



Prospectus
8 October 2020

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Summary

8 October 2020

This summary is made in accordance with Article 7 of Regulation (EU) 2017/1129 of the European Parliament and of the Council (the “Prospectus Regulation”) and Article 2 of Commission Delegated Regulation (EU) 2019/979 supplementing the Prospectus Regulation. This summary is comprised of four parts a) Introduction and warnings b) Key information about the Company c) Key information about the securities and d) Key information about the offering.

A. Introduction and warnings

This Summary should be read as an introduction to the Prospectus of Icelandair Group hf. (“Icelandair Group”, the “Company” or the “Issuer”) which is formed by this Summary, a Securities Note document and Registration document dated 8 October 2020 (the “Prospectus”). This Summary should be read as an introduction to the Prospectus. Any decision to invest in the securities should be based on a consideration of the Prospectus as a whole by the investor. An investment in the Company’s securities involves inherent risk and an investor investing in the securities could lose all or part of its investment.

Íslandsbanki as the Listing Advisor prepared the Prospectus in close cooperation with the Company. The Listing Advisor accepts fee for its service to the Company. Investors are advised to acquaint themselves on the potential conflicts the Listing Advisor has regarding Icelandair Group.

Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under national law, bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability is only attached 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 the Prospectus, or where it does not provide, when read together with the other parts of the Prospectus, key information in order to help investors when considering whether to invest in such securities.

The Issuer declares that the Prospectus, of which this summary is a part of, was compiled in connection with the admission of warrants in Icelandair Group to trading on the regulated market of Nasdaq Iceland hf. The use of the Prospectus is not permitted for any other purpose.

| | |
|--------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Issuer | Icelandair Group hf., id no. 631205-1780 |
| Issuer’s address | Reykjavíkurlflugvöllur, 101 Reykjavík, Ísland |
| ISIN | IS0000032266 IS0000032258 IS0000032274 |
| Issuer’s legal entity identifier (LEI) | 549300UMI5MBLZSXGL15 |
| Website | www.icelandairgroup.is/investors/ |
| Phone number | +354 50 50 300 |
| The competent authority approving the Prospectus | Fjármálaeftirlit Seðlabanka Íslands, kt. 560269-4129, Kalkofnsvegi 1, 101 Reykjavík email: lysingar@sedlabanki.is |
| Date of approval of this Prospectus | 8 October 2020 |

B. Key information about the Company

Who is the issuer of the securities?

The Issuer’s legal and commercial name is Icelandair Group hf. The Company is a public limited Company and operates in accordance to Act No. 2/1995 on public limited companies and is registered pursuant to Icelandic law. Icelandair Group is an Icelandic airline Company whose main purpose is the operation of an international route network through a hub-and spoke model based in its home market, Iceland. The airline aspect of the Company’s operations includes both scheduled and charter services for passengers and freight.

Icelandair Group is the parent Company of several subsidiaries, hereinafter collectively referred to as the “Group”. The largest part of the issuer’s operations is the operations of Icelandair ehf. (“Icelandair”

or the "Airline"), which corresponded to 77% of the Group's revenue in 2019. In addition, Icelandair Group is the parent Company to Loffleiðir-Icelandic ehf., FERIA ehf. (VITA) and Iceland Travel ehf. Icelandair's vision is to utilize Iceland's potential as a year - round destination, strengthen the country's position as a focal point in the international route network and maintain an emphasis on flexibility and experience. The Company made a strategic decision to divest its non-aviation businesses resulting in the sale of 75% equity share in Icelandair Hotels (Flugleiðahótel hf.) in April 2020 to Berjaya Property Ireland. The Company is obliged to retain a 25% share in Icelandair Hotels for a minimum of 3 years.

The Company's 10 largest shareholders are shown as at close of business on 7 October 2020. To the best of the Issuer's knowledge, the below listed are the rightful owners of the Company at the respective date.

| # | Owner | Total Capital | % |
|-----|---------------------------------|---------------|-------|
| 1. | Gildi - Lífeyrissjóður | 1,878,761,301 | 6.61% |
| 2. | Íslandsbanki hf. | 1,878,657,769 | 6.61% |
| 3. | Lífeyrissj.starfsm.rík. A-deild | 1,773,730,661 | 6.24% |
| 4. | Brú Lífeyrissjóður starfs sveit | 1,356,204,675 | 4.77% |
| 5. | Landsbankinn hf. | 1,022,796,771 | 3.60% |
| 6. | Arion banki hf. | 758,782,369 | 2.67% |
| 7. | Lífeyrissjóður verslunarmanna | 642,361,239 | 2.26% |
| 8. | Stefnir – ÍS 15 | 568,483,644 | 2.00% |
| 9. | Sólvöllur ehf. | 554,704,375 | 1.95% |
| 10. | Landsbréf - Úrvalsbréf | 536,232,220 | 1.89% |

In total, 3 shareholders hold more than 5% equity share of the Company. The Company is not aware that it is, whether directly or indirectly, under the control or influence of a party or parties other than those listed above. The Company is further not aware that there is any arrangement that could later lead to changes under the control of the issuer. It shall be noted that the Issuer's securities are admitted to trading on the regulated securities market of Nasdaq Iceland and therefor can its ownership change quickly and without notice. The following individuals appoint the Company's executive board at the date of the publication of the Prospectus.

| Name | Position |
|---------------------------|------------------------------------------------------|
| Bogi Nils Bogason | President & CEO Icelandair Group |
| Eva Sóley Guðbjörnsdóttir | Chief Financial Officer |
| Árni Hermannsson | Managing Director of Aircraft Leasing and Consulting |
| Birna Ósk Einarsdóttir | Chief Commercial Officer |
| Elísabet Helgadóttir | Chief Human Resources Officer |
| Gunnar Már Sigurfinnsson | Managing Director Air Freight and Logistics |
| Jens Þórðarson | Chief Operating Officer |
| Tómas Ingason | Chief Information Officer |

The auditors of Icelandair Group during for the historical financial information for year 2019 in the Prospectus were KPMG ehf., Id. 590975-0449, Borgartún 27, 105 Reykjavík, and on their behalf Auður Þórisdóttir, Certified Public Accountant and Hjördís Ýr Ólafsdóttir, Certified Public Accountant. Both are members of the Association of Certified Public Accountants.

Auditors have signed the above mentioned historical financial information presented in the Prospectus without qualification. The interim financial statements for year 2020 are neither audited nor reviewed.

Key financial information regarding the Issuer

| | 2020 | 2019 | 2019 | 2018 | 2017 |
|-------------------------------------|---------------|----------------------------------------|-----------|-----------|-----------|
| Income statement | 01.01.-30.06. | Restated ¹ 01.01.-30.06. | | | |
| <i>Amounts are in USD thousands</i> | | | | | |
| Revenue | 269,788 | 651,369 | 1,504,495 | 1,510,518 | 1,417,987 |
| EBITDA | (86,128) | (1,645) | 137,976 | 76,479 | 170,076 |
| Total profit (loss) | (331,046) | (89,380) | (57,779) | (55,570) | 37,538 |
| Profit (loss) per share | (6.12) | (1.77) | (1.06) | (1.16) | 0.75 |

| Balance sheet | 2020 | 2019 | 2019 | 2018 | 2017 |
|-------------------------------------|------------|------------|------------|------------|------------|
| | 30.06.2020 | 30.06.2019 | 31.12.2019 | 31.12.2018 | 31.12.2017 |
| <i>Amounts are in USD thousands</i> | | | | | |
| Total assets | 1,090,737 | 1,716,992 | 1,676,587 | 1,464,122 | 1,423,842 |
| Total equity | 118,397 | 430,863 | 482,478 | 471,379 | 596,545 |
| Interest bearing debt | 262,597 | 230,505 | 321,286 | 415,801 | 289,541 |

| Cash Flow | 2020 | 2019 | 2019 | 2018 | 2017 |
|------------------------------------------------------|-----------------|------------------|-----------------|----------------|----------------|
| | 01.01.-30.06. | 01.01.-30.06. | | | |
| <i>Amounts are in USD thousands</i> | | | | | |
| Cash flow (to) from operating activities | (19,409) | 121,454 | 119,878 | 61,553 | 205,603 |
| Cash flow from (used in) investing activities | 10,512 | (91,398) | (138,657) | (129,933) | (228,419) |
| Cash flows used in financing activities | (69,423) | (153,370) | (44,940) | 149,336 | 14,554 |
| Change in cash and cash equivalents | (78,320) | (123,314) | (63,719) | 80,956 | (8,262) |
| Effect of exchange rate fluctuations on cash held | (3,128) | (1,195) | (668) | (2,687) | 2,564 |
| Cash and cash equivalents at beginning of the period | 235,073 | 299,460 | 299,460 | 221,191 | 226,889 |
| Cash and cash equivalents at end of period | 153,625 | 174,951 | 235,073 | 299,460 | 221,191 |

The Company suspended its 2020 fiscal guidance on 1 March 2020 given the increased uncertainty surrounding the Company's financial outcome for the year. COVID-19 has had a huge negative impact on the Company's revenue stream. The spread of the virus and mitigations measures against it have significantly reduced the Company's ability to maintain its operations. The Company has undertaken comprehensive actions to respond to the situation facing the Company due to the spread of COVID-19. Organizational changes have been made within divisions and departments of the Company. On top of the measures concerning employment levels the Company has taken decisive measures across all operations, including long-term union collective bargaining agreements, renegotiations with suppliers, lessors and its lenders. The Company has executed fully documented deferral agreements with all material creditors. The agreements were conditioned upon the successful completion of a share offering and the Company entering into an agreement regarding a government guaranteed credit facility amounting to USD 120 million. The deferral agreements include renegotiated financial covenants. The Company recently completed a financial restructuring which concluded with a share offering that was successfully completed on 17 September 2020.

¹ Travel and other employee expenses have been restated from salaries and salary related expenses to other operating expenses. Use of leased aircraft engines have been restated from depreciation to aviation expenses.

Key risks that are specific to the Issuer

General macroeconomic risks such as slowing economic growth, changes in interest rates, fluctuations in exchange rates, employment levels, strikes and inflation, whether globally or locally, can adversely affect the Company's operations.

Operational Risk

- / Icelandair Group, as other companies, is subject to general operational risk. Such risk can be related to various factors in the Company's operation and cause direct or indirect losses. An example of such risk might be environmental and security factors, information technology, management of employees, the Company's reputation, as well as a risk that the Company's strategy or/and plans do not materialise.
- / The Company's operating assets are expensive and complicated, and the Company is therefore subject to risk related to break down or/and disruption in their operation. As is the case with any airline operator, the Company is exposed to significant potential loss through either crashes, malfunctions or other accidents. Costs may involve the repair or replacement of damaged or lost aircraft, consequent temporary or permanent loss of services and claims from passengers. Despite having insurance against this type of incident, the Company cannot guarantee that insurance coverage and policy pay-outs would in every case fully cover the resulting losses. Moreover, should an aircraft from the Company, or of the same type as used by the Company be involved in an accident, it might result in a damaged reputation or the Company's aircraft not being seen as reliable, which in turn could decrease demand for the Company's services. Materialisation of any of these risks may have a material adverse effect on the Company's business, financial condition, results of operations and future.
- / The Company faces intensive competition in all fields of its activities. The level of competition amongst airlines is high, and pricing decisions are heavily dependent on competition from other airlines. In general, the airline industry is susceptible to fare discounting due to low marginal costs of adding passengers to otherwise empty seats. New market entrants, especially low-cost carriers, mergers, acquisitions, consolidations, new partnerships and increased transparency of pricing in the air travel market add to airline competition. Should competition increase even further in any of the Company's key transport markets, including the Icelandic market, it could affect the Company's profitability.

Industry risk

- / Airline operators are highly sensitive to jet fuel prices and availability. Jet fuel can be subject to extreme price movements due to fluctuations in supply and demand as well as other external factors e.g. political unrest and terrorist attacks. In order to reduce fuel risk, the Company uses derivatives to fix fuel prices.
- / Airline operations tend to be affected by high level of fixed costs due to the nature of provided services, i.e. the operation of expensive equipment, obligations due to leasing and investments and clauses in collective wage agreements that place certain restraints on flight crew scheduling. The high proportion of fixed costs makes unit revenues by Available Seat Kilometres ("ASK") important. Fluctuations in revenues per ASK can therefore detrimentally affect the Company's profitability particularly in the event of demand shocks, e.g. due to external disruptions that might be outside the scope of the Company's control. Cost awareness and flexibility, i.e. how quickly an airline can adapt to a changed external environment, are important factors in preserving profitability.
- / The Company's aircraft fleet is very important for its operations as it is closely linked to the Company's transport capacity. Aircraft orders are based on plans for future forecasts, but lack of an aircraft fleet can have a significant effect on the Company's performance. The industry is therefore susceptible to damage that can be traced to plane crashes and aircraft breakdowns. The fatal plane crash of the Boeing 737 MAX 8 aircraft in March 2019 led to the EU along with several

countries banning the model, as well as the MAX 9 model of the same aircraft, from flying in their airspace and subsequently by the Boeing Company itself. The full operational and financial impact of the suspension of the B737 MAX aircraft continues to be uncertain at this time and will not be fully known until the grounding is lifted.

- / The airline and tourism industries are inherently labour-intensive industries. Most of the Company's employees are unionised; and represented by several unions, each of which has its own collective agreement on salaries and benefits with the Group's companies. Strikes can materially affect the Company's operations and financial results; a worst-case scenario being a complete halt in the operations of one or more of its subsidiaries for a prolonged period. Strikes in the aviation industry are particularly taxing for airlines due to proportionately high fixed costs.
- / External effects such as terrorism, natural disasters and epidemics, which are out of the Company's control, can have a detrimental effect on the Company's profitability. Natural disasters such as floods, tornadoes or volcanic eruptions can adversely affect airlines' route network and, in the worst cases, can lead to long-term flight suspension. The spread of infectious diseases can further affect the Company. The COVID-19 pandemic has caused many countries to take extreme emergency measures such as closing down their countries and for residents to be subject to curfews or other restrictions on everyday life. The COVID-19 pandemic has significantly affected the demand for international travel.
- / The airline industry is exposed to risk of holdbacks from credit card acquirers. Acquirers accept credit card payments from customers for the sale of flights and other services provided by the Company, and the acquirers subsequently transfer payments to the Company. The agreements allow, under certain circumstances, the acquirers to retain amounts that have been paid as part of the Company's prepaid income. The amount that may be withheld varies, but this can reduce and damage the Company's liquidity position.
- / The Company operates in a sector where demand has traditionally been much higher during the summer than during other seasons. Lower demand for air travel, flight cancellations or other factors affecting aircraft utilisation would therefore have a proportionately greater impact on the Company during the summer than during other periods.
- / Air transportation is subject to intensive regulation. Air operator's certificate for Icelandic carriers are granted by the Icelandic Transport Authority and have been issued to the relevant subsidiaries of the Company, authorising them to conduct their airline operations. There is no guarantee that the Company will be issued such certificates in the future. Changes in laws, regulations, rules or rulings of the government can have a negative effect on the Company's operations and profitability and the value of the Company's shares. Examples of this could be stricter rules to protect the environment, such as limits of carbon dioxide emissions. In addition to changes that may occur in the tax environment, certain fees and costs are imposed on air operations and tourism, which can have a direct effect on ticket prices and demand.

C. Key information on the securities

What are the main features of the securities?

The securities' type, class and ISIN

The securities that are to be admitted to trading are warrants in Icelandair Group. The Company's warrants consist of three separate classes with different maturity date.

The warrants in Icelandair Group are issued in accordance with Act No. 2/1995 on public limited companies. The warrants will be electronically registered at the Nasdaq CSD Iceland in accordance with Act No. 7/2020 on Central Securities Depositories, Settlement and Electronic Registration of Financial Instruments and any subsequent rules based thereon. The warrants will be registered under the following tickers and ISIN numbers: ICEAIRW130821 and ISIN IS0000032266, ICEAIRW180222 and ISIN IS0000032258, ICEAIRW120822 and ISIN IS0000032274.

| | |
|-----------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Currency of the securities issued | Icelandic Krona (ISK) |
| The par value per warrant | The nominal value of the Warrants is ISK 5,750,000,000, divided into an equal number of warrants, each with a nominal value of ISK 1 (one Icelandic Krona). |
| The rights attached to the securities | The Warrants grant their holders a right, without any obligation, to subscribe for shares in the Company at a predetermined price. The Warrants do not entitle Warrant Holders, unless to the extent that they are also Shareholders, to dividend payments. The Warrants do not grant voting rights. Redemption provisions do not apply to the Warrants. |
| Relative seniority of the securities in the Company's capital structure in the event of insolvency | The Warrants do not entitle Warrant Holders to any payments if the Company is dissolved. |
| Restrictions on the free transferability of the securities | Each warrant is 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 | <p>The Board of Directors of Icelandair Group has adopted a dividend policy whose objective is to pay 20-40% of each year's annual net profit as dividend to its shareholders. The final decision on any dividend proposal will be based on the financial position of the Company, operating capital requirements and market conditions. Dividend payments may at times also be impacted by the Company's liquidity needs, financial covenants and other agreements that might limit dividend payments to shareholders at any given time. All shareholders hold equal rights to dividend payments. Dividend shall be decided at the Annual General Meeting to be held before the end of April each year. The Company is bound by covenants concerning dividend payments that loan agreements and other agreements may contain at any given time. Dividend payments will not be paid during the time the government guaranteed credit facility is in place, neither during the drawdown period, or if drawn on, while it is being amortized.</p> <p>A dividend was paid for fiscal years 2015, 2016 and 2017. No dividend was paid for the fiscal years 2018 and 2019.</p> |

Where will the securities be traded?

The warrants will be, admitted to trading on the regulated market of Nasdaq Iceland hf. Following the confirmation of the Prospectus by the Financial Supervisory Authority of Iceland's Central Bank, the Board of Directors of Icelandair will request that the warrants in the Company to be admitted to trading on the regulated market of Nasdaq Iceland hf., which is a regulated securities market.

Is there a guarantee attached to the securities?

Not applicable. The warrants are not subject to guarantee.

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

- / The Warrants will only be traded for a limited time period. The trading in these instruments may therefore be limited which may make it difficult for individual holders to dispose of their Warrants.
- / Limited liquidity may increase the fluctuations in the Warrants' market price leading to inefficient pricing which in turn can result in the holders of Warrants not being able to dispose of their Warrants when desired or at a price level that they deem acceptable. Such price fluctuations will however

not affect shareholders in the Company that simply hold on to their Warrants with the intent of exercising them at the relevant exercise periods.

