

SKELJUNGUR HF. SHAREHOLDERS' MEETING – 7 OCTOBER 2021

Proposals to the Company's shareholders' meeting

A. Proposal on the sale of P/F Magn, Skeljungur hf.'s subsidiary in the Faroe Islands - ITEM 2

The Board of Directors proposes that P/F Magn, Skeljungur's subsidiary in the Faroe Islands, should be sold.

Reasoning:

As announced in a notice last 2 September, exclusive negotiations are currently in progress with a certain bidder regarding the sale of all the shares in Skeljungur's subsidiary in the Faroe Islands, P/F Magn. The sale of the subsidiary is subject to the approval of a shareholders' meeting, and for this reason the sale is now placed before the shareholders' meeting for approval. The proposal supports the Company's strategy of reducing its focus on sales of traditional fuel in light of the impending energy transition. For further information on the process, reference is made to announcements of the Company, which can be accessed on Skeljungur's website under the heading Nasdaq News; there have been a total of seven announcements.

If the exclusive negotiations should lead to a sale, and if the proposal is approved by the shareholders' meeting, the total selling price will amount to ISK 12.3 billion; the final figure will be net of debts taken over by the buyer, the cost of the sale and other financial balancing. Taking the above into account, the selling price of the shares would amount to approximately ISK 10 billion, which is ISK 6.2 billion above the book value of the shares. The net interest-bearing debts of the Group would be reduced by ISK 2.1 billion, and cash would increase by ISK 10 billion with the sale. Amounts are based on the exchange rate of DKK/ISK = 20.

Magn's total income in the first half of 2021 amounted to ISK 8,627 million, while the Group's total income amounted to ISK 22,667 million. P/F Magn's EBITDA in the first six months of 2021 amounted to ISK 929 million, while the Group's EBITDA amounted to ISK 1,584 million.

B. Proposal for additional authorisation for the Company to buy own shares by means of an open offer to shareholders - ITEM 3

The Board of Directors of the Company submits the following proposal regarding authorisation for the acquisition of own shares by means of an open offer to shareholders in addition to the authorisation currently in effect under the Company's formal repurchase programme.

With reference to Article 8 of the Company's Articles of Association, the Board of Directors of the Company proposes the following amendments of an Annex to the Articles (changes are overstruck and underlined):

"Authorisation of the Company to acquire own shares, approved at the shareholders' ~~annual-general~~ meeting held on 7 October ~~March~~ 2021.

The shareholders' meeting of Skeljungur hf. held on ~~4-March~~ 7 October 2021 authorises the Board of Directors of the Company, subject to compliance with other conditions of law, until next annual general meeting, to purchase, once or on more occasions, shares in the Company, on the condition that the Company, together with its subsidiaries, shall only hold a maximum of 10% of the Company's shares. This authorisation shall be used for the purpose of setting up a formal repurchase programme or to

make an open offer to shareholders to sell to the Company shares in itself, for instance by means of an offer to shareholders, with the stipulation that there is no discrimination among shareholders as regards the invitation to participate in such transactions. In repurchasing, the highest permitted consideration for each share shall not exceed the price in the most recent arm's length trade or the highest existing arm's length offer to buy in business systems where trading in the shares is conducted, whichever is higher. Trading in the Company's own shares shall be announced in compliance with law and regulations. Other, earlier, authorisations to acquire own shares shall lapse on the approval of this authorisation."
~~accordance with Chapter VIII of Act No. 2/1995 on limited companies, cf. the annex to Regulation No. 630/2005 on inside information and market abuse entitled Trading in own shares in repurchase programmes and stabilisation of financial instruments"~~

The clean proposal is therefore as follows:

Authorisation of the Company to acquire own shares, approved at the shareholders' meeting held on 7 October 2021

