
# We bring the spirit of Iceland to the world

**Q3 2025 Financial Results I 23 October 2025**

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

| | | |
|---|---|---|
| Record passenger revenue<br>**USD 522m**<br>up by 5% from last year | RASK increasing by<br>**4%**<br>driven by higher proportion of passengers on the to and from markets | CASK increasing by<br>**6%**<br>with negative currency development the largest contributor |
| Negative currency effect on EBIT<br>**USD 10m**<br>currency impact on cost USD 15m | EBIT<br>**USD 74m**<br>revenue increased but costs were adversely affected by several factors | Net profit<br>**USD 58m**<br>decreasing by USD 12m year-on-year |
| On time performance<br>**83.1%**<br>Icelandair the most punctual airline among airlines in Europe in July and September[1] | $CO_2$ emissions per OTK<br>**- 4%**<br>more flights operated by the more efficient B737 MAX and A321 LR aircraft | Strong liquidity<br>**USD 503m**<br>improving by USD 107 million year-on-year |

[1]Cirium Analytics report ranking list

# Financial results

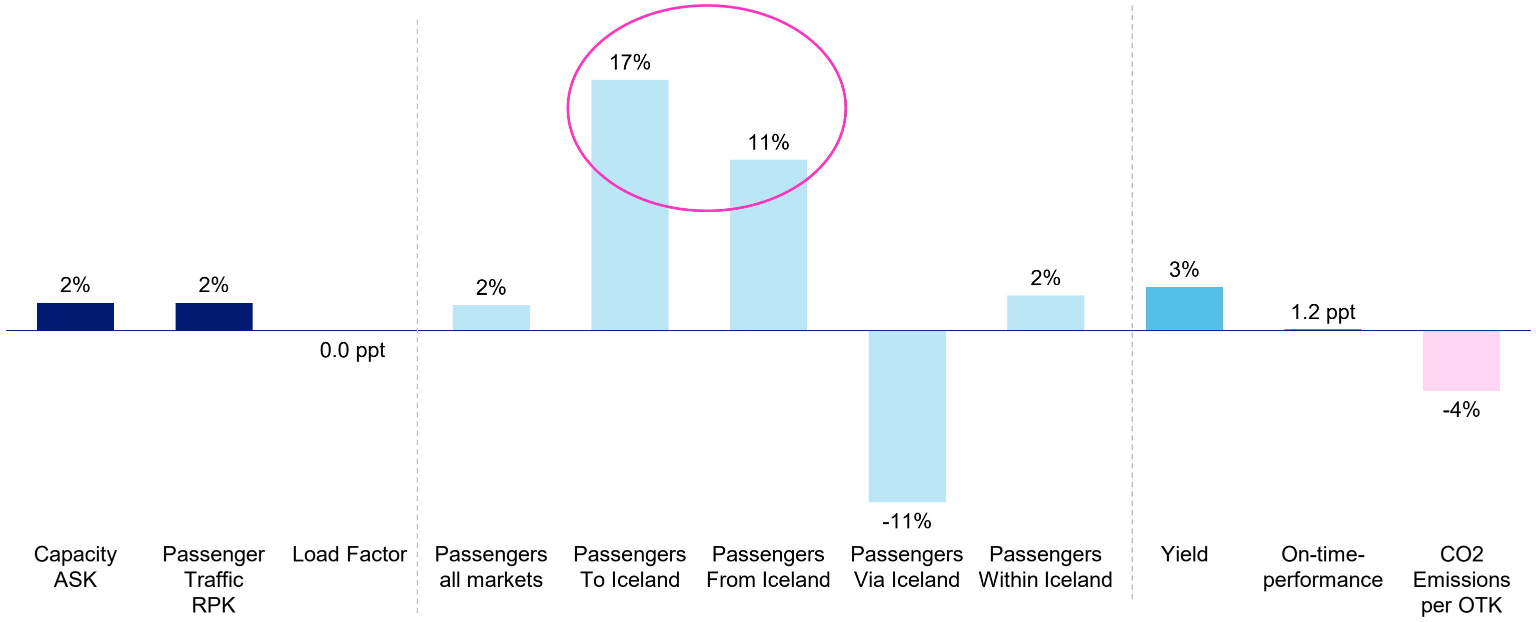
Ívar S. Kristinsson, CFO

# To and from markets show strong year-over-year growth following a shift in focus due to weak transatlantic market

## Highlights the flexibility of the route network to respond quickly to changing market conditions

### Traffic data passenger network

Change vs Q324




Icelandair´s on-time performance of

**83.1%**

Icelandair ranked it as the most punctual airline among larger airlines in Europe in April, June, July and September[1]



