



ANNUAL REPORT 2025

ISLAND AVIATION SERVICES LIMITED

INTRODUCTION

The financial year 2025 marks a significant milestone for Island Aviation Services Limited (IASL), as the Company celebrates 25 years of operations and service excellence. Over the years, IASL has played a vital role in enhancing national connectivity, supporting the growth of the tourism industry, and contributing to the economic development of the Maldives.

IASL continues to align its operations with national priorities, focusing on delivering value through

efficient service delivery, operational excellence, and strategic growth initiatives.

This Annual Report provides a comprehensive and structured overview of the Company's performance during the year under review. It covers key areas including operational and financial performance, corporate governance, human capital development, sustainability initiatives, and strategic progress, offering a clear and transparent account of IASL's achievements and future direction.



OPERATIONAL HIGHLIGHTS





Introduction of A330 wide body Aircraft



Launching Event of China Route



Onboarding Aerial Isles Magazine



Launching Event of HAQ-BLR Route



IASL Participated in Aviation Forum



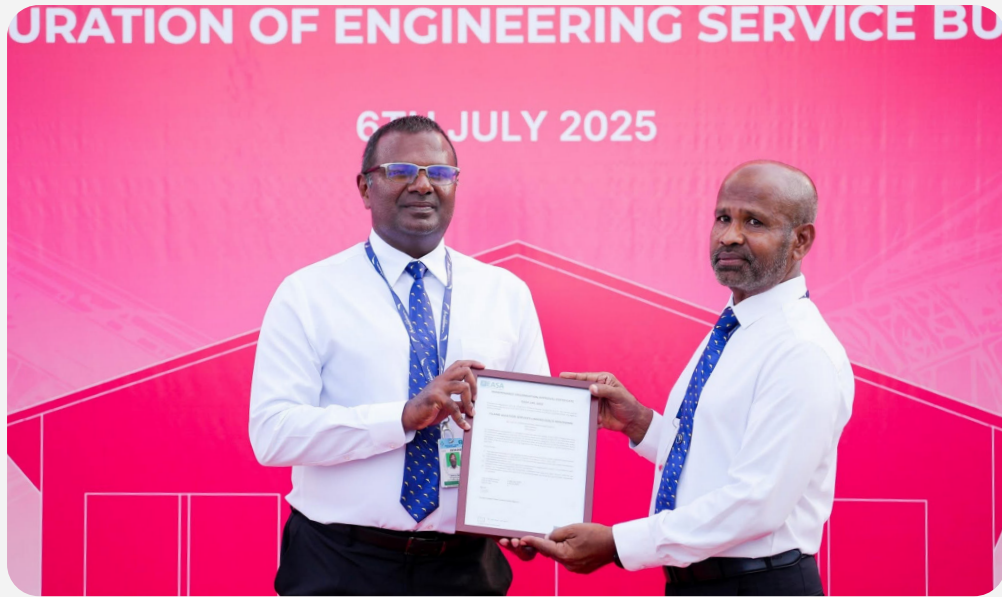
IASL Participated in Maldives EXPO



Muli Airport Inauguration



Arrival of 5th ATR Aircraft



Engineering Building Opening



Shenzhen Route Launch



First Flight Inauguration to Terminal 1



Inauguration Of The Apron Extension And The Groundbreaking Of The Terminal Building Extension At Maafaru International Airport



Kamadhoo Inauguration flight



25th Anniversary Celebration



Groundbreaking ceremony for IASL new office building, marking the beginning of an exciting new chapter



Participated in Hajj Umra Conference and Exhibition



IASL successfully obtained EASA Part145 certification

IASL successfully obtained EASA Part145 certification, becoming the first organisation in the Maldives to receive this internationally recognised approval. This milestone positions the Engineering Division to provide certified maintenance services for European-registered aircraft, strengthening IASL's global standing in aviation safety and compliance.



IASL Introduced Udemy, A Digital Learning Platform



Strategic Plan Review

A dedicated strategic planning session was conducted during the year, where the Board and senior management reviewed the company's long-term strategic plan.

CHAIRMAN'S STATEMENT

Dear Shareholders, Stakeholders, and Members of the Maldivian Family,

On behalf of the Board of Directors, I am pleased to present the Annual Report of Island Aviation Services Limited for the year ended 31 December 2025.

A Year of Recovery and Transformation

The year 2025 was one of the most significant and transformative in the Company's history. It was a year marked by strategic investments, operational achievements, and important milestones that strengthened Maldivian's position as the national airline while laying the foundation for sustained international growth.

I am particularly pleased to report that the Company concluded the financial year with a net profit, marking its first profitable year since 2019. This achievement represents a major milestone in our recovery following the unprecedented challenges brought about by the COVID-19 pandemic, after which the Company experienced consecutive years of financial losses. Returning to profitability is a testament to the resilience of our organisation, the dedication of our employees, and the sound strategic direction provided by the Board and Management in restoring the Company's financial sustainability.

Strengthening Our Strategic Position

A defining achievement of the year was the introduction of Maldivian's first Airbus A330-200, marking our entry into wide-body operations and opening a new chapter in the airline's history. This milestone enabled the launch of direct services to key Chinese cities, significantly enhancing connectivity between the Maldives and one of its most important tourism source markets. Together with expanded passenger and cargo capacity, these developments strengthen the airline's contribution to tourism, trade, and national economic development while positioning Maldivian for long-term international growth.

