

Condensed Consolidated Interim Financial Statements



1 1 January—31 March 2025

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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 2025 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 2025 amounted to USD 44.1 million. Total comprehensive loss for the period was USD 28.0 million. Equity at 31 March 2025 amounted to USD 241 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 2025 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.

Revenue generation yielded the highest passenger revenue ever recorded in the first quarter in the history of Icelandair. A consistently high load factor throughout the quarter helped mitigate yield pressure resulted from a higher proportion of via passengers. A larger fleet of new efficient aircraft, positive economies of scale with increased capacity, and a strong cost focus delivered 3% decrease in unit cost. Looking ahead, the flight schedule in the passenger network in the summer 2025 will be Icelandair's largest ever, with service to over 60 destinations, thereof four new, utilizing a fleet of 42 aircraft.

Icelandair transported 829 thousand passengers in the quarter, as compared to 757 thousand in first quarter last year. The number of passengers on the market to Iceland increased by 3%, while the number of passengers on the market from Iceland increased by 7%. The via market grew by 21% in passenger numbers. The number of domestic passengers decreased by 5%, mainly due to weather-related cancellations during the quarter. The load factor was 80%, as compared to 77% last year. Load factor improved in all months. On-time performance was strong at 81%, decreasing slightly due to several days with adverse weather conditions in Iceland during the quarter.

Following the strong turnaround in the Cargo operations in 2024, performance of the Cargo operations remained strong during the first quarter, with a positive outlook for the upcoming months. The Leasing business also delivered strong results.

Icelandair's transformation journey, launched last year, is progressing well. Its main purpose is to improve operational and financial performance by driving operational efficiencies, reducing costs and further increasing revenue generation. Over 400 initiatives are scheduled for implementation, with 90 successfully implemented in Q1 2025. These initiatives have already had a positive financial impact, with an expected annual gain of over USD 40 million by the end of the first quarter and USD 70 million in annual impact by the end of this year, with further gains expected in the following years.

Icelandair employed an average of 3,175 full-time employees in Q1, an decrease of 8% from last year.

Equity amounted to USD 241 million, with an equity ratio of 13% at the end of March. The total liquidity position is strong, with cash and marketable securities amounting to USD 510 million, wherof USD 92 million are in the form of committed undrawn revolving facilities.

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

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 2025, its assets, liabilities and consolidated financial position as at 31 March 2025 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 2025 and confirm them by means of their signatures.

Reykjavík, 29 April 2025.

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 2025

	Notes	2025 Q1	2024 Q1
Operating income			
Passenger revenue	7	214.027	198.862
Cargo revenue		21.053	20.696
Leasing revenue		28.595	19.328
Other operating revenue	7	22.776	20.075
		<u>286.451</u>	<u>258.961</u>
Operating expenses			
Salaries and salary-related expenses		92.206	94.492
Aircraft fuel		62.065	64.088
Other aviation expenses		60.589	54.572
Other operating expenses		94.404	81.140
	8	<u>309.264</u>	<u>294.292</u>
Operating loss before depreciation and amortization (EBITDA)		(22.813)	(35.331)
Depreciation and amortization	9	(39.458)	(33.561)
Operating loss (EBIT)		(62.271)	(68.892)
Finance income		12.368	8.047
Finance cost		(9.674)	(11.353)
Net finance cost	10	<u>2.694</u>	<u>(3.306)</u>
Share of loss of associates		310	(457)
Loss before tax (EBT)		(59.267)	(72.655)
Income tax		15.182	13.238
Loss for the period		<u>(44.085)</u>	<u>(59.417)</u>
Other comprehensive income:			
Currency translation differences		7.461	(2.886)
Net (loss) profit on hedge of investment, net of tax		2.302	(1.124)
Cash flow hedges - effective portion of changes in fair value, net of tax		6.782	6.665
Cash flow hedges - reclassified to profit or loss		(440)	1.565
Other comprehensive income for the period		<u>16.105</u>	<u>4.220</u>
Total comprehensive loss for the period		<u>(27.980)</u>	<u>(55.197)</u>
Loss attributable to:			
Owners of the Company		(44.143)	(59.568)
Non-controlling interest		58	151
Loss for the period		<u>(44.085)</u>	<u>(59.417)</u>
Total comprehensive loss attributable to:			
Owners of the Company		(28.038)	(55.348)
Non-controlling interest		58	151
Total comprehensive loss for the period		<u>(27.980)</u>	<u>(55.197)</u>
Earnings per share:			
Basic and diluted earnings per share in US cent		(0,11)	(0,14)
Diluted earnings per share in US cent per share		(0,10)	(0,14)

