

Q3 2024 Results

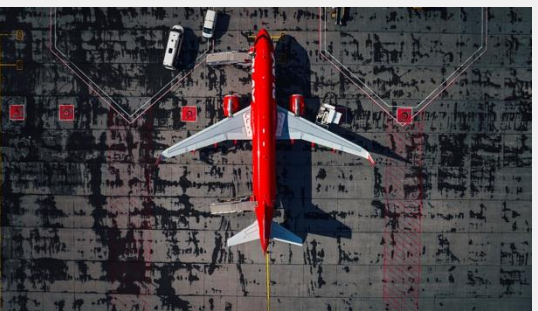
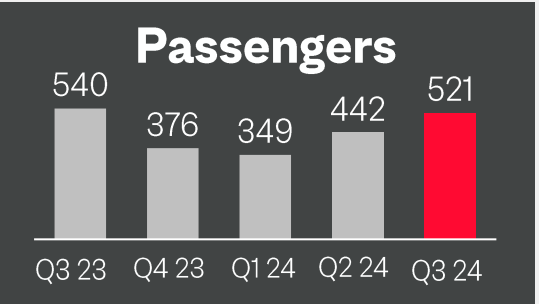
Questions to ir@flyplay.com



October 24, 2024

PLAY

PLAY at a glance Q3 2024



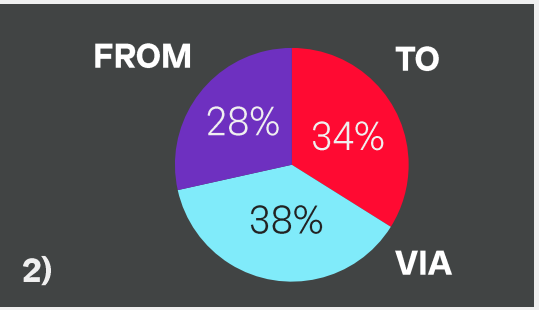
89.2%
Load factor



10 aircraft in operation



89.0%
On-time performance



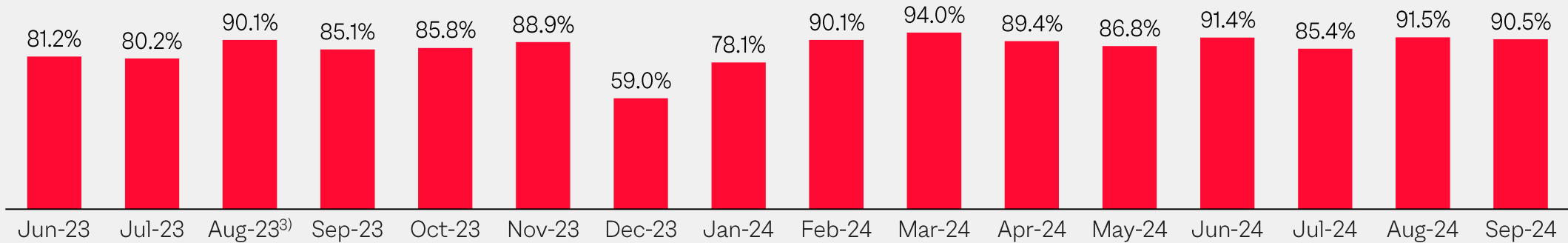
1) Operated to during Q3 2024
 2) Split of passengers flying FROM, TO & VIA Iceland

PLAY most punctual airline in KEF¹⁾

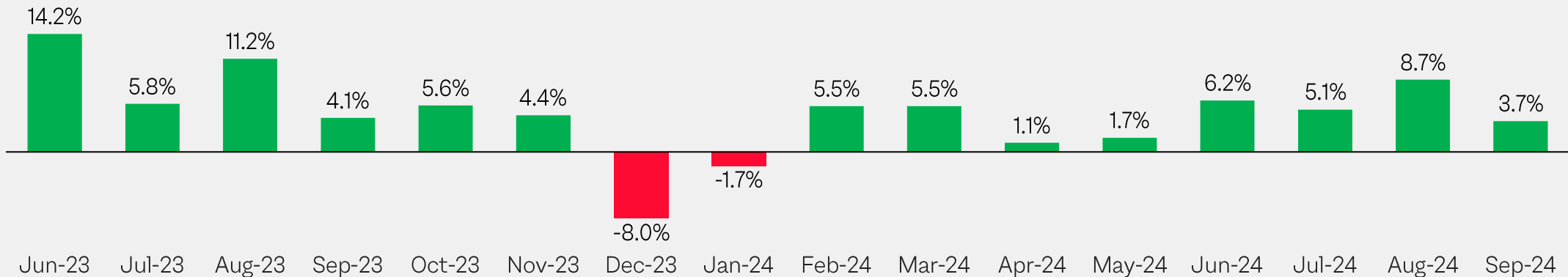
Continued strong on-time performance versus main competitor

Monthly on-time performance (OTP)

All arrivals



Versus main competitor (ppts)^{2) 3)}



1) According to KEF airport KPI's on departures from KEF in June 2024

2) Difference in on-time performance in percentage points compared to main competitor

3) Since August 2023, competitor's on-time performance data aggregates domestic and international flights, prior data includes international flights only

PLAY with most “Positive Impact” on Icelandic society

- › PLAY was awarded as the airline that Icelanders believe has the most positive impact on Icelandic society¹⁾
- › PLAY earned an impressive score of 73, placing it at the top of the list among Icelandic airlines
- › In the overall ranking of all companies in Iceland, PLAY was in seventh place



New destinations launched in Q3



Faro, Portugal

Expanding Southern Europe reach with Algarve's popular beaches



Pula, Croatia

New gateway to Istria's historic charm and coastal attractions, plus increased frequency to Split



Aalborg, Denmark

Creating connections to a Scandinavian cultural hotspot



Valencia, Spain

Entering Spain's vibrant, artsy Mediterranean city

PLAY joins forces with Sabre and partners with easyJet

Partnership with Sabre

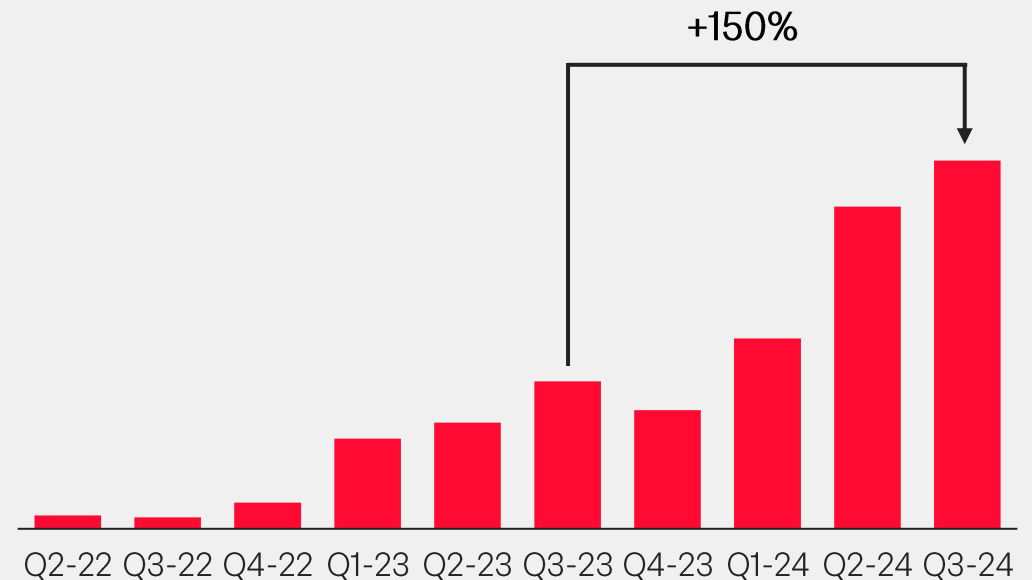
- › Partnership with Sabre Corporation grants travel agencies direct access to PLAY's content
- › Significant expansion of reach across our markets, providing travelers with more options and enhancing our visibility in key markets

350 unique city pairs with easyJet

- › The addition of easyJet content to the PLAY Connect platform has opened 350 unique city pairs
- › 39% of 2024 revenue from Connect platforms is Icelanders connecting further
- › Continuously improving the PLAY Connect platform, driven by Dohop

Revenue by quarters from Connect platforms

150% increase in revenue Q3 2024 compared to Q3 2023



Growing customer satisfaction

Customer satisfaction (NPS)¹⁾

- › Growing 17% in the first nine months of the year compared to the same period in 2023

