

BRÚÐKAUPIÐ MITT



Investor Presentation
Q1 2022

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26 April 2022



Operation

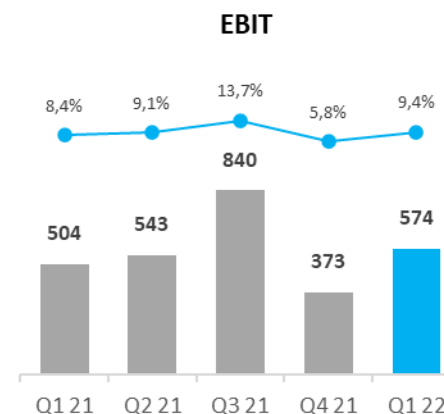
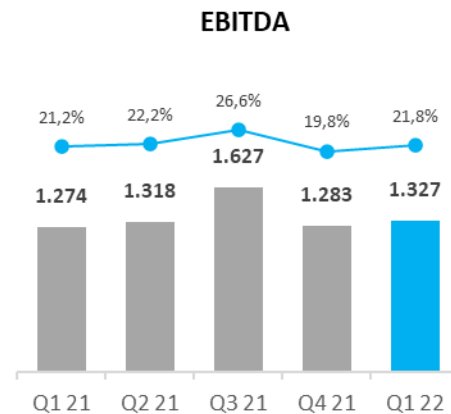
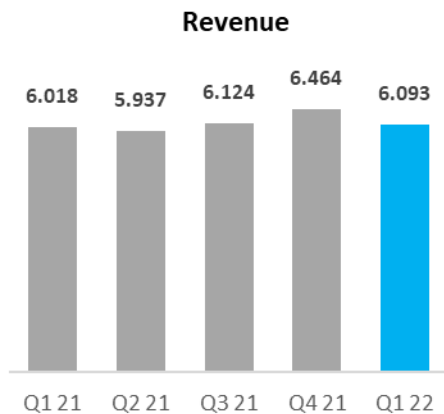


Income Statement

Income statement	Q1			
	2022	2021	Change	%
Net sales	6.093	6.018	75	1,2%
Cost of sales	(3.762)	(3.783)	21	-0,6%
Operating expenses	(1.757)	(1.731)	(26)	1,5%
EBIT	574	504	70	13,9%
Net financial items	92	(31)	123	-396,8%
Income tax	(113)	(97)	(16)	16,5%
Net profit from continuing operation	553	376	177	47,1%
Discontinued operation	193	2.508	(2.315)	-92,3%
Net profit	746	2.884	(2.138)	-74,1%
EBITDA	1.327	1.274	53	4,2%
EPS	0,08	0,34	(0,26)	-76,5%

Q1 2022

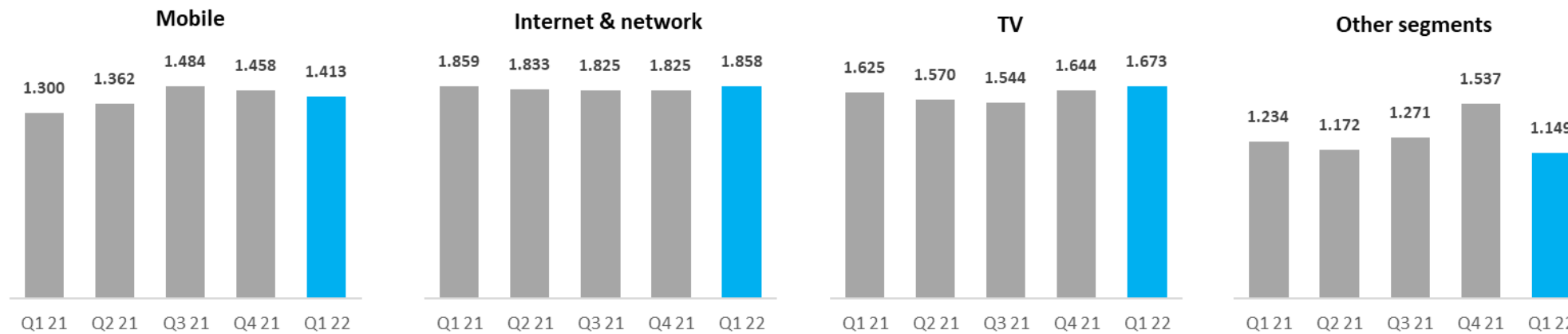
- Revenue increase from Q1 2021
 - Mobile revenue increases by almost 9%
 - Revenue from TV services increases by almost 3%
 - Equipment sales decrease from Q1 2021
- Gross Profit increases by 3.5%
- Operating profit increases by 14%
- EBITDA increases by over 4%
 - Total cost remains the same between periods
- Profit from continued operations increases by 47%
 - 17% if adjusted for ISK 113 million capital gain on sale of shares in Auðkenni.
 - Changes in capital structure in first half of 2021 reduce financial income at Síminn.





