

# Q2 2024 Results



**PLAY**

July 25, 2024



# PLAY at a glance Q2 2024



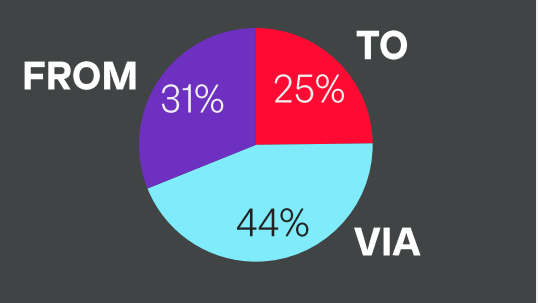
**85.9%**  
Load factor



**10 aircraft in operation**



**89.3%**  
On-time performance



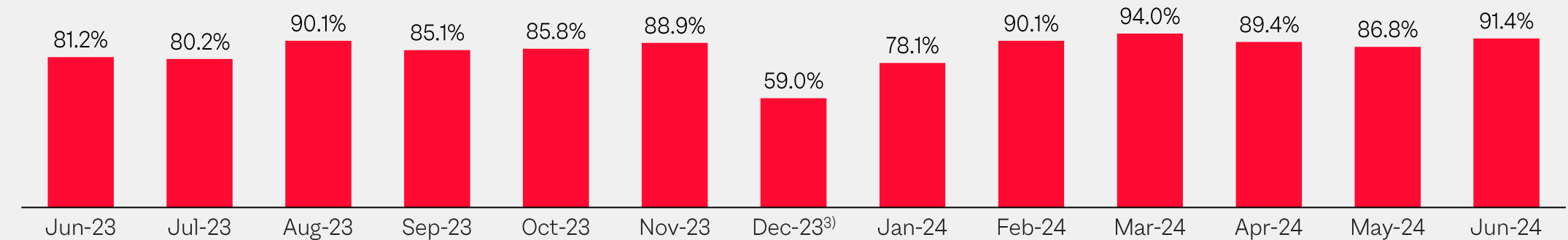
<sup>1)</sup> Operated to during Q2 2024

# PLAY most punctual airline in KEF 1)

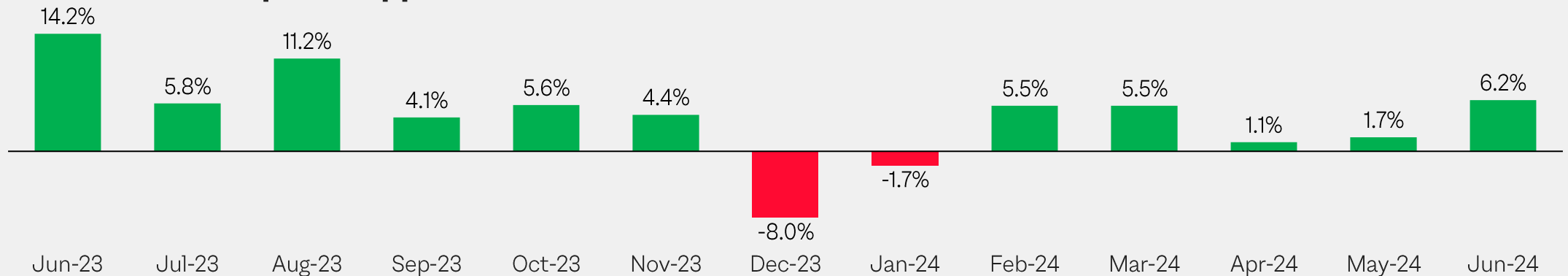
Continued strong on-time performance versus main competitor

## Monthly on-time performance (OTP)

All arrivals



## Versus main competitor (ppts)<sup>2) 3)</sup>



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

# What's new in Q2

## The only Icelandic airline in Top 100 at the World Airline Awards

- › PLAY was awarded "Best Low-Cost Airline in Northern Europe" at the World Airline Awards second year in a row
- › The awards are based on customer satisfaction
- › PLAY was number 10 on the list of best low-cost airlines in Europe
  - › Climbed four seats on the top 100 list of best airlines in the world

## PLAY turned three

- › PLAY celebrated its third anniversary in the quarter
- › Reaching stability and maturity in our markets





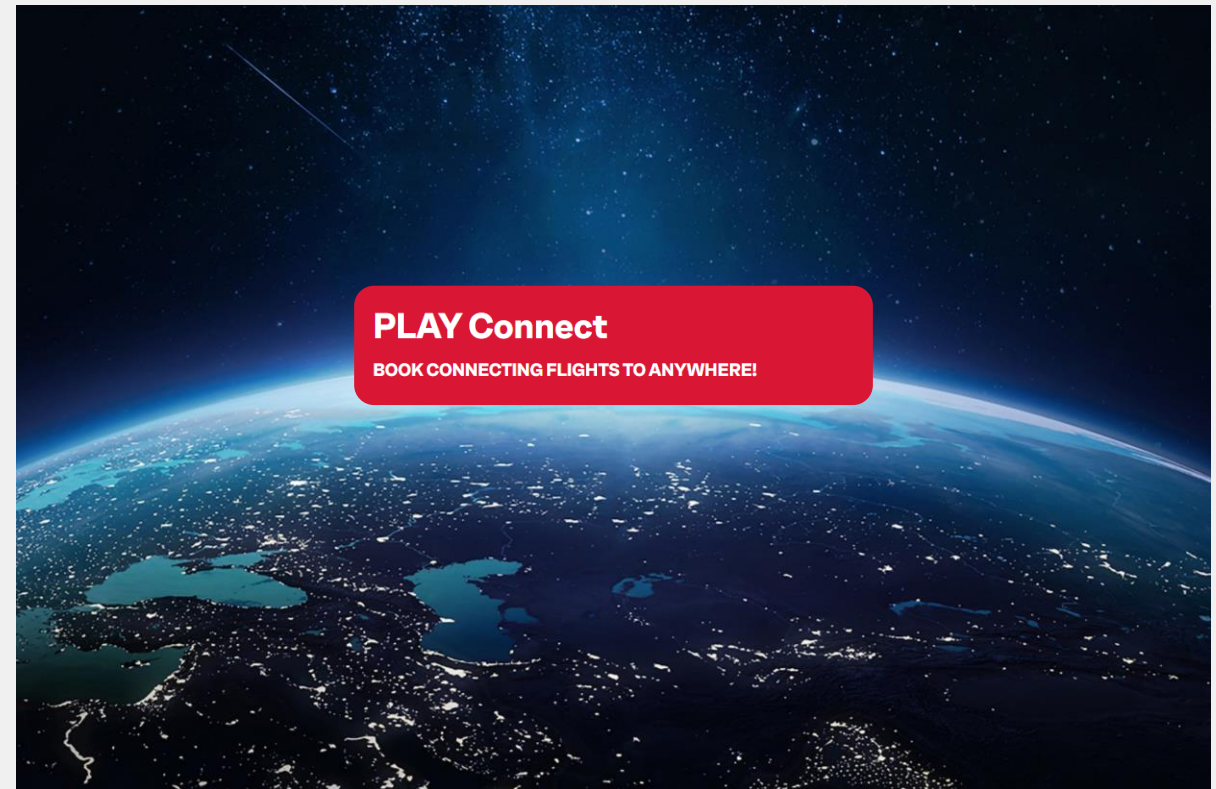
# PLAY Connect and new partnerships increase connectivity and distribution capability