Beyond fleet expansion, the Company achieved several other important milestones. We officially opened our new Engineering Facility, significantly enhancing our maintenance capability and supporting the future growth of engineering services. This

was complemented by the achievement of EASA Part-145 certification, making IASL the first organisation in the Maldives to receive this internationally recognised approval and positioning our Engineering Division to provide maintenance services to European-registered aircraft. We also commenced construction of the Company's first purpose-built Corporate Headquarters, a significant investment that will improve operational efficiency, strengthen collaboration, and support the continued growth of the organisation.

Investing in the Future

The strategic investments undertaken during the year represent an important step in transforming Maldivian into a stronger, more competitive airline. While these initiatives required considerable capital commitment, they have strengthened the Company's long-term growth prospects and positioned us to seize new commercial opportunities. The Board remains committed to prudent financial management, operational excellence, and delivering sustainable value to our shareholders.

Supporting National Development

As the national airline, we continue to play a vital role in connecting our islands, supporting tourism, facilitating trade, and providing essential air services to communities across the Maldives. As we expand internationally, we remain equally committed to maintaining reliable domestic connectivity and fulfilling our national responsibilities. We remain proud of the role Maldivian continues to play in supporting the country's economic development and strengthening the Maldives' connectivity with the world.

Governance and People

The Board continues to uphold the highest standards of corporate governance, accountability, and safety as we guide the Company through this important phase of growth.

I extend my sincere appreciation to my fellow Board members for their strategic oversight, sound guidance, and unwavering commitment in steering the Company through this transformative year. I also thank our Managing Director for his dedicated leadership and our employees for their professionalism and



tireless efforts, which have been instrumental in achieving the Company's strategic objectives. Finally, I express my gratitude to our shareholders, customers, Government, business partners, and all stakeholders for their continued trust and support.

Looking Ahead

Looking ahead, we remain focused on strengthening profitability, optimising our international operations, completing the new Corporate Headquarters, enhancing customer experience, and continuing to invest in our people, infrastructure, and operational excellence.

The foundations established during 2025 position Island Aviation Services Limited for continued growth, enabling us to build a stronger, more resilient, and internationally competitive national airline. On behalf of the Board of Directors, I thank you for your continued confidence in the Company, and I look forward to another year of progress as we continue connecting the Maldives with the world.

Ahmed Shafeeu
Chairman

MANAGING DIRECTOR'S STATEMENT

A Defining Year: Celebrating 25 Years of Maldivian

The year 2025 has been a defining chapter in Maldivian's journey, a year of growth, resilience and transformation, made especially significant as we celebrated 25 years of serving the Maldives as the national airline.

This milestone provided an opportunity to reflect on how far we have come and, more importantly, to look ahead to the future we are building. Over the past 25 years, Maldivian has grown alongside the nation, connecting islands and communities, supporting tourism and economic activity, and progressively extending the Maldives' connectivity to international markets.

Despite an evolving and increasingly complex operating environment, our employees continued to demonstrate exceptional professionalism, teamwork and resilience. Their commitment enabled us to achieve several historic milestones during 2025, strengthening our position as the national airline and reaffirming our role in supporting the economic and social development of the Maldives.

One of the most significant achievements of the year was the introduction of our first Airbus A330 and the commencement of widebody operations, representing a transformational step in Maldivian's development. The A330 substantially expanded our operational capabilities, increased passenger and cargo capacity, and provided the platform for longer-haul international growth. During the year, our international network expanded with new services to China, and Jeddah, strengthening the Maldives' connectivity with key tourism and travel markets.

The introduction of widebody operations is more than a fleet milestone. It represents the beginning of a new chapter in which IASL is increasingly positioned to carry the nation's flag further into international markets and contribute more directly to the continued development of the Maldives' tourism industry.

While expanding internationally, we remained equally focused on our fundamental responsibility to connect the islands and communities of the Maldives. The addition of our fifth ATR 42-600 during the year represented another important step in our fleet modernization programme. The continued expansion of our ATR fleet strengthens our ability to deliver efficient, reliable and comfortable domestic services while progressively modernizing the aircraft supporting our nationwide network.

The operational achievements of 2025 were accompanied by a significant improvement in the Company's financial performance. 2025 marked our return to profitability and represents a significant financial milestone for the Company, following several challenging years since 2019. This achievement is particularly significant considering the scale of transformation undertaken during the year, including the introduction of widebody operations, international network expansion, fleet modernization and continued investment in operational capability.

A landmark achievement in 2025 was IASL obtaining EASA part 145 approval, making us the first organization in the Maldives to achieve this certification. The approval by the European Union Aviation Safety Agency authorizes IASL to provide maintenance services for European registered aircraft and represents an important advancement in our ability to service international airline customers. It also reflects professionalism, technical expertise and commitment of our engineering teams to meeting internationally recognized aviation maintenance and safety standards. Another significant milestone during the year was the inauguration of our new Engineering Service Building. The facility strengthens the environment in which our engineering and technical teams operate and supports our growing fleet and increasingly complex operational requirements.

We also progressed plans for a new Corporate Head Office. On 8 September 2025, the groundbreaking ceremony for IASL's new office building was held,



representing an important long-term investment in bringing our people and corporate functions together and creating an organizational environment capable of supporting the next stage of Island Aviation Services Limited's development.

These investments are an important part of building a stronger institutional foundation for IASL and ensuring that our infrastructure develops alongside our fleet, network and workforce.

