mila

Míla Holding hf.

Consolidated Financial Statements 2024

Contents

Endorsement and statement by the board of directors and the CEO

About Míla Holding

Míla Holding hf. (hereinafter “Míla Holding or the “Company”) is the parent company of Míla hf. (together referred to as the “Group”). The core business of the Group is to build and operate telecommunications networks in Iceland, as well as provide telecommunications and related services. The mission of Míla is to ensure secure telecommunications throughout Iceland, with the best available quality at all times.

Financial performance

According to the consolidated income statement, total revenues for the year 2024 amounted to 9.580 m.kr. (2023: 9.230 m.kr.). Cost of sales and operating expenses amounted to 9.068 m.kr. (2023: 8.567 m.kr.) and net finance costs amounted to 8.574 m.kr. (2023: 7.337 m.kr). Total loss for the year amounted to 6.449 m.kr. (2023: 5.339 m.kr.).

According to the consolidated statement of financial position for 31 December 2024, total assets amounted to 86.216 m.kr. (2023: 84.598 m.kr.). Total liabilities amounted to 88.095 m.kr. (2023: 80.028 m.kr.), thereof long-term borrowings amounted to 77.174 m.kr. (2023: 68.324 m.kr.). Included in long-term borrowings are subordinated shareholder loans amounting to 51.891 m.kr. (2023: 45.938 m.kr.) from Sunstone III ehf. The shareholder loans are payable in one installment at the end of their loan period first repayment to take place in 2031, after the maturity date of other interest-bearing loans and borrowings. Accrued interest of the shareholder loans at 31 December 2024 amounted to 5.753 m.kr (2023: 4.573 m.kr.) and was added to the principal at year end.

The Group´s secured bank loans are subject to various financial covenants; the shareholder loans and accrued interests are classified as equity when calculating the financial covenants and represent an equity ratio of 58,0 % at the end of the year. The shareholder loans are not classified as equity in the consolidated statement of financial position and therefore the equity in the consolidated statement of financial position at 31. December 2024 was negative by 1.879 m.kr and the equity ratio was -2,2% (2023: 5,4%). The Group complied with the financial covenants on all testing dates in 2024 and expects to comply with the covenants within 12 months of the reporting date, see further information in note 2 on going concern and note 18 on borrowings.

Cash generated from operating activities for the year 2024 amounted to 4.898 m.kr (2023: 3.879 m.kr.). Net interest paid was 2.460 m.kr in 2024 (2023: 2.115 m.kr.). Net cash used in investing activities amounted to 4.414 m.kr (2023: 4.747 m.kr.). Net cash flow from financing activities was 2.493 m.kr. in 2024 (2023: 935 m.kr.). Cash and cash equivalents amounted to 1.551 m.kr at the end of the year (2023: 1.035 m.kr)

Operational performance

In 2024, Míla continued the fibre roll-out that commenced in 2016. At the end of the year 2024, 142 thousand households and businesses had the option of being connected to Míla´s fibre, which represents an increase of 7.000 between years. During the year, Míla´s Field Service Team visited over 10.000 homes, institutions and businesses to connect them to Míla´s fibre. Míla expanded further the 10x service (XGS-PON) all around Iceland and now 80% of Míla´s fibre optic network can reach 10x’s faster speeds. In the year, Míla invested in a few smaller municipality-owned fibre networks.

During the year, Míla’s Radio Access Network (RAN) reached nearly 90% of the population with 5G mobile coverage. A total of 35 new 4G mobile stations and 45 new 5G stations became operational. Míla now runs nearly 700 mobile stations across the country, 40 of which are shared by several mobile companies. 2025 will see the sunset of the 2G and 3G technologies. In 2022, the Company initiated the deployment of a new Dense Wavelength Division Multiplexing (DWDM) network across the country. This advanced optical system transmits light waves between locations, enabling high transmission speeds over long distances. The DWDM infrastructure supports the expansion of 4G and 5G services nationwide, as well as advanced fiber-optic broadband services for households and businesses. In 2024, Míla enhanced the network capacity in the Northeast of Iceland, achieving approximately 90% coverage of the country's perimeter with DWDM technology.

Endorsement and statement by the board of directors and the CEO

Míla employed an average of 148 full time employees (FTE) in 2024 (2023: 144). At the end of year, the workforce constituted of 15% women (2023: 8%) and 85% (2023: 92%) men. In the last year Míla has put great effort into achieving its long-term goals with respect to gender diversity. More information on Míla´s long-term targets on diversity can be found in the non-financial information in the appendix.

Information on matters related to financial and operational risk management is disclosed in note 22.