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 2025

	Notes	31.03.2025	31.12.2024
Assets:			
Operating assets		555.815	559.890
Right-of-use assets		436.241	406.035
Intangible assets and goodwill		57.505	56.385
Investments in associates		32.700	31.741
Receivables and deposits		73.643	76.494
Deferred tax assets		77.060	63.794
Non-current assets		1.232.964	1.194.339
Inventories		26.477	24.488
Derivatives used for hedging		10.058	4.416
Trade and other receivables		208.153	159.830
Marketable securities		115.622	104.562
Cash and cash equivalents		301.897	150.235
Current assets		662.207	443.531
Total assets		1.895.171	1.637.870
Equity:			
Share capital		310.973	310.973
Reserves		61.166	37.206
Accumulated deficit		(132.506)	(80.780)
Equity attributable to equity holders of the Company		239.633	267.399
Non-controlling interest		1.726	1.668
Total equity		241.359	269.067
Liabilities:			
Loans and borrowings	11	156.520	164.708
Lease liabilities	12	424.345	398.802
Provisions and other liabilities		111.237	99.548
Non-current liabilities		692.102	663.058
Loans and borrowings	11	41.582	41.046
Lease liabilities	12	68.548	66.302
Derivatives used for hedging		0	5.615
Trade and other payables		295.105	241.207
Deferred income	13	556.475	351.575
Current liabilities		961.710	705.745
Total liabilities		1.653.812	1.368.803
Total equity and liabilities		1.895.171	1.637.870

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 2025

	Attributable to equity holders of the Company						Non- controlling interest	Total equity
	Share capital	Hedging	Translation reserve	Other reserves	Accumulated deficit	Total		
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 profit 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								
Stock options					193	193		193
Effects of profit or loss of subsidiaries and associates				3.919	(3.919)			0
Equity 31 March 2024	310.973	2.010	(5.614)	30.290	(107.309)	230.350	1.428	231.778
1 January to 31 March 2025								
Equity 1 January 2025	310.973	(1.582)	(4.668)	43.456	(80.780)	267.399	1.668	269.067
Loss for the period					(44.143)	(44.143)	58	(44.085)
Currency translation differences			7.461			7.461		7.461
Net loss on hedge of investment, net of tax			2.302			2.302		2.302
Effective portion of changes in fair value of cash flow hedges, net of tax		6.782				6.782		6.782
Cash flow hedges, reclassified to profit or loss		(440)				(440)		(440)
Stock options					272	272		272
Effects of profit or loss of subsidiaries and associates				7.855	(7.855)	0		0
Equity 31 March 2025	310.973	4.760	5.095	51.311	(132.506)	239.633	1.726	241.359

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 2025

	Notes	2025 Q1	2024 Q1
Cash flows from operating activities			
Loss for the period		(44.085)	(59.417)
Adjustments for:			
Depreciation and amortization	9	39.458	33.561
Expensed deferred cost		12.066	10.209
Net finance cost	10	(2.694)	3.306
Gain on sale of operating assets		(14)	(31)
Share in loss of associates		(310)	457
Income tax		(15.182)	(13.238)
		(10.761)	(25.153)
Changes in:			
Inventories		(919)	(514)
Trade and other receivables		(47.291)	(44.444)
Trade and other payables		63.654	26.834
Deferred income		204.866	195.326
		220.310	177.202
Interest received		4.133	3.984
Interest paid		(8.968)	(8.931)
Net cash from operating activities		204.714	147.102
Cash flows to investing activities:			
Acquisition of operating assets		(15.905)	(28.911)
Proceeds from sale of operating assets		33	46
Deferred cost, change		(1.830)	(2.641)
Acquisition of intangible assets		(1.379)	(522)
Investment in associates		755	0
Non-current receivables, change		1.520	475
Marketable securities, change		(11.060)	21.016
Net cash used in investing activities		(27.866)	(10.537)
Cash flows to financing activities:			
Repayment of loans and borrowings		(9.379)	(13.055)
Repayment of lease liabilities		(16.443)	(13.447)
Net cash used in financing activities		(25.822)	(26.502)
Change in cash and cash equivalents		151.026	110.063
Effect of exchange rate fluctuations on cash held		636	(272)
Cash and cash equivalents at beginning of the period		150.235	199.514
Cash and cash equivalents at period end		301.897	309.305
Marketable securities		115.622	49.992
Cash, cash equivalents and marketable securities at period end		417.519	359.297

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 Flugvelli in Hafnarfjörður, Iceland. The Condensed Consolidated Interim Financial Statements of the Company as at and for the three months ended 31 March 2025 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 2024 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 2025 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 2024.

