
Proposals submitted to the Annual General Meeting (AGM) of Síminn hf.

9 March 2023

- 1. Report of the Board of Directors on the Company's activities during the past year**
- 2. Confirmation of the consolidated financial statements of the consolidated and parent company and the decision on how to handle the Company's profit or loss during the financial year**

The Board of Directors of Síminn hf. proposes to the AGM that the annual accounts for 2022 be confirmed.

Reference is made to the annual accounts for the disposal of profits and other changes in equity accounts.

3. Decision on the payment of dividends

The Board of Directors of Síminn hf. proposes to the AGM that dividends be paid out to shareholders for the financial year 2022, which amounts to ISK 0.119 per share. Thus, the total payment amounts to ISK 500 million, which represents 1.31% of the profit for the year 2022.

Record date will be 13 March 2023, all shareholders specified in the Company's register of shareholders at the end of the Record date are entitled to dividends for the operating year 2022. The ex-date date, that is, the date the transaction commences with the company's shares without the right to dividend for the fiscal year 2022, will be 10 March 2023 next business day after the AGM. The payout date will be 31 March 2023. A proposal for a dividend payment is in accordance with the dividend policy of the company.

4. Election of three individuals to the Nomination Committee

The Board of Directors nominates the following members to sit on the Nomination Committee until the next AGM:

Jensína Böðvarsdóttir
Steinunn Þórðardóttir
Eyjólfur Árni Rafnsson

5. Election of the Board of Directors of the Company

6. Election of a statutory auditor or audit firm

The Board of Directors of Síminn hf. proposes to the AGM that KPMG ehf. will be the company's auditing firm.

7. Proposal of the Board of Directors on the Company's remuneration policy

The Board of Síminn hf. proposes to the general meeting on March 9, 2023 that the remuneration policy be approved.

The proposal of the Board of Síminn hf. regarding the remuneration policy is available at the company's office and on its website:
<https://www.siminn.is/fjarfestar/hluthafafundur>

Explanation of proposal:

The board of directors proposes that the remuneration policy for the company be approved, but it remains unchanged from last year.

8. Decision on the remuneration to the members of the Board of Directors for their work as well as remuneration of the members of the subcommittees and the Nominating Committee

The Board of Directors of Síminn hf. proposes to the AGM that the remuneration to the Board and Committee be as follows:

The remuneration of the chairman of the Board will be ISK 800,000 a month.

The remuneration of the vice-chairman will be ISK 425,000 a month.

The remuneration of board members will be ISK 425,000 a month.

The remuneration of the Chairman of the Audit Committee shall be ISK 210,000 a month.

The remuneration of the members of the Audit Committee shall be ISK 105,000 a month.

The remuneration of the Chairman of the Remuneration Committee shall be ISK 150,000 a month.

The remuneration of the members of the Remuneration Committee shall be ISK 75,000 a month.

The remuneration of the Chairman of the Nomination Committee shall be ISK 150,000 a month.

The remuneration of the members in the Nomination Committee shall be ISK 75,000 a month.

9. Stock option plan for the CEO, senior management and key employees submitted for approval

The Board of Síminn hf. proposes at the annual general meeting on March 9, 2023 that the draft stock option plan for the CEO, senior management and key employees be approved. The stock option plan authorizes the company's board of directors, following the recommendation of the remuneration committee, to enter into stock option agreements with the CEO, senior managers and key employees of the company and its subsidiaries. At the 2022 Annual General Meeting, a proposal was submitted for a stock option plan for the CEO, senior management and key employees, which was approved with changes. The proposal that is now submitted entails that the proposal in question will be canceled and replaced with the proposal that is submitted now.

The total number of shares that may be warranted, based on this stock option plan, is 75,000,000. According to the stock option plan, the company's CEO can be entitled to a maximum of 15% of the allocated shares, while other managers and key employees are entitled to a maximum of 10% of the allocated shares at any given time. Granted purchase options will vest over three years, but the exercise of the purchase option will be spread over three years after the vesting period.

The purchase price of the shares upon exercise shall not be lower than the weighted average price in the trading of the company's shares for ten full trading days prior conclusion of the option agreement, plus interest which shall be equal to the Central Bank of Iceland's policy interest rate, as they are at any given time. Despite the above, interest applied shall never fall below 4%.

Stock options expire earlier if the stock option holder's employment relationship with the company or its subsidiary (as applicable) is terminated before the vesting period, but the company is permitted to grant exceptions to that principle.

