Q1 2025 results

30 April 2025

ICELANDAIR

Key highlights in Q1 2025

EBIT improvement of USD
7 million year-on-year
Net loss improvement of USD
15 million

3% CASK decrease

All business segments improving year over year

Record load factor in Q1 2025

Strong operating cash flow
from USD 204 million
Liquidity of USD
510 million at end of Q1

Improved results expected in Q2 and Q3 but slower longer-term booking trends due to economic uncertainty

The transformation journey contributing USD 70 million in annual impact by the end of this year

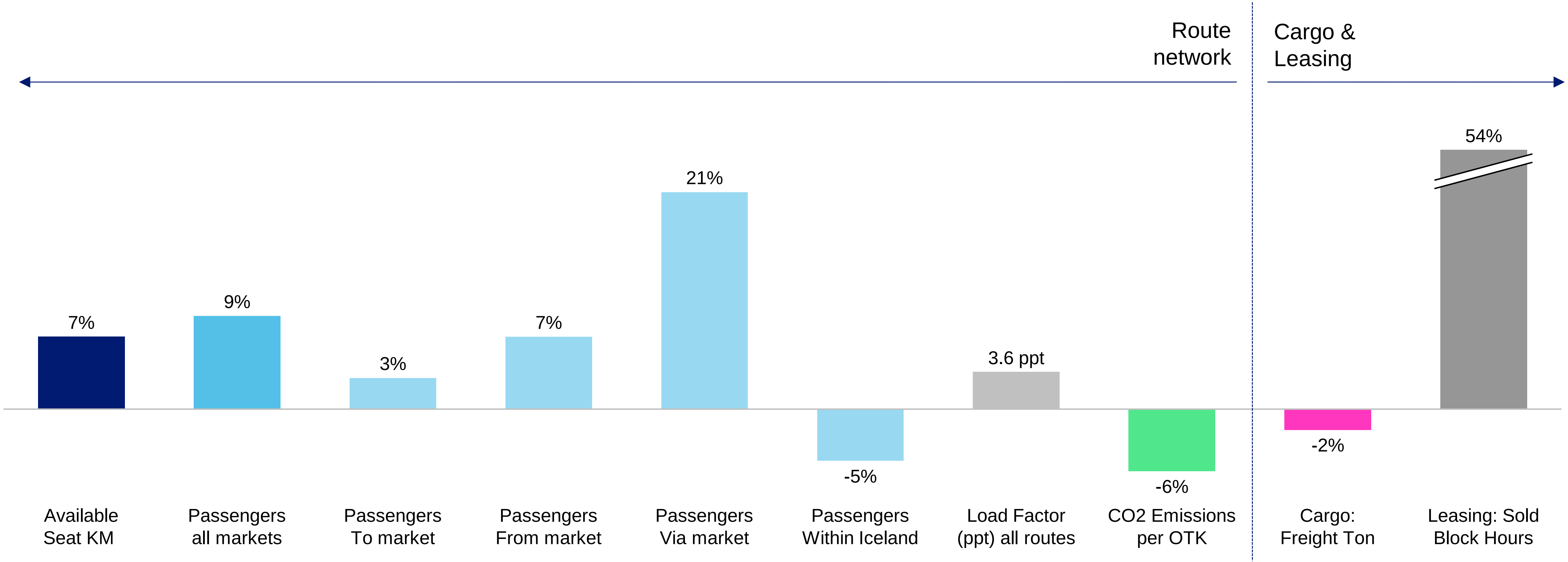
Financials

Ívar S. Kristinsson, CFO

Record load factor in Q1 2025

Traffic figures – Q1 2025 vs Q1 2024

In percentages



EBIT improvement of USD 6.6 million

All business segments achieved improved results

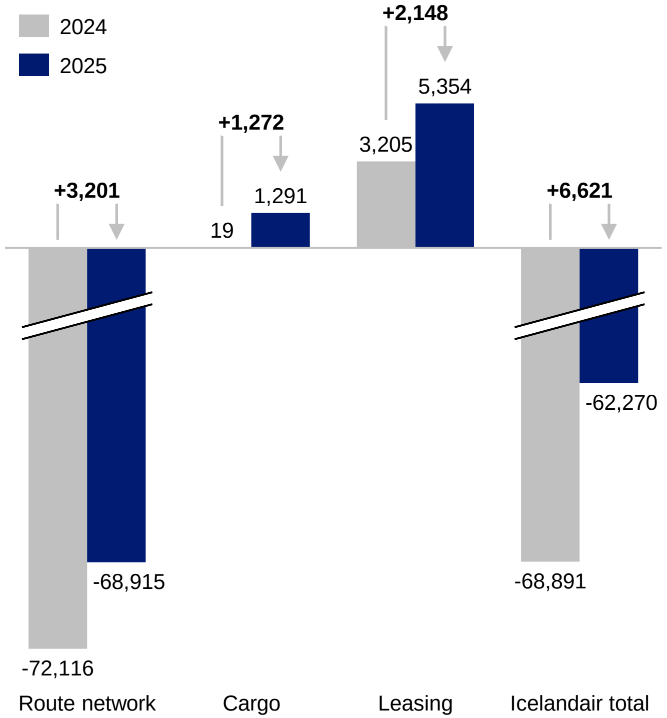
Profit loss statement

USD million

USD million	Q1 2025	Q1 2024	Change
Passenger revenue	214.0	198.9	15.2
Cargo revenue	21.1	20.7	0.4
Leasing revenue	28.6	19.3	9.3
Other operating revenue	22.8	20.1	2.7
Operating income	**286.5**	**259.0**	**27.5**
