



Q3 2021 Results

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Highlights in Q2 and 1H 2021

	Q3 2021	9M 2021
Revenue	6.381 m.kr. Q3 2020: 6.420 m.kr.	19.141 m.kr. 9M 2020: 18.943 m.kr.
EBITDA *	2.974 m.kr. Q3 2020: 2.805 m.kr.	8.071 m.kr. 9M 2020: 7.743 m.kr.
EBITDA % *	46,6% Q3 2020: 43,7%	42,2% 9M 2020: 40,9%
EBIT *	1.526 m.kr. Q3 2020: 1.338 m.kr.	3.774 m.kr. 9M 2020: 3.364 m.kr.
CAPEX	1.098 m.kr. Q3 2020: 1.013 m.kr.	3.689 m.kr. 9M 2020: 4.129 m.kr.

NIBD / 12M EBITDA *	Cash	Equity Ratio	Cash generated by operation
2,45 Q4 2020: 1,94	6.952 m.kr. Q4 2020: 735 m.kr.	45,0% Q4 2020: 57,2%	2.968 m.kr. Q3 2020: 2.213 m.kr.

Q3 2021

- Extremely strong performance in Q3, with EBITDA increasing by 6% between periods and EBIT by 14%.
- Optimization measures from last year result in a 4.5% reduction in costs from Q3 last year.
- Revenues from mobile services increase by over 11% due to increase in roaming income of foreign tourists and the success of Prenna among other things.
 - Since the first quarter of this year, revenue from mobile services has increased by 200 m.kr.
- Equipment sales are declining, which is explained by increased travel by Icelanders abroad.
- Revenues from Internet and Network decreases, but a turnaround in Q4 is expected.

* Without government fine in Q2/Q4 2020



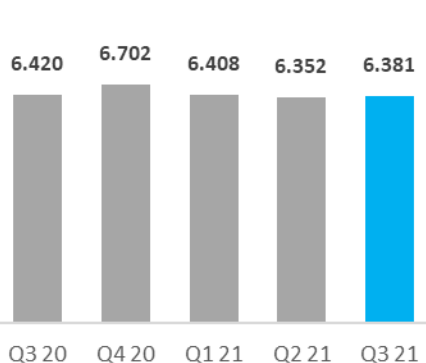
Operation



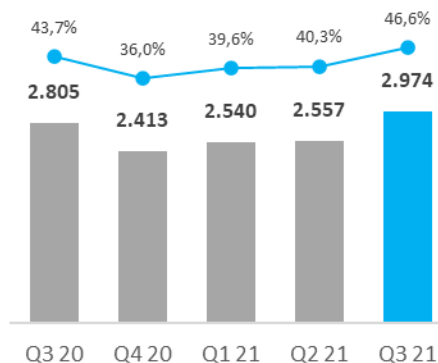
Income Statement

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%

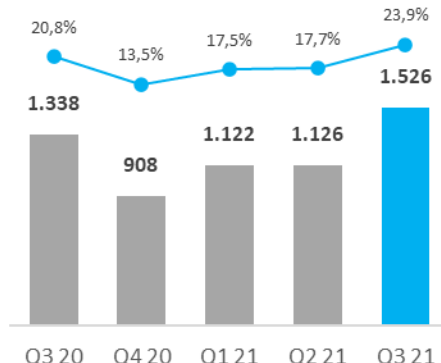
Revenue



EBITDA *



EBIT *



Operation Q3 2021

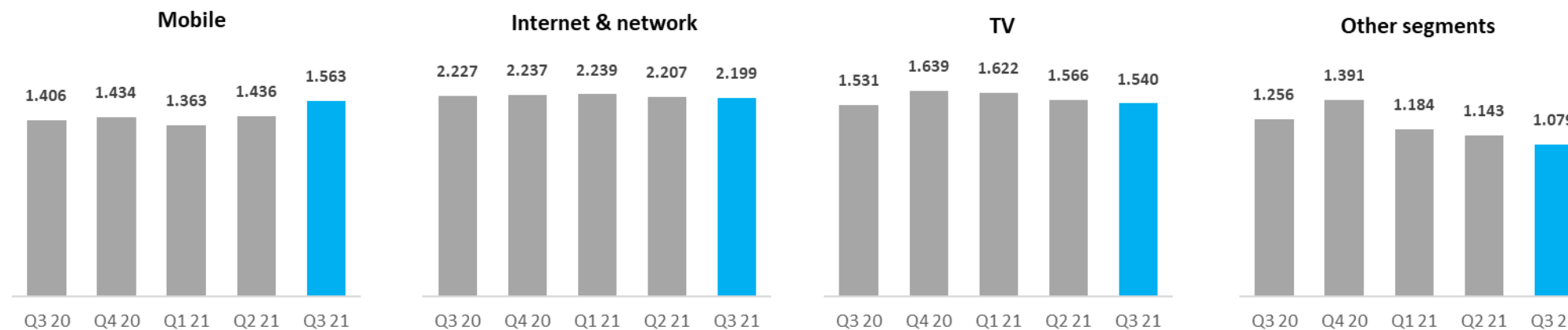
- Operating income increases by 1% in the first 9 months of the year compared to the same period in 2020
 - Revenues from mobile services increases by over 6%, mainly due to success of the prepaid service Prenna and increased revenues from value-added services. Roaming income remains the same between years.
- Performance improvement from 2020
 - Adjusted for 500 m.kr. Government fine in Q2 2020, EBITDA increases by over 4%, EBIT by over 12% and profit from continuing operations by almost 9%.
 - Financial expenses increase due to increased Míla indebtedness and the cost of refinancing
 - The cost of the Míla sales process is booked as a prepaid expense in the balance sheet

