



Investor Presentation Q2 2022

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23 August 2022



Key figures

	Q2 2022	1H 2022
Revenue	6.036 m.kr. Q2 2021: 5.937 m.kr.	12.129 m.kr. 1H 2021: 11.955 m.kr.
EBITDA	1.399 m.kr. Q2 2021: 1.318 m.kr.	2.726 m.kr. 1H 2021: 2.592 m.kr.
EBITDA %	23,2% Q2 2021: 22,2%	22,5% 1H 2021: 21,7%
EBIT	682 m.kr. Q2 2021: 543 m.kr.	1.256 m.kr. 1H 2021: 1.047 m.kr.
CAPEX	875 m.kr. Q2 2021: 644 m.kr.	1.130 m.kr. 1H 2021: -6.363 m.kr. *

NIBD / 12M EBITDA	Cash	Equity Ratio	Cash generated by operation
1,01 Q4 2021: 0,87	1.365 m.kr. Q4 2021: 3.509 m.kr.	44,0% Q4 2021: 44,6%	1.567 m.kr. Q2 2021: 1.525 m.kr.

* Negative CAPEX in 1H 2021 is related to sale of network systems to Mila in the beginning of 2021. Mila is categorized as asset held for sale.



Operation

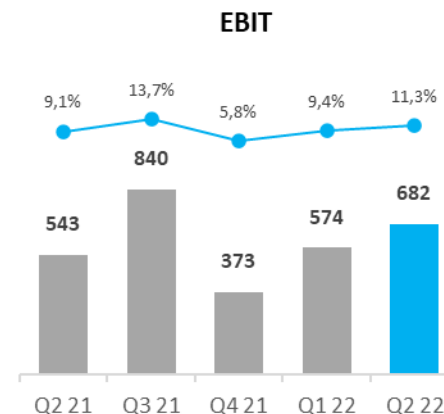
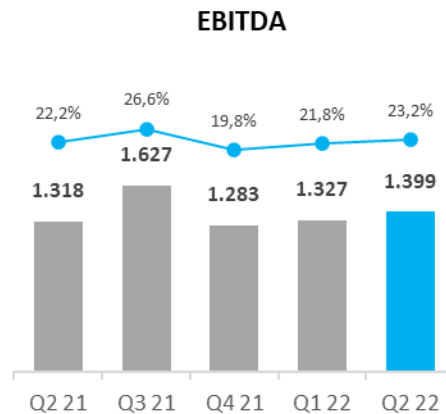
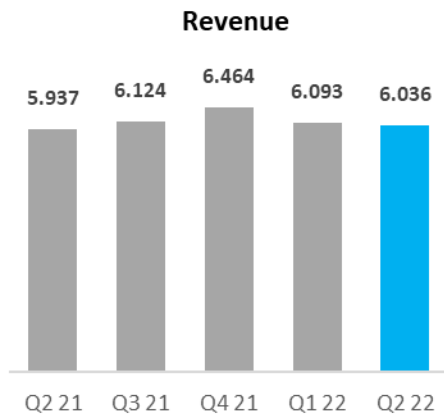


Income Statement

Income statement	Q2			1H		
	2022	2021	%	2022	2021	%
Net sales	6.036	5.937	1,7%	12.129	11.955	1,5%
Cost of sales	(3.597)	(3.692)	-2,6%	(7.359)	(7.475)	-1,6%
Operating expenses	(1.757)	(1.702)	3,2%	(3.514)	(3.433)	2,4%
EBIT	682	543	25,6%	1.256	1.047	20,0%
Net financial items	(165)	(99)	66,7%	(73)	(130)	-43,8%
Income tax	(107)	(102)	4,9%	(220)	(199)	10,6%
Net profit from continuing operation	410	342	19,9%	963	718	34,1%
Discontinued operation	95	276		288	2.784	-89,7%
Net profit	505	618	-18,3%	1.251	3.502	-64,3%
EBITDA	1.399	1.318	6,1%	2.726	2.592	5,2%
EPS from continuing operation	0,05	0,05	0,0%	0,13	0,09	44,4%