Salaries and salary related	92.2	94.5	-2.3
Aircraft fuel	62.1	64.1	-2.0
Other aviation expenses	60.6	54.6	6.0
Other operating expenses	94.4	81.1	13.3
Operating expenses	**309.3**	**294.3**	**15.0**
Depreciation and amortization	-39.5	-33.6	-5.9
EBIT	**-62.3**	**-68.9**	**6.6**
EBIT ratio	**-21.7%**	**-26.6%**	**4.9 ppt**
EBT	**-59.3**	**-72.7**	**13.4**
Net loss	**-44.1**	**-59.4**	**15.3**

EBIT

USD million

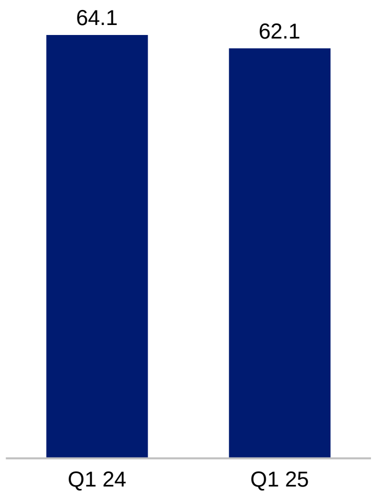


- Revenue increase driven by a 7% increase in the passenger network capacity and strong leasing revenue generation
- More cost-efficient fleet, lower fuel prices and emission charges had a positive impact on results
- Other operating expenses up by 16% mainly related to larger flight schedule and increased IROPs cost
- Continued strong turnaround in the Cargo operation; EBIT USD 1.3 million
- Leasing operation continues to deliver strong results with EBIT profit of USD 5.3 million

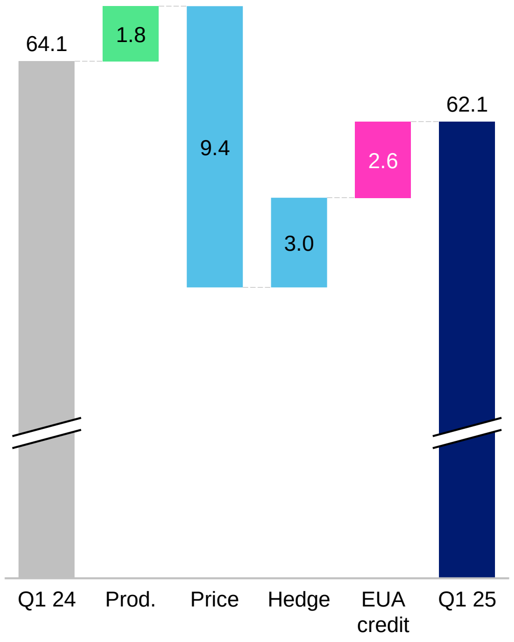
Lower fuel prices driving fuel cost reduction despite more production