## PLAY Connect went live

- › PLAY expanded the partnership with Dohop with the launch of PLAY Connect, which taps into new demand by connecting PLAY's network with several airline partners. This allows PLAY to offer its customers connections worldwide
  - › Since launching in mid May, passengers have booked one-stop connections, for example to Texas and Cyprus which are not served directly from Iceland

## PLAY's flights now live in GDS'

- › PLAY also announced partnership with GO7 to broaden its distribution capability. PLAY is now live in the major global distribution systems (GDSs) worldwide through GO7, enabling travel agencies around the globe to book PLAY's flights
  - › Encouraging signs in markets that are more accustomed to GDS distribution



# Happy team, doing what they do best

## HR statistics last 12 months

- › Over 5,500 applications received
- › 200 new employees were onboarded in the last few months, making the total number of employees 572 at the end of Q2
- › 20% of our employees have developed into new positions within PLAY so far this year

## Happy team

**91%** Proud to work for PLAY

**96%** Enjoy working at PLAY

**86%** Have a positive experience working for PLAY

**97%** Feel they do what they do best at work







# Financial Results

**PLAY**



# Financial snapshot

Q2 2024



USD **78.3** million  
Revenue



USD **-4.5** million  
EBIT

USD **51.4** million  
Cash position



**3.8** cents  
Ex-fuel CASK



**5.1** cents  
TRASK<sup>2)</sup>



**0**  
External IBD<sup>1)</sup>

1) IBD = Interest Bearing Debt

2) TRASK = total revenue per available seat kilometer. Includes all revenue.

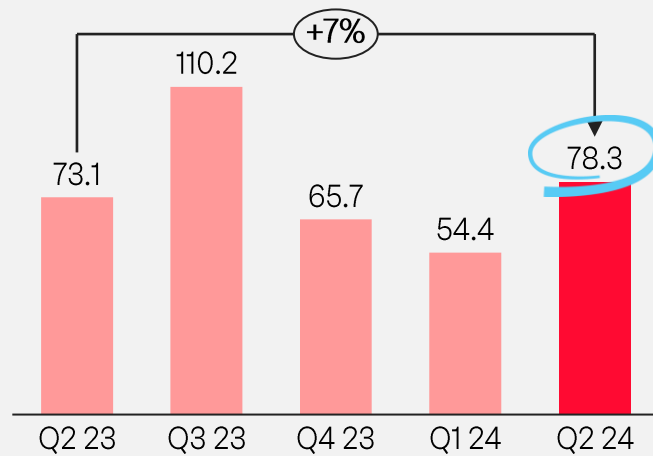


# Financial highlights

Q2 2023

## Revenue

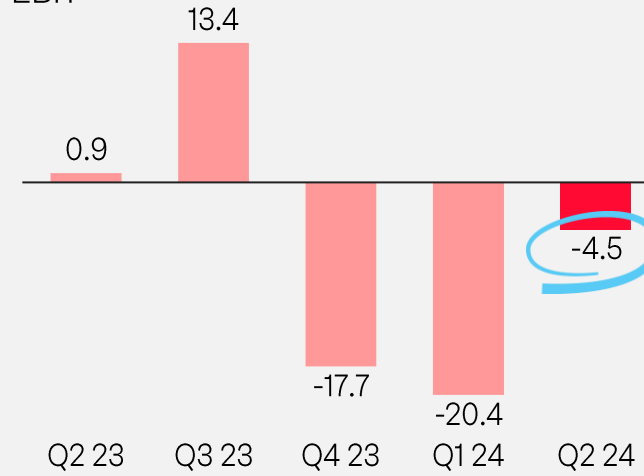
Total Revenue



- › Total revenue USD 78.3 million
- › Q2 ASK up by 12% YoY
- › Ten aircraft in Q2 2024 compared to nine in 2023

## Financial performance

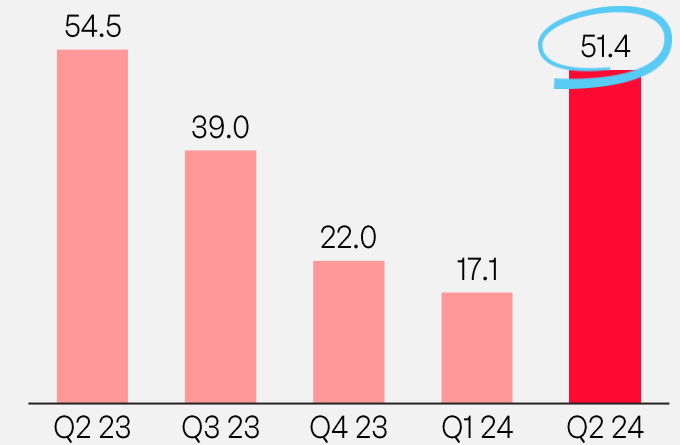
EBIT



- › EBIT was negative USD 4.5 million in Q2 2024, compared to positive USD 0.9 million in Q2 2023
- › EBIT affected by Easter shifting to Q1 in 2024 compared to 2023 and lingering effects of seismic activity in Reykjanes

## Balance sheet

Cash



- › Positive cash from operation
- › Share capital increase of USD 31.7 million in April
- › Cash position of USD 51.4 million including restricted cash
- › No external interest-bearing debt

# Income Statement

Q2 2024

## Operating income

- › The load factor rose 1.2 percentage points alongside a 11.7% ASK increase
- › 7.1% increase of total revenue in Q2 2024 compared to Q2 2023
- › Ancillary revenue up by 18% compared to Q2 2023
- › Cargo revenue up by 44% compared to Q2 2023

## EBIT

- › EBIT USD -4.5 million for the quarter
- › EBIT for the full year projected to be considerably better than 2023

## Depreciation and financial expenses

- › Ten aircraft in operation in Q2 2024

USD million	Q2 2024	Q2 2023*	Change
Airfare Revenue	51.7	50.6	1.1
Ancillary Revenue	24.3	20.6	3.7
Cargo Revenue	1.3	0.9	0.4
Other Revenue	1.0	1.0	0.0
<b>Operating income</b>	<b>78.3</b>	<b>73.1</b>	<b>5.2</b>
Salaries and related expenses	-15.3	-12.4	-3.0
Fuel & ETS	-24.5	-23.8	-0.7
Other aviation expenses	-22.3	-17.2	-5.1
Other operating expenses	-5.1	-5.0	-0.1
<b>Operating expenses</b>	<b>-67.3</b>	<b>-58.4</b>	<b>-8.9</b>
Depreciation and amortisation	-15.5	-13.8	-1.7
<b>EBIT</b>	<b>-4.5</b>	<b>0.9</b>	<b>-5.4</b>
<b>EBIT %</b>	<b>-5.8%</b>	<b>1.2%</b>	<b>-7.0ppt</b>
Financial Expenses	-5.8	-6.8	0.9
<b>EBT</b>	<b>-10.3</b>	<b>-5.9</b>	<b>-4.5</b>
Income tax	2.3	1.3	1.0
<b>Net result for the period</b>	<b>-8.1</b>	<b>-4.6</b>	<b>-3.4</b>
Other comprehensive (loss) income	0.6	-0.3	0.9

