FLY Play hf.: Financial Results 2024

- **New business model already yielding results, evident in Q4 improvement**
- **Icelanders are choosing PLAY in greater numbers and 477 thousand passengers flew from Iceland with PLAY last year, a 17.1% increase from last year**
- **Revenues increased 4% between years, amounting to USD 292 million in 2024**
- **Revenue per available seat kilometer (RASK) for Q4 increased by 17% year-over-year, due to higher average prices and better load factor.***
- **Play has negotiated commercial terms of deployment of three aircraft from next spring on long-term ACMI to a European airline until year end 2027. This ensures high level of predictability for PLAY's income.**
- **Load factor in Q4 improved year-over-year by 4.2 percentage points, from 78.3% in 2023 to 82.5% in 2024, despite the reduced capacity**
- **Load factor for 2024 improved between years, from 83.4% to 85.3%**
- **EBIT was negative 30.5 million USD in 2024, impacted by slightly lower unit revenue.**
- **EBIT improved by USD 4.7 million in Q4 YoY, driven by year-on-year increase in average income, increase in RASK and cost reductions.**
- **PLAY carried 1.6 million passengers in the full year of 2024, of which 336 thousand passengers were in Q4.**
- **On-time performance in Q4 was 82.7% compared with 87.5% in the full year 2024.**
- **PLAY had ten aircraft in its fleet and 42 destinations in its route network by the end of 2024.**
- **Cost per available seat kilometer (CASK) for Q4 increased by 2.1% YoY, from 6.0 US cents to 6.1 US cents. CASK for the full year 2024 was the same as for the previous year: 5.6 US cents.***
- **Cost per available seat kilometer excluding fuel and emissions (Ex-Fuel CASK) for the full year 2024 increased by 4.7%, from 3.8 to 4.0. Ex-Fuel CASK in Q4 2024 was 4.4 US cents, compared to 4.2 US cents in Q4 2023.***

*Net of ACMI, charter and year-end corrective entries.

Einar Örn Ólafsson, CEO:

The transformation of PLAY's business model is becoming increasingly evident, and its impact is reflected in our Q4 results. While our EBIT remains substandard, we saw a clear improvement in Q4, signaling that our revised flight schedule is already driving higher revenues and improved financials. Looking ahead to 2025, we are optimistic about continued progress.

The positive impact of the new business model cannot yet be factored in the unmodified audit opinion of PLAY's financial statements. We, however, firmly believe that these changes will improve the economics of the company significantly in 2025. Our cash position has strengthened compared to the same period last year, and PLAY's business outlook has significantly improved. Market conditions may change, however, so raising capital cannot be ruled out.

The net loss of the year 2024 is much higher than the actual operating loss. This is due to write-down of tax assets of USD 24.1 million, which is a non-cash event and purely an accounting measure. This is a cautious accounting approach on the company's behalf.

Icelanders are choosing PLAY in greater numbers and 477 thousand passengers flew from Iceland with PLAY last year, which is a 17.1% increase from the previous year, or 70,000 more passengers. Our shift toward leisure-focused routes has yielded positive results, with sold seats to leisure destinations growing by 18.4%. All this indicates that PLAY has become the airline of choice for Icelanders booking sunny getaways, with many passengers choosing to fly with PLAY multiple times throughout the year.

We remain committed to implementing our new business model, focusing on popular and profitable routes while finding new projects for our fleet. Play has negotiated commercial terms of deployment of three aircraft from next spring on long term ACMI to an European airline until 2027. This project will put PLAY's profitability in line with the company's previous projections, adding highly stable and positive operations to this portion of the company's business.

Our key focus in 2025 is to maximize cost efficiency, and we have already taken measures expected to reduce overhead costs by 15-20% during the year. We remain committed to identifying innovative ways to further improve services while controlling expenses With higher yields and lower costs, we anticipate considerable improvements in our operations.

I am grateful to my colleagues at PLAY for their immense contribution. Their professionalism, adaptability, and resourcefulness has been vital as we navigate new challenges. As in previous years, we will continue our mission to maintain world-class on-time performance while delivering exceptional service and competitive fares to our passengers.

*Net of ACMI, charter and year-end corrective entries.