* Without government fine in Q2/Q4 2020



Revenue by segments

Segments	Q3				9M			
	2021	2020	Change	%	2021	2020	Change	%
Mobile	1.563	1.406	157	11,2%	4.362	4.110	252	6,1%
Fixed voice	382	423	-41	-9,7%	1.181	1.299	-118	-9,1%
Internet & network	2.199	2.227	-28	-1,3%	6.645	6.600	45	0,7%
TV	1.540	1.531	9	0,6%	4.728	4.614	114	2,5%
Equipment sales	478	567	-89	-15,7%	1.509	1.482	27	1,8%
Other revenue	219	266	-47	-17,7%	716	838	-122	-14,6%
Total revenue	6.381	6.420	-39	-0,6%	19.141	18.943	198	1,0%





Operation in 9M 2021

Good results are largely due to cost reductions

- Costs decrease between years despite considerable inflation.
 - Wage expenses decrease by 355 m.kr. or almost 8%, which is due to the reduction of FTEs in 2020 and outsourcing of software development.
 - Outsourcing has not, however, resulted in an increase in IC expenses.
 - Marketing expenses have been increased to boost future revenue
- Expectations of revenue growth in key products have materialized so far this year.
 - Revenue from Internet and Network is expected to increase in Q4 after a small decrease in Q3.
 - TV services with steady but declining revenue growth.
 - In particular, the Premium product is behind the growth and Síminn Sport is growing as well.
 - Competition is intensifying due to changes in the focus of many direct-to-consumer DTC producers.
 - Declining revenue in foreign TV stations and VOD service.
 - The shortage of TV content due to COVID-19 has less effect today, which strengthens the TV content that Síminn can offer. In addition, there is a lot of exciting Icelandic content in the pipeline.
- The exchange rate loss in the first 9 months of the year is due to a final settlement of an older TV content rights in Q1 2021.



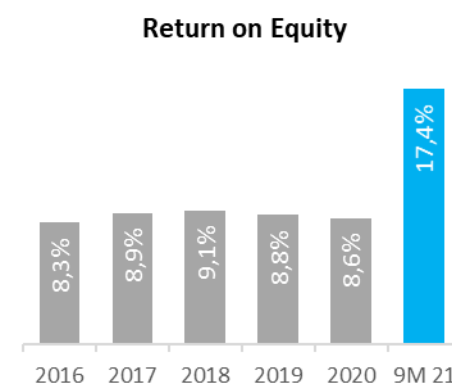
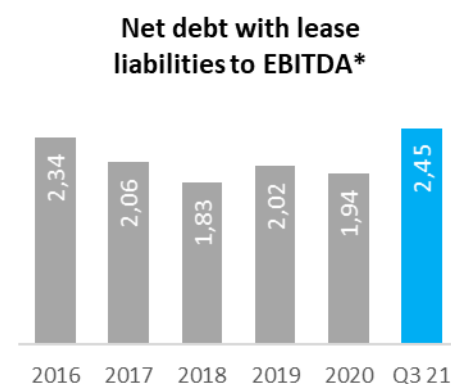
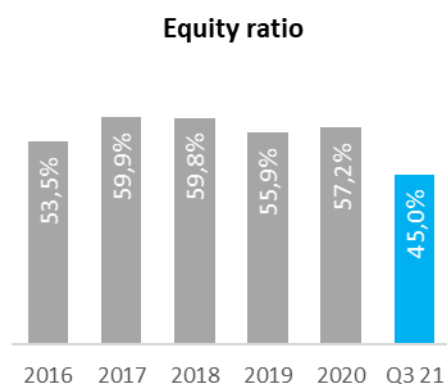
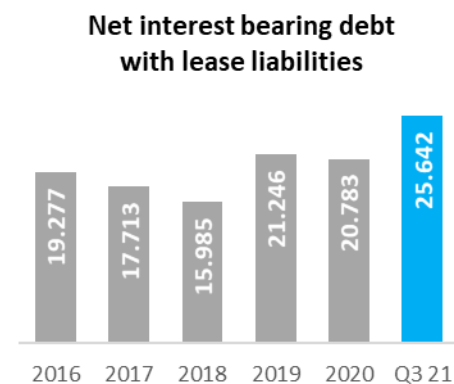
Balance Sheet and Cash Flow



