We bring the spirit of Iceland to the world

Q4 and 12M 2025 Financial Results I 6 February 2026

Bogi Nils Bogason, President and CEO
Ívar S. Kristinsson, CFO

We achieved significant results in 2025 thanks to our committed Icelandair team

83.9% **on-time-performance**

Icelandair among the most punctual airlines in Europe

CO_2 emissions per OTK

-5%

Record revenue

USD 1.7bn

up 11% year-on-year

Transforming for the future

>560 Ideas scheduled for implementation	**233** Initiatives successfully implemented	**+USD 100m** Annual impact when fully implemented

Record Saga Premium revenue

Improved efficiency

⬇ **2%** **fulltime equivalents**

⬆ **8%** **capacity increase**

Strong

Customer satisfaction

Strengthened our position as

leading hub carrier

in Iceland

Record load factor

83.5%

5.1 million

passengers carried for the first time

up 8% vs 2024

Significant challenges in the external environment negatively impacted 2025 results

Weakening of the USD

Depreciation of the USD pressuring margins through higher non-USD costs and changes in demand

Currency effect of USD 44 million on expenses

To & Via markets

Weaker demand from the US, our strongest market, to Iceland, driven by the depreciation of the USD

This is compounded by **softer demand from Europe to the US**, resulting in 6% lower yields in the via market

Wage increases

Wage increases in Iceland have **risen at an unsustainable pace** in recent years

This growth far exceeds that of neighboring countries, and is **challenging for export-driven companies** with most of their revenues in foreign currencies

Emission charges

Environmental charges have become increasingly burdensome, evidenced by them **doubling year-on-year, reaching USD 43 million**

Key financial highlights in 2025

Record
passenger revenue

USD 1.5bn

up by 17%
from last year

RASK
increasing by

2%

driven by a higher proportion of
passengers on the to and from markets

CASK
increasing by

2%

with negative currency development
the largest contributor

Good EBIT results in
Cargo and Leasing

USD 25m

up by
USD 7.4m from last year

EBIT
loss

USD 17m

record revenue but costs were
adversely affected by several factors

Net
loss

USD 9.5m

improving by USD 10.6m
from last year

Net cash
from operations

USD 305m

improving by USD 84m
from last year

Equity
ratio

15%

compared to
16% at YE24

Strong
liquidity

USD 458m

up USD 111m
from YE24

Financial results

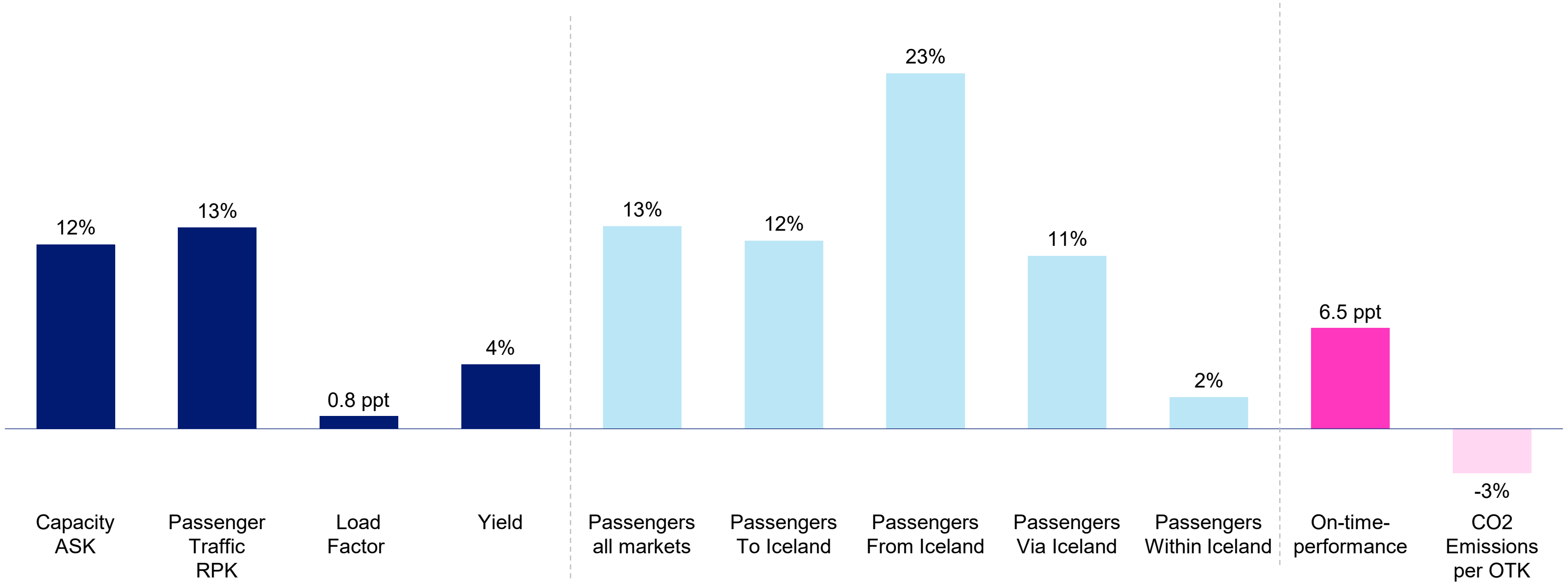
Ívar S. Kristinsson, CFO

Q4 2025: Record load factor on 12% year-on-year capacity increase

Number of passengers up by 13%, led by the market from Iceland where passenger numbers grew 23%

Traffic data passenger network

Q425 vs. Q424



Icelandair's on-time performance in Q4 2025

83.3%

among the most punctual airlines in Europe[1]

ASK: Available Seat KM, RPK: Revenue Seat KM, Load factor: RPK/ASK, OTP: On-Time-Performance, OTK: Operating Tonn KM

[1] Cirium Analytics report ranking list

Operational strength drives EBIT improvement in a challenging cost environment

Strong revenue growth of 17% mitigates unfavorable currency movements and operational cost pressures