As presented in Subsequent Events, in December 2024, Míla's main competitor, Ljósleiðarinn, filed complaints against Míla with the Icelandic Competition Authority (ICA) and the Electronic Communications Office of Iceland (ECOI). These complaints are currently under review. If upheld, they could potentially lead to infringement decisions and potential fines against Míla. However, Míla has denied all allegations, asserting that it has fully complied with all applicable legal frameworks. The Company continues to cooperate with ECOI and ICA, providing the necessary information and clarifications to resolve the cases and confirm its compliance. Further details can be found in note 24.

Effects of seismic activity

Míla dedicated work over the year on maintaining telecommunications security in Reykjanes. Míla was in a state of alert for a total of 139 days and a state of emergency was in effect for 88 days due to volcanic activity and risk of eruptions in Reykjanes. It is uncertain whether, or when, residence or business activities will be possible again in Grindavík. The book value of Míla's telecommunications equipment in the area represents an insignificant amount in the balance sheet.

Share capital and Articles of Association

The total issued share capital at year end amounts to ISK 132.101.375. The share capital is divided into an equal number of shares with a nominal value of one ISK each. The company holds no own shares. The number of shareholders at year end 2024 was 2, unchanged between years. Sunstone III ehf. is the parent company of Míla Holding and owns 132.101.374 shares and Sunstone I Bis ehf. owns 1 share. The largest shareholders of Sunstone III are Sunstone II and KFM Eignarhaldsfélag slhf. ("KFM"), KFM controls 10% share for Icelandic pension funds. KFM is managed by Summa Management Company, which represents the interests of pension funds at shareholders' meetings of Míla hf. and Míla Holding hf. The ultimate parent company of Míla Holding is Ardian Infrastructure Fund V B SCS SICAV RAIF.

The Company's board of directors comprises seven members, three women and four men. The gender ratio is thus in accordance with Icelandic laws requiring companies with over 50 employees to ensure that the board has representation from both genders and that each gender comprises at least 40% of the board members when board members surpass three. The board members are elected at the Annual General Meeting, each for a term of one year.

The Board of Directors of Míla holds the supreme authority in the affairs of the Company between shareholders' meetings and is ultimately responsible for ensuring that the Company's business activities comply with law, the Articles of Association of the Company and other rules that apply to its activities. The Board shall also ensure adequate supervision of the Company's accounts and use of its assets.

Proposal for the annual general meeting

The board of directors of the Company will propose, at the annual general meeting of the Company, that no dividends should be paid to shareholders in 2025 in respect of the operating year of 2024, and refers to the annual financial statements regarding other changes in equity.

Corporate governance

The board of directors of the Company observes Icelandic recommendations on corporate governance, the Company's Articles of Association, the board's rules of procedure, the Company's Code of Ethics and applicable laws and regulations in force at any time.

Endorsement and statement by the board of directors and the CEO

The Company’s corporate governance is based on the Guidelines on Corporate Governance published by the Iceland Chamber of Commerce. The board of directors has prepared a corporate governance statement in compliance with the Icelandic Corporate Governance guidelines which are described in full in the corporate governance statement that form an unaudited appendix to the consolidated financial statements. It is the opinion of the board of directors that Míla Holding hf. complies with the Icelandic guidelines for Corporate Governance.

Non-financial reporting

According to the Icelandic Financial Statements Act, as a public-interest entity the Group has compiled a thorough overview of non-financial information. This includes key areas of sustainability according to the ESG Reporting Guide – Environment, Society and Governance - issued by Nasdaq. The Group has in recent years published a sustainability report in accordance with Nasdaq's 2021 ESG guidelines which can be accessed on the Group’s website. The Company's policies, material issues, goals and progress in key focus areas are further discussed in the Non-financial reporting that forms an unaudited appendix to the consolidated financial statements.

Statement by the board of directors and CEO

The annual consolidated financial statements of Míla Holding have been prepared on a going concern basis in accordance with IFRS Accounting Standards as adopted by the European Union and additional requirements in the Act on Annual Accounts, no. 3/2006.

According to our best knowledge it is our opinion that the consolidated financial statements give a true and fair view of the consolidated financial performance of the Group for the year 2024, its assets, liabilities, financial position as at 31 December 2024 and its consolidated cash flows for the year 2024.

Further, in our opinion, the consolidated financial statements and the endorsement of the board of directors and the CEO give a fair view of the development and performance of the Group's operations and its position and describes the principal risks and uncertainties faced by the Group

The board of directors and the CEO have today discussed the consolidated financial statements of Míla Holding hf. for the year 2024 and confirm them by means of their signatures. The board of directors and the CEO recommend that the consolidated financial statements be approved at the annual general meeting of Míla Holding hf.

