



## **Fly Play hf: Operational profit, growing revenue, and healthy cash position in the second quarter**

- **PLAY carried 392 thousand passengers in Q2 2023 resulting in a load factor of 84.6%**
- **Q2 was operationally successful with an on-time performance of 84.3%, a considerably better performance than the airline's main competitors**
- **Revenue in Q2 were USD 73.1 million compared to USD 32.5 million in Q2 2022**
- **PLAY was cash positive in Q2 2023. Cash on June 30 amounted to USD 54.5 million including restricted cash. The company has no external interest-bearing debt**
- **Earnings before interest and taxes (EBIT) in Q2 exceeded our expectations, which assume positive EBIT for the year. EBIT was positive in Q2 2023 by USD 0.4 million compared to negative USD 14.4 million in the same period 2022**
- **Net loss was USD 4.1 million in Q2 2023 compared to negative USD 14.3 million in Q2 2022**
- **Q2 showed ongoing growth in ancillary revenues. PLAY's bundled fares launch in February has resulted in a 19% increase in average ancillary revenue per passenger compared to Q2 2022**
- **Ex-Fuel CASK was 3.5 US cents in Q2 2023 in line with expectations. CASK decreased by 22% year-on-year (Ex-Fuel CASK decreased 12.5%), driven by the benefits of the hub-and-spoke model in the form of improved utilization of the company's assets, increasing number of seats and lower fuel price**
- **Record sales and a clear focus on managing working capital and operating expenses resulted in a healthy cash position at the end of June 2023**
- **In Q2, PLAY broke its previous records for number of passengers carried in one month in both June and May. Forward bookings remain strong, with significantly improved booking status compared to the same period last year**
- **PLAY launched ticket sales to Fuerteventura and Verona during the quarter. On top of that, PLAY is adding Frankfurt to its growing network with flights starting on 14 December 2023**



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*Birgir Jónsson, CEO:*

The second quarter was a real milestone as it sees the end of our initial ramp-up phase concluding with the delivery of our tenth aircraft in early June, a brand-new A321neo. As we have now reached the necessary operational scale after a very steep growth period for the last two years, we are also very proud to report an operational profit after the quarter, that our unit costs are on target, and that we have a healthy cash position.

The financial results are better than we anticipated and support our previously stated forecast of reaching an operational profit for the full year, a real achievement for such a young airline in its second full year of operation.

This spring we have successfully launched 13 new destinations and we also see existing destinations deliver better results than last year as PLAY becomes more established in the market. We are especially proud of the market share we have captured in our home market in Iceland as we saw that 41% of all Icelanders that traveled abroad in the quarter chose our airline. PLAY is truly becoming the airline of choice for the Icelandic public.

This achievement is in line with our strategy of becoming the leader in leisure travel for the Icelandic market with a heavy focus on point-to-point travel. This approach capitalizes on PLAY's low-cost base that allows us to offer very competitive prices in the price-sensitive leisure market. In addition, 7% of all tourists visiting Iceland in the quarter arrived on a PLAY aircraft and we see a very strong demand for the VIA product from North America with average prices significantly higher than in the previous year. The strength of our business model is the ability to shift capacity between market segments in accordance with conditions and demand at any given time and we will continue to utilize this flexibility as we develop our network. We continue to see our ancillary revenue growing as well as the general booking position for the coming months being strong.

We are now at the height of the all-important summer season and it is a real pleasure observing the fantastic PLAY-Team going all out on a daily basis to service our passengers and making sure they get to their destinations on time and at the right price. We are all very proud of this quarter's results and it is clear that this was only possible because each and every person at PLAY has been doing a truly fantastic job. I have no doubt that we will all continue to do so in the future and I sincerely want to thank our great team for all their effort and commitment.