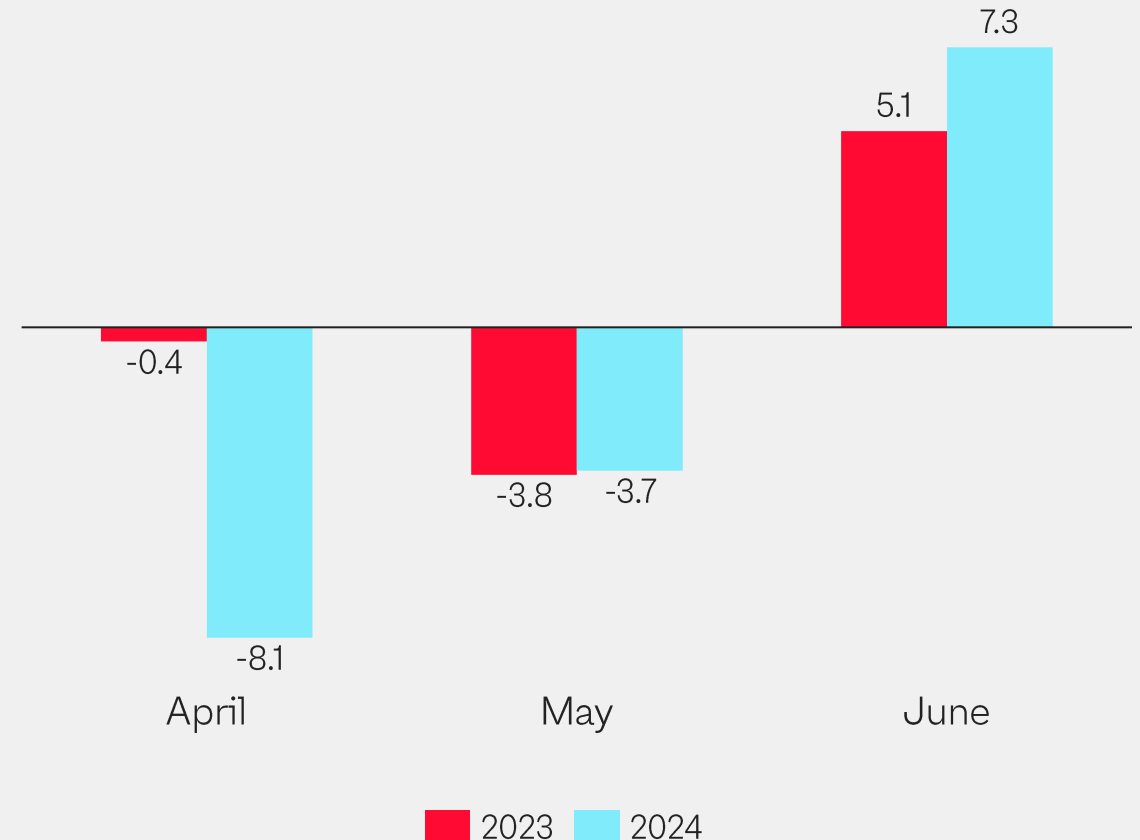


# Encouraging signs within the quarter despite headwinds

- › First half of Q2 was negatively impacted by:
  - › Shifting of Easter between quarters
  - › Various expenses increasing in April
- › Overall Q2 results impacted by:
  - › Softer VIA market
  - › Weaker TO market:
    - › Reduced competitiveness of Iceland;
    - › Prolonged negative impact on demand from the seismic activity on the Reykjanes peninsula; and
    - › Lack of promotional activity for Iceland in general during critical times resulting in lost traffic to other Nordic countries
- › Second half of Q2 showing year-on-year improvement despite headwinds

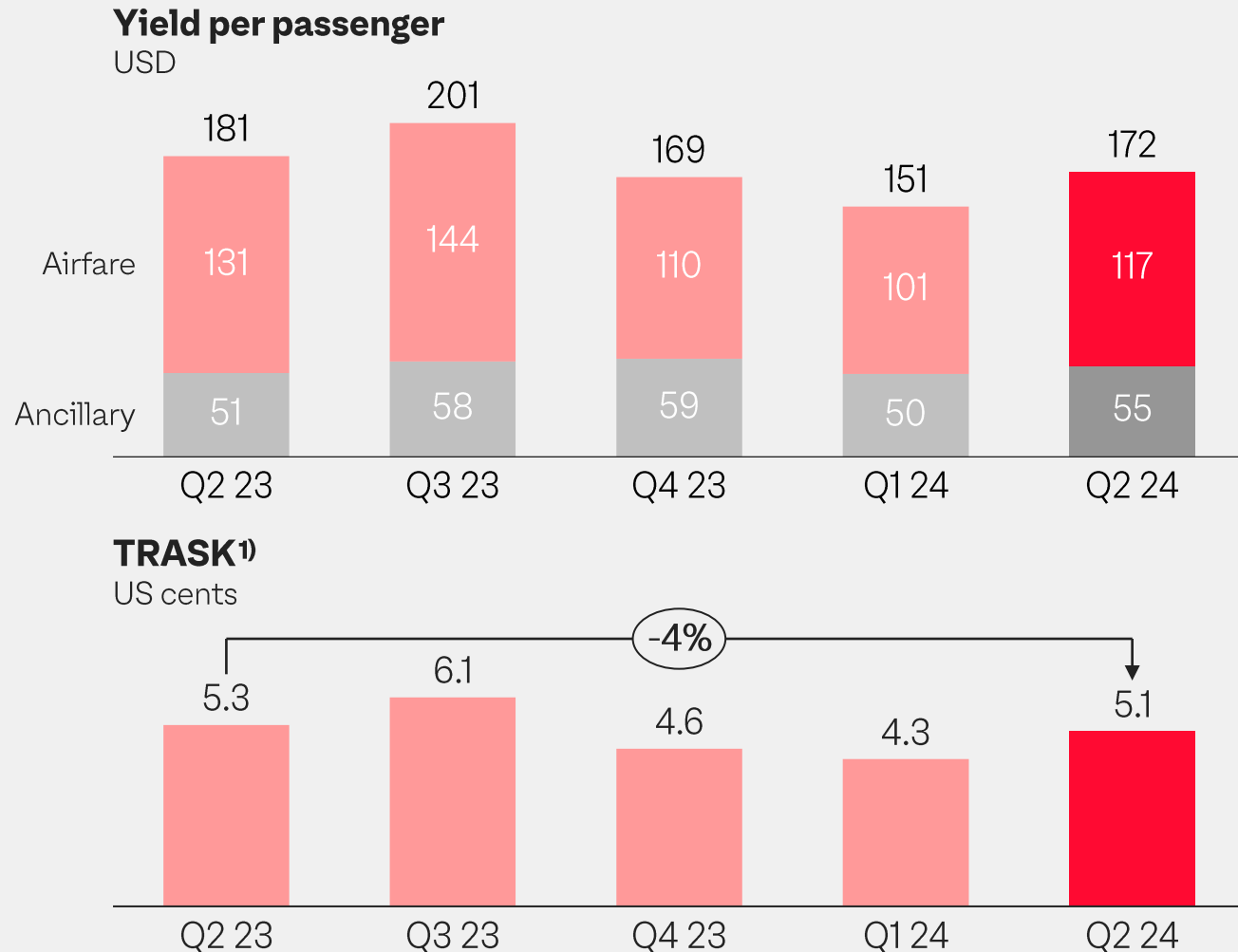
## EBIT per month

USD million



# Operating income

- › 9% increase in ancillary yield per passenger
- › Yields were affected by the forementioned deteriorating performance of the VIA market
  - › Higher portion of revenue from TO and FROM markets YoY
- › Unit revenue (TRASK) decreased by 4% compared to last year
  - › The European side of the network showed improving year-on-year performance whereas North America performed below last year



