

## ICELANDAIR: FINANCIAL RESULTS Q1 2026

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- Record revenue of USD 346.5 million, up by 21%
- Improved operating performance with EBIT loss totaling USD 53.3 million, USD 8.9 million improvement year-on-year
- Significant EBIT margin improvement, negative 15.4% compared to negative 21.7% last year
- Net loss totaled USD 45.3 million compared to USD 44.1 million in 2025, with last year's loss positively impacted by financial currency gains
- Improved yields and record load factor delivering 7% increase in unit revenue
- Efficiency improvements resulted in unit cost remaining unchanged year-over-year despite considerable salary increases and unfavorable currency fluctuations
- Icelandair was one of the most punctual airlines in Europe in Q1 2026, with an OTP of 82.0%
- Strong liquidity position of USD 616.3 million at the end of Q1, up by USD 106.8 million compared to Q1 last year

## BOGI NILS BOGASON, PRESIDENT & CEO

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"We achieved considerable improvements in the first quarter. We delivered record revenue which reflects our focus on the markets to and from Iceland which yield better margins in the current market environment than the transatlantic market. We increased capacity by 13% in line with our strategy of improving infrastructure utilization. Despite this increase, we achieved a record load factor in the quarter and were one of the most punctual airlines in Europe despite considerable weather-related disruptions in Iceland in March. Cargo revenue also increased between years and our leasing business delivered strong profitability in the quarter. Currency fluctuations and salary increases had a negative impact on cost development, but we continued to drive on-time performance and operational efficiencies across the Company.

The sharp increase in fuel prices did not materially impact the results for the first quarter, but will have a greater impact from the second quarter. To respond to the situation we have reduced capacity by around 2% from mid-April to the end of June. Fare increases are inevitable and fares have been increased since the start of the fuel spike. This has, however, not had material effects on demand at this point in time.

Various external factors impact airline operations and it is therefore important that we ensure long-term predictability in as many areas as possible, such as the collective bargaining agreements that are currently being negotiated. The focus of the negotiations with our three key unions is to be able to continue to provide attractive aviation jobs in Iceland by ensuring the Company's competitiveness, supporting our network and fleet growth and driving operational flexibility. In addition, discussions with the Icelandic Government are ongoing about the importance of safeguarding Iceland's competitiveness within the European regulatory environment, particularly regarding the ETS system and other climate costs.

The Company's financial position is robust and has improved by USD 107 million compared to the same time last year, which puts us in a strong position to take on the challenges ahead, coupled with continued emphasis on cost control and operational efficiencies. Finally, I would like to extend my sincere thanks to all our employees for their dedication and hard work, especially during the challenging weather events in March, when everyone went above and beyond to find solutions, consistently prioritizing safety and the best interests of our passengers."

## INVESTOR PRESENTATION 29 APRIL 2026

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An investor presentation will be webcast in relation to the publication of Q1 results 2026 at 8:30 GMT on Wednesday, 29 April 2026, at <https://icelandairgroup.com>. Bogi Nils Bogason, President & CEO of Icelandair, and Ivar S. Kristinsson, CFO, will present the Company's results and answer questions. The presentation will take place in English and 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>

## INFORMATION

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## FINANCIAL CALENDAR

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- Q2 2026, 21 July 2026
- Q3 2026, 22 October 2026
- Q4 2026 Results and Consolidated Financial Statement 2026, 4 February 2027