Revenue by segments

Segments	Q1			
	2022	2021	Change	%
Mobile	1.413	1.300	113	8,7%
Fixed voice	378	406	-28	-6,9%
Internet & network	1.858	1.859	-1	-0,1%
TV	1.673	1.625	48	3,0%
Equipment sales	449	518	-69	-13,3%
Other revenue	322	310	12	3,9%
Total revenue	6.093	6.018	75	1,2%





Operation in Q1 2022

Improvement in performance between years

- EBITDA increases by 4.2% from Q1 2021
- Operating income increases YoY
 - Mobile revenues increase by almost 9%, which is related to the success of Þrenna and increased SMS wholesale. Roaming income from Icelanders abroad increases significantly but a small increase from tourists in Iceland.
 - TV still growing - advertising revenue increases.
 - Data revenue remains at similar levels.
- Operating profit increases by ISK 70 million YoY
 - Depreciation unchanged between periods.
- Profit from continued operations increases by almost ISK 180 million
 - Capital gain from the sale of shares in Auðkenni was ISK 113 million.
 - Síminn had interest income of ISK 16 billion financing to Míla in Q1 2021. Míla was refinanced with an external loan at the beginning of Q2 2021 and all financing from Síminn was discontinued.
- Wage costs increase by ISK 48 million or 4.7%
 - Most of this is due to layoffs in Q1 2022.
- The largest cost items unchanged between periods
 - Advisory fees reduced significantly.
 - Marketing costs increase but sales costs decrease.
- 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.
- The effect of discontinued operations on Q1 2022 is solely due to Míla's operations
 - Q1 2021, in addition to Míla, included Sensa's operations and Sensa's capital gains.



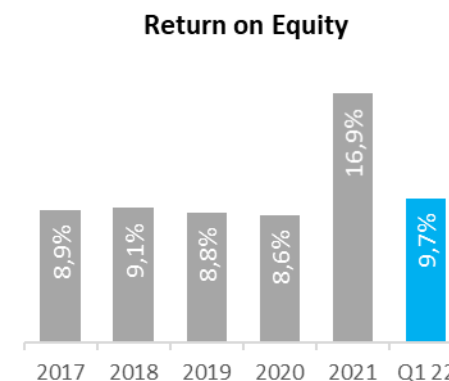
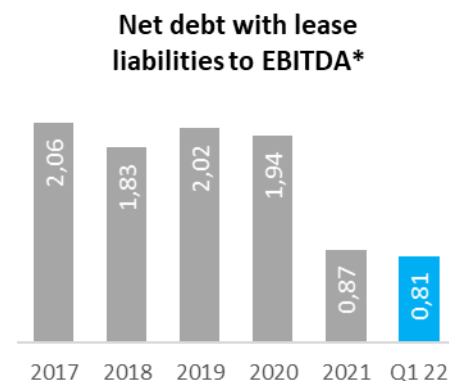
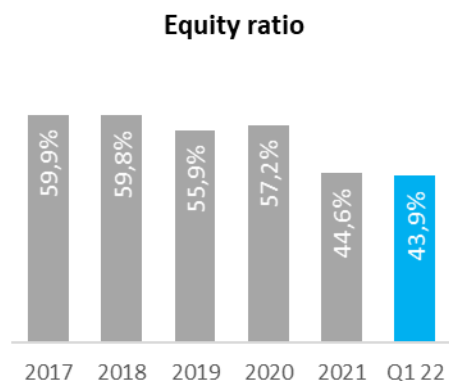
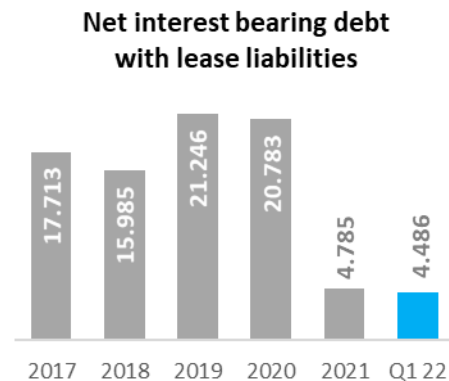
Balance Sheet and Cash Flow



