

We bring the spirit
of Iceland to the world



Q1 2026 Financial Results | 29 April 2026


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

Icelandair delivered strong results in many areas in the first quarter

Record revenue 

USD 347m
up 21% year-on-year

CO₂ emissions per OTK

-3% 

82.0% on-time-performance

Icelandair among the most punctual airlines in Europe 

Strong position as **leading hub carrier in Iceland**

64% of available seats out of KEF airport in Q1 2026

Improved efficiency

13% Capacity increase

3% Total FTEs

-1% Total overhead FTEs

Record First-choice carrier score in Iceland in March 2026

54%

ONE transformation program delivering **USD 117m** in estimated annual impact when fully implemented

RASK up by **7%** driven by higher proportion of to and from markets

EBIT margin improving by **6.3 ppt** -15.4% Q126 vs. -21.7% Q125

9% yield improvement y-o-y

 Record load factor **80.3%**

Record revenue generation in Q1 2026 and liquidity has never been stronger

Record
revenue

USD 347m

up by 21%
from last year

RASK
increasing by

7%

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

CASK
remains

unchanged

despite considerable salary increases
and negative FX impact

Strong EBIT results in
Cargo and Leasing

USD 6.6m

similar as
last year

EBIT
loss

USD 53m

improving by USD 8.9m
year-on-year

Net
loss

USD 46m

increasing by USD 2m from last year
on unfavorable FX development

Negative
currency effect

USD 10m

USD 10% weaker against
ISK and 11% against EUR

Equity
ratio

13.5%

compared to
12.7% last year

Strong
liquidity

USD 616m

up USD 107m
from Q125

Financial results

Ívar S. Kristinsson, CFO

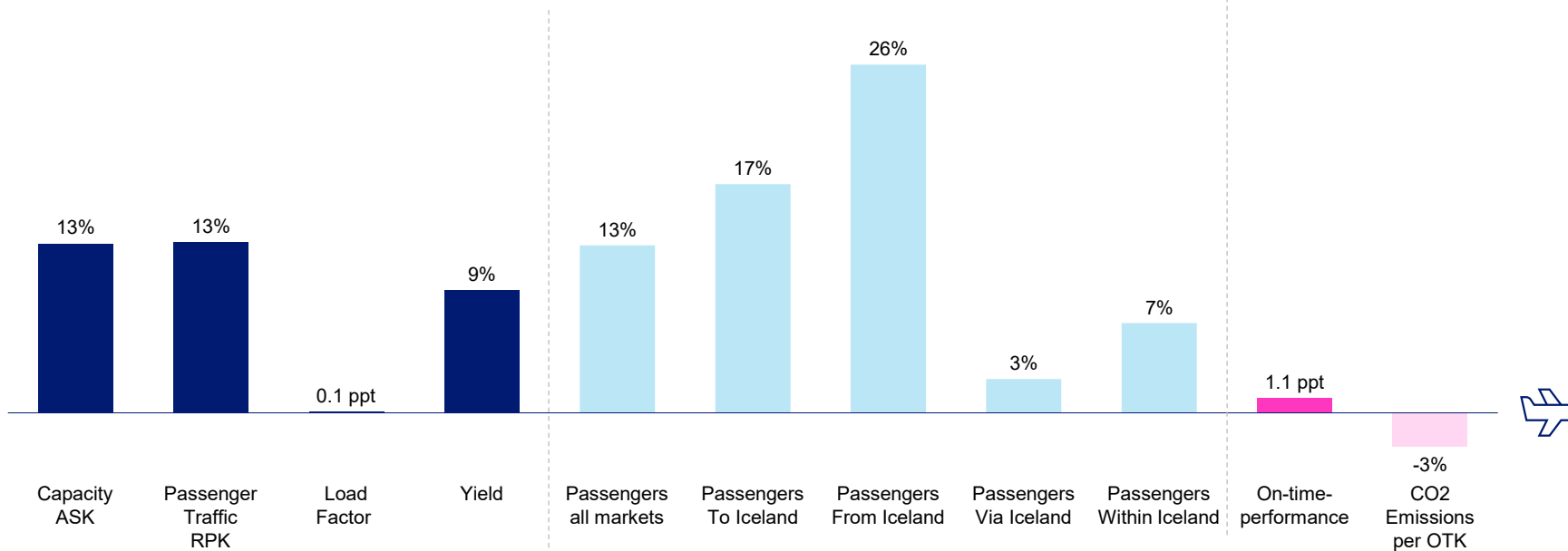


Strong revenue performance in Q1 2026 underpins network strength

Yields up by 9% and a record 80.3% load factor on 13% capacity increase

Traffic data passenger network

Q126 vs. Q125



Icelandair's on-time performance in Q1 2026

82.0%

among the most punctual airlines in Europe¹

improvement year-on-year despite challenging weather conditions at our hub in Iceland in March



Operational strength drives EBIT improvement in a challenging cost environment

Strong revenue growth of 21% mitigates unfavorable currency movements and operational cost pressures