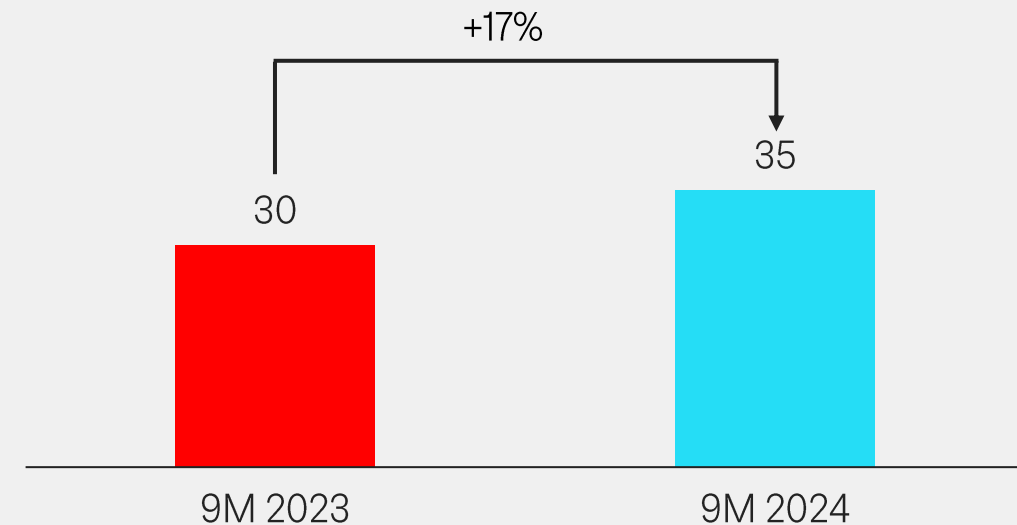
Proactive engagement

- › Our focus on proactive customer engagement has driven significant improvements in customer satisfaction

Commitment to excellence

- › We are dedicated to continuously enhancing the customer experience through the whole customer journey

Net Promoter Score (NPS)



Growth in the Vilnius office

We continue to expand our office in Vilnius, established in 2021

Core team in Iceland

- › PLAY remains committed to the experienced core team in Iceland

Growth in Vilnius office

- › There are currently 37 skilled aviation employees across different functions based in the Vilnius office

Talent pool

- › Expansion in Vilnius allows PLAY to tap into a larger pool of skilled and experienced aviation professionals



Financial results

Questions to ir@flyplay.com



Financial snapshot

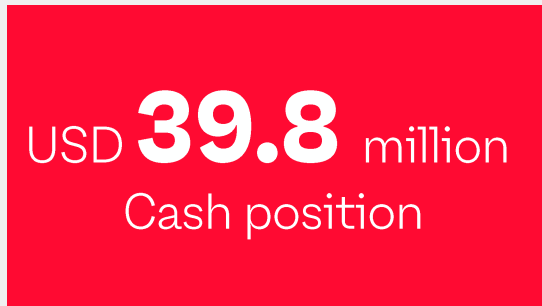
Q3 2024



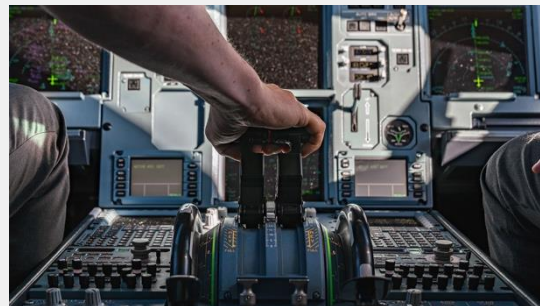
USD **100.5** million
Revenue



USD **9.6** million
EBIT



USD **39.8** million
Cash position



3.5 cents
Ex-fuel CASK



5.8 cents
TRASK²⁾



0
External IBD¹⁾

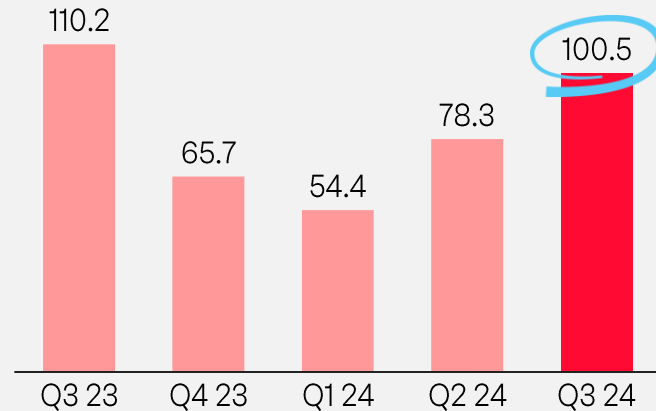
1) Interest Bearing Debt
2) Total Revenue per Available Seat Kilometer

Financial highlights

Q3 2024

Revenue

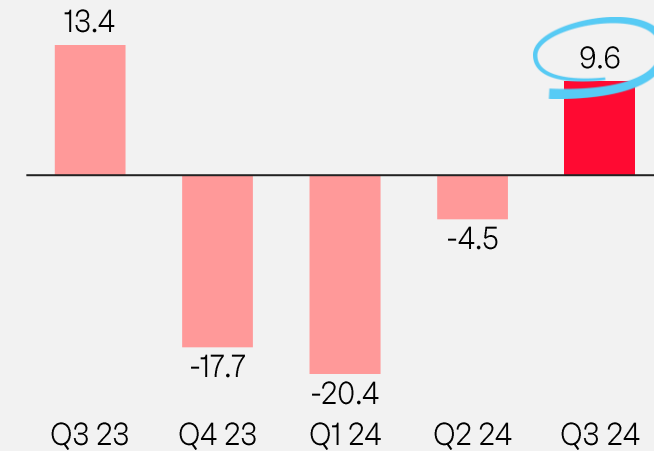
Total Revenue



- › **Revenue:** Decreased by 8.8% from USD 110.2 million to USD 100.5 million compared to Q3 last year
- › **ASK:** Decreased by 5% YoY

Financial performance

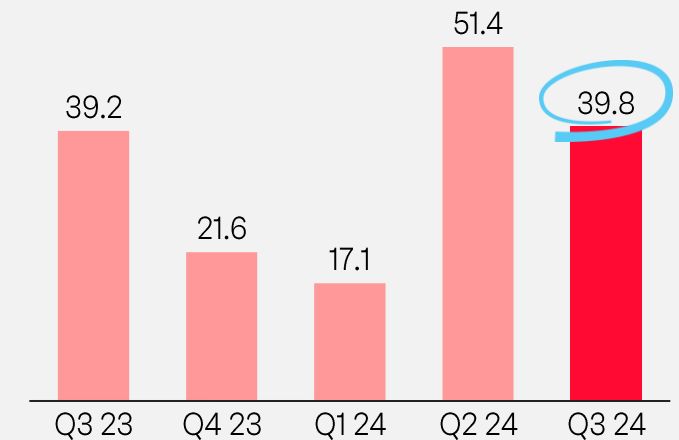
EBIT



- › **EBIT for Q3 2024:** Positive USD 9.6 million, down USD 3.7 million from USD 13.4 million in Q3 2023
- › **Yield Impact:** Load factor increased YoY; however, lower yields per passenger on North American routes had a significant impact, resulting in lower EBIT for 2024

Balance sheet

Cash



- › **Cash:** Position of USD 39.8 million including restricted cash
- › **Debt:** No external interest-bearing debt

Income statement

Q3 2024

Operating income

- › Q3 2024 saw a 0.8 percentage point rise in load factor alongside a 5% decrease in available seat kilometers (ASKs), compared to Q3 2023
- › Operating income for Q3 2024: USD 100.5 million, reflecting a stable income base despite a challenging market environment
- › Strong ancillary revenue: Ancillary revenue remained robust at USD 30.1 million, accounting for 44% of airfare revenue. At USD 58 per passenger, the figure remains consistent with Q3 2023, highlighting strong demand for additional services
- › Ten aircraft were in operation in Q3 2024, the same as in Q3 2023

USD million	Q3 2024	Q3 2023 ¹⁾	Change
Airfare revenue	68.5	76.9	-8.5
Ancillary revenue	30.1	32.0	-1.8
Cargo revenue	1.1	0.9	0.3
Other revenue	0.8	0.5	0.3
Operating income	100.5	110.2	-9.7
Salaries and related expenses	-14.8	-13.6	-1.2
Fuel & emissions expenses	-29.9	-35.2	5.3
Other aviation expenses	-25.4	-28.5	3.1
Other operating expenses	-5.2	-4.6	-0.6
Operating expenses	-75.3	-81.9	6.6
Depreciation and amortisation	-15.5	-14.9	-0.6
EBIT	9.6	13.4	-3.7
EBIT %	10%	12%	-2.8ppt
Financial expenses	-5.5	-7.2	1.7
EBT	4.1	6.2	-2.1
Income tax	-0.6	-1.5	0.9
Net result for the period	3.5	4.7	-1.2
Other comprehensive (loss) income	-1.4	5.3	-6.6

