

## PROPOSALS SUBMITTED TO THE ANNUAL GENERAL MEETING OF

### FLY PLAY HF., HELD ON 21 MARCH 2024

The annual general meeting of Fly Play hf. will commence at 16:00 (GMT) on 21 March 2024 and will be held at Setrið, Grand Hotel, Reykjavík. All meeting materials will be available at the Company's website <https://www.flyplay.com/corporategovernance>

#### **Agenda item no.:**

#### **2. Approval of the annual accounts for the operational year 2023.**

The board of directors of Fly Play hf. proposes that the Company's annual general meeting approve the annual accounts for the operational year 2023.

#### **3. Voting on the handling of financial results for 2023.**

The board of directors proposes to the annual general meeting that no dividend will be paid with regard to the operational year 2023.

#### **5. Election of auditor or audit firm.**

The board of directors proposes to the Company's annual general meeting that the audit firm Deloitte ehf. will be elected as the Company's auditors.

#### **6. Election of an external member of the Company's Audit Committee.**

The Board of Directors has received the nomination of Jón G. Hjálmarsson, the current chair of the Company's Audit Committee, to act as a member of the Company's Audit Committee. Jón G. Hjálmarsson is independent of the Company.

#### **7. Decision on payments to the Board of Directors, alternate directors, and subcommittee members.**

The Board of Directors proposes that such payments will not change from last year.

The proposal is, therefore, that the monthly payments of members of the board of directors be ISK 329,000. The monthly payments to the vice-chairman will be ISK 493,000, and the monthly payment to the chairman will be ISK 658,000.

It is further proposed that the alternate director receive a fixed payment of ISK 329,000 for the operational year and ISK 110,000 for each board meeting attended by it.

The board of directors proposes that the chairmen of subcommittees receive a monthly payment of ISK 67,000 and other committee members receive a monthly payment of ISK 47,000.

#### **8. Proposal for the Company's remuneration policy.**

The Board of Directors proposes that the submitted remuneration policy be approved.

The remuneration policy will be available at the Company's website <https://www.flyplay.com/corporategovernance>

**9. Proposal for a share-based incentive plan and a proposal for the amendment of the Articles of Association to grant the Board of Directors the authority to increase the Company's share capital in relation to such an incentive plan.**

The Board of Directors submits to the annual general meeting a proposal for a share-based incentive scheme for executive employees, the CEO, and other key personnel. The scheme authorizes the Board of Directors to grant share options to the aforementioned employees of the Company.

The total number of shares to which the share option scheme relates is 40,000,000 new shares. The Board of Directors has the discretion to decide the price per share. The purpose of establishing the share option scheme is to align the interests of the CEO, executive management, and other key employees with shareholders' interests.

The Company will enter into share option agreements with the employees, which will be granted share options under which the rights and obligations of the employees will be further set out, including that the employees will need to remain employed with the Company for the duration of each vesting period to be able to exercise the relevant part of the share option.

As part of the proposal, the Board of Directors proposes an amendment to the Articles of Association to be included as Article 2.5 as follows:

*"The Company's Board of Directors is authorized to increase the share capital of the Company by up to ISK 40,000,000 shares, each in the nominal value of ISK 1. This authorization shall only be utilized to fulfill the obligation of the Company to issue shares pursuant to a share-based incentive scheme. The shareholders of the Company will not have pre-emptive subscription rights to shares issued pursuant to this provision. This authorization shall be valid until 21 March 2029."*

**10. Proposal for the amendment of the Articles of Association to grant the Board of Directors the authority to increase the Company's share capital in connection with a private placement, as has been announced.**

As has been announced, Fly Play is in a process of collecting binding subscription commitments for newly issued shares from its largest shareholders and from investors. The goal of the share capital increase is to strengthen the Company for the coming growth and to ensure its strong liquidity position. For the purpose of honoring the subscription agreements, the board of directors proposes that it be granted authorization to increase the share capital of the Company.

To promote shareholder equality and to allow other shareholders and interested parties to participate in the increase of share capital, the board proposes that the authorization to increase the share capital will extend to up to 1,200,000,000 new shares. If the Company initiates an offering to such additional parties to subscribe to new shares, those will also be issued at a price per share of ISK 4.5, and such offering will be limited to a total subscription value below the equivalent of EUR 8 million in ISK.

