

ICELANDAIR: FINANCIAL RESULTS 2024

- 10% revenue growth between years, total revenue in Q4 2024 USD 349 million
- EBIT improvement of USD 18 million, EBIT in Q4 negative USD 32 million
- Unit revenue up 1.5% driven by higher load factor in Q4 2024
- Unit cost in Q4 2024 down 3% due to focus on operational efficiencies and lower fuel costs
- Record number of passengers in Q4, the market to Iceland recovering
- Net loss in 2024 amounted to USD 20 million compared to net profit of USD 11 million in 2023
- Strong performance in the Leasing business, Cargo operations back to positive EBIT in 2024
- 4.7 million passengers transported in 2024 – a 9% increase compared to 2023
- On-time performance improved significantly, increased by 5.6 percentage points
- First Airbus aircraft in Icelandair's history added to the fleet in December
- Healthy cash flow from operation of USD 221 million for the full year improving by USD 6 million
- Total liquidity of USD 347 million at year-end
- EBIT in 2025 projected USD 40-60 million

BOGI NILS BOGASON, PRESIDENT & CEO

“We achieved significant improvement in our financial results in Q4 in all business units. Unit revenue development is turning around, and we managed to mitigate the impact of cost increases in the environment by driving operational efficiencies. The results for the full year were in line with the guidance we published in October, and we expect the positive financial development that we saw in Q4 to continue in the coming months. The prospects for 2025 are promising with our current booking status stronger than last year. We are planning an 8% increase in capacity, focused on off peak seasons, which will both improve resource utilization and provide customers with more travel options than ever before.

In 2024, our route network operations were robust, reflected by decreased unit cost, high customer satisfaction and outstanding on-time performance, where we continuously ranked among the most punctual airlines in Europe over the summer months. We also achieved great turnaround in our cargo operation during the year and our leasing business continued to deliver strong results.

To ensure profitability and long-term success, we launched a comprehensive transformation journey in 2024. At the end of the year, we had already implemented operational improvements that will deliver over USD 20 million in run-rate annual impact when fully materialized. We expect the transformation to deliver a total of USD 70 million in annual impact by the end of 2025 as additional improvements will be implemented throughout the year.

We can say that the year 2024 marked a new beginning for Icelandair when we took delivery of our first ever Airbus aircraft and moved to our new headquarters in Iceland. I want to thank our great team for their hard work, our shareholders for their continued support and our customers for choosing Icelandair. We have set ambitious goals of improved performance in 2025 and onwards. I am confident that our current focus will further strengthen our position, improve profitability and allow us to fully capitalize on emerging opportunities both in the short and long term.”

WEBCAST 31 JANUARY 2025

An investor presentation will be webcast in relation to the publication of the Q4 and the full-year 2024 results at 8:30 GMT on Friday, 31 January 2025, at <http://icelandairgroup.com>. Bogi Nils Bogason, President & CEO of Icelandair, and Ivar S. Kristinsson, CFO, will present the Company's results and answer questions. The meeting will take place in English. The presentation will be accessible after the meeting on the Company's website and under Corporate News on the Nasdaq Nordic website: <http://www.nasdaqomxnordic.com/news/companynews>

