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A. Introduction and warnings

This summary should be read as an introduction to this prospectus of Nova Klúbburinn hf. (formerly Platínium Nova hf.) (the “Issuer”), which consists of this summary, a Registration Document and a Securities Note all dated 1 June 2022 (the “Prospectus”). Any decision by investors to invest in the securities should be based on a consideration of the Prospectus as a whole by the investor. Investors could lose all or part of their invested capital. Where a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff investor may, under national law, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only where the summary is misleading, inaccurate or inconsistent, when read together with the other parts of this Prospectus, or where it does not provide, when read together with the other parts of this Prospectus, key information in order to aid investors when considering whether to invest in such securities.

Issuer	Nova Klúbburinn hf., ID No. 620916-0560
Issuer’s Address	Lágmúli 9, 108 Reykjavík, Iceland
ISIN	IS0000031045
LEI	64886J4FR973Q12HGS61
Ticker	NOVA
Website	www.nova.is
Phone number	+354 519 1919
The competent authority approving the Prospectus	Fjármálaeftirlit Seðlabanka Íslands, ID No. 560269-4129, Kalkofnsvegi 1, 101 Reykjavík, Iceland. Email: lysingar@sedlabanki.is
Date of approval of this Prospectus	This Prospectus was approved on [1 June 2022].

B. Key information on the issuer

Who is the issuer of the securities?

The issuer of the securities is Nova Klúbburinn hf. (previously known as Platínium Nova hf.), ID No. 620916-0560, LEI 64886J4FR973Q12HGS61, with registered offices at Lágmúli 9, 108 Reykjavík, Iceland. The Issuer is an Icelandic public limited liability company founded in Iceland and is governed by Act No. 2/1995 on Public Limited Companies. The Issuer is the parent company of Nova hf. (“Nova”), a full-service telecommunications company operating in Iceland. Nova’s customers are primarily individuals and small and medium sized corporations. Nova operates through three key business areas: mobile services, internet services and retail sales.

The Issuer and Nova’s executive committee are comprised of the following individuals at the date of this Prospectus: Margrét Björk Tryggvadóttir, Chief Executive Officer of the Issuer and Nova, Þórhallur Ingi Jóhannsson, Chief Financial Officer of Nova, Benedikt Óskar Ragnarsson, Chief Technology Officer of Nova, Magnús Árnason, Chief Digital Officer of Nova, and Þuríður Björg Guðnadóttir, Chief Sales Officer of Nova.

In total, three shareholders hold over 5% the Issuer's share capital. The Issuer is not aware of any ownership beyond that which is disclosed in the table below, or that any of the aforementioned entities are controlled by other parties than disclosed in this chapter. Furthermore, the Issuer is not aware of any agreements that may lead to a change in control of the Issuer. The Issuer's 10 largest shareholders are as follows, as of 31 May 2022:

Shareholder	No. of shares	%
Nova Acquisition Holding ehf.	1,929,523,571	50.55%
Stefnir - Innlend hlutabréf	303,098,826	7.94%
Stefnir - IS 5	247,989,948	6.50%
Atrium ehf.	173,781,761	4.55%
IS EQUUS hlutabréf	97,847,358	2.56%
Adira ehf.	97,847,358	2.56%
M&M Partners ehf.	80,465,302	2.11%
Nova Acquisition (Iceland) LLC	76,345,487	2.00%
GE Capital ehf.	68,493,151	1.79%
Landsbréf - Úrvalsbréf hs.	67,381,068	1.77%
Other shareholders	674,502,634	17.67%
Own shares	0	0.00%
Total	3,817,276,464	100%

The Issuer's auditing firm for the period covered by the historical financial information for 2019, 2020 and 2021 was PricewaterhouseCoopers ehf., ID No. 690681-0139, registered offices at Skógarhlíð 12, 105 Reykjavík, Iceland. During this period, Vignir Rafn Gíslason, certified public accountant and member of the The Institute of State Authorized Public Accountants in Iceland (Icelandic: *Félag löggiltra endurskoðenda*) has audited the Issuer's annual statements.

What is the key financial information regarding the issuer?

Consolidated Income Statement

ISK million	2019	2020	2021
Total revenues	10,301	11,306	12,982
EBITDA	2,658	2,764	3,919
Total comprehensive income	(59)	386	1,451

Consolidated Balance Sheet

ISK million	2019	2020	2021
Total assets	18,947	18,810	24,214
Total equity	8,663	9,067	5,048
Total liabilities	10,284	9,742	19,165

Cash flow

ISK million	2019	2020	2021
Cash and cash equivalents at end of period	177	195	2,179

The Issuer confirms that there have been no significant changes in inventories or sale prices from 31 December 2021. There have also not been any significant changes in the Issuer's financial performance from 31 December 2021 to the date of publication of this prospectus. In

April 2022 the Issuer completed a share capital increase, the proceeds of which were deployed to repay a part of the Issuer's borrowings, as can be seen in the pro forma financial information below.

Consolidated Balance Sheet – post share capital increase

	Unadjusted balance sheet 31.03 2022	Share capital increase – pro forma adjustment	Costs in relation to the share capital increase – pro forma adjustment	Debt reduction – pro forma adjustment	Pro forma balance sheet, post share capital increase
<i>ISK million</i>	Unaudited & unreviewed	Unaudited & unreviewed	Unaudited & unreviewed	Unaudited & unreviewed	Unaudited & unreviewed
Non-current assets	19,104				19,104
Cash and cash equivalents	892	3,500	(105)	(3,400)	887
Other current assets	1,876				1,876
Total assets	21,872	3,500	(105)	(3,400)	21,867
Total equity	5,227	3,500	(105)	0	8,622
Loans and borrowings	5,685			(3,277)	2,408
Lease liabilities	5,285				5,285
Other non-current liabilities	2,521				2,521
Total non-current liabilities	13,491	0	0	(3,277)	10,214
Loans and borrowings	226			(95)	131
Lease liabilities	176				176
Other current liabilities	2,751			(28)	2,723
Total current liabilities	3,153	0	0	(123)	3,030
Total liabilities	16,644	0	0	(3,400)	13,244
Total equity & liabilities	21,872	3,500	(105)	(3,400)	21,867

What are the key risks that are specific to the Issuer?

Business activity risk

- General macro-economic factors, such as economic growth, inflation, employment levels, interest rates, supply chain disruptions, material availability and exchange rates of ISK can affect the Issuer's operations. Economic activities affect both supply and demand. The level of employment can affect the Issuer's and Nova's wage costs. Inflation and its expectations affect interest rates and, consequently, the cost of capital.
- The Issuer requires capital expenditures and investments in equipment and related labour costs. Advancements in the information technology and telecommunications industries, i.a. the development of faster networks and new products requiring mobile internet access, the

behaviour of the Issuer's customers, and/or accelerated growth in internet usage and expectations of higher speeds, may require the Issuer to invest in the capacity of its network at a faster pace than the Issuer currently anticipates, and at greater additional expense.

- The Issuer is subject to substantial competition for all its products and services in the fixed-line and mobile telecommunications markets. Competition in the retail and business segments generally occurs based on price, content, increased investment in customer acquisition, retention costs, subscription options or service quality. Increased competition could originate from current competitors as well as new market entrants offering cheaper and/or better alternatives to traditional connectivity.
- The Issuer is involved in various strategic partnerships with suppliers regarding infrastructure and its success largely depends on the continued and uninterrupted performance of its network systems, information technology, hardware solutions and data centers. As such the Issuer could face risks in relation to those partnerships, including potential political or reputational risks based on the Issuer's partners, their geographical locations or the quality of products and services provided.
- The Issuer relies on strategic and important relationships with both suppliers of hardware, software and related services used to operate their systems and infrastructure, where the Issuer has in some cases already made substantial investments, that can complicate a rapid replacement from a particular supplier of equipment and/or maintenance to another supplier.
- In the event that the joint telecommunications venture with Sýn hf., Sendafélagið hf., was to discontinue for any reason, for instance due to the potential for breach and/or disagreement about terms and related operational disruption and/or economic impact, the operational efficiency gained through the shared utilization of infrastructure would be lost.

Legal and regulatory risk

- The Issuer operates in highly regulated markets and its business activities and results could therefore be affected by legislative or regulatory changes, including those with extraterritorial scope, or by changes in government policy, including a proposed bill of law on telecommunications.

Financial risk

- Inability to secure financing may impact the liquidity of the Issuer, which may in turn have a negative impact on its ability to meet debt obligations or conduct operations. Even if the Issuer can raise sufficient liquidity, it may be on unfavourable terms and thus have a material negative effect on the profitability of the Issuer. Lack of available and favourable financing may also impact the Issuer's ability to capitalise on investment opportunities
- The Issuer is subject to financial covenants stipulated under one loan agreement with Arion Bank. The conditions of the loan agreement include stipulations regarding the Issuer's equity ratio, debt coverage ratio along with other covenants. Breaches of financial covenants may constitute events of default under the loan agreement in question, potentially resulting in immediate repayment or other necessary measures by the Issuer deemed satisfactory to the relevant creditor.

C. Key information on the securities

What are the main features of the securities?

General information	Shares in Nova Klúbburinn hf., ID No. 620916-0560. The Issuer's shares are of a single class and carry equal rights in all aspects in accordance with the Issuer's Articles of Association. The shares are issued in accordance with Act No. 2/1995 on public limited companies and are electronically registered with Nasdaq CSD Iceland in accordance with Act No. 7/2020 on Central Securities Depositories, Settlement and Electronic Registration of Financial Instruments. The Issuer's shares are registered under the ISIN number IS0000031045 and FISN PLATINUM NOVA/SH. The Shares are registered in book-entry form under the name and Icelandic ID No. of the relevant shareholder or nominee pursuant to Article 42 of the Act on Markets in Financial Instruments, No. 115/2021.
Currency	Icelandic Krona (ISK)
Par value per share	The Issuer's share capital is ISK 3,817,276,464 nominal value. The share capital is divided into an equal amount of shares of nominal value ISK 1.
Rights attached to the securities	Each share in the Issuer entitles the holder to one vote at shareholder meetings, where each shareholder is entitled to cast votes equal in number to the number of shares held in the Issuer. No special rights or privileges are attached to the Issuer's shares. Shareholders' rights are subject to the Articles of Association and may only be amended in line with relevant applicable laws at any given time.
Seniority of share holders	In the event of the liquidation or bankruptcy of the Issuer, shareholders are paid proportionally to their holdings of share capital using the remainder of the Issuer's assets, after all other creditors have had their valid claims. No conversion rights are attached to the Shares.
Free transferability of the securities	The shares are freely transferrable unless otherwise stipulated by law, including Act No. 7/2020 on Central Securities Depositories, Settlement and Electronic Registration of Financial Instruments and any subsequent rules based thereon.
Dividend policy	Other than provided for under the Articles of Association, the Issuer has not set any policy on dividend distributions or any restrictions thereon.

Where will the securities be traded?

The securities will be admitted to trading on the regulated market of Nasdaq Iceland hf. Following the Financial Supervisory Authority of Iceland's Central Bank's review and confirmation of the Prospectus and the completion of the offering, the Board of Directors of the Issuer will apply for the shares to be admitted to trading on the regulated market of Nasdaq Iceland hf.

Is there a guarantee attached to the securities?

No guarantee is attached to the securities.

What are the key risks that are specific to the securities?

- In general, equities are considered to carry an increased amount of risk than various other financial instruments such as bonds, as in the event of the liquidation of the Issuer, shareholders are last in the line of receivership, collecting only that which is left when all other claims have been settled. In addition, the price of equities can demonstrate more volatility than bond prices as their value may be subject to constant changes.
- Market risk is defined as the current or prospective risk to earnings and capital arising from adverse movements in the level or volatility of prices of market instruments, such as, but not limited to those arising from changes in interest rates, inflation, equity prices and foreign exchange rates. As such, the Shares may be subject to market price volatility, and their market price may decline in response to developments or factors outside the Issuer's control.
- The liquidity of the Shares is subject to changes in market conditions, market sentiment, the Issuer's anticipated or actual operating results, investor interest among other factors.

D. Key information on the offer of securities to the public and the admission to trading on a regulated market

Under which conditions and timetable can I invest in this security?

A minimum of 1,416,773,033 existing shares in the Issuer will be offered for purchase, representing 37.1% of total issued share capital, with the option of upsizing the offering by 20% of the minimum size, to a maximum of 1,700,127,639 shares or 44.5% of total issued share capital. The offering is made by way of a public offer of the Issuer's shares in Iceland to retail investors and qualified investors in accordance with the Prospectus Regulation. The offering is not subject to any underwriting. Investors have two subscription options which differ in terms of price as well as size of subscription and allocation.

Order Book A: 495,870,562 shares are offered at a fixed price of ISK 5.11 per share. The maximum size of each subscription in Order Book A is ISK 20,000,000 purchase value for each subscriber. The minimum size of each subscription is ISK 100,000 purchase value.

Order Book B: 920,902,471 shares are offered at a minimum price of ISK 5.11 per share, with the investor specifying a maximum price. The minimum size of each subscription in Order Book B is over ISK 20,000,000 purchase value for each subscriber, with no maximum size other than as limited by the overall size of the offering. All shares will be sold at the same price, designated by a book building process.

Subscriptions in Order Books A may be reduced proportionally, limited to a maximum number of shares and/or reduced or rejected in another manner at the sole discretion of Nova Acquisition Holding ehf., Atrium Holding ehf. and Nova Acquisition (Iceland) LLC (the "Sellers"). However, efforts will be made not to reduce subscriptions below ISK 500,000,

subscriptions made by customers of Nova under ISK 1,000,000 and subscriptions made by employees of Nova under ISK 5,000,000. Subscriptions in Order Book B may be reduced proportionally, limited to a maximum number of offer shares and/or reduced or rejected in another manner at the sole discretion of the Sellers. Allocation in Order Book B will be made on the basis of price as well as the timing of subscriptions. The Sellers have sole discretion to reduce or reject any subscription. Sole discretion means that the Sellers are not obliged to reveal how the reduction or rejection was decided and the counterparty will not be given the opportunity to object to the decision or its application. The Sellers reserve the right to alter the ratio of shares allocated between Order Book A and Order Book B. Should the upside potential be utilized in part or in full, the Sellers reserve the right to allocate the additional shares between Order Book A and Order Book B on a discretionary basis.

The subscription period is expected to start at 10:00 GMT on 3 June 2022 and end at 16:00 GMT on 10 June 2022. The subscription period is subject to any acceleration, extension or postponement of the timetable. The Sellers reserve the right to accelerate, extend or postpone the subscription period. No subscriptions will be accepted after the subscription period has ended. In such cases where the subscription period is extended or postponed, a supplement to the Issuer's Securities Note will be published, as applicable. The results of the offering are expected to be published on www.nova.is/investors on 13 June 2022.

The offering is only directed and marketed to investors in Iceland. Participation in the offering is open to legal entities with an Icelandic identification number (Ice. kennitala), and financially and legally competent individuals as defined by the Act on Legal Competence, No. 71/1997, having an Icelandic identification number, having regard for restrictions that may be imposed by law. As stipulated in the above conditions, if the person's estate has been declared bankrupt and such proceedings have not been completed before the end of the offer period, that person may not participate in the offering. Persons who are not otherwise legally competent to manage their financial affairs may not participate in the offering.

Subscriptions shall be registered electronically on a special-order form (subscription website) on Arion Bank's website: www.arionbanki.is/nova-ipo. Subscriptions will not be accepted in any other format. The subscription form will be available in Icelandic and English.

Why is this prospectus being produced?

This prospectus is produced in connection with a public offering of the Issuer's shares and the admission to trading on the regulated market of Nasdaq Iceland hf. The Issuer and the Sellers together bear all cost associated with the offering and admittance of the shares to trading. Net proceeds of the offering, given that the base size of the offering is sold at the minimum price, will amount to approximately ISK 7,000 million.

Arion Bank has been retained by the Issuer to manage the offering, the process of admission of the Issuer's Shares for trading on the Regulated Market of Nasdaq Iceland as well as the compilation of the Prospectus in cooperation with the board and management of the Issuer, and investors are advised to acquaint themselves with potential conflicts of interest Arion Bank may have with the Issuer or the Sellers.



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1 Risk Factors

This registration document, dated 1 June 2022 (the “Registration Document”) constitutes a part of a prospectus prepared by Nova Klúbburinn hf. (previously known as Platínium Nova hf.), ID No. 620916-0560 (the “Issuer”), whose sole concern is to serve as the holding company of Nova hf., ID No. 531205-0810 (“Nova”), an entity providing a full-service product range within telecommunication services, offering mobile, internet and retail services), dated 1 June 2022 (the “Prospectus”).

The risk factors described in this Chapter 1 “*Risk Factors*” in this Registration Document are those that the Issuer is aware of and deems material to the Issuer and the industry in which it operates. Nova is the cornerstone of the Issuer’s results of operations and is thus the main subject of the risks to the Issuer in this Chapter 1, as well as in other coverage throughout this Registration Document. The two entities have submitted consolidated accounts since 2017.

Before deciding on an investment in the Shares it is important that investors familiarise themselves with and independently evaluate all the information contained in the Prospectus, which consists of this Registration Document, a Securities Note and a Summary. Investors are advised to familiarise themselves with the risk and uncertainty factors described in the section on risk factors in the Registration Document and the relevant sections in the Securities Note that could have a significant effect on the Issuer’s operations and assessment of investment in the Shares.

The Issuer has assessed the materiality of the risk factors based on the probability of their occurrence and the expected magnitude of their negative impact and has organised the following risk factors accordingly within each category, beginning with those estimated to be most significant to the Issuer. The order in which the categories of risk factors are presented does not necessarily reflect the probability of their occurrence or the magnitude of their potential impact, as the categories of risk factors mentioned herein could materialize individually or cumulatively. Any quantification of the significance of each individual category for the Issuer could be misleading, as other categories of risks factors may materialise to a greater or lesser degree. The likelihood of occurrence of any particular event is difficult to assess with any certainty, whether it be regarding its direct effects or knock-on effects which may lead to other events, which may in turn cause damage to the Issuer and/or affect the value of the Shares. Each of the risk factors listed below could repeatedly or on a stand-alone basis affect the Issuer's operations and finances and thus the value of the Shares. Predicting the extent or time limit of their effects is not possible.

Additional risks and uncertainties not presently known to the Issuer or the Board of Directors or, that they currently deem immaterial, may also impair the Issuer's business operations. The business, financial condition, or result of operations of the Issuer could be materially and adversely affected by any of these risks. The trading price of the Issuer's Shares could decline due to any of these risks and investors could lose all or part of their investment.

1.1 Risks related to the Issuer's financial situation

1.1.1 Refinancing and liquidity

As external financing constitutes a part of the Issuer's operations, any difficulties in obtaining financing for capital expenditures, acquisitions or refinancing existing obligations, or the sole availability of financing on terms disadvantageous to the Issuer, could have a material negative impact on the Issuer's operations, earnings and/or financial position. As of 31 December 2021, the Issuer's interest-bearing liabilities amounted to Icelandic krona ("ISK") 14,976 million, thereof ISK 7,085 million in loans and borrowings and ISK 7,891 million in lease liabilities and other liabilities. Current payments due within 12 months amount to ISK 4,706 million.

The inability to secure financing may impact the liquidity of the Issuer, which may in turn have a material negative impact on its ability to meet debt obligations or conduct operations. Even if the Issuer can raise sufficient liquidity, it may be on unfavourable terms and thus have a material negative effect on the profitability of the Issuer. Lack of available and favourable financing may also impact the Issuer's ability to capitalise on investment opportunities.

The following is an overview showing the Issuer's financial liabilities. Cash flow is based on the terms of loan agreements at the end of the year:

Figures in ISK million Year 2021	Book value	Payments in 1 year	Payments in 1-2 years	Payments in 2-5 years	Payments in more than 5 years
Non-current liabilities					
Loans and borrowings	7,085	347	357	6,381	-
Lease liabilities and other non-current liabilities	7,891	169	164	480	7,077
Current liabilities					
Trade payables	765	765	-	-	-
Other payables	2,074	2,074	-	-	-
Tax payable	1,288	1,288	-	-	-
Pre-payments	63	63	-	-	-
Other liabilities	-	-	-	-	-
Total liabilities	19,165	4,706	521	6,861	7,077

Figures in ISK million Year 2020	Book value	Payments in 1 year	Payments in 1-2 years	Payments in 2-5 years	Payments in more than 5 years
Non-current liabilities					
Loans and borrowings	6,121	399	399	1,197	4,126
Lease liabilities	1,239	118	108	332	680
Deferred income tax liability	580	580	-	-	-
Current liabilities					
Trade payables	660	660	-	-	-
Other payables	820	820	-	-	-
Tax payable	158	158	-	-	-
Pre-payments	63	63	-	-	-
Other liabilities	102	102	-	-	-
Total liabilities	9,742	2,900	507	1,529	4,806

At year-end 2021, pending payments for the following year amounted to ISK 4,706 million as opposed to ISK 2,900 million at year-end 2020. The increase in pending payments is mostly attributable to other payables and tax payables due to Nova's passive mobile infrastructure sale, discussed in detail in Chapter 3.2.10 "Sale and leaseback of passive mobile infrastructure" and Chapter 4.3 "Consolidated Balance Sheet at year-end 2019, 2020 and 2021".

The Issuer's current long-term financing matures in 2024. The Issuer may at its discretion request two extensions of the loan, for up to three years in each extension. As such, the payment due in 2-5 years, which in year-end 2021 amounted to ISK 6,381 million, can be extended for up to six years following the maturity date in 2024. Further details regarding the long-term loan may be found in Chapter 4.3.2 "Equity and Liabilities at year-end 2019, 2020 and 2021".

Cash at year-end 2021 amounted to ISK 2,179 million. The Issuer strives to have sufficient funds to cover loan repayments. If the Issuer's access to sufficient liquidity is impacted, it could have a negative effect on cash flow and profitability and thus the Issuer's ability to meet its obligations.

1.1.2 Interest rates and inflation

In addition to the Issuer's own equity, the operations of the Issuer are financed by loans from credit institutions. Interest expenses are affected by the level of market interest rates, the margin rates of credit institutions, as well as the Issuer's strategy with regards to interest rates.

Market interest rates are primarily affected by the expected inflation rate and the repo rates of the Central Bank of Iceland. The Issuer's financing is in the form of loans carrying variable interest rates. Interest rate increases and/or high inflation may have a negative impact on the Issuer's ability to finance its operations at favorable rates. Interest bearing debt is discussed in detail in Chapter 4.3.2 "*Equity and Liabilities at year-end 2019,2020 and 2021*". As of 31 December 2021, a +/-1% interest rate change would have an ISK 71,616 thousand impact on income statement and equity, excluding tax effects.

1.1.3 Credit risk

Credit risk relates to the Issuer suffering a financial loss if a customer or a counterparty in a transaction is unable to meet its agreed obligations. The Issuer's credit risk is mainly due to trade receivables and is mainly determined by the financial position of individual customers. The Issuer monitors the collection of trade receivables on a regular basis and the receivables are written down if it is considered that they will not be collected in full after traditional collection procedures. The Issuer's largest possible loss due to financial assets is their book value, which was as follows at year-end 2019, 2020 and 2021:

Credit risk

<i>Figures in ISK millions</i>	2019	2020	2021
Trade receivables	1,161	1,156	1,044
Other receivables	158	176	1,690
Loans to related parties	37	99	-
Cash and cash equivalents	177	195	2,179
Total	1,534	1,626	4,913

The increase in other receivables between 2020 and 2021 is due to a VAT payment due to Nova's passive mobile infrastructure sale. Further details regarding other receivables may be found in Chapter 4.3.1 "*Assets at year-end 2019, 2020 and 2021*".

1.1.4 Currency

The Issuer's operating currency, along with a large majority of its revenues are denominated in ISK. Due to the nature of the Issuer's operations a relatively high portion of cost of service, such as investments in active mobile infrastructure, are purchased directly in various foreign

currencies dependent upon individual suppliers. In addition, the Issuer sells a variety of goods, including mobile phones and end user equipment, which despite being sourced from Icelandic wholesale agents and denominated in ISK, is originally denominated in foreign currencies. As such, a weakened rate of ISK towards other currencies can have a negative effect on the Issuer's profitability and ability to maintain an optimal service level if the Issuer is unable to raise its prices proportionally to increased costs.

The Issuer sets a CAPEX plan on an annual basis where a predetermined amount, denominated in ISK, is dedicated to maintenance and infrastructure investment based on fixed currency rates. As such, any changes in exchange rates may affect the amount of ISK required to execute the Issuer's plan successfully. If the rate of ISK, as of 31 December 2021, were to strengthen or weaken by 10% against other currencies it would have an effect of approximately +/- ISK 145 million on budgeted CAPEX for 2022.

1.1.5 Financial commitments in loan agreements

The Issuer is subject to financial covenants stipulated under one loan agreement with Arion Bank. The conditions of the loan agreement include stipulations regarding the Issuer's equity ratio, debt coverage ratio along with other covenants. These financial covenants are discussed in detail in Chapter 4.3.2 "*Equity and Liabilities at year-end 2019, 2020, 2021*". Breaches of financial covenants may constitute events of default under the loan agreement in question, potentially resulting in immediate repayment or other necessary measures by the Issuer deemed satisfactory to the relevant creditor. Additionally, the Issuer has pledged most of its assets as collateral for the loan agreement, where the Issuer's creditor have the right to assume ownership of the Issuer and the Issuer's assets, including cash and cash equivalents, account receivables, intellectual property, bank accounts and general claims in the event of default or non-payment. In the event of immediate repayment, or the execution on collateral, the liquidity position of the Issuer could be severely impacted, resulting in material negative effects on the Issuer's ability to conduct its operations.

1.1.6 Goodwill

Due to past acquisitions, the Issuer carries ISK 10,094 million in goodwill at year-end 2021. Goodwill represents the future economic benefits produced by assets acquired in mergers or acquisitions and are subject to annual impairment tests, which could require the Issuer to write down its goodwill in part or in full. An impairment of goodwill does not take place unless the

recoverable amount resulting from an impairment test (performed under IFRS, IAS 36) is less than the carrying amount of the underlying booked value. The underlying acquired asset is the base for the impairment test and the amortization amount can never be more than corresponding booked value of goodwill of that underlying acquired asset. Such actions could affect the Issuer's financial position, e.g. because of covenant breaches in loan agreements in the future, and operating results. A 10% impairment of goodwill at year-end 2021 would result in an ISK 1,009 million charge on the Issuer's income statement.

1.1.7 Lease liabilities

The Issuer recognises right-of-use assets and lease liabilities in accordance with IFRS 16 Leases. The Issuer's accounts include various right-of-use assets and lease liabilities related to agreements concerning real estate, transportation equipment, and facilities for telecommunication equipment, including passive mobile infrastructure. There exists a risk that the Issuer will not be able to secure suitable agreements or the equipment necessary for its operations in key areas on favorable terms. Specific risks related to the Issuer's use of passive mobile infrastructure are discussed in detail in Chapter 1.2.9 "*Sale and leaseback of passive mobile infrastructure*".

The recognition of right-of-use assets and lease liabilities is initially recorded at the commencement date as the present value of lease payments that are not paid at that time, less any initial direct costs incurred by the lease asset and the expected cost of dismantling or removing the asset, as well as any incentives received. Generally, the Issuer uses its incremental borrowing rate as a discount rate, adjusted for the nature of the underlying asset and the duration of the lease agreements, for calculating the present value.

Lease liabilities increase due to interest payments and decrease due to lease payments. The present value of total lease liabilities is remeasured following changes in future lease payments arising from changes in index rates, interest rates, a change in the Issuer's estimate of the amount estimated to be payable under a residual value guarantee, changes in the Issuer's assessments, extensions or if there is a revised in-substance lease payment.

Changes in the factors mentioned above can have a significant impact on the Issuer's lease assets, lease liabilities and future lease payments. Furthermore, if the current IFRS 16 Leases standard will change it will have an effect on the Issuer's balance sheet.

1.2 Risks related to the Issuer's business activities and industry

1.2.1 Macro-economic conditions

General macro-economic factors, such as economic growth, inflation, employment levels, interest rates, supply chain disruptions, material availability and exchange rates of ISK can affect the Issuer's operations. Economic activities affect both supply and demand. The level of employment can affect the Issuer's and Nova's wage costs. Inflation and its expectations affect interest rates and, consequently, the cost of capital. If the Issuer is unable to raise prices proportionally to inflation or wage costs, it could have a negative impact on the Issuer's profitability. Supply chains can face challenges which could impact the Issuer's purchases of goods, including materials used for maintaining or constructing necessary network infrastructure. The Covid-19 pandemic and related macro-economic effects have caused substantial strain on a multitude of supply chains.

If macro-economic conditions worsen in Iceland, it could lead to a decline in spending and potential insolvency of customers in both the consumer, wholesale and business market and consequently higher bad debt, which could have a negative effect on the Issuer's financial condition and prospects as a result of lower future revenues, cash flows or decreased profitability, as a substantial part of the Issuer's cost structure is fixed and cannot be decreased in the short and medium term.

The industry that the Issuer operates in is affected by both global and domestic macroeconomic, environmental and geopolitical factors, which are subject to uncertainty and volatility. New technologies, climate change, increased regulation, local or global pandemics, increased outsourcing, potential political unrest and increased system capacity needs due to urbanisation and population growth are important factors driving demand for telecommunication services. In addition, rising standards of living tend to lead to lower tolerance toward infrastructure failure or service outages. Any macroeconomic or geopolitical impacts that affect these industry drivers may have a negative impact on or slow the growth of the telecommunication industry and thus the growth of the Issuer.

Macro-economic conditions in Iceland deteriorated due to the impact of Covid-19 as 2020 progressed. The spread of Covid-19 and the response of the government in Iceland have led to significant disruptions in many companies' operations. Going forward, new or old global epidemics or pandemics could arise, causing restrictions similar to those experienced during the Covid-19 pandemic. Uncertainties could also arise due to global tensions between countries, which may i.a. lead to trade restrictions, wars and impact global supply chains. Containment measures or geopolitical disturbances, such as the 2022 Russian invasion of

Ukraine, could i.a. impact stock markets, supply chains and have a general negative economic impact, affecting the Issuer's business and resulting in lower revenues, for example caused by lower roaming revenues due to decreased travel, lower product sales and postponement of sales. Furthermore, increased interruptions in the continuity and quality of the Issuer's services and slower development of mobile and internet network, for example caused by sick leave of key personnel or disruptions in international supply chains leading to shortages of network equipment or devices, could adversely affect the Issuer's operations. Any of the aforementioned could lead to lower profitability of the Issuer and a decline in customer satisfaction.

1.2.2 Capital intensity

The Issuer requires capital expenditures and investments in equipment and related labour costs. The Issuer's cash flow from investing activities amounted to ISK 1,551 million excluding one-off disposal of operating assets for the financial year 2021 to maintain and improve the quality of its network in order to preserve the Issuer's goal of providing its clients with the latest technologies at any given time. Advancements in the information technology and telecommunications industries, i.a. the development of faster networks and new products requiring mobile internet access, the behaviour of the Issuer's customers, and/or accelerated growth in internet usage and expectations of higher speeds, may require the Issuer to invest in the capacity of its network at a faster pace than the Issuer currently anticipates, and at greater additional expense. The bulk of the Issuer's investments in the foreseeable future involve the modernisation of its mobile network through expenditures directed towards 5G technology, with the aim of increasing its market share in mobile connected devices. Inability to make the necessary investments in its network and infrastructure could lead to lower revenues as well as lower market shares, lower cash flow generation and a deterioration of the overall financial condition of the Issuer.

The Issuer cannot provide assurances that its business will generate sufficient cash flows from operations or that future debt and equity financing will be available to it on acceptable terms or in an amount sufficient to enable it to, over the longer term, fund its capital expenditures or investments or renew its debt financing as principal repayments come due. Forces over which the Issuer has little or no control, such as competition, technological innovation, regulatory changes, the loss of its current distribution partners which could require additional capital expenditure for new stores or distribution channels, and general market conditions all impact the Issuer's operating performance, and therefore the cash it has available to fund these

expenditures and service its debt. In addition, sustained turbulence in the capital markets could further restrict the Issuer's ability to access additional funding.

The telecommunications market is characterised by increasing competition, accelerating changes in customer behaviour, accelerating technological developments, and increasing price pressure. Due to these developments, high investments in the Issuer's assets such as technical infrastructure (access and core networks), licenses and goodwill may not be recovered as the Issuer's business models to generate revenue and cash flow streams could change in the future. Also, changes in assumptions such as profitability, network penetration, long-term growth and discount rates could affect the value of cash generating units. These factors could lead to impairments of fixed assets, licenses, and goodwill.

The Issuer's investments in its mobile infrastructure, including licenses, may not be recovered or returns on these investments may be lower than anticipated. If the Issuer's future cash flows from operations and other capital resources are insufficient, the Issuer may be unable to fund its strategy, which includes planned capital expenditures, investments, maintenance of its credit rating and sustaining an acceptable leverage ratio, and as a result, could have a material and adverse effect on the Issuer's operational result, financial condition, and prospects.

1.2.3 Competition

The Issuer focuses on offering high-quality services and networks, which are fundamental to customer perception, company reputation, and brand value now and in the future. The ambition to create a service company on the customers' terms requires a commitment for all employees to be able to adapt to changes of customer needs and focus on each time and place. The Issuer's assessment is that Iceland is at the forefront of adopting new telecommunications technologies supported by its position in fiber internet deployment as well as mobile telecommunications technologies. As such, the country is characterized by a high prevalence of high-speed, high-quality fixed and mobile broadband access, as demonstrated in Chapter 3.3.3 "*Nordic Perspective*". Due to the sophistication of the market, the Issuer is subject to substantial competition for all its products and services in the fixed-line and mobile telecommunications markets. Iceland's fixed network is mainly operated by two entities with nationwide coverage, Ljósleiðarinn and Míla, offering extensive broadband coverage to mobile and network operators. Other smaller private and public entities also operate fixed networks in localized parts of the country.

As the Issuer does not operate its own fixed network, it is reliant on these entities for fixed network access. Following the pending divestiture of Míla, both operators of Iceland's fixed

network will be independent entities with no direct stake in the retail or business telecommunications markets. There is a potential risk for the Issuer related to this reliance on third party network providers to deliver service. In addition, the Issuer could face risk related to competition where volatility of mobile service customers is high due to competitive local telecom market characterized by oligopoly and customer fishing. As other telecom providers offer services from Ljósleiðarinn and Míla it is relatively easy for customers to change telecom providers at low switching costs with minimal cancellation notices.

The Issuer operates its own mobile network in direct competition with other local entities, and as such direct competitors include mobile network operators (“MNO’s”), Mobile virtual network operators (“MVNO’s”) and branded resellers as well as non-traditional voice and data providers. Competition in the retail and business segments generally occurs based on price, content, increased investment in customer acquisition, retention costs, subscription options or service quality. Increased competition could originate from current competitors as well as new market entrants offering cheaper and/or better alternatives to traditional connectivity. The Issuer’s services are increasingly based on technological standards, limiting its possibilities to differentiate services from those offered by competitors. Present competition of the Issuer is mostly local. However, the industry as such is open to international competition. All of the above could lead to a diminished market share of the Issuer and adversely affect its operational results, financial condition and prospects. As the Issuer operates in a highly competitive market, the actions of its competitors, and in some cases their suppliers, such as the introduction of new revenue models, technology or pricing strategies, could have a significant effect on the Issuer’s prospects. In addition, the telecommunications and broadband internet market have historically been recognized as being subject to swift changes in technology, behavior and customer demand, amplifying the competitiveness of the market. Investment in new technologies may have slower than expected customer acceptance and can be slowed down or limited by lack of supply of relevant products by third parties as, for instance, experienced in the COVID-19 pandemic. The introduction of new products and services such as new propositions may also not be successful and/or timely. If the Issuer fails to anticipate or react to market changes, it can have a significant effect on the operational results, financial condition, and prospects of the Issuer by way of increases to its subscriber acquisition and/or retention costs, decreases in Average Revenue Per User (“ARPU”), increased customer churn, higher costs or investments in customer base maintenance, resulting in lower profitability and/or market share for the Issuer.

1.2.4 Systems and Security Measures

The Issuer is involved in various strategic partnerships with suppliers regarding infrastructure and its success largely depends on the continued and uninterrupted performance of its network systems, information technology, hardware solutions and data centers. As such the Issuer could face risks in relation to those partnerships, including potential political or reputational risks based on the Issuer's partners, their geographical locations or the quality of products and services provided. Hardware supporting a considerable portion of critical systems for customers and the Issuer's network is vulnerable to damage from a variety of sources including, but not limited to;

- Telecommunications failures
- Technical shortcomings in own network assets
- Technical defects with other surrounding equipment
- Technical failures in supporting systems
- Power loss
- Fire
- Human error
- Malevolent human behaviour
- Vandalism
- Terrorism
- Information protection issues
- Data loss incidents
- Security issues
- Supplier failures
- Pandemics, such as Covid-19
- Natural disasters
- Warfare

The Computer Emergency Response Team ("CERT") was formally established in 2013 and operates under the Electronic Communications Office of Iceland ("ECOI"), as stipulated by

regulation 480/2021 on CERT-IS. CERT-IS is the national CERT of Iceland, mandated by law to act as a national point-of-contact for cyber-security related incidents. CERT-IS serves its constituency by proactively analysing and advising on threats and vulnerabilities, as well as providing assistance in handling incidents that may occur. CERT-IS contributes to the overall cyber security in Iceland by providing alerts and contributing to publicly available educational material. The CERT covers telecommunications operators as well as those operators of important infrastructure in Iceland which have a contract with CERT. The Issuer's telecommunication and internet operations fall within CERT's scope, where the aim of CERT is to prevent, reduce and respond to the risk of cyber-attacks or similar security indices in the computer systems listed above in this chapter.¹

Additionally, network performance monitoring could be inadequate to timely identify and/or prevent errors, and even with adequate procedures and controls, the Issuer's servers could still potentially be exposed to break-ins of various forms of electronic or physical break-ins, such as cyber-attacks, technical viruses and other breaches or disruptive events each of which can have a direct negative impact on the Issuer's current business and future business.

Even with certain data backup systems and various precautions in place, unanticipated problems could cause failures or disruptions in transmission signals on the Issuer's network, that could negatively affect e.g., contractual obligations and the competence providing services, and potentially result in a loss of customers and reduce customer satisfaction, or even resulting in potential claims for payment of damages or contractual remedies. Extreme weather conditions and natural disasters may also cause serious problems to network quality and availability. All the above mentioned can have a negative impact on the Issuer's financials and earnings.

The hardware supporting numerous critical systems for the Issuer's network and those of its clients is housed in locations that are geographically close to each other or that could be exposed to similar risks at the same time. As a result, these systems are vulnerable to damage from a variety of sources, the occurrence of any of these eventualities could have a material adverse effect on the Issuer's business, financial condition, results of operations and prospects. Furthermore, the Issuer might incur liabilities or reputational damages as a result thereof, which could materially and adversely affect its business, results of operations, financial condition, and prospects.

In order to prevent or mitigate incidents, the Issuer's information security management system ("ISMS") is based on EC/ISO/IEC standards, with an annual risk assessment performed based

¹ CERT-IS Computer Emergency Response Team Iceland

on the supporting standard ISO/IEC 27005. The Issuer is currently moving from an annual risk assessment approach towards a continuous risk assessment approach where the spotlight is shed on different entities over the course of each year. The Issuer has a contingency plan and threats and/or risks are evaluated and treated accordingly and in compliance with the ISMS.

1.2.5 Reputational risk

As the Issuer offers all its services under the Nova brand, it is subject to increased risk caused by reputational damage to the Nova brand. The brand could face damage due to service interruptions, operational issues, data security breaches and public image incidents. Damage to the Nova brand could result in loss of customers and thus have a material impact on the Issuer's operations, financial conditions and prospects.

The Issuer could also face reputational risk based on negative publicity in relation to various socioeconomic factors related to the Issuer's product offerings, such as the effects of overuse of screen time and social media on mental health. Public discourse related to the potential health effects of electromagnetic signals and radio frequency emissions of telecommunication related devices could also serve to damage the Issuer's prospects.

The Issuer could face reputational risk regarding its choice of suppliers, potentially due to negative discussion caused by political reasons, market situation, suppliers' impropriety and legal disputes. Further detail regarding supplier related risks are outlined in Chapter 1.2.7 "*Supplier relationships and outsourced services*".

1.2.6 Employees

The Issuer's future development is and always will be highly dependent on its capability to attract qualified and diverse employees from various backgrounds. Should the Issuer become unable to retain or recruit required employees, or if key employees were to leave the Issuer without sufficient replacements, it could negatively impact the business operations and potentially the financial position of the Issuer. Current operations are managed by five members in senior management and other key employees. The loss of key employees could have significant impact on the Issuer's operations should it prove to be difficult to recruit qualified and diverse replacements, especially if dependent upon the relatively small Icelandic job market, whereas recruiting skilled experts from abroad could add more competition to the recruiting process and result in higher personnel costs. In addition, the Issuer cannot guarantee that it can successfully retain or recruit and integrate sufficiently qualified and diverse

personnel. Corporate actions such as restructurings can result in less motivated personnel and/or employees resigning and leaving the Issuer, possibly leading to a longer or less successful integration of new employees that could have negative impact on operational continuity. All the aforementioned could have a negative impact on the Issuer's operational continuity, financial position, product development, growth strategy, marketing and network completion.

In the fall of 2022 and 2023 numerous collective agreements expire which will presumably impact the Issuer's personnel costs. Should collective agreements in the fall of 2022 entail large wage increases alongside continued persistent inflation, it could cause increased pressure on further wage increases in the near future based on historical experience. This could negatively impact the business operations and margins as the Issuer could face challenges if the Issuer is unable to raise prices in proportion to increased personnel costs.

1.2.7 Supplier relationships and outsourced services

The Issuer relies on strategic and important relationships with both suppliers of hardware, software and related services used to operate their systems and infrastructure, where the Issuer has in some cases already made substantial investments, that can complicate a rapid replacement from a particular supplier of equipment and/or maintenance to another supplier. This could occur if a supplier, current or in the future, would refuse to or would be unable to offer necessary equipment or services and/or to maintain similar or favorable prices. Suppliers or providers of services might face disruptions in their supply chains resulting in delayed and/or failed deliveries, and/or regulatory restrictions on imports to the European Economic Area. Currently, a new bill of law on telecommunications is being discussed in Parliament which is anticipated to enter into force on 1 July 2022. The bill includes an article allowing inter alia the minister for telecommunications to decide in a regulation that equipment in parts of local telecommunications network that are deemed sensitive with respect to public interest or national security, shall in part or totally come from manufacturers in countries that Iceland is in security cooperation with and/or within the EEA. If the bill is passed unchanged in this respect the possibility remains that the Issuer's main supplier will be excluded from doing business in Iceland as had occurred in other countries and may additionally pose some restrictions to Nova and its ability to choose freely between suppliers of equipment. Suppliers could also breach relevant legislation and regulations such as data protection, security, privacy, intellectual property rights, human rights and/or environmental laws, which could have negative impact on the Issuer's operational continuity and financial position. In addition to that, contractual

obligations with the Issuer's customers might not be properly translated into contractual obligations with third-party suppliers or service providers.

The Issuer could receive equipment or services that for some reason does not meet expectations and/or are defective. In these instances, it could be difficult or not possible to carry out recourse claims, such as in cases where contractual warranties might have or have expired, where the defects do not fall under the underlying contractual warranties, or where the supplier or provider of services are insolvent. The Issuer could require certain products or services at a certain time, and in some or all cases might not be able to guarantee that these requirements would be fulfilled in acceptable amounts, at competitive terms and in a timely manner. As the telecommunications industry is constantly developing the Issuer could face some risks in relation to faster development of equipment, suppliers not being able to deliver the technology required or potential political risk in relation with the equipment or supplier involved.

Furthermore, the Issuer could outsource or move certain parts of their operations offshore, potentially resulting in adverse effect on customer satisfaction if the products or services provided do not meet customers' expectations or obligations outlined in outsourcing agreements. Some customers might be opposed to such developments by the Issuer at all. Either contract party could decide to terminate these contracts, e.g., as a result of insolvency of any kind, and that could get under way operational defects, such as disruptions to networks or delays, leading to additional costs affecting the Issuer's financial performance and/or customer satisfaction. In addition, the Issuer's image could get affected by negative publicity if such negative public perceptions occur in relation to the outsourcing entities.

The aforementioned factors could have a negative impact on the Issuer's operational continuity, financial position, product development, growth strategy, marketing and network completion.

1.2.8 Sendafélagið

In 2015, the Issuer founded the joint venture Sendafélagið ehf. along with Sýn hf. At its inception, Sendafélagið encompassed all cell transmitters, base stations and other relevant infrastructure (mobile passive infrastructure) owned by both companies for the intent of increasing the utilization of tower assets through the sharing of infrastructure. With the joint operation ownership form, the companies are able to maintain a technical relationship granting each other access to their mobile network (2G/3G/4G/4.5G and radio network) by leasing through Sendafélagið. The two shareholders are the sole customers of Sendafélagið but are

not able to see statistical data usage information from the other party. Further information regarding the joint venture can be found in Chapter 3.2.13 “*Sendafélagið*”. In the event that the joint venture was to discontinue for any reason, for instance due to the potential for breach and/or disagreement about terms and related operational disruption and/or economic impact, the operational efficiency gained through the shared utilization of infrastructure would cease to be, resulting in higher costs for the Issuer and a negative effect on its financial position.

1.2.9 Sale and leaseback of passive mobile infrastructure

In 2021, the Issuer divested majority of its passive mobile infrastructure assets, encompassing 167 tower sites to Íslandsturnar ehf., an entity owned by the infrastructure firm DigitalBridge Group Inc. Simultaneously, Sýn hf. divested part of its passive mobile infrastructure assets to the same entity. In parallel to the sale, the Issuer leased back the sold assets based on a lease agreement extending to 40 years in total. Previously the Issuer leased locations for their passive mobile infrastructure on an average of 5-year period. With the 40-year lease agreements the Issuer has secured long term locations for their passive mobile infrastructure. Potential risks are that Íslandsturnar could be at some point unable to deliver all locations negotiated for with resulting disruption to the Issuer’s telecommunication service.

Further information regarding the divestiture and leaseback can be found in Chapter 3.2.10 “*Sale and leaseback of passive mobile infrastructures*”.

1.2.10 Environmental and health regulations

The Issuer’s operations are dependent on robust and reliable telecommunications network infrastructure. Such infrastructure falls within a framework of laws and regulations concerning both land use and the environment, including laws and regulations regarding “the storage, management and disposal of hazardous materials and the clean-up of contaminated sites”. Violations of, or liabilities under, those laws and regulations may lead to costs for the Issuer including but not limited to fines, sanctions, clean-up costs and litigation costs. Such costs could have a negative effect on the Issuer’s margins, financial results, creditworthiness and commercial reputation.

The Issuer’s operations are also dependent on the safe and accepted usage of mobile telecommunications transmission network infrastructure, equipment, and devices. The Issuer cannot guarantee that future medical research on the topic will not amplify such concerns and/or lead to more restrictive regulations regarding the construction of telecommunications

network infrastructure and the usage of mobile telecommunications transmission equipment/devices.

Public concerns regarding the health effects of electromagnetic signals and radio frequency emissions may also lead to higher direct or indirect costs for the Issuer, for example through more onerous regulations, a reduction in the number of mobile users or customer litigation. Such cost increases may adversely affect the Issuer's network deployment, the coverage of the Issuer's network and the availability of new services, negatively affecting the Issuer's margins, financial results, creditworthiness, and commercial reputation. This could also negatively impact the ability to locate towers and equipment necessary to ensure adequate coverage and services.