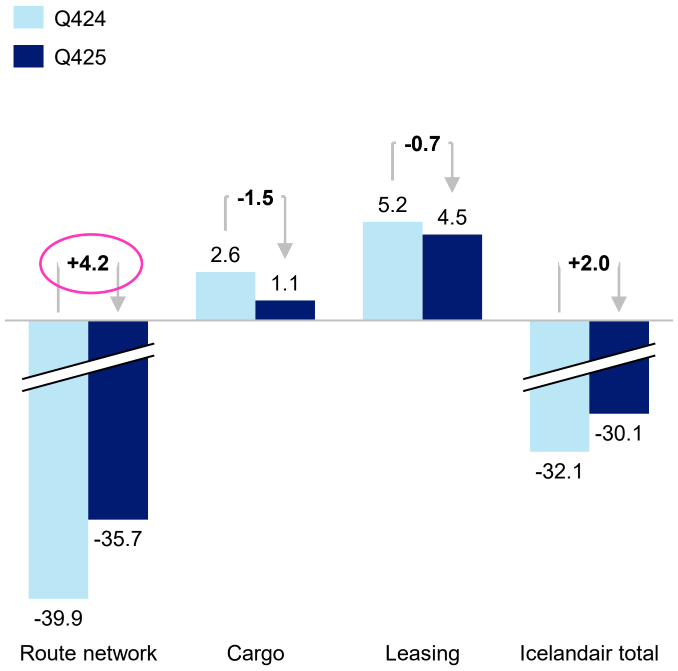
Profit loss statement

USD million

USD million	Q4 2025	Q4 2024	Change
Passenger revenue	323.9	276.6	17%
Cargo revenue	21.4	22.2	-4%
Leasing revenue	30.3	30.6	-1%
Other operating revenue	30.9	19.4	59%
Operating income	406.5	348.8	17%
Salaries and salary related	124.3	102.9	21%
Aircraft fuel	84.2	74.6	13%
Other aviation expenses	79.3	68.7	15%
Other operating expenses	104.2	94.1	11%
Operating expenses	392.0	340.2	15%
Depreciation and amortization	44.6	40.6	10%
EBIT	-30.1	-32.1	-
EBIT ratio	-7.4%	-9.2%	1.7 ppt
EBT	-40.2	-35.7	-
Net loss	-35.6	-30.6	-

EBIT per segment

USD million



Key drivers

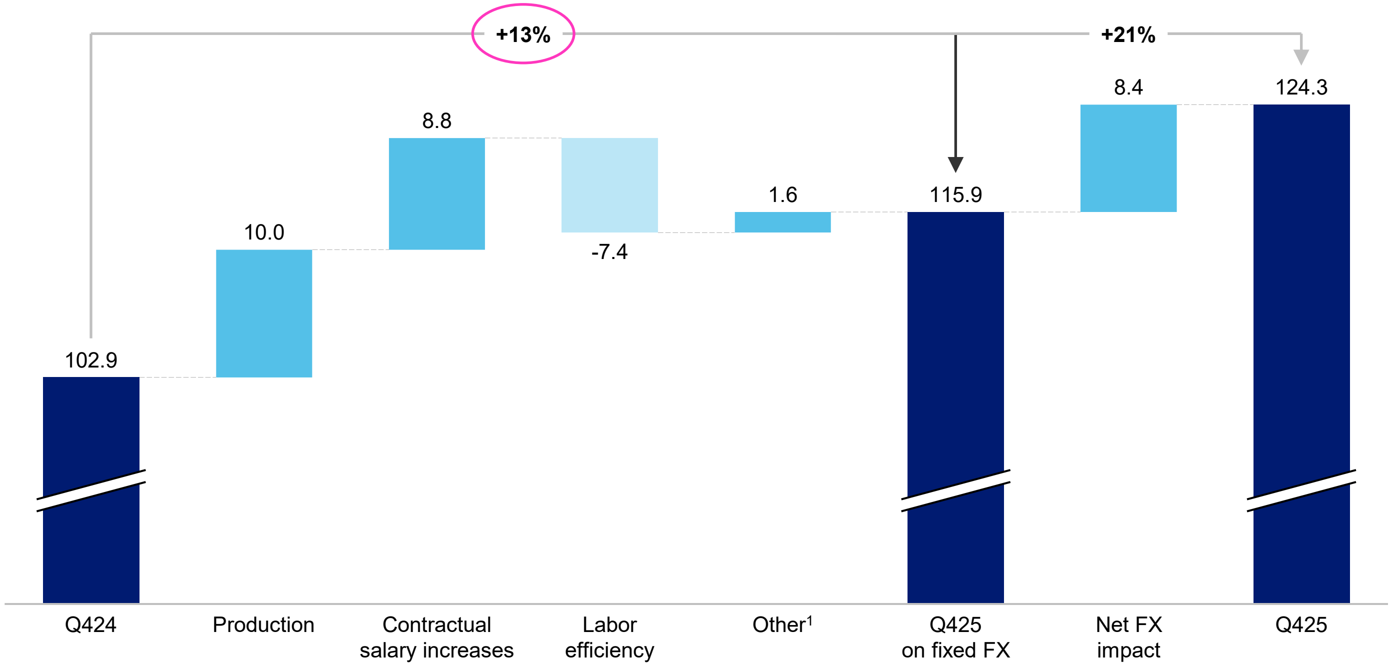
- Passenger revenue increased across all markets, led by the market from Iceland, where passenger volume grew 23%.
- Depreciation of the USD drove a net USD 17 million increase in operating expenses, after hedging effects.
- Several factors adversely affected costs: salary increases, an increase in unscheduled engine maintenance, and emission costs.
- EBIT for Cargo decreased by USD 1.5 million year-on-year, driven by reduced fish exports to the U.S. and lower salmon volume.
- Leasing operations delivered a solid 15% EBIT margin, remaining strong despite a 2.4 ppt year-on-year decline.

Higher salary costs driven by FX movements and contractual wage increases

FTEs up by 3% on 12% production increase, representing an efficiency increase of 9% during the quarter

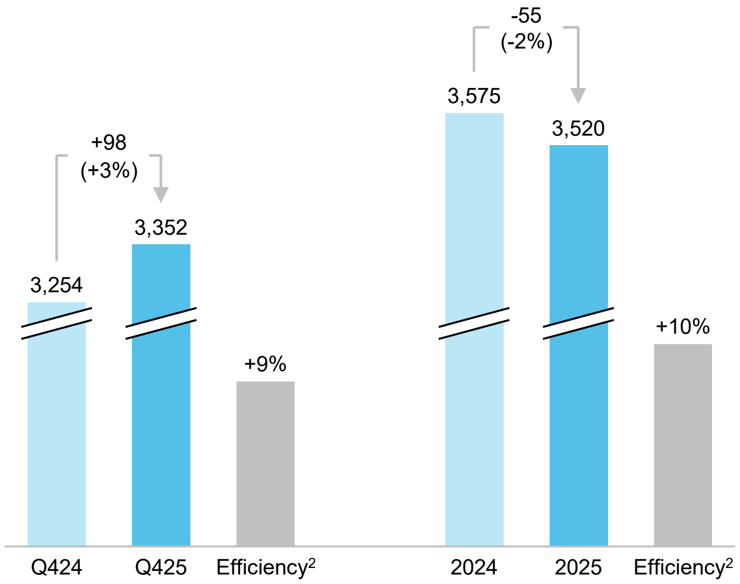
Overview of main changes in salary and salary-related costs

Q425 vs. Q424 in USD million



Average number of FTEs

Change year-on-year



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[1] One-off severance expenses related to the layoffs performed in November [2] Efficiency measured in ASK per FTE