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

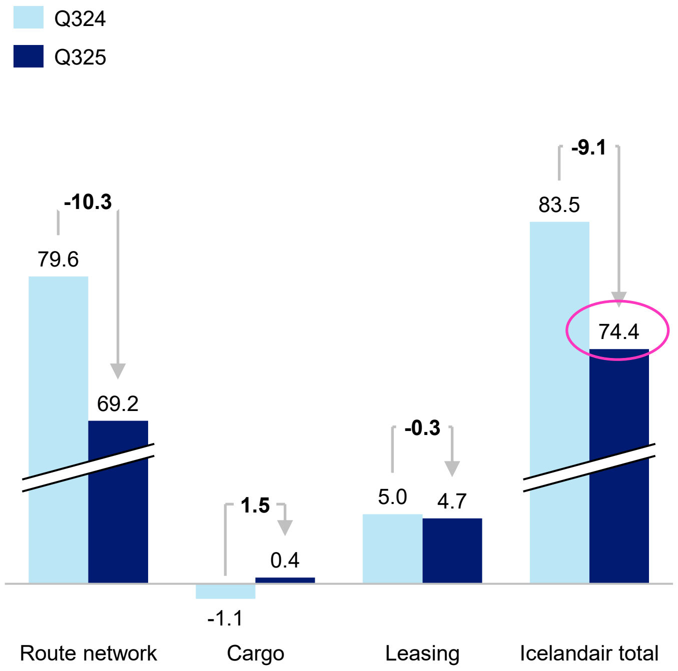
[1]Cirium Analytics report ranking list

# Revenue increased year-over-year in line with projections but cost headwinds weighed on the bottom line

## Profit loss statement
USD million

| USD million | Q3 2025 | Q3 2024 | Change |
|---|---|---|---|
| Passenger revenue | 522.1 | 496.5 | 5% |
| Cargo revenue | 18.2 | 16.9 | 7% |
| Leasing revenue | 22.1 | 23.2 | -5% |
| Other operating revenue | 22.8 | 16.9 | 35% |
| Operating income | 585.3 | 553.5 | 6% |
| Salaries and salary related | 114.7 | 101.7 | 13% |
| Aircraft fuel | 118.6 | 125.0 | -5% |
| Other aviation expenses | 107.2 | 95.0 | 13% |
| Other operating expenses | 124.1 | 105.7 | 17% |
| Operating expenses | 464.6 | 427.4 | 9% |
| Depreciation and amortization | -46.3 | -42.6 | -9% |
| EBIT | 74.4 | 83.5 | - |
| EBIT ratio | 12.7% | 15.1% | -2.4 ppt |
| EBT | 72.1 | 83.1 | - |
| Net profit | 57.3 | 69.2 | - |

## EBIT per segment
USD million




## Commentary

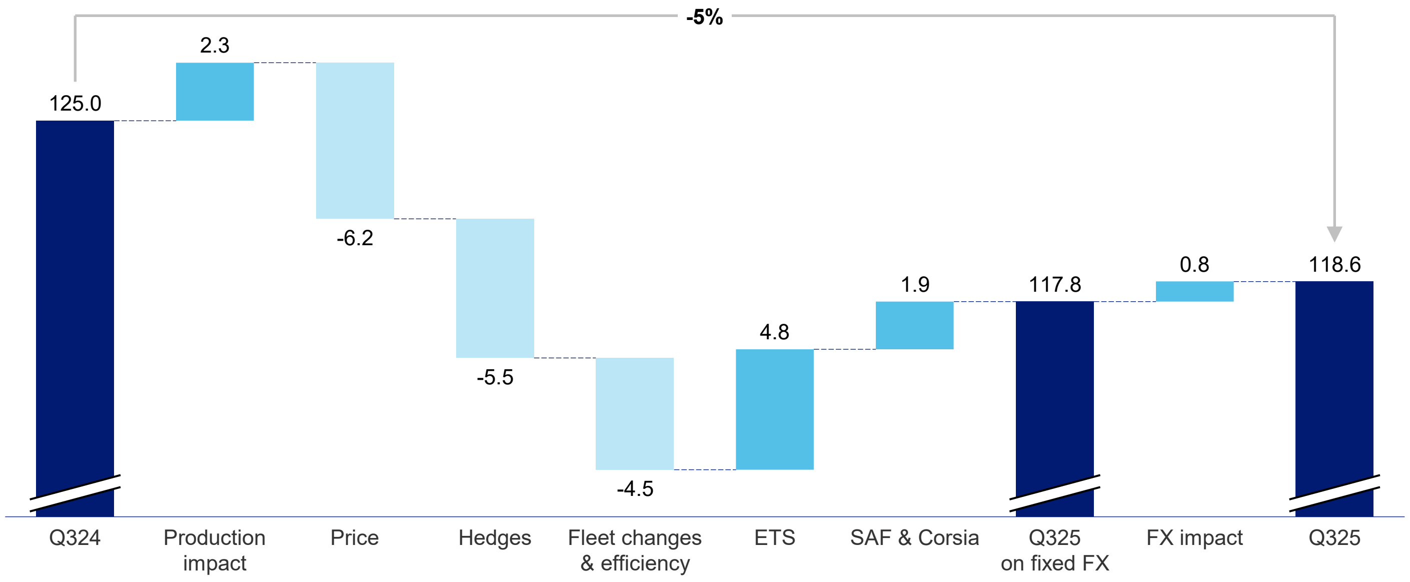
- Passenger revenue increased across all markets, except the via market, where passenger numbers declined by 11%
- Several factors adversely affected costs: salary increases, an increase in unscheduled engine maintenance, ETS costs, and short-term aircraft lease
- Net negative impact on EBIT of the depreciation of the USD estimated at USD 10 million
- EBIT improvement in Cargo of USD 1.5 million year-on-year driven by strong imports
- Leasing operation continues to deliver strong results with 21% EBIT margin