Effective fuel price 10% lower than in Q1 2024

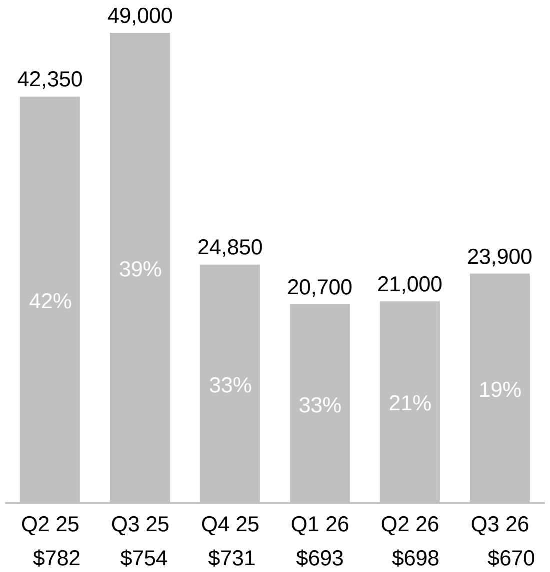
Fuel cost
USD million



Main changes in fuel cost
USD million total year



Hedge contracts and ratios
Overview ton (Hedge %, Strike Price $/mt)



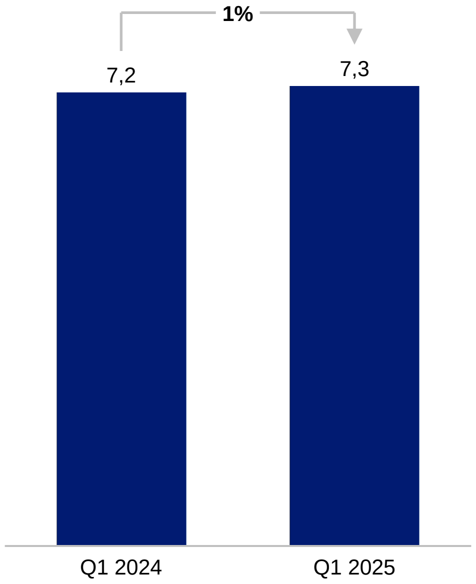
Fuel price
USD per metric ton

Unit revenue (RASK) increased by 1% on higher load factor

Record total passenger revenue for the first quarter

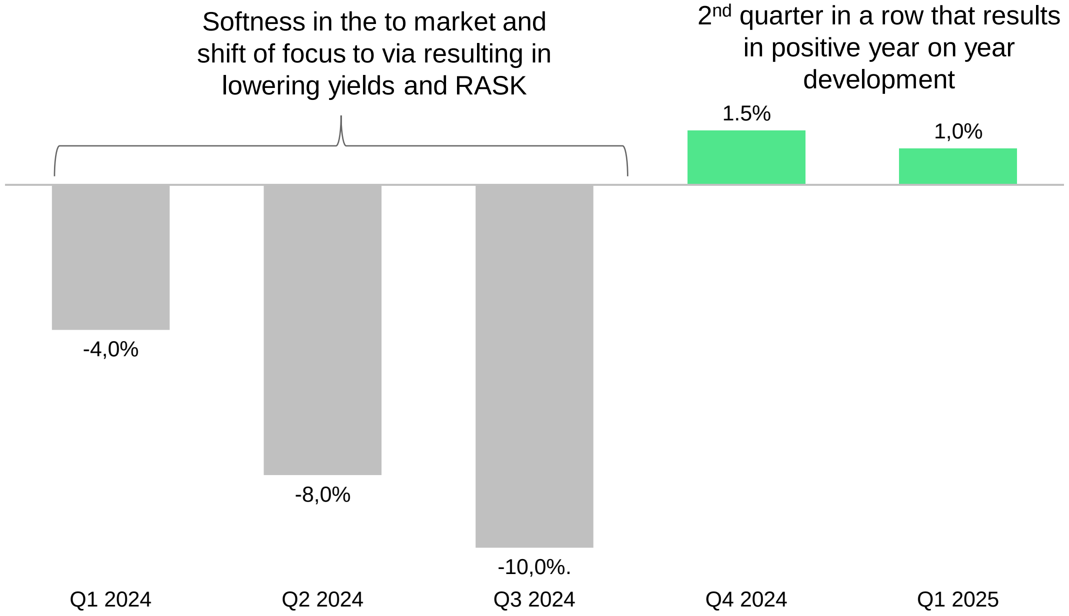
RASK

USD cents



RASK[1] development

Act ‘25 & ‘24 vs. Act ‘24 & ‘23



- RASK increased by 1% despite the benefit of early Easter traffic in March last year.
- The average yield was US 8.0 cents and decreased by 5% year on year
- Saga Premium demand continues to be strong with unit revenues increasing by 9%