Fuel expenses in Q4 increased by 13% year-on-year

Fleet efficiency and fuel hedge gains are offset by rising emission costs

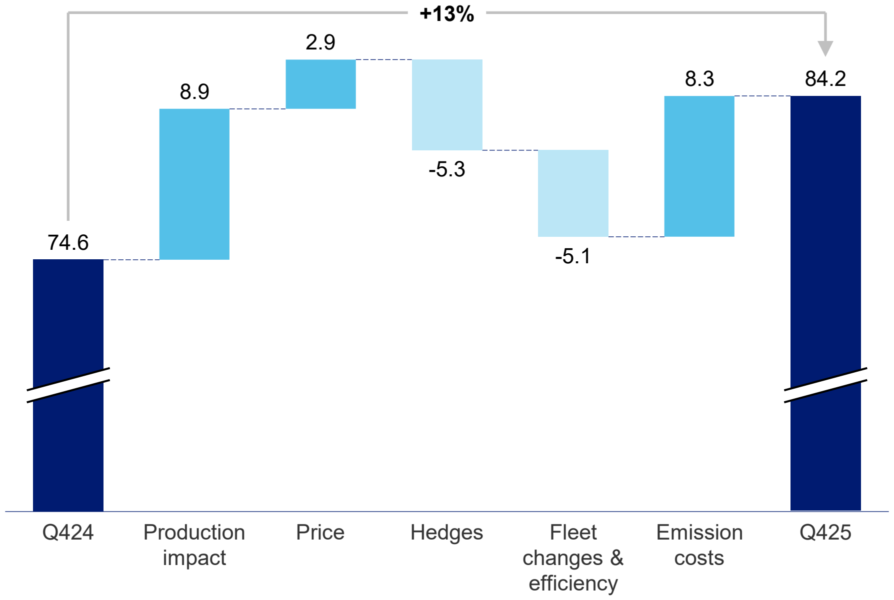
Key drivers

Q425 vs. Q424

- Ongoing fleet renewal and fuel-efficiency initiatives continue supporting long-term sustainability goals and help mitigate fuel-cost pressures.
- Emission costs increased by 165% year-on-year, driven by a rise in carbon credit prices, fewer free allowances and increased liability for prior periods
- Mandatory use of Sustainable Aviation Fuel (SAF) and CORSIA further increased cost.
- Fuel hedges in place for ~40% of the consumption in 2026 @ price of USD 670/ton

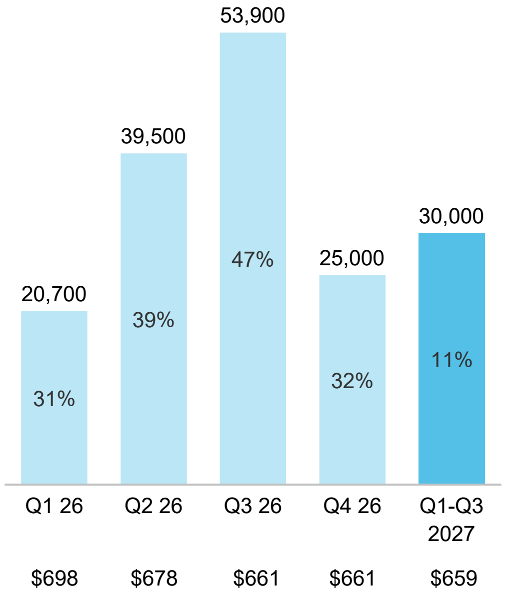
Main changes in fuel cost

Q425 vs. Q424 in USD million



Hedge contracts and ratios

Overview ton, hedge %, strike price $/mt

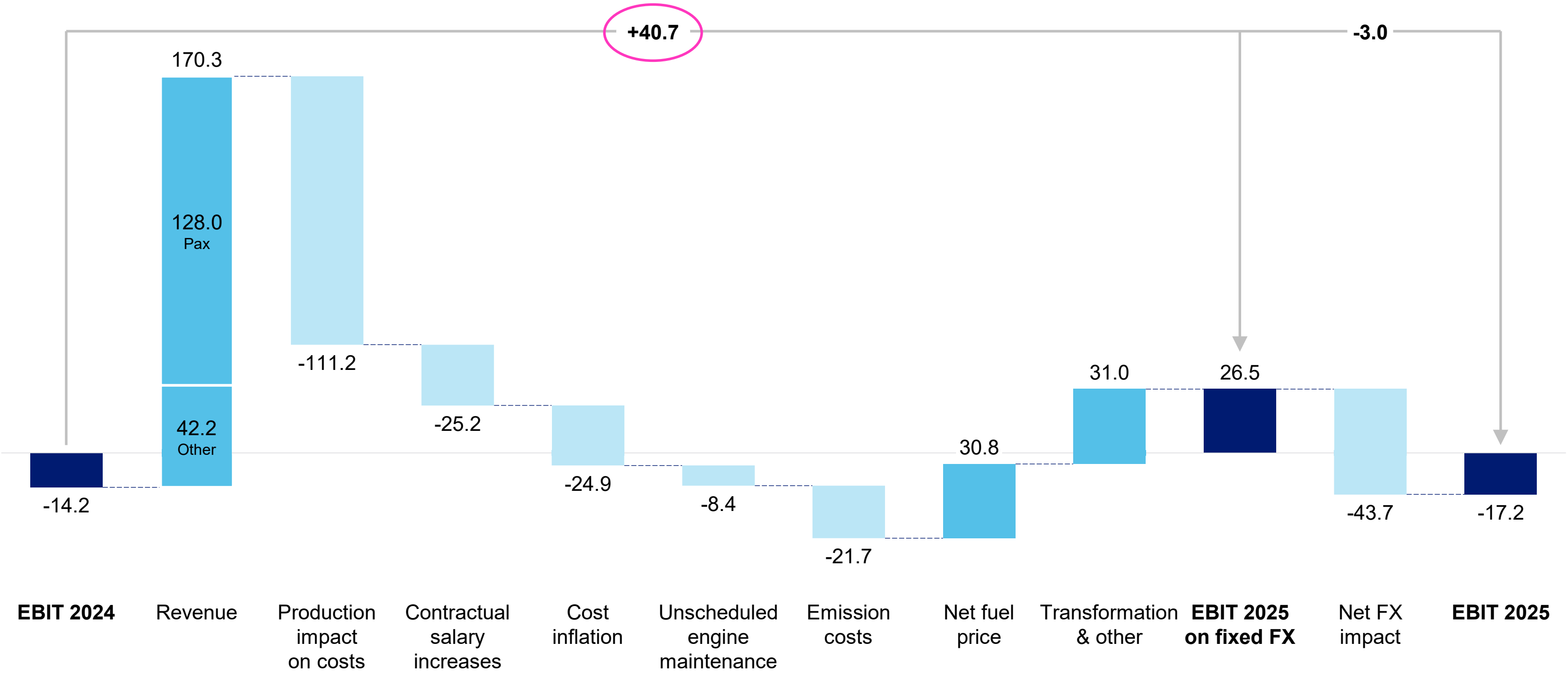


EBIT bridge 2025: Significant underlying improvement year-on-year

Strong 11% revenue growth and continued cost optimization more than offset by sharp weakening of the USD