None of these achievements would have been possible without our people. Every employee, regardless of role or location, contributed to the progress we achieved in 2025. Whether serving passengers in the air, supporting our operations on the ground, maintaining our fleet, operating our aircraft, managing critical systems, developing our network or representing Maldivian across our destinations, our employees demonstrated extraordinary dedication throughout a period of significant change.

Our people remain our greatest strength and the driving force behind every accomplishment of Maldivian. As we grow, investing in their development, capabilities and wellbeing will remain fundamental to our success.

We recognize that challenges will continue to shape the aviation industry. However, with a stronger financial foundation, an experienced workforce and a clear strategic direction, I am confident in our

ability to navigate these challenges while creating sustainable value for our shareholder, customers, employees and the nation.

On behalf of the Management team, I extend my sincere appreciation to our employees for their unwavering dedication, to our valued customers for their continued trust and loyalty, to our business partners for their collaboration, and to the Government of the Maldives, our shareholder and all stakeholders for their continued support.

Twenty-five years into our journey, IASL enters the future stronger, more capable and more connected. Together, we will continue to build a resilient and sustainable national airline, one that connects our islands, carries the Maldives to the world and serves our nation with pride for generations to come.

Ibrahim Iyas
Managing Director



COMPANY OVERVIEW

Island Aviation Services Limited (IASL) was established by Presidential decree with the mandate to manage and operate the national airline of the Maldives. The Company is incorporated under the Companies Act of the Maldives and operates as a government-owned enterprise. IASL is committed to delivering high standards of service to its passengers and airline partners through continuous modernization, the adoption of advanced technologies, and the development of a skilled and motivated workforce.

Operating under its brand, "Maldivian" the national airline provides extensive inter-island connectivity across the Maldives, as well as international services to key destinations including India and China. All operations are primarily conducted from its main hub at Velana International Airport, supporting both domestic mobility and international travel.



AIRLINE'S CORE BUSINESS



Airline Services



Airport
Management &
Operations



Engineering & Line
Maintenance Services



Cargo Services



Airport Lounge
Services



Maldivian Holidays



Maldivian
Seaplane Services



VISION

The friendliest Airline with unparalleled excellence.

MISSION

Provide total customer satisfaction in the Airline Industry through innovative domestic and regional operations to the highest standards of professionalism and commitment.

CORE VALUES

Excellence

We strive to achieve service excellence in all areas of our business by maintaining the highest professional standards in our work and aim to be the best.

Customers

Our customers are most important in our business, and our aim is not merely to meet expectations but to consistently exceed them.

Safety

Safety is paramount in all our operations. We adopt practices that promote safety of our customers and staff.

Teamwork

We work with pride as a team to excel in our work and achieve success.



FLEET



Airbus A330-200

Number of Aircraft	1
Passenger Capacity	264



Airbus A320

Number of Aircraft	1
Passenger Capacity	152



DHC-8-300

Number of Aircraft	6
Passenger Capacity	50



DHC-8-200

Number of Aircraft	2
Passenger Capacity	37



ATR-72-600

Number of Aircrafts	2
Passenger Capacity	70



ATR-42-600

Number of Aircraft	3
Passenger Capacity	46



DHC-6 Twin Otter

Number of Aircraft	11
Passenger Capacity	15

AIRPORT MANAGEMENT



Maafaru International Airport

A premier northern hub in Noonu Atoll, linking international and domestic flights to world-class resorts.



Ifuru Airport

Gateway to Raa Atoll and nearby islands, offering convenient connections for residents and travelers.