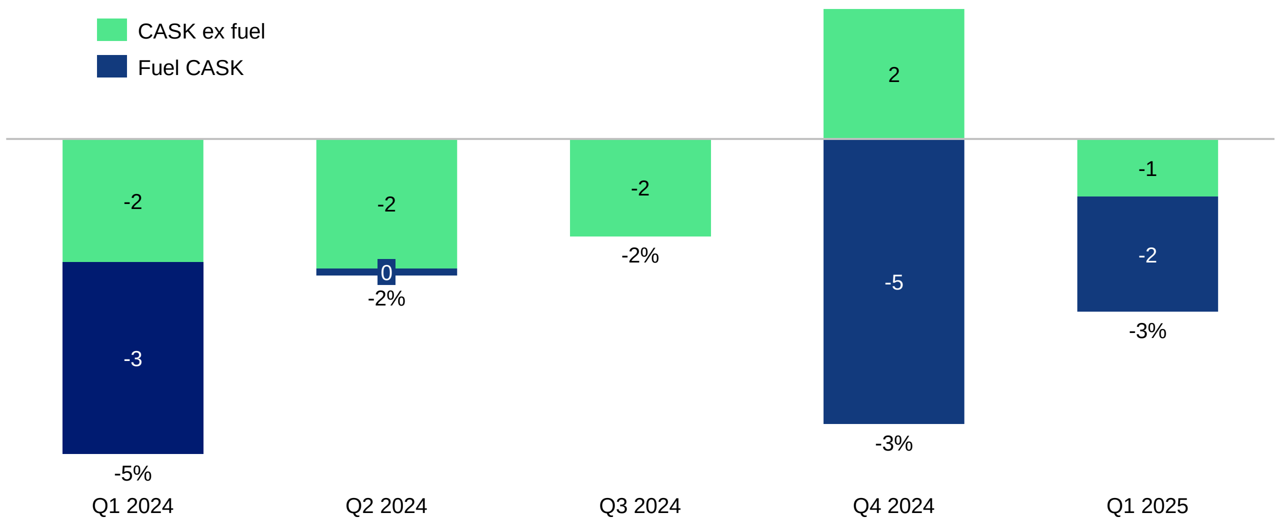
[1]RASK = Revenue per available seat kilometer in route network

Focus on efficiency resulting in decreased unit cost

Five consecutive quarter with lower year on year unit cots development

CASK[1] development

Act ‘25 & ‘24 vs. Act ‘24 & ‘23



- Most cost items showed positive trends in the first quarter
- Continued investment in more fuel-efficient aircraft both 737 MAX and 321LR’s with positive CASK impact
- Unit costs excluding fuel down 1% year on year. More production and efficiency gains outweighing inflationary pressures and labor cost increases
- Lower fuel prices resulting in additional 2% year-on-year reduction in unit cost

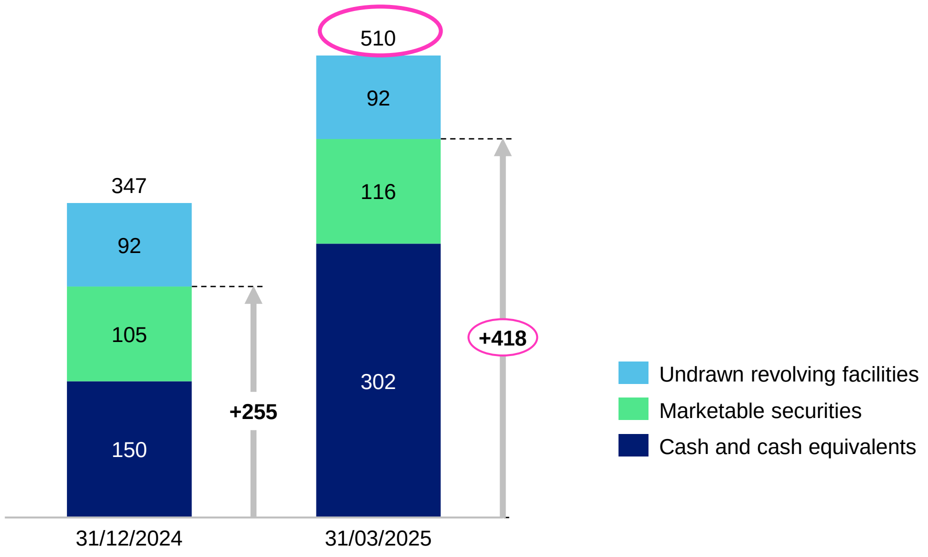
[1]Total operating and depreciation cost per available seat kilometer in the route network.

