

NOTICE OF PARTIAL CONVERSION OF BONDS

LBI ehf.

(Incorporated in Iceland as a private limited company with registered number 540291-2259)

(the “**Issuer**”)

in respect of the outstanding

EUR 415,524,303.49 Convertible Bonds due 2035 (the “**Bonds**”)

Capitalized terms used and not otherwise defined in this notice (the “**Notice**”) shall have the meaning given to them in the Conditions of the Bonds, as set out in Schedule 1 to the trust deed dated 23 March 2016 (the “**Trust Deed**”) between the Issuer, Wilmington Trust (London) Limited (the “**Trustee**”) and Wilmington Trust, National Association (the “**U.S. Trustee**”).

Notice is hereby given by the Issuer that, pursuant to Article 6.2 and 29 of the Issuer’s Articles of Association and Condition 6.1(a) of the terms and conditions of the Bonds (the “**Conditions**”), Bonds in the aggregate amount of EUR 82,843,563.89 (which represents 19,94% of the Bonds) will be converted into new Class A Shares on a pro-rata basis and in accordance with the Conditions (the “**Conversion**”). The Conversion shall apply in respect of all of the outstanding Bonds, and the reduction in the aggregate principal amount outstanding under the Bonds effected by the Conversion shall be applied on a *pro rata* basis across the holdings of each Bondholder (including any holdings of Bonds by the Securities Escrow Agent in respect of Disputed Claims or Contingent Claims). The effected Conversion Date will be 11 November 2022. The record date for the Conversion will be 11 November 2022.

Further to the above, the Board of Directors of the Issuer will, with reference to Article 6.2 of the Articles of Association and Condition 6.1(a) of the Conditions, increase the Issuer’s share capital by EUR 828,435.64 from EUR 12,841,600.86 to EUR 13,670,036.50 nominal value, by issuing 82,843,563.89 new Class A Shares each of a nominal value of EUR 0.01. The conversion rate of the new shares as determined by the Issuer shall be EUR 0.01 per share. Fractions of Class A Shares will not be issued or delivered on the Conversion and no cash payment or other adjustment will be made in lieu thereof. If any conversion in accordance with Condition 6 of the Conditions would result in an entitlement to a fraction of a Class A Share, the Issuer shall round such fraction of a Class A Share down to the nearest whole Class A Share.

Subscription to the new Class A Shares derives from the Conditions. The subscription price shall be paid by way of set-off against the Bonds converted hereunder and will be paid upon issuance of the Subscription Rights (as defined in Article 29.5 of the Articles of Association), issued in relation to the conversion.

For the purpose of the Conversion and allocation of the new Class A Shares and in accordance with the Conditions, the Settlement Instruction form attached to this Notice as Annex 1 must be completed, executed and returned to the Issuer via post to U.S. Bank National Association c/o U.S. Bank Global Corporate Services, 214 N. Tryon Street, 27th Floor, Charlotte, NC 28202 and electronically to CDOAgencyServices.LBIhf@usbank.com, as soon as possible but **no later than on 4 November 2022**. A Settlement Instruction, once delivered, shall be irrevocable and may not be withdrawn without the consent in writing of the Issuer.

If the Settlement Instructions are not completed and returned to US Bank on behalf of LBI ehf., then in accordance with Condition 6.4(f) of the Conditions allocation of the new Class A Shares into LBI’s shareholders registry shall be issued and registered **on 11 November 2022** in the name of either the Securities Escrow Agent or such Bondholders who have failed to return Settlement Instructions and who, assuming

compliance with Condition 3.3 of the Conditions, the Issuer reasonably believes to be Bondholders entitled to such Class A Shares.

Background to the conversion

The Issuer has decided to utilize its authority to partially convert the Bonds into new Class A Shares in accordance with Article 6.2 and 29 of the Articles of Association and Condition 6.1(a) of the Conditions.

The Board of Directors of the Issuer believes that the conversion is in the best interests of both the Issuer and the Bondholders, as it is reasonably likely that the Issuer will be unable to redeem the Bonds in full on or before the Final Maturity Date and due to the fact that post income year 2022 the Issuer should not have sufficient tax losses available to cover later income that the Issuer will realize from later conversion or cancellation of debt.

This Notice and any non-contractual obligations arising out of or in connection with it shall be governed by, and shall be construed in accordance with, Icelandic law.

The Principal Paying, Transfer and Conversion Agent is:

U.S. Bank National Association
C/o U.S. Bank National Association
214 N. Tryon Street
27th Floor
Charlotte, NC 28202
Email:
Attention: CDO Agency Services

The Trustee is:

WILMINGTON TRUST (LONDON) LIMITED
Third Floor, 1 King's Arms Yard
London
EC2R 7AF
United Kingdom
Fax: +44 (0) 207 397 3601
Email: adminlondon@wilmingtontrust.com
Attention: The Director

The U.S. Trustee is:

WILMINGTON TRUST, NATIONAL ASSOCIATION
Global Capital Markets
50 South Sixth Street, Suite 1290
Minneapolis, Minnesota 55402
Fax: 612-21725651
Email: hfield@wilmingtontrust.com
Attention: LBI ehf. Administrator

**This Notice is given by
LBI ehf.
as Issuer**

Dated 25 October 2022