



FlyPLAY hf.

CONDENSED CONSOLIDATED INTERIM FINANCIAL  
STATEMENTS

1 January - 30 June 2023

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# Endorsement and Statement by the Board of Directors and the CEO

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Fly Play hf. is an Icelandic low-cost airline that operates a hub-and-spoke model between Iceland, Europe, and North America. The company launched its services in June 2021 and was listed on the Nasdaq First North Iceland in July 2021. PLAY's primary goal is to make flying affordable for everyone. PLAY offers a safe and pleasant journey in new and comfortable Airbus aircraft to around 40 destinations.

The Condensed Consolidated Interim Financial Statements for the period from January 1 to June 30 2023 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.

## Operations in the six-month period ended 30 June 2023

According to the Condensed Consolidated Interim Financial Statement loss for the period was USD 21.3 million. On June 30, 2023, equity amounted to USD 14.5 million, including share capital in the amount of USD 6.7 million and a share premium of USD 100.6 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 323 in the period thereof 140 men and 183 women, and salaries and related expenses amounted to USD 19.7 million.

PLAY holds a healthy cash position with cash and cash equivalent amounted to USD 54.5 million (including restricted cash) on 30 June 2023. This is an increase in cash position compared to end of last year and enables PLAY to pursue business opportunities, follow through with its business plan, and be prepared for turbulent market conditions.

PLAY has entered into lease agreements for a total of 10 new aircraft since beginning operations. In the quarter PLAY took delivery of 2 new aircraft into operations and at the end of the second quarter 2023 all 10 aircraft were in operation.

PLAY had a year on year improvement in load factor of 10 percentage points resulting in a load factor of 85%. PLAY increased its capacity by 90% compared to the same quarter 2022. PLAY had a OTP of 84% in Q2 2023 compared to 86% in Q1 2022.

PLAY's total assets amounted to 528 million USD on June 30. The rights of use assets and lease liability rose in the quarter due to the arrival of new aircraft, further detailed in notes 12, 16 and 17.

## Outlook going forward

PLAY believes that flexibility in scaling production to demand has been and remains crucial for PLAY. We will continue to focus on flexibility, demand-driven growth, and attractive value offering to the market. PLAY is well prepared to weather the uncertainty ahead with its healthy financial position.

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

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## 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 2023, its assets, liabilities and financial position as at 30 June 2023 and its cash flows for the six-month period ended 30 June 2023.

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 2023 and confirm them by means of their signatures.

Reykjavik July 27, 2023

Board of Directors:

CEO:

# Consolidated Interim Income Statement and other Comprehensive Income

	Notes	2023 Q2	2022 Q2	2023 1.1.-30.6	2022 1.1.-30.6
<b>Revenue</b>					
Transport revenue .....	6	73,144	32,519	105,884	42,158
		<u>73,144</u>	<u>32,519</u>	<u>105,884</u>	<u>42,158</u>
<b>Operating expenses</b>					
Aviation expenses .....	7	41,230	29,622	67,844	38,748
Salaries and other personnel expenses .....	8	11,380	6,662	19,650	11,293
Other operating expenses .....	9	5,965	2,782	10,882	6,373
		<u>58,575</u>	<u>39,066</u>	<u>98,377</u>	<u>56,414</u>
<b>Operating profit (loss) before, depreciation, financial items and tax (EBITDA) .....</b>		<b>14,569</b>	<b>( 6,547)</b>	<b>7,507</b>	<b>( 14,256)</b>
Depreciation and Amortization .....	10	14,152	7,898	24,792	13,500
<b>Operating profit (loss) (EBIT) .....</b>		<b>416</b>	<b>( 14,444)</b>	<b>( 17,285)</b>	<b>( 27,756)</b>
<b>Financial income and expenses</b>					
Financial income .....		484	195	844	386
Financial expenses .....		( 6,032)	( 2,780)	( 9,392)	( 4,362)
Foreign exchange .....		( 33)	( 713)	( 796)	31
	11	<u>( 5,581)</u>	<u>( 3,298)</u>	<u>( 9,345)</u>	<u>( 3,945)</u>
<b>Loss before tax (EBT) .....</b>		<b>( 5,164)</b>	<b>( 17,742)</b>	<b>( 26,629)</b>	<b>( 31,701)</b>
Income tax .....		1,105	3,413	5,326	6,133
<b>Loss for the period .....</b>		<b>( 4,059)</b>	<b>( 14,329)</b>	<b>( 21,303)</b>	<b>( 25,569)</b>
<b>Other comprehensive (loss) income</b>					
<b>Items that are or may be reclassified to the income statement on later date</b>					
Net loss on fuel hedge, net of tax .....		( 336)	0	( 2,757)	0
		<u>( 336)</u>	<u>0</u>	<u>( 2,757)</u>	<u>0</u>
<b>Total comprehensive loss for the period .....</b>		<b>( 4,395)</b>	<b>( 14,329)</b>	<b>( 24,061)</b>	<b>( 25,569)</b>
<b>Earnings per share</b>					
Basic and diluted earnings per share in US cent .....	15	( 0.60)	( 2.55)	( 3.16)	( 4.56)