Total liquidity USD 510 million at end of Q1 2025

Cash and marketable securities increased by USD 163 million during the first quarter

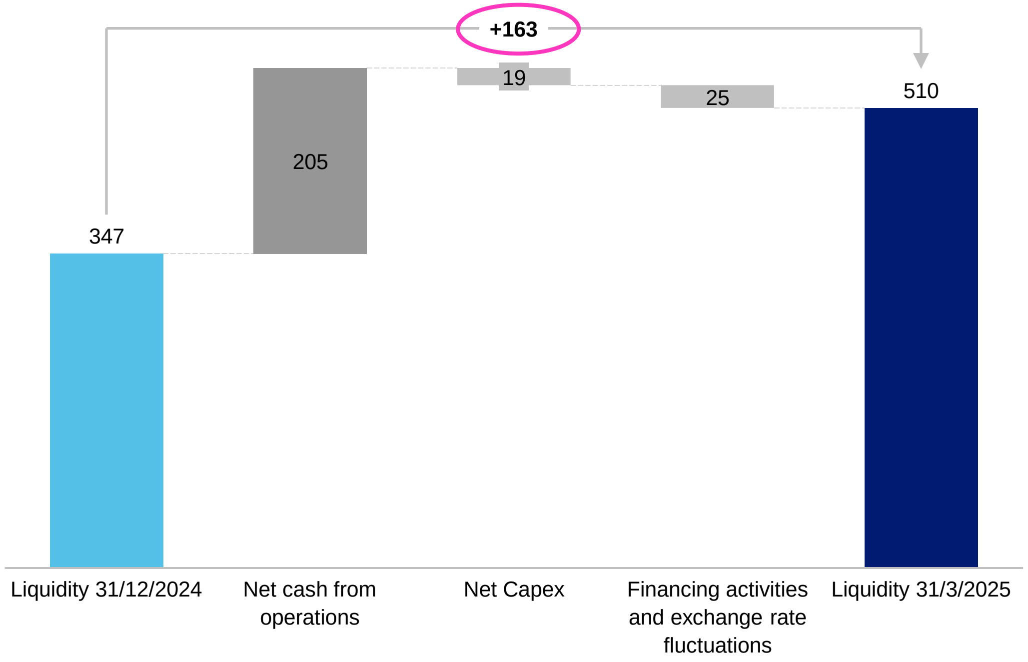
Total liquidity

Breakdown in USD million



Liquidity development

Q1 2025 in USD million



Assets USD 1.9 billion and equity ratio of 13%

Assets

USD million	31 Mar 2025	31 Dec 2024	Change
Operating assets	555.8	559.9	-4.1
Right-of-use assets	436.2	406.0	30.2
Intangible assets and goodwill	57.5	56.4	1.1
Other non-current assets	183.4	172.0	11.4
Total non-current assets	**1,233.0**	**1,194.3**	**38.6**
Other current assets	26.5	24.5	2.0
Trade and other receivables	208.2	4.4	203.7
Derivatives used for hedging	10.1	159.8	-149.8
Marketable securities	115.6	104.6	11.1
Cash and cash equivalents	301.9	150.2	151.7
Total current assets	**662.2**	**443.5**	**218.7**
Total assets	**1,895.2**	**1,637.9**	**257.3**

