

TERMS AND CONDITIONS OF FLY PLAY'S SHARE OFFERING

(If there are any discrepancies between the English and Icelandic versions, the Icelandic version prevails.)

1 ISSUER

The offering, subject to these terms and conditions dated April 3, 2024, relates to the sale of newly issued shares in Fly Play hf., reg. no. 660319-0180, Suðurlandsbraut 14, 108 Reykjavík (hereinafter “**PLAY**” or the “**Company**” or the “**Issuer**”).

The offering is exempt from the obligation to publish a prospectus, in accordance with the provisions of Article 3, paragraph 1 under the Act on Prospectus for Securities When Offered to the Public Offering or Admitted to Trading on a Regulated Market no. 14/2020. These terms and conditions are considered part of the Company's subscription register, in accordance with the provisions of Article 38 under the Act on Limited Companies no. 2/1995. In the case of a dispute or claim related to a subscription in the offering, it shall be settled by the District Court of Reykjavík.

2 ADVISORS

Arctica Finance hf., reg. no. 540509-1820, Katrínartúni 2, 105 Reykjavík (hereafter “**Manager**” or “**Advisor**” or “**Arctica Finance**”), is acting as a Lead Financial Advisor and manager in the offering, overseeing the issue and listing of the new shares as well as handling the settlement of the offering. Arctica Finance and Fossar Investment Bank hf. (hereafter “**Fossar**”) act as joint bookrunners in the offering (hereinafter together “**Joint Bookrunners**”).

Subscribers can obtain information about the offering and assistance with the registration of subscriptions from Arctica Finance's Corporate Finance division at the email address PLAY@arctica.is or by phone at **513-3300** or Fossar's Corporate Finance division at the email address ftf@fossar.is or by phone at **522-4000**, between 09:00 (GMT) and 16:00 (GMT) from (and including) April 9, 2024, until April 11, 2024.

3 PURPOSE OF THE OFFERING AND AUTHORIZATION

At the Company's annual general meeting on March 21, 2024, the authorization for the Board of Directors to increase the Company's share capital by up to 1,200,000,000 shares, each in the nominal value of ISK 1, was approved to fulfil the previously announced subscription commitments and prepare a public offering. As described below, the full amount of the authorization will not be used.

On March 21, 2024, it was disclosed that the Company's Board of Directors will use the aforementioned authorization as follows:

- 1,000,000,000 shares at a subscription rate of ISK 4.5 per share will be used to fulfil the Company's obligation under already received subscription commitments, which in proceeds amount to, in the aggregate, ISK 4,500 million from investors that include existing shareholders and other investors.
- Up to 111,111,112 shares at a nominal subscription rate of ISK 4.5 per share, which in proceeds amount to, in the aggregate up to ISK 500 million, will be offered in a public offering that will take place from April 9, 2024, until April 11, 2024. To promote shareholder equality,

current shareholders, other than those who have already subscribed for new shares, will have priority for subscription in case of oversubscription.

- Any unused portion of the authorization will expire.

4 THE OFFERING

The offering will consist of up to 111,111,112 new shares issued by PLAY at the subscription price of ISK 4.5, resulting in proceeds equivalent to up to ISK 500 million. To promote shareholder equality, current shareholders, other than those who have already subscribed for new shares, will have priority for subscription in case of oversubscription.

Subscribers participating in the offering must meet certain eligibility conditions. The offering is only marketed in Iceland. Participation in the offering is open to legal entities with an Icelandic identification number (*ísl. kennitala*) and individuals with Icelandic identification numbers who are financially and legally competent individuals according to Act No. 71/1997, having regard for restrictions that may be imposed by law. The offering is exempt from the obligation to publish a prospectus, in accordance with the provisions of Article 3, paragraph 1 under the Act on Prospectus for Securities When Offered to the Public Offering or Admitted to Trading on a Regulated Market no. 14/2020.

The offering will commence at **10:00 (GMT) on Tuesday, April 9, 2024, and end at 16:00 (GMT) on Thursday, April 11, 2024**. The Issuer and the Manager reserve the right to extend the subscription period.

Subscriptions from Investors will be accepted in a special subscription system that subscribers can access at the website www.arctica.is/en/play-offering.