- / In general, warrants can be Out-of-the-Money (“OTM”), In-the-Money (“ITM”) or At-the-Money (“ATM”). The point of reference is the price at which a holder can purchase the underlying shares, i.e. the Warrants’ exercise price. It is common for the price of a warrant to move in parallel with the price of the underlying shares, in this case the share price of Icelandair Group, however the price movements tend to be larger in the price of warrants, percentage wise, than of the underlying shares. It is therefore crucial for investors, when weighing their investment options, to pay attention to the Warrants’ time to maturity, as well as to the price of the underlying shares and the Issuer’s performance and future prospects. If a warrant holder exercises an OTM warrant it means (s)he is essentially buying the underlying shares at a price higher than (s)he could buy them in the market.

D. Key information about the offering

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

Investors who were allocated New Shares in the Company’s offering in 16 - 17 September will receive Warrants amounting to 25% of the nominal value of the New Shares issued corresponding to up to ISK 5,750,000,000 in nominal terms.

Warrants will be delivered once the Financial Supervisory Authority of Iceland’s Central Bank has approved this Prospectus. The Warrants have been issued through the Nasdaq CSD Iceland and will be delivered at latest on 15 October 2020. Every effort will be made to deliver the warrants sooner than that. It is expected that the warrants will be admitted to trading on the regulated market of Nasdaq Iceland hf. on 15 October 2020.

Shareholders who do not hold warrants in proportion to their existing holdings will face an immediate dilution of 16.8% should all the warrants be exercised over the course of the warrants lifetime. The final dilution will depend on the number of exercised warrants.

Why is the prospectus being produced?

This prospectus is produced in connection with the listing of 5,750 million warrants in Icelandair Group hf. The Issuer bears all cost associated with the issuance of the warrants and their admittance to trading. The net proceeds, if the warrants are exercised, will be used to further improve the liquidity, secure working capital and equity position of the Company as well as secure working capital for a period of expected low production.



Securities Note
8 October 2020

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01 RISK FACTORS

The purpose of this section is to enable potential investors to assess the relevant risks related to their potential investment in warrants issued by Icelandair Group hf. (“Icelandair Group”, the “Company” or the “Issuer”) in order to make an informed investment decision. The below risk factors are therefore limited to risks that, in the meaning of Regulation (EU) 2017/1129, are material and specific to warrants issued by the Company (the “Warrants”).

All warrants have a limited life span. If the price of the underlying shares remains below the exercise price at the time the respective Warrants can be exercised, i.e. an Out-of-the-Money (“OTM”) warrant will be of no value and the investor will lose his investment. For the avoidance of doubt this only applies to investors that purchase the Warrants in the secondary market. Shareholders that acquired the Warrants as part of their subscription for new shares in Icelandair Group hf., in the company’s offering concluding on 17 September 2020, did so free of charge and since there is no obligation to exercise them those investors can therefore never lose any economic value as a result.

Investors should study all information contained in Icelandair Group’s Prospectus, dated 8 October 2020, of which this Securities Note forms a part, to adequately assess the suitability of the Warrants as an investment option for themselves. Investors are particularly encouraged to acquaint themselves with the risks presented in Chapter 01 *Risk Factors*.

The Warrants grant a right, without obligation, to subscribe for an equal number of new shares in Icelandair Group, i.e. at a conversion ratio of 1:1. For that reason, investors are further urged to acquaint themselves of the risks and uncertainties specific to the Issuer’s operations and the industries it operates detailed in Chapter 01 *Risk Factors* in the Company’s Registration Document dated 8 October 2020. If any of the risks discussed there were to materialise, individually or together with other circumstances, they could have a material and adverse effect on the Company and/or its business, results of operations, cash flows, financial condition and/or prospects, which may cause a decline in the value and trading price of the Warrants.

Investors are advised to properly evaluate their legal standing and any tax considerations involved with investments in the Warrants and seek suitable independent counsel.

Additional risks and uncertainties that do not currently exist, that are presently not considered material, or of which the Company is unaware, may also impair the business and operations of the Company resulting in a change in the market price of the Warrants.

The risk factors are organised so that the most material risk factor is discussed first. The categories of risk factors mentioned herein could materialise individually or cumulatively. Any quantification of the significance of each individual category for the Company would be misleading, as the categories of risks factors mentioned in the Securities Note may materialize to a greater or lesser degree.

The information in this Chapter is presented as of the date of this Securities Note, unless otherwise noted, and is subject to change, completion or amendment without notice.

This Securities Note or other documents that form part of the Company’s Prospectus dated 8 October 2020 shall not be distributed or disseminated in any way to countries where publication of the Prospectus requires further registration or action other than those required by Icelandic law and regulations.

1.1 Limited Trading Time

The Warrants will only be traded for a limited time period. The trading in these instruments may therefore be limited which may make it difficult for individual holders to dispose of their Warrants. Limited liquidity may also increase the fluctuations in the Warrants' market price leading to inefficient pricing which in turn can result in the holders of Warrants not being able to dispose of their Warrants when desired or at a price level that they deem acceptable. Such price fluctuations will however not affect shareholders in the Company that simply hold on to their Warrants with the intent of exercising them at the relevant exercise periods.

1.2 Market Risk

In general, warrants can be Out-of-the-Money ("OTM"), In-the-Money ("ITM") or At-the-Money ("ATM"). The point of reference is the price at which a holder can purchase the underlying shares, i.e. the Warrants' exercise price. It is common for the price of a warrant (not to be confused with the exercise price) to move in parallel with the price of the underlying shares, in this case the share price of Icelandair Group, however the price movements tend to be larger in the price of warrants, percentage wise, than of the underlying shares. It is therefore crucial for investors, when weighing their investment options, to pay attention to the Warrants' time to maturity, i.e. the time remaining until they can be exercised, as well as to the price of the underlying shares and the Issuer's performance and future prospects. If a warrant holder exercises an OTM warrant it means (s)he is essentially buying the underlying shares at a price higher than (s)he could buy them in the market.

Financial markets have from time to time experienced price and volume fluctuations, which have been unrelated to the operating performance or prospects of individual issuers. Consequently, the market price and liquidity of the Warrants may be materially adversely affected by general declines in the market. The market price of the Warrants may also be affected by market expectations for the Company's financial performance and changes in the estimates of the Company's results of operations by securities analysts, regardless of the Company's actual results of operations and financial conditions. These external factors are outside the control of the Company's management.

For the avoidance of doubt, Warrant Holders, after having opted to exercise the Warrants, bear market risk from the underlying shares' price movements from the payment date until such a time that the associated shares have been issued and delivered to them. Due to regulatory notice periods involved this can be for as much as up to twelve business days.

The Company's market environment is still to some extent subject to capital controls,¹ if economic circumstances were to change there is no assurance that some elements of the capital controls will not be re-imposed.

1.3 Dilution

The Warrants will expire and become useless without entitlement to compensation for their holders unless either exercised accordingly during each exercise period or sold before they

¹ On 28 November 2008, the Icelandic Parliament passed Act No. 134/2008 granting the Central Bank of Iceland powers to intervene in the currency market with the view of stabilising the foreign exchange rate of the ISK. For this purpose, the Central Bank of Iceland issued Rules No. 1082/2008 on Foreign Exchange imposing stringent capital controls on cross-border movement of capital and related foreign exchange transactions.

mature. The holders may be split into two categories (i) existing shareholders (the “Shareholders”) in Icelandair Group that were given the Warrants free of charge along with their subscription for new shares in the Company in the Company’s share offering, as discussed earlier and (ii) holders that may purchase the Warrants in the secondary market once they are admitted to trading (the “Warrant Holders”). The second group may or may not include existing Shareholders.

Warrant Holders, if they are not also Shareholders, have no voting rights, shareholder, or dividend rights and get no say in the functioning of the Company, even though they are affected by the Company’s decisions and policies.

Shareholders face dilution in the event of a share capital increase unless they subscribe for shares in proportion to their existing holdings. Should all the Warrants be exercised, the share capital will increase by 5,750,000,000 new shares (the “Warrant Shares”) over the course of the Warrants’ lifetime. The Warrant Shares will represent 16.8% of the Company’s total issued capital, post dilution. The exercise of all outstanding or part of the outstanding Warrants will result in an immediate dilution for existing Shareholders who do not hold Warrants as well as those investors that hold shares in the Company and choose not to exercise their Warrants.

Item 1: A comparison of dilution of shareholders who do not hold warrants

| Exercised warrants | Dilution |
|---------------------------------------|----------|
| Warrants exercised only in one period | 6.3% |
| Warrants exercised in two periods | 11.9% |
| Warrants exercised in all periods | 16.8% |

Additionally, Shareholders may be faced with increased risk to their investment alongside dilution of their existing shares depending on how the increased capital will be put to use. As of the date of this Securities Note, the nominal value of the share capital of Icelandair Group is ISK 28,437,660,653 divided into an equal number of Shares with a nominal value of ISK 1 (one Icelandic Krona) each.

Shareholders may at a future date vote to further increase share capital that, unless subscribed for pro rata to holdings, may further dilute the holdings of Shareholders. Share capital in the Company cannot be increased unless agreed by two thirds of votes cast at a Shareholders’ meeting as well as by the votes of holders of at least two thirds of the Shares represented at the respective meeting. According to the Articles of Association shareholders shall have pre-emptive rights to purchase New Shares issued by the Company in proportion to their registered holdings. Exemptions from this are authorised, cf. Article 34 (3) of Act No. 2/1995 respecting Public Limited Companies (the “Public Companies Act”). If the Company were to raise further capital by selling new shares before the maturity of all existing Warrants, Warrant Holders that are not also Shareholders at the time of such an offering, would not enjoy pre-emptive rights to new shares. Therefore, Warrant Holders face the risk of dilution of their anticipated holdings from exercising Warrants bought in the secondary market.

The Company is bound by covenants that prohibits the implementation of a share buy-back program, or the payment of dividends, during the time the government guaranteed credit facility is in place, neither during the drawdown period, or if drawn on, while it is being amortized.

1.4 The Underlying Shares

For risks associated with the underlying shares, to which the Warrants grant a right, without obligation, to acquire, reference is made to pages 3-7 in Chapter 1 *Risk Factors* of the Offering Securities Note, dated 8 September 2020 which has been incorporated into this Securities Note, dated 8 October 2020.

02 NOTICE TO INVESTORS

This Securities Note forms a part of Icelandair Group’s prospectus, dated 8 October 2020, (the “Prospectus”) which has been prepared in connection with the issuance of warrants in the nominal amount of 5,750,000,000 and an application for their admittance to trading on the regulated market of Nasdaq Iceland, as described herein.

The Prospectus shall be valid for 12 months post-publication. For a period of ten years from the date of issue of this Securities Note, this Prospectus shall be available for electronic viewing on the Company’s corporate website: www.icelandairgroup.is/investors/.

For the definition of terms used throughout this Securities Note, see Chapter 2.1 *Definitions and References* in this Securities Note.

The Prospectus has been prepared to provide information about Icelandair Group, its business operations and financial standing and has been drawn up as part of a prospectus in accordance with Regulation (EU) 2017/1129 of the European Parliament and of the Council (the “Prospectus Regulation”). The level of disclosure complies with Annexes 1 (Registration document for equity securities) and 11 (Securities note for equity securities or of units issued by collective investment undertakings of the closed-end type) to EC Commission Regulation (EU) 2019/980 of 14 March 2019 supplementing the Prospectus Regulation. The Prospectus Regulation has been implemented into Icelandic law through the Act on Prospectus for Public Offering or Admission to Trading on a Regulated Market No. 14/2020. The Prospectus further complies with Nasdaq Iceland’s Rules for Issuers of Financial Instruments, dated 1 May 2020 (“Rules of Exchange”).

The Prospectus is published electronically at the Company’s website, <https://www.icelandairgroup.is/investors/reports-and-presentations/prospectus/> and consists of three separate documents; a Summary, this Securities Note and a Registration Document, all dated 8 October 2020. Printed copies can be ordered, free of charge, through compliance@icelandairgroup.is for up to twelve months post-publication. The Prospectus has been prepared solely in the English language; however, an Icelandic translation of the Summary has been prepared and made available to investors. The Icelandic language version of the Summary is an unofficial translation of the English original and in case of any discrepancies, the English version shall prevail.

The Financial Supervisory Authority of the Central Bank of Iceland, (the “FSA”) has scrutinised and approved this Securities Note on 8 October 2020. FSA is a competent authority under the Prospectus Regulation. The approval and registration of the FSA does not imply that the FSA has controlled the accuracy or completeness of the included information and gives no guarantee to that effect. Furthermore, such approval of the FSA shall not be considered as an endorsement of the quality of the Securities to the Issuer that is the subject of this Securities Note. The FSA only approves the Securities Note as meeting the standard of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Investors shall make their own assessment as to the suitability of investing in securities.

All sections of the Prospectus should be read in conjunction and as a whole. Special attention is drawn to the importance of investors reading and fully understanding the associated risks of investing in the Warrants by familiarising themselves with the contents of Chapter 01 *Risk Factors* in both this Securities Note and the referenced Registration Document. In making an investment decision, investors must rely on their own examination and analysis of the Warrants

including the merits and risks involved. Each investor should consult with his or her own advisors as to the legal, tax, business, financial and related aspects. Neither the Company as the Issuer nor Íslandsbanki hf. (“Íslandsbanki”) as the Listing Advisor have made or should have been seen as making any promise of positive future operational results or an acceptable return on investment. The FSA has ruled that the Warrants are to be classified as complex financial instruments as set out in the Icelandic Securities Transactions Act No. 108/2007 and MiFID.²

Information in the Prospectus is based on circumstances and facts on the date it is signed, unless otherwise noticed. The Issuer has furnished the information in the Prospectus to provide a presentation of Icelandair Group and to inform prospective investors about the Company and the Warrants. Unless otherwise explicitly stated, the source of information included in the Prospectus is the Issuer. If significant new information, material mistakes or inaccuracy relating to information in the Prospectus, which could affect the assessment of the Warrants, is discovered between the time the Prospectus is approved, and the time when the Warrants are admitted to trading, a supplement to the Prospectus shall be prepared to contain the changes and/or new information in question in accordance with Article 23 of the Prospectus Regulation. The supplement shall be approved and published in the same manner as the original prospectus, within a maximum of five working days. The Summary and any translation thereof shall also be supplemented as relevant.

² MiFID stands for Markets in Financial Instruments Directive No. 2014/65/EC.

2.1 Definitions and References

In this Securities Note, the below shall be construed to have the following meaning unless otherwise explicitly stated or clear from context.

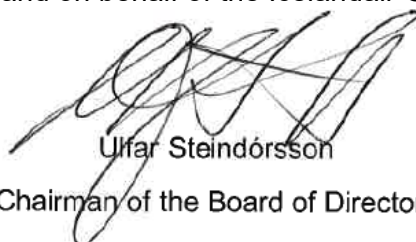
| | |
|------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Articles of Association | is a reference to the Company's Articles of Association, dated 23 September 2020 |
| At-the-money (ATM) | refers to when a warrant's exercise price is the same as the underlying shares' current market price |
| Board of Directors | is a reference to the Board of Directors of the Company |
| Executive Committee, the | is a reference to the individuals detailed in Chapter 6.2 <i>Executive Committee</i> in the Company's Share Registration Document dated 8 September 2020 |
| Icelandair Group, the Company and the Issuer | is a reference to Icelandair Group hf. ID No. 631205-1780, Reykjavíkurlugvöllur, 101 Reykjavík, Iceland |
| Information Memorandum, the | is reference to the Company's Information Memorandum, first published 18 August 2020, amended and republished 4 September 2020 and 10 September 2020 |
| In-the-money (ITM) | refers to when a warrant's exercise price is below the shares' current market price |
| ISK | is a reference to Icelandic Krona, the legal tender of Iceland |
| Íslandsbanki hf., Listing Advisor, the | is a reference to Íslandsbanki hf., ID No. 491008-0160, Hagasmári 3, 201 Kópavogur, Iceland |
| Nasdaq Iceland and the Nasdaq Iceland Stock Exchange | is a reference to Kauphöll Íslands (Nasdaq Iceland) ID No. 681298-2829, Laugavegur 182, 105 Reykjavík, Iceland which operates Iceland's only regulated market |
| Offering Securities Note, the | is a reference to the Company's Securities Note dated 8 September 2020 |
| Out-of-the-money (OTM) | refers to when a warrant's exercise price is above the shares' current market price |
| Registration Document, the | is a reference to the Company's Registration Document dated 8 October 2020 |
| Securities Note, the | is a reference to this Securities Note, dated 8 October 2020 |
| Shares, the | is a reference to shares issued by Icelandair Group hf. |
| Share Registration Document, the | is a reference to the Company's Share Registration Document dated 8 September 2020 |
| USD | is a reference to United States dollars, the legal tender of the United States of America |
| Warrants, the | is a reference to the warrants (<i>icel. áskriftarréttindi</i>) issued by the Company in relation to the Offering |

2.2 The Company's Statement

We, the undersigned, the Chairman of the Board of Directors and the President and Chief Executive Officer of Icelandair Group hf., ID No. 631205-1780, registered office at Reykjavíkurlugvöllur, 101 Reykjavík, Iceland, hereby declare for and on behalf of the Company that has taken all reasonable care to ensure that such is the case, the information contained in this Securities Note dated 8 October 2020 is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import.

Reykjavík 8 October 2020

For and on behalf of the Icelandair Group



Ulfar Steindórsson
Chairman of the Board of Directors

and



Bogi Nils Bogason

President and Chief Executive Officer

2.3 The Listing Advisor

Íslandsbanki has acted in the capacity of Listing Advisor in relation to the Warrants being admitted to trading on the regulated market of Nasdaq Iceland. Íslandsbanki has prepared the Prospectus, of which this Securities Note forms a part, in close co-operation with the Executive Committee and Board of Directors. The Prospectus is based on information provided by the Company.