Operating income

Airfare

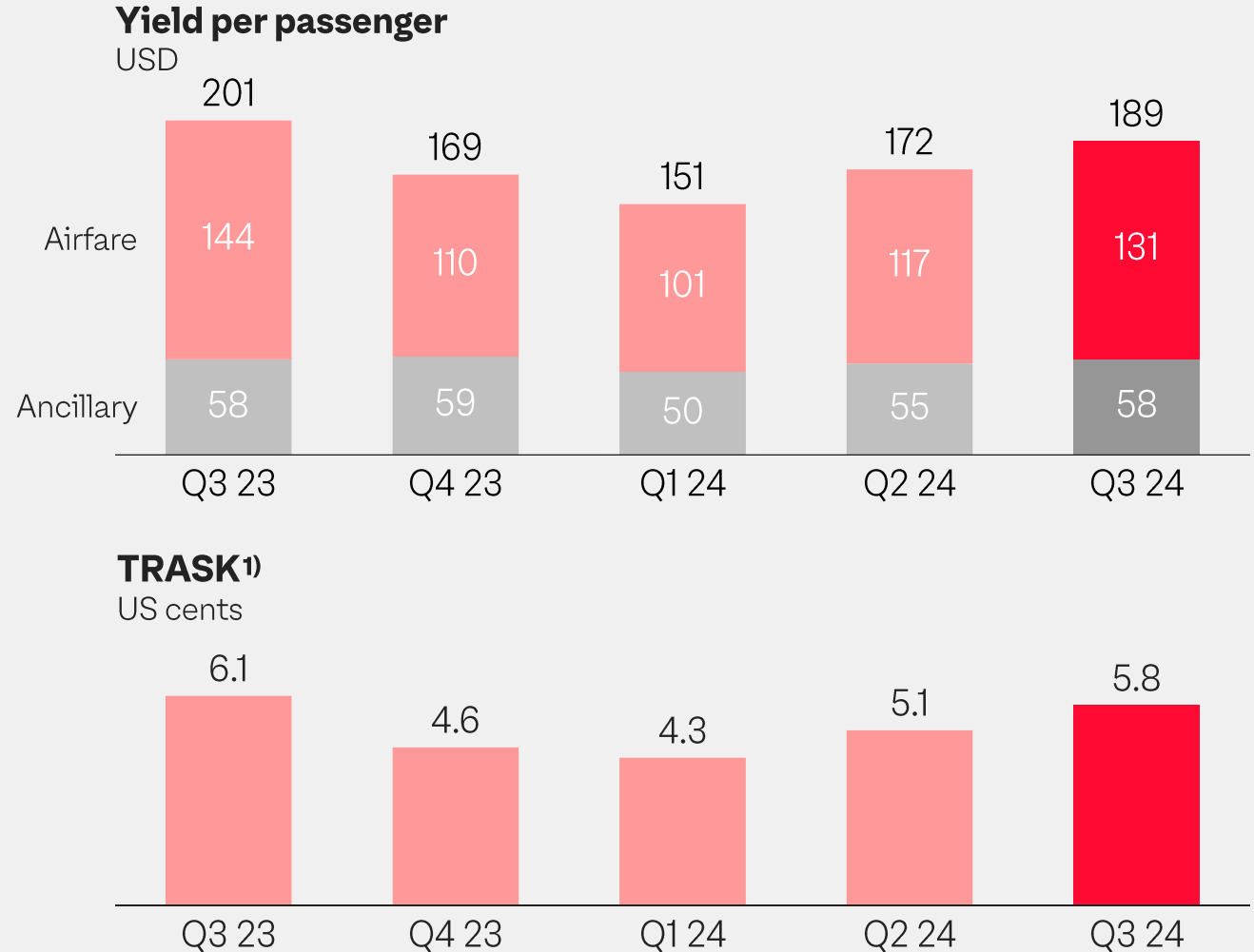
- › Down 9% YoY due to increased competition in the transatlantic market, resulting in lower yields

Ancillary revenue

- › Maintained steady average ancillary revenue per passenger from 2023 despite challenging market

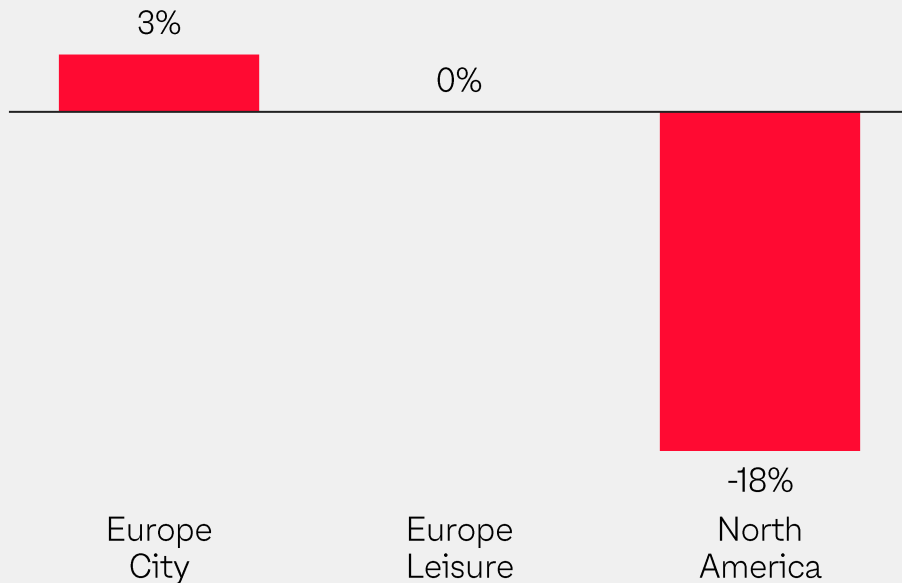
TRASK

- › Slight load factor increase, decrease in airfare results in lower yields and TRASK was down 5% compared to Q3 2023

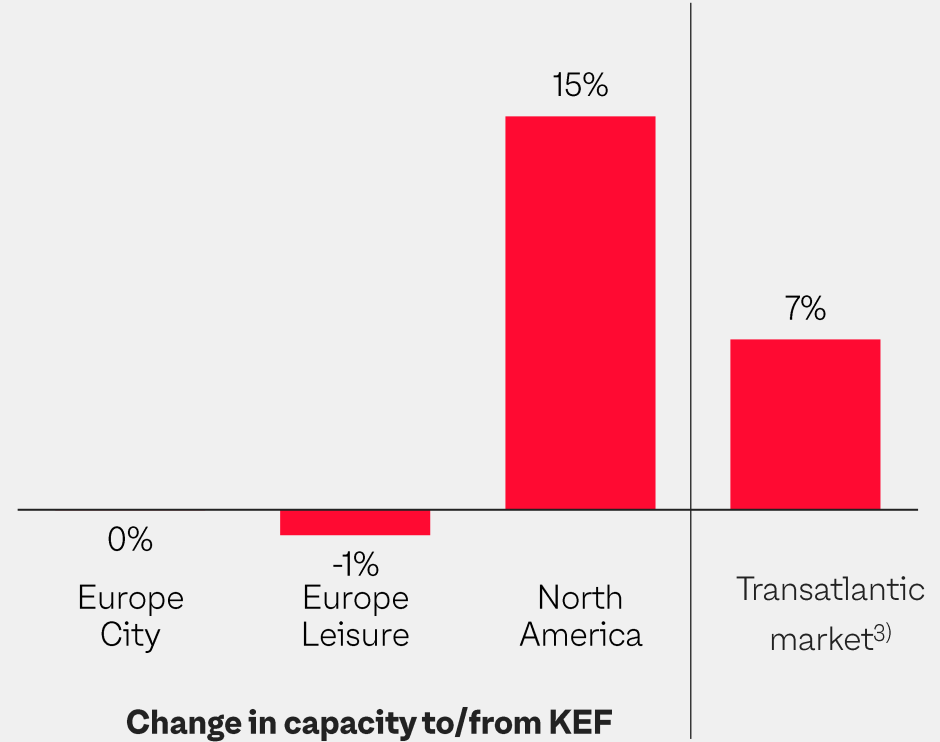


Decline in unit revenue driven by significant capacity increases to/from North America

Year-on-Year change in PLAY's RASK¹⁾
Q3 2024 vs Q3 2023



Year-on-Year change in seat capacity by market²⁾
Q3 2024 vs Q3 2023



1) Only includes airfare and online ancillaries
 2) Europe leisure includes routes to/from Croatia, Greece, Israel, Italy, Portugal and Spain. Europe City includes routes to/from all other European countries
 3) Refers to change in seat capacity on direct flights between Europe and North America

