

We bring the spirit
of Iceland to the world



Q3 2026 Financial Results | 23 October 2026

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

Record revenue and improved profitability in Q3



Record revenue

USD
655m

up 12% year-on-year
while capacity is down 6%

Our biggest Q3 top-line ever



Rebalanced network

■ To/from ■ Via ■ Within

61%

to/from passengers in Q3,
up from 47% in Q3 2024

Q3 2024

47%

48%

Q3 2025

54%

42%

Q3 2026

61%

35%

Strategy in action: strong ISK and a weak via market call for a to/from focus



ONE
transformation

USD **40m**

Q3 impact; USD 138m
annualized at full implementation



EBIT

USD **120m**

up 46m year-on-year



Strong load
factor

86.5%

of seats filled in Q3



Strong
liquidity

USD **550m**

up USD 48m year-on-year



Our underlying performance is stronger than the reported results show



High fuel prices

~1,600

USD/mt in Oct 2026, more than twice the 2008-2025 average

HEDGING IMPACT IN Q3

USD 28m

lower fuel cost; 46% hedged below 700 USD/mt



FX and Icelandic conditions

A triple hit on our results

Faster cost inflation

Wages

rising faster than in our competitor markets



A stronger ISK

+15%

since Q1 2025, a historical high in real terms



Revenue mix amplifies FX

USD & CAD

greater net exposure than most peers, both have weakened against ISK



Industrial action

USD 4.0m

negative EBIT impact in Q3

Strike led by the **Association of Aircraft Maintenance Technicians** in September



Adjusted for these factors, the **strength of our underlying operations stands out**



A strong core business, and an exciting future ahead



DESPITE THE HEADWINDS

Our underlying business is strong, and we keep preparing for the future



A modern fleet

Almost fully new-generation, with the longer-range A321XLR ahead



A wider network

New destinations and more reach through our Keflavík hub



Stronger partnerships

Extending our reach beyond the network we fly ourselves



A leaner Icelandair

Simpler and more automated, built for lasting profitability



Financial results

Ívar S. Kristinsson, CFO

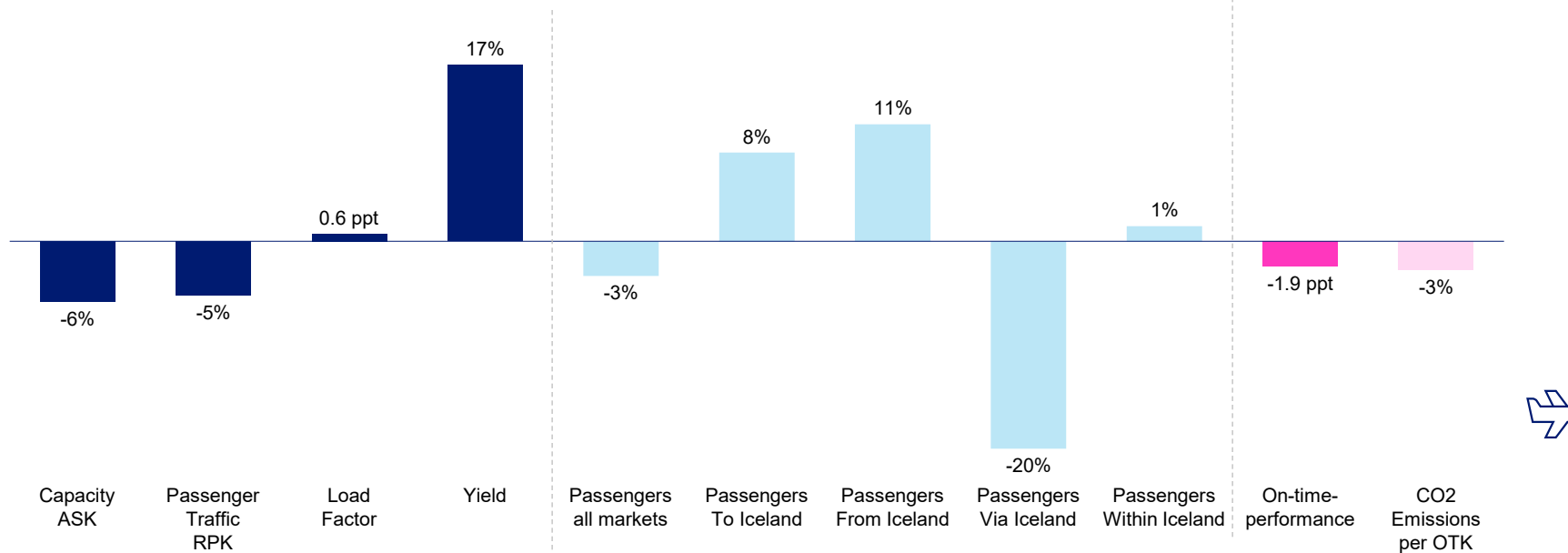


Improved passenger mix drives higher yields in Q3 2026

Yield up 17% and load factor reached 86.5% despite 6% lower capacity

Traffic data passenger network

Q326 vs. Q325



Icelandair's
on-time performance
in Q3 2026

81.2%



Q3 profitability improved significantly on strong passenger revenue growth

Operating income increased 12% year-on-year, driving EBIT up to USD 120.3 million

