles for ones that burn fuel which is more environmentally friendly. The main advantages of operating these agreements are that they offer active competition. In addition, new suppliers can enter the contracts at any time during the contractual term, as long as they meet the minimum eligibility requirements set out in each individual tender.

Framework Agreements

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

Market Consultations

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



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Responsible Management of the Supply Chain

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

There were 2,645 active suppliers on Isavia's supplier list at the end of 2025. Of these, 83% were domestic suppliers and 17% were foreign suppliers. The share of the group's total business with domestic suppliers was 84% and 16% with foreign suppliers. The 10 suppliers with the highest turnover at Isavia accounted for 50% of total turnover in 2025. Among our subsidiaries, the ratio of the 10 suppliers with the highest turnover was as follows: 62% at Avians and 60% at Isavia Regional Airports.

Supplier Assessment

In 2023, a supplier assessment was conducted for the first time on the ten largest suppliers. One of the aims of the supplier assessment was to gather information on companies' environmental policy and objectives, diversity in the workplace, carbon footprint, code of conduct, work procedures, and policies on bribery and sustainable procurement. Among other things, the supplier assessment is useful for the company to better understand its supply chain and provides information that helps us identify opportunities for improvement in relation to stricter requirements for disclosure of information by companies on their value chains.

In 2026, a formal supplier assessment will be implemented at the beginning of the purchasing process, mainly for critical suppliers, with due diligence and a supplier risk assessment. In this context, a critical supplier is considered to be one which plays a key role in an operations or production process in a way that the company's operations depend on the delivery of its goods, work, or services.

Supplier Code of Conduct

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

The supplier Code of Conduct is always included in the tender documentation, in order to limit the likelihood of the use of forced, compulsory, or child labour for resources and equipment purchased in domestic and international markets. Isavia's contracts either refer to the supplier Code of Conduct or include it as an attachment.

[Code of conduct](#)



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Statement of use	Isavia's disclosure of information is in accordance with GRI Standards ""in accordance"" for the period 1 January to 31 December 2025. Reference is made to the relevant chapter in the annual report, policies and support policies published on Isavia's website.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	GRI-G4 Airport Operators Sector Disclosure

GRI Standard	Disclosure	Location	Requirements fulfilled and if not, reason for omission	Explanation	UNGC	HM
Almenn upplýsingagjöf						
GRI 2: General Disclosures 2021	2- 1 Organizational details	The Board of Directors and Corporate Governance Operations		Isavia ohf. Leifur Eiríksson Air Terminal, 235 Keflavík Airport. Avians, Nauthólsvegí 66, 102 Reykjavík. Isavia Regional Airports, Reykjavík Airport, 102 Reykjavík. Avians has operations in Greenland, Poland and Hungary through its subsidiaries Suluk and Tern Systems.		
	2- 2 Entities included in the organization's sustainability reporting	Operations		Isavia ohf. and its subsidiaries		
	2- 3 Reporting period, frequency and contact point			Isavia's annual report and financial statements cover the calendar year 2025. The date of publication in Icelandic of the annual report is 26 March 2026 and the report is published annually. Further information on the contents of the report can be found at www.kefairport.is/fyrirtaekid/hafdu-samband		
	2- 4 Restatements of information			The company's carbon footprint calculated with updated DEFRA and UOS emission factors. Calculations of the carbon footprint of take-offs and landings will change and the total emissions of flights will be used, and the software solution AirCarbon was used for the calculations. Figures for heating and electricity were recalculated for 2023 and 2024 and new figures are published in the annual report. In 2025, figures did not include figures from the Duty Free Store, but previous years did include them.		
	2- 5 External assurance	Material Sustainability Issues		The company's annual accounts are audited by the National Audit Office. Independent consultant of Ábyrgar lausnir ehf. Reviews the GRI references in the annual report.		
	2- 6 Activities, value chain and other business relationships. Additionally, for airports: Catchment area for passengers and cargo originating in the vicinity of the airport, estimated number of employees in the reporting organization, size of airport, number and length of runways, stating whether they are primary or crosswind runways, minimum connection time between flights at the airport, number of operations, number of airlines served, and number of destinations served.	Operations Value Creation Responsible Business Practices Customers Key Figures Consolidated Financial Statement				
	2- 7 Employees	Human Resources and Culture		We define Iceland as one area in our numbers. When presenting data that require breakdown of gender, the information is grouped by women or men. No employee is registered as genderqueer or otherwise in our information systems, although this possibility exists.	6	8

