

## Rules for product display, offers and branded areas

### Art. 1

#### Retail Display

The Operations manager oversees the retail display in stores, considering the following:

- a) Product categories are grouped together.
- b) The number of products in display is determined by sales and demand. Amount of shelf space is determined by product sales, including shelf space in coolers.
- c) Products should be faced to give a more appealing look. This means that for a limited time, some products can have more shelf space, if the product is used instead of another product that is out of stock.
- d) Products can have an extra display within the store due to demand, temporary changes in emphasis, theme days, etc.
- e) More expensive products are normally placed on the top shelves and less expensive products on the bottom shelves. Product margin can affect this order.
- f) Wine is arranged by origin. Within each country of origin, wines are sorted by type/region where possible. A minimum of two rows of each wine must be displayed on the shelves in the arrivals store.
- g) Spirits are grouped by product category. Within each category they are sorted by type whenever possible. Products from the same brand are generally grouped together.
- h) Beer, soft drinks and cider are placed on a pallet, half a pallet or on shelves. The best-selling brands are generally placed on a whole pallet, depending on space, and the lowest-selling brands on a shelf.
- i) When Duty Free Iceland has products in temporary sale, the display of products in the core range can be temporarily reduced. When deciding on a temporary change in display, the last available assessment on sales performance is taken into account.
- j) New products are displayed based on the above criteria. For the first 10 weeks in store, they are labelled on shelves and on the website in a way that indicates that these are new products.
- k) Product display must be reviewed regularly with regard to sales, demand, and changes in the product range.

### Art. 2

#### Special Offers

For products in the core range, the Seller is allowed to have offers on products that are larger than 250 ml. Price reductions can last up to 4 weeks during each four-month period. The price reduction of the product is sponsored by the Seller, so that Duty Free Iceland keeps its margin of the sale. Price reduction must amount to at least 10% off the retail selling price. The product discount is paid afterwards to Duty Free Iceland based on the quantity sold during the period. A product on offer should be specially labelled for the duration of the price reduction. If a product that has been in store for less than 10 weeks goes on offer, the offer label supersedes the new product label. The Seller sends a notice regarding an offer, along with the necessary information, through Duty Free Iceland's suppliers website.

Duty Free Iceland has offers on small bottles. Small bottles are a maximum of 250 ml in size.

### Art. 3 Branded Display Areas

Branded display areas are areas that can be specially labelled for a specific brand(s) or used for branded store units. Branded display areas are intended for well-known brands with high sales. Brands that have been in the core range for more than 12 months can apply for branded display areas. Applications for branded areas are advertised on Duty Free Iceland's suppliers website, where detailed information and conditions are given for each case, e.g. the location and size of the area, for which product category the area is intended, the minimum rental price, etc. Branded display areas are allocated for a period of 12-18 months. Areas can be shared between more than one brand from the same manufacturer.

Applications are evaluated in terms of brand sales, rental price offered, demand, uniqueness, innovation, area or retail unit design, promotion- and sales plan.

If the applications can't be prioritized based on the criteria above, allocation shall be determined by lottery.

If a product is removed from the product selection based on assessment on sales performance, the labels and/or store units are removed. The Seller pays a 3-month cancellation fee from the start of the next month after a product is removed from the product selection. The Seller is responsible for removing the branded display areas at their own expense.

### Art. 4 Promotional Areas

Promotional areas are areas that are rented for a period of 3 weeks to 1 month. Areas are categorized by type, location and sales category, and are rented for promotion or product display. An overview of the available areas is published on Duty Free Iceland's suppliers website and applications are submitted there. Payment is made for each period according to Duty Free Iceland's price list at the time of application.

One or more brands can be applied for per application. In the application for a promotional area, the desired period is listed in the form of a first choice, a second choice and a third choice. A brand will be allocated an area a maximum of two times in a 12-month period, if there is an excess demand. Each brand gets a maximum of one promotional area at any given time in each store.

Promotional areas are assigned according to the sales plan of Duty Free Iceland. A sales plan for the period is created for the brands that have applied, the last available assessment of sales performance will be used as a reference. If a product is new and has not been through an assessment of sales performance, the sales plan is based on the brand's sales history up to the date of the application's evaluation, and sales of similar products. The brand that is estimated to generate the highest margin over the period is allocated the area. If there is an available period for a promotional area after the allocation ends, the brand that was not allocated the promotional area, and is next in priority in terms of the sales plan, is offered the periods that are available.

The Seller is allowed to have a price reduction on a product alongside the retail display in the promotional area cf. the rules for special offer above.

If a product is removed from the selection based on assessment on sales performance, its branded materials are removed and the area is reassigned.

#### Art. 5

##### Promotional signs and website

Illuminated signs, promotions on the website and other defined surfaces for labeling are categorized by product categories and location, and are allocated for a period of 1-12 months. An overview of the available promotional signage is published on Duty Free Iceland's suppliers website and applications are submitted there. Signs and promotional signage areas are allocated according to the order in which applications are received. Payment is made for each period according to Duty Free Iceland's price list at the time of application.

If there is no application for a vacant area, those who already have promotional signage on the area are offered an extension. Each brand gets a maximum of one promotional sign at any given time in each store.

If a product is removed from the selection based on the assessment of sales performance, its signage is removed. Cost for promotional signs and other defined surfaces for labeling is non-refundable.

#### Art. 6

##### Amendment Clause

If there are changes to these rules, they will be announced at least one month in advance.

These rules are set with reference to regulation no. 1101/2022, on the selection of goods and procurement of alcoholic goods by duty-free shops

These rules take effect on 28.11.2022.

Keflavík Airport, 28.11.2022,

Þorgerður Þráinsdóttir