NOVA

KLÚBBURINN

Consolidated Financial Statements 2022

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Nova Klúbburinn hf.
Reg. no. 620916-0560
Lágmúli 9, 108 Reykjavík

Endorsement by the Board of Directors and the CEO

Nova Klúbburinn hf. is the parent company of Nova hf. whose principal operations are electronic communications and related activities. These Financial Statements comprise the Consolidated Financial Statements of Nova Klúbburinn hf. (the "Company") and its subsidiary, together referred to as the "Group".

According to the audited consolidated statement of comprehensive income total revenue for the year 2022 amounted to ISK 12.641 million. EBITDA was ISK 3.636 million and profit for the year was ISK 539 millions. Equity at year end amounted to ISK 9.053 million and the equity ratio was 39,8%. Reference is made to the consolidated statement of changes in equity regarding information on changes in equity during the year.

The Board proposes that the results of the year 2022 are carried forward and no dividends paid to shareholders in the year 2023.

In a shareholder meeting in April the Company's shareholders approved an increase of share capital by net value of ISK 3.395 million by issuance of new shares by a public offering to new investors thereby expanding the shareholder group. The amount received was allocated to repayment of long term borrowings as can be seen in the Cash Flows. Simultaneously the shareholders approved to list the shares of the Company on Nasdaq Iceland. The listing was completed successfully in June with over 5.000 new shareholders added to the list of owners of the Company. See effects on equity in Note 19 and Statement of Changes in Equity. Prior to the listing the shareholders approved in an extraordinary meeting at the end of May to change the Company's name from Platínum Nova hf. to Nova Klúbburinn hf.

On the 2nd of November a shareholder meeting was convened by the Board of Directors of Nova Klúbburinn hf., were i.a. Board elections took place. All of the previously sitting Board members were self elected as members of the Board.

The Company's and Nova hf.´s Boards of Directors comprise of the same five members, three male and two female.

Average number of employees during 2022 was 151, compared to 147 in the year 2021. The gender split was around 60% male and 40% female.

On 1st of November 2022 changes were made to the operational structure of Nova hf. and the executive management team, when members of the management team were reduced from five to four. Nova has an equal gender executive management team, heading, along with the CEO, IT & Innovation, Performance and Nova experience.

At the end of the year 2022 there were aprox. 3.200 shareholders in the Company, compared to eleven at the beginning of the year. The 10 largest shareholders in the Company at year end 2022 were as follows (compared to all shareholding at end of 2021):

	At year end 2022	At year end 2021
Stefnir hf.[1]	12,54%	0,00%
Nova Acquisition Holding ehf	11,12%	86,42%
Íslandssjóðir hf. [2]	7,13%	0,00%
Landsbréf hf. [3]	7,02%	0,00%
Birta lífeyrisjóður	5,52%	0,00%
Kvika eignastýrig hf. [4]	4,37%	0,00%
Lífeyrissj. starfsm. rík. A-deild and B-deild	4,06%	0,00%
Lífsverk lífeyrissjóður	3,61%	0,00%
Arion banki hf	2,63%	0,00%
Lífeyrissjóður verzlunarmanna	2,25%	0,00%
Others	39,75%	13,58%
	100,00%	100,00%

[1] Stefnir - Innlend hlutabréf hs., Stefnir - Innlend hlutabréf vo, Stefnir - ÍS 5 hs., Stefnir - Samval hs.

[2] IS EQUUS Hlutabréf, IS Hlutabréfasjóðurinn, IS Eignasafn, IS Einkasafn B, IS Einkasafn C, IS EinkasafnD, IS Einkasafn E

[3] Landsbréf - Úrvalsbréf hs., Landsbréf - Hekla hs., Landsbréf - Öndvegisbréf hs., Landsbréf - Einkabréf D hs., Landsbréf - Einkabréf B hs., Landsbréf - Einkabréf C hs., Landsbréf - Eignadreifing Langt, Landsbréf - Eignadreifing Virði, Landsbréf - Eignadreifing Vöxtu

[4] Kvika - IHF hs., Kvika - Hlutabréfavísitala, Kvika - Eldgjá, Kvika - Innlend hlutabréf

Endorsement by the Board of Directors and the CEO

Financial risk and risk management

The Board of Directors and CEO refer to note 22 in these Financial Statements for information on financial risk of the Company and financial risk management.

No additional financial risks are inherit to the operation apart from operational risk discussed further here below.

Effects of the Covid-19 pandemic and the Russian invasion in Ukraine are immaterial to the financial results and position.

The new Act on Electronic Communication, no. 70/2022, (The "Act"), came into force 1 September 2022.
Article 87 of the Act provides for new powers afforded to the Telecommunications Authority on one hand and the Minister of Infrastructure on the other under the heading of network security.
The Telecommunication Authority can attach conditions to a licence to operate wireless transmission equipment (or, as the case may be, stipulate general conditions for the operation of such equipment under a notification regime) in the interest of network security if it considers all established national networks collectively too dependent on one vendor. It is therefore a requirement for the imposition of any conditions related to vendor selection or use of equipment that the national operators have collectively become too dependent on one vendor so that security concerns may be raised.

The provision further provides a legal basis for the Minister of Infrastructure to introduce conditions related to the origin of vendors of certain equipment or network components, considered to be critical for national security, in a regulation. It may be stipulated in a regulation that such equipment must be produced in a state with which Iceland has an ongoing security cooperation, a member state of the EEA or in a third country if the vendor has obtained approval by a partner state in security cooperation. Such a regulation can only be introduced after receiving comments from the Minister of Justice and the Minister for Foreign Affairs and Defence. In the explanatory note accompanying the bill (*travaux préparatoires*) it is expressly stated that any imposition of conditions or restriction of the use of equipment or network components under this provision must respect the principle of proportionality and to that end only restrict the operations of national network operators to the extent necessary.

Subsequent events

Subsequent to year end no material events have occured that effect the Groups financial position.

Non-financial information

Nova is a comprehensive electronic communications company, offering mobile and fiber services to homes and diverse electronic communications services to smaller businesses, as well as special solutions for large users. Nova's purpose and mission play a socially important role. Nova ensures seamless electronic communications, which are the foundation of communication between people and companies in the modern world. At important times in peoples´ lives, communication and thus electronic communications become increasingly important.

Nova has paved the way for smart devices and introduced new opportunitites in internet usage throughout the years. Introducing social media prototypes was a big part of Nova's marketing communications at its inception. It is not least thanks to social media that the demand in society as a whole for transparency has increased enormously and at the same time the demand for integrity increases, but also an opportunity is created for the market to better monitor the companies and people who work there. No one can hide their origin in the world of social media. This development can be called a revolution and is in many ways a great and good reformation.

Smart devices and social media also have developed their darker sides, not least due to overuse. Nova considers its main projects to be socially responsible, and therefore the main challenges we intend to face, to be the following:
- To be responsible towards society in everything we do in our daily work, without "dressing it up"
- Correcting our "footprint" of whatever nature it is without "greenwashing" of any kind
- To focus on matters, that do not directly relate to our core business, but which we chose to make our focus matters, and extend our reach beyond our daily tasks for the benefit of others.

See further information regarding environmental, social and sustainability matters in an addendum to this Consolidated Financial Statements and in the Company´s sustainability report. See also a link at Nova's website www.nova.is/baksvids/ufs

Corporate governance

Nova´s board has adopted good corporate governance with the aim of supporting responsible behavior and corporate culture within the Company for the benefit of all the Company's stakeholders.

For further discussion on Nova's corporate governance reference is made to the corporate governance statement that is part of these Financial Statements and to the Company's sustainability report, which can be accessed on the company's website, www.nova.is/baksvids/ufs

Endorsement by the Board of Directors and the CEO

Statement by the Board of Directors and the CEO

The Financial Statements for the year ended 31 December 2022 have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU. According to our best knowledge, it is our opinion that the Consolidated Financial Statements give a true and fair view of the financial performance of the Group for the year 2022, its financial position and changes in equity as of 31.12.2022 and its cash flows for the financial year 2022. Furthermore, it is our opinion that the Financial Statements and the report of the Board of Directors and the CEO contain a clear overview of developments and results in the Group´s operations, its position and describe the main risk factors and uncertainties facing the Group.

In our opinion, the Consolidated Financial Statement of Nova Klúbburinn hf. for the year 2022 identified as " 64886J4FR973Q12HGS61-2022-12-31-en.zip" are prepared in all material respect in compliance with the ESEF Regulation.

The Board of Directors and the CEO hereby confirm the Group's financial statements for the year 2022 by means of their signatures.

Reykjavík, 2. March 2023

Board of Directors

Hugh Short
Chairman

Tina Pidgeon
Board member

Jón Óttar Birgisson
Board member

Hrund Rudolfsdóttir
Board member

Kevin Payne
Board member

Margrét Tryggvadóttir
Managing Director (CEO):

Independent Auditor's Report

To the board of directors and the shareholders of Nova klúbburinn hf.

Opinion

We have audited the accompanying consolidated financial statements of Nova klúbburinn hf. and its subsidiaries (the group) for the year 2022, excluding the Endorsement by the Board of Directors and the CEO.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the group as at December 31, 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU), and applicable articles in Icelandic law on annual accounts.

Our opinion is consistent with our additional report to the Audit Committee/board of directors.

The consolidated financial statements comprise
- The Endorsement by the Board of Directors and the CEO.
- The Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year 2022.
- The Consolidated Statement of Financial Position as at 31 December 2022.
- The Consolidated Statement of Cash Flows for the year 2022.
- The Consolidated Statement of Changes in Equity for the year ended 31 December 2022.
- Notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

The Endorsement by the Board of Directors and the CEO is excluded from the audit, refer to section *reporting on other information*.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the consolidated financial statements section of our report.

Independence

We are independent of the group in accordance with Icelandic laws on auditors and auditing and the code of ethics that apply to auditors in Iceland and relate to our audit of the group's consolidated financial statements. We have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services that we have provided to the group and its subsidiaries are in accordance with the applicable law and regulations in Iceland and that we have not provided non-audit services that are prohibited under Article 5.1. of Regulation (EU) No. 537/2014.