KEY INDICATORS¹²³

		Q4 2024	Q4 2023	Change	12M 2024	12M 2023	Change
Operating results							
Total income	USDk	348,781	315,777	33,004	1,570,607	1,523,569	47,038
of which passenger revenue	USDk	276,580	258,615	17,965	1,325,083	1,289,927	35,156
Total operating expenses	USDk	340,237	330,880	9,357	1,430,751	1,367,105	63,646
EBIT	USDk	-32,105	-50,257	18,152	-14,211	20,987	-35,198
EBT	USDk	-35,746	-48,654	12,908	-24,807	7,789	-32,596
Net profit/loss	USDk	-30,575	-37,819	7,244	-20,169	11,169	-31,338
Balance sheet and cash flow¹							
Total assets	USDk	-	-	-	1,637,870	1,527,676	110,194
Total equity	USDk	-	-	-	269,067	288,347	-19,280
Interest bearing financial liabilities	USDk	-	-	-	670,859	638,580	32,279
Net financial liabilities ³	USDk	-	-	-	382,890	352,372	30,517
Total liquidity position	USDk	-	-	-	346,797	322,522	24,275
Net cash from operating activities	USDk	-11,820	-26,853	13,652	221,157	215,121	1,880
CAPEX, gross	USDk	34,157	40,327	-6,170	122,289	144,747	-22,458
Key Ratios							
EPS	US cent	-0.07	-0.09	0.02	-0.05	0.03	-0.08
Equity ratio ¹	%	-	-	-	16.4%	18.9%	-2.4 ppt
EBIT ratio	%	-9.2%	-15.9%	6.7 ppt	-0.9%	1.4%	-2.3 ppt
RASK ²	US cent	7.6	7.5	1%	7.9	8.4	-6%
Yield	US cent	8.4	8.8	-4%	8.9	9.5	-6%
CASK ²	US cent	8.8	9.0	-3%	8.2	8.4	-3%
CASK excl. fuel ²	US cent	7.0	6.8	2%	6.2	6.2	-1%
Traffic figures							
Passenger flights	no.	3,964	3,830	3%	18,331	16,966	8%
Passengers total	no.	1,021,562	910,489	12%	4,665,641	4,285,976	9%
To Iceland	no.	331,296	311,249	6%	1,517,581	1,622,722	-6%
From Iceland	no.	187,390	165,687	13%	773,116	754,198	3%
Via Iceland	no.	439,442	369,516	19%	2,113,931	1,644,827	29%
Within Iceland	no.	63,434	64,037	-1%	261,014	264,229	-1%
Passenger load factor	%	83.3%	76.8%	6.5 ppt	82.6%	81.5%	1.1 ppt
Available seat-kilometers (ASK)	mill	3,729	3,539	5%	17,158	15,666	10%
Revenue passenger-kilometers (RPK)	mill	3,107	2,719	14%	14,180	12,767	11%
On-Time-Performance	%	76.0%	77.1%	-1.1 ppt	82.7%	77.1%	5.6 ppt
Freight ton kilometers (FTK'000)	k	41,766	43,307	-4%	140,665	177,448	-21%
Sold charter block hours	no.	6,604	3,851	71%	21,236	15,388	38%
CO2 emissions per OTK	no.	0.71	0.81	-12%	0.73	0.76	-4%
Employees							
Av. no. of full-time employees	no.	3,254	3,595	-9%	3,575	3,638	-2%
No. of employees at period end	no.	-	-	-	3,166	3,542	-11%

¹ Comparison figures for the balance sheet are 31.12.2023

² RASK/CASK: Revenue and cost per ASK in Icelandair's route network

³ Financial liabilities: interest-bearing debt and net lease liabilities

TRAFFIC DATA

- **1 million passengers in Q4, increasing by 12% year-on-year**
- **Strong demand in all markets, with the market to Iceland showing signs of recovery**
- **Record number of passengers and load factor in 2024**

In Q4, capacity measured in available seat kilometers increased by 5% year-on-year. Demand was strong in the quarter as evidenced by the number of passengers, which totaled 1 million, up by 12% compared to Q4 2023. The load factor was 83%, improving by 6.5-percentage points.

Freight Ton Kilometers (FTK) decreased by 4% year-on-year in the fourth quarter and the number of sold block hours in the leasing operation increased by 71% year-on-year in Q4.

For the full year, Icelandair transported a record 4.7 million passengers, a 9% increase from last year. The load factor also reached a record 82.6%, and on-time performance improved significantly to 82.7% despite a challenging December, which was heavily impacted by adverse weather conditions in Iceland. In Cargo operations, Freight Ton Kilometers (FTK) declined by 21% year over year due to several measures implemented in 2024 to enhance profitability. These measures included leasing out one of two freighters and aligning the cargo flight schedule better to market demand. The Leasing business experienced a strong year, with the number of block hours sold increasing by 38% compared to the previous year.

CO2 emissions per operational ton kilometer (OTK) decreased by 12% year-on-year in Q4, attributable to an increase in flights operated by a new generation, more fuel-efficient aircraft, B737 MAX, and the new Airbus A321 LR, as well as strong load factor. CO2 emissions per OTK for the full year decreased by %.