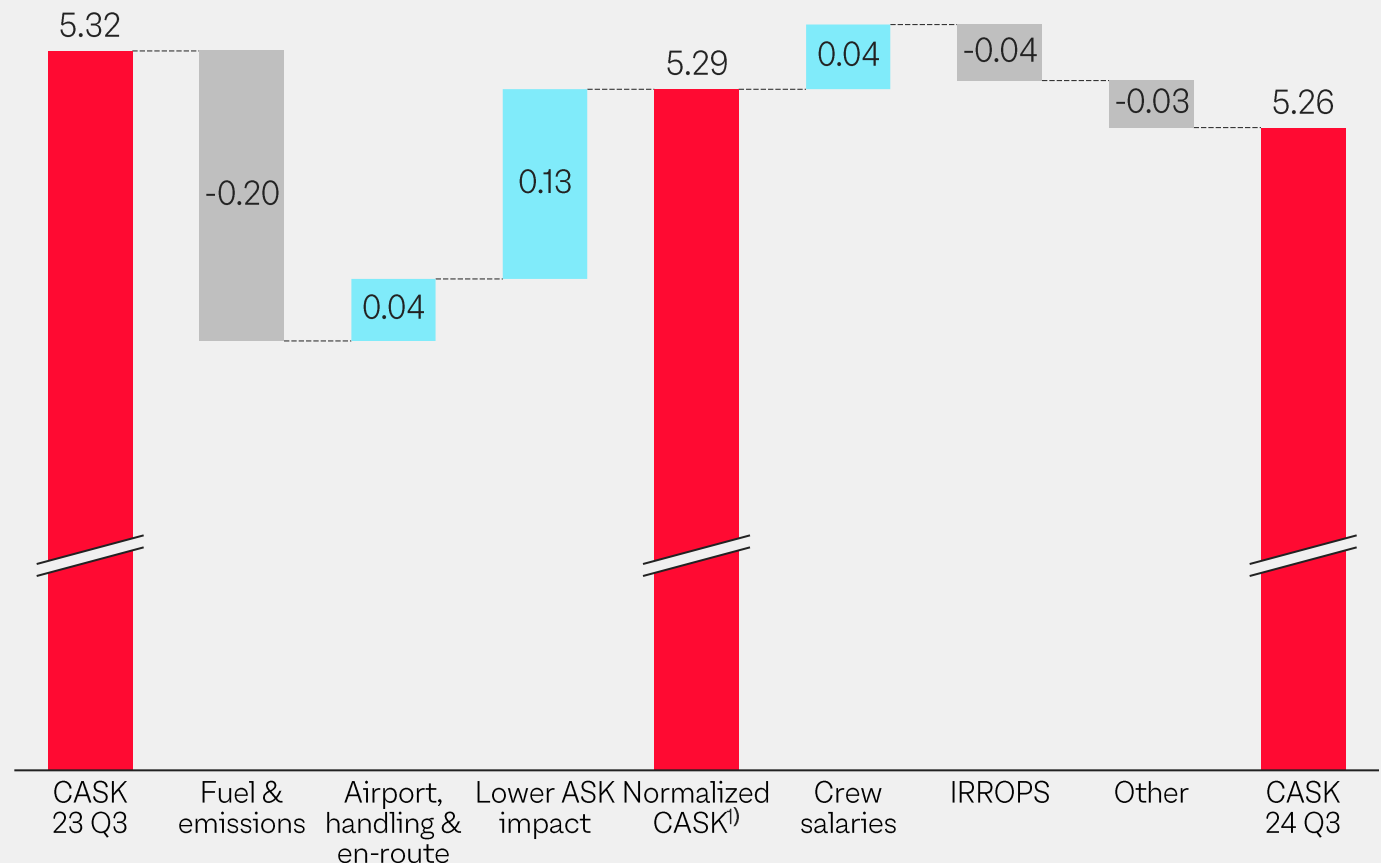
Operating expenses

Total unit cost (CASK) decreased by 1% from 5.32 US cents in Q3 2023 to 5.26 US cents in Q3 2024, however, ex-fuel CASK is up by 4%: from 3.39 to 3.53 US cents

- › In Q3 2024, fuel and emissions costs were 0.20 US cents lower compared to Q3 2023. However, airport, handling and navigation costs rose by 0.04 US cents
- › The 5% year-over-year decline in ASK resulted in a 0.13 US cents negative impact on CASK. If adjusted to last year's operations, CASK would be 5.29 US cents, slightly above the actual 5.26 US cents
- › CASK rose by 0.04 US cents because of crew salary hikes
- › Improved on-time performance and better management of irregularities contributed to 0.04 US cents saving on CASK

CASK bridge

US cents



Balance sheet

Cash position remains stable

- › Cash stood at USD 39.8 million as of September 2024, up from USD 21.6 million in December 2023 and slightly higher than USD 39.2 million in September 2023

Equity improvement but still low

- › Equity increased to USD 6.6 million by September 2024, up from USD 1.9 million in December 2023, but still significantly below the USD 25.6 million in September 2023

Decrease in non-current assets

- › The decline in non-current assets was primarily due to the depreciation of right-of-use assets, leading to a fluctuation in total assets from USD 493.8 million in September 2023 to USD 458.9 million in September 2024

USD million	30.9.2024	31.12.2023	30.9.2023
Intangible assets	13.9	14.2	13.5
Right-of-use assets	306.0	338.4	363.6
Operating assets	16.1	11.9	12.5
Deposits	12.1	13.2	13.8
Tax assets	33.4	26.3	19.7
Non-current assets	381.5	404.0	423.1
Inventories	0.5	0.2	0.5
Trade and other receivables	34.4	33.0	27.9
Prepaid expenses	2.6	2.8	3.1
Cash and cash equivalents	39.8	21.6	39.2
Current assets	77.4	57.5	70.7
Total assets	458.9	461.5	493.8
Shareholders equity	6.6	1.9	25.5
Provisions	62.8	76.0	70.5
Lease liabilities	236.8	247.8	261.4
Non-current liabilities	299.5	323.7	331.9
Provisions	20.8	20.4	27.6
Lease liabilities	27.2	25.3	26.2
Trade and other payables	50.5	43.7	42.0
Deferred income	54.3	46.5	40.7
Current liabilities	152.8	135.9	136.4
Total liabilities	452.3	459.6	468.4
Total equity and liabilities	458.9	461.5	493.8

Cash flow Q3 2024

Net operating cash flow

- › Negative USD 12.2 million in Q3 2024, mainly due to working capital changes and lease repayments

Positive operating contribution

- › USD 23.6 million, offset by a USD 18.6 million negative impact from working capital, driven by a decrease in deferred income due to seasonality

Higher lease repayments

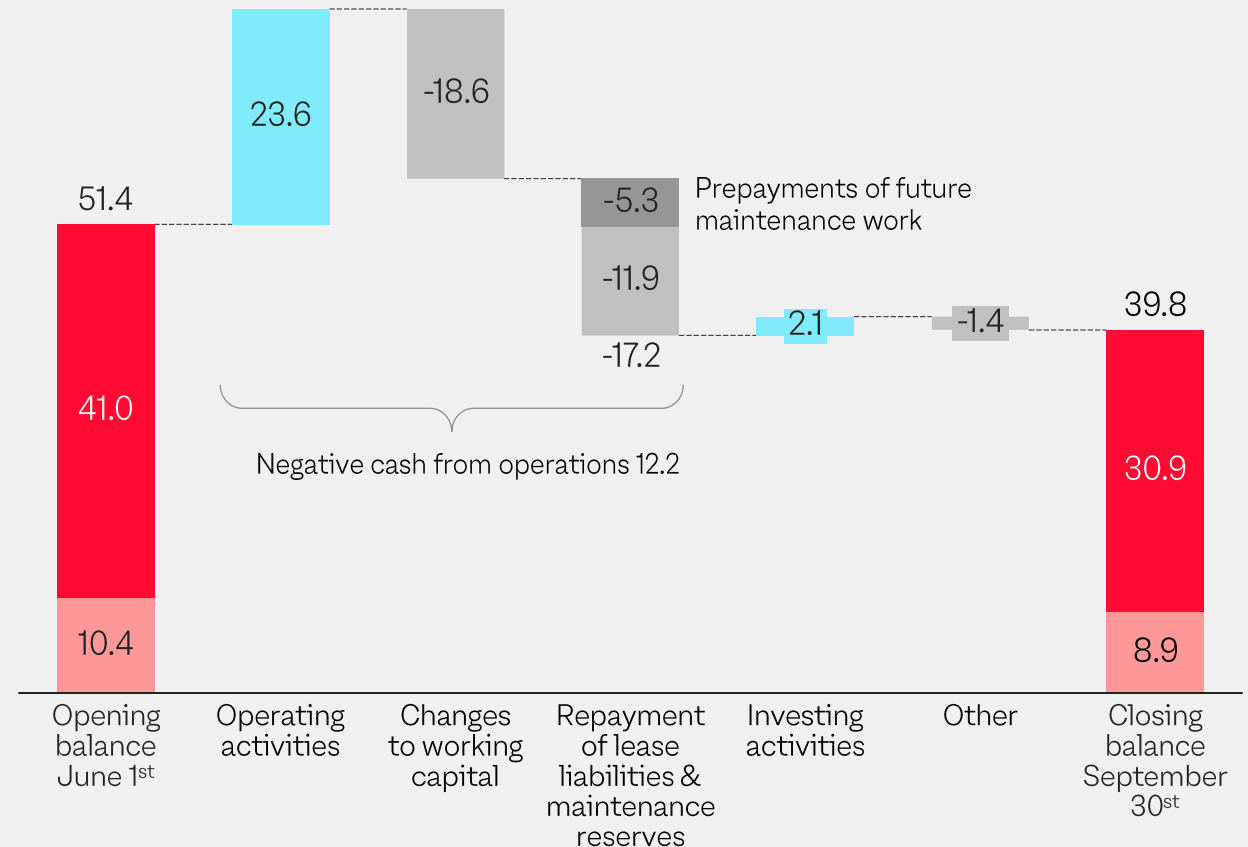
- › Totaled USD 17.2 million, USD 1.9 million influenced by seasonal rent, which will decrease during the low season¹⁾

Closing balance end of Q3 USD 39.8 million

- › Restricted cash of USD 8.9 million and cash and cash equivalents of USD 30.9 million

Cash flow bridge

USD million



1) Seasonal payment of aircraft lease annex introduced in Q2 2024: higher lease rates in summer, lower in winter

Fuel price development and fuel hedging

Hedge strategy

- › 1-3 months - Up to 60%
- › 4-6 months - Up to 40%
- › 7-12 months - Up to 30%
- › Current spot (\$/MT)¹⁾
@ 23.10.2024 - \$713.91