These Condensed Consolidated Interim Financial Statements were approved for issue by the Board of Directors on 29 April 2025.

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 2024.

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 2024. A number of new standards are effective for annual periods beginning after 1 January 2025 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, providing passenger air travel to, from, via, and within Iceland through the entities Icelandair ehf. and Flugfélag Íslands ehf. The segment also consists of the parent company, Icelandair Group hf., which serves as the holding company, as well as other entities such as Iccignir ehf., a real estate entity; IceCap, a captive insurance entity; CAE Icelandair Flight Training ehf., which operates flight simulators; and FERIA ehf., a travel agency. These entities function as platform services that primarily support the Group's operations within this segment and are therefore classified accordingly.

Cargo operation

The Cargo operation, provided by the entity Icelandair Carago ehf., 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, provided by the entity Loftleiðir-Icelandic ehf., offers aircraft leasing and consulting services to international passenger airlines and tour operators.

Reporting segments for the three months ended 31 March 2025

	Route network	Cargo operation	Leasing operation	Adjustments	Total
External revenue	236.051	21.394	29.006	0	286.451
Inter-segment revenue	15.330	434	0	(15.764)	0
Total segment revenue	251.381	21.828	29.006	(15.764)	286.451
External operating cost	(286.347)	(12.099)	(10.818)	0	(309.264)
Internal operating cost	(434)	(7.417)	(7.913)	15.764	0
Total operating cost	(286.781)	(19.516)	(18.731)	15.764	(309.264)
Depreciation and amortization	(33.516)	(1.021)	(4.921)	0	(39.458)
Segment EBIT	(68.916)	1.291	5.354	0	(62.271)
Net finance cost	2.942	(692)	444	0	2.694
Share of loss of associates	310	0	0	0	310
Income tax	16.450	(120)	(1.148)	0	15.182
(Loss) profit	(49.214)	479	4.650	0	(44.085)
Segment assets	1.785.824	83.841	96.686	(71.180)	1.895.171
Capital expenditures	16.554		3.113	(553)	19.114
Segment liabilities	1.602.338	66.259	56.395	(71.180)	1.653.812

Notes, contd.:

6. Operating segments, contd.:

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		(68.892)
Net finance cost	(2.824)	(591)	109	0	(3.306)
Share of loss of associates	(457)	0	0	0	(457)
Income tax	13.786	115	(663)	0	13.238
(Loss) profit	(61.611)	(457)	2.651		(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

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 point of sale.

Geographic segments for the three months ended 31 March 2025

	North America	Europe	Iceland	Other	Total
Passenger revenue	108.198	51.319	49.361	5.149	214.027
Cargo revenue	1.294	7.815	11.908	36	21.053
Leasing revenue	7.006	1.435	343	19.811	28.595
Other operating revenue	707	615	21.363	91	22.776
Total revenue	117.205	61.184	82.975	25.087	286.451
Total revenue %	41%	21%	29%	9%	100%

Geographic segments for the three months ended 31 March 2024

	North America	Europe	Iceland	Other	Total
Passenger revenue	95.927	50.045	48.012	4.878	198.862
Cargo revenue	1.742	7.312	11.589	53	20.696
Leasing revenue	8.202	0	241	10.885	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%

Notes, contd.:

7. Operating income

	2025 Q1	2024 Q1
Passenger revenue is specified as follows:		
Passenger revenue	207.988	194.209
Ancillary revenue	6.039	4.653
Total passenger revenue	214.027	198.862
Other operating revenue is specified as follows:		
Revenue from tourism	14.429	12.047
Sale at airports	1.406	1.359
Aircraft handling	1.644	1.201
Gain on sale of operating assets	14	31
Other operating revenue	5.283	5.437
Total other operating revenue	22.776	20.075