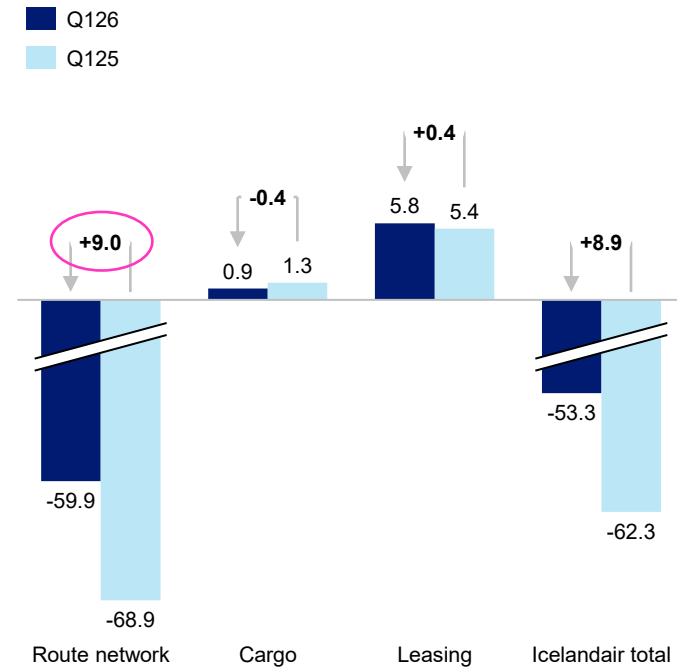
Profit loss statement

USD million

USD million	Q1 2026	Q1 2025	Change
Passenger revenue	258.3	214.0	21%
Cargo revenue	22.6	21.1	7%
Leasing revenue	31.3	28.6	10%
Other operating revenue	34.3	22.8	51%
Operating income	346.5	286.5	21%
Salaries and salary related	109.0	92.2	18%
Aircraft fuel	72.2	62.1	16%
Other aviation expenses	79.6	60.6	31%
Other operating expenses	97.4	94.4	3%
Operating expenses	358.1	309.3	16%
Depreciation and amortization	41.7	39.5	6%
EBIT	-53.3	-62.3	-
EBIT ratio	-15.4%	-21.7%	6.3 ppt
EBT	-57.3	-59.3	-
Net loss	-45.3	-44.1	-

EBIT per segment

USD million



Key drivers

Q126 vs. Q125

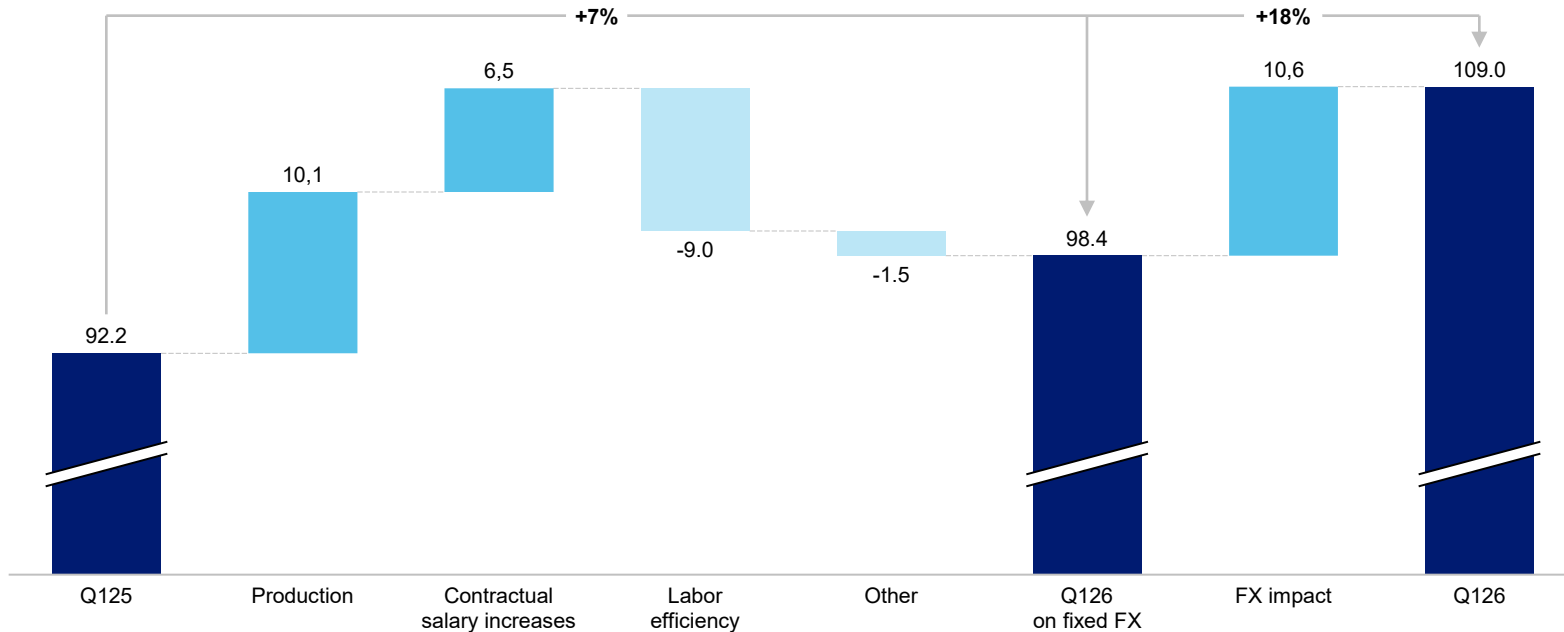
- **Passenger revenue increased across all markets**, led by the market from Iceland, where passenger volume grew 26%.
- Depreciation of the USD drove a **net USD 10 million decrease in EBIT**, after hedging effects
- Cargo EBIT remained positive for the **sixth consecutive quarter**, despite a slight year-on-year decrease
- Leasing operations remained strong and delivered a **solid 18% EBIT margin**



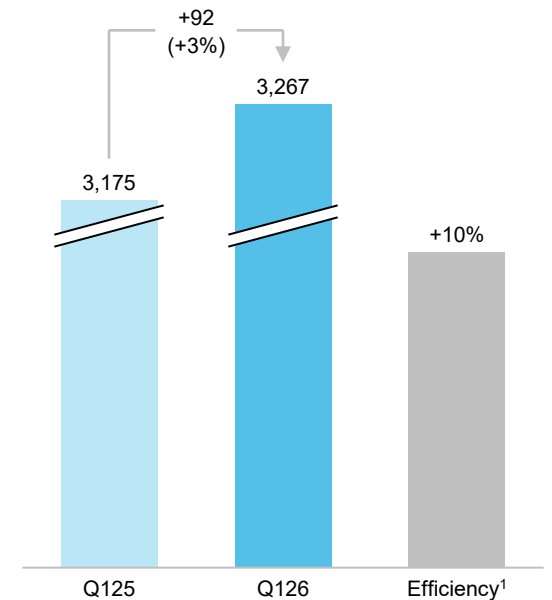
Higher salary costs driven by FX movements and contractual wage increases

