



ICELANDAIR



Condensed

Consolidated Interim

Financial Statements

1 1 January—31 March 2024

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Endorsement and Statement by the Board of Directors and the CEO

The Condensed Consolidated Interim Financial Statements of Icelandair Group hf. for the period from 1 January to 31 March 2024 have been prepared in accordance with International Financial Reporting Standards (IFRS) for Interim Financial Statements (IAS 34). The Interim Financial Statements comprise the Consolidated Interim Financial Statements of Icelandair Group hf. (the "Company") and its subsidiaries together referred to as the "Group". All amounts are stated in thousands of USD.

According to the Consolidated Statement of Comprehensive Income, loss for the period from 1 January to 31 March 2024 amounted to USD 59.4 million. Total comprehensive loss for the period was USD 55.2 million. Equity at 31 March 2024 amounted to USD 233.3 million according to the Consolidated Statement of Financial Position and share capital amounted to USD 311 million. Reference is made to the Consolidated Statement of Changes in Equity regarding information on changes in equity.

Statement by the Board of Directors and the CEO

The Condensed Consolidated Interim Financial Statements for the three months ended 31 March 2024 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional Icelandic disclosure requirements for Consolidated Financial Statements of listed companies. The Condensed Consolidated Interim Financial Statements have neither been audited nor reviewed by the Company's independent auditors.

Strong revenue generation yielded the highest passenger revenue ever recorded in the first quarter in the history of Icelandair. However, competitor capacity increase in mature markets put pressure on yields and load factor. Icelandair's capacity increase in the quarter first and foremost concentrated on strategic markets that contribute to higher revenue generation and profitability. On-time performance was strong in the quarter, a key factor in reducing cost, and increasing customer satisfaction. A higher proportion of efficient aircraft in our fleet, positive economies of scale with increased capacity, and a strong cost focus delivered ~2% decrease in unit cost excluding fuel. The flight schedule in the passenger network will be Icelandair's largest ever in summer 2024, with service to 57 destinations, thereof three new, utilizing a total of 42 aircraft.

Icelandair transported 757 thousand passengers in the quarter, as compared to 665 thousand in first quarter last year. The market to Iceland was the Company's largest in the quarter representing 38% of total passengers, the largest increase however was in the via market which accounted for 35% of total passengers demonstrating the flexibility in the Company's route network. The load factor was 76.7%, as compared to 77.8% last year. Load factor improved in February and March, but decreased year-on-year in January. On-time performance was strong at 84.4%, improving significantly, or by 6.4 percentage points between years.

Following a difficult year in the Cargo operations in 2023 various actions, including capacity adjustments, have restored profitability of the segment. Measures included leasing out one of two freighter aircraft, adjusting the cargo flight schedule to market conditions, and organizational changes. The Leasing operation performed well and is gradually expanding. A planned addition of one aircraft to the Company's largest leasing customer in Q2 is on schedule as is the addition of a third aircraft fitted for the Company's VIP Private Jet services to meet high demand in that segment.

Icelandair employed an average of 3,438 full-time employees in Q1, an increase of 11% from last year. As of 1 March a reduction of 200 full-time employees is effected due to the outsourcing of the Company's flight kitchen.

Equity amounted to USD 233 million, with an equity ratio of 14% at the end of March. The total liquidity position is strong, with cash and marketable securities amounting to USD 411 million, wherof USD 52 million are in the form of committed undrawn revolving facilities.

Operational efficiency gains and lowered costs will be at the top of Icelandair's agenda in 2024. Various measures have already been implemented, such as overhead cuts, adjustments in the Cargo operations and the outsourcing of the flight kitchen, with additional initiatives already in the work on both the revenue and cost side. The latter will focus on reducing seasonality, e.g. through wet-leasing aircraft during low season and increasing the flexibility in the Company's Collective Bargaining Agreements, along with large cost items, including but not limited to, distribution, strategic procurement, claims and irregular operations costs, and unit maintenance. Opportunities on the revenue side entail the continued development and optimization of the route network and bank structure in Keflavík, partnerships, growing package sales following the integration of VITA with Icelandair, increased ancillary sales through digital development and further strengthening Icelandair's position in the Arctic.

Endorsement and Statement by the Board of Directors and the CEO, contd.:

Statement by the Board of Directors and the CEO, contd.:

According to our best knowledge it is our opinion that the Condensed Consolidated Interim Financial Statements give a true and fair view of the financial performance of the Group for the three month period ended 31 March 2024, its assets, liabilities and consolidated financial position as at 31 March 2024 and its consolidated cash flows for the period then ended.