The non-audit services that we have provided to the group, in the period from 1 January to 31.December 2022, are disclosed in note 21 to the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditor's Report

Key audit matters	Audit procedures
Sales revenue: *Sales revenue totaled ISK 12,4 billion.* *We put an emphasis on this line item as the recognition of revenue is complex due to the sheer volume of entries for the different revenue streams and because it is the single largest single item in the financial statements.* *Many different systems also need share data with each other in order for revenue to be regognised correctly, from measuring usage and creating invoices to generating the correct financial information to the general ledger.* *We refer to notes 1.6, 1.7. and 3 that explain the Group's revenue recognition in further detail.*	***Our audit procedures included:*** *- Substantive audit procedures were performed on sales invoices and their corresponding payments.* *-Trade receivables were confirmed by a review of their payments after year end.* *-The Group's information system was reviewed by examining the flow of data between different IT systems.* *-Internal control was examined relating to the review of fluctuations in amounts of revenue streams between different months.* *-The Group's usage and data measurements were tested with a detailed inspection.* *-A special test was performed on revenue that did not flow from the Group's sales systems.* *- Relevant notes have been reviewed.*
Valuation of goodwill: *The Group's goodwill is the largest line item on the Consolidated Statement of Financial Position and is valued at ISK 10,0 billion.* *The valuation model is based on estimated future cash flows of the subsidiary Nova hf. and is heavily influenced by management's assumptions.* *Due the significance of goodwill to the financial statements and the subjective and complex nature of its valuation model, a special emphasis was placed on audit procedures concerning its valuation.* *We refer to Notes 1.9, 8 and 9 which explain the accounting treatment and the underlying assumptions.*	***Our audit procedures included:*** *-The Group's valuation model itself of was reviewed for appropriateness.* *-Each significant assumption was reviewed, which includes estimated future growth rates, EBITDA ratios, depreciation expenses and CAPEX plans.* *-The Group's estimated WACC was reviewed, that includes assumptions concerning interest rates and equity financing.* *- PwC valuation experts assisted the audit team in executing the audit.* *- Relevant notes have been reviewed.*

Independent Auditor's Report

Reporting on other information, including the the Endorsement by the Board of Directors and the CEO
The board of directors and Chief executive officer are responsible for other information. The other information comprises of the Endorsement by the Board of Directors and the CEO and appendixes to the Consolidated Financial Statements which are a Non-financial information (ESG), Corporate governance statement and Querterly statements, which we obtained prior to the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information, including the Endorsement by the Board of Directors and the CEO.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. In addition, in light of the knowledge and understanding of the entity and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in other information that we obtained prior to the date of this auditor's report. We have nothing to report in this respect.

With respect to the Endorsement by the Board of Directors and the CEO we have, in accordance with article 104, of the Icelandic law on annual accounts reviewed that to the best of our knowledge, the Endorsement by the Board of Directors and the CEO accompanying the consolidated financial statements includes applicable information in accordance with Icelandic law on annual accounts if not presented elsewhere in the consolidated financial statements.

Responsibilities of the board of directors and the chief executive officer
The board of directors and the chief executive officer are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the EU, and applicable articles in Icelandic law on annual accounts, and for such internal control as determined necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the groups' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the group or to cease operations, or has no realistic alternative but to do so. The Group's management must provide appropriate explanations regarding its ability to continue as going concern, if applicable, and why management applies the presumption of going concern in the preparation and presentation of the consolidated financial statements.

Those charged with governance are responsible for overseeing the group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.

Independent Auditor's Report

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (cont'd.)

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Report on European single electronic format (ESEF Regulation)

As part of our audit of the consolidated financial statements of Nova klúbburinn hf. we performed procedures to be able to issue an opinion on whether the consolidated financial statements of Nova klúbburinn hf. for the year 2022 with the file name 64886J4FR973Q12HGS61-2022-12-31-en.zip is prepared, in all material respects, in accordance with law no. 20/2021 Act on securities issuer obligations to issue information and self-report relating to requirements under the European single electronic format regulation EU no. 2019/815, which include requirements concerning preparation of the consolidated financial statements in XHTML format and iXBRL markup.

The board of directors and Chief executive officer are responsible for preparing the consolidated financial statements in accordance with law no. 20/2021. This responsibility includes preparing the consolidated financial statements in a XHTML format in accordance to EU regulation no. 2019/815 on the European single electronic format (ESEF regulation).

Our responsibility is to obtain reasonable assurance, based on evidence that we have obtained, on whether the consolidated financial statements are prepared in all material respects, in accordance with the ESEF Regulation, and to issue a report that includes our opinion. The nature, timing and extent of procedures selected depend on the auditor's judgement, including the assessment of the risks of material departures from the requirements set out in the ESEF regulation, whether due to fraud or error.

In our opinion, the consolidated financial statements of Nova klúbburinn hf. for the year 2022 with the file name 64886J4FR973Q12HGS61-2022-12-31-en.zip is prepared, in all material respects, in accordance with the European single electronic format regulation EU no. 2019/815.

Independent Auditor's Report

Appointment

We were first appointed as auditors at the company's annual general meeting in the year 2019. Our appointment has been renewed annually at the company's annual general meeting representing a total period of uninterrupted engagement appointment of four years.

Reykjavík, 2 March 2023

PricewaterhouseCoopers ehf.

Vignir Rafn Gíslason
State Aurhorized Public Accountant

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year 2022

	Note	2022	2021
Operating revenues			
Sales	3	12.441.924	11.970.622
Other operating income		199.136	112.271
Gain on sale of passive infrastructure		0	899.546
		12.641.060	12.982.439
Operating expenses			
Cost of sales		6.458.335	6.486.141
Salaries and salary-related expenses	4	1.709.709	1.727.863
Other expenses		836.795	700.715
		9.004.839	8.914.719
EBITDA		3.636.221	4.067.720
Depreciation and amortisation	5	(2.021.045)	(2.029.309)
Results from operating activities		1.615.176	2.038.411
Interest and indexation income and (expenses):			
Interest income		65.499	42.483
Interest expenses		(1.002.038)	(488.806)
Foreign exchange (loss) gain		(6.346)	545
	6	(942.885)	(445.778)
Profit from sale of associate		0	250.331
Profit before income tax		672.291	1.842.964
Income tax	7	(133.008)	(321.501)
Net profit and comprehensive income for the period		539.283	1.521.463
Earnings per share			
Basic and diluted earnings per share	23	0,150	0,187
Profit for the year attributable to:			
Owners of the Company		539.283	1.521.463
Non-controlling interests		0	0
Profit for the period		539.283	1.521.463

The notes on pages 15 to 33 are an integral part of these consolidated financial statements

Nova Klúbburinn hf. Consolidated Financial Statements for the year 2022 Amounts are in ISK thousand

Consolidated Statement of Financial Position as at 31 December 2022

	Note	2022	2021
Assets			
Non-current assets			
Goodwill	8,9	10.048.985	10.048.985
Intangible assets	9	1.637.276	1.827.904
Operating assets	10	3.862.667	3.596.168
Right of use assets	11	4.059.826	3.268.717
Investment in associates and other	20	2.596	2.596
Deferred income tax asset	18	377.736	386.007
		19.989.086	19.130.377
Current assets			
Inventories	14	410.988	389.434
Trade receivables	15	1.145.052	1.048.374
Receivables from related parties	24	174.249	176.111
Other receivables		387.374	1.541.391
Cash and cash equivalents	16	664.790	2.178.878
		2.782.453	5.334.188
Total assets		22.771.539	24.464.565

The notes on pages 15 to 33 are an integral part of these consolidated financial statements

Nova Klúbburinn hf. Consolidated Financial Statements for the year 2022 Amounts are in ISK thousand

Consolidated Statement of Financial Position as at 31 December 2022

	Note	2022	2021
Equity and Liabilities			
Equity			
Share capital		3.817.277	3.132.345
Share premium		2.710.068	0
Reserves	19	1.183.637	1.162.376
Retained earnings		1.342.227	824.205
		9.053.209	5.118.926
Non-current liabilities			
Loans and borrowings	17	2.304.376	6.737.880
Lease liabilities	11	6.038.571	5.223.124
Other non-current liabilities	12	2.795.244	2.498.859
		11.138.191	14.459.863
Current liabilities			
Current maturities of loans and borrowings	17	129.217	346.720
Trade payables		946.517	765.170
Tax payable	18	254.167	1.288.162
Payable to a related company	24	175.517	180.262
Lease liabilities and other liabilities	11,12	224.212	169.267
Other payables		804.468	2.073.566
Pre-payments		46.041	62.629
		2.580.139	4.885.776
Total liabilities		13.718.330	19.345.639
Total equity and liabilities		22.771.539	24.464.565
Other information	13, 21, 22		

The notes on pages 15 to 33 are an integral part of these consolidated financial statements

Nova Klúbburinn hf. Consolidated Financial Statements for the year 2022 Amounts are in ISK thousand

Consolidated Statement of Cash Flows for the year 2022

	Note	2022	2021
Cash flows from operating activities			
Net profit for the period		539.283	1.521.463
Adjustments for:			
Depreciation and amortisation	5	2.021.045	2.029.309
Income tax	7	133.008	321.501
Loss on sale of operating assets		306	0
Gain on sale of passive infrastructure		0	(899.546)
Effect of accrued stock option	4	0	173.303
Interest and indexation income and expenses	6	942.885	445.778
		3.636.527	3.591.808
Changes in operating assets and liabilities:			
Inventories, (increase) decrease		(21.554)	8.824
Trade and other receivables, decrease (increase)		968.881	(284.205)
Trade and other payables, (decrease) increase		(1.016.578)	196.452
		(69.251)	(78.929)
Interest income received		65.499	35.666
Interest expenses paid		(749.477)	(533.449)
Paid taxes		(1.160.556)	(159.362)
Net cash inflow from operating activities		1.722.742	2.855.734
Cash flows to investing activities			
Acquisition of operating assets	10	(1.555.026)	(1.184.817)
Acquisition of intangible assets	9	(307.819)	(247.566)
Disposals of operating assets		3.000	5.408.323
Investment in a subsidiary, net of cash acquired		0	(118.977)
		(1.859.845)	3.856.963
Cash flows from financing activities			
Share capital increase (decrease)		3.395.000	(5.643.125)
Lease agreement, repayment of principal	11	(162.758)	(115.960)
Other non current liabilities, repayment of principal	12	(38.924)	0
Other non current liabilities, new loans	12	104.851	0
Loans from financial institutions		0	7.210.857
Payments on loans from financial institutions	17	(4.679.007)	(6.182.590)
		(1.380.838)	(4.730.818)
(Decrease) increase in cash and cash equivalents		(1.517.941)	1.981.879
Effect of foreign exchange rates on cash and cash equivalents		3.853	1.538
Cash and cash equivalents at the beginning of the period		2.178.878	195.461
Cash and cash equivalents at end of the period	16	664.790	2.178.878