Íslandsbanki hf. Corporate Finance

| | |
|--------------------|--------------------------------------------------------------|
| ID Number | 491008-0160 |
| LEI Number | 549300PZMFIQR79Q0T97 |
| Registered offices | Hagasmára 3, 201 Kópavogur |
| Phone | +354 440 4000 |
| Web address | www.islandsbanki.is |

2.4 Potential Conflict of Interest

Investors are advised of the following interests Íslandsbanki have regarding Icelandair Group:

Íslandsbanki

Íslandsbanki's Corporate Finance division was retained by the Company to oversee the admittance of the Warrants to trading on Nasdaq Iceland's regulated market. Íslandsbanki accepts a fee for their services to the Company, which inter alia include the compilation of the Prospectus. Íslandsbanki's Corporate Banking division is a lender to Icelandair Group and provides general banking services to the Company. Íslandsbanki's FX Sales division provides foreign exchange trading services to Icelandair Group. At close of business on 7 October 2020 Íslandsbanki holds a total of 1,878,657,769 Shares in the Issuer. Íslandsbanki acts as a market maker in the shares of the Company as further disclosed in Chapter 4.2 *Market Making* in the Company's Offering Securities Note dated 8 September 2020.

In accordance with Article 8 of the Securities Transactions Act, Íslandsbanki has in place provisions for the treatment of potential conflicts of interest. Investors are advised to acquaint themselves with these provision on the bank's website, <https://cdn.islandsbanki.is/image/upload/v1/documents/Excerpt from the Conflicts of Interest Policy.pdf>.

2.5 Third Party Information

The Issuer confirms that where third party information has been used in this Securities Note, the information has been accurately reproduced and the source of such information has been identified. As far as the Issuer is aware and able to ascertain from information published by those third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading.

03 WORKING CAPITAL STATEMENT

The Chairman of the Board of Directors and the President and Chief Executive Officer of Icelandair Group, for and on behalf of the Issuer, declare that at the date of this Securities Note the Company will have sufficient working capital to fulfil its requirements for the next 12 months. The financial information contained in Item 2 below has been prepared by the Company based on the Company's financial position as at 31 August 2020. The information is neither audited nor reviewed.

Item 2 Statement of capitalisation and indebtedness as at 31 August 2020

| <i>USD '000</i> | |
|---------------------------------------------|----------------|
| Non-current liabilities | |
| Thereof guaranteed | |
| Thereof collateralised loans and borrowings | 104,016 |
| Thereof not guaranteed/collateralised | 149,166 |
| Total non-current liabilities | 253,182 |
| Current liabilities | |
| Thereof guaranteed | |
| Thereof collateralised loans and borrowings | 161,966 |
| Thereof not guaranteed/collateralised | 426,187 |
| Total current liabilities | 588,153 |
| Equity | |
| Share capital | 44,199 |
| Share premium | 174,299 |
| Reserves | (11,510) |
| Retained earnings | (88,385) |
| Non-controlling interest | (1,378) |
| Total equity | 117,225 |
| Total capitalisation | 958,560 |

As publicly announced and further discussed in the Company's Share Registration Document, dated 8 September 2020, that is incorporated into this Prospectus dated 8 October 2020 by reference, the Company has recently completed a financial restructuring which concluded with a share offering that was successfully completed on 17 September 2020. The net proceeds from the Offering amounted to ISK 22.7bn which is estimated to provide sufficient liquidity and working capital to see the Company through an extended period of low production as per the Company's conservative ramp-up plan for the years 2020-2024.³ The Offering will be fully reflected in the Company's Q3 condensed consolidated interim financial statements for the nine-month period ending 30 September 2020, expected to be published in week 44 2020. The effects of the Offering, all other things constant, would increase share capital by ISK 23bn and therefore total equity by ISK23bn. Increase in total equity would also increase total capitalisation by the same amount, all other things constant.

³ For details on the ramp-up plan see the Company's final version Information Memorandum dated 10 September 2020 available at <https://www.icelandairgroup.is/servlet/file/store653/item1273663/version1/IMIG-SEPT-2020-final.pdf>

04 THE WARRANTS AND ADMITTANCE TO TRADING

4.1 The Admittance of the Warrants to Trading

The Company's Shareholders' meeting on 9 September 2020 resolved to grant the Board of Directors authorization to issue the Warrants in relation to subscriptions in the Company's share offering of up to ISK 23 billion and decide their terms. The terms of the Warrants were approved by the Board of Directors on 9 September 2020.

The Board of Directors have applied for the Warrants to be admitted to trading on the regulated market of the Nasdaq Iceland no later than 15 October 2020. The Warrants, that form three separate classes, will be traded under the ticker symbols ICEAIRW130821, ICEAIRW180222 and ICEAIRW120822.

The proceeds of the possible exercise of the Warrants will be used to further improve the liquidity and equity position of the Company as well as secure working capital for a period of expected low production that is anticipated to last until middle of Q2 2021. Icelandair Group bears all cost associated with the issuance of the Warrants and their admittance to trading. The total costs borne by the Company is estimated to be ISK 16 million and consists of a fee to the Listing Advisor, costs associated with the scrutiny and approval of this Prospectus, dated 8 October 2020, by the FSA, the Nasdaq Iceland listing fees along with other costs directly associated with the admittance to trading. The net proceeds can therefore at most amount to ISK 6,980 but the final amount will not be known until the end of the last Exercise Period.

4.2 Classes of Warrants

The nominal value of the Warrants is ISK 5,750,000,000, divided into an equal number of warrants, each with a nominal value of ISK 1 (one Icelandic Krona). The Warrants consist of three separate classes identified as shown in Item 3 below. The closing date of trading in each class of Warrants is the business day prior to the first day of each Exercise Period. The payment date for the Warrants is expected to be four business days after the last date in each Exercise Period. The Company will publicly announce the protocol that investors must follow, including form of payment, in order to exercise their Warrants in due time.

Item 3 Details of the Warrant classes

| ISIN | Ticker symbol | Nominal value (ISK) |
|--------------|---------------|---------------------|
| IS0000032266 | ICEAIRW130821 | 1.916.666.667 |
| IS0000032258 | ICEAIRW180222 | 1.916.666.667 |
| IS0000032274 | ICEAIRW120822 | 1.916.666.666 |

The Warrants are electronically registered at Nasdaq CSD Iceland in accordance with act No. 7/2020 on Central Securities Depositories, Settlement and Electronic Registration of Financial Instruments. The Warrants are registered in book-entry form under the name and Icelandic ID No. of the relevant holder or nominee pursuant to Article 12 of the Securities Transactions Act. Registration of the ownership of the Warrants in electronic form with Nasdaq CSD Iceland, Laugavegi 176, 105 Reykjavík, subsequent to Nasdaq CSD Iceland's final entry, formally gives a registered owner legal authorisation to the rights to which they are registered. Announcements in respect of the Warrants will be sent to registered owners.

4.3 Rights Associated with the Warrants

The Warrants grant their holders a right, without any obligation, to subscribe for shares in the Company over the next two years as further detailed below. The Warrants do not entitle Warrant Holders, unless to the extent that they are also Shareholders, to dividend payments. The Warrants do not grant voting rights. Redemption provisions do not apply to the Warrants. The Warrants do not entitle Warrant Holders to any payments if the Company is dissolved. The Warrants were issued to all investors that subscribed and got allotted shares in Icelandair Group in the Company's offering that concluded on 17 September 2020, free of charge.

The subscription rights under the Warrants may be exercised in three separate steps during three separate exercise periods in accordance with their terms decided by the Board of Directors.

The Warrants are divided into three equal parts, one part exercisable in each exercise period. If the Warrants cannot be divided into three equal parts, the non-divisible Warrant or Warrants will be exercised in the first and/or second periods.⁴ Since the nominal value of the Company's share capital is equal to ISK 1 (one Icelandic Krona) the Warrants' must follow suit. The amount of Warrants issued to shareholders will therefore be rounded down to the nearest amount that can be divided by four.

The Exercise Periods of the Warrants will be a ten day period immediately following the estimated publishing dates, of Icelandair Group's quarterly financial statements for Q2 2021 (the "First Exercise Period"), Q4 2021 (the "Second Exercise Period") and Q2 2022 (the "Third Exercise Period") collectively, (the "Exercise Periods"). The exercise price per share associated with the Warrants will be ISK 1 (one Icelandic Krona) with an addition of 15% annual interest, calculated according to a US 30/360-day count convention. The first interest date is 23 September 2020 and the last interest date for each period is the last day of each respective exercise period.⁵

The payment date for the Warrants is expected to be four business days after the last date in each Exercise Period. The expected payment dates are on 19 August 2021 for the First Exercise Period, 24 February 2022 for the Second Exercise Period and 18 August 2022 for the Third Exercise Period. Warrants exercised in each exercise period will be settled no later than eight business days following the payment date. The Warrants cannot be carried over from one Exercise Period to the next. Any Warrants not exercised during the corresponding Exercise Period will lapse and become void. The Company will publicly announce the protocol, including form of payment, that investors must follow in order to exercise the Warrants in due time. Please note that the expected publishing and payment dates shown in Item 4 are not confirmed publishing dates and are subject to change. Changes to the Company's financial calendar are publicly announced in accordance with the Nasdaq Iceland Rules for Issuers.

Item 4 Trading and exercise periods of the Warrant classes

| Publishing date | Warrant Class ISIN | Trading period closing date | Exercise period | Payment date | Exercise price |
|-----------------|--------------------|-----------------------------|------------------------|--------------|----------------|
| 3 August 2021 | IS0000032266 | 30.07.2021 | 03.08. – 13.08.2021 | 19.08.2021 | 1.13 |

⁴ For example, if an investor owns 3,200 Warrants, he/she will be able to exercise 1,067 Warrants in the First Exercise Period, 1,067 Warrants in the Second Exercise Period and 1,066 Warrant in the Third Exercise Period.

⁵ For example, the first interest period is 8 days in September 2020, 30 days each month for the next 10 months and 13 days in August 2021, a total of 321 days according to a US 30/360-day count convention. For the second interest period the total number of days are 506 and for the third interest period the total number of days are 680.

| | | | | | |
|-----------------|--------------|------------|------------------------|------------|------|
| 8 February 2022 | IS0000032258 | 07.02.2022 | 08.02. – 18.02.2022 | 24.02.2022 | 1.22 |
| 2 August 2022 | IS0000032274 | 29.07.2022 | 02.08. – 12.08.2022 | 18.08.2022 | 1.30 |

The Warrants will be freely tradeable and transferrable, independent of issued shares in the Company, until such time that they can be exercised. That notwithstanding, the Company reminds investors that the acceptance and trading of the Warrants require an appropriateness test as described in Article 16 of the Securities Transactions Act.

The Warrants will be issued, traded and settled in ISK. Item 4 displays the exercise price for the Warrants at the end of the respective Exercise Periods. The first interest date was 23 September 2020. The last interest date for each period is the last day of each respective exercise period. Please note that the publishing dates shown in Item 4 are not confirmed publishing dates and are subject to change. Changes to the Company's financial calendar are publicly announced in accordance with the Nasdaq Iceland Rules for Issuers.

4.4 Market Making

No market making agreements are in place regarding the Warrants and no such agreements will be made. For information on market making agreements relating to the Company's shares reference is made to Chapter 4.2 *Market Making* the Company's Offering Securities Note dated 8 September 2020.

4.5 Tax Issues

The taxation of income from investments in Warrants is dependent on current tax legislation at any given time, which is subject to change. What follows is a discussion of the main aspects of current tax legislation. The discussion is not exhaustive, and investors are encouraged to familiarise themselves with all changes and revisions to the tax legislation and seek outside expert counsel of any and all specific tax issues relevant for them, such as potential tax consequences of investing in the Warrants, including the effects of foreign legislations and double taxation treaties Iceland has made with other countries. Investors are warned 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.

The following applies to the taxable treatment of the Warrants for investors.

- | Receipt of the Warrants does not in and of itself constitute a taxable income as they merely constitute a right to purchase shares at a later date;
- | In case of disposal of the Warrants the sales price constitutes taxable income (capital income tax) in full since there is no purchase price to deduct;
- | In case an investor purchases Warrants in the secondary market and disposes of them before their Exercise Period the difference between the purchase and sales price constitutes taxable income (capital income tax). The Warrants' taxable treatment is the same as for derivatives and any gains are thus taxed as capital gains;
- | In case an investor purchases the Warrants in the secondary market and then exercises them upon their maturity (i.e. during the relevant Exercise Period) the

purchase price of the Warrants is deductible from the taxable capital gains, i.e. the difference in the Exercise Price and the market price of the Shares at the time of exercise.

Warrants will assumably only be exercised if they are ITM. For Shareholders, the difference in the Exercise Price of the Warrants and the market price of the Shares at the time of exercise, constitutes taxable income according to Icelandic Act no. 90/2003 on Taxable Income (the "Income Tax Act"). The investors' average acquisition costs for all Warrants of the same class and type will be used as the tax base on which the capital gains of the sale/disposal is calculated.

The current capital income tax rate is 22% in case of Icelandic resident individuals, 20% in case of limited liability companies and 37.6% in case of other company types. Capital gains of individuals not residing in Iceland are taxable in Iceland according to the Income Tax Act. For individuals the tax rate is 22% and for foreign legal entities the tax rate is 20%, unless existing treaties contain provisions to the contrary.

Investors can deduct losses from the sale of one Warrant class from the profits from the sale of other Warrants if, and only if, the profit and loss occur within the same calendar year. For investors whose financial income is not derived from business operations, losses from the sale of Warrants cannot be carried forward and offset against future capital gains from the sale of Warrants.

Investors who are in any doubt as to their personal tax position, should seek professional advice thereto.

4.6 Transferability of Warrants

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

Investors are advised that the FSA has ruled that the Warrants constitute complex financial instruments as set out in the Icelandic Securities Transactions Act No. 108/2007 and MiFID.⁶ Investors are therefore advised to consult professional advisors as needed to help them assess the risks involved with trading in the Warrants.

⁶ MiFID stands for Markets in Financial Instruments Directive No. 2014/65/EC.



Registration Document

8 October 2020

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01 RISK FACTORS

Regarding description on believed material risks related to Icelandair Group hf., (“Icelandair Group”, the “Company” or the “Issuer”) operations and the industry in which it operates, reference is made to pages 3-21 in Chapter 1 *Risk Factors* of the Company’s Share Registration Document, dated 8 September 2020 (the “Share Registration Document”) which has been incorporated into this Prospectus, dated 8 October 2020.

The below denotes, as applicable, updated discussions contained in the Share Registration Document. Chapter and Item numbers correspond with the numbers used in the Share Registration Document.

1.2.4 The airline industry is subject to volatile jet fuel prices

The following sentence and Item are updated versions of the original sentence and Item as published in Chapter 1.2.4 *The airline industry is subject to volatile jet fuel prices* of the Share Registration Document, dated 8 September 2020: “*At the date of this Registration Document the price stands at USD 346 / m/t.*”

Item 1. Sensitivity of open hedge positions to changes in world market prices of jet fuel

| USD '000 | Mark to market |
|------------------------------|----------------|
| Forward price \$663,5 mt | 0 |
| Current forward market price | (~24,627) |
| \$400 mt | (~23,935) |
| \$300 mt | (~32,954) |
| \$200 mt | (~40,733) |
| \$150 mt | (~45,127) |
| \$100 mt | (~49,522) |
| \$50 mt | (~53,916) |
| \$0 mt | (~58,310) |

1.3.7 The Company is exposed to liquidity risk

The following paragraph shall be added and form a part of Chapter 1.3.7 *The Company is exposed to liquidity risk* of the Share Registration Document, dated 8 September 2020:

“The Company has successfully completed an offering of new shares and thus fulfilled all conditions for a USD 120 million credit facility 90% guaranteed by the Icelandic Government. The new share capital further has secured that the Company has access to two revolving credit facilities with local banks in the total amount of USD 52 million.”

1.3.10. The Company is exposed to contractual risk regarding loan covenants

The following sentence shall be added and form a part of Chapter 1.3.10 *The Company is exposed to contractual risk regarding loan covenants* of the Share Registration Document, dated 8 September 2020:

“The Company’s successful completion of an offering of new share capital has cured all breaches of loan covenants.”

1.4.3 Litigation

The following paragraph shall be deleted from Chapter 1.4.3 *Other significant changes* of the Share Registration Document, dated 8 September 2020:

“The Company has been notified that The Icelandic Confederation of Labour (Icelandic: Alþýðusamband Íslands) intends to initiate labour court proceedings due to the alleged unlawful termination of employment of cabin crew members. However, no formal claim has been made and the terminations in question have been withdrawn.”

As this dispute has since been resolved.

The following paragraph shall replace in its entirety paragraph 5 in Chapter 1.4.3 *Other significant changes* of the Share Registration Document, dated 8 September 2020:

“At the date of this Registration Document the Company is not party to any governmental, legal or arbitrational proceedings other than those listed in the Share Registration Document. Further, the Company is not aware of any other such proceedings being pending or threatened during the period covering the previous 12 months which may have or have in the recent past had significant effect on the Company and/or the Company’s financial position or profitability.”

02 NOTICE TO INVESTORS

This Registration Document forms a part of Icelandair Group's prospectus, dated 8 October 2020, (the "Prospectus") which has been prepared in connection with an issuance of 5,750,000,000 warrants in Icelandair Group and an application for their admittance to trading on the regulated market of Nasdaq Iceland, as described herein.

The Prospectus shall be valid for 12 months post publication. For a period of ten years from the date of issue of this Registration Document, this Prospectus shall be available for electronic viewing on the Company's corporate website: <https://www.icelandairgroup.is/investors/>.

For the definitions of terms used throughout this Registration Document, see Chapter 2.2 *Definitions and References*.

The Registration Document has been prepared to provide information about Icelandair Group, its business operations and financial standing and has been drawn up in accordance with Regulation (EU) 2017/1129 of the European Parliament and of the Council (the "Prospectus Regulation"). The level of disclosure complies with Annexes 1 (Registration document for equity securities) and 11 (Securities note for equity securities or units issued by collective investment undertakings of the closed-end type) to EC Commission Regulation (EU) 2019/980 of 14 March 2019 supplementing the Prospectus Regulation. The Prospectus Regulation has been implemented into Icelandic law through the Act on Prospectus for Public Offering or Admission to Trading on a Regulated Market No. 14/2020. The Prospectus further complies with Nasdaq Iceland's Rules for Issuers of Financial Instruments, dated 1 May 2020 ("Rules of Exchange").

The Prospectus is published electronically at the Company's website, <https://www.icelandairgroup.is/investors/reports-and-presentations/prospectus/> and consists of three separate documents; a Summary, a Securities Note and this Registration Document, all dated 8 October 2020. Printed copies can be ordered, free of charge, through compliance@icelandairgroup.is for up to ten years post publication. The Prospectus has been prepared solely in the English language; however, an Icelandic translation of the Summary has been prepared and made available to investors. The Icelandic language version of the Summary is an unofficial translation of the English original and in case of any discrepancies the English version shall prevail.