Equity and liabilities

USD million	31 Mar 2025	31 Dec 2024	Change
Shareholders' equity	**241.4**	**269.1**	**-27.7**
Loans and borrowings non-current	156.5	164.7	-8.2
Lease liabilities	424.3	398.8	25.5
Other non-current liabilities	111.2	99.5	11.7
Total non-current liabilites	**692.1**	**663.1**	**29.0**
Loans and borrowings current	41.6	41.0	0.5
Lease liabilities	68.5	66.3	2.2
Derivatives used for hedging	0.0	5.6	-5.6
Trade and other payables	295.1	241.2	53.9
Deferred income	556.5	351.6	204.9
Total current liabilites	**961.7**	**705.7**	**256.0**
Total liabilities	**1,653.8**	**1,368.8**	**285.0**
Total equity and liabilities	**1,895.2**	**1,637.9**	**257.3**
Equity ratio	**13%**	**16%**	**-3.7 ppt**

Business update and outlook

Bogi Nils Bogason, CEO

Capacity growth of ~8% planned in the route network for 2025 with focus on spring and fall

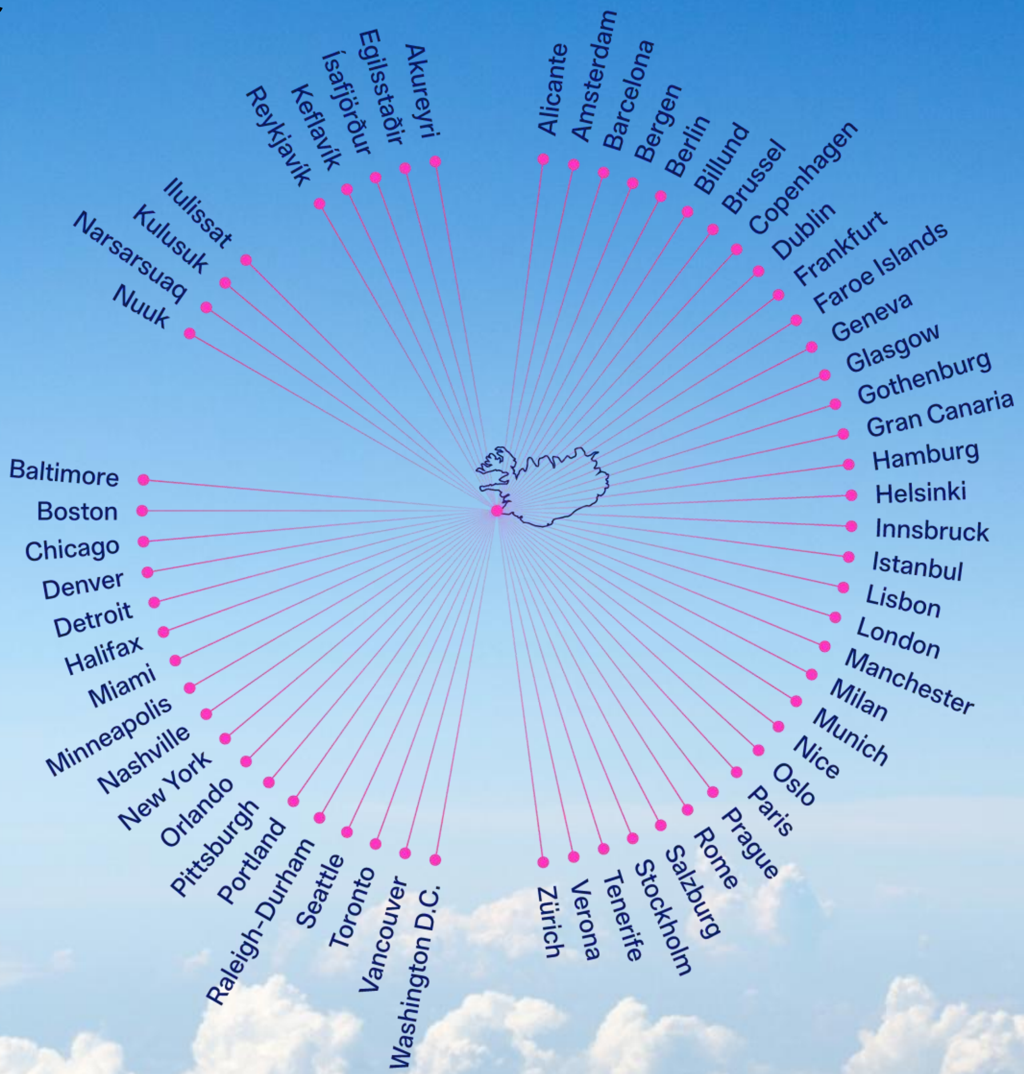
Over 60 gateways
N-America, Europe, Greenland and Domestic