The notes on pages 15 to 33 are an integral part of these consolidated financial statements

Nova Klúbburinn hf. Consolidated Financial Statements for the year 2022 Amounts are in ISK thousand

Consolidated Statement of Changes in Equity for the year ended 31 December 2022

	Share capital	Share premium	Reserves	Retained earnings	Total
Balance at 1 January 2021	8.253.593	0	114.909	698.781	9.067.283
Profit for the year				1.450.696	1.450.696
Share of profit of subsidiary in excess of dividend received			957.500	(957.500)	0
Contribution to statutory reserve			145.070	(145.070)	0
Recognition of share-based payments			173.304		173.304
Share capital increase	556.875				556.875
Share capital decrease	(5.678.123)			(521.877)	(6.200.000)
Exercised stock options			(228.407)	228.407	0
Balance at 31 December 2021	3.132.345	0	1.162.376	753.437	5.048.159
Revised accounting				70.767	70.767
Revised Balance at 31 December 2021	3.132.345	0	1.162.376	824.204	5.118.926
Revised Balance at 1 January 2022	3.132.345	0	1.162.376	824.204	5.118.926
Profit for the year				539.283	539.283
Share capital increase	684.932	2.815.068			3.500.000
Cost of share capital increase		(105.000)			(105.000)
Contribution to statutory reserve			53.928	(53.928)	0
Share of profit of subsidiary less dividend received			(32.667)	32.667	0
Balance at 31 December 2022	3.817.277	2.710.068	1.183.637	1.342.227	9.053.209

See note 19 for further information.

Nova hf. changed the accounting treatment of end user equipments. The share in profit and the retained earnings changed. The effect on equity changed as follows:

	Reported 2021	**Revision**	**Revised 2021**
Profit for the year	1.450.696	70.767	1.521.463
Retained earnings	753.438	70.767	824.205

See note 2 for further explanation for the revised accounting.

Nova Klúbburinn hf. Consolidated Financial Statements for the year 2022 Amounts are in ISK thousand

Notes to the Financial Statements

1. Accounting principles

1.1 Reporting entity

Nova klúbburinn hf. (the "Company") is a company incorporated and domiciled in Iceland. The registered office of the Company is at Lágmúli 9 in Reykjavík, Iceland. The Consolidated Financial Statements for the Company as at and for the year ended 31 December 2022 comprise the Company and its subsidiary, Nova hf., together referred to as the "Group". Nova hf. is an Icelandic telecommunication company which is in 100% ownership of Nova Klúbburinn hf.

The Groups principal operations are telecommunications and related activities.

1.2 Basis of preparation

These consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The consolidated Financial Statements have been prepared using the historical cost basis except for share based payments which are measured at fair value in accordance with IFRS 2 and Right of use of assets and lease liabilities that are measured at present value of future payments in accordance with IFRS 16. The consolidated Financial Statements are presented in Icelandic Kronas (ISK) which is the Groups´s functional currency. All financial information presented in ISK has been rounded to the nearest thousand, unless otherwise indicated. The accounting principles are the same as previous year except the accouting treatment of end-user equipment. The comparative amounts have been changed, see further explanation in note 2.

1.3 Significant accounting estimates and assumptions

In preparing the consolidated financial statements, management is required, in accordance with IFRS, to make assumptions, estimates and draw conclusions that affect assets and liabilities at the reporting date, information in the notes and income and expenses. The estimates and assumptions are based on Management's experience and various other factors that are considered relevant and form the basis of the decisions made regarding the book value of assets and liabilities that are not available in any other way. Even if the estimates are to the best of the management's knowledge, the value of the items may prove to be different from the estimates when recognized by sale or disposals. Information on important estimates and assumptions can be found in note 1.9 and 8 regarding goodwill recoverable amount, in note 1.5 and 11 regarding right of use of assets and leases. Changes in accounting estimates are recognised in the period which they occur.

1.4 Foreign currencies

In preparing the Financial Statements of the individual companies, transactions in currencies other than the entity´s functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences are recognised in profit or loss in the period in which they arise.

1.5 Right of use of assets and leases

The Group recognises right of use assets and a lease liability in accordance with IFRS 16 Leases. The Group recognises right of use assets and a lease liability for lease agreements of office buldings, automobiles and facility for telecommunication equipment. The right of use asset and lease liabilities are recognised as a separate line in the consolidated statement of Financial Position. The recognition of right of use assets and lease liabilities is initially recorded at commencement date as the present value of lease payments that are not paid at that time, less any initial direct costs incurred by the lease asset and expected cost of dismantling or removing the asset, as well as any incentives received.

Notes to the Financial Statements

1.6 Revenue recognition

(i) Telecommunications
Revenues comprise mostly of mobile and internet usage.

Revenues from subscriptions are recognised in the relevant subscription period but revenues from usage are recognised in the period in which the usage occurs. Operating revenues are recognised in accordance with subscription contracts made and discounts related to turnover and/or usage are recognised as decrease in revenues within each subscription period.

(ii) Sale of goods
Revenues from sale of goods are recognised when control of the products has transferred, being when the customer has received the product and there is no unfulfilled obligation that could affect the customer's acceptance of the products.

See further information about revenue streams and revenue recognition in note 3.

1.7 Payment terms, obligation for returns and warranties

Payment terms
General payment terms for equipment sold and prepaid data are payable on delivery of the product. General payment terms for subsribed services is payable on due date of issued invoice.

Warranty terms
Warranty terms apply to sold items and merchandise. The seller's warranty is valid for 24 months from the date of purchase. Warranty covers defects and malfunctions that may occur on the sold device during the specified warranty period. Based on estimation from previous years no allowans is made in the Financial Statements for warranties.

Terms of sale
General terms of sale apply to sold items and merchandise. The sold item is the property of the seller until the item has been paid in full. Pruchase agreements, account transactions or other forms of credit do not terminate the seller's ownership until full payment has been received. If a purchase agreement is canceled, the benefits that the buyer has received will be calculated in the settlement. Returns of sold items are only valid if the buyer has not opened the purchase items from its containers and used it and the item is in original condition.

1.8 Finance income and (expenses)

Interest income is accrued over time, by reference to the principal outstanding and at the interest rate applicable.

All financial expenses are recognised in the income statement during the period in which they are incurred, with the exception capitalised borrowing costs. Capitalised borrowing cost is stated as part of the carrying amount of the asset.

1.9 Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any. For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, impairment loss is recorded.

Notes to the Financial Statements

1.10 Operating assets

Operating assets are recognised at cost, less depreciation. Depreciation is recognised on a straight-line basis according to the estimated useful life of the relevant asset. The estimated useful lives are specified as follows:

Telecommunication equipment	2-7 years
Fixtures and equipment	3-10 years
Transportation equipment	5 years

Depceciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

1.11 Intangible assets (other than goodwill)

Intangible assets are recognised at cost, less amortisation. Amortisation is recognised on a straight-line basis according to the estimated useful life of the relevant asset, except for customer relationships where amortisation is based on an expected average remaining share of current customers. The estimated useful lives are specified as follows:

Telecommunications license	10 years
Other intangible assets	2 - 5 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

1.12 Joint arrangements

Joint arrangements is a mutual arrangement of which two or more parties have joint control and the parties are bound by a contractual arrangement. Joint arrangements can be classified as either joint venture or joint operation.

The Group has entered into a joint arrengement with Sýn hf in Iceland which has been designated as a joint operation. The joint operation relates to Sendafélagið ehf. where each party owns 50% of the shares. The Group recognises the assets it controls and expenses and liabilities it incurs, and its share of income earned, in its Financial Statements by applying the relevant IFRS.

1.13 Deferred income tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

A deferred tax asset is recognized for unused tax losses and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted at the reporting date.

1.14 Inventories

Inventories are stated at cost which is based on the "first in-first out" method when measuring the inventories and includes the cost of buying the inventories and getting them at the current location in current condition. Inventories at year end consist of user equipment for sale. Proper regard is taken to dated and faulty equipment and total write-down amounted to ISK 26,8 million at year end (2021: 24,2 million).

Nova Klúbburinn hf. Consolidated Financial Statements for the year 2022 Amounts are in ISK thousand

Notes to the Financial Statements

1.15 Consolidation

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity where the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at the fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the Group's share of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Associates are all entities over which the group has significant influence but not control or joint control. This is generally the case where the group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

1.16 Financial Instruments

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

(i) Classification of financial assets
The Groups's debt instruments are measured at amortised cost as they are held within a business model whose objective is to hold in order to collect contractual cash flows and the the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Other financial assets are measured subsequently at fair value through profit or loss.

(ii) Impairment of financial assets
Allowance has been made for doubtful trade and other receivables in order to meet credit risk. The allowance does not represent a final write-off. The allowance is deducted from the appropriate balance sheet items. Further information on trade receivable allowance see note 15.

(iii) Financial liabilities
Financial liabilities, including long-term borrowings, are recognised initially at fair value less attributable transaction cost. Subsequent to initial recognition, financial liabilities are stated at amortised cost using the effective interest method.

Notes to the Financial Statements

1.17 Cash and cash equivalents

Cash and cash equivalents in the balance sheet and the Cash flows statements includes cash, call deposits, short-term securities for less than 3 months less overdrafts on bank accounts. Accounts in overdraft are shown as current liabilities on the balance sheet.