The Financial Supervisory Authority of the Central Bank of Iceland, ("FSA") has scrutinised and approved the Registration Document on 8 October 2020. FSA is a competent authority under the Prospective Regulation. The approval and registration of the FSA does not imply that the FSA has controlled the accuracy or completeness of the included information and gives no guarantee to that effect. Furthermore, such approval of the FSA shall not be considered as an endorsement to the Issuer that is the subject of the Prospectus. The FSA only approves the Registration Document as meeting the standard of completeness, comprehensibility and consistency imposed by the Prospectus Regulation.

The distribution of the Prospectus in certain jurisdictions may be restricted by law. The Prospectus does not constitute an offer of, or an invitation to subscribe for or purchase any of the Warrants in any jurisdiction in which that would be considered unlawful. Accordingly, neither the Prospectus nor any advertisement or any other material may be distributed or published in any jurisdiction except under circumstances that will result in compliance with any

applicable laws and regulations. The Company requires persons in possession of the Prospectus to inform and observe themselves about any such restrictions and behave accordingly.

All sections of the Prospectus should be read in conjunction and as a whole. Special attention is drawn to the importance of investors reading and fully understanding the associated risks of investing in the Warrants by familiarising themselves with the contents of Chapter 1 *Risk Factors* in both the Offering Prospectus and this Prospectus dated 8 October 2020. In making an investment decision, prospective investors must rely on their own examination, and analysis of Icelandair Group including the merits and risks involved. Investors are reminded that Warrants are risky investments that are based on expectations, not promises. Each investor should consult with his or her own advisors as to the legal, tax, business, financial and related aspects when making an investment decision. Neither the Company as the Issuer nor Íslandsbanki hf. (“Íslandsbanki”) as the Listing Advisor have made or should be seen as making any promise of positive future operational results or an acceptable return on investment. The FSA has ruled that the Warrants are to be classified as complex financial instruments as set out in the Icelandic Securities Transactions Act No. 108/2007 and MiFID.¹

Information in the Prospectus is based on circumstances and facts on the date it is signed, unless otherwise noticed. The Issuer has furnished the information in the Prospectus to provide a presentation of Icelandair Group and to inform prospective investors about the Company and the Warrants. Unless otherwise explicitly stated, the source of information included in the Prospectus is the Issuer. If significant new information, material mistakes or inaccuracy relating to information in the Prospectus, which could affect the assessment of the Warrants, is discovered between the time the Prospectus is approved by the FSA, as per Article 5 of the Act on Prospectus for Public Offering or Admission to Trading on a Regulated Market No. 14/2020, and the time when the Warrants are admitted to trading, a supplement to the Prospectus shall be prepared containing the changes and/or new information in question in accordance with Article 23 of the Prospectus Regulation. Such a supplement shall be approved and published in the same manner as the original prospectus, in a maximum of five working days. The Summary and any translation thereof shall also be supplemented as relevant.

Only the Company is entitled to provide information about conditions described in this Registration Document. Information supplied by any other person is of no relevance in relation to the Share Registration Document and must not be relied upon. Investors are encouraged to stay informed on all material either disclosed by or relevant to the Issuer.

This Registration Document is neither an offer to sell nor a request to buy Warrants issued by the Issuer. Neither the delivery of the Registration Document nor any sale made hereunder shall under any circumstances be taken to mean that there has been no change in the Company’s affairs or that the information set forth in the Registration Document is correct as of any date after the date hereof.

This Prospectus shall be governed by and construed in accordance with Icelandic law. Any dispute arising out of, or in connection with, this Prospectus shall be subject to the exclusive jurisdiction of the courts of Iceland, with the District Court of Reykjavík (Ice. Héraðsdómur Reykjavíkur) as the venue. Unless otherwise stated, references to any laws, acts or regulations

¹ MiFID stands for Markets in Financial Instruments Directive No. 2014/65/EC.

are references to acts passed by the Icelandic parliament and regulations issued by Icelandic governmental agencies unless otherwise clear from the context.

The Prospectus includes “forward-looking statements.” These statements may not be based on historical facts but are statements about future expectations. When used in this release, the words “aims”, “anticipates”, “assumes”, “believes”, “could”, “estimates”, “expects”, “intends”, “may”, “plans”, “should”, “will”, “would” and similar expressions as they relate to the Company and the transaction identify certain of these forward-looking statements. Other forward-looking statements can be identified in the context in which the statements are made. These forward-looking statements are based on present plans, estimates, projections and expectations and are not guarantees of future performance. They are based on certain expectations, which, even though they seem to be reasonable at present, may turn out to be incorrect. Such forward-looking statements are based on assumptions and are subject to various risks and uncertainties. Investors should not rely on these forward-looking statements. Numerous factors may cause the actual results of operations or financial condition of the Company to differ materially from those expressed or implied in the forward-looking statements. The Company or any of its affiliates, the Listing Advisor, representatives or any other person undertakes no obligation to review, confirm or to publicly release any revisions to any forward-looking statements to reflect events that occur or circumstances that arise following the release date of this Prospectus.

2.1 Potential Conflict of Interest

Investors are advised of the following interests Íslandsbanki hf. has regarding Icelandair Group.

Íslandsbanki

Íslandsbanki’s Corporate Finance division was retained by the Company to oversee the process of having the Warrants admitted to trading on Nasdaq Iceland’s regulated market. Íslandsbanki accepts a fee for their services to the Company, which *inter alia* include the compilation of this Prospectus. Íslandsbanki’s Corporate Banking division is a lender to Icelandair Group and provides general banking services to the Company. Íslandsbanki’s FX Sales division provides foreign exchange trading services to Icelandair Group. At close of business on 7 October 2020 Íslandsbanki holds a total of 1,878,657,769 Shares in the Issuer. Íslandsbanki acts as a market maker for the Company shares as further disclosed on pages 18-19 in Chapter 4.2 *Market Making* in the Company’s Offering Securities Note, dated 8 September 2020.

In accordance with Article 8 of the Securities Transactions Act, Íslandsbanki has in place provisions for the treatment of potential conflicts of interest. Investors are advised to acquaint themselves with a summary of the policy which can be found on the bank’s website, <https://cdn.islandsbanki.is/image/upload/v1/documents/Excerpt from the Conflicts of Interest Policy.pdf>.

2.2 Definitions and References

In this Registration Document, the below shall be construed to have the following meaning unless otherwise explicitly stated or clear from context.

| | |
|------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Airline, the, Icelandair | is a reference to Icelandair ehf., ID No. 631205-1780, Reykjavíkurlflugvelli, 101 Reykjavík, Iceland |
| Articles of Association, the | is a reference to the Company's Articles of Association, dated 23 September 2020 |
| B737 MAX | is a reference to aircraft models Boeing 737 MAX8 and MAX9 |
| Board of Directors, the | is a reference to the Board of Directors of the Company. The individuals detailed in Chapter 6.1 <i>Members of the Board of Directors</i> in the Company's Share Registration Document, dated 8 September 2020 |
| CAPEX | is a reference to Capital Expenditure |
| Company, the, Issuer, the and Icelandair Group | is a reference to Icelandair Group hf. ID No. 631205-1780, Reykjavíkurlflugvöllur, 101 Reykjavík, Iceland |
| EBIT | is a reference to Earnings Before Interest and Tax |
| EBITDA | is a reference to Earnings Before Interest, Taxes, Depreciation and Amortization |
| EEA | is a reference to the European Economic Area, whereby Iceland, Norway and Liechtenstein gain access to the EU's single market on the basis that they adopt most EU legislation concerning the single market |
| EU | is a reference to the European Union |
| Executive Committee, the | is a reference to the individuals detailed in Chapter 6.2 <i>Executive Committee</i> of the Company's Share Registration Document, dated 8 September 2020 |
| IFRS | is a reference to International Financial Reporting Standards as approved by the EU according to Directive 1606/2002 |
| ISAVIA | is a reference to ISAVIA ohf., ID No. 550210-0370, Reykjavíkurlflugvelli, 101 Reykjavík, Iceland. ISAVIA handles the operation and development of all airports in Iceland and, furthermore, manages air traffic in the Icelandic control area. |
| Information Memorandum, the | is reference to the Company's Information Memorandum, first published 18 August 2020, amended and republished 4 September 2020 and 10 September 2020 |
| ISK | is a reference to Icelandic Krona, the legal tender of Iceland |
| Jet fuel | is a reference to the type of fuel used to power aircraft |

| | |
|------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| KPMG | is a reference to auditing firm KPMG ehf., ID No. 590975-0449, Borgartún 27, 105 Reykjavík |
| Listing Advisor, the | is a reference to Íslandsbanki hf., Corporate Finance division, ID No. 491008-0160, Hagasmári 3, 201 Kópavogur, Iceland |
| Nasdaq Iceland and the Nasdaq Iceland Stock Exchange | is a reference to Kauphöll Íslands hf. (Nasdaq Iceland) ID No. 681298-2829, Laugavegur 182, 105 Reykjavík, which operates Iceland's only regulated market |
| Mt | is a reference to metric tonnes |
| Offering Prospectus, the | is a reference to the Company's Prospectus, dated 8 September 2020, formed by the Securities Note, the Share Registration Document and the Summary |
| Offering Securities Note, the | is a reference to the Company's Securities Note, dated 8 September 2020 |
| Registration Document, the | is a reference to this Registration Document, dated 8 October 2020 |
| Securities Note, the | is a reference to the Company's Securities Note, dated 8 October 2020 |
| Shares, the | is a reference to shares issued by the Company |
| Share Registration Document, the | is a reference to the Company's Share Registration Document dated 8 September 2020 |
| USD | is a reference to United States dollar, the legal tender of the United States of America |
| Warrants, the | is a reference to the Warrants (<i>icel. áskriftarréttindi</i>) issued by the Company in relation to an offering of new shares that concluded on 17 September 2020 |

2.3 The Company's Statement

We, the undersigned, the Chairman of the Board of Directors and the President and Chief Executive Officer of Icelandair Group hf., ID No. 631205-1780, registered office at Reykjavíkurlugvöllur, 101 Reykjavík, Iceland, hereby declare, for and on behalf of the Company, that having taken all reasonable care to ensure that such is the case, the information contained in this Registration Document dated 8 October 2020 is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import.

Reykjavík, 8 October 2020

For and on behalf of Icelandair Group



Ulfar Steindórsson
Chairman of the Board of Directors

and



Bogi Nils Bogason

President and Chief Executive Officer

2.4 Statutory Auditor's Statement

KPMG ehf., ID. No. 590975-0449, Borgartún 27, Reykjavík, Iceland ("KPMG"), has audited the annual consolidated financial statements of Icelandair Group for the fiscal years ended 31 December 2019, 2018 and 2017 respectively. KPMG hereby confirms that the consolidated financial statements of the Company for the aforementioned years give a true and fair view of the financial position of Icelandair Group for the respective years ended 31 December as well as its financial performance and cash flow for the years in accordance with the International Financial Reporting Standards ("IFRS") as adopted by the EU. KPMG confirms that the abovementioned consolidated financial statements which have been incorporated into this Registration Document, dated 8 October 2020, by reference are consistent with their respective originals. KPMG has no material interest in the Company.

Reykjavík 8 October 2020

On behalf of KPMG



Auður Þórisdóttir



Hjördís Ýr Ólafsdóttir

Certified public accountants and members of The Institute of State Authorized Public Accountants in Iceland

2.5 The Listing Advisor

Íslandsbanki has acted in the capacity of Listing Advisor in relation to the Warrants being admitted to trading on the regulated market of Nasdaq Iceland and preparing the Securities Note. Íslandsbanki as the Listing Advisor has prepared the Prospectus in close co-operation with the Executive Committee and Board of Directors. The Prospectus is based on information provided by the Company, including audited consolidated financial statements.

The Listing Advisor has not independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is assumed by the Listing Advisor as to the accuracy or completeness of the information contained in this document or any other information provided by the Company in connection with the admittance of the Warrants to trading.

2.6 Documents on Display and Documents Incorporated by Reference

For a period of ten years from the date of issue of this Registration Document, the following documents will be available for electronic viewing on the Company's corporate website <https://www.icelandairgroup.is/investors/>:

Documents on display

- | The Summary, the Securities Note and this Registration Document all dated 8 October 2020; website link: <https://www.icelandairgroup.is/investors/reports-and-presentations/prospectus/>.

Documents incorporated by reference and form an integral part of the Prospectus

This Prospectus is to be read in conjunction with all the documents which are deemed to be incorporated herein by reference. This Prospectus shall be read and construed on the basis that such documents are incorporated and form part of this Prospectus.

- | The Summary, the Securities Note and the Share Registration Document all dated 8 September 2020; website link: <https://www.icelandairgroup.is/servlet/file/store653/item1273652/version1/2020%2009%2008%20L%C3%BDsing%20Icelandair.pdf>
- | The Summary, the Securities Note and the Share Registration Document all dated 7 May 2019; website link: https://www.icelandairgroup.is/servlet/file/store653/item1234079/version1/Icelandair-Group-hf-Lysing-7-mai-2019_me%C3%B0-undirritunum.pdf
- | The Company's Annual Report for the year 2019; website link: <https://annualreport2019.icelandairgroup.is/>
- | The Company's Information Memorandum first published 18 August 2020, amended and republished 4 September 2020 and 10 September 2020; website link: <https://www.icelandairgroup.is/servlet/file/store653/item1273663/version1/IMIG-SEPT-2020-final.pdf>.

- | The Company's Results Announcement in relation to its Condensed Consolidated Interim Financial Statements of the Company for the period from 1 January to 30 June 2020, dated 27 July 2020; website link:
<https://www.icelandairgroup.is/servlet/file/store653/item1273051/item.pdf>
- | Condensed Consolidated Interim Financial Statements of the Company, 1 January 2020 to 30 June 2020; website link:
<https://www.icelandairgroup.is/servlet/file/store653/item1272930/item.pdf>
- | Endorsement and statement by the Board of Directors and the CEO in relation to Condensed Consolidated Interim Financial Statements of the Company, 1 January 2020 to 30 June 2020; website link:
<https://www.icelandairgroup.is/servlet/file/store653/item1273051/item.pdf>
- | Consolidated Financial Statements of the Company for the year 2019, website link:
<https://www.icelandairgroup.is/servlet/file/store653/item1267781/item.pdf>
- | Consolidated Financial Statements of the Company for the year 2018, website link:
<https://www.icelandairgroup.is/servlet/file/store653/item1224194/item.pdf>
- | Consolidated Financial Statements of the Company for the year 2017, website link:
<https://www.icelandairgroup.is/servlet/file/store653/item1175445/item.pdf>

2.7 Third Party Information

The Issuer confirms that where third party information has been used in the Share Registration Document, the information has been accurately reproduced and the source of such information has been identified. As far as the Issuer is aware and able to ascertain from information published by those third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading.

03 SELECTED FINANCIAL INFORMATION

Below are selected consolidated financial information for the Company. The information from the following tables have been derived from the Company's consolidated financial statements for the fiscal years 2017, 2018 and 2019 as well as the condensed consolidated interim financial statements for the six months ended 30 June 2020 and 2019 respectively. All the financial information has been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU and correspond with the interpretations of the International Accounting Standards Board.

The Company's full consolidated financial statements for the abovementioned fiscal years have been audited by KPMG ehf. and have been incorporated by reference into this Prospectus, dated 8 October 2020. The condensed consolidated interim financial statements (the "Interim Accounts") for the six months ended 30 June 2020 and 2019 respectively are management accounts that have neither been audited nor reviewed. No other information contained in this chapter or other chapters of this Registration Document have been audited.

Detailed information regarding items in the consolidated statements of profit or loss, consolidated statements of cash flows and consolidated statements of financial position are accessible in the policies and explanatory notes in the relevant consolidated financial statements.

3.1 Consolidated statements of profit or loss

| Item 2. Consolidated statements of profit or loss | | | | | |
|---------------------------------------------------|-------------------|--------------------------------------------|-------------------|-------------------|--------------------------------------------|
| | 2020 | 2019 | 2019 | 2018 | 2017 |
| | 01.01.- 30.06. | Restated ² 01.01.- 30.06. | 01.01.- 31.12. | 01.01.- 31.12. | Restated ³ 01.01.- 31.12. |
| USD '000 | Unaudited | Unaudited | Audited | Audited | Audited |
| Operating income | 269,788 | 651,369 | 1,504,495 | 1,510,518 | 1,417,987 |
| Operating expenses | (355,916) | (653,014) | (1,366,519) | (1,434,039) | (1,247,911) |
| EBITDA | (86,128) | (1,645) | 137,976 | 76,479 | 170,076 |
| Depreciation and amortisation | (103,946) | (82,038) | (177,273) | (133,447) | (120,431) |
| Impairment | (123,474) | | | | |
| Operating (loss) profit (EBIT) | (313,548) | (83,683) | (39,297) | (56,968) | 49,645 |
| Finance income | 12,016 | 1,492 | 7,044 | 8,578 | 14,083 |
| Finance costs | (25,380) | (19,768) | (32,994) | (21,172) | (15,678) |
| Gain on sale of a subsidiary | 22,454 | | | | |
| Changes in fair value of derivatives | (47,447) | | | | |
| Net finance (costs) income | (38,357) | (18,276) | (25,950) | (12,594) | (1,595) |
| Share of profit of associates, net of tax | (4,319) | (7,015) | (7,354) | 1,752 | 592 |
| (Loss) profit before tax | (356,224) | (108,974) | (72,601) | (67,810) | 48,642 |

² Travel and other employee expenses have been restated from salaries and salary related expenses to other operating expenses. Use of leased aircraft engines have been restated from depreciation to aviation expenses.