Balance Sheet

Assets	30.09.2021	31.12.2020
Non-current assets		
Property, plant and equipment.....	19.273	18.991
Right-of-use assets.....	5.051	5.378
Intangible assets.....	31.725	32.544
Other non-current assets.....	624	544
Non-current assets	56.673	57.457
Current assets		
Inventories.....	1.288	1.127
Accounts receivables.....	2.464	3.147
Other current assets.....	2.108	834
Cash and cash equivalents.....	6.952	735
Assets held for sale.....	0	1.906
Current assets	12.812	7.749
Total assets	69.485	65.206

Equity and liabilities	30.09.2021	31.12.2020
Equity		
Total equity.....	31.301	37.298
Non-current liabilities		
Borrowings.....	24.878	14.289
Finance lease.....	4.790	5.066
Deferred tax liabilities.....	343	670
Non-current liabilities	30.011	20.025
Current liabilities		
Bank loans.....	1.518	500
Accounts payables.....	2.392	2.554
Current maturities of borrowings.....	1.286	1.663
Other current liabilities.....	2.977	2.390
Liabilities held for sale.....	0	776
Current liabilities	8.173	7.883
Total equity and liabilities	69.485	65.206

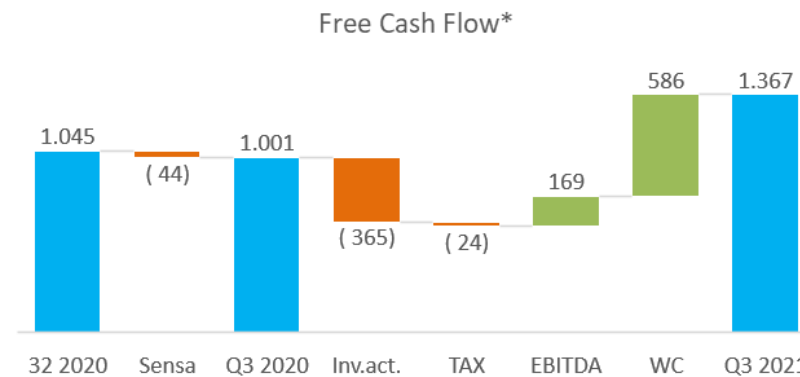
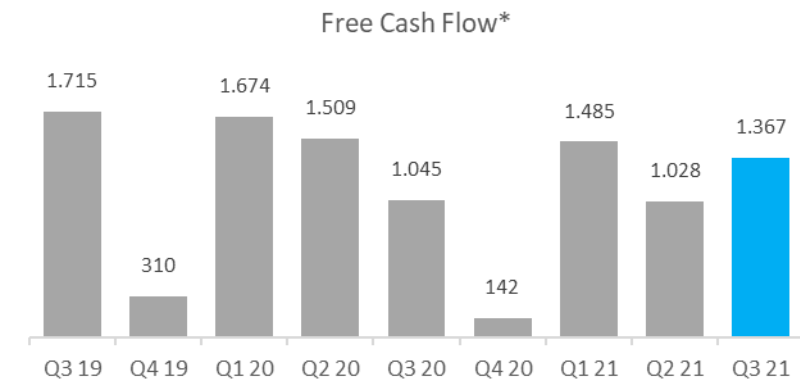


* Without government fine in Q2/Q4 2020
Lease liabilities included from 2019



Cash Flow

Cash Flow	9M 2021	9M 2020
Cash flow from operating activities		
Operating profit	3.774	2.864
Operational items not affecting cash flow:		
Depreciation and amortisation.....	4.297	4.379
Other items not affecting cash flow.....	(1)	(4)
	8.070	7.239
Changes in current assets and liabilities.....	625	1.250
Cash generated by operation	8.695	8.489
Net interest expenses paid during the period.....	(718)	(546)
Payments of taxes during the period.....	(590)	(499)
Net cash from operating activities	7.387	7.444
Investing activities		
Net investment in property, plant and equipments.....	(3.689)	(4.129)
Other investment.....	(606)	(118)
Sale of subsidiary and discontinued operation.....	2.648	454
Investing activities	(1.647)	(3.793)
Financing activities		
Dividend paid.....	(500)	(500)
Purchase of own shares.....	(2.088)	(1.433)
Share capital reduction.....	(7.968)	0
Payment of long term lease.....	(363)	(420)
Net Financing activities.....	11.389	(792)
Financing activities	470	(3.145)
Increase (decrease) in cash and cash equivalents	6.210	506
Translation effects on cash.....	7	(9)
Cash and cash equivalents at the beginning of the year.....	735	217
Cash and cash equivalents at the end of the period.....	6.952	714



