



Condensed Consolidated Interim Financial Statements

1 January to 31 March 2023

**Síminn hf.
Ármúla 25
108 Reykjavík
Kt. 460207-0880**

Contents

	Page
Endorsement and Statement by the Board of Directors and the CEO.....	2
Consolidated Income Statement.....	3
Consolidated Statement of Financial Position.....	4
Consolidated Statement of Changes in Equity.....	5
Consolidated Statement of Cash Flows.....	6
Notes to the Consolidated Financial Statements.....	7 - 12
Quarterly Statements.....	13

Endorsement and Statement by the Board of Directors and the CEO

The Condensed Consolidated Interim Financial Statements of Síminn hf. and its subsidiaries (together referred to as "Síminn" or the "Company") for the period 1 January to 31 March 2023 are prepared and presented in accordance with International Financial Reporting Standards (IFRS) for Interim Financial Statements (IAS 34) as adopted by the EU. The Financial Statements are neither audited or reviewed by the Company's auditors.

Net profit for the first three months of the year 2023 amounted to ISK 246 million, compared to profit of ISK 746 million for the same period in 2022. Net profit from continued operations amounted to ISK 246 million, compared to profit of ISK 553 million for the same period in 2022. Total sales for the first three months of the year amounted to ISK 6.298 million according to the Income Statement, compared to ISK 6.093 million for the same period in 2022. Total assets as at 31 March 2023 amounted to ISK 33.971 million and total equity amounted to ISK 18.785 million according to the Statement of Financial Position. The Company's equity ratio was 55,3%.

Part of the selling price of Míla ehf. to Ardian, which was announced on September 30, 2022 was in a form of a bond. The bond was due in 2025 but Síminn hf. had the right to sell the bond before the maturity date. The bond was sold to a company owned by Ardian for ISK 15.7 billion at the end of January.

The Annual General Meeting of Síminn approved on 9 March 2023 a share capital decrease. On one hand to cancel out own shares which amounted to ISK 185 million in nominal value, and on the other hand a share capital decrease of ISK 1.625 million with a payment to shareholder of ISK 15.7 billion which the Company paid on March 31. In total the share capital therefore decreased from ISK 4.400 million to ISK 2.775 million. The same Annual General Meeting approved a share buyback program allowing buyback for up to ISK 277.5 million in nominal value and a proposal to pay ISK 500 million in dividend to shareholders, the dividend was paid on March 31. Based on the approval of the Annual General Meeting held in 2022 and 2023 the Company has this year purchased own shares for nominal value ISK 59 million, market value ISK 643 million.

Statement by the Board of Directors and the CEO

According to the best of our knowledge the Condensed Consolidated Interim Financial Statements of Síminn hf. are prepared and presented in accordance with International Financial Reporting Standards (IFRS) for Interim Financial Statements (IAS 34) as adopted by the EU. It is our opinion that these Condensed Consolidated Interim Financial Statements give a true and fair view of the consolidated financial performance of Síminn hf. for the three months ended 31 March 2023, its assets, liabilities and consolidated financial position as at 31 March 2023 and its consolidated cash flows for the three month period ended 31 March 2023. Further, in our opinion the Condensed Consolidated Interim Financial Statements give a fair view of the development and performance of Síminn's operations and its position and describes the principal risks and uncertainties faced by Síminn hf.

The Board of Directors and the CEO have today discussed the Condensed Consolidated Interim Financial Statements of Síminn hf. for the period 1 January to 31 March 2023 and confirm them by means of their signatures.

Reykjavík, 25 April 2023

Board of Directors

Jón Sigurðsson, Chairman

Sigrún Ragna Ólafsdóttir, vice chairman

Arnar Þór Másson

Bjarni Þorvarðarson

Björk Viðarsdóttir

CEO

Orri Hauksson

Consolidated Income Statement and other comprehensive income for the period 1 January to 31 March 2023