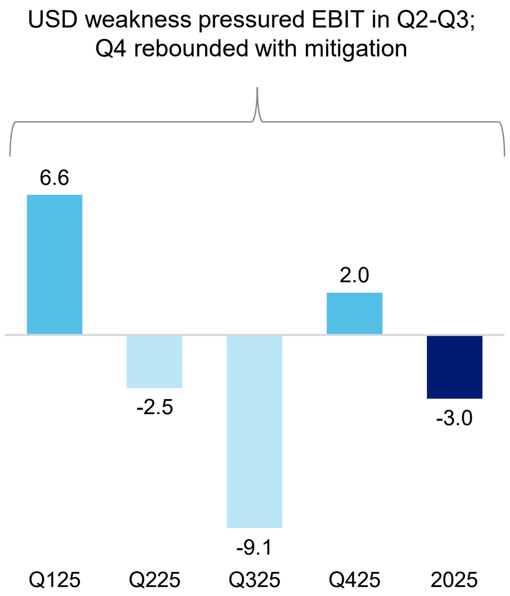
Main changes in EBIT

2025 vs. 2024



EBIT development

2025 vs. 2024



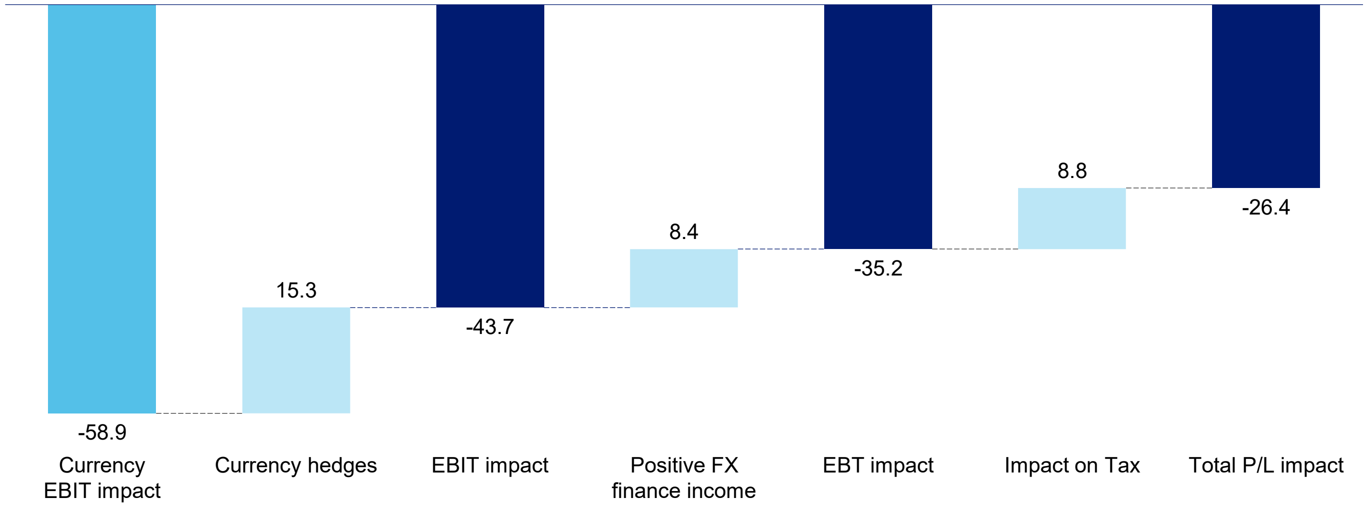
USD depreciation drove negative impact on 2025 EBIT and profit

Currency depreciation outweighs hedge gains and tax benefits

- Negative year-on-year currency impact on EBIT[1] estimated at USD 43.7 million
- Positive currency hedge result of USD 18.4 million, an improvement of USD 15.3 million year-on-year
- Positive finance income of USD 8.4 million driven by currency effects
- Positive impact on tax liability due to deferred tax assets held in ISK
- Net negative currency impact on the P&L totaling USD 26.4 million

Currency movements: Impact on 2025 EBIT and net earnings

2025 vs. 2024 in USD million



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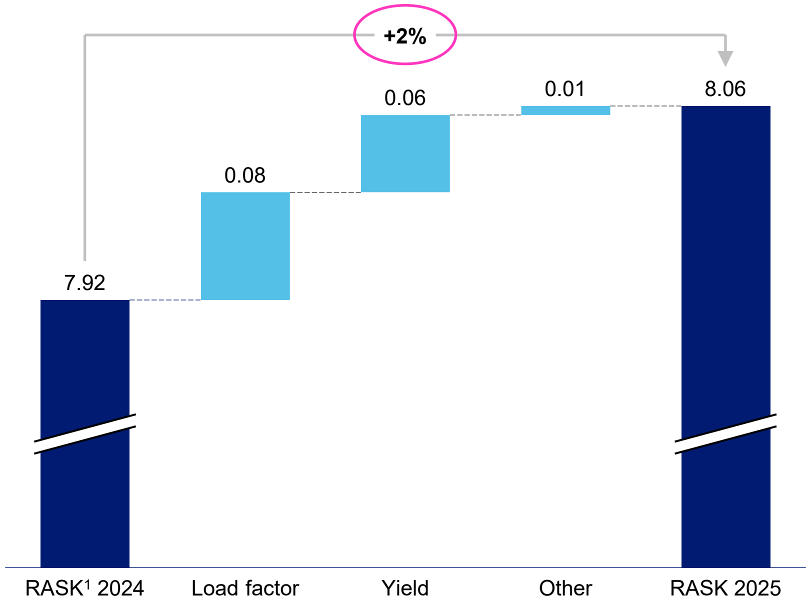
[1] Currency impact is estimated on costs; the revenue effect is harder to isolate as exchange rates influence both prices and underlying demand patterns.

Unit revenue in the route network increased by 2% year-on-year

Higher load factor and yield gains despite fare pressure in the transatlantic market

Main changes in unit revenue

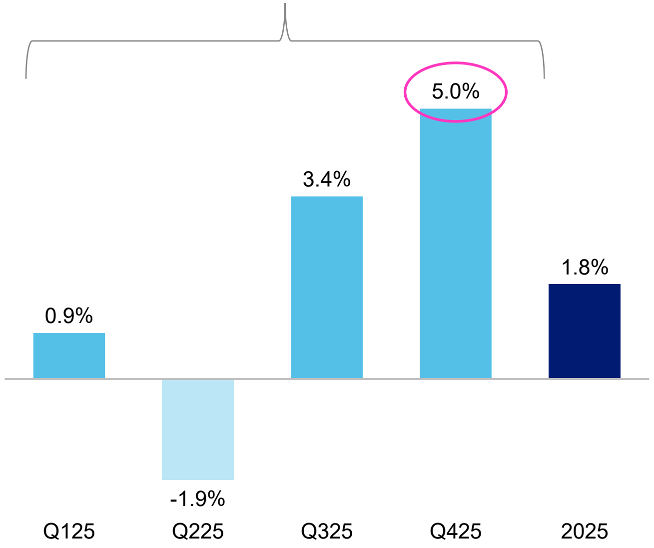
2025 vs.2024 in US cents



Unit revenue development

2025 vs. 2024

Three out of four quarters with positive year-on-year development, driven by increased focus on higher yielding markets to and from Iceland



Key drivers

2025 vs. 2024

- Load factor reached a record 83.5%, up 0.9 percentage points year-on-year.
- Average yield was 9.0 US cents, up 1% compared to last year.
- Yield improvement despite fare pressure in the transatlantic market driven by targeted network optimization and a higher proportion of passengers traveling to and from Iceland.
- Transformation initiatives continued to enhance yields through network and pricing optimization, upgraded premium product offerings and strengthened ancillary revenue streams.