Further, in our opinion, the Condensed Consolidated Interim Financial Statements and the Endorsement of the Board of Directors and the CEO give a fair view of the development and performance of the Group's operations and its position and describes the principal risks and uncertainties faced by the Group.

The Board of Directors and the CEO have today discussed the Condensed Consolidated Interim Financial Statements of Icelandair Group hf. for the period 1 January to 31 March 2024 and confirm them by means of their signatures.

Reykjavík, 23 April 2024.

Board of Directors:

Guðmundur Hafsteinsson, Chairman of the Board

Nina Jonsson

John F. Thomas

Matthew Evans

Svafa Grönfeldt

CEO:

Bogi Nils Bogason

Consolidated Income Statement and other Comprehensive Income for the period from 1 January to 31 March 2024

	Notes	2024 Q1	2023 Q1
Operating income			
Passenger revenue	7	198,862	170,540
Cargo revenue		20,696	23,691
Leasing revenue		19,328	19,083
Other operating revenue	7	20,075	19,941
		<u>258,961</u>	<u>233,255</u>
Operating expenses			
Salaries and salary-related expenses		94,492	78,662
Aircraft fuel		64,088	66,608
Other aviation expenses		54,572	48,810
Other operating expenses		81,140	71,261
	8	<u>294,292</u>	<u>265,341</u>
Operating loss before depreciation and amortization (EBITDA)		(35,331)	(32,086)
Depreciation and amortization	9	(33,561)	(29,539)
Operating loss (EBIT)		(68,892)	(61,625)
Finance income		8,047	6,338
Finance cost		(11,353)	(9,280)
Net finance cost	10	(3,306)	(2,942)
Share of loss of associates		(457)	(535)
Loss before tax (EBT)		(72,655)	(65,102)
Income tax		13,238	15,970
Loss for the period		(59,417)	(49,132)
Other comprehensive income:			
Currency translation differences		(2,886)	4,587
Net (loss) profit on hedge of investment, net of tax		(1,124)	1,678
Cash flow hedges - effective portion of changes in fair value, net of tax		6,665	(1,861)
Cash flow hedges - reclassified to profit or loss		1,565	(2,332)
Other comprehensive income for the period		4,220	2,072
Total comprehensive loss for the period		(55,197)	(47,060)
Loss attributable to:			
Owners of the Company		(59,568)	(49,276)
Non-controlling interest		151	144
Loss for the period		(59,417)	(49,132)
Total comprehensive loss attributable to:			
Owners of the Company		(55,348)	(47,202)
Non-controlling interest		151	142
Total comprehensive loss for the period		(55,197)	(47,060)
Earnings per share:			
Basic and diluted earnings per share in US cent		(0.14)	(0.12)

The notes on pages 9 to 15 are an integral part of these Interim Consolidated Financial Statements.

Consolidated Statement of Financial Position as at 31 March 2024

	Notes	31.03.2024	31.12.2023
Assets:			
Operating assets		562,617	555,110
Right-of-use assets		344,960	348,520
Intangible assets and goodwill		55,760	55,377
Investments in associates		7,756	8,395
Receivables and deposits		62,901	43,469
Deferred tax assets		71,204	59,728
Non-current assets		<u>1,105,198</u>	<u>1,070,599</u>
Inventories		23,178	23,841
Derivatives used for hedging		4,601	791
Trade and other receivables		210,977	161,923
Marketable securities		49,992	71,008
Cash and cash equivalents		309,305	199,514
Current assets		<u>598,053</u>	<u>457,077</u>
Total assets		<u>1,703,251</u>	<u>1,527,676</u>
Equity:			
Share capital		310,973	310,973
Reserves		28,251	20,112
Accumulated deficit		(107,309)	(44,015)
Equity attributable to equity holders of the Company		<u>231,915</u>	<u>287,070</u>
Non-controlling interest		1,428	1,277
Total equity		<u>233,343</u>	<u>288,347</u>
Liabilities:			
Loans and borrowings	11	196,485	207,390
Lease liabilities	12	349,713	332,167
Payables		73,126	53,952
Non-current liabilities		<u>619,324</u>	<u>593,509</u>
Loans and borrowings	11	41,853	44,940
Lease liabilities	12	57,621	54,083
Derivatives used for hedging		0	6,598
Trade and other payables		238,010	222,414
Deferred income	13	513,100	317,785
Current liabilities		<u>850,584</u>	<u>645,820</u>
Total liabilities		<u>1,469,908</u>	<u>1,239,329</u>
Total equity and liabilities		<u>1,703,251</u>	<u>1,527,676</u>

The notes on pages 9 to 15 are an integral part of these Interim Consolidated Financial Statements.