Operating statistics		Q4 2024	Q4 2023	Change	2024	2023	Change
Number of flights	no.	2,203	2,556	-353	10,309	9,645	664
Number of operating destinations	no.	35	33	2	42	38	4
Number of aircraft in operation	no.	10	10	0	10	10	0
Percentage of arrivals on time (OTP)	%	83%	78%	4 ppt	87%	83%	4 ppt
Number of passengers	000s	336	376	-11%	1,648	1,521	8%
Available seat kilometers (ASK)	mill	1,191	1,427	-17%	5,739	5,415	6%
Revenue passenger kilometers (RPK)	mill	982	1,118	-12%	4,894	4,514	8%
Stage length (km)	no.	2,933	3,004	-2%	2,974	2,943	1%
Load factor	%	82%	78%	4 ppt	85%	83%	2 ppt
Seats available	000s	406	478	-15%	1,930	1,831	5%
Income statement							
Operating revenue	USD mill	59.0	65.7	-6.7	292.2	281.8	10.4
Operating expenses	USD mill	80.2	90.4	-10.1	282.3	270.4	11.9
EBIT	USD mill	-15.3	-19.9	4.7	-30.5	-23.0	-7.6
EBIT margin	%	-25.9%	-30.4%	4.4 ppt	-10.5%	-8.1%	-2.6 ppt
Net operating results	USD mill	-39.8	-17.2	-22.6	-66.0	-35.0	-31.0
Balance sheet							
Total assets	USD mill	-	-	-	364.33	405.5	-41.2
Total liabilities	USD mill	-	-	-	397.44	403.5	-6.0
Total shareholders equity	USD mill	-	-	-	-33.11	2.1	-35.2
Equity ratio	%	-	-	-	-9.1%	0.5%	-9.6 ppt
Cash and cash equivalents (incl. restricted)	USD mill	-	-	-	23.60	21.6	2.0
Share information							
Share price at period-end	Per share	-	-	-	1.0	7.8	-6.8
Earnings per share	US cents	-	-	-	-5.6	-5.20	-0.4
Key statistics							
Airfare per passenger	USD	115	105	10%	116	123	-6%
Ancillary per passenger	USD	55	51	8%	55	54	2%
Yield per passenger	USD	170	156	9%	171	177	-3%
RASK	US cents	4.8	4.1	17%	4.9	5.0	-1%
CASK (incl. Fuel & emissions)	US cents	6.1	6.0	2%	5.6	5.6	0%
CASK (excl. Fuel & emissions)	US cents	4.4	4.2	6%	4.0	3.8	5%
CO_2 per RPK (grams CO_2 per RPK)	no.	60	64	-6%	59	60	-3%
CO_2 emissions in tons from jet fuel	no.	59,316	71,720	-17%	287,273	272,636	5%

*Net of ACMI, charter and year-end corrective entries.

Traffic Data

PLAY carried 336 thousand passengers in Q4 2024 with a load factor of 82.5%, compared to 78.3% in Q4 2023. PLAY carried 1.6 million passengers for the full year of 2024 with a load factor of 85.3%. PLAY´s on-time performance in Q4 was 82.7% and 87.5% in the full year 2024.

Of the passengers flying with PLAY in Q4 2024, 31.8% were flying from Iceland, 37.8% were flying to Iceland and 30.4% were connecting passengers (VIA). For the full year of 2024, 29% were flying from Iceland, 32% were flying to Iceland and 39% were connecting passengers. The lower proportion of connecting passengers is in line with the company's new focus.

PLAY added new destinations to its network in 2024: Marrakech, Madeira, Vilnius, Split, Faro, Aalborg, Cardiff, Antalya and Pula.

Our customer satisfaction (NPS) increased substantially in 2024, or by 27% compared to 2023. This is thanks to the sustained efforts of PLAY staff to improve the services provided to customers.

Financials

Total revenue for Q4 2024 was USD 59.0 million, compared to USD 65.7 million in Q4 2023. Revenue decreased by 10.2% compared to last year, driven by reduced capacity and schedule changes.

Total revenue for the full year 2024 was USD 292.2 million, compared to USD 281.8 million in 2023. The increase is mainly due to increased passenger capacity during the year. Ancillary revenue for the full year 2024 was USD 90.3 million, compared to USD 82.6 million in 2023.