The quarter

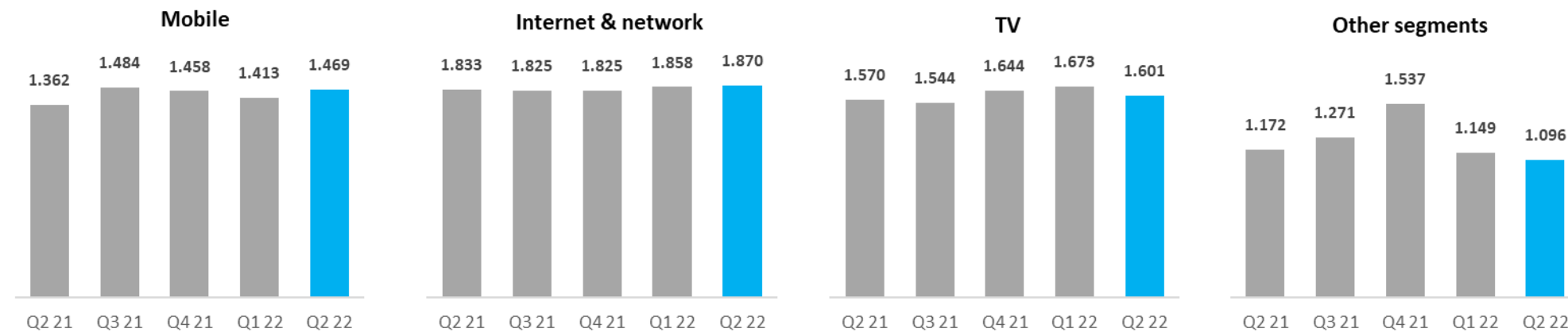
- Revenue increase compared to Q2 2021.
 - Mobile revenue increase by 8%.
 - Main increase from roaming but also from subscription.
 - TV revenue increase by 2%.
 - Decrease in equipment sales compared to Q2 2021.
- Gross margin increases by 8%.
- EBIT increases by 26%.
- EBITDA increases by 6,1%.
 - Total expenses unchanged YoY.
- Net profit from continuing operations increases by 20%.





Revenue by segments

Segments	Q2				1H			
	2022	2021	Change	%	2022	2021	Change	%
Mobile	1.469	1.362	107	7,9%	2.882	2.662	220	8,3%
Fixed voice	367	399	-32	-8,0%	745	805	-60	-7,5%
Internet & network	1.870	1.833	37	2,0%	3.728	3.692	36	1,0%
TV	1.601	1.570	31	2,0%	3.274	3.195	79	2,5%
Equipment sales	492	515	-23	-4,5%	941	1.033	-92	-8,9%
Other revenue	237	258	-21	-8,1%	559	568	-9	-1,6%
Total revenue	6.036	5.937	99	1,7%	12.129	11.955	174	1,5%





Operation in the first half of 2022

Strong growth in performance

- EBITDA increases by 5,2% from 1H 2021
- Revenue increase from 1H 2021
 - Mobile revenue grow by 8% mainly as a result of increased roaming revenue. Roaming revenue is mainly related to Icelandic tourists
 - Increase in TV services generated from Síminn Premium.
 - Internet revenue increase by 2%
- EBIT increases by over 200 m.kr. from 1H 2021
 - Depreciation decreases by 75 m.kr.
- Profit from continued operations increases by 245 m.kr.
 - Sales gain from Síminn's stake in Auðkenni was 113 m.kr.
 - Síminn had interest income from 16 billion financing to Míla in Q1 2021. Míla was re-financed with external funding in the beginning of Q2 2021 and has since not received funding from the parent company.
- Wage cost increases by 96 m.kr. or 4.8%
 - Mainly as a results of severance pay in Q1 this year
- The largest cost items for the most part unchanged YoY
 - Large part of cost is in long-term contracts with domestic and foreign suppliers
 - Inflation will increasingly play a role on the cost side
 - Exchange rate development is favourable
- The cost related to the sale of Míla is booked as prepaid cost
 - Will be netted against the capital gain when the transaction is completed
- Míla had strong performance in 1H this year and delivered comparable EBITDA results as in 1H 2021
 - Net profit decreases by 373 m.kr. which relates to increase in interest expenses