Reykjavík, 3 April 2025

On the Board of Directors of the Company:

Marinó Örn Tryggvason, Chairman of the Board

Marion Emmanuelle Calcine

Leonard Rasche

Pauline Thomson

Oscar Cicchetti

Birna Ósk Einarsdóttir

Þórarinn V. Þórarinsson

Chief Executive Officer:

Erik Figueras Torras

The electronic signatures of the Board of Directors and CEO of the Company are included on the title page of the annual financial statement.

Independent Auditor´s report

To the board of directors and the shareholders of Míla Holding hf.

Opinion

We have audited the accompanying consolidated financial statements of Míla Holding hf. and its subsidiaries (the group) for the year 2024, excluding the endorsement and statement 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, 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS accounting 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 and the board of directors.

The consolidated financial statements comprise

- The endorsement and statement by the board of directors and the CEO.
- The consolidated Income Statement and other comprehensive income for the year 2024.
- The consolidated statement of financial position as at 31.12.2024.
- The consolidated statement of changes in equity for the year 2024.
- The consolidated statement of cash flow for the year 2024.
- Notes to the consolidated financial statements, which include material accounting policies and other explanatory information.

Endorsement and statement by the board of directors and the CEO and unaudited appendices are 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.

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
Impairment of goodwill and business relations *At year end 2024 goodwill amounts to ISK 27,5 billion and business relations amount to ISK 19,1 billion or total of 54% of total assets of the consolidation.* *The value of the goodwill and business relations relies on key assumptions applied by the management on estimated future cash flow of Míla as a single cash-generating unit, and other assumptions applied in the discounting rate used in the valuation of the estimated cash flow.* *Due to the relative sensitivity of certain inputs to the impairment testing process, and in particular the future cash flows of Míla and the determination of the discount rate, the valuation of goodwill and business relations is considered to be a key audit matter.* *No impairment loss has been recognized for intangible assets. The business relations are amortized over 15 years. Further information about goodwill and business relations can be found in notes 13, 25b, 25g and 25h in the Consolidated Financial Statement.*	*In our audit of the valuation of goodwill and business relations, we and our valuation experts have examined the company's management impairment test. Our audit procedures included:* *- Understanding management´s process for assessing the goodwill and business relations for potential impairment* *- Evaluation of the reasonability of the model used by management to calculate the value in use of the cash generation unit and if it complies with the requirements of IAS 36 Impairment of assets.* *- We assessed and tested the assumptions, methodologies, the weighted average cost of capital and other data used, for example by comparing them to external and historical data and by analyzing sensitivities in Míla´s valuation model.* *- Performing sensitivity analysis based on activity and our understanding of the future prospects to identify whether these scenarios could give rise to an impairment.* *- Evaluation of the presentation and disclosure of impairment testing, ensuring compliance with applicable accounting standards.*

Reporting on other information, including the including the endorsement and statement by the board of directors and the CEO

The board of directors and chief executive officer (CEO) are responsible for other information. The other information comprises of endorsement and statement by the board of directors and the CEO and unaudited appendices including corporate goverance statement and non-financial information statement, 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 endorsement and statement 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 endorsement and statement 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 report of endorsement and statement 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 IFRS accounting standards as adopted by the European Union (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.

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.

Independent Auditor´s report

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

Appointment

We were first appointed as auditors at the company's annual general meeting on 15 June 2023. Our appointment has been renewed annually at the company's annual general meeting representing a total period of uninterrupted engagement appointment of 2 years.

Reykjavík, 3 April 2025

PricewaterhouseCoopers ehf.

Valgerður Kristjánsdóttir

State Authorized public accountant

The electronic signature is included on the title page of the consolidated financial statement.

Consolidated income statement and other comprehensive Income

For the year ended 31 December 2024

	Note	2024	2023
Revenue	5	9.580	9.230
Cost of sales	6	(6.039)	(5.695)
Gross profit		**3.542**	**3.535**
Operating expenses	7	(3.029)	(2.872)
Operating profit		**513**	**663**
Finance income		99	104
Finance costs		(8.674)	(7.445)
Net exchange differences		0	4
Net finance costs	10	**(8.574)**	**(7.337)**
Loss before tax		**(8.062)**	**(6.674)**
Income tax	11	1.612	1.335
Loss for the period and other comprehensive loss		**(6.449)**	**(5.339)**

The notes on pages 13 to 28 are an integral part of these Consolidated financial statements.