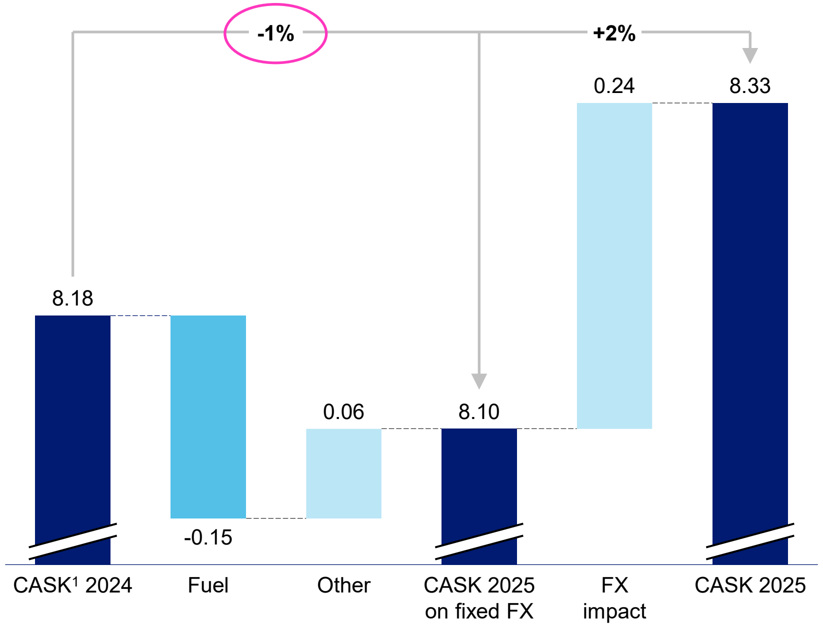
[1] RASK = Revenue per available seat kilometer in route network

Unit cost in the route network increased by 2% year-on-year

Driven by currency movements, with additional impact from fuel savings and inflationary pressures

Main changes in unit cost

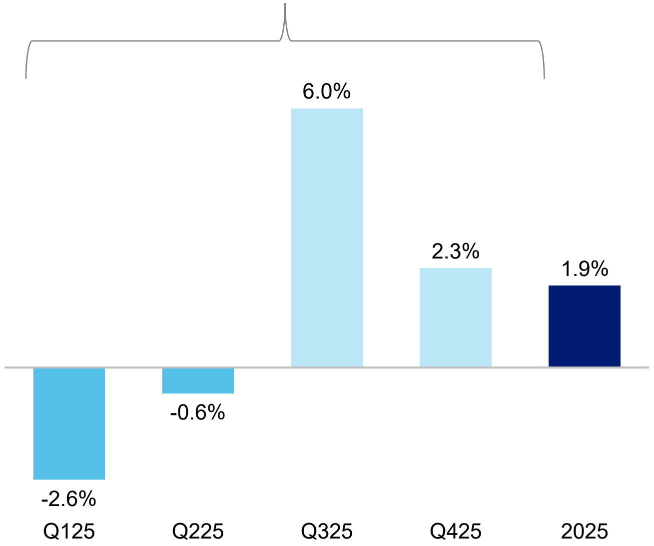
2025 vs. 2024 in US cents



Unit cost development

2025 vs. 2024

USD weakness in Q2 drove CASK up, but mitigation actions delivered clear improvement by Q4



Key drivers

2025 vs. 2024

- Higher unit costs year-on-year are primarily driven by unfavorable FX developments, with the USD weakening by roughly 10% against the ISK.
- Cost-reduction measures from the ONE transformation program have helped offset inflationary pressures across parts of the value chain.
- Fuel unit costs down 7% year-on-year, supported by lower fuel prices, hedging gains and increased fuel efficiency, which together mitigate doubling of emission charges between years.

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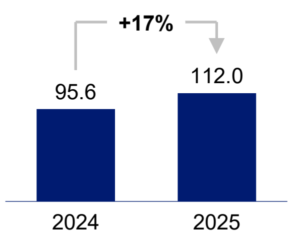
[1] CASK = Total cost per available seat km (ASK) in the route network

Cargo and Leasing operations delivered strong results in 2025

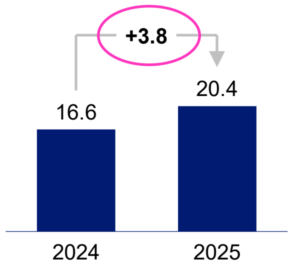
Strong revenue growth in Leasing and solid EBIT improvement across both Leasing and Cargo

LOFTLEIÐIR ICELANDIC

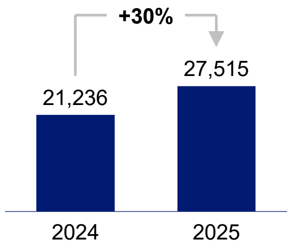
Revenue[1] USD million



EBIT USD million



Sold BH[2]

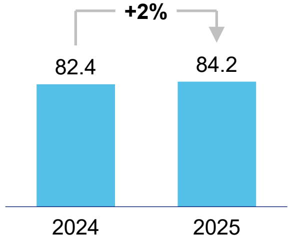


Comments

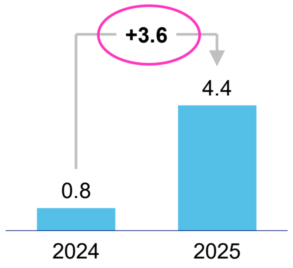
- Leasing continues to deliver strong results, with an EBIT margin of 18%
- EBIT USD 20.4 million, improvement of USD 3.8 million year-year
- Sold block hours increased by 30%

ICELANDAIR CARGO

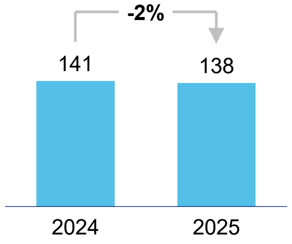
Revenue[1] USD million



EBIT USD million



FTK'000[3]



Comments

- Cargo operation with USD 4.4 million EBIT, improving by 3.6 million year-on-year
- Revenue increase of 2%, mainly driven by higher import volumes along with strong growth in Salmon exports
- Freight carried decreased by 2%