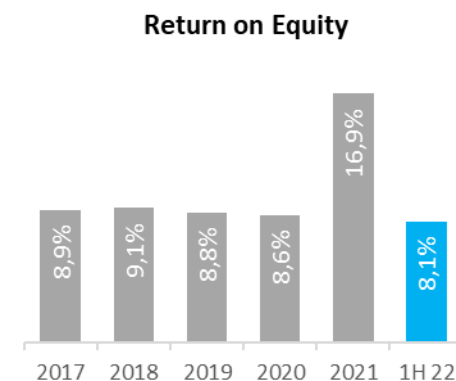
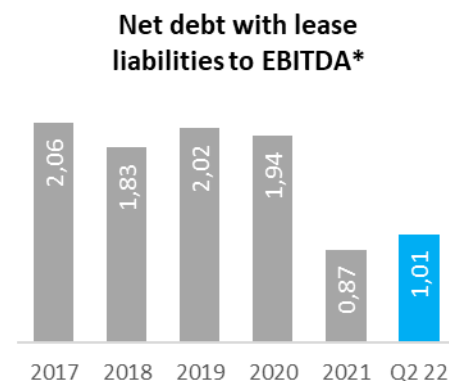
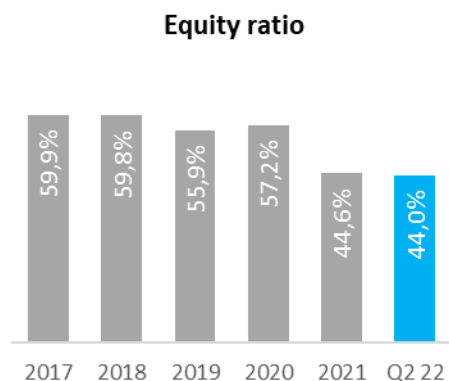
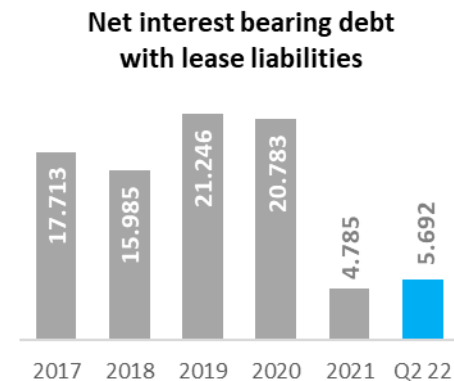
Balance Sheet and Cash Flow



Balance Sheet

Assets	30.06.2022	31.12.2021
Non-current assets		
Property, plant and equipment.....	2.195	2.219
Right-of-use assets.....	690	753
Intangible assets.....	19.191	19.403
Other non-current assets.....	669	675
Non-current assets	22.745	23.050
Current assets		
Inventories.....	1.140	923
Accounts receivables.....	1.994	2.234
Other current assets.....	3.512	3.082
Cash and cash equivalents.....	1.365	3.509
Assets held for sale.....	37.223	36.929
Current assets	45.234	46.677
Total assets	67.979	69.727

Equity and liabilities	30.06.2022	31.12.2021
Equity		
Total equity.....	29.939	31.079
Non-current liabilities		
Borrowings.....	5.949	5.943
Finance lease.....	594	653
Deferred tax liabilities.....	406	604
Non-current liabilities	6.949	7.200
Current liabilities		
Bank loans.....	332	1.518
Accounts payables.....	2.621	2.141
Current maturities of borrowings.....	182	180
Other current liabilities.....	2.124	1.783
Liabilities held for sale.....	25.832	25.826
Current liabilities	31.091	31.448
Total equity and liabilities	67.979	69.727



* Without government fine in 2020.
Lease liabilities included from 2019.



Cash Flow

Cash Flow	1H 2022	1H 2021
Cash flow from operating activities		
Operating profit	1.256	1.047
Operational items not affecting cash flow:		
Depreciation and amortisation.....	1.470	1.545
Gain on sale of fixed assets.....	(4)	(1)
	<u>2.722</u>	<u>2.591</u>
Changes in current assets and liabilities.....	481	1.441
Cash generated by operation	<u>3.203</u>	<u>4.032</u>
Net interest expenses paid during the period.....	(176)	(69)
Payments of taxes during the period.....	(348)	(439)
Net cash from operating activities	<u>2.679</u>	<u>3.524</u>
Investing activities		
Net investment in property, plant and equipments.....	(1.130)	6.363
Other investment.....	(17)	(261)
Sale of subsidiary and discontinued operation.....	0	14.774
Investing activities	<u>(1.147)</u>	<u>20.876</u>
Financing activities		
Dividend paid.....	(500)	(500)
Purchase of own shares.....	(1.891)	(1.196)
Share capital reduction.....	0	(7.968)
Payment of long term lease.....	(93)	(85)
Net Financing activities.....	<u>(1.186)</u>	<u>(8.411)</u>
Financing activities	<u>(3.670)</u>	<u>(18.160)</u>
Increase (decrease) in cash and cash equivalents	(2.138)	6.240
Translation effects on cash.....	(6)	(12)
Cash and cash equivalents at the beginning of the year.....	3.509	735
Cash and cash equivalents at the end of the period.....	<u>1.365</u>	<u>6.963</u>

Balance sheet and cash flow

- Mila's assets are categorized as assets held for sale in the balance sheet
- Considerable changes in cash position from end of Q2 2021
 - Related to changes in capital structure which was completed in Q2 2021
 - Reduction in cash this quarter is due to a decrease in short-term debt by 1,2 billion and dividend payment
- CAPEX decreases YoY – Will increase in 2H
 - The broadcasting right of the English Premier League was partly paid in Q1 2021 – No payment this year but will effect CAPEX
- Long-term funding is with favourable repayment schedule