FTEs up by 3% on 13% production increase, representing an efficiency increase of 10% compared to last year

Overview of main changes in salary and salary-related costs
Q126 vs. Q125 in USD million



Average number of FTEs
Change year-on-year



¹Efficiency measured in ASK per FTE



Fuel expenses in Q1 increased by 16% year-on-year

Fleet efficiency and fuel hedge gains partly offset rising fuel prices and emission costs

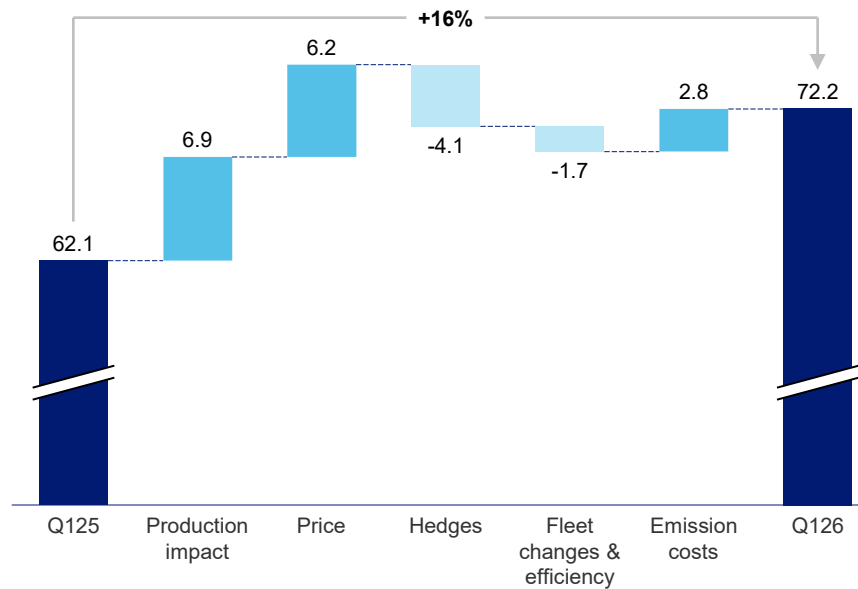
Key drivers

Q126 vs. Q125

- The sharp increase in oil prices in recent weeks only had a limited impact in Q1, as **~75% of the fuel consumption in March was priced on February market prices**
- Ongoing fleet renewal** and fuel-efficiency initiatives continue supporting long-term sustainability goals and help mitigate fuel-cost pressures
- Carbon emission costs increased by 47%** year-on-year, **reaching USD 7.0 million** in the quarter. The increase was driven by increased production in Europe, slightly higher market price on UK credits and liability adjustments
- Fuel hedges in place for ~41%** of the consumption in 2026 @ price of USD 666/ton