8. Operating expenses

	2025 Q1	2024 Q1
Salaries and salary-related expenses are specified as follows:		
Salaries	71.497	72.333
Contributions to pension funds	12.202	11.964
Other salary-related expenses	8.507	10.195
Total salaries and salary-related expenses	92.206	94.492
Average number of full time equivalents	3.175	3.438
Aircraft fuel is specified as follows:		
Aircraft fuel	55.209	62.156
Emission charges	5.006	3.087
Fuel hedges	1.850	(1.155)
Total aircraft fuel cost	62.065	64.088
Other aviation expenses is specified as follows:		
Aircraft and engine lease	342	1.122
Aircraft handling, landing and navigation	30.604	29.077
Aircraft maintenance expenses	29.643	24.373
Total other aviation expenses	60.589	54.572
Other operating expenses are specified as follows:		
Travel and other employee expenses	18.392	15.622
Tourism expenses	10.667	9.331
IT expenses	8.151	8.926
Advertising	7.202	7.739
Booking fees and commission expenses	13.437	11.985
Customer services	20.948	15.071
Operating cost of real estate and fixtures	2.172	2.701
Allowance for bad debt	190	514
Other operating expenses	13.245	9.251
Total other operating expenses	94.404	81.140

9. Depreciation and amortization

	2025 Q1	2024 Q1
The depreciation and amortization charge in profit or loss is specified as follows:		
Depreciation of operating assets	23.284	20.547
Depreciation of right-of-use assets	15.914	12.875
Amortization of intangible assets	260	139
Depreciation and amortization recognized in profit or loss	39.458	33.561

Notes, contd.:

10. Finance income and (finance cost)

	2025 Q1	2024 Q1
Finance income and (finance cost) are specified as follows:		
Interest income on cash and cash equivalents and marketable securities	6.111	6.247
Interest income on lease receivables	453	338
Other interest income	646	1.462
Net currency exchange gain	5.158	0
Finance income total	12.368	8.047
Interest expenses on loans and borrowings	(3.015)	(4.124)
Interest on lease liabilities	(6.386)	(4.752)
Other interest expenses	(273)	(1.396)
Net currency exchange loss	0	(1.081)
Finance cost total	(9.674)	(11.353)
Net finance cost	2.694	(3.306)

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.

	31.3.2025	31.12.2024
Loans and borrowings are specified as follows:		
Non-current loans and borrowings:		
Secured bank loans	190.342	197.210
Unsecured loans	7.760	8.544
Total loans and borrowings	198.102	205.754
Current maturities	(41.582)	(41.046)
Total non-current loans and borrowings	156.520	164.708
Current loans and borrowings:		
Current maturities	41.582	41.046
Total current loans and borrowings	41.582	41.046
Total loans and borrowings	198.102	205.754

Terms and debt repayment schedule:

	Currency	Nominal interest rates	Year of maturity	Total remaining balance	
				31.3.2025	31.12.2024
Secured bank loans	USD	6,07%	2026-2034	159.794	166.123
Secured bank loans	EUR	3,26%	2027-2028	30.548	31.087
Unsecured loans	ISK	4,29%	2026-2030	7.760	8.544
Total interest-bearing liabilities				198.102	205.754

The Company has three committed credit lines in place with local banks in the total amount of USD 92 million. The lines were undrawn at 31 March 2025.

	31.3.2025	31.12.2024
Repayments of loans and borrowings are specified as follows:		
Repayments in 2025 (9 months)(2024: 12 months)	32.214	41.046
Repayments in 2026	38.243	37.911
Repayments in 2027	20.888	20.485
Repayments in 2028	55.389	54.971
Repayments in 2029	9.719	9.699
Subsequent repayments	41.649	41.642
Total loans and borrowings	198.102	205.754

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	Average rate	Year of maturity	Total remaining balance	
				31.3.2025	31.12.2024
Lease liabilities	USD	5,6%	2025-2037	487.623	459.500
Lease liabilities indexed	ISK	5,7%	2025-2038	4.635	4.849
Lease liabilities	GBP	2,5%	2025-2026	136	196
Lease liabilities	other	6,2%	2025-2028	499	559
Current maturity				(68.548)	(66.302)
Total lease liabilities				424.345	398.802

Repayments of lease liabilities are specified as follows:	31.3.2025	31.12.2024
Repayments in 2025 (9 months)(2023: 12 months)	51.499	66.302
Repayments in 2026	68.843	66.620
Repayments in 2027	66.582	63.642
Repayments in 2028	62.380	59.218
Repayments in 2029	63.629	60.250
Subsequent repayments	179.960	149.072
Total loans and borrowings	492.893	465.104

Further lease commitments are in place for five A321LR aircraft scheduled for delivery to the Route network as demonstrated in the table below. The total lease liability for these five aircraft is estimated to be around USD 231 million.