3x daily
to seven destinations

2x daily
to 15 destinations

New destinations
Nashville, Miami, Istanbul and Gothenburg

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



Four new exiting destinations launched in 2025

B
N
A
NASHVILLE

Flight time

7:20

Hours : Minutes

First flight

Apr ´25

Mont Year

G
O
T
GAUTABORG

Flight time

2:50

Hours : Minutes

First flight

Jun ´25

Mont Year

I
S
T
ISTANBUL

Flight time

5:30

Hours : Minutes

First flight

Sep ´25

Mont Year

M
I
A
MIAMI

Flight time

8:40

Hours : Minutes

First flight

Oct ´25

Mont Year

Icelandair’s hub position strengthening

Chg. y-o-y	Total market	Other airlines	Icelandair	
Q2 2025	+5%	-2%	7%	2nd bank started earlier than last year due to easter traffic
Q3 2025	-4%	-4%		No investment in additional peak capacity, but capacity share is increasing as other airlines reduce capacity
Q4 2025	+1%	-5%	6%	Q4 growth realized through better utilization of the new and more fuel-efficient A321 aircraft, which create new opportunities
Q2-Q4 2025	0%	-4%	4%	Icelandair monitors market volatility closely and will adapt capacity to demand as required

Strong commercial infrastructure key in adjusting to dynamic operating environment

Strong international brand

Icelandair is well known brand in international markets

The brand is associated with Iceland, transatlantic travel experience, and value-for-money service

The Saga Premium product

Demand for Icelandair's Saga premium product continues to be strong

Saga Premium unit revenues increasing by 9% year-on-year

The Saga Loyalty Club

Saga Club loyalty program ~ 2 million members - key for customer retention and future revenue generation

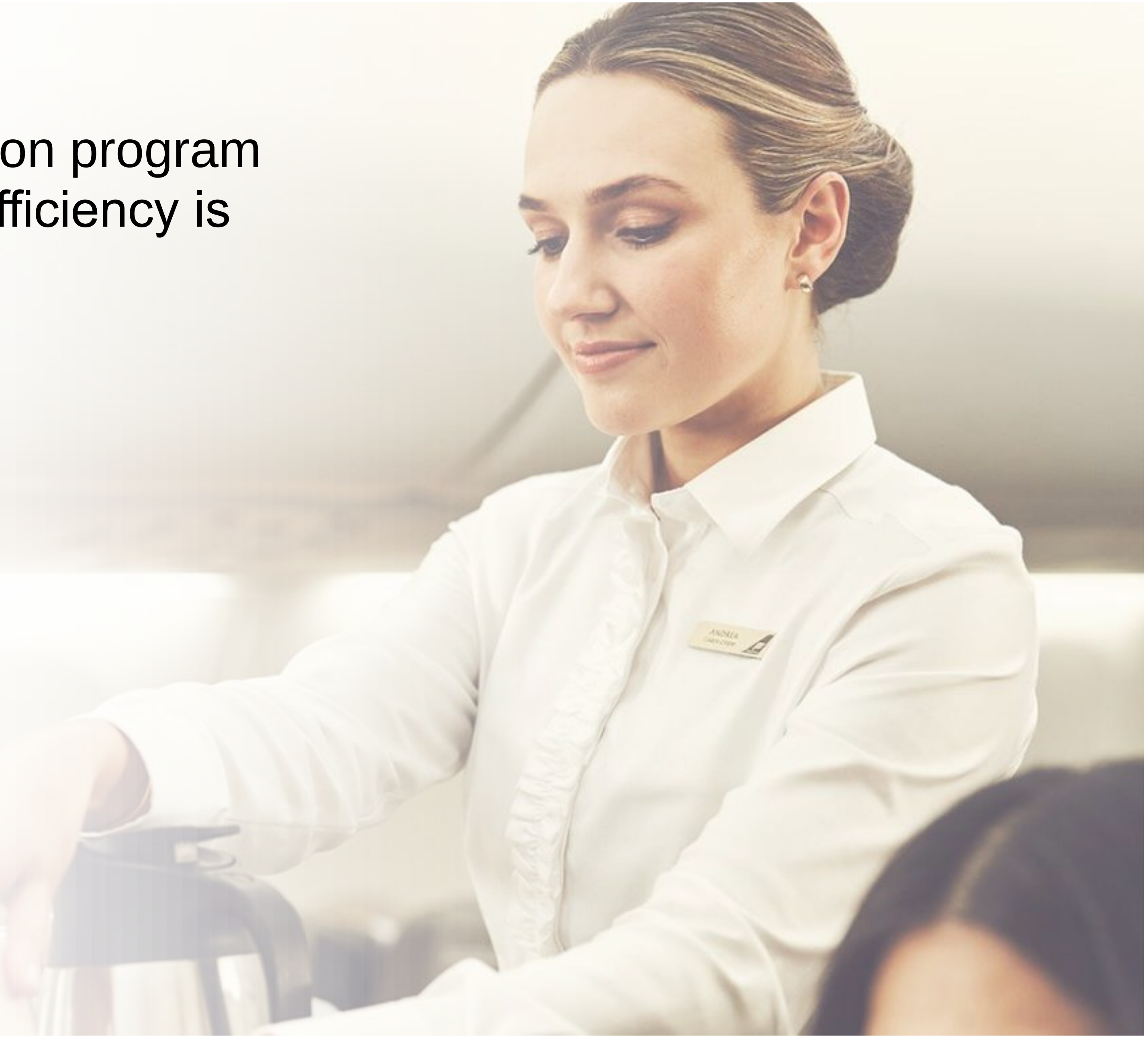
~20% of trips from Iceland paid partially with points