1.3 Legal and regulatory risk

1.3.1 Legal environment

The Issuer operates in highly regulated markets and its business activities and results could therefore be affected by legislative or regulatory changes, including those with extraterritorial scope, or by changes in government policy, including a proposed bill of law on telecommunications. The Issuer strives to comply with any and all relevant legislation, both general and specific to its industry, as lack of compliance with laws may result in the Issuer being forced to pay fees, fines or be subject to administrative action. Certain risks also revolve around the interpretation of applicable laws and regulations, running the risk of such interpretations being incorrect, or that the accepted interpretation of relevant laws may change in the future. The Issuer has limited potential to reduce or control these risk factors and it is therefore necessary for investors to pay attention to them before making a decision to invest in the Shares.

Icelandic legislation on telecommunication is heavily influenced by the European Union's ("EU") legislation, which Iceland is contractually obligated to transpose in line with the Agreement on the European Economic Area. The ECOI is responsible for the administration of electronic communications and network security in Iceland and operates according to the Electronic Communications Act No. 81/2003 and Act on the Electronic Communications Office of Iceland No. 75/2021. According to Act. No. 75/2021, the ECOI is inter alia tasked with participating and cooperating with other regulatory authorities in the European Economic Area ("EEA") in order to promote uniform application and controls of electronic communications within the EEA.

The telecommunications legal environment is evolving rapidly. In July 2021, Act No. 75/2021 was enacted, replacing Act on the Post- and Telecom Administration No. 69/2003. In September 2020, Act No. 78/2019, implementing Directive (EU) 2016/1148 concerning measures for a high common level of security of network and information systems across the Union (the “NIS Directive”) into Icelandic legislation, entered into force. Although the NIS Directive’s aim was to achieve a high common level of cybersecurity, imposing cybersecurity requirements and incident reporting obligations on operators of essential services and digital service providers, the EU has already accelerated the introduction of the NIS II Directive intended to address several shortcomings and weaknesses identified in the NIS Directive. During the 150th parliamentary session and again in the 151st session a bill was presented to Parliament intended to replace Act No. 81/2003. The bill was intended to implement Directive (EU) 2018/1972 establishing the European Electronic Communications Code into Icelandic law but the bill failed to pass the committee stage in both instances. The bill has again been presented to Parliament for the current 152nd session so some significant changes should be expected. Any future changes in laws and/or regulations e.g. electronic communications law, competition law, data protection law, law on surveillance of commercial practices and marketing, law on consumer loans, taxation law, accounting law and debt collection law may have a positive or negative impact on the Issuer’s earnings and places certain demands on the Issuer and its ability to adapt to such changes.

A new bill of law on Telecommunication is under discussion by parliament. In the bill, the minister of telecommunications is given authority to decide that equipment in parts of local telecommunications networks deemed sensitive with respect to public interest or national security shall in part or entirely come from manufacturers in countries that Iceland is in security cooperation with and/or from within the EEA. If the bill is passed unchanged in this respect the possibility remains that the Issuer’s main supplier will be excluded from doing business in Iceland and may additionally pose some restrictions to the Issuer and its ability to choose freely between suppliers of equipment. A number of countries have gone through similar restrictions of suppliers, in which cases the relevant governments have either assumed liability for the costs incurred due to the switch-out of equipment or instated a grace period where affected companies are allowed to replace equipment in line with necessary reinvestment over some period of time. However, the proposed bill makes no guarantees as to what measures Icelandic authorities might take in this respect. Should the proposed telecommunications bill be implemented as law, it can be assumed that Icelandic telecommunication law will be interpreted and applied with regard to EU legislation, guidelines and caselaw, cf. e.g. the EU toolbox on 5G Cybersecurity. The bill also contains a general authorization for ECOI to impose

administrative fines on companies amounting to up to 4 per cent of their total turnover, should the authority conclude that a telecommunication company is in breach of Art. 103 of the bill.

1.3.2 Designation on undertakings with significant market power and the imposition of obligations

The ECOI shall, in accordance with Article 16 of Act No. 81/2003 define markets for goods or services and geographical markets in accordance with the principles of competition law and obligations under the Agreement on the European Economic Area. Under Article 17 of the same Act, the ECOI shall, having regard to Article 16, analyse relevant markets. The analysing of markets shall provide a basis for decisions as to whether the ECOI shall place, maintain amend or cancel obligations on undertakings with significant market power, as defined in Article 18 of Act No. 81/2003. Should the Issuer be deemed to display significant market power, it could become subject to a variety of obligations which, if binding, could limit the Issuer's growth, hinder customer acquisition or affect profitability in other ways.

1.3.3 Trademarks and intellectual property rights

The Issuer's current portfolio of intellectual property rights consists of several registered trademarks relating to the Issuer's core brands. The Issuer believes it has taken appropriate steps to protect its intellectual property rights and generate value from these rights where appropriate. In order to protect these rights, the Issuer currently uses a combination of patents, trademarks, service marks, trade secrets, copyrights, database protection, confidentiality agreements with its employees and third parties and protective contractual provisions. The Issuer continues to invest in the growth of its intellectual property rights portfolio. Failure to maintain important trademarks and/or other intellectual property rights, e.g., due to mistakes in registration, renewals or third-party rights, could affect the operations of the Issuer. The Issuer's registered trademarks at the Icelandic Intellectual Property Office consist of Nova, Startup Supernova, Hrósarinn and Jibbí. In addition, the Issuer has pending applications for the following trademarks: Fyrir þig, Hraðleið, Ekki vera risaeðla, Úrlausn and SjálfsVörn.

1.3.4 Operating license, numbers and frequencies

The Issuer has a general authorisation to operate electronic communications networks and provide electronic communication cf. Articles 4 and 6 of Act No. 81/2003 and ECOI Rules No. 345/2005.

The Issuer's permission to use phone numbers and mobile frequencies is subject to the authorisation of the ECOI, and as such, decisions taken by the ECOI can have an impact on the Issuer's operations, should they be unfavorable or out of line with the Company's expectations or requirements. An overview of the Company's allocated frequencies can be found in Chapter 3.2.11 "*Infrastructure and Development*".

Investors should note that the allocation of numbers and frequencies by the ECOI entails a temporary license and does not lead to nor entail ownership or permanent executive or utilisation rights cf. Article 7 of Act No. 81/2003. Due to the nature of these temporary licenses, the Company cannot presuppose that the license to use certain phone numbers or frequencies will be renewed after the utilisation period has lapsed or that the license will not be limited or reduced upon renewal. Furthermore, if phone numbers or frequencies are not utilised in accordance with allocation rules, terms of use and/or laws and regulations the Issuer could become subject to fines, administrative actions or the revoking or suspension of the Issuer's license. The Issuer's ability to renew or acquire frequencies and other licenses and the terms of acquisition or renewal to which those licenses are subject to a number of factors, some of which are beyond the Issuer's control, including the prevalent regulatory and political environment at the time of renewal. License suspension or revocation and/or failure to acquire new frequencies or renew existing ones could have a material adverse effect on the Issuer's business, operational results, financial condition and prospects.

1.3.5 Data Protection

Nova processes various data, personal and other, in order to provide its customers with goods and services. The Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 was transposed into Icelandic law with the Act on Data Protection and the Processing of Personal Data No. 90/2018 on 15 July 2018. In order to ensure proper handling of personal data, Nova has made relevant precautions and instated a safety manual (processes and procedures) which, among other matters, includes information on the proper handling of personal data within Company operations. Despite the fact that Nova has instated relevant precautions, there is a risk that that the measures taken may prove to be insufficient, which may result in fines, damage claims for individuals or involvement by supervisory authorities. Violations of Act No. 90/2018 carry financial risks due to penalties for data breach or improper processing of personal data and may also harm the Issuer's reputation and activities relying on personal data processing. Furthermore, some uncertainty remains with respect to the legal regulatory environment for privacy and data protection legislation.

1.3.6 Taxes

The Issuer is a public liability company and as such, the Issuer is subject to unlimited tax liability in Iceland. The Issuer believes that it complies with all applicable laws and regulations on taxes and therefore does not expect the tax authorities to investigate against its handling of income or other financial matters. However, as with the general risk of different interpretation of relevant rules, there is a risk that the Issuer and tax authorities may differ on how to handle various financial matter within the Issuer, and breaches of tax rules could have a severe outcome on the finances and reputation of the Issuer.

1.3.7 Disputes

A part of the acquisition price of Símafélagið ehf., which the company acquired in the year 2017, was deferred and paid in installments over the years 2020-2021. At year-end 2020 the management of Nova had revised future payments down to reflect estimation of actual payment that will be realised. The final earn-out payment was due in 2021 and was calculated based on accrued growth in defined revenue streams. The final payment was 114 million. The sellers of Símafélagið have disputed that amount and believe they are entitled to maximum earn-out of ISK 250 million. The view of Nova's management is that the acquisition price was fully paid in 2021 and therefore no liability was recorded in the annual consolidated financial statement for 2021.

There are no other current, nor have been any in the previous 12 months, governmental, legal or arbitration proceedings, including any such proceedings which are pending or threatened of which the Issuer is aware, which may have, or have had in the recent past significant effects on the Issuer financial position or profitability.

1.3.8 Insurance

The Issuer and Nova hold insurance for all of its major assets and employees, including Directors' liability insurance, to reduce the risk of major economic impact in case of incidents. The insurance covers a range of risks, among them potential damage to the Company's assets as well as liability exposure associated with real estate operations. If the Company's insurance coverage shows to be inadequate to cover losses the Company could be obliged to bear substantial costs if (i) its insurance policies do not cover a specific claim; (ii) the amounts insured under such policies are insufficient; or (iii) an insurer is not able to pay the insured

amounts. In addition, the damage may not be limited to damages eligible for compensation but could include harm done to the Company's reputation.

Acts of sabotage, terrorist attacks and other incidents, especially if they were to be directed against the telecommunications industry, could result in insurance coverage for telecommunications companies becoming more expensive and/or certain risks becoming uninsurable.

If the Issuer is unable to maintain its insurance cover on terms acceptable to it or if future business requirements exceed or fall outside the Issuer's insurance cover or if the Issuer's provisions for uninsured costs are insufficient to cover the final costs it could have a material negative impact on the Issuer's operations, earnings and financial position.

2 Notice to Investors

The Prospectus has been scrutinised and approved by the Financial Supervisory Authority of the Central Bank of Iceland (the “FSA”), as competent authority under Regulation (EU) 2017/1129 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market (the “Prospectus Regulation”). The FSA only approves the Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as any type of support or endorsement of the Issuer or a statement to the quality of the securities referred to in the Prospectus. The level of disclosure in this Prospectus complies with Annex 1 (Registration document for equity securities) and Annex 11 (Securities note for equity securities or units issued by collective investment undertakings of the closed end type) (the “Securities Note”) as put forth in Commission Delegated Regulation (EU) 2019/980, supplementing the Prospectus Regulation. The Prospectus also complies with the Nordic Main Market Rulebook for Issuers of Shares as published by Nasdaq Iceland on 1 September 2021 (the “Exchange Rules”). The Prospectus was approved by the FSA on 1 June 2022 and is valid for twelve months after this date and will be available for electronic viewing for a period of ten years after the date of publication on the Issuer’s website: www.nova.is/investors. For twelve months following the publication of the Prospectus, printed copies of the Prospectus may be ordered free of charge upon written request to nova@nova.is.

Any dispute that may arise from the Prospectus, the Offering or related matters shall be governed exclusively by Icelandic law and be subject to the exclusive jurisdiction of Icelandic courts, where the District Court of Reykjavík shall constitute the first instance.

Following the publication of the Prospectus, investors are advised to acquaint themselves with all information publicly disseminated by the Issuer or any other information concerning the Issuer or the Shares. Information in this Prospectus is based on scenarios and facts applicable at the date of its publication and may be subject to changes from the time of publication by the FSA until trading with the Shares commences on Nasdaq Iceland’s regulated market. If material new information, mistakes, or inaccuracies regarding the information in this Prospectus or other documentation included in the Prospectus that is likely to affect investors’ assumptions of the Issuer or the Shares comes to light during this period, a supplement to the Prospectus will be published in accordance with Article 23 of the Prospectus Regulation. The supplement shall be confirmed by the FSA and published in the same manner as the original Prospectus. In accordance with the Prospectus Regulation, investors that have placed

subscriptions in the Offering described by the Prospectus are permitted to withdraw said subscriptions within two business days following the publication of the supplement.

The Issuer intends to fulfil Nasdaq Iceland's conditions regarding distribution of shares by way of an offering of shares further described in the Issuer's Securities Note that constitutes a part of the Prospectus, dated 1 June 2022. For this purpose, a public offering is defined as an offer to the public as stipulated by Article 2(d) of the Prospectus Regulation. The purpose of the Offering is to satisfy the conditions set forth by Nasdaq Iceland regarding the sufficient distribution of shares admitted to trading on Nasdaq Iceland's regulated market, which are intended to ensure sufficient liquidity and distribution of ownership.

The size of the Offering amounts to 1,416,773,033 shares, representing 37.1% of issued share capital with the possibility of an increase to a maximum of 1,700,127,639 shares, representing 44.5% of issued share capital. The Subscription Period will commence on 10:00 GMT on 3 June 2022 and end on 16:00 GMT on 10 June 2022. The results of the Offering are expected to be published on 13 June 2022, following which the Issuer will submit a final version of the application for admission of all Shares to trading on the Regulated Market of Nasdaq Iceland (the "Application"). Subsequently, Nasdaq Iceland will publish a final decision regarding the Issuer's Application and, if accepted, the first possible day of trading with the Shares. The first day of trading will be published at a minimum of one business day in advance.

The Sellers reserve the right to withdraw the Offering if Nasdaq Iceland rejects the Issuer's Application, or if Nasdaq Iceland fails to accept the Application by 18 June 2022. The Sellers further reserve the right to delay, extend or withdraw the Offering at any point up until the publication of Nasdaq Iceland's decision regarding the Issuer's Application or in light of any other events expected to have a negative effect on the prospects of the Offering, such as events related to the Offering itself, the Issuer or the Sellers or negative developments in macroeconomic or financial markets in Iceland and/or abroad. Should the Sellers decide to withdraw the Offering based on any of the above, all subscriptions as well as allocations based on the subscriptions will be considered void. Should the Offering be withdrawn, or the Offering period extended, an announcement will be published by way of the same medium as the original announcement of the Offering.

Should the Offering be delayed, a supplement to this Prospectus will be published in accordance with Article 23(2) in the Prospectus Regulation, where notice will be given as to when the Offering will resume and conclude. Furthermore, the supplement will include any new material information introduced following the publication of the Prospectus up until the publication of the supplement.

Participation of investors in the offering is subject to various conditions, including i.a. the marketing of the Offering as well as legal competence. The Offering is marketed in Iceland and as such, participation is permitted for all financially and legally competent individuals, as defined under Act No. 71/1997 on Legal Competence, and legal entities that have an Icelandic identification number. This Registration Document or other documents included in the Prospectus published on 1 June 2022 may under no circumstances be viewed or interpreted as promises of Issuer performance or Share yield by the Issuer, the Seller, the manager of the Offering, the manager of the admission to trading on the Main Market of Nasdaq Iceland or any other parties involved. Investors are reminded that the purchase of shares is an inherently risky investment based on expectations as opposed to promises, and as such, investment in the Shares is entirely the responsibility of the investor. Investors are reminded to use their own judgement when deciding on an investment in the Shares and be mindful of the markets that the Issuer operates in, profit expectations, external conditions and the risk involved in an investment in the Shares. Investors are reminded that they can seek the advisory of specialists, to assist in the evaluation of the Shares as an investment proposition. Investors are also advised to evaluate their legal status and the tax impact that an investment in the Shares may generate and seek independent advisory in this regard.

This Registration Document or other documents that constitute a part of the Prospectus shall not be distributed (neither by mail or in any other way) to countries where the distribution would require an additional registration process or other actions other than those stipulated by Icelandic laws and regulations if such distribution is not in accordance with the laws and rules of the countries in question. As such, this Registration Document should i.a. not be distributed in any way to countries other than Iceland. The Issuer, Sellers or Manager are not liable for damages caused by the distribution of the Prospectus or documents to third parties in other countries.

Following the Application the Issuer and the Shares will be mandated by the provisions of laws, regulations and rules regarding issuers of shares, and shares that have been admitted to trading on a Nasdaq Iceland's regulated market as applicable at any given time, i.a. Act No. 20/2021 on the Disclosure and Notification requirements of Issuers of Financial Instruments, Act No. 60/2021 on Market Abuse, Act No. 115/2021 on Markets in Financial Instruments as well as other rules and regulations based on the aforementioned acts, including FSA rules no. 1050/2012 on Procedures regarding Inside Information and Insider Trading as well as regulation no. 320/2022 on Action to Prevent Market Abuse. The Application is considered complete when the FSA has approved and published the Prospectus and a final version of the Application has been delivered to Nasdaq Iceland.

The Prospectus contains forward-looking statements that reflect the Issuer's current views of future events, including operational and financial developments. As such, wording such as "expect", "plan", "believe", "estimate", "should", "will", "anticipate" and other expressions predicting future trends or developments that are not based on historical facts should be taken as forward-looking statements. Forward-looking statements should not be considered guarantees as they are based on present estimates and projections, which are subject to substantial uncertainties and may turn out to be inaccurate or incorrect. As such, these forward-looking statements should not be relied upon as actual outcomes and may deviate materially from the forward-looking statements included in the Prospectus. The Issuer or affiliated parties do not undertake to publish revisions or updates of forward-looking statements based on new information, future events or any circumstances other than what should reasonably be expected based on applicable rules and regulations.

2.1 Potential conflicts of interest

Investors are advised of the following interests Arion Bank has regarding the Issuer:

Arion Bank has been retained by the Issuer and the Sellers to manage the Offering, the process of admission of the Issuer's Shares for trading on the Regulated Market of Nasdaq Iceland as well as the compilation of the Prospectus in cooperation with the board and management of the Issuer. Additionally, Arion Bank provides general banking services to the Issuer and is a lender to the Issuer as disclosed in Chapter 4.3.2 "*Equity and Liabilities at year-end 2019, 2020 and 2021*". Arion Bank holds no Shares in the Issuer. Arion Bank will act as a market maker for the Issuer as further disclosed in Chapter 5.2 "*Market Making*" in the Securities Note. In accordance with Article 32 of Act No. 115/2021 on Markets for in Financial Instruments, Arion Bank has rules and policies in place for the treatment of potential conflicts of interest. Arion Bank's "*Rules on Handling Conflicts of Interest*" as of the date of this Prospectus may be found on the following website:

<https://www.arionbanki.is/english/about-us/more/rules-and-terms/>

The "*Rules on Handling Conflicts of Interest*" are not incorporated by reference into this Prospectus, and as such do not constitute a part of this Prospectus.

2.2 The Issuer's statement

The Issuer and the Board of Directors are responsible for the content of this Registration Document. The Issuer and the Board of Directors hereby declare that, having taken all reasonable care to ensure that such is the case, that to the best of Issuer's and the Board of Directors' knowledge, the information contained in the Registration Document is in accordance with the facts and that the Registration Document makes no omission likely to affect its import.

Reykjavík, 1 June 2022

For and on behalf of the Board of Directors of Nova Klúbburinn hf.

DocuSigned by:
Hugh Sherman Short
B75C142D95CF432...

Hugh Sherman Short

Chairman of the Board of Directors

For and on behalf of Nova Klúbburinn hf.

DocuSigned by:
Margrét Tryggvadóttir
B2F9D547493E4F2...

Margrét Björk Tryggvadóttir

Chief Executive Officer

2.3 Advisers

Arion Bank has been retained by the Issuer to manage the process of admission of the Shares to trading on the Regulated Market of Nasdaq Iceland as well as the compilation of the Prospectus in co-operation with the board and management of the Issuer. The Prospectus is based on information supplied by the Issuer, including audited consolidated annual financial statements for the financial years 2019, 2020 and 2021. Arion Bank has not verified the information contained in the Prospectus and assumes no responsibility or liability as to the accuracy or completeness of the information contained in the Prospectus or any other information provided in conjunction with the Offering or the Admission to Trading.

In addition, Arion Bank has been retained by the Issuer to manage the Offering described in the Issuer's Securities Note, dated 1 June 2022 in conjunction with the admission to trading on the Regulated Market of Nasdaq Iceland.

2.4 Documents on Display and documents incorporated by reference

For a period of twelve months from the date of issue of this Registration Document, the following documents will be available for electronic viewing on the Issuer's website: www.nova.is/investors. In addition, all documents incorporated by reference will be available for electronic viewing for a period of ten years from the date of issue of this Registration Document on the same website.

Documents on display

The Summary, the Securities Note and this Registration Document all dated 1 June 2022, website link: www.nova.is/investors

The Issuer's Articles of Association, dated 25 May 2022, website link: www.nova.is/investors/reports/Articlesofassociation

The Issuer's Consolidated Financial Statements for the year 2019, website link: www.nova.is/investors/reports/consolidatedFS2019

The Issuer's Consolidated Financial Statements for the year 2020, website link: www.nova.is/investors/reports/consolidatedFS2020

The Issuer's Consolidated Financial Statements for the year 2021, website link: www.nova.is/investors/reports/consolidatedFS2021

The Issuer's Consolidated Interim Financial Statements for the period January to March 2022, website link: www.nova.is/investors/reports/consolidatedinterimfsQ12022

Conclusion report from PwC, dated 27 May 2022, website link: www.nova.is/investors/reports/conclusionreport

Incorporation by reference

The following documents are incorporated by reference and constitute an inseparable part of the Prospectus:

The Issuer's Consolidated Financial Statements for the year 2019, website link: www.nova.is/investors/reports/consolidatedFS2019

The Issuer's Consolidated Financial Statements for the year 2020, website link: www.nova.is/investors/reports/consolidatedFS2020

The Issuer's Consolidated Financial Statements for the year 2021, website link: www.nova.is/investors/reports/consolidatedFS2021

The Issuer's Consolidated Interim Financial Statements for the period January to March 2022, website link: www.nova.is/investors/reports/consolidatedinterimfsQ12022

2.5 Information from third parties

The Issuer confirms that information from third parties in the Prospectus has been accurately reproduced and that as far as the Issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. Third party information included in the Prospectus is referenced in footnotes where applicable.

The Electronic Communications Office of Iceland (ECOI) is responsible for the administration of electronic communications and network security in Iceland. The ECOI is an independent body under the ultimate direction of the Ministry of the Interior. Responsibility for the daily activities of the Office lies with the Director who is appointed by the Minister of the Interior. ECOI advises the Minister on matters relating to postal matters and telecommunications. ECOI operates according to the Electronic Communications Act, passed by the Icelandic Parliament in 2003 and the Act on the Electronic Communications Office of Iceland No. 75/2021. ECOI publishes various reports and statistics relevant to the telecommunications market. ECOI's website is www.fjarskiptastofa.is.

PTS, the Swedish Post and Telecom Authority, maintains a database (Statistikportalen) where statistical information on the Nordic and Baltic telecommunications markets is published. The PTS database website is www.statistik.pts.se.

The GSM Association (GSMA) is an industry organisation that represents the interests of mobile network operators worldwide. The GSMA represents its members via industry programmes, working groups and industry advocacy initiatives. The website of the GSMA is www.gsma.com.

2.6 Statutory auditor's statement

PricewaterhouseCoopers ehf., ID No. 690681-0139, having its registered office at Skógarhlíð 12, 105 Reykjavík, Iceland ("PwC"), has audited the consolidated financial statements of the Issuer for the financial years ended 31 December 2019, 2020 and 2021. PwC hereby confirms that the consolidated financial statements of the Issuer for the years ended 31 December 2019, 2020 and 2021 give a true and fair view of the consolidated financial position of the Issuer for the respective years ended 31 December and of its consolidated financial performance and its cash flows for years then ended in accordance with International Financial Reporting Standards (the "IFRS") as adopted by the European Union and applicable articles in Icelandic law on annual accounts. PwC refers in this regard to the Independent Auditor's Report dated 29 April 2020 included in the consolidated financial statements for the year ended 31 December 2019, the Independent Auditor's Report dated 15 April 2021 included in the consolidated financial statements for the year ended 31 December 2020 and the Independent Auditor's Report dated 29 March 2022 included in the consolidated financial statements for the year, ended 31 December 2021.

PwC hereby confirms that the information reproduced in this Prospectus from the above-mentioned consolidated financial statements for the Issuer are consistent with their respective originals. In this regard we have conducted our work in accordance with the International Standard on Related Services (ISRS 4400) based on an engagement letter with the Issuer dated 18 May 2022 . We refer to our conclusion report dated 27 May 2022.

Reykjavík, 1 June 2022

On behalf of PwC

DocuSigned by:

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Vignir Rafn Gíslason

State Authorised Public Accountant and member of the Icelandic Institute of State Authorised Public Accountants

2.7 Definitions and references

Any reference to the “Issuer” shall be interpreted as a reference to Nova Klúbburinn hf., ID No. 620916-0560, having its registered office at Lágmúli 9, 108 Reykjavík. Nova Klúbburinn hf. is the Issuer’s legal and operating name.

Any reference to “Nova” shall be interpreted as a reference to Nova hf., No. 531205-0810, having its registered office at Lágmúli 9, 108 Reykjavík.

Any reference to the “FSA” shall be interpreted as a reference to Fjármálaeftirlit Seðlabanka Íslands, ID No. 560269-4129, having its registered office at Kalkofnsvegur 1, 101 Reykjavík.

Any reference to “Nasdaq Iceland” shall be interpreted as a reference to Nasdaq Iceland hf., ID No. 681298-2829, having its registered office at Laugavegur 182, 105 Reykjavík.

Any reference to “Nasdaq CSD Iceland” shall be interpreted as a reference to Nasdaq CSD SE, útibú á Íslandi, ID No. 510119-0370, having its registered office at Laugavegur 182, 105 Reykjavík.

Any reference to the “Shares” shall be interpreted as a reference to all issued share capital of Nova Klúbburinn hf., as registered at Nasdaq CSD SE, útibú á Íslandi, with FISN PLATINUM NOVA/SH and ISIN IS0000031045.

Any reference to the “Sellers” shall be interpreted as a reference to Nova Acquisition Holding ehf., ID No. 680119-0740, having its registered office at Katrínartún 2, 105 Reykjavík, Iceland, Atrium Holding ehf., ID no. 620721-0500, having its registered offices at Skólavörðustígur 12, 101 Reykjavík, Iceland and Nova Acquisition (Iceland) LLC, ID no. 490317-9370, having its registered offices at Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware, USA.

Any reference to the “Main Market” shall be interpreted as a reference to the regulated market operated by Nasdaq Iceland.

Any reference to the “Company Register” shall be interpreted as a reference to the Icelandic Company Register as operated by Iceland Revenue and Customs, ID No. 540269-6029, having its registered office at Laugavegur 166, 105 Reykjavík.

Any reference to “ISK”, “króna” or “kr.” shall be interpreted as a reference to the currency of Iceland, króna. The abbreviation “m.kr.” shall be interpreted as a reference to millions ISK.

Any reference to legislation or regulation in this Registration Document applies to Icelandic legislation or regulation unless otherwise explicitly stated.

Any reference to a Public Limited Company is a reference to Act No. 2/1995 on Public Limited Companies.

2.8 Abbreviations and terms

2G,3G,4G,5G.....	G stands for "Generation" – Main difference between each generation is the signal strength, data capacity and speed
A1 (Austria Telecom)	A1 Telekom Austria Group is a provider of a range of fixed-line, broadband Internet, multimedia services, data, and IT systems, wholesale as well as mobile payment services. For further detail, see: www.a1.group
AI.....	Artificial intelligence
Ailleron.....	Company that builds efficient and innovative IT solutions specialized in sales and customer service. For further detail, see: www.ailleron.com
Application for Admission to Trading.....	Constitutes the start for the Exchange's process for new issuers who intend to apply for admission to trading of shares on Nasdaq Iceland
Arelion	Arelion, formerly named Telia Carrier, and TeliaSonera International Carrier, is a provider of telecommunication services. For further detail, see: www.arelion.com
ARPU	Average Revenue Per User
Articles of Association.....	Articles of Association, dated 19 April 2022
Aur.....	Aur App ehf.
BICS (Belgacom)	BICS is a global leader in digital communications, cloud communication services, mobility

and IoT, and addresses business-critical needs of telecom players, Virtual Network Operators, service providers, enterprise software providers and global enterprises. For further detail, see: www.bics.com

Board’s Rules of Procedure	The rules of procedure of the Board set based on Article 4.2. of the Articles of Association
CAGR	Compound annual growth rate
CAPEX	Capital expenditure
CDN.....	Content delivery network
CDO	Chief Digital Officer
CFO	Chief Financial Officer
CEO.....	Chief Executive Officer
CERT.....	The Computer Emergency Response Team
C-level Management.....	Management team of the Issuer, CEO, CFO, CSO, CTO, CDO
Cogent.....	Cogent Communications is a multinational internet service provider. For further detail, see: www.cogentco.com
CSO.....	Chief Sales Officer
CTO	Chief Technical Officer
EBIT	Earnings before interest expenses and taxes
EBITDA.....	Earnings before interest expenses, taxes, depreciation, and amortization
ECL	Expected credit loss

ECOI.....	Electronic Communications Office of Iceland
EPC/SGSN/MME/GGSN/SGW/PGW.....	PS core's for 2G/3G/4G and 5G
eSim	A digital SIM that allows you to activate a cellular plan from your carrier without having to use a physical nano-SIM.
EU	European Union
EU toolbox and 5G cybersecurity measures	A coordinated European approach based on a common set of measures, aimed at mitigating the main cybersecurity risks of 5G networks that were identified by the EU
EEA	European Economic Area
Ericsson.....	Telefonaktiebolaget LM Ericsson, commonly known as Ericsson, is a Swedish multinational networking and telecommunications company. For further detail, see: www.ericsson.com
Fiber	Optical fiber utilized in fiber-optic communication, as a method of transmitting data and information.
Fortinet	Fortinet is an American multinational corporation that develops and sells cybersecurity solutions. For further detail, see: www.fortinet.com
FIFO	First in - first out
FTE.....	Full time equivalent
GAAP	Generally Accepted Accounting Principles
GGSN.....	The gateway GPRS support node (GGSN) converts the incoming data traffic coming from the mobile users through the Service gateway GPRS

support node (SGSN) and forwards it to the relevant network, and vice versa. The GGSN and the SGSN together form the GPRS support nodes (GSN).

Governance Statement	The Company's governance statement in the Consolidated Accounts of the Company for 2021
GSMA	GSM Association
GTT	GTT Communications, Inc., formerly Global Telecom and Technology, is a multinational telecommunications and internet service provider company. For further detail, see: www.gtt.net
HSS/HLR	Customer data bases
Huawei.....	Huawei Technologies Co., Ltd. is a Chinese multinational technology corporation that designs, develops and sells telecommunications equipment, consumer electronics and various smart devices. For further detail, see: www.huawei.com
Idemia.....	IDEMIA is a multinational technology company that provides identity-related security services, and sells facial recognition and other biometric identification products and software. For further detail, see: www.idemia.com
IEC	The International Electrotechnical Commission
IFRS	International Financial Reporting Standards
IFRS 2	International Financial Reporting Standards 2 specifies the financial reporting by an entity when it undertakes a share-based payment transaction, including issue of share options.

IFRS 16	International Financial Reporting Standards 16 has the objective to report information that faithfully represents lease transactions and provides a basis for users of financial statements to assess the amount, timing and uncertainty of cash flows arising from leases.
IoT	Internet of Things
IP network	An IP network refers to any group of devices, each with their own unique IP addresses, connected under the same network topology.
IP number (address)	An IP address has two parts: the network ID, comprising the first three numbers of the address, and a host ID, the fourth number in the address.
IS GAAP	Icelandic Act no. 3/2006 on Financial Statements
ISO	The International Organization for Standardization
ISO/IEC 27005.....	ISO/IEC standard for "Information technology — Security techniques — Information security risk management"
ISMS.....	Information Security Management System
LEI	Legal Entity Identifier
LTE	Long-Term Evolution
Lumen.....	Lumen Technologies, Inc. is an American telecommunications company that offers communications, network services, security, cloud solutions, voice, and managed services. For further detail, see: www.lumen.com

Manager of the offering.....	Arion Bank hf.
Mbps.....	Megabits per second
MMS.....	Multimedia messaging service
MNO.....	Mobile network operator
MPLS.....	Multiprotocol Label Switching
MSC/MGW/IMS.....	Voice routers and voice switches
MSPs.....	Managed Service Provider
MVNO.....	Mobile virtual network operator
Nasdaq Iceland.....	Iceland main market stock exchange
NodeB/eNodeB/GnodeB.....	Node B is the radio base station in 3G UMTS networks; eNodeB is the radio base station in 4G LTE networks; gNodeB (gNB) is the radio base station in 5G NR networks. These radio base stations (nodes) are the cell towers mobile operators use to connect our mobile phones to 3G, 4G and 5G networks.
Nokia.....	Nokia Corporation is a Finnish multinational telecommunications, information technology, and consumer electronics company, founded in 1865. For further detail, see: www.nokia.com
NIS Directive.....	Act No. 78/2019, implementing Directive (EU) 2016/1148
NTT.....	The Nippon Telegraph and Telephone Corporation is a Japanese telecommunications company. For further detail, see: https://services.global.ntt
OTT.....	Over-the-top
PGW.....	Packet gateway

PS.....	Packet service
Pt Capital	Pt Capital LLC
Public Companies Act.....	Act no. 2/1995 on Public Limited Companies
PwC.....	PricewaterhouseCoopers ehf., Iceland
Q.....	Quarter – Q1 meaning January - March
RedBee.....	Red Bee Media, formerly Ericsson Broadcast and Media Services, is an international broadcasting and media services company and the largest access provider in Europe. For further detail, see: www.redbeemedia.com
RNC.....	Radio network controller
Right-of-Use/ROU.....	As defined by IFRS 16, a contract, or part of a contract, that conveys the right to use an asset for a period of time in exchange for consideration.
SGSN/MME	Supports multi-access, 2G/3G/4G/5G and Wi-Fi networks to meet end-users' requirements for access- and device-independent services.
SGW	Signaling gateway
Shareholders	Shareholders of the Issuer
Shareholders Agreement.....	Arrangement among the Issuer's shareholders
Sinch	Sinch, formerly CLX Communications, is a telecommunications and cloud communications platform as a service company. For further detail, see: www.sinch.com

Síminn hf.	Síminn hf., previously named Landssíminn, offers communication services for both private and corporate clients, including mobile, home phones, Internet connections and television. Síminn also runs its own TV channel and streaming services. For further detail, see: www.siminn.is
SME.....	Small and medium sized enterprises
SMS.....	Short Message Service
SPS/STP/DRA.....	Signal routers
Subscription Period.....	The span of time during which a new issue of securities may be bought before listed on market
Sýn hf.	Sýn is a mass media company in Iceland, which operates Vodafone Iceland, Vísir.is and several TV and radio stations, including Stöð 2, Stöð 2 Sport, Bylgjan and FM 957. It also rebroadcasts foreign television channels over its digital TV system. For further detail, see: www.syn.is
Takeover Act.....	Chapter X of Act No. 108/2007
Telia.....	Telia Company AB is a Swedish multinational telecommunications company and mobile network operator. For further detail, see: www.teliacompany.com
The Lender	Arion Bank
VAS	Value-added service
Zayo	Zayo Group Holdings, Inc., or Zayo Group, that provides communications infrastructure services. For further detail, see: www.zayo.com

3 Business and Market Overview

3.1 The Issuer

The legal and commercial name of the Issuer is Nova Klúbburinn hf. The Issuer is registered at the Register of Enterprises in Iceland, with the ID No. 620916-0560.

Nova Klúbburinn hf. is the parent company of Nova hf., ID No. 531205-0810, which is the sole operating subsidiary of the Issuer, and as such the coverage in this chapter is centered around the operations of Nova. The subsidiary provides a full-service product range within telecommunication services. Nova offers mobile, internet and retail services. The business is decentralized with a local presence through five store locations and 147 employees as of 31 December 2021. In 2021 the Issuer's revenues amounted to ISK 12,982 million.

Legal name	Nova Klúbburinn hf.
Commercial name	Nova
Domicile	Lágmúli 9, 108 Reykjavík, Iceland
ID No	620916-0560
Legal Entity Identifier ("LEI")	64886J4FR973Q12HGS61
Date of Incorporation	20 September 2016
Legal form and legislation under which the Company operates	Public limited company, registered in Iceland in accordance with Act No. 2/1995
Country of incorporation	Iceland
Address	Lágmúli 9, 108 Reykjavík, Iceland
Phone number	+354 519 1919
Website	www.nova.is ²
Total share capital	3,817,276,464
Total shares outstanding	3,817,276,464

² Information on the website does not form part of the Prospectus unless that information is incorporated by reference in the Prospectus.

3.2 Business overview

3.2.1 Nova in brief

Nova is a full-service telecommunications company operating in Iceland. Nova's customers are primarily individuals and small and medium sized corporations. Nova operates through three key business areas: mobile services, internet services and retail sales. Nova also has other smaller revenue streams which are included in other sales.

3.2.2 History of the Issuer

Nova Klúbburinn hf. was founded in 2016 when an affiliate of Pt Capital, through a joint-venture with London based investment company Novator and Nova's management, acquired 100% of Nova's share capital. In 2021, an affiliate of Pt Capital acquired Novator's shares in the Issuer, resulting in total ownership of the Issuer of 97.25%. The Issuer builds on the foundation of its subsidiary Nova that acts as the operating entity and the two entities have submitted consolidated annual accounts since 2017.

Nova was founded in May 2006 by Novator ehf., then led by Liv Bergþórsdóttir and Jóakim Reynisson. The principal objective was to respond to the imminent changes in mobile phone services, as telecommunications evolved from predominantly GSM to 3G. In March of 2007, Nova received its 3G operating license, officially launching its 3G service on 1 December 2007. Nova's entrance into the market made headlines, especially the new business model of free calls within the Nova network. At first, Nova focused on inexpensive phone calls and 3G mobile devices, but as smart phones became increasingly mainstream, there was a focus shift from phone calls to mobile data usage. In this transition, Nova's customer base and market share expanded rapidly. Three years after its founding in 2009, Nova had reached 18% market share in mobile telecommunications and by year-end 2011 the market share had risen to 26%.

Nova became the first Icelandic telecom provider to introduce 4G/LTE services in April 2013. Following the launch, Nova enjoyed a first mover advantage to its domestic competitors and grew exponentially between the years 2013 and 2015. By the end of 2015, Nova was the largest mobile operator in Iceland as measured by the ECOI.

In April 2016, Nova entered the fiber service market. Using Gagnaveitan's (now Ljósleiðarinn) fibre optic cable system, which supports speeds of 1,000 MB/s, Nova was able to offer high-speed fixed internet services to its customers. Up until 2016, the focus had mostly been on mobile services, but by offering internet services to households Nova became a pioneer in smartening up Icelandic homes, offering a full range of services including telephone, internet and distribution of television services, all the while challenging conventional methods by

making the home phone a mobile phone and pulling the television online (via apps and browsers in smart TVs, computer, tablet or other smart devices).

Nova's 4.5G network was launched in October 2017. By the end of 2017 the acquisition of Símafélagið, an Icelandic company specializing in internet services to corporates was finalized, a strategic move that signaled Nova's entrance into the corporate MSPs ("Managed Service Provider") market and created synergies with Nova's existing corporate service division. Shortly after the acquisition, Nova announced on its 10-year anniversary that it would no longer charge its customers for phone calls or text messages and focus instead entirely on mobile data usage, a symbolic step in alignment with the core objective behind Nova's founding.

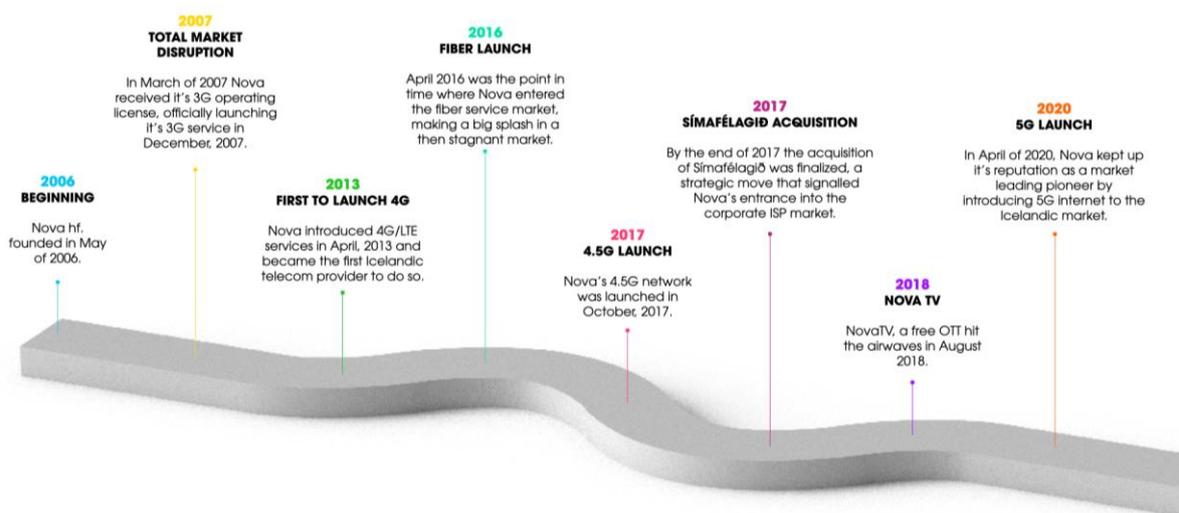
In August 2018, NovaTV, a free OTT video streaming service for Nova's customers hit the airwaves disrupting the rental market for set top boxes. In line with Nova's aim to be a market leading pioneer in technology, Nova introduced 5G internet to the Icelandic market in May 2020. At year-end 2021, the capital region as well as nine urban areas in the countryside were able to access 5G, whose speed is approximately 10x that of 4G and is paving its way to becoming the dominant form of broadband cellular network, as mobile devices and telecommunication infrastructure catch up with the new technology.

In 2021 Nova shifted its focus fully towards development of its own active telecommunications infrastructure, by divesting its passive mobile infrastructure to Íslandsturnar, a subsidiary of DigitalBridge Investment Management. Simultaneously, Nova signed a 40-year lease agreement for 365 transmission sites. As a result, Nova has secured critical locations for its network for the long term. No active network equipment was included in the sale. The agreement was closed in December 2021 and Nova received ISK 5,260 million in proceeds. Further information regarding the divestment can be found in Chapter 3.2.10 "*Sale and leaseback of passive mobile infrastructure*". Nova's current strategy is to own its active infrastructure and strive to ensure its place as a market leader in infrastructure development.

In addition to a history of pioneering in the telecommunications market, the hallmarks of Nova's history are its unique marketing strategies and a track record of high customer satisfaction. Since its inception, Nova has made use of unconventional marketing methods and has received several awards for its marketing campaigns. Nova, and later the Issuer, was awarded the Marketing Company of the Year award in 2009, 2014 and 2020 by the Icelandic Marketing Association (ÍMARK). Nova was the first and only company in Iceland to receive the award three times. Nova has had the happiest customers in telecommunication services for thirteen years running, according to Íslenska ánægjuvugin, an Icelandic customer satisfaction survey. The Icelandic union VR has designated Nova a "VR Role Model" since the initiative was

established. Nova also won VR's "Company of the Year" award in 2020, 2021 and 2022, demonstrating the highest employee satisfaction in Nova's history. The award is based on Iceland's largest survey on the labor market.

Key milestones in Nova's journey:



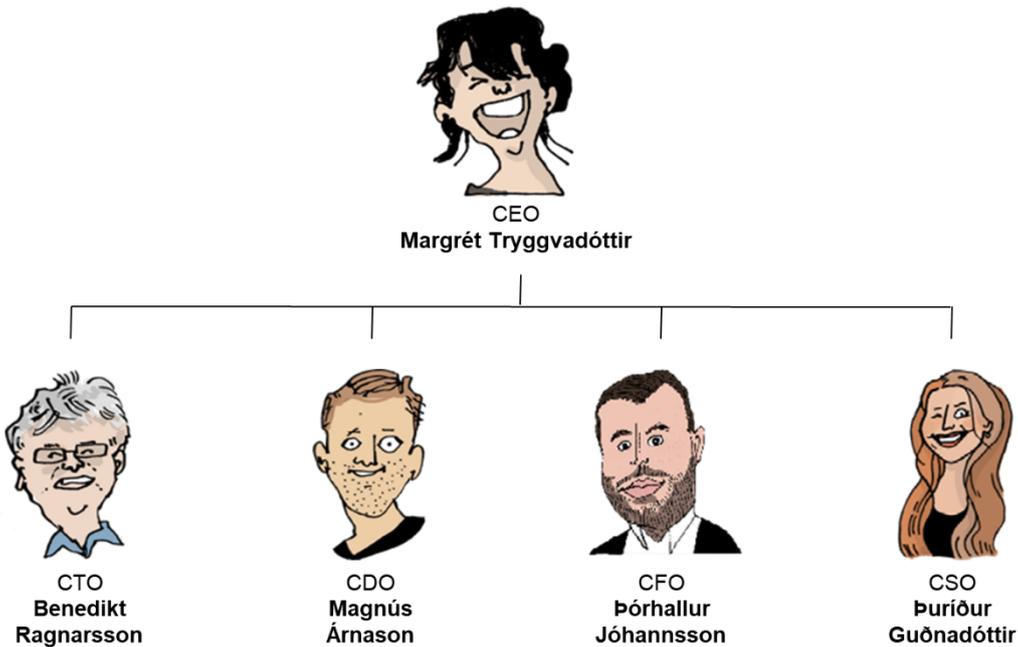
3.2.3 Employees and Management of the Issuer and Nova

The Issuer has no employees, but the CEO of Nova also serves as the CEO of the Issuer. As such, all employees are employed by the operating subsidiary Nova. Nova has a flat organisational structure and minimal overhead. In 2019 the average number of employees amounted to 156. In 2020 the average number of employees amounted to 150 and in 2021 the average number of employees amounted to 147.

As of the date of publication of this Prospectus, Nova employs 147 individuals, split as follows:

Full time equivalent	
Management	5
Finance	14
Telecommunications	19
Sales and Services	82
Digital development and Marketing	26
Total	147

The organisational chart of Nova is presented below:



Nova's Management

Nova is led by an ambitious management team with more than 70 years of combined experience in the telecommunications and technology industries. CEO Margrét Tryggvadóttir has been an employee of Nova since its inception in 2007. CTO Benedikt Ragnarsson and CSO Þuríður B. Guðnadóttir have been with Nova since its early days and have a wide experience in telecommunications. CDO Magnús Árnason and CFO Þórhallur Jóhannsson are highly regarded experts in their fields and joined Nova in 2016 and 2018, respectively.

Chief Executive Officer ("CEO")

Nova's CEO attends the meetings of the Issuer's Board of Directors as well as conducting the general administration of the Issuer, contributing to the making of policy and strategy. The CEO is responsible for the everyday management of the Issuer, including overview and management of the Issuer's funds, procuring book-keeping and generally ensuring accounts are kept in accordance with legislation and custom and that Nova assets are handled prudently and securely. The CEO is also responsible for providing information on the Issuer's business and its operations to the Board of Directors and the Issuer's accountants.

Chief Digital Officer (“CDO”)

Nova’s CDO manages matters concerning the marketing and the web. The CDO is responsible for the Nova brand and image, internal and external marketing efforts, advertisements and events, social media, The Nova website, the Nova app, and other projects related to Nova’s marketing. The CDO also oversees new business development, product development, software development, data management and merchandising.

Chief Technical Officer (“CTO”)

Nova’s CTO co-ordinates the planning and development of the mobile and fixed networks, ensuring adequate coverage and reception of mobile communications. CTO also diagnoses technical issues, plans and develops technical policies, oversees the development of technical business plans, directs and provides leadership to the technical department, defines and implements technical strategies for penetrating the marketplace and manages the network performance and transformation of Nova’s network.