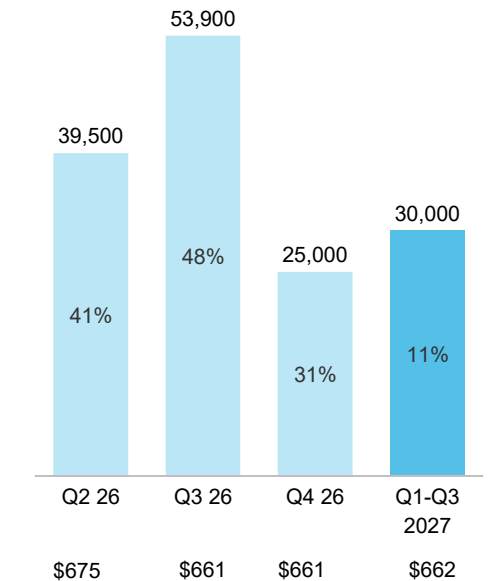
Main changes in fuel cost

Q126 vs. Q125 in USD million



Hedge contracts and ratios

Overview ton, hedge %, strike price \$/mt

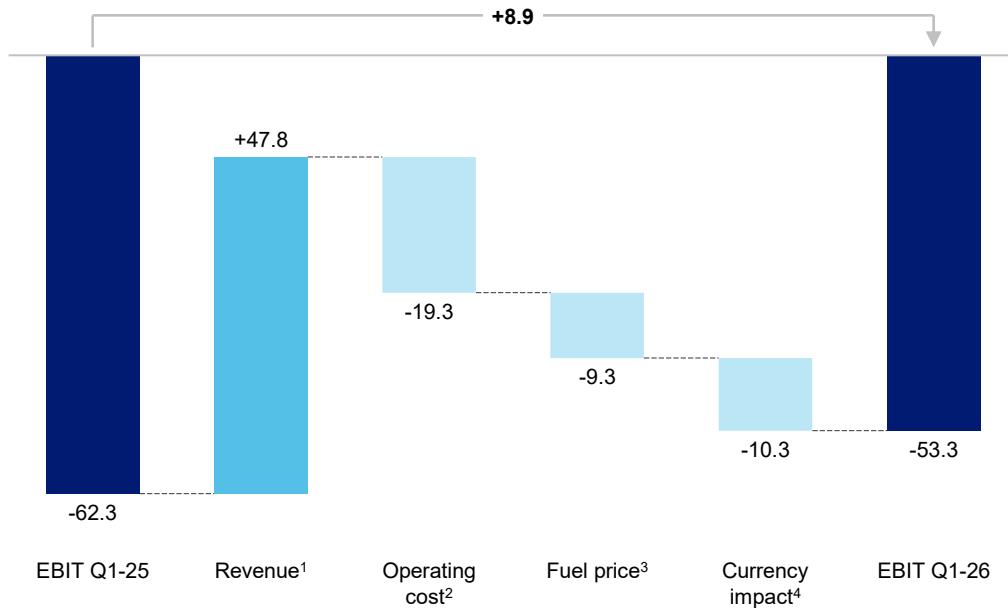


Q1 2026: Margin improvement despite cost headwinds

21% revenue growth more than offset cost pressure from fuel and FX

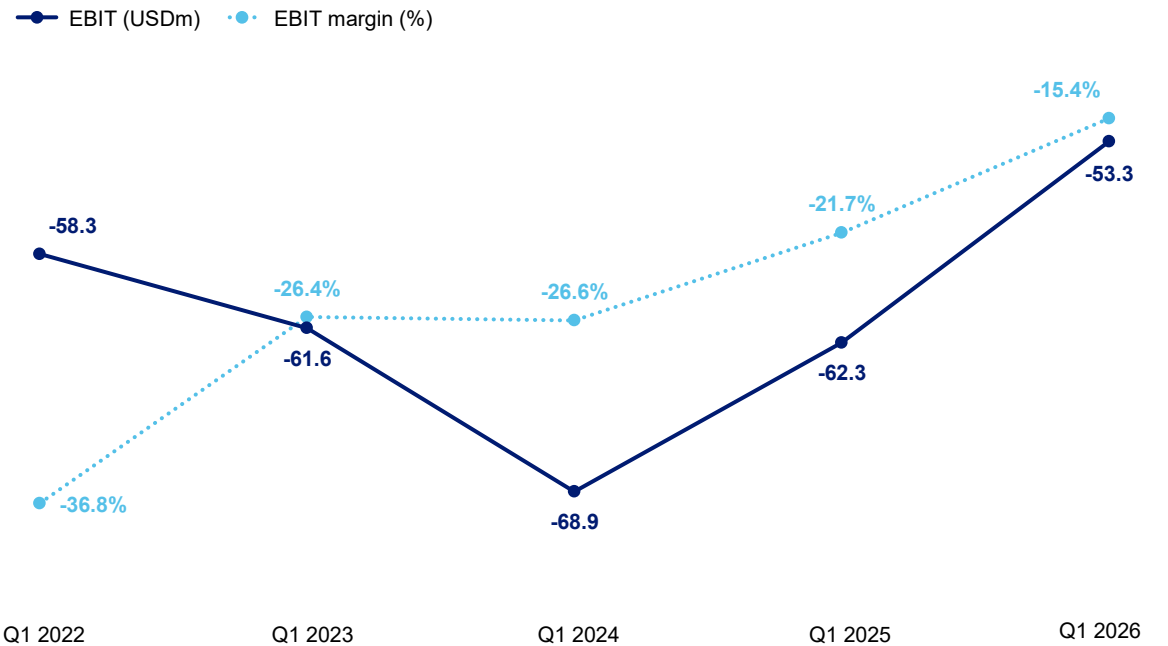
EBIT bridge Q1: Main changes compared to last year

EBIT Q126 vs. Q125, USD million



Five-year trend: Strongest EBIT margin in the period

Last 5-year Q1 EBIT development, USD million



Record passenger revenue performance

Driven by strong yield growth and increased premium share

+21%
passenger
revenue
increase

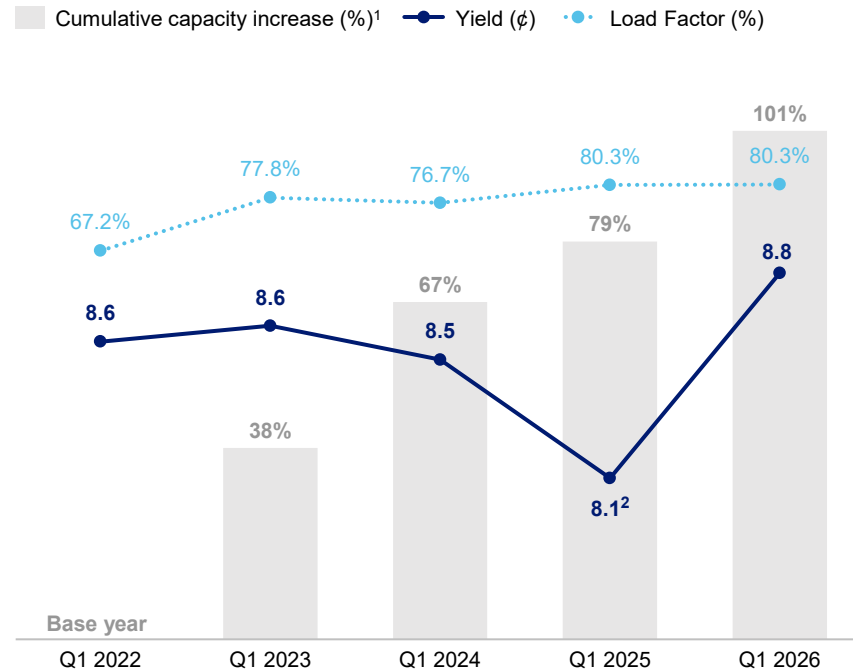
258m vs. 214m USD LY,
during a 13% capacity
increase

