
Proposal to the shareholders' meeting of Síminn hf.

26 October 2022

1. Proposal to reduce share capital with cash payment to shareholders and amend the Company's Articles of Association

The Board of Síminn hf. submits the following proposal to shareholders regarding the reduction of the company's share capital and payment to shareholders.

"Síminn hf.'s shareholder meeting, held on 26 October 2022, agrees to reduce the company's share capital from ISK 7,300,000,000 to ISK 4,400,000,000 with cash payment to shareholders in the amount of ISK 31,500,000,000. The reduction of share capital is based on item 2 of Paragraph 2 Article 51 Act no. 2/1995, on limited liability companies. The nominal value of outstanding shares decreases by ISK 2,900,000,000, but the reduction amount that is in excess will be deducted from other equity accounts. If the proposal is approved, the stock exchange will be notified with a separate notice regarding the processing of the share capital reduction, including the vesting date and expected payment date. Payment will be made as soon as possible after all mandatory conditions have been met".

If the proposal is approved by the shareholders' meeting, the amount in the company's articles of association will be changed accordingly, so that article 4.1 of the company's articles of association will subsequently read as follows:

"The company's share capital is ISK 4,400,000,000, - four billion and four hundred million ISK"

Statement from the Board related to proposal 1 on the reduction of share capital by payment to shareholders:

The Board of Síminn hf. proposes at the shareholders' meeting that the company's share capital be reduced by ISK 2,900,000,000 in nominal value. According to the proposal, it is proposed to pay shareholders ISK 31,500,000,000. The amount that exceeds the reduction in nominal value will be allocated from other equity accounts. If the proposal is approved, the nominal value of the shares will decrease from 7,300,000,000 to 4,400,000,000. 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 proposal.

Mila's sale was closed on 30 September 2022 where Síminn received a cash payment of ISK 32.7 billion and in addition the buyer issued a transferable bond in the amount of ISK 17.5 billion. With this change, the liquidity position will be very strong and equity ratio will be around 80%.

It is the opinion of the company's board of directors that such an equity ratio is very high and therefore appropriate to reduce the share capital and thus achieve a better capital structure. Síminn remains in a similar position as it did before the sale of Mila. Síminn's position will still be strong and the equity ratio very high or around 69%. Debts are low, but in the event that the company needs more capital, the company has access to up to 7 billion ISK in the form of a long-term loan, a credit line and corporate notes. Following the payment due to the reduction of the share capital, the Board of Directors believes that the capital structure is more favourable for shareholders and better in line with Síminn's objectives regarding capital structure.

Since a condition is made that the Company Register of the Tax Authority provides an exemption from the recall obligation, the proposal does not include a specific payment date, but the proposal is that payment should be made as soon as possible after the conditions are fulfilled. The proposal also states that when the conditions have been fulfilled, it must be notified to the stock exchange, and it is planned that the payment date, X-date 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.

2. Other matters