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GRI Standard	Disclosure	Location	Requirements fulfilled and if not, reason for omission	Explanation	UNGC	HM
GRI 2: General Disclosures 2021	2- 8 Workers who are not employees	Human Resources and Culture	Partially fulfilled. We had 14 interns during the year, 5 women and 9 men. The number of self-employed consultants working for the union is not specifically kept.		6	
	2- 9 Governance structure and composition	Governance Operations Corporate Governance Statement		Further information on the boards of directors of Isavia ohf and its subsidiaries can be found here: www.kefairport.is/fyrirtaekid/stjorn-og-stjornarhaettir-avians.is/um-okkur/stjorn-innanlandsflugvellir.is/innanlandsflugvellir/um-okkur/stjorn-og-skipulag	10	5
	2- 10 Nomination and selection of the highest governance body	The Board of Directors and Corporate Governance				5
	2- 11 Chair of the highest governance body	Corporate Governance Statement				
	2- 12 Role of the highest governance body in overseeing the management of impacts	The Board of Directors and Corporate Governance Strategy Corporate Governance Statement				
	2- 13 Delegation of responsibility for managing impacts	Strategy				
	2- 14 Role of the highest governance body in sustainability reporting	Strategy			The CEO is the controller of the annual report.	
	2- 15 Conflicts of interest	Governance Corporate Governance Statement				
	2- 16 Communication of critical concerns	Rules of Procedure for the Board of Directors		The Rules of Procedure of the Board of Directors explain how major issues are communicated to the Board. Isavia makes public some of the matters submitted to the Board of Directors, such as interim and annual financial statements, but is otherwise bound by confidentiality regarding the matters under consideration.		
	2- 17 Collective knowledge of the highest governance body	Strategy The Board of Directors and Corporate Governance		Partially met – the Board of Directors discusses sustainability issues		
	2- 18 Evaluation of the performance of the highest governance body	Governance Corporate Governance Statement				
	2- 19 Remuneration policies	Remuneration Policy				
	2- 20 Process to determine remuneration	Rule of Procedure of the Isavia ohf. Remuneration Committee				
	2- 21 Annual total compensation ratio				The ratio of the highest paid person in the company to the median total wage payments of full-time employees is 4.21. The percentage increase between 2024 and 20254 in the total wage payments of the highest paid individual and the median total wage payments of full-time employees is 0.05.	
	2- 22 Statement on sustainable development strategy	Introduction by CEO				
	2- 23 Policy commitments	Risk Management Strategy				
	2- 24 Embedding policy commitments	Risk Management Strategy				

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GRI Standard	Disclosure	Location	Requirements fulfilled and if not, reason for omission	Explanation	UNGC	HM
GRI 2: General Disclosures 2021	2- 25 Processes to remediate negative impacts	Strategy Material Sustainability Issues		The company ensures certain protection for employees who report criminal offences or other reprehensible conduct in their operations, in accordance with Act No. 40/2020, on the Protection of Whistleblowers. An employee who possesses information or data regarding violations of law or other reprehensible conduct in the group's operations must report such fact. A process has been put in place to make it easier for employees to communicate such information anonymously through the company's website.		
	2- 26 Mechanisms for seeking advice and raising concerns			No judgments or penalties have been imposed on Isavia in 2025 due to environmental or socioeconomic issues.		
	2- 27 Compliance with laws and regulations			Airport Council International (ACI), American-Icelandic Chamber of Commerce, Borealis, co-operative forum for flight navigation service providers in North-West Europe, Civil Air Navigation Services Organisation (CANSO), Danish-Icelandic Chamber of Commerce, Festa, Icelandic Centre for Corporate Social Responsibility, French-Icelandic Chamber of Commerce, Eurocontrol, Mannauður, Association of Human Resources Managers, NAT-SPG, co-operative forum of States within the ICAO NAT Region, Nordic Initiative for Sustainable Aviation (NISA), Confederation of Icelandic Employers, Association of Reykjanes Employers, Icelandic Travel Industry Association, Ský, Association of IT people, Excellence Iceland (Stjórnvísí), United Nations Global Compact.		
	2- 29 Approach to stakeholder engagement	Material Sustainability Issues				
	2- 30 Collective bargaining agreements	Human Resources and Culture				3