Balance Sheet

Assets	31.03.2022	31.12.2021
Non-current assets		
Property, plant and equipment.....	2.123	2.219
Right-of-use assets.....	716	753
Intangible assets.....	19.055	19.403
Other non-current assets.....	544	675
Non-current assets	22.438	23.050
Current assets		
Inventories.....	1.227	923
Accounts receivables.....	2.189	2.234
Other current assets.....	3.587	3.082
Cash and cash equivalents.....	3.759	3.509
Assets held for sale.....	37.232	36.929
Current assets	47.994	46.677
Total assets	70.432	69.727

Equity and liabilities	31.03.2022	31.12.2021
Equity		
Total equity.....	30.895	31.079
Non-current liabilities		
Borrowings.....	5.946	5.943
Finance lease.....	617	653
Deferred tax liabilities.....	502	604
Non-current liabilities	7.065	7.200
Current liabilities		
Bank loans.....	1.500	1.518
Accounts payables.....	2.700	2.141
Current maturities of borrowings.....	182	180
Other current liabilities.....	2.154	1.783
Liabilities held for sale.....	25.936	25.826
Current liabilities	32.472	31.448
Total equity and liabilities	70.432	69.727



* Without government fine in 2020
Lease liabilities included from 2019



Cash Flow

Cash Flow	Q1 2022	Q1 2021
Cash flow from operating activities		
Operating profit	574	504
Operational items not affecting cash flow:		
Depreciation and amortisation.....	753	770
Gain on sale of fixed assets.....	(4)	(1)
	1.323	1.273
Changes in current assets and liabilities.....	313	1.234
Cash generated by operation	1.636	2.507
Net interest expenses paid during the period.....	(25)	(115)
Payments of taxes during the period.....	(139)	(220)
Net cash from operating activities	1.472	2.172
Investing activities		
Net investment in property, plant and equipments.....	(255)	7.007
Other investment.....	33	(95)
Sale of subsidiary and discontinued operation.....	0	(8.394)
Investing activities	(222)	(1.482)
Financing activities		
Purchase of own shares.....	(930)	(749)
Payment of long term lease.....	(46)	(43)
Net Financing activities.....	(18)	71
Financing activities	(994)	(721)
Increase (decrease) in cash and cash equivalents	256	(31)
Translation effects on cash.....	(6)	(7)
Cash and cash equivalents at the beginning of the year.....	3.509	735
Cash and cash equivalents at the end of the period.....	3.759	697

Balance sheet and cash flow

- Míla's assets are classified as asset held for sale in the balance sheet
- Inventories increase between periods
 - Temporarily high inventory of CPE's (Routers and set-top-boxes).
 - Close to ISK 300 million increase in TV content inventory.
- Cash and cash equivalents increase significantly YoY due to changed capital structure
 - Share buyback increase by ISK 200 million.
- Low CAPEX in Q1 this year – will increase in Q2
 - Partly due to discounts in previous periods.
 - The broadcasting right for the English Premier League was partly paid in Q1 2021 - no payment this year.
- Síminn's long-term loans are without installments