# Fuel expenses decreased by 5% year-on-year

## Supported by fleet renewal, operational efficiencies and a 10% drop in effective fuel prices

### Main changes in fuel cost

Q325 vs Q324 in USD million




- Positive fuel cost development, supported by fleet renewal, operational efficiencies, and 10% drop in fuel prices.
- New fleet and fuel efficiency initiatives, supporting long-term sustainability goals.
- Carbon emission costs are increasing due to higher market prices. Includes a USD 3 million charge for settlement of costs from earlier period.
- Use of Sustainable Aviation Fuel (SAF) and CORSIA also added to costs.

# EBIT adversely impacted by inflation and unfavorable currency developments, partially offset by positive impact from transformation initiatives

## Main changes in EBIT

Q325 vs Q324 in USD million

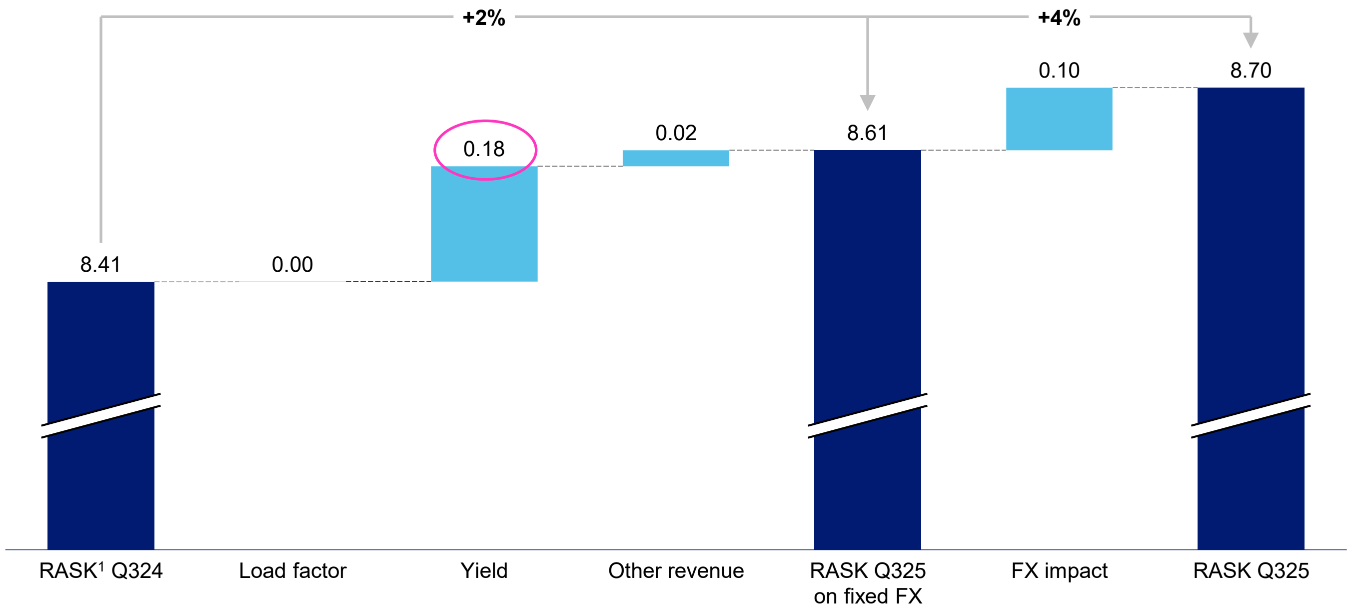
# Unit revenue in the route network increased by 4% year-on-year

## Driven by strategic network changes and strong demand in core markets - supporting profitability despite cost pressures

- Load factor remained strong at 85.9%, consistent with last year's performance
- Average yield up 3%, to 9.64 US cents
- Transformation initiatives under the ONE program drove yield gains through network optimization, premium product enhancements, and disciplined pricing strategies
- Mix shift toward TO/FROM Iceland increased exposure to higher-yielding markets
- Premium cabin momentum continued: Saga revenue grew faster than Economy (+11% vs. +4%)