	Q2 2025	Q4 2025	Q1 2026	Total
A321LR	2	2	1	5
Total	2	2	1	5

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.

Deferred income is specified as follows:	31.3.2025	31.12.2024
Sold unused tickets and vouchers	505.417	295.981
Frequent flyer points	29.521	28.781
Other prepayments	21.537	26.813
Total deferred income	556.475	351.575

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 488.2 million (2024: USD 274.2 million) and vouchers amounted to USD 17.2 million (2024: USD 21.8 million). When issued the vouchers are generally valid for 5 years.

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:

	31.3.2025		31.12.2024	
	Carrying amount	Fair value	Carrying amount	Fair value
Derivatives used for hedging	10.058	10.058	(1.199)	(1.199)
Unsecured bond issue	(7.760)	(7.496)	(8.544)	(8.182)
Secured loans	(190.342)	(195.321)	(197.210)	(202.186)
Lease liabilities	(492.893)	(492.893)	(465.104)	(465.104)
Total	(680.937)	(685.652)	(672.057)	(676.671)

15. Capital commitments

In 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 lease agreements for seven new A321LR aircraft, five with SMBC Aviation Capital Limited and two with CDB Aviation. Of these seven new A321LRs, the first two have been delivered and the third was delivered on 9 April. The remaining four are scheduled for delivery to the Route network as shown in the table in note 12.

16. Group entities

The Company held the following significant subsidiaries at the end of March 2025:

	Ownership interest	
	Q1 2025	2024
IceCap Insurance PCC Ltd.	100%	100%
Iceignir 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.

	2025	2024
	Q1	Q1
Investment and financing without cash flow effect:		
New or renewed leases	45.957	35.863
Acquisition of right-of-use assets	(45.957)	(10.423)
Non-current receivables	0	(25.440)

Alternative performance measures (APMs)

	2025 Q1	2024 Q1
Traffic		
Available seat-kilometers (ASKm.)	3.055	2.859
RASK (USD cents)	7,3	7,3
CASK (USD cents)	9,6	9,9
CASK less fuel (USD cents)	7,8	7,9
Yield (USD cents)	8,1	8,5
Revenue Passenger Kilometer (RPKm.)	2.452	2.192
Passengers total	827.720	756.963
On-Time-Performance OTP	80,9%	84,4%
Passenger flights	3.511	3.369
Passenger load factor	80,3%	76,7%
Sold Block Hours - Leasing	6.273	4.063
Freight ton kilometers (FTK '000)	38.506	39.402
Total CO2 emissions tons	203.629	194.370
CO2 emissions per OTK	0,73	0,78
Passenger mix		
To	294.260	284.346
From	159.270	149.321
Via	316.261	262.382
Within	57.929	60.914
 Capital structure	 31.3.2025	 31.12.2024
Total cash and marketable securities (USD '000)	417.519	254.797
Liquidity (USD '000)	509.519	346.797
Net interest-bearing debt (USD '000)	(219.417)	(49.042)
Net lease liabilities (USD '000)	463.829	431.932
Net financial liabilities (USD '000)	244.412	382.890
Current ratio	0,69	0,63
Equity ratio	0,13	0,16
Intrinsic value of share capital	0,78	0,87
 Other	 2025 Q1	 2024 Q1
Effective fuel price (USD pr. Metric ton)	862	953
CAPEX, gross (USD '000)	19.114	32.074
CAPEX, net (USD '000)	19.081	32.028
Average FTE	3.175	3.438
Average rate ISK	0,0072	0,0073
Average rate EUR	1,0520	1,0858
Period-end spot rate ISK	0,0075	0,0072
Period-end spot rate EUR	1,0801	1,0820

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
Average rate	Average currency rate in the period
Closing rate	Currency rate at closing date