The shareholders' meeting of Skeljungur hf. held on 7 October 2021 authorises the Board of Directors of the Company, subject to compliance with other conditions of law, until next annual general meeting, to purchase, once or on more occasions, shares in the Company, on the condition that the Company, together with its subsidiaries, shall only hold a maximum of 10% of the Company's shares. This authorisation shall be used for the purpose of setting up a formal repurchase programme or to make an open offer to shareholders to sell to the Company shares in itself, for instance by means of an offer to shareholders, with the stipulation that there is no discrimination among shareholders as regards the invitation to participate in such transactions. In repurchasing, the highest permitted consideration for each share shall not exceed the price in the most recent arm's length trade or the highest existing arm's length offer to buy in business systems where trading in the shares is conducted, whichever is higher. Trading in the Company's own shares shall be announced in compliance with law and regulations. Other, earlier, authorisations to acquire own shares shall lapse on the approval of this authorisation."

Reasoning:

No substantive changes are proposed to the earlier authorisation to the Board of Directors to purchase own shares in the Company under a formal repurchase programme; that authorisation was granted at the last annual general meeting of the Company held on 4 March 2021.

With the proposal, the Board of Directors is recommending that, in addition to that authorisation, the Board should be authorised to extend to shareholders an invitation to buy own shares, e.g. by means of an open offer to shareholders, in order to reduce the Company's share capital.

Should the Board of Directors decide to exercise this authorisation, that shall be done in accordance with the provisions of current law and a financial undertaking shall be entrusted with the execution under contract. Also, the authorisation shall only be exercised to the extent that the formal repurchase programme is not seen to be sufficient to achieve the intended objectives, e.g. pursuant to the Company's dividend policy or favourable financial structure.

In order to secure non-discrimination among shareholders and ensure the transparency of such trades, it is assumed that the terms of the offer should be published after the closing of the markets and expire before their re-opening.

It is proposed that the authorisation for repurchase, whether under a formal repurchase programme or by an open offer, should be temporary and subject to review at the next annual general meeting of the Company.

The additional authorisation proposed by the Board of Directors to the shareholders' meeting is included in the articles of association of several listed companies.

The current annex to the Articles of Association on repurchases, dating from the shareholders' meeting of 4 March 2021, will be deleted, as it will no longer be in force.

This is not an actual amendment of the Articles of Association of the Company; instead the authorisation (if granted) will be referred to in an Annex to the Articles of Association in conformity with Article 8 of the Company's Articles of Association.

See the full amendments of the current Articles of Association of the Company in a separate document in an Annex hereto.

C. Proposal of the Board of Directors for amendment of the Company's Articles of Association – ITEM 4

The Board of Directors proposes the following substantive amendments to the Company's Articles of Association: Note that the full amendments of the current Articles of Association can be viewed in a separate document in an Annex hereto.

• Proposal 1 – Paragraph 4 (d) Article 18

The Board of Directors proposes the deletion of point (d) of the fourth paragraph of Article 18 in its entirety. All the lettered points in the fourth paragraph of Article 18 will remain unchanged, except that point (d) will be marked as [deleted].

Reasoning for the proposal:

The general principle regarding the conditions for amendment of the Articles of Association derives from Article 93 of Act No. 2/1995 on limited companies, which provides that a minimum of 2/3 of all cast votes and the approval of shareholders controlling a minimum of 2/3 of the share capital represented at the shareholders' meeting are needed for such a decision to be valid. It is inadvisable for it to be made a condition for material amendment of the Company's objects that all the shareholders of the Company must support the amendment, as is done in Section 18.4(d) of the Company's Articles of Association. The provision in question could cause significant disadvantage and prevent normal and necessary changes in the Company's objects. In this context it needs to be kept in mind that according to its literal phrasing, Section 18.4(d) of the Articles stipulates the approval of all shareholders, but from a practical point of view it may be regarded as virtually impossible to obtain the approval of all shareholders in such a large, listed company. In addition, the provision in Section 18.4(d) appears in this regard to contradict the provisions of Article 30 of the Articles of Association, by inference. With reference to all of the above, the Board of Directors proposes that point (d) in paragraph 4 of Article 18 should be deleted. Nevertheless, Article 94 of the Act on limited companies will, as before, provide protection to shareholders, as certain further specified amendments to articles of association require the approval of all shareholders.