### Main changes in unit revenue

Q325 vs. Q324 in US cents



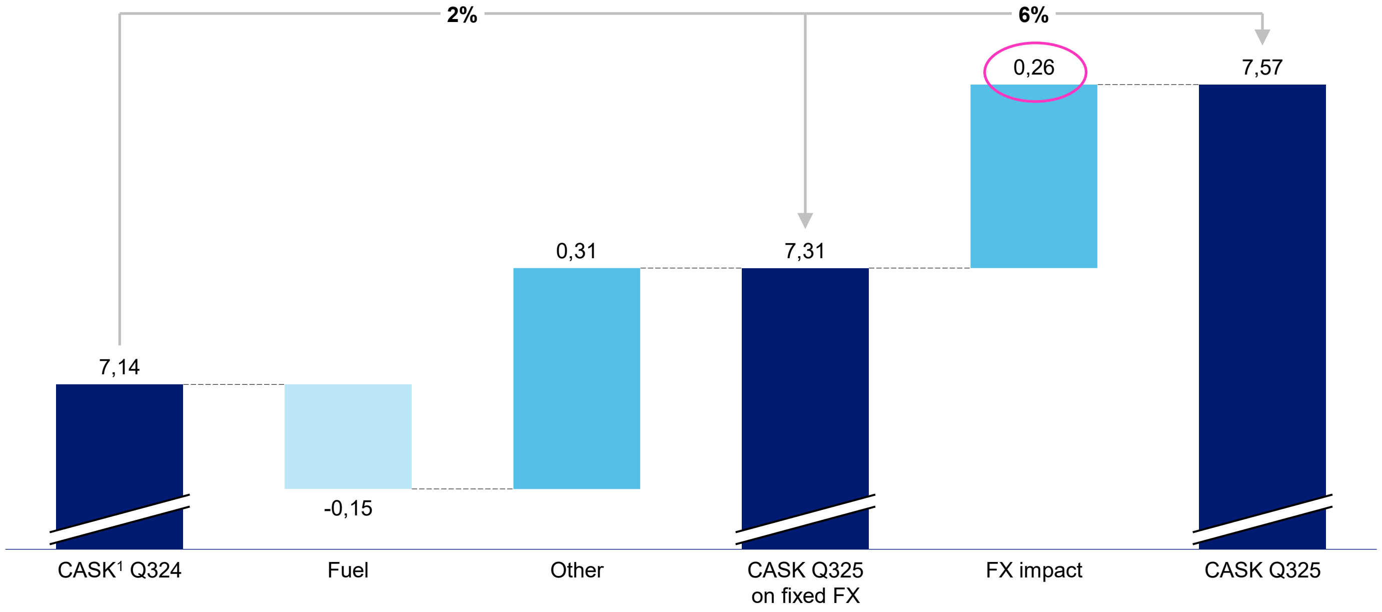

[1]RASK: Total revenue per available seat km (ASK) in the route network. Total revenue include ticket revenue, ticket revenue adjustments, ancillary revenue, and belly space revenue

# Unit cost in the route network increased by 6% year-on-year

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

### Main changes in unit cost

Q325 vs. Q324 in US cents




### Depreciation of the USD, especially the ISK the main driver of increased unit cost

Excluding FX impact, the unit cost increase would have been +2%.

### Fuel cost reduction due to lower fuel prices and improved efficiency

Fleet renewal, operational efficiencies, and a 10% drop in effective fuel prices.

### Other costs rose due to macroeconomic pressures

The impact of a high inflationary environment, general cost increases, and macroeconomic pressures on operations and supplier pricing has outweighed the substantial efficiency and cost optimization gains achieved over the past year.

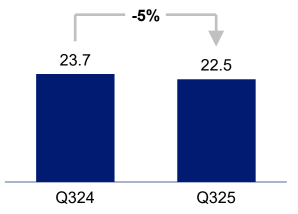


[1]CASK: Total cost per available seat km (ASK) in the route network.

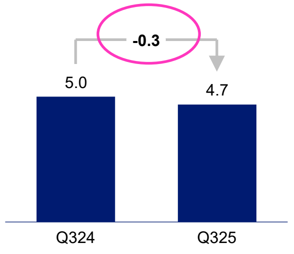
# Cargo and Leasing operations performed well

LOFTLEIÐIR ICELANDIC

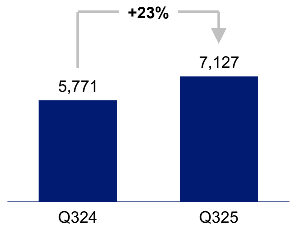
Revenue[1] USD million




EBIT USD million




Sold BH[2]

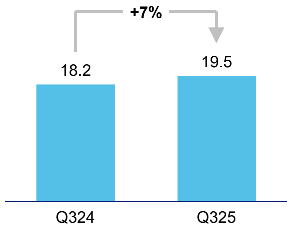



Comments

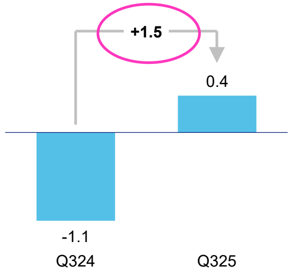
- Leasing continues to deliver strong results with an EBIT margin of 21%
- EBIT USD 4.7 million, slightly less than last year

ICELANDAIR CARGO

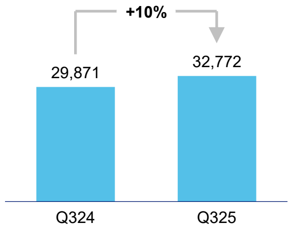
Revenue[1] USD million




EBIT USD million




FTK[3]