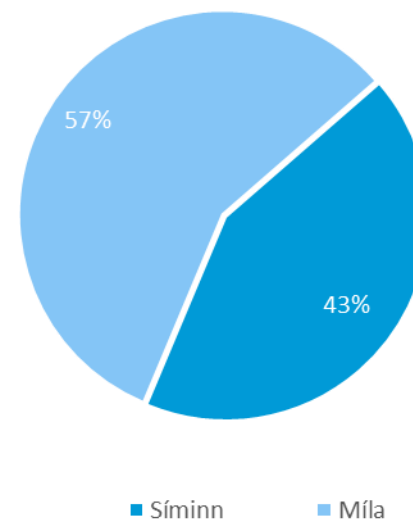
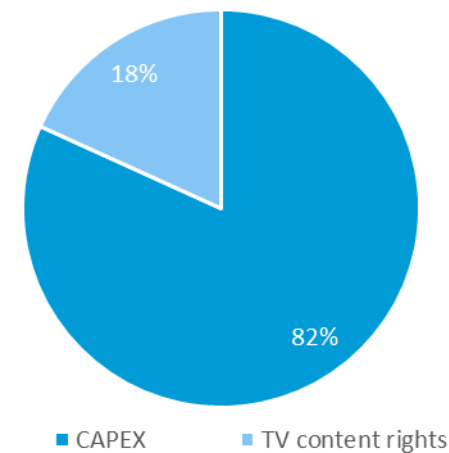
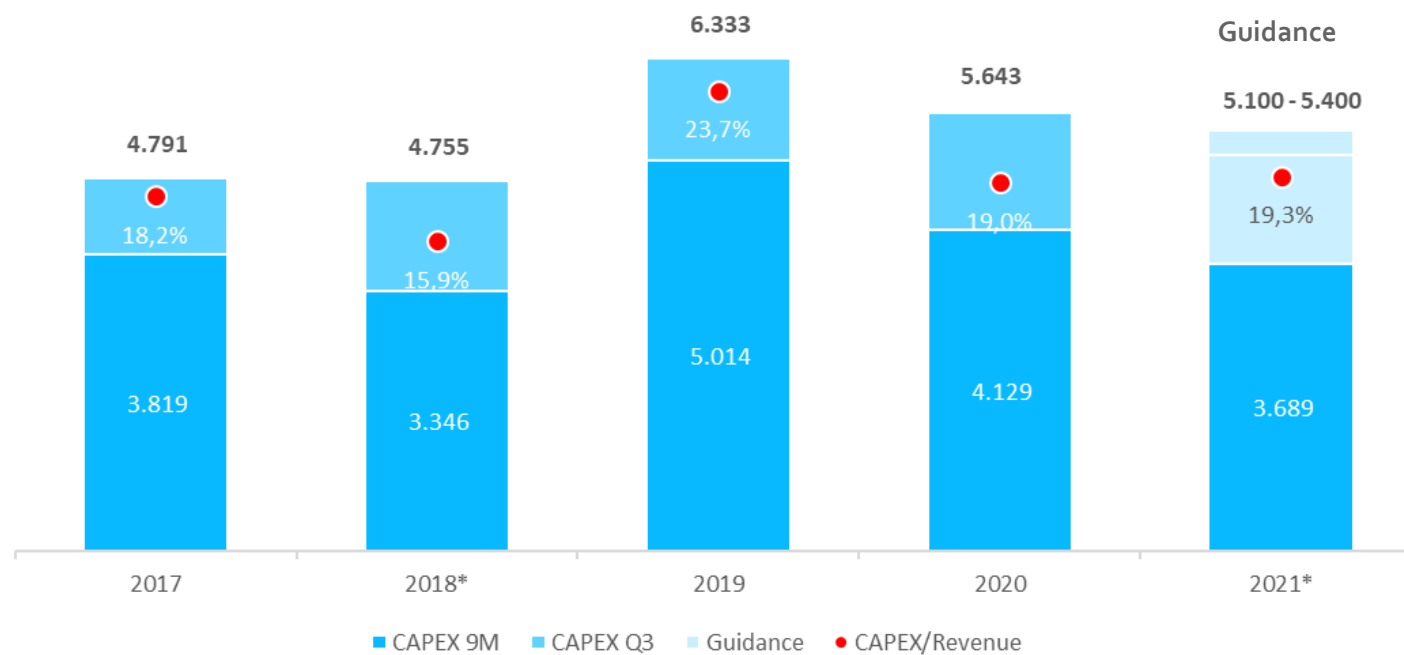
* Free cash flow consists of cash from operations before interest less investing activities



