

26 October 2021

Financial press release – Síminn hf. Q3 2021

## Good results in the third quarter

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- Síminn's revenue amounted to ISK 6,381 million in the third quarter (Q3) of 2021, compared to ISK 6,420 million in the same period 2020. A decrease by ISK 39 million or 0.6%.
- EBITDA amounted to ISK 2,974 million in Q3 2021, compared to ISK 2,805 million in the same period of 2020, up by ISK 169 million or 6.0%. The EBITDA ratio was 46.6% in Q3 2021, compared to 43.7% in the same period of 2020. EBIT amounted to ISK 1,526 million in Q3 2021, compared to ISK 1,338 million in the same period of 2020.
- Net profit in Q3 2021 amounted to ISK 1,057 million, compared to ISK 1,014 million in the same period of 2020.
- Cash generated by operation amounted to ISK 2,968 million in Q3 2021, compared to ISK 2,213 million in the same period of 2020. Net cash from operating activities amounted to ISK 2,389 million in Q3 2021, compared to ISK 1,927 million in the same period 2020.
- Interest-bearing debt including lease liabilities amounted to ISK 32.6 billion at the end of Q3 of 2021, compared to ISK 21.5 billion at the end of 2020. Net interest-bearing debt including lease liabilities amounted to 25.6 billion ISK at the end of Q3 2021 compared to 20.8 at the end of 2020.
- Net financial expenses amounted to ISK 218 million in Q3 2021, compared to ISK 143 million in the same period of 2020. Financial expenses amounted to ISK 321 million, financial income ISK 75 million, and foreign exchange gain ISK 28 million.
- Síminn's equity ratio was 45.0% at the end of Q3 2021 and equity was 31.3 billion.

Orri Hauksson, CEO:

“The third quarter was profitable in Síminn's and Míla's operations. Earnings (EBITDA and EBIT) has never been better in one quarter. The reason for this good result is simple; cost control. Revenue generation, on the other hand, is a challenge, as the telecom market in Iceland is one of the country's most competitive markets. Internet & Network and TV services are in the balance, but the slowdown in the worldwide production of TV content is affecting revenue as well as expenses. Equipment sales are also declining, as Icelanders have now to an increasing extent, had the opportunity to buy products during their visits abroad. However, mobile revenue is growing again, which is good news.

After the third quarter, Síminn entered into an agreement with the French fund management company Ardian for the sale of the subsidiary Míla. As announced before, the EV is ISK 78 billion, including Míla's debts which will be taken over by the buyer. The acquisition is subject to the approval of the Competition Authority and is expected to be implemented in the first half of next year. Ardian is a major long-term investor in telecommunications, energy and transport infrastructure, especially in Europe. The company has stated that it intends to involve Icelandic pension funds in the purchase of Míla, accelerate the development of 5G and increase the number of fiber-optic connections in rural areas faster than at present. We believe that this foreign investment is very good news for the country and the nation."

## 9M 2021 Results

### Operations

Income statement	Q3			9M		
	2021	2020	%	2021	2020	%
Net sales	6.381	6.420	-0,6%	19.141	18.943	1,0%
Cost of sales	( 2.993)	( 3.143)	-4,8%	( 9.360)	( 9.295)	0,7%
Operating expenses	( 1.862)	( 1.939)	-4,0%	( 6.007)	( 6.784)	-11,5%
EBIT	1.526	1.338	14,1%	3.774	2.864	31,8%
Net financial items	( 218)	( 143)	52,4%	( 720)	( 561)	28,3%
Income tax	( 251)	( 233)	7,7%	( 619)	( 565)	9,6%
Net profit from continuing operation	1.057	962	9,9%	2.435	1.738	40,1%
Discontinued operation	0	52		2.124	123	
Net profit	1.057	1.014	4,2%	4.559	1.861	145,0%
EBITDA	2.974	2.805	6,0%	8.071	7.243	11,4%
EPS	0,15	0,11	36,4%	0,59	0,21	181,0%