Consolidated financial statements of Míla Holding hf. 2024 Amounts are in millions ISK

Consolidated statement of financial position

	Note	31.12.2024	31.12.2023
Assets			
Non-current assets			
Operating assets	12	29.577	28.131
Goodwill	13	27.534	27.534
Other intangible assets	13	19.451	20.436
Right-of-use assets	14	5.117	5.247
		81.680	81.348
Current assets			
Inventories		424	558
Accounts receivables	15	1.563	1.510
Receivables with related parties	23	853	0
Other assets		146	147
Cash and cash equivalents	16	1.551	1.035
		4.536	3.251
		86.216	**84.598**
Equity			
Share capital	17	132	132
Share premium		12.682	12.682
Accumulated deficit		(14.693)	(8.244)
		(1.879)	**4.570**
Liabilities			
Non-current liabilities			
Shareholder loans	18	51.891	45.938
Borrowings	18	25.283	22.386
Lease liabilities	19	5.016	5.110
Deferred tax liabilities	20	3.862	4.621
		86.052	78.055
Current liabilities			
Accounts payables		462	621
Accounts payables to related parties		0	1
Current maturities of lease liabilities	19	443	398
Current maturities of borrowings	18	261	81
Other current liabilities	21	877	872
		2.043	1.973
		88.095	**80.028**
		86.216	**84.598**

The notes on pages 13 to 28 are an integral part of these Consolidated financial statements.

Consolidated financial statements of Míla Holding hf. 2024 Amounts are in millions ISK

Consolidated statement of changes in equity
For the year ended 31 December 2024

	Share capital	Share premium	Accumulated deficit	Total equity
1.1.-31.12.2023				
Balance at 1.1.2023	132	12.682	(2.904)	9.910
Net loss for the period			(5.339)	(5.339)
Total equity 31.12.2023	**132**	**12.682**	**(8.244)**	**4.570**
1.1.-31.12.2024				
Balance at 1.1.2024	132	12.682	(8.244)	4.571
Net loss for the period			(6.449)	(6.449)
Total equity 31.12.2024	**132**	**12.682**	**(14.693)**	**(1.879)**

The notes on pages 13 to 28 are an integral part of these Consolidated financial statements.

Consolidated financial statements of Míla Holding hf. 2024 Amounts are in millions ISK

Consolidated statement of cash flows
For the year ended 31 December

	Note	2024	2023
Cash flows from operating activities			
Loss for the period		(6.449)	(5.339)
Adjustments for:			
Depreciation	12	4.622	4.448
Gain on sale of operating assets		(132)	(0)
Other items not affecting cash flows		2	(130)
Net finance cost	10	8.574	7.337
Income tax	11	(1.612)	(1.335)
		5.005	**4.980**
Changes in:			
Inventories		134	(97)
Account receivables and other short term receivables		(69)	243
Account payables and other short term payables		(172)	(1.246)
Cash generated from operating activities		**4.898**	**3.879**
Interest received		111	121
Interest paid		(2.571)	(2.236)
Income taxes paid		0	0
Net cash from operating activities		**2.438**	**1.765**
Cash flows from investing activities			
Acquisition of operating assets	12	(4.427)	(4.590)
Acquisition of intangible assets	13	(145)	(185)
Proceeds from sale of operating assets	12	134	6
Proceeds from non-current financial assets		23	22
Net cash used in investing activities		**(4.414)**	**(4.747)**
Cash flows from financing activities:			
Proceeds from subordinated shareholder loan	18	200	1.550
Proceeds from borrowings	18	2.800	0
Repayment of borrowings	18	(83)	0
Payment of lease liabilities	19	(424)	(429)
Other financing activities		0	(185)
Net cash from financing activities		**2.493**	**935**
Net increase (decrease) in cash and cash equivalents		516	(2.048)
Cash and cash equivalents at 1 January		1.035	3.081
Effect of movements in exchange rates on cash held		(1)	2
Cash and cash equivalents at 31 December	16	**1.551**	**1.035**

The notes on pages 13 to 28 are an integral part of these Consolidated financial statements.

Consolidated financial statements of Míla Holding hf. 2024 Amounts are in millions ISK

Notes to the consolidated financial statements

1. The Company

Mila Holding hf. (the "Company" or "Míla Holding") is a public limited liability company incorporated and domiciled in Iceland. The address of the Company's registered office is at Stórhöfði 22-30, 110 Reykjavík. The consolidated financial statements of the Company at 31.12.2024 comprise the Company and its subsidiary, Míla hf., together referred to as the "Group". The core business of the Group is to build and operate a telecommunications network in Iceland alongside the provision of telecommunication services and related services. The financial statements are a part of the consolidated financial statements of Míla Holding hf. and Sunstone II hf. Sunstone III ehf. is the Company's parent company. The ultimate parent company of Míla Holding is Ardian Infrastructure Fund V B SCS SICAV RAIF, which has its registered address at 26A, Boulevard Royal, L-2449 Luxembourg, Grand Duchy of Luxembourg.

