

Supplement No. 1 pursuant to the Financial Instruments Trading Act (SFS 1991:980) chapter 2 section 34

This document constitutes a supplement to the prospectus prepared by Icelandair Group hf., approved by the Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*) (the "SFSA") on 22 December 2016 (Dnr 16-17690).

This supplement has been prepared in accordance with chapter 2, section 34 of the Swedish Financial Instruments Trading Act (Sw. *lag (1991:980) om handel med finansiella instrument*) and was approved and registered by the SFSA on 21 April 2017 (Dnr 17-6157) and made public on the website of Icelandair Group on 21 April 2017.

This supplement forms part of, and shall be read together with, the Prospectus. The Prospectus including all supplements are available on Icelandair Groups hf.'s website, www.icelandairgroup.is

This supplement has been prepared due to an amendment to the terms and conditions of the bonds pursuant to an amendment and restatement agreement dated 18 April 2017. Therefore the prospectus has been supplemented as follows.

SUMMARY, SECTION C - SECURITIES NOTE, C.11 (page. 8 of the prospectus):

Previous wording: *The Company intends to list the Bonds on Nasdaq Stockholm not later than 60 calendar days after the First Issue Date and with an intention to complete such listing within 30 calendar days after the First Issue Date.*

New Wording: *The Company intends to list the Initial Bonds on Nasdaq Stockholm not later than 60 calendar days after the First Issue Date and with an intention to complete such listing within 30 calendar days after the First Issue Date. Furthermore the Company intends to list Subsequent Bonds within 60 days after the issuance of such Subsequent Bonds and with an intention to complete such listing within 30 days after the issuance of such Subsequent Bonds*

Terms and Conditions, Clause 13.3 (Listing of the Bonds) (page. 77 of the prospectus):

Previous wording: *The Issuer shall ensure that the Bonds are listed at the corporate bond list on Nasdaq Stockholm not later than 60 calendar days after the First Issue Date and with an intention to complete such listing within 30 calendar days after the First Issue Date. Once the Bonds are listed on Nasdaq Stockholm, the Issuer shall ensure that the Bonds continue being listed on Nasdaq Stockholm for as long as any Bond is outstanding (however, taking into account the rules and regulations of Nasdaq Stockholm and the CSD (as amended from time to time) preventing trading in the Bonds in close connection to their redemption).*

New wording: *The Issuer shall ensure that (i) the Initial Bonds are listed on the corporate bond list of Nasdaq Stockholm within 60 days after the First Issue Date and with an intention to complete such listing within 30 calendar days after the First Issue Date, and (ii) any Subsequent Bonds are listed on the corporate bond list of Nasdaq Stockholm within 60 days after the issuance of such Subsequent Bonds and with an intention to complete such listing within 30 days after the issuance of such Subsequent Bonds, and (iii) that the Bonds, once admitted to trading on the corporate bond list of Nasdaq Stockholm, continue to be listed thereon for as long as any Bond is outstanding (however, taking into account the rules and regulations of Nasdaq Stockholm and*

the CSD (as amended from time to time) preventing trading in the Bonds in close connection to the redemption of the Bonds).