

**TO THE SHAREHOLDERS OF ICELANDAIR GROUP HF.  
FROM THE NOMINATION COMMITTEE  
SHAREHOLDERS' MEETING ON 23 JULY 2021**

Icelandair Group has called a shareholders' meeting on 23 July 2021 to submit a subscription agreement made with Bain Capital for the approval of its shareholders. The Board of Directors will also propose that Mr. Matthew Evans will replace Mr. Úlfar Steindórsson as a board member effective immediately. A formal board election is not scheduled at the shareholders' meeting on 23 July 2021 so the Nomination Committee is not required to submit an advisory opinion to shareholders with nomination of candidates. However, the Nomination Committee considers it reasonable to assess the proposed changes to the Board of Directors on the composition of the board in order to assist shareholders in deciding on the proposal.

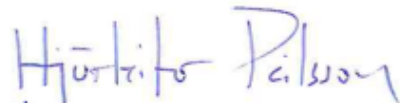
As concluded in the Nomination Committee's report for the AGM in 2021, Mr. Úlfar Steindórsson is a valuable board member for the Company, has performed his role with distinction and is the undisputed leader of the board. He is the Company's longest-tenured board member having joined the board in 2010. His knowledge and experience was vital during the successful financial restructuring of Icelandair Group but recently the Company has been shifting from minimal operations to ramp-up. The share capital increase will further support the Company in continuing its ramp-up and seizing opportunities in its markets.

Mr. Matthew Evans would join the Board of Directors as the representative of Bain Capital which would become the Company's largest shareholder. The investment of Bain Capital in the Company is significant and their shareholding would guarantee at least one board member during normal board elections. Mr. Evans joined Bain Capital Credit in 2009 and is currently a Managing Director in the Industry Research team where he oversees investments in the Aviation, Aerospace & Defense and Industrial sectors. He sits on a number of portfolio company boards, such as Titan, Precinmac, Tenax and Griffin, and has led the development of several external partnerships and joint ventures within the aviation sector. Since mid-2020, Bain Capital has been the sole owner of Virgin Australia, the second largest airline in Australia.

The equity injection from Bain Capital would further support the Company during the ramp-up and leveraging on the market opportunities ahead in the international aviation market. The Nomination Committee believes that Mr. Evans could bring valuable knowledge to Icelandair Group's Board of Directors along with a clear focus on long-term success and value creation which will benefit all shareholders.

In light of the above, the Nomination Committee proposes to the shareholders that they will approve the proposed changes to the Company's Board of Directors.

Reykjavík,  
9 July 2021



Hjörleifur Pálsson



Helga Árnadóttir



Úlfar Steindórsson