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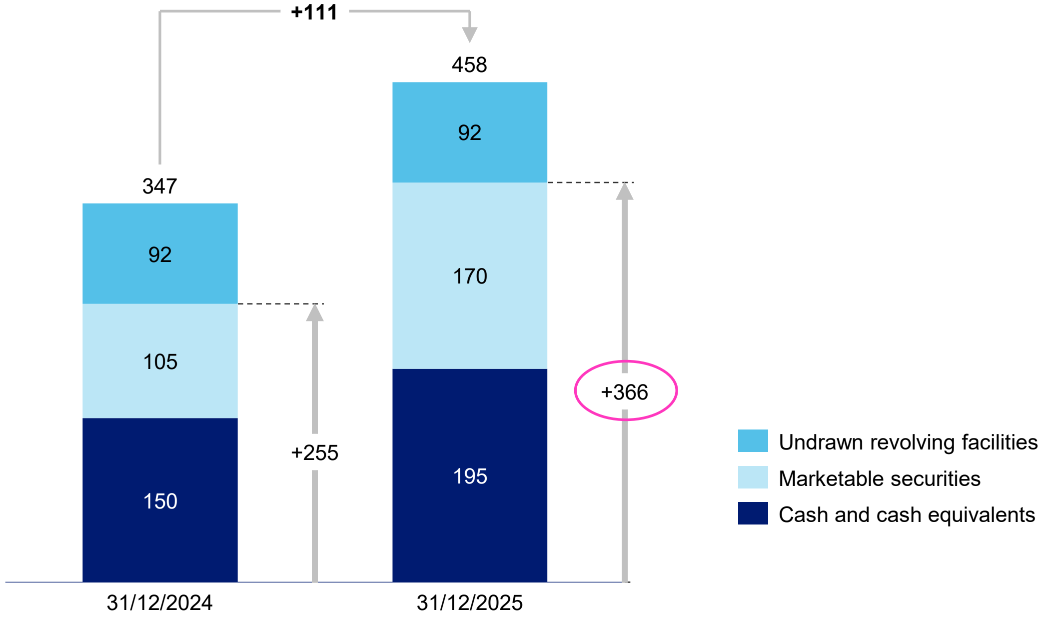
[1] Revenue includes intra revenue [2] BH: Block Hours [3] FTK: Freight Tonn Kilometers

Strong liquidity of USD 458 million at year-end

Improved liquidity driven by working capital movements and weaker USD

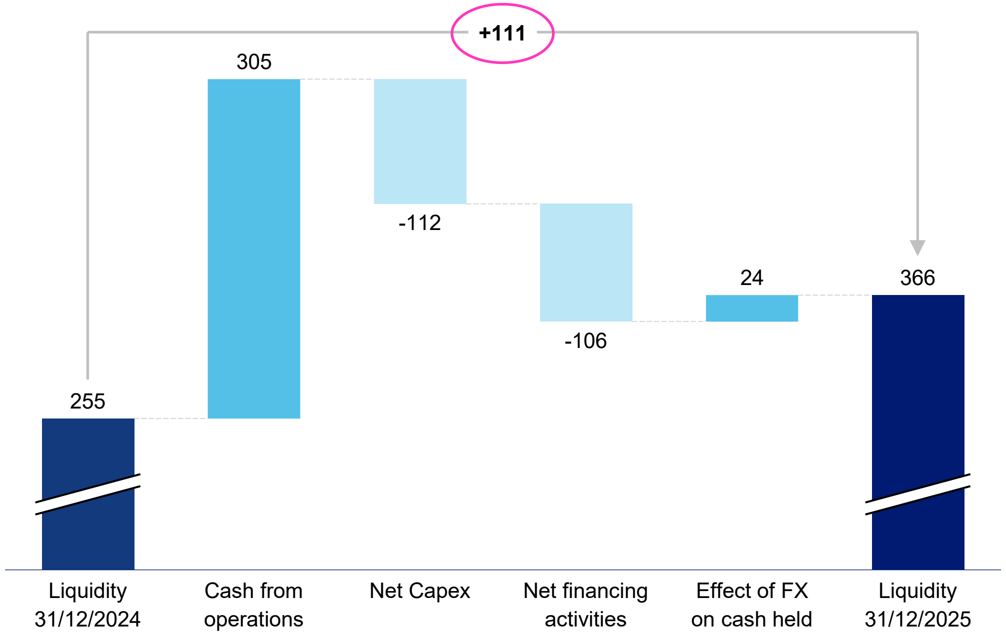
Total liquidity[1]

Breakdown in USD million



Liquidity[2] development

In USD million



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[1] Total Liquidity = Cash, cash equivalents, marketable securities, and undrawn revolving facilities [2] Liquidity = Cash and cash equivalents and marketable securities

Shareholders equity totaling USD 286 million and an equity ratio of 15%

Assets

USD million

	31 Dec 2025	31 Dec 2024[1]	% chg.
Operating assets	564	560	1%
Right-of-use assets	483	406	19%
Intangible assets and goodwill	58	56	3%
Other non-current assets	182	172	6%
Total non-current assets	1,287	1,194	8%
Inventories	28	24	15%
Derivatives used for hedging	4	4	-10%
Trade and other receivables	179	179	0%
Marketable securities	170	105	63%
Cash and cash equivalents	195	150	30%
Total current assets	577	462	25%
Total assets	1,864	1,657	12%

Equity and liabilities

USD million

	31 Dec 2025	31 Dec 2024[1]	% chg.
Shareholders' equity	286	269	6%
Loans and borrowings non-current	138	165	-16%
Lease liabilities	462	399	16%
Other non-current liabilities	147	100	47%
Total non-current liabilities	747	663	13%
Loans and borrowings current	39	41	-5%
Lease liabilities	78	66	18%
Derivatives used for hedging	4	6	-36%
Trade and other payables	319	260	23%
Defferred income	391	352	11%
Total current liabilities	831	725	15%
Total liabilities	1,577	1,388	14%
Total equity and liabilities	1,864	1,657	12%
Equity ratio	15%	16%	