• Proposal 2 – Article 3

The Board of Directors proposes the following amendments to Article 3 of the Company's Articles of Association. Article 3 of the Company's Articles of Association would read as follows (changes underlined and overstruck):

"The objects of the Company are to own and manage companies that operate in areas such as retail and wholesale, management and operation of property, vessels and service stations. Also lending and investment activities
~~management and operation of property, vessels, service stations, or~~
participation in commercial enterprises, as resolved by the Company's Board of Directors."

The clean proposal is therefore as follows:

"The objects of the Company are to own and manage companies that operate in areas such as retail and wholesale, management and operation of property, vessels and service stations. Also lending and investment activities or participation in commercial enterprises, as resolved by the Company's Board of Directors."

Reasoning for the proposal:

The proposal calls for changes in focus and a shift in the position of fields of business within the Group. In addition, it is proposed that instead of listing the types of goods featured by the shops of companies within the group it should be stated that they will operate in the fields of retail and wholesale, as was previously the case; the listing of products, such as petrol and oil products should be removed, as they fall under the heading of retail and wholesale. Also, no change is made in the objects of the Company as regards the administration of real estate, vessels and service stations, but the text is moved so that these operations extend also to the companies that Skeljungur hf. will own and manage. The objects of the Company are also extended with the addition of investment activities.

The above proposal is connected with the proposal also submitted at the shareholders' meeting in Item 5 of the Agenda, vote on proposed amendment on the division of the operations of the Company and on the establishment of subsidiaries. Reference is also made to the reasoning for that proposal.

D. Proposal of the Board of Directors to segregate the operation of the Company and on the establishment of subsidiaries – ITEM 5

The Board of Directors proposes that Skeljungur hf.'s business operations should be split and two subsidiaries established for the purposes of these operations: one for retail business and the other for corporate business.

Reasoning for the proposal:

In line with the points of focus and strategic planning of the Company, a number of significant changes have been made in the Company's operation in recent months, as the Company has reported in the market; these include the acquisition of the companies Dælan and Löður, exclusive negotiations on the sale of our subsidiary P/F Magn, plans to sell certain properties owned by Skeljungur and increased participation in the operation of pharmacies, as the Company will acquire a majority share in the pharmaceutical retailer Lyfsalinn.

With its motion, the Board is proposing to sharpen still further the points of emphasis in its business operations with the establishment of two new, independent subsidiaries. The proposed new subsidiaries are the following:

- **A company for retail services:** *The work of this company will focus on services to individuals, including the operation of Orkan's service stations, Extra, 10-11, the Löður car wash stations, and the Lyfsalinn and Lyfjaval pharmacies, the operation of Gló and various real properties connected with the above operations. The company will also hold the shares in Brauð & Co ehf. and Wedo ehf. (Heimkaup).*
- **A company for corporate services:** *This company will engage primarily in sales of goods and services to corporations, distribution and procurement of fuel, lubrication oils, cleaning and chemical products, fertiliser as well as other goods and services to corporations. Sales of goods and services to large-scale customers in flight operations, fisheries and contracting will also form a part of these operations. Also, the company will hold the shares in Íslenska Vetrnifélagið ehf., EAK ehf., Barki ehf. and other related companies.*

The Board of Directors proposes that Skeljungur hf. should be the parent company of the above operating companies; its tasks will increasingly revolve around the management of shares held in operating companies, and other investments, as applicable.

The plan is for Skeljungur hf. to remain a listed company.

These changes are the result of work on formulating a new strategy for the Company on advancing and taking advantage of market opportunities to progress. In the opinion of the Board of Directors, the establishment of these subsidiaries is an important element of sharpening the Company's focus on the opportunities available to it.

E. Discussion of any other lawfully submitted business

Reykjavik, 16 September 2021

Board of Directors of Skeljungur hf.