INCOME AND EXPENSES

- **Passenger revenue up by 7% year on year in Q4**
- **Leasing operation performed well, and Cargo business delivered positive EBIT**
- **Fuel cost 15% lower in Q4 2024 than in Q4 2023, despite 5% capacity increase**

EBIT results in Q4 2024 improved by USD 18.2 million between years and were negative by USD 32.1 million. Unit revenues increased by 1.5%. Efficient cost management and lower fuel prices resulted in 3% decrease in unit cost. The turnaround in the cargo operation is on track, and the leasing business continued to deliver strong financial performance.

Total income amounted to USD 348.8 million in Q4 2024 and increased by 10% year-on-year. **Passenger revenue** amounted to USD 276.6 million compared to USD 258.6 million last year. There was strong demand across all markets that resulted in positive development of both load factor and yields, from previous quarters. Load factor for the quarter was at record level of 83%. **Cargo revenue** amounted to USD 22.2 million and remained similar to last year. Cargo yields improved, revenue from cargo charter flights increased while dedicated freighter capacity was reduced to improve profitability. **Leasing revenue** totaled USD 30.6 million and increased by 60% between years on more production of its existing customers as well as from new business that has been acquired during the year. **Other revenue** amounted to USD 19.9 million, up by 18% compared to last year.

Operating expenses, excluding depreciation, amounted to USD 340.2 million, up by 3% or USD 9.4 million year-on-year. **Salaries and salary-related costs** totaled USD 102.9 million compared to 104.8 million in Q4 last year, a decrease of 2%. The average number of full-time employees was 3,254 in the

quarter and decreased by 9% year-on-year. **Aircraft fuel amounted** to USD 74.6 million in Q4 2024 and decreased by 15% year-on-year despite a 5% capacity increase in the passenger network. Average world fuel price decreased, and Icelandair's weighted effective fuel prices, including add-ons and hedges, amounted to USD 854 per m/t a decrease of 18% year-on-year. **Other aviation expenses** totaled USD 68.7 million compared to USD 59.6 million in Q4 2023. Maintenance costs amounted to USD 31.3 million, up by USD 6.9 million compared to last year. This is explained by increased production in the route network and within the leasing business. **Other operating expenses** totaled USD 94.1 million, up by USD 15.3 million, which is explained by increased production and the outsourcing of the flight kitchen, where salary costs decreased accordingly. **Depreciation and amortization** amounted to USD 40.7 million compared to USD 35.2 million last year, the increase explained by higher depreciation of own and leased aircraft assets.

Net finance cost totaled USD 4.0 million in Q4 2024 compared to a net finance income of USD 1.9 million in Q4 last year, which included compounded interests for a full year for a certain asset class.

Unit revenue (RASK)⁴ in Q4 2024 was 7.6 US cents and increased by 1.5% year-on-year, driven by high load factor and improved yields. **Unit cost (CASK)**⁵ was 8.8 US cents and decreased by 3% between years. Unit cost, excluding fuel cost, increased by 2% between years, mainly due to increased maintenance and aviation-related costs. A strong focus on cost optimization helped mitigate inflationary pressure.

FINANCIAL POSITION

- **Equity USD 269 million and equity ratio 16.4%**
- **Total liquidity USD 347 million**

Balance sheet

Total assets amounted to USD 1.6 billion at year-end 2024, increasing by USD 110 million from the beginning of the year. Operating assets amounted to USD 559.9 million, an increase of USD 4.8 million during the year, mainly due to aircraft and engine overhauls. Right-of-use assets amounted to USD 406 million, increasing by USD 57.5 million in 2024. During 2024 new lease agreements were made for two B737 MAX 8 aircraft and one Airbus A321LR aircraft.

In December 2024, Icelandair moved its headquarters to the new Icelandair House in Hafnarfjörður. The new building, completed on time and within budget, cost USD 39 million – equivalent to approximately USD 4.5 thousand per square meter. The new building brings more efficiency to the operations by bringing most of the staff together in one location and enabled the company to downsize its office space by 1.300 square meters.

Total equity amounted to USD 269.1 million, and the equity ratio at the end of the quarter was 16.4%. **Financial liabilities**⁶ amounted to USD 670.9 million and increased by USD 32.3 million from the beginning of the year, primarily due to aircraft-related investments. **Net financial liabilities**⁷ amounted to USD 382.9 million, an increase of USD 30.5 million compared to the beginning of the year.