Consolidated Statement of Changes in Equity for the period from 1 January to 31 March 2024

	Attributable to equity holders of the Company									
	Share capital	Share premium	Reserves				Accumulated deficit	Total	Non- controlling interest	Total equity
			Hedging	Translation reserve	Other reserves					
1 January to 31 March 2023										
Equity 1 January 2023	310,973		(182)	(9,555)	29,187	(57,914)	272,509	877	273,386	
Loss for the period						(49,276)	(49,276)	144	(49,132)	
Currency translation differences				4,587			4,587	(2)	4,585	
Net profit on hedge of investment, net of tax				1,678			1,678		1,678	
Effective portion of changes in fair value of cash flow hedges, net of tax			(4,193)				(4,193)		(4,193)	
Effects of profit or loss of subsidiaries and associates					6,414	(6,414)	0		0	
Equity 31 March 2023	310,973		(4,375)	(3,290)	35,601	(113,604)	225,305	1,019	226,324	
1 January to 31 March 2024										
Equity 1 January 2024	310,973		(4,655)	(1,604)	26,371	(44,015)	287,070	1,277	288,347	
Loss for the period						(59,568)	(59,568)	151	(59,417)	
Currency translation differences				(2,886)			(2,886)		(2,886)	
Net loss on hedge of investment, net of tax				(1,124)			(1,124)		(1,124)	
Effective portion of changes in fair value of cash flow hedges, net of tax			6,665				6,665		6,665	
Cash flow hedges, reclassified to profit or loss			1,565				1,565		1,565	
Stock options						193	193		193	
Effects of profit or loss of subsidiaries and associates					3,919	(3,919)	0		0	
Equity 31 March 2024	310,973	0	3,575	(5,614)	30,290	(107,309)	231,915	1,428	233,343	

The notes on pages 9 to 15 are an integral part of these Interim Consolidated Financial Statements.

Consolidated Statement of Cash Flows for the three months ended 31 March 2024

	Notes	2024 Q1	2023 Q1
Cash flows from operating activities			
Loss for the period		(59,417)	(49,132)
Adjustments for:			
Depreciation and amortization	9	33,561	29,539
Expensed deferred cost		10,209	5,225
Net finance cost	10	3,306	2,942
Gain on sale of operating assets		(31)	(121)
Share in loss of associates		457	535
Income tax		(13,238)	(15,970)
		(25,153)	(26,982)
Changes in:			
Inventories		(514)	(363)
Trade and other receivables		(44,444)	(75,851)
Trade and other payables		26,834	32,865
Deferred income		195,326	232,999
		177,202	189,650
Interest received		3,984	2,654
Interest paid		(8,931)	(10,908)
Net cash from operating activities		147,102	154,414
Cash flows to investing activities:			
Acquisition of operating assets		(28,911)	(40,366)
Proceeds from sale of operating assets		46	295
Deferred cost, change		(2,641)	(8,672)
Acquisition of intangible assets		(522)	(84)
Non-current receivables, change		475	(3,789)
Marketable securities, change		21,016	(15,209)
Net cash used in investing activities		(10,537)	(67,825)
Cash flows (to) from financing activities:			
Proceeds from loans and borrowings		0	63,461
Repayment of loans and borrowings		(13,055)	(14,556)
Repayment of lease liabilities		(13,447)	(11,609)
Net cash (used in) from financing activities		(26,502)	37,296
Change in cash and cash equivalents		110,063	123,885
Effect of exchange rate fluctuations on cash held		(272)	346
Cash and cash equivalents at beginning of the period		199,514	224,252
Cash and cash equivalents at period end		309,305	348,483
Marketable securities		49,992	57,368
Cash, cash equivalents and marketable securities at period end		359,297	405,851

Investment and financing without cash flow effect, see note 17.

The notes on pages 9 to 15 are an integral part of these Interim Consolidated Financial Statements.