	Notes	2023 1.1.-31.3.	2022 1.1.-31.3.
Net sales	5	6.153	5.957
Cost of sales	6	(4.155)	(3.762)
Gross profit		1.998	2.195
Other operating income		145	136
Operating expenses	7	(1.825)	(1.757)
Operating profit		318	574
Finance income		260	200
Finance cost		(249)	(113)
Net exchange rate differences		(12)	5
Net financial items	8	(1)	92
Profit before tax		317	666
Income tax		(71)	(113)
Profit for the period		246	553
Profit from discontinued operation, net of tax		0	193
Profit for the period		246	746
EBITDA		1.315	1.327
Earnings per share			
Basic earnings per share from continued operations		0,07	0,08
Diluted earnings per share from continued operations		0,07	0,08

The notes on pages 7 to 12 are an integral part of these consolidated financial statements

Consolidated Statement of Financial Position as at 31 March 2023

	Notes	31.3.2023	31.12.2022
Assets			
Non-current assets			
Property, plant and equipment		2.524	2.466
Right-of-use assets		892	941
Intangible assets		21.871	22.122
Other financial assets	9	544	580
	Non-current assets	<u>25.831</u>	<u>26.109</u>
Current assets			
Inventories	10	1.172	1.212
Accounts receivables	11	2.042	2.045
Loans (Síminn Pay)	12	1.652	1.359
Other assets	13	1.442	1.048
Bonds at fair value	14	0	15.687
Cash and cash equivalents		1.832	3.721
	Current assets	<u>8.140</u>	<u>25.072</u>
	Total assets	<u><u>33.971</u></u>	<u><u>51.181</u></u>
Equity			
Share capital		2.754	4.242
Reserves		0	495
Statutory reserve		689	1.061
Other reserve		573	576
Retained earnings		14.769	28.887
	Equity	<u>18.785</u>	<u>35.261</u>
Liabilities			
Non-current liabilities			
Borrowings		5.960	5.956
Lease liabilities		679	731
Payables		0	639
Deferred tax liabilities	15	154	89
	Non-current liabilities	<u>6.793</u>	<u>7.415</u>
Current liabilities			
Bank loans		1.929	1.929
Accounts payables	16	4.578	4.788
Current maturities of lease liabilities		257	251
Taxes to be paid		425	577
Other liabilities	17	1.204	960
	Current liabilities	<u>8.393</u>	<u>8.505</u>
	Total liabilities	<u>15.186</u>	<u>15.920</u>
	Total equity and liabilities	<u><u>33.971</u></u>	<u><u>51.181</u></u>

The notes on pages 7 to 12 are an integral part of these consolidated financial statements

Consolidated Statement of Changes in Equity 1 January to 31 March 2023

	Share capital	Reserves	Other statutory reserve	Translation- and other reserve	Retained earnings	Total equity
Total equity 1.1.2022	7.314	3.278	154	2.020	18.313	31.079
Net profit for the period					746	746
Buyback of ordinary shares	(77)	(853)				(930)
Other changes				206	(206)	0
Total equity 31.3.2022	<u>7.237</u>	<u>2.425</u>	<u>154</u>	<u>2.226</u>	<u>18.853</u>	<u>30.895</u>
Total equity 1.1.2023	4.242	495	1.061	576	28.887	35.261
Net Profit for the period					246	246
Payment of dividends (0,119 per share)					(499)	(499)
Share capital decrease	(1.429)	(357)			(13.794)	(15.580)
Buyback of ordinary shares	(59)	(495)	(15)		(74)	(643)
Other changes				(3)	3	0
Total equity 31.3.2023	<u>2.754</u>	<u>0</u>	<u>689</u>	<u>573</u>	<u>14.769</u>	<u>18.785</u>

The notes on pages 7 to 12 are an integral part of these consolidated financial statements