The Board of Directors therefore proposes the following addition to the Articles of Association, the following provision will be included as Article 2.6:

*“The Company’s Board of Directors is authorized to increase the share capital of the Company by up to ISK 1,200,000,000 shares, each in the nominal value of ISK 1. This authorization shall only be utilized to fulfill the obligation of the Company to issue shares to investors pursuant to subscription agreements or arrangements. The shareholders of the Company will not have pre-emptive subscription rights to shares issued pursuant to this provision. The shares shall be issued at a price per share of ISK 4.5, and the Board of Directors shall decide on subscriptions. This authorization shall be valid until 1 September 2024.”*

**11. Proposal for the amendment of the Articles of Association to grant the Board of Directors the authority to increase the Company’s share, in connection with potential strategic opportunities.**

The Board of Directors proposes to have an authorization to issue new shares in case viable strategic opportunities arise and such opportunities are deemed advantageous for the Company by the Board of Directors.

The Board of Directors believes it is important to have such authority to issue shares as it may be necessary to have certainty that the Company can issue relevant shares without undue delay for the furtherance of the Company’s business.

The Board of Directors proposes that the shares be issued at a price not lower than the average price over the last ten trading days prior to the decision to issue shares to protect the interests of current shareholders.

The Board of Directors therefore proposes the following addition to the Articles of Association, the following provision will be included as Article 2.7:

*“The Company’s Board of Directors is authorized to increase the share capital of the Company by up to ISK 300,000,000 shares, each in the nominal value of ISK 1. This authorization shall only be utilized to fulfill the obligation of the Company to issue shares to investors pursuant to subscription agreements or arrangements. The shareholders of the Company will not have pre-emptive subscription rights to shares issued pursuant to this provision. The shares shall be issued at a price per share equal to the average share price as of the close of trading the ten (10) trading days prior to the entry into any share subscription arrangement. The Board of Directors shall decide on subscriptions. This authorization shall be valid until 21 March 2029.”*

**12. Proposal for the amendment of the Articles of Association**

The Board of Directors proposes the following addition to the Articles of Association, the following provision will be included as Article 4.2.

*“If there are circumstances that, in the Board of Directors opinion, may cause the Company’s authorizations to carry out air traffic operations to be annulled or temporarily revoked on the grounds of violation of provisions in bilateral civil aviation agreements or breach of statutory rules requiring the Company and/or its subsidiaries to be owned and controlled by shareholders who are EEA nationals, the Board of Directors shall effectuate one or more of the following actions:*

- *Suspend any voting rights of a shareholder who is not domiciled within EEA;*
- *request that shareholders not being domiciled within the EEA either sell shares or see to it that such shares are owned and controlled by persons and/or companies domiciled within the EEA;*
- *The Board of Directors may compel shareholders that (i) are non-EEA nationals, and (ii) have acquired shares in the Company, and (iii) by such acquisition cause the Company to violate provisions as mentioned in this Article, within a time-limit as further determined by the Board of Directors to sell shares in a portion sufficient to so as to ensure that the Company no longer violates the above-mentioned provisions regarding ownership and control. The permitted time to sell shares shall not be shorter than 14 days from notification has been given to the shareholder. The sale shall be performed to such extent that, in the Board of Directors' opinion, circumstances as mentioned in the first paragraph of this Article no longer exist. If the relevant shareholder(s) do not comply with the demand to sell their shares, the Board of Directors is authorized to nominate a broker to act on behalf of such shareholder(s) to sell the required number of shares to ensure that the Company no longer violates the above-mentioned provisions regarding ownership and control; or*
- *Subject to the Company being entitled to acquire treasury shares in accordance with the Icelandic Public Limited Liability Companies Act (as amended from time to time), the Board of Directors may decide that the Company shall acquire treasury shares in the Company from shareholders that (i) are non-EEA nationals and (ii) have acquired shares in the Company and (iii) by such acquisition conduce or cause the Company to violate provisions as mentioned in the first paragraph of this Article. As mentioned in the preceding sentence, shareholders are obliged to make such a sale. The Company's acquisition of treasury shares pursuant to this sub-clause (iii) shall be performed to such an extent that, in the Board of Directors' opinion, circumstances as mentioned in the first paragraph of this Article no longer exist. The price to be applied for the Company's acquisition pursuant to this sub-clause shall be fixed to the closing price at Nasdaq Iceland First North Growth Market or Nasdaq Iceland Main Market (as applicable) on the day prior to the acquisition taking place, deducted by 25%.*

*The actions stated above, as applied by the Board of Directors, shall be applied in reverse chronological order (on a first-in-last-out basis) so that shares that were acquired last shall be subject to the applicable measure first. When determining the time for acquisition, the date of entry in Nasdaq CSD Iceland shall be used as the basis.*

*The assessment as to whether a shareholder is an EEA national shall be based on the prevailing guidelines applied by the Civil Aviation Authority at any time."*

**13. Any other matter lawfully proposed.**