## KEY INDICATORS

		Q1 2026	Q1 2025	Change
<b>Operating results</b>				
Total income	USDk	346,542	286,451	60,091
of which passenger revenue	USDk	258,308	214,027	44,281
Total operating cost	USDk	358,138	309,264	48,874
EBIT	USDk	-53,336	-62,271	8,935
EBT	USDk	-57,262	-59,267	2,005
Net loss	USDk	-45,322	-44,085	-1,237
<b>Balance sheet<sup>1</sup> and cash flow</b>				
Total assets	USDk	2,253,986	1,863,734	390,252
Total equity	USDk	303,398	286,422	16,976
Interest-bearing financial liabilities <sup>2</sup>	USDk	762,659	693,861	68,798
Net financial liabilities <sup>3</sup>	USDk	238,365	328,026	-89,661
Total cash and marketable securities	USDk	524,294	365,835	158,459
Net cash from operating activities	USDk	197,258	204,714	-7,456
CAPEX, gross	USDk	25,073	19,114	5,959
CAPEX, net	USDk	9,425	19,081	-9,656
<b>Key Ratios</b>				
Equity ratio <sup>1</sup>	%	13.5	15.4	-
EPS	US Cent	-0.11	-0.11	0%
EBIT ratio	%	-15.4	-21.7	6.3 ppt
RASK <sup>4</sup>	US Cent	7.79	7.30	7%
Yield	US Cent	8.82	8.08	9%
CASK <sup>4</sup>	US Cent	9.60	9.61	0%
CASK less fuel <sup>4</sup>	US Cent	7.71	7.78	-1%
<b>Traffic figures</b>				
Passenger flights	no.	3,862	3,509	10%
Passengers total	no.	931,544	827,720	13%
To Iceland	no.	344,650	294,260	17%
From Iceland	no.	200,826	159,270	26%
Via Iceland	no.	324,245	316,261	3%
Within Iceland	no.	61,823	57,929	7%
Available seat km (ASK)	mill	3,443	3,055	13%
Revenue passenger km (RPK)	mill	2,766	2,452	13%
Passenger load factor	%	80.3	80.3	0.1 ppt
On-Time-Performance	%	82.0	80.9	1.1 ppt
Freight ton kilometers (FTK'000)	k	39,295	38,506	2%
Sold charter block hours	no.	7,645	6,273	22%
CO2 emissions per OTK	no.	0.76	0.78	-3%
<b>Employees</b>				
Av. no. of full-time employees	no.	3,267	3,175	3%

<sup>1</sup> Comparison figures for the balance sheet are 31.12.2025

<sup>2</sup> Interest-bearing financial liabilities: Interest-bearing debt + net lease liabilities

<sup>3</sup> Net financial liabilities: Interest-bearing debt + net lease liabilities – cash and marketable securities

<sup>4</sup> RASK/CASK: Revenue and cost per available seat KM (ASK) in the passenger network

## Q1 TRAFFIC DATA

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- Number of passengers 932 thousand in Q1, up by 13% year-on-year
- Strong yield improvement and record load factor
- 13% capacity increase in the route network year-on-year
- On-time performance, a record 82.0% despite challenging weather conditions in March

Icelandair passenger network capacity grew by 13% year-over-year. Passenger traffic, measured in revenue passenger kilometers (RPK), was up 13%, with total passenger numbers reaching 932 thousand. Faro in southern Portugal was launched as a new destination and has been well received.

During the quarter, 37% traveled to Iceland, 22% from Iceland, 35% were via passengers, and 7% traveled within Iceland. The number of passengers to and from Iceland increased by 17% and 26% respectively, while connecting passengers increased by 3% year-on-year. Yields improved 9% compared to last year.

Passenger mix '000	Q1 2026	Q1 2025	Change	% of total '26	% of total '25
To Iceland	344,650	294,260	17%	37%	36%
From Iceland	200,826	159,270	26%	22%	19%
Via Iceland	324,245	316,261	3%	35%	38%
Within Iceland	61,823	57,929	7%	7%	7%
Total	931,544	827,720	13%	100%	100%

The load factor reached a record 80.3%, slightly up year-over-year. On-time performance improved to 82.0%, up by 1.1 percentage points from last year, placing Icelandair among the most punctual airlines in Europe despite challenging weather conditions in Iceland in March. This achievement is a result of robust planning and the collective effort of the entire Icelandair team.