CAPEX



CAPEX



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

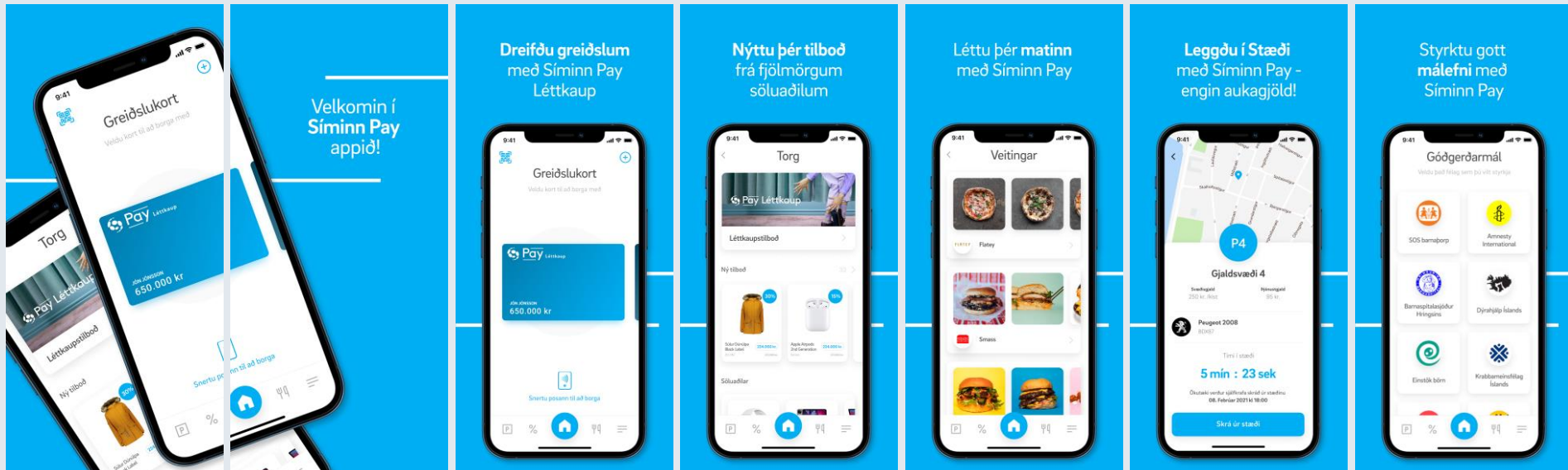


Highlights



Síminn Pay

- Diverse app with many possibilities
 - Loans - 14 days payment deadline or installment can be distributed up to 36 months
 - Food hall - Order food at about 30 restaurants
 - Parking - Registration of vehicles in a parking lot
 - Marketplace - Marketplace for retailers
- Today there are 55,000 registered users
 - Half of the users are Síminn's customers
 - The average age of users is 36 years
- On average, there is a 10% increase in lending per month this year



Síminn

- Icelandic programming has never been more diverse
- Síminn is at the forefront of diverse and popular Icelandic TV content.
- A number of new Icelandic series are already on Síminn Premium TV for all age groups and new ones await publication
 - Birta
 - Venulegt fólk
 - Brúðkaupið mitt



Síminn



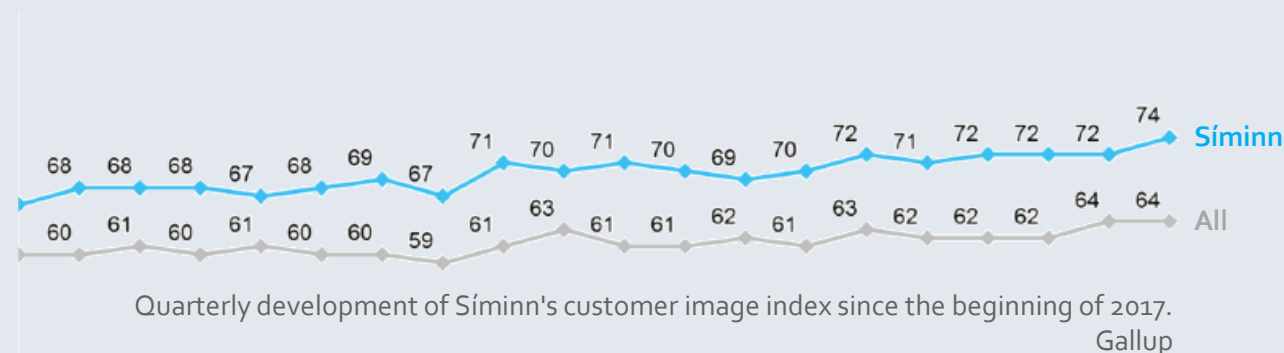
- A new sustainability policy was adopted this summer

- Environmentally friendly supply chain and an active circular economy
- Equality and labor force training
- Cyber security and language technology
- Good corporate governance and business ethics
- Síminn has prioritized three Sustainable Development Goal



- Satisfied customers

- 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.