+7%
unit revenue
increase

7.8¢ vs 7.3¢ LY, driven
by higher yields and
slightly higher load factor

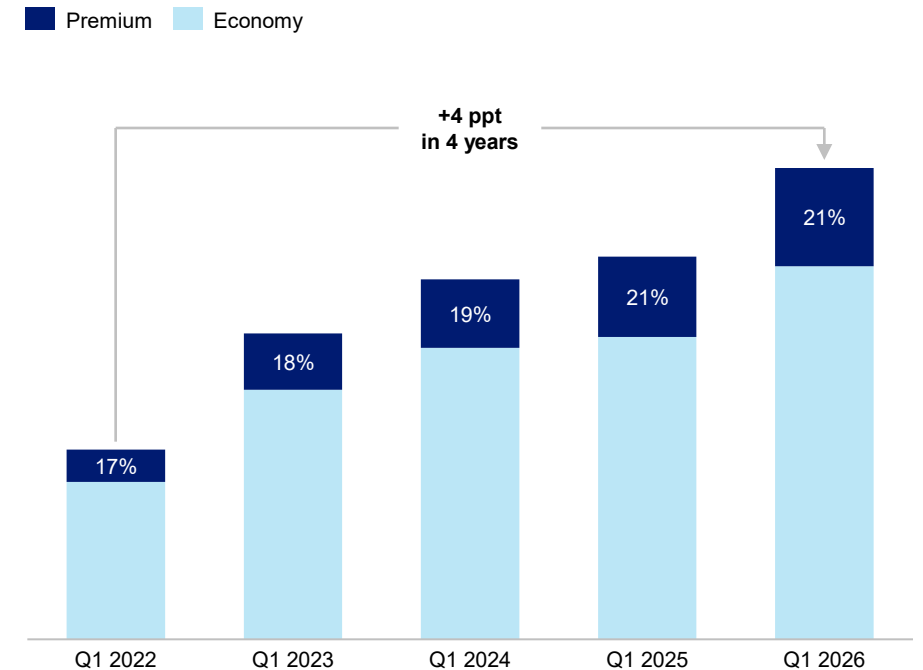
Yield growth without demand trade-off

Last 5-year Q1 Yield and Load Factor development



Revenue growth increasingly driven by Premium share

Last 5-year Q1 revenue mix development, % of ticket revenue

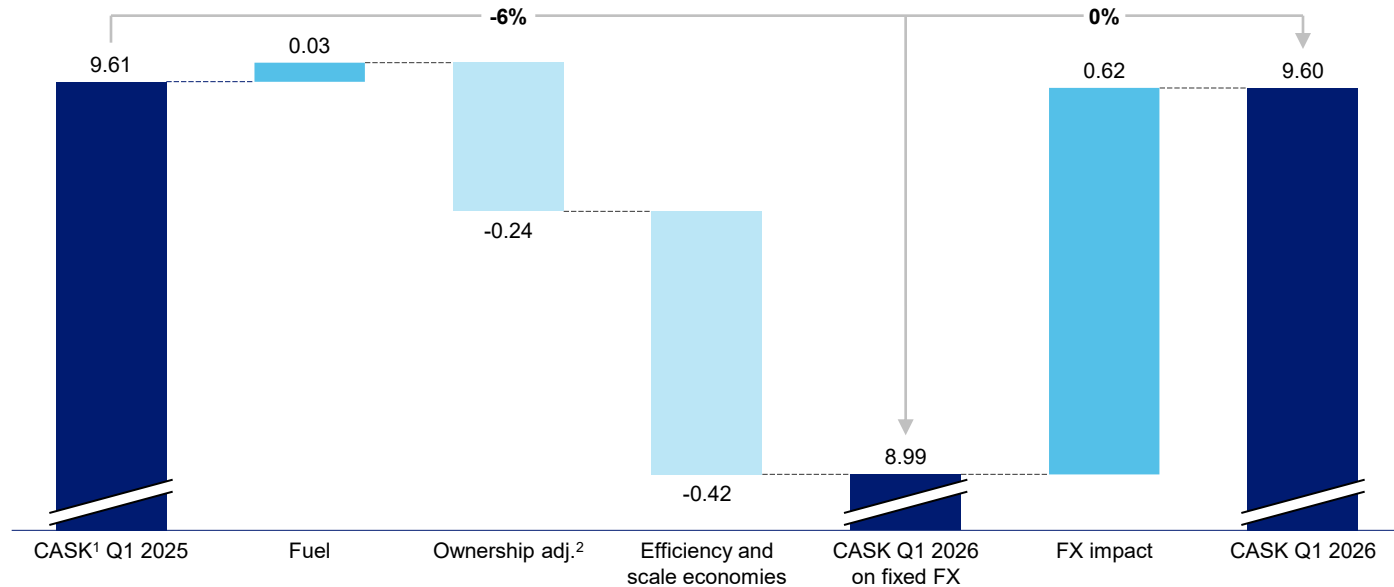


Unit cost in the route network flat year-on-year despite FX and fuel headwinds

Transformation program and operating leverage driving 6% fixed FX unit cost improvement

Main changes in unit cost

Q126 vs. Q125 in US cents



Key drivers

Q126 vs. Q125

- **CASK flat year-on-year** during 13% capacity growth, **-6% on fixed FX**, demonstrating meaningful operating leverage
- **CASK ex-fuel down 1%** year-on-year
- Transformation program delivering real savings, with **USD 8m impact on costs realized in Q1 2026**
- **FTE growth of only 3%** against 13% capacity increase, reflecting improved workforce productivity
- **Asset sale of one 767 aircraft** contributing USD 8m, recorded as a one-off cost reduction in the period