Liquidity

Cash and marketable securities amounted to USD 254.8 million at the end of 2024 and decreased by USD 48.6 million during the fourth quarter. **Net cash from operations** in Q4 2024 amounted to USD

⁴ Unit revenue (RASK) revenue per available seat km in the route network

⁵ Unit cost (CASK) cost per available seat km in the route network

⁶ Interest-bearing loans, borrowings, and net lease liabilities

⁷ Interest-bearing loans, borrowings, net lease liabilities net of cash and marketable securities

11.8 million. **Cash used in investing activities** totaled USD 3.5 million. Capex amounted to USD 34.1 million including engine overhaul and other aircraft-related investments. **Net cash used in financing activities** was USD 28.1 million due to the repayment of interest-bearing loans and operational lease liabilities. The Company had available undrawn committed credit lines of USD 92.0 million at the end of the year, bringing **total liquid funds** to USD 346.8 million.

SUSTAINABILITY

Continued focus on sustainability

Sustainability is an integral part of Icelandair's strategy, focusing on environmental, social, and governance factors. Icelandair is currently developing an updated ESG Strategy and on implementing the new EU Corporate Sustainability Reporting Directive (CSRD) and its accompanying standards, the European Sustainability Reporting Standards (ESRS). The CSRD is expected to be implemented in Iceland in 2025, and as a part of the preparation, Icelandair has considered the ESRS when developing the non-financial reporting for 2024.

Climate action is a key focus area of Icelandair. The Company supports the long-term aspirational goal of the aviation industry to reach net-zero carbon emissions by 2050 and has set ambitious medium-term climate targets. From 2019 to 2024, Icelandair reduced its carbon emissions per operational ton kilometer (OTK) by 18%, largely due to its fleet renewal program. In 2024, Icelandair committed to setting a near-term science-based emission reductions target in line with the Science Based Targets initiative (SBTi) and will start that process this year.

Gender equality is another key sustainability focus area, and Icelandair has set goals of increasing gender equality within management, crew and aircraft maintenance. In 2024, the proportion of female pilots remained the same between years at 14%. Male cabin crew members were 16%, increasing from 15% in 2023. Icelandair will continue to support and promote education and jobs in aircraft maintenance engineering in cooperation with key stakeholders, with a special emphasis on appealing to a more diverse group of people. The ratio of women at the Executive Management and Director levels was 40% at year-end 2024. The Company will continue to work on equality, diversity, and inclusion in its operations.

Icelandair continues to monitor its tax footprint as the value of aviation and tourism is undisputed, especially for an island nation like Iceland. Tourism accounts for a significant proportion of Iceland's export revenue, and Icelandair's tax footprint in Iceland amounted to USD 274 million in 2024, increasing by 16%. Icelandair employed an average of 3,575 full-time employees in 2024, contributing to the economic prosperity in Iceland as one of the largest employers in the country.

PROSPECTS

Promising booking outlook in 2025

Icelandair's booking status in the market to Iceland is stronger than at the same time last year. Moreover, the demand on the market from Iceland is growing, while the transatlantic and domestic markets remain stable. Additionally, there is a strong potential for increased bookings through new airline partners, and offline markets are showing strong performance.

Capacity increase focused outside peak hours and seasons

Icelandair is planning a capacity increase of 8% year-over-year in 2025. The capacity growth will be focused on the shoulder seasons and outside the peak hours of the day, spreading departures more evenly and thereby improving resource utilization. This growth is driven by the transition to a more fuel-

efficient fleet, including Boeing 737 MAX and Airbus A321LR, which make increased off-peak flying more viable.

Icelandair will fly to 62 destinations in the route network in 2025, including four new gateways: Miami, Nashville, Istanbul and Gothenburg. Thus, Icelandair's customers will have more choice of destinations, departure times, and frequencies than ever before. Additionally, newly established partnerships will open numerous connections, further enhancing travel options and providing even greater flexibility for passengers.

Further improvement of the Cargo operation expected in 2025

The Cargo operation demonstrated a significant turnaround of USD 18 million in 2024, driven by various initiatives to enhance profitability. This resulted in an operating profit (EBIT) compared to a substantial operating loss in 2023. The focus during this period was on the core activities, import and export, alongside a strong emphasis on cost-reduction projects. Looking ahead to 2025, Icelandair Cargo will continue to serve its key markets while actively exploring opportunities for sustainable, profitable growth.