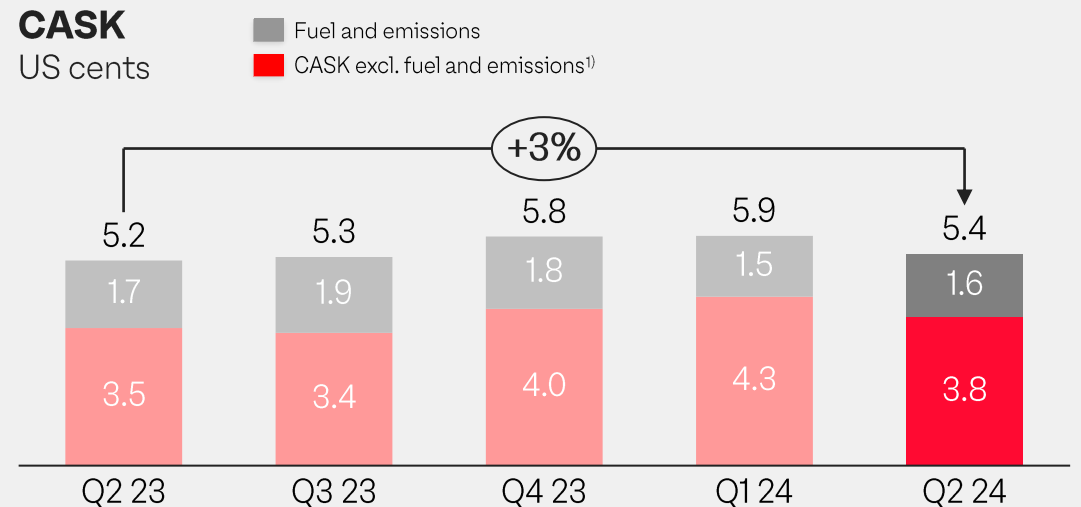
<sup>1)</sup>TRASK: total revenue per available seat kilometer. Includes all revenue.



# Operating Expenses

- › CASK up 3% year-on-year – Ex-fuel CASK<sup>1)</sup> up 8%. Year-on-year increase driven by:
  - › Early easter, coupled with capacity adjustments in April, resulted in higher unit cost, particularly regarding staff cost
  - › Maintenance costs were higher due to spare engine lease costs incurred this year, and not last year, to improve operational resilience
  - › Airport costs were higher due to expiration of new route incentives at airports and higher fees and charges in KEF
  - › Marketing costs were higher due to increased marketing activity in response to softer VIA market and lingering negative impact on demand from the seismic activity on the Reykjanes peninsula
  
- › Favorable trends in ETS<sup>2)</sup> prices impacting fuel expenses positively

CASK (US Cents)	Q2 2024	Q2 2023	% Var
Staff cost	0.99	0.89	11%
Maintenance, materials & repairs	0.19	0.15	26%
Airport, handling & en-route	0.97	0.84	15%
Depreciation & amortization	1.00	1.00	0%
Distribution & marketing	0.17	0.16	7%
Other	0.45	0.45	-1%
<b>Total non-fuel</b>	<b>3.78</b>	<b>3.50</b>	<b>8%</b>
Fuel	1.59	1.72	-8%
<b>Total</b>	<b>5.37</b>	<b>5.23</b>	<b>3%</b>



1) Ex-fuel CASK refers to cost per available seat kilometer (ASK) excluding fuel and emissions cost  
 2) ETS: EU Emissions Trading System

# Balance sheet

## Assets

- › PLAY's cash position was USD 51.4 million, including restricted cash
  - › Similar as same time last year
  - › Expecting vastly better performance in second half of the year
- › Significant increase in receivables and deferred income due to seasonality of operations

## Equity and liabilities

- › Liabilities mainly due to lease and provision liabilities related to aircraft lease agreements
- › Provisions, total USD 88 million, represent net present value of unsettled future maintenance
- › Monthly payments to cover future maintenance
- › No external interest-bearing debt at quarter end

USD million	30.6.2024	31.12.2023
Intangible assets	14.4	14.2
Right-of-use assets	320.2	338.4
Operating assets	15.0	11.9
Deposits	12.3	13.2
Tax assets	34.0	26.3
<b>Non-current assets</b>	<b>396.0</b>	<b>404.0</b>
Inventories	0.3	0.2
Trade and other receivables	53.4	33.0
Prepaid expenses	2.2	2.8
Cash and cash equivalents	51.4	21.6
<b>Current assets</b>	<b>107.3</b>	<b>57.5</b>
<b>Total assets</b>	<b>503.3</b>	<b>461.5</b>
<b>Shareholders equity</b>	<b>4.4</b>	<b>1.9</b>
Provisions	65.6	76.0
Lease liabilities	243.7	247.8
<b>Non-current liabilities</b>	<b>309.3</b>	<b>323.7</b>
Provisions	22.2	20.4
Lease liabilities	26.8	25.3
Trade and other payables	62.8	43.7
Deferred income	77.8	46.5
<b>Current liabilities</b>	<b>189.6</b>	<b>135.9</b>
<b>Total liabilities</b>	<b>498.8</b>	<b>459.6</b>
<b>Total equity and liabilities</b>	<b>503.3</b>	<b>461.5</b>

