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Q3 2025 PRELIMINARY RESULTS AND PUBLISHING OF FINANCIALS

According to Icelandair Group's preliminary third-quarter results, the Company expects EBIT to be approximately USD 74 million, compared to USD 83.5 million in the same period last year. This is an update to the Company's EBIT guidance issued in July 2025, which anticipated an improvement in profitability in the third quarter compared to the previous year; however, this development has not materialized.

Revenue for the quarter increased year-over-year in line with projections, despite pressure on fares on the transatlantic market. However, costs are above projections due to a stronger real exchange rate of the Icelandic krona, which results in higher salary costs. Fuel costs were higher than expected, including expenses related to the settlement of ETS carbon units. Additionally, an unforeseen short-term aircraft lease in August due to repairs on another aircraft also led to increased costs.

The Company's liquidity remains strong. As of the end of September, cash and marketable securities totaled USD 410 million, and the Company had undrawn credit lines of USD 92 million. The EBIT for the full year is expected to be negative, in the range of USD 10–20 million. The interim financial statements are still being finalized and may be subject to changes before publication.

For 2026, Icelandair has adjusted its capacity in response to market conditions - specifically the weak demand on the transatlantic market and a strong Icelandic Krona. As a result, the number of aircraft in the passenger network will decrease by two. Despite the reduction of the fleet, the total capacity in 2026, measured in available seat kilometers, is expected to remain nearly unchanged year-over-year, which will drive a continued increase in year-round utilization of the Company's resources. Furthermore, the Company continues to prioritize efficiency improvements and strict cost management and has already taken various actions to enhance its financial performance.

Icelandair will publish its third-quarter 2025 results on Wednesday, October 22, 2025, not October 23, as previously announced. A live stream of the investor presentation related to the results will take place at 8:30 AM on Thursday, October 23, at https://icelandairgroup.com, where Bogi Nils Bogason, President and CEO, and Ivar S. Kristinsson, CFO, will present the results along with operational outlook, and answer questions. The presentation and webcast will be accessible on the Company's website after the event.

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