Dharavandhoo Airport

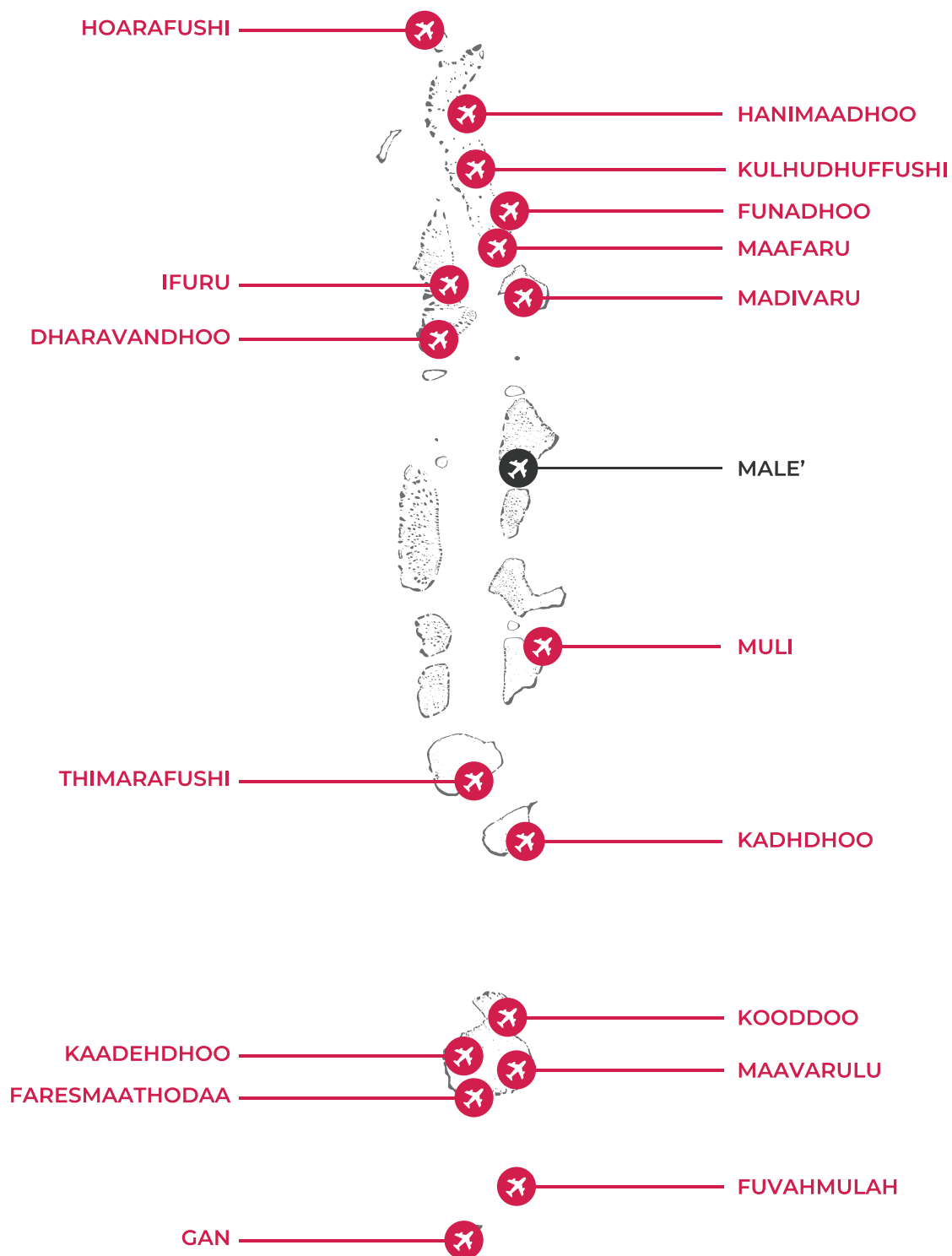
Serving Baa Atoll's UNESCO Biosphere Reserve, providing easy access to renowned resort destinations.



Thimarafushi Airport

Connecting Thaa Atoll to Malé and central regions, enabling smooth travel for business and community needs.

DOMESTIC NETWORK



INTERNATIONAL NETWORK



In addition, our company provides charter flights, special medical evacuation flights, and cargo flights upon request in addition to regularly scheduled commercial flights.

BOARD OF DIRECTORS



Ahmed Shafeeu

Chairman

Mr. Ahmed Shafeeu was appointed to the Board on 23 January 2025. He is a seasoned leader with extensive experience in governance, education, and strategic management. He holds a Master's degree in Education from La Trobe University, Australia, and has consistently contributed to national development through education reform and policy initiatives.

He currently serves as Minister of State for Education, Higher Education and Skills Development, where he plays a pivotal role in shaping national strategies for workforce readiness and lifelong learning. Mr. Shafeeu has previously held key ministerial positions, including holding the Cabinet portfolio as Minister of Fisheries and Agriculture, and has led significant initiatives in education, human capital development, and public policy. In 2025, he undertook specialized executive education in aviation governance, aviation auditing, and sustainable risk and safety management, further strengthening his expertise in aviation governance and risk oversight.

Mr. Shafeeu also brings prior leadership experience, having served as Chairman of IASL from 2014 to 2018. His strong background in governance, policy, and strategic planning equips him to provide visionary leadership to effectively lead the Board.



Ibrahim Iyas

Managing Director / Executive Director

Mr. Ibrahim Iyas was appointed to the Board on 28 November 2023. He holds a Master of Engineering (Hons) in Aeronautical Engineering from Imperial College London, one of the world's leading institutions in aviation and engineering. He has also completed the Directors Training Programme by CMDA and the PCB Directors Programme, enhancing his expertise in corporate governance and board leadership.

Mr. Iyas began his aviation career as an Airworthiness Engineer at the Civil Aviation Department before joining IASL in 2008 as Manager of Safety and Quality. Over the years, he has held several senior leadership roles, including Head of Safety and Quality, Head of Engineering, and Director of Quality. His career trajectory reflects a deep commitment to operational excellence and regulatory compliance.

Prior to his appointment as Managing Director, Mr. Iyas served as Chief Operating Officer, where he oversaw the airline's operational functions and drove improvements in safety, efficiency, and service delivery. He has also served as a Board Director at Maldives Airports Company Limited, further broadening his governance experience in the aviation sector.

With his strong technical background, proven leadership, and extensive operational expertise, Mr. Iyas brings a unique blend of engineering knowledge and executive management skills to the Board, ensuring strategic oversight and sustainable growth for IASL.

BOARD OF DIRECTORS



Ali Saleem

Deputy Managing Director / Executive Director

Mr. Ali Saleem was appointed to the Board on 8 February 2024. He holds an Advanced Diploma in Teaching Education from Open University Malaysia.

He previously served as a Member of Parliament for Sh. Funadhoo Constituency and as Atoll Chief of GA Atoll. He has also worked as a Senior Teacher Educator at the Centre for Continuing Education and Faculty of Education. His experience includes coordinating the World Bank-funded Integrated Human Development Project (IHDP), supporting school development and teacher capacity-building in H.Dh. Shaviyani and Meemu Atolls.