[1] Comparative information has been reclassified

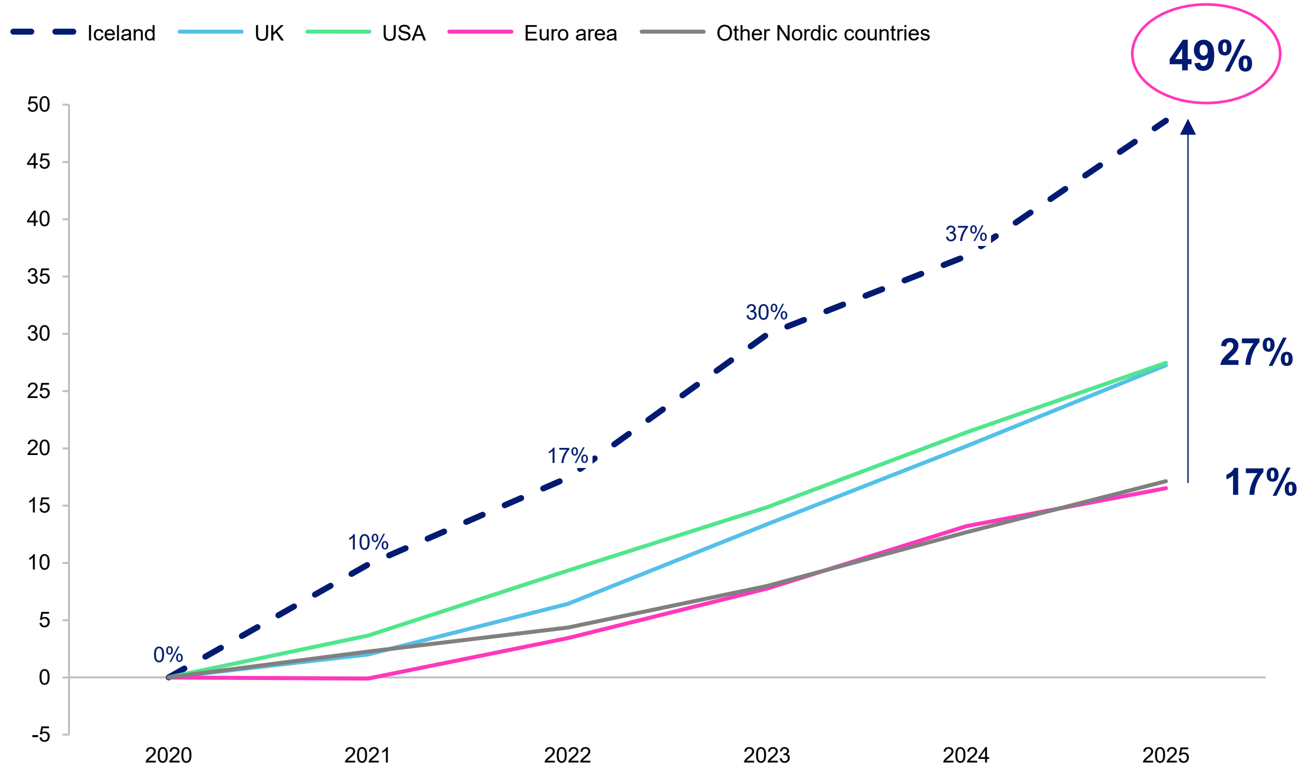
Business update and outlook

Bogi Nils Bogason, President and CEO

Wage increases in Iceland have significantly outpaced key competing markets

Nominal wages

Aggregated increase from 2020



- Icelandair has focused on increased organizational efficiency to mitigate these significant cost increases
- Productivity improved 10% in 2025
- Negotiations with pilots, cabin crew, and mechanics are currently ongoing with the focus on ensuring Icelandair´s competitiveness, while continuing to secure attractive aviation jobs in Iceland

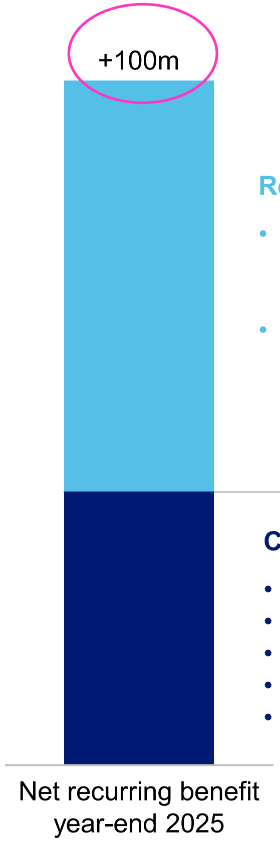
Source: The Central bank of Iceland

The ONE transformation program is progressing well with estimated annual impact when fully implemented over USD 100 million

>560
Ideas scheduled
for implementation

233
Initiatives successfully
implemented from 2024

+USD 100m
Annual impact when fully
implemented



Revenue initiatives include inter alia:

- Comprehensive revenue optimization designed to drive growth through more agile and responsive pricing and revenue-management processes.
- Refined product and service offerings by unbundling selected services

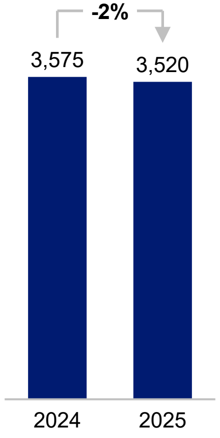
Cost initiatives include inter alia:

- Increased automation
- Organizational restructuring
- Improved productivity
- Coordinated fuel-saving program
- Unbundling of product offering

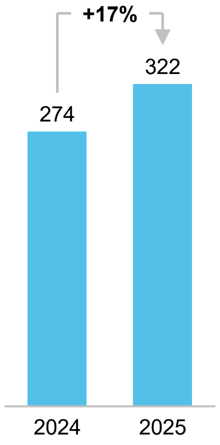
Icelandair continues to drive positive impact on the economy and wider society

Positively contributing to work and economic growth

Av. no. of FTEs



Tax footprint[1] in Iceland

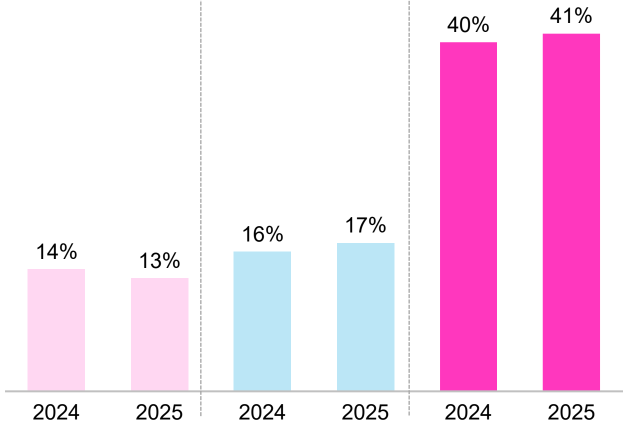


Gender equality improvement pilots, cabin crew, management

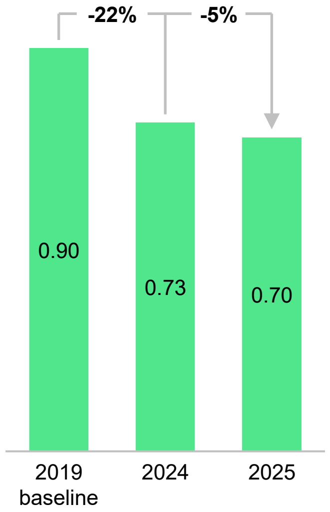
Female Pilots

Male Cabin Crew

Female Exco & Directors



Icelandair on track towards 2030 target of CO2/OTK[2]