ANNEX 1:

Motions to amend the current Articles of association of Skeljungur hf.:

ARTICLES OF ASSOCIATION OF SKELJUNGUR HF.

CHAPTER I

Company Name, Domicile and Objects

Article 1

The name of the Company is Skeljungur hf.

Article 2

The domicile of the Company is at Borgartún 26, 105 Reykjavík [Iceland].

Article 3

The objects of the Company are to own and manage companies that operate in areas such as retail and wholesale and retail trade in petrol, oil products and other related products, as well as any kind of commercial activity involving other products, both in retail and wholesale, management and operation of property, vessels and service stations. Also lending and investment activities, ~~management and operation of property, vessels, service stations,~~ and other business activities, or participation in commercial enterprises, as resolved by the Company's Board of Directors.

CHAPTER II

Share Capital of the Company

Article 4

The share capital of the company is ISK 1.936.033.774 (one billion nine hundred thirty-six million thirty three thousand seven hundred seventy four). The share capital is divided into shares with each share corresponding to one - 1 - ISK in nominal value.

The consent of a shareholders' meeting is needed to increase or decrease the share capital, requiring the same force of votes as necessary to amend these Articles of Association. In the event of an increase in share capital, shareholders shall have pre-emptive rights to all increases in shares in equal proportion to their registered holdings in the Company; in other respects the issue of such shares shall be governed by the rules established by the Board as

decided at a shareholders' meeting at any time. The same proportion of votes is needed to set aside shareholders' pre-emptive rights as to approve an increase in share capital.

The Board of Directors of the Company is authorised to increase the share capital of the Company by up to 811,078 ISK (eight hundred and eleven thousand and seventy-eight Icelandic krónur) in nominal value, up to a maximum of 3% of the nominal value of the share capital, in order to meet obligations to employees of Skeljungur and its subsidiaries leading from stock options, purchase and/or subscription agreements in accordance with Skeljungur's Remuneration Policy. The shareholders waive their pre-emptive rights to increases pursuant to this authorisation. The new shares shall carry rights in the Company from the date of registration of the increase in equity and they shall be subject to the Articles of Association of the Company. There are no restrictions on trading in the new shares, and the new shares shall be in the same class and confer the same rights as other shares in the Company. Redemption obligations are subject to the second paragraph of Article 10 of these Articles of Association. The authorisation shall lapse on 1 September 2022 to the extent that it has not been exercised.

The Board shall be authorised to increase the share capital of the Company with the issue of new shares, whether in a single issue or a number of issues, when the Board deems it necessary, in a nominal amount of up to ISK 198.567.566,- (one hundred and ninety-eight million five hundred and sixty-seven thousand five hundred sixty-six Icelandic krónur), however, such increase may not exceed 10% of the total nominal value of the outstanding share capital as it was immediately following the shareholders' Annual General Meeting of 2021 and following recording of decisions made at the same meeting. Shareholders of the Company shall have pre-emptive rights, in proportion to their holdings, to the shares that are issued in accordance with the decision of the Board of Directors on the basis of this authorisation. The shares to which shareholders do not exercise their pre-emptive rights may be used as remuneration in transaction(s) (i.e. as payment of the purchase price in part or in full) in relation to the Company's purchase of shares, assets and/or rights from a third party. This entails that payment for the new shares may be in a form other than cash, as decided by the Board at each relevant time. The Board shall decide the payments for the new shares, the nominal price of the shares, the value of the shares in the relevant transaction and other issues pertaining to the increase of the share capital, as permitted under law and in the Articles of Association. The rights associated with the new shares shall commence at the date when the share increase is registered, and the Articles of Association shall apply to the new shares from that time. There shall be no restrictions as to transactions with the new shares and they shall be in the same class and provide the same rights as other shares in the Company. The Board shall be authorised to carry out any amendments to the Articles of Association, which pertain to an increase of the share capital according to this authorisation. This authorisation shall expire on 1 September 2022 to the extent that it has not already been utilised at that time.