Notes

1. Reporting entity

Icelandair Group hf. (the "Company") is a public limited liability company incorporated and domiciled in Iceland. The address of the Company's registered office is at Reykjavíkurlugvöllur in Reykjavík, Iceland. The Condensed Consolidated Interim Financial Statements of the Company as at and for the three months ended 31 March 2024 comprise the Company and its subsidiaries, together referred to as the "Group" and individually as "Group entities" and the Group's interests in associates. The Group primarily operates in the airline industry. The Company is listed on the Nasdaq Main Market Iceland.

The Group's audited Consolidated Financial Statements as at and for the year ended 31 December 2023 are available at its website address, www.icelandairgroup.com and at the Nasdaq Main Market Iceland website address, www.nasdaqomxnordic.com.

2. Basis of accounting

a. Statement of compliance

The Group's Condensed Consolidated Interim Financial Statements for the three months ended 31 March 2024 have been prepared in accordance with IAS 34, Interim Financial Reporting. They do not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual Consolidated Financial Statements as at and for the year ended 31 December 2023.

These Condensed Consolidated Interim Financial Statements were approved for issue by the Board of Directors on 23 April 2024.

b. Basis of measurement

The Condensed Consolidated Interim Financial Statements are prepared on the historical cost basis except that derivative financial instruments, part of deferred income and certain short-term investments are stated at their fair values.

3. Functional and presentation currency

The Company's functional currency is U.S. dollars (USD). These Condensed Consolidated Interim Financial Statements are presented in USD. All financial information presented in USD has been rounded to the nearest thousand, unless otherwise indicated.

4. Use of estimates and judgements

In preparing these Condensed Consolidated Interim Financial Statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimations of uncertainty were the same as those that applied to the audited Consolidated Financial Statements as at and for the year ended 31 December 2023.

5. Changes in accounting policies

The accounting policies and methods of computation applied in these Condensed Consolidated Interim Financial Statements are the same as those applied by the Group in its Consolidated Financial Statements as at and for the year ended 31 December 2023. A number of new standards are effective for annual periods beginning after 1 January 2024 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these Condensed Consolidated Interim Financial Statements and they are not considered to have significant impact on the Condensed Consolidated Interim Financial Statements.

Notes, contd.:

6. Operating segments

Segment information is presented in the Condensed Consolidated Interim Financial Statements in respect of the Group's business segments, which are the primary basis of segment reporting. The business segment reporting format reflects the Group's management and internal reporting structure and is divided into three segments; Route network, Cargo operation and Leasing operation.

The management of Icelandair Group assesses performance based on segment revenue and profit or loss and makes resource allocation decisions for the segment based on various performance metrics. The objective in making resource allocation decisions is to optimize consolidated financial results.

Inter-segment pricing is determined on an arm's length basis.

Route network

The Route network business unit is the main reporting segment, which provides international and domestic passenger air travel to, from, via and within Iceland by the entities Icelandair ehf. and Flugfélag Íslands ehf.

The segment also consist of the parent company Icelandair Group hf., the holding company, and other entities such as Iceeignir, a real estate entity, IceCap, a captive insurance entity, CAE Icelandair Flight Training, which operates flight simulators and Feria, a travel agency, are platform functions of the business that primarily support the Group entities in this segment and are therefore classified within this segment.

Cargo operation

The Cargo operation offers air-freight services to, from, via and within Iceland by utilizing the capacity within the aircraft of the Icelandair passenger network as well as with their own freighters.

Leasing operation

The Leasing operation offers aircraft leasing and consulting services to international passenger airlines and tour operators.

Reporting segments for the three months ended 31 March 2024

	Route network	Cargo operation	Leasing operation	Adjustments	Total
External revenue	218,199	20,945	19,817	0	258,961
Inter-segment revenue	15,150	1,317	181	(16,648)	0
Total segment revenue	233,349	22,262	19,998	(16,648)	258,961
External operating cost	(275,551)	(12,940)	(5,801)	0	(294,292)
Internal operating cost	(894)	(7,856)	(7,898)	16,648	0
Total operating cost	(276,445)	(20,796)	(13,699)	16,648	(294,292)
Depreciation and amortization	(29,020)	(1,447)	(3,094)	0	(33,561)
Segment EBIT	(72,116)	19	3,205	0	(68,892)
Net finance cost	(2,824)	(591)	109	0	(3,306)
Income tax	13,786	115	(663)	0	13,238
(Loss) profit	(61,611)	(457)	2,651	0	(59,417)
Segment assets	1,607,648	91,955	98,606	(94,958)	1,703,251
Capital expenditures	22,156	669	11,425	(2,176)	32,074
Segment liabilities	1,417,190	73,929	73,747	(94,958)	1,469,908