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Material topics						
GRI 3: Material Topics 2021	3- 1 Process to determine material topics	Material Sustainability Issues				
	3- 2 List of material topics	Material Sustainability Issues				
Economic performance						
GRI 3: Material Topics 2021	3- 3 Management of material topics	The Board of Directors and Corporate Governance				
		Risk Management Strategy Operations Value Creation Material Sustainability Issues				
GRI 201: Economic Performance 2016	201- 1 Direct economic value generated and distributed	Value Creation Consolidated Financial Statement				8
Indirect economic impacts						
GRI 3: Material Topics 2021	3- 3 Management of material topics	The Board of Directors and Corporate Governance				
		Risk Management Strategy Operations Value Creation Material Sustainability Issues				
GRI 203: Indirect Economic Impacts 2016	203- 1 Infrastructure investments and services supported Additionally, for airports: Relevance to the airport sector because of high impact on local economies	Strategy Value Creation				
	203- 2 Significant indirect economic impacts	Strategy Value Creation				8
Procurement practices						
GRI 3: Material Topics 2021	3- 3 Management of material topics	Strategy				
		Value Creation Material Sustainability Issues Responsible Business Practices				
GRI 204: Procurement Practices 2016	204- 1 Proportion of spending on local suppliers	Responsible Business Practices		We define Iceland as one area in our numbers.		8,12
Anti corruption						
GRI 3: Material Topics 2021	3- 3 Management of material topics	Strategy				
		Responsible Business Practices				
GRI 205: Anti-Corruption 2016	205- 2 Communication and training about anti - corruption policies and procedures	Strategy Responsible Business Practices		"Partially fulfilled – The Company's Code of Ethics applies to the Board of Directors and employees of the Company. All employees receive an invitation to receive electronic training on the Code of Ethics."		10
	205- 3 Confirmed incidents of corruption and actions taken			No such cases reported during the year		10

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Energy						
GRI 3: Material Topics 2021	3- 3 Management of material topics	Strategy Value Creation Material Sustainability Issues Climate				
	302- 1 Energy consumption within the organization	Climate			7,8	8,12
	302- 2 Energy consumption outside of the organization	Climate			8	8,12
GRI 302: Energy 2016	302- 4 Reduction of energy consumption	Climate			8,9	13
	Additionally, for airports: Important for airports to share sectoral best practice					
Water and effluents						
GRI 3: Material Topics 2021	3- 3 Management of material topics	Strategy Material Sustainability Issues Environment				
	303- 1 Interactions with water as a shared resource	Environment				
	303- 2 Management of water discharge- related impacts	Environment				
GRI 303: Water and Effluents 2018	303- 3 Water withdrawal	Environment				
Biodiversity						
GRI 3: Material Topics 2021	3- 3 Management of material topics	Strategy Value Creation Environment				
	GRI 304: Biodiversity 2016	304- 4 IUCN Red List species and national conservation list species with habitats in areas affected by operations		An appendix contains a table with information on the animal species that have been seen at Isavia's airports.		
Emissions						
GRI 3: Material Topics 2021	3- 3 Management of material topics	Strategy Value Creation Material Sustainability Issues Climate Environment				

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GRI 305: Emissions 2016	305- 1 Direct (Scope 1) GHG emissions	Climate			7,8	13
	305- 2 Energy indirect (Scope 2) GHG emissions	Climate			7,8	13
	305- 3 Other indirect (Scope 3) GHG emissions	Climate			7,8	13
	305- 4 GHG emissions intensity	Climate			8	13
	"305- 5 Reduction of GHG emissions Additionally, for airports: Reference to ACI - ACA Airport Carbon Accreditation Program"	Climate			8,9	13
	305- 7 Nitrogen oxides (NOx), sulfur oxides (SOx) and other significant air emissions	Environment			7,8	13
Waste						
GRI 3: Material Topics 2021	3- 3 Management of material topics	Strategy Value Creation Material Sustainability Issues Resource Utilisation Environment				
GRI 306: Effluents and waste 2016	306- 3 Significant spills	Environment			8	12
GRI 306: Waste 2020	306- 1 Waste generation and significant waste - related impacts	Resource Utilisation			8	12
	306- 2 Management of significant waste - related impacts	Resource Utilisation			8	12
	306- 3 Waste generated Additionally, for airports: Report on the weight of waste from international flights	Resource Utilisation			8	12
Employment						
GRI 3: Material Topics 2021	3- 3 Management of material topics	Strategy Value Creation Material Sustainability Issues Human Resources and Culture				
GRI 401: Employment 2016	401- 1 New employee hires and employee turnover	Human Resources and Culture		Employee turnover in 2025 was 23% (11% in 2024).	6	5,8
	401- 3 Parental leave	Human Resources and Culture	Data missing for 2025		6	5,8