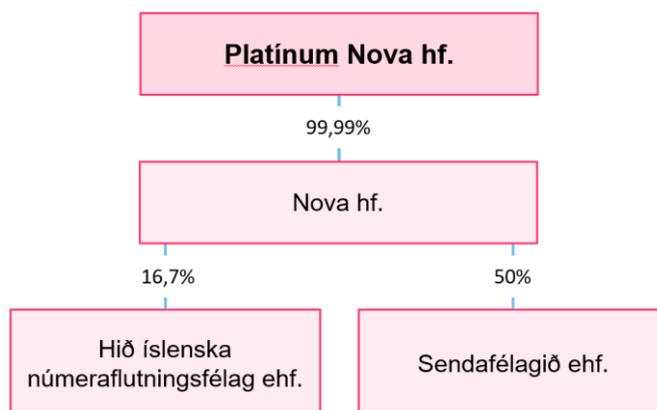
Chief Financial Officer (“CFO”)

Nova’s CFO is responsible for everyday financial management, billing, purchases and inventory control, projections, and financial statements. The CFO also oversees the accounting, revenues and costs, contract making and communications with the Board of Directors.

Chief Sales Officer (“CSO”)

Nova’s CSO is responsible for the its sales and service-related matters, including the day-to-day operations of Nova’s sales divisions, stores, customer and business market services, Nova’s training program for new employees, and procurement.

3.2.4 Corporate structure



Subsidiaries and Associates of Nova Klúbburinn hf.	ID No.	Country of incorporation or residence	Proportion of ownership interest held	Proportion of voting power held
Nova hf. (Subsidiary)	531205-0810	Iceland	99.99% ³	99.99%
Sendafélagið ehf. (Subsidiary of Nova hf.)	440515-1850	Iceland	50.0%	50.0%
Hið íslenska númeraflutningsfélag ehf. (Associate of Nova hf.)	670201-1360	Iceland	16.7%	16.7%

3.2.5 Strategy and culture

Nova's business model is based on challenging the status quo and a commitment to address and service what the market calls for at any given time. Nova celebrates evolving market demands and seeks to update its business model based on market conditions at each time,

³ 0.01% of shares owned by Nova Acquisition Holding ehf. (ID No: 680119-0740)

giving the company a clear distinction in the market. Nova's slogan is "*The World's Biggest Party Place*" (Ísl. Stærsti skemmtistaður í heimi).

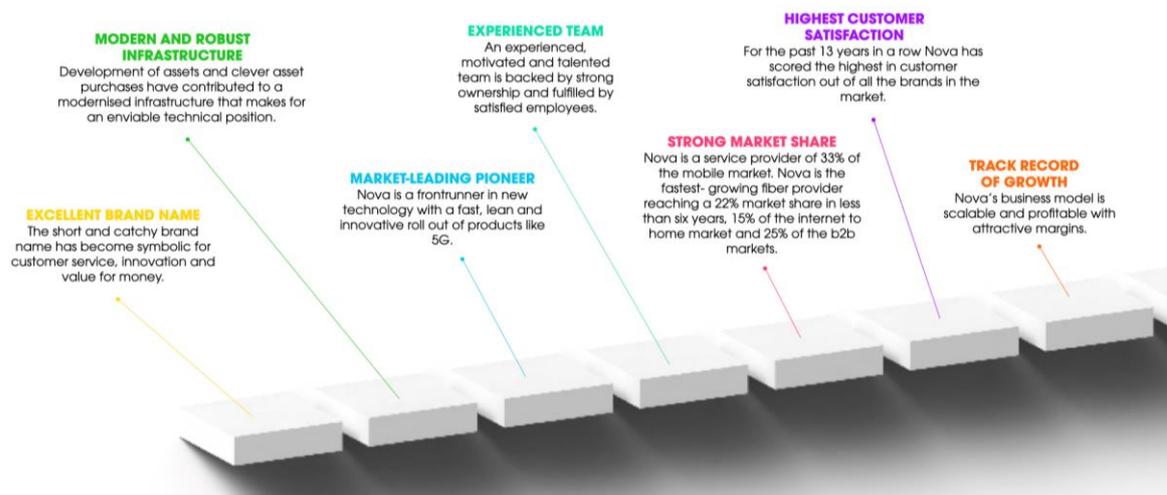
An excellent workplace that promotes a vibrant and engaging culture is a key factor in Nova's business model. Happy employees render a better quality of service. This in turn yields happy and loyal customers which then leads to long-term success for the business.

This workplace culture is one of Nova's main distinguishing features. It sets the brand's tone and embodies its promise of focusing on customer needs and following through continuous changes in those needs. Nova's workplace culture is a key factor in its business ethos and inspires innovation.

The workplace culture is set out to support employees to develop their working career, where emphasis is placed on teamwork, a flat organisational structure and minimal overhead. Nova boasts a talented and experienced team and high employee satisfaction.

Nova's culture serves as a strong foundation for a drive towards being open, caring, lean and progressive. Nova aims to develop and scale the Nova experience by delivering proactive, simple and consistent service solutions that make every customer feel the value of being in a business relationship with Nova.

By engaging with the customer on an emotional level, as well as a material level, by relentlessly pursuing the best ways to provide efficient and up to date methods, and by a commitment to a lean and rewarding workplace environment, Nova believes that it will continue to strengthen its brand and that Nova will remain the telecommunication company of choice for a large part of the population of Iceland.



Nova's objectives are as follows:



**Be the
World's Best
Workplace!**



**Have the
Happiest
Customers!**



**Be One of
Iceland's Top
5 Brands!**



**Offer the Best
Network
Connection!**

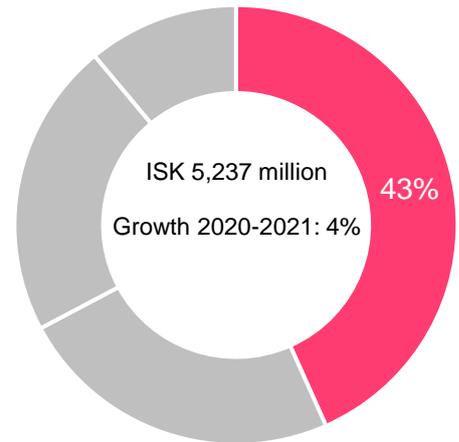
3.2.6 Revenue streams

Nova's broad offerings within Mobile, Internet, Retail and other sales allow Nova to act as a full-service telecommunications provider in the Icelandic market. The Nova brand, NovaTV and websites are Nova's main intellectual properties including bundles of service offerings for homes and for small- and medium sized companies. Nova continually seeks opportunities to upgrade and develop service offerings in line with market conditions at each time. Offerings include services and products for both individuals and businesses. Below are Nova's core revenue streams as Nova defines them. This information is unaudited and in future financial statements, Nova will present the revenue streams as below.

Mobile services

Nova offers a wide service suite across the complete value chain within mobile services. Mobile revenues include total usage of mobile services, mobile broadband roaming and interconnect revenues. In 2021, mobile revenues represented 43% of the total revenues of Nova for a total of ISK 5,237 million.

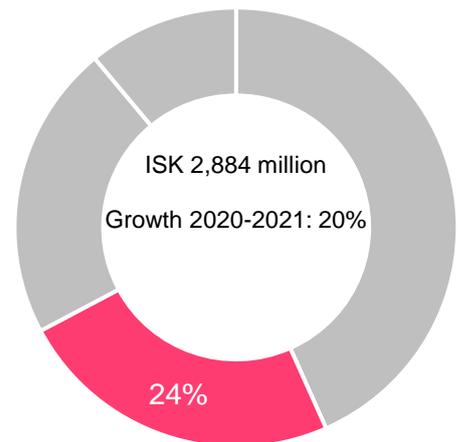
Nova's mobile market share has been stable and is currently around 33% according to the ECOI. Additionally, 61% of total data usage in the mobile network market is routed through Nova's network.



Internet services

Internet revenues include subscription revenues for fiber and other data connections, internet access fees, lease of equipment and other related revenues. In 2021, internet services revenues represented 24% of the total revenues of Nova for a total of ISK 2,884 million.

Since entering the fiber market in 2016, Nova has gained substantial market share and currently holds a 15% market share in the total internet to home market. Nova exclusively offers fiber internet connections and holds a 22% market share in the fiber segment according to the ECOI.

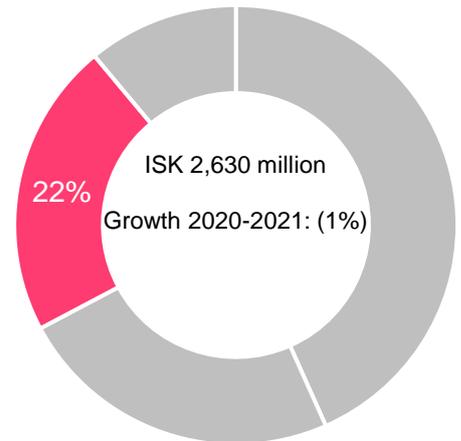


Retail sales

Retail sales, i.e., the sale of handsets, routers, connected devices, accessories and other equipment, amounted to 22% of total revenues of Nova in 2021 for a total of ISK 2,630 million.

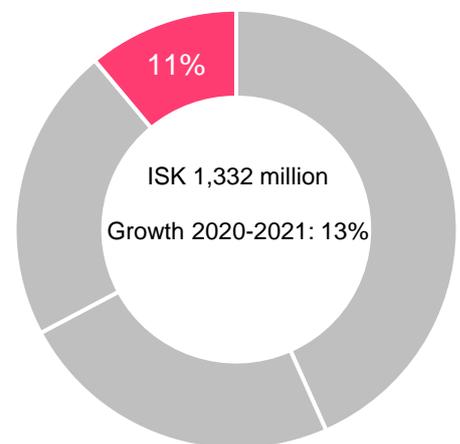
In 2021, Nova defended its position after retail revenues reached new heights in 2020, mainly due to changes in consumer behavior in response to Covid-19 related factors.

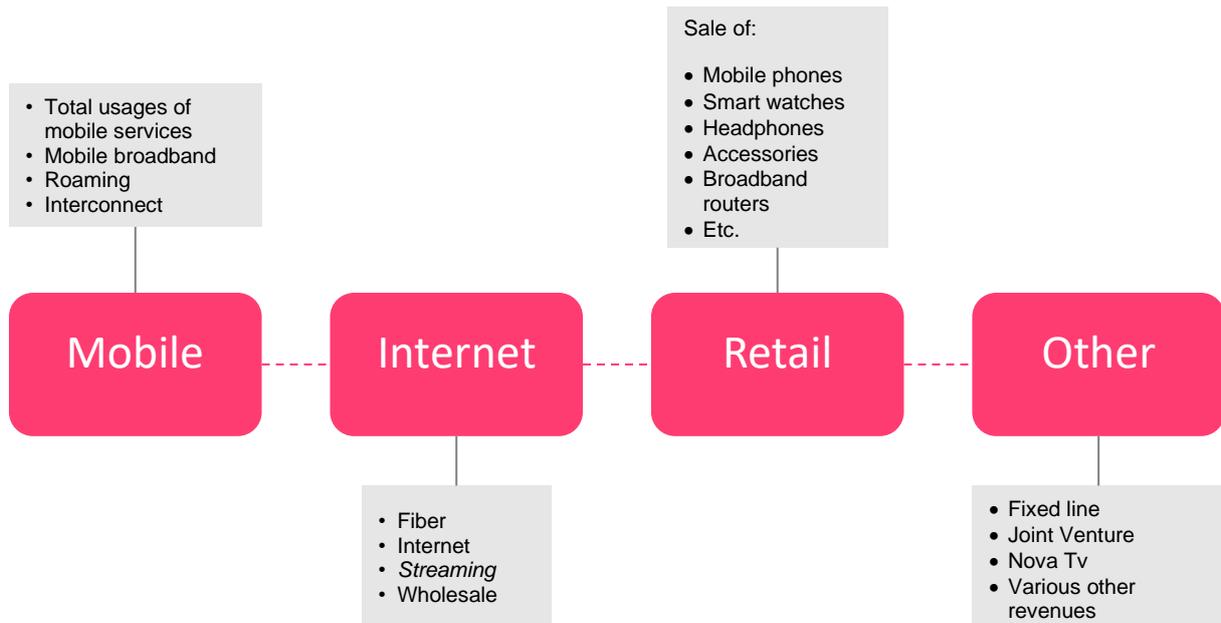
Nova already has a very strong position in the sale of mobile phones and accessories and its strategy is to sell other merchandise that fits its telecom and data services. Current market share in the retail telecom hardware market is around 43% according to the ECOI.



Other revenues

Other revenues include revenues from fixed line, NetCo joint venture, TV&Media, equipment repair and other revenue sources. Other revenues represented 11% of total revenues in 2021 for a total of ISK 1,332 million.





3.2.7 Nova's differentiation

Nova's culture and flexibility differentiates it from competitors. Nova's tone is much like the company itself, fresh, different, and fun, while at the same time being positive and direct. Nova is aware of its tone and the texture of all messaging, wherever its presented.

Nova aims to meet the market's needs for modern communication and consumption. Nova's business model is based on a strong faith in a smart future, while constantly evolving towards fulfilling whatever the market calls for at the time. Nova does not push against market demands in order to protect established business models.

Nova strives to be number one on-line, offering the tools and technologies of the future, fast download speeds, cheap data and superior service.

Nova offers NovaTV as a free add-on to existing customers with the purpose of revolutionising the market for long obsolete rental cable boxes. For small business customers Nova offers free cloud-focused consulting. Nova's benefit club, which offers customers a value-added service is Iceland's most widely used benefit club by people at the age of 35 and under. Nova's ultimate goal is to always offer the best value for money.

3.2.8 Customer base

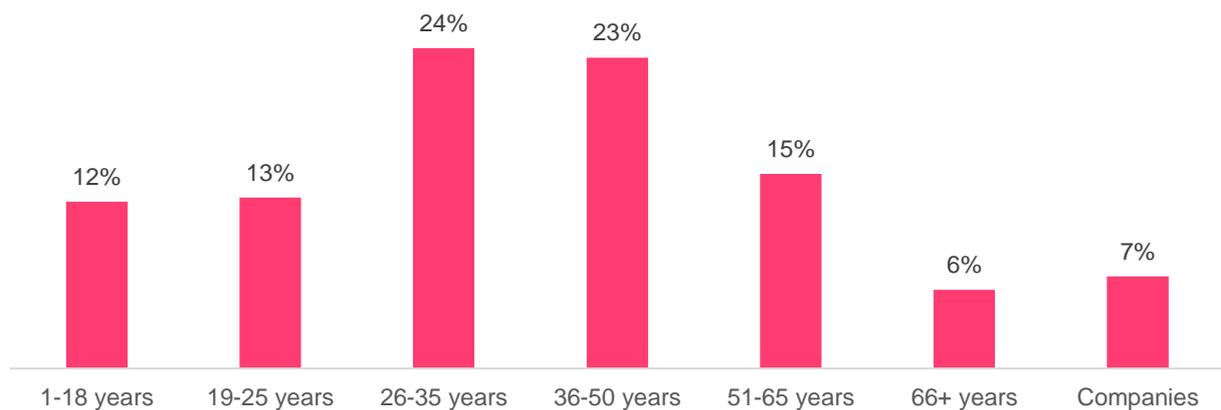
At Nova's inception in 2006 it was exclusively a cell service provider. Nova's original strategy revolved around targeting the youngest demographic on the market at the time, i.e., young people in junior colleges and colleges, resulting in the patronage of other youth demographics.

Nova's main value proposition at the time, "0 ISK Nova to Nova", allowed Nova's subscribers to call and text one another free of charge. Nova's value proposition further resulted in entire households adopting Nova as a mobile provider, based on the initial adoption of the younger demographics. Nova's original proposition established a demographic distribution that remains reflected in Nova's customer base today, sixteen years later.

Nova's initial group of customers has grown and graduated to bigger and better things, such as starting families and running businesses of their own. Nova's current core demographic consists of modern homes and forward-seeking small and medium sized businesses in Iceland. Total customers in mobile services and mobile broadband amount to approximately 158 thousand individuals and approximately 7 thousand companies. Nova also provides access to over 20 thousand fiber internet connections to homes.

Nova's mobile customer base

Age group and type



Private consumers

Nova provides customers in Iceland with a broad range of services in the areas of telecommunication, information, and commercial services through single and multi-play offerings. The main services offered are mobile, mobile data, internet, TV and retail.

The quality and reliability of Nova's network is a top priority. Since entering the Internet market Nova has strengthened its digital access position. The success and estimated development of Nova's 5G network, focusing on heavy internet use at home, increases connectivity of devices, often by several members of one household simultaneously. With Nova's ownership of its

active telecommunication infrastructure, Nova aims to offer its customers high speeds and reliable connections throughout their homes.

In 2020, Nova rolled out its first household-bundle called AlltSaman, offering unlimited data for the entire home for a fixed cost, including internet to home (fiber or 4/5G), mobile and connected devices. The bundle is pre-paid in line with the market's demand for modern consumption habits.

Business market

Nova's business market portfolio covers mobile access and connectivity, network access, cloud solutions, workspace, business continuity and other product offerings.

In the business segment, Nova has focused on small and medium sized enterprises ("SME's") and sees opportunities in growing both in the SME and MSP markets. To achieve this strategy, Nova has created a flexible and simplified product portfolio of standardized, modular and converged propositions that combine mobile and network solutions.

In 2021, Nova rolled out a smart combination, a modular and converged proposition for companies called Hraðleið, a new offering in the telecommunication business market and further support the Issuer's growth in the business market.

3.2.9 Nova stores

Nova rents premises for five store locations used for its operations:

Lágmúli	Kringlan	Smáralind	Akureyri	Selfoss
Headquarters	Store	Store	Store	Store
Office space				
Service center				
Store				

The stores premises and their location have an effect on how many customers Nova attracts as well as its brand presence and visibility. All premises are leased.

3.2.10 Sale and leaseback of passive mobile infrastructure

On 14 December 2021 Nova closed an agreement from 31 March 2021 with the American infrastructure firm DigitalBridge Group Inc. for the sale and leaseback of passive mobile infrastructure. This includes assets that Nova has constructed and entered into lease agreements for, that combined form the site facilities for Nova's active mobile assets. As part of the sale, 167 site facilities were transferred from Nova to Íslandsturnar ehf., a subsidiary of DigitalBridge Inc. The sold assets were until signature date classified on Nova's balance sheet under operating assets and right of use assets. The total value of the agreement amounted to ISK 5.285,5 million and has been paid in full.

In parallel with the sale and transfer of the assets from Nova to Íslandsturnar a long-term lease agreement was signed that extends for 40 years in total. The agreement is non-cancellable and lease payments are indexed with the consumer price index. As this is a sale and leaseback Nova has, according to international financial reporting standards (IFRS), recognised profit from the sale of the assets as control of the sites has been transferred from Nova. In estimating recognised profits, the management of Nova evaluated the fair price of the divested assets at ISK 2,920 million. Considering the book value of the divested assets, and the commitment of leaseback, the total recognised profit of the sale amounts to ISK 899,4 million.

The remainder of the received payment is recognised as a liability on Nova's balance sheet, as it is considered a financing component based on the nature of the agreement. The amount of the liability has been calculated based on management estimated interest terms during the period and its present value is recognised on Nova's balance sheet at an amount of ISK 2,540 million. In addition, part of the payment has been classified as an advance payment reflecting operational expenses of transferred assets amounting to ISK 174.3 million. This amount is recognised as an asset on Nova's balance sheet and will be expensed annually during the period of the agreement.

In parallel with the sale and leaseback of Nova's own sites it will lease an additional 196 sites from Íslandsturnar ehf. that affect the right of use and lease liabilities on Nova's balance sheet. The total effects on the right of use and lease liabilities amount to ISK 2,303 million.

Information on passive infrastructure sale and lease liability on passive infrastructure:

Total value of the agreement is specified as follows

Fair value of sold sites	2,920
Other liabilities, financing component	2,540
Accrued operational expenses during agreement period	(174)
Total value of agreement:	5,286

Recognised gains are specified as follows

Fair value of sold sites	2,920
Increase of lease liability due to sale and leaseback	(2,303)
	617
Recognised gains from derecognized assets	282
Recognised gains:	899

Additions in lease liabilities and right of use of assets

Right of use of assets

Previously leased assets	278
New assets leased	2,318
Additions to right of use of assets:	2,595

Lease liabilities

Liability related to previously leased assets	2,303
Liability related to new assets leased	2,318
Additions to lease liabilities:	4,621

At the end of the year a VAT liability to the amount of ISK 1,266.8 million related to the sale of the assets was outstanding and is classified under other liabilities on Nova's balance sheet. An equal amount due to Nova from Íslandsturnar was outstanding and is classified under other receivables on Nova's balance sheet. A comprehensive review of the Issuer's financials can be found in Chapter 4 "Operational and financial review".

The Issuer's auditor performed the following procedures in relation to the divestment of passive mobile infrastructure:

- Reviewed agreements between parties and assessed appropriate accounting treatment based on the terms of the agreement.
- Evaluated the assumptions on which the management based its calculations.
- Recalculated the management calculations and reviewed financial transactions.

3.2.11 Infrastructure and Development

The make-up of Nova's infrastructure is built on the expertise of its employees with regards to the design and operation of diverse and complex telecommunications networks. Nova's telecommunications network is modern and built on a multi-vendor approach, i.e., the idea of using the best in class of each sector with a view to economic efficiency, where working strategically with key vendors and collaborators generates the opportunity for scalability. In H1 2021, 61% of Iceland's total mobile internet use was routed through Nova's network. Nova intends to maintain a powerful network, imposing no limits on capacity in line with the goal of maintaining a system that always surpasses demand at any given time, thereby supporting technical innovation.

An overview of Nova's infrastructure ownership structure can be seen in the following table:

Owned assets	Joint Venture	Leased access
Mobile Network <ul style="list-style-type: none"> • Nationwide 3G/4G/4.5G/5G radio networks • 3G/4G/4.5G/5G core system • Management system 	Mobile Network <ul style="list-style-type: none"> • 2G/3G/4G/4.5G radio network sharing via Sendafélagið 	Mobile Network <ul style="list-style-type: none"> • Broad frequency range • International roaming contracts with 450 operators • 648 towers and facilities
IP Transmission Network <ul style="list-style-type: none"> • Wavelength system • IP network 		IP Transmission Network <ul style="list-style-type: none"> • Local fiber • Sea cable via Farice • International wavelengths • International facilities for IP core

Mobile network

Nova owns and operates its own mobile network in Iceland, encompassing everything from core networks to mobile transmitters, with access to 650 sites and facilities. It was the first telecommunications provider to receive a 3G license, and the first to offer 4G, 5G and 5G mobile and data services. Nova commands a broad frequency range and has the best use of frequencies in the market according to analysis by the ECOI. The network is comprised of signal routers (“SPS/STP/DRA”), customer data bases (“HSS/HLR”), voice routers and voice switches (“MSC/MGW/IMS”), PS core’s for 2G/3G/4G and 5G (“EPC/SGSN/MME/GGSN/SGW/PGW”), a powerful nationwide reaching radio transmitting system (“RNC/NodeB/eNodeB/GnodeB”) which is topped up by a powerful management system (“MAE”). Nova operates a nationwide reaching MPLS network and is currently developing its own frequency network.

Through the operations of Sendafélagið, Nova is able to grant access to mobile services that reach 99% of Icelanders. In addition, Nova leases access to a broad frequency range through international roaming contracts with 270 operators, enabling international roaming in over 200 countries around the world.

Nova’s strategy entails ownership of active telecommunication infrastructure in order to ensure its ability to offer its customers high speeds and reliable connections throughout their homes.

Mobile frequencies⁴

Nova's allocated frequencies are as follows, as issued by the ECOI:

Band type	Frequency	Size	Issue date	Expiration date
High speed mobile network (C)	3600 MHz	100MHz	13.12.2021	31.03.2023
High speed mobile network (C)	800 MHz	2x5	3.4.2013	2.4.2023
High speed mobile network (C2)	800 MHz	2x5	7.7.2017	6.7.2032
High speed mobile network (J)	1800 MHz	2x5	3.4.2013	2.4.2023
High speed mobile network	2100 MHz	2x15+5	30.3.2007	31.03.2023
High speed mobile network (G)	2100 MHz	2x5	7.7.2017	31.03.2023
High speed mobile network (J & K)	2600 MHz	2x20	7.7.2017	31.7.2032
High speed mobile network	1800 MHz	2x15	14.2.2012	31.03.2023
High speed mobile network	900 MHz E	2x5	30.3.2007	31.3.2023

IP Transmission Network

Nova's IP telecom system now reaches all the country's main population centers. The system is subject to constant updates in line with its usage and market demands, the latest development being Nova's new ring-road wavelength system that is currently under construction, a stronger and more scalable system than the previously utilized one.

⁴ ECOI – Electronic Communications Office of Iceland

Access to basic grid

Nova is involved in a strategic partnership with Ljósleiðarinn ehf. (formerly Gagnaveitan) and Míla ehf. devoted to accessing the basic grid, with an emphasis on fiber access. Ljósleiðarinn grants Nova access to fiber networks in both the individual and the corporate markets within its service areas. These networks are connected to Nova's core systems along with a service layer that allows Nova to offer internet services and connections from Ljósleiðarinn ehf. In light of the Ljósleiðarinn collaboration, along with similar collaborations with Orkufjarskipti and various smaller parties, Nova is currently in the process of installing a wavelength system, which increases bandwidth over existing fiber networks. The system works by combining and transmitting multiple signals simultaneously at different wavelengths on the same fiber. Nova's telecommunications system is directly linked to the Farice submarine cable network.

Nova's investment focus

To ensure the quality and capacity of the network and user experience Nova has historically invested on average around 12% of revenues in its infrastructure. In recent years, Nova's investments have mostly been devoted to installing 5G services in Iceland. Most recently Nova began investing in an optical transport network which will reduce other operating expenses from infrastructure and transport in the short and long term as well as create new revenue streams from customers with high-capacity requirements, such as MSPs and data centers. Nova's other main venues of investment include information technology, mobile application developments, store renovations and upgrades for systems already in use.

Nova launched its 5G infrastructure development in 2020, and at year-end 2021 had 50 5G sites in place around Iceland. Nova's 5G network reaches over 50% of the Icelandic population and Nova has therefore fulfilled its regulatory requirement for receiving the 5G spectrum. In order to fully implement 5G networking, over the next three to four years Nova intends to add a further 150 5G sites in locations all around the country. Nova expects the total capital expenditures required to sustain and grow its operations to be approximately 13% of total revenues in 2022.

3.2.12 Key suppliers

Nokia Networks are Nova's key provider of software and hardware for the building of IP Networking and a wavelength network that provides the structural grounding for Nova's cell phone system.

Nova has for several years maintained a relationship with Huawei, a leading entity in its field and the world's largest producer of telecommunications equipment.

For security and solutions that relate to IP numbers Nova utilizes solutions sourced from Fortinet.

International routing on Nova's IP system is handled by Lumen, Arelion (Formerly Telia Carrier) and NTT for internet and GTT, Cogent and Zayo for leased lines. The focus of Nova is on regional strength to be able to provide the fastest and best internet connections.

International voice routing on Nova's mobile system is handled by BICS (Belgacom) and Telia. Data roaming for Nova customers roaming abroad and for foreign roamers on Nova network in Iceland is handled by A1 (Austria Telecom), BICS and Telia.

NovaTV streams television broadcasts over the internet, accessible through browser and apps (OTT). The infrastructure is entirely based on a white-label solution from RedBee, which is owned by Ericsson. Lumen provides Nova the international content delivery network ("CDN") both for own use and for reselling. However, local streaming content is distributed via encoders owned by Nova and distributed through Nova's network.

Ailleron provides VAS services (Value added service) to Nova and Sinch is the main provider for messaging services (SMS and MMS). Idemia, a leading company in its field, provides Nova with SIM cards and eSIM services utilized on Nova's mobile network.

3.2.13 Sendafélagið

At its inception, Nova maintained a technical relationship with Vodafone (subsidiary of Sýn hf.) where each party granted the other access to cell transmitters, base stations, and other relevant infrastructure, with Nova employing Vodafone's GSM (2G) network and Vodafone making use of Nova's 3G network. In November 2015 Sendafélagið ehf. was founded, expanding the technical collaboration between the parties. Under a co-operational agreement, both parties leased their passive and active infrastructure (2G, 3G and 4G) to Sendafélagið to be operated jointly by both parties. The co-operation stems from the overlapping nature of each party's tower sites, making cost savings possible through a reduction of active sites in a jointly operated network. As such, the purpose of Sendafélagið is to maximize utilization of Nova and Vodafone's infrastructure by reducing both the number of active infrastructure in operation, leading to lower overall operating costs without compromising capacity or quality of service. This arrangement allows for a much more powerful radio network while requiring less

investment. The operations of Sendafélagið are funded through a partnership fee due by both parties on a monthly basis. The fee is partly variable, based on network usage and the co-operation is subject to an extensive agreement between the parties.

In November 2013, Nova and Sýn hf. sought permission from the Icelandic Competition Authority to establish what would eventually become Sendafélagið. The permission was granted in May 2015 and included some stipulations intended to preserve the competitive nature of the telecommunications market. Furthermore, in November 2013, Nova and Sýn sought permission from the ECOI to share their allotted frequencies, which the ECOI granted in July 2014.

In June 2015, Síminn appealed the decision of the Icelandic Competition Authority to the Competition Appeals Committee, which rejected the appeal in September 2015. In response, Síminn subpoenaed the Competition Authority, ECOI, Sýn, Nova and Sendafélagið in two separate cases, demanding an annulment of the ruling of the Competition Appeals Committee as well as an annulment of the ECOI's decision to allow frequency sharing. The District Court of Reykjavík acquitted the defendants in both cases. Síminn later appealed the cases to the Court of Appeal which confirmed the decision of the District Court to acquit.

3.2.14 Legal environment

The Issuer and Nova are public limited companies incorporated and having its registered offices in Iceland and operated in accordance with the Public Companies Act. Nova operates in highly regulated markets with the legal environment rapidly growing and evolving, influenced by EU legislation. Nova is operated in accordance with applicable industry specific legislation, including but not limited to:

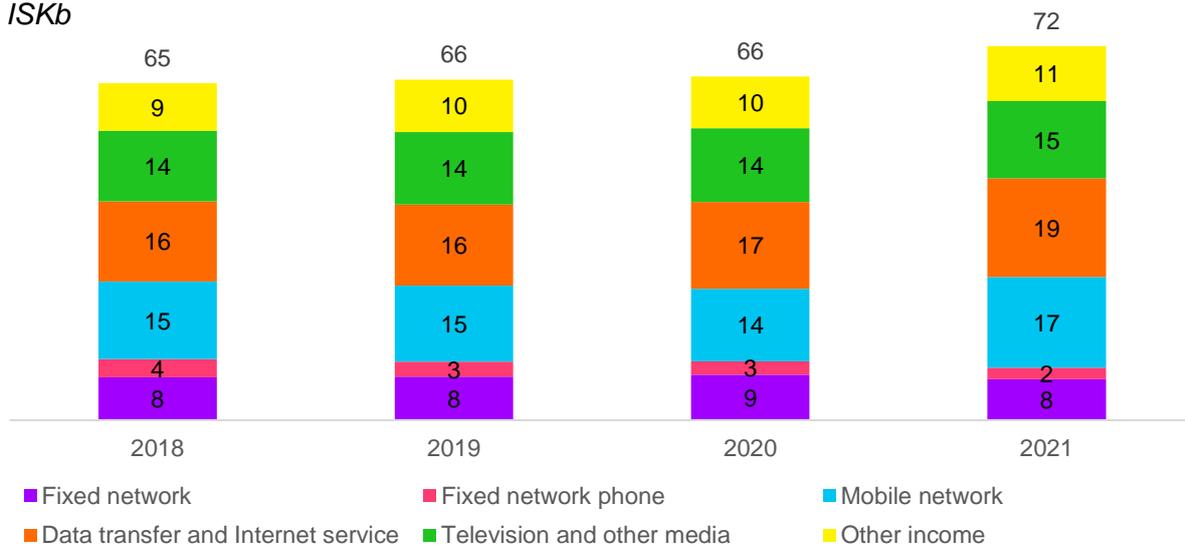
- Electronic Communications Act, No. 81/2003
- Act No. 75/2021 on the Electronic Communications Office of Iceland
- Act No. 78/2019 on the Safety of Network and Information Systems of Important Infrastructure

Other applicable legislation includes, but is not limited to competition law, data protection law, law on surveillance of commercial practices and marketing, law on consumer loans, taxation law, accounting law, debt collection law and as of date of listing, market abuse and financial markets law. Risk factors related to the Issuer's legal environment are further explored in Chapter 1.3.1 "*Legal environment*".

3.3 Market overview⁵

Nova operates in the telecommunications market, which encompasses several different segments. The ECOI publishes a detailed statistical report for the telecommunications market on a bi-annual basis, giving an overview of the market, technological adaption, customer patterns as well as information on the key players involved in the market. The total revenue of the market for the years 2018-2021 can be seen in graph “*Total telecommunication revenues by segment*”, as split by revenue segments.

Total telecommunication income by segment
ISKb

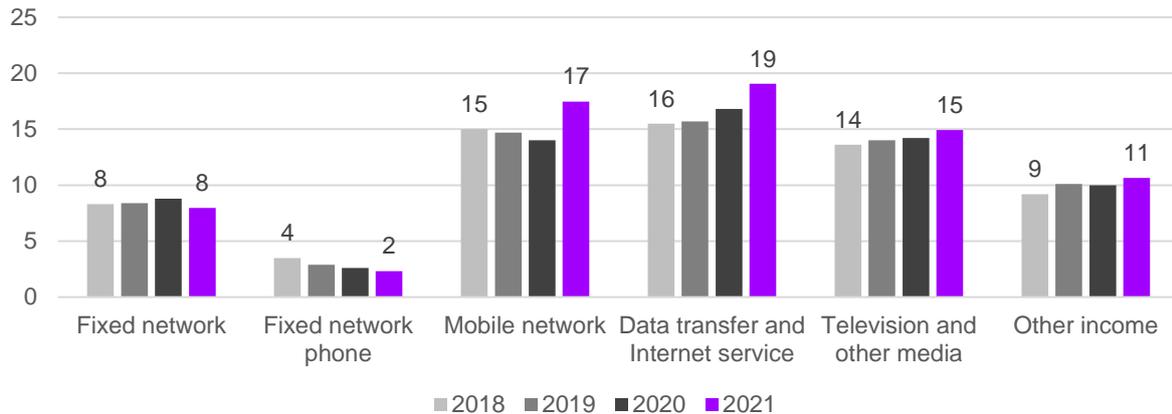


Since 2018, the total market has demonstrated an absolute growth of 11%, mainly driven by expansion in “*Data transfer and Internet Service*” and “*Television and other media*”. The growth of each segment can be seen in the graph labeled “*Telecommunication market growth, 2018 to 2021*”.

⁵ Source: ECOI, “Statistics report on the Icelandic telecommunications market – The whole year 2021”
Retrieved from <https://fjarskiptastofa.is/library?itemid=d9387544-e2ec-403e-a84f-2ed9b88c52b7>

Telecommunication market growth, 2018 to 2021

ISK billion



The segments in the graph can be grouped into three categories: fixed network, mobile network and other income, where other income mainly refers to goods sold, including cell phones or other end-user equipment.

Fixed network

The modern fixed network mostly revolves around the use of fiber optic cable as a medium of data transfer, but also includes older coaxial and copper cable networks. As such, the term typically applies to all wired networks used for data or voice communications where the end user is connected directly to a cable network and, as such, has limited mobility.

Mobile network

A mobile network is a communication network where the end user is connected wirelessly to an overlapping network of transceivers (i.e., cell towers) in fixed locations, enabling seamless data transfer over large areas. The transceivers are generally linked to a fixed network in order to enable the transfer of voice and data.

3.3.1 Competitors

Nova's competition can be categorized into three main pillars, where telecommunication services would be identified as the most important, with product sales and entertainment thereafter respectively. As opposed to Nova's competitors in the entertainment segment, Nova's strategy does not include content creation for its platform.

Telecommunication competitors

As all of Nova's operations originate from domestic customers, today's peer group is rather easily identified with the two public companies Síminn hf. and Sýn hf. being in the forefront, followed by Hringdu ehf.

Síminn hf. is a well-established Icelandic telecommunications company listed on the Nasdaq Iceland Main Market. Its product range for private and business consumers includes mobile, internet, related retail products and entertainment, through Síminn's own TV channel and streaming services. Previously an operator of substantial telecommunications infrastructure both fixed and mobile through its subsidiary Míla, Síminn recently announced the divestiture of Míla to Ardian France SA. Following the pending divestiture, Síminn will own no passive or active telecommunications infrastructure. Síminn was also previously involved in IT services through its subsidiary Sensa, which was divested in 2021.

Sýn hf., formerly known as Fjarskipti hf., was originally created through the merger of Íslandssími, Tal and Halló, three companies previously active in the telecommunications market. Sýn, which operates its own mobile infrastructure and is thus a MNO, provides telecommunication, media services and related retail products to consumers and business in Iceland and is listed on the Icelandic Nasdaq Iceland Main Market. Following an acquisition of 365 miðlar in 2017, Sýn also operates various media outlets, such as TV channels, radio stations, and news websites.

Hringdu ehf. is a pure-play MVNO engaged in the telecommunication market in Iceland. Hringdu offers mobile services, fiber internet connections and retail related products for both private consumers and business clients.

Various other entities, aggregated under "Other" in relevant sections of the ECOI reports, provide telecommunications services in Iceland. As these entities command negligible market shares, detailed information on the relevant entities is omitted in this Prospectus.

Other competitors

Nova provides a wide variety of products sold at its stores and through its website. These retail products related to the operations include mobile phones, laptops, tablets, smart watches, various smart home products, electrical scooters, gaming consoles, toys, earphones and various other related accessories. For these products, the competitive landscape includes many domestic retail companies that specialize in similar products, alongside the fact that private domestic consumers buy electronics online and when travelling abroad, widening the competitive landscape to international markets.

With regards to the video streaming platform NovaTV, the fierce competition for viewing and/or streaming consumers is both domestic and global. On the domestic market most TV channels are accessible by smart devices, where some are without charge, and others require a subscription. NovaTV acts as a consolidator and/or reseller of the majority of domestic TV channels, but despite the customer base being mostly or entirely domestic, international streaming services such as Netflix, Hulu, HBO and Amazon Prime Video also compete for viewers' limited time.

3.3.2 The Icelandic telecommunications market

The ECOI publishes a detailed statistical report on the Icelandic telecommunications market on a biannual basis, chronicling subscription numbers, market shares and other statistics relevant to analysis of the market.

Mobile subscriptions

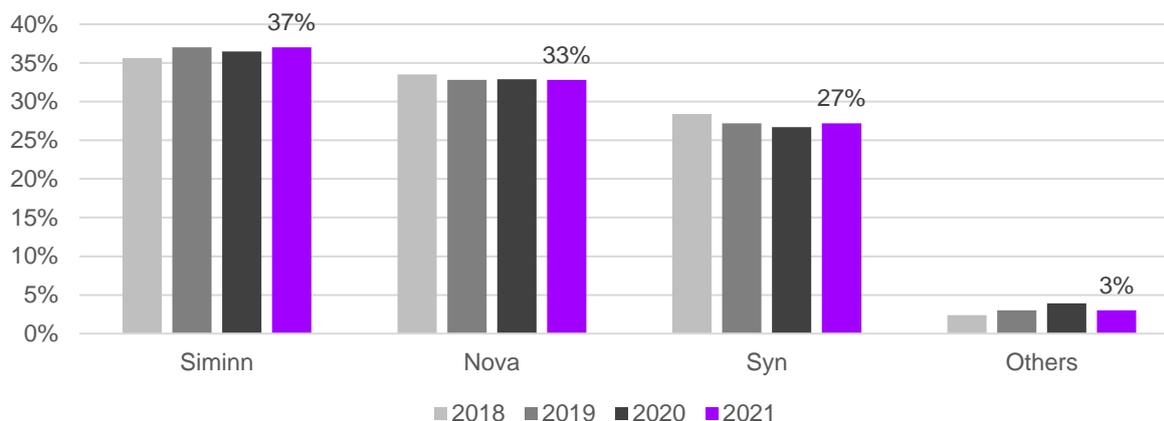
Total number of mobile subscriptions 2018 to 2021

(market share in parentheses)

	2018		2019		2020		2021	
Síminn	168,033	36%	175,995	37%	173,788	37%	182,729	37%
Nova	158,331	34%	156,234	33%	156,242	33%	162,624	33%
Sýn	134,288	28%	129,384	27%	127,138	27%	130,075	27%
Others	11,420	2%	14,229	3%	18,371	4%	21,591	3%
Total	472,072	100%	475,842	100%	475,539	100%	497,019	100%

After its inception in 2007, Nova has gained solid footing in mobile subscriptions, peaking at roughly a third of the market which has held steady in the past few years. As evident by the total number of subscriptions, the total available market has remained relatively stagnant in recent years, demonstrating a growth of 5.3% between 2018 and 2021. The development of market shares can be seen in the table "Total number of mobile subscriptions 2018 to 2021".

Mobile subscriptions 2018 to 2021 % market share



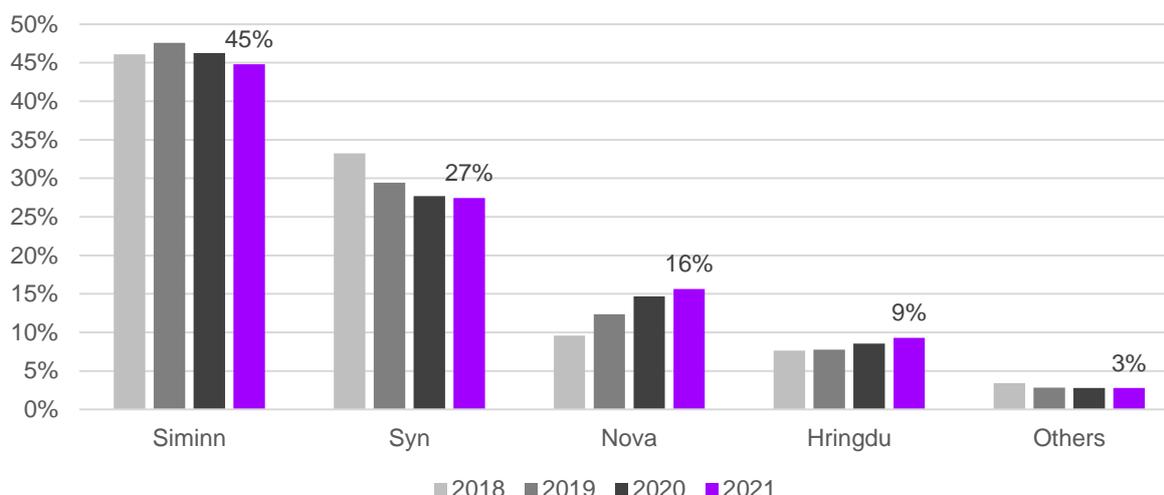
Internet connections

After entering the market for internet connections in 2016, Nova has gained market share beyond the growth of the total available market. Competitors other than Hringdu have lost market share in the time period covered by the table “*Total number of internet connections 2018 to 2021*”. From 2018 to 2021 the total number of internet connections increased by 3.7%, demonstrating the relative maturity of the market.

Total number of internet connections 2018 to 2021 (market share in parentheses)

	2018		2019		2020		2021	
Síminn	63,611	(46%)	66,273	(48%)	65,637	(46%)	64,379	(45%)
Sýn	45,907	(33%)	40,974	(29%)	39,290	(28%)	38,115	(27%)
Nova	13,219	(10%)	17,228	(12%)	20,798	(15%)	23,233	(16%)
Hringdu	10,540	(8%)	10,815	(8%)	12,133	(9%)	13,520	(9%)
Others	4,712	(3%)	3,951	(3%)	3,958	(3%)	3,877	(3%)
Total	137,989	(100%)	139,241	(100%)	141,816	(100%)	143,124	(100%)

Total number of internet connections 2018 to 2021 % market share



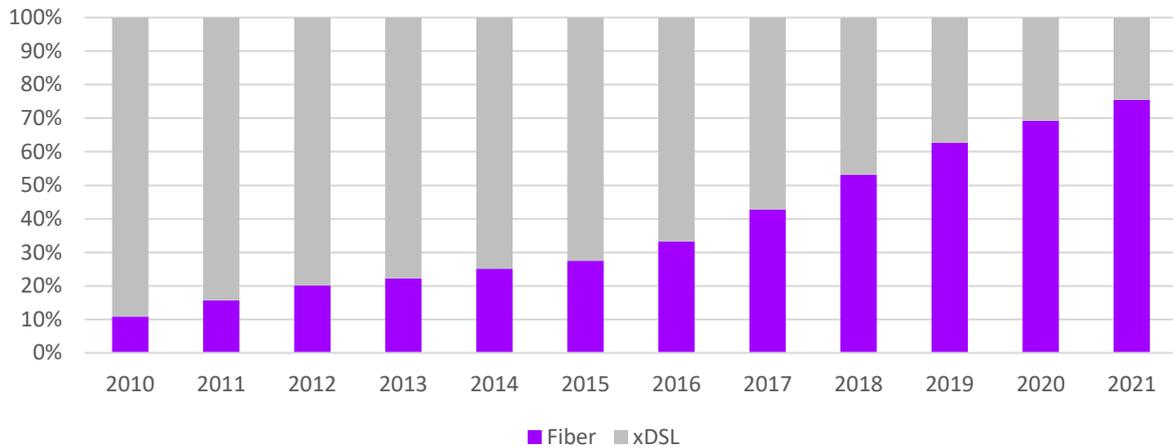
Fiber connections

In recent years, the ratio of fiber internet connections to xDSL connections has increased steadily, and as of 2021 stands at roughly 75% as evident in the graph “*Ratio of fiber connections to xDSL, 2010 to 2021*”. In 2016, the Issuer added fiber internet connections to its product range, which had previously been limited to mobile offerings. Nova has exclusively offered fiber connections in its product range. Despite the total number of internet connections increasing at a relatively slow pace, the total number of fiber internet connections has grown at a fast pace, increasing by 48% from 2018 to 2021 as seen in the table “*Total number of fiber internet connections 2018 to 2021*”. Nova has managed to capture a share of the increase and holds a 21% market share as of 2021 as seen in the graph “*Fiber internet connections 2018 to 2021*”.

