



Fly PLAY hf.

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1 JANUARY 2025 TO 30 JUNE 2025

Fly PLAY hf. | Suðurlandsbraut 14 | 108 Reykjavík Iceland | Reg. no. 660319-0180

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Endorsement and Statement by the Board of Directors and the CEO

Fly Play hf. ("the Company" or "PLAY") is an Icelandic low-cost airline operating a hub-and-spoke model connecting Iceland with Europe and North America. The Company commenced operations in June 2021 and was listed on Nasdaq First North Iceland in July 2021 and uplisted to the Nasdaq Main Market in Iceland on August 2024. PLAY's primary objective is to make air travel affordable for all. The airline offers safe and comfortable journeys aboard its modern fleet of Airbus aircraft. During Q2 2025, PLAY operated 8 aircraft serving 31 destinations while 2 aircraft operated on ACMI basis on behalf of other airline.

The Condensed Consolidated Interim Financial Statements for the period from January 1 to 30 June 2025 have been prepared in accordance with International Financial Reporting Standards (IFRSs) for Interim Financial Statements (IAS 34). The Financial Statements are presented in thousands of US dollars, the Group's functional currency.

Q2 2025 Operational Overview (Six Months Ended 30 June 2025)

According to the Condensed Consolidated Interim Financial Statements, loss for the period was USD 42.1 million. On June 30, 2025, equity was negative and amounted to USD 81.1 million, including share capital in the amount of USD 14 million and a share premium of USD 125.9 million. Reference is made to the Statement of Changes in Equity regarding the information on changes in equity. The average number of full-time employees was 529 as at 30 June 2025 thereof 233 men and 296 women, and salaries and related expenses amounted to USD 29.4 million.

PLAY's cash position, including restricted cash, amounted to USD 11.9 million as of 30 June 2025. Cash position will be strengthened to USD 31.3 million with convertible bond issue, which will be finalized in August. Year-end cash was USD 23.6 million.

PLAY carried 361 thousand passengers in the second quarter of 2025, compared to 442 thousand passengers during the same period in 2024. Load factor decreased 2.7 percentage points to 83.2%, reflecting network adjustments and market conditions.

During the quarter, PLAY started to operate to two more leisure destinations. In April 2025 PLAY commenced operations to Antalya (Turkey) and Faro (Portugal). Part of PLAY's strategy is to increase its focus on flights from Iceland to leisure destinations. Four of PLAY's ten aircraft are committed to a long-term ACMI damp lease agreement with SkyUp that commenced in May 2025. The agreement runs through the end of 2027.

Of the passengers flying with PLAY in Q2 2025, 39.0% were flying from Iceland, 31.0% were flying to Iceland and 29.0% were connecting passengers (VIA).

Our customer satisfaction (NPS) increased substantially in year-on-year, from a score of 31 in Q2 2024 to 54 in Q2 2025, or by 74%. This is thanks to the sustained efforts of PLAY staff to improve the services provided to customers.

Total revenue for the second quarter of 2025 was USD 72.1 million, compared to USD 78.3 million in the same period in 2024. Total revenue decreased by USD 6.2 million in Q2 2025 comparison to Q2 2024, reflecting a strategic shift from transatlantic connecting traffic to higher-margin leisure routes and ACMI partnerships.

Average yield per passenger increased by 4.1%, rising from USD 172 in Q2 2024 to USD 179 in Q2 2025. Passenger revenue per available seat kilometer (RASK) on scheduled operations for the second quarter of 2025 was 5.2 US cents, compared to 5.1 US cents in the same period in 2024. TRASK increased 2.9% YoY, supported by stronger yields despite lower load factor.

PLAY's total assets amounted to 342.7 million USD as at 30 June 2025.