³ With the implementation of the new IFRS 15 revenue recognition standard, baggage fees, in-flight sales, excess leg room and wi-fi that are sold as a separate component are now included in passenger revenue. These items were previously included in either cargo, mail or sale at airports and hotels. Amounts from 2017 have been restated accordingly. Amounts from 2016 have not been restated in this respect.

| | | | | | |
|---------------------------------------------|------------------|-----------------|-----------------|-----------------|---------------|
| Income tax | 25,178 | 19,594 | 14,822 | 12,240 | (11,104) |
| (Loss) profit for the period | (331,046) | (89,380) | (57,779) | (55,570) | 37,538 |
| <i>(Loss) earnings in US cent per share</i> | <i>(6.12)</i> | <i>(1.77)</i> | <i>(1.06)</i> | <i>(1.16)</i> | <i>0.75</i> |

3.2 Consolidated statements of financial position

Item 3. Consolidated statement of financial position

| | 2020 | 2019 | 2019 | 2018 | 2017 |
|-------------------------------------|----------------------------|----------------------------|--------------------------|--------------------------|---------------------------------------|
| <i>USD '000</i> | 30.06. <i>Unaudited</i> | 30.06. <i>Unaudited</i> | 31.12. <i>Audited</i> | 31.12. <i>Audited</i> | 31.12. <i>Restated Audited</i> |
| Assets | | | | | |
| Total non-current assets | 785,630 | 1,045,262 | 1,015,158 | 894,578 | 959,786 |
| Total current assets | 305,107 | 671,730 | 661,429 | 569,544 | 464,056 |
| Total assets | 1,090,737 | 1,716,992 | 1,676,587 | 1,464,122 | 1,423,842 |
| Equity | | | | | |
| Total equity | 118,397 | 430,863 | 482,478 | 471,379 | 596,545 |
| Liabilities | | | | | |
| Total non-current liabilities | 259,652 | 385,271 | 425,898 | 194,935 | 358,378 |
| Total current liabilities | 712,688 | 900,858 | 768,211 | 797,808 | 468,919 |
| Total liabilities | 972,340 | 1,286,129 | 1,194,109 | 992,743 | 827,297 |
| Total equity and liabilities | 1,090,737 | 1,716,992 | 1,676,587 | 1,464,122 | 1,423,842 |

3.3 Consolidated statements of cash flows

Item 4. Consolidated statements of cash flows

| | 2020 | 2019 | 2019 | 2018 | 2017 |
|----------------------------------------------------------|---------------------------------------|---------------------------------------|-------------------------------------|-------------------------------------|--------------------------------------------------|
| <i>USD '000</i> | 01.01.- 30.06. <i>Unaudited</i> | 01.01.- 30.06. <i>Unaudited</i> | 01.01.- 31.12. <i>Audited</i> | 01.01.- 31.12. <i>Audited</i> | 01.01.- 31.12. <i>Restated Audited</i> |
| Net cash from operating activities | (19,409) | 121,454 | 119,878 | 61,553 | 205,603 |
| Net cash from (used in) investing activities | 10,512 | (91,398) | (138,657) | (129,933) | (228,419) |
| Net cash (used in) from financing activities | (69,423) | (153,370) | (44,940) | 149,336 | 14,554 |
| Increase (decrease) in cash and cash equivalents | (78,320) | (123,314) | (63,719) | 80,956 | (8,262) |
| Effect of exchange rate fluctuations on cash held | (3,128) | (1,195) | (668) | (2,687) | 2,564 |
| Cash and cash equivalents at beginning of the period | 235,073 | 299,460 | 299,460 | 221,191 | 226,889 |
| Cash and cash equivalents at end of the period | 153,625 | 174,951 | 235,073 | 299,460 | 221,191 |

3.4 Key ratios

| Item 5. | Key ratios | | | | |
|------------------------------------------|----------------------------|----------------------------|--------------------------|---------------------------------------------------|--------------------------------------|
| | 2020 | 2019 | 2019 | 2018 | 2017 |
| | 30.06. <i>Unaudited</i> | 30.06. <i>Unaudited</i> | 31.12. <i>Audited</i> | 31.12. <i>Audited</i> Restated ⁴ | 31.12. <i>Audited</i> Restated |
| (Loss) earnings per share (US Cent) | (6.12) | (1.77) | (1.06) | (1.16) | 0.75 |
| Equity ratio | 11% | 25% | 29% | 32% | 42% |
| Current ratio | 0.43 | 0.75 | 0.86 | 0.71 | 0.99 |
| CAPEX (USD'000) | (10,284) ⁵ | 204,091 | 269,274 | 271,251 | 166,131 |
| Transport revenue as % of total revenues | 64% | 76% | 77% | 72% | 74% |
| EBITDA ratio | -31.9% | -0.3% | 9.2% | 5.1% | 12.0% |

⁴ Iceland Travel included in 2018

⁵ Includes profit of the sale of Icelandair Hotels

04 INFORMATION ABOUT THE COMPANY

4.1 The Issuer

The legal and commercial name of the Issuer is Icelandair Group hf. The Issuer is registered at the Register of Enterprises in Iceland, with the ID No. 631205-1780. The Issuer's domicile and headquarters are at Reykjavíkurlugvöllur, 101 Reykjavík, Iceland.

The Issuer is a public limited company incorporated in Iceland operating pursuant to the Icelandic Act No. 2/1995 respecting Public Limited Companies (the "Public Companies Act"). The Issuer is listed on Nasdaq Iceland's regulated market and is therefore subject to Act No. 108/2007 respecting Securities Transactions. The Group's operations are further subject to the Icelandic Aviation Act No. 10/1998, Act No. 41/1949 respecting The Convention for the Unification of certain rules relating to international carriage by air, (commonly known as the "Warsaw Convention"), Act No. 95/2018 respecting Package Tours and Linked Travel Arrangements and Act No. 85/2007 respecting food and beverage services, accommodation establishments and entertainment. Notice is made of the fact the above list is not exhaustive as the Issuer as all other companies, is subject to several general bodies of law such as Act No. 90/2003 on Income Tax and Act No. 3/2006 on Annual Accounts.

| | |
|----------------------------------|-------------------------------------------------------------------------------------------------------|
| Issuer: | Icelandair Group hf. |
| ID No: | 631205-1780 |
| LEI No: | 549300UMI5MBLZSXGL15 |
| Legal form: | Public limited company |
| Date of incorporation: | 20 December 2005 |
| Total shares outstanding: | 28,437,660,653 |
| Total share capital: | 28,437,660,653 divided into shares of one ISK each |
| Ticker symbol at Nasdaq Iceland: | ICEAIR |
| ISIN number: | IS0000013464 |
| Domicile: | Reykjavíkurlugvöllur, 101 Reykjavík, Iceland |
| Website: | www.icelandairgroup.is/investors/ ⁶ |
| Telephone: | +354 50 50 300 |

⁶ Please note that information presented on the Issuer's website does not form part of the Prospectus unless the information is incorporated by reference into the prospectus.

4.2 Brief history

Icelandair Group traces its roots to the year 1937 when one of its predecessors, Flugfélag Akureyrar, was founded. In 1943, the Company moved its headquarters to Reykjavík and changed its name to Flugfélag Íslands, which later assumed the international trade name Icelandair.

Another important milestone was passed in 1944, when three young Icelandic pilots, returning from flight training in Canada, founded Loftleidir, which later became known as Icelandic Airlines. Initially, both companies concentrated on Icelandic domestic air services. However, in 1945 Icelandair made its first international flight to Scotland and Denmark. Loftleidir began international operations in 1947, and its pioneering low-fare services across the North-Atlantic commenced in 1953.

In 1973, the two airlines, Icelandair and Loftleidir, were merged under a new holding company, Flugleidir. In October 1979, Flugleidir assumed all the operating responsibilities of its two parent companies and decided to use Icelandair as its international trade name, only retaining the Flugleidir name in the domestic market.

Although its formal founding date is 20 December 2005, Icelandair Group, in its current day form, is the result of a series of acquisitions, mergers, de-mergers, in- and divestments and comprehensive restructuring spanning the four decades, from 1979 - 2019. The Group's Shares have been traded on Nasdaq Iceland since 14 December 2006.

In 2017, Icelandair Group celebrated 80 years of successful operations in scheduled flight services making the name Icelandair one of the longest serving airline names in the world.

In November 2017 the Company announced changes to its structure. The operation and business activities of Icelandair Group and the main subsidiary of the Company; Icelandair are now integrated under the leadership of a single executive director and the finance divisions of the companies have been merged.

In February 2019, the Company further sharpened the focus on the core business, flight operations. Flight operations are divided into eight divisions consisting of four core business divisions and four supporting functions. At the same time the Company announced it was preparing the sales process of the remaining non-aviation subsidiary, Iceland Travel and merging shared services subsidiary Fjárvakur with the Group's finance division which was completed in Q1 2020.

The year 2020 has been completely overshadowed by the effects of the COVID-19 global pandemic that has heavily impacted most all aspects of the Company's operations.

Key Milestones

- | **1937** One of the predecessors of the Group, Flugfélag Akureyrar, was founded in Akureyri.
- | **1940-1980** Name changed to Flugfélag Íslands (Air Iceland) and headquarters moved to Reykjavík. Loftleidir and Flugfélag Íslands merged to form Flugleidir (Icelandair). International flights commenced.
- | **1980-2000** Flugleidir was listed on the Icelandic stock exchange (currently known as the Main Market of Nasdaq Iceland hf.). Total renewal of the older aircraft fleet was finalised. Air Iceland (Flugfélag Íslands), a wholly-owned subsidiary of Flugleidir, merged from Flugfélag Norðurlands and Flugleidir's domestic flight operations. Icelandair Hotels (Flugleidahótel) and Icelandair Cargo were founded.
- | **2006** Icelandair Group is listed on the Nasdaq Iceland Main Market.
- | **2013** The Company commences its fleet renewal programme by signing with Boeing and confirming an order of sixteen 737 MAX8 and 737 MAX9 aircraft, with an option to buy an additional eight aircraft.
- | **2017** Icelandair Group celebrated 80 years of operations.
- | **2019** Icelandair Group successfully completes an offering of new share capital in the amount of ISK 5,643,750,000.
- | **2019** The number of passengers in the international Route Network totalled 4.4 million, a record number in the Company's history.
- | **2019** Icelandair decides to divest its tourism operations placing the Airline and its Route Network at the core of its business.
- | **2020** Icelandair Group completes the sale of a 75% equity share in Icelandair Hotels and related real estates.
- | **2020** Icelandair Group successfully completes an offering of new share capital in the amount of ISK 23,000,000,000.

4.3 Organisation

For a description of the Company's organizational structure reference is made to pages 34-36 in Chapter 3.2 *Organisation* of the Company's Share Registration Document, dated 8 September 2020.

The Company holds five significant subsidiaries at the date of this Registration Document. The subsidiaries are as follows:

| Item 6. Significant subsidiaries | | |
|----------------------------------------------|--------------------------|--------------------|
| Company | Country of incorporation | Ownership interest |
| Icelandair ehf. ⁷ | Iceland | 100% |
| Lofleiðir – Icelandic ehf. | Iceland | 100% |
| Flugfélag Íslands ehf. (Air Iceland Connect) | Iceland | 100% |
| FERIA ehf. (VITA) | Iceland | 100% |
| Iceland Travel ehf. | Iceland | 100% |

⁷ Icelandair Cargo ehf. is a subsidiary of Icelandair ehf.

05 THE ROUTE NETWORK

For information on the Company's route network reference is made to pages 36-40 in Chapter 3.3 *The Route Network and The Company's Vision* of the Share Registration Document of the Offering Prospectus, dated 8 September 2020 as well as pages 35-41 in Chapter 5 *The Route Network* of the Company's Share Registration Document, dated 7 May 2019 which has been incorporated into this Registration Document, dated 8 October 2020.

5.1 Strategy and Vision

For information on the Company's strategy and vision reference is made to the *Strategy and Structure* section of the Business Review Chapter of the Company's Annual Report for the year 2019.

5.2 Principal markets

For information on the Company's principal markets reference is made to pages 20, 91 and 93 of the Company's Information Memorandum first published 18 August 2020 and republished 10 September 2020 which has been incorporated into this Prospectus, dated 8 October 2020 as well as *the Strategy and Structure* section of the Business Review Chapter of the Company's Annual Report for the year 2019 which has also been incorporated into this Registration Document, dated 8 October 2020. For a discussion of the Company's principal activities and markets pre-COVID-19 reference is made to pages 36-42 in Chapter 5.2 *Principal Activities* and Chapter 5.3 *Principal markets* of the Company's Share Registration Document dated 7 May 2019.

5.3 Employees

Icelandair Group seeks to attract talented and qualified employees who can help the Company meet the challenges of the future while at the same time fitting into the existing corporate culture.

Icelandair Group's human resources strategy emphasizes equality and non-discrimination and embraces diversity. The Company makes sure that its employees are provided equal opportunities and equal rights are part of the Company's Equal Rights Policy and Equal Rights Plan, approved by the Executive Committee.

In early 2018 Icelandair Group sharpened its policy and actions against bullying, sexual and gender-related harassment and violence. The policy and its related actions include clear procedures and preventive measures. Employees can access necessary information on the policy on the Company's intranet, together with a plan of action that details the options available to employees who feel victimised. All managers received appropriate training and open lectures were held for all employees to attend.

In accordance with the Gender Equality Act No.10/2008 Icelandair Group has implemented an Equal Pay Policy in order to improve gender equality and to acquire an Equal Pay Certification. The Company wishes to enforce the current legislation which prohibits discriminatory practices based on gender and requires women and men working for the same employer to be paid equal wages and enjoy equal terms of employment for the same jobs or jobs of equal value. Icelandair Group was certified and received the Equal Pay Certificate for the Airline, along with

the Cargo operations, and Icelandair Hotels in February 2019. The Company's full-time equivalents were 4,715 on average in 2019.

Item 7. Icelandair Group employees, full time equivalents (FTEs)

| | 1 October 2020 | 2019 | 2018 | 2017 |
|----------------------------------------|---------------------------|--------------|--------------|--------------|
| Icelandair | 1,211 | 3,451 | 3,260 | 2,922 |
| Icelandair Cargo | 67 | 91 | 80 | 56 |
| Icelandair Shared Services (Fjárvakur) | 0 | 131 | 127 | 137 |
| Air Iceland Connect | 61 | 210 | 233 | 232 |
| Loftleidir-Icelandic | 12 | 14 | 11 | 10 |
| VITA | 11 | 29 | 30 | 25 |
| Icelandair Hotels ⁸ | N/A | 659 | 673 | 677 |
| Iceland Travel | 23 | 126 | 168 | 197 |
| Parent Company | 12 | 4 | 14 | 17 |
| Total | 1,397 | 4,715 | 4,606 | 4,263 |

As with many airlines Icelandair Group needs to account for seasonal fluctuations in its operations. Therefore, a significant part of the flight and cabin crew work on a temporary basis during the year. In 2019, 10% of the full time equivalents (FTEs) were employees that were on temporary contracts.

⁸ Icelandair Hotels is not a part of the Company's FTEs after 2019.

06 OPERATIONAL AND FINANCIAL REVIEW

Following is a discussion of Icelandair Group’s operational and financial condition and results of operations. The discussion is based on the audited consolidated financial statements for the years ended 31 December 2019, 2018 and 2017 respectively as well as the Interim Accounts for the six months ended 30 June 2020 and 2019 respectively.

KPMG has audited the annual consolidated financial statements of the Group for the referred fiscal year in accordance with International Financial Reporting Standards (“IFRS”), issued by the International Accounting Standards Board. The financial statements for the 2019 fiscal year which have been incorporated into this Prospectus by reference, dated 8 October 2020. The consolidated financial statements contain neither qualifications nor disclaimers by the auditor. KPMG has been the Company’s auditor since 1973. The Interim Accounts are neither reviewed nor audited.

Investors should read the Group’s consolidated financial statements and the related notes, as well as the other sections of the Prospectus, as well as all other referenced materials, and should not rely solely on the information contained in this section.

The outlook contained in this section reflects the Executive Committee’s general outlook at the date of this Registration Document and is subject to risks, uncertainties and other factors that could differ materially from those contemplated here. Factors that may cause such differences include, but are not limited to, those discussed in Chapters 01 *Risk Factors* and 02 *Notice to Investors* as well as all materials referenced therein. Due to measures taken throughout the world to mitigate the possible expansion of the COVID-19 pandemic the Company suspended its 2020 fiscal guidance on 1 March 2020 given the increased uncertainty surrounding the Company’s financial outcome for the year.

The Executive Committee is 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 (including any referenced material) likely have material adverse effect on the Company’s financial position or results of operations.

For changes to the Company’s financial or trading position since the end of the last financial period, 31 December 2019, reference is made to Chapter 6.1 *Recent events and changes to the Company’s operations*.

6.1 Recent events and changes to the Company’s Operations

For recent events and changes to the Company’s operations reference is made to pages 42-48 in Chapter 4.2 *Recent Events and Changes to the Company’s Operations* of the Company’s Share Registration Document, dated 8 September 2020.

The below denotes, as applicable, updates to discussions contained in the Share Registration Document, dated 8 September 2020. Chapter and Item numbers correspond with the numbers used in the Share Registration Document.

4.2.2 Steps taken to secure long-term capital structure

The following sentence shall be added as the last paragraph of Chapter 4.2.2 *Steps taken to secure long-term capital structure* of the Share Registration Document, dated 8 September

2020: *“The successful completion of an offering of new shares by which the Company sold new equity in the amount of ISK 23,000 million, effectuates all concession and credit facility agreements that were subject to the offering.”*

4.2.6 Other significant changes

The following paragraph shall replace in its entirety the previous paragraph in Chapter 4.2.6 *Other significant changes* of the Share Registration Document, dated 8 September 2020:

“Apart from what is stated above, as well as in other referenced materials, no other significant changes have occurred that would impact the Company’s financial or trading position since the end of the last financial period for which audited financial statements have been published, 31 December 2019. The Company would like to stress that the current volatile market conditions and uncertainty may exaggerate fluctuations in the value of assets, both tangible and intangible, over the next quarters.”

6.2 Changes in reporting standards

Description on changes in reporting standards from 2017-2019 can be found on pages 47-49 in Chapter 6.2 *Changes in reporting standards* of the Company’s Share Registration Document, dated 7 May 2019.

The Company has not implemented a new material financial reporting standard since that of IFRS 16 which was implemented as of 1 January 2019.

6.3 General trends, developments and outlook

In the period covered by the historical financial information in this Prospectus the Company has experienced substantial fluctuations in its external operating environment as well as implemented significant operational and structural changes in its operations.

The COVID-19 pandemic and the associated wide-ranging travel bans resulted in dramatic drop in demand, affecting the Group’s operations and financial performance heavily year-to-date 2020. Extensive measures have been taken to get the Company through an the extended, and still anticipated, period of minimum operations. The flight schedule has been scaled down, currently at about only ~3%-5% of the originally planned schedule. The goal of all actions taken is to trim down operational expenses and minimize cash outflow but at the same time secure the continuity of necessary core operations and safeguard the flexibility needed for a quick scale-up when markets recover.