Comments

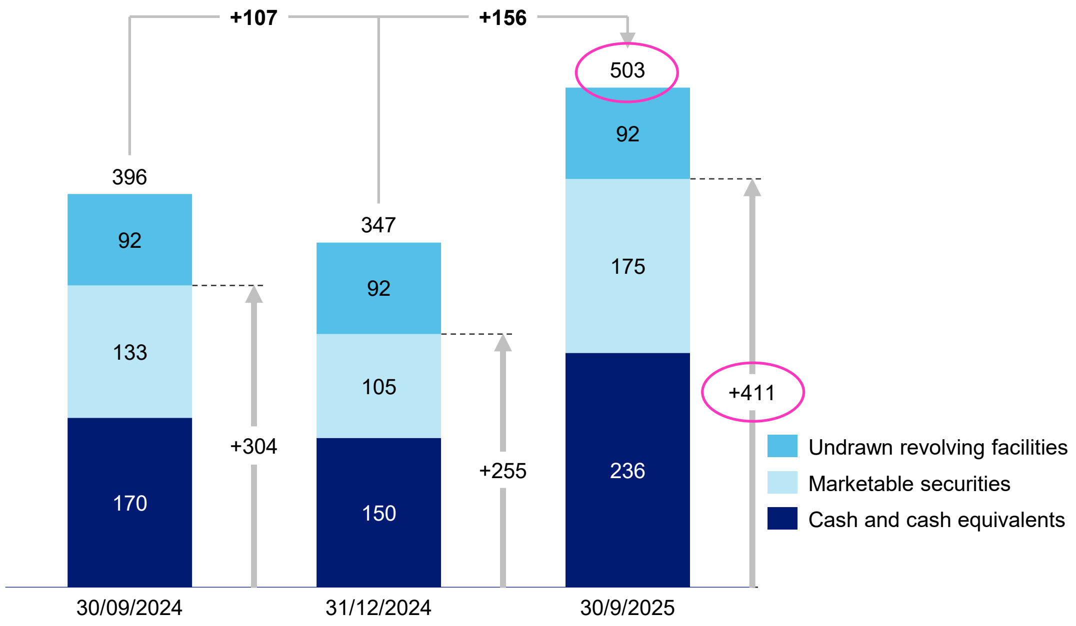
- Cargo operation with USD 0.4 million EBIT
- EBIT improvement of USD 1.5 million year-on-year
- Revenue growth 7%, driven by more imports
- Freight carried increased by 10%



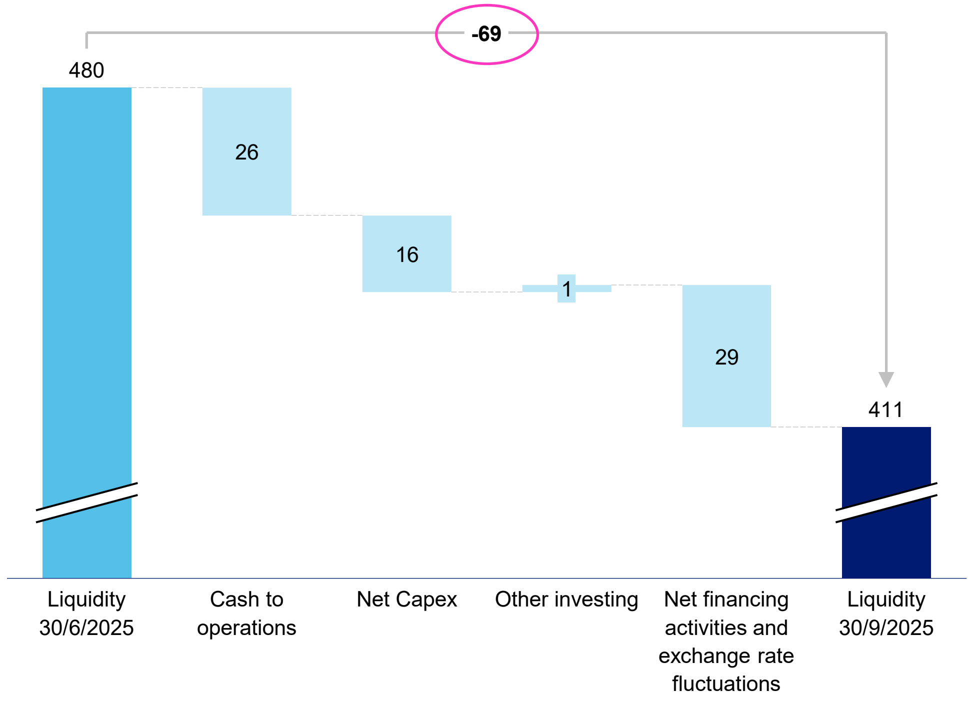
[1]Revenue includes intra revenue [2]BH: Block Hours [3]FTK: Freight Tonn Kilometers

# Strong total liquidity of USD 503 million at the end of September

## Total liquidity[1]
Breakdown in USD million




## Liquidity[2] development
In USD million






[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 339 million and an equity ratio of 18%

## Assets
USD million

| | 30 Sep 2025 | 31 Dec 2024 | % chg. | 30 Sep 2024 |
|---|---|---|---|---|
| Operating assets | 542 | 560 | -3% | 557 |
| Right-of-use assets | 501 | 406 | 23% | 368 |
| Intangible assets and goodwill | 58 | 56 | 2% | 56 |
| Other non-current assets | 183 | 172 | 6% | 171 |
| Total non-current assets | 1,283 | 1,194 | 7% | 1,152 |
| Inventories | 29 | 24 | 17% | 23 |
| Derivatives used for hedging | 13 | 4 | 185% | 3 |
| Trade and other receivables | 190 | 160 | 19% | 177 |
| Marketable securities | 175 | 105 | 68% | 133 |
| Cash and cash equivalents | 236 | 150 | 57% | 170 |
| Total current assets | 642 | 444 | 45% | 507 |
| Total assets | 1,926 | 1,638 | 18% | 1,659 |