Endorsement and Statement by the Board of Directors and the CEO, contd.:

Outlook going forward

The Board supports PLAY's strategic shift toward a more resilient and profitable business model, focused on leisure travel and revenue diversification. In the second quarter, PLAY increased its leisure capacity by 15% year-on-year, even while operating fewer aircraft from Keflavík. This deliberate transition is already reflected in the forward schedule, with leisure destinations accounting for a significantly higher share of the network in Q3 and Q4 compared to the previous year.

In parallel, the PLAY is expanding its ACMI operations, with four aircraft committed under long-term contracts with SkyUp MT Limited through 2027. These agreements offer predictable revenue with limited commercial exposure and demonstrate the attractiveness of PLAY's modern, fuel-efficient fleet. Additionally, PLAY has successfully placed one of the two aircraft available for ACMI projects, and is actively marketing the second. The exit from the U.S. market was a strategic move, enabling capacity reallocation to higher-return opportunities.

Statement by the Board of Directors and the CEO

According to the Board of Directors' and CEO's best knowledge, the Condensed Consolidated Interim Financial Statements give a true and fair view of the financial performance of the Group for the six-month period ended 30 June 2025, its assets, liabilities and financial position as at 30 June 2025 and its cash flows for the six-month period ended 30 June 2025.

Further, in our opinion, the Financial Statements and the Endorsement of the Board of Directors and the CEO give a fair view of the development and performance of PLAY's operations and its position and describes the principal risks and uncertainties faced by PLAY.

The Board of Directors and the CEO have today discussed the Condensed Consolidated Interim Financial Statements of PLAY for the six-month period ended 30 June 2025 and confirm them by means of their signatures.

Reykjavik August 7, 2025

Board of Directors:

CEO:

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Notes	2025 Q2	2024* Q2	2025 1.1-30.06	2024* 1.1-30.06
Revenue					
Transport revenue	6	72,113	78,327	118,473	132,773
Operating expenses					
Aviation expenses	7	50,319	53,727	91,099	101,399
Salaries and other personnel expenses	8	16,235	14,938	29,384	28,484
Other operating expenses	9	4,449	5,469	8,548	10,253
		71,003	74,134	129,032	140,136
Operating profit before, depreciation, financial items and tax (EBITDA).....					
		1,111	4,193	(10,559)	(7,363)
Depreciation and Amortization	10	10,335	9,797	20,458	19,512
Operating loss (EBIT).....					
		(9,225)	(5,604)	(31,017)	(26,875)
Financial income and expenses					
Financial income		469	1,280	1,234	1,376
Financial expense		(5,550)	(6,259)	(10,474)	(12,576)
Foreign exchange		(960)	538	(1,827)	811
	11	(6,040)	(4,441)	(11,067)	(10,389)
Loss before tax (EBT).....					
		(15,265)	(10,045)	(42,084)	(37,264)
Income tax		0	0	0	(0)
Loss for the year.....					
		(15,265)	(10,045)	(42,084)	(37,264)
Other comprehensive (loss) income					
Items that are or may be reclassified from equity to the income statement on later date					
Exchange differences on translation to presentation currency		96	0	95	0
		96	0	96	0
Total comprehensive loss for the year					
		(15,168)	(10,045)	(41,989)	(37,264)
Loss per share					
Basic and diluted loss per share in US cent	15	(0.8)	(0.8)	(2.2)	(3.0)

*Comparative figures have been restated, where required, to incorporate adjustments made at the prior year-end and to enhance comparability with the current period's financial statements.