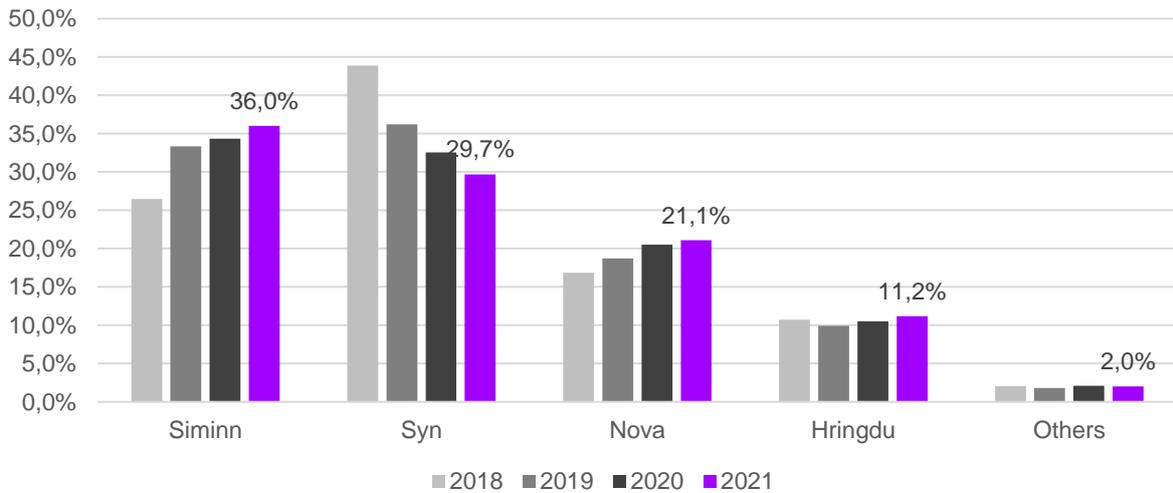
Total number of fiber internet connections 2018 to 2021 (market share in parentheses)

	2018	2019	2020	2021
Síminn	19,140 (26%)	28,840 (33%)	33,416 (34%)	38,656 (36%)
Sýn	31,712 (44%)	31,326 (36%)	31,687 (33%)	31,875 (30%)
Nova	12,160 (17%)	16,194 (19%)	19,943 (20%)	22,624 (21%)
Hringdu	7,747 (11%)	8,601 (10%)	10,215 (10%)	11,988 (11%)
Others	1,494 (2%)	1,559 (2%)	2,031 (2%)	2,151 (2%)
Total	72,253 (100%)	86,520 (100%)	97,292 (100%)	107,294 (100%)

Ratio of fiber connections to xDSL, 2010 to 2021



Fiber internet connections 2018 to 2021 % market share

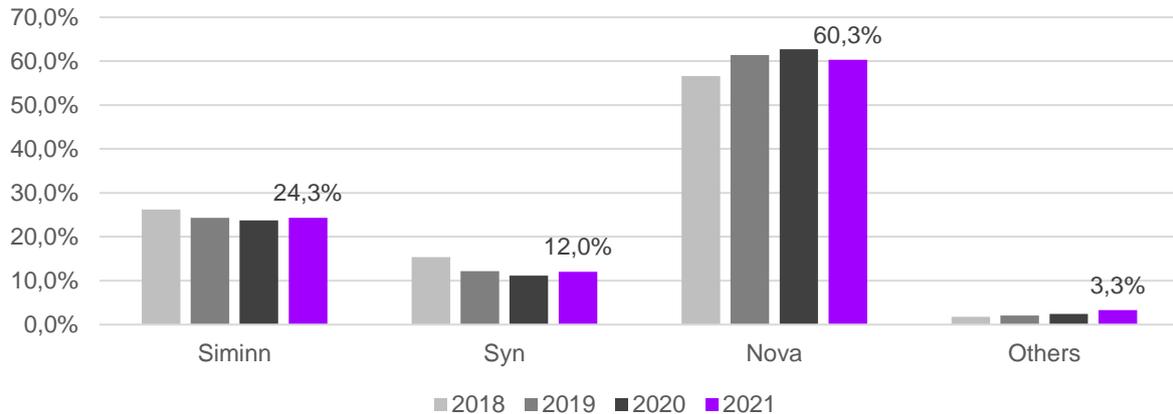


Mobile data transfer

Historically, Nova has commanded the largest share of total mobile internet on Icelandic mobile networks which demonstrates Nova’s innovative approach to the market and supportive investments in robust and modern mobile technology. Relevant statistics can be seen in the graph “Data transfer in mobile networks 2018 to 2021”.

Data transfer in mobile networks 2018 to 2021

% market share

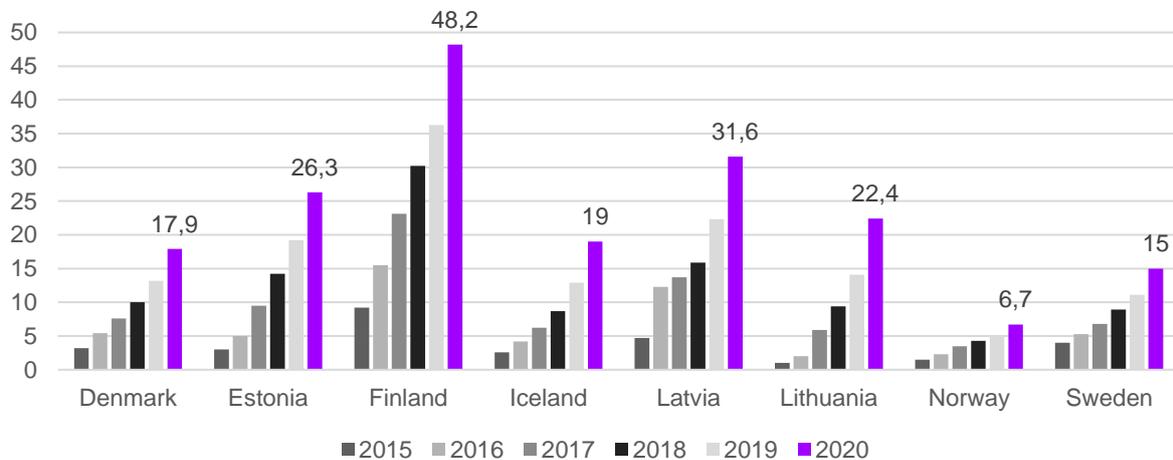


3.3.3 Nordic perspective⁶

The Swedish Post and Telecom Authority maintains a database of relevant indicators in the telecommunication market for the Nordics as well as the Baltics, giving an indication of where the Icelandic telecommunications market stands in a global perspective.

Data transferred over mobile networks per capita 2015 to 2020

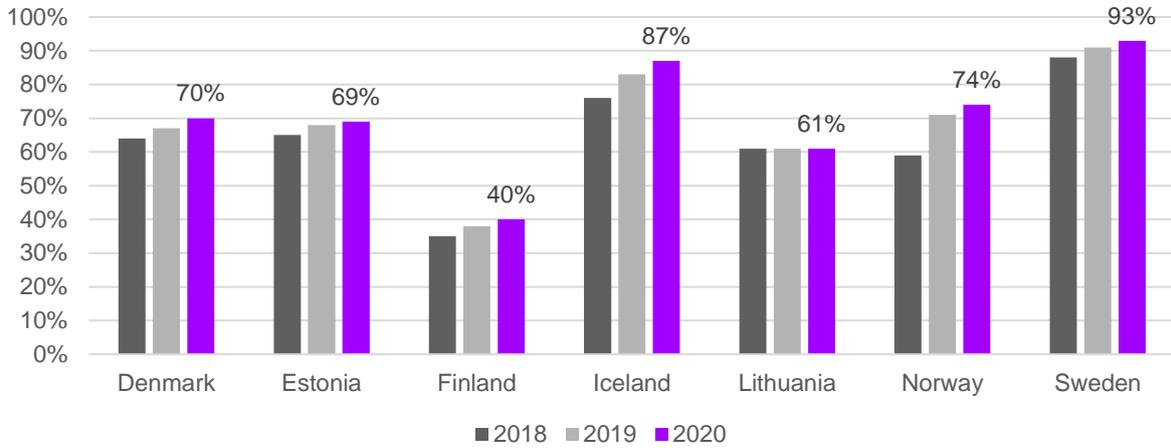
Gigabytes per month



As seen in the graph “Data transferred over mobile networks per capita 2015 to 2020”, mobile data usage in the Nordics and Baltics has increased at an accelerating pace over the last few years, a development which is expected to continue based on widespread adoption of 5G technologies and an increased number of connected devices.

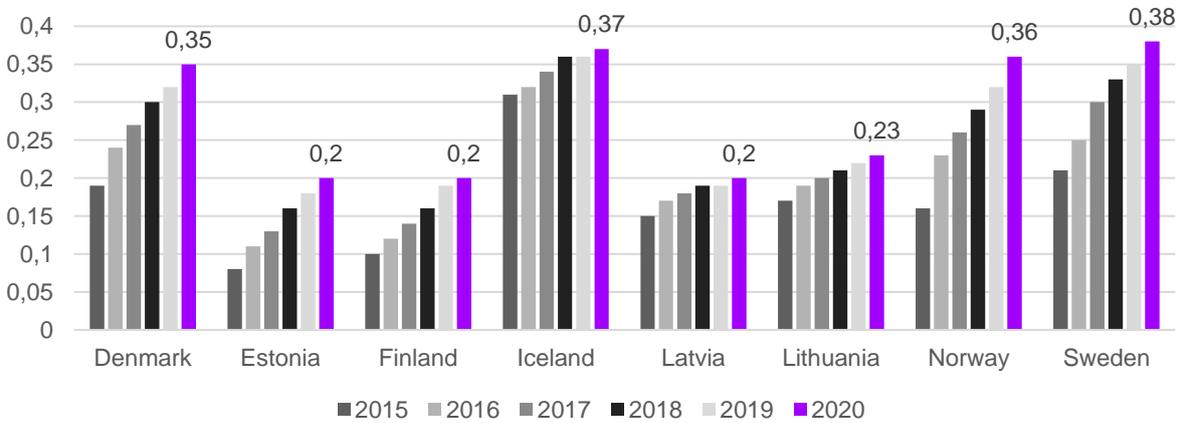
⁶ Source: PTS Statistiksportalen, “Telecommunication Markets in the Nordic and Baltic Countries 2020”
Retrieved from: <https://statistik.pts.se/nordic-baltic-telecom-market/tables/>

Fiber broadband, including fiber LAN
% coverage



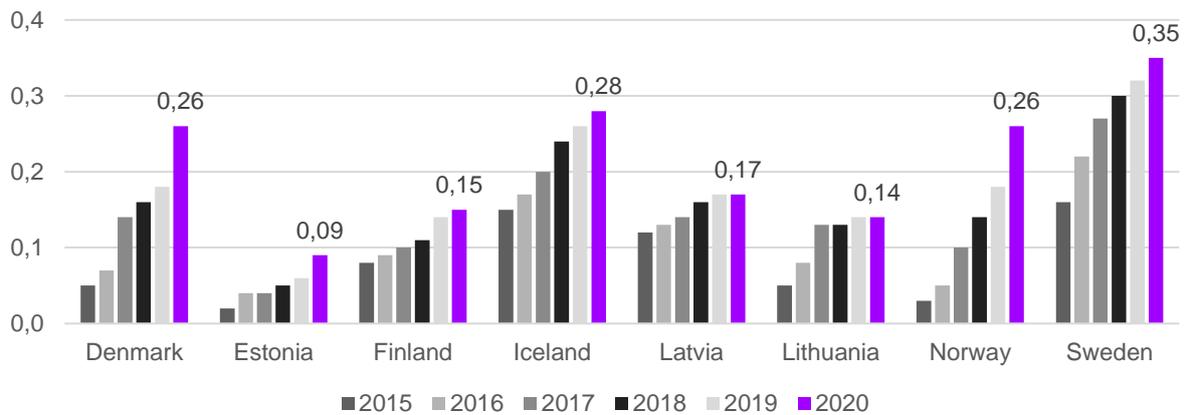
As shown on the graph "Fiber broadband, including fiber LAN", fiber penetration in Iceland is beyond that of the region, lagging only behind Sweden. As such, access to fiber broadband is widespread and constitutes a large, addressable market for the Issuer.

Fixed broadband subscriptions with a marketed downstream capacity of 30 Mbps or more
Per capita 2015-2020



As evident by the graph "Fixed broadband subscriptions with a marketed downstream capacity of 30 Mbps or more", Iceland has been at the forefront of adopting fiber broadband, with 0.37 fiber connections per capita capable of transfer speeds over 30 Mbps in 2020.

Fixed broadband subscriptions with a marketed downstream capacity of 100 Mbps or more Per capita 2015-2020



Furthermore, as seen in the graph “Fixed broadband subscriptions with a marketed downstream capacity of 100 Mbps or more”, Iceland has also been a frontrunner in adopting high speed fiber broadband, with 0.28 fiber connections per capita capable of transfer speeds over 100 Mbps in 2020, constituting roughly $\frac{3}{4}$ of all fiber connections in the country.

3.3.4 Market drivers and trends⁷

Global market trends in telecommunication have been changing in line with rapid innovation in technology in recent years. According to GSM Association (“GSMA”) unique mobile subscribers in Europe are expected to grow from around 472 million users in 2020 to 480 million users in 2025, and the mobile internet users are expected to grow from 423 million users in 2020 to 450 million users in 2025. During the Covid-19 pandemic, the dependency on the role of technology for businesses has risen and the telecommunication industry has become a foundation for people to communicate with friends and families and work remotely which essentially has helped many businesses to recover from the pandemic and minimize the operational damage, suggesting that the existence of mobile and online communications has never been more important.

The world is becoming more data driven and the telecommunication companies play a key role in that development, providing the needed infrastructure and data storage for artificial intelligence (“AI”), machine learning algorithms and edge computing through cloud services. Telecommunications need to process various transactions and requests and overall enhance

⁷ Source: GSM Association, “The Mobile Economy Europe 2021”
Retrieved from <https://www.gsma.com/mobileeconomy/europe/>

their services with these new capabilities. With the build and expansion of the 5G network, telecommunication operators, such as Nova, and other businesses can transform their operations and services with abilities including real-time insights and total control over their products, services and assets. This development has been perceived with a considerable deal of controversy globally, but that should not undermine the importance of the potential new reality leveraging the strength of advanced wireless technologies.

The evolution has already started and is perhaps most easily recognized in product offerings related to the Internet of Things (“IoT”) that continues to grow. According to GSMA the total number of IoT connections in Europe in 2020 were approximately 2,5 billion and are expected to grow to up to 4,3 billion connections in 2025. 5G enables high speed and low latency of IoT devices, enabling the almost instant exchange of data in real-time. IoT is closely related to edge computing which is the synchronization of edge servers with telecommunications infrastructure and IoT-generated data is expected to be mostly stored, processed and analyzed at these edges of networks soon. This new method of moving the computation aspect to the edge of the network and away from data centers pushes mobile phones, smart products and other network gateways services to the cloud, accelerating the processing of real-time data through connected devices.

A top priority for traditional telecommunications operators today is the transition from legacy copper networks to fiber-based passive optical networks, a beneficial transformation since those networks generally have lower maintenance costs, are more reliable, offer high-speed services, and improve the overall experience for customers.

4 Operational and financial review

The selected historical financial information for the financial years ending on 31 December 2019, 2020, and 2021 has been retrieved from the Issuer's consolidated financial statements, which constitute a part of this Prospectus. The Issuer's audited financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union and in accordance with local GAAP (Icelandic Act no. 3/2006 on Financial Statements or "IS GAAP").

The selected condensed consolidated interim financial information of the Issuer as of and for the three months ended 31 March 2022 has, unless otherwise stated, been derived from the Issuer's unaudited condensed consolidated interim financial statements for the three months ended 31 March 2022, which constitute a part of this Prospectus.

The consolidated financial statements have been prepared using the historical cost basis except for share based payments which are measured at fair value in accordance with IFRS 2 and right of use ("ROU") assets and lease liabilities that are measured at present value of future payments in accordance with IFRS 16. The consolidated financial statements are presented in Icelandic krona which is the Issuer's functional currency. All financial information in this Prospectus presented in ISK has been rounded to the nearest million, unless otherwise indicated. Investors are advised to acquaint themselves with the Issuer's consolidated financial statements including board and audit reports as well as all notes to the financial statements. The Issuer's consolidated financial statements can be found in Chapter 2.4 "*Documents on Display and documents incorporated by reference*".

For information regarding accounting policies and the use of estimates and judgements, reference is made to notes 1 and 22 to the 2021 consolidated financial statements. The Issuer's independent auditor for 2019 to 2021 is PricewaterhouseCoopers ehf., Iceland with business registration number 690681-0139 and business address in Skógarhlíð 12, 105 Reykjavík.

4.1 Consolidated Income Statement for 2019, 2020 and 2021

The following presentation of the Issuer's consolidated annual financial statements for the years 2019, 2020 and 2021 shows the income statement for each year covered by the historical financial information included in this Prospectus.

Consolidated Income Statement

ISK million	2019	2020	2021
Operating revenues			
Sales	10,173	11,170	11,971
Other operating income	128	137	112
Gain on sale of passive infrastructure	-	-	900
Total revenues	10,301	11,306	12,982
Cost of sales	(5,511)	(6,345)	(6,635)
Salaries and salary-related expenses	(1,499)	(1,572)	(1,728)
Other expenses	(633)	(626)	(701)
	(2,132)	(2,198)	(2,429)
EBITDA	2,658	2,764	3,919
Depreciation and amortisation	(1,789)	(1,876)	(1,969)
Result from operating activities	869	888	1,950
Finance income and (expenses)			
Interest income	60	51	42
Change in other liabilities	-	56	(12)
Interest expenses	(711)	(492)	(477)
Foreign exchange (loss) gain	11	(23)	1
	(641)	(407)	(446)
Profit from sale of associate		-	250
Share in loss of associate	(18)	-	-
Profit before income tax	210	481	1,755
Income tax	(269)	(94)	(304)
Total comprehensive income for the year	(59)	386	1,451

As per coverage of revenue streams in Chapter 3.2.6 “Revenue streams” below are the Issuer’s core revenue streams as the Issuer defines them. This information is unaudited and in future financial statements, the Issuer will present their revenue streams as below

Revenue streams

ISK million	2019	2020	2021
Mobile revenues	5,196	5,059	5,237
Internet revenues	1,898	2,403	2,884
Goods sold revenues	2,240	2,665	2,630
Other revenues	968	1,179	1,332
	10,301	11,306	12,083

The Issuer’s revenues from all revenue streams demonstrated growth from 2019 to 2021. Total revenues amounted to ISK 10,301 million in 2019, ISK 11,306 million in 2020 and ISK 12,982 million in 2021. Other gains represent gain from passive infrastructure sale. Without the gain total revenues amounted to ISK 12,083 million. The revenue growth rate from 2019 to 2021 is equivalent to a compound annual growth rate (“CAGR”) of 12%. In absolute terms, revenue

growth from 2019-2021 amounts to 26%. Other gains are due to passive infrastructure sale. Without passive infrastructure sale revenue growth rate from 2019 to 2021 is equivalent to a CAGR of 8% and 17% in absolute terms.

From 2018 mobile revenues based on the split of revenue streams (see Revenue streams table above) have experienced relative stability, with a positive upwards sign in 2021. Mobile services contribute around 70% of mobile revenues and consist of pre-paid and post-paid revenues. Nova has experienced changes in demand due to pre-paid users shifting towards post-paid service, resulting in the proportion of post-paid revenues surpassing pre-paid revenues for the first time in 2021. In 2020, Nova launched a bundle service offering an all-inclusive package with mobile and home internet at a fixed price per month. The service is classified as post-paid revenues, which further explains the shift from pre-paid to post-paid and supports the demonstrated growth in internet revenues.

Nova entered the Internet market in 2016. Internet revenues based on the split of revenue streams (see Revenue streams table above) have grown proportionally in line with the growth of customers in internet both for business and consumers. Revenues from consumers alone contribute approximately 73% of internet revenues and amount to 17% of total revenues in 2021. Increased sales of fiber services and the acquisition of Símafélagið have had positive impacts on Internet revenues which have generated 23% CAGR from 2019 to 2021 and displayed an absolute growth of 52%.

Goods Sold revenues based on the split of revenue streams (see Revenue streams table above) have a CAGR of 8% from 2019 to 2021, amounting to ISK 2,630 million in 2021. Whilst Nova has maintained same store locations during the period, the product catalogue has expanded, and online sales have grown. In 2020 goods sold were the highest in Nova's history, largely attributable to COVID-19, with less travels abroad pushing up local retail sales overall. A contributing factor is that in 2020 Nova expanded its product offerings including broader selection of lifestyle-oriented products such as smart home tech, smart watches and electric scooters with respective marketing campaigns leading to an increase in sales. In 2021 Nova revised its retail strategy with the aim of improving its purchasing and inventory management and increasing margins. Seasonality of goods sold revenues is apparent in December, due to holiday sales but also during the summer months due to increased sales of seasonal lifestyle products.

Other revenues based on the split of revenue streams (see Revenue streams table above) amounted to ISK 1,332 million in 2021 and consist of Joint venture revenues, Fixed line, Nova TV, gain of sale of passive infrastructure and various other revenues which have grown at a

CAGR of 17% from 2019 to 2021 and demonstrated an absolute growth of 38% over the same period.

Cost of goods and services sold amounted to ISK 6,635 million in 2021 and has grown in line with an increased number of customers utilizing Internet and Mobile services. Cost of goods sold has also grown directly in line with increased retail sales and is correlated with the exchange rate due to foreign service fees and purchases.

Salary and personnel costs amounted to ISK 1,728 million in 2021 and have grown on average by 7% since 2019. The average number of employees was at its highest in 2019 with 156 employees on average, due to the effects related to the acquisition of Símafélagið. Following the acquisition, the number of employees was scaled down after operational and product merging was fully completed. Under salaries and personnel costs options of management and key employees are booked which attributes to ISK 173 million in 2021. The budget for 2022 assumes an increase in the number of Full time equivalents (“FTE’s”) in Network operations, Digital Development and Sales and services. Further details regarding the 2022 budget can be found in Chapter 4.8 “*Guidance for 2022*”.

Other expenses have remained relatively stable with limited growth. Nova has maintained the same office space and store locations during the period despite acquisitions and new product rollouts. Maturity of other expenses consist of marketing costs, administrative costs, office costs and IT costs.

The above operating income and operating expenses result in earnings before interest expenses, taxes, depreciation and amortization (“EBITDA”) to the amount of ISK 2,658 million in 2019, equivalent to a 26% EBITDA margin, ISK 2,764 million in 2020, equivalent to a 24% EBITDA margin, and ISK 3,919 million in 2021, equivalent to a 30% EBITDA margin.

Depreciation of operating assets is recognised on a straight-line basis according to the estimated useful life of the relevant asset. The useful lifetime and depreciation ratios of operating assets varies between asset classes as can be seen in note 8 in the Issuer’s consolidated annual accounts for year 2021. The estimated useful lives of operating assets are specified as follows:

Operating assets	Depreciation ratios
Telecommunication equipment	10-50%
Fixtures and equipment	10-33%
Transportation equipment	20%

Intangible assets are recognised at cost, less amortisation. Amortisation is recognised on a straight-line basis according to the estimated useful life of the relevant asset, except for customer relationships where amortisation is based on an expected average remaining share of current customers. The useful lifetime and amortization ratios of intangible assets varies between asset classes as can be seen in note 9 in the Issuer's consolidated annual accounts for year 2021. The estimated useful lives of intangible assets are specified as follows:

Intangible assets	Depreciation ratios
Telecommunications licenses	10%
Other intangible assets	20-50%

Depreciation and amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. Depreciation and amortization amounted to ISK 1,789 million in 2019, ISK 1,876 million in 2020 and ISK 1,969 million in 2021 which is equivalent to 15% as a proportion of the year's total revenues.

When depreciation and amortization have been deducted from EBITDA, earnings before interests and taxes ("EBIT") are obtained. EBIT in 2019 amounted to ISK 869 million equivalent to 8% EBIT margin, ISK 888 million in 2020, equivalent to 8% EBIT margin, and ISK 1,950 million in 2021, equivalent to a 15% EBIT margin.

Net financial income and expenses amounted to ISK (641) million in 2019, and ISK (407) million in 2020. The difference between years can be attributed to decreased interest expenses on long term debt. In 2021 net financial income and expenses amounted to ISK (446) million. In September the Issuer refinanced its long-term debt, further details of which can be found in Chapter 4.3 "*Consolidated balance sheet at year-end 2019, 2020 and 2021*".

Interest rate and currency hedging

As per 31 December 2021, the Issuer has no commitments related to hedging of interest rate or currency risk.

Interest rate risk is the risk that future income and cash flow will be negatively affected by changes in interest rates. The Issuer is primarily exposed to interest rate risk through cash and cash equivalents and interest-bearing liabilities.

Currency risk is defined as the risk that changes in exchange rates will have a negative effect on the consolidated income statement and cash flow. The currency risk the Issuer faces is primarily related to purchases of goods sold.

As per 31 December 2021, the Issuer has no hedging of currency risk. Further information on currency risk for the Issuer is under Chapter 1.1.4 “*Currency*”.

Share in profits of subsidiaries and joint ventures

The effects of share in profits of subsidiaries and joint ventures amounted to a loss of 18 million in 2019 which can be attributed to Nova’s 51% share in Aur app ehf., a mobile payment solution, as well as a 17% share in Hið íslenska númeraflutningsfélag ehf. In 2021, Nova divested its holdings in Aur app ehf. to Kvika banki hf. with a profit of ISK 250 million.

Profit

After income tax and other above items previously listed, losses amounted to ISK 59 million in 2019, profits of ISK 386 million in 2020 and profits of ISK 1,451 million in 2021. The loss from 2019 is attributable to both higher interest expenses on long-term debt as well as taxes due to the merger with Símafélagið as well as the prior year’s taxable loss which was not capitalized.

4.2 Consolidated Income Statement for the period 1 January - 31 March 2021 and 1 January - 31 March 2022

The following table shows the unaudited income statement of the Company’s consolidated interim financials for the period 1 January until 31 March for the years 2021 and 2022.

Consolidated Income Statement

<i>ISK million</i>	January-March 2021	January-March 2022
Operating revenues		
Sales	2,762	2,936
Other operating income	27	36
Total revenues	2,788	2,972
Operating expenses		
Cost of sales	1,505	1,514
Salaries and salary-related expenses	391	427
Other expenses	181	216
	2,076	2,156
EBITDA	712	816
Depreciation and amortisation	(507)	(470)
Results from operating activities	205	346
Finance income and (expense):		
Interest income	14	25
Interest expenses	(100)	(263)
Foreign exchange gain (loss)	5	6
	(81)	(231)
Profit from sale of associate	250	--
Profit before income tax	374	114
Income tax	(23)	(24)
Total comprehensive income for the period	351	90

The Issuer's total revenues amounted to ISK 2,972 million for the period 1 January until 31 March 2022 compared to total revenues of ISK 2,788 million for the corresponding period in 2021. Revenue growth for the period was thus 6.6% and was driven by growth in mobile, internet and other revenues with product sales being the only revenue stream that declined between years. Mobile revenues amounted to ISK 1,202 million in the first quarter of 2022, or 9.7% growth from 2021. Internet revenues amounted to ISK 963 million, compared to ISK 840 million in the first quarter of 2021, or 14.5% growth. Product sales declined by 17.2% in the first quarter of 2022 compared to 2021, amounting to ISK 491 million. Other revenues amounted to ISK 280 million in first quarter of 2022 compared to ISK 233 million in 2021.

Cost of sales amounted to ISK 1,514 million for the period 1 January until 31 March 2022, up from ISK 1,506 million for the same period in 2021. Notice is given to Note 2 in the Condensed Consolidated Interim Financial Statements from 31 March 2022 on revised accounting

treatment of end-user equipment. Effects in first quarter 2022 are that cost of sales reduces by ISK 39 million (annualized estimation at ISK 156 million) and depreciation increases by ISK 20 million (annualized estimation at ISK 80 million).

Salaries and salary related expenses amounted to ISK 427 million in the first quarter of 2022 compared to ISK 391 million in 2021. Other expenses increased to ISK 216 million in the first quarter of 2022 compared to ISK 181 million for the same period in 2021. Increased other expenses between January - March 2021 to January – March 2022 are mostly due to one off items related to the preparation of the Issuer's listing process, which amounted to ISK 27.4 million in Q1.

EBITDA for the first quarter of 2022 amounted to ISK 816 million compared to ISK 712 million in 2021, representing a growth of 14.6%. Results from operating activities amounted to ISK 346 million for first quarter in 2022, growing by 68.8%. Net financial expenses amounted to ISK 231 million compared to ISK 81 million in 2021. The increase is related to increased borrowings of the Issuer in 2021, which have been reduced significantly with the share capital increase in April 2022, as further outlined in Chapter 6.2.3 "*Historical development of share capital*". Increased net financial expenses are also related to increased interest rates and increased lease liabilities. Total comprehensive income amounted to ISK 90 million compared to ISK 351 million in 2021 with the prior year affected by the profit from sale of associate of ISK 250 million.

4.3 Consolidated Balance Sheet at year-end 2019, 2020 and 2021

The table below shows the consolidated balance sheet of the Issuer at year-end for 2019, 2020 and 2021.

Consolidated Balance Sheet - Assets

ISK million	2019	2020	2021
Operating assets	3,360	3,401	3,359
Right-of-use assets	1,151	1,159	3,269
Goodwill	10,049	10,049	10,049
Intangible assets	2,479	2,173	1,828
Investment in associates and other	3	3	3
Deferred income tax asset	-	-	404
Non-current assets	17,038	16,785	18,911
Inventories	375	398	389
Receivables from related parties	-	-	-
Trade receivables	1,161	1,156	1,044
Other receivables	158	176	1,690
Loans to related parties	37	99	-
Cash and cash equivalents	177	195	2,179
Current assets	1,909	2,025	5,302
Total assets	18,947	18,810	24,214

Consolidated Balance Sheet - Equity & Liabilities

ISK million	2019	2020	2021
Share capital	8,254	8,254	3,132
Reserves	59	115	1,162
Retained earnings	350	699	753
Total equity	8,663	9,067	5,048
Loans and borrowings	6,250	5,722	6,738
Lease liabilities	1,092	1,121	5,223
Deferred income tax liabilities	601	580	-
Other non-current liabilities	150	-	2,499
Non-current liabilities	8,093	7,423	14,460
Current maturities of loans and borrowings	376	399	347
Lease liabilities and other liabilities	104	118	169
Trade payables	668	660	765
Tax payable	232	158	1,288
Other payables	673	820	2,074
Other liabilities	94	102	-
Pre-payments	45	63	63
Current liabilities	2,192	2,320	4,706
Total liabilities	10,284	9,742	19,165
Total equity & liabilities	18,947	18,810	24,214

At year-end 2021, the Issuer's capital structure consisted of ISK 5,048 million of equity resulting in 21% equity ratio. That position has since then been strengthened with the transaction leading to the Issuer's IPO with new share capital paid amounting to ISK 3,500 million which has partly been used for deleveraging the balance sheet. The transaction is further described in Chapter 6.2.2 *"Increase/ decrease of share capital"*.

4.3.1 Assets at year-end 2019, 2020 and 2021

Total consolidated assets on 31 December 2019 amounted to ISK 18,947 million, ISK 18,810 million in year-end 2020 and ISK 24,214 million in year-end 2021.

Intangible assets

In March 2017 the Issuer purchased 99.99% of share capital in Nova which entailed a goodwill of ISK 9,766 million. In 2018 Nova acquired Símafélagið which entailed a goodwill of ISK 283 million. The Issuer's goodwill amounted to ISK 10,049 million on 31 December 2021.

Goodwill represents the future economic benefits which arise in conjunction with the acquisition of a business, but which are not individually identified and separately reported. Goodwill is reported as the difference between the acquisition value for business combinations and the fair value of the Issuer's share of the acquired businesses' identifiable net assets at the time of acquisition. Goodwill is reported as an intangible asset on the balance sheet.

For the purposes of impairment testing, goodwill is allocated to each of the Issuer's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, impairment loss is recorded.

For the purpose of impairment testing the recoverable amount of the cash generating unit Nova hf. is determined based on a value in use calculation which uses cash flow projections based on financial budgets covering a five-year period. The cash flows beyond that five-year period have been extrapolated using a steady 2.5% per annum growth rate which is the targeted inflation rate by the Central Bank of Iceland.

The directors of the Issuer believe that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash-generating unit.

Other intangible assets represent customer relationships (amortized at 10% rate), telecommunications license (amortized at 10% rate), the Nova brand (amortized at 5% rate), and other intangible assets (amortized at 20%-50% rate).

Operating assets and other assets

The value of the Issuer's operating assets on the balance sheet amounted to ISK 3,359 million on 31 December 2021, consisting of telecommunication equipment totaling ISK 3,185 million, fixtures and equipment totaling ISK 151 million and transportation equipment totaling ISK 23 million. Further details on operating assets can be found in note 8 in the Issuer's consolidated financial statement for 2021. Telecommunication equipment covers Nova's active network infrastructure which was not sold jointly with the sale of passive infrastructure, where Nova's strategy is to own active infrastructure and ensure its place as a market leader in active development. Active network infrastructure meaning the elements or components on the active layer of a Telecommunications Network, including, but not limited to servers, databases, and transmission equipment. The active infrastructure further relates to 2G, 3G, 4G and now 5G. Nova's infrastructure is further described in Chapter 3.2.11 "*Infrastructure and Development*".

Other assets amounted to ISK 3 million on 31 December 2021, consisting of investments in associates and other assets, which consist of share ownership in Hið íslenska númeraflutningsfélag ehf. and Sendafélagið ehf.

Deferred income tax asset

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

A deferred tax asset is recognized for unused tax losses and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted at the reporting date. On 31 December 2021 deferred tax assets amounted to ISK 404 million.

Right-of-use assets

Nova's right-of-use assets amounted to ISK 1,151 million in 2019, ISK 1,159 million in 2020 and ISK 3,269 million in 2021. The Issuer recognises right of use assets for lease agreements

of office buildings, automobiles, and passive mobile infrastructure. Nova's sale of passive infrastructure in 2021 increased leased assets by ISK 2,595 million. Further information regarding the sale and leaseback of infrastructure can be found in Chapter 3.2.10. "*Sale and leaseback of passive mobile infrastructure*".

Right-of use assets (lease assets) and lease liabilities are recognised as separate line items in the consolidated statement of financial position. The recognition of right of use assets and lease liabilities is initially recorded at the commencement date as the present value of lease payments that are not paid at that time. In order to estimate the value of Right-of-Use assets and lease liabilities, the Issuer utilises its incremental borrowing rate as a discount rate, adjusted for the nature of the underlying asset and the duration of the lease agreement.

The duration of lease agreements is based on contractual rights, adjusted for management estimates on extensions where extension options are applicable. Expenses due to variable lease payments, low-value contracts and short-term leases are immaterial.

Inventories

Inventories are stated at cost which is based on the "first in-first out" ("FIFO") method when measuring the inventories and includes the cost of buying the inventories and getting them at the current location in current condition. Inventories at year end consist of user equipment and goods sold intended for sale.

Inventories at year-end 2021 amounted to ISK 389 million and are in line with Nova's inventory levels for 2019 and 2020, where they amounted to 375 and 398, respectively. Proper regard is taken with regards to dated and faulty equipment and total write-downs for the financial year amounted to ISK 24 million on 31 December 2021.

Trade receivables

Trade receivables consist of receivables from post-paid usage revenues, which are paid on a monthly basis. As such, a portion of trade receivables are undue. The Issuer recognises lifetime expected credit loss ("ECL") for trade receivables, where lifetime ECL represents the expected credit losses resulting from all possible default events over the expected lifetime of financial assets. The expected credit losses on relevant financial assets are estimated using a provision matrix based on the Issuer's historical credit loss experience, adjusted for factors specific to the debtors, general economic conditions as well as an assessment of both the current and forecast direction of conditions at the reporting date.

Trade receivables amounted to ISK 1,161 million in 2019, ISK 1,156 million in 2020 and ISK 1,044 million in 2021. In 2019 ECL amounted to ISK 39 million, in 2020 ECL amounted to ISK 48 million, in 2021 ECL amounted to ISK 44 million. Further details on trade receivables can be found in note 14 in the Issuer's consolidated financial statements for 2021.

Other current assets

The value of the Issuer's other current assets amounted to ISK 196 million on 31 December 2019 and ISK 275 million in 2020. In year-end 2021, other current assets amounted to ISK 1,690 million and consisted of other receivables. Increased other current assets in 2021 can largely be attributed to a claim on Íslandsturnar due to VAT payment for the passive infrastructure sale of ISK 1,267 million. The same amount is reported as other payables under current liabilities. The VAT payment was settled in February 2022.

In 2019 and 2020 other current assets included loans to related parties amounting to ISK 37 million in 2019 and ISK 99 million in 2020. The Issuer defines related parties as shareholders with significant influence, Sendafélagið, board members as well as management. Transactions with related parties other than Sendafélagið are restricted to telecommunication services and priced on an arm's length basis.

Cash and cash equivalents

Cash and cash equivalents amounted to ISK 177 million in 2019, ISK 195 million in 2020 and ISK 2,179 million in 2021. The increase in cash between 2020 and 2021 can largely be attributed to the Issuer's sale of passive infrastructure in 2021.

4.3.2 Equity and Liabilities at year-end 2019, 2020 and 2021

Total consolidated equity at year-end 2019 amounted to ISK 8,663 million, ISK 9,067 million in 2020 and ISK 5,048 million in 2021. Total consolidated liabilities at year-end 2019 amounted to ISK 10,284 million, ISK 9,742 million in 2020 and ISK 19,165 million in 2021.

Equity

Total equity at year-end 2019 amounted to ISK 8,663 million, ISK 9,067 million in year-end 2020 and ISK 5,048 million in year-end 2021.

Equity development in 2021: At 1 January 2021 share capital amounted to ISK 8,254 million. In December 2021 share capital was increased by ISK 557 million to cover outstanding share options that were provided to key employees of Nova. Following the transfer of passive

infrastructure sale a decision was taken to reduce the share capital in a form of payment to shareholders where share capital was decreased by ISK 5,678 million (Net decrease of 5,121 million with share capital increase to cover outstanding share options). After the share capital reduction, the Issuer's share capital amounted to ISK 3,132 million on 31 December 2021. All the share capital has been paid. One vote is attached to each share in the Issuer. See further detail of the share capital development in the table below.

Consolidated Statement of Changes in Equity

<i>ISK million</i>	Share capital	Reserves	Retained earnings	Total
Balance at 1 January 2019	8,254	109	341	8,703
Loss for the year	-	-	(59)	(59)
Share of profit of subsidiary (excess of dividends)	-	(68)	68	-
Recognition of share-based payments	-	18	-	18
Balance at 31 December 2019	8,254	59	350	8,663

<i>ISK million</i>	Share capital	Reserves	Retained earnings	Total
Balance at 1 January 2020	8,254	59	350	8,663
Profit for the year	-	-	386	386
Contribution to statutory reserve	-	39	(39)	-
Recognition of share-based payments	-	18	-	18
Forfeited stock options	-	(1)	1	-
Balance at 31 December 2020	8,254	115	699	9,067

<i>ISK million</i>	Share capital	Reserves	Retained earnings	Total
Balance at 1 January 2021	8,254	115	699	9,067
Profit for the year	-	-	1,451	1,451
Share of profit of subsidiary in excess of dividend received	-	958	(958)	0
Contribution to statutory reserve	-	145	(145)	-
Recognition of share-based payments	-	173	-	173
Share capital increase	557	-	-	557
Share capital decrease	(5,678)	-	(522)	(6,200)
Forfeited stock options	-	(228)	228	-
Balance at 31 December 2021	3,132	1,162	753	5,048

Reserves amounting to ISK 1,162 million on 31 December 2021 are comprised of restricted equity in relation to investment in associates that are accounted for using the equity method of accounting and legal statutory reserves.

Interest-bearing debt

The Issuer's interest-bearing debt amounted to ISK 6,626 million in 2019, ISK 6,121 million in 2020 and ISK 7,085 million in 2021. All financial liabilities, including interest-bearing debt are initially recognised at fair value less attributable transaction cost. Subsequent to initial recognition, financial liabilities are stated at amortised cost using the effective interest method. On 31 December 2021 long-term interest-bearing debt amounted to ISK 6,738 million and current interest-bearing debt amounted to ISK 347 million.

Terms of interest-bearing debt

In September 2021 the Issuer refinanced its long-term debt with a loan facility of a total principal amount of ISK 7,210 million with Arion Bank ("the Lender"). The loan facility entails variable interest rates and are non-indexed.

Repayment, Prepayment and Cancellation

The Issuer shall repay the debt in:

- a) 35 monthly instalments, each in the amount of 1/240 of the original principal amount
- b) By a financial repayment of any unpaid amount on the maturity date

The Issuer may at any time, at its sole discretion, prepay the debt, in part or in full, without penalty, subject to the terms of the loan. The Issuer may request extensions of the loan two times, for up to three years each time. The granting of such extension by the lender shall be conditional upon no event of default having occurred and being continuing, the security for repayments of the loan being sufficient in the reasonable opinion of the lender and terms of interest being mutually agreed between the Issuer and the lender.

Financial conditions

The Issuer undertakes that, until the loan is fully repaid it shall maintain an equity ratio of at least 15%. Further conditions entail that the leverage ratio shall not exceed 5.5 from 2021 until 30 June 2023 and not exceed 5.0 from 30 June 2023 and thereafter. Also, the debt service coverage ratio should be at minimum 1.05 from 2021 until 30 June 2023 and minimum 1.15 from 30 June 2023 and thereafter.

Lease liabilities and other non-current liabilities

The Issuer's lease liabilities, both non-current and current, and other non-current liabilities, amounted to ISK 1,196 million in 2019, ISK 1,239 million in 2020 and ISK 7,891 million in 2021. The Issuer recognizes assets and liabilities due to lease agreements for office premises, cars and recently added passive mobile infrastructure.

With Nova's sale of passive mobile infrastructure in December 2021, a 20+20-year lease agreement for 365 transmission sites was signed with Íslandsturnar. The sale affects leased liabilities which as a result increased net by ISK 6,652 million as of 31 December 2021.

The Issuer recognises a Right-of-Use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less accumulated depreciation and impairment and adjusted for certain remeasurements of the lease liability (indexation).

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Issuer's incremental borrowing rate. Generally, the Issuer uses its incremental borrowing rate as the discount rate plus estimated margin for certain lease agreement based on its nature.

The lease liability is increased due to interest payments and decreased due to lease payments. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Issuer's estimate of the amount expected to be payable under a residual value guarantee, if the Issuer changes its assessment of whether it will exercise a purchase, extension, or termination option or if there is a revised in-substance fixed lease payment. The Issuer has exercised judgment in determining lease periods of some leases where the Issuer is leasing assets and the contracts contain extension options. Assessment of whether the Issuer is reasonably certain that it will exercise extension options affects the lease period, which significantly effects the amount of recognised lease liabilities and assets.

Trade payables and other current liabilities

The Issuer's trade payables amounted to ISK 668 million in 2019, ISK 660 million in 2020 and ISK 765 million in 2021. Other current liabilities consist of tax payables, other payables, other liabilities (attributable to the acquisition of Símafélagið in 2020) and pre-payments. The Issuer's other current liabilities amounted to ISK 1,044 million in 2019, ISK 1,143 million in 2020 and ISK 3,424 million in 2021. The difference between 2020 and 2021 is largely attributable to

increases tax payable due to passive infrastructure sale in December 2021 and increased other payables. Increased other payables are attributable to a VAT payment further described in the Trade receivables section.

Trade and other payables are recognized when the Issuer becomes a party to the contractual provisions of the instrument. The financial liabilities are initially recognized at fair value plus any direct cost. The liabilities are measured subsequently at amortised cost using the effective interest method.

Trade and other payables in foreign currency are translated using the exchange rate prevailing at the end of the reporting period, i.e., at year end each year.

4.4 Consolidated Balance Sheet at 31 March 2022

The table below shows the unaudited consolidated balance sheet of the Company at year-end for 2021 and at 31 March 2022.

Consolidated Balance Sheet - Assets

<i>ISK million</i>	31 December 2021	31 March 2022
Goodwill	10,049	10,049
Intangible assets	1,828	1,781
Operating assets	3,596	3,529
Right of use assets	3,269	3,326
Investment in associates and other	3	3
Deferred income tax asset	404	417
Non-current assets	19,148	19,104
Inventories	389	473
Trade receivables	1,044	1,066
Other receivables	1,541	337
Cash and cash equivalents	2,179	892
Current assets	5,154	2,768
Total assets	24,302	21,872

Consolidated Balance Sheet - Equity & Liabilities

<i>ISK million</i>	31 December 2021	31 March 2022
Share capital	3,132	3,132
Reserves	1,162	1,162
Retained earnings	842	932
Total equity	5,137	5,227
Loans and borrowings	6,738	5,685
Lease liabilities	5,223	5,285
Other non-current liabilities	2,499	2,521
Non-current liabilities	14,460	13,492
Current maturities of loans and borrowings	347	226
Trade payables	765	581
Tax payable	1,288	1,269
Lease liabilities and other liabilities	169	176
Other payables	2,074	842
Pre-payments	63	60
Current liabilities	4,706	3,154
Total liabilities	19,165	16,646
Total equity and liabilities	24,302	21,872
<i>Equity ratio</i>	21.1%	23.9%

Notice is given to Note 2 in the Issuer's unaudited consolidated financial statements for the period January to March 2022, which concerns the revised accounting treatment of end-user

equipment. Due to the change, assets that were previously classified as Other Receivables on the Issuer's balance sheet are now classified under Operating Assets in accordance with IAS16. Costs of those assets were previously expensed over estimated lifetime under Cost of sales on the Income Statement but are now depreciated over three years according to the new treatment, as further outlined in Chapter 4.2 "*Consolidated Income Statement for the period 1 January - 31 March 2021 and 1 January - 31 March 2022*". The balance sheet for 31.03.2022 reflects these changes, and in turn the historical balance sheet for 31.12.2021 has been adjusted accordingly. The effects on the Issuer's balance sheet at 31.12.2021 are as follows:

ISK million	Reported 31.12.2021	Revision	Revised 31.12.2021
Other Receivables	1,690	(148)	1,541
Operating Assets	3,359	237	3,596
Retained earnings	(753)	(88)	(842)

Total assets of the Issuer on 31 March 2022 amounted to ISK 21,872 million compared to ISK 24,302 million at year end 2021. Goodwill, amounting to ISK 10,049 million, operating assets, amounting to ISK 3,529 million, and right of use assets, amounting to ISK 3,326 million, are the largest non-current assets of the Issuer.

Current assets of the Issuer amounted to ISK 2,768 million on 31 March 2022 compared to ISK 5,154 million at year end 2021. Key developments were related to the settlement of a VAT regarding the sale of passive infrastructure as other receivables reduced from ISK 1,541 million at year end to ISK 337 million. Other payables reduced in a similar manner due this settlement. Furthermore, cash and cash equivalents amounted to ISK 892 million on 31 March 2022 compared ISK 2,179 million at year-end 2021. The Issuer made a repayment to its borrowings of ISK 1,180 million in the first quarter of 2022.

Total equity amounted to ISK 5,227 million on 31 March 2022 compared to ISK 5,137 million on 31 December 2021. In April the Issuer completed a share capital increase as further outlined in Chapter 6.2.3 "*Historical development of share capital*".

Total non-current liabilities of the Issuer on 31 March 2022 amounted to ISK 13,492 million compared to ISK 14,460 million at year end 2021. Loans and borrowings, amounting to ISK 5,685 million, lease liabilities, amounting to ISK 5,285 million, and other non-current liabilities, amounting to ISK 2,521 million, are the largest non-current liabilities of the Issuer. Total current liabilities amounted to ISK 3,154 million on 31 March 2022 compared to ISK 4,706 million with

the key development in the reduction of other payables to ISK 842 million on 31 March 2022 compared ISK 2,074 million on 31 December 2021. The reduction is related to the VAT settlement following the sale of passive infrastructure, as outlined.

4.5 Consolidated Cash Flow Statement for 2019, 2020 and 2021

The table below shows the Issuer's consolidated statement of cash flow for 2019, 2020 and 2021.