Hedge coverage

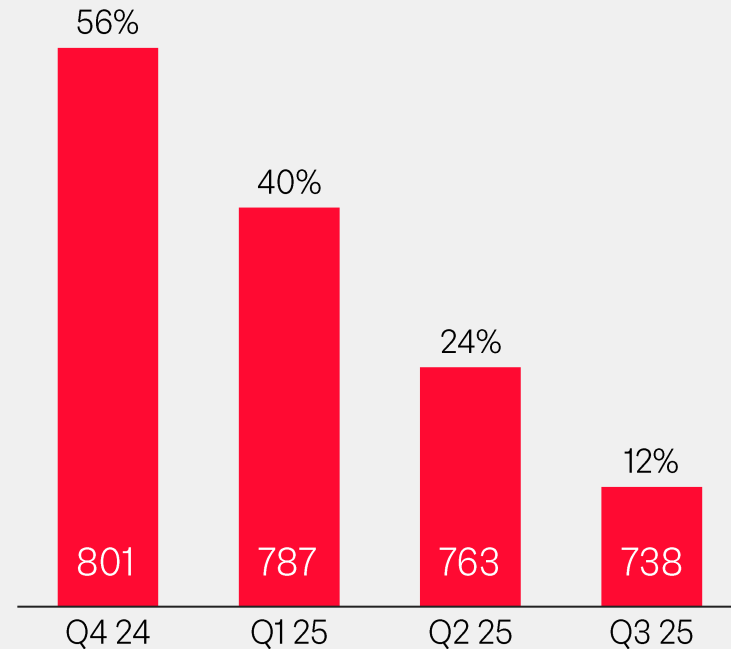
- › Highest at 56% for Q4 2024, decreasing to 12% by Q3 2025, aligning with a strategy to reduce exposure over time

Market trend

- › Recent fuel price development favorable

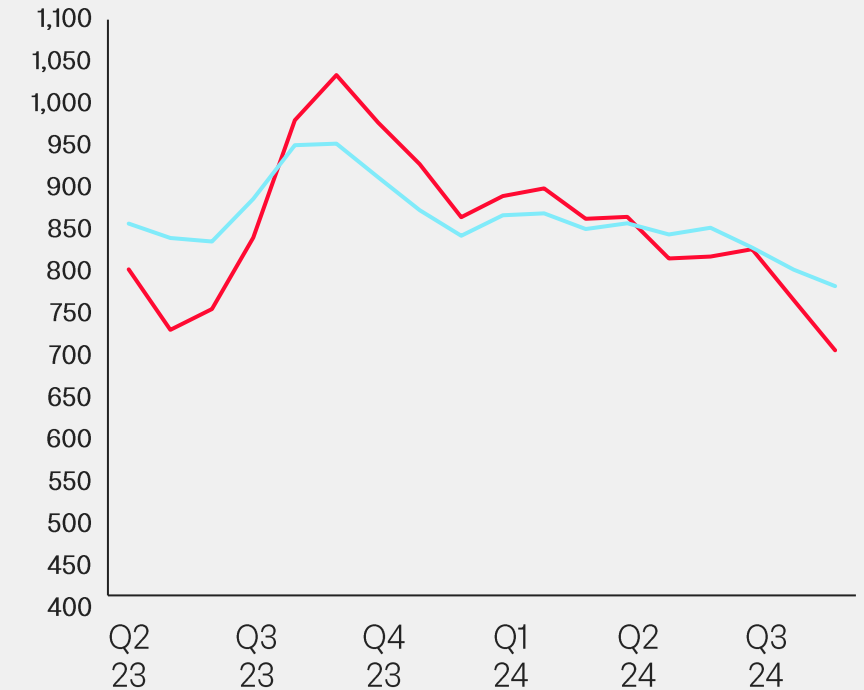
Fuel hedging

Current position (Hedge %, Hedge price \$/MT)



Jet fuel price

Monthly average \$/MT



— Market Price²⁾ — Effective Fuel price³⁾

1) \$/MT = US dollar pr. metric ton
 2) Market Price = AVG EU & US Platts fuel price
 3) Effective Fuel Price = Weighted average of Hedge Price and Market Price

Cash flow insights:

Key takeaways for winter

Stable cash position

Cash balance stands at USD 39.8 million, slightly higher than the same period last year

The airline is well-prepared for the winter season, thanks to key strategic actions and positive trends:

- › Reduced lease payments USD 4.3 million, seasonal lease adjustments¹⁾
- › Adjusted our schedule to fit better with seasonal fluctuations in demand
- › Secured a new ACMI agreement for the winter
- › Lower fuel prices compared to forecast
- › Improved forward sales, TRASK up from last year