Consolidated Statement of Cash Flow 1 January to 31 March 2023

	Notes	2023 1.1.-31.3.	2022 1.1.-31.3.
Cash flow from operating activities			
Operating profit		318	574
Operational items not affecting cash flow:			
Depreciation		997	753
Gain on sale of fixed assets		0	(4)
		<u>1.315</u>	<u>1.323</u>
Changes in current assets and liabilities:			
Changes in inventories	(2)	(306)	
Changes in operating assets	(479)	(258)	
Changes in operating Liabilities	336	877	
Changes in current assets and liabilities	(145)	313	
		<u>1.170</u>	<u>1.636</u>
Cash generated by operation		1.170	1.636
Interest income received	268	88	
Interest expenses paid	(150)	(113)	
Payments of taxes	(158)	(139)	
Net cash from operating activities		<u>1.130</u>	<u>1.472</u>
Investing activities			
Investment in property, plant and equipment	(268)	(106)	
Investment in intangible assets	(1.348)	(153)	
Proceeds from sale of property, plant and equipment	0	4	
Changes in other investment	(266)	(119)	
Sale of bond	15.685	0	
Changes in other investment	0	152	
Investment activities		<u>13.803</u>	<u>(222)</u>
Financing activities			
Dividend paid	(499)	0	
Buyback of ordinary shares	(643)	(930)	
Share capital decrease, payment to shareholders	(15.580)	0	
Payment of long term lease	(63)	(46)	
Bank loans, decrease	0	(18)	
Financing activities		<u>(16.785)</u>	<u>(994)</u>
(Decrease) increase in cash and cash equivalents	(1.852)	256	
Effect of exchange rate fluctuations on cash held	(37)	(6)	
Cash and cash equivalents at the beginning of the period		3.721	3.509
Cash and cash equivalents at the end of the period		<u>1.832</u>	<u>3.759</u>

The notes on pages 7 to 12 are an integral part of these consolidated financial statements

Notes to the Consolidated Financial Statements

1. Reporting entity

Síminn hf. (the "Company") is a public limited liability company domiciled in Iceland. The address of the Company's registered office is Ármúli 25, Reykjavík. These condensed consolidated interim financial statements ('interim financial statements') for the three months ended 31 March 2023 comprise the Company and its subsidiaries (together referred to as "Síminn" or the "Company"). The subsidiaries are Síminn Pay ehf. and Radíómiðun ehf.

2. Basis of accounting

2.1. Statement of compliance

These interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting, and should be read in conjunction with the Company's last annual consolidated financial statements as at and for the year ended 31 December 2022. They do not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last annual financial statements.

The Company's last annual consolidated financial statements is available on the company's website, www.siminn.is, and in the company news release distribution network of Nasdaq Nordic: www.nasdaqomxnordic.com.

These interim financial statements were authorised for issue by the Company's board of directors on April 25, 2023.

2.2. Basis of measurement

These interim financial statements have been prepared on the historical cost basis.

2.3. Presentation and functional currency

These interim financial statements are presented in Icelandic Krona (ISK), which is the Company's functional currency. All financial information presented in ISK has been rounded to the nearest million.

2.4. Use of judgements and estimates

In preparing these interim financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

3. Changes in accounting policies

The accounting policies applied in these interim financial statements are the same as those applied in the Company's consolidated financial statements as at and for the year ended 31 December 2022.

Notes to the Consolidated Financial Statements

4. Operating segments

An overview of operating segments is set forward in same manner as regular reporting to the Board of Directors.

The Company operates within six segments that sell services and equipment in different markets. The operating segments are as follows:

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

Operating segments 2023	Mobile	Fixed voice	Internet & network	TV	Equipment sales	Other revenues	Total
	Revenue	1.513	279	1.966	1.838	472	230
Expenses							(4.983)
EBITDA							1.315
Depreciation							(997)
Net finance cost							(1)
Taxes							(71)
Profit for the period							246
Profit from discontinued operation, net of tax							0
Net earnings for the period							246
Capital additions							(1.616)
Assets 31.3.2023							33.971
Liabilities 31.3.2023							15.186
Operating segments 2022	Mobile	Fixed voice	Internet & network	TV	Equipment sales	Other revenues	Total
	Revenue	1.413	378	1.858	1.673	449	322
Expenses							(4.766)
EBITDA							1.327
Depreciation							(753)
Net finance cost							92
Share of earnings of associated companies							0
Taxes							(113)
Profit for the period							553
Profit from discontinued operation, net of tax							193
Net earnings for the period							746
Capital additions							(255)
Assets 31.3.2022							70.432
Liabilities 31.3.2022							39.537

Notes to the Consolidated Financial Statements

5. Net sales

Sales of service and goods is specified as follows:

	2023	2022
	1.1.-31.3.	1.1.-31.3.
Sales of service	5.634	5.392
Sales of goods	519	565
	<u>6.153</u>	<u>5.957</u>

No customer comprises more than 10% of net sales.