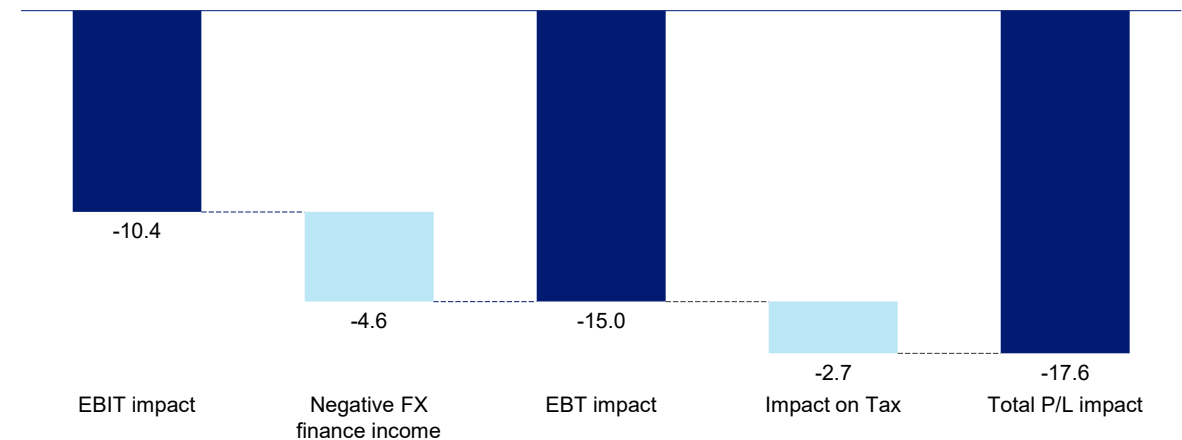


EBIT and profit negatively affected by the depreciation of the USD

USD 10.4 million currency headwind on EBIT in Q1 2026 versus Q1 2025

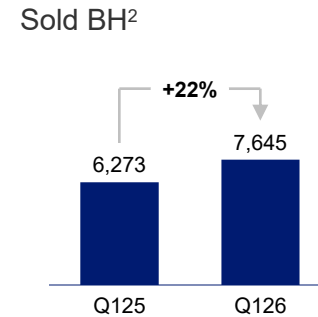
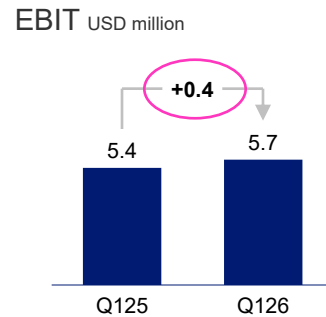
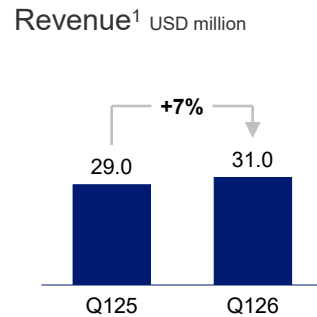
- The negative currency impact on EBIT is estimated at USD 10.4 million
- Negative FX income 4.6 million
- Negative impact on tax liability is due to deferred tax assets being held in ISK
- Net currency impact on the profit totaling USD 17.6 million

Currency impact on EBIT and net earnings compared to last year
USD million Q126 vs. Q125



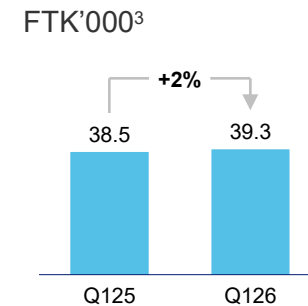
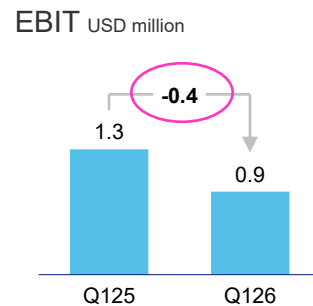
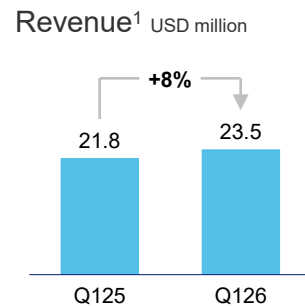
Cargo and Leasing operations delivered strong results in Q1

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



Comments

- Leasing continues to deliver strong results, with an EBIT margin of 18%
- EBIT USD 5.7 million, improvement of USD 0.4 million year-on-year
- Sold block hours increased by 22%



Comments

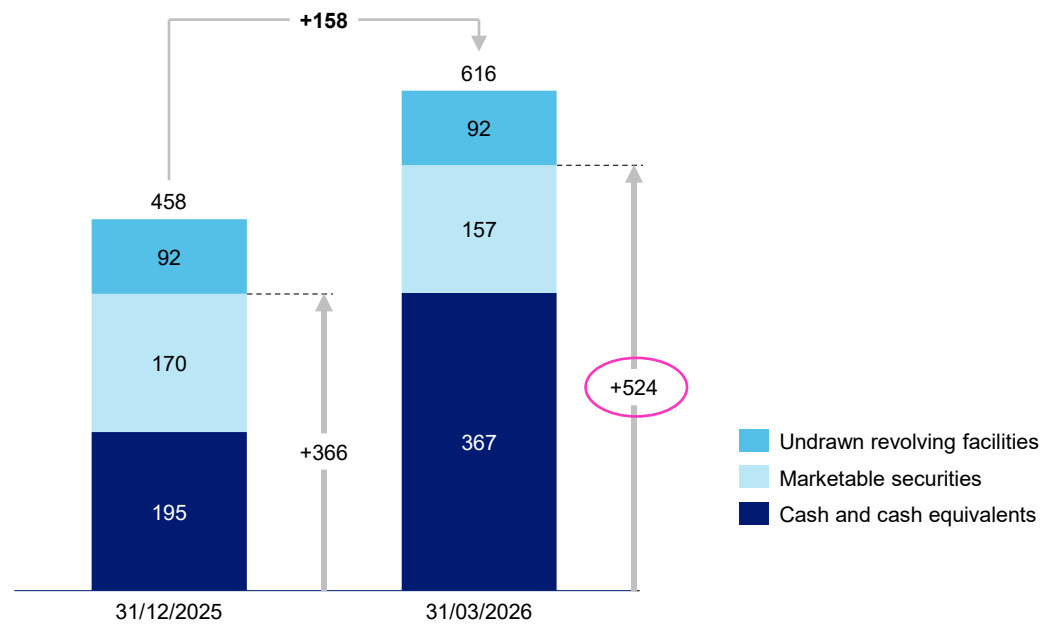
- Cargo operation with USD 0.9 million EBIT, decline by 0.4 million year-on-year mainly due to higher aviation expenses
- Revenue increase of 8%, mainly driven by higher import volumes along with strong growth in Salmon exports
- Freight carried increased by 2%