Consolidated Statement of Financial Position

as at 30 June 2025

	Notes	30.06.2025	30.06.2024*	31.12.2024
Assets				
Intangible assets		12,853	14,501	13,915
Right-of-use assets	12	243,502	275,504	259,861
Operating assets		18,153	14,975	17,941
Aircraft deposits & security instalments		11,949	12,346	11,452
Deferred tax assets		10,282	24,955	10,262
Non-current assets		<u>296,740</u>	<u>342,280</u>	<u>313,431</u>
Inventories		804	838	858
Trade and other receivables	13	31,693	43,997	24,811
Prepaid expense		1,488	1,151	1,624
Cash and cash equivalents	14	11,947	51,394	23,604
Current assets		<u>45,931</u>	<u>97,380</u>	<u>50,897</u>
Total assets		<u><u>342,671</u></u>	<u><u>439,660</u></u>	<u><u>364,329</u></u>
Shareholders equity				
Share capital		14,046	14,046	14,046
Share premium		125,897	125,897	125,897
Other components of equity		1,315	1,245	1,315
Accumulated loss		(222,352)	(144,662)	(174,363)
Total shareholder equity		<u>(81,094)</u>	<u>(3,474)</u>	<u>(33,106)</u>
Liabilities				
Provisions	16	45,032	36,707	36,889
Lease liabilities	17	215,607	243,721	229,937
Non-current liabilities		<u>260,639</u>	<u>280,428</u>	<u>266,827</u>
Provisions	16	4,963	3,576	4,363
Lease liabilities	17	28,400	26,822	27,671
Trade and other payables		71,841	47,536	55,786
Deferred income	18	55,831	84,772	42,788
Deposits received		2,092	0	0
Current liabilities		<u>163,127</u>	<u>162,706</u>	<u>130,608</u>
Total liabilities		<u>423,766</u>	<u>443,134</u>	<u>397,435</u>
Total shareholders equity and liabilities		<u><u>342,672</u></u>	<u><u>439,660</u></u>	<u><u>364,329</u></u>

*Comparative figures have been restated, where required, to incorporate adjustments made at the prior year-end and to enhance comparability with the current period's financial statements.

Consolidated Statement of Changes in Equity for the six months ended as at 30 June 2025

	Share capital	Share premium	Other components of equity	Accumulated loss*	Total equity
30 June 2025					
Balance at January 1, 2025	14,046	125,897	1,315	(180,363)	(39,106)
Loss for the year	0	0	0	(42,084)	(42,084)
Other comprehensive income	0	0	0	96	96
Total comprehensive loss	0	0	0	(41,989)	(41,989)
Share capital increase	0	0	0	0	0
Stock options expense	0	0	0	0	0
Balance at June 30, 2025	14,046	125,897	1,315	(222,352)	(81,094)

	Share capital	Share premium	Other components of equity	Accumulated loss	Total equity
30 June 2024					
Balance at January 1, 2024	6,797	101,490	1,160	(107,398)	2,049
Loss for the year	0	0	0	(37,264)	(37,264)
Other comprehensive income	0	0	0	0	0
Total comprehensive loss	0	0	0	(37,262)	(37,262)
R&D reserve transfers	0	0	0	0	0
Exercised stock options	0	0	85	0	85
Share capital increase	7,249	24,407	0	0	31,656
Stock options expense	0	0	0	0	0
Balance at June 30, 2024	14,046	125,897	1,245	(144,662)	(3,474)

*Opening balance of accumulated losses restated due to a prior year adjustment

Consolidated Statement of Cash Flows

for the six months ended 30 June 2025

	Notes	2025 1.1-30.06	2024* 1.1-30.06
Cash generated from (used in) operating activities			
Loss for the period .....	(	42,084)	(37,264)
Adjustments for			
Depreciation and amortization	10	20,458	19,512
Net finance expense	11	11,067	10,389
	(	10,559)	(7,363)
Changes in operating assets and liabilities			
Inventories, decrease (increase)		54	657
Trade and other receivables, decrease / (increase) .....	(	6,746)	(9,402)
Trade and other payables, increase		31,392	42,795
Changes in operating assets and liabilities		24,700	34,051
Cash generated from operations before interest and taxes		14,141	26,688
Financial income received		282	858
Interest paid .....	(	2,458)	(3,307)
Net cash generated from operating activities		11,965	24,239
Cash flows (to) from investing activities			
Deposits .....	(	396)	863
Investment of operating assets .....	(	1,558)	(3,888)
Investment of intangible assets .....	(	918)	(2,025)
Net cash to investing activities	(	2,873)	(5,050)
Cash flows from financing activities			
Repayment of lease liabilities .....	(	21,022)	(21,357)
Proceeds from share issue		0	32,620
Expenses incurred for the share issuance		0	(965)
Net cash to financing activities	(	21,022)	10,298
Increase / (decrease) in cash and cash equivalents .....	(	11,931)	29,487
Effect of exchange rate fluctuations on cash held		275	303
Cash and cash equivalents at beginning of the year		23,604	21,606
Cash and cash equivalents at end June		11,948	51,394