The company will not be allowed to grant loans or guarantees of any kind in connection with the stock option plan. Purchase rights are not transferable, but should there be a change in control of the company, cf. Article 100 Act no. 108/2007 on takeovers, all purchase rights are vested immediately.

The stock option plan further assumes that the CEO and senior management are obliged to retain a certain number of shares until a certain multiple of the base salary is reached, up to the time of retirement from the company.

The stock option plan, which is part of this proposal, is available at the company's office and is available on its website:

<https://www.siminn.is/fjarfestar/hluthafafundur>

Explanation of proposal:

Síminn hf. submitted a proposal for a stock option plan for the CEO, senior managers and key employees at the 2022 annual general meeting. The proposal was approved with changes, but has not been implemented. The board considers it appropriate to make changes to the stock option plan regarding the determination of the purchase price, and a new proposal is submitted to replace the one that was previously approved. In substance, the stock option plan is identical to the one that was already approved, except for the aforementioned change.

As before, the purchase price of a share must not be lower than the weighted average price in the trading of the company's shares for ten full trading days before the execution of each option contract, but the change relates to the interest rate when determining the purchase price.

It is therefore proposed that the purchase price should be calculated using interest rates that are equal to the Central Bank of Iceland's policy interest rate (prime interest rate) as they are at any given time. Today, the key interest rate is 6.5%. However, you should never aim for an interest rate lower than 4%.

The Board of Síminn hf. believes that with this interest rate standard, the wishes of the shareholders who prefer that the interest calculation of stock options be at a variable interest rate that takes into account the state of the economy at any given time, have been met. Call options with too high interest rate are not conducive to achieving their goals and may even encourage unwanted risk-taking by managers. The board believes that a standard has been found here that creates a good balance between the management's expectations and the shareholders' interests.

The stock option plan is otherwise identical to the proposal that was already approved.

10. Proposal to reduce share capital and amend the Company's Articles of Association

The company's board of directors submits the following proposal for consideration regarding the reduction of the company's share capital:

"Síminn hf.'s general meeting, held on March 9, 2023, agrees to reduce the company's share capital from ISK 4,400,000,000 in nominal value to ISK 4,215,000,000 in nominal value, to equalize own shares based on Act no. 2/1995, on limited companies. The reduction includes own shares that the company has acquired through the purchase of own shares according to the buyback plan that was approved at the

company's general meeting on March 10, 2022 based on Article 55. Act no. 2/1995 on limited companies."

If the proposal is approved by the general meeting, the amount of the share capital in the company's articles of association will be changed accordingly, so that Art. 4.1. in the company's articles of association it reads as follows:

"The company's share capital is ISK 4,215,000,000, - four thousand two hundred and fifteen million ISK."

Explanation of proposal:

The Board of Síminn hf. submits to the general meeting held on March 9, 2023 a proposal that the company's share capital be reduced by ISK 185,000,000 in nominal value. According to the proposal, it is assumed that the company's own shares of the nominal amount will be equalized. The company has bought the shares on the market with the authorization of last year's shareholders' meeting, as part of a buyback plan and reduction of share capital. If the proposal is approved, the nominal value of the company's share capital will decrease from ISK 4,400,000,000 to ISK 4,215,000,000. Nominal value of shares according to article 4.1. in the company's articles of association changes accordingly.

11. Proposal to reduce share capital through payment to shareholders and amend the Company's Articles of Association

The company's board of directors submits the following proposal for consideration regarding the reduction of the company's share capital and payment to shareholders, taking into account the changes pursuant to Point 10 in the board's proposals:

"Síminn hf. general meeting, held on March 9, 2023, agrees to reduce the company's share capital from ISK 4,215,000,000 to ISK 2,775,000,000, with payment to shareholders in the amount of ISK 15,700,000,000. The reduction of the share capital is carried out based on 2. Paragraph 2 Article 51 Act no. 2/1995, on limited companies. The nominal value of shares decreases by ISK 1,440,000,000, but the reduction amount that is in excess will be reduced from other equity accounts. If the proposal is approved, the stock exchange will be notified with a separate notice of the implementation of the share capital reduction, including reference dates regarding the vesting date, vesting date and expected payment date. Payment will be made as soon as possible after the mandatory caveats have been met".

If the proposal is approved by the general meeting, the amount of the share capital in the company's articles of association will be changed accordingly, so that Art.

4.1. in the company's articles of association, it subsequently reads as follows, taking into account changes according to Point 10 in the board's proposals:

"The company's share capital is ISK 2,775,000,000, - two thousand one hundred and twenty-five million ISK."