Freight volumes, measured in freight ton kilometers (FTK), increased by 2% year-on-year in the first quarter. The leasing business continued to grow, with block hours sold up 22% year-on-year in the quarter. CO<sub>2</sub> emissions per operational ton-kilometer (OTK) decreased by 3% year-on-year, driven by an increased utilization of the more efficient B737 MAX and A321 LR aircraft.

## Q1 EBIT, INCOME, AND EXPENSES

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- EBIT loss decreased by USD 8.9 million
- Record revenue of USD 346.5 million
- USD depreciation drove a USD 22.6 million cost increase, net of currency hedges

### EBIT

Operating performance improved, with EBIT loss in the first quarter totaling USD 53.3 million, an improvement of USD 8.9 million year-on-year, and a significant EBIT margin improvement of 6.3 ppt. Yield improvement and record load factor delivered record revenue in the first quarter. Costs were adversely affected by the depreciation of the USD and salary increases. EBIT in the Cargo segment decreased slightly although revenue increased, while the Leasing segment delivered a robust 19% EBIT margin. The sharp increase in oil prices in recent weeks had only a limited impact in the first quarter, as the increases started at the end of February. Approximately 75% of the Company's fuel consumption in March was priced based on February market prices, with the impact expected to materialize from the second quarter onwards.

## Income

Total income amounted to USD 346.5 million, up 21% from Q1 2025. Passenger revenue reached USD 258.3 million, up from USD 214.0 million in the same period last year, setting a first-quarter record. Passenger revenue increased across all markets, led by the market from Iceland, where passenger volume grew 26%. Cargo revenue totaled USD 22.6 million, a 7% increase year-on-year, driven by strong exports to Europe. Leasing revenue totaled USD 31.3 million, up 10% year over year. Other income totaled USD 34.3 million, up by USD 11.5 million compared to the same period last year, of which USD 8.1 million was from the gain on the sale of a B767 aircraft.

## Operating expenses

Operating expenses, excluding depreciation, totaled USD 358.1 million, up 16% year-on-year. The net negative effect on costs from depreciation of the USD against other currencies, including hedges, is estimated at around USD 22.6 million.

Salaries and salary-related costs increased by USD 16.8 million, to USD 109.0 million. This increase was due to contractual wage increases and the negative impact of the ISK's strong real exchange rate. At a fixed exchange rate, salary costs increased by 4%. Full-time equivalent positions (FTEs) averaged 3,267 during the quarter, up 3% year-on-year on 13% increase in production, resulting in significant efficiency improvements that somewhat offset salary increases and currency fluctuations.

Aircraft fuel expenses amounted to USD 72.2 million for the quarter, increasing by USD 10.1 million year-on-year, due to more production, slightly higher prices, and higher carbon emission costs despite a more cost-efficient fleet. The weighted effective fuel price, including add-ons and hedging, was USD 877 per metric ton. Emission charges increased to USD 7.4 million, up from USD 4.8 million in Q1 last year. The rise was primarily driven by more flights to Europe, additional credit expenses due to liability for prior periods and slightly higher market price on UK emission credits. At the same time, CO<sub>2</sub> emissions per Operational Ton-Kilometer (OTK) decreased by 3%. At the end of the quarter fuel prices rose sharply due to the Iran conflict. Approximately 75% of the fuel expenses in March were invoiced on the average jet fuel price for February (month -1), with the remaining fuel typically invoiced on the previous week's market price (week -1).

Other aviation expenses totaled USD 79.6 million, up 31% year-on-year. Handling, landing, and navigation costs rose 25% to USD 38.4 million, driven by increased production, higher fees across all categories, and an 11% stronger EUR against the USD. Aircraft maintenance expenses amounted to USD 40.3 million, a 36% year-over-year increase, driven by more production, increases in engine repair costs, and increased engine reserve costs associated with the newer leased aircraft.

Other operating expenses totaled USD 97.4 million, up 3% year-on-year. The increase was largely due to a larger scope of business.

