



FlyPLAY hf.

CONDENSED CONSOLIDATED INTERIM FINANCIAL
STATEMENTS

1 January - 30 June 2024

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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 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 36 destinations during Q2 2024.

The Condensed Consolidated Interim Financial Statements for the period from January 1 to June 30 2024 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 2024

According to the Condensed Consolidated Interim Financial Statement loss for the period was USD 29.7 million whereas loss for the quarter was USD 8.1 million. On June 30, 2024, equity amounted to USD 4.4 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 505 in the period thereof 242 men and 263 women, and salaries and related expenses amounted to USD 25.2 million.

PLAY's cash position including restricted cash amounted to USD 51.4 million (including restricted cash) on 30 June 2024. This is an increase in cash position compared to end of last year. On 24 April the Company completed an increase of share capital of USD 32 million.

From the start of operations PLAY has entered into lease agreements for a total of 10 new aircraft. In the quarter PLAY operated 10 aircraft compared to 9 aircraft in the same quarter last year. Any further expansions of fleet will depend on if aircraft can be secured at the right terms.

During Q2 2024, PLAY operated flights to 36 destinations in Europe and North America. Capacity measured in available seat kilometers increased by 11.7% compared to Q2 2023. Load factor increased from 84.6% in Q2 2023 to 85.7% in Q2 2024. In Q2 2024 PLAY flew 442 thousand passengers which is 13% more than the number of passengers flown in Q2 2023, when PLAY flew 392 thousand passengers.

PLAY's total assets amounted to 503 million USD on June 30.

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.:

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 2024, its assets, liabilities and financial position as at 30 June 2024 and its cash flows for the six-month period ended 30 June 2024.

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 2024 and confirm them by means of their signatures.

Reykjavik July 25, 2024

Board of Directors:

CEO:

Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income

	Notes	2024 Q2	2023 Q2	2024 1.1.-30.6	2023 1.1.-30.6
Revenue					
Transport revenue	6	78,327	73,144	132,773	105,884
		<u>78,327</u>	<u>73,144</u>	<u>132,773</u>	<u>105,884</u>
Operating expenses					
Aviation expenses	7	46,976	41,090	88,014	67,598
Salaries and other personnel expenses	8	12,907	11,380	25,245	19,650
Other operating expenses	9	7,447	5,965	13,495	10,882
		<u>67,330</u>	<u>58,435</u>	<u>126,754</u>	<u>98,131</u>
Operating profit before depreciation and Amortization (EBITDA)		10,997	14,709	6,018	7,753
Depreciation and Amortization	10	15,510	13,822	30,937	24,132
Operating profit (loss) (EBIT)		(4,513)	887	(24,919)	(16,379)
Financial income and expenses					
Financial income		687	484	858	844
Financial expenses		(7,055)	(7,222)	(14,238)	(11,762)
Foreign exchange		538	(33)	811	(796)
	11	<u>(5,830)</u>	<u>(6,771)</u>	<u>(12,569)</u>	<u>(11,715)</u>
Loss before tax (EBT)		(10,344)	(5,884)	(37,488)	(28,093)
Income tax		2,290	1,253	7,751	5,621
Loss for the period		(8,054)	(4,631)	(29,737)	(22,472)
Other comprehensive (loss) income					
Items that are or may be reclassified to the income statement on later date					
Net gain (loss) on fuel hedge, net of tax		416	(336)	341	(2,757)
Net gain (loss) on FX hedge, net of tax		177	0	177	0
		<u>593</u>	<u>(336)</u>	<u>518</u>	<u>(2,757)</u>
Total comprehensive loss for the period		(7,461)	(4,967)	(29,219)	(25,230)
Earnings per share					
Basic and diluted earnings per share (US cent)	15	(0.7)	(0.8)	(3.1)	(3.3)