6. Cost of sales

Cost of sales is specified as follows:

Salaries and related expenses	255	212
Cost of service sold	2.541	2.317
Interconnecting fees	165	168
Cost of goods sold	475	536
Capitalised work	(56)	(48)
Depreciation cost of sold services	775	577
	<u>4.155</u>	<u>3.762</u>

Cost of service sold consists of; material costs, service contracts, license fees, purchased services and telecommunications costs.

7. Operating expenses

Operating expenses is specified as follows:

Salaries and related expenses	927	860
Sales and marketing expenses	119	130
Housing and transportation expenses	95	133
IT-Expenses	267	273
General and administrative expenses	195	186
Depreciation operating expenses	222	175
	<u>1.825</u>	<u>1.757</u>

8. Financial income and expense

Financial income and finance costs are specified as follow:

Finance income

Interest income	258	85
Other financial income	0	113
Dividend received	2	2
	<u>260</u>	<u>200</u>

Finance expense

Interest on borrowings	(168)	(71)
Interest expense from lease liability	(13)	(10)
Loan write-downs	(25)	(15)
Other finance expenses	(43)	(17)
	<u>(249)</u>	<u>(113)</u>

Net exchange rate differences	(12)	5
Net financial items	<u>(1)</u>	<u>92</u>

Notes to the Consolidated Financial Statements

9. Other financial assets

31.3.2023 31.12.2022

Other financial assets are specified as follows:

Investment in other companies	8	38
TV programs	247	204
Loans (Síminn Pay)	289	338
Other financial assets total	<u>544</u>	<u>580</u>

10. Inventories

Inventories are specified as follows:

Finished goods	712	601
TV programs	<u>460</u>	<u>611</u>
Inventory total	<u>1.172</u>	<u>1.212</u>

11. Accounts Receivables

Accounts receivables are specified as follows:

Accounts receivables	2.116	2.129
Allowances for doubtful accounts	(74)	(84)
Accounts receivables total	<u>2.042</u>	<u>2.045</u>

12. Loans (Síminn Pay)

Loans consist of loans from Company's subsidiary, Síminn Pay ehf. They are loans to individuals, between 1-18 months.

Loans	2.053	1.795
Impairment losses recognised on loans	(112)	(98)
Moved to non-current assets	(289)	(338)
Loans total	<u>1.652</u>	<u>1.359</u>

13. Other assets

Other assets are specified as follows:

Prepayments and accrued income	1.200	705
Other current assets	<u>242</u>	<u>343</u>
Other assets total	<u>1.442</u>	<u>1.048</u>

Notes to the Consolidated Financial Statements

14. Bonds at fair value	31.3.2023	31.12.2022
Bonds at fair value are specified as follows:		
Balance at 1.1.	15.687	0
Bought	0	17.500
Fair value assessment upon receipt	0	(1.431)
Fair value assessment at year-end 2022	0	(382)
Bonds sold	(15.685)	0
Loss of sale	(2)	0
Bonds at fair value	<u>0</u>	<u>15.687</u>

The security is an unregistered bond of Sunstone II hf. and was sold in January 2023.

15. Deferred tax

Analysis of movements in the net deferred tax balances during the period is as follows:

Deferred tax at the beginning of the year.....	89	604
Income tax from discontinued operations.....	0	(286)
Income tax posted to the income statement.....	67	345
Taxes to be paid.....	(2)	(562)
Prior year correction.....	0	(12)
Deferred tax liability at the end of the period.....	<u>154</u>	<u>89</u>

16. Payables

Payables are specified as follows:

Payables	3.287	3.281
Accrued expenses	1.291	1.507
Payables total	<u>4.578</u>	<u>4.788</u>

Payables due in 12 months or more are classified as long-term liabilities.

17. Other liabilities

Other liabilities are specified as follows:

Accrued expenses	640	508
Salaries and related expenses	184	242
VAT	380	210
Other liabilities total	<u>1.204</u>	<u>960</u>

Notes to the Consolidated Financial Statements

18. Legal proceedings

The Company is currently involved in several legal disputes that relate i.a. to Competition and Media Act.