Abdulla Saeed

Non-Executive Director

Mr. Abdulla Saeed was appointed to the Board on 26 December 2023. He is an accomplished professional with extensive experience in public service and currently serves as a Superintendent at the Maldives Customs Service.

Mr. Saeed holds a Master of Business Administration (MBA) from Open University Malaysia and a Bachelor of Information Technology from the Maldives College of Higher Education. He has also successfully completed the Singapore Institute of Directors (SID) - Singapore Management University (SMU) Diploma in Directorship Programme, further strengthening his expertise in corporate governance, board leadership, and strategic oversight.

He has completed several aviation-related programmes conducted by IATA, including Airline Business Foundations, Airline Financial Management, and Advanced Airport Operations. He has previously served as a Board Director of Maldives Tourism Development Corporation Plc and State Trading Organisation Plc.

With a strong background in administration, information technology, and organizational management, Mr. Saeed brings valuable experience in governance, operational excellence, and strategic decision-making to the Board.

Currently, he is the Chairperson of the Audit and Risk Management Committee and is a member of the Governance and Remuneration Committee.

BOARD OF DIRECTORS



Ahmed Aboobakuru
Non-Executive Director

Mr. Ahmed Aboobakuru was appointed to the Board on 26 December 2023. He is an experienced entrepreneur with over 25 years of service in both public and private sectors. He began his career at the Ministry of Home Affairs and later served at State Trading Organization Plc.

He has completed the Aviation Foundation Programme by the Civil Aviation Authority of Singapore and training in Finance, Risk Management, and Corporate Governance by London Premier Centre (Malaysia). He has served on the boards of State Electric Company Limited and Maldives Transport and Contracting Company. He currently serves as Board Director of Denicon Construction and Trading Pvt Ltd and Managing Director of Dynamic Construction and Trading Pvt Ltd.

He is a member of both the Audit and Risk Management Committee and the Governance and Remuneration Committee.



Mohamed Hassaan
Non-Executive Director

Mr. Mohamed Hassaan was appointed to the Board on 26 December 2023. He holds bachelor's degree in management and marketing from the Australian College of Business and Technology, Sri Lanka, affiliated with Edith Cowan University, Australia.

He has held positions at State Trading Organization Plc, Civil Service Commission, Mega Maldives, Ministry of Tourism, and the President's Office. He is currently serving as Assistant Under Secretary at the President's Office.

He is a member of the Governance and Remuneration Committee.

BOARD OF DIRECTORS



Ibrahim Yoosuf Fulhu
Non-Executive Director

Mr. Ibrahim Yoosuf Fulhu was appointed to the Board on 27 October 2025. He holds Master of Business Administration from Asia Pacific University, Malaysia.

He previously served at the Ministry of Tourism and Ministry of Economic Development and is now currently serving as the Deputy Minister of Ministry of Climate Change, Environment and Energy.

Currently, he is the Chairperson of the Governance and Remuneration Committee and a member of the Audit and Risk Management Committee.



Ahmed Shakir
Non-Executive Director

Mr. Ahmed Shakir was appointed to the Board on 9 December 2025. He holds Graduate Diploma in Health Education from the International Institute for Population Sciences, India.

He previously served as Director at the Ministry of Health, Hulhumalé Hospital, and AA Atoll Hospital, and has contributed to several key committees. He has also served as a Board Director at Aasandha Company Limited.

He is a member of the Audit and Risk Management Committee.

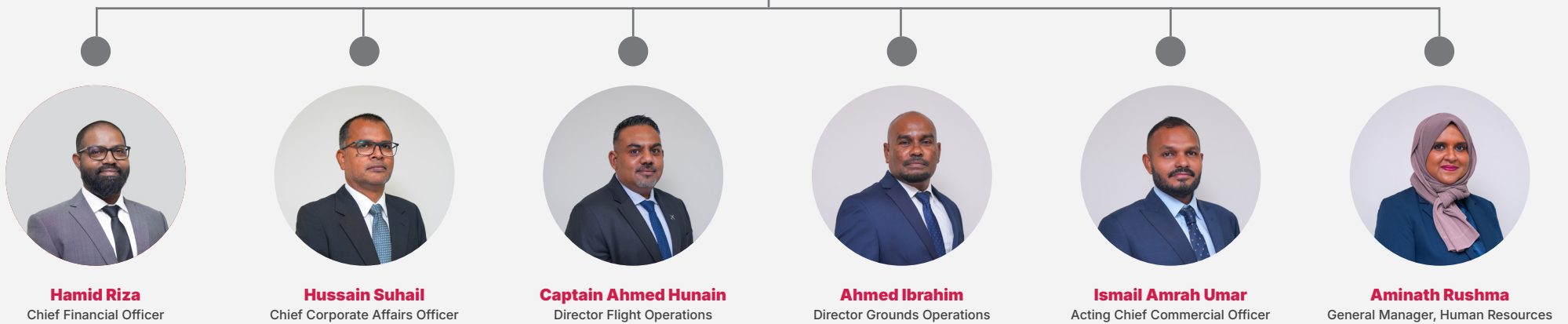
EXECUTIVE COMMITTEE



Ibrahim Iyas
Managing Director



Ali Saleem
Deputy Managing Director



GOVERNANCE REPORT

Island Aviation Services Limited (IASL) operates in accordance with the principles set out in the Companies Act (10/96), the Corporate Governance Code for State-Owned Enterprises, and the Company's Articles of Association. The Company remains committed to continuously strengthening its corporate governance framework to uphold the highest standards of fairness, accountability, transparency, and responsibility.