Continued positive outlook for Leasing operation

The Leasing operation saw strong growth and success in 2024. Several aircraft were added to the fleet portfolio and assigned to both existing and new customers, driving a one-third increase in revenue. New clients were secured in Asia and Scandinavia through AM and ACMI agreements, and the World Tours program had a record-breaking year. The outlook for 2025 is good and the financial performance is expected to remain strong.

ONE Transformation journey already delivering results

Icelandair launched a comprehensive transformation journey named ONE in the first half of 2024 with the primary objective to increase operational efficiency, mainly by lowering costs but also through revenue generating initiatives. Over 400 improvement initiatives have been identified and planned across all divisions and will be implemented over the next two years.

Cost initiatives include restructuring of non-production units which was implemented in May last year, renegotiation and restructuring of ground handling contracts at outstations, adjustments in catering and onboard service standards and optimization of turnaround processes in our hub, to name a few. These initiatives are thoughtfully developed to maximize financial improvement while maintaining good customer experience.

The transformation has already started to deliver financial impact. By the end of 2024 the Company had implemented initiatives with over USD 20 million in annual impact when fully materialized, of which USD 15 million are cost initiatives. The initiative pipeline is strong with plans to implement initiatives worth a total of USD 70 million in annual impact by the end of 2025, with further impact in the following years. Positive development in unit revenue and cost in Q4 2024 indicates that the Company is on the right track towards improved financial performance.

New Airbus aircraft contribute to efficiencies and open new opportunities

In December 2024, Icelandair took delivery of its first Airbus A321LR and is expecting three additional A321LR to be delivered before next summer. A fleet of 42 aircraft will be operated within the passenger route network in peak summer season, same number of aircraft as in 2024. Thereof 21 Boeing 737 MAX aircraft and four new Airbus A321LR aircraft. Icelandair signed an agreement with Airbus in 2023 for the purchase of 13 Airbus A321XLR aircraft with purchase rights for an additional 12 aircraft. Deliveries will commence in 2029. The Airbus aircraft will open new opportunities for further development of the route network, contribute to operational efficiencies, as well as further support the Company's sustainability efforts.

Fuel hedge position

The Company's fuel hedging position on 30 January 2025 is highlighted in the table below. The table shows that 38% of the projected use in the passenger network in 2025 has been hedged through contracts at a weighted average price of 773 USD m/t.

Period	Estimated usage	Hedged tons	% of estimated usage (tons)	Av. weighted price USD
Q1 2025	61,891	27,760	45%	802
Q2 2025	100,939	42,350	42%	782
Q3 2025	126,265	43,500	34%	757
Q4 2025	75,577	18,850	25%	745
12 months	362,721	136,170	38%	773
Q1 2026	61,891	10,200	16%	723
13-18 months	100,939	11,000	11%	769

FINANCIAL OUTLOOK FOR 2025

The Company expects to return to profitability in 2025 as the current booking status is strong and supported by continued focus on operational efficiency in addition to implementation of initiatives as part of the ONE transformation journey. All business segments are expected to improve year-on-year. The guidance assumes continued recovery in the market to Iceland compared to 2024, while the transatlantic and domestic markets remain stable. In the first quarter, capacity in the route network is expected to grow 9% year-on-year and the positive development in unit cost is expected to continue. Unit revenue development in the first quarter is expected to develop favorably, adjusting for the impact of Easter now being in April while being in March last year and first quarter EBIT improving slightly between years.

2025 Full year guidance

Total revenue USDm	~1700
EBIT USDm	40 - 60
Net capex USDm	140 - 150
Capacity chg. (ASK) route network	~8%
Av. Fuel m/t USD	760
Av. EUA per unit EUR	75
Av. USD/ISK	138

The guidance is based on current market conditions and assumptions, which are subject to change, such as changes in demand in key markets, changes in economic conditions, fuel prices, and unforeseen operational challenges.

INFORMATION

Investors: Kristófer Hlynsson, Investor Relations Manager. E-mail: kristoferh@icelandair.is

Media: Ásdís Pétursdóttir, Director of Communications. E-mail: asdis@icelandair.is

FINANCIAL CALENDAR

- **AGM 12 March 2025**
- **Q1 2025 29 April 2025**
- **Q2 2025 17 July 2025**
- **Q3 2025 23 October 2025**
- **Q4 2025 29 January 2026**