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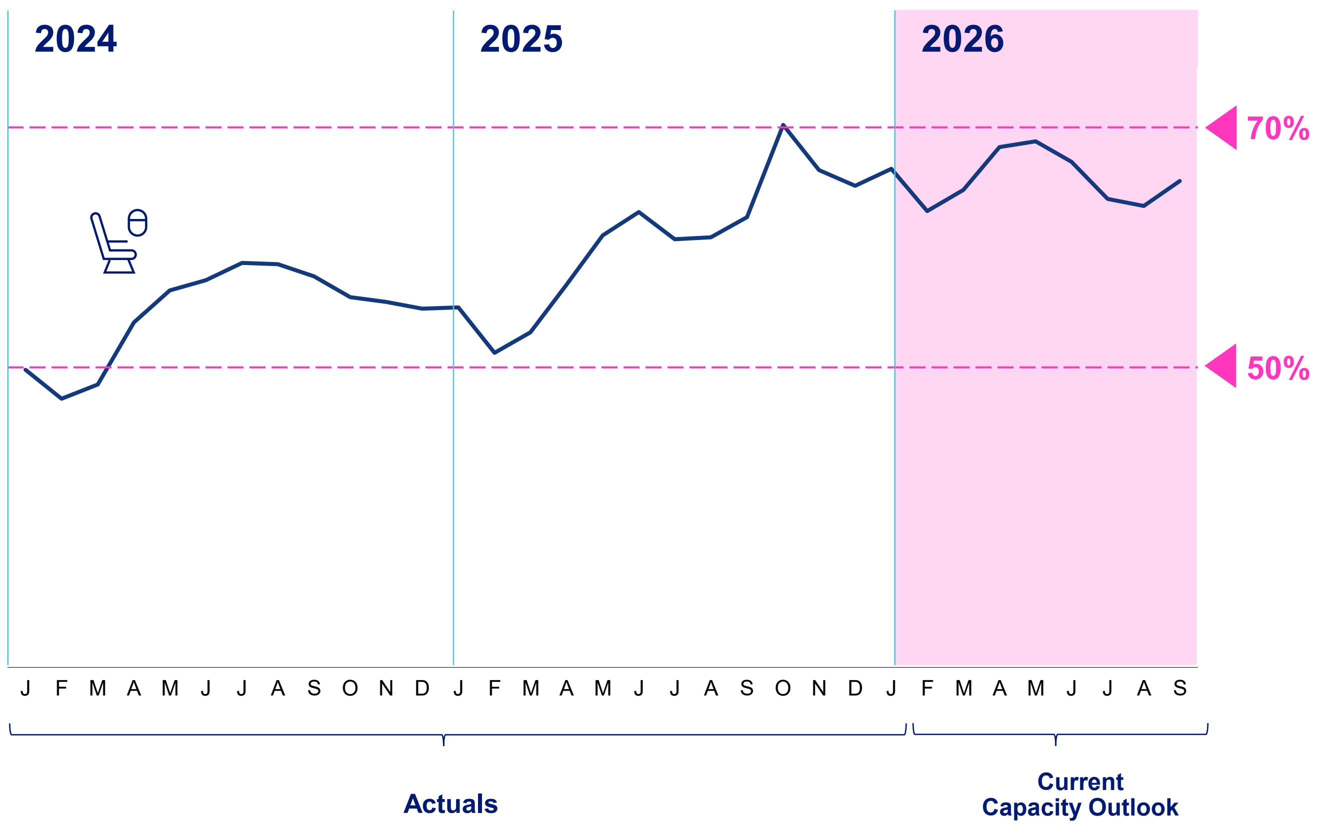
[1] Tax footprint: USD million , [2] OTK: Operational Ton Kilometer

Icelandair's leading hub position in KEF airport is strong

Our capacity share is forecasted at 68% in our hub in January 2026 compared to 50% at the beginning of 2024

Icelandair capacity share (in available seats) at KEF airport

2024-2026 in %



Our network in 2026

Capacity
change
from 2025

+2%

Continued focus on the markets

to and from Iceland

Available
seats

6.3m

3

Connecting
banks

Capacity increase driven by European destinations

Increased emphasis on Southern Europe and Scandinavia

+60

destinations

+800

connection possibilities

Three new destinations:

Faro

FAO

Venice

VCE

Gdansk

GDN

Improved utilization in the passenger network

- The fleet will comprise 52 aircraft in 2026, thereof 35 serving the international route network and six serving the domestic operation
- International fleet will be reduced by two aircraft in summer 2026 as older generation aircraft, B757 and B767, will be retired
- **757 and 767 will be out of the fleet in the beginning of 2028**

Majority of flights operated on new technology aircraft

- In 2026, ~90% of flights in the international network will be operated on the efficient B737 MAX and A321LR aircraft
- These aircraft offer improved passenger comfort, with quieter flights and modern interiors
- They also deliver up to ~30% better fuel efficiency compared to older generation aircraft

Six A321LR in operation summer 2026

- The A321LR is the successor of our Boeing 757
- The A321LR can operate to all destinations in the network previously served by the B757
- Icelandair has a purchase agreement for 13 A321XLR aircraft
- **The first XLRs are scheduled for delivery in 2029**

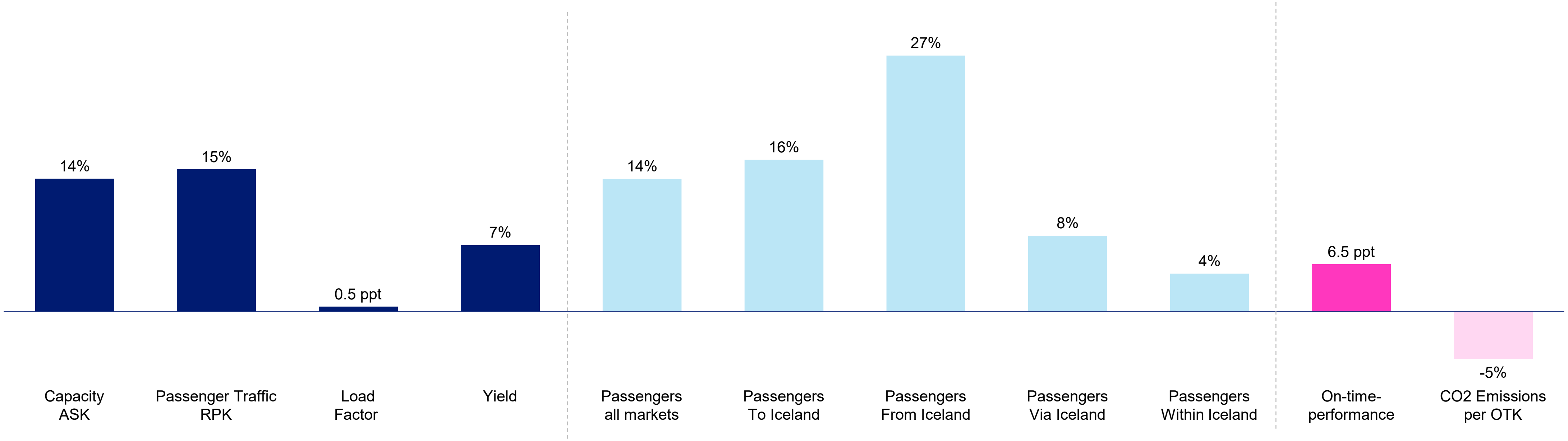
Icelandair financial outlook 2026

1. Profitability expected to improve year-on-year driven by the passenger route network
2. Unit cost excluding fuel is expected to increase less than in 2025, driven by the ONE transformation program and better utilization of our resources year-round
3. Unit revenue development is expected to outpace that of unit cost, supported by a strong hub position, positive booking status, and rebalanced summer 2026 network, with focus on European destinations
4. Profitability for the Leasing and Cargo segments is projected to remain strong

2026 is off to a good start with yields up by 7% and the number of passengers in January up by 14%

Traffic data passenger network

January 2025 vs. January 2024



ASK: Available Seat KM, RPK: Revenue Seat KM, Load factor: RPK/ASK, OTP: On-Time-Performance, OTK: Operating Tonn KM [1]Cirium Analytics report ranking list

Key takeaways

Significant results achieved in 2025

Record revenue and load factor, improved efficiency and outstanding OTP, placing us among the most punctual airlines in Europe

Geopolitical development affecting margins

Weakening of the USD has put pressure on margins through changes in demand and non-USD costs

Transforming the future

233 actions implemented since 2024, with over 100 million in annual impact expected when fully implemented

Strong leading hub carrier position

Icelandair’s leading hub carrier position at KEF airport is strong; continued focus in 2026 on the higher yielding To and From markets

Thank you

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