Consolidated Statement of Financial Position at 30 June 2024

	Notes	30.6.2024	31.12.2023
Assets			
Intangible assets		14,381	14,195
Right-of-use assets	12	320,214	338,450
Operating assets		15,002	11,855
Aircraft deposits & security instalments		12,346	13,209
Deferred tax assets		34,040	26,290
Non-current assets		<u>395,983</u>	<u>403,998</u>
Inventories		349	180
Trade and other receivables	13	53,356	32,992
Prepaid expenses		2,187	2,755
Cash and cash equivalents	14	51,394	21,606
Current assets		<u>107,286</u>	<u>57,533</u>
Total assets		<u><u>503,269</u></u>	<u><u>461,531</u></u>
Shareholders equity			
Share capital		14,046	6,797
Share premium		125,897	101,490
Other components of equity		1,245	1,160
Accumulated loss		(136,761)	(107,542)
Total shareholder equity		<u>4,427</u>	<u>1,905</u>
Liabilities			
Provisions	16	65,557	75,965
Lease liabilities	17	243,721	247,761
Non-current liabilities		<u>309,279</u>	<u>323,726</u>
Provisions	16	22,200	20,399
Lease liabilities	17	26,822	25,300
Trade and other payables		62,755	43,731
Deferred income	18	77,786	46,471
Current liabilities		<u>189,564</u>	<u>135,900</u>
Total liabilities		<u>498,842</u>	<u>459,626</u>
Total shareholders equity and liabilities		<u><u>503,269</u></u>	<u><u>461,531</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
2023					
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	(25,230)	(25,230)
Balance at June 30	<u>6,740</u>	<u>100,587</u>	<u>14,439</u>	<u>(108,418)</u>	<u>13,348</u>
2024					
Balance at January 1	6,797	101,490	1,160	(107,542)	1,906
Share capital increase	7,249	24,406	0	0	31,655
Stock options	0	0	85	0	85
Total comprehensive loss	0	0	0	(29,219)	(29,219)
Balance at June 30	<u>14,046</u>	<u>125,897</u>	<u>1,245</u>	<u>(136,761)</u>	<u>4,427</u>

Consolidated Statement of Cash Flows

for the six months ended 30 June

	Notes	2024 Q2	2023 Q2	2024 1.1.-30.6	2023 1.1.-30.6
Cash flows used in operating activities					
Loss for the period		(8,054)	(4,631)	(29,737)	(22,472)
Adjustments for					
Depreciation and amortization	10	15,510	13,822	30,937	24,132
Net finance expense	11	5,830	6,771	12,569	11,715
Stock options		39	46	85	92
Deferred income tax		(2,290)	(1,253)	(7,751)	(5,621)
		<u>11,035</u>	<u>14,754</u>	<u>6,103</u>	<u>7,845</u>
Changes in operating assets and liabilities					
Inventories, increase		(169)	(513)	(169)	(177)
Trade and other receivables, decrease (increase)		5,993	5,068	(747)	(14,485)
Trade and other payables, increase (decrease)		(553)	19,348	21,312	57,809
Changes in operating assets and liabilities		<u>5,272</u>	<u>23,903</u>	<u>20,396</u>	<u>43,147</u>
		<u>16,307</u>	<u>38,657</u>	<u>26,499</u>	<u>50,992</u>
Cash from operations before int. and taxes					
Financial income received		0	484	858	844
Interest paid		(5,156)	(6,048)	(11,726)	(9,480)
Net cash from operating activities		<u>11,151</u>	<u>33,093</u>	<u>15,631</u>	<u>42,357</u>
Cash flows to investing activities					
Deposits		(52)	(385)	863	(930)
Investment of operating assets		(608)	(2,611)	(3,888)	(5,553)
Investment of intangible assets		(903)	(773)	(1,895)	(1,796)
Net cash used in investing activities		<u>(1,563)</u>	<u>(3,769)</u>	<u>(4,920)</u>	<u>(8,279)</u>
Cash flows from financing activities					
Repayment of lease liabilities	16. 17	(6,481)	(12,194)	(12,881)	(16,295)
Proceeds from share issue		31,655	0	31,655	0
Net cash (to)/from financing activities		<u>25,174</u>	<u>(12,194)</u>	<u>18,775</u>	<u>(16,295)</u>
Increase in cash and cash equivalents		<u>34,762</u>	<u>17,131</u>	<u>29,486</u>	<u>17,783</u>
Effect of exchange rate fluctuations on cash held		(597)	(241)	303	511
Cash and cash equiv. at beginning of the period		<u>17,229</u>	<u>37,638</u>	<u>21,606</u>	<u>36,234</u>
Cash and cash equivalents at the end of the period		<u><u>51,394</u></u>	<u><u>54,528</u></u>	<u><u>51,394</u></u>	<u><u>54,528</u></u>
Investment and financing without cash flow effect					
Acquisition of right-of-use assets	17	10,224	(69,034)	10,224	(134,023)
New leases	12	(10,224)	69,034	(10,224)	134,023
Capitalized maintenance obligation under lease	16	0	(21,231)	0	(42,149)
New leases	12	0	21,231	0	42,149

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 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 2024 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 2024 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 2023. The Financial Statements for the Group for the period ended 31 December 2023 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 July 25, 2024.

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 in the 2023 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 2023.