2. Basis of accounting

a. Statement of compliance

The Group's consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as adopted by the EU and additional requirements in the Icelandic Act no 3/2006 on Annual Financial Statements. Details of the Group´s accounting policies are included in note 25.

These consolidated financial statements were approved for issue by the Board of Directors on 3 April 2025.

b. Basis of measurement

The Consolidated financial statements are prepared on the historical cost basis.

c. Functional and presentation currency

The Company's functional currency is Icelandic króna, ISK. These Consolidated financial statements are prepared in ISK. All financial information presented in ISK have been rounded to the nearest million, unless otherwise indicated.

d. Going concern

The consolidated financial statements are prepared on a going concern basis. The Group's management has made an assessment of the ability to continue as a going concern and is satisfied that the Group has the resources to continue. In making this assessment, management has taken into consideration the risk exposures facing the Group and the fact the entity has negative equity. The Shareholder loans are subordinated to the secured borrowings of the Group and are treated as equity in calculation of the Groups financial covenants, see further details in note 18.

3. Use of estimates and judgements

In preparing these Consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to estimates are recognized prospectively.

Assumption and estimation uncertainties

Information on assumptions and estimation uncertainties that have a risk of resulting in a material adjustment in the year ending 31 December 2024 is included in the following notes:

Note - 13	Impairment test of Goodwill
Note - 14, 19	Right-of-use assets and Lease Liabilities
Note - 20	Deferred tax liabilities

4. Changes in accounting policies

As of 1 January 2024, the Group implemented amendments to IAS 1 concerning classification of liabilities as current or non-current liabilities with covenants. The amendments clarify that a liability should only be classified as a long-term liability if the Group meets the loan covenants regarding the right to defer settlement of the liability for at least 12 months after the reporting period ends and management´s plans or expectations to exercise the right to defer settlement are in place and do not affect the classification. The amendments are applied retrospectively but have no effect on comparative amounts.

Consolidated financial statements of Míla Holding hf. 2024 Amounts are in millions ISK

Notes to the consolidated financial statements

5. Revenue

Revenue of service and goods are specified as follows:	2024	2023
Fixed access	4.175	3.957
Connectivity and Internet	2.625	2.636
Other core business	2.409	2.433
Revenue from sales of service and goods	372	204
Total	**9.580**	**9.230**

6. Cost of sales

Cost of sales is specified as follows:	2024	2023
Salaries and related expenses	1.057	955
Purchased service and goods	1.314	1.184
Operating costs of real estate	535	519
Depreciation	3.133	3.036
Total	**6.039**	**5.695**

7. Operating expenses

Operating expenses are specified as follows:	2024	2023
Salaries and related expenses	668	637
Other expenses	872	824
Depreciation	1.489	1.411
Total	**3.029**	**2.872**

8. Salaries and salary related expenses

Salaries and salary-related expenses is specified as follows:	2024	2023
Salaries	2.043	1.962
Contributions to pension funds	271	251
Other salary-related expenses	185	172
	2.499	**2.384**
Salaries and related expenses are specified as follows in the income statement:		
Cost of sales	1.057	955
Capitalised work	774	792
Operating expenses	668	637
	2.499	**2.384**

	2024	2023
Average number of full time employees	148	144
Full time employees end of year	148	144

Total salaries, commissions and benefits paid to the Group's Board of Directors and Míla's CEO in 2024 amounted to 32 m.kr. (2023: 57 m.kr.)

The Group is required to pay on mandatory and contractual basis contributions to pension funds. The Group has no further payment obligations once these contributions have been paid. The Group recognizes these contributions as salary related expenses when they become due.

9. Auditor´s fee

Auditor´s fee are specified as follows:	2024	2023
Audit PwC	24	11
Audit other than PwC	0	13
Other audit related services - other than PwC	0	27
	24	**51**

The auditor's fee is included in operating expenses (Note 7). Other services include service related to tax and legal service.