Profit loss statement

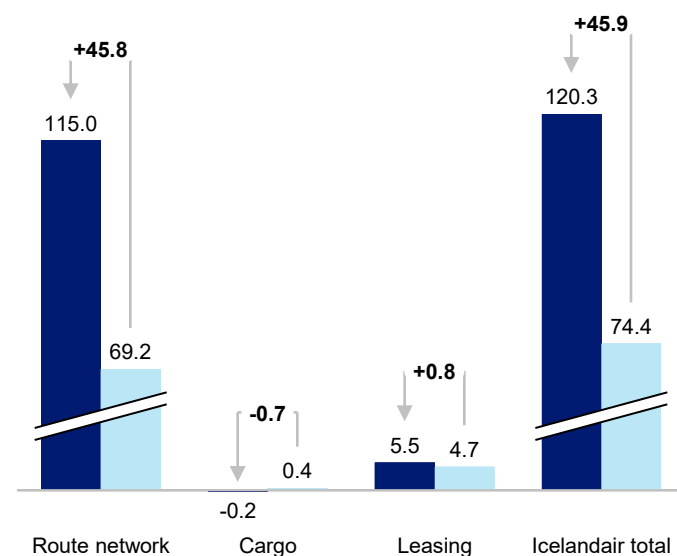
USD million

USD million	Q3 2026	Q3 2025	Change
Passenger revenue	579.0	522.1	11%
Cargo revenue	20.2	18.2	11%
Leasing revenue	28.7	22.1	30%
Other operating revenue	27.1	22.8	19%
Operating income	655.0	585.3	12%
Salaries and salary related	120.7	114.7	5%
Aircraft fuel	131.5	118.6	11%
Other aviation expenses	111.2	107.2	4%
Other operating expenses	126.0	124.1	2%
Operating expenses	489.3	464.6	5%
Depreciation and amortization	45.4	46.3	-2%
EBIT	120.3	74.4	-
EBIT ratio	18.4%	12.7%	5.7 ppt
EBT	116.4	72.1	-
Net profit	96.7	57.3	-

EBIT per segment

USD million

■ Q326
■ Q325



Key drivers

Q326 vs. Q325

- **Higher yields and a stronger passenger mix** lifted passenger revenue by 11%, despite 6% lower capacity
- **Revenue growth outpaced cost growth**, with operating income up 12% versus a 5% increase in operating expenses, lifting the EBIT margin to 18.4%
- **Fuel hedging and fleet efficiency softened higher fuel prices**, limiting the increase in fuel expenses to 11%
- **Leasing strengthened profitability**, with revenue up 30% and a 19% EBIT margin, while higher fuel costs weighed on Cargo's result