# Consolidated Statement of Financial Position as at 30 June 2023

	Notes	30.6.2023	31.12.2022
<b>Assets</b>			
Intangible assets .....		13,064	12,561
Right-of-use assets .....	12	377,734	224,385
Operating assets .....		11,751	6,723
Aircraft deposits & security instalments .....		11,864	10,934
Deferred tax assets .....		21,353	16,027
Non-current assets		<u>435,766</u>	<u>270,630</u>
Inventories .....		996	819
Trade and other receivables .....	13	34,923	22,861
Prepaid expenses .....		1,884	939
Restricted cash .....	14	8,461	6,590
Cash and cash equivalents .....	14	46,067	29,644
Current assets		<u>92,330</u>	<u>60,853</u>
<b>Total assets</b>		<u><u>528,096</u></u>	<u><u>331,484</u></u>
<b>Shareholders equity</b>			
Share capital .....		6,740	6,740
Share premium .....		100,587	100,587
Other components of equity .....		14,439	13,844
Accumulated loss .....		( 107,249)	( 82,685)
Total shareholder equity		<u>14,517</u>	<u>38,486</u>
<b>Liabilities</b>			
Provisions .....	16	75,119	51,108
Lease liabilities .....	17	268,077	152,463
Non-current liabilities		<u>343,196</u>	<u>203,571</u>
Provisions .....	16	28,308	16,601
Lease liabilities .....	17	25,868	17,260
Trade and other payables .....		33,854	27,223
Deferred income .....	18	82,352	28,342
Current liabilities		<u>170,383</u>	<u>89,427</u>
<b>Total liabilities</b>		<u>513,579</u>	<u>292,998</u>
<b>Total shareholders equity and liabilities</b>		<u><u>528,096</u></u>	<u><u>331,484</u></u>

# Consolidated Statement of Changes in Equity for the six months ended 30 June

	Share capital	Share premium	Other components of equity	Accumulated loss	Total equity
<b>2022</b>					
Balance at January 1 .....	5,606	85,371	11,674	( 35,254 )	67,397
Share capital increase .....	26	181	0	0	207
R&D reserve transfers .....	0	0	1,178	( 1,178 )	0
Stock options .....	0	0	448	0	448
Total comprehensive loss .....	0	0	0	( 25,569 )	( 25,569 )
Balance at June 30 .....	<u>5,632</u>	<u>85,552</u>	<u>13,301</u>	<u>( 62,001 )</u>	<u>42,483</u>
<b>2023</b>					
Balance at January 1 .....	6,740	100,587	13,844	( 82,685 )	38,486
R&D reserve transfers .....	0	0	503	( 503 )	0
Stock options .....	0	0	92	0	92
Total comprehensive loss .....	0	0	0	( 24,061 )	( 24,061 )
Balance at June 30 .....	<u>6,740</u>	<u>100,587</u>	<u>14,439</u>	<u>( 107,249 )</u>	<u>14,517</u>