Consolidated financial statements of Míla Holding hf. 2024 Amounts are in millions ISK

Notes to the consolidated financial statements

10. Net finance costs

Finance income and finance cost are specified as follows:

	2024	2023
Finance income:		
Interest income	99	104
Total	**99**	**104**
Finance costs:		
Interest on borrowings	(8.432)	(7.235)
Interest on leases	(242)	(210)
Total	**(8.674)**	**(7.445)**
Net exchange rate differences	0	4
Net finance costs recognised in profit or loss	**(8.574)**	**(7.337)**

11. Income taxes

Reconciliation of effective income tax rate:

	2024		2023	
(Loss) before income tax		(8.062)		(6.674)
Income tax according to current tax rate	20,0%	1.612	20,0%	1.335
Income tax according to income statement	**20,0%**	**1.612**	**20,0%**	**1.335**

12. Operating assets

Operating assets are specified as follows:

	Telecom equipment	Buildings	Other equipment	Total
Cost				
Balance at 1.1.2023	50.882	3.716	777	55.375
Additions	4.357	162	70	4.590
Sales and disposals	(80)	33	(2)	(50)
Balance at 31.12.2023	**55.158**	**3.912**	**845**	**59.915**
Balance at 1.1.2024	55.158	3.912	845	59.915
Additions	4.173	213	41	4.427
Reclassification	(23)	23		
Sales and disposals	0	(17)	(15)	(32)
Balance at 31.12.2024	**59.309**	**4.130**	**871**	**64.310**
Depreciation				
Balance at 1.1.2023	(27.178)	(1.235)	(551)	(28.964)
Depreciation	(2.667)	(153)	(45)	(2.866)
Sales and disposals	44	(1)	2	45
Balance at 31.12.2023	**(29.801)**	**(1.389)**	**(594)**	**(31.784)**
Balance at 1.1.2024	(29.801)	(1.389)	(594)	(31.784)
Depreciation	(2.761)	(168)	(50)	(2.979)
Reclassification	1	(1)	0	0
Sales and disposals	0	16	14	30
Balance at 31.12.2024	**(32.561)**	**(1.542)**	**(630)**	**(34.733)**
Carrying amounts				
At 31.12.2023	25.357	2.523	251	**28.131**
At 31.12.2024	26.748	2.588	241	**29.577**

The official real estate valuation of buildings owned by the Group is 2.018 m.kr (2023: 2.024 m.kr) and insurance value 4.597 m.kr (2023: 4.581 m.kr). Insurance value of other equipment is 10.310 m.kr (2023: 8.854 m.kr).

Consolidated financial statements of Míla Holding hf. 2024 Amounts are in millions ISK

12. Operating assets continued

Total depreciation is specified as follows in the income statement:

	2024	2023
Cost of sales	3.133	3.036
Operating expenses	1.489	1.411
Total	**4.622**	**4.448**

Useful life is specified as follows:

Telecom equipment	7 - 30 years
Buildings	15 - 33 years
Other equipment	3 - 15 years

13. Goodwill and other intangible assets

Goodwill and other intangible assets are specified as follows:

	Goodwill	Business relations	Software	Total
Cost				
Balance at 1.1.2023	27.534	21.684	937	50.155
Additions	0	0	185	185
Balance at 31.12.2023	**27.534**	**21.684**	**1.122**	**50.340**
Balance at 1.1.2024	27.534	21.684	1.122	50.340
Additions	0	0	145	145
Balance at 31.12.2024	**27.534**	**21.684**	**1.267**	**50.485**
Amortisation				
Balance at 1.1.2023	0	(539)	(722)	(1.261)
Amortisation	0	(1.019)	(90)	(1.109)
Balance at 31.12.2023	**0**	**(1.558)**	**(812)**	**(2.370)**
Balance at 1.1.2024	0	(1.558)	(812)	(2.370)
Amortisation	0	(1.019)	(110)	(1.129)
Balance at 31.12.2024	**0**	**(2.578)**	**(922)**	**(3.499)**
Carrying amounts				
At 31.12.2023	27.534	20.126	310	**47.970**
At 31.12.2024	27.534	19.106	345	**46.986**

Business relations consist of customer relationships and the Míla trademark.

Useful life is specified as follows:

Software	2 - 15 years
Business relations	15 years

Annual test for impairment

Goodwill is tested for impairment annually or more frequently if there is an indication of impairment. The purpose of impairment testing is to determine whether the recoverable amount exceeds the carrying amount of property, plant and equipment, right-of-use assets, goodwill and other intangible assets. The impairment test is based on Míla as a cash generating unit (CGU). The recoverable amount of the cash generating unit was based on its value in use and is determined by discounting the future cash flows generated from the continuing use of the CGU. Cash flows were projected based on actual operating results and a 10 year business plan based on long term targets that management has set regarding profitability and growth. Management believes that this forecast period was justified due to the long-term nature of the business. The Weighted Average Cost of Capital (WACC) is based on external market information about market risk, equity ratio and interest rates. The post-tax discount rate is 8,83%.