## Equity and liabilities
USD million

| | 30 Sep 2025 | 31 Dec 2024 | % chg. | 30 Sep 2024 |
|---|---|---|---|---|
| Shareholders' equity | 339 | 269 | 26% | 297 |
| Loans and borrowings non-current | 143 | 165 | -13% | 178 |
| Leasae liabilities | 481 | 399 | 21% | 366 |
| Other non c-current liabilities | 146 | 100 | 47% | 100 |
| Total non-current liabilities | 770 | 663 | 16% | 644 |
| Loans and borrowings current | 38 | 41 | -9% | 42 |
| Lease liabilities | 77 | 66 | 17% | 62 |
| Derivatives used for hedging | 0 | 6 | -100% | 13 |
| Trade and other payables | 323 | 241 | 34% | 263 |
| Defferred income | 379 | 352 | 8% | 339 |
| Total current liabilities | 817 | 706 | 16% | 718 |
| Total liabilities | 1,587 | 1,369 | 16% | 1,362 |
| Total equity and liabilities | 1,926 | 1,638 | 18% | 1,659 |
| Equity ratio | 18% | 16% | | 18% |

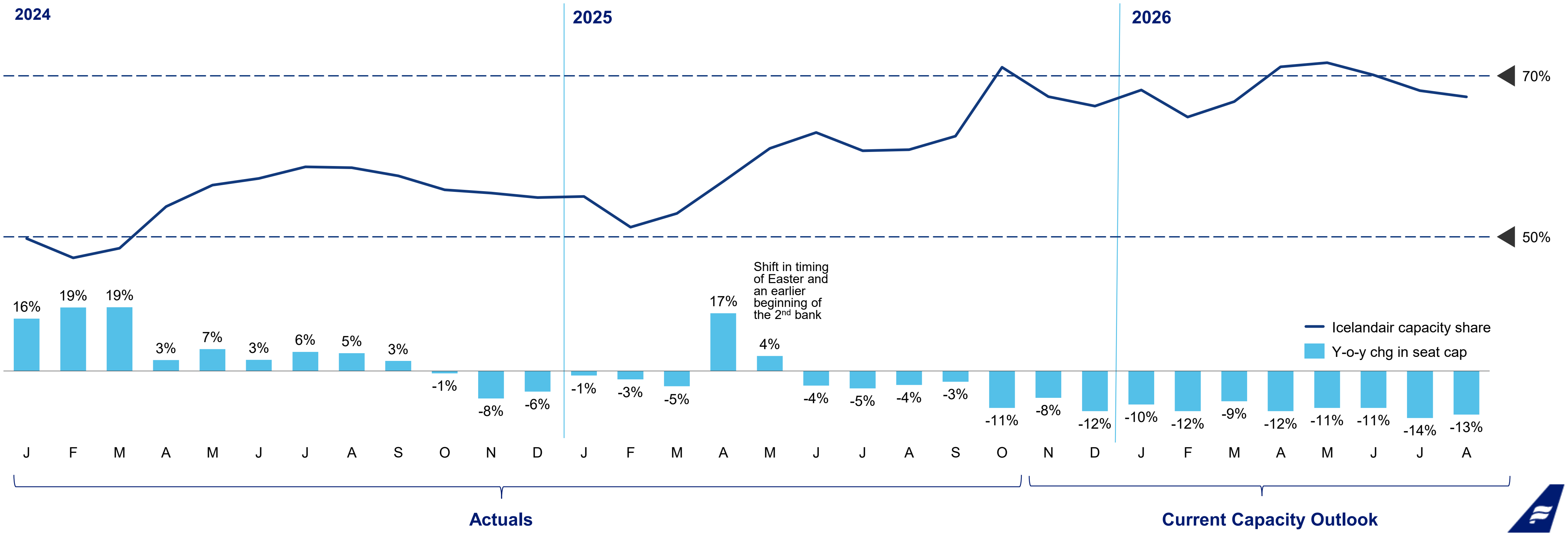
# Business update and outlook

Bogi Nils Bogason, President and CEO

# Rationalization of capacity to and from Iceland, strengthening Icelandair's leading hub position

## Our capacity share is forecasted at 67% in our hub in September 2026 compared to 50% at the beginning of 2024

Year-on-year change in capacity to and from Iceland and Icelandair capacity share (in available seats) at KEF airport
2024-2026 in %



# The network focus in 2026 will be on the markets to and from Iceland, while ensuring strong connectivity across the route network

## Current market situation:

**Strong ISK**
labor cost disadvantage

**Modest growth**

- Low to negative capacity growth
- Cut unprofitable capacity
- Focus on TO/FROM markets
- Reduce emphasis on Via market
- Identify profitable niches