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<b>Operating statistics</b>		Q2 2023	Q2 2022	Change
Number of flights	no.	2,448	1,339	1,109
Number of operating destinations	no.	34	21	13
Number of aircraft in operation	no.	10	6	4
Percentage of arrivals on time (OTP)	%	84%	86%	-2 ppt
Number of passengers	000s	392	181	117%
Available seat kilometers (ASK)	mill	1,382	694	99%
Revenue passenger kilometers (RPK)	mill	1,170	518	126%
Stage length (km)	no.	2,902	2,851	2%
Load factor	%	85%	75%	10 ppt
Seats available	000s	467	246	90%
<b>Income statement</b>				
Operating revenue	USD mill	73.1	32.5	40.6
Operating expenses	USD mill	58.6	39.1	19.5
EBIT	USD mill	0.4	-14.4	14.9
EBIT margin	%	1%	-44%	45 ppt
Net operating results	USD mill	-4.1	-14.3	10.3
<b>Balance sheet</b>				
Total assets	USD mill	528.1	316.3	211.8
Total liabilities	USD mill	513.6	273.8	239.7
Total shareholders equity	USD mill	14.5	42.5	-28.0
Equity ratio	%	2.7%	13.4%	-
Cash and cash equivalents (incl. restricted)	USD mill	54.5	39.5	15.0
<b>Share information</b>				
Share price at period-end	Per share	12.0	16.2	-
Earnings per share	US cents	-0.60	-2.55	-
<b>Key statistics</b>				
Airfare per passenger	USD	131	137	-4%
Ancillary per passenger	USD	51	43	18%
Yield per passenger	USD	181	180	1%
TRASK	US cents	5.3	4.7	13%
CASK (incl. Fuel & emissions)	US cents	5.3	6.8	-23%
CASK (excl. Fuel & emissions)	US cents	3.5	4.0	-12%
CO <sub>2</sub> per RPK (grams CO <sub>2</sub> per RPK)	no.	61	74	-17%
CO <sub>2</sub> emissions in tons from jet fuel	no.	109,338	49,240	122%



## **Passenger numbers doubled in Q2 2023, increase in revenue from VIA passengers and strong on-time performance**

During Q2 2023, PLAY operated flights to 34 destinations in Europe and North America. Capacity measured in available seat kilometers increased by 99% compared to Q2 2022. During the quarter, PLAY added 12 new destinations to its network: Aalborg, Amsterdam, Athens, Billund, Dusseldorf, Glasgow, Hamburg, Washington DC, Porto, Venice, Warsaw, and Toronto. During the same time, six seasonal destinations were re-opened. Despite this significant investment in the network, load factor increased by ten percentage points from 75% in Q2 2022 to 85% in Q2 2023. In Q2 2023, PLAY flew 392 thousand passengers which is more than double the number of passengers flown in Q2 2022, when PLAY flew 181 thousand passengers.

The year-on-year improvement in load factor and passenger traffic was driven by several factors such as increased connectivity within the network<sup>1</sup>, greater awareness of PLAY in markets that were launched back in Q2 2022 and strong demand for flights from North America. The load factor on routes to/from North America was over 87% during the quarter, a fifteen percentage points improvement versus Q2 2022.

In Q2 2023, 30% of total passengers flown were traveling from Iceland, 27% to Iceland and 43% were connecting passengers (VIA). The increase in VIA traffic, both in terms of number of passengers as well as share of total traffic, compared to Q2 2022, was driven by increased connectivity within the network, greater awareness of PLAY in foreign markets and strong U.S. consumer demand. All these factors, plus the launch of bundled fares in February, resulted in improved yields from VIA passengers compared to Q2 2022.

PLAY continued to deliver a strong operational performance with 84.3% of flights arriving on time in Q2 2023, which is a significantly better performance compared to the airline's main competitors. This healthy operational performance was achieved despite a significant ramp up in capacity during the quarter and the addition of 12 new destinations to the network. This is a testament to the incredible work of the entire team at PLAY and service partners.

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<sup>1</sup> First flight to North America and start of hub-and-spoke operations was on 20 April 2022



## **Q2 2023 financial results**

Increases in capacity, destinations, and sales with an emphasis on keeping costs down resulted in a significant turnaround quarter from same period last year for PLAY, a positive EBIT of USD 0.4 million in Q2 2023 and a healthy cash position at the end of June 2023. This result was ahead of expectations and is a promising start to the summer season.

PLAY's revenue base continued to improve throughout Q2 2023. Revenues for Q2 2023 were USD 73.1 million compared to USD 32.5 million in Q2 2022.

PLAY has placed significant emphasis on increasing ancillary revenue with improved product offerings such as bundled fares which launched in February and other additional ancillary products. Ancillary yield per passenger in Q2 2023 was USD 51 and increased by 18% compared to Q2 2022 when it was USD 43.

PLAY's total revenue per available seat kilometer (TRASK) in Q2 2023 increased by 13% compared to Q2 2022.

Total operating expenses, including depreciation, amounted to USD 72.7 million in the quarter resulting in an Ex-Fuel CASK<sup>2</sup> of 3.5 US cents and 5.3 US cents including fuel. CASK decreased by 22% compared to the same period last year and was in line with expectations. Lower CASK was driven by the benefits of the hub-and-spoke model in the form of improved utilization of the company's assets, increasing number of seats and lower fuel price. PLAY expects its Ex-Fuel CASK to decrease further as the summer season progresses.