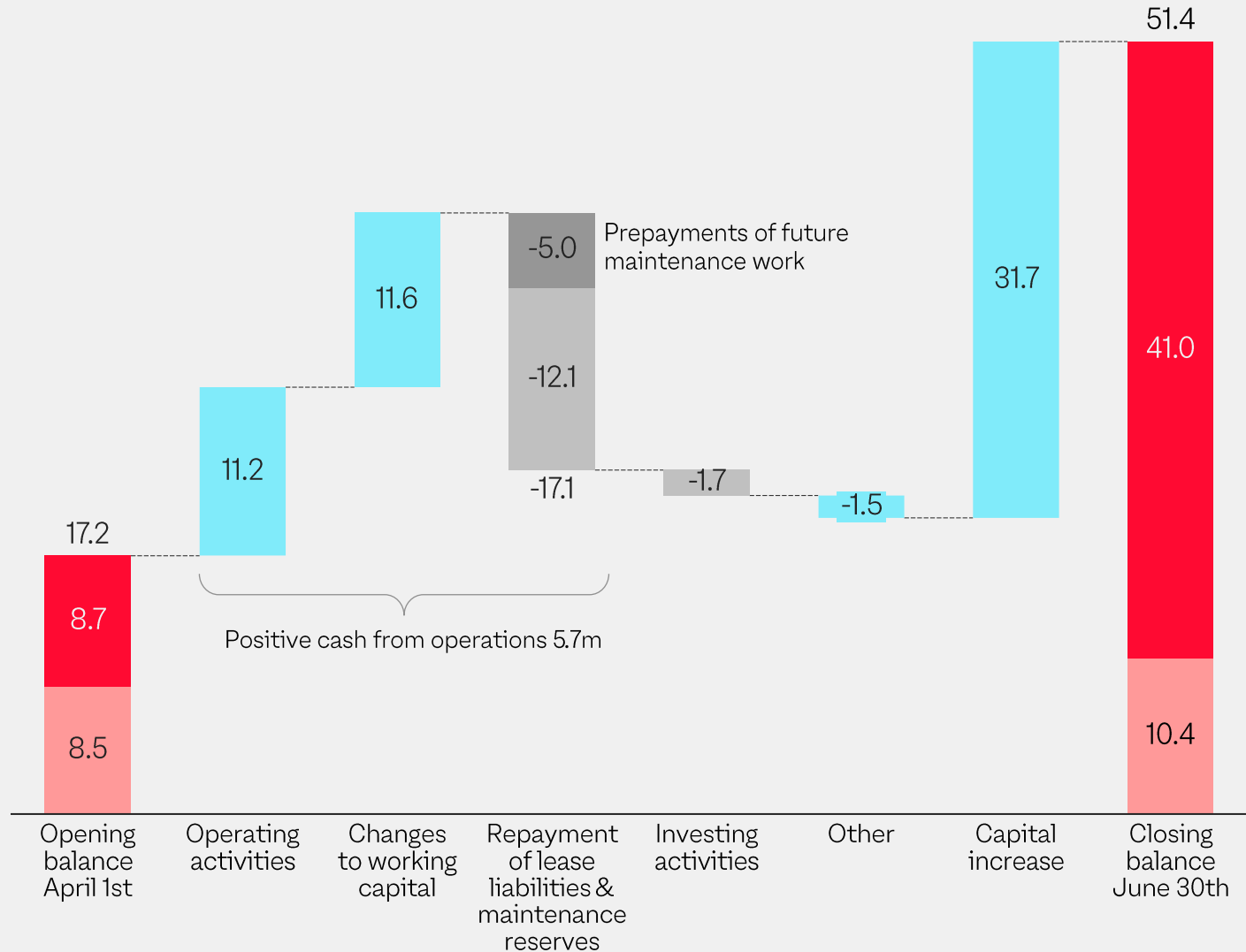


# Cash flow Q2 2024

- › Positive net operating cash flow USD 5.7 million
  - › Positive contribution of USD 11.6 million in working capital, USD 10 million less compared to the same period last year due to network stabilization
  - › Total repayment of lease liabilities was USD 17.1 million in Q2 2024
- › Net cash used in investing activities consists of IT systems and other investments of USD 1.7 million
- › Share capital increase of USD 31.7 million in April

## Closing balance end of Q2 USD 51.4 million

- › Restricted cash of USD 10.4 million and cash and cash equivalents of USD 41.0 million

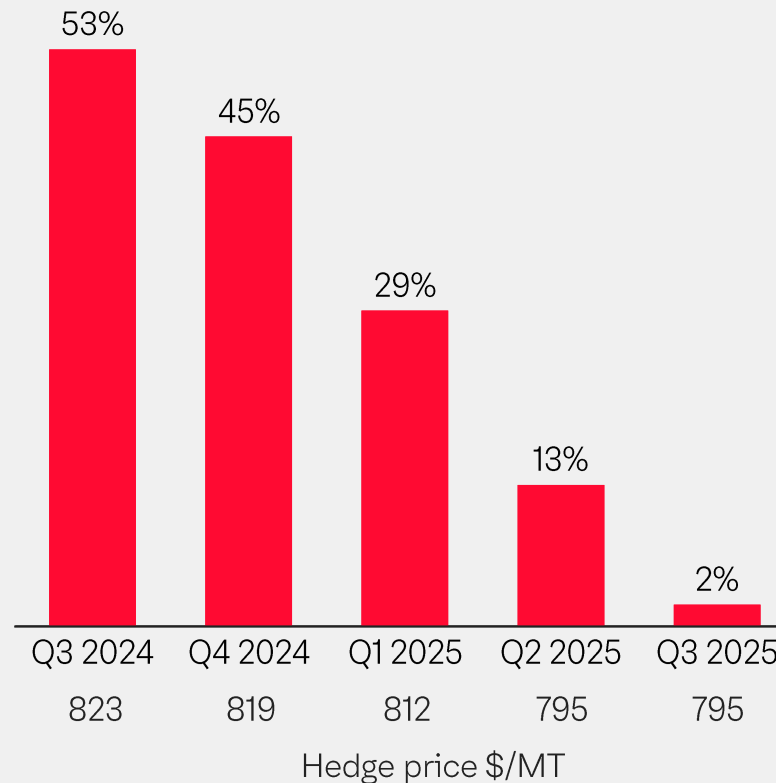


# Fuel price development and fuel hedging

- › Hedge strategy
  - › 1-3 months - Up to 60%
  - › 4-6 months - Up to 40%
  - › 7-12 months - Up to 30%
- › Current spot (\$/MT)<sup>1)</sup>  
@ 24.7.204 - \$803
- › Hedge position helped smoothen out fluctuations in market price