Consolidated Cashflow Statement

ISK million	2019	2020	2021
Profit (loss) for the year	(59)	386	1,451
Adjustments for:			
Depreciation and amortisation	1,789	1,876	1,969
Income tax	269	94	304
Share in loss of associate	18	-	-
Gain on sale of shares in associate	(1)	-	-
Gain on sale of operating assets	(2)	(3)	(900)
Effect of accrued stock option	18	18	173
Net finance expenses	641	407	446
Cash generated from operating activities	2,673	2,779	3,443
Changes in operating assets and liabilities:			
Inventories, (increase) decrease	184	(24)	9
Trade and other receivables, (increase) decrease	113	(13)	(136)
Trade and other payables, (increase) decrease	(33)	130	196
Cash generated by operation before interest and tax	2,938	2,873	3,513
Interest income received	53	44	36
Interest expenses paid	(628)	(454)	(533)
Paid taxes	(273)	(189)	(159)
Cash generated by operations	2,089	2,274	2,856
Acquisition of operating assets	(1,083)	(1,262)	(1,185)
Acquisition of intangible assets	(202)	(266)	(248)
Disposals of operating assets	8	4	5,408
Investment in a subsidiary, net of cash acquired	(100)	(95)	(119)
Disposal of other financial assets	4	-	-
Loans to related parties, change	(8)	6	-
Investment activities	(1,381)	(1,612)	3,857
Share capital decrease	-	-	(5,643)
Lease agreement, repayment of principal	(98)	(115)	(116)
Loans from financial institutions	-	(532)	7,211
Payments on loans from financial institutions	(502)	-	(6,183)
Financial activities	(601)	(647)	(4,731)
Increase in cash and cash equivalents	108	16	1,982
Effect of foreign exchange rates on cash and cash equivalents	1	2	2
Cash and cash equivalents at the beginning of the year	69	177	195
Cash and cash equivalents at the end of the year	177	195	2,179

Cash generated from operating activities amounted to ISK 2,673 million in 2019, ISK 2,779 million in 2020 and ISK 3,443 million in 2021. Increased cash generated from operating activities between 2019 and 2020 is mostly attributable to increased revenues and profit in 2020. Increased cash generated from operating activities between 2020 and 2021 is mostly attributable to increased revenues and passive infrastructure sale.

Cash generated by operations before interest and tax amounted to ISK 2,938 million in 2019, ISK 2,873 million in 2020 and ISK 3,513 in 2021.

Cash generated by operations amounted to ISK 2,089 million in 2019, ISK 2,274 million in 2020 and ISK 2,856 million in 2021. Difference in cash generated by operations between 2019 and 2020 is largely attributable to decreased interest expenses paid and decreased taxes paid. Increased cash generated from operations between 2020 and 2021 is mostly attributable to increased revenues and passive infrastructure sale.

Investment activities amounted to ISK (1,381) million in 2019, ISK (1,612) million in 2020 and ISK 3,857 million in 2021. The large difference between 2020 and 2021 is attributable at most by the sale of passive infrastructure which is covered in Chapter 3.2.10 "*Sale and leaseback of passive mobile infrastructure*". Further information on the Issuer's investment activities is described below.

Financial activities amounted to ISK (601) million in 2019, ISK (647) million in 2020 and (4,731) million in 2021. Financial activities in 2021 are mostly due to share capital decrease and refinancing of interest-bearing debts.

Cash and cash equivalents increased by ISK 108 million in 2019, increased by ISK 16 million in 2020 and increased by ISK 1,982 million in 2021. Increased cash and cash equivalents at end of 2021 are largely attributable to the passive infrastructure sale.

Investment activities

To ensure the capacity and operation of Nova's network and user experience Nova invests in its network (including active infrastructure), fixed assets and intangibles. In recent years, Nova's investments have mostly been devoted to instating 5G services in Iceland. From 2019 to 2021 the Issuer's capital expenditures have ranged from ISK 1,083 million – ISK 1,262 million. Network and fixed assets capital expenditures have ranged from 80%-90% of total capital expenditures in recent years. Investments in intangible assets have been increasing with focus on service solutions, web and app development. In the graph below capital expenditures (CAPEX) between network and fixed assets and intangible assets are shown.

CAPEX
ISK million



4.6 Consolidated Cash Flow Statement for for the period 1 January - 31 March 2021 and 1 January - 31 March 2022

The table below shows the Company's unaudited consolidated statement of cash flow for the period 1 January until 31 March for the years 2021 and 2022.

Consolidated Cash Flow Statement

<i>ISK million</i>	January- March 2021	January- March 2022
Profit for the period	351	90
Adjustments for:		
Depreciation and amortisation	507	470
Income tax	23	24
Net finance expenses	81	231
Cash flows from operating activities	962	816
Changes in operating assets and liabilities:		
Inventories, (increase) decrease	(49)	(84)
Trade and other receivables, (increase) decrease	28	(163)
Trade and other payables, increase (decrease)	(24)	(100)
Cash generated by operation before interest and tax	(102)	(346)
Interest income received	14	25
Interest expenses paid	(100)	(221)
Paid taxes	(50)	(42)
Net cash flow from operating activities	725	232
Acquisition of operating assets	(347)	(218)
Acquisition of intangible assets	(61)	(75)
Investment in a subsidiary, net of cash acquired	(5)	--
Cash flows to investing activities	(412)	(293)
Lease agreement, repayment of principal	(29)	(36)
Other non current liabilities, repayment of principal	--	(10)
Payments on loans from financial institutions	(100)	(1,180)
Cash flows from financing activities	(129)	(1,226)
(Decrease) increase in cash and cash equivalents	184	(1,287)
Effect of foreign exchange rates on cash and cash equivalents	2	0
Cash and cash equivalents at the beginning of year	195	2,179
Cash and cash equivalents at end of the period	381	892

Cash generated from operating activities amounted to ISK 816 million in first quarter of 2022 compared to ISK 962 million in 2021. Net cash flows from operating activities amounted to ISK

232 million in the first quarter of 2022 and ISK 725 million for the same period in 2021. The decrease in 2022 can be attributed to a number of factors, including increase in trade and other receivables of ISK 163 million, decrease in trade and other payables of ISK 100 million and higher paid interest expense of ISK 221 million compared to ISK 100 million in 2021.

Investment activities amounted to ISK 293 million in the first quarter of 2022 compared to ISK 412 million in the first quarter of 2021.

Financial activities amounted to ISK 1,226 million for the period of 1 January until 31 March 2022 compared to ISK 129 million for the same period of 2021. The increase in financial activities is due the repayment of the Issuer's borrowings in the first quarter of 2022 of ISK 1,180 million.

Cash and cash equivalents thus decreased by ISK 1,287 million in the first quarter of 2022, amounting to ISK 892 million on 31 March 2022.

4.7 Pro forma financial information

In April 2022 the Issuer's share capital was increased by ISK 684,931,508 of nominal value at a rate of ISK 5.11 per share, resulting in a payment to the Issuer of ISK 3,500,000,000. Following the share capital increase the share capital of the Issuer amounted to ISK 3,817,276,464 nominal value at end of April 2022. The proceeds of the share capital increase were deployed to repay a part of the Issuer's borrowings. The total cost associated with the share capital increase amounted to ISK 105,000,000.

This pro forma balance sheet for 31 March 2022 has been prepared to demonstrate the effects of the share capital increase on the Issuer's balance sheet, had the share capital increase occurred prior to the date of the Issuer's latest published balance sheet, included in the Issuer's interim financial information dated 31 March 2022. The pro forma adjustment consists of a single adjustment made with regards to the Issuer's share capital increase. This pro forma balance sheet is prepared for illustrative purposes only and the resulting financial position may differ from the Issuer's actual financial position. The pro forma financial information is prepared in a manner consistent with IFRS, the Issuer's historical and current accounting policies.

The unadjusted financial information used as a basis for this pro forma financial information has been extracted from the Issuer's balance sheet dated 31 March 2022, which is included in the Issuer's unreviewed and unaudited interim consolidated financial statement for January to March 2022.

Consolidated Balance Sheet – post share capital increase

<i>ISK million</i>	Unadjusted balance sheet 31.03 2022	Share capital increase – pro forma adjustment	Costs in relation to the share capital increase – pro forma adjustment	Debt reduction – pro forma adjustment	Pro forma balance sheet, post share capital increase
	Unaudited & unreviewed	Unaudited & unreviewed	Unaudited & unreviewed	Unaudited & unreviewed	Unaudited & unreviewed
Non-current assets	19,104				19,104
Cash and cash equivalents	892	3,500	(105)	(3,400)	887
Other current assets	1,876				1,876
Total assets	21,872	3,500	(105)	(3,400)	21,867
Total equity	5,227	3,500	(105)	0	8,622
Loans and borrowings	5,685			(3,277)	2,408
Lease liabilities	5,285				5,285
Other non-current liabilities	2,521				2,521
Total non-current liabilities	13,491	0	0	(3,277)	10,214
Loans and borrowings	226			(95)	131
Lease liabilities	176				176
Other current liabilities	2,751			(28)	2,723
Total current liabilities	3,153	0	0	(123)	3,030
Total liabilities	16,644	0	0	(3,400)	13,244
Total equity & liabilities	21,872	3,500	(105)	(3,400)	21,867
Net debt ¹	5,019				1,652
Net debt and lease liabilities ²	13,001				9,634
Equity ratio ³	23.9%				39.4%
Current ratio ⁴	0.88				0.91
Net debt and lease liabilities/EBITDA ⁵	3.77				2.79
Net debt/EBITDA ⁵	1.45				0.48

¹Net debt: Non-current Loans and borrowings + Current Loans and borrowings – Cash and cash equivalents

²Net debt and lease liabilities: Non-current Loans and borrowings + Non-current Lease liabilities + Other non-current liabilities + Current Loans and borrowings + Current Lease liabilities - Cash and cash equivalents

³Equity ratio: Total equity / Total Assets or Total equity / Total Equity & Liabilities

⁴Current ratio: Current Assets / Current Liabilities

⁵Based on mid EBITDA guidance for 2022 as shown in Chapter 4.8 “*Guidance for 2022*”

4.7.1 Auditor’s report on pro forma financial information

Report on the Compilation of Pro Forma Financial Information Included in a Prospectus To the board of directors and the shareholders of Nova Klúbburinn hf.

We have completed our assurance engagement to report on the compilation of pro forma financial information of Nova Klúbburinn hf. by Nova Klúbburinn hf. The pro forma financial information consists of the pro forma group balance sheet as at 31 March 2022 as presented in chapter 4.7 of the Registration document. The applicable criteria on the basis of which Nova Klúbburinn hf. has compiled the pro forma financial information is specified in Commission Delegated Regulation (EU) 2019/980.

The pro forma financial information has been compiled by Nova Klúbburinn hf. to illustrate the impact of the share capital increase on 19 April 2022, related costs on 22 April 2022 and debt repayments on 4 May 2022 on the group’s financial position as at 31 March 2022 as if the transactions had taken place at 31 March 2022. As part of this process, information about the group’s financial position has been extracted by Nova Klúbburinn hf. from the group’s financial statements for the period ended 31 March 2022, on which no audit or review report has been published.

Nova Klúbburinn hf.’s responsibility for the Pro Forma Financial Information

Nova Klúbburinn hf. is responsible for compiling the pro forma financial information on the basis of the applicable criteria.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. We have also complied with the appropriate ethical requirements in Iceland.

We apply International Standard on Quality Control 1 and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Practitioner's Responsibilities

Our responsibility is to express an opinion about whether the pro forma financial information has been compiled, in all material respects, by Nova Klúbburinn hf. on the basis of the applicable criteria.

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3420, Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus, issued by the International Auditing and Assurance Standards Board. This standard requires that the practitioner plan and perform procedures to obtain reasonable assurance about whether Nova Klúbburinn hf. has compiled, in all material respects, the pro forma financial information on the basis of the applicable criteria.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the transactions on 19 April 2022, 22 April 2022 and 4 May 2022 would have been as presented.

- A reasonable assurance engagement to report on whether the pro forma financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by Nova Klúbburinn hf. in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether: The related pro forma adjustments give appropriate effect to those criteria; and

- The pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the practitioner's judgment, having regard to the practitioner's understanding of the nature of the company, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

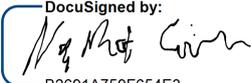
We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the pro forma financial information has been compiled, in all material respects, on the basis of the applicable criteria and is consistent with the accounting policies of Nova Klúbburinn hf.

Reykjavík, 1 June 2022

PricewaterhouseCoopers ehf.

DocuSigned by:

B2691A759F654E3...
Vignir Rafn Gíslason

State Authorized Public Accountant

4.8 Guidance for 2022

The Issuer's Board of Directors has approved the Issuer's budgeted income statement for 2022, which assumes revenues to be in the range of ISK 12,700 million to 12,950 million. Thus, revenues are expected to increase by approximately ISK 600 million to 850 million from 2021.

Revenues are expected to be driven by continued growth in sales of fiber connections to homes and sales to the business market. Mobile revenues are expected to grow slightly due to increased roaming revenues based on increased travel. Stability is expected in the retail market where in 2021 Nova revised its retail strategy with the aim to improve its purchasing and inventory management and increase margins. The Issuer expects to further support its retail strategy in 2022 and going forward. Other revenues are expected to increase slightly.

The 2022 EBITDA is expected to be in the range of ISK 3,350 to 3,550 million with an EBITDA margin in the range of 26% to 27%. The guidance excludes one-off cost items related to the admission of the Issuer's shares to trading on Nasdaq Iceland, expected to amount to approximately ISK 60 million, of which ISK 27.8 million occurred in Q1 and so far, ISK 10.4 million has occurred in Q2. This guidance also excludes cost related to a share capital increase in April 2022, of ISK 105 million, as well as ISK 12.7 million expenses related to the distribution of shares to employees outlined in Chapter 6.2.5 "*Shares to employees*". Cost of goods sold is expected to increase due to increased inflation and other factors. The currency rate of EUR/ISK is expected at 150 ISK and USD/ISK is expected at 129 ISK. The Issuer's budget assumes an increased number of FTEs due to the Issuer's plan to increase market presence. The Issuer also budgets higher salary expenses due to labor union agreements and market conditions. In 2022, the Issuer expects to utilize the same setup of offices and store locations as in 2021.

The Capital expenditure ("CAPEX") of the Issuer has ranged from 12% - 13% in recent years, where investments in the network have constituted between 80-90% of total CAPEX. Investments in intangible assets have increased as a result of increased focus on service solutions, web and app development. Before year-end 2022 the Issuer expects to have access to 100 5G sites, up from a current number of 50 sites at year end 2021. The expected CAPEX ratio for 2022 is in the range of 12% to 13% and includes investments in a new wavelength system, 5G buildout, new billing system, finance system upgrade, app development and store renovations.

The financial guidance is based on a number of assumptions made by the Issuer, which are both within their scope of influence and outside their influence. The Issuer's assumptions on continued revenues growth are based on the Issuer's marketing efforts and pricing strategy

that the management can impact. These assumptions, the current structure of the operations, e.g. the office setup, store locations and number of FTEs along with the capital expenditure plans are largely within the influence of the management. Factors that are outside the influence of the management include the pricing of its supplies, currency rates and level of competition. Investors are especially advised that the 2022 budget is subject to uncertainties related to these factors that can materially change the outcome of the budget. In general, the Issuer expects strong competition in the telecommunication market in Iceland as before which could affect guidance.

Uncertainty exists as to what impact the 2022 Russian invasion of Ukraine and continued development of Covid-19 and related effects will have on the Issuer's operations. The Issuer's management declares that the budget for 2022 has been prepared on a basis both comparable with the historical financial information and in accordance with the Issuer's accounting methods.

The Managers of the Issuer are not aware of any governmental, legal, economic or fiscal policies in Iceland or other jurisdictions that have in the past twelve months, or could in the next twelve months, other than those that have been described in this Registration Document, see Chapter 1.3.1 "*Legal environment*", likely have material adverse effect on the Issuer's financial position or results of operations. Any future changes in laws and/or regulations e.g. electronic communications law, competition law, data protection law, law on surveillance of commercial practices and marketing, law on consumer loans, taxation law, accounting law and debt collection law may have a positive or negative impact on the Issuer's earnings.

The Issuer confirms that there have been no significant changes in inventories or sale prices from the publication of the latest unaudited consolidated financial statements ending 31 March 2022. There have also not been any significant changes in the Issuer's financial performance from the publication of the latest unaudited consolidated financial statements ending 31 March 2022 to the date of publication of the Registration Document.

4.8.1 Financial calendar

The Issuer's financial calendar for the financial year 2022 is as follows, along with the proposed date of the Issuer's next Annual General Meeting.

2022 Financial calendar

Interim report for the period January to June 2022 (Q2)	25 August 2022
Interim report for the period January to September 2022 (Q3)	27 October 2022
Annual report for the financial year 2022	23 February 2023
Annual General Meeting 2023	16 March 2023

4.9 Significant changes in financial position

Significant events are present when the Issuer participates in decisions on the finances and operations of associated companies and is often based on a 20-50% holding according to International Financial Reporting Standards (IFRS) and / or effects on the companies' management that are considered significant.

Significant changes from 1 April 2022 to the date of this Prospectus:

- Since the date of the latest unaudited consolidated financial statement ending 31 March 2022 the Issuer's share capital was increased by ISK 684,931,508 of nominal value at a rate of ISK 5.11 per share, resulting in a payment to the Issuer of ISK 3,500,000,000. Following the share capital increase the share capital of the Issuer amounted to ISK 3,817,276,464 nominal value at end of April 2022. The proceeds of the share capital increase are to be deployed to repay a part of the Issuer's borrowings.

Significant changes from 1 January 2019 to 31 March 2022:

- In February 2020, Nova signed an agreement for the sale of all its shares in the fintech company Aur App ehf. ("Aur") to Kvika banki hf. The sale has been completed and the purchase price has been paid in full. With the transaction all loans from Nova to Aur were paid in full. The profit related to the disposal amounted to ISK 250 million.
- Nova acquired Símafélagið ehf. in 2017. The seller of Símafélagið believes that they are entitled to more earn-out final payment than was realized. Further information can be found in Chapter 1.3.7 "Disputes".
- In September 2021 the Issuer refinanced its long-term debt with a loan facility of a total principal amount of ISK 7,210 million. The purpose of the facility was to refinance the Issuer's previous loan facility and general corporate purposes.

- In 2021 Nova sold its passive mobile infrastructure to Íslandsturnar ehf. Simultaneously Nova signed a long-term lease agreement securing Right-of-Use assets of critical network locations. Further information regarding the sale and leaseback of infrastructure can be found in Chapter 3.2.10 “*Sale and leaseback of passive mobile infrastructure*”.
- In December 2021, the Issuer’s share capital was decreased by a nominal amount of ISK 5,678 million, at a rate of 1,09 per share, as a form of payment to shareholders. The total amount paid to the shareholders amounted to ISK 6,200 million.
- In December 2021 the Issuer’s share capital was increased by ISK 557 million to cover outstanding share options that were provided to key employees of the company. Further information regarding the distribution of share options can be found in Chapter 4.3.2 “*Equity and Liabilities at year-end 2019, 2020 and 2021*”.

5 Governance and Management

5.1 Governance

The Issuer is classified as an entity of public interest whereas the Issuer is a public limited company, the corporate governance of the Issuer is fundamentally in accordance with the provisions of the Public Companies Act. The Issuer's governance policy is based on the Guidelines on Corporate Governance, published by the Iceland Chamber of Commerce, Nasdaq Iceland hf. and the Confederation of Icelandic Employers, 6th edition, issued 1 July 2021 (the "Icelandic Guidelines on Corporate Governance").⁸ The Issuer follows the Icelandic Guidelines on Corporate Governance apart from Article 1.4 "*Nomination Committee*", as the Issuer has not deemed it necessary to appoint a nomination committee.

Information on the governance of the Issuer is accessible through the Issuer's Articles of Association, dated 19 April 2022 (the "Articles of Association"), the Issuer's governance statement in the Consolidated Accounts of the Issuer for 2021 (the "Governance Statement"), and the rules of procedure of the Board set on the basis of Article 4.2. of the Articles of Association (the "Board's Rules of Procedure"), with reference to Chapter 2.4 "*Documents on Display and documents incorporated by reference*".

5.2 Board of directors

The supreme power of the Issuer is wielded by lawful shareholders' meetings as provided for by law. At each Annual General Meeting, three to five Directors shall be elected to the Issuer's Board of Directors, serving for a term of one year. Immediately following election, the Board shall convene a board meeting where the Directors divide duties between themselves. A Chairman of the Board shall be elected by a simple majority of votes. The Board is the supreme authority in the affairs of the Issuer between shareholders' meetings. The Board maintains general control of the Issuer's activities being in conformity with the Public Companies Act, other applicable law, the Articles of Association and shareholder resolutions.

The current Board of Directors is comprised of five Directors. Hugh Sherman Short, Hrund Rudólfssdóttir, Kevin Payne and Tina Pidgeon were elected to serve on the Board of Directors at the last Annual General Meeting, held on 5 April 2022 and Jón Óttar Birgisson was elected on an extraordinary general meeting held on 19 April 2022, until the next Annual General meeting which is expected to take place on 16 March 2023.

⁸ The Guidelines on Corporate Governance published by the Icelandic Chamber of Commerce, Nasdaq Iceland hf. and the Confederation of Icelandic Employers, 6th edition 1 July 2021, are accessible here: <http://corporategovernance.is/>.

Included in the shareholding of members of the Board of Directors is the shareholding of companies under their control, shareholding of their spouse, financially dependent children and financially dependent individuals with the same legal domicile.

Chairman of the Board

<i>Name:</i>	Hugh Sherman Short
<i>Year of birth:</i>	1973
<i>First elected:</i>	2017
<i>Office:</i>	Lágmúli 9, 108 Reykjavik
<i>About:</i>	<p>Hugh S. Short is a Co-Founder and CEO of Pt Capital, LLC, ("Pt Capital") an Alaska-based private equity firm with assets in North America and Europe. Hugh leads the portfolio construction, organizational growth, fundraising, and expansion into new markets.</p> <p>Prior to co-founding Pt Capital, Hugh was president and CEO of Alaska Growth Capital BIDCO, Inc., a subsidiary of Arctic Slope Regional Corporation.</p> <p>Hugh served as the mayor of Bethel, Alaska from 2002 to 2004, and is a board member for Rural Energy Enterprises.</p> <p>Hugh is Inupiat Eskimo and a shareholder of three Alaska Native Corporations. Short received a bachelor's in political science from the University of Alaska Anchorage; and studied at the Pepperdine Graziadio School of Business.</p>
<i>Current position as a board member, management member, owner or co-owner</i>	<p>Nova Klúbburinn hf. (Chairman of the board, co-owner), Nova hf. (Chairman of the board, co-owner), Primehotels Oy (Board member, co-owner), Alpine Air Alaska, LLC (Chairman of the board, co-owner), Keahotel ehf. (Board member, co-owner), Pt Holding Company (Board member, co-owner) Rural Energy Enterprises (Board member), Alaska Scrap and Recycling (Board member, co-owner), 7 Glaciers, LLC (Board member, co-owner), Alaska World Affairs Council (Board member), ICE Services, Inc. (Board member, owner), Primehotels ehf. (Board member, co-owner), Blue Sky Estates, LLC (Co-owner), Calista Corporation (Co-owner), Bergin Staits Native Corporation (Co-owner), Sitnasauk Native Corporation (Co-owner), PNL Holding (Co-owner)</p>
<i>Positions as a board member, management member, owner or co-</i>	<p>Alaska Gasline Development Corporation (Vice Chairman of the Board)</p>

owner in the past five years

Dependencies

Based on the classification included in the Corporate Governance Guidelines, Hugh is independent of the Issuer and senior management but not independent of major shareholders due to his position and holdings related to Pt Capital LLC.

Shareholding in the Issuer

38% Owner of Pt Holding Company, a 9.33% indirect owner of Nova Acquisition Holding ehf., a financially related party holding 1,929,523,571 shares in the Issuer.

Board member

Name

Hrund Rudolfsdóttir

Year of birth

1969

First elected

December 2021

Office

Nova Klúbburinn hf., Lágmúli 9 108 Reykjavík

About

Experienced Board Member in listed companies, financial institutions as well as privately owned companies. A demonstrated history of managerial experience in the pharmaceuticals industry. CEO of Veritas ehf. Previously Corporate Director of HR at Marel hf. and CEO of Lyf og Heilsa hf.

Master's degree focused in International Management and Marketing from Copenhagen Business School.

Iceland Chamber of Commerce (Vice Chairman)

Current position as a board member, management member, owner, or co-owner

Nova Klúbburinn hf. (Board member), Nova hf. (Board member), Artasan ehf. (Chairman of the Board), Vistor hf. (Chairman of the Board), Stoð ehf. (Chairman of the Board), MEDOR ehf. (Chairman of the Board), Distica hf. (Chairman of the Board)

Stjánkur ehf. (Owner)

Positions as a board member, management member, owner, or co-owner in the past five years

Eimskip hf. (Vice Chairman of the Board)

Stefnir hf. (Chairman of the Board)

Danish-Icelandic Chamber of Commerce (Board member)

Dependencies

Based on the classification included in the Corporate Governance Guidelines, Hrund is independent of the

Issuer and senior management as well as major shareholders.

Shareholding in the Issuer

Owner of Stjánkur ehf., a financially related party holding 9,784,736 shares in the Issuer.

Board member

Name

Kevin Michael Payne

Year of birth

1987

First elected

January 2022

Office

Lágmúli 9, 108 Reykjavik

About

Kevin Payne is a Principal at Pt Capital, managing the investment process and portfolio company operations. Prior to Pt Capital, Kevin's roles included Investment Banking Credit at JPMorgan Chase and Portfolio Management at SunTrust Robinson Humphrey. He is a CFA Charterholder and received Bachelor's and Master's degrees in Economics from Clemson University.

Current position as a board member, management member, owner or co-owner

Nova Klúbburinn hf. (Board member), Nova hf. (Board member), H.V.A.C. LLC (Management member), Alaska Integrated Service, LLC (Chairman of the Board), Alpine Air Alaska, LLC (Board Member), PNL Holding, LLC (Co-owner), Spenard Real Estate Investor, LLC (Co-owner), Big Dipper Properties, LLC (Owner)

Positions as a board member, management member, owner or co-owner in the past five years

No former positions in the past five years

Dependencies

Based on the classification included in the Corporate Governance Guidelines, Kevin is independent of the Issuer and senior management but not independent of major shareholders due to his position at Pt Capital LLC.

Shareholding in the Issuer

None

Board member

<i>Name:</i>	Tina Pidgeon
<i>Year of birth:</i>	1968
<i>First elected:</i>	November 2021
<i>Office:</i>	Lágmúli 9, 108 Reykjavik
<i>About:</i>	<p>Over 25 years of experience in telecommunications and broadband policy, regulation, and management.</p> <p>Seasoned veteran in Arctic policy development and broadband infrastructure deployment.</p> <p>Currently independent strategic advisor and consultant. Previously Senior Vice President of Governmental Affairs, General Counsel, and Chief Compliance Officer at General Communication (GCI).</p> <p>Graduate of the University of Virginia School of Law and the University of Notre Dame.</p>
<i>Current position as a board member, management member, owner or co-owner</i>	Nova Klúbburinn hf. (Board member), Nova hf. (Board member), Tina Pidgeon Strategies (Principal), Alaska Power & Telephone (Director), Fox Chase Cancer Center (Director), Foundation board, American Oncologic Hospital (Director)
<i>Positions as a board member, management member, owner or co-owner in the past five years</i>	<p>ACA Connects (Board member)</p> <p>Commonwealth North (Board member)</p>
<i>Dependencies</i>	Based on the classification included in the Corporate Governance Guidelines, Tina is independent of the Issuer and senior management but not independent of major shareholders due to financial relations with Nova Acquisition Holding.
<i>Shareholding in the Issuer</i>	None

Board member

<i>Name:</i>	Jón Óttar Birgisson
<i>Year of birth:</i>	1974
<i>First elected:</i>	April 2022

<i>Office:</i>	Lágmúli 9, 108 Reykjavík
<i>About:</i>	Experienced professional in investment banking. Currently owner and managing director of Stöplar Advisory. Previous roles include head of corporate finance at MP Bank, managing director at Saga Fjárfestingarbanki and managing director at Strax GmbH. Bachelor's degree in Economics from University of Iceland and certified securities broker in Iceland.
<i>Current position as a board member, management member, owner or co-owner</i>	Nova Klúbburinn hf. (Board member), Nova hf. (Board member), Stöplar Advisory ehf. (Owner), Stefnir hf. (Board member), Kasi Consulting ehf. (Owner), Makkland ehf. (Board member), BBI ehf. (Board member), BBI umhverfismiðlar ehf. (Board member), Billboard ehf. (Board member), Dengsi ehf. (Board member), Leiguélag Aldraðra hses. (Board member), MF1 slhf. (Board member)
<i>Positions as a board member, management member, owner or co-owner in the past five years</i>	No former positions in the past five years
<i>Dependencies</i>	Based on the classification included in the Corporate Governance Guidelines, Jón Óttar is independent of the Issuer and senior management as well as major shareholders.
<i>Shareholding in the Issuer</i>	None

5.3 Executive committee

The Issuer's Executive Committee consists of CEO Margrét Björk Tryggvadóttir. Nova's Executive Committee consists of five individuals, the Chief Executive Officer and four others: a Chief Financial Officer, Chief Technology Officer, Chief Digital Officer and Chief Sales Officer.

Included in the shareholding of members of the Board of Directors is the shareholding of companies under their control, shareholding of their spouse, financially dependent children and financially dependent individuals with the same legal domicile.

Chief Executive Officer (CEO) of Nova Klúbburinn and Nova

Name: **Margrét Björk Tryggvadóttir**

Year of birth: 1977

Office: Lágmúli 9, 108 Reykjavik

About: Experienced in the telecommunication sector. Began her career in telecommunications in the service center of Tal and later in marketing & a product manager when Tal and Íslandssími merged into Vodafone Iceland. Participated in the establishment of Nova hf. in 2007 and began her Nova career as Head of Marketing. In 2012 she was Head of Sales and Services and in 2017 became COO. From 2018 she has been the CEO of the Issuer and Nova. Holds a bachelor's degree in international marketing from the University of Reykjavik and an AMP degree from IESE Barcelona.

Current position as a board member, management member, owner or co-owner

M&M Partners ehf. (Co-owner, board member)

Positions as a board member, management member, owner or co-owner in the past five years

Keahotel ehf. (Board member)

Alfreð ehf. (Board member)

Shareholding in the Issuer

Direct ownership of 24,571,982 shares in the Issuer. Pending receipt of 97,847 shares due to Nova Acquisition Holding ehf.'s (via Nova) gift to employees, described in Chapter 6.2.5 "Shares to employees".

Co-owner of M&M Partners ehf., a financially related party holding 80,465,302 shares in the Issuer.

Chief Financial Officer (CFO) of Nova

Name: **Pórhallur Ingi Jóhannsson**

Year of birth: 1977

Office: Lágmúli 9, 108 Reykjavik

About: Comprehensive experience in Finance from working in various roles. Started in Risk Management and later worked in Treasury Management, heading collections, disbursements, investments and funding activities. He has also gained experience in financial and operational restructuring during his career.

Previous roles include Senior Manager Treasury at Eimskip hf. and CFO at CreditInfo Group.

Holds a Bachelor's degree in Industrial Engineering from University of Iceland and a master's degree in Engineering Management from the University of Reykjavik.

Current position as a board member, management member, owner or co-owner

Háihamar ehf. (Owner, board member)

Positions as a board member, management member, owner or co-owner in the past five years

Arca Capital – (Owner, board member)

Shareholding in the Issuer

Pending receipt of 58,708 shares due to Nova Acquisition Holding ehf.'s (via Nova) gift to employees, described in Chapter 6.2.5 "Shares to employees".

Owner of Háihamar ehf., a financially related party holding 30,174,489 shares in the Issuer.

Chief Technology Officer (CTO) of Nova

Name: **Benedikt Óskar Ragnarsson**

Year of birth: 1963

Office: Lágmúli 9, 108 Reykjavik

About:

Experienced in the telecommunication sector. Career spans various positions which relate to strategic planning, structure and operation of telecommunication systems.

From 1990 to 1999 Director of Operations at Póstur og Sími. From 1999 to 2004 Head of Infrastructure Operations in Telecommunication Systems at Íslandssími, later Vodafone Iceland. From 2005 to 2007 CTO of Magnet Entertainment From 2008 he has been employed at Nova, first as the Project Manager for the operations of Nova's telecommunication systems and from 2018 as CTO.

Current position as a board member, management member, owner or co-owner

2020 ehf. (Owner, board member, management member)

Positions as a board member, management member, owner or co-owner in the past five years

No former positions in the past five years

Shareholding in the Issuer

Pending receipt of 97,847 shares due to Nova Acquisition Holding ehf.'s (via Nova) gift to employees, described in Chapter 6.2.5 "Shares to employees".

Owner of 2020 ehf., a financially related party holding 40,232,650 shares in the Issuer.

Chief Digital Officer (CDO) of Nova

Name: **Magnús Árnason**

Year of birth: 1979

Office: Lágmúli 9, 108 Reykjavik

About:

Executive Consultant with board experience in the areas of digital development, media and marketing. Has experience with different types of business activities, both in Iceland and internationally. Previous roles include Chief of Brand at Oz and Chief Brand Officer at LazyTown.

Current position as a board member, management member, owner or co-owner

Jurt ehf. (Board member), Marka Ráðgjöf ehf. (Owner, board member, management member), Sprengistjarna ehf. (Owner, board member, management member),

Positions as a board member, management member, owner or co-owner in the past five years

Cintamani ehf. (Board member)

Kaffi Nóra ehf. (Board member)

Shareholding in the Issuer

Pending receipt of 97,847 shares due to Nova Acquisition Holding ehf.'s (via Nova) gift to employees, described in Chapter 6.2.5 "Shares to employees".

Owner of Sprengistjarna ehf., a financially related party holding 30,174,489 shares in the Issuer.

Chief Sales Officer (CSO) of Nova

<i>Name:</i>	Puríður Björg Guðnadóttir
<i>Year of birth:</i>	1988
<i>Office:</i>	Lágmúli 9, 108 Reykjavík
<i>About:</i>	<p>Experienced Chief Sales Officer with a demonstrated history of working in the telecommunications industry.</p> <p>Has experience in Sales, Management, Start-ups and Product Development. Employee of Nova since 2007 and CSO from 2017.</p> <p>Holds a Bachelor's degree in Engineering Management from the University of Reykjavík</p>
<i>Current position as a board member, management member, owner or co-owner</i>	<p>Lyfja hf. (Board member), Granítismiðjan ehf. (Board member),</p> <p>Sidus ehf (Owner),</p> <p>Lucrum ehf (Co-owner)</p>
<i>Positions as a board member, management member, owner or co-owner in the past five years</i>	No former positions in the past five years
<i>Shareholding in the Issuer</i>	<p>Pending receipt of 97,847 shares due to Nova Acquisition Holding ehf.'s (via Nova) gift to employees, described in Chapter 6.2.5 "Shares to employees".</p> <p>Owner of Sidus ehf., a financially related party holding 30,174,489 shares in the Issuer.</p>

5.4 Compliance

The Board of Directors has appointed Berglind Guðmundsdóttir as the Issuer's Compliance Officer. Berglind Guðmundsdóttir is an Associate at BBA // Fjeldco and has relevant experience in banking and finance, corporate governance, securities law and compliance. Berglind holds a B.A. degree from Reykjavík University and a M.L. degree from the same school. She is also a district court attorney. The Issuer's Deputy Compliance Officer is Kári Ólafsson, Partner at BBA // Fjeldco. Kári has experience in corporate, securities, banking and finance law among others. Kári holds a B.A. degree in law from the University of Iceland and a Mag.Jur. degree from the same school. The role of the Compliance Officer includes overseeing the Issuer's

adherence to the Rules on Treatment of Inside Information and Insider Transactions, no. 1050/2012, as set by the Icelandic FSA.

5.5 Auditors

As stipulated in the Articles of Association, the Issuer's fiscal year is the calendar year. Further it is stated that the Issuer's annual accounts shall be audited by an auditing company, and that an auditor or auditor company shall be elected at the Annual General Meeting for a term of one year. The Issuer's auditing company and auditors shall be provided with any information requested in relation to its auditing services for the Issuer. The Issuer's annual accounts, report of the Board of Directors, and report of the auditor shall be available for review by the shareholders at the Issuer's headquarters no later than 21 days before the Annual General Meeting. The qualifications and eligibility of auditors is subject to law.

The Issuer's auditing firm for the period covered by the historical financial information included in this Registration Document, i.e., 2019, 2020 and 2021 was PricewaterhouseCoopers ehf., ID No. 690681-0139, registered offices at Skógarhlíð 12, 105 Reykjavík. During this period, Vignir Rafn Gíslason, certified public accountant and member of the The Institute of State Authorized Public Accountants in Iceland (*Ísl. Félag löggiltra endurskoðenda*) has audited the Issuer's annual statements. PWC has not resigned, been removed from office or not been re-elected during the period covered by the historical financial information in this Registration Document.

The Issuer's Board of Directors has appointed an auditing committee in accordance with Chapter IX A of Act no. 3/2006 on annual accounts Further information regarding the auditing committee is in Chapter 5.9.1 "*Audit committee*".

5.6 Statements and Potential Conflicts of Interest

Notice is given to the following potential conflicts of interests between any duties of the members of the Board of Directors or the Executive Committee, their private interests and/or other duties. Both the Issuer's Management, Board of Directors and Nova's Executive Committee have been involved in the writing and/or reviewing process of this prospectus.

Hugh Sherman Short, Chairman of the Board of the Issuer, is the CEO, Chairman of the Board and a co-founder of Pt Capital LLC, the Issuer's largest shareholder through its affiliate Nova Acquisition Holding ehf. which holds 50.55% of the Shares. Kevin Payne, member of the Issuer's board is a Principal at Pt Capital LLC. In November 2021, Tina Pidgeon, member of

the Issuer's board, signed an option agreement with Nova Acquisition Holding for the right to purchase 8,829,574 Shares at a price of ISK 4.6 per Share. Nova Acquisition Holding is the selling shareholder in the Offer.

As discussed in detail in Chapter 5.3 "*Executive Committee*", the Executive Committee of Nova holds a total of 235,793,401 shares in the Issuer, representing 6.2% of the total share capital. Furthermore, the Executive Committee of Nova is pending receipt of 450,096 shares due to Nova Acquisition Holding ehf.'s (via Nova) gift to employees, described in Chapter 6.2.5 "*Shares to employees*".

In the five years preceding the date of this Registration Document, the members of the Board of Directors or the Executive Committee have not been convicted in relation to fraudulent offences, publicly incriminated or sanctioned by a statutory or regulatory authority (including designated professional bodies) or disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of an issuer.

With one exception, no members of the Board of Directors or the Executive Committee have, in the five years preceding the date of this Registration Document, in their capacity as a founder/owner, director or senior/executive manager been associated with companies which have filed for bankruptcy, gone into receivership, liquidation or administration. The exception is as follows:

Hugh Short, the Chairman of the Issuer's Board, was a board member of K Acquisition ehf. which filed for bankruptcy on 18 January 2021. K Acquisition ehf. was the parent company of Keahotels ehf. a hotel operator that was severely impacted by travel disruptions resulting from the COVID-19 pandemic. The bankruptcy of K Acquisition ehf. was part of a negotiated transaction with its lender, Landsbankinn hf, in exchange for a 35% equity ownership interest in Keahotels ehf. which continues as a going concern. All except for one of Keahotels' landlords also agreed to new lease terms as part of the negotiated transaction.

5.7 Remuneration

Information on the remuneration and benefits of the Board of Directors and the Executive Committee for the 2021 financial year is provided in the table below, along with rights related to shares, as of 1 June 2022. There are no outstanding derivative contracts with the Issuer related to shares in the Issuer. No decision has been made by the Issuer's board or at the

Issuer's shareholders' meetings regarding the granting of options or other derivatives related to the share capital of the Issuer.

The Issuer's and Nova's employment contracts with key executives do not contain any unusual provisions and are in accordance with traditional agreements. No payments have been set aside due to pension contributions, retirement or similar benefits in excess of what is required by labor agreements. No other agreements with key executives have been entered into regarding payment of benefits upon termination of their agreements apart from standard three to twelve month notices.

Remuneration for the year 2021 <i>ISK million</i>	Salary, benefits, options and pension contribution	Rights held	Rights held by a financially related party
Board of Directors			
Hugh Sherman Short	2,600,000	-	-
Hrund Rudolfsdóttir	300,000	-	-
Kevin Michael Payne	-	-	-
Tina Pidgeon	510,000	-	-
Jón Óttar Birgisson	-	-	-
Past Board members			
Sophie Minich	2,000,000	-	-
Sigbór Sigmarsson	2,200,000	-	-
Birna Hlín Káradóttir	400,000	-	-
Gísli Valur Guðjónsson	706,440	-	-
Executive Committee			
Margrét Björk Tryggvadóttir, CEO	58,331,120	-	-
Four members of the Executive Committee	135,426,730	-	-

5.8 Related party transactions

The Issuer has a related party relationship with its shareholders with significant influence, a joint venture, board members and management. Transactions with related parties other than joint venture are restricted to telecommunication services. Transactions are priced on an arm's length basis. As can be seen in the table below related parties' transactions are immaterial. In 31 December 2021 there was no balance of loans and account receivable balance with related parties and intercompany transactions with related parties were none. For 2022 and to the date of this Prospectus, there have not been any loans, accounts receivables or intercompany transactions with related parties.

Related parties

ISK millions	2019	2020	2021
Loans to related parties balance at year-end			
Loans to associate, non-current	99	99	-
Current portion of loans to related parties	(37)	(99)	-
	62	-	-
Account receivables balance at year-end			
Related company – Intercompany account	-	-	-
Associates Intercompany account	23	16	-
Associates Intercompany account, amortization	(23)	(16)	-
	0	0	-
Intercompany transaction during the year			
Related company – sales	2	1	-
Associate – sales	7	6	-
Associate – interest income	7	6	-

5.9 Board subcommittees

5.9.1 Audit committee

The Issuer's Board of Directors has appointed an auditing committee in accordance with Chapter IX A of Act no. 3/2006 on annual accounts. The Committee shall serve as an independent body within the Issuer, serving at the behest of the Board of Directors, providing oversight over accounting procedures, annual accounts and risk management. The committee shall be comprised of three members. A Director shall always be one of three members of the Committee. The other two Committee members shall be independent of the Issuer, its day-to-day management and the Issuer's auditors. Further, one of the members shall be independent of all large shareholders in the Issuer. The Issuer's managing director or other members of the Issuer's day-to-day management may not be members of the Committee. The Board of Directors shall appoint Committee members annually at the first regular Directors' Meeting

subsequent to the Annual General Meeting, but no later than a month after the Annual General Meeting. The rules governing the audit committee shall apply mutatis mutandis to the Issuer's subsidiary, Nova. The committee is comprised of the following members:

- Tina Pidgeon
- Heimir Örn Herbertsson
- Helgi F. Arnarsson

The responsibilities of the Committee shall consist of, inter alia, the following:

- The Committee shall recommend an auditing firm to the Board of Directors for proposal to the Shareholder Meeting.
- The Committee shall supervise the work processes in the preparation of accounts and as well as the arrangements and efficiency of internal control of the Issuer and risk management.
- The Committee shall supervise the auditing of annual financial statements and consolidated financial statements of the Issuer.
- The Committee shall assess the impartiality of the Issuer's auditor and supervise other tasks of the auditor. When evaluating the auditor's impartiality, the Committee shall take into account Art. 19 of Act No. 79/2008 on auditors, stating that auditors and auditing firms shall be impartial to their clients, both in actuality and in appearance.
- The Committee shall review the financial information submitted to the Board of Directors by the Issuer's day-to-day management and auditors and confirm that this information represents an accurate reflection of the Issuer's operations, financial standing and future prospects.
- At the Committee's initiative, an annual meeting shall be held between the Committee, the Board of Directors and the Issuer's external auditor.
- The Committee shall annually request a written report from the Issuer's auditor, in which all material matters that have emerged in the course of their latest audit shall be detailed. The report shall specifically address any weaknesses in internal controls in the procedure of preparing accounts. The Committee's request for report shall reflect the necessity for the inclusion of the aforementioned information.

The powers and resources of the Committee shall consist of the following:

- The Committee shall have access to sufficient resources in order to carry out its duties, including access to information from the Issuer and relevant third parties, subject to the Issuer being able to provide such information.
- The Committee shall have no management responsibilities with regard to its supervisory role, findings and recommendations; it shall be the responsibility of executive management as directed or authorized by the Board to take appropriate actions.
- The Committee is not responsible for certifying the accuracy or completeness of the Issuer's financial statements or their preparation in accordance with generally accepted accounting principles, or for guaranteeing the accuracy of the external auditor's report. The fundamental responsibility for the Issuer's financial statements and disclosures rests with management team and the external auditor pursuant to their professional responsibilities.

The authority of the Committee shall consist of the following:

- The Committee shall have the authority to seek any information or documentation from the Issuer's Board of Directors as well as its external and internal auditors necessary within its remit in order to perform its duties.
- The Committee shall have access to the Issuer's day-to-day management if required for the purposes of gathering the necessary information to carry out its functions.
- The Committee may request a memorandum or a report from the Issuer's Board of Directors or auditors to the extent necessary to gather information and evaluate the Issuer's financial state.

The rules governing the audit committee shall be reviewed at least annually. Only the Issuer's Board of Directors may amend the rules.

5.9.2 Remuneration committee

The Issuer's Board of Directors has appointed a Remuneration Committee consisting of three members. The committee shall work in accordance with the Rules of Procedure of the Remuneration Committee set by the Board. The Committee is constituted to assist the Board of the Issuer in meeting its responsibilities regarding the determination, implementation and operation of the overall remuneration policy for the Issuer and its subsidiary undertakings,

including Nova, including the remuneration of the Issuer' executive directors, as well as overseeing the remuneration arrangements of other Issuer staff. The majority of the committee shall be independent of the Issuer and its day-to-day management, in addition to which the committee members shall be independent of the Issuer's auditors. Employees of the Issuer and the CEO may not be members of the committee. All decisions and recommendations of the Committee shall be subject to approval of the Board. The Board of Directors shall appoint Committee members annually at the first regular Directors' Meeting subsequent to the Annual General Meeting, but no later than a month after the Annual General Meeting. The committee is comprised of the following members:

- Hugh Sherman Short
- Hrunn Rudólfsdóttir
- Jón Óttar Birgisson

The responsibilities of the Committee shall consist of, inter alia, the following:

- Have responsibility for proposing the remuneration policy of the Issuer and in determining such policy, take into account all factors which it deems necessary including relevant legal and regulatory requirements together with associated guidance. The objective of such policy shall be to attract, retain and motivate executive management and employees of the quality required to run the Issuer successfully without paying more than is necessary, having regard to views of shareholders and other stakeholders, performance and designed to promote the long-term success of the Issuer.
- Review the on-going appropriateness and relevance of the remuneration policy.
- Propose a framework for the terms of employment for the executives of the Issuer and Nova.
- Ensure that remuneration and other terms of employment are consistent with law, rules and best practice at each time.
- Take independent stance on the impact of remuneration on risk-taking and risk management of the Issuer in cooperation with the Audit Committee.
- Ensure that contractual terms on termination, and any payments made, are fair to the individual, and the Issuer, that failure is not rewarded and that the duty to mitigate loss is fully recognised.

- Oversee any major changes in employee benefits structures and share incentive schemes throughout the Issuer.
- Review the equal pay policy and the equal pay system.
- Submit a proposal to Board of Directors on remuneration of the Board of Director and sub-committees, in connection with the Annual General Meeting.
- Report annually to the Board of Directors in connection with the Annual General Meeting on any Remuneration issues as well as the committees work during the year.

The powers, authority and resources of the Committee shall consist of the following:

- The Committee shall have access to sufficient resources in order to carry out its duties, including access to information from the Issuer and relevant third parties, subject to the Issuer being able to provide such information.
- The Committee shall have no management responsibilities with regard to its supervisory role, findings and recommendations; it shall be the responsibility of executive management as directed or authorized by the Board to take appropriate actions.
- The Committee shall have the authority to seek any information or documentation from the Board of Directors necessary within its remit in order to perform its duties.
- The Committee shall have access to the Issuer's day-to-day management if required for the purposes of gathering the necessary information to carry out its functions.
- The Committee shall be authorised to engage independent advisors as necessary to carry out its functions.