Q3 fuel expenses rose 11% year-on-year

Hedging and fleet efficiency partly offset higher fuel prices

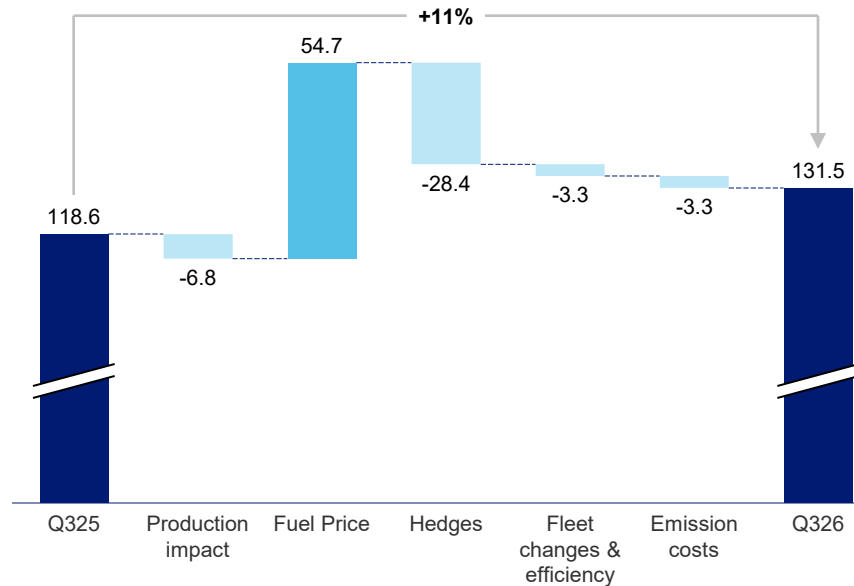
Key drivers

Q3 2025 vs. Q3 2026

- **Higher fuel prices added USD 54.7m**, outweighing savings from hedging and efficiency.
- **Fleet renewal and efficiency** reduce fuel costs and support sustainability goals.
- **Emission costs fell USD 4.7m** due to 2025 SAF refunds, free allowances ~16% above estimates and lower production. Excluding production, costs fell USD 3.3m year-on-year.
- **Q4 hedges cover ~45%** of fuel consumption at USD 722/ton.

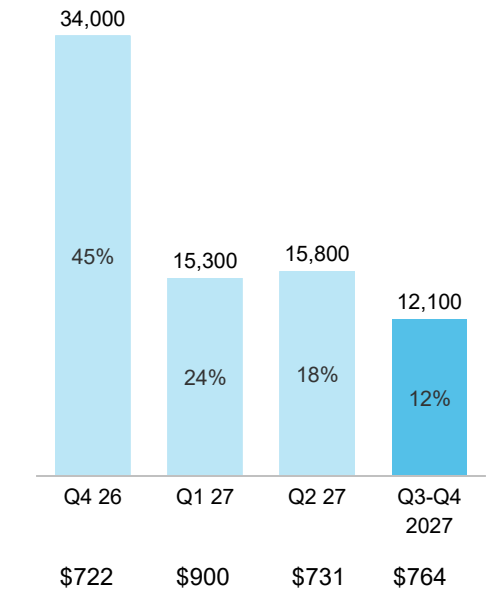
Fuel cost changes

Q3 2025 vs. Q3 2026, USD million



Fuel hedges

Tonnes, % of consumption, USD/ton



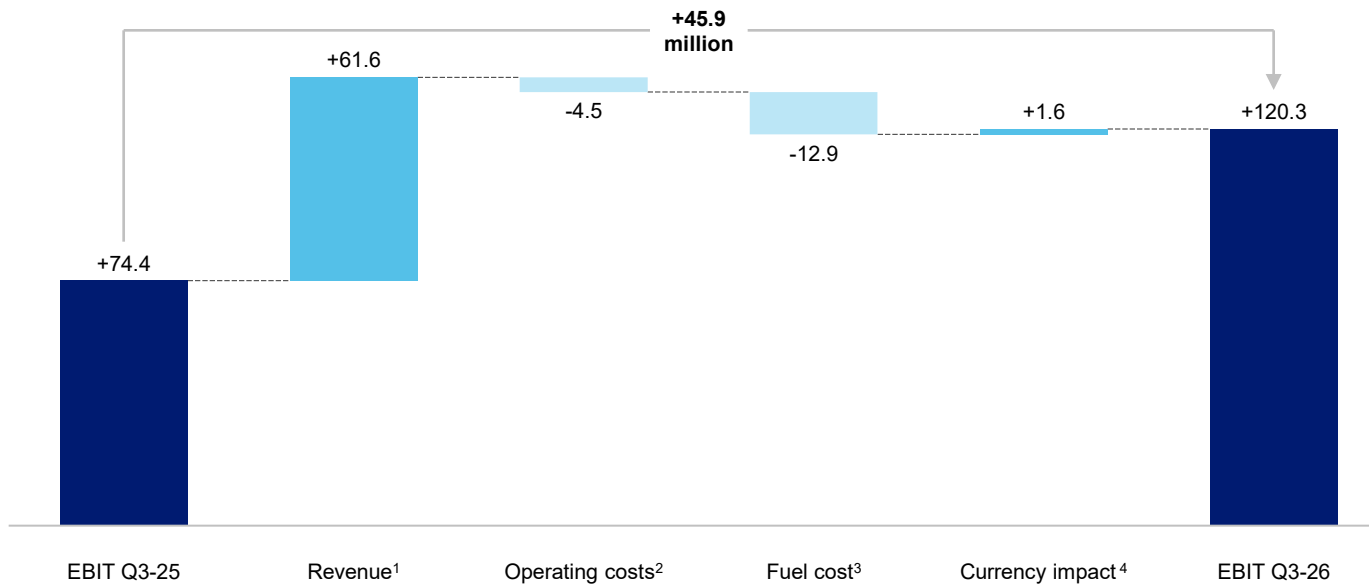
Stronger revenue lifted EBIT despite higher fuel costs

EBIT improved by USD 46 million, with the RASK–CASK ex-fuel spread widening by 35%