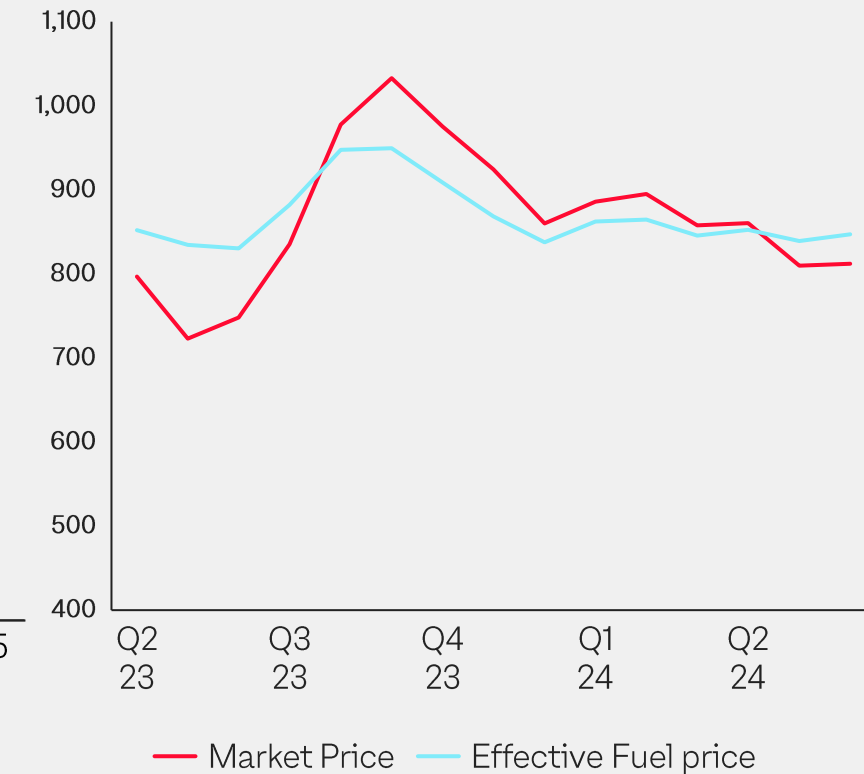
## Fuel Hedging

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



## Jet Fuel Price

Monthly average \$/MT



<sup>1)</sup> \$/MT = US dollar pr. metric ton





# CEO Update & Outlook

**PLAY**

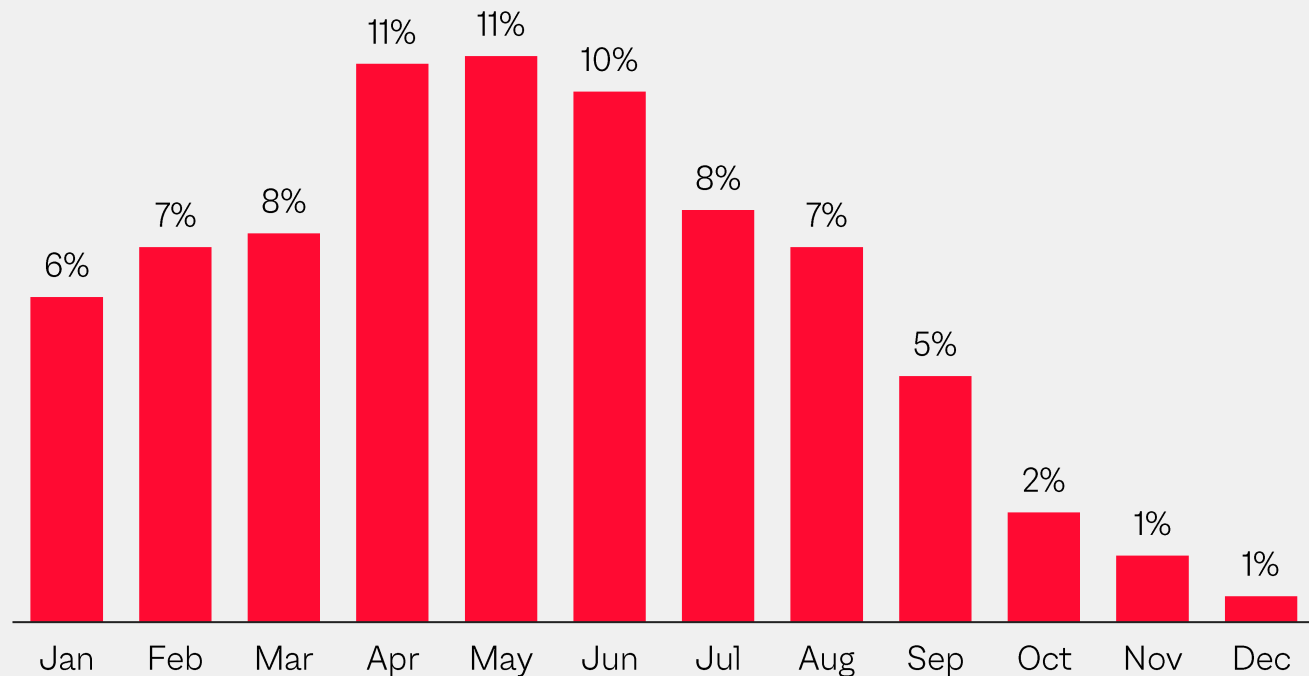


# Transatlantic capacity development and outlook

- › Overcapacity in the Transatlantic market affecting performance in the industry
- › Airlines have been reducing capacity for the fall and winter, and growth is currently set to decelerate based on published schedules
  - › In Q4, direct seat capacity between PLAY's core VIA markets is expected to fall year-on-year

## Year-on-Year Change in Transatlantic Seat Capacity <sup>1)</sup>

2024 compared to 2023. Seats on direct services only



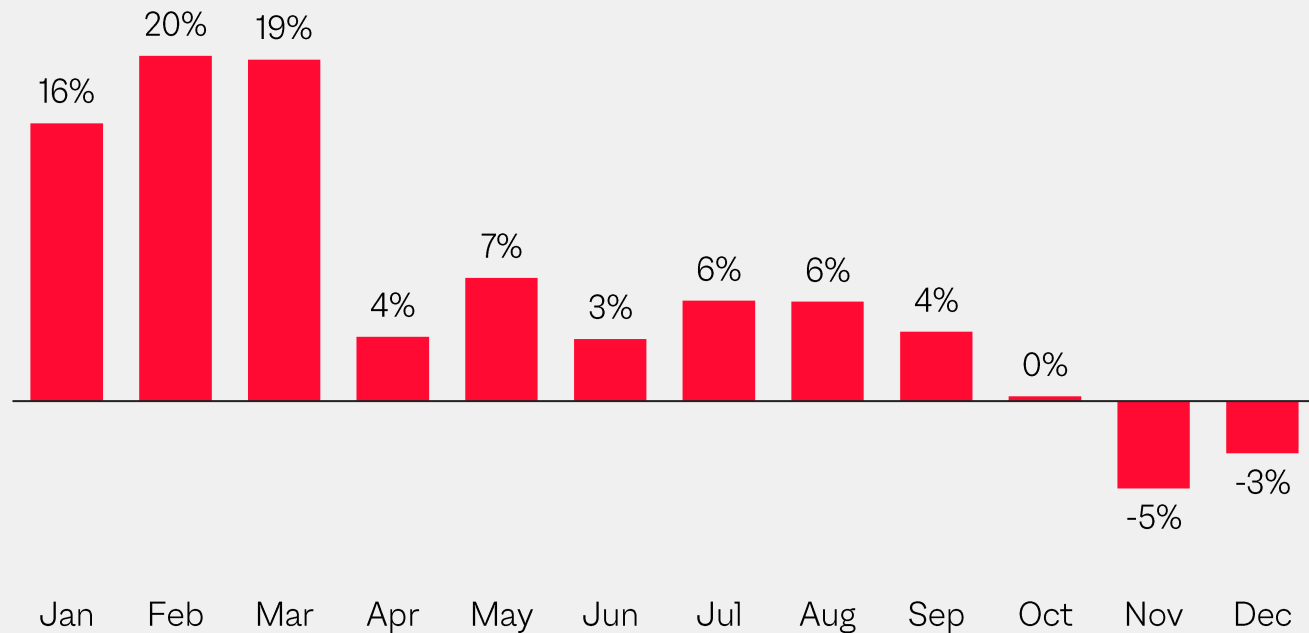
1) Based on OAG Schedules as of 22 July 2024. Excludes Iceland and Greenland

2) PLAY's core VIA markets includes Boston, Washington/Baltimore, New York and Toronto in North America and London, Paris, Amsterdam, Copenhagen, Dublin and Berlin in Europe

# Local market capacity development and outlook

- › Significant capacity investment in Q1 2024 coincided with a drop in demand due to seismic activity
- › This had a negative impact on PLAY's results in the first months of the year, despite adjustments to the network
- › Year-on-year growth in seat capacity at KEF is expected to remain at historically low levels in Q3 at circa 5%
- › Based on published schedules for airlines operating at KEF, Q4 2024 seat capacity is expected to decline by 2% compared to Q4 2023

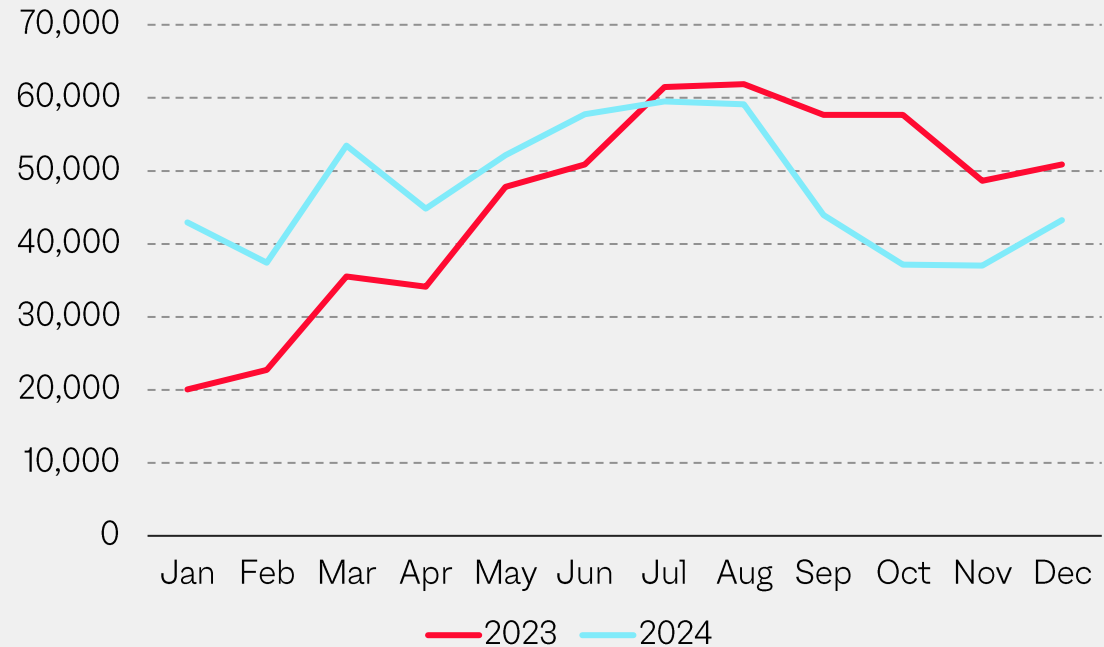
**Year-on-Year Change in Total Seat Capacity at KEF <sup>1)</sup>**  
2024 compared to 2023