Notes, contd.:

6. Operating segments, contd.:

Reporting segments for the three months ended 31 March 2023

	Route network	Cargo operation	Leasing operation	Adjustments	Total
External revenue	189,900	24,844	18,511	0	233,255
Inter-segment revenue	14,686	500	33	(15,219)	0
Total segment revenue	204,586	25,344	18,544	(15,219)	233,255
External operating cost	(240,324)	(17,604)	(7,413)	0	(265,341)
Internal operating cost	(532)	(9,691)	(4,996)	15,219	0
Total operating cost	(240,856)	(27,295)	(12,409)	15,219	(265,341)
Depreciation and amortization	(25,631)	(1,827)	(2,081)	0	(29,539)
Segment EBIT	(61,902)	(3,777)	4,054	0	(61,625)
Net finance cost	(2,296)	(745)	99	0	(2,942)
Income tax	15,896	904	(830)	0	15,970
(Loss) profit	(48,837)	(3,618)	3,323	0	(49,132)
Segment assets	1,654,818	120,513	58,779	(93,547)	1,740,563
Capital expenditures	41,638	8,197	8,473	(9,186)	49,122
Segment liabilities	1,483,697	90,041	34,048	(93,547)	1,514,239

Geographic information

The geographic analyses the Group's revenue as the majority of the Group's clients are outside of Iceland. The vast majority of the Group's non-current assets are located in Iceland. In presenting the following information the Group's revenues have been based on geographic location of customers.

Geographic segments for the three months ended 31 March 2024

	North America	Europe	Iceland	Other	Total
Passenger revenue	95,927	50,045	48,012	4,879	198,862
Cargo revenue	1,742	7,312	11,589	53	20,696
Leasing revenue	8,202	0	241	10,884	19,328
Other operating revenue	623	542	18,830	80	20,075
Total revenue	106,494	57,899	78,672	15,896	258,961
Total revenue %	41%	22%	31%	6%	100%

Geographic segments for the three months ended 31 March 2023

	North America	Europe	Iceland	Other	Total
Passenger revenue	76,598	43,758	46,181	4,003	170,540
Cargo revenue	1,363	8,314	13,996	17	23,691
Leasing revenue	4,394	764	2,081	11,844	19,083
Other operating revenue	5,810	3,620	10,220	292	19,941
Total revenue	88,165	56,456	72,478	16,156	233,255
Total revenue %	38%	24%	31%	7%	100%

Notes, contd.:

7. Operating income

	2024	2023
	Q1	Q1
Passenger revenue is specified as follows:		
Passenger revenue	183,960	156,339
Ancillary revenue	14,902	14,201
Total passenger revenue	198,862	170,540
Other operating revenue is specified as follows:		
Revenue from tourism	12,047	12,392
Sale at airports	1,359	1,493
Aircraft handling	1,201	1,191
Gain on sale of operating assets	31	125
Other operating revenue	5,437	4,740
Total other operating revenue	20,075	19,941

8. Operating expenses

	2024	2023
	Q1	Q1
Salaries and salary-related expenses are specified as follows:		
Salaries	72,333	59,756
Contributions to pension funds	11,964	9,684
Other salary-related expenses	10,195	9,222
Total salaries and salary-related expenses	94,492	78,662
Average number of full time equivalents	3,438	3,092
Aircraft fuel is specified as follows:		
Aircraft fuel	62,156	60,544
Emission charges	3,087	4,060
Fuel hedges	(1,155)	2,004
Total aircraft fuel cost	64,088	66,608
Other aviation expenses is specified as follows:		
Aircraft and engine lease	1,122	114
Aircraft handling, landing and navigation	29,077	26,347
Aircraft maintenance expenses	24,373	22,349
Total other aviation expenses	54,572	48,810
Other operating expenses are specified as follows:		
Travel and other employee expenses	15,622	13,636
Tourism expenses	9,331	9,113
IT expenses	8,926	7,168
Advertising	7,739	8,311
Booking fees and commission expenses	11,985	9,609
Customer services	15,071	11,593
Operating cost of real estate and fixtures	2,701	2,366
Allowance for bad debt	514	535
Other operating expenses	9,251	8,930
Total other operating expenses	81,140	71,261