Depreciation and amortization totaled USD 41.7 million, up from USD 39.5 million in the same period last year, driven by a higher number of leased aircraft.

## Net finance costs

Net finance expenses totaled USD 3.8 million in Q1 2026, representing a USD 6.5 million increase between years. Interest income amounted to USD 6.6 million, decreasing by USD 0.6 million year-on-year. Interest expenses totaled USD 10.9 million, down by USD 1.2 million. A foreign exchange gain of USD 0.5 million was recognized, compared to a gain of USD 5.2 million last year.

## Unit revenue and unit cost

Unit revenue (RASK)<sup>5</sup> in Q1 2026 was 7.8 US cents, up from 7.3 US cents compared to last year. The average yield was 8.8 US cents, up 9% year over year, and the load factor was a Q1 record 80.3%, slightly up from last year. The positive RASK development was driven by strength in the markets to and from Iceland. Unit cost (CASK) was 9.6 US cents and remained on the same level year-over-year. CASK less fuel was 7.7, down by 1% year-over-year

## FINANCIAL POSITION

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- Equity USD 303 million and equity ratio 13%
- Total liquidity USD 616 million, up 107 million compared to the end of Q1 last year

## Balance sheet

Total assets amounted to USD 2.2 billion at the end of Q1 2026, up USD 390.3 million since the beginning of the year. Operating assets totaled USD 557.9 million, and the right-of-use assets USD 560.6 million. Total equity amounted to USD 303.4 million, with an equity ratio of 13.5%.

## Liquidity

Cash and marketable securities totaled USD 524.3 million at the end of the first quarter 2026, up by USD 158.5 million in the quarter, and USD 107.0 million higher than at the end of Q1 2025. Net cash from operating activities totaled USD 197.3 million, down by USD 7.5 million from the prior year. Cash used in investing activities amounted to USD 4.3 million, of which net CAPEX was USD 9.4 million. Net cash used in financing activities was USD 29.2 million. The Company had undrawn committed credit lines available in the amount of USD 92.0 million at the end of March, bringing total liquid funds to USD 616.3 million.

## PROSPECTS

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- Focus on the markets to and from Iceland
- Pricing actions and cost discipline to mitigate rising fuel costs
- The ONE transformation program is progressing well

### Market mix supports yield strength, and the revenue outlook for the summer is positive

Icelandair maintains a strong leading hub carrier position at KEF airport. The Company continues to focus its market mix on traffic to and from Iceland while preserving strong connectivity across its route network. Based on current market conditions, capacity on North American routes has been slightly reduced this year, while emphasis has been increased on Southern Europe and Scandinavia. The booking outlook for the summer of 2026 is positive, with revenues trending well ahead of the same period last year, in line with expectations. Yields have strengthened throughout all months, supported by a higher share of point-to-point traffic and the European side of the network showing particularly strong improvements.

### Pricing actions and cost discipline in response to fuel volatility

Ongoing conflict in the Middle East and the closure of the Strait of Hormuz have resulted in a sharp increase in fuel prices. In response, Icelandair has initiated fare increases across all markets, working to recoup the fuel price increases. Thus far, fare increases have not materially impacted demand and have been absorbed well by the market, but Icelandair will continue to monitor demand developments

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<sup>5</sup> Unit revenue (RASK): Revenue per available seat km in the passenger network

and adjust capacity as needed. In the second quarter, the capacity has been reduced by 2% from mid-April through the end of June. Further adjustments are under review for the fall and winter season, which includes a decision on whether to further expedite the phase-out plan for the B757, which currently assumes that those aircraft will be retired in the fall of 2027.

#### Outlook for Cargo and Leasing operations remains positive despite rising fuel prices

The Leasing business delivered strong results in Q1 2026 with an EBIT margin of 19% and is expected to maintain its robust performance for the remainder of the year. It currently operates a fleet of 11 aircraft. Demand for VIP projects remains high, a niche market in which the Leasing division has built a strong reputation. The Cargo operation is expected to continue to perform well; however, elevated fuel prices are negatively impacting results. The Company has responded to the situation through price increases and will implement further measures to protect profitability, including a continued focus on operational efficiency.