1) Comparing cash outflow versus unadjusted lease contracts



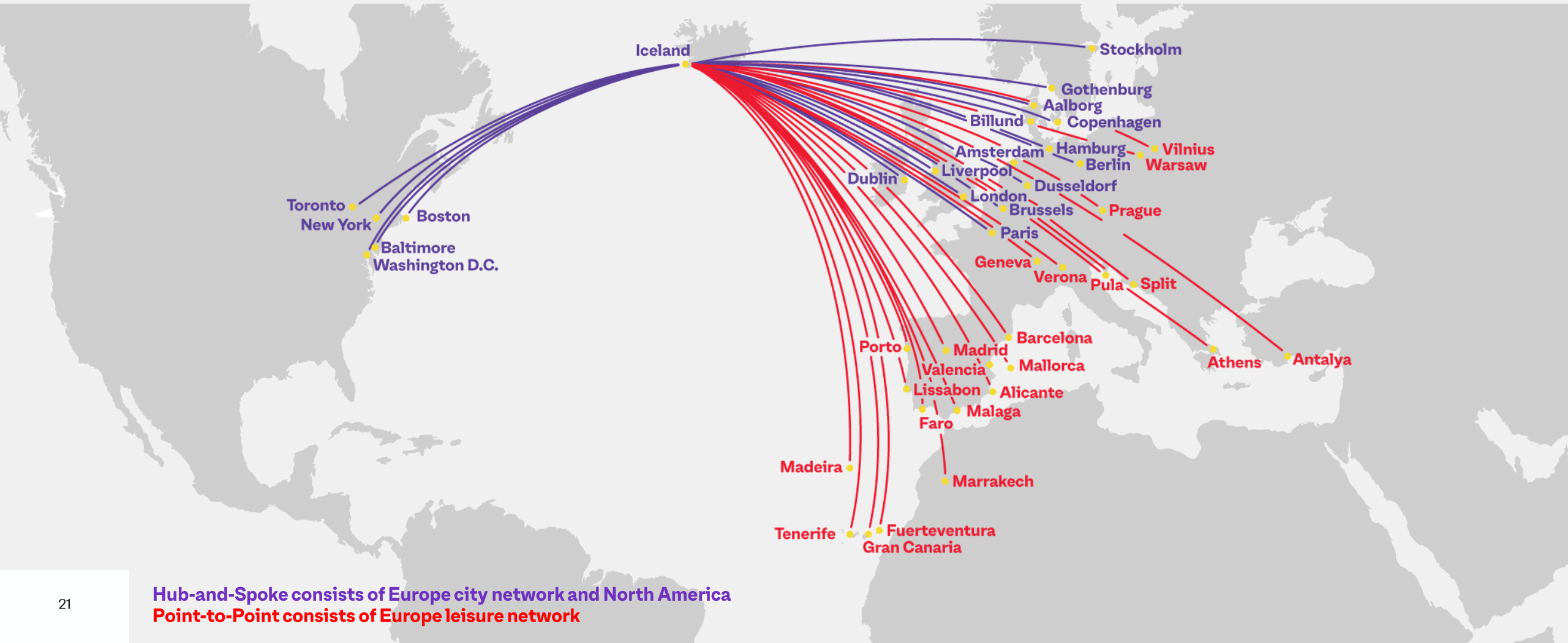
CEO Update & Outlook

PLAY forward

Questions to ir@flyplay.com



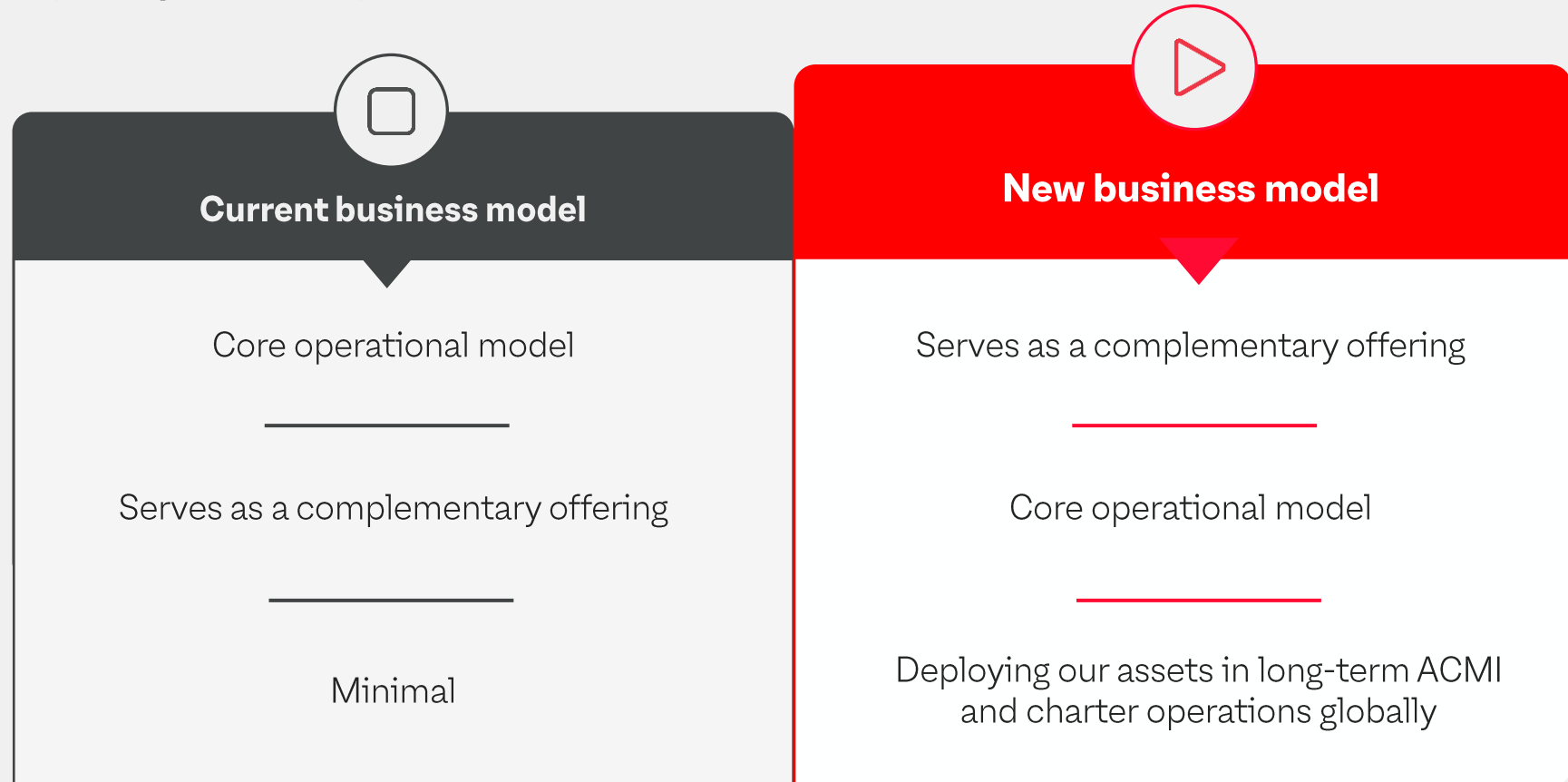
Hub-and-Spoke and Point-to-Point out of Iceland at PLAY




Hub-and-Spoke consists of Europe city network and North America
Point-to-Point consists of Europe leisure network

Introducing **PLAY forward**

PLAY is implementing major changes to the business model to address challenges and adapt to evolving market conditions, such as capacity changes and disruptive innovation in aviation

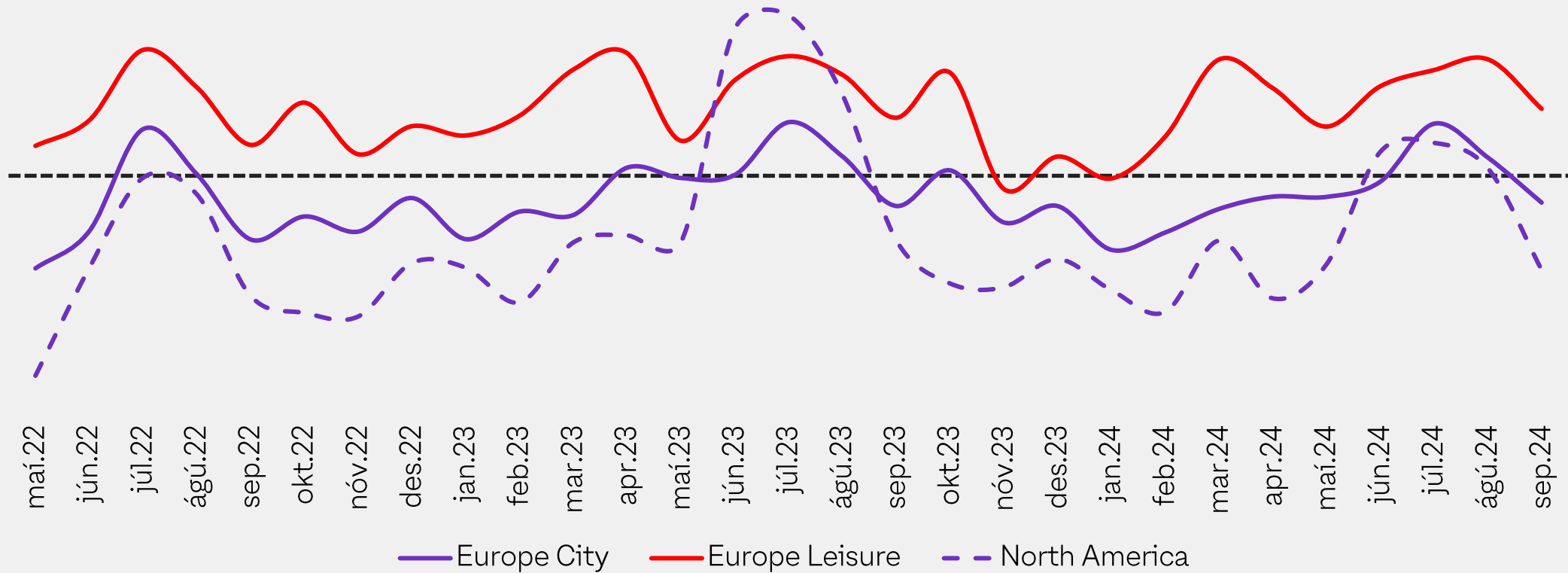


PLAY business model evolution

	New business model	What is happening?
 Point-to-Point	Core operational model <hr/>	Leveraging PLAY's strong position as the preferred airline for Icelandic leisure travelers, PLAY will put more emphasis on flights from Iceland to S-Europe and to a lesser extent, N-Africa and Asia <hr/>
Hub-and-Spoke	Serves as a complementary offering <hr/>	PLAY will reduce transatlantic capacity, as performance of this market segment has been consistently below expectations <hr/>
Charter/ACMI	Deploying our assets in long-term ACMI and charter operations globally	Adapting to the changing market environment to optimize fleet utilization and maximize profitability, entering charter/ACMI