9. Depreciation and amortization

	2024	2023
	Q1	Q1
The depreciation and amortization charge in profit or loss is specified as follows:		
Depreciation of operating assets	20,547	18,164
Depreciation of right-of-use assets	12,875	11,278
Amortization of intangible assets	139	97
Depreciation and amortization recognized in profit or loss	33,561	29,539

Notes, contd.:

10. Finance income and (finance cost)

	2024	2023
	Q1	Q1
Finance income and (finance cost) are specified as follows:		
Interest income on cash and cash equivalents and marketable securities	6,247	3,847
Interest income on lease receivables	338	50
Other interest income	1,462	851
Net currency exchange gain	0	1,590
Finance income total	8,047	6,338
Interest expenses on loans and borrowings	(4,124)	(4,278)
Interest on lease liabilities	(4,752)	(4,405)
Other interest expenses	(1,396)	(597)
Net currency exchange loss	(1,081)	0
Finance cost total	(11,353)	(9,280)
Net finance cost	(3,306)	(2,942)

11. Loans and borrowings

This note provides information on contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortized cost, and changes during the year.

Loans and borrowings are specified as follows:

	31.3.2024	31.12.2023
Non-current loans and borrowings:		
Secured bank loans	226,583	239,335
Unsecured loans	11,755	12,995
Total loans and borrowings	238,338	252,330
Current maturities	(41,853)	(44,940)
Total non-current loans and borrowings	196,485	207,390
Current loans and borrowings:		
Current maturities	41,853	44,940
Total current loans and borrowings	41,853	44,940
Total loans and borrowings	238,338	252,330

Terms and debt repayment schedule:

	Currency	Nominal interest rates	Year of maturity	Total remaining balance	
				31.3.2024	31.12.2023
Secured bank loans	USD	7.05%	2026-2034	189,338	199,589
Secured bank loans	EUR	3.89%	2027-2028	37,245	39,746
Unsecured loans	ISK	4.36%	2026-2030	11,755	12,995
Total interest-bearing liabilities				238,338	252,330

The Company has two committed credit lines in place with local banks in the total amount of USD 52 million. The lines were undrawn at 31 March 2024.

	31.3.2024	31.12.2023
Repayments of loans and borrowings are specified as follows:		
Repayments in 2024 (9 months)(2023: 12 months)	31,752	44,940
Repayments in 2025	41,271	41,542
Repayments in 2026	38,164	38,372
Repayments in 2027	20,885	21,124
Repayments in 2028	54,928	54,999
Subsequent repayments	51,338	51,353
Total loans and borrowings	238,338	252,330

The Group was not in breach of any financial covenants at 31 March 2024.

Notes, contd.:

12. Lease liabilities

This note provides information of the Group's lease liabilities, which are measured at amortized cost, and changes during the year.

	Currency	Interest rates	Year of maturity	Total remaining balance	
				31.3.2024	31.12.2023
Lease liabilities	USD	5.1%	2024-2033	398,923	376,530
Lease liabilities indexed	ISK	5.3%	2024-2038	7,272	8,415
Lease liabilities	GBP	2.3%	2024-2026	384	437
Lease liabilities	other	6.3%	2024-2028	755	868
Current maturity				(57,621)	(54,083)
Total lease liabilities				349,713	332,167

	31.3.2024	31.12.2023
Repayments of lease liabilities are specified as follows:		
Repayments in 2024 (9 months)(2023: 12 months)	43,210	54,083
Repayments in 2025	57,141	52,432
Repayments in 2026	57,026	52,287
Repayments in 2027	53,614	48,474
Repayments in 2028	48,651	43,100
Subsequent repayments	147,692	135,874
Total loans and borrowings	407,334	386,250

Further lease commitments are in place for two B737 MAX 8 aircraft and seven A321LR aircraft scheduled for delivery to the Route network as demonstrated in the table below. The total lease liability for these nine aircraft is estimated to be around USD 359 million.

	Q2 2024	Q4 2024	Q1 2025	Q4 2025	Q1 2026	Total
B737 MAX 8	2					2
A321LR		2	2	2	1	7
Total	2	2	2	2	1	9

13. Deferred income

Sold unused tickets, fair value of unredeemed frequent flyer points and other prepayments are presented as deferred income in the Consolidated Statement of Financial Position.

