

SHAREHOLDER MEETING OF FLY PLAY HF.

15 AUGUST 2025

FINAL AGENDA AND PROPOSALS OF THE BOARD

The Board of Directors of Fly Play hf. (the “**Company**”) has convened a shareholder meeting on 15 August 2025, at 16:00 (GMT) at the Company’s offices at Suðurlandsbraut 14, 108 Reykjavík.

Agenda of the meeting:

1. Proposal on the issuance of convertible bonds in the principal amount of up to ISK 2,425,000,000.
2. Proposal to authorize the Company’s Board of Directors to issue convertible bonds in the principal amount of up to ISK 450,000,000.
3. Proposal to authorize the Company’s Board of Directors to increase share capital by up to ISK 4,150,000,000 of nominal value, to satisfy conversion rights of bondholders.
4. Proposal to amend the Company’s Articles of Association in accordance with the aforementioned authorization.
5. Other lawfully presented matters.

FINAL AGENDA OF THE BOARD'S PROPOSALS

1. Proposal on the issuance of convertible bonds

In accordance with Article 47 of Act No. 2/1995 on Public Limited Companies (the “**Companies Act**”), the Board of Directors proposes that the Company issue convertible bonds in the principal amount of up to ISK 2.425.000.000, subject to the following terms:

Interest and instalments:

The bonds shall be issued electronically in a non-indexed class with a 24-month maturity period, and a fixed annual interest rate of 17.5%. Interest shall accrue daily and calculated according to the 30E/360 day-count convention. Debt under the bonds shall repaid in full on their maturity date. No interest payments shall made during the first 12 months of the bond term. However, accrued and unpaid interest shall be added to the principal amount every 12 months. Thereafter, interest shall be paid monthly, amounting to half of the accrued and unpaid interest for each month. The principal amount, along with accrued and unpaid interest, shall paid in one instalment on the maturity date of the bonds.

No prepayments may be made on the bonds during the first 18 months of their term. Thereafter, the Company may prepay the bonds in full or in part. Notwithstanding the above, the Company is obliged to repay the debt under the bonds in the event of a sale of 30% or more share capital in Fly Play Europe Limited to a third party.

Conversion Rights:

Bondholders shall have the right, but not obligation, at each instalment of the bonds, whether it be a prepayment or instalment on maturity, to convert their claim into new shares in the Company, at a conversion rate of ISK 1.0 per share.

Securities and Default Remedies:

To secure the fulfilment of obligations under the bonds, the Company will provide the following security to bondholders:

- Pledge over all issued shares in the Company's subsidiaries, Fly Play Europe Limited, and Play Lithuania UAB.
- Pledge over all receivables owed to the Company by its subsidiaries.
- Pledge over intellectual property rights, such as trademarks, website, and software solutions of the Company's corporate group .
- If applicable, pledge of other assets as may be identified by the bondholders.

In the event of default under the bonds, bondholders may initiate a sale process of the Company's subsidiaries, with the proceeds to be allocated for repayment of the debt under the bonds.

Call-option:

Concurrently with the issuance of the bonds, the Company will issue to the bondholders call-options to a 30% shareholding in Fly Play Europe Limited. The options shall be distributed among the bondholders in such amounts as corresponds to their respective holdings in the issued bonds. The call options shall be valid for a period of 3 years and entitle holders to purchase shares in Fly Play Europe Limited at a strike price equal to the nominal value of the shares. While the bonds are not fully repaid, the consent of bondholders holding 90% of the total issuance is required to exercise the call option.

Subscription, conditions, and issuance:

The Company has already secured conditional subscriptions for the maximum amount of the bond issuance. The Company's and subscribers' obligations are conditional upon (i) the shareholder meeting approving the proposals presented herein, (ii) the completion of final documentation to the satisfaction of all parties, (iii) the security being provided in accordance with the requirements of the bond terms, and (iv) the completion of due diligence by bondholders and the results thereof being acceptable to bondholders.

The conditions shall be fulfilled no later than 31 August 2025, or later as mutually agreed between the Company and subscribers. Upon fulfilment of the conditions of the bond issuance, the Company shall notify subscribers of the allocation of bonds to them, after which the payment of the subscription price and delivery of the bonds shall take place seven (7) days thereafter.

Shareholders' Pre-emptive Rights:

The Board proposes that the Company's shareholders waive their pre-emptive rights to subscribe to the convertible bonds.