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Occupational health and safety					
GRI 3: Material Topics 2021	3- 3 Management of material topics	Strategy Value Creation Material Sustainability Issues Community and Collaborations Human Resources and Culture Training and Education Safety and Protection			
GRI 403: Occupational Health and Safety 2018	403- 1 Occupational health and safety management system	Human Resources and Culture Safety and Protection			3,8
	403- 2 Hazard identification, risk assessment, and incident investigation	Safety and Protection			8
	403- 3 Occupational health services	Human Resources and Culture Safety and Protection			8
	403- 4 Worker participation, consultation, and communication on occupational health and safety	Safety and Protection			8
	403- 5 Worker training on occupational health and safety	Training and Education Safety and Protection			8
	403- 6 Promotion of worker health	Human Resources and Culture Safety and Protection			3
	403- 7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Safety and Protection			
	403- 8 Workers covered by an occupational health and safety management system	Human Resources and Culture Safety and Protection	Partially met - missing data		8
	403- 9 Work - related injuries	Safety and Protection	Partially met - missing data		
Training and education					
GRI 3: Material Topics 2021	3- 3 Management of material topics	Strategy Value Creation Material Sustainability Issues Training and Education Human Resources and Culture			
GRI 404: Training and Education 2016	404- 1 Average hours of training per year per employee	Training and Education		6	8
	404- 2 Programs for upgrading employee skills and transition assistance programs	Training and Education		6	8
	404- 3 Percentage of employees receiving regular performance and career development reviews	Human Resources and Culture		6	8

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Diversity and equal opportunity						
GRI 3: Material Topics 2021	3- 3 Management of material topics	Strategy Value Creation Material Sustainability Issues Human Resources and Culture				
GRI 405: Diversity and Equal Opportunity 2016	405- 1 Diversity of governance bodies and employees	Human Resources and Culture	Partially met. Item b is not classified by job title only age		6	5,8
	405- 2 Ratio of basic salary and remuneration of women to men	Human Resources and Culture			6	5,8 10
Non-discrimination						
GRI 3: Material Topics 2021	3- 3 Management of material topics	Strategy Value Creation Material Sustainability Issues Human Resources and Culture				
GRI 406: Nondiscrimination 2016	406- 1 Incidents of discrimination and corrective actions taken	Human Resources and Culture		In 2025, no cases were reported concerning the company's policy and rules on the social environment and psychosocial aspects.	6	5,8
Forced or compulsory labor						
GRI 3: Material Topics 2021	3- 3 Management of material topics	Strategy Value Creation Material Sustainability Issues Human Resources and Culture Responsible Business Practices				
GRI 409: Forced or Compulsory Labor 2016	409- 1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Responsible Business Practices Supplier Code of Conduct			4	8,12
Human Rights						
GRI 3: Material Topics 2021	3- 3 Management of material topics	Strategy Value Creation Material Sustainability Issues Human Resources and Culture Responsible Business Practices				
GRI 412: Human Rights Assessment	412- 3 Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Responsible Business Practices Supplier Code of Conduct			2	12

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Local communities						
GRI 3: Material Topics 2021	3- 3 Management of material topics	Strategy Value Creation Material Sustainability Issues Community and Collaborations Construction and Development				
GRI 413: Local Communities 2016	413- 1 Operations with local community engagement, impact assessments, and development programs	Strategy Value Creation Construction and Development			1	17
	413- 2 Operations with significant actual and potential negative impacts on local communities	Strategy Value Creation Construction and Development			1	
Public policy						
GRI 3: Material Topics 2021	3- 3 Management of material topics	Strategy Code of Ethics				
GRI 415: Public policy 2016	415- 1 Political contributions	Strategy Code of Ethics	Isavia does not participate in political activities			
Customer privacy						
GRI 3: Material Topics 2021	3- 3 Management of material topics	Strategy Material Sustainability Issues Safety and Protection				
GRI 418: Customer Privacy 2016	418- 1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Safety and Protection				
GRI- G4 Airport Operators Sector Disclosure						
GRI A01	Total number of passengers annually, broken down by passengers on international and domestic flights and broken down by origin and destination and transfer, including transit passengers	Key Figures				
GRI A02	Annual total number of aircraft movements by day and by night, broken down by commercial cargo, general aviation and state aviation flights	Key Figures	Total number of movements not broken down by time of day.			
GRI A03	Total amount of cargo tonnage	Key Figures				
GRI A04	Quality of storm water by applicable regulatory standards	Environment	Partially met - missing data			
GRI A05	Ambient air quality levels according to pollutant concentrations in microgram per m ³ or parts per million (ppm) by regulatory regime	Environment				13
GRI A06	Aircraft and pavement de- icing /anti- icing fluid used and treated by m ³ and/or tonnes	Resource Utilisation				12,13
GRI A07	Number and percentage change of people residing in areas affected by noise	Environment				
GRI A08	Number of persons physically or economically displaced, either voluntarily or involuntarily, by the airport operator or on its behalf by governmental or other entity, and compensation provided			No such cases reported		
GRI A09	Total annual number of wildlife strikes per 10.000 aircraft movements	Environment				