# Consolidated Statement of Cash Flows

## for the six months ended 30 June

	Notes	2023 Q2	2022 Q2	2023 1.1.-30.6	2022 1.1.-30.6
<b>Cash flows used in operating activities</b>					
Loss for the period .....		( 4,059)	( 14,329)	( 21,303)	( 25,569)
Adjustments for					
Depreciation and amortization .....	10	14,152	7,898	24,792	13,500
Net finance expense .....	11	5,581	3,298	9,345	3,945
Stock options .....		46	85	92	448
Deferred income tax .....		( 1,105)	( 3,413)	( 5,326)	( 6,133)
		<u>14,614</u>	<u>( 6,461)</u>	<u>7,599</u>	<u>( 13,808)</u>
Changes in operating assets and liabilities					
Inventories, increase .....		( 513)	( 22)	( 177)	( 60)
Trade and other receivables, decrease (increase) .....		5,068	( 9,420)	( 14,485)	( 21,532)
Trade and other payables, increase .....		19,488	23,246	58,055	38,350
Restricted cash, increase .....		( 1,868)	( 6,262)	( 1,846)	( 6,262)
Changes in operating assets and liabilities		<u>22,175</u>	<u>7,541</u>	<u>41,547</u>	<u>10,496</u>
		<u>36,789</u>	<u>1,080</u>	<u>49,146</u>	<u>( 3,312)</u>
Cash from (used in) operations before int. and taxes					
Financial income received .....		484	535	844	535
Interest paid .....		( 6,048)	( 2,830)	( 9,480)	( 4,409)
Net cash from (used in) operating activities		<u>31,225</u>	<u>( 1,215)</u>	<u>40,511</u>	<u>( 7,186)</u>
<b>Cash flows to investing activities</b>					
Deposits .....		( 385)	( 805)	( 930)	( 1,786)
Investment of operating assets .....		( 2,611)	( 1,000)	( 5,553)	( 1,134)
Investment of intangible assets .....		( 773)	( 1,116)	( 1,796)	( 2,127)
Net cash used in investing activities		<u>( 3,769)</u>	<u>( 2,921)</u>	<u>( 8,279)</u>	<u>( 5,048)</u>
<b>Cash flows from financing activities</b>					
Repayment of lease liabilities and provisions .....	16. 17	( 12,194)	( 3,189)	( 16,295)	( 5,321)
Proceeds from share issue .....		0	207	0	207
Net cash (to)/from financing activities		<u>( 12,194)</u>	<u>( 2,982)</u>	<u>( 16,295)</u>	<u>( 5,114)</u>
<b>(Decrease)/Increase in cash and cash equivalents .....</b>		<b>15,263</b>	<b>( 7,118)</b>	<b>15,937</b>	<b>( 17,348)</b>
<b>Effect of exchange rate fluctuations on cash held .....</b>		<b>( 113)</b>	<b>( 1,740)</b>	<b>486</b>	<b>( 1,114)</b>
<b>Cash and cash equiv. at beginning of the period .....</b>		<b>30,917</b>	<b>42,127</b>	<b>29,644</b>	<b>51,731</b>
<b>Cash and cash equivalents at the end of the period .....</b>		<b><u>46,067</u></b>	<b><u>33,268</u></b>	<b><u>46,067</u></b>	<b><u>33,268</u></b>
<b>Investment and financing without cash flow effect</b>					
Acquisition of right-of-use assets .....	17	( 69,034)	( 35,738)	( 134,023)	( 71,519)
New leases .....	12	69,034	35,738	134,023	71,519
Capitalized maintenance obligation under lease .....	16	( 21,231)	( 85,910)	( 42,149)	( 71,519)
New leases .....	12	21,231	85,910	42,149	71,519



# Notes

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## 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 Reykjavík, Iceland. The Company is listed on the Nasdaq First North Iceland effective from July 9, 2021.