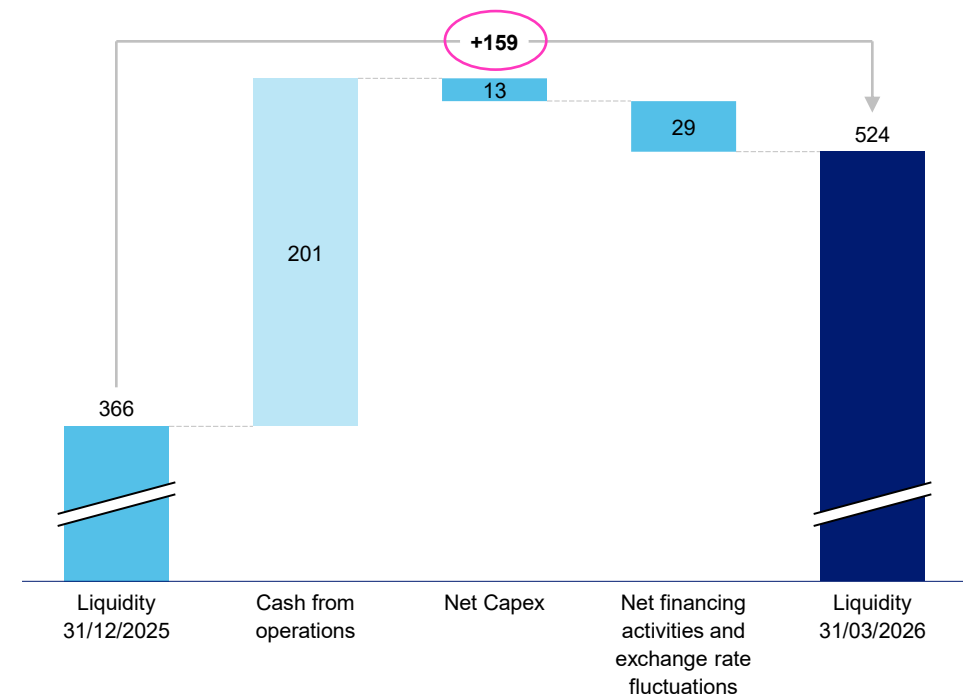
Record liquidity of USD 616 million at quarter-end

Improved liquidity driven by strong cash from operations

Total liquidity¹
Breakdown in USD million



Liquidity² development
In USD million



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



Shareholders equity totaling USD 303 million and an equity ratio of 13.5%

Assets

USD million

	31 Mar 2026	31 Dec 2025	% chg.
Operating assets	558	564	-1%
Right-of-use assets	561	483	16%
Intangible assets and goodwill	58	58	0%
Other non-current assets	179	183	-2%
Total non-current assets	1,355	1,287	5%
Inventories	31	28	9%
Derivatives used for hedging	72	4	1713%
Trade and other receivables	272	179	52%
Marketable securities	157	170	-8%
Cash and cash equivalents	367	195	88%
Total current assets	899	577	56%
Total assets	2,254	1,864	21%

Equity and liabilities

USD million

	31 Mar 2026	31 Dec 2025	% chg.
Shareholders' equity	303	286	6%
Loans and borrowings non-current	133	138	-4%
Lease liabilities	536	462	16%
Other non-current liabilities	156	147	6%
Total non-current liabilities	826	747	11%
Loans and borrowings current	34	39	-14%
Lease liabilities	80	78	3%
Derivatives used for hedging	0	4	-100%
Trade and other payables	395	319	24%
Deferred income	616	391	57%
Total current liabilities	1,125	831	35%
Total liabilities	1,950	1,577	24%
Total equity and liabilities	2,254	1,864	21%
Equity ratio	13.5%	15.4%	



Business update and outlook

Bogi Nils Bogason, President and CEO



Higher fuel prices following the Iran conflict increase uncertainty around full-year results

Fuel price development

Actual Jan 2023-Apr 2026, spot forward price May 2026-Dec 2026



- Fuel prices are currently highly volatile
- The fuel price changes in the near term will depend on the development of the conflict in the Middle East and the opening of the Strait of Hormuz
- Stable outlook on the delivery of physical jet fuel for all Icelandair destinations
- Market futures provide indications for the coming months; however, high volatility can translate to higher/lower than indicated actual prices

¹ Market price: Jet CIF NWE



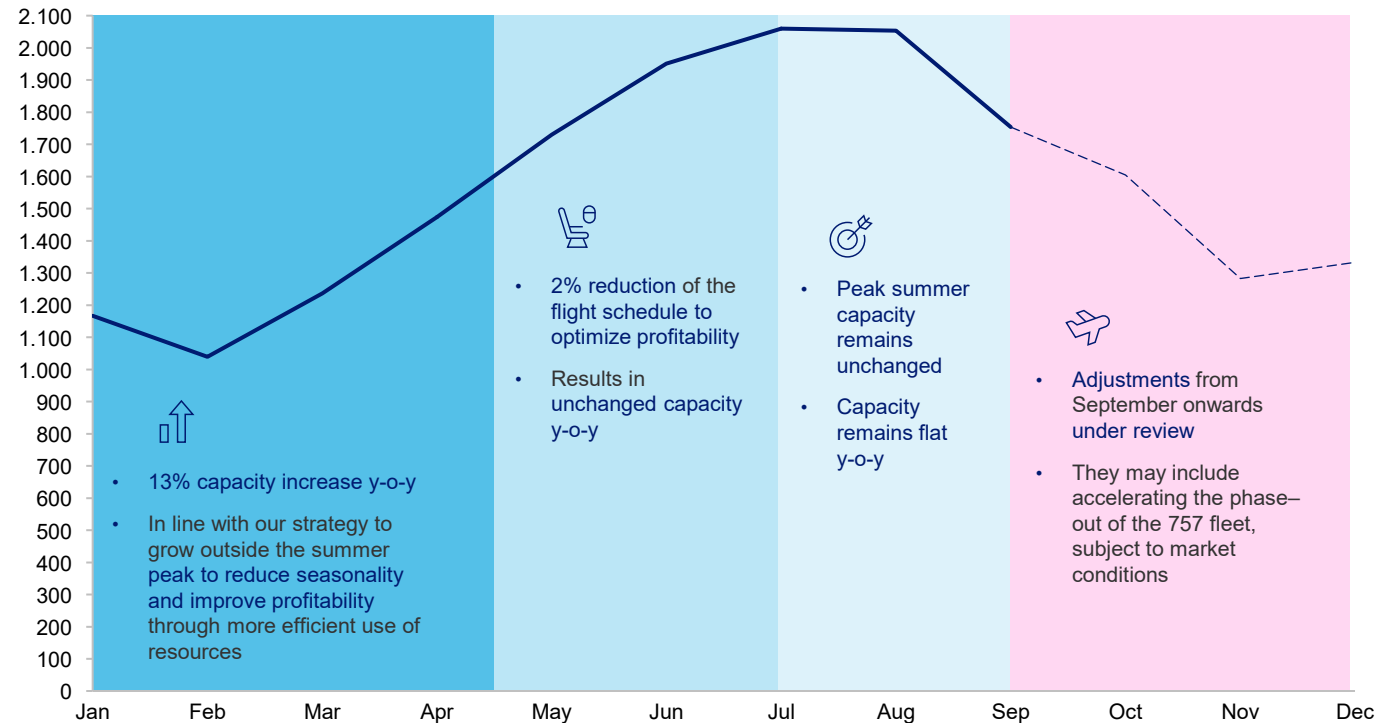
Mitigating actions in response to fuel volatility