#### Negotiations of new collective bargaining agreements ongoing

The collective bargaining agreements with the unions of pilots, cabin crew and aircraft maintenance technicians expired in late 2025. The focus of the negotiations is for Icelandair to be able to continue to provide attractive aviation jobs in Iceland by ensuring the Company's competitiveness, supporting its fleet and network growth and driving operational flexibility. Discussions with the Icelandic Cabin Crew Association are progressing, and the negotiations with the Icelandic Airline's Pilot Association and the Association of Aircraft Maintenance Technicians have been referred to the State Conciliation and Mediation Officer for resolution.

#### Icelandair's ONE transformation

Since the launch of the ONE transformation program, more than 500 initiatives have been identified, of which 283 have been implemented to date. Overall, initiatives implemented since the start of the program are estimated to deliver a total annualized impact of approximately USD 117 million when fully realized. To date, the program has delivered USD 96 million in actual impact, including USD 19 million realized in Q1 2026.

#### Icelandair signs LOI to acquire 49% stake in a Maltese AOC

At the beginning of April, Icelandair signed a non-binding Letter of Intent (LOI) to initiate discussions on a potential acquisition of a 49% stake in Fly Play Europe, a Malta-registered company holding a Maltese Air Operator Certificate (AOC). The investment would provide Icelandair with increased operational flexibility and new business opportunities, including in leasing services. It could also enable a more efficient separation of fleet operations between Iceland and Malta and thereby simplifying and strengthening the core passenger network operation in Iceland.

In April, Icelandair also announced the establishment of a technical services centre in Vilnius, Lithuania. Opening in May 2026, the new division will take responsibility for the airline's third-party technical services. This development builds on Icelandair's existing presence in the Baltics, which have a strong aviation culture and expertise. Icelandair has operated accounting, ticketing, and back-office services in Tallinn, Estonia since 2002. In addition, Icelandair has operated a customer services center in the Philippines since 2017 in co-operation with a third party. As part of the ONE transformation program, Icelandair has been strategically evaluating offshoring opportunities with the aim of driving efficiencies and simplifying its core passenger network operation in Iceland.

#### Fuel hedge position

The table below highlights the Company's fuel hedging position at the end of Q1 2026. As demonstrated, 35% of projected use in the route network over the next 12 months has been hedged at a weighted average price of USD 665 per metric ton.

Period	Estimated usage	Hedged tons	% of estimated usage (tons)	Av. weighted price USD
Q2 2026	97,108	39,500	41%	675
Q3 2026	111,855	53,900	48%	661
Q4 2026	79,500	25,000	31%	661
Apr-Dec	288,463	118,400	41%	666
Q1 2027	70,164	6,000	9%	660
12 months	358,627	124,400	35%	665
Q2 2027	101,486	14,000	14%	658
Q3 2027	113,902	10,000	9%	669
13-18 months	215,388	24,000	11%	663

## FINANCIAL OUTLOOK

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The financial outlook is subject to considerable uncertainty, driven by volatility in jet fuel prices that will impact expenses in Q2 2026 and could pressure margins. At the same time, demand is strong, and yields are improving, offsetting some of the negative profitability impact.

For Q2 2026, profitability is expected to be lower than last year due to higher jet fuel costs, despite continued improvement of unit revenue. The magnitude of the impact in the second quarter is hard to predict and will be determined by the fuel market price development during the quarter. Unit cost development is expected to be negatively impacted by the weakening of the US Dollar against the Icelandic Krona.

The following table provides guidance for the expected development of key metrics in Q2 2026.

	Q226 vs. Q225
Capacity (ASK)	Flat
Unit revenue	+6-10%
Unit cost ex-fuel (fixed FX)	+3-5%
FX: USD/ISK	~ -5%