Síminn and Sýn hf. have been in a dispute regarding distribution of media content. The Competition Authority and Post- and Telecommunication Authority (now Electronic Communication Office) ruled that Síminn breached against media act no. 10/2018 and fined Síminn. The fine, 9 million ISK has already been paid. The Company believes that its actions are fully compliant with the relevant Acts and appealed the decision to the District Court of Reykjavík. The Reykjavík District Court ruled on the matter and partially annulled the decision and lowered the fine to 7 million ISK. Síminn, Sýn and the PTA filed brought the case to the National Court, which confirmed the PTA decisions and increased the fine to 9 mkr. Síminn has requested permission to appeal the case to the Supreme Court which the Court has approved. After the initial decisions of the PTA Sýn hf. filed a claim against Síminn for compensation of 1.9 billion ISK. Síminn rejected the claim and pointed out that in Sýn hf. claim there are no arguments for compensation, nor an attempt to prove the alleged loss. Síminn believes there is no base for the claim from Sýn hf. and the District Court dismissed the case due the failure to state the reasoning for the case. Sýn hf. later filed a motion to appoint two Court appointed assessors and has filed a case against Síminn before the District Court and claimed damages of 125 million ISK. Síminn has rejected this claim and has filed its written. Sýn also filed a claim against Síminn of ISK 270 million, Síminn will submit a statement in which the claim will be rejected.

Gagnaveita Reykjavíkur filed a claim against Síminn of 1.3 billion ISK. Síminn has rejected the claim and has pointed out that in the claim there are no arguments to conclude that conditions for liability damages existed. Síminn believes there is no base for the claim.

PTA and Sýn have sued Síminn before the District Court of Reykjavík in order to have the ruling of the Committee for Electronic Communications and Postal Affairs, annulment, whereby the Committee annulled the PTA decision no 27/2019 where the PTA imposed a fine of 9 million ISK on Síminn. Síminn will demand that the ruling of the Committee shall be confirmed.

Despite the uncertain nature of the outcome of these cases, it is the management opinion that the cases will not result in substantial financial cost. In those cases where the Company might be forced to pay damages, the cost is estimated by the management and recognised in the financial statement.

The Competition Authority reached a decision that Síminn had infringed Competition Authority Decision no. 6/2015 and 20/2015 and fined Síminn for 500 million ISK, which the Company paid. Síminn appealed the decision to the Competition Appeal committee in order to have the CA decision annulled. The CAC annulled that part of the CA decision that related to alleged infringement of Decision no 6/2015 and lowered the fine down to 200 million ISK. Síminn has filed a lawsuit before the Reykjavík District Court with a claim for annulment of the part of the ruling of the Competition Appeals Committee which concerned an alleged infringement of the Competition Authority's decision no. 20/2015. The Competition Authority has also filed a lawsuit before the Reykjavík District Court. In October 2022 the District Court annulled the Competition Authority's decision whereby the Authority was obliged to repay Síminn the remaining 200 million ISK plus interest. The Competition Authority as appealed the decision to the National Court. The Company is, as before, of the opinion that the arrangements for the sale of the Company's services are fully in accordance with the Competition Act and the decisions that the Company has made on the basis of the Competition Act.

19. Events after reporting date

There are no subsequent events to report.

Quarterly Statements

Summary of the Company's operating results by quarters:

	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023
Net sales	5.957	5.898	6.016	6.068	6.153
Cost of sales	(3.762)	(3.597)	(3.681)	(3.874)	(4.155)
Gross profit	<u>2.195</u>	<u>2.301</u>	<u>2.335</u>	<u>2.194</u>	<u>1.998</u>
Other operating income	136	138	194	165	145
Operating expenses	(1.757)	(1.757)	(1.543)	(1.656)	(1.825)
Operating profit	<u>574</u>	<u>682</u>	<u>986</u>	<u>703</u>	<u>318</u>
Net financial items	92	(165)	(84)	(389)	(1)
Profit (loss) from discontinued operation, net of tax	<u>193</u>	<u>95</u>	<u>35.628</u>	<u>289</u>	<u>0</u>
Profit before tax	<u>859</u>	<u>612</u>	<u>36.530</u>	<u>603</u>	<u>317</u>
Income tax	(113)	(107)	(184)	67	(71)
Profit for the period	<u>746</u>	<u>505</u>	<u>36.346</u>	<u>670</u>	<u>246</u>
EBITDA	1.327	1.399	1.790	1.633	1.315