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

Species	Scientific name	Iceland	Legal status in Iceland	IUNC Red List
Reindeer	Rangifer tarandus	Not applicable (NA)	Protected except with special hunting permits during the period from July 15 to September 20	Vulnerable (VU)
Rabbit	Oryctolagus cuniculus	Not applicable (NA)	Unprotected	Not applicable (NA)
Cat	Felis silvestris catus	Not applicable (NA)	Unprotected	Not applicable (NA)
Mink	Mustela vison	Not applicable (NA)	Unprotected	Least concern (LC)
Sheep	Ovis aries	Not applicable (NA)	Unprotected	Data deficient (DD)
Swan	Cygnus cygnus	Least concern (LC)	Protected	Least concern (LC)
Pink-footed Goose	Anser brachyrhynchus	Least concern (LC)	Protected except in the period 20 August – 15 March	Least concern (LC)
Barnacle Goose	Branta leucopsis	Least concern (LC)	Protected except in the period 1 September - 15 March	Least concern (LC)
Black-headed Gull	Larus ridibundus	Least concern (LC)	Protected except in the period 1 September - 15 March	Least concern (LC)
Snipe	Gallinago gallinago	Least concern (LC)	Protected	Least concern (LC)
White Wagtail	Motacilla alba	Least concern (LC)	Protected	Least concern (LC)
Arctic Fox	Vulpes lagopus	Least concern (LC)	Protected in only protected areas	Least concern (LC)
Redwing	Turdus iliacus	Least concern (LC)	Protected	Least concern (LC)
Starling	Sturnus vulgaris	Least concern (LC)	Protected	Least concern (LC)
Wheatear	Oenanthe oenanthe	Least concern (LC)	Protected	Least concern (LC)
Mallard	Anas platyrhynchos	Least concern (LC)	Protected except in the period 1 September - 15 March	Least concern (LC)
Common Gull	Larus canus	Least concern (LC)	Protected	Least concern (LC)
Meadow Pipit	Anthus pratensis	Least concern (LC)	Protected	Least concern (LC)
Fulmar	Fulmarus glacialis	At risk (EN)	Protected except in the period 1 September - 15 March	Least concern (LC)
Glaucous Gull	Larus hyperboreus	At risk (EN)	Protected except in the period 1 September - 15 March	Least concern (LC)
Arctic Skua	Stercorarius parasiticus	At risk (EN)	Protected except around protected eider nesting in the period 15 April – 14 July	Least concern (LC)
Short-eared Owl	Asio otus	Vulnerable (VU)	Protected	Least concern (LC)
Golden Plover	Pluvialis apricaria	Vulnerable (VU)	Protected	Least concern (LC)
Raven	Corvus corax	Vulnerable (VU)	Unprotected	Least concern (LC)
Arctic Tern	Sterna paradisaea	Vulnerable (VU)	Protected	Least concern (LC)
Kittiwake	Rissa tridactyla	Vulnerable (VU)	Protected except in the period 1 September - 15 March	Vulnerable (VU)
Snow Bunting	Plectrophenax nivalis	Vulnerable (VU)	Protected	Least concern (LC)
Whimbrel	Numenius phaeopus	Vulnerable (VU)	Protected	Least concern (LC)
Redshank	Tringa totanus	Vulnerable (VU)	Protected	Least concern (LC)
Eurasian oystercatcher	Haematopus ostralegus	Vulnerable (VU)	Protected	Near threatened (NT)
Eider duck	Somateria mollissima	Near threatened (NT)	Protected	Near threatened (NT)
Greylag Goose	Anser anser	Near threatened (NT)	Protected except in the period 20 August – 15 March	Least concern (LC)
Black-tailed Godwit	Limosa limosa	Near threatened (NT)	Protected	Near threatened (NT)
Wigeon	Mareca penelope	Near threatened (NT)	Protected except in the period 1 September - 15 March	Least concern (LC)
Ptarmigan	Lagopus muta	Near threatened (NT)	Protected except for a few days the autumn according to regulations	Least concern (LC)
Herring Gull	Larus argentatus	Near threatened (NT)	Unprotected	Least concern (LC)
Lesser Black-backed Gull	Larus fuscus	Near threatened (NT)	Unprotected	Least concern (LC)