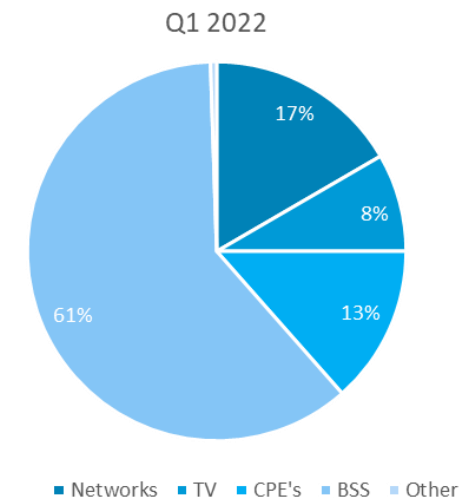
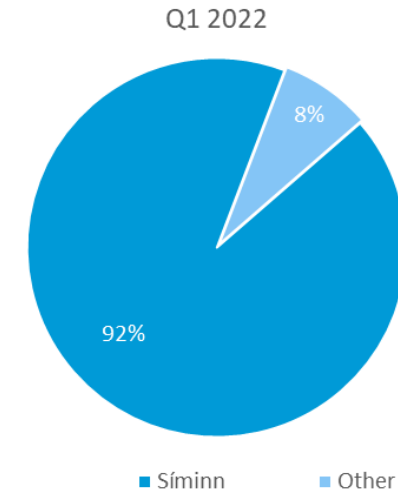
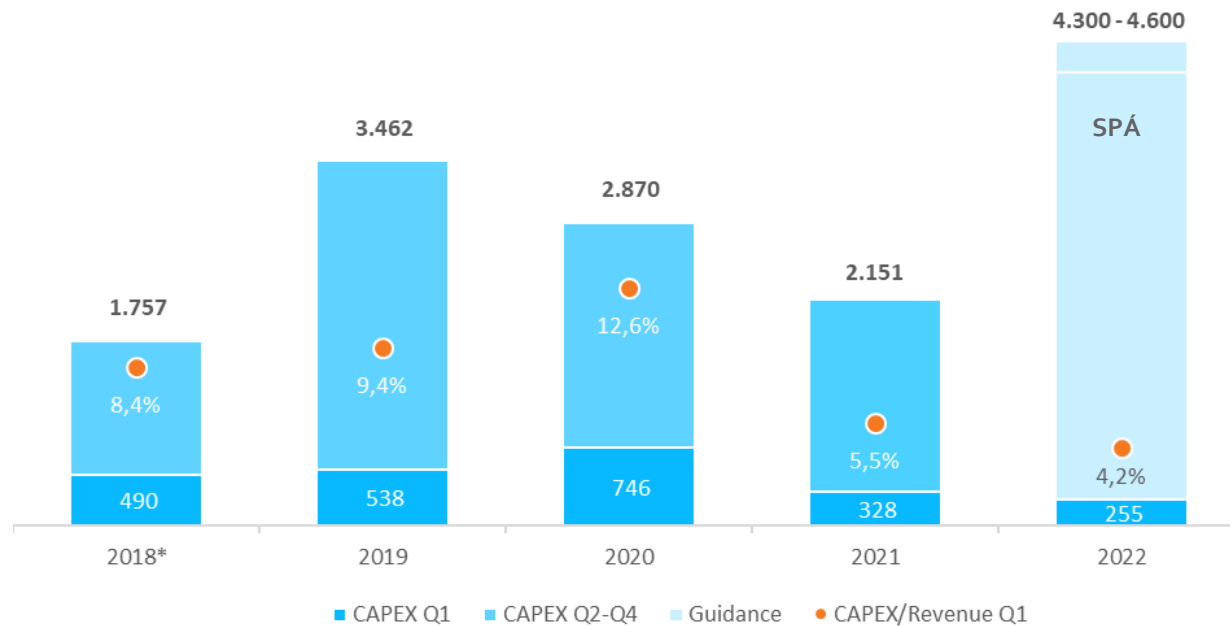


CAPEX



CAPEX

Excluding Míla



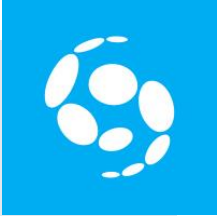
Síminn's CAPEX will increase considerably this year, which is a temporary operation

- 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.
1. Due to increased investment in Síminn's internal systems. The projects are related to new income opportunities, e.g., TV market and Síminn's digitalization.
 2. Excluding these temporary increase, investments in traditional fixed assets and other TV content rights are ISK 2.3 to 2.6 billion

* Restated according to changes made to treatment of TV right.