Article 5

When a shareholder has paid up his share in full, the shareholder shall be issued an electronic certificate in a securities depository with rights of title registered. The electronic certificate confers full rights provided for by law and in these Articles of Association.

Article 6

The Company's shares are issued electronically in a securities depository in accordance with the Act on electronic registration of title to securities No. 131/1997. The Company shall maintain a share ledger which shall be accessible to all shareholders at the Company's office. Persons acquiring shares in the Company cannot exercise their rights as shareholders unless their names have been entered in the Company's share ledger. A printout of titles from a securities depository confirming title to shares in the Company shall be regarded as an adequate basis for a share ledger.

Article 7

[Article Cancelled.]

Article 8

The Company may own its own shares to the maximum permitted by law. The Company may acquire shares only pursuant to authorisation granted to the Board of Directors by a shareholders' meeting. Authorisation to the Board of Directors to buy Company shares shall not be effective for longer than 18 months at a time. If an authorization is granted for the purchase of own shares, it shall be mentioned, for information, in the Annex to the Articles of Association of the Company, for the duration of the authorization. The addition or cancellation of such Annex shall not be regarded as a material amendment to these Articles. The provisions of Act No. 2/1995 on limited liability companies regarding own shares and acquisitions of own shares shall be observed.

Article 9

There are no restrictions on trading in shares in the Company.

Article 10

Each shareholder is obliged, without specific commitment, to abide by the Articles of Association of the Company in their current form or as lawfully amended at any time.

Shareholders may not be obligated, neither on the basis of the Company's Articles or amendments thereto, to increase their holdings in the Company nor to submit to redemption of their shares except as authorised by law.

Shareholders are not responsible for the liabilities of the Company beyond their holdings in the Company. This provision cannot be amended or deleted by any resolution of any shareholders' meeting.

Article 11

If the Annual General Meeting of the Company decides on a payment of dividends on shares, the Board of Directors of the Company has the right and obligation to pay the dividends to a registered owner of shares, but not to others, unless holders prove their title to the shares or their power of attorney to take delivery of the dividend.

Electronic exchanges of documents and electronic mail may be used in communications between the Company and shareholders, through reliable media that ensures distribution of information to the public in the European Economic Area. This permission applies to any communications, such as calling shareholders' meetings, payments of dividends or other notices that the Board of Directors decides to send to shareholders. Such electronic communications shall be equivalent to communications written on paper. The Board of Directors shall decide what requirements should be made regarding software and information relating thereby shall be accessible to shareholders.

CHAPTER III

Governance

Article 12

The Company shall be governed by:

1. Shareholders' meetings;
2. The Board of Directors of the Company;
- 3) The CEO.

Shareholders' meetings

Article 13

The supreme authority in all the affairs of the Company, within the limits established by its Articles of Association and statutory law, is in the hands of lawful shareholders' meetings.

A shareholder may appoint a proxy to attend a shareholders' meeting on his/her behalf and thereby exercise his/her right to vote. Otherwise, only shareholders are entitled to attend shareholders' meetings, together with the Company auditors and the Company's CEO, irrespective of whether they are shareholders or not. However, the Board of Directors may invite experts to attend individual meetings for the purpose of obtaining their opinion or assistance.

The proxy shall submit a written and dated letter of proxy. The letter of proxy shall never be valid for more than one year from its date.

Annual General Meetings shall be summoned with a minimum of 21 days' notice by an advertisement in the newspapers or electronically, cf. Article 11. Summoning to meetings, rights of access by shareholders to documents before a shareholders' meeting or Annual General Meetings and documents and resolutions to be placed before the meeting shall be subject to the provisions of the Companies Act.

The notice of a shareholders' meeting shall specify the business to be addressed at the meeting. If the agenda includes a motion to amend the Articles of the Company, the substance of the motion shall be included in the notice of the meeting.