EBIT bridge Q3: Main changes compared to last year

EBIT Q326 vs. Q325, USD million

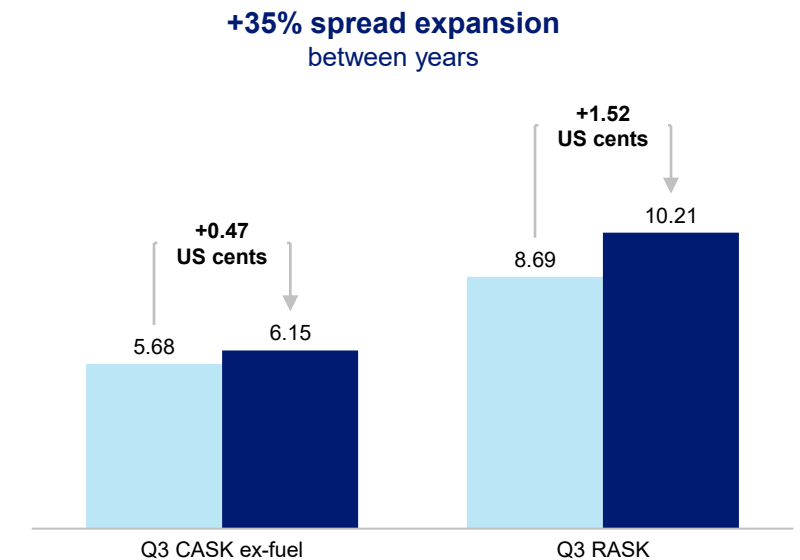
■ EBIT level ■ Favorable ■ Unfavorable



Underlying unit economics improved in Q3

The RASK–CASK ex-fuel spread expanded by 35% YoY

■ 2025 ■ 2026

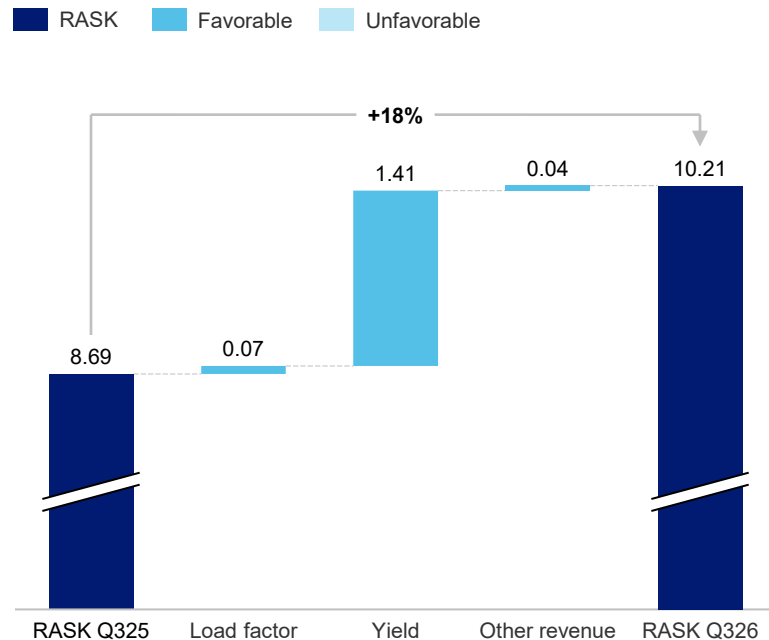


Strong demand continues to support revenue quality

Higher yields, stronger load factor and favorable traffic mix drove an 18% increase in RASK year-on-year

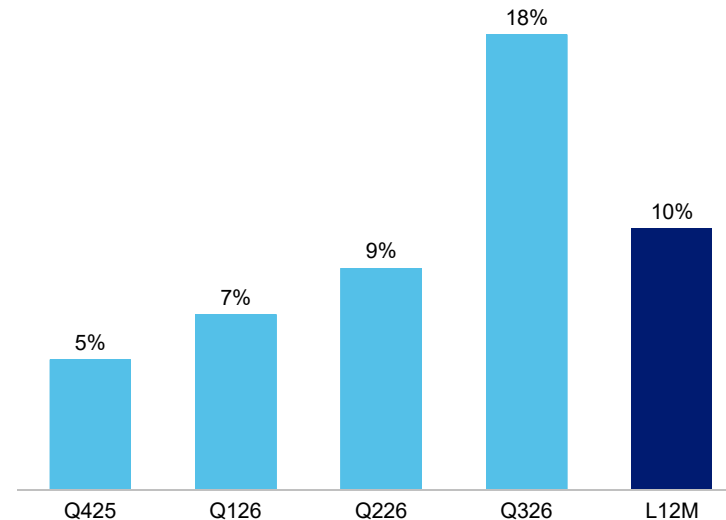
Main changes in unit revenue

Q326 vs. Q325 in US cents



Sustained improvement in unit revenues

Year-on-year RASK development by quarter and on a rolling 12-month basis



Key drivers

Q326 vs. Q325

- **Load factor** reached a strong 86.5%, up 0.6 percentage points compared to last year
- **Average yield** was up 17% year-on-year
- Yield growth was driven by a **higher share of passengers traveling to and from Iceland**
- **Capacity was adjusted to market conditions** and fuel price volatility
- **Sustained RASK growth** over four quarters, with a 10% improvement on a rolling 12-month basis