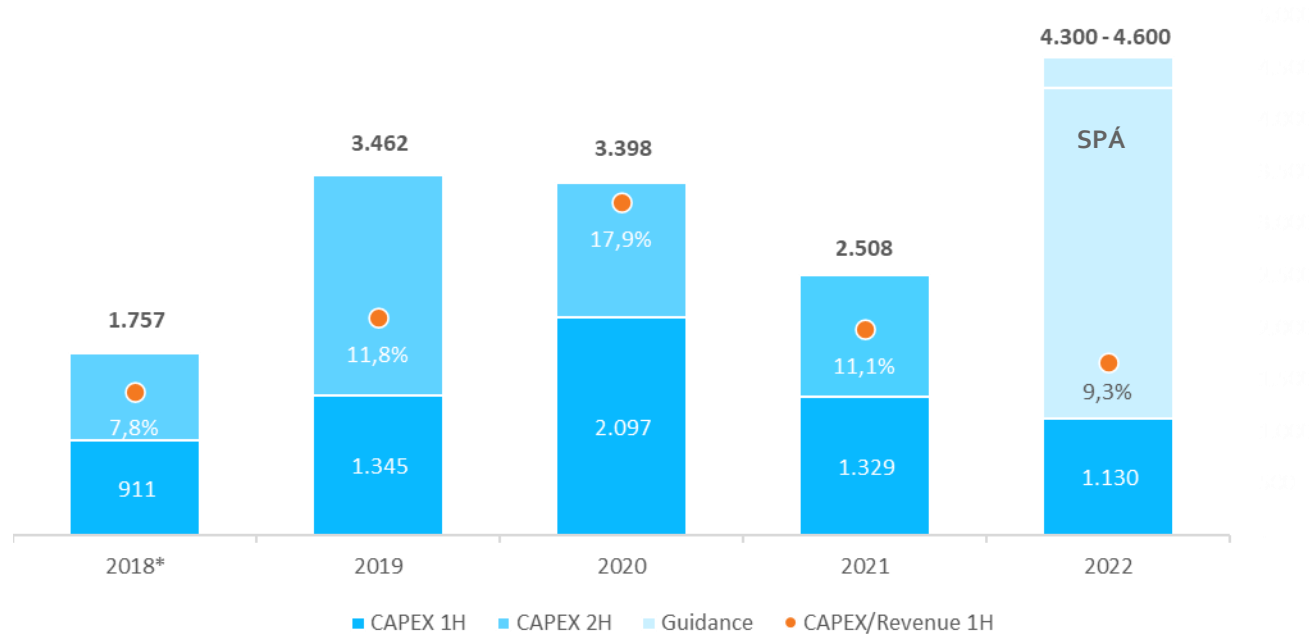


CAPEX

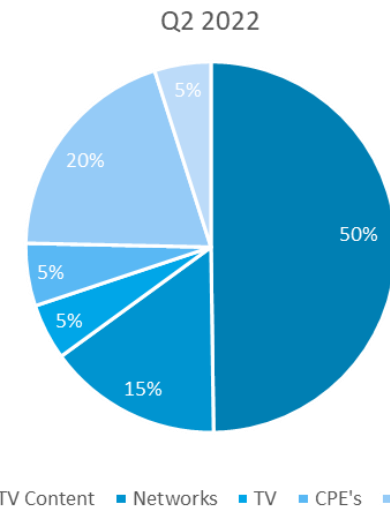
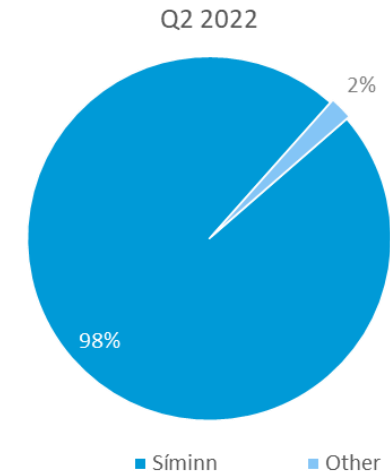


CAPEX

Excluding Míla



4,600
4,500
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0



CAPEX will increase this year which is temporary

- Due to the increased cost of TV rights to the English Premier League and as it is now the first year of a new contract (front-loaded investment).
- A new contract will become investment in Q3 2022. The first payment was in 2021, but nothing is paid for the right in 2022