The Remuneration Policy

The Issuer is obligated under Article 79(a) of Act No. 2/1995 on Public Limited Companies to set a Remuneration Policy regarding the remuneration of the Board of Directors, the CEO and other members of management. The current Remuneration Policy was approved at the Issuer's Annual General Meeting on 19 April 2022. The Remuneration Policy is designed to attract, develop, and retain high-performing and motivated employees in a competitive market. The policy reflects the Issuer's objectives for good corporate governance as well as a sustained long-term value creation for shareholders. The Remuneration Policy shall be approved at the Annual General Meeting of the Issuer allowing the shareholders of the Issuer to have a possibility to influence the Issuer's policy. The Board of Directors is responsible for the Issuer's Remuneration Policy. The Remuneration Policy rules shall apply mutatis mutandis to the

Issuer's subsidiary, Nova hf. Further information regarding the Remuneration Policy can be found on the website: www.nova.is/investors.

6 Shareholding

6.1 Shareholders

At 31 May 2022, the number of Issuer's shareholders is 37, and the largest shareholder is Nova Acquisition Holding ehf with a 50.55% share. Below is a list of the Issuer's top 20 shareholders as of 31 May 2022. Additionally, it should be noted that Nova currently holds 7,240,674 shares in the Issuer, which will be distributed to 111 employees following the Offering, in accordance with Chapter 6.2.3 "*Shares to employees*".

Shareholder	Number of shares	Stake	Voting Rights
Nova Acquisition Holding ehf.	1,929,523,571	50.55%	50.55%
Stefnir - Innlend hlutabréf	303,098,826	7.94%	7.94%
Stefnir - IS 5	247,989,948	6.50%	6.50%
Atrium Holding ehf.	173,781,761	4.55%	4.55%
IS EQUUS hlutabréf	97,847,358	2.56%	2.56%
Adira ehf.	97,847,358	2.56%	2.56%
M&M Partners ehf.	80,465,302	2.11%	2.11%
Nova Acquisition (Iceland) LLC	76,345,487	2.00%	2.00%
GE Capital ehf.	68,493,151	1.79%	1.79%
Landsbréf - Úrvalsbréf hs.	67,381,068	1.77%	1.77%
Stefnir - Samval	58,708,415	1.54%	1.54%
IS Hlutabréfasjóðurinn	54,794,521	1.44%	1.44%
Landsbréf - Hekla hs.	48,923,679	1.28%	1.28%
Eignaval - Hlutabréf	45,009,785	1.18%	1.18%
IS ALPHA hlutabréf	43,052,837	1.13%	1.13%
Landsbréf Öndvegisbréf hs.	40,251,026	1.05%	1.05%
2020 ehf.	40,232,650	1.05%	1.05%
ET sjón ehf.	39,138,943	1.03%	1.03%

Háihamar ehf.	30,174,489	0.79%	0.79%
Sprengistjarna ehf.	30,174,489	0.79%	0.79%
Other shareholders	244,041,800	6.39%	6.39%
Own shares	0	0.00%	0%
Total	3,817,276,464	100%	100.00%

- i. M&M Partners ehf. is 50% owned by Margrét Björk Tryggvadóttir, CEO
- ii. 2020 ehf. is fully owned by Benedikt Óskar Ragnarsson, CTO
- iii. Háihamar ehf. is fully owned by Þórhallur Ingi Jóhannsson, CFO
- iv. Sprengistjarna ehf. is fully owned by Magnús Árnason, CDO

The Issuer's largest shareholder is Nova Acquisition Holding ehf., holding a 50.55% share of voting rights in the Issuer. As such, Nova Acquisition Holding ehf. controls over 30% of voting rights in the Issuer and is thus deemed to exert control over the Issuer based on Chapter X of Act No. 108/2007 on Takeovers (the "Takeover Act"). Nova Acquisition Holding intends to divest a 32.86% to 39.43% stake in the Issuer in the proposed Offering and aims to hold an 11.12% to 17.69% stake in the Issuer following the conclusion of the Offering.

As stipulated by Article 100 of the Takeover Act, entities exerting control of a company at the time of admission of its shares to trading on a regulated market do not become subject to a mandatory bid obligation pursuant to Article 100. However, this does not apply if the entity in question loses and then regains control.

Nova Acquisition Holding ehf. is a related party to Pt Capital LLC. Hugh Sherman Short, the Chairman of the Issuer's Board, is the Chairman of the Board of Nova Acquisition Holding ehf. and Kevin Michael Payne, member of the Board of Nova Klúbburinn is a Principal at Pt Capital.

Stefnir – Innlend hlutabréf, a fund operated by Stefnir hf., holds 7.94% stake in the Issuer and Stefnir – IS 5, also a fund operated by Stefnir hf., holds 6.50%. Along with other funds operated by Stefnir hf., the total shareholding of funds in operation of Stefnir hf. sums up to 681,295,143 shares which represent 17.8%. Stefnir hf. is an asset management company which is a subsidiary of Arion banki hf.

Total shareholding of funds in operation of Íslandssjóðir hf. sums up to 254,403,131 shares which represent 6.7%. Íslandssjóðir hf. is an asset management company which is a subsidiary of Íslandsbanki hf.

No other shareholders exceed a 5% share of voting rights in the Issuer, the lowest threshold for notifications as stipulated by the Takeover Act.

In April the Issuer completed a share capital increase by ISK 684,931,508 of nominal value. With the capital increase shareholders sold part of their ownership in the Issuer and made a shareholders' agreement which will cease to apply with listing to Nasdaq Iceland. The shareholders' agreement contains the aim of the shareholders to list the Issuer's shares on Nasdaq Iceland and also takes on rights if listing does not occur and shareholders want to trade the Issuer's shares. Following a listing on Nasdaq Iceland, Nova Acquisition Holding and C-level Management will have a lock-up provision on their remaining shares for three months following the listing where they are obligated not to sell their shares.

The Issuer is not aware of any ownership beyond that which has previously been disclosed in this chapter, or that any of the aforementioned entities are controlled by other parties than disclosed in this chapter. Furthermore, the Issuer is not aware of any agreements that may lead to a change in control of the Issuer. The interests of minority shareholders are guarded by certain stipulations in the Articles of Association and the Public Companies Act. After the Issuer's shares are admitted to trading on Nasdaq Iceland, Chapter X of the Takeover Act will also apply.

6.2 Share capital and shareholders' rights

The share capital of the Issuer at the date of the Prospectus is ISK 3,817,276,464. The share capital is divided into shares of nominal value ISK 1. The Shares are issued in accordance with the Public Companies Act. All issued shares have been paid in full.

There are no restrictions on shareholders' rights to dispose of their Shares in the Issuer. The Shares are of a single class and carry equal rights in all aspects. Shareholders' rights are subject to the Articles of Association and may only be amended in line with relevant applicable laws at any given time. No special rights or privileges are attached to the Shares and the Shares are freely transferable.

Shareholders will not be subject to redemption of their Shares unless stipulated by law. For information on the Shares and other rights reference is made to the Articles of Association incorporated in this Registration Document by reference, as well as the Public Companies Act.

At the date of this Prospectus, the Issuer has no outstanding convertible notes, warrants or other financial instruments which if exercised could dilute the Issuer's share capital.

The Shares are electronically registered with Nasdaq CSD Iceland in accordance with act No. 7/2020 on Central Securities Depositories, Settlement and Electronic Registration of Financial Instruments. The ISIN number of the Shares is IS0000031045. The Shares are registered in book-entry form under the name and Icelandic ID No. of the relevant shareholder or nominee pursuant to Article 42 of the Act on Markets in Financial Instruments, No. 115/2021. Registration of the ownership of the Shares in electronic form with Nasdaq CSD Iceland formally gives a registered owner legal authorisation to the rights to which they are registered. Dividends and announcements shall at any given time be sent to registered owners or nominees of the respective Shares in the Issuer's share registry. Shareholder rights are subject to the Issuer's Articles of Association and Icelandic legislation in effect at any given time. Disputes arising regarding the Shares shall be settled before the Reykjavik District Court as per Act No. 91/1991 on Civil Procedure.

6.2.1 Voting rights

Each Share entitles the holder to one vote at shareholder meetings, where each shareholder is entitled to cast votes equal in number to the number of Shares held.

6.2.2 Increase/ decrease of share capital

An increase or decrease of share capital can exclusively be decided by a shareholders' meeting and requires the same number of votes as other amendments to the Articles of Association. If share capital is increased, existing shareholders enjoy pre-emptive rights to new Shares in proportion to their existing holdings, as prescribed by Article 33 of the Public Companies Act. In accordance with Article 34 of the Public Companies Act, the shareholders' meeting can waive the pre-emptive rights of existing shareholders.

6.2.3 Historical development of share capital

At year-end 2019 the Issuer's total share capital amounted to ISK 8,253,593,500 nominal value. At year-end 2020 the share capital remained unchanged at ISK 8,253,593,500 nominal value.

In December 2021 the share capital was increased by ISK 556,875,000 nominal value in line with options provided to key employees of Nova, thus increasing the share capital to ISK 8,810,468,500 nominal value. Key management of the Issuer and Nova acquired, directly and

via their companies, 433,125,000 shares, corresponding to a 4.92% shareholding in the Issuer. The value of the Issuer's equity in this transaction amounted to ISK 8,810 million. This was in relation to share options that were granted to the employees in 2017 and the share capital was increased by ISK 556,875,000 to cover the exercise of these outstanding share options, as well as share options to other key employees. Additionally, based on prior agreements the sole shareholder of the Issuer, Nova Acquisition Holding, sold these key employees 412,329,927 shares, corresponding to 4.68% shareholding in the Issuer, for ISK 581 million. The value of the Issuer's equity in this transaction amounted to ISK 12,423 million.

In December 2021 the Issuer's share capital was reduced, with reference to Art. 51(2) of the Public Companies Act, by ISK 5,678,123,544 of nominal value at a rate of ISK 1,09 per share, resulting in a payment to shareholders of ISK 6,200,000,000. Following the share capital decrease the share capital of the Issuer amounted to ISK 3,132,344,956 nominal value at year-end 2021. In April 2022 the Issuer's share capital was increased by ISK 684,931,508 of nominal value at a rate of ISK 5.11 per share, resulting in a payment to the Issuer of ISK 3,500,000,000. Following the share capital increase the share capital of the Issuer amounted to ISK 3,817,276,464 nominal value at end of April 2022. The share capital remains unchanged at the date of this Prospectus.

The table below shows the development of share capital from year-end 2019 to the date of this Prospectus:

Date	Total share capital	Share capital increase	Share capital decrease
31 December 2019	8,253,593,500		
31 December 2020	8,253,593,500		
December 2021		556,875,000	
	8,810,468,500		
			5,678,123,544
31 December 2021	3,132,344,956		
April 2022		684,931,508	
1 June 2022	3,817,276,464		

6.2.4 Dividend

The Issuer's Annual General Meeting makes a decision on dividend payments based on a proposal from the Board of Directors. The Issuer follows Nasdaq Iceland's proposals on dividend payments, which states that trading in the Shares exclusive of dividends shall begin the business day immediately following the day the dividend proposal is approved, and that payment of dividends will be made no later than 30 days after the record date. Shareholders are not entitled to any of the Issuer's profits other than dividends. There is no guarantee that the Issuer will pay dividends in the future. The annual general meeting shall also resolve the treatment of losses following a proposal from the Board of Directors.

The Issuer's share register is held in accordance with the provisions of Act No. 7/2020 on Central Securities Depositories, Settlement and Electronic Registration of Financial Instruments, and as such the share register shall be regarded as a sufficient proof of ownership of Shares. Shareholders registered as owners of Shares in the Issuer's share register will thus receive dividend payments based on the number of Shares owned. It is the shareholder's

responsibility to ensure that their residence is entered correctly in the Issuer's register. As the Issuer's Articles of Association do not contain a provision regarding the expiration of the right to uncollected dividends, such rights lapse after four years according to Act No. 150/2007 on the Limitation Periods of Claims.

The Issuer is subject to restrictions on dividend payments in accordance with Article 99 of the Public Companies Act, which limits the allocation of dividends to profits in accordance with the previous fiscal year's annual accounts, profits carried over from prior years and available funds from which unsettled losses and agreed or lawfully required reserves have been deducted. The Issuer is also bound by covenants concerning dividend payments stipulated in loan agreements, see Chapter 4.3.2 "*Equity and Liabilities at year-end 2019, 2020 and 2021*".

Other than provided for under the Articles of Association, the Issuer has not set any policy on dividend distributions or any restrictions thereon.

Historical dividend

Financial year	Total dividend (ISKm)	Dividend (ISK per share)
2019	-	-
2020	-	-
2021	-	-

6.2.5 Shares to employees

In relation to the Offering, Nova Acquisition Holding ehf. has opted to give Nova shares in the Issuer to distribute to 111 Nova employees. The amount of shares attributable to each employee is based on tenure at Nova, with the maximum amount being ISK 500,000 market value based on the minimum price of the Offering, ISK 5.11 per share. Nova will distribute shares in the Issuer, amounting to ISK 7,240,674 of nominal value, prior to the Issuer's first day of trading. In addition, Nova will compensate employees for taxes and salary related expenses due to the transaction, amounting to ISK 12.7 million net of previously reserved incentive related expenses in 2021.



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Securities Note INNOVA

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Summer

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1 Risk Factors

This securities note, dated 1 June 2022 (the “Securities Note”) constitutes a part of a prospectus prepared by Nova Klúbburinn hf. (previously known as Platínium Nova hf.), ID No. 620916-0560 (the “Issuer”), whose sole concern is to serve as the holding company of Nova hf., ID No. 531205-0810 (“Nova”), an entity providing a full-service product range within telecommunication services, offering mobile, internet and retail services, dated 1 June 2022 (the “Prospectus”) in conjunction with an offer to the public and to qualified investors of a minimum of 1,416,773,033 shares in the Issuer with an authorization to increase by as many as 283,354,606 shares for a total of up to 1,700,127,639 shares (the “Offering”) by Nova Acquisition Holding ehf., ID no. 680119-0740, having its registered offices at Katrínartún 2, 105 Reykjavík, Iceland (“Nova Acquisition Holding”), Atrium Holding ehf., ID no. 620721-0500, having its registered offices at Skólavörðustígur 12, 101 Reykjavík, Iceland (“Atrium Holding”) and Nova Acquisition (Iceland) LLC, Icelandic ID no. 490317-9370, having its registered offices at Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware, USA (“Nova Acquisition Iceland”, or together the “Sellers”) and the admission of all of the Issuer’s shares (the “Shares”) to trading on Nasdaq Iceland’s regulated market.

The risk factors described in this Chapter 1 “*Risk Factors*” in this Securities Note are those that the Issuer is aware of and deems material to the Shares.

Investment in the Shares involves significant financial risk, and investors should assume the risk of losing some or all of their investment. The value of the Shares can increase or decrease in accordance with market circumstances, developments within the Issuer or Nova and outer effects. Therefore, an investment in the Shares carries substantial risk.

Prior to investing in the Shares, investors are advised to familiarise themselves with and independently evaluate all the information contained in the Prospectus, which consists of this Securities Note, the Registration Document and the Summary. Investors are advised to familiarise themselves with the risk and uncertainty factors described in the section on risk factors in the Registration Document and the relevant sections in this Securities Note that could have a significant effect on the Issuer’s operations and assessment of investment in the Shares.

The Issuer has assessed the materiality of the risk factors based on the probability of their occurrence and the expected magnitude of their negative impact and has organised the following risk factors accordingly within each category, beginning with those estimated to be most significant to the Issuer or Nova. The order in which the categories of risk factors are presented does not necessarily reflect the probability of their occurrence or the

magnitude of their potential impact, as the categories of risk factors mentioned herein could materialize individually or cumulatively. Any quantification of the significance of each individual category for the Issuer could be misleading, as other categories of risks factors may materialise to a greater or lesser degree. The likelihood of occurrence of any particular event is difficult to assess with any certainty, whether it be regarding its direct effects or knock-on effects which may lead to other events, which may in turn cause damage to the Issuer and/or affect the value of the Shares. Each of the risk factors listed below could repeatedly or on a stand-alone basis affect the operations and finances of the Issuer or Nova and thus the value of the Shares. Predicting the extent or time limit of their effects is not possible.

Additional risks and uncertainties not presently known to the Issuer or the Board of Directors or, that they currently deem immaterial, may also impair the Issuer's business operations. The business, financial condition, or result of operations of the Issuer could be materially and adversely affected by any of these risks. The trading price of the Issuer's Shares could decline due to any of these risks and investors could lose all or part of their investment.

1.1 Risks related to investment in equities

In general, equities are considered to carry an increased amount of risk than various other financial instruments such as bonds, as in the event of the liquidation of the Issuer, shareholders are last in the line of receivership, collecting only that which is left when all other claims have been settled. In addition, the price of equities can demonstrate more volatility than bond prices as their value may be subject to constant changes.

Returns associated with equity securities are dependent on dividend payments and positive share price development. Theoretically, the inherent risks contemplated by an investment in equities may be reduced by diverse investments, limited to companies well known by the investor. Investors can further reduce risk by limiting or avoiding the use of borrowings to fund equity purchases. Leverage is the use of debt to invest in an equity share investment. The return from using leverage to invest in equity comes from the difference between the return on equity and the cost of the borrowed capital. Leverage amplifies both investors return and loss, therefore exposing investor to higher risk of investing in equity securities.

Investment in the Shares comes with diverse risks and events outside the Issuer's control can lead to market price fluctuations. Relevant risks include, but are not limited to liquidity risk, counterparty risk and market risk. Further details on market risk and liquidity risk may

be found in Chapter 1.2 “*Market Risk*” and Chapter 1.3 “*Liquidity Risk*”, respectively. No guarantee can be provided that an investment in the Shares will be profitable.

The Issuer is subject to legal framework imposed by governing authorities at any given time. Following the admission of the Shares to trading, the Issuer will be subject to relevant laws and regulations pertaining to regulated financial markets. Extensive or substantial changes to the relevant legislative framework can negatively affect financial markets or cause increased volatility, resulting in fluctuations in the price of the Shares.

1.2 Market Risk

Market risk is defined as the current or prospective risk to earnings and capital arising from adverse movements in the level or volatility of prices of market instruments, such as, but not limited to those arising from changes in interest rates, inflation, equity prices and foreign exchange rates. As such, the Shares may be subject to market price volatility, and their market price may decline in response to developments or factors outside the Issuer’s control. Consequently, the market price of the Shares may be affected by general declines in the market or by the share price development of other companies considered comparable to the Issuer. The market price of the Shares may also be affected by market expectations for the financial performance of the Issuer and changes in the estimates of the Issuer’s results of operations by investors or analysts, regardless of the Issuer’s actual results of operations and financial conditions. These external factors are outside the control of the Issuer.

The price as determined by investors in the secondary market can be higher or lower than the offer price of the Shares. Consequently, there is a risk that investors that purchase Shares in the Offering cannot liquidate their holdings at the offer price or a price higher than the purchase price in the secondary market. There is also the risk that they cannot liquidate their holdings at all, despite being willing to do so at a discounted price.

1.3 Liquidity Risk

The liquidity of the Shares is subject to changes in market conditions, market sentiment, the Issuer’s anticipated or actual operating results, investor interest among other factors.

In order to mitigate or minimise liquidity risk, the Issuer will enter into market making agreements which are further described in Chapter 5.2 “*Market Making*”. Despite such efforts the Issuer cannot guarantee that shareholders will be able to dispose of their holdings at desired prices or volumes. No assurance can be given that an active trading

market for the Shares will develop or, if developed, will be sustained following the completion of the Offering.

Liquidity risk is partially determined by the number of shareholders in the Issuer, cf. Chapter 1.5 “*Share dilution*”, and illiquidity may have a negative effect on the market value of the Shares.

1.4 Ownership and Control

The structure and composition of a company’s shareholder base must be taken into account when considering an investment in the Shares, as the shareholder base, in and of itself, can be a risk factor. Large shareholders may act in concert and vote in concurrence on any given issue at shareholders’ meetings and may have the power to resolve to take actions that might affect the share price of the Issuer. A concentrated ownership by large investors may further decrease the free float of shares in the secondary market, thereby increasing liquidity risk.

Investors should be aware that ownership of the Issuer may change quickly and without notice. The Issuer is not aware of any shareholders’ agreements concerning Shares in the Issuer that will be in force upon listing with the purpose of exerting joint influence on the Issuer, nor is the Issuer aware of any agreements that may result in change of control of the Issuer.

Following the admission of the Shares to trading on Nasdaq Iceland’s regulated market, shareholders become subject to i.a. the provisions of the Act on Markets in Financial Instruments, No. 115/2021, and the Act on Measures Against Market Abuse, No. 60/2021, as well as other rules and regulations based on the aforementioned acts, including FSA rules no. 1050/2012 on Procedures regarding Inside Information and Insider Trading .

Investors are advised to acquaint themselves with information on the Issuer, as well as the shareholders, contained in Chapter 6.1 “*Shareholders*” on Share Capital and Shareholders in the accompanying Registration Document.

1.5 Share dilution

Any increase in the Issuer’s share capital may cause the Issuer’s shareholders to face dilution to their holdings, unless they subscribe to shares in proportion to their existing holdings. Shareholders may be faced with increased risk to their investment alongside dilution of their existing shares depending on how the increased capital will be utilized.

Shareholders may at a future date vote to further increase share capital that, unless subscribed in proportion to previous holdings, may further dilute the holdings of shareholders. As provided for under the Articles of Association of the Issuer, its share capital may be increased following the decision of a shareholders' meeting with the same amount of votes needed to amend the Articles of Association. Shareholders shall have priority right to purchase all new shares in their respective share class in direct proportion to their holdings, cf. Article 2.2 of the Issuer's Articles of Association.

1.6 Aftermarket trading

Prior to the Offering, there has been no public market for the Shares. Offer Price A and Offer Price B may not be indicative of the market price for the Shares following the admission of the Shares to trading.

Following the admission of the Shares to trading, the liquidity and trading price of the Shares may be highly volatile in response to many factors, including those referred to in this section, as well as the Issuer's financial performance, large purchases or sales of the Shares, legislative or regulatory changes, macroeconomic conditions and the financial markets generally that may adversely affect the liquidity and price of the Shares.

2 Notice to Investors

The Prospectus has been scrutinised and approved by the Financial Supervisory Authority of the Central Bank of Iceland (the “FSA”), as competent authority under Regulation (EU) 2017/1129 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market (the “Prospectus Regulation”). The FSA only approves the Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as any type of support or endorsement of the Issuer or an endorsement of the quality of the securities referred to in the Prospectus. Investors should make their own assessment as to the suitability of investing in the securities. The level of disclosure in the securities note complies with Annex 11 (Securities note for equity securities or units issued by collective investment undertakings of the closed end type) (the “Securities Note”) as put forth in Commission Delegated Regulation (EU) 2019/980, supplementing the Prospectus Regulation. The Prospectus also complies with the Exchange Rules. The Prospectus was approved by the FSA on 1 June 2022 and is valid for twelve months after this date and will be available for electronic viewing for a period of ten years after the date of publication on Nova’s website: www.nova.is/investors. For twelve months following the publication of the Prospectus, printed copies of the Prospectus may be ordered free of charge upon written request to nova@nova.is.

Any dispute that may arise from the Prospectus, the Offering or related matters shall be governed exclusively by Icelandic law and be subject to the exclusive jurisdiction of Icelandic courts, where the District Court of Reykjavík shall constitute the first instance.

Following the publication of the Prospectus, investors are advised to acquaint themselves with all information publicly disseminated by the Issuer or any other information concerning the Issuer or the Shares. Information in the Prospectus is based on scenarios and facts applicable at the date of its publication and may be subject to changes from the time of publication by the FSA until trading with the Shares commences on Nasdaq Iceland’s regulated market. If material new information, mistakes, or inaccuracies regarding the information in the Prospectus or other documentation included in the Prospectus that is likely to affect investors’ assumptions of the Issuer or the Shares comes to light during this period, a supplement to the Prospectus will be published in accordance with Article 23 of the Prospectus Regulation. The supplement shall be confirmed by the FSA and published in the same manner as the original Prospectus. In accordance with the Prospectus Regulation, investors that have placed subscriptions in the Offering described by the Prospectus are permitted to withdraw said subscriptions within two business days following the publication of the supplement.

The Issuer intends to fulfil Nasdaq Iceland's conditions regarding distribution of shares by way of an offering of shares further described in this Securities Note that constitutes a part of the Prospectus. For this purpose, a public offering is defined as an offer to the public as stipulated by Article 2(d) of the Prospectus Regulation. The purpose of the Offering is to satisfy the conditions set forth by Nasdaq Iceland regarding the sufficient distribution of shares admitted to trading on Nasdaq Iceland's regulated market, which are intended to ensure sufficient liquidity and distribution of ownership.

The size of the Offering amounts to 1,416,773,033 shares, representing 37.1% of issued share capital with the possibility of a 20% upside to a maximum of 1,700,127,639 shares, representing 44.5% of issued share capital. The Subscription Period will commence at 10:00 GMT on 3 June 2022 and end at 16:00 GMT on 10 June 2022. The results of the Offering are expected to be published on 13 June 2022, following which the Issuer will submit a final version of the application for admission of all Shares to trading on the Regulated Market of Nasdaq Iceland (the "Application"). Subsequently, Nasdaq Iceland will publish a final decision regarding the Application and, if accepted, the first possible day of trading with the Shares. The first day of trading will be published at a minimum of one business day in advance.

The Issuer, on behalf of the Sellers, reserves the right to cancel the Offering if Nasdaq Iceland rejects the Application, or if Nasdaq Iceland fails to accept the Application by 18 June 2022. The Sellers further reserve the right to delay, extend or cancel the Offering at any point up until the publication of Nasdaq Iceland's decision regarding the Application or in light of any other events expected to have a negative effect on the prospects of the Offering, such as events related to the Offering itself, the Issuer or the Sellers or negative developments in macroeconomic or financial markets in Iceland and/or abroad. Should the Sellers decide to cancel the Offering based on any of the above, all subscriptions as well as allocations based on the subscriptions will be considered void. Should the Offering be cancelled, or the Offering period extended, an announcement will be published by way of the same medium as the original announcement of the Offering.

Should the Offering be delayed, a supplement to the Prospectus will be published in accordance with Article 23(2) in the Prospectus Regulation, where notice will be given as to when the Offering will resume and conclude. Furthermore, the supplement will include any new material information introduced following the publication of the Prospectus up until the publication of the supplement.

Participation of investors in the offering is subject to various conditions, including i.a. the marketing of the Offering as well as legal competence. The Offering is marketed in Iceland and as such, participation is permitted for all financially and legally competent individuals, as

defined under Act No. 71/1997 on Legal Competence, and legal entities that have an Icelandic identification number. This Securities Note or other documents included in the Prospectus published on 1 June 2022 may under no circumstances be viewed or interpreted as promises of Issuer performance or Share yield by the Issuer, the Sellers, the manager of the Offering, the manager of the admission to trading on the Main Market of Nasdaq Iceland or any other parties involved. Investors are reminded that the purchase of shares is an inherently risky investment based on expectations as opposed to promises, and as such, investment in the Shares is entirely the responsibility of the investor. Investors are reminded to use their own judgement when deciding on an investment in the Shares and be mindful of the markets that the Issuer operates in, profit expectations, external conditions and the risk involved in an investment in the Shares. Investors are reminded that they can seek the advisory of specialists, to assist in the evaluation of the Shares as an investment proposition. Investors are also advised to evaluate their legal status and the tax impact that an investment in the Shares may generate and seek independent advisory in this regard.

This Securities Note or other documents that constitute a part of the Prospectus shall not be distributed (neither by mail or in any other way) to countries where the distribution would require an additional registration process or other actions other than those stipulated by Icelandic laws and regulations if such distribution is not in accordance with the laws and rules of the countries in question. As such, this Securities Note should i.a. not be distributed in any way to countries other than Iceland. The Issuer, Sellers or Manager are not liable for damages caused by the distribution of the Prospectus or documents to third parties.

Following the Application the Issuer and the Shares will be mandated by the provisions of laws, regulations and rules regarding issuers of shares, and shares that have been admitted to trading on a Nasdaq Iceland's regulated market as applicable at any given time, i.a. Act No. 20/2021 on the Disclosure and Notification requirements of Issuers of Financial Instruments, Act No. 60/2021 on Market Abuse, Act No. 115/2021 on Markets in Financial Instruments as well as other rules and regulations based on the aforementioned acts, including FSA rules no. 1050/2012 on Procedures regarding Inside Information and Insider Trading. The Application is considered complete when the FSA has approved and published the Prospectus and a final version of the Application has been delivered to Nasdaq Iceland.

The Prospectus contains forward-looking statements that reflect the Issuer's current views of future events, including operational and financial developments. As such, wording such as "expect", "plan", "believe", "estimate", "should", "will", "anticipate" and other expressions predicting future trends or developments that are not based on historical facts should be taken as forward-looking statements. Forward-looking statements should not be considered guarantees as they are based on present estimates and projections, which are subject to

substantial uncertainties and may turn out to be inaccurate or incorrect. As such, these forward-looking statements must be viewed as such and should not be relied upon as actual outcomes. The Issuer or affiliated parties do not undertake to publish revisions or updates of forward-looking statements based on new information, future events or any circumstances other than what should reasonably be expected based on applicable rules and regulations.

2.1 Potential conflicts of interest

Notice is given to the potential conflicts of interest between any duties of the members of the Board of Directors or the Executive Committee, their private interests and/or other duties. Both the Issuer's Management, Board of Directors and Nova's Executive Committee have been involved in the writing and/or reviewing process of this prospectus.

Hugh Sherman Short, Chairman of the Board of the Issuer, is the CEO, Chairman of the Board and a co-founder of Pt Capital LLC, the Issuer's largest shareholder through its affiliate Nova Acquisition Holding ehf. which holds 50.55% of the Shares. Kevin Payne, member of the Issuer's board is a Principal at Pt Capital LLC. In November 2021, Tina Pidgeon, member of the Issuer's board, signed an option agreement with Nova Acquisition Holding for the right to purchase 8,829,574 Shares at a price of ISK 4.6 per Share. Nova Acquisition Holding is the selling shareholder in the Offer.

The Executive Committee of Nova holds a total of 235,793,401 shares in the Issuer, representing 6.2% of the total share capital. The shares were acquired in 2021 in relation to share options that were granted to the employees in 2017, as well as through a direct sale made by Nova Acquisition Holding. Furthermore, the Executive Committee of Nova is pending receipt of 450,096 shares due to Nova Acquisition Holding ehf.'s (via Nova) gift to employees, described in Chapter 6.2.5 "*Shares to employees*" in the Registration Document.

Investors are also advised of the following interests Arion Bank has regarding the Issuer: Arion Bank has been retained by the Issuer to manage the Offering, the process of admission of the Issuer's Shares for trading on the Regulated Market of Nasdaq Iceland as well as the compilation of the Prospectus in cooperation with the board and management of the Issuer. Additionally, Arion Bank provides general banking services to the Issuer and is a lender to the Issuer as disclosed in Chapter 4.5.2 "*Equity and Liabilities at year-end 2019, 2020 and 2021*" in the Registration Document. Arion Bank holds no Shares in the Issuer. Arion Bank will act as a market maker for the Issuer as further disclosed in Chapter 5.2 "*Market Making*" in this Securities Note. Arion Bank may participate in the Offering by subscribing for Shares, inter alia, to fulfill its obligations as a market maker. In accordance with Article 32 of Act No. 115/2021 on Markets for in Financial Instruments, Arion Bank has rules and policies in place

for the treatment of potential conflicts of interest. Arion Bank's "*Rules on Handling Conflicts of Interest*" as of the date of this Prospectus may be found on the following website:

<https://www.arionbanki.is/english/about-us/more/rules-and-terms/>

The "*Rules on Handling Conflicts of Interest*" are not incorporated by reference into this Prospectus, and as such do not constitute a part of this Prospectus.

2.2 The Issuer's statement

The Issuer and the Board of Directors are responsible for the content of this Securities Note. The Issuer and the Board of Directors hereby declare that, having taken all reasonable care to ensure that such is the case, that to the best of Issuer's and the Board of Directors' knowledge, the information contained in this Securities Note is in accordance with the facts and that this Securities Note makes no omission likely to affect its import.

Reykjavík, 1 June 2022

For and on behalf of the Board of Directors of Nova Klúbburinn hf.

DocuSigned by:
Hugh Sherman Short
B75C142D95CF432...

Hugh Sherman Short

Chairman of the Board of Directors

For and on behalf of Nova Klúbburinn hf.

DocuSigned by:
Margrét Tryggvadóttir
B2F9D547493E4F2...

Margrét Björk Tryggvadóttir

Chief Executive Officer

2.3 Advisers

Arion Bank has been retained by the Issuer to manage the process of admission of the Shares to trading on the Regulated Market of Nasdaq Iceland as well as the compilation of this Securities Note in co-operation with the Board of Directors and management of the Issuer. This Securities Note is based on information supplied by the Issuer, including legal, financial and tax due diligence reports and audited consolidated annual financial statements for the financial years 2019, 2020 and 2021. Arion Bank has not verified the information contained in this Securities Note and assumes no responsibility or liability as to the accuracy or completeness of the information contained in this Securities Note or any other information provided in conjunction with the Offering or the Admission to Trading.

In addition, Arion Bank has been retained by the Issuer to manage the Offering described in this Securities Note, in conjunction with the admission to trading on the Regulated Market of Nasdaq Iceland.

Arion banki hf.

ID No.	581008-0150
LEI	RIL4VBPDB0M7Z3KXSF19
Domicile	Borgartún 19, 105 Reykjavík, Iceland
Phone	+354 444 7000
Website	www.arionbanki.is

2.4 Documents on Display and documents incorporated by reference

For a period of twelve months from the date of issue of this Securities Note, the following documents will be available for electronic viewing on Nova's website: www.nova.is/investors. In addition, all documents incorporated by reference will be available for electronic viewing for a period of ten years from the date of issue of this Securities Note on the same website.

Documents on display

The Summary, the Registration Document and this Securities Note all dated 1 June 2022, website link: www.nova.is/investors.

The Issuer's Articles of Association, dated 25 May 2022, website link: www.nova.is/investors/reports/Articlesofassociation

Conclusion report from PwC, dated 27 May 2022, website link: www.nova.is/investors/reports/conclusionreport

Incorporation by reference

The following documents are incorporated by reference and constitute an inseparable part of the Prospectus:

The Issuer's Consolidated Financial Statements for the year 2019, website link: www.nova.is/investors/reports/consolidatedFS2019

The Issuer's Consolidated Financial Statements for the year 2020, website link: www.nova.is/investors/reports/consolidatedFS2020

The Issuer's Consolidated Financial Statements for the year 2021, website link: www.nova.is/investors/reports/consolidatedFS2021

2.5 Statutory auditor's statement

PwC has audited the consolidated financial statements of the Issuer for the financial years ended 31 December 2019, 2020 and 2021. PwC hereby confirms that the consolidated financial statements of the Issuer for the years ended 31 December 2019, 2020 and 2021 give a true and fair view of the consolidated financial position of the Issuer for the respective years ended 31 December and of its consolidated financial performance and its cash flows for years then ended in accordance with IFRS as adopted by the European Union and applicable articles in Icelandic law on annual accounts. PwC refers in this regard to the Independent Auditor's Report dated 29 April included in the consolidated financial statements for the year ended 31 December 2019, the Independent Auditor's Report dated 15 April 2021 included in the consolidated financial statements for the year ended 31 December 2020 and the Independent Auditor's Report dated 29 March 2022 included in the consolidated financial statements for the year, ended 31 December 2021.

PwC hereby confirms that the information reproduced in this Securities Note from the above-mentioned consolidated financial statements for the Issuer are consistent with their respective originals. In this regard we have conducted our work in accordance with the International Standard on Related Services (ISRS 4400) based on engagement letter with the Issuer dated 18 May 2022. We refer to our conclusion report dated 27 May 2022.

Reykjavík, 1 June 2022

On behalf of PwC

DocuSigned by:

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Vignir Rafn Gíslason

State Authorised Public Accountant and member of the Icelandic Institute of State Authorised Public Accountants

2.6 Definitions and references

Any reference to the “Issuer” shall be interpreted as a reference to Nova Klúbburinn hf., ID No. 620916-0560, having its registered office at Lágmúli 9, 108 Reykjavík.

Any reference to “Nova” shall be interpreted as a reference to Nova hf., ID No. 531205-0810, having its registered office at Lágmúli 9, 108 Reykjavík.

Any reference to the “FSA” shall be interpreted as a reference to Fjármálaeftirlit Seðlabanka Íslands, ID No. 560269-4129, having its registered office at Kalkofnsvegur 1, 101 Reykjavík.

Any reference to “Nasdaq Iceland” shall be interpreted as a reference to Nasdaq Iceland hf., ID No. 681298-2829, having its registered office at Laugavegur 182, 105 Reykjavík.

Any reference to “Nasdaq CSD Iceland” shall be interpreted as a reference to Nasdaq CSD SE, útibú á Íslandi, ID No. 510119-0370, having its registered office at Laugavegur 182, 105 Reykjavík.

Any reference to the “Shares” shall be interpreted as a reference to all issued share capital of Nova Klúbburinn hf., as registered at Nasdaq CSD SE, útibú á Íslandi, with the FISN PLATINUM NOVA/SH and ISIN IS0000031045.

Any reference to the “Sellers” shall be interpreted as a reference to Nova Acquisition Holding ehf., ID No. 680119-0740, having its registered office at Katrínartún 2, 105 Reykjavík, Iceland, Atrium Holding ehf., ID no. 620721-0500, having its registered offices at Skólavörðustígur 12, 101 Reykjavík, Iceland and Nova Acquisition (Iceland) LLC, ID no. 490317-9370, having its registered offices at Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware, USA.

Any reference to the “Main Market” shall be interpreted as a reference to the regulated market operated by Nasdaq Iceland.

Any reference to the “Company Register” shall be interpreted as a reference to the Icelandic Company Register as operated by Iceland Revenue and Customs, ID No. 540269-6029, having its registered office at Laugavegur 166, 105 Reykjavík.

Any reference to “ISK”, “króna” or “kr.” shall be interpreted as a reference to the currency of Iceland, króna. The abbreviation “m.kr.” shall be interpreted as a reference to millions ISK and the abbreviation “ma.kr.” shall be interpreted as a reference to billions ISK.

Any reference to legislation or regulation in this Securities Note applies to Icelandic legislation or regulation unless otherwise explicitly stated.

Any reference to a Public Limited Company is a reference to Act No. 2/1995 on Public Limited Companies.

2.7 Abbreviations and terms

Application for Admission to Trading	Constitutes the start for the Exchange's process for new issuers who intend to apply for admission to trading of shares on Nasdaq Iceland
Articles of Association	The Issuer's Articles of Association, dated 25 May 2022
BBA.....	BBA Fjeldco ehf. ID No. 610819-0950, a law firm having its registered office at Katrínartún 2, 105 Reykjavík, Iceland.
Board's Rules of Procedure.....	The rules of procedure of the Issuer's Board, set based on Article 4.2. of the Articles of Association
Capital Income Tax Act	Act on Withholding of Tax on Financial Income, No. 94/1996
Deloitte.....	Deloitte ehf. ID No. 521098-2449, auditing and consulting company having its registered office at Smáratorg 3, 201 Kópavogur, Iceland
Exchange Rules	The listing rules of the Nasdaq Iceland Stock exchange
EU.....	European Union
EEA.....	European Economic Area
EFTA.....	European Free Trade Association
FSA.....	Financial Supervisory Authority of the Central Bank of Iceland (Ice. Fjármálaeftirlit Seðlabanka Íslands)

Governance Statement.....	The Issuer's governance statement in the Consolidated Accounts of the Issuer for 2021
IFRS.....	International Financial Reporting Standards
Income Tax Act	Act on Income Tax, No. 90/2003
IPO.....	Initial public offering
IS GAAP.....	Icelandic Act no. 3/2006 on Financial Statements
ISIN.....	International Securities Identification Number
KYC.....	Know-your-customer
LEI.....	Legal Entity Identifier
Manager of the offering	Arion Bank hf.
NIS Directive	Act No. 78/2019, implementing Directive (EU) 2016/1148
OECD.....	Organisation for Economic Co-operation and Development
OECD Model Tax Convention on Income and on Capital.....	Model taxation treaty from OECD
Offer Price A.....	The price at which the Offer Shares in Order Book A will be sold
Offer Price B.....	The price at which the Offer Shares in Order Book B will be sold
Offer Shares.....	Shares intended to be sold in the Offering

OTT	Over-the-top
Prospectus Regulation	Regulation (EU) 2017/1129
Pt Capital.....	Pt Capital LLC
PwC	PricewaterhouseCoopers ehf., ID No. 690681-0139, auditing and consulting company having registered office at Skógarhlíð 12, 105 Reykjavík, Iceland
Registration Document	A registration document, dated 1 June 2022, prepared on the basis of and in accordance with the Prospectus Act No. 14/2020 and the Prospectus Regulation.
ROU	Right of use
Subscription Period	The span of time during which a new issue of securities may be bought before listed on market
Takeover Act.....	Chapter X of Act No. 108/2007

3 Working capital

The Chairman of the Board of Directors and the Chief Executive Officer of the Issuer, for and on behalf of the Issuer, declare that at the date of this Securities Note the Issuer will have sufficient working capital to fulfil its requirements for the next 12 months thereafter after the Offering. The financial information contained in the table below has been prepared by the Issuer, based on the Issuer's financial position as of 31 March 2022. The information is neither audited nor reviewed.

Capitalisation and Indebtedness as of	<i>(ISK million)</i>
31 March 2022	
Current liabilities	
- with guarantees	--
- with lien	226
- without guarantees or leverage	2,927
Total current liabilities	3,154
Non-current liabilities	
- with guarantees	--
- with lien	5,685
- without guarantees and leverage	7,807
Total non-current liabilities	13,492
Equity	
Share capital	3,132
Reserves	1,162
Retained earnings	932
Total equity	5,227
Total equity and liabilities	21,872

In April 2022 the Issuer's share capital was increased by ISK 684,931,508 of nominal value at a rate of ISK 5.11 per share, resulting in a payment to the Issuer of ISK 3,500,000,000. Following the share capital increase the share capital of the Issuer amounted to ISK 3,817,276,464 nominal value at end of April 2022. The proceeds of the share capital increase

were deployed to repay a part of the Issuer's borrowings. Further information is in Chapters 4.7 "*Pro forma financial information*", 4.9 "*Significant changes in financial position*" and 6.2.3 "*Historical development of share capital*" in the Registration Document.

The Issuer intends to engage in a public offering where solely existing shares in the Issuer will be offered for sale. As a result, there will be no cash flow to the Issuer in connection with the planned public offering of shares in the Issuer, as explored in Chapter 4 "*Terms and conditions of the Offering*". In conjunction with the Offering, a request will be made for all shares in the Issuer to be admitted to trading on Nasdaq Iceland's regulated market. Information regarding the costs incurred by the Issuer due to the Offering process and admittance of the Shares to trading on the Nasdaq Iceland's regulated market is provided in Chapter 5 "*Information on the Shares and admission to trading*", in this Securities Note.

4 Terms and conditions of the Offering

The Offering applies to the Offer Shares which are all in the same class and bear the same rights. The Sellers will consult with the Manager of the Offering and agree on the final number of the Offer Shares to be sold in the Offering, and in any case the Offering will be comprised of a minimum of 1,416,773,033 shares, representing 37.1% of the Issuer's total issued share capital, and up to a 20% upsizing potential, to a maximum of 1,700,127,639 shares, representing 44.5% of the Issuer's total issued share capital. The Offering is not subject to any form of underwriting.

The Offering is intended to enable the Issuer to fulfil requirements related to the intention of the Issuer to be admitted to trading on Nasdaq Iceland's regulated market. This entails fulfilling the requirements related to dispersed ownership of the Issuer. Furthermore, the intention of the Sellers is to obtain the market price for its holdings in the Issuer and allow for an active trading in the aftermarket.

The price in Orderbook A, Offer Price A, is ISK 5.11. The price in Orderbook B, Offer Price B, is at minimum ISK 5.11 and will be determined through a book building process. All shares in Order Book B will be sold at the same price.

The Offering is made by way of a public offer of the Shares in Iceland to retail investors and qualified investors in accordance with the Prospectus Regulation.

For the avoidance of doubt, the Offering is only directed and marketed to investors in Iceland, i.e., individuals or legal entities with an Icelandic identification number who meet certain eligibility conditions. Thus, Offer Shares are not offered for sale in jurisdictions where public offerings such as this are contingent on the competent authorities of that jurisdiction having received a prospectus published by the Issuer in connection with such offering, or where such offerings would be subject to further requirements than the approval of the Icelandic regulators of a prospectus in connection with the Offering.

The results of the Offering are expected to be published on www.nova.is/investors on 13 June 2022. Furthermore, it is expected that, following the publication of the results, Nasdaq Iceland will subsequently respond to the Application. Information on the allocation of the Offer Shares to investors in the Offering (i.e., confirmation or reduction of subscriptions) is expected to be sent to investors who receive allocation on 13 June 2022, dependent upon a positive outcome of the Application. The final due date for payment of shares allocated to investors is expected on 16 June 2022 and paid Offer Shares are expected to be delivered to the investors within two business days following the final due date. The first day of trading on Nasdaq Iceland's regulated market of the Shares is expected to be 21 June 2022.

The Issuer, on behalf of the Sellers, reserves the right to cancel the Offering if Nasdaq Iceland rejects the Application. The Sellers reserve the right to cancel the Offering if subscriptions are not received for at least the minimum number of the Offer Shares in the Offering, or for any other reason at its sole discretion. In such an event the Issuer on behalf of the Sellers will publish an announcement thereof.

If the Offering is cancelled pursuant to the above, all orders for Offer Shares in the Offering and allocations made on the basis thereof will be invalidated. It will be publicly announced if the Offering is cancelled or if the Subscription Period is accelerated, extended or postponed, following which (other than in the case of cancellation of the Offering) a supplement to this Securities Note will be prepared, approved and published in accordance with Article 23 of the Prospectus Regulation, as applicable. In such case (other than in the case of cancellation of the Offering), investors may be able to withdraw their orders, for further information on withdrawals, see Chapter 4.7 “*Withdrawal Rights*”.

The Issuer is not aware of any intent by major shareholders or members of the Issuer’s management, supervisory or administrative bodies to subscribe in the offer, or whether any person intends to subscribe for more than five per cent of the offer.

In December 2021 key management of the Issuer and Nova acquired, directly and via their companies, 433,125,000 shares at a rate of ISK 1 per share for a total consideration of ISK 433,125,000, corresponding to a 4.92% shareholding in the Issuer. If purchased at the lower end of the Offering, a corresponding stake of 4.92% in the Issuer, consisting of 187,658,337 shares (due to recent changes in the Issuer’s total share capital) at ISK 5.11 per share would amount to ISK 958,934,102. The value of the Issuer’s equity in this transaction amounted to ISK 8,810 million. This was in relation to share options that were granted to the employees in 2017 and the share capital was increased by ISK 556,875,000 to cover the exercise of these outstanding share options among others. The Issuer’s total share capital following the transaction amounted to ISK 8,810,468,500. Given the pursuant changes in the Issuer’s share capital, as explored in Chapter 6.2.3. “*Historical development of share capital*” in the Registration Document, the Issuer’s share capital at the time of the Offering amounts to ISK 3,817,276,464. Additionally, based on prior agreements the sole shareholder of the Issuer, Nova Acquisition Holding, sold these key employees 412,329,927 million shares at a rate of ISK 1.41 per share for a total consideration of ISK 581,385,197, corresponding to 4.68% shareholding in the Issuer. If purchased at the lower end of the Offering, a corresponding stake of 4,68% in the Issuer, consisting of 178,648,539 shares (due to recent changes in the Issuer’s total share capital) at ISK 5.11 per share would amount to ISK 928,894,034. The value of the Issuer’s equity in this transaction amounted to ISK 12,423 million.