A shareholder shall be entitled to have specific items of business addressed at shareholders' meetings, provided that such shareholder submits a written or electronic request to the Board of Directors with sufficient advance notice for the item to be included on the agenda, but never later than 10 days before the Annual General Meeting.

At the latest one week before a shareholders' meeting, the final agenda and finalised proposals shall be published on the Company's website and be available at the Company's office for inspection by shareholders. In the case of an Annual General Meeting, the above information shall be published two weeks before the meeting, at the latest, in addition to publication of the annual financial statement, report of the Board of Directors, report of the auditors and proposal of the Board of Directors concerning a Remuneration Policy.

Items of business which are not included in the Agenda may not be taken for final decision at the meeting except with the consent of all the shareholders in the Company; however, a resolution may be passed to provide guidance to the Board of Directors of the Company. Lawfully submitted amendments falling within the scope of the original proposal may be proposed at the meeting itself, even though they have not been available for inspection by shareholders earlier.

A shareholders' meeting is valid, regardless of attendance, if the meeting has been properly convened. The same applies to an Annual General Meeting.

Article 14

Shareholders' meetings shall be convened at the discretion of the Board of Directors, by a resolution of a meeting, or when the elected auditors or shareholders holding a minimum of 1/20 of the shares of the Company request a meeting in writing and state the reason for the request for the meeting.

Such meetings shall be called in the same manner other as shareholders' meetings. Once a legitimate request for a meeting has emerged, the Board of Directors shall call a meeting no later than two weeks following the receipt of the request.

Article 15

The Annual General Meeting of the Company shall be held before the end of the month of April each year. The meeting shall be held at the location decided by the Board of Directors.

Article 16

The Annual General Meeting shall address the following items of business:

- 1) The report of the Board of Directors on the activities of the Company in the preceding year of operation;
- 2) The annual financial statement of the Company, along with the Auditor's notes, shall be submitted for approval;
- 3) Decisions shall be taken concerning the disposal of the profit or loss of the Company during the fiscal year;
- 4) Proposals of the Board of Directors on the Company's Remuneration Policy;
- 5) Decision regarding the remuneration of the Members of the Board of Directors, auditors and committee members;
- 6) Election of Nomination Committee;
- 7) Election of the Board of Directors of the Company in accordance with Article 22;
- 8) Election of auditor or auditing firm;
- 9) Any other business lawfully submitted to the meeting or approved for discussion by the meeting.

Article 17

The Chairman of the Board of Directors or a chairman elected at the meeting shall preside over shareholders' meetings and appoint a secretary with the approval of the meeting. The chairman shall verify at the beginning of the meeting whether it has been lawfully convened and whether the meeting is valid in other respects, and declare whether such is the case. Discussions, voting and other procedure at the meeting shall be conducted as the chairman decides. A book of minutes shall be kept where all decisions and resolutions passed by the meeting, as well as a brief account of the meeting, shall be recorded. The Chairman and the secretary shall sign the minutes after they have been read and approved. The minutes shall be regarded as lawful proof of proceedings at the meeting.

Article 18

At shareholders' meetings, each share of one króna- shall carry one vote.

At the meetings of shareholders a simple plurality of votes will decide issues, unless the Company's Articles of Association or statutory law provide otherwise.

In the event of an equality of votes, a motion shall be regarded as rejected. In the event of an equality of votes in an election between two or more candidates to serve the Company, the election shall be decided by casting lots.

The consent of all shareholders is required to:

- a) Oblige shareholders to contribute funds beyond their initial commitments;
- b) Oblige shareholders to suffer redemption of their shares in part or in full, unless the Company is dissolved or the share capital lawfully reduced;
- c) Restrict the permission of shareholders to dispose of their shares beyond the provisions of these Articles of Association;
- d) ~~Alter the objects of the Company materially; [Deleted.]~~
- e) Amend the provisions of these Articles of Association regarding voting right, privileges, whether preferred shares should be issued according to individual shareholdings in the Company or regarding equal rights between individual shareholders.