*Adjusted for changed accounting treatment of content CAPEX

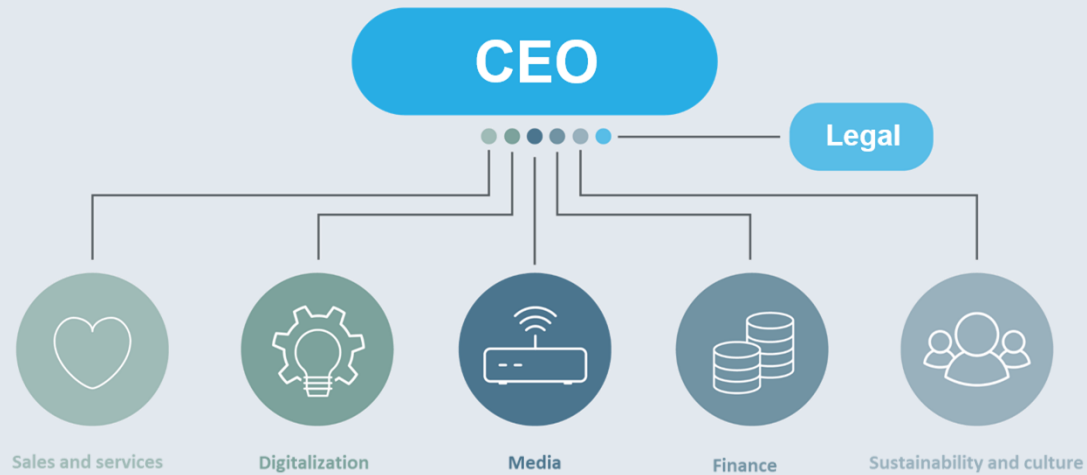


Highlights



New Organizational Structure

- New organizational structure has been announced
- Is aligned with changed environment and technical development
 - More efficient decision making, open communication, divers view, and stronger culture.
- New members in management
 - Berglind Björg Harðardóttir, Sales and services
 - Erla Ósk Ásgeirsdóttir, Sustainability and culture





Telco and media

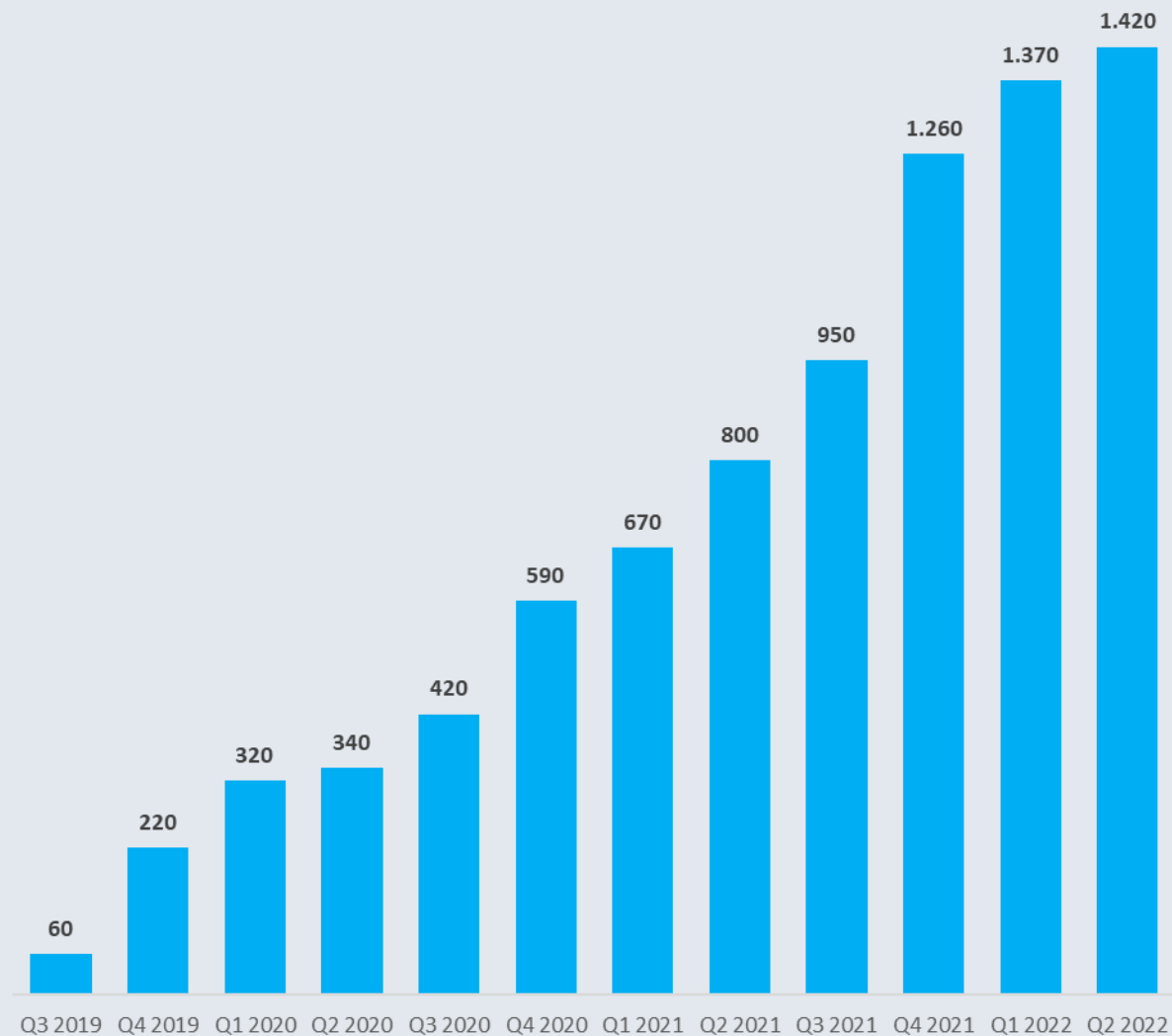
- Co-operation between the telcos and National Emergency Service (112)
 - Mobile transmitters installed in rural areas
 - MOCN secures mobile connection regardless of mobile service providers
 - The telcos provide the active equipment based on information from 112 which in turn provides the passive equipment such as masts and electricity
- Electronic invoices
 - Síminn from now on will cease to use printed invoices for their services. This is aligned with our focus on sustainability
- Over 40 nominations for Edda awards
 - Síminn's Icelandic content production received 41 nomination for Edda awards
 - Systrabönd received 10 nominations
 - The movie Dýrið received 13 nominations
 - In total 12 shows and other material from Síminn received nominations





