

Fly Play hf.: PLAY Issues Convertible Bond Worth ISK 2.4 Billion

Fly Play hf. ("PLAY" or the "company") has secured binding, conditional subscription commitments from investors for the purchase of a convertible bond totaling 2,425 million ISK, or approximately USD 20 million. Among the participants in this financing round are the company's largest shareholders and other Icelandic investors. This represents a clear show of support for PLAY's ongoing development and the changes announced to its business model:

- Strong offering of sun destinations and popular cities for Icelandic travelers
- Four aircraft operating flights from Iceland
- These four aircraft will remain red, operated by crew from Iceland under Icelandic collective agreements
- The other six aircraft will be leased out to other airlines in profitable ACMI projects
- All North American flights will be discontinued as of October 2025, and the number of city destinations in Northern Europe will be reduced
- Flights will be operated under a Maltese Air Operator Certificate, and the Icelandic AOC will be relinquished

At the same time, the previously announced takeover bid for all shares in PLAY has been withdrawn. Conversations with shareholders revealed strong support for keeping PLAY's shares listed on the Main Market. As a result, the takeover group decided not to proceed with the offer and will continue to support the company going forward.

The maturity of the convertible bonds is 24 months from the issuance date. The bonds will carry a fixed interest rate of 17.5%, and bondholders will have the option to convert them into shares at an exchange rate of ISK 1. Alongside the transaction, the bondholders will acquire purchase rights to a 30% stake in PLAY's subsidiary, Fly Play Europe.

The issuance of the convertible bonds is subject to certain conditions, including:

- Approval by a shareholders' meeting authorizing the issuance and granting the necessary powers to the Board in the company's Articles of Association
- Conditions for final documentation
- Each subscription must be worth at least EUR 100,000

Participation in the offering was limited to a specific group of investors who committed to a minimum investment of EUR 100,000, in accordance with Article 4(d) of Regulation (EU) 2017/1129 of the European Parliament and Council. Therefore, no prospectus will be published for the offering.

Arctica Finance hf. is managing the offering and handling settlement and payment of the transaction.

Einar Örn Ólafsson, CEO of PLAY:

"We had many positive conversations with shareholders who expressed a strong desire to keep the company listed on the Main Market. That's why we chose this financing path. Instead of pursuing a takeover, the company has secured subscription commitments for convertible bonds totaling 2,425 million ISK. This outcome is a clear endorsement of our plans and continued growth.

The response to our new business model has been encouraging, and it's great to see increased participation from institutional investors in this round of financing.

We are already seeing the positive effects of our revised strategy, focusing on profitable routes and leasing aircraft to other airlines. Our goal remains to build a strong and reliable airline that Icelanders choose — and we are moving forward with confidence.”