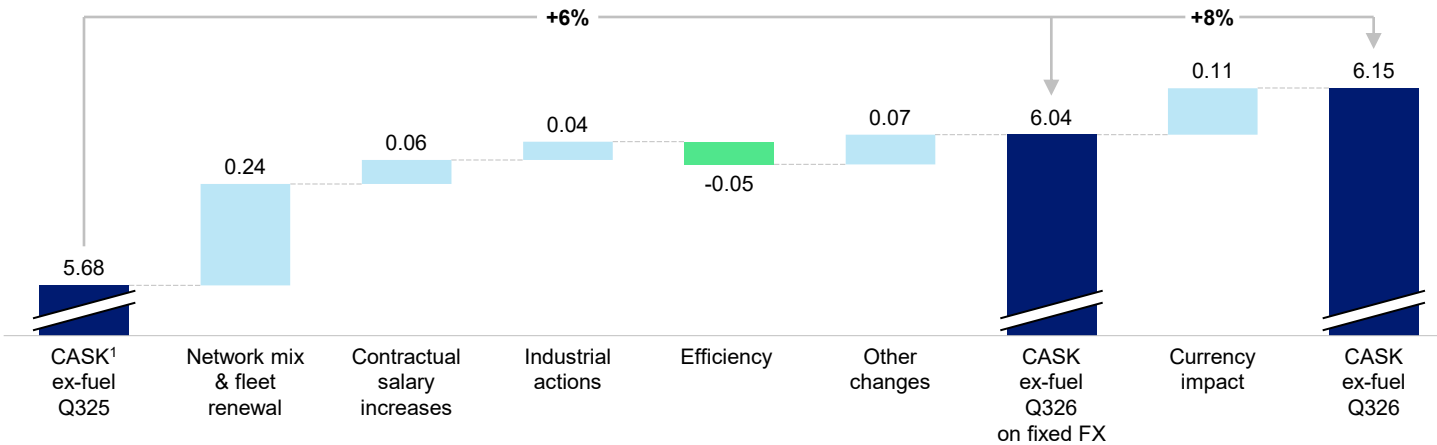
Underlying unit cost performance remains resilient

Cost pressures partially mitigated through transformation initiatives

Main changes in unit cost excluding fuel

Q326 vs. Q325 in US cents

CASK Favorable Unfavorable



Key drivers

Q326 vs. Q325

- **Reported CASK up 10%**, with fuel accounting for ~40% of the increase
- **CASK ex-fuel up 8%**, driven by network mix, fleet renewal, salary increases and September's mechanics' strike
- **Underlying ex-fuel CASK** increased by 6% on a fixed FX basis
- **Smaller Gauge (fewer seats per flight)** raises unit costs as costs are spread across fewer seats but improves RASK
- **Higher share of European flying** increased unit costs but strengthened profitability
- **Fleet renewal** increased non-fuel costs while enhancing the product and improving fuel efficiency
- ONE transformation program delivering real savings, **partly offsetting cost headwinds**



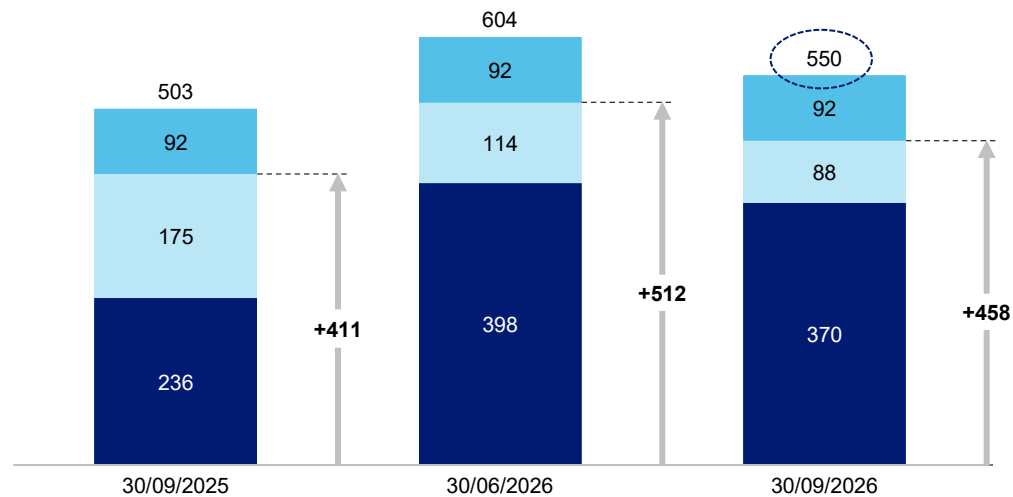
Strong total liquidity of USD 550 million at quarter-end