The Condensed Consolidated Interim Financial Statements of the Company as at and for the period ended 30 June 2023 comprise the Company and its subsidiary (together referred to as "the Group" or "PLAY"). PLAY has one subsidiary which is PLAY Lithuania which is a private limited company and domiciled in Lithuania with its registered office at Lvivo g. 101, Vilnius. PLAY's ownership in PLAY Lithuania is 100%.

## 2. Basis of preparation

### a. Statement of compliance

These Condensed Consolidated Interim Financial Statements of the Group are for the six-month period ended 30 June 2023 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 Consolidated Financial Statements for the year ended 31 December 2022. The Financial Statements for the Group for the period ended 31 December 2022 are available upon request from the Group's registered office or at [www.flyplay.com/financial-reports-and-presentations](http://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 July 27, 2023.

### b. Basis of measurement

The Financial Statements are prepared on a historical cost basis. Further details of the Group's accounting policies are included in the 2022 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 2022.

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.:

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### 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 2022, except for the adoption of new standards effective as of 1 January 2023. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments apply for the first time in 2023, but do not have an impact on the Condensed Consolidated Interim Financial Statements of the Group.

#### Operating segments

The Group operates as a single operating segment.

## Notes, cont.:

6. Revenue	2023	2022
Revenue is specified as follows:	1.1.-30.6	1.1.-30.6
Airfare .....	74,542	31,897
Ancillary .....	26,498	9,002
On board sales .....	1,922	1,239
Cargo revenue .....	1,824	36
Other revenue .....	1,099	( 17)
Transport revenue total .....	105,884	42,158
<b>7. Aviation expenses</b>		
Aviation expenses are as follows:		
Aircraft fuel .....	35,094	20,624
Emissions permits (ETS) .....	3,506	2,478
Aircraft handling, landing and communication .....	22,328	10,791
Maintenance of aircraft .....	4,210	1,773
Catering .....	473	542
Other aviation expenses .....	2,233	2,539
Aviation expenses total .....	67,844	38,748
<b>8. Salaries and other personnel expenses</b>		
Salaries and other personnel expenses are specified as follows:		
Salaries .....	16,033	8,805
Accrued vacation .....	616	697
Pension fund contributions .....	1,629	921
Other salary related expenses .....	1,280	702
Stock options .....	92	448
Total salaries and other personnel expenses .....	19,650	11,572
Capitalized salary expenses .....	0	( 279)
Salaries and other personnel expense recognized in the Income statement .....	19,650	11,293
Average number of full year equivalents .....	0	222
Employees at the end of the period .....	502	303
<b>9. Other operating expenses</b>		
Other operating expenses are as follows:		
Housing and office expenses .....	135	120
Marketing and sales expenses .....	4,179	2,960
IT cost .....	49	151
Travel and other employee expenses .....	4,058	1,410
Audit, legal and other professional services .....	2,411	1,671
Other operating expenses .....	50	62
Other operating expenses total .....	10,882	6,373
<b>10. Depreciation and Amortization</b>		
The depreciation and amortization are specified as follows:		
Amortization of intangible assets .....	1,293	949
Depreciation of right-of-use assets .....	22,974	12,304
Depreciation of operating assets .....	525	248
Depreciation and amortization recognized in profit or loss .....	24,792	13,500

## Notes, cont.:

### 11 Financial income and (expenses)

Financial income and (expenses) is specified as follows:

	2023	2022
	11.-30.6	11.-30.6
Interest income on bank deposits .....	844	386
Interest expenses of lease liabilities .....	( 6,831)	( 3,433)
Other finance expenses and transaction fees .....	( 2,561)	( 930)
Net foreign currency exchange rate gain (loss) .....	( 796)	31
Net financial expenses .....	<u>( 9,345)</u>	<u>( 3,945)</u>

### 12. Right-of-use assets

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

	Aircraft	Other	Total
Balance at January 1, 2022 .....	115,372	1,710	117,082
Additions .....	136,605	0	136,605
Depreciation .....	( 29,038)	( 383)	( 29,420)
Indexed leases .....	0	119	119
Balance at December 31, 2022 .....	<u>222,939</u>	<u>1,446</u>	<u>224,385</u>
Balance at January 1, 2023 .....	222,939	1,446	224,385
Additions .....	176,172	0	176,172
Depreciation .....	( 22,763)	( 211)	( 22,974)
Indexed leases .....	0	151	151
Balance at March 31, 2023 .....	<u>376,348</u>	<u>1,386</u>	<u>377,734</u>

### 13. Trade and other receivables

Trade and other receivables have increased due to increased bookings and are mostly due to claims on the companies acquirers (over 95% of the total amount).