*Comparative figures have been restated, where required, to incorporate adjustments made at the prior year-end and to enhance comparability with the current period's financial statements.

Notes

1. Reporting entity

Fly Play hf. (the "Group" or "PLAY") is a private limited company and domiciled in Iceland. PLAY is a low-cost airline which operates flights between North America and Europe. The registered office of the company is at Suðurlandsbraut 14 in Reykjavik, Iceland. The Company is listed on the Nasdaq First North Iceland effective from July 9, 2021 and uplisted to the Nasdaq Main Market in Iceland on August 2024.

The Condensed Consolidated Interim Financial Statements of the Company as of period ended 30 June 2025 comprise the Company and its two subsidiaries (together referred to as "the Group" or "PLAY"). One of its subsidiary is PLAY Lithuania which is a private limited company and domiciled in Lithuania with its registered office at Livo g. 101, Vilnius. PLAY's ownership in PLAY Lithuania is 100%. Other subsidiary is Play Europe Private Limited and domiciled in Malta with its registered office at Aragon House Business Centre Dragonara Road, STJ 3140 Saint Julian's, Malta. PLAY's ownership in Play Europe Private Limited is also 100%.

2. Basis of preparation

a. Statement of compliance

These Condensed Consolidated Interim Financial Statements of the Group are for the six-months period ended 30 June 2025 and have been prepared in accordance with IAS 34 as adopted by the European Union.

The Condensed Consolidated Interim Financial Statements should be read in conjunction with the Group's Annual audited Consolidated Financial Statements for the year ended 31 December 2024. The Financial Statements for the Group for the period ended 31 December 2024 are available upon request from the Group's registered office or at www.flyplay.com/financial-reports-and-presentations.

These Condensed Consolidated Interim Financial Statements do not include all of the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

The Condensed Consolidated Interim Financial Statements were approved by the Board of Directors of Fly Play hf. on 7 August, 2025.

b. Basis of measurement

The Consolidated Financial Statements are prepared on the historical cost basis except that derivative financial instruments are recognized at fair value. Further details of the Group's accounting policies are included 2024 financial statements.

c. Going concern

These Condensed Consolidated Interim Financial Statements are prepared on a going concern basis.

3. Functional and presentation currency

These Condensed Consolidated Interim Financial Statements are presented in United States Dollars (USD), which is the Group's functional currency. All financial information presented in United States Dollars has been rounded to the nearest thousand unless otherwise stated.

4. Use of estimates and judgements

In preparing these Condensed Consolidated Interim Financial Statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Consolidated Financial Statements as at and for the year ended 31 December 2024.

Determination of fair value is based on assumptions subject to management's assessment of the development of various factors in the future. The actual selling price of assets and settlement value of liabilities may differ from these estimates.

Notes, cont.:

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair value, for both financial and non-financial assets and liabilities. Where applicable, further information about the assumptions made in determining the fair value of assets or liabilities are in the notes to the relevant assets and liabilities.

5. Accounting policies

Standards issued but not yet effective

The accounting policies adopted in the preparation of the Condensed Consolidated Interim Financial Statements are consistent with those followed in the preparation of the Group's annual Consolidated Financial Statements for the year ended 31 December 2024. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Operating segments

The Group operates as a single operating segment.