Up USD 48 million compared to end of the third quarter last year

Total liquidity¹

Breakdown in USD million

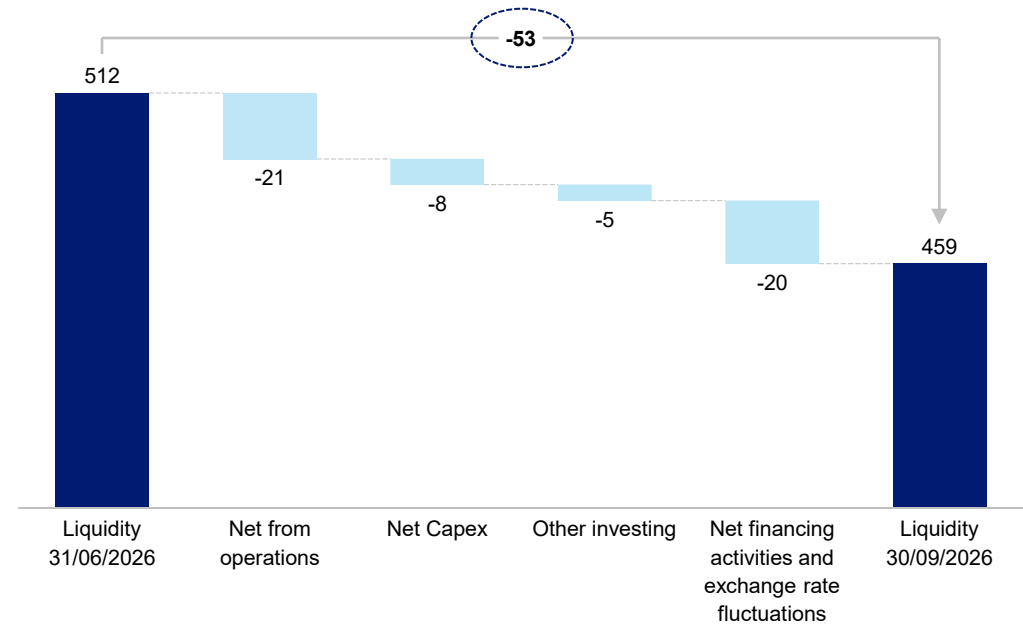
- Undrawn revolving facilities
- Marketable securities
- Cash and cash equivalents



Liquidity² development

In USD million

- Period totals
- Favorable
- Unfavorable



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 361 million and an equity ratio of 17.5%

Assets USD million

	30 Sep 2026	31 Dec 2025	% chg.
Operating assets	539	564	-4%
Right-of-use assets	528	483	9%
Intangible assets and goodwill	58	58	1%
Other non-current assets	181	182	-1%
Total non-current assets	1,307	1,287	2%
Inventories	32	28	14%
Derivatives used for hedging	57	4	1346%
Trade and other receivables	203	179	13%
Marketable securities	88	170	-48%
Cash and cash equivalents	370	195	89%
Total current assets	750	577	30%
Total assets	2,058	1,864	10%

Equity and liabilities USD million

	30 Sep 2026	31 Dec 2025	% chg.
Shareholders' equity	361	286	26%
Loans and borrowings non-current	124	138	-11%
Lease liabilities	498	462	8%
Other non-current liabilities	151	147	3%
Total non-current liabilities	773	747	4%
Loans and borrowings current	26	39	-32%
Lease liabilities	86	78	11%
Derivatives used for hedging	0	4	-100%
Trade and other payables	405	319	27%
Deferred income	406	391	4%
Total current liabilities	924	831	11%
Total liabilities	1,697	1,577	8%
Total equity and liabilities	2,058	1,864	10%
Equity ratio	17.5%	15.4%	