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Isavia ohf.

Consolidated Financial Statements

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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.

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Statement by the Board of Directors and Managing Director

Isavia ohf. (“the consolidated company”) is a state-owned limited company and operates on the basis of Act No. 2/1995 on limited companies. Its domicile is at Flugstöð Leifs Eiríkssonar at Keflavíkurlugvöllur but its venue is in Hafnarfjörður.

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

The consolidated accounts for 2025 are prepared in accordance with International Financial Reporting Standards (IFRS) as approved by the European Union as well as with supplementary requirements in the Annual Accounts Act. The Consolidated Financial Statements are presented in Icelandic krona (ISK), which is the functional currency of the Consolidation. All amounts are in ISK thousands, unless stated otherwise.

Operations in 2025

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

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

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

Share capital

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

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

Governance

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

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

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

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

Statement by the Board of Directors and Managing Director

Ownership policy

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

Future prospects

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

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

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

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

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

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

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

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

Statement by the Board of Directors and Managing Director

Social responsibility and non-financial information

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

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

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

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

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

The statement of the Board and Managing Director

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

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

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

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

Hafnarfjörður, March 12th 2026

Board of Directors

Steinþór Pálsson
chairman of the Board

Gréta María Grétarsdóttir
board member

Hera Grímsdóttir
board member

Marta Jónsdóttir
board member

Ómar Svavarsson
board member

Managing Director

Sveinbjörn Indriðason

REPORT OF THE ICELANDIC NATIONAL AUDIT OFFICE

To the Board of Directors and Shareholders of Isavia ohf.

Opinion

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

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

Basis for opinion

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

Other information

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

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

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

In preparing the Consolidated Financial Statements, the Board of Directors and the CEO are responsible for assessing Isavia ohf.'s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors and the CEO either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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

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

The objectives of The Auditor General are to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes The Auditor General's opinion on the Consolidated Financial Statements. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken based on these Consolidated Financial Statements.

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

- Identifies and assesses the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

REPORT OF THE ICELANDIC NATIONAL AUDIT OFFICE

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

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

The INAO communicates with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during the audit.

The Icelandic National Audit Office,
March 12th, 2026

Guðmundur Björgvin Helgason,
The Auditor General

Income statement and other comprehensive income for the year 2025

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

Statement of Financial Position as at December 31st 2025

Assets

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

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

Statement of Changes in Equity 2025

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

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

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

Statement of Cash Flows 2025

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

* Comparative figures have been restated see note 3.

Notes

1. General information

Isavia ohf. was established in the beginning of 2010 with a merger between Flugstodir ohf. and Keflavíkurlflugvöllur ohf. Isavia ohf. is a government owned private limited company and complies with the Icelandic limited companies law No. 2/1995. The company's domicile is at Flugstöð Leifs Eiríkssonar at Keflavíkurlflugvöllur but its legal venue is in Hafnarfjörður.

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

The Consolidated Financial Statements of Isavia ohf. consist of the parent company and its subsidiaries. Companies within the consolidation are in addition to Isavia ohf., Isavia ANS ehf., Isavia Innanlandsflugvellir ehf., Fríhöfnin ehf., Tern Systems ehf., Tern Branch Hungary and Suluk ApS in Greenland.

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

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

2. Basis of accounting

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

New and amended standards adopted by the group

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

New standards and interpretations not yet adopted

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

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

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

Annual improvements to IFRS accounting standards.

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

Notes

3. Changes in classification and restatement of comparative figures

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

Efnahagsreikningur

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

Notes

4. Accounting assessment

In preparing consolidated financial statements, management is required, in accordance with International Accounting Standards, to make decisions, estimates and conclusions that affect the assets and liabilities at the reporting date, the disclosures in the notes and income and expenses. The assessment and conclusions are based on experience and various other factors that are considered relevant and form the basis of the decisions made on the book value of assets and liabilities that are not otherwise available. Actual value may differ from management's estimates. Accounting estimate consists of an assessment of the life of assets and allowance for doubtful accounts of the trade receivables and inventories, see note no. 12, 13, 17 and 18.