Míla

- Fiber installation of homes in Iceland
 - In September, fiber-optic-connected spaces in the country reached 103,600. Of these, 78,500 are 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, Höfsós, Höfn in Hornafjörður, Reyðarfjörður, Eskifjörður, Fáskrúðsfjörður, Neskaupsstaður and Egilsstaðir.
 - In some places, a start-up fee is being charged.
- Mobile RAN
 - 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.



Seyðishólar in Grímsnes



Míla

- Renewal of the DWDM
 - Míla has completed the selection of supplier for the renewal of the DWDM system.
 - Preparation has begun and it is estimated that work will be done on replacing the system throughout next year.
 - Following the replacement of the system, domestic transmission capacity and flexibility will increase significantly, which will support other upgrades to Míla's systems, e.g. fiber-optic installation and the development of 5G nationwide.
- The power backup project
 - Míla participated in the power backup project together with Neyðarlínan and other telcos. The project involved improving reserve power in rural areas to ensure better uptime for telecommunications in the event of a prolonged power outage.
 - Power stations have been set up in many parts of the country, as well as new and better batteries have been installed. Connections have been installed in equipment spaces for portable power stations that facilitate operation in the event of a power outage.



Finnbogastaðafjall



Sale of Míla to Ardian



Ardian acquires Míla

- At the beginning of the year, Síminn hired the investment bank Lazard and Íslandsbanki to advise on future possibilities and Míla policies considering international developments in the composition of telcos.
 - Future ownership of Míla would be examined.
 - The aim of the work was to maximize the value of Síminn's assets for shareholders.
- On 23 October Síminn signed an agreement for the sale of all holdings in Míla to Ardian.
 - The sale is subject to the normal conditions such as the Competition Authority's approval.
 - The EV is ISK 78 billion which is 17,1x EBITDAaL.
 - Síminn will be paid ISK 44 billion on the closing day in cash and ISK 15 billion in the form of a bond that Síminn lends to the buyer for three years. The bond is a one-off bond, bears market interest rates, is secured by shares in Míla and is transferable.
 - Estimated profit is just over ISK 46 billion considering the cost of the transaction.
- A 20-year wholesale agreement between Síminn and Míla
 - Detailed agreement for duration but based entirely on the companies' current business relationship.
 - The majority of Síminn's and Míla's transactions are based on Fjarskiptastofa's price decisions.
 - Contracts for services that are outside the set of rules are mainly related to mobile and network operations that Míla purchased from Síminn earlier this year.



Ardian is a leading infrastructure investor in Europe

- Considerable investment in the Nordic countries
 - Com Hem
 - Nevel
 - ISS
 - ENordic
 - Andberg Vind
 - Lyrestad Holding
- Work closely with pension funds in the countries in which they operate
- Long-term investment focus
- Accelerated investments
 - Ardian has announced that it intends to accelerate the installation of fiber-optic cables in rural areas.
 - 5G deployment in Iceland will be faster than previously planned.

ARDIAN INFRASTRUCTURE

FUND OF FUNDS — Primary Early Secondary Secondary Mandates	US\$60BN
DIRECT FUNDS — Buyout North America Direct Buyouts Expansion Growth Co-Investment	US\$26BN
INFRASTRUCTURE —	US\$18BN
PRIVATE DEBT —	US\$8BN
REAL ESTATE —	US\$2BN



Ardian's \$18 billion infrastructure fund has a threefold focus



ENERGY



6GW

Heat & power
renewable energy
capacity



1st sustainable energy
platform in the
Nordics with both
brownfield and
greenfield assets



Platform with 1.1GW
capacity of wind and
solar assets in the US



TRANSPORT



5,300km

Roads operated in
2020

7

Stakes in Italian airports:
Linate, Malpensa, Turin,
Naples, Trieste,
Bergamo, Bologna*



World's largest
motorway operator



TELECOM



adamo

Spanish FTTH operator
growing from 1.8m to
3.2m homes passed

INWIT

2nd largest independent
European tower operator
with >22k towers in Italy

EWE

40,300km
telecommunications
network



Sale of Míla changes the Balance Sheet for the parent company

- Sale of Míla changes the balance sheet dramatically
 - Cash position will be strong
 - Opportunities for internal and external growth
 - Book value of Míla is ISK 11 billion
- Bond of ISK 15 billion among Non-current assets
 - Bond is in ISK and can be cashed in
- Sale of Míla has no changes for Síminn's operating profit
 - EBITDA forecast for Síminn (parent) for the year 2021 is ISK 5,4 – 5,6 billion