2. Revised accounting treatment of end-user equipments

End-user equipments that previously were classified as Other Receivables in the Statement of Financial Position are now classified under Operating Assets according to IAS16. The numbers for the period January to December 2022 reflect the new accounting treatment and comparative numbers have been adjusted. Effects on the comparative Statement of Financial Position, Statement of Profit and loss and the Cash flow numbers can be seen in the below table. Costs of those assets were previously expensed over the estimated lifetime under Cost of sales in the Statement of Profit or Loss but are now depreciated over 3 years according to the new treatment. Effects for the period January to December 2022 on Cost of sales is a reduction by ISK 166 million and an increase in depreciation by ISK 140 million.

The effects on the Statement of Financial Position comparative numbers are as follows:

	Reported 31.12.2021	Revision	Revised 31.12.2021
Operating Assets	3.359.218	236.950	3.596.168
Deferred income tax asset	403.698	(17.691)	386.007
Other Receivables	1.689.882	(148.491)	1.541.391
Retained earnings	753.438	70.767	824.205

The effects on the Statement of Profit or Loss comparative numbers are as follows:

	Reported 31.12.2021	Revision	Revised 31.12.2021
Cost of sales	(6.634.632)	148.491	(6.486.141)
Depreciation and amortization	(1.969.276)	(60.033)	(2.029.309)
Income tax	(303.810)	(17.691)	(321.501)
Total comprehensive income	1.450.696	70.767	1.521.463

The effects on the Cash flows comparative numbers are as follows:

	Reported 31.12.2021	Revision	Revised 31.12.2021
Depreciation and amortization	1.969.276	60.033	2.029.309
Income tax	303.810	17.691	321.501
Trade and other receivables, (increase)	(135.714)	(148.491)	(284.205)
Profit for the year	1.450.696	70.767	1.521.463

Nova Klúbburinn hf. Consolidated Financial Statements for the year 2022 Amounts are in ISK thousand

Notes to the Financial Statements

3. Revenue from contracts with customers

In accordance with internal reporting the Group in whole is defined as one segment with four main revenue streams: Mobile network, Fixed network, Goods sold and Other revenues.

Mobile network:	Revenue from mobile network services. Including subscription and prepaid revenues for data usage on mobile devices. Also roaming revenues, interconnect revenues and other related revenues. Recognized over time in the relevant subscription period or in the period when usage occurs.
Fixed network:	Revenue from fixed network services. Including subscriptions and prepaid revenues for fiber and other data connections. Also access fees, lease of equipment and other related revenues. Recognized over time in the relevant subscription period or in the period when usage occurs.
Goods sold:	Revenue from sale of handsets, routers, accessories and other equipment. Recognized at a point in time when control of the product has transferred over to the customer.
Other:	Revenue from various other telco related services not applicable to the above categories. Such as fixed line services, joint venture operations, media etc. Recognized in the period when usage occurs.

2022	Mobile netw.	Fixed netw.	Goods sold	Other	Total
Point in time	0	0	2.219.727	0	2.219.727
Over time	5.839.871	3.269.935	0	1.112.391	10.222.197
Total revenue	5.839.871	3.269.935	2.219.727	1.112.391	12.441.924

2021	Mobile netw.	Fixed netw.	Goods sold	Other	Total
Point in time		0	2.638.412	0	2.638.412
Over time	5.325.976	2.956.497	0	1.049.736	9.332.210
Total revenue	5.325.976	2.956.497	2.638.412	1.049.736	11.970.622

Names and descriptions of the revenue streams have been updated from previous statements to better reflect different types and underlying sources of revenues. Current revenue stream classes are; Mobile network (previously Mobile services), Fixed network (previously Internet services), Goods sold (previously Products sold) and Other revenues. Simultaneously part of revenues allocated under Fixed network have been reclassified under Mobile network. Effects on the full year revenue streams is an increase in Mobile network revenues by 747 million (2021: 616 million) and reduction by same amount in Fixed network revenues.

4. Salaries and salary-related expenses

Salaries and salary-related expenses are specified as follows:	2022	2021
Salaries..	1.595.511	1.460.589
Pension cost..	211.063	194.588
Accrued vacation pay, decrease..	11.843	2.750
Stock-option cost...	0	173.303
Salaries, capitalized...	(260.671)	(252.000)
Other salary-related expenses...	151.963	148.633
Total salaries and salary-related expenses...	1.709.709	1.727.863
Average number of employees...	151	147

Information about salaries and remuniration to the Board members and management are in note 24.

Capitalised salary cost of ISK 260.671 thousand relates to operating assets and intangible assets and is included in addition during the year. (2021: 252 million) see information regarding additions in notes 9 and 10.

Nova Klúbburinn hf. Consolidated Financial Statements for the year 2022 Amounts are in ISK thousand

Notes to the Financial Statements

5. Depreciation and amortisation

Depreciation and amortisation are specified as follows:	2022	2021
Amortization of intangible assets (note 9)	498.447	593.007
Depreciation of operating assets (note 10)	1.285.225	1.286.263
Depreciation of right of use assets (note 11)	237.374	150.038
	2.021.045	2.029.309

6. Interest and indexation income and (expenses)

Finance income and (expenses) are specified as follows:	2022	2021
Interest income	65.499	42.483
Interest expenses on lease liabilities (note 11)	(357.929)	(121.646)
Interest expenses on Other non-current liabilities (note 12)	(59.701)	0
Index expenses on Other non-current liabilities (note 12)	(235.126)	0
Interest expenses due to acquisition liability	0	(5.213)
Interest expenses, long-term borrowing	(346.790)	(348.965)
Change in other liabilities	0	(11.976)
Other finance expenses	(2.491)	(1.006)
Interest expenses	(1.002.038)	(488.806)
Foreign exchange (loss) gain	(6.346)	545
Net Finance income (expenses)	(942.885)	(445.778)

7. Income tax

Reconciliation of effective tax rate:	2022		2021	
	Amount	%	Amount	%
Profit before income tax	672.291		1.842.964	
Income tax at 20%	(134.458)	20,0%	(368.592)	20,0%
Other items	1.450	0,2%	47.091	2,6%
Income tax expense	(133.008)	19,8%	(321.501)	17,4%

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Notes to the Financial Statements

8. Goodwill

At end of the year the goodwill was tested for impairment.

For the purpose of impairment testing the recoverable amount of the cash generating unit Nova hf. is determined based on a value in use calculation which uses cash flow projections based on financial budgets covering a five-year period. The cash flows beyond that five-year period have been extrapolated using a steady 2,5% per annum growth rate which is the targeted inflation rate by the Central Bank of Iceland.

Value in use was based on the following key assumptions:

Long term growth rate	2,5%
Revenue growth, weighted average (CAGR '23-'27)	5,1%
Budgeted EBITDA ratio (AVER. '23-'27)	29,9%
WACC	10,2%
Debt leverage	50,0%
Interest rate for debt	6,7%

The directors of the company believe that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash-generating unit.

9. Intangible assets

Intangible assets are specified as follows:

	Goodwill	Telecommuni-cation license	Other intangible assets	Total
Cost				
Total value 1.1.2021	10.048.985	111.716	4.330.701	14.491.402
Additions during the year	0	0	247.566	247.566
Total value 31.12.2021	10.048.985	111.716	4.578.267	14.738.968
Additions during the year	0	0	307.819	307.819
Total value 31.12.2022	10.048.985	111.716	4.886.086	15.046.787
Amortisation				
Total amortisation 1.1.2021	0	95.614	2.173.458	2.269.072
Amortisation during the year	0	6.838	586.169	593.007
Total amortisation 31.12.2021	0	102.452	2.759.627	2.862.079
Reclassification	0	(10.084)	10.084	0
Amortisation during the year	0	6.142	492.305	498.447
Total amortisation 31.12.2022	0	98.510	3.262.016	3.360.526
Carrying amount				
31.12.2021	10.048.985	9.264	1.818.640	11.876.889
31.12.2022	10.048.985	13.206	1.624.070	11.686.261
Amortisation ratios	0%	10%	20-50%	

See note 8 regarding the Goodwill. Other Intangible assets consists of brand, customer relationship, websites, apps and service systems development. Part of the addition of other intangible assets is capitalised salary cost (see note 4), and will be amortised in 5 years.

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Notes to the Financial Statements

10. Operating assets

Operating assets are specified as follows:

	Telecommuni-cation equip.	Fixtures and equipment	Transportation equipment	Total
Cost				
Total value 1.1.2021	8.920.684	1.821.611	18.608	10.760.903
Additions during the year	1.126.232	58.585	0	1.184.817
Sold during the year	0	0	(2.506)	(2.506)
Total value 31.12.2021	10.046.916	1.880.196	16.102	11.943.214
Additions telec. equipment 1/1	236.949			236.949
Total value 31.12.2021/01.01.2022 (Revised)	10.283.865	1.880.196	16.102	12.180.163
Additions during the year	1.262.150	292.876	0	1.555.026
Reclassification	(596.696)	(498.148)	(9.202)	(1.104.046)
Sold during the year	(9.341)	0	0	(9.341)
Total value 31.12.2022	10.939.978	1.674.924	6.900	12.621.802

	Telecommuni-cation equip.	Fixtures and equipment	Transportation equipment	Total
Depreciation				
Total depreciation 1.1.2021	5.770.205	1.534.618	(4.585)	7.300.238
Depreciated during the year	1.091.280	194.732	251	1.286.263
Sold during the year	0	0	(2.506)	(2.506)
Total depreciation 31.12.2021	6.861.485	1.729.350	(6.840)	8.583.995
Depreciated during the year	1.015.926	269.299	0	1.285.225
Reclassification	(605.543)	(511.553)	13.048	(1.104.048)
Sold during the year	(6.037)	0	0	(6.037)
Total depreciation 31.12.2022	7.265.831	1.487.096	6.208	8.759.135
Carrying amount				
31.12.2021	3.422.380	150.846	22.942	3.596.168
31.12.2022	3.674.147	187.828	692	3.862.667
Depreciation ratios	14-50%	10-33%	20%	

Insurance value of operating assets amounted to ISK 5.487 million at year end 2022 (2021: 5.118 million).