Business update and outlook

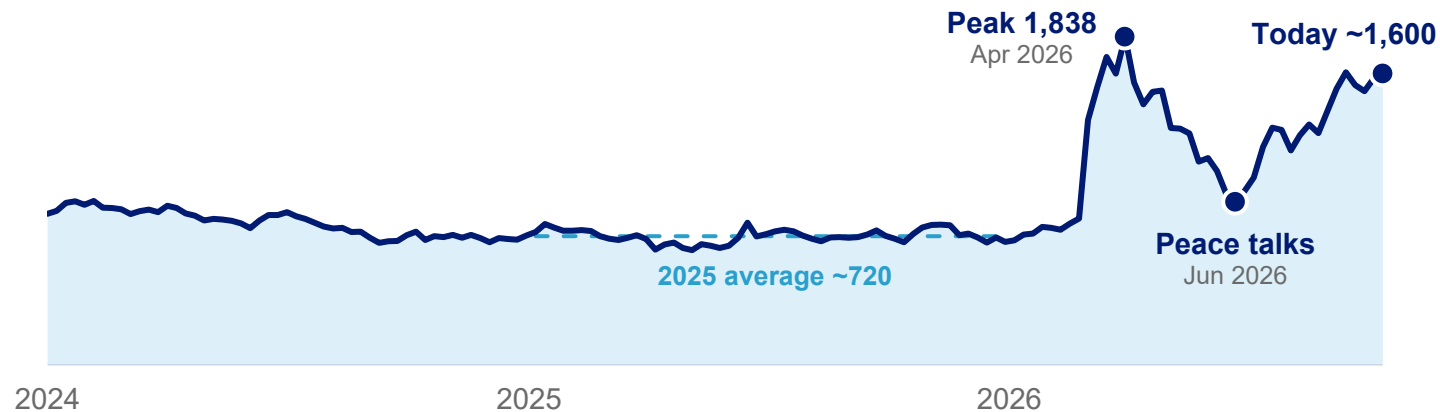
Bogi Nils Bogason, President and CEO



Fuel is back near peak levels, and we are acting on what we control

Jet fuel price, USD per tonne

Where we stand



2.3x

today's price vs. the
2025 average

>2x

Today's price vs. the
average 2008-2025

Forward markets remain volatile, and we plan for elevated fuel costs through the winter

WHAT WE ARE DOING



Hedging

46% hedged below 700 USD/mt
USD 28m lower Q3 fuel cost



Pricing

Raised fares across our
markets



Cost discipline

Strict cost control to offset
higher fuel costs



Fleet and capacity

Accelerated 757 and 767
phase-out, reduced capacity



Fuel efficiency

Transformation journey and
new-generation fleet



Navigating a challenging winter with discipline, ready for the upturn

WHY THIS WINTER IS CHALLENGING

Fuel prices remain elevated

45%

of Q4-26 fuel hedged
at USD 722/mt

24%

of Q1-27 fuel hedged
at USD 900/mt

ISK remains at historically high levels

+15%

strengthening against the USD since Q1 2025

WINTER 2026/27 OUTLOOK

Holding up in a tougher market



More capacity into Iceland

Concentrated in a few European gateways



Revenue compares favorably

Versus last year, despite tougher comparisons



Bookings are coming in later

Demand is materializing closer to departure

DOING WHAT WE CAN

Optimizing what we can move

Much of our winter cost base is already fixed, so we act where we can:

-4%

Q4-26 capacity vs.
original schedule

-8%

Q1-27 capacity vs.
original schedule

- ✓ Accelerated 757 and 767 phase-out
- ✓ Non-contributing flights removed
- ✓ Strong liquidity of USD 550m



When fuel and FX normalize, **the full benefit of our structural improvements will show**



Collective bargaining: working towards sustainable agreements



STATE MEDIATOR

International pilots

Icelandic Airline Pilots' Association

Negotiations are being conducted through the **State Conciliation and Mediation Officer**



DIRECT TALKS

Domestic pilots

Icelandic Airline Pilots' Association

Discussions are ongoing and **progressing well without the involvement** of the State Mediator



STATE MEDIATOR

Aircraft maintenance technicians

Assoc. of Aircraft Maintenance Technicians

Strike in late September ended with a **structured work plan** to conclude a renewed agreement



DIRECT TALKS

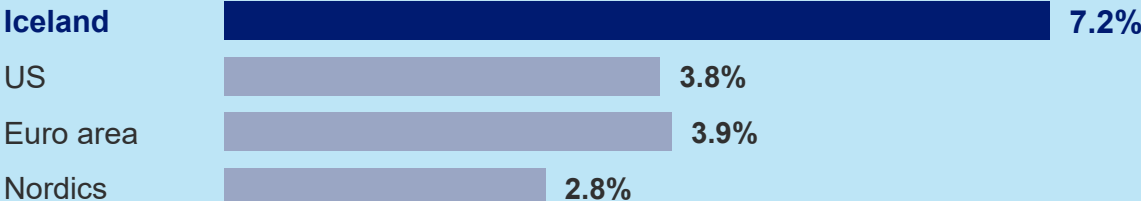
Cabin crew

Icelandic Cabin Crew Association

Discussions are **progressing without the involvement** of the State Mediator

LONG-TERM WAGE GROWTH FAR ABOVE COMPETING COUNTRIES

10-year average annual wage growth, 2014–2024



OUR OBJECTIVE IS UNCHANGED

Sustainable agreements that support our **long-term competitiveness**, operational flexibility and future growth, while providing **attractive aviation jobs in Iceland**