	31.3.2024	31.12.2023
Deferred income is specified as follows:		
Sold unused tickets and vouchers	471,732	272,481
Frequent flyer points	22,449	22,137
Other prepayments	18,919	23,167
Total deferred income	513,100	317,785

The amount allocated to sold unused tickets and vouchers is the book value of fares and fuel surcharges that the Group has collected and is liable for to passengers. Thereof sold tickets with future travel dates amounted to USD 449.6 million (2023: USD 247.1 million) and vouchers amounted to USD 22.1 million (2023: USD 25.4 million). When issued the vouchers are generally valid for 3 years. The validity of covid-related vouchers has been extended by an additional two years from the date of original issuance.

The amount allocated to frequent flyer points is estimated by reference to the fair value of the discounted services for which they could be redeemed, since the fair value of the points themselves is not directly observable. The fair value of the discounted services for which the points, granted through a customer loyalty program, can be redeemed takes into account the expected redemption rate and the timing of such expected redemptions. That amount is recognized as deferred income.

Other prepayments consist mainly of prepayments for packages and charter flights.

Notes, contd.:

14. Financial instruments and fair value

The fair value of financial assets and liabilities, together with the carrying amounts shown in the Consolidated Statement of Financial Position, are as follows. The table does not include fair value information for financial assets and liabilities measured at fair value if the carrying amount is a reasonable approximation of fair value:

	31.3.2024		31.12.2023	
	Carrying amount	Fair value	Carrying amount	Fair value
Derivatives used for hedging	4,601	4,601	(5,807)	(5,807)
Unsecured bond issue	(11,755)	(11,115)	(12,995)	(12,285)
Secured loans	(226,583)	(232,123)	(239,335)	(249,713)
Lease liabilities	(407,334)	(407,334)	(386,250)	(386,250)
Total	(641,071)	(645,971)	(644,387)	(654,055)

15. Capital commitments

On 6 July 2023, the Group finalized the purchase agreement for up to 25 A321XLR aircraft from Airbus. The order consists of 13 firm orders and purchase rights for up to 12 additional aircraft. The aircraft deliveries will commence in 2029. In addition the Group has also concluded long-term agreements for seven new A321LR aircraft, five with SMBC Aviation Capital Limited and two with CDB Aviation, scheduled for delivery to the Route network as demonstrated in the table in note 12.

16. Group entities

The Company held the following significant subsidiaries at the end of March 2024:

	Ownership interest	
	Q1 2024	2023
IceCap Insurance PCC Ltd.	100%	100%
Iceeignir ehf.	100%	100%
Icelandair ehf.	100%	100%
CAE Icelandair Flight Training ehf.	67%	67%
Flugfélag Íslands ehf.	100%	100%
Icelandair Cargo ehf.	100%	100%
FERIA ehf.	100%	100%
Lofleiðir - Icelandic ehf.	100%	100%

The subsidiaries further own seven minor operating companies that are also included in the Interim Consolidated Financial Statements.

17. Investment and financing without cash flow effect

Many investing and financing activities do not have a direct impact on current cash flows although they do affect the capital and asset structure of the Group and should be excluded from the Statement of Cash Flows. The exclusion of non-cash transactions from the Statement of Cash Flows as these items do not involve cash flows in the current period.

	2024	2023
	Q1	Q1
Investment and financing without cash flow effect:		
New or renewed leases	35,863	72,827
Acquisition of right-of-use assets	(10,423)	(72,827)
Non-current receivables	(25,440)	0

Alternative performance measures (APMs)