Nova Klúbburinn hf. Consolidated Financial Statements for the year 2022 Amounts are in ISK thousand

Notes to the Financial Statements

11. Right of use assets and lease liabilities

The Group recognises right of use (ROU) assets and a lease liability for lease agreements of office buldings, automobiles and facility for telecommunication equipment. The right of use asset and lease liabilities are recognised as a separate line in the consolidated statement of Financial Position. The recognition of right of use assets and lease liabilities is initially recorded at commencement date as the present value of lease payments that are not paid at that time. Generally, the Group uses its incremental borrowing rate as a discount rate, adjusted for nature of the underlying asset and duration of the lease agreement. The weighted average discount rate is 6,67% for lease liabilities.

The duration of lease agreements is based on contractual rights, adjusted for management estimation on extention where extention options are applicable. Expenses due to variable lease payments, low-value contracts and short term leasees amount to (4,7 thousand ISK) and are recorded amongst other expenses.

Right of use (ROU) assets and lease liabilities are as follows:

Right of use (ROU) assets	Property and transportation equipment	Active telecom. equipment	Passive telecom. facilities	Total
ROU assets at 1.1.2021	439.790	719.604	0	1.159.394
New ROU agreements entered into	2.753	119.387	2.595.386	2.717.526
Other changes	26.586	3.904	0	30.490
Depreciation of ROU assets	(97.260)	(49.757)	(3.020)	(150.038)
Remeasurements and other changes	19.736	47.125	0	66.861
Termination of Contracts	0	(555.517)	0	(555.517)
ROU assets at 31.12.2021	391.605	284.746	2.592.366	3.268.717
ROU assets at 1.1.2022	391.605	284.746	2.592.366	3.268.717
New ROU agreements entered into	36.954	456.722	0	493.676
Other changes	728	3.309	0	4.037
Depreciation of ROU assets	(109.789)	(51.975)	(75.610)	(237.374)
Remeasurements and other changes	35.699	63.050	432.020	530.769
ROU assets at 31.12.2022	355.197	755.853	2.948.776	4.059.826

Lease liabilities	Property and transportation equipment	Active telecom. equipment	Passive telecom. facilities	Total
Lease liabilities at 1.1.2021	467.303	771.769	0	1.239.072
New Lease agreements entered into	2.753	119.387	4.620.926	4.743.066
Other changes	26.586	3.712	0	30.298
Payment of lease liabilities	(89.088)	(25.633)	(1.239)	(115.960)
Remeasurements and other changes	19.736	47.125	0	66.861
Termination of Contracts	0	(609.899)	0	(609.899)
Lease liabilities at 31.12.2021	427.290	306.460	4.619.687	5.353.437
Lease liabilities at 1.1.2022	427.290	306.460	4.619.687	5.353.437
New Lease agreements entered into	36.954	456.722	0	493.676
Other changes	728	3.309	0	4.037
Payment of lease liabilities	(100.550)	(33.966)	(28.243)	(162.759)
Remeasurements and other changes	35.699	63.050	432.020	530.769
Lease liabilities at 31.12.2022	400.121	795.576	5.023.464	6.219.161

Nova Klúbburinn hf. Consolidated Financial Statements for the year 2022 Amounts are in ISK thousand

Notes to the Financial Statements

11. Right of use assets and lease liabilities (cont'd.)

Lease payments	Property and transportation equipment	Active telecom. equipment	Passive telecom. facilities	Total
Total lease payments 2022	125.410	79.516	315.762	520.688
There of:				
Interest expenses (note 6)	24.860	45.550	287.519	357.929
Principal lease payments	100.550	33.966	28.243	162.759
Lease payments 2021				
Total lease payments 2021	116.872	106.016	14.718	237.606
There of:				
Interest expenses (note 6)	27.784	80.383	13.479	121.646
Principal lease payments	89.088	25.633	1.239	115.960

Lease liabilities are designated as follows in the statement of Financial Position:	**31.12.2022**	**31.12.2021**
Non-current liabilities	6.038.571	5.223.124
Current liabilities	180.590	130.313
	6.219.161	5.353.437

Undiscounted payments of leases	Lease payment	Interest payment	Principal payment **31.12.2022**	Principal payment **31.12.2021**
Payments for the next 12 months (current liab.)	555.212	374.622	180.590	130.313
Payments for the year 2024 / 2023	541.598	362.903	178.695	124.397
Payments for the year 2025 / 2024	530.532	351.240	179.292	118.973
Payments for the year 2026 / 2025	525.516	339.474	186.042	116.536
Payments for the year 2027 / 2026	467.760	327.220	140.540	119.380
Payments for the year 2028 / 2027 and later	11.918.432	6.564.430	5.354.002	4.743.838
	14.539.050	8.319.889	6.219.161	5.353.437

The impact of operating leases in the Statement of Profit or Loss	**2022**	**2021**
Depcreciation (right of use assets)	237.374	150.038
Interest expense (lease liability)	357.929	121.646
	595.303	271.684
Total lease payments	(520.688)	(237.607)
Expenses due to leases in excess of payments	74.615	34.077

EBITDA adjusted for lease payments (as prior to IFRS 16) is as follows:	**2022**	**2021**
EBITDA according to Statement of Profit or Loss	3.636.221	3.199.839*
Total lease payments	(520.688)	(237.607)
EBITDAaL (EBITDA after Lease payments)	3.115.533	2.962.232

*The EBITDA in 2021 has been adjusted with one-off items from the sale of passive infrastructure, revenues in the amount of 899,5 million ISK and associated cost of the sale of 31,6 million ISK.

Nova Klúbburinn hf. Consolidated Financial Statements for the year 2022 Amounts are in ISK thousand

Notes to the Financial Statements

12. Other non-current liabilities

Part of received payment the sale of passive infrastructure in 2021 is classified as Other-non-current liability, based on the nature of the agreement this is considered a financing component. The amount was calculated as Present Value (PV) of future yearly payments and is indexed with consumer price index. PV calculations are calculated using 2,35% real interest rates.

Other non-current liabilities movement is specified as follows:	**31.12.2022**	**31.12.2021**
Other non-current liabilities at 01.01	2.537.813	0
PV af yearly payments for rooftops and towers	104.851	2.537.813
Payments in the year	(38.924)	0
Remeasurements and other changes	235.126	0
Other non-current liabilities at 31.12	2.838.866	2.537.813

Other non-current liabilities are designated as follows in the statement of Financial Position:	**31.12.2022**	**31.12.2021**
Non-current liabilities	2.795.244	2.498.859
Current liabilities	43.622	38.954
	2.838.866	2.537.813

Undiscounted payment of other non-curent liabilities are as follows:	Total payment	Interest payment	Principal payment **31.12.2022**	Principal payment **31.12.2021**
Payments, for the next 12 months (current liab.)	114.518	70.896	43.622	38.954
Payments for the year 2024 / 2023	114.351	69.701	44.650	39.871
Payments for the year 2025 / 2024	114.183	68.482	45.701	40.809
Payments for the year 2026 / 2025	114.016	67.239	46.777	41.770
Payments for the year 2027 / 2026	113.849	65.971	47.878	42.753
Payments for the year 2028 / 2027 and later	3.867.758	1.257.520	2.610.238	2.333.656
	4.438.676	1.599.810	2.838.866	2.537.813

The impact of other non-current liabilities in the Statement of Profit or Loss	**2022**	**2021**
Indexation expenses	235.126	0
Interest expenses	59.701	0
	294.828	0

Current portion of lease liabilities and other liabilities specifies as follows:	**31.12.2022**	**31.12.2021**
Lease liabilities (see note 11)	180.590	130.313
Other non-current liabilities	43.622	38.954
	224.212	169.267

13. Joint operation

Sendafelagid ehf., a joint operation, was established by Nova hf. and Sýn hf. for the operations of mobile telecommunications, each of the founders own 50% share.

The Group's interest in joint operation is accounted under line for line method.

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Notes to the Financial Statements

14. Inventories

Inventories at year end are as follows:	31.12.2022	31.12.2021
Inventories	437.810	413.621
Allowance for dated and faulty items	(26.822)	(24.187)
	410.988	389.434

15. Trade receivables

The Group always recognises lifetime expected credit loss (ECL) for trade receivables. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable: (1) Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group), and (2) When a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

The following table details the risk profile of trade receivables based on the Group's provision matrix.

31 December 2022 Days past due	Expected credit loss rate	Gross carrying amount	Loss allowance	Carrying amount
Not past due	0-2%	1.151.777	(23.676)	1.128.101
<30	30%	9.201	(2.226)	6.975
31-60	60%	3.901	(1.887)	2.014
61-90	60%	4.948	(2.394)	2.554
91-120	90%	19.725	(14.317)	5.408
Total		1.189.552	(44.500)	1.145.052

31 December 2021 Days past due	Expected credit loss rate	Gross carrying amount	Loss allowance	Carrying amount
Not past due	0-2%	1.036.739	(24.019)	1.012.720
<30	30%	8.473	(1.651)	6.822
31-60	60%	11.356	(3.703)	7.653
61-90	60%	5.024	(1.638)	3.386
91-120	90%	30.708	(12.915)	17.793
Total		1.092.299	(43.925)	1.048.374

16. Cash and cash equivalents

The Group's cash and cash equivalents consists of cash at stores and bank balances.

	31.12.2022	31.12.2021
Bank balances in ISK	645.828	2.150.662
Bank balances in EUR	18.654	27.863
Bank balances in USD	19	19
Cash	289	334
	664.790	2.178.878

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Notes to the Financial Statements

17. Long-term borrowings

Long-term borrowings are specified as follows:	31.12.2022	31.12.2021
Long-term borrowings from financial institution	2.433.593	7.084.600
Current maturities of long-term borrowings from financial institution	(129.217)	(346.720)
Total long-term borrowings from financial institution	2.304.376	6.737.880

Repayments of borrowings are scheduled to be repaid as follows:	2022	2021
Payments, for the next 12 months, current liabilities	129.217	346.720
Payments for the year 2024 / 2023	129.217	357.207
Payments for the year 2025 / 2024	129.217	357.207
Payments for the year 2026 / 2025	129.217	357.207
Payments for the year 2027 / 2026 and later	1.916.725	5.666.259
Total long-term loans	2.433.593	7.084.600

Loan agreements in place at year end 2022 are subject to certain financial covenants. At year end 2022 no covenants were breached. The loan agreements are denominated in ISK's and are non-indexed linked.