# Changes to our network to better match supply to seasonal demand

- › The transatlantic market has a favorable capacity outlook for the coming winter
- › Nevertheless, the market remains more seasonal than it was pre-COVID
  - › Delayed recovery in business travel
- › PLAY has reduced planned seat capacity to North America for the fall and winter
  - › Capacity in Q3 and Q4 set to be down 10% and 25% year-on-year, respectively
- › At the same time, PLAY is adding more seats to existing and new leisure markets in Europe and Africa
  - › Launching services to Marrakech and Madeira from October 2024
  - › Leisure seat capacity in Q3 and Q4 set to be up 11% and 18% year-on-year, respectively

PLAY's Monthly Seat Capacity to/from North America <sup>1)</sup>



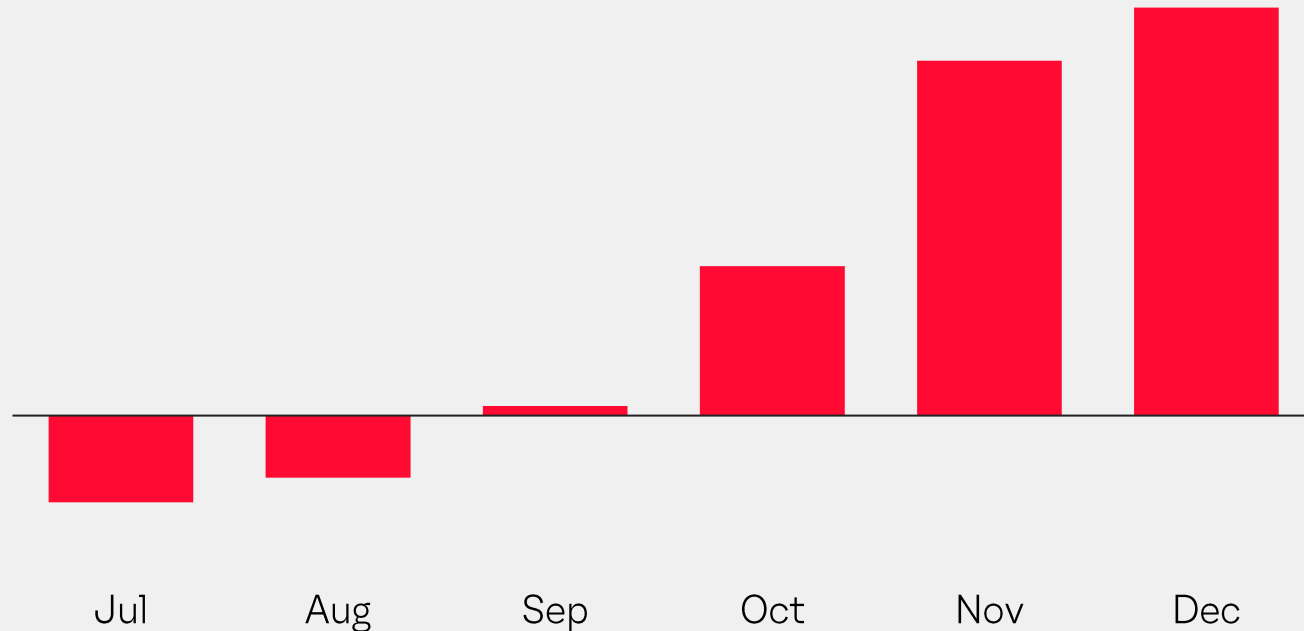


# Forward unit revenue tracking ahead of last year in the fall and winter

- › Unit revenue in Q3 remains under pressure
  - › Transatlantic capacity growth
  - › Tourists avoiding Paris before and during the Olympics, French nationals postponing their holidays
  - › General weaker demand for trips to Iceland due to high prices and competition from other destinations
- › With seat growth across the Atlantic and to/from KEF decelerating in the fall and winter, unit revenue trends are expected to improve
- › 2025 sold three times as much at this point than 2024 was same time last year