The Hub-and-Spoke network has consistently underperformed versus leisure network

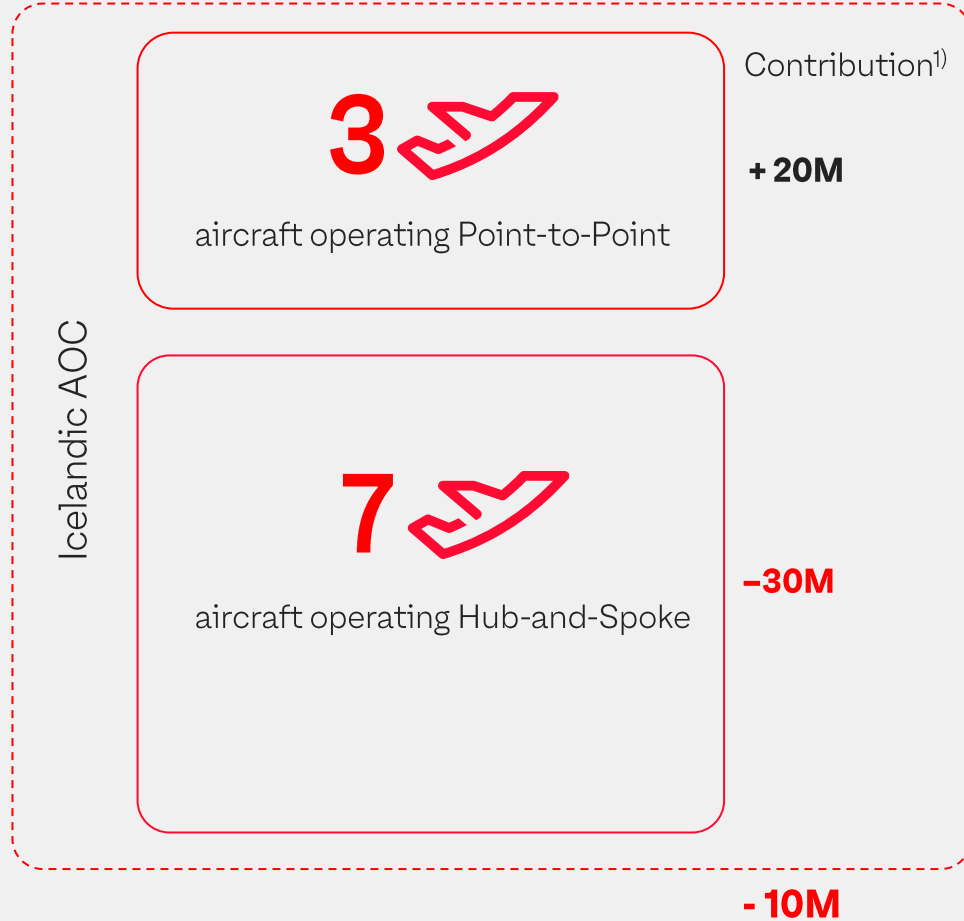
Contribution per trip by market type¹⁾



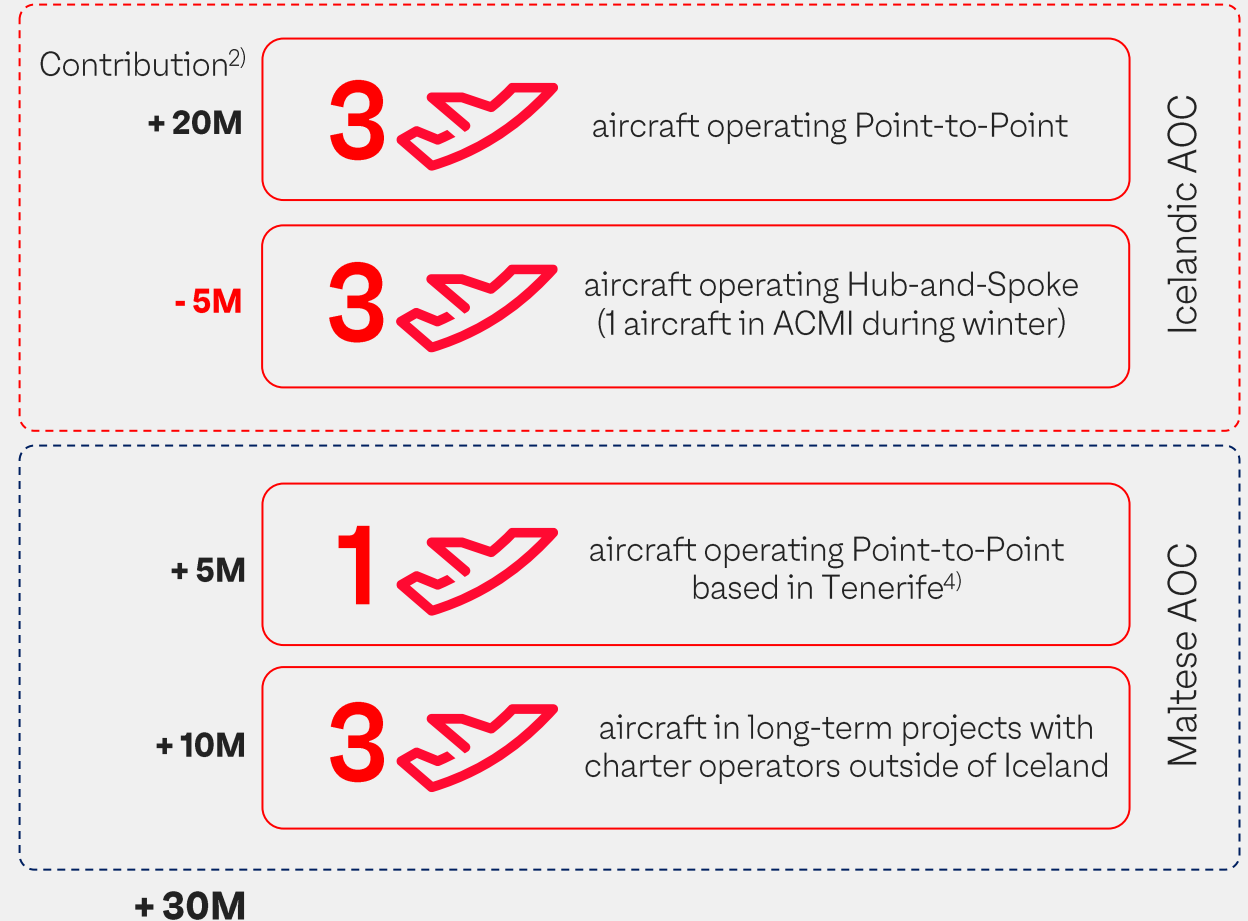
¹⁾ Company data. Contribution refers to contribution after cash lease and maintenance reserves payments, total crew cost but excluding overhead

The change in **PLAY's** business model

Current business model



New business model³⁾



1) Contribution (USD millions) refers to contribution after cash lease and maintenance reserves payments, total crew cost but excluding overhead, last 12 months
 2) Estimated contribution (USD millions) refers to contribution after cash lease and maintenance reserves payments, total crew cost but excluding overhead, once change is implemented
 3) First aircraft on Maltese AOC in spring 2025 & PLAY forward fully implemented by 2026
 4) Aircraft based in Tenerife mostly expected to operate Point-to-Point to Iceland (Keflavik and Akureyri)

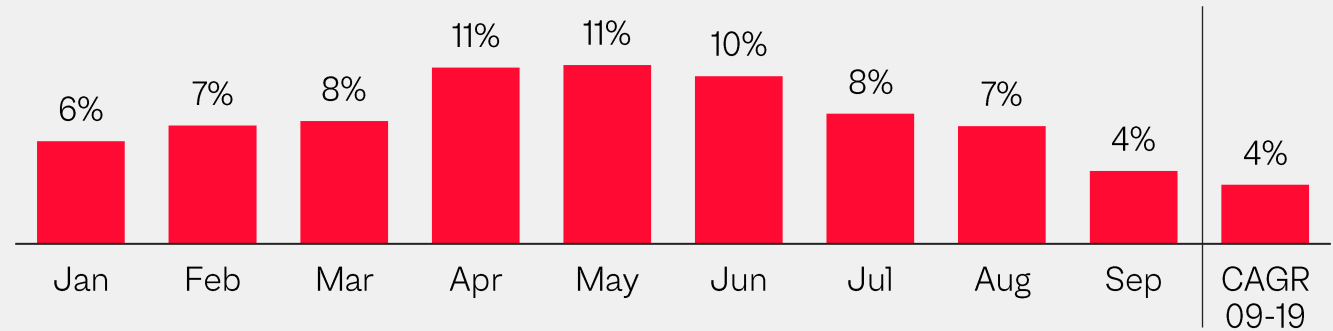
YTD 2024 results impacted by several headwinds

YTD 2024 main challenges

- › Overcapacity in the transatlantic market with growth rates well above historical levels putting high pressure on yields
- › Overcapacity in KEF – North America market leading to deteriorating revenue performance in the TO/FROM market
- › Seismic activity in Iceland
- › Olympics in Paris in the summer - > North American tourists avoided overcrowded places

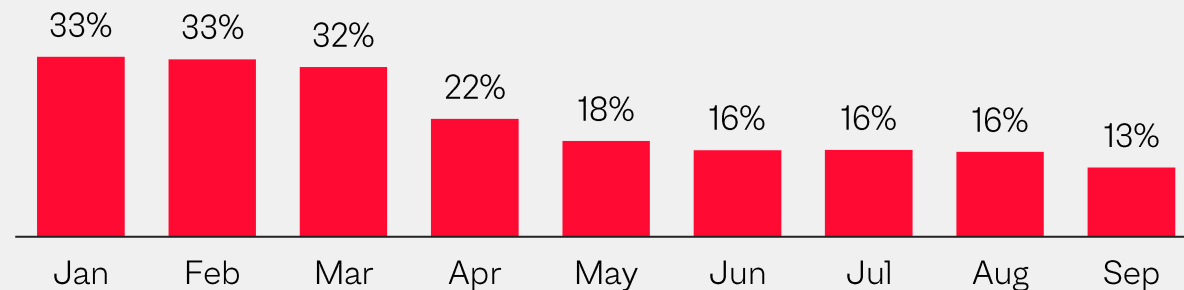
Year-on-Year change in transatlantic seat capacity¹⁾

2024 compared to 2023. Seats on direct services only



Year-on-Year change in KEF – North America¹⁾

2024 compared to 2023. Seats on direct services only



1) Based on OAG Schedules as of 18 October 2024

The hub-and-spoke model is under increased threat

Russia overflight restrictions are forcing airlines to re-deploy free assets across the Atlantic

- › Several European airlines have decided to suspend or terminate their services to China due to the competitive disadvantage they face against Chinese airlines that are able to overfly Russia
- › Aircraft re-deployed to other markets, e.g., the transatlantic market

Business travel slow to recover -> passenger shift between cabins

- › Business travel has not fully recovered
- › This means that more affluent leisure travelers will continue to move to premium classes, not occupied by business travelers, resulting in an oversupply of economy seats, especially during off-peak periods

EU Fit for 55 reduces KEF's competitiveness as connecting point¹⁾

- › This legislative package aims to reduce the EU's greenhouse gas emissions by at least 55% by 2030
- › Iceland will continue to receive additional free allowance up to and including 2026 to mitigate the impact but these measures are only temporary

