

**Agenda and proposals
to the shareholders' meeting
of Festi hf.**

August 23, 2023

A shareholders' meeting at Festi hf. will be held on Wednesday 23 August 2023 at 10:00 a.m. at the Company's headquarters at Dalvegur 10-14, Kópavogur.

Agenda for the meeting:

1. Proposal for a reduction in share capital by cancelling own shares and a corresponding amendment to the Articles of Association of the Company.
2. Presentation regarding a purchase agreement for all share capital in Lyfja hf.
3. Proposal for the Board of Directors authorization to increase the company's share capital in connection with the acquisition of all share capital in Lyfja hf. and a corresponding amendment to the Articles of Association of the Company.
4. Other proposals from the Board of Directors regarding amendments to the Articles of Association.
5. Other matters legally raised.

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Proposals:

(a) Proposal for a reduction in share capital (agenda item 1)

The Board of Directors of Festi hf. submits the following proposal regarding a reduction in share capital at the Company's shareholders' meeting to be held on 23 August 2023:

"The shareholders' meeting of Festi hf., held on 23 August 2023, agrees to reduce the share capital of the Company from ISK 312,500,000 in nominal value to ISK 304,500,000 in nominal value, solely to reduce its own shares in accordance with Act No. 2/1995 on Public Limited Companies. The company's share capital thereby decreases by ISK 8,000,000 in nominal value. The reduction applies only to own shares acquired by the Company through the purchase of its own shares in accordance with a buyback program approved at the Company's Annual General Meeting on 22 March 2022 in accordance with Article 55 of Act No. 2/1995 on Public Limited Companies."

If the proposal is approved by the shareholders' meeting, the amount of share capital in the Articles of Association shall be amended accordingly, so that Article 4 of the Articles of Association shall henceforth read as follows:

"The share capital of the Company amounts to nominal value of ISK 304,500,000 – threehundredandfour millionandfivehundredthousand 00/100. Each share in the Company corresponds to one Icelandic krona or multiple thereof. There are no restrictions to the transfer of shares in the Company."

Further explanation:

The Board of Directors of Festi hf. submits to a shareholders' meeting held on 23 August 2023 a proposal that the Company's share capital be reduced by ISK 8,000,000 in nominal value. The proposal regards own shares purchased by the Company pursuant to a buyback program in accordance with the authorisation of the Annual General Meeting held on 22 March 2022, as part of reducing the Company's share capital and promoting better capital structure as determined by the Board of Directors. If the proposal is approved, the nominal value of the Company's share capital will decrease from ISK 312,500,000 to ISK 304,500,000. The nominal value of the share capital provided for in Article 4 of the Company's Articles of Association shall be amended accordingly. The reduction will be implemented when legitimate conditions are met.

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(b) Proposal for authorisation to increase share capital (agenda item 3)

The Board of Directors of Festi hf. submits the following proposal for the Board's authorisation to increase share capital at the Company's shareholders' meeting to be held on 23 August 2023:

"The shareholders' meeting of Festi hf., held on 23 August 2023, agrees to authorise the Company's Board of Directors to issue new shares in the Company at a nominal value of up to ISK 10,000,000. The Board's authorisation shall only be used to fulfil the Company's obligations regarding the payment of a portion of the purchase price according to an agreement between Festi hf. and SID ehf., dated 13 July 2023, regarding the acquisition by Festi hf. of all shares in Lyfja hf. Shareholders' preemptive rights according to the first paragraph of Article 5 of the Company's Articles of Association do not apply to the new share capital, and shareholders therefore waive their subscription rights to the share capital increase in accordance with the provisions of the third paragraph of Article 34 of Act No. 2/1995 on Limited Companies. The newly issued shares will be in the same class and carry the same rights as other shares in the Company, subject to the restrictions resulting from the imposition of a sales ban according to the purchase agreement. The newly issued shares shall grant rights from the date of registration of the share capital increase. The authorisation is granted to 15 May 2024. The Company's Board of Directors shall be authorised to make the necessary amendments to the Company's Articles of Association in connection with the utilization of the authorisation. This authorisation shall be removed from the Articles of Association when it has been utilized."

If the proposal is approved by the shareholders' meeting, it shall be incorporated into the Company's Articles of Association as a new provision which shall become the fifth paragraph of Article 5.

Further explanation:

The Company's Board of Directors requests authorisation from the shareholders' meeting to increase the Company's share capital through the issue of new shares at a nominal value of ISK 10,000,000 in order to perform a purchase agreement dated 13 July 2023 between the Company and SID ehf. for the acquisition of the entire share capital of Lyfja hf. Accordingly, the Board's proposal provides that shareholders will waive their preemptive rights under the first paragraph of Article 5 of the Company's Articles of Association; see also the third paragraph of Article 34 Act No. 2/1995 on Limited Companies.

The Board's authorisation to increase share capital will be valid to 15 May 2024, which is consistent with the long stop date provided for in the purchase agreement by which the conditions of the agreement must be satisfied, including the condition requiring the approval of the Icelandic Competition Authority.

The newly issued shares shall be in the same class and carry the same rights as other shares in the Company, with the exception, however, that under the purchase agreement, Kaskur ehf. og Þarabakki ehf. will not be permitted to dispose of any shares in Festi hf., which are or may be transferred to them from SID ehf., for a period of six months from the date of performance (delivery).

At the request of the Company's Board of Directors, Deloitte ehf. has prepared an expert report in accordance with the relevant provisions of Act No. 2/1995 on Limited Companies, which contains a description of the relevant certified auditor's evaluation of the price of shares in Lyfja hf., information on the method used for the evaluation, a description of how the consideration was determined in accordance with the price of shares in Festi hf. and finally a statement that the value of the shares in Lyfja hf. corresponds at least to the agreed consideration in the form of shares in Festi hf. The expert report, together with other relevant materials, accompanies the notice of the shareholders' meeting.