## Year-on-Year Change in RASK <sup>1)</sup>

Compared to the same time in 2023



# Cost Saving Initiatives

## 1. Fuel

### Continuous Fuel Optimization

Implementing flight plan optimizations

Using SkyBreathe app to raise pilot awareness

9/10 Aircraft ETOPS equipped, decreasing flight time and fuel

## 2. Service

### Automation and Self-Service

More kiosks available at airports for self check-in

Playfin becoming more intelligent to better service our customers

Limit manual work while keeping customer satisfaction high

## 3. On-Time Performance

### Operational Excellence

Avoiding extra cost of crew, fuel or handling

Increased loyalty and brand trust

Streamlining and simplifying processes to achieve cost reductions

## 4. Lean and simple

### Leaner business model

Extra focus on various cost saving initiatives in all departments

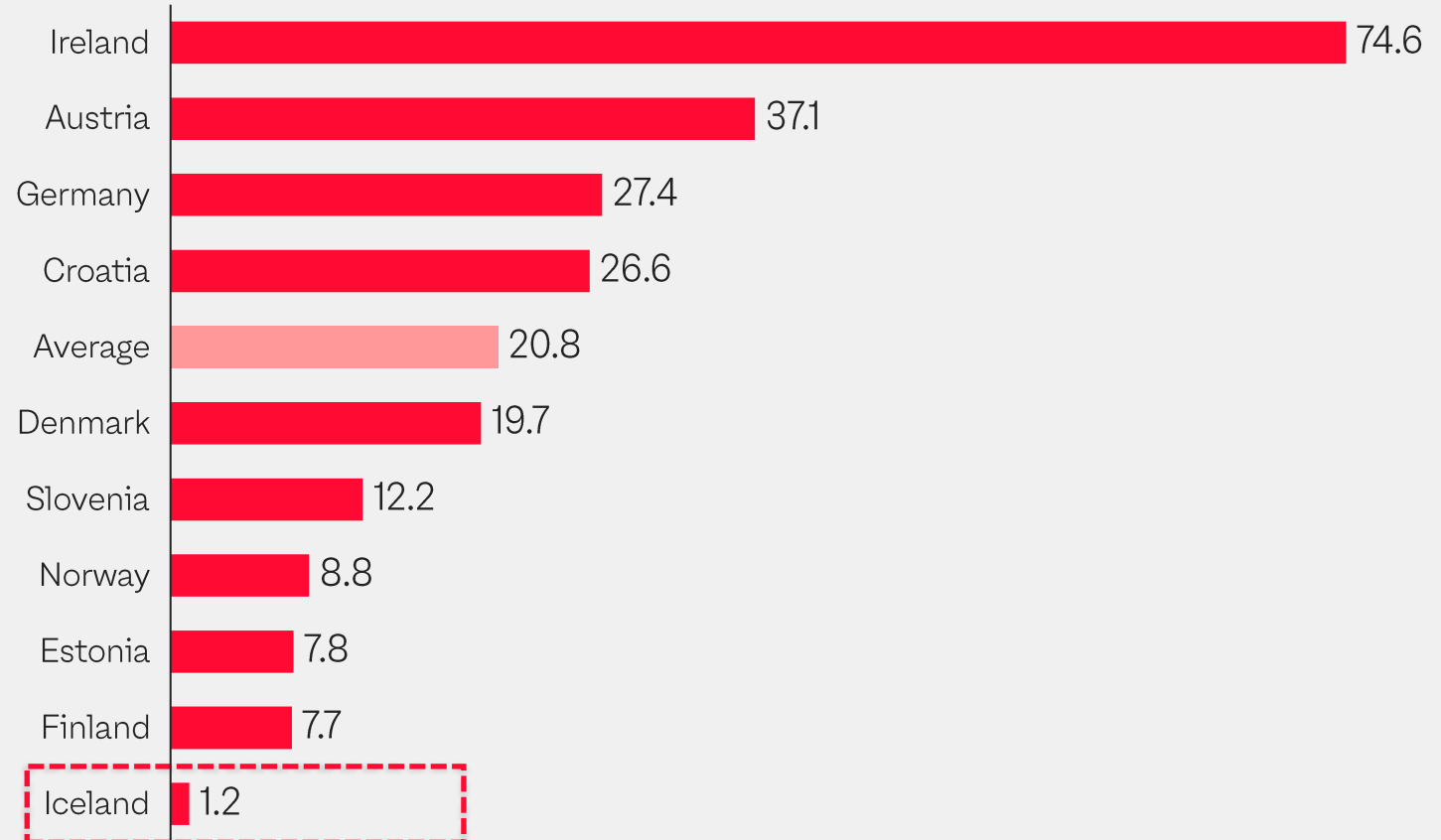
Re-negotiating of contracts  
New hires kept to a minimum and total workforce not increased

# Serious drop in Icelandic spending on marketing after COVID

- › In 2023, our neighboring countries spent 21 million Euros on tourism advertising, a 10% increase since 2019, with 92% funded by their governments.
- › Iceland's public spending on tourism marketing was non-existent in 2023, except for 665,000 Euros spent due to seismic activity.
- › Competition for travelers has significantly increased, and Iceland needs to respond.

## Average contribution of a destination in Europe on marketing 2023 <sup>1)</sup>

EUR million



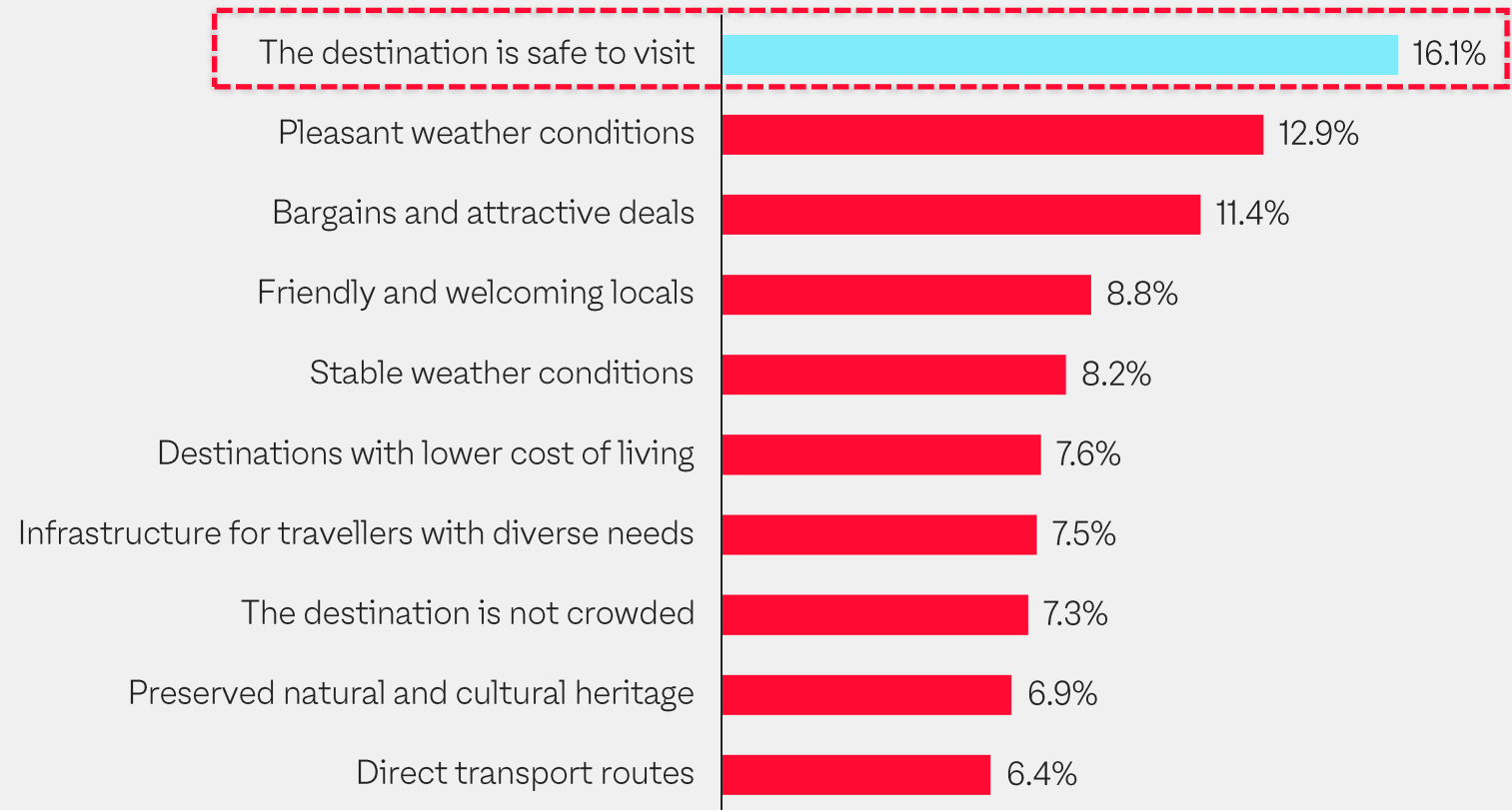


# Safety plays a vital role when consumers are selecting a destination to visit

- › It is imperative to communicate to the outside world that traveling to Iceland is completely safe
- › This can be achieved through direct consumer marketing or public relations campaigns
- › Besides communicating Iceland as a safe place to travel to, it is also important to increase Iceland's competitiveness in terms of pricing

## Europeans' top criteria in choosing travel destination<sup>1)</sup>

Question asked: "What criteria will play the most important role in choosing your next holiday destination?"



# Key takeaways

1

Encouraging results within the quarter despite headwinds

2

Cost saving initiatives identified and acted upon across the business to keep CASK under control

3

Adjusting network to seasonal demand fluctuations for fall and winter season.

4

EBIT for the full year projected to be considerably better than last year



Questions to [ir@flyplay.com](mailto:ir@flyplay.com)



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