Síminn parent	2019	2020	09 2021	Míla sale 09 2021	PF
Non-current assets.....	58.001	58.453	34.485	4.607	39.092
Current assets.....	5.417	5.294	11.359	41.809	53.168
Assets.....	63.418	63.747	45.844	46.416	92.260
- thereof Cash	165	708	5.888	41.809	47.697
Equity.....	36.827	37.448	31.573	47.107	78.680
Non-current liabilities.....	19.265	18.790	7.283	0	7.283
Current liabilities.....	7.326	7.509	6.988	-691	6.297
Equity and liabilities.....	63.418	63.747	45.844	46.416	92.260
- thereof lease liabilities	4.643	4.802	1.520		1.520
Equity ratio	58,1%	58,7%	68,9%		85,3%



Outlook for 2021



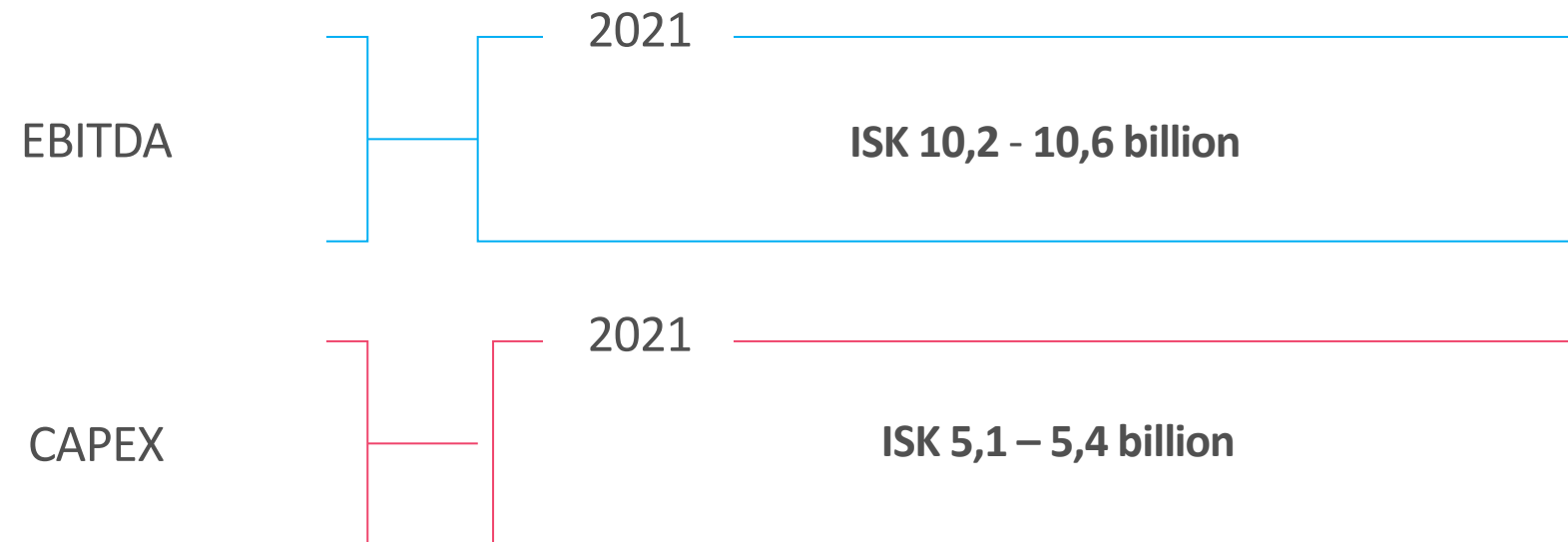
Outlook 2021

Good outlook for the rest of the year

- The operating result for the year has been good and strengthened as the year progresses.
- Innovations in TV services, sales over GR's networks and stability in the coming years in EPL TV rights form a good basis for the sales operations in coming months.
- Good cost control – Exchange rate stability is important considering the increasing importance of outsourcing abroad.
- Míla will be part of the group in the coming months.
- The EBITDA result for the year is likely to be at the upper limit of the earnings forecast.
- Investments will be within the forecast range this year.