The demand shock resulting from COVID-19 had severe impact on the Company’s revenues in the first six months of 2020 with total operating income going from USD 651.4 million in 1H 2019 to USD 268.8 million in 1H 2020, a decrease of 58.7% year-on-year. Looking at Q2 specifically the drop in revenues is even more devastating, going from USD 324.4 million in 2019 to 27.6 million in 2020 a contraction of 91.5% year-on-year.

For a discussion of general trends and developments thereafter reference is made to pages 42-48 in Chapter 4.2 *Recent Events and Changes to the Company’s Operations* and to pages 48-50 in Chapter 4.3 *Significant Trends and Investments*, both in the Share Registration Document, dated 8 September 2020.

For a discussion of general trends and developments up until 2019 reference is made to pages 44-50 in Chapter 6.1 *Recent events and changes to reporting* of the Company's Share Registration Document, dated 7 May 2019.

6.4 Capitalisation and capital commitments

The Board of Directors is tasked with the responsibility of optimising the capital structure of the Company and thus maintaining Icelandair Group's financial strength. The Board has adopted a dividend policy whose objective is to pay 20-40% of annual net profit as dividend to its shareholders. The final decision on dividend payment will be based on the financial position of the Company, operating capital requirements and market conditions. Dividend payments may at times also be impacted by the Company's liquidity needs, financial covenants and other possible factors that might limit dividend payments to shareholders at any given time. These considerations might affect the proposed amount of dividend and even lead to no dividend payments. The Company's dividend payment amounted to 7.3 USD million (USD 0.15 cent per share) for the 2017 fiscal year. No dividend was paid for the 2018 or 2019 fiscal year.

For information on capitalisation and significant capital commitments at 30 June 2020 reference is made to pages 48-49 in Chapter 4.3.2 *Investments and leases* of the Share Registration Document, dated 8 September 2020.

As publicly announced and further discussed in the Company's Share Registration Document, dated 8 September 2020, that is incorporated into this Registration Document dated 8 October 2020 by reference, the Company has recently completed a financial restructuring which concluded with a share offering that was successfully completed on 17 September 2020. The net proceeds from the Offering amounted to ISK 22.7bn which is estimated to provide sufficient liquidity and working capital to see the Company through an extended period of low production as per the Company's conservative ramp-up plan for the years 2020-2024.⁹

6.4.1 Aircraft financing

For information on types of aircraft financing reference is made to page 52 in Chapter 6.4.1 *Aircraft financing* of the Share Registration Document, dated 7 May 2019.

For information on the Company's aircraft delivery schedule and financing status reference is made to pages 48-49 in Chapter 4.3.2 *Investments and leases* of the Share Registration Document, dated 8 September 2020.

6.5 Consolidated statements of profit or loss

Reference is made to the Group's full consolidated financial statements for the years 2019, 2018 and 2017 as well as the Condensed Consolidated Interim Financial Statements of the Company for the period from 1 January to 30 June 2020 ("1H 2020") and the Condensed Consolidated Interim Financial Statements of the Company for the period from 1 January to 30 June 2019.

⁹ For details on the ramp-up plan see the Company's final version Information Memorandum dated 10 September 2020 available at <https://www.icelandairgroup.is/servlet/file/store653/item1273663/version1/IMIG-SEPT-2020-final.pdf>

For a discussion on the development and changes on profit and loss between the years 2018 and 2017 reference is made to pages 56-57 in Chapter 6.6.2 *Statements of profit or loss for the year 2018 compared to 2017* in the Share Registration Document, dated 7 May 2019.

For a discussion on the development and changes between the years 2018 and 2019 reference is made to the *Performance in 2019* section of the Financial Review Chapter of the Company's Annual Report for the 2019 operating year.

For a discussion on developments and changes in 1H 2020 reference is made to the Company's Results Announcement in relation to its 30 June 2020 Interim Accounts, dated 27 July 2020 which has been incorporated into this Prospectus, dated 8 October 2020.

6.6 Consolidated statements of financial position

Reference is made to the Group's full consolidated financial statements for the years 2019, 2018 and 2017 as well as the Interim Accounts for the six-month period ending 30 June 2020 and 2019 respectively.

For a discussion on the development and changes on financial position between the years 2018 and 2017 reference is made to pages 61-63 in Chapter 6.7.2 *Financial position as at 31 December 2018 and 2017 respectively* of the Share Registration Document, dated 7 May 2019.

For a discussion on the development and changes between the years 2018 and 2019 reference is made to the *Financial Position* section of the Financial Review Chapter of the Company's Annual Report for the 2019 operating year.

For a discussion on developments and changes in 1H 2020 reference is made to pages 5-6 in the section *Financial Position* in the Company's Results Announcement in relation to its 30 June 2020 Interim Accounts, dated 27 July 2020.

6.7 Consolidated statements of cash flows

Reference is made to the Group's full consolidated financial statements for the years 2019, 2018 and 2017 as well as the Interim Accounts for the six-month period ending 30 June 2020 and 2019 respectively.

For a discussion on the development and changes in cash flows between the years 2018 and 2017 reference is made to page 67 in Chapter 6.8.2 *Statements of cash flows for the years ended 31 December 2018 and 2017 respectively* of the Share Registration Document, dated 7 May 2019. For a discussion on the development and changes between the years 2018 and 2019 see Chapter 6.7.1 *Statements of cash flows for the years ended 31 December 2019 and 2018 respectively* in this Registration Document.

6.7.1 Statements of cash flows for the years ended 31 December 2019 and 2018 respectively

Net cash from operating activities amounted to USD 119.9 million in 2019 compared to USD 61.6 million in 2018, a 94.6% increase between years. The difference is mainly explained by depreciation and amortisation of USD 177.3 million in 2019 compared to USD 133.4 million in 2018, a positive share in profit of associates in 2019 compared to 2018 and a positive deferred income in 2019 compared to 2018.

Net cash used in investing activities amounted to USD 138.7 million in 2019 compared to USD 129.9 million in 2018, a 6.7% increase between years. The increase is to a large extent due to an increase in proceeds from sale of operating assets.

Net cash from financing activities was USD (44.9) million in 2019 compared to USD 149.3 million in 2018, a USD 194.3 million decrease between years. The Company issued shares in the amount of USD 45.9 million, repaid USD 291.7 million of debt and lease liabilities and had proceeds from loans and borrowings in the amount of USD 200.8 million.

Cash and cash equivalents amounted to USD 235.1 million at 31 December 2019 compared to USD 299.5 million at 31 December 2018.

6.8 Statement of changes in equity

Reference is made to the Group's full consolidated financial statements for the years 2019, 2018 and 2017 as well as well as the Interim Accounts for the six-month period ending 30 June 2020 and 2019 respectively.

Since 31 December 2019 the Company has posted a collective loss of USD 364 million and raised new equity in the amount of ISK 23,000 million. These changes will be fully reflected in the Company's Q3 condensed consolidated interim financial statements for the nine-month period ending 30 September 2020, expected to be published in week 44 2020.

Item 8. Consolidated statements of changes in equity for the period from 1 January to 30 June 2020

| USD '000 | Share capital | Share premium | Reserves | Retained earnings | Total | Non-controlling interest | Total equity |
|---------------------------------------------|---------------|----------------|------------|-------------------|----------------|--------------------------|----------------|
| Equity 1 January 2020 | 44,199 | 174,299 | 45,449 | 219,132 | 483,079 | (601) | 482,478 |
| Total comprehensive loss | | | (41,561) | (322,010) | (363,571) | (511) | (364,082) |
| Effects of profit or loss from subsidiaries | | | (3,412) | 3,412 | 0 | | 0 |
| Equity 30 June 2020 | 44,199 | 174,299 | 476 | (99,465) | 119,509 | (1,112) | 118,397 |

6.9 Operating Assets

Reference is made to note 13 on page 27 in the Group's full consolidated financial statements for the year 2019.

6.9.1 The Fleet

For information on Icelandair Group's fleet reference is made to pages 38-40 in Chapter 3.3.3 *The Fleet* of the Company's Share Registration Document, dated 8 September 2020.

The below denotes, as applicable, updated discussions contained in the Share Registration Document. Chapter and Item numbers correspond with the numbers used in the Share Registration Document.

3.3.3 The Fleet

The following paragraph shall be added and form a part of Chapter 3.3.3 *The Fleet* of the Share Registration Document, dated 8 September 2020: "*The Airline has reached an agreement regarding the sale of three B757-200 aircraft. The final documentation is expected to be*

completed in the upcoming weeks. The net sale price of the three aircraft is approximately USD 21 million which is USD 2-3 million above book value.

In addition to the sale, the Company prepares to retire four additional B757-200 aircraft in the coming weeks, which is in line with the Company's gradual phase out plan of the B757-200. These aircraft will be put into part-out programs, whereby some parts will be utilized for the Company's remaining fleet of B757-200 and some parts will be sold. The airframes will be recycled to the extent possible. Following the sale and retirement herein described the Company's total number of B757-200 will be reduced by seven to a total of 15."

6.9.2 Buildings

At 31 December 2019, carrying amounts of the Company's buildings amounted to USD 81.4 million. For a more detailed break-down reference is made to note 16 on page 28 in the Group's full consolidated financial statements for the year 2019.

6.9.3 Principal investments

The investments of Icelandair Group are mainly in aircraft, flight equipment and aircraft engines. They are presented at cost less accumulated depreciation and impairment losses. When an aircraft is acquired, the purchase price is divided between the aircraft itself and engines. Aircraft is depreciated over the estimated useful life of the relevant aircraft until a residual value is met. Engines are depreciated according to flown cycles. When an engine is overhauled, the cost of the overhaul is capitalised and the remainder of the cost of the previous overhaul that has not already been depreciated, if any, is expensed in full.

Principal investments in 2020

For a discussion on investments in 2020 reference is made to pages 48-49 in Chapter 4.3.2 *Investments and leases* of the Share Registration Document, dated 8 September 2020. Investments in 2020 will be financed with the Company's own funds.

2019

Investments over the period amounted to a total of USD 181.6 million. Investments in aircraft and flight equipment in the amount of USD 147.7 million include investments in two B737 MAX8 and one B737 MAX9 aircraft. Other investments in operating assets, for the most part investments in the enlargement of the flight kitchen at Keflavik Airport and the hotel operations, amounted to USD 6.2 million.

The investments in 2019 were funded by a mix of aircraft financing, new loans and the Company's own funds.

2018

Total investments in 2018 amounted to USD 336 million. Investments in operating assets amounted to USD 324.1 million. In 2018 three of the 737 MAX 8 aircraft were delivered. One of the aircraft was sold and leased back for a period just short of 9 years. The other two aircraft were financed through JOLCO financing. The financing of all aircraft was 100% on favourable terms. Investment in intangible assets amounted to USD 2.7 million.

The investments in 2018 were funded by a mix of aircraft financing, new loans and the Company's own funds.

2017

Total investments in 2017 amounted to USD 166.1 million the bulk of which was operating assets (USD 156.3 million). Thereof investments in aircraft and aircraft components totalled USD 34.8 million, while investments in engine overhauls on own aircraft totalled USD 54.6 million. Other investments amounted to USD 66.8 million, including investments in a flight simulator, an aircraft hangar at Keflavik Airport as well as the Group's former hotel business. Investments in long-term expenses amounted to USD 4.2 million. Investment in intangible assets, mainly IT, amounted to USD 5.7 million.

The investments in 2017 were funded by borrowings and the Company's own funds.

6.10 Material contracts outside the Company's ordinary course of business

Agreements related to the Company's financial restructuring

The Company has entered into agreements with all material creditors, comprising lenders, lessors, credit card acquirers and hedging counterparties, whereby the Company's payment schedules have been restructured so as to align the cash outflow with the anticipated cash generation up to the next 24 months. The Company has further reached an agreement with the Icelandic Government whereby the Icelandic State provides a guarantee to two local banks, Íslandsbanki and Landsbankinn, for 90% of a USD 120 million credit facility that these banks will jointly provide the Company. The drawdown period of the government guaranteed credit facility is two years followed by a three-year repayment profile. The guarantee was contingent on the Company successfully raising at least ISK 20,000 million in new equity capital in the Offering. For details on the Company's financial restructuring and mitigation actions due to COVID-19, reference is made to pages 42-44 in Chapter 4.2.1 *COVID-19 pandemic mitigation actions* of the share Registration Document, dated 8 September 2020. Reference is also made to pages 29 and 30 in the Information Memorandum first published 18 August 2020, amended and republished 4 September 2020 and 10 September 2020.

Agreements related to the sale of Icelandair Hotels

The Company entered into multiple agreements with the buyer of Icelandair Hotels, including but not limited to a Put Option Agreement, a Shareholders Agreement and a Cooperation and Service Agreement. For further details on the transaction reference is made to pages 46-47 in Chapter 4.2.4 *Divestment of non-aviation businesses* of the Share Registration Document, dated 8 September 2020.

07 SHARE CAPITAL, WARRANTS AND SHAREHOLDERS

7.1 Share Capital

At 1 January 2019 the nominal value of the share capital of Icelandair Group was ISK 5,437,660,653. At the date of this Registration Document, the nominal value of the share capital of Icelandair Group is ISK 28,437,660,653 divided into an equal number of Shares with a nominal value of one ISK each. At the date of this Registration Document all share capital has been paid in full.

In accordance with Article 55 of the Public Companies Act the Company is authorised to own up to 10.0% of its own share capital. The authorisation of a shareholders' meeting to the Board of Directors is needed for the Company to acquire treasury Shares. Such an authorisation, if issued, can only be granted for a period of eighteen months at a time. The Company's AGM voted to authorise the Company to buy back up to 10% of its own Shares in the eighteen-month period following the date of the AGM which was 6 March 2020. No formal buy-back programme has been established as of the date of this Registration Document. According to covenants that the Company is bound by no share buy-back can be established until Q4 2022 the earliest. The Company holds no treasury shares at the date of this Registration Document.

7.2 Warrants

The Company's Shareholders' meeting on 9 September 2020 resolved to grant the Board of Directors authorization to issue the Warrants in relation to subscriptions in the Company's share offering of up to ISK 23 billion and decide their terms. The terms of the Warrants were approved by the Board of Directors on 9 September 2020.

The nominal value of the Warrants is ISK 5,750,000,000, divided into an equal number of warrants, each with a nominal value of ISK 1 (one Icelandic Krona). The Warrants, that form three separate classes, will be traded under the ticker symbols ICEAIRW130821, ICEAIRW180222 and ICEAIRW120822. The Board of Directors have applied for the Warrants to be admitted to trading on the regulated market of the Nasdaq Iceland no later than 15 October 2020.

For more information on the Company's Warrants reference is made to Chapter 4 *The Warrants and admittance to trading* in the Company's Securities Note dated 8 October 2020.

7.3 Shareholders

The 20 largest shareholders, shown in Item 9 below, are listed as at close of business on 7 October 2020. At close of business on 7 October 2020 there were 11,774 shareholders in Icelandair Group.

The Issuer declares that to the best of its knowledge the below listed are the rightful owners of the Company and that the Issuer is not aware that it is, whether directly or indirectly, under the control or influence of a party or parties other than those listed below.

The Company is not aware of any arrangements being in place that may at a subsequent date result in change of control of the Company.

Investors are advised to familiarise themselves with possible conflicts of interest regarding the Issuer in Chapters 2.1 *Potential Conflict Of Interest* and 8.3.2 *Statements And Potential Conflict of Interest* of this Registration Document. Chapters 8.2 *Members Of The Board of Directors* and 8.3 *Executive Committee* further contains information on the shareholdings of the members of the Board of Directors as well as Executive Committee members and their related parties as relevant.

Item 9. 20 largest shareholders at close of business 7 October 2020

| # | Owner | Total Capital | % |
|----------------------------------|---------------------------------|-----------------------|---------------|
| 1 | Gildi - lífeyrissjóður | 1,878,761,301 | 6.61% |
| 2 | Íslandsbanki hf. | 1,878,657,769 | 6.61% |
| 3 | Lífeyrissj.starfsm.rík. A-deild | 1,773,730,661 | 6.24% |
| 4 | Brú Lífeyrissjóður starfs sveit | 1,356,204,675 | 4.77% |
| 5 | Landsbankinn hf. | 1,022,796,771 | 3.60% |
| 6 | Arion banki hf. | 758,782,369 | 2.67% |
| 7 | Lífeyrissjóður verslunarmanna | 642,361,239 | 2.26% |
| 8 | Stefnir – ÍS 15 | 568,483,644 | 2.00% |
| 9 | Sólvöllur ehf. | 554,704,375 | 1.95% |
| 10 | Landsbréf - Úrvalsbréf | 536,232,220 | 1.89% |
| 11 | Almenni lífeyrissjóðurinn | 524,402,218 | 1.84% |
| 12 | Par Investment Partners L.P. | 506,967,351 | 1.78% |
| 13 | Stefnir - ÍS 5 | 505,853,032 | 1.78% |
| 14 | Lífeyrissj.starfsm.rík. B-deild | 498,697,144 | 1.75% |
| 15 | Stefnir - Samval | 452,000,000 | 1.59% |
| 16 | Söfnunarsjóður lífeyrisréttinda | 423,519,554 | 1.49% |
| 17 | Birta lífeyrissjóður | 383,553,804 | 1.35% |
| 18 | Stapi lífeyrissjóður | 295,507,966 | 1.04% |
| 19 | Eftirlaunasj atvinnuflugmanna | 293,861,670 | 1.03% |
| 20 | Lífsverk lífeyrissjóður | 256,050,573 | 0.90% |
| Total of 20 largest shareholders | | 15,111,128,336 | 53.14% |
| Other shareholders | | 13,326,532,317 | 46.86% |
| Total Share Capital | | 28,437,660,653 | 100% |

For information on shareholders' rights and obligations, voting rights, increase or decrease of share capital, amendments to the Articles of Association and dividends reference is made to pages 58-61 in Chapter 5.2 *Shareholders* of the Company's Share Registration Document, dated 8 September 2020.

08 CORPORATE GOVERNANCE

Icelandair Group's corporate governance framework is defined by Act No. 2/1995 on Public Limited Companies ("the Public Companies Act") and set out in the Articles of Association ("the Articles"). In accordance with Article 70 (5) of the Public Companies Act the Board of Directors ("the Board") has set itself formal Rules of Procedure ("the Rules") which are supplementary to the Articles. According to the Rules the Board of Directors may elect committees that operate on behalf of the Board.