**Icelandair**
market position

**Weak VIA market**
overcapacity and low yields

## Our actions for 2026:

**Modest growth of 2%**
Capacity growth in 2026 is focused on the shoulder and low seasons. to balance seasonality and improve utilization of infrastructure

**Focus on the To and From markets**
Reduced capacity in North America, while increasing in Southern Europe and Scandinavia

**New destinations**
Introduction of two new destinations in 2026: Venice in Italy and Faro in Portugal

**Flexibility realized**
Fleet reduced by two B757 aircraft, and the operation of our widebody Boeing 767 aircraft ceased at the end of 2026

# Icelandair route network in 2026

## Over 60 gateways
N-America, Europe, Greenland, and Domestic

## Over 800 connection possibilities
within the network and endless other through partnership airlines

## Three connecting banks
More frequency, better products, and increased partner connectivity

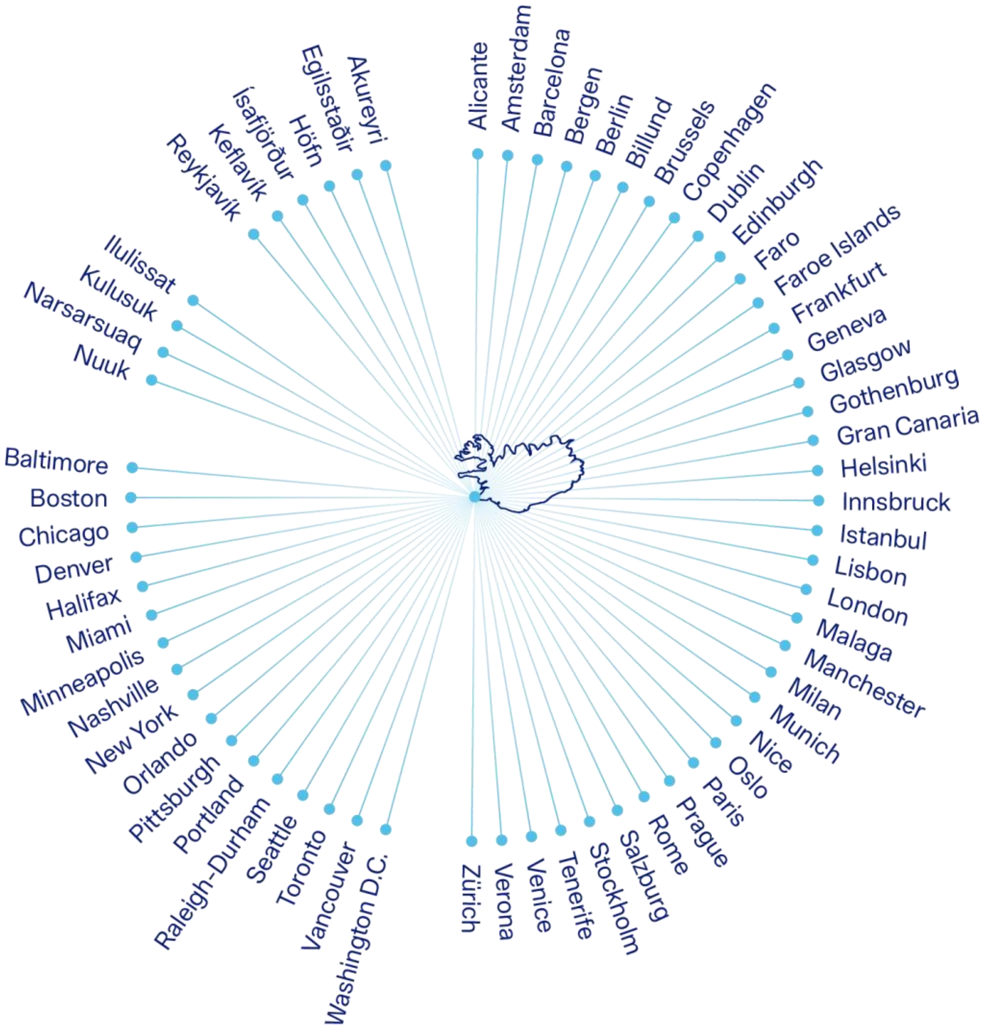
## Two new destinations:

**FAO**
FARO

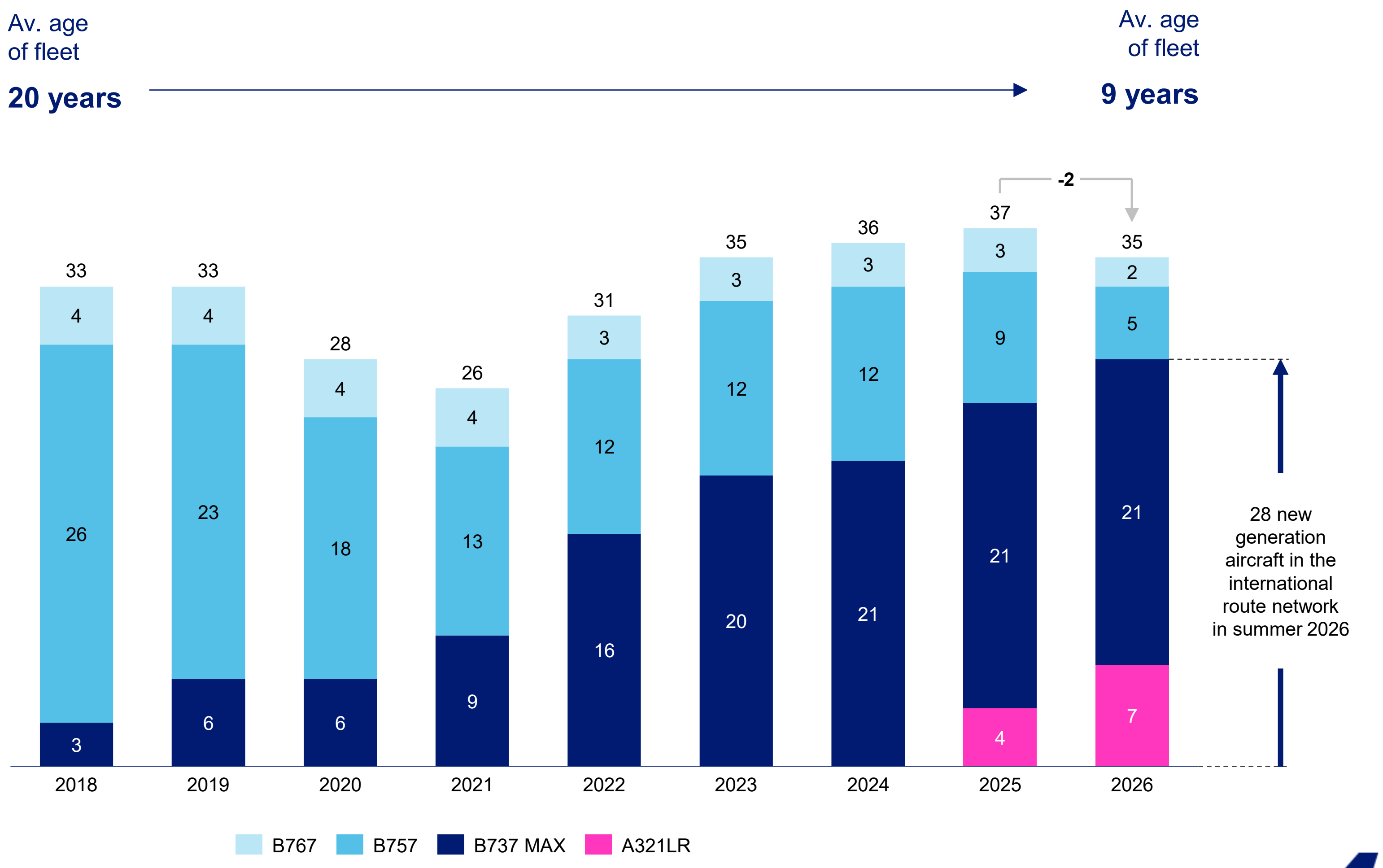
| Flight time | First flight |
|---|---|
| 4:30 | Mar '26 |
| Hours : Minutes | Month / Year |

**VCE**
VENICE

| Flight time | First flight |
|---|---|
| 4:40 | Jun '26 |
| Hours : Minutes | Month / Year |



# Fleet renewal in the international passenger network progressing well, with ~90% of flights in 2026 planned on new-generation aircraft, supported by improved utilization and a reduction of two aircraft



# We are transforming for the future by driving efficiencies, reducing costs and unlocking new revenue opportunities

**>500**

Ideas scheduled for implementation

**USD 100m**

Expected annual gain by the end of 2025

**205**

Initiatives successfully implemented by the end of Q3 2025

**USD 50m**

Actual impact of initiatives year to date

**Examples of initiatives:**

**Ongoing efforts to improve efficiency**
Focus on automation and expanding the shared service center in Tallinn.

**Fuel efficiency initiatives**
Top priority, driven by both cost-saving and sustainability goals.

**Critical negotiations with our key unions**
To reach long-term agreements that support competitiveness in a challenging global market, enable fleet and network expansion, and ensure operational flexibility aligned with industry standards.

**Strengthening of ancillary revenue**
Through pricing adjustments, enhanced upselling strategies, and product refinements to better meet customer expectations.

# Financial guidance:
# EBIT for the full year 2025 expected to be negative USD 10-20 million

## Headwinds -

- Strong real exchange of the ISK
- Global geopolitical environment
- Cost pressure

## Tailwinds +

- Good outlook in Cargo and Leasing operations
- ONE transformation progressing well
- Improved revenue outlook in Q425

## Assumptions

- Average market price of jet fuel USD 700 per m/t in Q425
- USD/ISK exchange rate in Q425 at 123
- This guidance is subject to change due to various risks and uncertainties in the environment

# Key takeaways


## Net profit in Q325 of USD 58 million

Revenue increased year-over-year despite fare pressure in the transatlantic market, but costs were adversely affected by several factors

## Leading hub carrier position strengthened

Changes in the capacity to and from Iceland are strengthening the leading hub carrier position of Icelandair; capacity share in Q4 2025 69%

## Transforming the future

Icelandair is transforming for the future with a clear focus on efficiency, cost reduction and unlocking revenue opportunities

# Thank you

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