Notes, contd.:

	2025	2024
	1.1-30.06	1.1-30.06
6. Revenue		
Revenue is specified as follows:		
Airfare	72,992	86,824
Ancillary	35,238	41,895
ACMI revenue	7,354	0
Cargo revenue	1,752	2,359
Other revenue	1,136	1,695
Transport revenue total	<u>118,473</u>	<u>132,773</u>
7. Aviation expenses		
Aviation expenses are as follows:		
Aircraft fuel	32,920	44,822
Aircraft handling, landing and communication	28,768	32,977
Maintenance of aircraft	17,209	21,063
Emissions permits (ETS)	6,372 (	666)
Catering	859	822
Other aviation expenses	4,971	2,381
Aviation expenses total	<u>91,099</u>	<u>101,399</u>
8. Salaries and other personnel expenses		
Salaries and other personnel expenses are specified as follows:		
Salaries	22,656	21,355
Other expenses related to staff	2,840	3,324
Pension fund contributions	2,193	2,143
Other salary related expenses	1,504	1,469
Sickness and vacation funds	191	193
Total salaries and other personnel expenses	<u>29,384</u>	<u>28,484</u>
9. Other operating expenses		
Other operating expenses are as follows:		
Marketing and sales expenses	3,972	4,922
IT cost	3,576	2,776
Audit, legal and other professional services	1,160	667
Expenses related to the contractors	271	1,366
Housing and office expenses	231	435
Other operating expenses	(662)	86
Other operating expenses total	<u>8,548</u>	<u>10,253</u>
10. Depreciation and Amortization		
Depreciation and amortization are specified as follows:		
Depreciation of right-of-use assets	17,218	17,063
Amortization of intangible assets	1,974	1,709
Depreciation of operating assets	1,265	740
Depreciation and amortization total	<u>20,458</u>	<u>19,512</u>
11. Financial income and (expense)	2025	2024
Financial income (expenses) is specified as follows:	1.1-30.06	1.1-30.06
Interest expenses of lease liabilities	(8,016)	(9,268)
Other finance expenses and transaction fees	(2,458)	(3,307)
Net foreign currency exchange rate loss	(1,827)	811
Other finance (gain) / losses	952	518
Interest income on bank deposits	282	858
Net financial expenses	<u>(11,067)</u>	<u>(10,389)</u>

Notes, contd.:

12. Right-of-use assets

Right-of-use assets and depreciation are specified as follows:

	Aircraft and engines	Other	Total
Balance at January 1, 2024	282,673	1,110	283,783
Additions	10,339	267	10,606
Depreciation	(16,879)	(184)	(17,063)
Indexed leases	0	9	9
Chages to IFRS 16 lease computation	(1,832)	0	(1,832)
Balance at June 30, 2024	274,302	1,202	275,504
Balance at January 1, 2025	258,585	1,276	259,861
Additions	863	0	863
Depreciation	(16,950)	(268)	(17,218)
Balance at June 30, 2025	242,498	1,008	243,502

Refer to note 17 for Lease liabilities.

13. Trade and other receivable

Trade and other receivable are specified as follows:

	30.06.2025	30.06.2024
Credit card receivables	18,767	41,973
Trade receivables	1,951	(6,119)
Other receivables	6,299	8,143
	27,018	43,997

14. Cash and cash equivalents

Cash and cash equivalents

	30.06.2025	30.06.2024
Cash	3,370	42,634
Securities	0	0
Restricted cash	8,576	8,760
	11,947	51,394

PLAY has secured subscription commitments totaling USD 20 million (ISK 2.4 billion), expected to be finalised by mid-August, strengthening the company's financial position going forward. Restricted cash is held in bank accounts pledged against credit cards acquirers and airport operators. The largest amount (USD 6.4 m) is pledged against credit card claims and at the reporting date is restricted until the end of October 2025. That amount is included in cash and cash equivalents in the statement of financial position. Other restricted cash amounts (USD 2.6 m) are pledged against airport operators, handling agents and the tax authorities.