IASL recognizes that robust corporate governance is fundamental to sustainable growth and long-term success. The Board of Directors, supported by its committees, provides strategic direction and oversight to ensure the effective implementation of governance practices across the organization.

The Board comprises individuals with diverse expertise and experience, enabling informed decision-making and effective oversight. Regular Board meetings are convened to review performance, assess risks, and guide the Company's strategic direction. To further strengthen governance practices, the Board has established the Audit and Risk Management (ARM) Committee and the Governance and Remuneration (G&R) Committee, both operating under clearly defined Terms of Reference.

Responsibility of Board of directors

- Overseeing the overall business operations of the Company
- Approving strategic plans, business plans, and budgets
- Establishing the Company's vision, mission, and long-term strategy
- Monitoring financial performance and ensuring financial integrity
- Ensuring effective internal control systems and risk management frameworks are in place
- Approving dividend policies and statutory reporting requirements
- Promoting sound governance and sustainability practices
- Providing direction on technology and operational development

BOARD COMPOSITION

In accordance with the Company's Articles of Association, the Board comprises nine (9) members, including two Executive Directors, the Managing Director and Deputy Managing Director and seven Non-Executive Directors. The roles and responsibilities of the Chairman and Managing Director are defined within the Articles of Association. IASL's board began 2025 with 6 directors, two Executive Director and four Non-Executive Directors. Following the newly appointed 2 directors, board closed the year with 8 directors.

Board Composition as of 31 December 2025:

Name	Position	Appointed Date
Ahmed Shafeeu	Chairman	23rd January 2025
Ibrahim Iyas	Managing Director	28th November 2023
Ali Saleem	Deputy Managing Director	8th February 2024
Abdulla Saeed	Non-Executive Director	26th December 2023
Ahmed Aboobakuru	Non-Executive Director	26th December 2023
Mohamed Hassaan	Non-Executive Director	26th December 2023
Ibrahim Yoosuf Fulhu	Non-Executive Director	27th October 2025
Ahmed Shakir	Non-Executive Director	9th December 2025

Process of Appointment

The appointment and removal of Directors are overseen by the Privatization and Corporatization Board (PCB). This ensures alignment with national governance standards and strategic priorities, while maintaining a competent and effective leadership structure.

Board Meetings

During 2025, the Board held a total of 15 meetings. The Annual General Meeting (AGM) was held on 23 June 2025 with all the appointed 6 directors.

Meeting agendas were prepared by Company Secretary in consultation with the Chairman and Managing Director.

In addition, a Non-Executive Directors meeting was convened in December 2025 to further strengthen governance oversight.

Board Meetings

Ahmed Shafeeu	15/15
Ibrahim Iyas	15/15
Ali Saleem	15/15
Abdulla Saeed	15/15
Ahmed Aboobakuru	15/15
Mohamed Hassaan	1/15
Ibrahim Yoosuf Fulhu	2/3
Ahmed Shakir	1/1

Key Decisions by board during the year 2025

- Approved Annual Board plan for the year 2025
- Approved Audited Financials 2024
- Approval of Quarterly Financials
- Approved Annual Budget 2026
- Approved the Company organization structure
- Approved the Annual report of 2024
- Approval of Board Performance Evaluation 2024
- Approval of AOA and MOA of Maldivian Seaplane Private Limited
- Approval of Operational and Human Resources policies
- Approval of Strategic Plan 2026-2030

Board committees

The Board has delegated specific responsibilities to its committees, namely:

- Audit and Risk Management (ARM) Committee
- Governance and Remuneration (G&R) Committee

Each Committee operates under approved Terms of Reference and reports to the Board on its activities and recommendations.

Board Evaluation

The Board conducts regular performance evaluations through a structured framework. This includes assessments of the Chairman, Managing Director, Board Committees, Individual Directors, and the Company Secretary.

The evaluation process is conducted through structured questionnaires, enabling continuous improvement in Board effectiveness and governance practices.

Conflict of Interest

In line with PCB approved Conflict of Interest Policy, Directors are required to disclose any potential conflicts and adhere to established procedures. Directors abstain from discussions and decision-making where conflicts arise.

All disclosures, including interests held by immediate family members, are reviewed annually to ensure transparency and accountability.

Board Induction, Training and Development

During the year 2025, three newly appointed Directors were provided with a structured induction programme designed to familiarize them with the company's governance framework, operational priorities, and strategic objectives.

As part of their professional development, 3 Directors successfully completed seven specialized training programmes conducted abroad.

Relationship with Shareholders

The Company maintains transparent and effective communication with its shareholder and remains committed to ensuring that the shareholder is well informed and engaged in the Company's performance and strategic direction.

Internal Control and Risk Management

The Board is collectively responsible for maintaining a robust system of internal controls to safeguard the Company's assets and ensure operational effectiveness.

A dedicated Risk Management Function established that supports the identification, assessment, and mitigation of risks. The Audit and Risk Management Committee oversees both Internal Audit and Enterprise Risk Management functions to ensure effective risk oversight.

Code of Conduct and Code of Ethics

The Company adheres to established Codes of Conduct and Ethics, reinforcing its commitment to integrity, transparency, and ethical business practices. Details are available on the Company's website.

Declaration by board of directors

The Board of Directors of Island Aviation Services Limited confirms that this Governance Report has been prepared in accordance with the Corporate Governance Code for State-Owned Enterprises.