Iceland's prosperity depends on competitive export industries

WHY IT MATTERS

Competitive export industries support Iceland's prosperity



Competitive export industries



Value and foreign-currency earnings



Welfare and prosperity

WHAT IT TAKES

Iceland and Icelandair compete internationally

- ✓ Taxes, charges and costs must not outpace our competitor countries
- ✓ Added taxation on tourism and exports must be assessed in full context
- ✓ Wages must follow export productivity, not run ahead of competitors



Wages cannot outrun competitor countries, or what exports can bear

If they do, the day of reckoning comes, which is what we are seeing now





Financial guidance for full-year 2026

1

Full-year EBIT loss of USD 20–30 million

2

Q4 unit revenue expected to rise 6–9%,
with capacity down 3%

3

Q4 unit costs ex-fuel +7–9%, partly reflecting more
European flights and fewer seats per aircraft

Q4 assumptions: jet fuel ~1,500/ USD/mt and ISK 122 per USD.
Guidance remains subject to risks and uncertainties.

Summer 2027: selective growth and network development



SUMMER 2027 OUTLOOK

Focused growth where it creates the most value



Two new destinations in 2027

Madrid and St. Louis, plus more Scandinavia, Southern Europe and Greenland



Focus on markets to and from Iceland

Continued focus on higher yielding markets



Our capacity decreases slightly

Transition to smaller aircraft enables more frequent services, greater customer choice and broader connectivity

Capacity goes where returns are strongest

Targeted adjustments, and more if conditions change



Partnerships extend our reach without adding capacity



SOUTHWEST AIRLINES · STRATEGIC PARTNER SINCE 2025

Southwest's first airline partner, now deepening our ties

- ✓ **One ticket** to 100+ Southwest destinations via six US gateways
- ✓ **St. Louis** becomes the seventh gateway from May 2027
- ✓ **Frequent flyer partnership** from spring 2027 across both networks

A GROWING PARTNER PORTFOLIO

3x

Partner airlines have tripled since 2023

WestJet

Our first Canadian codeshare partner, signed June 2026

AEGEAN

Codeshare MoU signed June 2026, linking Greece and Iceland

Partnerships remain a key strategic lever

Partnership revenue grew in Q3, and we will keep expanding our reach without adding operated capacity



Saga Premium: record demand, more choice and more premium seats

SAGA PREMIUM MOMENTUM

+18%

Saga passengers Q3 2026 vs. Q3 2023,
while Saga seats grew 9%

+35%

higher Saga cabin revenue
in Q3 2026 vs. Q3 2023

~84%

of Saga revenue from customers originating
outside Iceland or travelling via Iceland

OUR PRODUCT JOURNEY



Positioned in the most profitable part of the premium market

Premium economy generates the most revenue per square metre on board¹

¹ Industry evidence, e.g. Lufthansa Group Capital Markets Day: premium economy ~33% more revenue per m² than economy and ~6% more than business class



Our ONE transformation journey is changing how we operate

How ONE delivers



Lower structural costs

Procurement, productivity and fuel efficiency lower our unit costs



Stronger revenue

Stronger pricing and commercial agility lift revenue



Digital and AI

A clear AI vision, governance and roadmap lay the foundation for company-wide adoption

CONTINUOUS TRANSFORMATION

Simpler processes, automation and AI lower costs, lift revenue and raise productivity

ONE TRANSFORMATION PROGRAM

USD 40m

actual impact in Q3 2026

▲ up from USD 29m in Q2

USD 138m

annualized at full implementation

▲ up from above USD 120m at Q2



Key takeaways

01 Strong Q3 results despite the headwinds
Record revenue of **USD 655m** and EBIT of **USD 120m**, up USD 46m

02 Navigating a challenging winter
Persisting high fuel prices and strong ISK; union agreements to be concluded

03 Transforming Icelandair
ONE continues delivering results; ~100% new-generation fleet from 2027;
The **A321XLR** from 2029

04 Ready for the tailwind
Fuel and FX at historic highs will not last, and our liquidity is strong at **USD 550m**

We are building a stronger Icelandair: not only to handle today's headwinds, but to make the most of the tailwind when it comes



Thank you



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