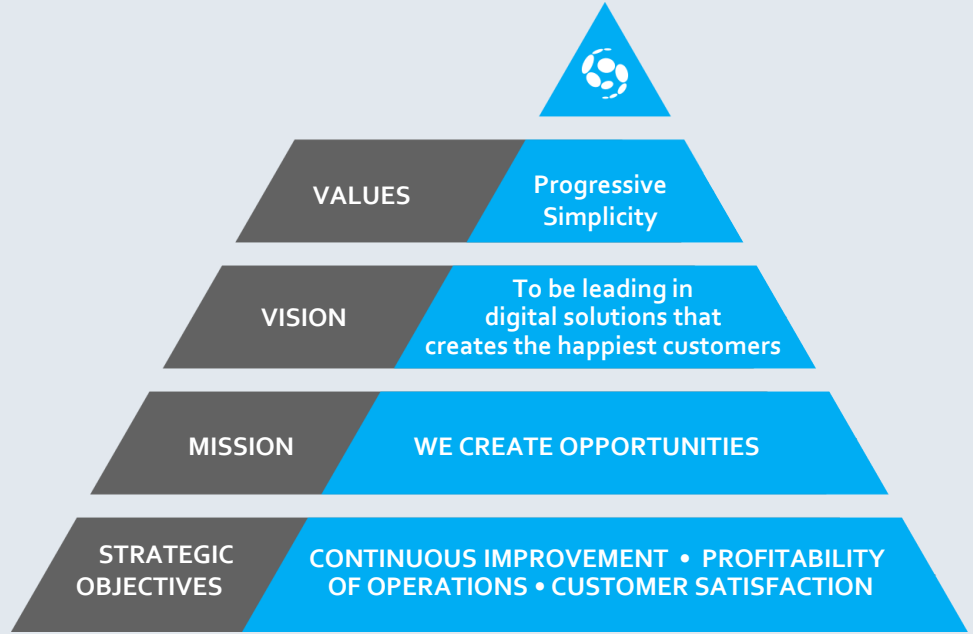
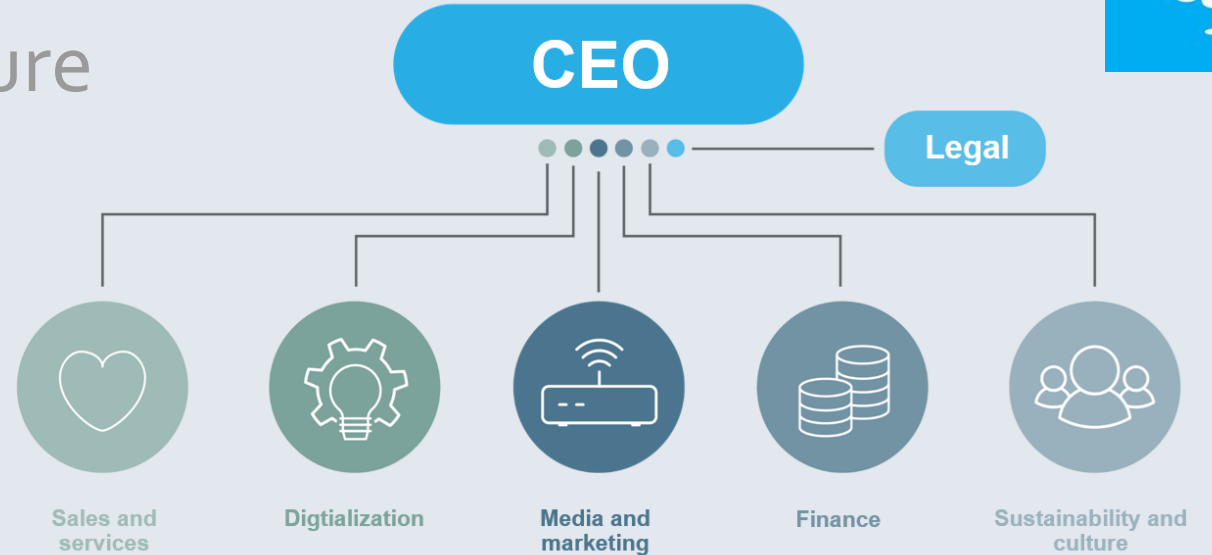


Highlights



Changed Organizational Structure

- Changes aimed at increasing flexibility to adjust to market changes
 - The new structure will mean shorter communication channels, promote open communication, diversity and quicker decision making.
 - Special emphasis on sustainability and self-service.
- Two new managers hired
 - Sales and service.
 - Sustainability and culture.
- Two other new divisions - instead of older divisions – will emerge as a part of the change
 - Media and marketing.
 - Digitalization.
- Finance for the most parts unchanged
- Middle management will decrease in connection with the changes and operational efficiency will increase
- The new structure will take effect no later than 1 June



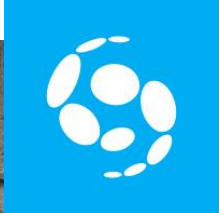
Innovation and development

- Magnificent March held for the second time
 - Innovation competition among employees.
 - Many new projects presented and decided to continue with 9 of them.
 - Voice control in Icelandic was last years winning proposal.
 - Reddum málinu is a collaboration with Almannarómur and Reykjavík University
- Voice control in Icelandic
 - Magnificent March winning project from last year.
 - In test phase.
 - Collaboration with Reykjavík University and Almannaróm.
- Digitalization accelerated
 - Organizational changes together with increased investments in digital development in the coming months are intended to increase the agility and speed of product development and thus prepare the company for a changed operating environment following the sale of Míla.