The Board affirms that the information presented in this Annual Report is accurate, complete.

Going Concern Declaration and Future Outlook

The Board continuously strives to implement the strategic plans in line with the vision of the Company, and the Board of Directors is confident that the Company would continue its operation for the foreseeable future and carry out the operations of the company as a going concern and pursue the strategic objectives of the Company.

The Board of Directors has also adhered to all the applicable laws and regulations in preparing the Annual Report and the Financial Statements of the Company.

Ahmed Shafeeu
Chairman

Ibrahim Iyas
Managing Director

AUDIT & RISK MANAGEMENT COMMITTEE

The Audit and Risk Management (ARM) Committee was established in accordance with the requirements of the Corporate Governance Code for State-Owned Enterprises. The Committee is committed to maintaining high standards of accountability, transparency, and effective internal control systems across the Company.

Composition

The Committee comprises four (4) members. During the year 2025, 19 Committee meetings were held. The Committee commenced the year with three (3) members and concluded with four (4) members. The members of the Audit and Risk Management Committee for the year 2025 are presented below.

Attendance

Abdulla Saeed	19/19
Ahmed Aboobakuru	18/19
Mohamed Hassaan	0/19
Ibrahim Yoosuf Fulhu	1/3

Matters attended in 2025

- Reviewed quarterly financials prior to board approval
- Approved annual audit plan
- Reviewed internal audit reports, findings and management corrective plans
- Reviewed the Internal Audit Function Charter and Structure
- Reviewed Annual Budget 2025
- Meeting with External Auditors for the year 2025

Responsibilities of the committee

The primary responsibility of the Committee is to oversee the Company's financial reporting processes, including its relationship with external auditors, as well as the effectiveness of internal control systems and the risk management framework. The Committee also supports the Board in fulfilling its oversight responsibilities and assists in informed decision-making.

Internal Audit

The Committee is satisfied with the performance of the Internal Audit function, including its independence, objectivity, and the adequacy and effectiveness of the internal controls established within the Company.

External Audit

Ernst & Young Maldives has been appointed as the External Auditors for the financial year 2025.

Risk Management and Risk Oversight

IASL recognizes that effective risk management is critical to long-term success in the dynamic aviation industry. In 2025, the Company continued to strengthen its dedicated Risk Management Function to enhance its ability to identify, assess, and mitigate risks.

This function supports proactive risk management, strengthens organizational resilience, and ensures that risk considerations are integrated into strategic decision-making processes. IASL acknowledges the importance of robust risk management in safeguarding its operations and supporting sustainable growth. In 2025, the Company continued to enhance its Risk Management Function to ensure a systematic approach to identifying, assessing, and managing risks across the organization.

This framework facilitates proactive risk mitigation and ensures that risk considerations are embedded within strategic and operational decision-making processes.

Abdulla Saeed
Committee Chairperson

GOVERNANCE AND REMUNERATION COMMITTEE

The Governance and Remuneration Committee supports the Board in strengthening corporate governance practices and ensuring that remuneration frameworks are aligned with the Company's objectives and regulatory requirements.

Composition

The Committee comprises four (4) members. During the year 2025, 10 Committee meetings were held. The Committee commenced the year with three (3) members and concluded with four (4) members. The Chairperson of the Committee was changed in November 2025. The members of the Governance and Remuneration Committee for the year 2025 are presented below.

Attendance

Abdulla Saeed	10/10
Ahmed Aboobakuru	10/10
Mohamed Hassaan	0/10
Ibrahim Yoosuf Fulhu	2/2

Matters attended in 2025

- Reviewed the proposed changes to the company structure.
- Reviewed HR policies – welfare policy, special incentive policy, hajj and umrah policy
- Reviewed technical staff remuneration and allowance
- Reviewed board performance evaluations
- Reviewed Corporate Social Responsibility policy
- Reviewed Board Annual Plan for the year 2026
- Reviewed Safety and Quality policy
- Reviewed Fair and Just policy

Responsibilities of the committee

The Committee is responsible for overseeing the Company's corporate governance framework, including monitoring policies and ensuring alignment with the Corporate Governance Code. It also provides recommendations to the Board on matters relating to remuneration, organizational structure, and governance practices.

Conclusion

The Board's performance is assessed through a structured evaluation process to ensure continuous improvement and effectiveness. Based on the most recent evaluation, the Committee expressed satisfaction with the Board's performance, highlighting effective governance practices, strategic oversight, and active engagement by Board members.

The evaluation also identified opportunities for further enhancement, reinforcing the Company's commitment to continuous improvement and sustaining excellence in governance.

Ibrahim Yoosuf Fulhu
Committee Chairperson

SUSTAINABILITY REPORT

It is with great pleasure that Island Aviation Services Limited (IASL) presents its Sustainability Report for the financial year 2025. The Company remains committed to fostering sustainable development within the communities it serves while minimizing environmental impact and promoting responsible business practices across its operations.

Environmental



IASL is committed to protecting the environment for present and future generations by optimizing the use of resources and embedding environmentally responsible practices throughout its operations and value chain.

Green Horizon Initiative

IASL continued its environmental sustainability efforts through the Green Horizon Initiative. Across all 15 operational stations, a total of 5,220 trees were planted under the national Five Million Tree Planting Project. Additional tree planting initiatives were carried out in Fuvahmulah and Mavarulu, further supporting ecological conservation and climate resilience.