Consolidated financial statements of Míla Holding hf. 2024 Amounts are in millions ISK

13. Goodwill and other intangible assets continued

The goodwill impairment test conducted at year end confirmed that the recoverable amount exceeds the carrying amount and no impairment is required. A sensitivity analysis showed that the valuation is sensitive to changes in future growth, EBITDA and WACC. A change in WACC from 8,83% to 9,08%, change of future growth from 3% to 2,5% or EBITDA change by -5% would result in an impairment.

The key assumptions used in the estimation of the recoverable amount are set out below:

	2024	2023
Future growth	3,0%	3,0%
Compounded average revenue growth 2025-2034/2024-2030	6,7%	7,6%
Compounded average EBITDA growth 2025-2034/2024-2030	9,6%	11,2%
WACC	8,83%	8,77%
Equity ratio	38,0%	35,0%
Pre-tax interest rate for debt	9,0%	9,0%

14. Right-of-use assets

The Group leases telecom equipment, land & buildings and other equipment like vehicles. Most of the Groups´leases are capitalized in accordance with IFRS 16. Leases with a lease term of less than one year or an insignificant value are not capitalized. For leased sites without a contractual definite lease term, the Group estimates the lease term to be 15 years and revalues the lease term every five years and more often if needed.

Right-of-use assets are specified as follows:	Telecom equipment	Land & Buildings	Other equipment	Total
Cost				
Balance at 1.1.2023	229	5.460	86	5.775
New leases	0	198	24	222
Eliminated on disposal and termination	0	(200)	(25)	(225)
Remeasurement/indexation	12	1.060	0	1.072
Balance at 31.12.2023	**241**	**6.518**	**85**	**6.844**
Balance at 1.1.2024	241	6.518	85	6.844
New or renewed leases	0	119	24	143
Eliminated on disposal and termination	(7)	(87)	(19)	(113)
Remeasurement/Indexation	8	291	4	303
Balance at 31.12.2024	**242**	**6.841**	**94**	**7.177**
Depreciation and impairment losses				
Balance at 1.1.2023	(43)	(1.149)	(33)	(1.225)
Depreciation	(15)	(430)	(28)	(473)
Eliminated on disposal and termination	0	81	20	101
Balance at 31.12.2023	**(58)**	**(1.498)**	**(41)**	**(1.597)**
Balance at 1.1.2024	(58)	(1.498)	(41)	(1.597)
Depreciation	(14)	(476)	(24)	(514)
Eliminated on disposal and termination	7	25	19	52
Balance at 31.12.2024	**(65)**	**(1.949)**	**(46)**	**(2.060)**
Carrying amounts				
At 31.12.2023	183	5.020	44	**5.247**
At 31.12.2024	177	4.893	48	**5.117**

Consolidated financial statements of Míla Holding hf. 2024 Amounts are in millions ISK

15. Accounts receivable

Accounts receivable are specified as follows:

	2024	2023
Accounts receivable	1.569	1.532
Allowances for doubtful accounts	(7)	(21)
Accounts receivable total	**1.563**	**1.510**

An allowance has been made for doubtful accounts. This allowance has been determined by management with reference to expected credit loss (ECL). The Group´s exposure to credit risk is disclosed in note 22.

Movement in the allowance for doubtful accounts:

	2024	2023
Balance at the beginning of the year	21	24
Impairment losses recognised on receivables	(15)	(3)
Balance at the end of the year	**7**	**21**

16. Cash and cash equivalents

Cash and cash equivalents are specified as follows:

	2024	2023
Bank deposits	1.551	1.035
	1.551	**1.035**

17. Share Capital

The total issued share capital at year-end amounts to ISK 132.101.375, with each share having a nominal value of one Icelandic Króna, unchanged from the previous year. All issued shares are fully paid. In accordance with the Act on Public Limited Companies, companies are required to allocate a portion of their annual profit to a statutory reserve until the reserve reaches 25% of the nominal value of the share capital.

18. Borrowings

This note provides information on contractual terms of the Group's interest-bearing borrowings, which are measured at amortized cost, and changes during the year.