Icelandair Group adheres to the principles set forth in the Corporate Governance Guidelines, published by the Iceland Chamber of Commerce in co-operation with SA Business Iceland and Nasdaq Iceland (the "Guidelines") as is reflected in the Company's Corporate Governance Statement that forms part of its Consolidated Financial Statements annually.

As of the date of this Registration Document there are no material deviations from the full compliance with the Guidelines.

8.1 Articles of Association

The objective of the Company, according to article 1.4 of the Articles is to own and run airlines and tourism companies, the purchase and sale of shares, especially shares in other companies working in the field of aviation, travel industry and transport, purchase and sale of real estate, lending and other related business.

The Articles feature provisions regarding shareholders' meetings in article 4, regarding the Board of Directors in article 5, regarding the President and CEO (therein referred to as Managing Director) in article 9, and regarding accounting and auditing in article 10.

According to the Articles the supreme power of the Company's affairs, within the boundaries set by the Articles and Icelandic legislation, lies in the hands of a lawful shareholders' meeting. Shareholders' meetings, including the annual general meeting, are lawful if they are lawfully called for, regardless of eventual attendance.

The following hold a right to participate in shareholders' meetings: Shareholders, their advisors and/or agents, given that they present a signed and dated written power of attorney; the Company's accountants and CEO, even if they are not shareholders; and by invitation of the Board, consultants whose advice or assistance is required. One vote is attached to each share in the Company and matters are decided by simple majority unless otherwise stipulated in the Articles or relevant legislation.

Shareholders' meetings shall be called as deemed necessary by the Board, or when the elected auditor or shareholders controlling at least 10% of the share capital so insist, in writing and suggests an agenda for the meeting. The Board shall call a meeting within fourteen days of receiving a lawful claim thereof, giving a minimum of 21 days' notice. Shareholders' meetings shall be called for by with a method which is considered to ensure swift access to the meeting on equal grounds. Trustworthy media shall be used which ensures the circulation of the invitation to the public in the EEA. Such media includes the Nasdaq news distribution platform. The meeting shall also be called for with an advertisement in Icelandic media. For further details on shareholder rights reference is made to Chapter 7.3 *Shareholders*.

The Annual General Meeting (“AGM”) shall be held within eight months from the end of the preceding fiscal year. Annual general meetings shall be called by the same process as other shareholders’ meetings. No later than seven days prior to the AGM its agenda, along with all supplementary documentation, annual accounts and any proposals for amendments to the Articles shall be available to shareholders at the Company’s headquarters.

The Company’s Board exercises the supreme authority in the Company’s affairs between shareholders’ meetings and is entrusted with the task of ensuring that the organization and activities of the Company’s operations are always in correct and proper order. The Board, as instructed by the Articles appoints a President and CEO (the “CEO”) for the Company and decides the terms of his or her employment. The Board and CEO are responsible for the management of the Company.

The Board must always ensure that there is adequate supervision of the Company’s accounts and the safeguarding of its assets and shall adopt working procedures in compliance with the Public Companies Act. Only the Board may assign powers of procuration on behalf of the Company. The signatures of the majority of the members of the Board are required to bind the Company. The CEO has charge of day-to-day operations of the Company and is required to observe the policy and instructions set out by the Board. Day-to-day operations do not include measures which are unusual or extraordinary. Such measures can only be taken by the CEO with the specific authorization of the Board unless it is impossible to await the decision of the Board without seriously disadvantaging the operations of the Company. In such instances, the CEO is required to consult with the Chairman of the Board, if possible, after which the Board must immediately be notified of the measures.

The CEO shall ensure that the accounts and finances of the Company conform to law and accepted practices and that all assets belonging to the Company are securely safeguarded. The CEO is required to provide the members of the Board and Company auditors with any information pertaining to the operations of the Company which they may request, as required by law.

The Board elects a Chairman from among its members and otherwise divides tasks as necessary. The Chairman calls Board meetings and chairs them. A meeting must also be held if requested by a member of the Board or the CEO. Meetings of the Board are lawful if attended by a majority of its members. However, important decisions shall not be made unless all members of the Board have had an opportunity to discuss the matter, if possible. The outcome of issues is decided by force of vote. Proposals are stricken if votes are equal. The CEO attends meetings of the Board, even if he or she is not a member of the Board and has the right to participate in discussions and submit proposals unless otherwise decided by the Board in individual cases.

A book of minutes is kept of proceedings at meetings and must be signed by participants in the meeting. A Board Member who disagrees with a decision made by the Board is entitled to have his or her dissenting opinion entered in the book of minutes. The same applies to the CEO. The Chairman is responsible for the Board’s relations with the shareholders and shall inform the Board on their views as applicable.

The current Rules of Procedure for the Board were approved on 2 February 2018. In accordance with article 14 of the Rules the Board must annually evaluate its work, size, composition and practices, and must also evaluate the performance of the CEO and others

responsible for the day-to-day management of the Company and its development. The annual performance assessment is intended to improve working methods and increase the efficiency of the Board. The assessment entails e.g. evaluation of the strengths and weaknesses of the Board's work and practices and takes into consideration the work components which the Board believes may be improved.

The Board elects the members of two sub-committees; the Compensation Committee and the Audit Committee. The sub-committees adhere to the Rules. The Board convened 33 times during the year 2019 and almost all meetings were attended by all Board members.

8.2 Members of the Board of Directors

The Board of Directors consists of five members elected at the AGM for a term of one year. Those who intend to stand for election to the Board of Directors must inform the Board of Directors in writing of their intention at least seven days before the Annual General Meeting, or extraordinary shareholders' meeting at which elections are scheduled. Only those who have informed the Board of Directors of their candidacy are eligible.

For information on members of the Board of Directors reference is made to pages 62-64 in Chapter 6.1 *The Board of Directors* of the Company's Share Registration Document, dated 8 September 2020.

8.2.1 Remuneration Committee

The purpose of the Remuneration Committee is to avoid placing the Company's management in control of their own remuneration and, furthermore, to ensure that the management's remuneration is structured to serve the long-term interests of shareholders. The main tasks of the Remuneration Committee are policy making with respect to the management's performance related bonuses, including stock options. The Committee conducts evaluations of management remuneration and monitors the management's acquisition of stock in the Company. The Remuneration Committee meets on average four times a year.

The Remuneration Committee provides guidance to the Board of Directors of the Company and executive management concerning the employment terms of the Company's key management staff and gives advice on the Remuneration Policy. The Committee also monitors that the remuneration of key management staff is within the framework of the Remuneration Policy and reports to the Board of Directors annually. The committee also ensures that remuneration and employee terms are in compliance with applicable official rules, regulations and general guidance. The committee takes an independent decision regarding the effect of wages on risk and risk management of the Company.

The current Remuneration Committee was appointed on 7 March 2020 and comprises the following Board Members: Úlfar Steindórsson and Guðmundur Hafsteinsson.

8.2.2 Audit Committee

The Audit Committee is appointed by the Company's Board of Directors. The committee consists of a minimum of three members who are independent of the Company's day-to-day operations. The members must have relevant experience and expertise regarding auditing and applicable laws.

The Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee. The committee oversees the Company's annual accounts and the Group's consolidated accounts.

The committee is responsible for evaluating the independence and eligibility of both the Company's auditor and its auditing firm. The committee makes suggestions to the Board of Directors regarding the selection of the Company's auditor.

According to Article 8.8 of the Articles, committees working on behalf of the Board of Directors are elected in accordance with provisions in the Rules of Procedure and their conclusions are advisory for the Board of Directors. The Board is not bound by the committees' conclusions when resolving matters unless otherwise stipulated by law.

According to the Guidelines on Corporate Governance the Audit Committee must consist of at least three members, the majority of whom must be independent of the Company.

The current Audit Committee was appointed on 7 March 2020 and is comprised of the following persons: Alexander Edvardsson, chairman, Svafa Grönfeldt and Guðmundur Hafsteinsson.

8.2.3 Nomination Committee

The Company's Nomination Committee was elected on 7 March 2020 and is made up of Úlfar Steindórsson, Helga Árnadóttir and Hjörleifur Pálsson, Chairman.

8.2.4 Compliance

The Board of Directors has appointed Ari Guðjónsson, the Company's general counsel as the Company's Compliance Officer. The Board has further appointed Eva Sóley Guðbjörnsdóttir, the Company's Chief Financial Officer, as the alternate Compliance Officer. The role of the Compliance Officer includes overseeing that the rules on treatment of insider information and insider trading are complied with within the Company.

8.3 Executive Committee

For more information on members of the Executive Committee reference is made to pages 65-67 in Chapter 6.2 *Executive Committee* of the Company's Share Registration Document, dated 8 September 2020.

8.3.1 Terms of employment of the Executive Committee

Employment contracts with the Executive Committee are believed to be by and large standard contracts for a company such as Icelandair Group, providing for termination periods of three to twelve months. The Company's President and CEO, Bogi Nils Bogason has a twelve-month termination period stipulated in his employment contract. All employment contracts with key employees stipulate non-compete and confidentiality clauses for 12-24 months following termination. All contracts with Executive Committee members provide for termination without warning in case of a breach of the confidentiality clause.

None of the employment contracts with Executive Committee members contain dates of expiration of their current terms of office nor do they provide for benefits upon termination of employment. Neither the Company nor its subsidiaries have set aside or accrued funds to provide pension, retirement or similar benefits beyond what is required by law to any member of the Board or Executive Board.

Item 10 sets forth a breakdown of remuneration paid to the Board of Directors and Executive Committee members in 2019.¹⁰ It also provides information regarding holdings in the Company's Shares by these individuals as at 7 October 2020.

Item 10. Remuneration and holdings of the Board of Directors and Executive Committee

| | 2019 Salaries, bonuses and benefits USD ('000) | Number of shares held at 7 October 2020 ('000) | Number of shares held by related parties at 7 October 2020 ('000) |
|-----------------------------------------------------|------------------------------------------------|------------------------------------------------|-------------------------------------------------------------------|
| Board of Directors: | | | |
| Úlfar Steindórsson, Chairman of the Board | 88.2 | 17,240.0 | 0 |
| Guðmundur Hafsteinsson | 49.0 | 0 | 0 |
| John F. Thomas, new Board member | N/A | 2,715.6 | 0 |
| Nina Jonsson, new Board member | N/A | 0 | 0 |
| Svafa Grönfeldt | 39.8 | 10,000.0 | 0 |
| Ásthildur Margrét Otharsdóttir, former Board member | 12.5 | N/A | N/A |
| Heiðrún Emelía Jónsdóttir, former Board member | 63.8 | N/A | N/A |
| Ómar Benediktsson, former Board member | 68.1 | N/A | N/A |
| Key employees: | | | |
| Bogi Nils Bogason, President & CEO | 557.1 | 19,250.0 | |
| Executives (7) of Group companies | 2,245.5 | 60,168.5 | 409,772.2 |

8.3.2 Statements and Potential Conflict of Interest

Attention is drawn to the following interests held by members of the Board of Directors and the Executive Committee:

- / Úlfar Steindórsson, chairman of the Board of Directors of Icelandair Group is a co-owner of JÚ ehf. along with his spouse. JÚ ehf. holds a total of 17,240,000 Shares in the Company. JÚ ehf. holds a total of 4,310,000 Warrants.
- / Bogi Nils Bogason, Icelandair's Chief Executive Officer is a co-owner of Möskvi ehf. Möskvi ehf. holds a total of 19,250,000 Shares in the Company. Möskvi ehf. holds a total of 4,375,000 Warrants.
- / Eva Sóley Guðbjörnsdóttir, Icelandair's Chief Financial Officer is a co-owner of Mánaping ehf. along with her spouse. Mánaping ehf. holds 17,250,000 Shares in the Company. Mánaping ehf. holds a total of 4,000,000 Warrants. Eva Sóley Guðbjörnsdóttir is one of five board members of Eftirlaunasjóður FÍA. Eftirlaunasjóður FÍA holds a total of 283,515,360 Shares in the Company. Eftirlaunasjóður FÍA holds a total of 70,878,840 Warrants.
- / Tómas Ingason, Icelandair's Chief Information Officer is an owner of Ting ehf. Ting ehf. holds a total of 6,000,000 Shares in the Company. Tómas Ingason holds a total of 57,405 Shares in the Company. Ting ehf. holds a total of 1,500,000 Warrants.

¹⁰ Item 10 entails figures for those individuals that formed the Executive Committee in 2019.

- / Gunnar Már Sigurfinnsson, Icelandair's Chief Cargo and Logistics Officer is an owner of Náttúlfur ehf. Náttúlfur ehf. holds a total of 4,500,000 Shares in the Company. Gunnar Már Sigurfinnsson holds a total of 111,111 Shares in the Company. Náttúlfur ehf. holds a total of 1,125,000 Warrants.
- / Árni Hermannsson, Icelandair's Chief Aircraft Leasing and Consulting Officer is an owner of Akurrið ehf. Akurrið ehf. holds a total of 6,000,000 Shares in the Company. Árni Hermannsson holds a total of 100,000 Shares in the Company. Akurrið ehf. holds a total of 1,500,000 Warrants. Hermann Árnason, a related party to Árni Hermannsson, holds a total of 250,000 Shares in the Company. Hermann Árnason holds a total of 62,500 Warrants.
- / Birna Ósk Einarsdóttir, Icelandair's Chief Commercial Officers is an owner of Brekkumýri ehf. Brekkumýri holds a total of 12,000,000 Shares in the Company. Birna Ósk Einarsdóttir holds a total of 150,000 Shares in the Company. Brekkumýri ehf. holds a total of 3,000,000 Warrants. Birna Ósk Einarsdóttir is one of five board members of Skeljungur hf. Skeljungur hf. holds a total of 126,006,826 Shares in the Company. Skeljungur hf. holds a total of 31,501,706 Warrants.

The Company is not aware of any other potential conflicts of interests between any duties of the members of the Board of Directors or the Executive Committee, and their private interests and/or other duties.

During the period of the last five years preceding the date of this Registration Document, no member of the Board of Directors or the Executive Committee has been convicted of a fraudulent offence nor have they been subject to any official public incrimination and/or sanctions by any statutory or regulatory authorities (including designated professional bodies) or ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company.

None of the members of the Board of Directors or the Executive Committee have, in the past five years, been associated with companies, in their capacity as a founder, director or senior manager, which have filed for bankruptcy or gone into receivership or liquidation.

No members of the Board of Directors or the Executive Committee have share options in the Company, apart from Warrants.¹¹ No other amount has been set aside or accrued by the Issuer or its subsidiaries to provide pension, retirement or similar benefits agreed by the Company with any of its Board members or Executive Committee members.

Members of the Board of Directors are elected at shareholders' meetings. No members of the administrative, management or supervisory bodies have made any service contracts with the Company or any of its subsidiaries providing for benefits upon termination of employment.

8.4 Related Party Transactions

Parties who have material influence on the Group's business as large shareholders of the Company, subsidiaries of the Company, associates of the Company, and members of the Board of Directors, CEO, CFO and other senior management, or close members of those

¹¹ Although not in any way particular to members of the Board of Directors or Executive Committee members the Company points out that the persons that make up the aforementioned among them collectively hold a total of 23,453,750 Warrants in the Company.

persons' family, are considered related to the Company. The related party definition is based on international accounting standard No. 24 (IAS24) *Related Party Disclosure*.

All intra-Group transactions are made at arm's length and on market terms and are eliminated upon consolidation of the Group's financial statements. They are therefore not included in the Company's consolidated balance sheet or results of operations.

Transactions have been carried out by Icelandair with related parties since 31 December 2019 amounting to a total in sales of ISK 721,292 and a total in sales of USD 29,845,318. Transactions have been carried out by Icelandair Cargo with related parties since 31 December 2019 amount to a total of ISK 3,733,155 in sales.¹² The below denotes related party transactions in 2017, 2018 and 2019.

Transactions with management and key personnel

Transactions with members of management and other key personnel consist of purchase and sale of services in the ordinary course of business which were immaterial in amounts in 2019, 2018 and 2017. Reference is made to Chapter 8.3.1 *Terms of employment of the Executive Committee* for information on remuneration paid to Executive Committee members in 2019.

Transactions with associates

During the years 2019, 2018 and 2017 the Company's transactions with associates were immaterial. At year-end 2019 the Company had a long term receivable on its associate Lindarvatn amounting to USD 9.3 million. Revenues from the Group's associate Cabo Verde Airlines amounted to USD 37.2 million and expenses USD 1.1 million.

Transactions with shareholders

There are no shareholders with significant influence at year-end 2019. Companies which members of the Board and key employees' control, have been identified as being twenty six. These companies have been identified as related. Transactions with them consist of purchase and sale of services in the ordinary course of business on an arm's length basis which were immaterial in amounts both in 2019, 2018 and 2017.

8.5 Auditors

For information on the Company's auditors' reference is made to page 69 in Chapter 6.5 *Auditors* of the Share Registration Document, dated 8 September 2020.

¹² Related party transactions from 31 December 2019 have not been audited or reviewed by the Company's independent auditors.

09 ARTICLES OF ASSOCIATION

ARTICLES OF ASSOCIATION

FOR

ICELANDAIR GROUP HF.

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ARTICLES OF ASSOCIATION

for

ICELANDAIR GROUP HF.

1 THE NAME OF THE COMPANY, DOMICILE AND OBJECT

- 1.1 The name of the Company Icelandair Group hf.,
- 1.2 The Company is a public limited liability company
- 1.3 The Company is domiciled at Reykjavíkflugvöllur, Reykjavík.
- 1.4 The object of the Company is to own and run airlines and tourism companies, purchase and sale of shares, especially shares in other companies working in the field of aviation, travel industry and transport, purchase and sale of real estate, lending and other related business.

2 SHARE CAPITAL OF THE COMPANY

Share capital – shares - votes

- 2.1 The Company's share capital is 28,437,660,653.
- 2.2 Each share is ISK one krona.
- 2.3 One vote is attached to each share at shareholders' meetings.

(Special provisions on increase of share capital and other special provisions are contained in Clause 15 and 16).

Increase of share capital

- 2.4 Only a Shareholders' Meeting may decide to increase the Company's share capital, either by subscription of new shares or issuance of compensation shares.

Preemptive rights

- 2.5 Shareholders shall have a preemptive right to purchase new shares in proportion to their registered holdings. Exemptions from this are authorized; cf. paragraph 3 of Article 34 of Act no. 2/1995 respecting limited liability companies (the "**Company Act**").

