

## Síminn hf. Remuneration Committee Report

### Financial Year 2024 – 2025

#### **Purpose and Role of the Remuneration Committee**

Síminn has a remuneration policy that is followed in its operations. The company's remuneration policy was approved unchanged at the 2024 Annual General Meeting. According to this policy, it serves as the foundation for competitive remuneration at Síminn and ensures that executive remuneration aligns with the company's long-term financial performance, individual performance, and shareholder interests.

The Remuneration Committee negotiates the terms of employment with the CEO, and the Board of Directors approves the company's agreement with the CEO. The CEO is responsible for the remuneration of other company employees and must ensure that remuneration is always in accordance with the remuneration policy and its implementation as instructed by the Remuneration Committee. The Committee may seek external consultancy on remuneration at comparable companies when necessary. Its role includes addressing the matters outlined in the Corporate Governance Guidelines, 6th edition, 2021.

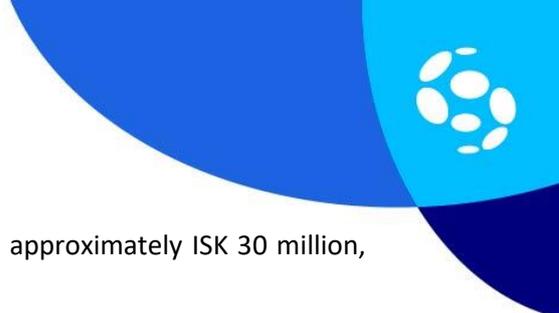
#### **Composition and Activities of the Remuneration Committee for the Financial Year**

The Remuneration Committee is a subcommittee of the Síminn Board of Directors and is appointed in accordance with board regulations. The committee for the 2024-2025 financial year consisted of Jón Sigurðsson (Chairman), Arnar Mátsson, and Valgerður Halldórsdóttir. The committee held four meetings, with full attendance at all of them. Standard agenda items included reviewing the remuneration policy, CEO salary terms, and variable salary payments for the executive management team. The committee also provided guidance to the CEO on executive salary matters and addressed general HR-related issues such as employee satisfaction surveys and equal pay certification.

A CEO transition occurred during the year when Orri Hauksson stepped down after eleven years, and María Björk Einarsdóttir took over as CEO on September 1, 2024. The severance package for the outgoing CEO was in line with the termination provisions of the employment contract and within the remuneration policy's authorizations. The new CEO's salary terms are market-aligned and within the policy's guidelines. Additionally, two executives left the company during the year, and their severance payments adhered to contract terms and the remuneration policy. Further details on CEO and executive compensation can be found in Note 32 of the 2024 Annual Report.

The remuneration policy states: "A performance bonus may not exceed an amount equivalent to four months' base salary for the CEO and senior executives. Bonuses shall be linked to individual performance, the company's financial performance, and/or key operational milestones, including whether set targets have been met."

At a board meeting on February 18, 2025, the Board of Síminn approved the committee's proposal for variable salary payments for the CEO and executive management team based on 2024 performance targets. These targets were partially achieved and were based on EBITDA performance and individual performance metrics. Consequently, the board approved payments equivalent to 2.0 to 2.5 months of base salary for four executives. New executives hired in 2024 were not included in the 2024 performance-based bonus system. Payments were structured as follows: 1.5 months' salary equivalent for achieving collective financial targets and 0.75 to 1.0 months' salary equivalent for



meeting personal performance targets. Total payments amounted to approximately ISK 30 million, excluding payroll-related costs.

The former CEO's base salary was increased by 2.5% in 2024. The average salary increase for executive management from 2023 to 2024 was 2.7% compared to the previous year.

On May 16, 2023, the Síminn Board approved a decision to grant stock options to executives and key employees for a total of 75,000,000 shares, based on the Annual General Meeting (AGM) approval from March 9, 2023. In 2023, 22 employees were granted stock options based on this AGM decision. On November 26, 2024, the Board granted additional stock options to the new CEO, two new executives and certain key employees. A total of 28,125,000 shares were allocated, representing approximately 1.06% of Síminn's issued share capital. The CEO received 11,250,000 stock options as part of this allocation. Since the first allocation in 2023, six employees (including the CEO) left the company, resulting in the forfeiture of 28,125,000 stock options. The terms of the stock option plan for executives and key employees can be found on Síminn's investor relations website.<sup>1</sup>

In accordance with the March 9, 2023, AGM decision, an employee stock option plan has been implemented under Article 10 of Act No. 90/2003 on Income Tax. This plan applies to all permanent employees and allows each participant to purchase up to ISK 1,500,000 worth of shares per year for three years (2024, 2025, and 2026) after the half-year financial statements are published.

In 2023 226 employees signed agreements for up to 30,874,312 shares annually (assuming full utilization). No employees exercised their stock options in 2024. In 2024 38 additional employees joined the plan, eligible for up to 11,457,286 shares in 2025 and 2026. The purchase price for stock options in 2023 was ISK 10.98 per share (10-day trading average). In 2024, the new purchase price was ISK 9.95 per share.

Further details on Síminn's salary costs can be found in Note 8 of the 2024 Annual Report, Note 12 for stock option discussions and Note 32 for board, CEO, and executive compensation details.

The Remuneration Committee has reviewed 2025 performance-based compensation for the CEO and executive management team and has proposed updated targets to the Board. The 2025 performance criteria will be based on EBIT results, Company-wide non-financial targets and individual non-financial targets. The maximum performance-based component will not exceed four months' base salary, in accordance with the remuneration policy, two months linked to EBIT targets and two months linked to measurable non-financial targets.

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

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<sup>1</sup> [Síminn hf. - Tillaga að kaupréttaráætlun fyrir stjórnendur 2023](#)