

Skeljungur hf. 's Shareholders' Meeting – May 27, 2019

Proposals to a Shareholders' Meeting

1. Proposal for chairman of the meeting

Skeljungur hf.'s Nomination Committee proposes that the meeting elects Viðar Lúðvíksson hrl. as chairman of the meeting.

2. Proposals regarding amendments to the Article of Association

a. Permission to buy its own shares.

With reference to the AGM's approval, on March 26th, and article 8 in the Company's Articles of Associations, the Board of Directors proposes the following appendix to the Company's Articles of Association:

“The Company's permission to purchase own shares, approved at a shareholders' meeting on May 27th, 2019.

Skeljungur's Shareholders' Meeting, held on May 27th, authorizes the board of the Company, provided that all legal requirements are fulfilled, to purchase once or more often, until the next Annual General Meeting, shares in the Company at a purchase price which may not exceed ISK 550.000.000 in market value, and provided that it and its subsidiaries may only own at most 10% of the Company's stock. This authorization shall be used to establish a formal repurchasing program. The purchase price shall not be higher than the price of the latest independent business with the shares or the highest independent price offered, whichever is higher.”

Remark from the Board: The current appendix to the Articles regarding a permission to purchase own shares, approved at a shareholders' meeting on November 2nd, 2017, will be removed as it is no longer valid.

b. Board elections considering gender ratios.

The Board proposes a new paragraph no. 2, to article 22:

„At board elections it shall be ensured that the proportion of either gender shall not be lower than 40%. If the results of board elections at a shareholders' meeting do not fulfil conditions regarding gender ratios the results shall be put aside, and the rightfully elected board shall be as follows: The first four board memberships shall go to the two females and two males who received the most and second most votes of each gender. The fifth board membership shall go to the person, of either gender, who got the most votes of other candidates. If there are not enough candidates of either gender to fulfil the conditions regarding gender ratios, the acting board shall call for a new shareholders' meeting, which shall convene 4-5 weeks after the previous meeting, where board elections shall be on the

agenda. Such extraordinary meetings shall be convened as many times as necessary to acquire the required number of candidates of each gender. The acting board shall operate until then."

Remarks from the Board: According to article 63, paragraph 1, of Act no. 2/1995 respecting Public Limited Companies, it shall be ensured that the gender ratio of the Board of Directors shall not be lower than 40%. According to the article and the preparatory works with Act no. 13/2010, altering act no. 2/1995, it is presumed that the Company's Articles of Association will further elaborate on how elections shall be handled if the results do not fulfil the gender ratio demands. Instead of proposing that elections shall be repeated until satisfactory results, given that there is a possibility of satisfactory results, the Board puts forth the abovementioned proposal. It is the view of the Board that this proposal leads to more efficiency.

For further information it is mentioned that if this proposal is approved, it will not, as applies also to other changes to the Articles of Association, be valid until it has been registered by The Company Registry at the Directorate of Internal Revenue. The new paragraph will therefore not be valid at the meeting on May 28, if elections will take place at the meeting.

c. Voting for other candidates than those nominated by the Nomination Committee.

The Board proposes that instead of current article 22, paragraph 2, there will be a new paragraph no. 3 (ref. to point b):

~~"Elections to the board of directors shall as a rule be written if the number of proposed candidates is higher than the number to be elected. In that case the election shall only involve the appointed candidates."~~

"Elections to the board of directors shall be written if the number of candidates is higher than the number to be elected. Votes shall only be cast for legitimate candidates and votes cast for others shall be considered blank votes."

Remark from the Board: This proposal is made to avoid the misunderstanding that only the candidates nominated by the Nomination Committee can be voted for. The possibility for this misunderstanding is more apparent in the Icelandic version of the Articles.

d. Circumstances causing voting outside an AGM.

The Board proposes the underlined addition to article 22, paragraph 1:

"The annual general meeting of shareholders elects every year five persons to the Company's Board of Directors. Requirements for their competency are set out in law. A shareholders' meeting may also elect board members/board member, in the event that a board member/-members is or are deceased, dismissed or has or have resigned. The ratio of each gender within the Board shall be no less than 40%."

Remark from the Board: The paragraph is missing the possibility of a Board Member / Board Members being dismissed. Such circumstances are however assumed in the legislation, so lack of it in the Articles does not prevent an extraordinary shareholders meeting's from electing a new Board Member / Board Members after dismissal. This addition is therefore only for clarification.

3. A shareholder's proposal regarding the dismissal of the Board of Directors

On April 23rd the Board of Directors of Skeljungur received a request from 365 miðlar hf., which holds the rights to a 10,01% share in the Company, that a shareholders' meeting would be convened, where the dismissal of the Board of Directors and new board elections would be on the agenda. The request was put forth in light of recent and considerable changes in the ownership of the Company. It was the shareholders' view that the Board's mandate should be renewed, so that the combination of the Board could alter and reflect the current ownership of the Company.

Remark from the Board: To ensure that the requested shareholders' meeting would be correctly executed, the Board requested a legal opinion from Landslög – lögfræðistofa legal offices. The opinion states that for board elections to take place it would be necessary to first dismiss the acting Board of Directors. A decision regarding dismissal of the Board of Directors should be made by the shareholders' meeting, according to Article 64 of Act no. 2/1995 respecting Public Limited Companies. Thus, the shareholder's request is divided into two points on the agenda; the dismissal of the Board of Directors and board elections. Board elections are dependent on the meeting approving the dismissal of the Board of Directors and will only take place if the meeting approves the shareholder's proposal.

4. The Nomination Committee's proposal regarding Board Membership, if the acting Board of Directors will be dismissed. (see point 3)

The Nomination Committee's proposes that the meeting elects the following persons as members on the Board of Directors of Skeljungur hf.:

- a. Ata Maria Bærentsen
- b. Baldur Már Helgason
- c. Birna Ósk Einarsdóttir
- d. Jens Meinhard Rasmussen
- e. Kjartan Örn Sigurðsson

The Nomination Committee's remark: According to the Rules of Procedures for the Nomination Committee the Committee shall in the advertisement regarding a shareholders' meeting put forth a proposal regarding Board Membership. As the Committee has just been convened, due to the circumstances around this shareholders' meeting, the committee has at this point not information about other candidates than the acting Board Members. The acting Board Members were all deemed qualified, as the acting Board as a whole, before the AGM. That evaluation is recent and no substantial changes have occurred regarding the acting Board Members' affairs or regarding the Company's operations or goals. At this moment it is therefore the Committee's proposal, to fulfil its obligations according to the Procedures, to propose the election of the acting Board Members.

If new candidates step forth, the Committee reserves the right to change its proposal, until 10 days before the meeting. The Committee will evaluate candidates who step forth at latest at 16:00, Monday May 13th.

The Board's remark: This point on the agenda is dependent on the shareholders' meeting approving the dismissal of the Board of Directors, see point 3.

Reykjavík, May 3, 2019

The Board of Directors of Skeljungur hf.