Total sales in 9M 2021 amounted to ISK 19,141 million compared to ISK 18,943 million for the same period 2020, up by 1.0%. Revenue from mobile amounted to ISK 4,362 million, up by ISK 252 million or 6.1% between periods, mainly due to success of the prepaid service Prenna and increased revenues from value-added services. Roaming income remains the same between years. Revenue from fixed voice amounted to ISK 1,181 million, down by 9.1% between periods. Revenue from data (internet & network) amounted to ISK 6,645 million, up by ISK 45 million or 0.7% between periods. Revenue from TV services amounted to ISK 4,728 million, up by ISK 114 million or 2.5% between periods. Revenue from equipment sale amounted to ISK 1,509 million, up by ISK 27 million or 1.8% between periods. Other revenue amounted to ISK 716 million, down by ISK 122 million between periods.

The cost of services sold amounted to ISK 9,360 million and increases by ISK 65 million or 0.7% from the same period last year. Operating expenses amounted to ISK 6,007 million and decreased by ISK 777 million or 11.5% from the same period in 2020. The government fine in Q2 2020 needs to be taken into consideration for comparison. Gross profit in 9M 2021 amounted to ISK 9,450 million, up by ISK 161 million or 1.7% from the same period in 2020.

EBITDA amounted to ISK 8,071 million in 9M 2021, compared to ISK 7,243 million for the same period in 2020, up by ISK 828 million or 11.4%. The EBITDA ratio is 42.2%, compared to 38.2% in the same period in 2020.

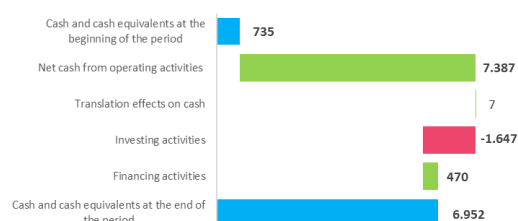
Depreciation amounted to ISK 4.297 million in 9M 2021, compared to ISK 4.379 million for the same period in 2020, down by ISK 82 million from the same period in 2020.

Net financial items amounted to ISK 720 million in 9M 2021 up by ISK 160 million compared to same period 2020.

Net profit for the period amounted to ISK 4,559 million, compared to ISK 1,861 million for the same period in 2020. Profit from continuing operations amounted to ISK 2,435 million in 9M 2021.

### Cash flow

Cash generated by operation was ISK 8,695 million in 9M 2021, compared to ISK 8,489 million in the same period 2020. Net cash from operating activities was ISK 7,387 million in 9M 2021, compared to ISK 7,444 million in the same period 2020.



Investing activities were ISK 1,647 million in 9M 2021, compared to ISK 3,793 million in the same period 2020.

### Balance sheet

Total assets amounted to ISK 69,485 million at the end of Q3 2021, compared to ISK 65,206 million at the end of 2020.

Interest-bearing debt including lease liabilities amounted to ISK 32,594 million at the end of Q3 2021, compared to ISK 21,518 million at the end of 2020. Net interest-bearing debt including lease liabilities amounted to ISK 25,642 million at the end of Q3 2021 up by ISK 4,859 million compared to year end 2020. Net interest-bearing debt including lease liabilities to 12M EBITDA was 2.45.

Balance sheet	30.09.2021	31.12.2020
Non-current assets	56.673	57.457
Current assets	12.812	7.749
<b>Total Assets</b>	<b>69.485</b>	<b>65.206</b>
Total equity	31.301	37.298
Non-current liabilities	30.011	20.025
Current liabilities	8.173	7.883
<b>Total equity and liabilities</b>	<b>69.485</b>	<b>65.206</b>
Equity ratio	45,0%	57,2%

Total equity amounted to ISK 31,301 million at the end of Q3 2021 and the equity ratio was 45.0%.

### Key events

- On 23 October 2021 Síminn signed an agreement for the sale of all holdings in Míla ehf. to Ardian France SA. The sale is subject to the normal conditions such as the Competition Authority's approval. The EV is ISK 78 billion and Síminn will be paid ISK 44 billion on the closing in cash and ISK 15 billion in the form of a bond that Síminn lends to the buyer for three years. Estimated profit is just over ISK 46 billion taking into account the cost of the transaction. The sale has a significant effect on Síminn's

balance sheet, as liquidity position will be strong and the potential for internal and external growth will be significant.