The Issuer and the Sellers together bear all cost associated with the Offering and admittance of the Shares to trading. The total cost of the Offering is estimated to be ISK 300 million given that the base size of the Offering is sold at the minimum price, and consists of a fee to the Manager of the Offering, costs associated with the scrutiny and approval of the Prospectus by the FSA, Nasdaq Iceland listing fees, fees to other advisors and other costs directly associated with the Offering and admittance of shares to trading. The total cost of the Offering will increase if the upsizing potential is utilized in part or in full or if the shares are sold above the minimum price, attributable to the Sellers. The total cost borne by the Issuer in relation to the Offering is estimated to be ISK 60 million. Net proceeds of the offering, given that the base size of the Offering is sold at the minimum price, will amount to approximately ISK 7,000 million.

4.1 Selling securities holders

Nova Acquisition Holding, Atrium Holding and Nova Acquisition Iceland (the “Sellers”) are the selling shareholders in the Offering. The Sellers currently hold 2,179,650,819 shares in the Issuer, equal to 57.10% of the Issuer’s issued share capital. Nova Acquisition Holding’s Chairman of the Board of Directors, Hugh Sherman Short, Chairman of the Issuer’s Board of Directors, is the CEO, Chairman of the Board and a co-founder of Pt Capital, LLC (“Pt Capital”), the Issuer’s largest shareholder through Nova Acquisition Holding, which holds 50.55% of the Shares. Kevin Payne, member of the Issuer’s Board is a Vice President of Pt Capital. Gísli Valur Guðjónsson, owner of Atrium Holding was previously a member of the Issuer’s Board of Directors. The Sellers intend to sell a minimum of 1,416,773,033 shares by way of the Offering, with the option of up to 20% upsizing, increasing the number of shares sold to a maximum of 1,700,127,639 shares, with the Sellers introducing the additional shares on a pro-rata basis. If the minimum number of the shares is sold, the Sellers will hold 19.98% of the Issuer’s issued share capital following the conclusion of the Offering. If the maximum number of shares is sold, the Sellers will hold 12.56% of the Issuer’s issued share capital following the conclusion of the Offering.

Following a listing on Nasdaq Iceland, Nova Acquisition Holding and C-level Management will have a lock-up provision on their remaining shares for three months following the listing where they are obligated not to sell their shares.

Total shares owned	Minimum number of shares in the Offering	Minimum offering proceeds at the minimum price (ISK)	Maximum number of shares in the Offering	Maximum offering proceeds at the minimum price (ISK)
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Nova Acquisition Holding	1,929,523,571	1,254,190,321	6,408,912,540	1,505,028,385	7,690,695,047
Atrium Holding	173,781,761	112,958,145	577,216,121	135,549,774	692,659,345
Nova Acquisition Iceland	76,345,487	49,624,567	253,581,537	59,549,480	304,297,842
Total	2,179,650,819	1,416,773,033	7,239,710,198	1,700,127,639	8,687,652,234

4.2 Indicative timetable

The timetable found below sets out certain indicative key dates for the Offering:

Subscription Period commences	Expected to be on 3 June 2022
Subscription Period ends	Expected to be on 10 June 2022
Conclusion of the Offering and allotment published	Expected to be on 13 June 2022
Payment Date	Expected to be on 16 June 2022
Delivery of the Offer Shares	Expected no later than on 20 June 2022
Listing and commencement of trading in the Offer Shares on Nasdaq Iceland main market	Expected on 21 June 2022

4.3 Subscription Period

The Subscription Period is expected to start at 10:00 GMT on 3 June 2022 and end at 16:00 GMT on 10 June 2022 (the “Subscription Period”). The Subscription Period is subject to any acceleration, extension or postponement of the timetable, as set out in Chapter 4.2 “*Indicative timetable*”, for the Offering. The Sellers reserve the right to accelerate, extend or postpone the Subscription Period. No subscriptions will be accepted after the Subscription Period has ended. In such cases where the Subscription Period is extended or postponed, a supplement to this Securities Note will be published, as applicable.

4.4 Size and Price

Investors have two subscription options, Order Book A and Order Book B, which differ in terms of size of subscription, price and allocation. More information on allocation of shares in case

of oversubscription are found in Chapter 4.9 “*Allocation and reduction in case of oversubscription*”.

4.4.1 Order Book A for subscriptions up to and including ISK 20,000,000

495,870,562 Offer Shares are offered for sale in Order Book A, constituting 35% of the minimum Offering. Offer Price A constitutes a fixed price of ISK 5.11. Subscriptions under the minimum price will not be accepted. The maximum size of each subscription in Order Book A is ISK 20,000,000 in purchase value for each subscriber. The minimum size of each subscription in Order Book A is ISK 100,000 purchase value for each subscriber.

4.4.2 Order Book B for subscriptions exceeding ISK 20,000,000

920,902,471 Offer Shares are offered for sale in Order Book B, constituting 65% of the minimum Offering. Offer Price B will be determined by a book building process, where investors may place subscriptions equal to or higher than the minimum price of ISK 5.11, with no maximum price defined. All Offer Shares in Order Book B will be sold at the same price, determined by the book building process. Subscriptions under the minimum price will not be accepted. Each subscription in Order Book B must exceed ISK 20,000,000 in purchase value for each subscriber. There is no maximum size of subscriptions in Order Book B, other than as limited by the overall size of the Offering.

4.5 Subscriptions

Subscriptions shall be registered electronically on a special-order form (subscription website) on the Managers website: www.arionbanki.is/nova-ipo. Subscriptions will not be accepted in any other format. The subscription form will be available in Icelandic and English.

All orders not cancelled during the Subscription Period will bind the respective investor. Conditional subscriptions will not be permitted, and investors can submit multiple subscriptions. Multiple subscriptions by the same investor, in terms of national identification number, will be pooled together and treated as a single subscription. Investor subscribing in Order Book A cannot subscribe in total for more than the maximum order size, ISK 20,000,000 (purchase value).

Subscriptions must be confirmed by the investors themselves or a person who has the required authority or power of attorney from the investor. A person completing a subscription based on

power of attorney shall, should the power of attorney not be recognized by the principal, be deemed to have delivered the subscription in his/her own name. In order to submit a subscription, investors must register to the relevant Order Book on the subscription websites and identify themselves with one of the following identification methods:

- i. Icelandic Electronic ID (Ice. rafræn skilríki);
- ii. User identification number to Arion Bank's online bank (Ice. netbanka innskráning)
- iii. User ID requested through the subscription website and sent as a digital document to the investor's online banking service in Iceland; or
- iv. User ID obtained from the Manager of the Offering, by signing a witnessed application or any other method of verification which the Manager of the Offering deems satisfactory.

Electronic confirmation from the subscription website is required as valid proof of subscription or withdrawal of subscription. The confirmation will be made available for download at the end of the registration process and will also be sent to the e-mail address provided by the investor during the subscription process. Investors must specify the custodian (Icelandic bank or other organization with a membership agreement with Nasdaq CSD Iceland) which they wish to use to receive the Shares upon settlement.

Orders will be deemed to be a request for a service regarding execution only, as per Article 45(5) of the Act on Markets in Financial Instruments, No. 115/2021 cf. Article 25(4) of Directive 2014/65/EU Markets in Financial Instruments and the Manager of the Offering are not required to assess whether participating in the Offering and buying Offer Shares in the Issuer is appropriate for the investor and therefore the investor does not benefit from the corresponding protection of the relevant conduct of business rules.

By placing a subscription, investors declare that:

- i. they have agreed to the terms of the Offering as set out in this Securities Note and read the information in the Prospectus of which this Securities Note forms a part;
- ii. they have read and understood the information contained in Arion Bank's rules on conflicts of interest, see information in the Registration Document Chapter 2.1 "*Potential conflicts of interest*", and they are aware of the conflicts of interest specified in the Prospectus of which this Securities Note is a part;
- iii. they are aware that investments in equities generally involves a high degree of risk and the investment in shares issued by the Issuer carries substantial risk;

- iv. they are aware that all subscriptions, that are not cancelled before the end of the Subscription Period, are binding;
- v. they consent to the Manager of the Offering sharing necessary information, such as ID numbers and custody accounts, on their respective identities and subscriptions with the Sellers, the Issuer and its subsidiary Nova hf, or to others, such as custodians, for the purpose of managing and executing the Offering. Further information on the data protection policies of the Manager of the Offering, the Issuer and its subsidiary Nova hf. may be obtained at their respective websites;
- vi. they are aware that they must own a custody account to receive the Offer Shares upon settlement;
- vii. they agree that they are participating in the Offering of their own initiative;
- viii. they meet all the conditions for participation in the Offering, cf. Chapter 4.6 “*Conditions for participation, jurisdictional limitations*”; and
- ix. that their participation in the Offering does not violate Icelandic law.

The Manager of the Offering and the Sellers reserve the right to:

- i. request proof of funds from investors for any submitted order. Failure to provide sufficient proof of funds can result in the subscription being invalidated; and
- ii. demand confirmation of investors’ ability to pay and/or provide collateral for payment from investors. If investors do not agree to this demand from the Manager of the Offering before the Subscription Period has lapsed or before the end of any other deadline in relation to the Offering, the Sellers reserves the right to reject and invalidate the subscription of the investor, in whole or in part. The Sellers has sole discretion to decide whether confirmation of the ability to pay and/or collateral is sufficient. Sole discretion means that the Sellers will assess each confirmation separately and they are not obliged to reveal how the decision was made and the counterparty will not be given the opportunity to object to the decision or its application.

4.5.1 Asset Management

Certain exemptions with respect to subscriptions in the Offering are granted to financial institutions which offer asset management services as defined in item 10 of Article 4(1) the Act on Markets in Financial Instruments, No. 115/2021. These institutions may submit

subscriptions on behalf of investors on a special subscription form which is obtainable from the Manager of the Offering.

The Manager of the Offering reserves the right to demand a satisfactory statement from the financial institution prior to any subscription, on a form obtainable from the Manager of the Offering, that it has the required authority or power of attorney from the investor in accordance with authority provided in a valid asset management agreement with the investor, in addition to a statement that the payment of the purchase price will be guaranteed by the financial institution.

Cancellation of subscriptions submitted by financial institutions as described above must be communicated to the Manager of the Offering via email, nova-utbod@arionbanki.is. If an asset management client has subscribed on the subscription website and an asset management service has also submitted a subscription on the client's behalf, both subscriptions are valid. The Manager of the Offering will communicate to financial institutions that offer asset management the aggregate number of Offer Shares allocated to their investors. It is up to the financial institutions to notify their investors of their individual allocations.

4.6 Conditions for participation, jurisdictional limitations

To participate in the Offering, investors must meet certain eligibility conditions.

The Offering is only directed and marketed to investors in Iceland. Participation in the Offering is open to legal entities with an Icelandic identification number (*Ice. kennitala*), and financially and legally competent individuals as defined by the Act on Legal Competence, No. 71/1997, having an Icelandic identification number, having regard for restrictions that may be imposed by law. As stipulated in the above conditions, if the person's estate has been declared bankrupt and such proceedings have not been completed before the end of the offer period, that person may not participate in the Offering. Persons who are not otherwise legally competent to manage their financial affairs may not participate in the Offering.

For the avoidance of doubt, the Offering is not directed at or marketed to investors outside Iceland and thus, Offer Shares are not offered for sale in jurisdictions where public offerings such as this are contingent on the competent authorities of that jurisdiction having received a prospectus published by the Issuer in connection with such offering, or where such offerings would be subject to further requirements than the approval of the Icelandic regulators of a prospectus in connection with the Offering. Investors who notwithstanding the above subscribe for Offer Shares in the Offering will be deemed to have taken part in the Offering within Iceland and by doing so will be deemed to have forfeited any and all objections they might otherwise have.

Employees and board members of the Issuer, Nova or the Manager of the Offering, and parties closely related to them, may participate in the Offering. Such employees, and related parties, shall seek authorisation from their respective compliance officer to submit an order to participate in the offering. Employees and board members of the Issuer, Nova or the Manager of the Offering will not be granted additional allocation priority in the Offering other than described in Chapter 4.9 “*Allocation and reduction in case of oversubscription*”.

Investors should note that the Sellers may, at their own discretion and without stating the grounds, reject any subscription submitted in the Offering in whole or in part. Payments received in respect of subscriptions that are not accepted in whole or in part will be returned to the investors without interest and at the investors’ risk.

4.7 Withdrawal rights

Provided that a significant new factor, material mistake or material inaccuracy arose or was noted before the closing of the Subscription Period or delivery of the Offer Shares, whichever occurs first, the Issuer will publish a supplement to the Prospectus, of which this Securities Note is a part of, in accordance with Article 23 of the Prospectus Regulation. Investors who have already subscribed to purchase the Offer Shares before a supplement is published shall have the right, exercisable within two business days following the publication of a supplement, to withdraw their acceptances.

Statements contained in any supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable, whether expressly, by implication or otherwise, be deemed to modify or supersede statements contained in the Prospectus. Any statement so modified or superseded shall, except as so modified or superseded, no longer constitute a part of the Prospectus in which this Securities Note is a part of. For the avoidance of doubt, references in this paragraph to any supplement being published by the Issuer do not include the pricing statement.

4.8 Publication of results

The results of the Offering, including information on Offer Price B and number of shares sold, are expected to be published on Issuer’s website, www.nova.is/investors, on 13 June 2022. This date assumes that no changes are made to the Subscription Period and that processing of subscriptions proceeds according to schedule. Nasdaq Iceland will announce the final decision on the Issuer’s Application.

4.9 Allocation and reduction in case of oversubscription

Allocation is expected to take place on 13 June 2022. The information on allocation to participants in the public offering payment instructions regarding allocated Offer Shares will be sent to the e-mail address specified by the investor in the order form. Investors are responsible for ensuring that the e-mail address provided is valid and able to receive the necessary documentation.

The Sellers reserve the right to alter the ratio of shares allocated between Order Book A and Order Book B as set forth in Chapter 4.4.1 “*Order Book A for subscriptions up to and including ISK 20,000,000*” and Chapter 4.4.2 “*Order Book B for subscriptions exceeding ISK 20,000,000*”. A decision to alter the ratio will be made during allocation, should demand give cause for alteration based on price and number of allocated shares. Should the upside potential be utilized in part or in full, the Sellers reserve the right to allocate the additional shares between Order Book A and Order Book B on a discretionary basis.

Shares amounting to a market value of up ISK 200 million in total may be allocated to market makers at Offer Price B. Subscriptions made by the market makers on these terms shall be submitted in Order Book B. In addition, market makers may submit further subscriptions in Order Book A or Order Book B and will receive no preferential treatment for these subscriptions. Further information regarding market making may be found in Chapter 5.2 “*Market making*”.

If the cumulative number of Offer Shares of valid subscriptions exceeds the number of Offer Shares in the Offering, Offer Shares will be allocated to individual subscribers based on the following guidelines. These guidelines shall be considered in the following order:

- i. Subscriptions in Order Books A may be reduced proportionally, limited to a maximum number of Offer Shares and/or reduced or rejected in another manner at the sole discretion of the Sellers. However, efforts will be made not to reduce subscriptions below ISK 500,000. Efforts will also be made not to reduce subscriptions made by customers of Nova under ISK 1,000,000 and subscriptions made by employees of Nova under ISK 5,000,000.
- ii. Subscriptions in Order Books B may be reduced proportionally, limited to a maximum number of Offer Shares and/or reduced or rejected in another manner at the sole discretion of the Sellers. Allocation in Order Book B will be made on the basis of price as well as the timing of subscriptions.

The Sellers have sole discretion to reduce or reject any subscription. Sole discretion means that the Sellers are not obliged to reveal how the reduction or rejection was decided and the counterparty will not be given the opportunity to object to the decision or its application.

4.10 Payment

Following a public announcement containing the result of the Offering, information on allocation is expected to be sent to investors on 13 June 2022, with payment instructions expected to be made available on the same day. Investors will be able to access information about their allocation in the Offering on the subscription website using the same identification method that was used to register subscriptions in the Offering during the Subscription Period, cf. Chapter 4.5 “*Subscriptions*”. Investors who have not been allotted Offer Shares will not be notified.

Payment instructions will be in the form of electronic invoices, accessible in the investor’s online bank, made out to the name and ID number of each investor allocated Offer Shares in the Offering. Information will be sent to the e-mail address specified by the investor during the subscription process. Investors are responsible for ensuring that the e-mail address provided is valid and able to receive the necessary documentation.

Investors participating in the Offering must settle their allotted shares in cash no later than on the expected payment date 16 June 2022, as no other forms of payment will be accepted. If payment is not received on its final due date, it may be collected with late-payment interest (penalty interest) in accordance with Act No. 38/2001 on Interest and Indexation. The Sellers reserve the right to unilaterally cancel unpaid subscriptions on their final due date and selling the Offer Shares to other investors in lieu of collecting the debt owed.

4.11 Delivery of Offer Shares

In order to take delivery of the Offer Shares, investors are required to have a custody account in Iceland and must state the account number in the subscription form. Custody accounts can be established with the Manager of the Offering as well as other financial institutions in Iceland. If the investor does not hold a custody account with the custodian specified in the subscription, or if the custodian information provided by the investor is erroneous, the Manager of the Offering will open a custody account in the name of the investor at Arion Bank so that the Offer Shares can be allocated to the investor into a custody account in accordance with the above. Arion Bank reserves the right to collect a fee from the investor for storing the Offer Shares as per Arion Bank’s list of fees and charges, which can be found on its website, <https://www.arionbanki.is/english/individuals/information/rates/>.

The establishment of a custody account requires investors to conclude any necessary know-your-customer (“KYC”) review by the relevant custodian in accordance with the Act on measures against Money Laundering and Terrorist Financing, No. 140/2018. If such a custody

account is opened, the investor will be unable to transfer the shares until the aforementioned review has been completed. Investors who have designated an existing custody account on the subscription form will not need to conclude a KYC review unless specially requested by the custodian holding their custody account.

Investors that need to conclude a KYC review as previously stated shall do so before 13 June 2022, otherwise risking that the investor may not be allocated Offer Shares and may not begin successful trading in the Offer Shares.

The Offer Shares are expected to be delivered to the investors at the latest on 20 June 2022 subject to the condition that a satisfactory payment has been received. The Offer Shares will be delivered electronically via Nasdaq CSD Iceland and the Manager of the Offering will ask the depositary nominated by the investor, to receive the Offer Shares and deposit them in a custody account held by the investor with the custodian. The Manager of the Offering is responsible for the collection and the settlement of all transactions of the Sellers in connection with the Offering. If the Offering will be cancelled or annulled, and investors have settled the transaction following the payment instructions, investors will be contacted by way of information they have provided in the subscription form and will receive a refund of their overpayment. No fees or other costs will be imposed on the investor in respect of their subscription by the Issuer, the Sellers or the Manager of the Offering, apart from those mentioned in the first paragraph of this chapter. Investors are urged to consider whether any costs or fees will be charged by other parties in connection with the transaction, e.g., a fee for establishing and/or maintaining a custody account.

5 Information on the Shares and admission to trading

Issuer	Nova Klúbburinn hf.
ID No	620916-0560
Legal Entity Identifier ("LEI")	64886J4FR973Q12HGS61
Ticker	NOVA
ISIN	IS0000031045

The nominal value of the Issuer's share capital at the date of the Prospectus is ISK 3,817,276,464, divided into the same amount of shares of nominal value ISK 1. The shares are issued according to Act no. 2/1995 on Public Limited Companies ("Public Companies Act"). All issued shares have been paid in full. Each Share entitles the holder to one vote at shareholder meetings, where each shareholder is entitled to cast votes equal in number to the number of Shares held. In the event of the liquidation or bankruptcy of the Issuer, shareholders are paid proportionally to their holdings of share capital using the remainder of the Issuer's assets, after all other creditors have had their valid claims. No conversion rights are attached to the Shares.

There are no restrictions on shareholders' rights to dispose of their Shares in the Issuer. The Shares are of a single class and carry equal rights in all aspects. Shareholders' rights are subject to the Articles of Association and may only be amended in line with relevant applicable laws at any given time. No special rights or privileges are attached to the Shares and the Shares are freely transferable.

Shareholders will not be subject to redemption of their Shares unless stipulated by law. For information on the Shares and other rights reference is made to the Articles of Association incorporated in this Securities Note by reference, as well as the Public Companies Act.

At the date of the Prospectus, the Issuer has no outstanding convertible notes, warrants or other financial instruments which if exercised could dilute the Issuer's share capital.

The Shares are electronically registered with Nasdaq CSD Iceland in accordance with act No. 7/2020 on Central Securities Depositories, Settlement and Electronic Registration of Financial Instruments. The ISIN number of the Shares is IS0000031045. The Shares are registered in book-entry form under the name and Icelandic ID No. of the relevant shareholder or nominee pursuant to Article 42 of the Act on Markets in Financial Instruments, No. 115/2021. Registration of the ownership of the Shares in electronic form with Nasdaq CSD Iceland formally gives a registered owner legal authorisation to the rights to which they are registered. Dividends and announcements shall at any given time be sent to registered owners or nominees of the respective Shares in the Issuer's share registry. Shareholder rights are subject to the Issuer's Articles of Association and Icelandic legislation in effect at any given time. Disputes arising regarding the Shares shall be settled before the Reykjavik District Court as per Act No. 91/1991 on Civil Procedure.

There are no limitations on the transferability of the Shares, and shareholders may pledge their Shares unless prohibited from doing so by law. Only general legislative rules apply to the transfer of Shares.

For further information regarding the Shares reference is made to Chapter 6 “*Shareholding*” in the Registration Document.

5.1 Admission to trading

The Issuer’s Board of Directors has applied for the Shares to be admitted to trading on Nasdaq Iceland’s regulated market. Following the FSA’s review and approval of the Prospectus, the Issuer’s Application will undergo a final review by Nasdaq Iceland which will then publish their conclusion in the EEA. The Issuer believes it complies with all of Nasdaq Iceland’s requirements for admission to trading with the exception of not having more than 500 shareholders, which is expected to be fulfilled following the Offering. If admitted to trading, the Shares’ ticker symbol will be NOVA.

The Issuer expects, although no guarantee can be given to that effect, that Nasdaq Iceland will admit the Shares to trading on their regulated market. If the Shares will be admitted to trading, the first day of trading in the Shares will be announced by Nasdaq Iceland with a minimum of one business days’ notice. Pursuant to the above, the first expected day of trading of the Shares on the Nasdaq Iceland’s regulated market is 21 June 2022, subject to successful offering and admission to trading. The expected first day of trading date assumes that:

- i. the Subscription Period is not amended;
- ii. it does not take a longer or shorter time than expected to process the subscriptions; and
- iii. Nasdaq Iceland responds to the Issuer’s Application within the expected timeframe.

5.2 Market Making

The Issuer has entered into market making agreements with Arion banki hf., ID no. 581008-0150, domiciled at Borgartún 19, 105 Reykjavík and Landsbankinn hf., ID no. 471008-0280, domiciled at Austurstræti 11, 155 Reykjavík (“Landsbankinn”), effective on the first day of trading, who will, according to the agreements, place bids and offers for certain amounts or number of shares with a defined spread between the bid and offer prices.

Arion Bank will, at any given time, have bids and offers for a designated minimum number of shares amounting to a market value of ISK 10 million each. The maximum volume per day amounts to ISK 100 million market value. The maximum spread between bid and ask offers shall be as close to 1.50% as possible but no less than 1.45%, however if the intraday price change of the shares is more than 5.0%, the spread may be increased to a maximum of 3.0%.

Landsbankinn will, at any given time, have bids and offers for a designated minimum number of shares amounting to a market value of ISK 8 million. The maximum net trading volume per day amounts to ISK 16 million. Bids and offers must be renewed within 15 minutes of being accepted in full. The maximum net trading volume Landsbankinn is obliged to buy or sell per day amounts to ISK 16 million. The maximum net trading volume obligation is calculated as the difference between accepted bids and offers via auto-match trading. If the daily maximum net trading volume obligation is reached, then the obligation on the filled side lapses until the net volume is back under the daily maximum net obligation. The maximum volume weighted spread between bid and ask offers is based on the realized 10-day volatility of the Shares as follows: Realized 10-day volatility of $\leq 20\%$ designates a 1.0% spread, 20%-35% designates a 2.0% spread and $\geq 35\%$ designates a 3.0% spread. For a period of one month from the first trading day of the Shares, the volume weighted spread will be fixed to 2.0%.

The market making agreements will enter into force on the first day of trading in the Shares. The agreements are indefinite in duration and unilaterally terminable on 14 days' notice.

5.3 Dividends

The Issuer's Annual General Meeting makes a decision on dividend payments based on a proposal from the Board of Directors. The Issuer follows Nasdaq Iceland's proposals on dividend payments, which states that trading in the Shares exclusive of dividends shall begin the business day immediately following the day the dividend proposal is approved, and that payment of dividends will be made no later than 30 days after the record date. Shareholders are not entitled to any of the Issuer's profits other than dividends. There is no guarantee that the Issuer will pay dividends in the future. The annual general meeting shall also resolve the treatment of losses following a proposal from the Board of Directors.

The Issuer's share register is held in accordance with the provisions of Act No. 7/2020 on Central Securities Depositories, Settlement and Electronic Registration of Financial Instruments, and as such the share register shall be regarded as a sufficient proof of ownership of Shares. Shareholders registered as owners of Shares in the Issuer's share register will thus receive dividend payments based on the number of Shares owned. It is the shareholder's responsibility to ensure that their residence is entered correctly in the Issuer's register. As the Issuer's Articles of Association do not contain a provision regarding the expiration of the right to uncollected dividends, such rights lapse after four years according to Act No. 150/2007 on the Limitation Periods of Claims.

The Issuer is subject to restrictions on dividend payments in accordance with Article 99 of the Public Companies Act, which limits the allocation of dividends to profits in accordance with the previous fiscal year's annual accounts, profits carried over from prior years and available funds

from which unsettled losses and agreed or lawfully required reserves have been deducted. The Issuer is also bound by covenants concerning dividend payments stipulated in loan agreements, see Chapter 4.3.2 “*Equity and Liabilities at year-end 2019, 2020 and 2021*” in the Registration Document.

Other than provided for under the Articles of Association, the Issuer has not set any policy on dividend distributions or any restrictions thereon.

5.4 Mandatory takeover bids

If the Shares are admitted to trading on Nasdaq Iceland’s regulated market, the Issuer will be subject to the provisions of Chapter X. of the Takeover Act. Article 100(1) of the Takeover Act states that if a party, directly or indirectly, acquires control of a company that has a class of shares which has been admitted to trading on a regulated market, is obligated to make other shareholders a takeover bid no later than four weeks after party knew, or could be expected to have known about the takeover obligation. The minimum offer price must be equal to the highest price paid for the relevant shares by the acquiring party or its partners during the previous six months.

In this regard, control refers to the party, and any party acting in concert with it, has acquired

- (i) in total at least 30% of the voting rights in the Issuer,
- (ii) the right to control at least 30% of the voting rights in the Issuer by virtue of an agreement with other shareholders, or
- (iii) the right to appoint or dismiss the majority of the members of the Board of Directors.

A mandatory takeover bid may only be evoked if any one party acquires more than 30% of Shares in the Issuer, unless two or more shareholders have previously agreed on the joint exercise of their Shares.

The Issuer’s largest shareholder is Nova Acquisition Holding ehf., holding an 50.55% share of voting rights in the Issuer. As such, Nova Acquisition Holding ehf. controls over 30% of voting rights in the Issuer and is thus deemed to exert control over the Issuer based on Chapter X. of the Takeover Act.

As stipulated by Article 100 of the Takeover Act, entities exerting control of a company at the time of admission of its shares to trading on a regulated market do not become subject to a mandatory bid obligation pursuant to Article 100. However, this does not apply if the entity in

question loses and then regains control. For further elaboration regarding the Issuer's largest shareholders may be found in Chapter 6.1 "*Shareholders*" in the Registration Document.

5.5 Redemption provisions

According to the Issuer's Articles of Association, shareholders are not obligated to accept their Shares being redeemed, except as stipulated by law.

However, as provided for under Article 24 of the Public Companies Act, a shareholder holding more than 9/10 of the Issuer's share capital and controlling an equivalent proportion of its voting rights may decide, in conjunction with the board of directors of the Issuer, that other shareholders in the Issuer be subject to a mandatory redemption of their shares. Correspondingly, each individual minority shareholder may demand redemption from the shareholder. For companies who have shares traded on a regulated market, the redemption value must correspond to the market value unless special reasons require otherwise.

Article 110 of the Takeover Act also includes provisions on redemption, wherein it is stated that if the offering party and parties acting in concert with it acquire more than 9 /10 of the Shares or voting rights in the Issuer, the offer party and Board of the Issuer may jointly decide that other shareholders shall be subject to redemption of their shares. Correspondingly, the minority shareholders involved may demand that their shares be redeemed. Article 110 of the Takeover Act will apply from the day the Shares are admitted to trading on a regulated market and remains in effect as long as the Shares remain listed.

5.6 Dissolution or merger of the Issuer

In accordance with Chapter XIV of the Public Companies Act, motions relating to the dissolution and liquidation of the Issuer or a merger with another company or other companies shall be approved with the same proportion of votes needed to amend the Articles of Association. A shareholders' meeting having made a lawful decision on the dissolution or liquidation of the Issuer shall also decide upon the appropriation of assets and the settlement of liabilities in accordance with Chapter XIII of the Public Companies Act.

5.7 Taxation

The following is a summary of a general nature concerning tax considerations in Iceland and should not be considered exhaustive. Investors are encouraged to seek outside expert counsel regarding specific tax issues which may regard them, including any potential tax consequences of participating in the Offering. Further, investors should be aware that the tax legislation of the

investor's Member State and of the Issuer's country of incorporation may have an impact on the income received from the securities.

Relevant tax legislation includes but may not be limited to Act No. 94/1996 on Withholding of Tax on Financial Income (the "WTA"), Act No. 90/2003 on Income Tax (the "ITA") and Act No. 45/1987 on the Withholding of Public Levies at Source (the "WPLS"). Taxation is at any given time based on applicable governing laws, which are subject to future changes. The Issuer will not withhold any tax, deductions or public levies in relation to the Shares unless stipulated by the ITA and the WPLS or other relevant legislation passed in the future. The summary applies solely to legislation in force at the date of the Prospectus, and only applies to the position of absolute beneficial owners of Shares, and as such does not include any summary on the position of non-beneficial owners holding Shares, for instance Shares included in portfolios.

5.7.1 Tax considerations for Residents of Iceland

Financial institutions are obligated to withhold tax on dividend payments to individuals and certain legal entities in Iceland in accordance with the WTA. The tax rate is based on the relevant tax rate of the party receiving the dividend payment. The withholding tax rate for individuals and most legal entities with taxable liability in Iceland is currently 22%. Capital gains of individuals and legal entities are also taxed at a rate of 22%.

No income tax is levied on interest income or financial income, i.e., dividends and capital gains, due to share ownership in companies listed on a Regulated Market or a Multi-Lateral Trading Facility up to ISK 300,000 a year for individuals taxed in Iceland, in accordance with and based on certain conditions in the ITA. The exemption does not apply to legal entities.

Certain taxable entities are allowed deductions from taxable income due to dividend payments or capital gains in accordance with the WTA.

5.7.2 Tax considerations for Non-Residents of Iceland

Financial institutions are obligated to withhold tax on dividend payments to entities with limited tax liability in Iceland in accordance with the WTA. Capital gains of entities with limited tax liability in Iceland are subject to tax, but not withholding in accordance with the WPLS. The tax rate of individuals with limited tax liability in Iceland is 22% and the tax rate for legal entities is 20%.

No income tax is levied on interest income or financial income, i.e., dividends and capital gains, due to share ownership in companies listed on a Regulated Market or a Multi-Lateral Trading Facility up to ISK 300,000 a year for individuals taxed in Iceland, in accordance with and based on certain conditions in the ITA. The exemption does not apply to legal entities.

Legal entities domiciled in the European Economic Area, with limited tax liability in Iceland, are subject to the same rules that apply for legal entities with tax liability in Iceland.

Stipulations in double taxation agreements (“DTA’s”) may lead to the withholding tax rate of dividends payable to entities with limited tax liability in Iceland being lower than the 22% and 20% previously mentioned. In order to prevent double taxation, exemptions or reductions can be sought from Icelandic tax authorities. In some cases, if the tax has already been withheld, entities can seek repayment from Icelandic tax authorities in accordance with the relevant DTA. For entities with limited tax liability in Iceland, capital gains due to the sale of Icelandic shares are taxed based on the difference between their sale price and the original purchase price. Entities domiciled in the European Economic Area, with limited tax liability in Iceland, are allowed certain deductions from taxable income due to capital gains in accordance with the ITA. Capital gains of other legal entities with limited tax liability in Iceland is subject to a 20% tax rate in accordance with the ITA.

6 Appendix I – Investor Presentation



2021 AT A GLANCE



NOVA

Revenues*

12.083 MISK

Year-on-year revenue growth

7%

EBITDA*

3.206 MISK

EBITDA margin

27%

Market share mobile

33%

Market share mobile data

60%

Market share fiber

21%

Fyrirtæki ársins

3 year straight

Íslenska ánægjuvugin

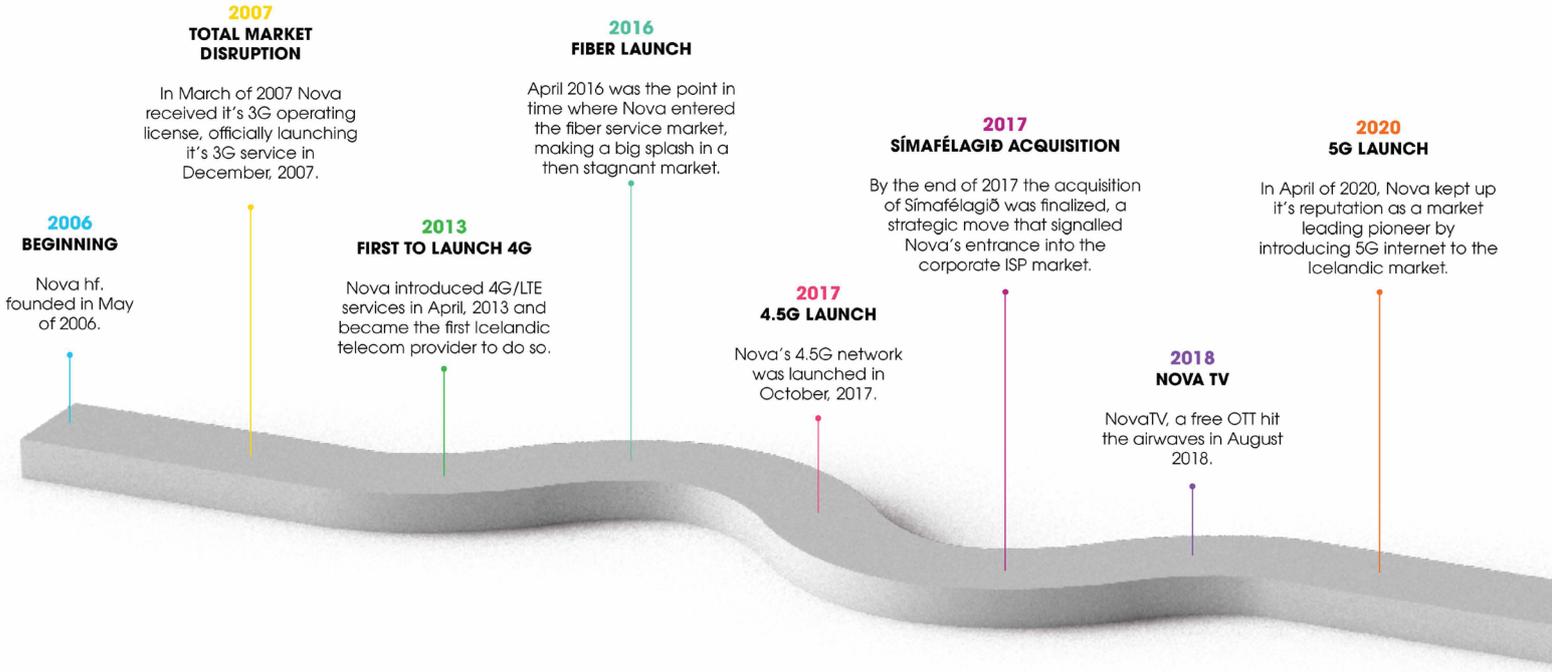
13 year straight



*Excluding one-offs

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NOVA'S JOURNEY



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MANAGEMENT AND SHAREHOLDERS

Management Team

Nova's approx. 150 employees are led by a strong and ambitious management team with more than 70 years of combined experience in telco and tech. CEO Margrét Tryggvadóttir has been at Nova since its commencement date as well as CTO Benedikt Ragnarsson and CSO Þuríður Guðnadóttir. CDO Magnús Árnason and CFO Þórhallur Jóhannsson are well experienced experts in their field and have been at Nova since 2017/2018.

Shareholders

PT Capital is the primary owner of Nova with 50.7% of shares, 6.4% owned by the executive management team. Following the recent private placement on Nova, new shareholders include funds operated by Stefmir, Íslandssjóðir og Landsbréf.*

Shareholder	Number of shares	Stake	Voting Rights
Nova Acquisition Holding ehf.	1,929,523,571	50.55%	50.55%
Stefmir - Innlend hlutabréf	303,098,826	7.94%	7.94%
Stefmir - IS 5	247,989,948	6.50%	6.50%
Atrium Holding ehf.	173,781,761	4.55%	4.55%
IS EQUUS hlutabréf	97,847,358	2.56%	2.56%
Adiro ehf.	97,847,358	2.56%	2.56%
M&M Partners ehf.	80,465,302	2.11%	2.11%
Nova Acquisition (Iceland) LLC	76,345,487	2.00%	2.00%
GE Capital ehf.	68,493,151	1.79%	1.79%
Landsbréf - Úrvalsbréf hs.	67,381,068	1.77%	1.77%
Stefmir - Samval	58,708,415	1.54%	1.54%
IS Hlutabréfasjóðurinn	54,794,521	1.44%	1.44%
Landsbréf - Hekla hs.	48,923,679	1.28%	1.28%
Eignaval - Hlutabréf	45,009,785	1.18%	1.18%
IS ALPHA hlutabréf	43,052,837	1.13%	1.13%
Landsbréf Öndvegisbréf hs.	40,251,026	1.05%	1.05%
2020 ehf.	40,232,650	1.05%	1.05%
ET sjón ehf.	39,138,943	1.03%	1.03%
Háihamar ehf.	30,174,489	0.79%	0.79%
Sprengistjama ehf.	30,174,489	0.79%	0.79%
Other shareholders	244,041,800	6.39%	6.39%
Own shares	0	0.00%	0%
Total	3,817,276,464	100%	100.00%

Board of Directors

Hugh Short Chairman of the Board

Hugh S. Short is the Co-Founder and CEO for PT Capital, an Alaska-based private equity firm with assets in North America and Europe.

Hrund Rudolfsdóttir

Experienced Board Member with a demonstrated history of working in the pharmaceuticals industry. CEO of Veritas Capital and Member of the Board at the Iceland Chamber of Commerce.

Jón Óttar Birgisson

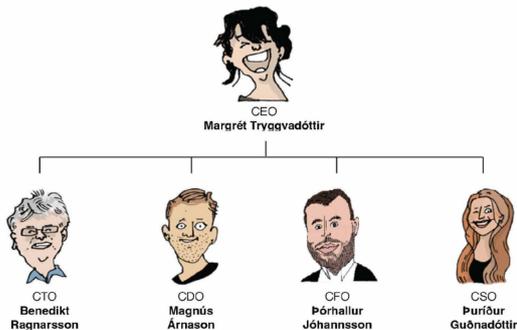
Experienced board member and corporate finance professional. Managing Director at Stöplar Advisory.

Tina Pidgeon

Seasoned veteran in Arctic policy development and broadband infrastructure deployment. Currently independent strategic advisor and consultant.

Kevin Payne

Investment professional with 8 years experience in private equity and investment banking. Currently Principal at PT Capital.



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NOVA'S CULTURE CODE

The culture

The World's Biggest Party Place isn't just Nova's slogan, it is also a synonym for its culture. Nova's main distinction is its workplace culture which sets the brand's tone and embodies its promise of always providing positive and outstanding services. Nova's tone is right in line with the company: Fresh, different and fun. Positive and direct. Nova's workplace culture is a key factor in the company's business ethos and inspires innovation.

Lean and mean

The workplace is cheerful and the co-workers are a cohesive unit. Strong emphasis is placed on teamwork, a flat organisational structure and minimal overhead. The company boasts a talented and experienced team and high employee satisfaction.

Gender equality

We are proud to belong to a group of only 53 companies in Iceland that have been awarded the Equality Scale by FKA (The Association of Businesswomen in Iceland). Nova has a certified equal pay system in place to ensure equality in the workplace.



NOVA's goals

We are serious about achieving our goals. It is our steadfast belief, and a key part of our business model, that an excellent workplace that promotes a vibrant and engaging culture is a key to success. Happy employees render a better quality of service. This in turn yields happier customers which then leads to success for the business.



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WINNING MENTALITY



Be the World's Best Workplace!

Our goal is to build on the strong foundation that Nova's culture is by being open, caring, lean and progressive. Offering a clear advancement and development plan for every employee.



Have the Happiest Customers!

We aim to develop and scale the Nova experience by delivering proactive, simple and consistent service solutions that ensure that our customers feel that we always go the extra mile across every channel for them.



Offer the Best Network Connection!

Improve connectivity by delivering the best network connection, along with continually offering the smartest and most innovative digital products and solutions.



Be One of Iceland's Top 5 Brands!

We continuously engage and connect with customers on an emotional level. As a result, the sum of Nova's parts amounts to more than your average telecom provider, ultimately making us one of the strongest brands in the market.



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Nova ❤️
Mental Health



Nova ❤️
Icelandic Music



Nova ❤️
Planet Earth

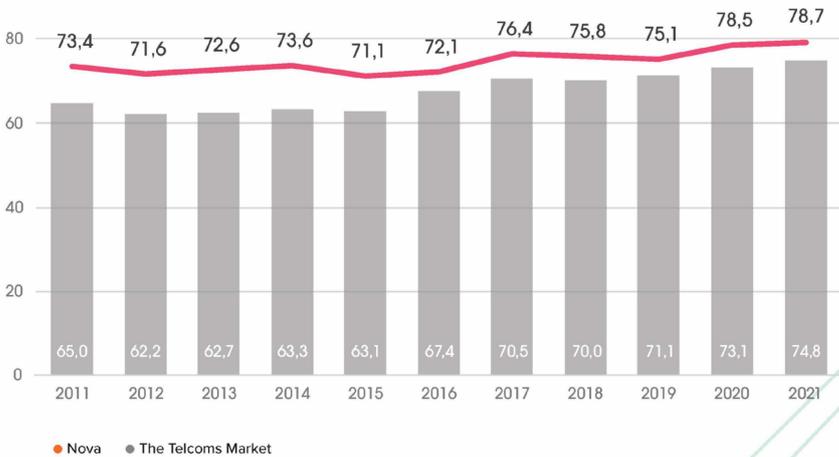


Nova ❤️
Innovation

HAPPIEST CUSTOMERS

Happiest customers for 13 years.

Ánægjuvogin is the biggest and most recognized customer satisfaction survey in Iceland. Nova has been the winner of this award for 13 years straight and is the reigning champion. Out of all the companies surveyed in 2021, in every field, Nova came in third.



● Nova ● The Telcoms Market

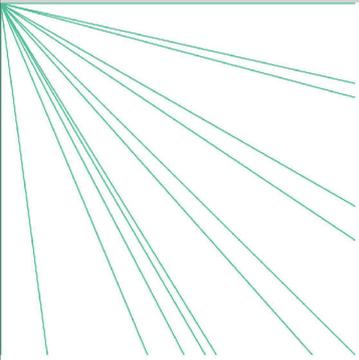
NOVA



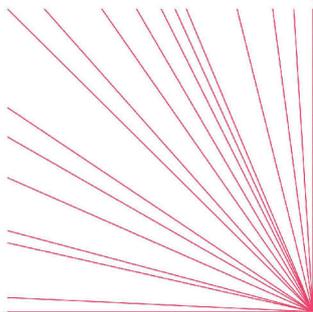
NPS Score 2021

Nova	31
Siminn	11
Vodafone	-14

ÍSLENSKA
ÁNÆGJUVOGIN



INFRASTRUCTURE



INFRASTRUCTURE OVERVIEW



Owned assets

Mobile Network

- Nationwide 3G/4G/4.5G/5G radio networks
- 3G/4G/4.5G/5G core systems
- Management system

IP transmission network

- Wavelength system
- IP network



Joint venture

Mobile Network

- 2G/3G/4G/4.5 radio network sharing via Sendafélagið



Leased access

Mobile Network

- Broad frequency range
- International roaming contracts with 450 operators
- 648 towers and facilities

IP transmission network

- Local fiber
- Sea cable via Farice
- International wavelengths
- International facilities for IP core



MODERN AND ROBUST INFRASTRUCTURE



Mobile spectrum

3600 MHz	100MHz	13.12.2021	1,25 years	31.3.2023	All Iceland
600 MHz	2x5	3.4.2013	10 years	2.4.2023	All Iceland
800 MHz	2x5	7.7.2017	15 years	6.7.2032	All Iceland
1800 MHz	2x5	3.4.2013	10 years	2.4.2023	All Iceland
2100 MHz	2x15+5	30.3.2007	16 years	31.3.2023	All Iceland
2100 MHz	2x5	7.7.2017	6 years	31.3.2023	All Iceland
2600 MHz	2x20	7.7.2017	15 years	31.7.2032	All Iceland
1800 MHz	2x15	14.2.2012	11 years	31.3.2023	All Iceland
900 MHz E	2x5	30.3.2007	16 years	31.3.2023	All Iceland

Access to 648 sites

- 2G:** @ 435 sites*
- 3G:** @ 454 sites*
- 4G:** @ 420 sites
- 4.5G:** @ 124 sites
- 5G:** @ 50 sites

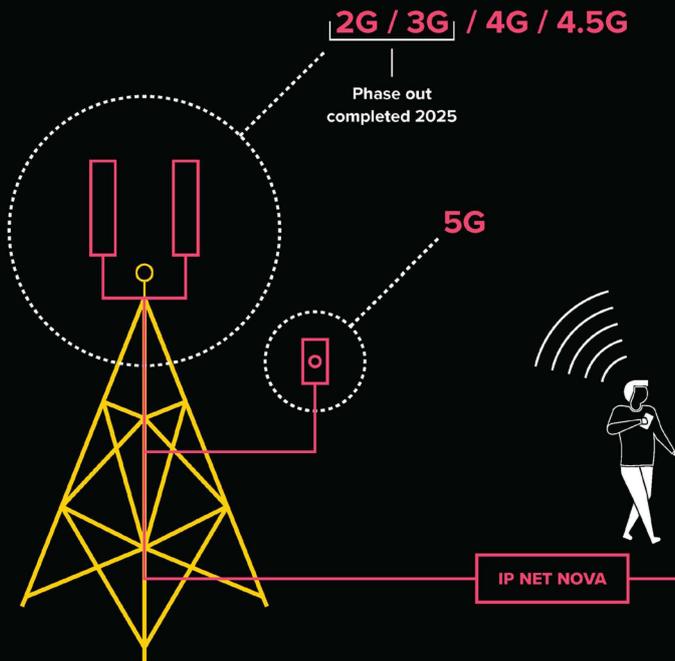
Phase out of 2G and 3G networks is planned to be conclude by year end 2025

- Basic Grid
- Basic Grid with wavelength
- Wavelength System
- 5G Network



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MODERN AND ROBUST INFRASTRUCTURE



Active infrastructure

Nova owns and operates everything from core networks to mobile transmitters. The network is comprised of signal routers (SPS/STP/DRA), customer data bases (HSS/HLR), voice routers and voice switches (MSC/MGW/IMS), PS core's for 3G/4G/4.5G and 5G (EPC/SGSN/MME/GGSN/SGW/PGW), a powerful nationwide reaching radio transmitting system (RNC/NodeB/eNodeB/ GnodeB) and then to top it off a powerful management system (MAE). Nova operates a nationwide reaching MPLS network and is currently developing it's own wavelength system.

