

## ICELANDAIR: GRANTING OF STOCK OPTIONS

The Board of Directors of Icelandair Group has agreed to implement the resolution made at the Company's Annual General Meeting on 3 March 2022, to introduce a Stock Option Program. Based on the said program, The Company's Executive Team and other employees at Director level, in total 51 employees, will be granted the right to purchase a total of up to 121,100,000 shares through Stock Option Agreements, thereof 39,300,000 to the Executive Team.

Key terms and conditions of the agreements are as follows:

- **Type of share-based incentive program:** Stock options
- **Participants:** The Executive Management and other employees at Director level.
- **Vesting time:** Three years from the granting date.
- **Exercise period:** One year following the three years vesting period. Exercise periods are two per year in April and October for 15 days following the disclosure of the respective Q1 and Q3 financials.
- **Exercise price:** The exercise price will be based on the share price in Icelandair Group at closing of NASDAQ Iceland on granting date with the addition of 3% annual interests. The exercise price shall be adjusted for any future dividend payments decided after the granting date.

Other key terms and conditions:

- Vested stock options which will not be exercised within the exercise periods will lapse.
- Participants are required to hold shares, corresponding to the net profit gained from the options (after tax) until the following holding requirements are reached, measured in total share value owned as a multiple of annual base salary: CEO 1x, other members of the Executive Team: 0.5x. For other employees: 10% of purchased shares.
- The options are valid only if the holder is still employed by Icelandair Group or its subsidiaries on the exercise date. The Remuneration Committee can waive this condition under certain circumstances.
- If a change of control occurs, in accordance with Article 100 of the Icelandic Takeovers Act No. 108/2007, any outstanding stock options shall vest and become exercisable.

- The Company will not grant any kind of loans or guarantees in relation to the stock option program.
- Rights and obligations under the stock option program cannot be assigned to a third party.
- The Company has the option to reclaim, in whole or in part, remuneration that has been based on false, misleading, insufficient or incorrect data, or if the recipient acted in bad faith in respect of other matters, which resulted in too high remuneration or remuneration which would otherwise not have been granted.
- The Company will issue new shares following the exercise periods corresponding to the total number of exercised shares.

Furthermore, the Board of Directors of Icelandair Group has agreed to implement the resolution made at the Company's Annual General Meeting on 7 March 2024, to introduce a Stock Option Program. Based on the said program, the Company's Executive Team and other employees at Director level, in total 51 employees, will be granted the right to purchase a total of up to 365,500,000 shares through Stock Option Agreements, thereof 101,300,000 to the Executive Team.

The key terms and conditions of the two Stock Option Programs are identical except for the calculation of the exercise price which is as follows based on the approval of the Annual General Meeting on 7 March 2024:

- Exercise price: The exercise price will be based on the share price in Icelandair Group at closing of NASDAQ Iceland on granting date with the addition of interest which shall be equal to the Central Bank of Iceland's policy interest rate, as they are at any given time. However, interest applied shall never fall below 4%. The exercise price shall be adjusted for any future dividend payments decided after the granting date.

The Company's total cost of the Stock Options is estimated to be around USD 1.1 million over the next 3 years based on the Black-Scholes model. The total number of stock options granted is 486,600,000 which corresponds to 1.2% of the total issued share capital. Total outstanding stock options amount to 2.9% of the Company's issued share capital at nominal value.

Details of the total Stock Options granted to Icelandair's Executive Team:

Name	Position	Stock options granted	Stock options previously granted	Shares owned	Shares owned by financially related parties
Bogi Nils Bogason	President & CEO	27,900,000	44,200,000	0	23,625,000
Árni Hermannsson	MD Aircraft Leasing and Consulting	16,100,000	25,400,000	100,000	7,500,000
Elísabet Helgadóttir	Chief Human Resources Officer	16,100,000	25,400,000	0	8,666,667
Einar Már Guðmundsson	MD Air Freight and Logistics	16,100,000	18,200,000	1,750,000	0
Ívar S. Kristinsson	Chief Financial Officer	16,100,000	25,400,000	4,250,000	0
Rakel Óttarsdóttir	Chief Digital Officer	16,100,000	25,400,000	2,500,000	0
Sylvía Ólafsdóttir	Chief Operating Officer	16,100,000	25,400,000	250,000	0
Tómas Ingason	Chief Commercial Officer	16,100,000	25,400,000	57,405	7,500,000

#### Contact information

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