Long-term borrowings movement is specified as follows:	2022	2021
Long-term borrowings at 01.01	7.084.600	6.120.996
New loans in the year	0	7.210.857
Payments in the year	(4.679.007)	(6.182.590)
Remeasures and other changes	28.000	(64.663)
Total long-term loans	2.433.593	7.084.600

Long term loans are designated as follows in the statement of Financial Position:	31.12.2022	31.12.2021
Non-current liabilities	2.304.376	6.737.880
Current liabilities	129.217	346.720
	2.433.593	7.084.600

The Parent company owns 100% share in Nova hf. in Iceland. The shares in Nova hf. have been pledged as collateral for long-term borrowings.

18. Deferred income tax asset (tax liability)

The parent company Nova Klúbburinn hf. is taxed jointly with its subsidiary Nova hf. The tax authories denied joint taxation of the Companies for the year 2018 so joint taxation took effect from 1 January 2019. Carry forward losses prior to 1. January 2019 which amounts to ISK 231.4 million is not recognised as tax asset.

	2022	2021
Deferred tax asset (liability) 1.1.	386.007	(579.857)
Adjustments, reclassification between deferred and payable	(127.606)	0
Income tax expense in profit and loss account	(133.008)	(321.501)
Income tax payable	254.167	1.288.162
Other changes	(1.824)	(797)
Deferred tax asset 31.12.	377.736	386.007

Deferred income tax asset (liability) is attributable to:	31.12.2022	31.12.2021
Operating assets and intangible assets	(599.857)	(506.728)
Lease assets and liabilities	431.867	416.944
Other non-current liabilities	567.773	507.563
Trade receivables	(6.150)	(16.224)
Other items	(15.897)	(15.548)
Total deferred income tax asset	377.736	386.007

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Notes to the Financial Statements

19. Equity

Share capital

The Company's nominal value of share capital, according to its Article of Association, amounts to ISK 3.817.277 thousand. One vote is attached to each ISK share in the Company. At the beginning of the year the share capital amounted to ISK 3.132.345 thousand it was increased in April by 684.932 thousand in nominal value for a total value of 3.500 million, net value of 3.395 million after deduction of related cost. All of the share capital has been paid. The Company does not hold any own shares.

Reserves

Reserves comprise restricted equity in relation to investment in associates that are accounted for using the equity method of accounting, stock option reserves, and legal statutory reserves.

According to the Act on Annual accounts in Iceland, companies must from the year 2016 present in a seperate equity account recognized share in profit of subsidiaries and associates in excess of dividend received or declared.

According to the Act on limited companies in Iceland, the company must tie up 25% of the nominal value of the share capital in a reserve fund, which cannot be used to pay dividends to shareholders.

The company operated a share option program for key management personnel of the subsidiary Nova. The program was closed in year 2021.

Changes in reserves for the year are designated as follows:

	Restricted equity reserves	Stock option reserves	Legal reserves	Total
2021				
At 1 January 2021	0	55.103	59.806	114.909
Share in profit of associates,				
in excess of dividends paid	957.500			957.500
Contribution to legal statutory reserves			145.070	145.070
Recognition of share-based payments		173.304		173.304
Exercised stock options		(228.407)		(228.407)
	957.500	0	204.876	1.162.376
2022				
At 1 January 2022	957.500	0	204.876	1.162.376
Share in profit of associates,				
in excess of dividends paid	(32.667)			(32.667)
Contribution to legal statutory reserves			53.928	53.928
	924.833	0	258.804	1.183.637

20. Investment in associates and other investments

Investments in associates and other investments are as follows at end of year:

	Ownership	Classification	Effect on operation	Carrying amount
Hið Íslenska Númeraflutningsfélag ehf. (HÍN)	16,67%	Other	0	2.596
Total investment in an associates and other investments				2.596

21. Auditor's fee

Auditor's fee for the audit of the Financial Statements and other services is as follows	**2022**	**2021**
Audit fee		
Fee for audit services	18.531	10.837
Fee for other services	4.290	11.166
	22.821	22.003

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Notes to the Financial Statements

22. Financial instruments and Financial risk management

Capital management

The Group manages its capital to ensure that entities with in the Group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from previous year.

Catagories of financial instruments	31.12.2022	31.12.2021
Assets		
Cash and bank balances	664.790	2.178.878
Trade receivables	1.145.052	1.048.374
Receivables from related parties	174.249	176.111
Other receivables	387.374	1.541.391
	2.371.465	4.944.754
Liabilities		
Trade payables	(946.517)	(765.170)
Loans and borrowings	(2.433.593)	(7.084.600)
Other non-current liabilities (note 12)	(2.838.866)	(2.537.813)
Payable to a related company	175.517	180.262
Other payables	(804.468)	(2.073.566)
	(6.847.927)	(12.280.887)

All categories of financial assets and liabilities are measured at amortised cost.

Financial risk management objectives

The Group's Corporate Treasury function monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk, credit risk and liquidity risk.

Market risk

Interest rate risk

The Group is exposed to interest rate risk when it borrows funds at fixed or floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings. The Group's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

The following sensitivity has been determined based on the effect of interest rate changes on floating rate liabilities. The analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year and assumes that all other variables, excluding the relevant interest rates, are held constant. A 100 bps increase in interest would have a 24.825 thousand negative impact on annual P/L and equity, excluding tax effects. A 100 bps decrease would have the opposite impact.

Indexation risk

The company is exposed to indexation risk when it commits to financing, lease or service agreements whereas payments of those agreements are linked to changes in the Consumer Price Index (CPI) or other Indexes issued by the National Statistical Institute of Iceland. At year end the company is exposed to indexation risk in its Lease agreements and Other non-current liabilities. A 100 bps increase in CPI would have a 28.388 thousand negative impact on annual P/L and equity, excluding tax effects. A 100 bps decrease would have the opposite impact.

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Notes to the Financial Statements

22. Financial instruments and Financial risk management (cont'd.)

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities and expected interest payments based on the earliest date on which the Group can be required to pay.

31 December 2022	Weighted average effective interest	Contractual cash flow	Less than 1 year	1-3 years	More than 3 years
Current liabilities		2.051.193	2.051.193	0	0
Lease liabilities	5,82 - 10,37%	14.539.050	555.212	1.597.646	12.386.192
Other non-current liabilities	2,35%	4.438.676	114.518	342.550	3.981.608
Variable interest loans	10,16%	4.144.910	377.427	1.051.899	2.715.584
		25.173.829	3.098.350	2.992.095	19.083.384

The payment schedule presented below is based on contractual payments for loan agreements and liabilities that were in place at year end 2021.

31 December 2021	Weighted average effective interest	Contractual cash flow	Less than 1 year	1-3 years	More than 3 years
Current liabilities		4.189.527	4.189.527	0	0
Lease liabilities	6,23-9,93%	13.562.725	472.316	1.333.765	11.756.645
Othe non-current liabilities	2,35%	3.943.403	98.700	296.100	3.548.603
Variable interest loans	6,78%	9.857.392	824.163	2.241.493	6.791.736
		31.553.047	5.584.706	3.871.358	22.096.984

Fair value of financial instruments

The following table includes the total carrying amount of loan agreements recognized in the consolidated financial statements compared to its fair value. Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at market rate of interest at the reporting date. The carrying amount of all other financial assets and liabilities is a reasonable approximation of fair value.

	2022		2021	
	Carrying amount	Fair Value	Carrying amount	Fair Value
Interest bearing liabilities	2.433.593	2.433.593	7.084.600	7.084.600

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group's credit risk exposure is mainly through accounts receivable. Credit exposure is controlled by monthly monitoring of customer defaults and by reviewing credit ratings of new customers. For information on the Group's methods for assessing expected credit losses, see note 15.

The Group's maximum exposure to credit risk is the book value of financial assets as seen above under Categories of financial instruments.

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Notes to the Financial Statements

22. Financial instruments and Financial risk management (cont'd.)

Foreign currency risk

The Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Currency net exposure	
	2022	**2021**
Euro	259.398	69.854
US dollar	(821)	(9.778)
Other	44.780	23.677
	303.357	83.754

The table below shows what effects a 10% increase of the relevant foreign currency rate against the ISK would have on P/L and equity. The foreign currency assets and liabilities in the sensitivity analysis are mainly foreign currency payables and receivables. The analysis is prepared assuming the amount outstanding at the balance sheet date was outstanding for the whole year. The analysis assumes that all other variables, excluding the relevant foreign currency rate, are held constant. The sensitivity analysis does not take into account tax effects. A positive number below indicates an increase in profit and other equity. A decrease of the relevant foreign currency rate against the ISK would have an opposite impact on P/L and equity.

	P/L and equity impact	
	2022	**2021**
Euro	(25.940)	(6.985)
US dollar	82	978
Other	(4.478)	(2.368)
	(30.336)	(8.375)

23. Earnings per share

Earnings per share is the ratio of Net profit and comprehensive income divided by the weighted average number of oustanding shares during the period. Diluted earnings per share is is the same as basic earnings per share as there are no share purchase options with employees and no convertible debts outstanding.

Earnings per share is specified as follows	**31.12.2022**	**31.12.2021**
Net profit and comprehensive income for the period	539.283	1.521.463
Outstanding number of shares at beginning of the year	3.132.345	8.253.593
Weighted average outstanding number of shares during the period	3.592.094	8.127.316
	0,150	0,187

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Notes to the Financial Statements

24. Related parties

The Company's related parties consist of shareholders with significant influences, a joint venture, board members and executive management.