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(c) Other proposals regarding amendments to the Articles of Association (agenda item 4)

i. The Board of Directors proposes that Article 3 of the Articles of Association henceforth read as follows:

"The purpose of the company is to own and operate companies that are leaders in their markets, including but not limited to sales of food and beverages, energy, electronics, pharmaceuticals and health-related services. Furthermore, the company's purpose is purchase, sale, ownership and operation of real estate, purchase, sale and ownership of securities, as well as lending activities related to the operation of the company and other related activities."

Further explanation:

It is proposed that the wording of the object clause in Article 3 of the Company's Articles of Association should be amended in order to harmonize it with the Company's consolidated operations.

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ii. The Board of Directors proposes that paragraph 8 of Article 11 of the Articles of Association henceforth read as follows:

"The Company's Board of Directors is authorized to decide that shareholders may participate in shareholders' meeting by electronic means, either in such a manner that the shareholders' meeting will be electronic in whole or in part. If the Company's Board of Directors decides to exercise this authority, it shall be specified in the notice convening the meeting and instructions regarding participation shall be provided."

Further explanation:

The proposal entails that it be explicitly stated that the Board of Directors may decide that shareholders can participate in shareholders' meetings electronically, whether in such a way that the shareholders' meeting becomes electronic in whole or in part. The ability of shareholders to participate in shareholders' meeting electronically implies that they can participate in meetings, including voting, without being present at the meeting and it is therefore proposed to delete this reference from the paragraph.

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iii. The Board of Directors proposes that paragraph 9 of Article 11 of the Articles of Association henceforth read as follows:

"If a shareholder decides to make use of the authorization to participate in a shareholders' meeting by electronic means, he shall notify the Company thereof in writing no later than two days prior to the announced shareholders' meeting. Attached to the notification shall be any questions submitted related to items on the agenda of the shareholders' meeting or documents submitted, should such questions need to be addressed at the shareholders' meeting."

Further explanation:

The proposal of the Board of Directors entails that a shareholder who intends to avail himself of electronic participation at a shareholders' meeting shall notify the Company's office thereof no later than two days before the meeting instead of 10 days.

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iv. The Board of Directors proposes that paragraph 1 of Article 13 of the Articles of Association henceforth read as follows:

"Shareholders' meetings shall be convened electronically to ensure prompt and non-discriminatory access to information. Reliable media shall be used to ensure effective dissemination of information to the general public in the European Economic Area. The shareholders' meeting shall be convened with at least three weeks' notice and the Annual General Meeting with at least three weeks' notice and no more than six weeks' notice. A shareholders' meeting is lawful regardless of attendance at the meeting if duly convened. Attendance shall be based on delivered ballots."

Further explanation:

The proposal is in accordance with Art. 88 a and 88 b of the Public Limited Companies Act, No. 2/1995.

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v. The Board of Directors proposes that paragraph 2 of Article 13 of the Articles of Association henceforth read as follows:

"The Board of Directors may decide that a shareholder must notify the Company of his participation in a shareholders' meeting within a certain period, which must not be longer than two days before the meeting. The notice of the

meeting shall include information on the date of registration. Voting rights at the meeting shall depend on the number of shares at the time when the registration period ends. "

Further explanation:

The proposal from the Board of Directors is based on paragraph 5 of Article 80 of Act No. 2/1995 on Public Limited Companies, the aim of which is to simplify and provide flexibility in preparation for shareholders' meetings of the Company. The provision currently found in the second paragraph of Article 13 of the Company's Articles of Association will henceforth be found in the third paragraph of the same Article.

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vi. The Board proposes that paragraph 2 of Article 17 of the Articles of Association henceforth read as follows:

"When electing members of the Board of Directors the proportion on the Board of each gender shall not be lower than 40%. The election of members of the Board of Directors is void if the gender ratio is not satisfied. Until the gender ratio has been satisfied by an election the previous members of the Board of Directors will remain as the Board of Directors of the Company. Pursuant to availability of information on unsatisfactory results, the election of the members of the Board of Directors shall be repeated, as necessary at the same meeting. Before the elections are repeated, and to the extent necessary, there shall be an adjournment of the meeting and more candidates, of the gender underrepresented in the previous election, may be nominated. In the case of repeated election, the two persons of each gender who receive the most votes in the election to the Board of Directors shall be considered duly elected and also the person who received the second most votes."

Further explanation:

The proposal of the Board relates to adapting the wording of paragraph 2 of Article 17 of the Articles of Association to the content of the Articles of Association in other respects, which essentially mean that references to the Company's alternate board will be removed from the paragraph.

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vii. It is proposed that the fifth paragraph of Article 18 of the Company's Articles of Association should be deleted.

"The Board of Directors shall lay down their working rules and procedures in accordance with the provisions of the Act on Public Limited Companies. The rules shall include: The allocation of tasks among the members of the Board of Directors, how to call a board meeting and arrangements for the appointment of deputies, the communication and information handling, the assessment of the eligibility of the board members in decision-making, the appointment of sub-committees and other matters that should be laid down in rules to promote successful work of the Board of Directors."

Further explanation:

At the Annual General Meeting of the Company, held on 22 March 2022, more detailed provisions on the same subject were adopted which are now contained in paragraph 4 of Article 18 of the Articles of Association. For that reason, it is proposed that the fifth paragraph of Article 18 of the Company's Articles of Association should be deleted.