Shares – share register

- 2.6 The Company's shares shall be issued electronically in accordance with the provisions of the act on Electronic Registration of Title to Securities.
- 2.7 A share register in accordance with the provisions the Act on Electronic Registration of Title to Securities shall be regarded as sufficient proof ownership over shares in the Company and dividends and all notifications shall be sent to the party which is at each time registered as an owner of the relevant shares in the Company's share register.

Sale of shares and changes of ownership

- 2.8 No restrictions are placed on the shareholder's right to sell his shares. The provisions of the Act on Electronic Registration of Title to Securities and rules based on the Act shall govern the change of ownership.
- 2.9 Sale of shares to foreign parties shall be governed by Icelandic law as it reads at the relevant time.

Rights and obligations of shareholders

- 2.10 Shareholders are obligated, without any statement on their behalf, to abide by the Articles of Association as they are issued or later lawfully amended. Shareholders will not, neither according to the Articles of Association or subsequent amendments, become obligated to increase their holdings in the Company and shall not be subjected to redemption of their shares. Shareholders are not responsible for the Company's obligations exceeding their holding in the Company unless they take on such liability in a legally binding document. This provision will not be changed or discontinued by any resolution of a shareholders' meeting.
- 2.11 No special rights accompany the shares.

Communication with shareholders

- 2.12 Electronic file communication and e-mailing is permitted between the Company and shareholders instead of sending and submitting written documents. The authorization extends to any kind of communication between the Company and shareholders, e.g. invitations to shareholders' meetings, distribution of dividends and other notifications which the Board of Directors sends the shareholders. Such electronic communication is equal to correspondence written on paper. The Board of Directors shall set rules stipulating the conduct of electronic communication and the standards of the software used for this purpose. The rules shall be accessible to shareholders. Shareholders who wish to communicate electronically with the Company shall send the Company a confirmation thereof in accordance with the rules set by the Board of Directors.

3 CORPORATE GOVERNANCE

- 3.1 The Company shall be governed by:
- a) The Shareholders' meetings.
 - b) The Board of Directors.
 - c) The Managing Director.

4 SHAREHOLDERS' MEETINGS

- 4.1 The supreme power of the Company's affairs, within the boundaries set by these Articles of Association and Icelandic legislation is in the hands of lawful shareholders' meetings.

Right to participation

- 4.2 Shareholders, shareholders' agents, the Company's accountants and the managing director, even if he is not a shareholder, have the right to participate in shareholders' meetings. Furthermore, the Board of Directors may invite specialists to attend the shareholders' meeting if their advice or assistance is required.

- 4.3 The Board of Directors is authorized to decide that shareholders may participate in shareholders' meetings by electronic means without being physically present. If the Board of Directors feels that the Company has equipment which is sufficiently safe to allow shareholders to participate in shareholders' meetings electronically without being physically present and the Board of Directors decides to use this authorization it shall be announced in the invitation to the meeting.
- 4.4 Shareholders who intend to participate electronically in shareholders' meetings shall notify the Company's office with 5 days notice thereof and submit written questions regarding the agenda or documents to be presented at the meeting which they require answers to.
- 4.5 The shareholders shall have access to instructions regarding electronic participation in shareholders' meetings along with a password and necessary equipment for participation. An inserted password into a computer system is deemed to be equal to the shareholder's signature and is viewed as valid participation in the shareholders' meeting.

Electronic shareholders' meetings

- 4.6 The Board of Directors may decide that a shareholders' meeting only be held electronically.
- 4.7 If the Board of Directors feels that the meeting can be held only electronically with suitable equipment and thereby allowing shareholders to participate electronically, the invitation to the meeting shall clearly give information regarding the technical equipment and information on how shareholders notify the Company of their electronic participation and where they can receive information, instructions and a password for participation. An inserted password into a computer system is deemed to be equal to the shareholder's signature and is viewed as valid participation in the shareholders' meeting.

Voting outside a meeting

- 4.8 If the Board of Directors feels that it is not possible to allow shareholders to participate in shareholders' meetings electronically they shall be allowed to vote on proposals or participate in voting in writing or electronically. The Board of Directors shall set rules regarding the execution of such voting.

Power of Attorney

- 4.9 A shareholder may send an agent to the shareholders' meeting on his behalf. The agent shall submit a written or an electronic power of attorney which shall be dated.
- 4.10 A power of attorney will not be validly revoked after it has been submitted at the delivery of meeting documents or after the shareholders' meeting has been declared open, which ever happens first.

Lawfulness of shareholders' meetings

- 4.11 A shareholders' meeting is lawful without regard to attendance if it is lawfully called for.

Annual General Meeting

- 4.12 An annual general meeting shall be held within eight months from the end of the financial year. Annual general meetings shall be called with the same

method as other shareholders' meetings in accordance with the provisions of Clause 4.16 and 4.17.

Agenda of the Annual General Meeting

4.13 The following matters shall be addressed at annual general meetings:

1. The Board of Director's report on the Company's operations in the past year shall be presented.
2. Confirmation of annual accounts and decision on the handling of profit or loss of the financial year.
3. Decision on payments to board members.
4. Proposals of the Board of Directors regarding the remuneration policy.
5. Election of the Board of Directors in accordance with the provisions of Clause 5.
6. Election of auditor in accordance with the provisions of Clause 10.1.
7. Proposals from shareholders which shall be on the agenda according to the provisions of Clause 4.20, cf. paragraph 4 of Article 88 of the Company Act.
8. Other matters.

If shareholders who control at least 1/3 of the Company's share capital insist in writing at the annual general meeting, a decision on item 2 on the agenda shall be postponed to the extended annual general meeting which shall be held no earlier than one month and no later than two months later. No further continuance can be requested.

The Company's annual accounts, report of the Board of Directors, and report of the auditor shall be available for review by the shareholders at the Company's offices 7 days before the annual general meeting.

Invitation to shareholders' meetings

4.14 The Board of Directors shall call for shareholders' meetings when it deems it necessary, or when the elected auditor or shareholders controlling at least 1/10 of the share capital insist in writing and suggest an agenda for the meeting.

4.15 When a lawful claim for a shareholders' meeting is presented, the Board of Directors is obligated to call for a meeting within 14 days from receiving such a claim. If the Board of Directors has not called for a meeting within that time limit a meeting can be called for in accordance with the provisions of paragraph 2 of Article 87 of the Company Act.

4.16 Shareholders' meetings shall be called for with a method which is considered to ensure swift access to the meeting on equal grounds. Trustworthy media shall be used which ensures the circulation of the invitation to the public in the European Economic Area. Such media includes the OMX information system and Huginonline. The meeting shall also be called for with an advertisement in Icelandic media.

Deadline for calling meetings

4.17 Shareholders' meetings shall be called for with a minimum of three weeks' notice.

Invitation

4.18 The invitation shall include information regarding:

1. The place of the meeting, time and draft agenda.
2. Clear and precise rules on participation in and voting at shareholders' meetings.
3. Where and how shareholders can get:
 - a. Unabridged documents as they will be presented at the shareholders' meeting;
 - b. Unabridged proposals and/or comments of the Board of Directors or its committees on each item on the draft agenda;
 - c. Unabridged shareholder proposals as received by the Company.
4. Website where information can be located on the issues that shareholders shall, according to law, have access to in connection to a shareholders meeting.

4.19 If a proposal on amendments to the Company's Articles of Association is to be addressed at the meeting the substance of the proposal shall be described in the invitation.

Proposals from shareholders

4.20 Each shareholder has the right to have certain matters addressed at the shareholder's meeting if he so requests in writing or by electronic means to the Board of Directors of the Company with time enough in advance so that the matter can be placed on the agenda and presented to shareholders seven days before the meeting.

Agenda

4.21 The agenda shall be available for shareholders' review at the Company's office, along with final proposals to be addressed at the meeting, no later than seven days before the meeting.

Proposals for changes

4.22 Lawfully proposed additions or amendments may be presented on the shareholders' meeting itself, even though they were not available for the shareholders' review prior to the meeting.

Matters not on the agenda

4.23 Matters which have not been listed on the agenda may not be finally resolved at the shareholders' meeting without the consent of all shareholders in the Company. Those matters may however be resolved as directions to the Board of Directors.

4.24 If proposals under them item "Other matters" are presented they may not be finally resolved at the meeting, cf. Clause 4.23.

Chairman

4.25 Shareholders' meetings are chaired by a chairman elected by the meeting and he will nominate a secretary with the approval of the meeting. The chairman shall solve all matters which arise concerning the lawfulness of the meeting and its conduct in accordance with these Articles of Association and Icelandic legislation. He shall furthermore, decide the form of discussions, procedures for addressing matters at the meeting and voting.

Minutes of shareholders' meetings

4.26 Minutes of the meeting shall be kept in detail and all resolutions and results of voting recorded. The minutes shall be read out loud at the end of the meeting and comments on the minutes noted in the minutes. The minutes shall be signed by the chairman and secretary. The minutes shall constitute full proof of the events of shareholders' meetings.

Weight of votes

4.27 A simple majority of votes will decide matters at shareholders' meetings unless otherwise stipulated in these Articles of Association or Icelandic law. A proposal is stricken if votes are equal. If two or more men receive the equal amount of votes in elections a tossup shall determine the election.

Nomination Committee

4.28 The Company shall operate a nomination committee which has the role to be advisory in the selection of members of the Board of Directors and it will bring its proposals for the AGM or other Shareholders' meetings where election to the Board of Directors is on the agenda.

The nomination committee shall put forward its rationalized opinion concurrently to the notification of the AGM or as soon as possible in conjunction with other shareholder meetings. The committee's opinion shall be made available to shareholders in the same way as other proposals to be submitted to the meeting. The committee operates according to rules of procedures which are set by the committee itself and approved by the Board of Directors. The nomination committee shall make changes to its rules of procedures accordingly or put them forward unaltered and have approved by the Board of Directors annually.

Appointment of the Nomination Committee

4.29 The nomination committee shall consist of three members. The Shareholders' meeting shall elect two members, one man and one woman, which are nominated by shareholders. When the Shareholders' Meeting has elected members, the Board of Directors will nominate one member to the committee.

All members shall be independent of the Company and its executives. The member nominated by the Board of Directors shall be independent of the Company's largest shareholders. The same criteria shall apply to the assessment of independence of Committee members as to the assessment of the independence of Board Members according to The Guidelines on Corporate Governance issued by the Iceland Chamber of Commerce, SA Business Iceland and Nasdaq Iceland.

5 BOARD OF DIRECTORS

5.1 The annual general meeting of the Company annually elects 5 men for the Board of Directors. Their ability is determined by law.

Candidacy

5.2 Those who intend to run for the Board of Directors shall notify the Board of Directors of their candidacy at least 7 days before a shareholders' meeting. The notification shall list the name, identification number and address of the candidate along with information about his main employment, other board memberships, education, experience and shareholdings. Candidates shall

furthermore list any interest connected to main clients and competitors of the Company and shareholders controlling more than 10% of the Company.

- 5.3 The Board of Directors shall review notifications of candidacy and give the candidate, in verifiable manner, the opportunity to correct any flaws the notification has within a specific time limit. If the flaws are not corrected within the given time limit the Board of Directors shall decide on the validity of candidacy. The Board's decision can be put to the decision of the shareholders' meeting which shall have supreme power in deciding the validity of the candidacy.
- 5.4 Information about candidates for the Board of Directors shall be available for shareholders' review at the Company's offices no later than 2 days before the shareholders' meeting.

6 ELECTION OF THE BOARD OF DIRECTORS

- 6.1 The election of board members shall be based on a majority vote between individuals.
- 6.2 The election shall usually be written if the number of candidates is greater than the number of board members to be elected.
- 6.3 If the Company's shareholders are more than 200, shareholders controlling at least 1/10 of the share capital can insist that the voting of board members be proportional or cumulative. If the shareholders are fewer than 200 shareholders who control 1/5 of the share capital can request these voting methods.
- 6.4 A claim for proportional or cumulative voting shall be presented to the Board of Directors at least five days before the shareholders' meeting.
- 6.5 The two female candidates and the two male candidates that receive the most votes and the person who receives the most votes after the aforementioned in the election of board members shall be deemed as the rightfully elected board members.

7 DIVISION OF TASKS

- 7.1 The Board of Directors elects a chairman of the board from the members of the board. Otherwise the Board of Directors divides tasks as necessary.
- 7.2 The chairman of the Board of Directors calls board meetings and chairs the meetings. Board meetings shall be held whenever the chairman deems necessary. A meeting shall usually be held if a board member or the Managing Director insists.
- 7.3 The board members may participate in board meetings through communication systems. Board meetings may also be held with the assistance of electronic media in so far as it is consistent with Article 70 of the Company Act.

8 MEETINGS OF THE BOARD OF DIRECTORS

Lawfulness of board meetings

- 8.1 A board meeting is able to make decisions when a majority of board members participate in meetings. If possible, an important decision may not be taken

without all members of the Board of Directors having had a chance to discuss the matter.

Voting

- 8.2 A simple majority of votes decides matters in board meetings. Proposals are stricken if votes are equal. If votes are equal in elections between men a tossup shall decide the election.

Minutes of meetings

- 8.3 Board members shall keep minutes of meetings and confirm the minutes with their signature.

Goals and obligations

- 8.4 The Board of Directors has supreme powers in matters concerning the Company between shareholders' meetings and sets the Company's goals regarding its business and represents the Company's and the shareholder's interests in accordance with the object of the Company. The Board of Directors governs the social affairs of the Company between shareholders' meetings and binds the Company with its resolutions and agreements. The Board of Directors hires a managing director, one or more, decides his terms of employment and executes a written contract of employment.
- 8.5 The Board of Director grants power of procuration.
- 8.6 The signature of the majority of the Board of Directors is required to bind the Company.
- 8.7 The Board of Directors works in accordance with rules set by the Board of Directors in accordance with the Company Act.

Board committees

- 8.8 If committees working on behalf of the Board of Directors are elected in accordance with provisions of the rules of the Board of Directors their conclusions shall only be directive for the Board of Directors and it is not bound by their conclusions when resolving matters unless otherwise stipulated by law.

9 MANAGING DIRECTOR

- 9.1 The Managing Director handles the day to day operations of the Company in accordance with the rules the Board of Directors has or will set forth. The day to day operations do not include matters which are unusual or of great significance.
- 9.2 The Managing Director shall make sure the Company's accounts are kept in accordance with law and practice and that the Company's assets are kept in a secure manner.
- 9.3 The Managing Director is obligated to abide by all instructions of the Board of Directors. He shall give the auditor any information he requests.

10 ACCOUNTING AND AUDITING

- 10.1 The financial year of the Company is the calendar year. The annual accounts shall be audited by an auditing company. An auditor or auditor company shall be elected at an annual general meeting for a term of one year.

11 THE COMPANY'S SHARES

- 11.1 The Company is authorized to own up to 10% of the Company's share capital. Votes are not attached to shares owned by the Company. The Company can only acquire shares in accordance with the authorization of a shareholders' meeting to the Board of Directors and only in order to establish a market making agreement regarding shares in the Company or to establish a buy-back programme. An authorization to the Board of Directors to purchase shares in the Company may not be valid for more than 18 months at a time. Rules concerning purchasing and selling shares shall be stipulated in the rules of the Board of Directors.

12 CHANGES TO THE ARTICLES OF ASSOCIATION

- 12.1 The Articles of Association may only be changed by a lawful shareholders' meeting as long as the proposal for the change is described in the invitation to the meeting. The decision is only valid if approved by 2/3 of the votes and approved by shareholders controlling at least 2/3 of the votes represented at the shareholders' meeting.

13 DISSOLUTION

- 13.1 Should it be advisable or necessary to dissolve the Company, proposals thereof shall be governed by Chapter XIII of the Company Act.

14 MERGER

- 14.1 The provisions of Chapter XIV of the Company act shall apply to a merger of the Company with other companies.

15 SPECIAL PROVISIONS ON INCREASE OF SHARE CAPITAL

- 15.1 The Company's board of directors is authorized to increase the company's share capital by up to ISK 23,000,000,000 in nominal terms (ISK twenty-three billion), by issuing shares in relation to a public share offering for a minimum of ISK 20,000,000,000 (ISK twenty billion). The shareholders waive their pre-emptive rights to the new shares. The share price shall be ISK 1.0 per share and further terms, in accordance with the decision of the board of directors, will be included in a prospectus published in advance of the public share offering. Subscriptions shall take place in accordance with the Company's Articles of Association and Chapter V of Act No 2/1995 respecting Public Limited Companies. The new shares will be of the same share class as other outstanding shares in the Company. The new shares shall provide the associated rights to the Company from the date of registration. This authorization of the board of directors shall be valid until 15 October 2020, to the extent which it has not been utilized.

- 15.2 The Company's board of directors is authorized to issue warrants which investors will receive along with the new shares issued following the public share offering amounting to 25% of the nominal value of the total new share issued corresponding to up to ISK 5,750,000,000 in nominal terms (ISK five billion seven hundred and fifty million). Subscription rights under the

warrants may be exercised all at once or in separate steps for up to two years in accordance with terms decided upon by the board of directors. The exercise price per share will be the same as the share price in the public offering with an addition of 15% annual interest. This authorization of the board of directors shall be valid until 15 October 2020, to the extent which it has not been utilized. The board of directors is furthermore authorized until 30 November 2022 to increase the Company's share capital in relation to exercise of the warrants. The shareholders waive their pre-emptive rights to the warrants and shares issued in relation to their exercise.

16 OTHER PROVISIONS

16.1 Where the provisions of these Articles of Association do not stipulate the form of proceedings the provisions of the Company Act shall be abided by.



Headlines of specific articles and information in smaller font within brackets do not form part of these Articles of Association but are inserted for practical reasons.

These Articles of Association were approved by the Company's shareholder's meeting on 21 May 2010 and replace the older Articles of Association.

Article 2.1 was changed on 9 September 2010.

Article 2.1 was changed on 27 December 2010.

Article 5.1 was changed on 23 March 2012.

Article 15.1 was changed on 23 March 2012.

Articles 6.5 and 6.6 were added on 13 March 2013.

Article 5.1 changed and article 6.6 removed on 11 March 2015.

Article 11.1 changed and article 5.1 removed on 10 March 2016.

Article 5.2 changed on 8 March 2018.

Article 15.1 added on 30 November 2018.

Article 2.1 changed and articles 4.28 and 4.29 added on 8 March 2019.

Article 2.1 changed and article 15.1 removed on 24 April 2019.

Article 15.1 added on 22 May 2020

Article 15.1 changed and article 15.2 added on 9 September 2020.

Article 2.1 changed on 23 September 2020.

Eva Silyu Gudbjarnsdottir