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

5. Operating revenues

The consolidated composition of revenues, is specified as follows

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

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

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

6. Cost of goods sold

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

7. Salaries and related expenses

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

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

Notes

8. Fees to auditors

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

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

9. Other operating expenses

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

10. Financial income and expenses

Financial income

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

Financial expenses

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

Net exchange rate differences

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

11. Income tax

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

The effective tax rate is specified as follows:

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

Notes

12. Property, plant and equipment

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

Estimated useful lives of fixed assets are as follows:

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

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

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

Information about the revalued properties in year-end:

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

Notes

12. Property, plant and equipment (continued)

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

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

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

13. Intangible assets and amortization

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

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

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

Notes

14. Leases agreements

The group leases real estate and plots of land for its operations that fall under the accounting standard IFRS 16 Leases. The contractual rental period for real estate is 10 years plus one indefinite contract. The company has a pre-lease right for 5 years after the end of the contract period. The open-ended real estate contract has a 6-month notice period on both sides. The contractual lease period for land is between 42 and 48 years.

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

	Property and land	
Right-of-use assets		
Carrying amount on January 1st 2024		277.088
Adjustments for indexed leases		20.882
New or renewed leases		322.539
Depreciation		(126.866)
Carrying amount on January 1st 2025		493.643
Adjustments for indexed leases		17.628
New or renewed leases		1.008.707
Depreciation		(140.314)
Carrying amount on December 31st 2025		1.379.665
Amounts recognised in income statement	2025	2024
Depreciation expense from right-of-use assets	140.314	126.866
Interest expense on lease liabilities	54.168	23.627
Total amount recognised in income statement	194.482	150.493
Payment of leases for the year	185.688	146.336
Lease liabilities		
Lease liabilities, long-term	1.315.984	403.733
Lease liabilities, current maturities next 12 months among current liabilities	89.509	106.945
	1.405.494	510.678
Lease liabilities		
Maturity analysis, undiscounted lease payments	31.12.2025	31.12.2024
Less than 1 year	200.802	128.562
Later than 1 year and not later than 5 years	780.266	218.967
Later than 5 year	2.153.262	308.451
	3.134.330	655.980

Notes

15. The Consolidation

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

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

16. Bonds and other long term receivable

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

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

17. Inventories

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

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

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

Notes

18. Other financial assets

Accounts receivables

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

Allowance for doubtful accounts

Changes in the allowance for doubtful accounts:

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

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

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

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

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

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

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

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

Notes

18. Other financial assets (continued)

Other receivables

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

Cash and cash equivalents

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

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

19. Equity

Share capital is specified as follows:

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

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

Statutory reserves

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

Revaluation reserves

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

Restricted reserves

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

20. Loans from credit institutions

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

Change in liabilities for the year is following:

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

Notes

20. Loans from credit institutions (continued)

Instalments of loans from credit institutions are specified as follows:

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

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

21. Other provisions

	31.12.2025	31.12.2024
Demolition obligations	195.000	0

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

22. Deferred tax assets (-credit)

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

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

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

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

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

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

Notes

23. Other financial liabilities

Accounts payable

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

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

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

Current maturities of long-term liabilities

	31.12.2025	31.12.2024
Loans from credit institutions	3.000.000	0

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

Næsta árs afborganir langtímaskulda

	31.12.2025	31.12.2024
Loans from credit institutions	1.604.187	1.570.294

Other current liabilities

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

24. Financial risk

Financial instruments

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

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

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

Notes

24. Financial risk (continued)

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

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

Risk management

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

Interest rate risk

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

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

Sensitivity analysis

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

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

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

Foreign currency risk

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

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

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

Notes

24. Financial risk (continued)

Foreign currency risk 31.12.2025

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

Foreign currency risk 31.12.2024

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

Sensitivity analysis

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

Effects on profit or loss and equity

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

Counterparty risk

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

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

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

Capital management

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

Notes

24. Financial risk (continued)

Liquidity risk management

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

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

Operational risk

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

25. Other issues

Revenues of International Air Navigation Services

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

Court Proceedings

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

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

Notes

26. Other obligations

Operating license

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

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

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

Service agreements

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

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

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

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

Insurance

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

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

The directors and officers liability is ISK 300 million.