Guidance for 2021



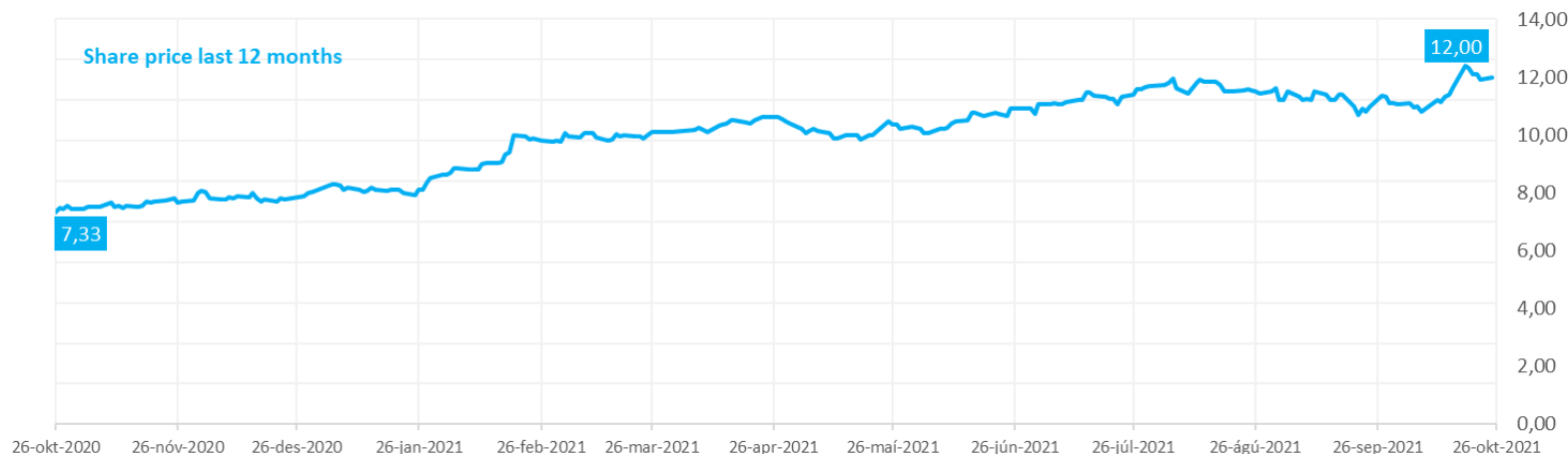
Consolidated EBITDA excl. Sensa and ISK 200 million fine was ISK 10.156 million in 2020
Consolidated CAPEX excl. Sensa was ISK 5.643 million in 2020



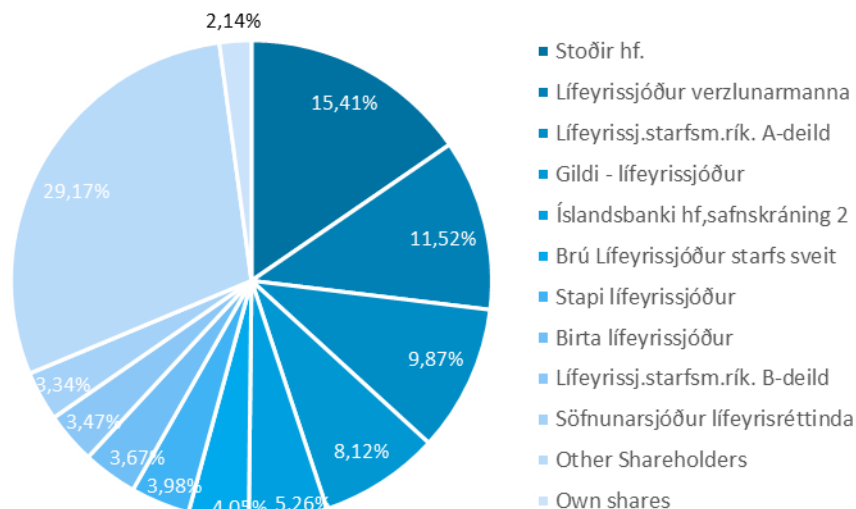
Shareholders



Shareholders



Shareholders 20.10.2021	Position	% O/S
Stoðir hf.	1.162.220.631	15,41%
Lífeyrissjóður verzlunarmanna	868.257.927	11,52%
Lífeyrissj.starfsm.rík. A-deild	744.000.000	9,87%
Gildi - lífeyrissjóður	612.192.195	8,12%
Íslandsbanki hf,safnskráning 2	396.693.435	5,26%
Brú Lífeyrissjóður starfs sveit	305.650.161	4,05%
Stapi lífeyrissjóður	300.051.432	3,98%
Birta lífeyrissjóður	276.946.563	3,67%
Lífeyrissj.starfsm.rík. B-deild	261.618.000	3,47%
Söfnunarsjóður lífeyrisréttinda	251.575.320	3,34%
Top 10 shareholders	5.179.205.664	68,69%
Other Shareholders	2.199.192.406	29,17%
Shares outstanding	7.378.398.070	97,86%
Own shares	161.601.930	2,14%
Total number of shares	7.540.000.000	100%



Shareholders

- Share buyback
 - The Board has agreed to purchase for up to ISK 2 billion with share buyback.
 - The buyback program began at the beginning of May and just over ISK 1,5 billion has already been purchased.
- Around 1.150 shareholders
 - Number of shareholders has increased by a third so far this year.
- Síminn's share price has increased by 50% since the beginning of 2021.



Appendix



Business segments

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



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