

Rules on product range and distribution

Art. 1

Sales categories

The Duty Free Iceland product range consists of a core product range, special listings and goods in temporary sale. The product range is divided into sales categories and product categories. There are four sales categories: 1) Wines, 2) spirits, 3) alcohol <22% and 4) beers, ciders and soda mixes. Within each sales category, products are divided into product categories according to their special characteristics.

Art 2

Core product range

The core product range consists of the products that deliver the best sales performance in each product category at any given time and new products in sale. New products are in the core product range for at least four months before their sales performance is first assessed.

The table of the core product range (Table 1) presents an overview of the product categories and the minimum number of products in each category.

When reviewing the product range based on sales performance, the number of products remaining in the core product range in each product category is the number specified as the minimum number in Table 1. The number criteria of the core product range are reviewed regularly.

Art. 3

Special listings

Special listings are products that are intended to ensure diversity and quality in the product range, meet demand and increase distinctiveness and competitive strength compared to other duty-free stores.

The special listings category is comprised of products that should be removed from the core product range based on sales performance, as well as new products that meet the criteria and conditions of the category and are requested separately by advertisements.

Special listings are an addition to the core product range.

An overview of products in the special listings category at any given time is published on Duty Free Iceland's supplier website.

The decision to enter a product into the special listings category is based on an assessment of whether the product increases the variety, quality or distinctiveness of the product selection, meets a specific demand or improves the competitive position towards other duty-free stores. The assessment takes the following factors into account:

- a) collector value;
- b) reputation;
- c) age;
- d) rarity;
- e) temporary emphases in product selection;
- f) customer demand;
- g) the product is accompanied by an accessory or comes in a gift box;
- h) the result of a sensory evaluation;
- i) production method;
- j) expected demand, e.g. due to publicity or fashion trends;
- k) the product is marked duty free;
- l) the product increases the distinctiveness of the product range;
- m) the product has a particular appeal for tourists.

The special listings product range is reviewed at least once every 12 months.

If a product no longer has the distinctiveness that it had when it was classified as a special listing or has been in the special listings category for five years, it is moved to the core product range and undergoes an assessment of sales performance in the relevant product category.

Art. 4

Products in temporary sale

Products in temporary sale are products that are produced and sold during a specific seasonal period.

Products in temporary sale must be clearly related to the season or occasion and must not be available outside of a certain period.

Products in temporary sale are an addition to the core product range.

Proposals for products in temporary sale are requested by advertisements, cf. rules for purchasing new products.

The sales periods for products in temporary sale are Christmas, Easter and summer. The sales time of each period and the maximum number of products in each product category for each period are published in the RFP.

If the number of proposals exceeds the maximum number, the composition of product selection shall be:

- a) New products, that is products that were not in temporary sale during the last sales period, must make up at least 20% of the product selection. Selection of new products in temporary sale is according to rules for purchase of new products.
- b) Products that were in sale during the last comparable sales period. Sales performance, according to rules for assessment of sales performance, determines which products have priority.

Art. 5

Distribution to stores

Products in the core product range and on temporary sale are on sale in Duty Free Iceland's arrival store, except for those products that are primarily in demand among foreign tourists. Those products are only available in stores for departing passengers.

The product range of the departure store consists of a certain part of the core product range, special listings and products for which there is a special demand, e.g. due to the distinctiveness of the product. The table distribution of the product range (Table 2) contains criteria for the number of products in the arrival store and the departure store by product category.

In the case of a quantity limitation, the products in the store's product range are the ones that deliver the best sales results within the relevant product category at any given time.

The product selection of other stores, with sales of less than 5% of the total alcohol sales in Duty Free Iceland store, is determined by the operations manager and must take into account demand at any given time, customer expectations and efficiency considerations.

Special listings are a part of the product range of the departure store, but can also be partially in other stores, depending on demand, customer expectations and efficiency considerations.

Products in temporary sale are a part of the product range of the arrival store, but can also be partially in other stores, depending on demand, customer expectations and efficiency considerations.

The operations manager is authorized to increase the store's product range, e.g. due to demand, to increase variety or due to temporary emphases.

Art. 6

Provision for changes

If changes are made 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 enter into force upon publishing.

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Þorgerður Þráinsdóttir