Article 19

Shares owned by the Company in itself shall carry no votes. Such shares shall not be included when the consent of all shareholders or a certain majority of all share capital or share capital represented at shareholders' meetings is required.

Article 20

A shareholder himself, acting by proxy or as a proxy for others, is not permitted to participate in voting at a shareholders' meeting regarding legal proceedings against himself or on his liability toward the Company. The same applies to legal action against others or relating to the liability of others where a shareholder has material interests and which might be in conflict with the Company's interests.

Article 21

[Article Cancelled.]

The Board of Directors of the Company.

Article 22

Each year, the Annual General Meeting shall elect five Members to the Board of Directors of the Company. The eligibility of members of the Board shall be subject to statutory law. A shareholders' meeting can also elect a Board member or members if a Board member or members have deceased, if they have been dismissed or if they have retired. The ratio of each gender within the Board shall not be less than 40%.

It shall be ensured on elections to the Board that the ratio of each gender is not lower than 40%. If the results of elections to the Board of Directors at a shareholders' meeting do not fulfil conditions regarding gender ratios the results shall be set aside, and the rightfully elected

board shall be as follows: The first four seats on the Board shall be allocated to the two men and two women who received the most and second most votes of each gender in the election. The fifth seat on the Board shall go to the person, of either gender, who received the most votes of other candidates. If there are not enough candidates of each gender to fulfil the conditions regarding gender ratios on the Board, the acting board shall call a new shareholders' meeting, which shall convene 4-5 weeks after the previous meeting, where elections to the Board shall be on the agenda. Such extraordinary meetings shall be convened as many times as necessary to obtain the required number of candidates of each gender; The acting Board shall continue in office until such time.

Elections shall be by ballot if the number of nominations exceeds the number of members to be elected. Votes shall only be cast for candidates who are running for office and votes cast for others shall be considered blank ballots.

Article 23

The Board shall elect a Chairman from among its members and allocate tasks among its members in other respects.

The Chairman of the Board shall convene meetings of the Board and preside at Board meetings.

The Chairman shall also call a meeting of the Board at the request of a member of the Board or the CEO. The presence of the majority of the Board members constitutes a quorum, provided that the meeting has been lawfully convened. Important decisions, however, may not be taken unless all members of the Board have had the opportunity to discuss the matter, if possible. Issues shall be decided by majority vote, unless otherwise provided in these Articles of Association or other lawful instructions. In the event of an equality of votes, the chairman shall cast the deciding vote.

Minutes shall be kept of proceedings at meetings of the Board of Director and shall be signed by members attending the meeting.

Meetings of the Board of Directors may be conducted by telephone or by teleconferencing equipment. The Board may also make decisions via email, if necessary. However, decisions so taken shall be confirmed at the next meeting of the Board of Directors when the board convenes.

The Chairman of the Board shall lead the work of the Board on establishing more detailed rules of procedure for Board.

Article 24

The supreme power in the affairs of the Company rests with the Board of Directors between shareholders' meetings, subject to the limitations imposed by these Articles of Association and statutory law.

The Board of Directors handles and is responsible for the affairs of the Company and shall ensure that the organisation and operation of the Company are in good and proper order.

The Board of Directors shall ensure adequate supervision of the Company's accounts and the use of its assets.

The Company's Board of Directors is responsible for the appointment of a Chief Executive Officer of the Company, the conclusion of his or her contract of employment, his or her code of conduct and his or her dismissal.

Only the Board of Directors may assign signatory powers.

The Board of Directors of the Company is empowered to enter the Company into obligations, such obligations requiring the signature of the majority of the Board members.

In other respects, the responsibilities, powers and work of the Board of Directors shall be governed by statutory law.

Chief Executive Officer.

Article 25

The Chief Executive Officer is responsible for the day-to-day operation of the Company in compliance with the Articles of Association of the company and the policies and instructions of the Board of Directors. However, this does not apply to matters which are out of the ordinary or of major consequence. Such matters can only be dealt with by the CEO pursuant to authorisation from the Board of Directors of the Company unless it is impossible to wait for the decisions of the Board of Directors without serious disadvantage to the operation of the Company. In such instances the Board of Directors shall be notified of the handling of the matter as soon as possible.