15. Loss per share

The calculation of basic EPS has been based on the following net loss attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding. The calculation of diluted earnings per share is the same as basic earnings per share as the effect of stock options would not dilute the earnings per share only decrease loss per share.

Basic loss per share	2025 1.1-30.06	2024 1.1-30.06
Loss for the year attributable to equity holders of the Company	(42,084)	(37,264)
Weighted average number of shares for the period (In thousands)	1,891,599	1,250,721
Basic loss per share in US cent per share	(2.2)	(3.0)
Diluted loss per share in US cent per share	(2.2)	(3.0)

Notes, contd.:

16. Provisions

Provisions for aircraft maintenance on leased aircraft and other are as follows:

	2025 1.1-30.06	2024 1.1-30.06
Balance at January 1	41,252	40,219
Increases in provisions during the period	10,858	3,423
Utilization of provision during the period	(2,115)	(3,358)
Balance at June 30	49,995	40,284
Current provisions	(4,963)	(3,576)
Non-current provisions	45,032	36,707

The expected timing of the outflows of economic benefits associated with the provisions at June 30, 2024 and June 30, 2025, are as follows:

	2025 1.1-30.06
To be utilized in 2025	4,963
To be utilized in 2026	2,363
To be utilized in 2027	28,642
To be utilized in 2028	2,969
To be utilized in 2029	2,608
Thereafter	8,449
Total provisions	49,995

17. Lease liabilities

The lease agreements constitute a lease under IFRS 16. The total number of aircraft in operation at period end were 10.

Lease liabilities are as follows:

	Average rate	Year of maturity	Aircraft	Real estate	Total
Lease payments in USD	5.6%	8-12 years	243,280	0	243,280
Lease payments in ISK, indexed	4.3%	5 years	0	727	727
Total lease liabilities			243,280	727	244,007

	2025 1.1-30.06	2024 1.1-30.06
Balance at January 1	257,607	273,060
New leases	0	10,339
Indexed leases	0	9
Finance interest	7,422	8,493
Payment of lease liabilities	(21,022)	(21,357)
Balance at June 30	244,007	270,543
Current maturities	(28,400)	(26,822)
Total non-current lease liabilities	215,607	243,720

Notes, contd.:

17. Lease liabilities, contd.:

Repayments of lease liabilities are distributed over the next 5 years as follows:

	30.06.2025
Repayments 2025	28,400
Repayments 2026	29,463
Repayments 2027	31,134
Repayments 2028	32,906
Repayments 2029	29,195
Subsequent repayments	92,908
Total lease liabilities	<u>244,007</u>

Cash flow from lease liabilities are as follows:

	2025	2024
	1.1-30.06	1.1-30.06
Lease payments as per IFRS 16	20,887	20,887
Seasonal rent adjustment	135	470
Lease payments made during the period	<u>21,022</u>	<u>21,357</u>

Starting from 2024, the Company pays aircraft lease rentals that vary by season. During the winter period, the Company pays a lower rent, while during the summer period, the rent increases. The difference in lease payments, as reflected in the cash flow statement and the lease note, is attributable to these seasonal variations in rental payments.

Since beginning operations, the Company has entered into lease agreements for a total of 10 Airbus A320neo and A321neo aircraft, all of which are operated year-round. The repayment schedule above reflects liabilities for the full fleet of 10 aircraft in 2025, in line with the Company's fleet expansion and operational strategy. The increase in lease liabilities is driven by the introduction of additional engine, resulting in higher financial commitments for the period.

18. Deferred income

Deferred revenues in the amount of USD 55.8 million are recognised among current liabilities in the statement of financial position. Deferred revenue is due to sale of unflown flights and outstanding gift certificates at year end. Revenues from passenger flights are recognized in the Consolidated statement of profit or loss when the relevant flight has been flown.

19. Events after the reporting period

No events have arisen after the reporting period of these Financial Statements that require amendments or additional disclosures in the Financial Statements for the period ended 30 June 2025.