

Proposals submitted to a shareholders' meeting of Fly Play hf.

The Company's board of directors proposes that:

„The Company's board of directors is authorized to increase the Company's share capital with the issuance of new shares up to the nominal value of ISK 228,670,505. The rate of issuance shall be determined by the Company's board of directors. The shareholders of the Company waive their pre-emptive rights in accordance with Art. 34 of Act no. 2/1995 on Public Limited Liability Companies. The authorisation shall be valid until the annual general meeting of the Company for the fiscal year of 2022. The shares issued pursuant to this authorisation shall grant rights from the date of registration of the share capital increase and the Company's articles of association apply to such new shares.“

“The Company's board of directors is authorized to issue warrants which authorise the subscription for up to ISK 57,167,631 in nominal value. Subscription rights under the warrants may be exercised all once for a period of 10 days following the date of publication of the annual financial statements for the year 2023. The exercise price per share will be the same as the share price in the share capital increase plus a rate of interest equal to the Central Bank of Iceland's 7-day collateralised lending rate from time to time. This authorization of the board of directors shall be valid until 31 December 2022, to the extent which it has not been utilized. The board of directors is furthermore authorized until 1 May 2024 to increase the Company's share capital in relation to exercise of the warrants. The shareholders waive their pre-emptive rights to the warrants and shares issued in relation to their exercise.”

If the aforementioned proposals will be accepted they will be adopted into the Company's articles of association.

Report of the board of directors:

Fly Play has collected binding subscription commitments for newly issued shares from its 20 largest shareholders.

The shareholders will subscribe for a total of 157,534,247 shares with the price per share being ISK 14.6. For the purposes of honouring the subscription agreements the board of directors proposes that it will be granted authorisation to increase the share capital of the Company. To secure shareholder equality and to afford other shareholders the opportunity to participate in the share capital increase the board proposes that the authorisation to increase the share capital will extent to up to 228,670,505 new shares.

The Company will initiate an offering to other shareholders than the 20 largest shareholders where shareholders will be afforded the opportunity to subscribe up to 71,136,258 new shares in the company on the same terms as apply to the 20 largest shareholders. The Company reserves the right to reduce the size of the offering in order to maintain its total subscription value of below the equivalent of EUR 8 million in ISK. The offering is open to other shareholders than the 20 largest shareholders who were registered shareholders in the Company at the end of the day of 3 November 2022, the day of the announcement of the binding subscription commitments from the 20 largest shareholders. The Company's board of directors will consider shareholder equality when allocating the new shares sold in the offering. The subscription from shareholders will be accepted in a special electronic subscription form that shareholders will be able to access at the website www.arctica.is/play-utbod from 10.00 (GMT) Monday 28 November 2022 to Wednesday 30 November 2022 at 18.00 (GMT).

The Company has hired Arctica Finance hf. to manage the offering and oversee the issue and listing of the new shares as well as handling settlement of the offering.

The goal of the share capital increase is to strengthen the Company for the coming growth and to ensure its strong liquidity position. With the binding subscription commitments from the Company's 20 largest shareholders, the Company has already secured the share capital increase that the Company is aiming for. The offering is therefore primarily to secure shareholder equality. If other shareholders exercise their right to subscribe for new shares, the Company's liquidity position is further strengthened.

Parallel to the issuance of new shares, the Company will issue warrants for up to 57,167,631 new shares. The subscription price according to the warrants will be the price per share of the original issuance, with interest amounting to the Central Bank of Iceland's 7-day collateralized lending interest rate. The warrants will be exercisable for a period of 10 days subsequent to the publication of the Company's annual accounts for the year 2023.