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 2023, except for the adoption of new standards effective as of 1 January 2024. 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 2024, 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.:

	2024	2023
6. Revenue		
Revenue is specified as follows:	11.-30.6	11.-30.6
Airfare	86,824	74,542
Ancillary	37,108	26,498
On board sales	4,787	1,922
Cargo revenue	2,359	1,824
Other revenue	1,695	1,099
Transport revenue total	132,773	105,884
7. Aviation expenses		
Aviation expenses are as follows:		
Aircraft fuel	44,426	35,094
Emissions permits (ETS)	(68)	3,506
Aircraft handling, landing and communication	32,774	22,082
Maintenance of aircraft	7,674	4,210
Catering	822	473
Other aviation expenses	2,385	2,233
Aviation expenses total	88,014	67,598
8. Salaries and other personnel expenses		
Salaries and other personnel expenses are specified as follows:		
Salaries	20,702	16,033
Accrued vacation	653	616
Pension fund contributions	2,143	1,629
Other salary related expenses	1,662	1,280
Stock options	85	92
Total salaries and other personnel expenses	25,245	19,650
Average number of full year equivalents	505	323
Employees at the end of the period	572	502
9. Other operating expenses		
Other operating expenses are as follows:		
Housing and office expenses	435	135
Marketing and sales expenses	4,743	4,179
IT cost	2,958	49
Travel and other employee expenses	4,605	4,058
Audit, legal and other professional services	667	2,411
Other operating expenses	86	50
Other operating expenses total	13,495	10,882
10. Depreciation and Amortization		
The depreciation and amortization are specified as follows:		
Amortization of intangible assets	1,709	1,293
Depreciation of right-of-use assets	28,488	22,314
Depreciation of operating assets	740	525
Depreciation and amortization recognized in profit or loss	30,937	24,132

Notes, cont.:

11 Financial income and (expenses)

Financial income and (expenses) is specified as follows:

	2024	2023
	11.-30.6	11.-30.6
Interest income on bank deposits	858	844
Interest expenses of lease liabilities	(10,930)	(9,201)
Other finance expenses and transaction fees	(3,308)	(2,561)
Net foreign currency exchange rate gain (loss)	811	(796)
Net financial expenses	<u>(12,569)</u>	<u>(11,715)</u>

12. Right-of-use assets

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

	Aircraft	Other	Total
Balance at January 1, 2023	296,595	1,445	298,040
Additions	90,323	0	90,323
Depreciation	(49,577)	(429)	(50,006)
Indexed leases	0	94	94
Balance at December 31, 2023	<u>337,340</u>	<u>1,110</u>	<u>338,450</u>
Balance at January 1, 2024	337,340	1,110	338,450
Additions	10,224	0	10,224
Depreciation	(28,267)	(220)	(28,488)
Indexed leases	0	28	28
Balance at June 30, 2024	<u>319,297</u>	<u>917</u>	<u>320,214</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.

14. Cash and cash equivalents

Restricted cash is held in bank accounts pledged against credit cards acquirers, tax authorities and airport operators. The largest amount (\$7.8 million) is pledged against credit card claims. Other restricted cash amounts (USD 2.6 m.) which are pledged against airport operators, handling agents and the tax authorities.

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

	2024	2023
	1.1.-30.6	1.1.-30.6
Loss for the period attributable to equity holders of the Group	(29,737)	(22,472)
Weighted average number of shares for the period	9,470	6,740
Basic earnings per share in US cent per share	(3.1)	(3.3)
Diluted earnings per share in US cent per share	(3.1)	(3.3)

16. Provisions

Provisions for aircraft maintenance on leased aircraft are as follows:

	2024	2023
	1.1.-30.6	1.1.-31.12
Balance at the beginning of the period	96,364	89,281
Increases in provisions during the period	0	21,289
Utilization of provision during the period	(8,606)	(14,206)
Balance at the end of the period	<u>87,757</u>	<u>96,364</u>
Current provisions	<u>(22,200)</u>	<u>(20,399)</u>
Total non-current provisions	<u>65,557</u>	<u>75,965</u>

17. Lease liabilities

The Group has in total ten aircraft on lease which constitute a financial lease under IFRS 16.

Lease liabilities are as follows:

	Rate	Year of maturity	Aircraft	Real estate	Total
Lease payments in USD	5.6%	8-12 years	269,678	0	269,678
Lease in ISK, indexed	4.3%	5 years	0	865	865
Total lease liabilities			<u>269,678</u>	<u>865</u>	<u>270,543</u>

	2024	2023
	1.1.-30.6	1.1.-31.12
Balance at the beginning of the period	273,060	224,053
New leases	10,224	69,034
Indexed leases	2	16
Payment of lease liabilities	(12,881)	(20,381)
Currency translation	139	339
Balance at the end of the period	<u>270,543</u>	<u>273,060</u>
Current maturities	<u>(26,822)</u>	<u>(25,300)</u>
Total non-current lease liabilities	<u>243,721</u>	<u>247,761</u>

Notes, cont.:

17. Lease liabilities cont.

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

Repayments 2024-2025	26,822
Repayments 2025-2026	28,309
Repayments 2026-2027	29,485
Repayments 2027-2028	31,134
Repayments 2028-2029	32,906
Subsequent repayments	121,887
Total lease liabilities	<u>270,543</u>

18. Deferred income

Among current payables is recognized deferred income in the amount of USD 77.8 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.

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 2024.