Valuable strategic airline partnerships

Partnership agreements include JetBlue, Alaska Airlines, Finnair, SAS, Turkish Airlines, Air Baltic, Air Greenland, Atlantic Airways, ITA, Tap Air Portugal, Emirates, and Southwest

Numerous SPA and interline agreements with other airlines

ONE, our holistic transformation program launched last year to improve efficiency is progressing well



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Ideas scheduled for implementation

90

Initiatives with annual gain over USD 40m successfully implemented by end of Q1 2025

USD 70m

Expected annual gain by the end of 2025

Fleet renewal continues and creates future opportunities

- Icelandair will operate 42 passenger aircraft in its route network this summer, the same number as last year
- Thereof, four new Airbus A321LR and 21 Boeing 737 MAX aircraft
- Modernization of Icelandair's fleet in recent years brings **significant benefits** in operational efficiency and sustainability
- New long-range narrow-body aircraft will unlock opportunities for the Icelandair route network

New narrow-body aircraft to replace the widebody fleet before 2030

Will support the expansion of the route network

- Following a strategic review, Icelandair has decided to **phase out the operation of wide-body aircraft**
- This decision aligns with Icelandair's core strategy and key competitive advantage - **the ability to operate economical narrow-body aircraft further east and west than its competitors via Iceland**
- **Strengthens Iceland's future growth** as a tourist destination and a key connecting hub between Europe and North America
- Icelandair **currently operates three B767**, which are expected to remain in service until autumn 2029

Continued improvement in the cargo operation and leasing business performing well

- Performance of the cargo operations is improving built on the strong turnaround in last year with positive outlook in the coming months

- Strong performance of the leasing business is expected to continue this year, as outlook remains promising

Financial outlook

- Q1 2025 financial results were in line with management expectations
- Stronger booking status for the coming months in the markets to and from Iceland
- Performance of the cargo operations is improving, built on the strong turnaround in the last year, with positive outlook in the coming months
- Strong performance of the leasing business is expected to continue this year, as the outlook remains promising
- Profitability for the second and third quarters is expected to improve compared to last year
- Economic volatility has caused increased unpredictability, reflected in slower bookings into the fall and winter
- The Icelandic Krona has strengthened against the US Dollar, negatively impacting the competitiveness of Icelandic export industries
- A full year’s guidance will not be reaffirmed at this time

Key takeaways

- Profitability in the second and third quarter is expected to **improve** year-on-year
- Icelandair is focusing on the areas of the business **it can control** where good progress has already been made
- Icelandair’s transformation journey will continue to support operational efficiency, and is expected to deliver annual gain of **USD 70 million** by the end of the year
- Icelandair will monitor market developments closely and will use its **flexible route network** to adapt capacity to demand as required
- Strong commercial infrastructure such as the **Icelandair brand, the Saga Premium product, the Saga Club, and strong airline partnerships** will be key in adjusting to a dynamic operating environment and support revenue generation

Q&A

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