By confirming a subscription in the subscription system, the subscriber acknowledges that it:

- (a) understands and accepts the terms and conditions of the offering as set forth in these terms and conditions;
- (b) understands that the subscriber commits to purchase shares in PLAY up to the amount it subscribes to and that the subscription is final and legally binding;
- (c) is aware of and understands the risks associated with investing in securities generally and specifically in relation to securities issued by PLAY, including market risks that might be specific to PLAY's field of business;
- (d) understands and accepts that participation in the offering entails a subscription to shares in PLAY's register of subscriptions, which is subject to approval by the board of directors of PLAY, a subsequent decision on the issuance of shares;
- (e) is aware of and accepts the potential conflict of interests as described in the terms and conditions of the offering and is aware of the Manager's rules and policies on conflict of interest as published on his website and has read and understood them;
- (f) authorizes the Issuer and the Manager to share necessary personal information, among other things the name, identification number, e-mail address, subscription amount, and securities account, between and among themselves, the Joint Bookrunners and to other custodians, advisors, and service providers to ensure

orderly progress, execution and closing of the offering, and the delivery of shares pursuant to the settlement thereof. Further information on the data protection policies of the Manager is accessible on their website;

- (g) must have a custody account (securities account) in the name of the subscriber to receive the shares upon settlement, which may be allocated in the offering. If it becomes evident that a subscriber does not have a custody account, it cannot be located in the central securities depository system, or is otherwise unable to receive shares upon settlement, the Manager is authorized to open a custody account on behalf of and/or in the name of the subscriber and deliver the shares to it;
- (h) is aware and accepts that it is participating in the offering of its initiative; and
- (i) meets all the conditions for participating in the offering.

Participation in the offering by confirmed subscription is binding for the subscriber. A subscriber who has confirmed his participation cannot change its subscription or cancel it. The Issuer and the Manager reserve the right to collect the subscriptions in accordance with applicable legislation or allocate subscribers' new shares that have not been paid in full on the final due date for payment to other subscribers without any notice thereof.

5 ALLOCATION OF SHARES

Following submission of the subscription, the subscriber should receive a confirmation by e-mail to the e-mail address provided in the subscription system. Electronic confirmation is a prerequisite for a valid subscription. If a subscriber does not receive confirmation, it may not have submitted a valid subscription. In such an event a subscriber should contact the Manager before the closing of the subscription period **at 16:00 (GMT) on Thursday, April 11, 2024**. If there is any doubt about the validity of the subscription, a subscriber must be able to present the confirmation of subscription in proof thereof.

The Issuer and the Manager reserve the right to demand evidence of solvency and proof of funds or guarantees for payment of subscriptions from subscribers. If the subscriber does not comply, the Issuer and the Manager may reject the subscription in whole or part. At its sole discretion, the Issuer and the Manager assess and decide if evidence of solvency and proof of funds or guarantee of payment is deemed sufficient. The Issuer and the Manager reserve the right to reject subscriptions, without notice or warning.

The summarized results of the offering are expected to be announced publicly on April 11, 2024.

Subscribers are expected to be informed no later than April 15, 2024, whether and to what extent their subscription has been accepted. Information on final allocation will be accessible through the subscription system, which can be accessed through Arctica Finance's website, www.arctica.is/en/play-offering, using the same login credentials as in the subscription process. Those who will not be allocated shares in the offering will not be notified specifically.

The Issuer reserves the right to allocate shares in the manner it deems desirable to achieve the objectives of the offering, including rejecting subscriptions in whole or in part without special notice or justification.

6 PAYMENT

The final due date for payment is expected to be on **Tuesday, April 23, 2024**. Payment instructions will be in the form of electronic invoices made available through online banking applications. Payment will not be accepted by any other means than those stated in the payment instructions.

If payment has not been satisfactorily made, processed or received at or prior to the final due date, the Issuer and the Manager have the unilateral authority to cancel, in whole or part any and all order, subscription or allocation by such a subscriber along with any associated such claims for payment. The Issuer and the Manager may unilaterally decide to collect on such claims for payment in accordance with principles of Icelandic law on debt collection, with penalty interest according to the provisions of the Act on Interest and Indexation, no. 38/2001.