Síminn Pay

- Healthy growth in loans to customers
- The users of the Pay app are now 62 thousand
- Exciting new products to be launched in coming months



Total loans in end of quarters (M.ISK)



Sale of Míla to Ardian



The sale of Míla to Ardian is still under review by the Competition Authority

- The Icelandic Competition Authority (ICA) announced on 14 March that the transaction required further investigation. That extended the ICA deadline by 90 business days, or until 27 July.
- On 1 July the ICA issued preliminary findings which stated that the transaction could harm competition and would not be approved without conditions or further explanations from the merging parties.
- On 9 July Ardian requested to enter into settlement discussion with the ICA which extended the deadline to 18 August.
- On 17 July Ardian informed Síminn that, as a result of remedies that Ardian had offered to the ICA, it would not complete the share purchase agreement (SPA) as announced on 23 October 2021, without amendments.
- On 22 July it was announced that Ardian and Síminn had agreed to amend the SPA which e.g. included amendments on the enterprise value (EV).
- On 11 August Ardian requested further extension on the ICA deadline to finish the merger investigation. The deadline is now until 15 September and no further deadlines are available.



Financial impact of amended SPA with Ardian

- On 22 July Síminn and Ardian announced that the amended SPA had been approved. The most significant change was related to the EV of Míla which was previously ISK 78 billion, as announced on 23 October 2021, including debt the buyer takes over.
- The EV was lowered by ISK 5 billion and is now ISK 73 billion.
- Based on the amended SPS Síminn will receive ISK 35 billion in cash at closing and ISK 19 billion will be paid with sellers loan in form of a bond issued by the buyer. The bond will have a 3 year maturity. The bond was ISK 15 billion in the previous SPA.
- The bond is transferable and has 4% interest which is unchanged from the previous SPA.
- The changes of the SPA mean that expected sales gain is now ISK 41.8 billion ISK, incl. sales cost, which is ISK 4.6 billion reduction from the SPA announced in October 2021.



Pro forma balance sheet – post sale of Míla

Síminn Group	2022 Sale of Míla	2022 PF	
Non-current assets.....	22.745	19.000	41.745
Current assets.....	8.011	34.174	42.185
Assets held for sale.....	37.223	-37.223	0
Assets.....	67.979	15.951	83.930
- thereof Cash	1.365	34.500	35.865
- thereof Bond	0	19.000	19.000
Equity.....	29.939	41.783	71.722
Non-current liabilities.....	6.949	0	6.949
Current liabilities.....	5.259	0	5.259
Debts held for sale.....	25.832	-25.832	0
Equity and liabilities.....	67.979	15.951	83.930
- thereof interest bearing debts	6.281		6.281
- thereof lease liabilities	776		776
Equity ratio	44,0%		85,5%

Sales proceeds

- The balance sheet of Síminn will change considerably following the sale of Míla since cash position will be strong resulting in possibility to distribute cash to shareholders.
- Síminn re-iterates that while the sale of Míla is in process at the ICA the company will not discuss any plans regarding the sale proceed.
- Once closing of the transaction is completed, Síminn will hold a shareholders meeting where shareholders will be able to discuss the most efficient use of the sales proceeds.