Passive infrastructure

By selling passive network infrastructure to Íslandsturnar (DigitalBridge Group) and leasing back, Nova will be relinquishing ownership of 167 locations while simultaneously securing long-term access to ~365 locations. Passive network infrastructure encompasses towers, masts and indoor facilities for active equipment owned by Nova. This contract guarantees Nova access to all locations for the next twenty years with another twenty year extension option.

The collaboration with Íslandsturnar grants Nova access to a much higher number of network locations than previously available and adds on to the options Nova already had through Sendafélagið.

- Active infrastructure NOVA
- Passive infrastructure



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INFRASTRUCTURE – SCALABLE NETWORK



The make up of Nova's infrastructure is built on the expertise of its employees in the design and operation of diverse and complex telecom networks.

Multi-vendor approach

Nova's telecom network is modern and built on the idea to use the best in class of each sector with a view to economic efficiency. Working strategically with key vendors and collaborators generates the opportunity for scalability. Nova only invests with a view to increasing profitability when such opportunities arise.

Sendafélagið

Since its launch, Nova has maintained a technical relationship with Vodafone (Syn hf.) each granting the other access to their cell transmitters. Nova therefore employed Vodafone's GSM transmitters, while Vodafone made use of Nova's 3G network. By co-founding Sendafélagið ehf. in November of 2015 the companies greatly expanded their technical collaboration. Now both parties lease out all of their transmitters to Sendafélagið (that is, every GSM, 3G and 4G transmitter). Sendafélagið's purpose is to maximise utilisation of the transmitters resulting in the reduction of both number of transmitters in operation and overall

operating costs without compromising capacity or quality of service. This arrangement allows a much more powerful radio network while requiring less investment.

Access to basic grid

Nova is involved in a strategic partnership with **Ljósleiðarinn ehf.** (formerly Gagnaveitan) and **Míla ehf.** devoted to accessing the basic grid, especially Fiber. Ljósleiðarinn grants Nova access to Fiber networks in both the individual and the corporate markets within its service areas. The networks are connected to Nova's core systems along with a service layer that allows Nova to offer internet services and connections from Ljósleiðarinn ehf.

In light of the Ljósleiðarinn collaboration, along with similar ones with **Orkufljarskipti** and various smaller parties, Nova is installing wavelength system.

Nova's telecom system is directly linked to the **Farice** submarine cable network.

Key suppliers

Nokia Networks are Nova's key provider of software and hardware for building up an IP Network and a wavelength network that provides the structural grounding for Nova's cell phone system.

Nova has for several years had a fruitful relationship with Chinese tech giant **Huawei**, which is leading in its field and is the world's largest producer of telecoms equipment.

For security and solutions that relate to IP numbers Nova uses solutions from **Fortinet**.

International routing on our IP system is handled by **Lumen, Arelion** (Formerly **Telia Carrier**) and **NTT** for internet and **GTT, Cogent** and **Zayo** for leased lines. Our focus is on regional strength to be able to provide the fastest and best internet connections.

International voice routing on our mobile system is handled by **BICS (Belgacom)** and **Telia**. Data roaming for Nova customers roaming abroad and for foreign roamers on Nova network in Iceland is handled by **AT (Austria)**

Telecom), **BICS** and **Telia**. All best in class global carriers.

NovaTV streams television broadcasts over the internet, accessible through browser and apps (OTT). The infrastructure is entirely based on a white-label solution from **RedBee**, which is owned by **Ericsson**. **Lumen** provides Nova the international content delivery network (CDN) both for own use and for reselling. However, local streaming content is distributed via encoders owned by Nova and distributed through Nova's network.

Aileron is providing VAS services (Value added service) to Nova and **Sinch** as the main provider for messaging services (SMS and MMS). **Idemia** is providing simcards and e-sim services for Nova mobile network a leading company in its field.



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INFRASTRUCTURE INVESTMENT

Supporting the ever-changing lifestyle of our customers

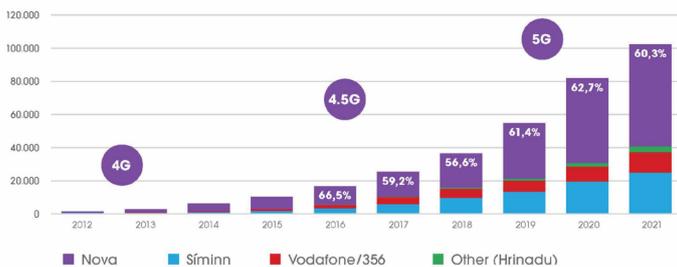
60% of Iceland's total mobile internet use in 2021 was routed through Nova's network. Nova relies upon the most powerful network, which imposes no limits on capacity in line with the goal of maintaining a system that always surpasses demand at any given time thereby supporting technical innovation. Nova has supported the changing lifestyles and needs of its customers and has led the development of mobile network services in Iceland. Nova's superior position in the market is proof of the system's capacity and has endeared the company to the market's most demanding and forward seeking customers.

Mobile data

60%

Of total data

Mobile network: Total data TB



*Electronic Communications Office of Iceland (ECO)

Infrastructure investment

To ensure the quality and capacity of the network and user experience the company invests on average around 12% of revenues in its infrastructure. In recent years, the company's investments have mostly been devoted to instating 5G services in Iceland. Most recently the company started investing in an optical transport network which will reduce opex from infrastructure and transport in the short and long term as well as create new revenue streams from customers with high capacity requirements such as MSPs (Managed Service Provider) and datacenters

5G sites/cells

50/235

2021

5G sites/cells

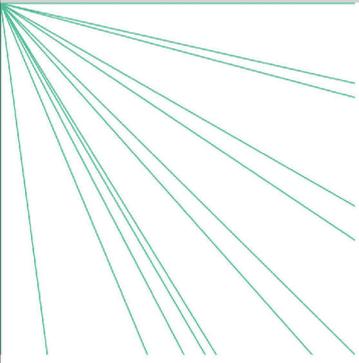
200/540

2024 (planned)

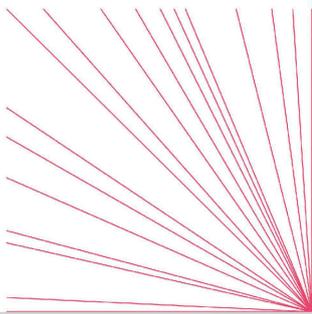
CAPEX and CAPEX/REVENUES 2012-2021 (MISK)



*Estimate



MARKET OVERVIEW



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CUSTOMER BASE



B2C Market

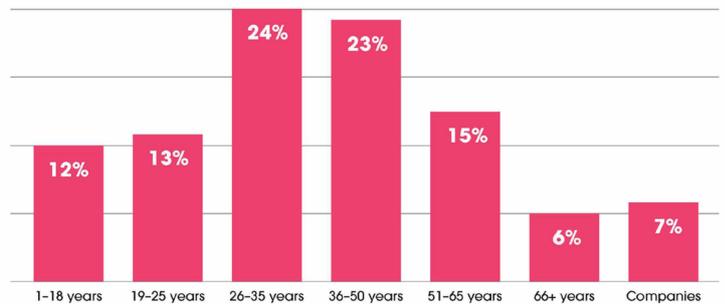
Nova's original strategy revolved around targeting the youngest demographic on the market at the time, i.e., young people in junior colleges and colleges, resulting in the patronage of other youth demographics. Nova's main value proposition at the time, "0 ISK Nova to Nova", allowed Nova's subscribers to call and text one another free of charge. Nova's value proposition further resulted in entire households adopting Nova as a mobile provider, based on the initial adoption of the younger demographics. Nova's original proposition established a demographic distribution that remains reflected in Nova's customer base today, sixteen years later.

Nova's initial group of customers has grown and graduated to bigger and better things, such as starting families and running businesses of their own. Nova's current core demographic consists of modern homes and forward-seeking small and medium sized businesses in Iceland.

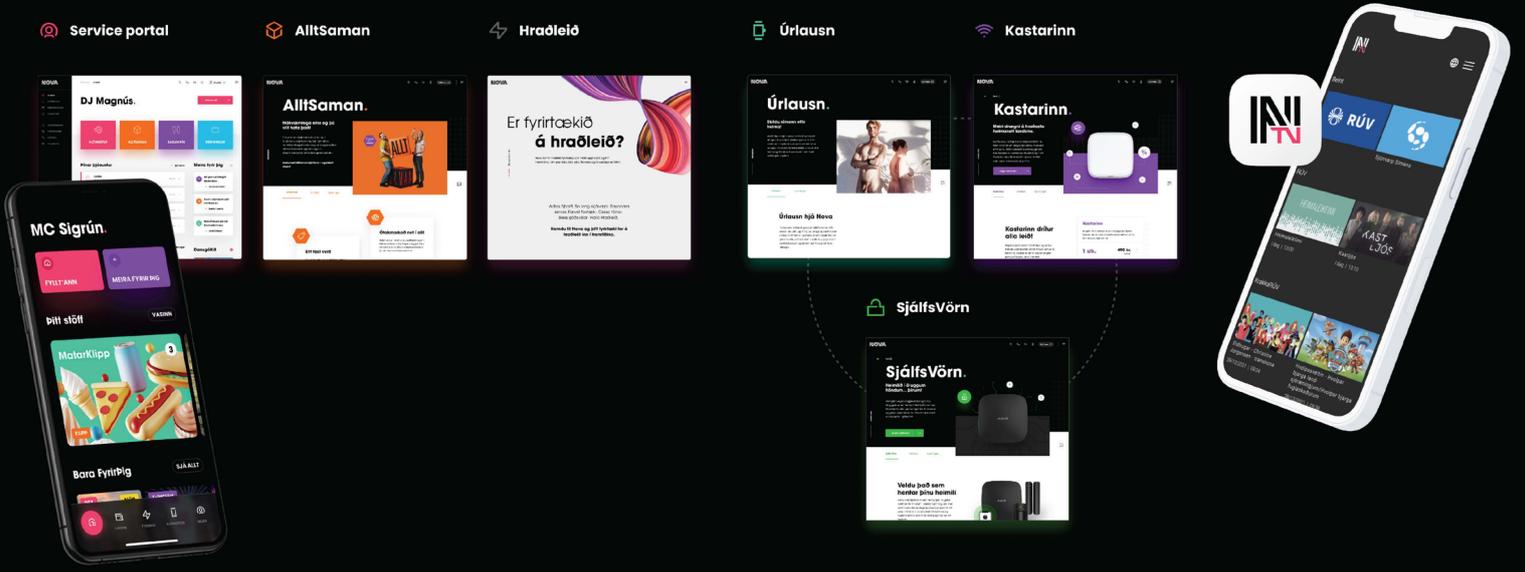
B2B Market

In the business segment, Nova has focused on small and medium sized enterprises ("SME's") and sees opportunities in growing both in the SME and MSP markets. To achieve this strategy, Nova has created a flexible and simplified product portfolio of standardized, modular and converged propositions that combine mobile and network solutions.

Mobile customer base: Age groups



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MARKET PRESENCE

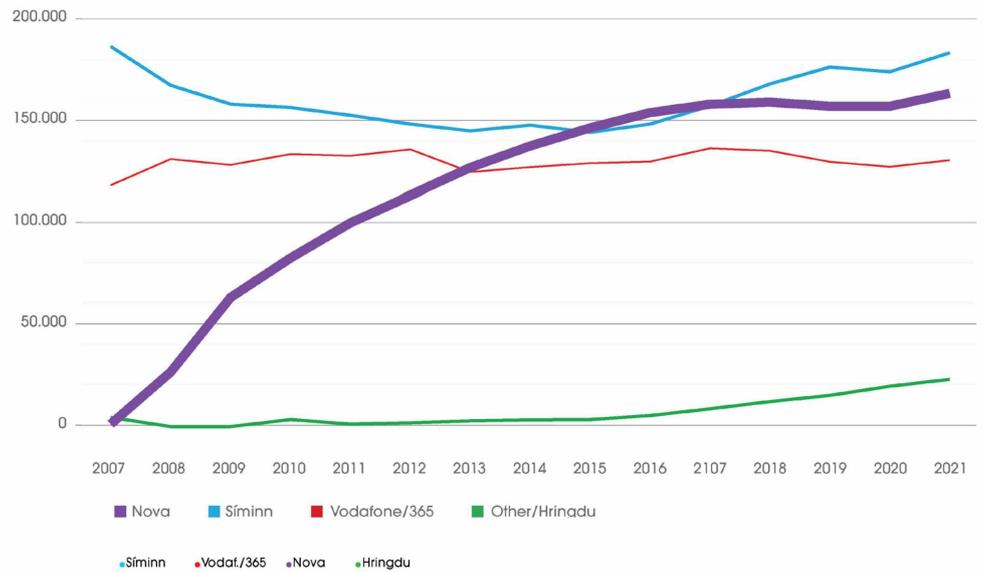
Mobile services

Nova entered the Icelandic telecoms market with a bang, rapidly winning a substantial marketshare by disrupting prevailing models, offering a clear alternative to its competitors. Today Nova is a leading company in mobile services with 33% market share and 60% of data usage in the mobile network.

33%

Market share

Mobile network: Total subscriptions*



*Electronic Communications Office of Iceland (ECOI)

MARKET PRESENCE



Internet services

Nova's market share in total internet to home is 15% and the change in offering fiber services has yielded 21% of the Icelandic fiber market in less than 6 years. Growth in internet services has been supported by Nova TV launched in 2016. In this segment Nova has a potential to grow further.

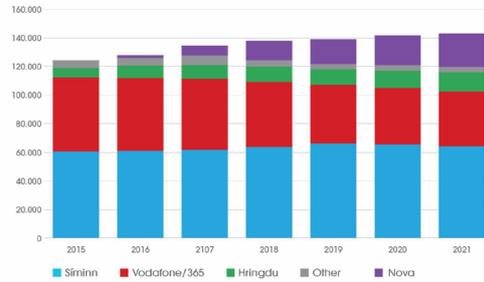
15%

Internet to home

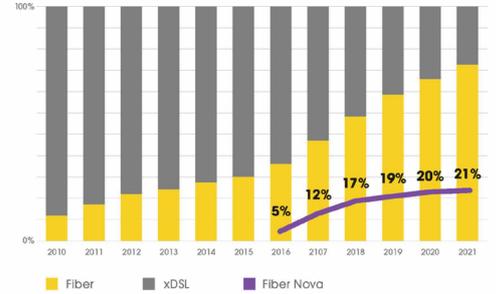
21%

Fiber service

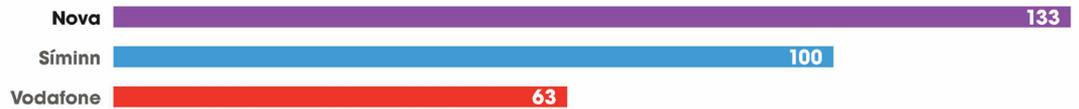
Internet: Total subscriptions



Internet: Ratio of fiber to xDSL



Internet to home: Market opportunity index*



* Done for Nova by Prosent 2017-2021



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MARKET PRESENCE



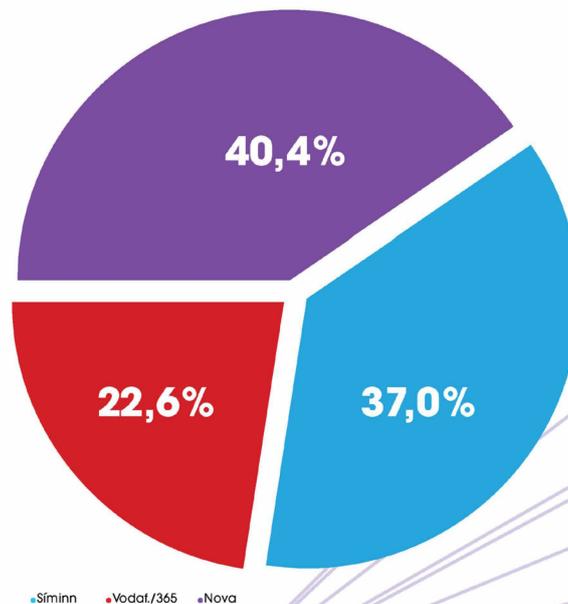
Retail sales

In comparison to the other telecom companies in Iceland Nova holds an impressive 40% market share in merchandise sales. Our strategy is to sell merchandise that fits with our telecom and data services and with already having a very strong standing in sales of mobile phones and accessories.

40%

Market share

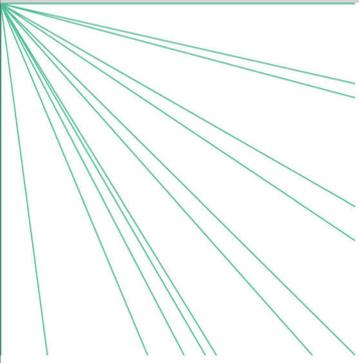
Retail revenues (2021)



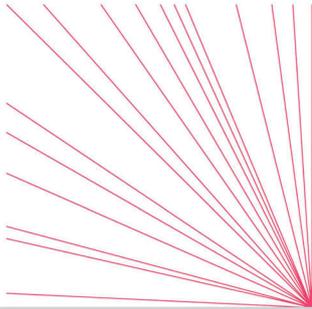
• Síminn • Vodaf./365 • Nova



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FINANCIALS



TRACK RECORD OF GROWTH AND ATTRACTIVE MARGIN



Steady Growth

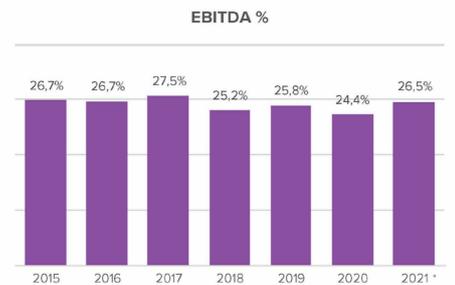
Since 2015 Nova's revenues have steadily grown, showing a compounded annual growth rate (CAGR) of 8,1%. In the same period, whilst making acquisition and implementing new products, the company has been able to maintain 8% EBITDA growth rate. This is due to effective and lean management, strategic investment decisions to enter new sectors of the market and by maintaining a vibrant and engaging workplace culture.

The advances into the fiber market in 2016 have a lower

margin as it relies on services not owned and operated by Nova whereas the mobile services benefit from own infrastructure.

In 2018 Nova's EBITDA margin was affected by the acquisition of Símafélagið. This stabilized as soon as the merger had been finalized and former operations scaled down. In 2019 Nova adopts IFRS16 and in 2020 due to COVID-19 retail sales increased substantially with an average lower margins.

Revenues and EBITDA 2007-2021



*Excl. One-offs

REVENUES



Revenues more diverse

The revenue composition is becoming more diverse with the fast growth in internet revenues. Mobile has decreased from contribution 67% of the total revenues down to 43% whilst internet revenues have grown from close to zero up to 24% of the total.

Mobile revenues stable

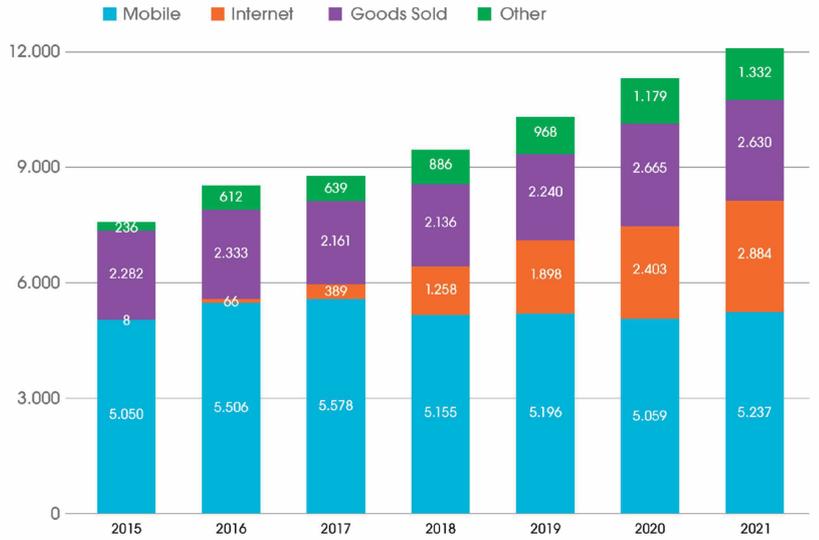
Mobile revenues were at its highest in 2017 from the company's start but dropped in 2018 following overflow of free offers from the competitors on the market with related increase in churn and drop in ARPU. From 2018 the revenues have been stable with a positive upwards sign in 2021.

Internet revenues fast growing

Internet revenues have grown fast in line with the growth of users in Fiber and VIP Net. Fiber revenues alone contribute approximately 73% of the internet revenues and 17% of total revenues. The biggest jump between years is in 2018 when both Fiber sales increase significantly as well as revenues from the acquisition of Símafélagið effect full year.

Retail sales growing

The Goods Sold revenues have a compounded average growth rate of 2.5% since 2015. Whilst the company has maintained same store locations during the period - the product catalogue has expanded, and online sales have grown and topped in the 2020 covid environment. In 2021 Nova revised its retail strategy with the aim to improve its purchasing and inventory management and increase the margin.



Revenues lines

Mobile: Total usages of mobile service, mobile broadband, roaming and interconnect revenues
 Internet: Fiber, VIP Net, streaming and wholesale
 Goods sold: Revenues from sale of handsets, accessories, broadband routers, etc.
 Other: Fixed line revenues, NetCo JV revenues and various other revenues



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OPERATIONAL EXPENSES



Increased costs with higher turnover

Cost of service grows in line with increased number of customers in Internet and Mobile services. Cost of goods sold grows directly in line with increased retail sales. Both these cost items are correlated with the exchange rate due to foreign service fees and purchases. The growth in 2018 increases due to cost of Símafélagið acquisition and onwards due to different combination of revenues.

Wage cost ratio not increasing

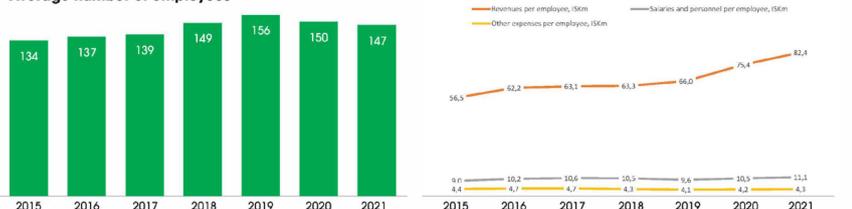
Salary and personnel cost has grown on average by 5.1% since 2015. The growth in total number of employees in 2018-2019 is affected by the Símafélagið acquisition that was scaled down again once operational and product merger was fully completed. The budget for 2022 assumes increase in number of FTE's in Network operations Digital Development and Sales and services.

Other expenses are relatively stable with little growth. The company has maintained same office space and store locations during the period despite acquisition and new product rollouts.

Expenses breakdown, ISKm



Average number of employees



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CAPEX



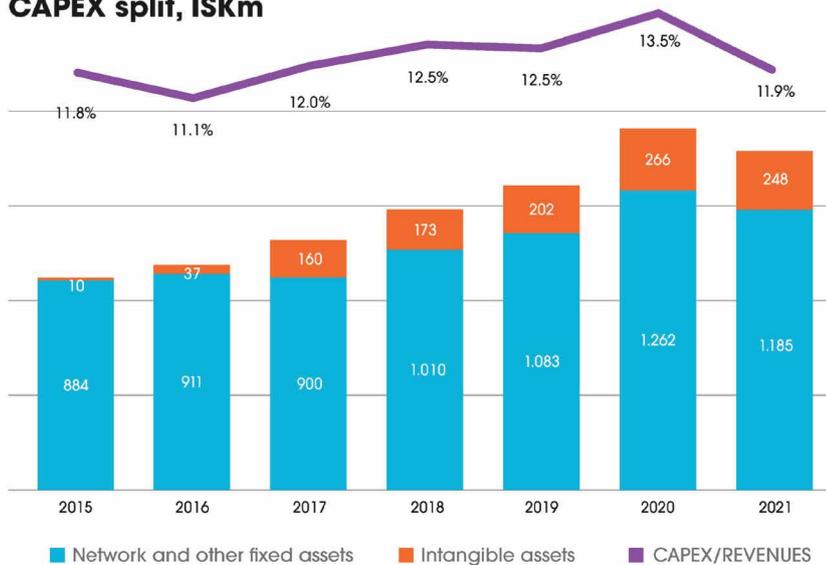
The CAPEX ratio stable

- The CAPEX ratio has ranged around 12% of revenues on average during the period.
- Network CAPEX ranges between 80-90% of total CAPEX.
- Investments in intangible assets has been increasing with focus on service solutions, web and app development.
- The company is in discussion with other Telcos regarding joint 5G buildout. Before end of 2024, the company is planning to have access to 200 5G sites.

The CAPEX ratio in 2022 in line to recent years

- It is expected that the CAPEX ratio will be approximately 12,9% of revenues in 2022, that includes:
 - Investment in new Wavelength system
 - Buildout of 5G
 - New Billing system
 - Upgrade of Finance system
 - App development
 - Store renovations
- For the long-term it is expected that the CAPEX ratio will be under 12% of revenues:
 - Focus on 5G buildout
 - Phase out of 2G/3G
 - Spectrum allocation in 2023

CAPEX split, ISKm



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CASH FLOW



Strong cash flow

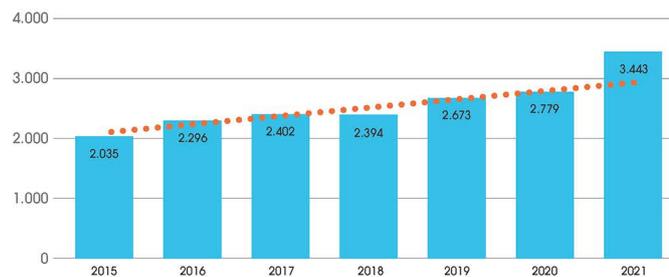
Cashflow from operating activities is growing in line with revenues and EBITDA with a CAGR of 9,2%. In general, the cashflow is strong, high portion of services are prepaid and late payment and defaults on post-paid services is low.

Net Cash from operating activities (after finance expenses, taxes paid and changes in working capital) grows steadily. In 2018 it drops due to high growth in inventories and AR (combination of Fiber sales and B2B growth related to the acquisition of Símafélagið). From 2018 and onwards Net cash is also affected by finance charges in Platinum Nova.

Change in Nova's infrastructure

The sale of the passive infrastructure will affect cashflow in 2022 and onwards. With the long-term lease of all sold sites as well as 198 additional sites, annual lease payments will increase by approximately 360 MISK which are accounted for below EBITDA according to IFRS16. Annual effects on EBITDA are minimal and expected to be below 10 MISK.

Cash flow from operating activities, ISKm



Net cash from operating activities, ISKm



2015-2017 Nova separate FS, 2018-2021 Platinum Nova Consolidated FS



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CONSOLIDATED BALANCE SHEET - post share capital increase

NOVA

ISK million

	Unaudited & unreviewed 31.03 2022	Share capital increase - pro forma adjustment	Costs in relation to the share capital increase - pro forma adjustment	Debt reduction - pro forma adjustment	Pro forma balance sheet, post share capital increase
	Unaudited & unreviewed	Unaudited & unreviewed	Unaudited & unreviewed	Unaudited & unreviewed	Unaudited & unreviewed
Non-current assets	19,104				19,104
Cash and cash equivalents	892	3,500	(105)	(3,400)	887
Other current assets	1,876				1,876
Total assets	21,872	3,500	(105)	(3,400)	21,867
Total equity	5,227	3,500	(105)	0	8,622
Loans and borrowings	5,685			(3,277)	2,408
Lease liabilities	5,285				5,285
Other non-current liabilities	2,521				2,521
Total non-current liabilities	13,491	0	0	(3,277)	10,214
Loans and borrowings	226			(95)	131
Lease liabilities	176				176
Other current liabilities	2,751			(28)	2,723
Total current liabilities	3,153	0	0	(123)	3,030
Total liabilities	16,644	0	0	(3,400)	13,244
Total equity & liabilities	21,872	3,500	(105)	(3,400)	21,867
Net debt	5,019				1,652
Net debt and lease liabilities	13,001				9,634
Equity ratio	23.9%				39.4%
Current ratio	0.88				0.91
Net debt and lease liabilities/EBITDA*	3.77				2.79
Net debt/EBITDA*	1.45				0.48

* Based on mid EBITDA guidance for 2022

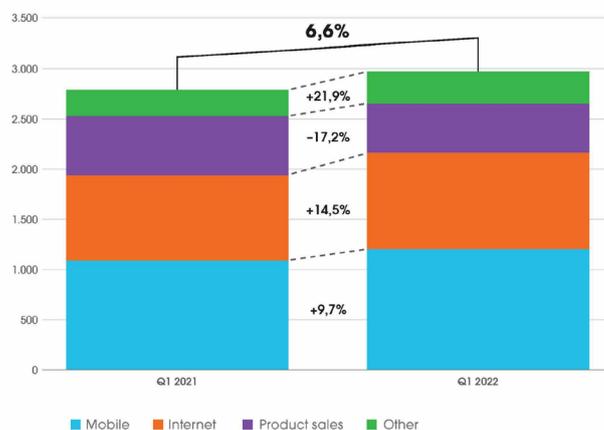
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INCOME STATEMENT - Q1 2022

NOVA

Total revenue growth 6,6%

- Customer growth and roaming revenues supporting revenue growth in mobile
- Customer growth in B2C and B2B supporting internet revenue growth
- Product sales reducing in line with expected covid release effects
- Various items growing under Other revenues related to growth in activity
- EBITDA in Q1 is supporting our guidance for 2022



- Other expenses Q1 2022 include one-off expenses for pre-placement and IPO in the amount of 27 ISKm. Adjusted EBITDA growth is 18,4%
- Depreciation and amortisation reducing due to part of intangible assets in group were fully amortised in previous year
- Interest expenses increasing due to higher balance of Interest bearing liabilities and Lease liabilities at beginning of period
 - Prepayments made in February and April for total amount of 4.500 ISKm
- Profit from sale of associate in Q1 2021 results from sale of Aur App ehf.

	Q1 2022	Q1 2021	Changes	
Operating revenues	2.972	2.788	184	6,6%
Cost of sales	1.514	1.505	9	0,6%
Salaries and salary-related expenses	427	391	36	9,2%
Other expenses	216	181	35	19,1%
Operating expenses	2.156	2.076	80	3,8%
EBITDA	816	712	104	14,6%
%	27,5	25,5	+2,0	
Depreciation and amortisation	(470)	(507)	37	-7,3%
Results from operating activities	346	205	141	68,8%
Finance income and (expenses):	(231)	(81)	-151	186,2%
Profit from sale of associate	0	250	-250	-100,0%
Profit before income tax	114	374	-260	-69,5%
Income tax	(24)	(23)	-1	5,6%
Net profit	90	351	-261	-74,4%

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GUIDANCE 2022

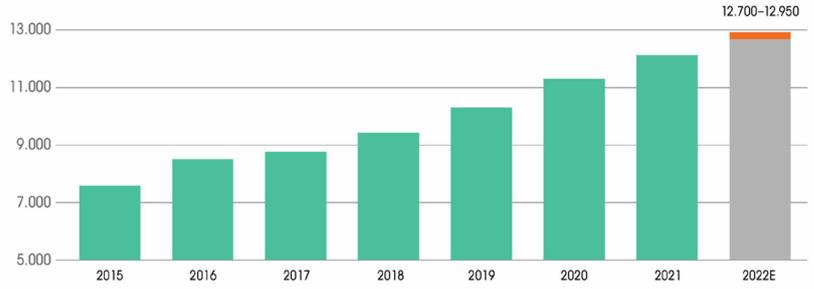
Revenue guidance

- Revenues in 2022 expected to be in the range of ISKm 12.700 -12.950:
 - Driven by continued growth in Fiber and B2B.
 - Small growth in mobile with roaming revenues returning partly.
 - Stability in goods sold revenues.
 - Small growth in other revenues.

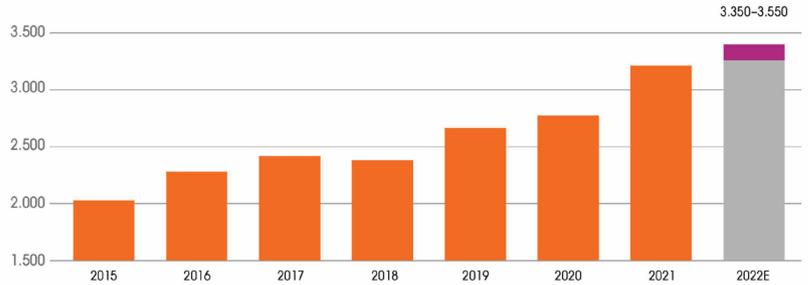
EBITDA guidance

- EBITDA in 2022 is expected to be in the range of ISKm 3.350 - 3.550
 - EBITDA margin between 26,4%-27,4%
 - Exchange rate EUR/ISK 150
 - Increased number of FTE's and higher salary expenses due to labor union agreements and market conditions
 - Same setup of offices and store locations
- In general Nova expects a strong competition in 2022 in the telecom market in Iceland as before which could affect the guidance numbers.

Revenue guidance



EBITDA guidance



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NOVA'S INVESTMENT PROPOSITION



MODERN AND ROBUST INFRASTRUCTURE

Development of assets and clever asset purchases have contributed to a modernised infrastructure that makes for an enviable technical position.

EXPERIENCED TEAM

An experienced, motivated and talented team is backed by strong ownership and fulfilled by satisfied employees.

HIGHEST CUSTOMER SATISFACTION

For the past 13 years in a row Nova has scored the highest in customer satisfaction out of all the brands in the market.

EXCELLENT BRAND NAME

The short and catchy brand name has become symbolic for customer service, innovation and value for money.

MARKET-LEADING PIONEER

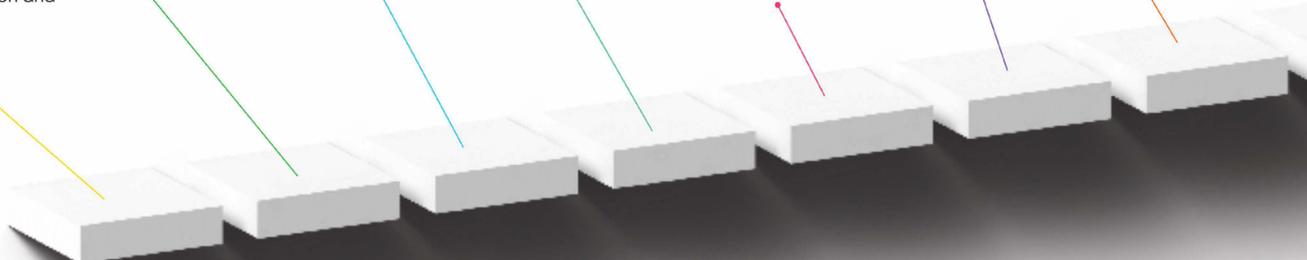
Nova is a frontrunner in new technology with a fast, lean and innovative roll out of products like 5G.

STRONG MARKET SHARE

Nova is a service provider of 33% of the mobile market. Nova is the fastest-growing fiber provider reaching a 21% market share in less than six years. 15% of the internet to home market and 25% of the b2b markets.

TRACK RECORD OF GROWTH

Nova's business model is scalable and profitable with attractive margins.



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IPO Process

Total value of equity ISK 19.5 bn.

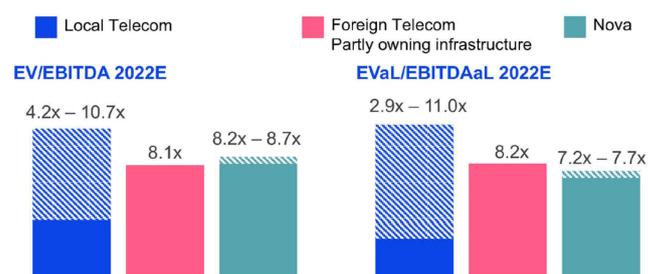
Minimum price per share set at ISK 5.11

Multiples

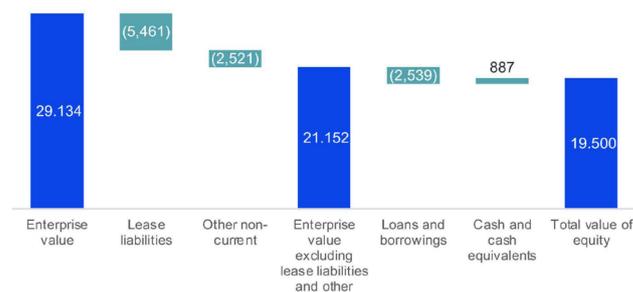
- Based on minimum price per share at ISK 5.11 the EV/EBITDA multiple for estimated EBITDA 2022 (ISK 3,350 – 3,550) is between 8.2x – 8.7x.
- Based on minimum price per share at ISK 5.11 the EVaL/EBITDAaL multiple for estimated EBITDAaL 2022 (ISK 2,750 – 2,950) is between 7.2x – 7.7x.
- Main local competition companies are listed on the regulated market of Nasdaq Iceland (Síminn hf. and Sýn hf.). Both companies have somewhat different types of revenue streams when compared to Nova.

Comparison

Range for Síminn and Sýn hf., median for foreign telecoms, EBITDA/aL range for Nova



Value of equity



	Foreign Telecom	Síminn	Sýn	Nova
Historical 3-year revenue growth	1%	2% ¹	5%	8%
Gross margin 3-year average	44%	50%	33%	46%
CAPEX % of revenues 3-year average	15%	21%	19%	13%

¹) Estimated due to completed sale of Sensa ehf.
Source: Capital IQ. Retrieved on 30 May 2022
EVaL: Enterprise value after lease liabilities
EBITDAaL: EBITDA after lease liabilities.



Key dates

Indicative timeline

1 June – Prospectus published

3 June – Open meeting

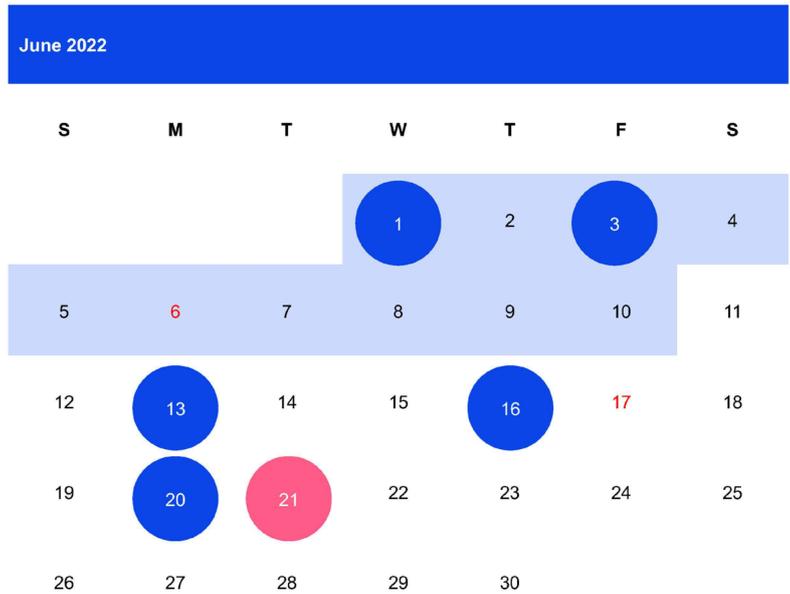
3 – 10 June – Subscription period

Expected 13 June - Allocation

Expected 16 June - Date of payment

Expected 20 June - Delivery of shares

Expected 21 June - First day of trading on the regulated market Nasdaq Iceland.



Public holidays: 6th of June, Whit Monday, 17th of June, Icelandic Independence day



Structure of the offering

Fixed price for Order Book A and a Dutch auction with a minimum price for Order Book B

	Order Book A	Order Book B
Price range	Fixed price of ISK 5.11 per share	Minimum price of ISK 5.11 per share
Base size	495,870,562 shares (35% of the offering)	920,902,471 shares (65% of the offering)
Upsize potential	The offering may be upsized by up to 20% of the base offer size, to a maximum of 1,700,127,639 shares	
Flexibility	The allocation between Order Book A and Order Book B may be adjusted on a discretionary basis The upsizing potential may be allocated to Order Book A and Order Book B on a discretionary basis	
Subscription size	ISK 100,000 – 20,000,000	Over ISK 20,000,000
Key principles regarding allocation in case of oversubscription	Subscriptions in Order Book A may be reduced proportionally On a best efforts basis, subscriptions will not be reduced below ISK 5,000,000 for employees of Nova, ISK 1,000,000 for Nova customers ¹ , and below ISK 500,000 for other investors	Subscriptions in Order Book B may be reduced proportionally, limited to a maximum number of shares and/or reduced or rejected in another manner on a discretionary basis Allocation in Order Book B will be made on the basis of price as well as the timing of subscriptions
Other	The remaining holdings of Nova Acquisition Holding ehf. will become subject to a 3-month lock-up period from the first day of trading with the shares on the regulated market of Nasdaq Iceland hf. Arion Bank has been retained by the Sellers and the Issuer to manage the offering and the admission to trading on the regulated market of Nasdaq Iceland hf. Further information and assistance regarding the offering will be provided through e-mail (nova-utbod@arionbanki.is) and by phone (+354 444 7000)	

1. Registered customers at the end of 9 June 2022.





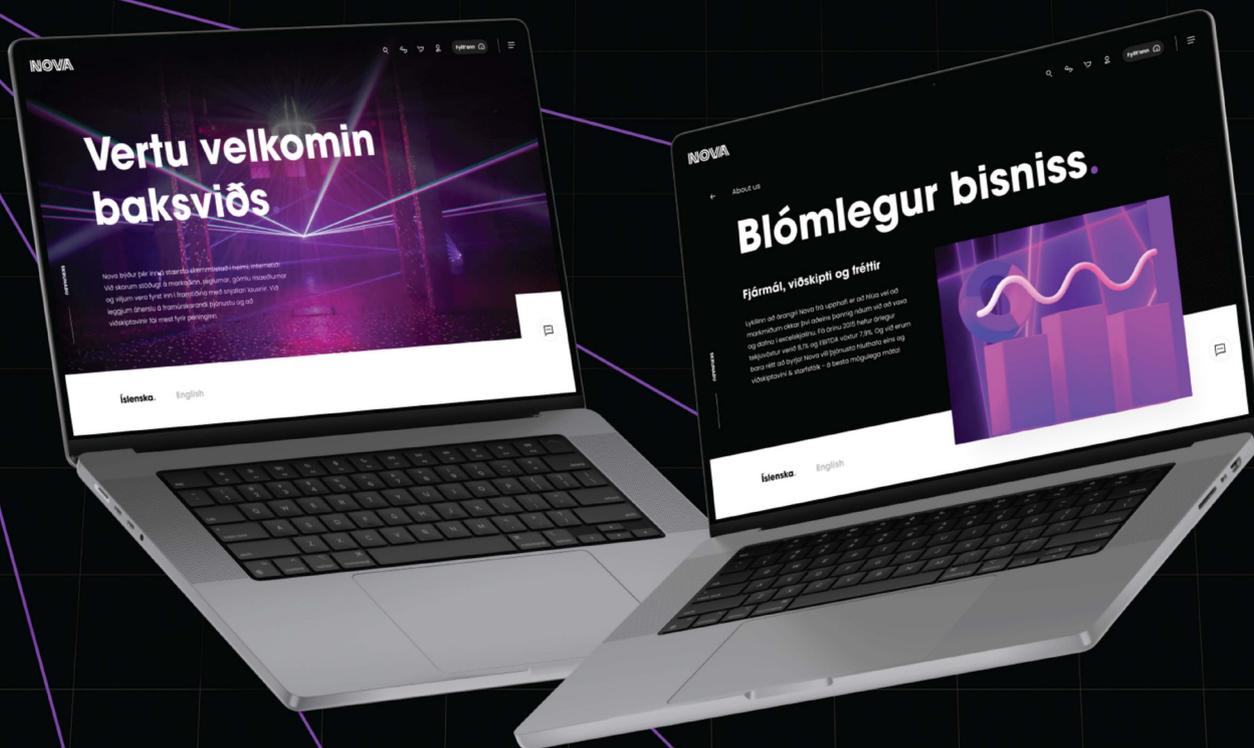
Appendix

Comparables

Company	Country	Market Cap. (ISKm)	Revenues		Margin		EV/EBITDA		EVaL/EBITDAaL		P/E	
			Est. growth +1 year	Est. growth +2 year	2021 EBITDA %	2021 EBITDAaL %	LTM	2022	LTM	2022	LTM	2022
Deutsche Telekom AG	Germany	13,177,024	(1%)	1%	29%	23%	8.4x	6.8x	8.7x	7.4x	16.8x	15.7x
Vodafone Group	UK	5,931,692	1%	1%	34%	25%	7.8x	6.7x	9.6x	8.2x	20.5x	20.5x
Orange S.A.	France	4,281,355	2%	0%	27%	24%	5.5x	4.9x	5.2x	5.0x	15.8x	14.7x
Swisscom AG	Switzerland	3,957,306	(0%)	0%	34%	31%	9.9x	8.5x	9.8x	8.6x	17.9x	19.5x
BT Group plc.	UK	2,978,911	1%	1%	28%	25%	6.3x	5.4x	6.6x	6.0x	16.9x	16.9x
Telenor ASA	Norway	2,477,263	1%	0%	34%	26%	8.0x	6.0x	8.6x	6.6x	17.1x	16.1x
Telia Company AB	Sweden	2,181,930	2%	1%	28%	23%	10.3x	8.4x	11.3x	9.3x	20.0x	24.0x
Koninklijke KPN N.V.	Netherlands	1,886,780	1%	1%	40%	38%	9.5x	8.5x	9.0x	8.1x	22.0x	21.1x
Tele2 AB	Sweden	1,096,429	2%	1%	37%	32%	10.6x	9.0x	11.1x	9.8x	18.4x	17.6x
Elisa Oyj	Finland	1,190,819	3%	2%	34%	33%	14.3x	13.2x	14.3x	13.6x	24.5x	23.2x
freenet AG	Germany	400,128	1%	1%	13%	10%	10.9x	8.7x	11.9x	9.0x	18.6x	16.9x
Síminn hf.	Iceland	86,870	1%	1%	41%	38%	10.7x	10.7x	11.0x	11.0x	16.6x	16.6x
GO p.l.c.	Malta	44,745	n/a	n/a	30%	27%	8.0x	8.0x	7.5x	7.5x	32.5x	32.5x
Sýn hf.*	Iceland	15,267	3%	3%	30%	23%	4.2x	4.2x	2.9x	2.9x	n/a	19.1x
Median					32%	25%	8.9x	8.2x	9.3x	8.2x	18.4x	18.3x
Nova Klúbburinn hf.*	Iceland	19,500	7%	7%	27%	24%	9.1x	8.4x	7.2x	7.5x	29.2x	-

*Excluding one off items and based on pro forma numbers | Nova Klúbburinn hf. 2022E multiples based on mid EBITDA guidance
Date: 30.05.2022 - Source: S&P Capital IQ
EVaL – Enterprise value excluding lease liabilities
EBITDAaL – EBITDA after leases





nova.is/investors

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