Waste

Minimizing waste and reducing single-use plastics remain key priorities within IASL's environmental strategy. During National Tourism Day 2025, staff actively participated in shoreline clean-up initiatives, collecting significant amounts of plastic waste and contributing to environmental conservation efforts. The collective effort resulted in the removal of 246 kilograms of plastic waste from coastal areas



Lowering emissions and noise

As part of its environmental strategy, IASL continued the transition of its fleet from DHC8 to ATR aircraft, resulting in a reduction in noise footprint. The certified Effective Perceived Noise (EPNdB) levels of ATR aircraft are approximately lower compared to DHC-8 aircraft. In addition, the Company adheres to mitigation measures and guidelines issued by relevant aviation authorities across its operational network to further minimize noise impact.

The fleet transition has also contributed to improved fuel efficiency, with ATR aircraft demonstrating greater fuel efficiency compared to DHC8 aircraft.



Social



Health and Safety



IASL has established comprehensive health and safety policies and standard operating procedures (SOPs) aligned with applicable workplace safety, health, and environmental regulations. These frameworks are designed to enhance occupational safety, reduce workplace incidents, and ensure regulatory compliance.

Regular awareness sessions are conducted to reinforce a strong safety culture and ensure employees are well-informed of health and safety practices.

Training and Development

IASL is committed to maintaining fair and inclusive employment practices, supported by well-defined policies that safeguard employee rights and promote professional growth. The Company continues to implement a structured and dynamic training framework aligned with operational and strategic requirements.

In 2025, a total of 829 employees participated in various training programmes (excluding Udemy learners), reflecting a significant increase compared to participation levels recorded in 2024.

To further enhance learning opportunities, IASL introduced Udemy, a digital learning platform, to support continuous professional development. Employees are encouraged to complete a minimum of 30 hours of learning annually, promoting upskilling and knowledge enhancement across the organization.

Training activities during the year were extensive, with a total of 4,668 training hours. A total of 60 training programmes were conducted, comprising 32 mandatory and 28 general sessions. These programmes were delivered through a mix of international (35), local (19), and virtual (6) formats, ensuring broad accessibility and comprehensive skill development.

In addition, a whistleblower information session was conducted, where employees were briefed on the company's whistleblower policy, reinforcing IASL's commitment to transparency, accountability, and ethical practices.

Employee Benefits and Compensation

IASL continues to review and enhance its employee compensation and benefits framework to ensure competitiveness and alignment with industry standards.

To ensure employee wellbeing, in 2025 the company expanded its network of partnerships with service providers, adding new collaborators while continuing the successful partnerships established in 2024. These initiatives provided employees with improved benefits and services, reinforcing IASL's commitment to fostering a supportive and rewarding work environment.

Workplace Diversity

IASL remains committed to promoting diversity and inclusion within the workplace. Female representation within the workforce stands at 26.7%, while representation in senior management positions is 17.4%. Male representation accounts for 73.3% of the workforce and 82.6% of senior management positions.

The Company also supports employees with disabilities, ensuring equal opportunities and inclusive participation across the workforce.



IASL fosters a diverse and inclusive workforce, comprising 1,325 local employees and 97 expatriates. The Company continues to promote equal opportunity and inclusivity, including support for employees with disabilities. Currently, nine employees with disabilities are actively contributing to the organization.

Community Engagement

IASL actively contributes to community development through initiatives focused on education, youth engagement, and social well-being. These include educational tours, internships, career guidance programmes, and participation in national and international events.

As part of its social responsibility initiatives, the Company extended support to community focused programmes such as "Support to Sri Lanka" and conducted "Maldivian Haveeru Ufaa" initiative. IASL also took part in the Ghiyasuddin International School Career Fair, engaging with students and sharing insights into career pathways within the aviation industry.



During the year, IASL continued to facilitate educational tours and internship opportunities, providing practical exposure to the aviation industry and helping to gain valuable industry knowledge. "Fly with Smile" career guidance sessions were conducted and the company participated in various national expos and public events to strengthen community.

Governance

IASL continues to uphold the highest standards of corporate governance, supported by structured policies, procedures, and oversight mechanisms. The Company regularly reviews and enhances its governance framework to ensure transparency, accountability, and ethical business practices. Strategic plan reviews are also conducted to ensure that governance practices remain aligned with long-term objectives.

Environmental, social, and governance (ESG) considerations are integrated into the Company's operations through established policies and procedures, reinforcing its commitment to sustainable and responsible business practices.

Regulatory Disclosure

The revisions brought to the Articles of Association (AOA) and Memorandum of Association (MOA) were formally endorsed following their approval at EGM, further strengthening IASL's governance framework and regulatory alignment.

2025 Performance

In 2025, all directors submitted annual conflict of interest registry to PCB. The Company reviewed and approved ten policies and procedures during the year, reflecting its proactive approach to governance and continuous improvement.

IASL also maintains a comprehensive grievance mechanism to address employee concerns. During the year, a total of 17 grievances were formally reported and successfully resolved, underscoring the Company's commitment to fostering a fair, transparent, and ethical workplace.

Risk Management

IASL has established a structured Risk Management Function to identify, assess, and manage risks across the organization. The Enterprise Risk Management (ERM) framework supports proactive risk identification, continuous monitoring, and alignment with strategic objectives.

This approach enhances organizational resilience, ensuring the Company remains well-positioned to respond to emerging challenges while safeguarding its operations and supporting sustainable growth.



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