Employees obligations

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

27. Events after the reporting period

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

Notes

28. Related parties

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

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

29. Consolidated ratios

From Statement of Comprehensive Income:

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

From Balance sheet:

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

Notes

30. Summary of Significant Accounting Policies

Consolidation

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

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

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

Risk management

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

Revenue recognition

Revenue recognition

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

Air navigation - Isavia ANS ehf.

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

Domestic airports - Isavia Innanlandsflugvöllir ehf.

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

Keflavik airport - Isavia ohf.

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

Frihöfnin ehf. (Duty Free Store)

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

Other subsidiaries

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

Lease income

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

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

Notes

30. Summary of Significant Accounting Policies (continued)

Revenue recognition (continued)

Lease income (continued)

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

Payment terms

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

Recognition of expenses

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

Construction contracts

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

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

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

Foreign currencies

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

Borrowing costs

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

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

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

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

Income tax

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

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

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

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

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

Notes

30. Summary of Significant Accounting Policies (continued)

Property, plant and equipment

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

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

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

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

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

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

Intangible assets

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

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

Shares in other companies

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

Leases

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

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

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

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

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

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

Notes

30. Summary of Significant Accounting Policies (continued)

Impairment

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

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

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

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

Inventories

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

Cash and cash equivalents

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

Provisions

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

Financial assets

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

Financial assets at amortized cost

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

Effective interest method

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

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

Notes

30. Summary of Significant Accounting Policies (continued)

Financial assets (continued)

Investments held to maturity

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

Loans and receivables

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

Impairment of financial assets

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

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

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

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

Derecognition of financial assets

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

Financial liabilities and equity instruments

Financial liabilities

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

Derecognition of financial liabilities

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

Notes

31. Segment reporting

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

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

Segment information year 2025

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

Notes

31. Segment reporting (continued)

Segment information year 2024

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

Appendix I Statement of Governance

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

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

Laws and regulations

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

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

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

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

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

Risk management and internal control

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

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

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

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

The Board

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

Appendix I Statement of Governance

The activities and rules of procedure of the board of directors

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

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

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

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

The evaluation of the work of the board of directors

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

The appointment of Isavia board of directors 2025–2026

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

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

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

Appendix I Statement of Governance

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

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

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

Board alternates

Sigrún Dóra Sævinsdóttir
Bjarni Herrera

CEO

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

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

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

The company's financial statements

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

Appendix I Statement of Governance

Subcommittees

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

Remuneration committee

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

Audit committee

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

Arrangements for shareholder and board of directors relations

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

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

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

Appendix II Non-financial disclosure

The business model

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

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

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

Strategy

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

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

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

Key metrics

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

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

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

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

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

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

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

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

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

Appendix II Non-financial disclosure

Sustainability

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

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

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

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

Environmental issues

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

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

Code of conduct

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

Appendix II Non-financial disclosure

Human resources

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

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

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

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

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

Risk management

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

Annual report

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

EU Taxonomy reporting

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

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

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

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

Appendix II Non-financial disclosure

Definitions

The environmental objectives of the EU Taxonomy Regulation are six:

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

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

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

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

Eligible business operations in accordance with the EU taxonomy regulation

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

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

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

Climate change mitigation (CCM):

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

Transition to a circular economy (CE):

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

Pollution prevention and control (PPC):

- 2.4 Remediation of contaminated sites and areas

Eligible activities covered by EU Taxonomy

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

Appendix II Non-financial disclosure

Minimum safeguards

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

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

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

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

Key performance indicators

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

Turnover

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

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

Capital expenditure

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

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

Operational expenditure

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

Appendix II Non-financial disclosure

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

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

Tables presenting key performance indicators follow.

EU Taxonomy

TURNOVER

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

A. TAXONOMY-ELIGIBLE ACTIVITIES

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

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

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

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

B. TAXONOMY-NON-ELIGIBLE ACTIVITIES

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

EU Taxonomy

CAPITAL EXPENDITURE

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

A. TAXONOMY-ELIGIBLE ACTIVITIES

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

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

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

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

B. TAXONOMY-NON-ELIGIBLE ACTIVITIES

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

EU Taxonomy

OPERATING EXPENDITURE

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

A. TAXONOMY-ELIGIBLE ACTIVITIES

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

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

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

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

B. TAXONOMY-NON-ELIGIBLE ACTIVITIES

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



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