Passenger revenue per available seat kilometer (RASK) for Q4 increased by 17% year-over-year, from 4.1 US cents to 4.8 US cents, due to higher average prices and better load factor. RASK for the full year of 2024 was 4.9 US cents, compared to 5.0 US cents in 2023.*

Cost per available seat kilometer (CASK) in Q4 was 6.1 US cents, compared to 6.0 US cents in Q4 2023. CASK for the full year 2024 was 5.6 US cents, the same as in 2023.*

Cost per available seat kilometer excluding fuel and emissions (Ex-Fuel CASK) in Q4 was 4.4 US cents, compared to 4.2 US cents in Q4 2023. Ex-Fuel CASK for the full year of 2024 was 4.0 US cents, compared to 3.8 US cents in 2023.*

EBIT was negative USD 15.3 million in Q4 2024, compared to negative USD 19.9 million in Q4 2023. This means that EBIT improved by USD 4.7 million, driven by a year-on-year increase in average income, increase in RASK and cost reductions.

EBIT decreased for the full year of 2024, from negative USD 23.0 million in 2023 to negative USD 30.5 million, mostly due to slight decrease in unit revenue.

Net loss in Q4 amounted to USD 39.8 million. The recorded net loss for 2024 was USD 66.0 million, thereof USD 24.1 million due to the derecognition of deferred tax loss carryforwards.

*Net of ACMI, charter and year-end corrective entries.

In light of the Company's significant changes to its business model, and in accordance with the accounting standard *IAS 12 – Income Taxes*, management has adopted a conservative approach regarding the recognition of deferred tax assets (DTA) related to tax loss carry forwards. Although the Company continues to hold significant tax loss carry forwards and remains confident that these will be utilized in the future, the associated DTA has been derecognized due to the inherent uncertainty in whether the Company's tax losses can be utilised against profits in coming years.

This derecognition has a significant impact on the Company's equity, resulting in negative equity of USD 33.1 million as of year-end 2024 , thereof USD 24.1 million due to the derecognition. However, it is important to emphasize that this accounting adjustment does not affect the Company's underlying tax attributes or its future ability to utilize the tax loss carryforwards once sufficient taxable profits are generated. The derecognition is an accounting decision based on IAS 12 requirements rather than an indication of a reduction in the economic benefits of these tax attributes. This measure has no effect on the Company's operations, financial position or long-term prospects. The company's position is strong and this measure is only indicative of prudent and responsible financial statements.

It should be noted that it is common for airlines to have negative equity. Airlines including Wizzair, American Airlines, Delta and Air Canada have all had negative equity in recent years, but have nevertheless been responsible for stable flight operations.

PLAY's cash position at the end of 2024 was USD 23.6 million, compared to USD 21.6 million in 2023. The cash position is therefore stronger than in the previous year, while business prospects are likewise improved. The Company is constantly looking for ways to best ensure its liquidity, including by rationalizing working capital, but if market conditions change, a capital increase of the Company or its subsidiary may be considered.

Like last year, the company's auditors issued an unmodified audit opinion, which included an emphasis of matter paragraph regarding the company's going concern. In this paragraph, the auditors do not take into account the positive effect of PLAY's new business model going forward. As mentioned above, our ACMI business will increase the company's profitability and ensure high predictability in operations.

Outlook

The Company's unit revenue has improved year-over-year for the past five months. The Company expects this trend to continue in 2025. This is mainly due to the Company's increased focus on holiday destinations that deliver higher average prices. In 2025, the Company will continue to focus on a wide range of destinations.

An agreement regarding the three aircraft as of next spring will deliver increased profitability, in line with the Company's previously published material and exceeding that of previous years. These agreements will ensure a high level of predictability in PLAY's operations.

Our key focus in 2025 is to maximize cost efficiency, and we have already taken measures, including a smaller route network and more technical innovations, that are expected to reduce overhead costs by 15-20%. PLAY has also concluded more advantageous agreements with suppliers, and our Vilnius office will also reduce costs.

Q1 2025 is expected to deliver similar results as Q1 2024, despite Easter falling on Q2 in 2025. Improved EBIT is expected in all other quarters.

*Net of ACMI, charter and year-end corrective entries.

Further information

CEO Einar Örn Ólafsson will present the company's results on Tuesday, February 18, at 9:00am. The presentation will be streamed in English via webcast: https://www.flyplay.com/en/financial-reports-and-presentations

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