	2024	2023
	Q1	Q1
Traffic		
Available seat-kilometers (ASKm.)	2,859	2,355
RASK (USD cents)	7.3	7.7
CASK (USD cents)	9.9	10.4
CASK less fuel (USD cents)	7.9	8.0
Yield (USD cents)	8.5	8.6
Revenue Passenger Kilometer (RPKm.)	2,192	1,831
Passengers total	756,963	664,718
On-Time-Performance OTP	84.4%	78.0%
Passenger flights	3,831	2,867
Passenger load factor	76.7%	77.8%
Sold Block Hours - Leasing	4,063	3,732
Freight ton kilometers (FTK '000)	39,402	43,233
Total CO2 emissions tons	194,370	176,926
CO2 emissions per OTK	0.78	0.79
Passenger mix		
To	284,346	288,817
From	149,321	137,947
Via	262,382	177,010
Within	60,914	60,944
Capital structure	31.03.2024	31.12.2023
Total cash and marketable securities (USD '000)	359,297	270,522
Liquidity (USD '000)	411,297	322,522
Net interest-bearing debt (USD '000)	(120,959)	(18,192)
Net lease liabilities (USD '000)	367,758	370,564
Net financial liabilities (USD '000)	246,799	352,372
Current ratio	0.70	0.71
Equity ratio	0.14	0.19
Intrinsic value of share capital	0.75	0.93
Other	2024	2023
	Q1	Q1
Effective fuel price (USD pr. Metric ton)	953	1,092
CAPEX, gross (USD '000)	32,074	49,122
CAPEX, net (USD '000)	32,028	48,827
Average FTE	3,438	3,092

Alternative performance measures (APMs), contd.:

Traffic

Available seat-kilometers (ASK)	The total number of seats available on scheduled flights multiplied by the number of kilometers these seats were flown
RASK	Total revenues on a given flight divided by the ASK on that same flight
CASK	Total operating and depreciation cost per available seat kilometer is calculated by dividing total operating and depreciation cost on a given flight by available seat kilometers (ASK) on that flight
CASK less fuel	Total operating and depreciation cost per available seat kilometer less fuel is calculated by deducting cost of fuel, fuel hedges, carbon emissions trading expenses and de-icing from total operating and depreciation cost and divide by total available seat kilometers (ASK)
Yield	The average amount of total passenger revenue received per paying passenger flown one kilometer. Total Yield is calculated as total passenger revenue/RPK. Total passenger revenue used for this calculation includes airfare, excess baggage, cabin upgrade and seat selection revenue
Revenue Passenger Kilometer (RPK) ..	The number of revenue passengers carried on scheduled flights multiplied by the number of kilometers flown
Passengers total	Each passenger is counted by the number of flight coupons his journey requires. A passenger flying KEF-CPH is counted as one passenger, a passenger flying NYC-KEF-CPH is counted as two passengers
On-Time-Performance (OTP)	A measure of flights arriving within 15 minutes of scheduled arrival time. OTP is calculated by dividing the number of arrivals that arrive within 15 minutes of scheduled arrival time with the total number of arrivals
Passenger flights	Flight flown by an airline for the purpose of carrying passengers, belly freight and mail according to a published timetable for which it receives commercial remuneration
Passenger load factor	Calculated by dividing RPK by ASK
Sold Block Hours - Leasing	Sold Block Hours in the leasing operation. Block Hours is the time computed from the moment the blocks are removed from the wheels of the aircraft until they are replaced at the next point of landing
Freight ton kilometers (FTK)	The number of tons of freight carried, obtained by counting each ton of freight on a particular flight (with one flight number)
Total CO2 emissions tons	Carbon emission from all flights, measured in tons
CO2 emissions per OTK	CO2 emitted by moving one payload tonne one kilometer for all international flights
Passenger mix:	
To	Passenger visiting Iceland
From	Passengers originating in Iceland visiting destinations outside of Iceland
VIA	Passengers traveling across the Atlantic connecting in Iceland
Within	Passengers traveling solely within Iceland

Capital structure

Total cash and marketable securities	Cash and cash equivalents (including cash from assets held for sale) and marketable securities
Liquidity	Total cash and cash equivalents (including cash from assets held for sale), marketable securities and undrawn revolving facilities
Net interest-bearing debt	Loans and borrowings, net of total cash and marketable securities
Net lease liabilities	Lease liabilities (including assets held for sale, net of lease receivables)
Current ratio	Indicates how many times over current assets can cover current liabilities and is calculated by dividing current assets with current liabilities
Equity ratio	Indicates the ratio of how leveraged the Company is and is calculated by dividing total equity with total assets
Intrinsic value of share capital	Indicates the book value of each share and is calculated by dividing total equity with share capital

Alternative performance measures (APMs), contd.:

Other

Effective fuel price	Cost of jet fuel and surcharges, including hedging results, but excluding de-icing and emissions trading cost (pr. ton)
CAPEX, gross	Capital expenditure of operating assets, intangible assets and deferred cost
CAPEX, net	Capital expenditure of operating assets, intangible assets and deferred cost less proceeds from sale of operating assets
Average FTE	Average full time employee equivalent