Key figures from Míla's operations

Key Figures	Q2				1H			
	2022	2021	ifference	%	2022	2021	ifference	%
Operating income.....	2.125	2.125	0	0,0%	4.253	4.262	(9)	-0,2%
Operating expenses.....	(900)	(886)	(15)	1,7%	(1.773)	(1.756)	(17)	1,0%
EBITDA	1.225	1.240	(15)	-1,2%	2.480	2.506	(26)	-1,0%
Depreciation.....	(762)	(656)	(106)	16,2%	(1.484)	(1.304)	(180)	13,8%
EBIT	463	584	(121)	-20,7%	996	1.202	(206)	-17,1%
Financial items.....	(342)	(217)	(125)	57,7%	(632)	(372)	(260)	69,9%
Operating profit before taxes	121	367	(246)	-67,1%	364	830	(466)	-56,1%
Taxes.....	(26)	(75)	49	-65,5%	(76)	(169)	93	-55,0%
Profit	95	292	(197)	-67,5%	288	661	(373)	-56,4%
CAPEX.....	740	664	76	11,5%	1.369	1.266	103	8,2%

Míla

- The performance of Míla is steady
 - EBITDA similar YoY
- Increase in depreciation related to the acquisition of Network systems from Síminn in 2021
- Míla increased leverage when the capital structure was changed in Q2 2021
- Interest expenses increase due to higher leverage and since the funding of Míla is with floating rates



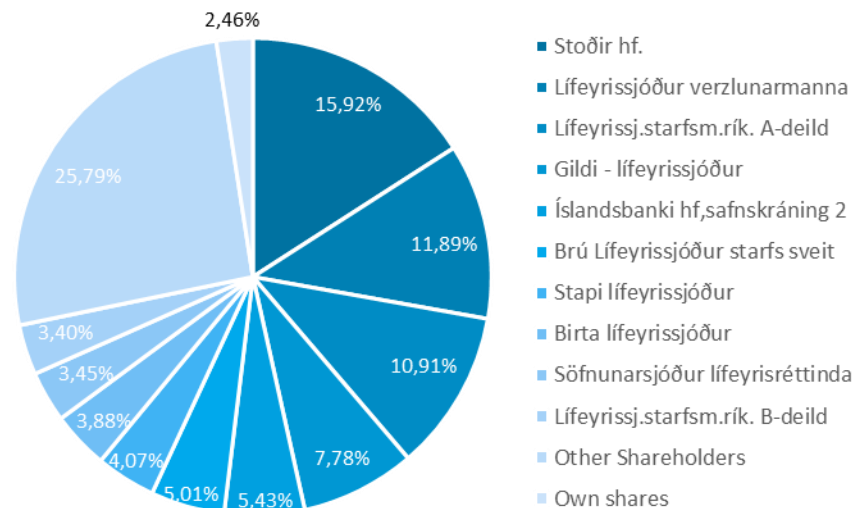
Shareholders



Shareholders



Shareholders 18.8.2022	Position	% O/S
Stoðir hf.	1.162.220.631	15,92%
Lífeyrissjóður verzlunarmanna	868.257.927	11,89%
Lífeyrissj.starfsm.rík. A-deild	796.450.000	10,91%
Gildi - lífeyrissjóður	567.992.195	7,78%
Íslandsbanki hf,safnskráning 2	396.693.435	5,43%
Brú Lífeyrissjóður starfs sveit	365.650.161	5,01%
Stapi lífeyrissjóður	296.751.432	4,07%
Birta lífeyrissjóður	283.396.563	3,88%
Söfnunarsjóður lífeyrisréttinda	251.575.320	3,45%
Lífeyrissj.starfsm.rík. B-deild	248.550.000	3,40%
Top 10 shareholders	5.237.537.664	71,75%
Other Shareholders	1.882.848.634	25,79%
Shares outstanding	7.120.386.298	97,54%
Own shares	179.613.702	2,46%
Total number of shares	7.300.000.000	100%



- ## Shareholders
- Share buy-back
 - Share buy-back amounted to 930 m.kr. In Q1 and 961 m.kr. In Q2. In total 1.891 m.kr. in 1H 2022.
 - Annual dividend was 500 m.kr.
 - The current share buy-back is based on plan announcement to the stock exchange on 20 June.
 - Shareholders were 1.226 at the end of Q2 2022
 - The share price has lowered by 9,2% year-to-date and by 5,3% for last 12 months.