	31.12.2022	31.12.2021
Account recivables balance at the end of the year		
Entity related to parent company, joint venture - Intercompany account	174.249	176.111
Account payable balance at the end of the year		
Entity related to parent company, joint venture - Intercompany account	175.517	180.262

Salaries and benefits of board members and management specifies as follows;

	Base salaries 2022	Other benefits 2022	Base salaries 2021	Other benefits 2021	No. of shares held at year 2022
Hugh Short, chairman	4.000	0	2.600	0	424.495
Sigþór Sigmarss., former board m. ...	0	0	2.200	0	n/a
Sophie Minich, former board m.	0	0	2.200	0	n/a
Birna H. Káradóttir, former board m.	0	0	400	0	n/a
Kevin Payne, board member	3.437	0	0	0	0
Tina Pidgeon, board member	4.000	0	510	0	0
Gísli V. Guðjónss., former board m. ..	1.075	124	706	81	n/a
Hrund Rudólfsd., board member	3.700	500	300	41	10.262
Jón Ó. Birgisson, board member	2.625	302	0	0	0
Margrét B. Tryggvadóttir, CEO	39.600	19.163	39.600	19.724	105.155
Executive management	96.000	47.474	95.350	42.380	88.356

Other benefits include pension contribution, cash incentives and car allowances. Executive management includes, Benedikt Ragnarsson CTO, Magnús Árnason former CDO, Þórhallur Jóhannsson CFO and Þuríður Björg Guðnadóttir CSO.

Number of shares held at year end 2022 consist of shares held directly, or by parties related to, board members and executive management employed at year end.

25. Definitions of key ratios and terms

EBITDA	Earnings before interest, taxes, depreciation and amortization.
EBITDA margin	EBITDA divided by total revenues
EBITDAaL	EBITDA adjusted for principal and interest payments on lease liabilities (as prior to IFRS 16)
EBIT	Earnings before interest and taxes.
CAPEX	Capital expenditure, funds used to acquire, upgrade, and maintain physical assets such as telecommunication equipment, etc.
Equity ratio	Equity as a percentage of total assets.
Earnings per share (EPS)	Net profit divided by the weighted average number of outstanding shares for the period.
Weighted ave. no. of shares	Number of shares at each time multiplied by the percentage of the reporting period those shares covered. Summed up for the whole period.
IFRS	International Financial Reporting Standards

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Non-financial information, ESG (Unaudited)

Nova is a comprehensive electronic communications company, offering mobile and fiber services to homes and diverse electronic communications services to smaller businesses, as well as special solutions for large users. Nova's purpose and mission play a socially important role. Nova ensures seamless electronic communications, which are the foundation of communication between people and companies in the modern world. At important times in peoples´ lives, communication and thus electronic communications become increasingly important.

Nova considers its main projects to be socially responsible, and therefore the main challenges we intend to face, to be the following:
- To be responsible towards society in everything we do in our daily work, without "dressing it up"
- Correcting our "footprint" of whatever nature it is without "greenwashing" of any kind
- To focus on matters, that do not directly relate to our core business, but which we chose to make our focus matters, and extend our reach beyond our daily tasks for the benefit of others.

Environmental matters

Nova's environmental footprint is not heavy, we are small on the inside and big on the outside, but the Nova team has around 160 employees. Most of the staff have facilities in the offices in Lágmúla, and we also have four stores. We drive very few vehicles and travel very little. The green footprints go all the way up to Nova's office. There is little use of paper and disposables, and we all make sure that what ends up in the bin is extremely well sorted. From Nova´s inception, we have only offered electronic invoices.

At Nova, we also focus on the sustainable use of the devices that enable our services. In 2019, we introduced "Endurgræddu", a project that offers our customers the possibility to ensure a sustainable use and disposal of their electronic devices through reuse, renewal and recycling. Nova's service provider takes care of restoring devices. Nothing is thrown away that can be used. Devices that can be repaired are repaired and other devices are used for spare parts. What cannot be reused is disposed of in accordance with WEEE (EU Directive 2012/19/EU on Waste from Electrical and Electronic Equipment).

Social matters

Nova has paved the way for smart devices and introduced new opportunities in internet usage throughout the years. Introducing social media prototypes was a big part of Nova's marketing communications at its inception. It is not least thanks to social media that the demand in society as a whole for transparency has increased enormously and at the same time the demand for integrity increases, and also an opportunity is created for the market to better monitor the companies and people who work there. No one can hide their origin in the world of social media. This development can be called a revolution and is in many ways a great and good reformation.

Smart devices and social media have also developed their darker sides, not least due to overuse. Nova's social footprint is only to a small extent environmental, but more so due to the overuse and irresponsible use of smartphones and social media. We take responsibility on that playground. In 2019, a decision was made to change and sharpen Nova´s long-term marketing strategy. The premise of the strategy is that Nova's negative social footprint is primarily related to unrealistic stereotypes, non-stop scrolling, overuse of smart devices and the negative impact of social media.

Nova began its journey towards mental wellness and well-being under the slogan "Geðrækt". The journey has been supported by advertising campaigns where different messages are emphasised, e.g. conscious use of smart devices, body respect and self-love.

In our marketing communications we are aware that we are all different and therefore we avoid stereotypes and photoshop as much as possible.

Nova provides every employee with the support and the working environment to fully develop their skills and talents, regardless of gender, ethnicity or sexuality. Everyone is welcome at the biggest club in the world, where a diverse group of people treat each other with respect.

Nova is an equal pay certified workplace and has taken steps to ensure that every employee enjoys a fair and stimulating work environment, free from prejudice, systemic injustice and organizational bias.

Non-financial information, ESG (Unaudited)

Social matters (cont'd.)

The well-being of employees is also supported by various lectures and events that take place during the year.

"Treating others as you would like to be treated" is an inherent principal in the Nova culture, whether in communicating with each other, with costumers or other stakeholders in the company.

How do we measure the success in terms of social responsibility?

The success of our daily work in terms of social responsibility can be hard to measure, or easy. We chose to measure our success based on set goals.

We at Nova have set clear goals:
-To be the best workplace in the world
-To have the most customer satisfaction
-To have the best network
-To have the biggest and strongest brand
-To grow and prosper

We link our goals directly to the UN Sustainable Development Goals and thus aim to promote a better society. The UN Goals we look to are Good Health and Well-Being, Gender Equality and Industry, Innovation and Development.

Following listing on Nasdaq OMX Iceland Nova has also looked to Nasdaq´s ESG Reporting Guide when it comes to measuring success in terms of social responsibility. An ESG metrics summary is a part of the company´s sustainability report published on the company´s website www.nova.is/baksvids/ufs

See further information regarding environmental, social and sustainability matters in the company´s sustainability report on the company´s website www.nova.is/baksvids/ufs

Corporate governance statement (Unaudited)

Corporate governance

Nova operates i.a. under the Act on Electronic communications, no. 70/2022, as well as the Act on Limited Companies, no. 2/1995, and is subject to the supervision of the Electronic Communication Office. Nova is listed on Nasdaq OMX Iceland and therefore also operates in accordance with the regulations that apply to the market, i.a. Act on Markets in Financial Instruments, no. 115/221, Act on actions against market abuse, no. 60/2021, and the Act on issuers transparency obligations, no. 20/2021, and is thereby also subject to the supervision of the Financial Supervisory Authority of the Central Bank of Iceland.

Nova's board has adopted good governance procedures with the aim to support responsible behaviour and corporate culture within the company for the benefit of all the company's stakeholders. Thus, the company's board of directors always aims to follow the requirements stated in the approved guidelines that are available at any time, as well as the provisions of the law that apply to the company's activities. Guidelines on corporate governance, 6th edition, published by the Icelandic Chamber of Commerce, the Confederation of Employers and Nasdaq OMX Iceland hf. (hereinafter "Guidelines on good governance" or the "Guidelines") are specifically referred to with respect to good governance.

Compliance with the Good Governance Guidelines

As stated above, Nova uses the "Guidelines" as reference for good governance. The basis of the "Guidelines" is the "comply or explain" principle, which offers companies the flexibility to use the "Guidelines" in a way that best suits their size, structure and scope of operations. Below we explain where Nova's governance deviates from the "Guidelines".

In art. 2.3.1 it is recommended that the majority of the company's board is independent of the company and its day-to-day managers. Also, in art. 2.3.3 it is recommended that at least two of the board members who are independent of the company and its day-to-day management are also independent of the company's major shareholders. Only one of Nova's five board members, according to these guidelines, can be considered independent, but this is due to the fact that before the company's listing on the market in June 2022, the company's ownership was in the hands of a few shareholders and its management was in the hands of one only of them.

Apart for what is explained above, Nova follows the Guidelines on good governance.

Risk management and internal control

For Nova, cyber security primarily involves protecting electronic communications services, customer data, software and hardware. Nova employs a large number of experts in electric communications and system operations who work day and night to ensure safe and efficient customer communication. No less emphasis is placed on the security of sensitive customer data, which is ensured by, among other things, secure working processes, regular risk assessment and 24/7 monitoring of Nova's internal systems. Nova is committed to fast response to any operational disruptions or disruptions due to network security failures to ensure customer safety.

Security is a collaborative effort of all Nova staff, from the front line to the CEO. In addition, Nova has recruited a gatekeeper (security manager) from the cyber security company Syndis to further assist us in achieving our security-related goals.

Corporate governance statement (Unaudited)

Auditing and accounting

The company's finance department prepares the company's financial statements in accordance with international financial reporting standards (IFRS) and the provisions of the Annual Accounts Act, no. 3/2006. Monthly accounts are also prepared and sent to the board, which enables it to compare results with budgets, monitor changes in the company's operations and react if necessary. The board approves the company's annual budget for the next operating year. The external auditors audit the company's annual accounts and consolidated accounts, as well as reviewing processes for the preparation of the financial statements.

External auditors annually review the company's financial processes. The audit committee is also regularly informed about various aspects of the company's risk management and internal control and proposes improvements where necessary.

Compliance officer

From the date of the company's listing on OMX Nasdaq Iceland until November 1, 2022, the role of the compliance officer was outsourced to BBA/Fjeldco, but from that date it has been attended to by the company's lawyer. The compliance officer reports to the company's CFO and submits an annual report on his work to the board.

Personal data protection

Nova cares about the protection of the personal information of its customers and employees and handles such information in accordance with the privacy policy that is available on the company's website. The position of Nova's privacy officer was outsourced to Era lausnir ehf. until the end of 2022, but on January 1, 2023, the company's lawyer took over the position. The data protection officer submits an annual report on his work to the board.

The security manager's task also includes, among other things, maximizing the security of personal information in the company's systems as discussed above under "Risk management and internal control".