Bondholders' Rights:

Pursuant to Article 47(2) of the Companies Act, bondholders shall not enjoy any special rights beyond those resulting from general rules, nor shall their rights be impaired in the event of a share capital increase or decrease, the issuance of new convertible bonds or subscription rights, or the dissolution of a Company, including through a merger or division.

2. Proposal on Authorization to the Board of Directors for the issuance of Convertible Bonds

Pursuant to Article 48 of the Companies Act, it is proposed that the Company's Board of Directors be authorized to issue convertible bonds in the principal amount of up to ISK 450,000,000. The terms of these bonds shall be identical to those outlined under agenda item 1. Should the Board of Directors utilize this authorization, it shall determine the subscription terms, including the subscription period, participation requirements and payment deadlines.

3. Proposal to authorize the Board of Directors to increase share capital

In accordance with the proposals set forth under agenda item 1 and Article 47(3) of the Companies Act, it is proposed that the Company's Board of Directors be authorized to increase the Company's share capital by up to ISK 4,150,000,000 of nominal value through issuance of an equal number of new shares, to meet the conversion rights of the bondholders under bonds issued pursuant to a resolution of the shareholder meeting.

In accordance with the proposal set forth under agenda item 2 and Article 48(1) of the Companies Act, it is proposed that the Board of Directors be authorized to increase the Company's share capital by 650,000,000 of nominal value through the issuance of an equal number of shares, to satisfy the conversion rights of bondholders under bonds issues pursuant to the authorization of the Board.

4. Proposal to amend the Company's Articles of Association

In accordance with the authorization of the Board of Directors to increase the Company's share capital under agenda item 1, it is proposed that a new Article 2.9 be added to the Company's Articles of Association, which shall read as follows:

"The Board of Directors is authorised, as necessary, in accordance to Article 41 of Act No. 2/1995 on Public Limited Companies, to increase the Company's share capital by up to ISK 3,500,000,000 of nominal value through issuance of an equal number of new shares, to fulfil the Company's obligations under the conversion rights of bonds issued pursuant to the resolution of the shareholder's meeting convened on August 15, 2025.¹ The new shares shall be in the same class and enjoy the same rights as other shares in the Company from the registration date of the share

¹ Resolution of the shareholders' meeting convened on 15 August 2025 may be found in Annex 1 to these Articles of Association.

capital increase. Shareholders waive their pre-emptive rights pursuant to Article 34 of Act No. 2/1995 on Public Limited Companies due to the issuance of new shares pursuant to this authorisation. The Board of Directors is authorized to make necessary amendments to the Company's Articles of Association of in connection with the exercise of this authorization. This authorisation shall be valid until 15 August 2030 and shall then expire to the extent not utilized".

Annex 1 to the Company's Articles of Association shall read as follows:

"The shareholder meeting convened on 15 August 2025, resolved that the Company shall issue convertible bonds in the principal amount of up to ISK 2,425,000,000. The terms of the convertible bonds shall be as follows:

Interest and instalments:

The bonds shall be issued electronically in a non-indexed class with a 24-month maturity period, and a fixed annual interest rate of 17.5%. Interest shall accrue daily and calculated according to the 30E/360 day-count convention. Debt under the bonds shall repaid in full on their maturity date. No interest payments shall made during the first 12 months of the bond term. However, accrued and unpaid interest shall be added to the principal amount every 12 months. Thereafter, interest shall be paid monthly, amounting to half of the accrued and unpaid interest for each month. The principal amount, along with accrued and unpaid interest, shall paid in one instalment on the maturity date of the bonds.

No prepayments may be made on the bonds during the first 18 months of their term. Thereafter, the Company may prepay the bonds in full or in part. Notwithstanding the above, the Company is obliged to repay the debt under the bonds in the event of a sale of 30% or more share capital in Fly Play Europe Limited to a third party.

Conversion Rights:

Bondholders shall have the right, but not obligation, at each instalment of the bonds, whether it be a prepayment or instalment on maturity, to convert their claim into new shares in the Company, at a conversion rate of ISK 1.0 per share.

Securities and Default Remedies:

To secure the fulfilment of obligations under the bonds, the Company will provide the following security to bondholders:

- Pledge over all issued shares in the Company's subsidiaries, Fly Play Europe Limited, and Play Lithuania UAB.*
- Pledge over all receivables owed to the Company by its subsidiaries.*
- Pledge over intellectual property rights, such as trademarks, website, and software solutions of the Company's corporate group.*
- If applicable, pledge of other assets as may be identified by the bondholders.*

In the event of default under the bonds, bondholders may initiate a sale process of the Company's subsidiaries, with the proceeds to be allocated for repayment of the debt under the bonds.