Explanation of proposal:

The Board of Síminn hf. proposes to the general meeting that the company's share capital be reduced by ISK 1,440,000,000 in nominal value. According to the proposal, it is proposed to pay shareholders ISK 15,700,000,000. The amount that exceeds the reduction in nominal value will be allocated from other equity accounts. If the proposal is accepted, the nominal value of the shares will decrease from 4,215,000,000 to 2,775,000,000. The nominal value of the shares according to article 4.1 of the company's articles of association changes in accordance with the above-mentioned reduction proposals.

The sale of Míla was completed on September 30, last year and the buyer issued a transferable bond in the amount of ISK 17.5 billion. The bond has now been sold and it is proposed that the sale proceeds be paid to the shareholders.

It is the opinion of the company's board of directors that the company's equity ratio is high and therefore it is appropriate to reduce the share capital and thus achieve a better capital structure. Síminn hf. position will continue to be strong, and the equity ratio will still be high at around 55%. Debts are low, but if the company lacks capital, it has access to up to ISK 5 billion in the form of a long-term loan and line of credit. Following the payment due to the reduction of the share capital, the board of directors believes that the capital structure is more favorable for shareholders and better in line with Síminn hf. objectives regarding indebtedness.

As a caveat is made that the tax's company register provides an exemption from the obligation to recall, the proposal does not include a specific payment date, but the proposal is clear that payment should be made as soon as possible after the caveats are met. The proposal also states that when the caveats have been fulfilled, it should be notified to the stock exchange, and it is planned that the payment date, X-day and reference date will be specified in that notification, as well as confirmation of what will be the last trading day for shares with rights to payout.

12. Proposal to authorize the Company to purchase own shares in accordance with Art. Article 55 The act on Public limited Companies

The Board of Síminn hf. proposes to the company's general meeting that the following proposal for the purchase of its own shares be approved and replaces the current authorization of the company's board of directors to buy its own shares, which was granted at the company's general meeting on March 10, 2022.

"The general meeting of Síminn hf. held on March 9, 2023 authorizes the company's board of directors to buy shares in the company once or more in the next 18 months so that it together with its subsidiaries owns, if other legal requirements are met, up to 10% of its share capital, i.e. to a maximum of ISK 277,500,000 in nominal value, in order to establish a trading session with shares in the company and/or to set up a formal repurchase plan, with the aim of reducing the company's share capital and enabling the company to fulfill its obligations according to stock option agreements with employees. Compensation for purchased shares shall not be at a higher price than the price of the last independent transaction or the highest available independent purchase offer in the trading systems where the shares are traded, whichever is higher. However, such purchases are permitted if they are made by a market maker according to Article 116 Act on securities transactions or on the basis of item 3. Paragraph 3 Article 115 and paragraph 2 Article 119 Act on securities transactions and regulations established on the basis of Articles 118 and 131. of the same law. This authorization is based on the provisions of Article 55. Act no. 2/1995. Other previous authorizations for the purchase of own shares become invalid upon approval of this authorization."

If the board's proposal is approved, the authorization will be mentioned in a special appendix to the company's articles of association, and the appendix shall be part of the articles of association for the time that the authorization is in effect, cf. article 8.1 of the company's articles of association.

Explanation of proposal:

The Board of Síminn hf. submits to the general meeting a proposal that the company's board of directors be allowed to buy the company's own shares. The proposal assumes that the previous repurchase plans will expire upon the approval of the general meeting of the proposal. The purpose of the purchase is to establish a trading floor with shares in the company and/or set up a formal share buy-back plan, with the aim of reducing the company's share capital and enabling the company to meet its obligations according to stock option agreements with employees.

13. Proposal to amend the Company's Articles of Association

The Board of Síminn hf. proposes to the company's general meeting the following proposals for changes to the company's articles of association:

Firstly, it is proposed that the maximum deadline for calling a shareholders' meeting be extended from four weeks to up to six weeks, cf. amendments to the Limited Liability Companies Act no. 2/1995, cf. law no. 119/2022 on amendments to the

law on limited liability companies, the law on private limited liability companies and the law on annual accounts (shareholder meetings, etc.).

The proposal is that article 10.2. of the company's articles of association will then read as follows:

"The board of the company shall call for shareholders' meetings. Shareholders' meetings must be convened at least three weeks before the meeting and at the latest six weeks before the meeting, unless the shareholders have previously agreed to a meeting with shorter notice on the basis of the conditions stated in Article 88. a of the Act on Limited Companies no. 2/1995. A shareholders' meeting must also be called within 14 days if the elected auditors or shareholders who control at least 1/20 of the share capital demand it in writing and report on the meeting's agenda."