### 14. Restricted cash, cash and cash equivalents

Restricted cash is held in bank accounts pledged against credit cards acquirers, tax authorities and airport operators. The largest amount (\$7.7 million) is pledged against credit card claims and at the reporting date is restricted until the end of August but management expects it to be renewed.

## Notes, cont.:

### 15. Earnings 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 warrants would not dilute the earnings per share only decrease loss per share.

#### Basic earnings per share

	2023	2022
	1.1.-30.6	1.1.-30.6
Loss for the period attributable to equity holders of the Group .....	( 21,303)	( 25,569)
Weighted average number of shares for the period .....	6,740	5,611
Basic earnings per share in US cent per share .....	( 3.2)	( 4.6)
Diluted earnings per share in US cent per share .....	( 3.2)	( 4.6)

### 16. Provisions

Provisions for aircraft maintenance on leased aircraft are as follows:

	2023	2022
	1.1.-30.6	1.1.-31.12
Balance at the beginning of the period .....	67,709	29,906
Increases in provisions during the period .....	42,149	44,141
Utilization of provision during the period .....	( 6,430)	( 6,338)
Balance at the end of the period .....	<u>103,427</u>	<u>67,709</u>
Current provisions .....	<u>( 28,308)</u>	<u>( 16,601)</u>
Total non-current provisions .....	<u>75,119</u>	<u>51,108</u>

### 17. Lease liabilities

The Group entered into lease agreements during the period which constitute a financial lease under IFRS 16, for two additional Airbus 320neo aircraft and rent bringing the total number of aircraft to ten.

Lease liabilities are as follows:

	Rate	Year of maturity	Aircraft	Real estate	Total
Lease payments in USD .....	3.88% - 6.69%	9-10 years	292,721	0	292,721
Lease in ISK, indexed .....	4.3%	5 years	0	1,224	1,224
Total lease liabilities .....			<u>292,721</u>	<u>1,224</u>	<u>293,945</u>

	2023	2022
	1.1.-30.6	1.1.-31.12
Balance at the beginning of the period .....	169,723	90,456
New leases .....	134,023	92,464
Indexed leases .....	56	140
Payment of lease liabilities .....	( 9,865)	( 13,256)
Currency translation .....	8	( 81)
Balance at the end of the period .....	<u>293,945</u>	<u>169,723</u>
Current maturities .....	<u>( 25,868)</u>	<u>( 17,260)</u>
Total non-current lease liabilities .....	<u>268,077</u>	<u>152,464</u>

## Notes, cont.:

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### 17. Lease liabilities cont.

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

Repayments 2023-2024 .....	25,868
Repayments 2024-2025 .....	27,114
Repayments 2025-2026 .....	28,413
Repayments 2026-2027 .....	29,391
Repayments 2027-2028 .....	30,806
Subsequent repayments .....	152,354
Total lease liabilities .....	<u>293,945</u>

The Group has entered into lease agreements for a total of 10 new Airbus 320neo aircraft since beginning operations. The most recent was delivered in June, bringing the total number of aircraft in operation to ten.

### 18. Deferred income

Among current payables is recognized deferred income in the amount of USD 82.4 million due to sale of unflown flights and outstanding gift certificates at year end. Revenues from passenger flights are recognized in the statement of comprehensive income when the relevant flight has been flown. Increased booking and offering in travel locations has led to a significant increase in deferred revenue since year end 2022.

### 19. Events after the reporting period

No events have arisen after the reporting period of these Interim Financial Statements that require amendments or additional disclosures in the interim Financial Statements for the period ended 30 June 2023.