Financial income and expenses were negative in the quarter in the amount of USD 5.6 million, thereof, USD 4.3 million were due to interest expenses of lease liabilities. Net loss in the quarter amounted to USD 4.1 million, down from USD 14.3 million in the same quarter last year.

EBIT was positive in Q2 2023 in the amount of USD 0.4 million, compared to negative USD 14.4 million for the same period last year. Q2 2023 EBIT was ahead of PLAY's expectations.

PLAY's total assets amounted to USD 528.1 million at the end of the period compared to USD 331.5 million at year-end 2022. The company took delivery of and put into operation two aircraft during the period, bringing the total number of aircraft in operation at the end of the quarter to ten. Trade and other receivables amounted to USD 34.9 million and comprised mostly of acquirer's unpaid ticket sales. At period-end, the company's cash position was USD 54.5 million, including restricted cash. Total equity at period-end was USD 14.5 million. The company has no external interest-bearing debt.

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<sup>2</sup> Ex-fuel CASK refers to cost per available seat kilometer (ASK) excluding fuel and emissions cost



## **New destination and PLAY voted best low-cost airline in Northern Europe**

Next winter, PLAY will continue to invest in its network. During the quarter, new services to Verona and Fuerteventura were announced. Verona will be added to the network with the first flight scheduled on 20 January 2024. Verona is an addition to existing popular ski destinations that PLAY already serves in Europe, i.e., Salzburg and Geneva. PLAY's first flight to Fuerteventura is scheduled on 20 December 2023, making Fuerteventura PLAY's third destination in the Canary Islands, the others being Tenerife and Gran Canaria, and PLAY's eighth destination in Spain. This addition strengthens PLAY's position as the leading airline in terms of capacity offered and number of destinations served between Iceland and Spain.

On top of the network additions already announced and highlighted above, earlier today, PLAY launched ticket sales for Frankfurt in Germany for next winter. PLAY will take off on its inaugural flight to Frankfurt on December 14, 2023, and will operate four to five flights a week during the winter season. Frankfurt Airport (FRA) is one of the largest airports in Europe and this addition will further improve connectivity within our network. Frankfurt is PLAY's fourth destination in Germany, after Berlin, Düsseldorf and Hamburg.

In Q2, PLAY was recognized as the top low-cost airline in Northern Europe, according to the prestigious World Airline Awards, which are based on customer satisfaction. Within just two years of its inaugural flight from Iceland to London in 2021, PLAY airlines has made a significant impact and achieved remarkable success at the World Airline Awards. In addition to being named the best low-cost airline in Northern Europe, PLAY made the top 100 list of best airlines in the world. Notably, it has also been recognized as Europe's most improved airline, making a tremendous leap from 167th place in the 2022 World's Best Airlines ranking to 91st place in 2023.

PLAY took delivery of its tenth aircraft in Q2, which is a state-of-the-art Airbus A321neo out of the Airbus factory in Hamburg, Germany. This newest addition makes PLAY's fleet the youngest and most modern fleet in Europe, with an average age of approximately two years.

PLAY celebrated its second anniversary of flight operations on June 24. This was celebrated with a Marketing/PR campaign where two random pedestrians in Washington DC were invited to Iceland to experience the country's greatest hits within a space of a few hours. This resulted in a fun promotional video that was well received on social media. The second anniversary was also celebrated with a birthday party at Keflavík International Airport in Iceland.

## **Outlook**

PLAY anticipates carrying 1.5 to 1.7 million passengers in 2023 while achieving a positive EBIT for the full year. The airline is projected to generate a total revenue of USD 280-310 million in 2023. The guidance is in line with the guidance published in the Q1 results.

PLAY is working towards finalizing additions to its fleet in the next two years. The airline is in preliminary negotiations to add one aircraft for the 2024 summer season and four aircraft in 2025. Further fleet additions and various fleet development scenarios in the years following 2025 are also being explored. PLAY will announce further details as soon as these negotiations have been concluded.



**Further Information:**

Investor presentation webcast, July 27, 2023

CEO Birgir Jónsson and CFO Ólafur Þór Jóhannesson will present the company's results on Thursday, July 27, at 4:15 p.m. (GMT). The presentation will be streamed in English via webcast: <https://www.flyplay.com/financial-reports-and-presentations>.

**Financial Calendar**

- Q3 2023 - 26 October 2023
- Q4 and Financial Statements 2023 - 8 February 2024