Mitigating actions taken by Icelandair include

- Fare increases cross all markets
- Strong emphasis on **strict cost discipline** in areas where the company has control
- Around **2% capacity reduction** in the route network in Q2 2026
- Further adjustments under review, which may **accelerate the already planned phase-out of the B757 fleet**

Overview of capacity in the route network

In available seat kilometers per month in 2026



Continued progression of the ONE transformation program

Over 500 ideas are scheduled for implementation, with 283 initiatives successfully implemented from 2024

ONE

estimated
annual impact

when fully
implemented

Revenue initiatives include:

- Comprehensive revenue optimization aimed to drive growth through more agile and responsive pricing and revenue-management processes
- Refined product and service offerings by unbundling selected services
- Strengthening of ancillary revenue streams

Cost initiatives include:

- Increased automation
- Organizational restructuring
- Improved productivity
- Coordinated fuel-saving program
- Unbundling of product offering
- Reduction of disruption-related costs from unscheduled maintenance



USD 117m



Simplifying and strengthening Icelandair's core airline operation in Iceland by exploring opportunities abroad



Financial service center in Estonia

Operated in Tallinn, Estonia, since 2002

Provide accounting, ticketing, and back-office services for Icelandair



Customer service center in the Philippines

Operated in the Philippines since 2017 in co-operation with a third party



Technical service center in Lithuania

Opening in May 2026, the new division will take responsibility for the airline's third-party technical services

Baltics have a strong aviation culture and expertise



LOI to acquire 49% stake in a Maltese AOC signed

Letter of Intent (LOI) signed for potential acquisition of a 49% stake in a Maltese AOC

The investment would provide Icelandair with increased operational flexibility and new business opportunities



Our route network in 2026 – strong demand outlook and yields



Capacity change from 2025

+1%

Capacity increase driven by European destinations

Increased emphasis on Southern Europe and Scandinavia



Continued focus on the markets

to and from Iceland

41 aircraft summer

Four new destinations:

Faro FAO	Venice VCE	Gdansk GDN	Tromsø TRO
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Available seats

6.2m

3 connecting banks

+800 connection possibilities



Improved fleet utilization in the passenger network

- Fleet of **52** aircraft in 2026, thereof **35** serving international routes and **six** regional routes
- **International fleet reduced by two aircraft in summer 2026** following B757 and B767 retirements
- **~90%** of international flights operated by B737 MAX and A321LR aircraft, delivering up to **~30%** better fuel efficiency

Airbus fleet growing as the fleet transitions continues

- **Six A321LR** in operation, increasing to **nine by summer 2027**
- Commitment in place for one A320 CEO aircraft for delivery in May as delivery of one A321LR gets delayed until the fall
- Actively working on securing aircraft **for 2027 and 2028** as we continue to phase out B757 and B767 aircraft as well as growing the fleet

Market unrest may accelerate B757 and B767 retirements


- **The B767 fleet is planned to retire** after the 2026 Christmas period
- Base plan assumes **limited B757 aircraft in operation** through the fall of 2027
- Sustained high fuel prices **could accelerate B757 retirements**, potentially from this fall



Negotiations of new collective bargaining agreements are ongoing

- Collective bargaining agreements with the unions of pilots, cabin crew, and maintenance technicians expired in late 2025.
- Cabin crew discussions are progressing, while negotiations with the pilots and maintenance unions have been referred to state mediation for resolution.
- The focus of the negotiations is for Icelandair to be able to continue providing attractive aviation jobs in Iceland by ensuring the Company's competitiveness, supporting its fleet and network growth, and driving operational flexibility





Icelandair financial outlook 2026 is subject to considerable uncertainty

1

Volatility in fuel prices will impact fuel costs in Q2 26 and could pressure margins. Strong demand outlook and improving yields offset some of the impact

2

For Q2 26, profitability is expected to be lower than last year, despite continued improvement of unit revenue

3

The fuel market price development during Q2 26 will determine the magnitude of the impact



Key takeaways



Strong results in Q1

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

Strategic network adjustments

Weak USD and via market drive modest network growth, prioritize to and from Iceland-markets and European destinations while reducing exposure to the US market

Mitigating action in response to fuel volatility

Fare increase initiated across all markets, capacity adjustment of 2% in Q2 26, with further adjustments under review for fall and winter, in addition to strict cost control

Transforming for the future

283 actions implemented since 2024, with over 117 million in annual impact expected when fully implemented

Thank you



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