Board and CEO

The company's board of directors consists of five persons, three men and two women. The board is elected by shareholders at the annual general meeting. The following persons sit on the board of the company, but the same persons also sit on the board of the subsidiary Nova hf.:

Hugh S. Short (1973), Chairman, is co-founder and CEO of Pt Capital LLC, an Alaskan investment company with assets in North America and Europe. Previously, Hugh was President and CEO of Alaska Growth Capital BIDCO, Inc., a subsidiary of Arctic Slope Regional Corporation. Hugh was also the mayor of Bethel, Alaska from 2002-2004 and a board member of Rural Energy Enterprises. Hugh holds a B.S. degree in Political Science from the University of Alaska Anchorage and also studied at the Pepperdine Graziadio School of Business. Pt Capital LLC is, through a fund management company owned by it, the owner of Nova Acquisition holding ehf., which has an 11.12% stake in Nova Klúbburinn hf. Hugh is therefore considered a dependent director according to the Guidelines on good governance.

Hrund Rudolfsdóttir (1969), board member, has extensive experience as a board member from many registered companies, financial institutions and privately owned companies. Hrund is the CEO of Veritas ehf. and was previously the manager of professional development at Marel hf. and the director of Lyf og Heilsa hf. Hrund has an MSc degree in international business from Copenhagen Business School and a Cand. Oecon degree from the University of Iceland. Hrund is a shareholder in Nova Klúbburinn hf. both personally and as one of the owners of the private limited company Stjánkur ehf., the total shareholding of Hrund and financially related parties amounts to 10,262,434 shares. Hrund is considered an independent director according to the Guidelines on good governance.

Corporate governance statement (Unaudited)

Board and CEO (cont'd.)
Jón Óttar Birgisson (1974), board member, has extensive experience as a board member as well as experience in the financial and electronic communications sectors. Jón is the manager of Stöplar Advisory. Jón was previously the director of corporate finance at MP Bank and the managing director of corporate finance at Saga Capital. Jón is an economist from the University of Iceland and is a licensed stockbroker. Jón is a temporary advisor in the affairs of Stefnir's funds, a fund management company, which holds a total of 12.5% of shares in Nova Klúbburinn hf. Jón is therefore considered a dependent board member according to the Guidelines on good governance.

Kevin Payne (1987), Board Member, is a Principal at Pt. Capital LLC, where he manages the investment processes and operations of the investment company's portfolio. Previously, Kevin worked in investment lending at JPMorgan Chase and portfolio management at SunTrust Robinson Humphrey. Kevin is a CFA Charterholder and holds an MSc in Economics from Clemson University. Pt Capital LLC is, through a fund management company owned by it, the owner of Nova Acquisition holding ehf., which has an 11.12% stake in Nova Klúbburinn hf. Kevin is therefore considered a dependent board member according to the Guidelines on good governance.

Tina Pidgeon (1968), board member, has over 25 years of experience in the electronic communications and technology sector and over 10 years of experience as a board member and consultant for boards of directors. Tina has a vast experience in strategic planning in the Arctic and the implementation of broadband infrastructure. Tina works as an independent strategy consultant. Previously, she was, among other things, general counsel and compliance officer at General Communication Corporation (GCI). Tina holds a Juris Doctor degree from the University of Virginia School of Law and a B.A. degree in Administration and International Relations from the University of Notre Dame. Tina holds a share purchase option in Nova Klúbburinn hf., which Pt. Capital LLC assigned her as payment for her services to the company. Tina is therefore considered a dependent board member according to Guidelines for good governance.

The board meets at least ten times a year in person and/or via Teams. In 2022, a total of ten board meetings were held. Minutes are kept by the company's lawyer, who is also the secretary of the board. The board has access to a secure website that stores meeting materials, minutes, presentations, reports and other necessary data. The board evaluates its work and that of the chairman annually and makes recommendations for improvements.

The board's role is defined in detail in the board's rules of procedure and the company's articles of association, which can both be accessed on the company's website, https://www.nova.is/fjarfestar.

The company's executive management consisted of five people until November 11, 2022, but four as of that date. The executive board now consists of a CEO, who is a woman, and three managers, one woman and two men, managing Nova experience, Performance and Technology and innovation.

Margrét Tryggvadóttir (1977), CEO of Nova, participated in the founding of Nova in 2007 and has worked at Nova since then, first in the field of marketing and sales and services, but as CEO from August 2018. Margrét has a BA degree in international marketing from Reykjavík University and an AMP degree from IESE in Barcelona. Margrét is a shareholder in Nova Klúbburinn hf. both personally and as one of the owners of M&M Partners ehf., the total shareholding of Margrét and financially related parties amounts to 105,154,700 shares, or about 2.75% of the share capital in the company. Margrét has no joint interest with the company's main business partners, its competitors or major shareholders in the company.

The CEO reports directly to the board and is responsible for the company's daily operations, internal control and risk management.

Corporate governance statement (Unaudited)

Board and shareholders sub-committees

The board has two sub-committees, the remuneration committee and the audit committee. The remuneration committee consists of three board members and the audit committee consists of one board member and two external advisors, a lawyer and a certified public accountant, who is also the chairman of the committee. The remuneration committee met six times in 2022 and the audit committee eight times. The remuneration policy and the committees procedural rules, as well as information on committee members, can be accessed on the company's website, https://www.nova.isfjarfestar.

The company´s a nomination committee was appointed by the shareholders at the shareholders' meeting on November 2, 2022. The nomination committee consists of one board member and two independent external advisors. The nomination committee met three times in 2022, in addition to conducting interviews with current board members and the CEO in preparation for seeking candidates to the board for the annual general meeting in March 2023. The rules of procedure of the nomination committee, as well as information on committee members, can be found on the company's website, https://www.nova.is/fjarfestar.

Information about violations of laws/rules, court cases

In 2022, Nova has not received an administrative fine from the courts or competent supervisory bodies. The company has not received a judgment for violating rules or laws, nor is it aware of such violations during the year.

This corporate governance statement is reviewed annually by the board.
Approved by the board on [2]. March 2023.

Quarterly results (Unaudited)

Quarterly results 2022 are as follows in ISK millions:	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Total 2022
Mobile network revenues	1.367	1.441	1.527	1.505	5.840
Fixed network revenues	797	807	826	840	3.270
Goods sold revenues	491	592	493	643	2.220
Other revenues	280	271	276	285	1.112
Other operating income	36	39	43	81	199
Operating revenues	**2.972**	**3.150**	**3.165**	**3.354**	**12.641**
Cost of sales	(1.645)	(1.514)	(1.561)	(1.739)	(6.458)
Salaries and salary-related expenses	(430)	(427)	(377)	(476)	(1.710)
Other expenses	(243)	(216)	(217)	(161)	(837)
Operating expenses	**(2.317)**	**(2.156)**	**(2.155)**	**(2.376)**	**(9.005)**
EBITDA	**655**	**993**	**1.010**	**978**	**3.636**
Depreciation of operating assets	(302)	(319)	(326)	(338)	(1.285)
Amortization of intangible assets	(122)	(125)	(124)	(128)	(498)
Depreciation of right of use assets	(47)	(50)	(54)	(87)	(237)
Depreciation and amortisation	**(470)**	**(495)**	**(504)**	**(552)**	**(2.021)**
Results from operating activities	**185**	**499**	**506**	**426**	**1.615**
Interest income	25	8	9	23	65
Foreign exchange gain (loss)	6	0	(1)	(12)	(6)
Interest expenses of Loans and borrowings	(132)	(78)	(66)	(70)	(347)
Interest expenses of Lease liabilities	(85)	(90)	(89)	(95)	(358)
Interest expenses of Other non-current liabilities	(15)	(15)	(14)	(16)	(60)
Index expenses of Other non-current liabilities	(31)	(80)	(82)	(42)	(235)
Other finance income (expenses)	(0)	(1)	(5)	4	(2)
Finance income and (expenses):	**(232)**	**(255)**	**(249)**	**(208)**	**(943)**
Profit from sale of associate	0	0	0	0	0
Profit before income tax	**(47)**	**244**	**257**	**218**	**672**
Income tax	(24)	(15)	(24)	(70)	(133)
Total comprehensive income for the period	**(72)**	**229**	**233**	**148**	**539**

Quarterly results (Unaudited)

Quarterly results 2021 are as follows in ISK millions:	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Total 2021
Mobile network revenues	1.238	1.301	1.405	1.382	5.326
Fixed network revenues	698	732	755	772	2.956
Goods sold revenues	593	628	626	791	2.638
Other revenues	233	252	279	286	1.050
Other operating income	27	28	26	931	1.012
Operating revenues	**2.788**	**2.942**	**3.090**	**4.162**	**12.982**
Cost of sales	(1.505)	(1.634)	(1.656)	(1.691)	(6.486)
Salaries and salary-related expenses	(391)	(403)	(333)	(601)	(1.728)
Other expenses	(181)	(180)	(155)	(184)	(701)
Operating expenses	**(2.076)**	**(2.217)**	**(2.144)**	**(2.476)**	**(8.915)**
EBITDA	**712**	**725**	**946**	**1.685**	**4.068**
Depreciation of operating assets	(297)	(306)	(310)	(373)	(1.286)
Amortization of intangible assets	(147)	(152)	(145)	(149)	(593)
Depreciation of right of use assets	(37)	(37)	(37)	(40)	(150)
Depreciation and amortisation	**(482)**	**(495)**	**(492)**	**(561)**	**(2.029)**
Results from operating activities	**230**	**230**	**454**	**1.124**	**2.038**
Interest income	14	5	16	7	42
Foreign exchange gain (loss)	5	(2)	(1)	(0)	1
Interest expenses of Loans and borrowings	(72)	(64)	(81)	(132)	(349)
Interest expenses of Lease liabilities	(27)	(27)	(27)	(41)	(122)
Change in other liabilities	(3)	(3)	(3)	(3)	(12)
Interest expenses due to acquisition liability	0	0	0	(5)	(5)
Other finance income (expenses)	(0)	(0)	(1)	1	(1)
Finance income and (expenses):	**(84)**	**(92)**	**(97)**	**(174)**	**(446)**
Profit from sale of associate	250	0	0	0	250
Profit before income tax	**397**	**138**	**358**	**950**	**1.843**
Income tax	(23)	(34)	(72)	(192)	(322)
Total comprehensive income for the period	**374**	**104**	**286**	**758**	**1.521**