Aggressive capacity deployment in a changing market

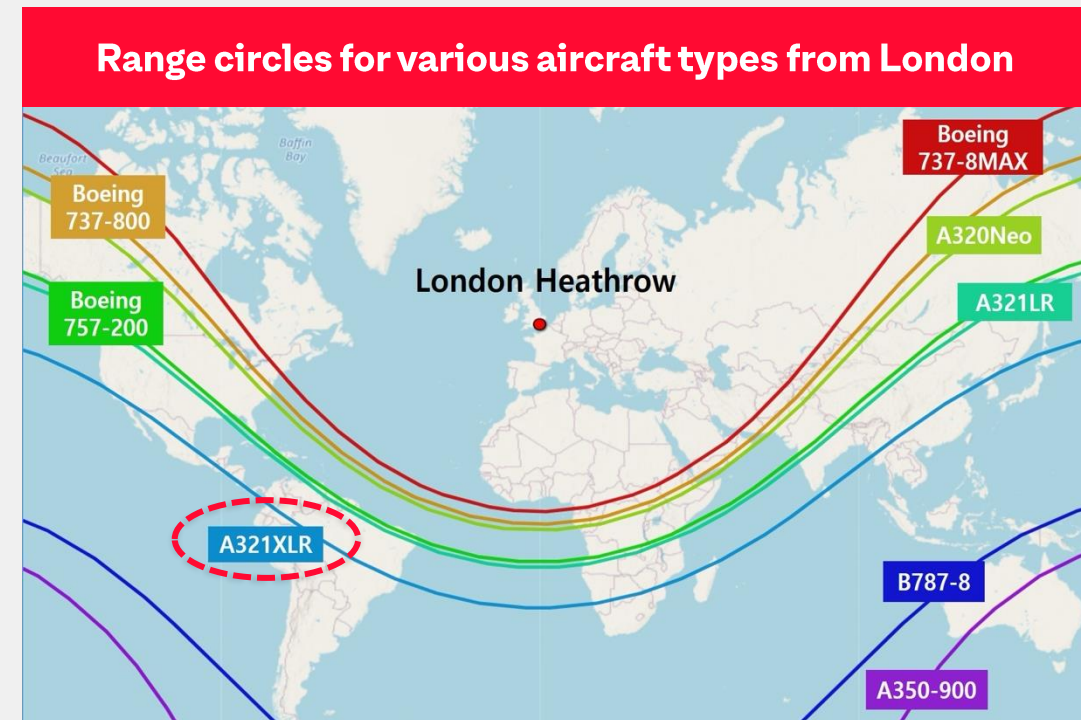
- › New ownership of SAS and more aggressive capacity deployment will result in more services bypassing KEF, undermining KEF as a hub in the long-term
- › Boston – Copenhagen capacity is growing +80% in 2024 compared to 2023²⁾
- › SAS launching Copenhagen – Seattle and Delta launching Minneapolis – Copenhagen in 2025

1) Environmental regulations that are coming into effect over the next few years
2) OAG Schedules

Extended range of narrowbody aircraft disrupts the transatlantic market

New aircraft technology enabling more growth puts pressure on KEF as a connecting point

- › In 2024/25, airlines on both sides of the Atlantic will start to take delivery of some of the 160 Airbus A321XLRs they have on order¹⁾
- › Initially the XLR will be used to replace older generation aircraft, e.g., Boeing 757²⁾, but over time these aircraft will be used for growth
- › Longer range and fuel efficiency of this aircraft offer airlines the chance to connect point-to-point, distant cities on either side of the Atlantic
- › More cities in North America will get direct connections to Europe, which puts pressure on KEF as a connecting hub



1) Airbus A321XLR on order by airlines in Europe and North America. In total, 496 Airbus XLR on order. Source: Ch-Aviation

2) There are 248 Boeing 757 in service

PLAY, the airline Icelanders choose

The Icelandic leisure market

Market size and characteristics

- › One million seats planned between Iceland and Southern Europe in 2024¹⁾
- › Less seasonal than the rest of KEF market
- › Growth in recent years +20% annually

Playing towards our strengths

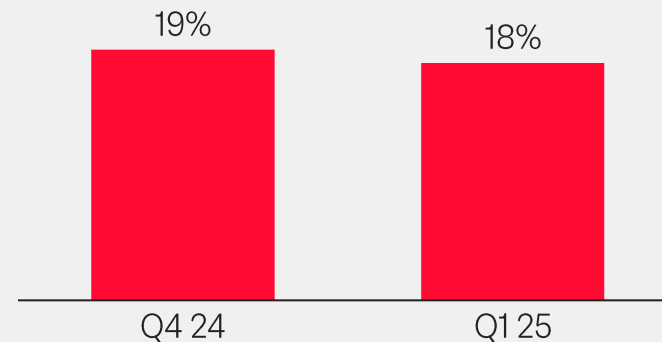
- › Low-cost carriers have a combined 63% market share in this market in Iceland vs up to 75% in other countries
- › Most passengers look for the lowest fare and good basic service, i.e., good on-time performance

PLAY's leisure performance

- › 40% market share of the Icelandic leisure market
- › Increased capacity in leisure markets has resulted in equivalent increase in contribution margin
- › Leisure market performance consistently good - PLAY is very competitive
- › Growth by leveraging our strong leisure network and sell other value enhancing products, e.g., packages, loyalty

Year-on-Year Forward TRASK improvement

Winter 2024-2025



Deploying capacity **profitably**

Aircraft delivery crisis and ongoing engine issues

- › Boeing and Airbus continue to face significant challenges in meeting aircraft delivery dates. Ongoing supply chain disruptions, engine issues¹⁾, and labor shortages are continuing to severely delay delivery of new aircraft²⁾

Strong ACMI market

- › These delays create high aircraft demand. PLAY is in possession of a young and highly sought-after fleet³⁾ of 10 aircraft

Favorable lease agreements

- › Current market lease for aircraft equivalent to PLAY's fleet is USD 53-55 million per year, compared to PLAY's USD 40 million
- › Lease agreements not transferable, to reap benefits PLAY must operate all aircraft
- › Talks already commenced with interested parties for use of some of PLAY's aircraft in long-term projects, outside of Iceland

1) PW1000G recalls on A320 NEO

2) Disruption in aircraft production of both main plane makers and backlog of aircraft delivery and aircraft being grounded due to engine shortages has led to capacity constraints resulting in high demand for additional capacity.

3) Average age of PLAY's fleet is 4 years



PLAY has applied for Maltese AOC

Maltese AOC application

- › PLAY has already applied for an Air Operator License in Malta and expects to start operations under this licence in the spring of 2025
- › PLAY plans to deploy 3-4 of its aircraft to the Maltese AOC and most of those will be assigned to long-term charter/ACMI projects around the world

Why another AOC? Why Malta?

- › Over 50 airlines already have AOC in Malta, including one Icelandic airline
- › Aircraft on Maltese AOC will mostly be deployed outside of Iceland. Such projects require locally based crews for them to be cost/price competitive
- › There is no plan for PLAY to operate flights in/out of Malta



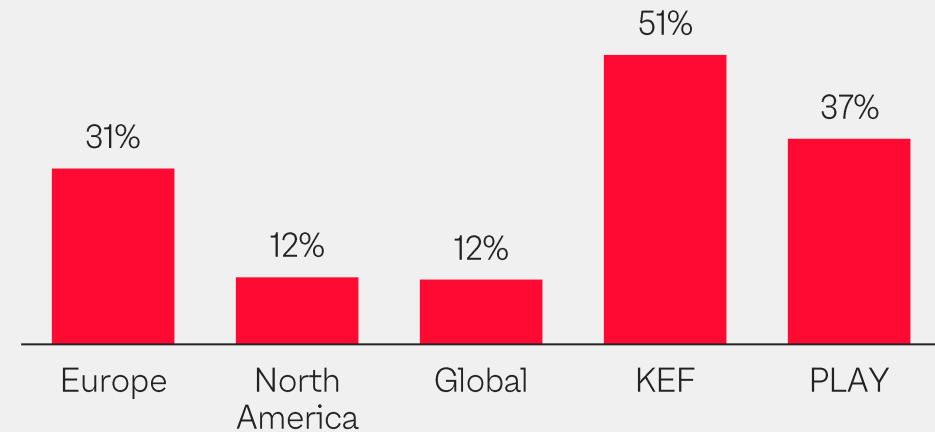
Extreme seasonality of demand in Iceland

Seasonality in Iceland is more extreme than in Europe and the rest of the world

- › 51% capacity difference between high and low season in Iceland
- › Rest of the world has on average more balanced demand across the year than Iceland
- › PLAY will counter seasonality in Iceland by leasing out capacity in short term projects during winter and lease in temporary capacity during summer

Capacity difference between high and low season

Difference as % of winter¹⁾



PLAY has signed an agreement with GlobalX to base an aircraft in Miami in winter 2024-2025

Cost optimization and effect of changed business model

Network and fleet

- › Fewer destinations and simplified network, will result in lower network, commercial, marketing and IT budget

Operational efficiency

- › Fuel-saving initiatives, optimized crew utilization, and reduction of IRROPS costs, while maintaining excellent on-time performance
- › Simplifying processes and workflows for leaner operations, more digital automation
- › Further outsourcing of non-core functions

Impactful savings

- › Q4 2024: Early benefits from cost initiatives
- › 2H 2025: Full impact of cost improvement initiatives and business model change

Key takeaways



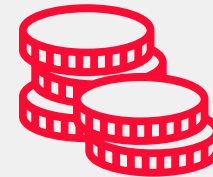
Disappointing results

Results for the quarter worse than expected impacted by overcapacity in Hub-and-Spoke market



New business model

Focus on Point-to-Point out of Iceland, complemented by Hub-and-Spoke
ACMI and charter operations globally



Cash

Cash position better than at same time last year, winter outlook good

Capital requirements



Cash position and cash flow projections are better than last winter



In connection with PLAY's new AOC and associated agreements with partners, PLAY might decide to raise capital during the coming winter or spring, somewhere in the organisational structure



Thank you

Questions to ir@flyplay.com



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