Síminn TV at the forefront

- Strong position in national programming
 - Subscribers to Síminn Premium TV enjoy a variety of domestic programs such as Brúðkaupið mitt, Tilraunir með Vísinda Villa, Morð í norðri, Tulipop, Ræktum garðinn, Venjulegt fólk and Heima með Helga.
 - Among Icelandic TV stations Síminn is the largest investor in content from independent content producers. Two new series will be produced this summer.
- Venjulegt fólk
 - The fifth series will be produced this summer, as well as a Christmas episode.
 - An Icelandic series has never lasted four series.
- English Premier League
 - View has increased significantly over the last three seasons.
 - In August 2022, the first season of new contract period with the Premier League begins.
- Brúðkaupið mitt
 - A sequel to Jarðarförin mín.
 - The entire series premiered in Síminn Premium TV this Easter.
 - The episodes have already reached over 100,000 views.

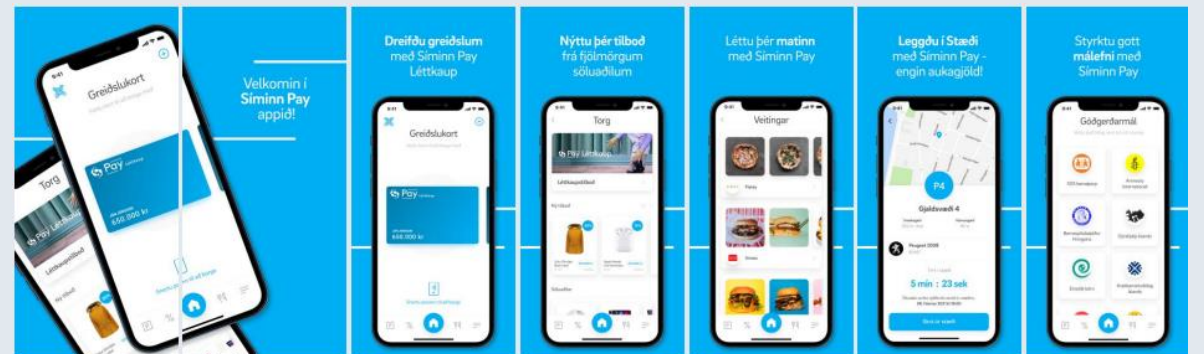
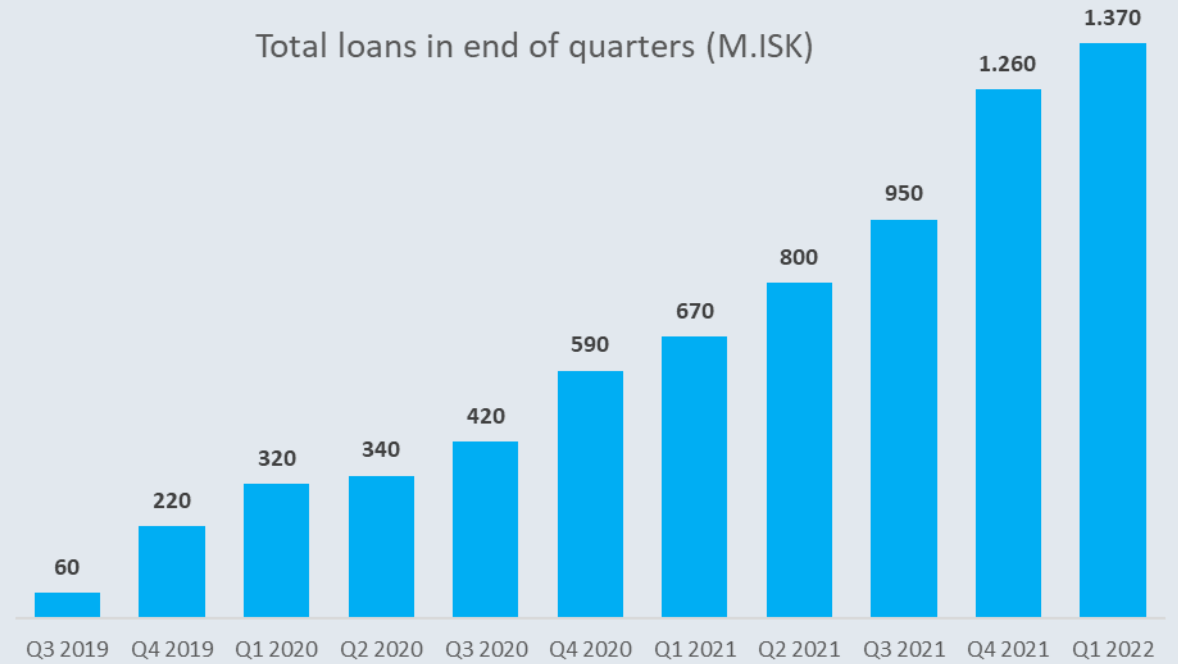