- Today, there are 55,000 registered users of Síminn Pay. Half of the users are Síminn's customers. Síminn Pay is a diverse app that offers loans where installments can be distributed over up to 36 months. This year, there has been an average 10% increase in lending per month. In the app you can also pay for parking without an additional fee, order food in the app's food hall and shop from numerous vendors.
- Icelandic programming has never been more diverse and Síminn is at the forefront of diverse and popular Icelandic TV content. A number of new Icelandic series are already on Síminn's Premium TV for all age groups and new ones await publication, e.g. the Christmas movie *Birta* and *Venjulegt fólk*.
- A new sustainability policy was adopted this summer, with an emphasis on an environmentally friendly supply chain and an active circular economy. Equality, labor force training, cyber security and language technology are at the forefront, along with good corporate governance and business ethics. Síminn has prioritized on three Sustainable Development Goals; Gender Equality (5), Industry, Innovation and Infrastructure (9) and Sustainable Cities and Communities (11).
- Síminn has set the goal of having the most satisfied customers in 2022. All operations take this goal into account, both for employees who are in direct contact with customers as well as other employees. Measurements over the past few months show that Síminn is on the right track, both in terms of image and NPS measurements.
- The installation of Míla's fiber-optic cables is progressing well. In September there were 103,600 fiber-optic-connected spaces in Iceland, thereof 78,500 in the capital area. Increased emphasis has been placed on the installation of fiber-optic cables in urban areas throughout the country. Work was done on laying fiber optic cables in Reykjanesbær, Grindavík, Súðavík, Ísafjörður, Akureyri, Húsavík, Akranes, Vestmannaeyjar, Hofsós, Höfn in Hornafjörður, Reyðarfjörður, Eskifjörður, Fáskrúðsfjörður, Neskaupsstaður and Egilsstaðir. In some places, a start-up fee is being charged.
- The installation of the 5G mobile network is in full swing and there are now 19 5G mobile sites in use and their number is steadily increasing. Míla built a new 30 meter mast at Seyðishólar which increases services for cottage owners in Grímsnes, e.g. with powerful 5G service.
- Preparations for the renewal of the DWDM system has begun and it is estimated that work will be done on replacing the system by next year. Domestic transmission capacity and flexibility will increase significantly, which will support other upgrades to Míla's systems.
- Míla participated in the power backup project together with Neyðarlínan and other telecom companies. The project involved improving reserve power in rural areas to ensure better uptime for telecommunications in the event of a prolonged power outage.

### **Guidance 2021**

The forecast for 2021 is unchanged, but assumes that the Group's EBITDA will be in the higher range of ISK 10.2 to 10.6 billion. Investments are estimated to be in the range of ISK 5.1 to 5.4 billion.

### **Investor meeting 27 October 2021**

An investor presentation will be held on Wednesday 27 October 2021 at 8:30 am at Síminn's headquarters in Ármúli 25, Reykjavík. During the meeting, Orri Hauksson CEO and Óskar Hauksson CFO will present the financial results. The meeting will be held in Icelandic. Documents for the meeting are available in Nasdaq's Iceland company news and on the company's investor relations website <https://www.siminn.is/umsimann/uppgjor>.

The meeting is webcasted on: <https://www.siminn.is/fjarfestakynning>.

### **Financial Calendar 2021**

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|------------------------------------|------------------|
| • Announcement of the 2021 results | 15 February 2022 |
| • Annual General Meeting 2022      | 10 March 2022    |

### **Further information**

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Note: This English version is a translation of the Icelandic text that accompanies the Q3 2021 results of Síminn hf.

### *Síminn hf.*

*Síminn owns and operates the companies Síminn, Míla, Farsímagreiðslur and Radiómiðun. Síminn is Iceland's largest telco company and provides customers, both individuals and companies, with a comprehensive product offering in the field of telecommunications and entertainment.*