Call-option:

Concurrently with the issuance of the bonds, the Company will issue to the bondholders call-options to a 30% shareholding in Fly Play Europe Limited. The options shall be distributed among the bondholders in such amounts as corresponds to their respective holdings in the issued bonds. The call options shall be valid for a period of 3 years and entitle holders to purchase shares in Fly Play Europe Limited at a strike price equal to the nominal value of the shares. While the bonds are not fully repaid, the consent of bondholders holding 90% of the total issuance is required to exercise the call option.

Subscription, conditions, and issuance:

The Company has already secured conditional subscriptions for the maximum amount of the bond issuance. The Company's and subscribers' obligations are conditional upon (i) the shareholder meeting approving the proposals presented herein, (ii) the completion of final documentation to the satisfaction of all parties, (iii) the security being provided in accordance with the requirements of the bond terms, and (iv) the completion of due diligence by bondholders and the results thereof being acceptable to bondholders.

The conditions shall be fulfilled no later than 31 August 2025, or later as mutually agreed between the Company and subscribers. Upon fulfilment of the conditions of the bond issuance, the Company shall notify subscribers of the allocation of bonds to them, after which the payment of the subscription price and delivery of the bonds shall take place seven (7) days thereafter.

Shareholders' Pre-emptive Rights:

The Board proposes that the Company's shareholders waive their pre-emptive rights to subscribe to the convertible bonds.

Bondholders' Rights:

Pursuant to Article 47(2) of the Companies Act, bondholders shall not enjoy any special rights beyond those resulting from general rules, nor shall their rights be impaired in the event of a share capital increase or decrease, the issuance of new convertible bonds or subscription rights, or the dissolution of a Company, including through a merger or division."

In accordance with the authorization of the Board of Directors to issue convertible bonds under agenda item 2, it is proposed that a new Article 2.11 be added to the Company's Articles of Association, which shall read as follows:

"The Board of Directors is authorized, on behalf of the Company, to issue convertible bonds in the principal amount of up to ISK 450,000,000. Shareholders of the Company waive their pre-emptive

rights to subscribe to such bonds pursuant to Article 34(3) of Act No. 2/1995 on Public Limited Companies and these Articles of Association. The terms of the bonds shall be identical to those set out in Article 2.9 and Annex 1 to these Articles of Association. Should the Board exercise this authorization, it shall determine the subscription terms, including the subscription period, participation requirements, and payment deadlines. This authorization shall remain valid until August 15, 2026."

In accordance with the authorization of the Board of Directors to issue convertible bonds under agenda item 2, it is proposed that a new Article 2.13 be added to the Company's Articles of Association, which shall read as follows:

"The Board of Directors is authorised, as necessary, in accordance to Article 41 of Act No. 2/1995 on Public Limited Companies, to increase the Company's share capital by up to ISK 650,000,000 of nominal value through issuance of an equal number of new shares, to fulfil the Company's obligations under the conversion rights of bonds issued pursuant to the authorization the board pursuant to article 2.11. The new shares shall be in the same class and enjoy the same rights as other shares in the Company from the registration date of the share capital increase. Shareholders waive their pre-emptive rights pursuant to Article 34 of Act No. 2/1995 on Public Limited Companies due to the issuance of new shares pursuant to this authorisation. The Board of Directors is authorized to make necessary amendments to the Company's Articles of Association of in connection with the exercise of this authorization. This authorisation shall be valid until August 15, 2030, and shall then expire to the extent then utilized".

REPORT OF THE BOARD OF DIRECTORS

The proposed bond issuance aims to continue development and enable financing of the announced changes to Fly Play's business model. The future vision of streamlining the business model involves offering a broad selection of destinations and popular cities among Icelanders, discontinuing flights to North America, and consequently reducing city destinations in Northern Europe. Four aircraft in the Company's uniform colours will operate flights from Iceland with Icelandic crews, while other six aircraft will be leased to other airlines for profitable projects. Flights will be operated under a Maltese Air Operator License (AOC) and the Icelandic AOC will be returned.

The Company has secured conditional subscriptions for the convertible bonds amounting to ISK 2,425,000,000. Among the subscribers are the Company's current shareholders and new investors. Additionally the Company's Board of Directors has been granted authorization to issue convertible bonds in the principal amount of ISK 450,000,000 to meet the potential funding needs associated with the transformation of the Company's business model. The financing is necessary to strengthen the Company's operations considering the negative operating results in recent months. The funds will also be used for incidental costs associated with the transformation of the Company's business model.

Reykjavík, [DATED]