FinTech, loyalty programs and lifestyle app

- All operations related to Síminn's fintech solution was transferred to a subsidiary in the beginning of the year. The company's name is Síminn Pay ehf. and is fully owned by Síminn.
- There has been steady increase in lending since the product was launched in May 2019.
- The operation is sustainable, and the company is profitable.
- Síminn will expand its product range in the coming months.
- The registered users of the Síminn Pay app are now 59 thousand.

Total loans in end of quarters (M.ISK)





Míla



The sale of Míla is awaiting approval from the competition authority

- For review
 - Síminn signed last October an agreement for the sale of all its stake in Míla.
 - The buyer is Ardian, a leading infrastructure investor in Europe.
 - The value of the transaction is ISK 78 billion and estimated sales gain of just over ISK 46 billion.
 - Síminn will be paid ISK 44 billion at closing in cash and ISK 15 billion with a 3-year bond.
 - A 20-year wholesale agreement was agreed between Síminn and Míla.
 - Ardian has invited Icelandic pension funds to participate in the acquisition.
- The Competition Authority is reviewing the transaction
 - The Competition Authority announced on 14 March that the merger required further investigation. The deadline has begun to expire at that date and is in total 90 business days or until 27 July.
- Agreement with the state
 - Negotiations between the government and representatives of Míla, Síminn and Ardian to ensure that Míla's operations are in line with national security interests in the new ownership of non-residents resulted in agreement last December where Míla undertakes certain requirements due to operations of their important network.
 - This confirms that Míla's communications network meet the state's requirements for national security, and it can therefore be said that Míla's systems are the most secure electronic communications systems in the country.



Key figures from Míla's operations

Key Figures	Q1			
	2022	2021	Change	%
Operating income.....	2.128	2.136	(9)	-0,4%
Operating expenses.....	(873)	(870)	(3)	0,3%
EBITDA	1.255	1.266	(12)	-0,9%
Depreciation.....	(722)	(648)	(74)	11,4%
EBIT	533	618	(85)	-13,8%
Financial items.....	(290)	(155)	(135)	87,0%
Operating profit before taxes	243	463	(220)	-47,5%
Taxes.....	(50)	(94)	44	-46,7%
Profit	193	369	(176)	-47,7%
CAPEX.....	629	602	27	4,5%

Míla

- Míla operation is stable between periods
 - EBITDA similar YoY
- The increase in depreciation is related to Míla's acquisitions of assets from Síminn at the beginning of 2021
- There was an increase in Míla's indebtedness when the company's capital structure was changed at the beginning of Q2 2021
- Interest expenses increased as a result