Guidance 2022



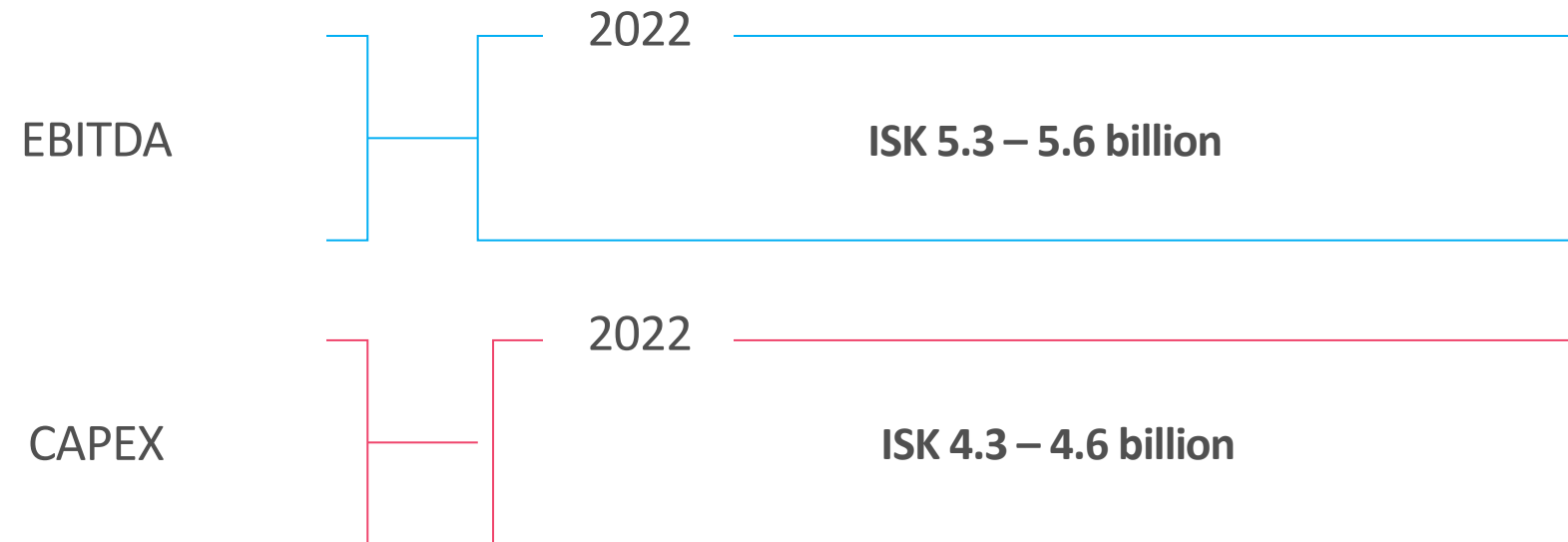
Outlook for 2022

Unchanged guidance

- Síminn had successful first half of 2022
 - High margin revenue have increased YoY
 - Inflation is high which puts pressure on cost
 - Due to high labour demand there is pressure on wage increases
 - Positive exchange rate development offsets inflation pressure to some extent
- Síminn constantly strives to adjust the cost side to rising inflation
- Annual wage cost around ISK 4 billion – Upcoming labour negotiations of importance for Síminn
- Expectations are for even stronger performance in 2H of 2022 resulting in good EBITDA performance in 2022
 - While the sale of Míla is not finalized there is uncertainty regarding costs that are related to the sales process
 - Therefore any adjustments on the guidance are not justified



Guidance for 2022



Group EBITDA excl. Míla was ISK 5.502 million in 2021
Group CAPEX excl. Míla was ISK 2.503 million in 2021



Appendix



Business segments

- **Mobile:** Revenue from mobile services in Iceland and abroad, whether traditional GSM service, satellite service or other mobile service.
- **Fixed voice:** Revenue from fixed voice service (fees and traffic).
- **Internet & network:** Revenue from data service, incl. xDSL service, GPON, Internet, IP net, local loop and access network.
- **TV:** Revenue from TV broadcast and distribution and Síminn TV (fees, traffic and advertisement).
- **Equipment sales:** Revenue from sale of telco equipment.
- **Other revenue:** Revenue from sold telco service, IT and finance.



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