Secondly, amendments are proposed to article 10.6, where the board of directors is allowed to decide the deadline for shareholders to register for an electronic meeting, which shall be a maximum of five days. The proposal is intended to provide the board with the option of setting a deadline for registration with respect to of the technical solution chosen at any given time, however the deadline shall not exceed five days, and the deadline shall be mentioned in the meeting notice. The intention of the change is to remove any doubt that this deadline can be shorter, so that shareholders are given more time to register their participation in a shareholders' meeting. Therefore, it is proposed that the board can decide on this at any time, so that consideration can be given to the technology that is available at any time with respect to electronic shareholder meetings.

The proposal is that article 10.6. of the company's articles of association will then read as follows:

"The board is authorized to decide that a shareholder meeting will be held electronically, partially or entirely, provided that sufficient secure equipment is available to hold an electronic meeting. If a decision is made to hold an electronic meeting, this must be mentioned separately in the meeting invitation. The notice of the meeting must include information about the necessary technical equipment, how shareholders announce their participation, how voting takes place and where shareholders can access instructions on electronic equipment, access codes to participate in the meeting and other information that may be relevant. The password entered into a specific electronic device is equivalent to the signature of the relevant shareholder and is considered confirmation of his participation in the shareholders' meeting. If the shareholders' meeting is held electronically, either partially or entirely, the company's board may decide that shareholders who intend to attend the meeting electronically must notify the

company's office of their participation up to five days before the meeting and simultaneously submit written questions regarding the agenda. or submitted documents that they wish to respond to at the meeting. The deadline must be mentioned in the meeting notice, if applicable. In other respects, the provisions of Article 80 apply to such votes. a of law no. 2/1995 on limited companies, with subsequent amendments."

Thirdly, changes are proposed to article 10.7 and the authorization of shareholders to have the votes sent five days before the shareholders' meeting will be abolished. The provision is largely unrealistic in implementation, as not all proposals are necessarily submitted five days before the meeting, cf. art. 10.5. where information on Candidates for the board of Directors are not available at that time. Shareholders have the opportunity to exercise their voting rights at a shareholders' meeting, and it is natural that this applies to all shareholders.

The proposal is that Article 10.7. in the company's articles of association will be as follows:

"Shareholders shall be given the opportunity to vote on issues that are on the agenda of the shareholders' meeting, by letter or electronically. The notice of the meeting shall state how the voting shall be carried out."

Fourthly, amendments are proposed to Article 11.2. about the issues to be discussed at the general meeting. It is proposed that section 3 on "Proposals for changes to the company's articles of association, if received" will be deleted and other sections will be moved up by number. It is not necessary to have the said item separately. It is also proposed that section 4 "Decision on the payment of dividends" be deleted as it is a duplication and is materially discussed in section 2. It is proposed that section 8 (section 6 after amendment) be in such a way that shareholders decide on the remuneration of the sub-committees regardless of wheather committee member is also on the board or not. Finally, it is proposed that section 9 (section 7 after amendment) should read as follows: "Proposal of the board of directors on the company's remuneration policy", but this is a simplification of the text and not a material change:

The proposal is that that Article 11.2 will be the following:

- 1) The board's report on the company's activities last year.
- 2) Confirmation of annual accounts and a decision made on how the company's profit or loss should be handled during the financial year.
- 3) Election of three persons in the nomination committee.
- 4) Election of the company's board of directors.

- 5) Election of a chartered accountant or audit firm.
- 6) Decision on remuneration to the company's board members for their work, as well as the remuneration of committee members in the board's sub-committees and in the nomination committee.
- 7) The board's proposal on the company's remuneration policy.
- 8) Proposals from shareholders to be included in the agenda.
- 9) Other issues.

Fifthly, it is proposed that Article 24 of the articles of association – „Special provisions on share capital increases“ will be deleted. The reason for the change is that the provision was introduced in 2015 when the stock option plan was approved. The authorization clause was supposed to be valid for five years or until the year 2020, but the authorization was not used, it is therefore rational that the clause will be deleted from the articles of association.

The proposal is for Article 24 of the company's articles of association to be deleted and the current Article 25 – Other provisions to take the number 24 instead.

14. Proposals from shareholders to be included in the agenda

15. Other matters

Note: This English version is a translation of the Icelandic text