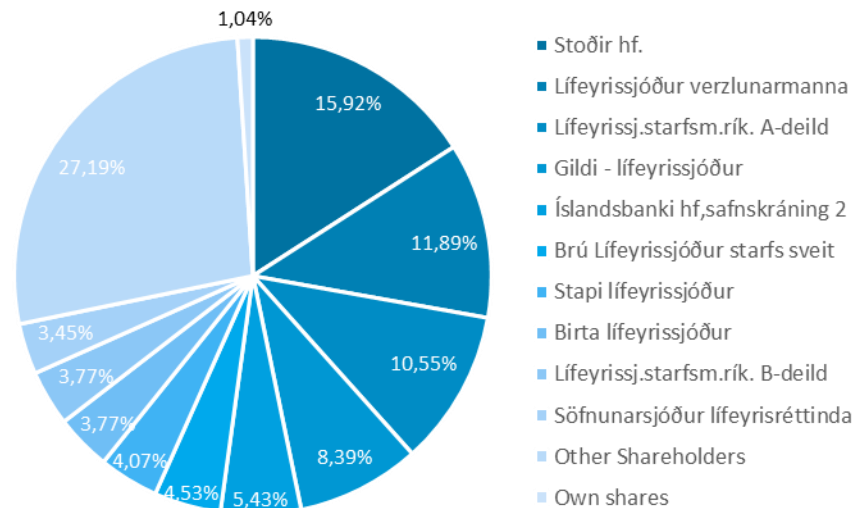
Shareholders



Shareholders



Shareholders 20.4.2022	Position	% O/S
Stoðir hf.	1.162.220.631	15,92%
Lífeyrissjóður verzlunarmanna	868.257.927	11,89%
Lífeyrissj.starfsm.rík. A-deild	770.000.000	10,55%
Gildi - lífeyrissjóður	612.192.195	8,39%
Íslandsbanki hf,safnskráning 2	396.693.435	5,43%
Brú Lífeyrissjóður starfs sveit	330.650.161	4,53%
Stapi lífeyrissjóður	296.751.432	4,07%
Birta lífeyrissjóður	275.446.563	3,77%
Lífeyrissj.starfsm.rík. B-deild	275.000.000	3,77%
Söfnunarsjóður lífeyrisréttinda	251.575.320	3,45%
Top 10 shareholders	5.238.787.664	71,76%
Other Shareholders	1.984.965.586	27,19%
Shares outstanding	7.223.753.250	98,96%
Own shares	76.246.750	1,04%
Total number of shares	7.300.000.000	100%



- ## Shareholders
- Share buyback program
 - Repurchases amount to ISK 930 million in Q1 2022.
 - The dividend for the year was ISK 500 million.
 - The current plan is based on a plan announced on 14 March
 - The number of shareholders was 1,211 at the end of Q1 2022 and has decreased by 32 this year
 - Síminn's shares have risen by 6.4% this year and by 21.8% over the past 12 months



Outlook 2022



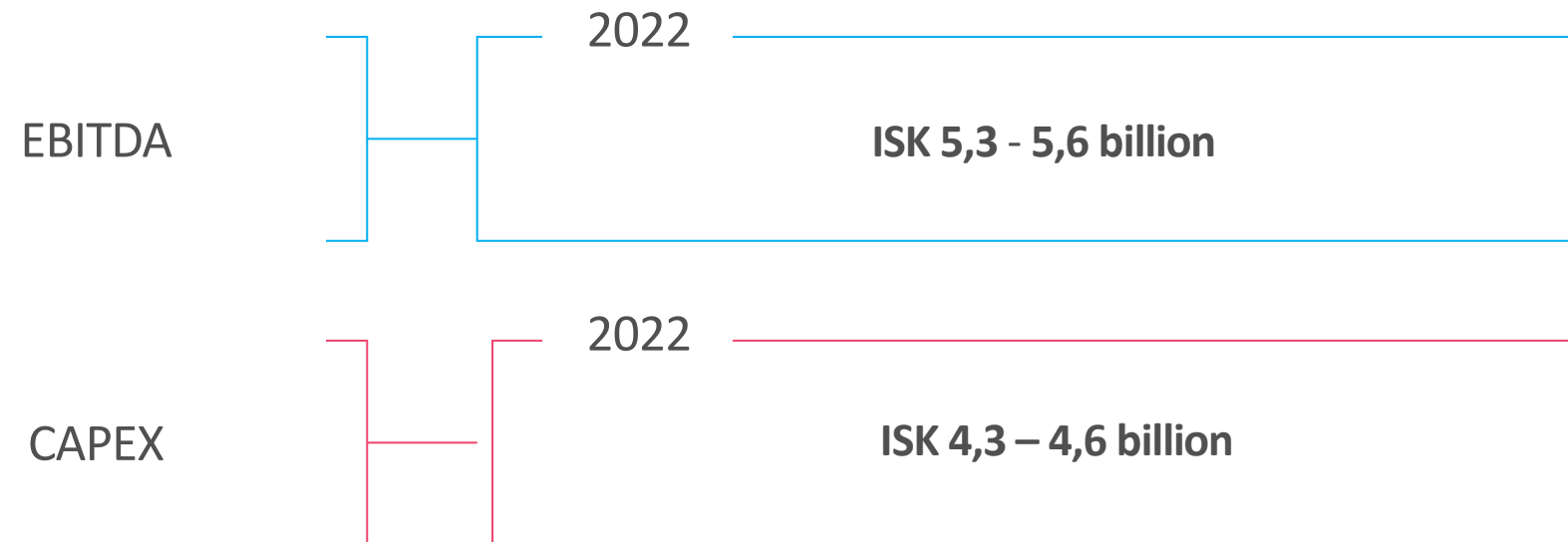
Outlook for 2022

Unchanged guidance

- The year is off to a good start and profit growth is healthy
- The outlook for the year is good and sales performance is generally strong
 - The increase in revenue does not keep pace with inflation
- Inflation is high, which inevitably puts pressure on costs
 - Positive exchange rate developments reduces the negative effect of inflation
- Constantly working on adjusting operations to respond to expected cost increases



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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