Arctica Finance will oversee the settlement of all the Issuer's transactions in connection with the offering. Neither the Manager nor the Issuer will charge subscribers for fees incurred for collection of payment, unless in the event of non or late payment. The Manager does not know what fees may be charged by other parties, which investors might engage or require services from. Subscribers are encouraged to review the terms and conditions of third-party service providers engaged by or otherwise associated with subscribers in relation to their participation in the offering.

7 ISSUE AND DELIVERY OF SHARES

The shares will be issued electronically at Nasdaq CSD in Iceland. The shares will be delivered to the subscribers and admitted to trading on First North Growth Market Iceland, as soon as practicable following receipt of all payments related to the offering. The new shares will be delivered to the subscribers following receipt of adequate payment in accordance with these terms and conditions of the offering. The shares will be delivered electronically via Nasdaq CSD Iceland, and the Manager will ask the relevant custodian registered by the each subscriber at the time of subscription to receive the shares into the custodial account that the respective subscriber has with the respective custodian.

If it becomes evident that a subscriber does not own a custody account with the custodian specified by a subscriber in the subscription system, Arctica Finance will open a custody account in the name of such a subscriber with Arctica Finance and Nasdaq CSD Iceland so that shares can be received by such a subscriber in accordance with the aforementioned, in such an event Arctica Finance reserves the right to collect a fee from such a subscriber for the custody of the shares in accordance with Arctica Finance' tariff, which is available on the website, www.arctica.is. A subscriber will not be able to trade or transfer the shares delivered into a custody account created in the aforementioned manner in its name, unless it has completed the delivery of the documents and the provision of the information, for example in connection with due diligence or know your customer processes, that Arctica Finance requires for the establishment of a custody account in a satisfactory manner. A subscriber is responsible for verifying whether the delivery of its shares has been carried out correctly, and if this is not the case, it must notify the Manager without undue delay.

The Issuer's board of directors reserves the right to withdraw the offering and invalidate subscribers' subscription if the share capital increase is not registered with the Company Registry and consequently, the new shares will not be admitted to trading on First North Growth Market Iceland.

8 RISK FACTORS

Subscribers are reminded that investment in shares is by nature a risky investment based on expectations and not assurances. Subscribers must first and foremost base their investment decisions on their judgment and take into account the operations of the Issuer, profitability, external operating environment and the risk associated with the investment. Subscribers can seek outside expert advice to assist in assessing whether to invest in the Issuer. Subscribers are advised to seek expert advice on their legal and tax position associated with the investment in the Issuer. Before a decision is made to invest in the Issuer, subscribers should read in detail all terms and conditions of the offering, conditions and other information publicly available in relation to the offering.

Subscribers are advised to explore their legal position and the possible taxable effects of investing in shares in the Issuer and seek advice from independent advisors. The Manager and Joint Bookrunners are PLAY's advisors in the offering; they are not acting as advisors to any subscriber or other party in relation to the offering.

9 POTENTIAL CONFLICTS OF INTEREST

Arctica Finance highlights the below interest it may have in relation to the offering and the application for the admission to trading of the new shares in the Issuer on First North Growth Market Iceland:

- (a) Arctica Finance acts as the manager of the offering and receives a fee that is payable by the Issuer.
- (b) Arctica Eignarhaldsfélag ehf., reg. no. 641008-1820, Arctica Finance's parent company, owns shares in the issuer.
- (c) A/F STILLA slhf., an alternative investment fund, managed by A/F Rekstraraðili hf. a subsidiary of Arctica Eignarhaldsfélag ehf., owns shares in the Issuer and Arctica Finance is an investor in the fund.
- (d) María Rúnarsdóttir, a director of the Issuer is chairman of the board of directors of Arctica Finance.

Fossar highlights the below interest it may have in relation to the offering:

- (a) Fossar acts as a Joint Bookrunner in the offering and receives a fee that is payable by the Issuer.
- (b) Vátryggingafélag Íslands hf., reg. no. 690689-2009, Fossar's sister company, owns shares in the issuer.
- (c) Fossar's proprietary trading division, owns shares in the issuer.
- (d) Guðný Hansdóttir, a director of the Issuer is on the board of directors of Skagi hf., Fossar's Parent Company

Aside from the aforementioned the Issuer, Arctica Finance and Fossar are not aware of any other potential conflicts of interest.

Investors can familiarize themselves with Arctica Finance's and Fossar's policies on conflicts of interest on Arctica Finance's and Fossar's website.