The CEO is responsible to the Board of Directors in his or her work. The CEO attends meetings of the Board of Directors, even if he or she is not a member, and has the right to speak and submit proposals.

CHAPTER IV

Accounts, Auditing etc.

Article 26

The fiscal year of the Company shall be the calendar year.

Article 27

An accountant or accounting firm shall be elected Company auditor at each Annual General Meeting for a term of one year. Auditors shall not be elected from among the members of the Board or employees of the Company. The eligibility of auditors is subject to statutory law.

Article 28

The Auditors and examiners shall, in conformance with generally accepted accounting standard and Act No. 144/1994 on annual accounts, audit the annual accounts of the Company and for this purpose examine the books of the Company and other matters regarding its operation and situation. They shall at all times have access to all the books and records of the Company. In other respects their work shall be subject to law.

Article 29

The annual accounts shall clearly and in detail state the income and expenses of the Company, its assets and liabilities. Expenses shall include due depreciation of the Company's real property and liquid assets.

Amendments to the Articles of the Company.

Article 30

The articles of association of the company may be amended at lawfully convened meetings of the Company except as otherwise permitted by law. A decision is valid only if it has the support of at least 2/3 of the cast votes and the support of shareholders controlling at least 2/3 of the share capital represented at the meeting.

Notwithstanding the above, the provisions of these Articles regarding voting rights of shareholders and equality among them cannot be amended except in compliance with Article 94 of the Companies Act No. 2/1995.

CHAPTER V

Dissolution of the Company etc.

Article 31

In the event that it is considered advisable or necessary to dissolve the Company the decision on the dissolution of the Company shall be taken at a meeting of the shareholders by the same force of vote as is necessary to amend these Articles of Association. The same applies to any type of merger or consolidation of the Company with other companies, as well as to the sale of all of its assets. The meeting that has made a lawful decision to dissolve the Company shall also decide on the disposal of its assets and the payment of its debts, as provided in Chapter XIII of the Companies Act No. 2/1995.

Other Provisions

Article 32

Matters of the Company on which these Articles provide no guidance shall be governed by the provisions of Act No. 2/1995 on limited liability companies and the provisions of Act No. 144/1994 on accounts to the extent they are applicable.

So approved at ~~the Annual General Meeting~~ a shareholders' meeting of Skeljungur hf. on ~~4 March~~ 7 October 2021.

ANNEX TO THE ARTICLES OF ASSOCIATION OF SKELJUNGUR HF.

Authorisation of the Company to acquire own shares

Approved at ~~the Annual General~~ Shareholders' Meeting held on ~~47 March~~ October 2021.

A shareholders' meeting of Skeljungur hf., held on ~~74. October~~ March 2021 authorises the Board of Directors of the Company, subject to compliance with other conditions of law, to purchase, once or on more occasions, shares in the Company, on the condition that the Company together with its subsidiaries shall only hold a maximum of 10% of the Company's shares. This authorisation shall be exercised for the purpose of setting up a formal repurchase programme or to make an open offer to shareholders to sell to the Company shares in itself, for instance by an offer to shareholders, provided that there is no discrimination in the invitation to participate in such transactions. In repurchasing, the highest permitted consideration for each share shall not exceed the price in the most recent arm's length trade or the highest existing arm's length offer to buy in business systems where trading in the shares is conducted, whichever is higher. Trading in the Company's own share shall be announced in compliance with law and regulations. Other, earlier, authorisations to acquire own shares shall lapse on the approval of this authorisation. ~~in accordance with Chapter VIII of Act No. 2/1995 on limited companies, cf. the annex to Regulation No. 630/2005 on inside information and market abuse entitled Trading in own shares in repurchase programmes and stabilisation of financial instruments.~~