	Year of Maturity	2024	2023
Borrowings are specified as follows:			
Secured bond in ISK - CPI Indexation + 2,2%	2029	6.795	6.549
Secured bank loans in ISK - REIBOR + 2,65%	2029	19.282	16.500
Shareholder loan ISK - REIBOR + 2,9%	2031-2033	51.891	45.938
		77.968	**68.986**
Unamortised borrowing- and commission fees		(534)	(582)
Total		**77.435**	**68.405**

Aggregated annual maturities are as follows:

	2024	2023
Payments 2025/ 2024	261	81
Payments 2026/2025	277	239
Payments 2027/2026	297	256
Payments 2028/2027	334	274
Payments 2029/ 2028	24.909	295
Payments 2030/2029	0	21.904
Payments later	51.891	45.938
Total	**77.968**	**68.986**

Changes in borrowings during the period are as follows:

	2024	2023
Borrowings at beginning of year	68.986	61.935
New borrowings	3.000	1.996
Payments	(83)	0
Accrued interest and indexation	6.065	5.055
Borrowing at end of year	**77.968**	**68.986**

Amounts are in millions ISK

Notes to the consolidated financial statements

18. Borrowings continued

The Shareholder loans are subordinated to the secured bond and bank loans, pursuant to the terms of an Intercreditor agreement signed by Sunstone III, Míla Holding, the bond agent of the secured bond and the creditors of the secured bank loans. Accrued interests of the shareholder loan amounted to 5.753 m.kr at 31 December 2024 (2023: 4.573 m.kr.) and is added to the principal at the end of the year. Míla Holding hf. has the option to postpone payments of interests until the end of the loan period and has exercised that right.

a. Pledged assets

Pledged assets against borrowings

The company has pledged its shares in Míla and it´s bank accounts as a security for the secured borrowings. The book value of the shares of Míla in the financial statements of the parent company as at 31.12.2024 amounted to 45.263 m.kr. In addition Míla hf. has provided a guarantee of 19.200 m.kr and pledged it´s bank accounts as a security of the secured borrowings of the Company. The company has signed a negative pledge.

b. Secured borrowings

The Group´s secured borrowings are subject to various covenants and included covenants that need to be complied with within 12 months of the reporting date. The Group complied with the financial covenants at the testing dates in 2024 and the Group expects to comply with the covenants within 12 months after the reporting date.

19. Lease liabilities

This note provides information on the Group's lease liabilities, which are measured at amortized cost, and changes during the year.

	Telecom equipment	Buildings	Other equipment	Total
Lease liabilities 1.1.2023	208	4.503	56	4.767
Payments	(14)	(389)	(27)	(430)
Additions, terminations and indexation	0	198	24	222
Remeasurement/indexation	13	1.060	0	1.073
Terminated leases	0	(119)	(5)	(124)
Lease liabilities 31.12.2023	**207**	**5.253**	**47**	**5.508**
Lease liabilities 1.1.2024	207	5.253	47	5.507
Payments	(14)	(387)	(24)	(424)
Additions, terminations and indexation	9	409	28	446
Terminated leases	0	(70)	0	(70)
Lease liabilities 31.12.2024	**202**	**5.206**	**52**	**5.459**

	2024	2023
Aggregated annual maturities are as follows:		
Payments 2025/2024	443	398
Payments 2026/ 2025	381	407
Payments 2027/2026	390	354
Payments 2028/2027	405	361
Payments 2029/2028	407	375
Payments later	3.433	3.613
	5.459	**5.508**
Amounts in income statement:		
Interest expenses	243	215
Depreciation	514	473
Amounts in statement of cash flows:		
Payments	424	429
Interest expenses	252	205
Total payments	**676**	**634**

Consolidated financial statements of Míla Holding hf. 2024 Amounts are in millions ISK

19. Lease liabilities continued

Extension options

Most of the Group's real estate leases are for a specified term and are automatically renewed for one year at a time unless terminated within a predetermined notice period. Where cost-effective, the Group seeks to include extension rights in lease agreements to maintain operational flexibility. Lease agreements are generally assumed to have a lease term of 15 years. Lease terms are typically reevaluated every five years and if significant changes in circumstances occur. A revaluation was conducted 31.12.2023 which resulted in a lease liability adjustment of 825 m.kr. Leases with a low value or a duration of less than one year are excluded from lease liabilities. Total expenses for non-capitalized real estate and co-location leases amounted to 2,5 m.kr in 2024, while expenses for non-capitalized vehicle leases were 20 m.kr. Expired vehicle lease contracts are not capitalized.

20. Deferred tax liabilities

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

	2024	2023
Deferred tax at the beginning of the year	4.621	5.956
Income tax recognised in the income statement	(1.612)	(1.335)
Effects of joint taxation	853	0
Deferred tax liability at the end of the year	**3.862**	**4.621**

The deferred tax liability is allocated as follows:

	2024	2023
Property, plant and equipment	6.791	6.648
Lease assets	1.023	1.049
Lease liabilities	(1.090)	(1.099)
Tax loss carry forward	(2.881)	(1.992)
Other items	19	16
	3.862	**4.621**

The Company recognises deferred income tax assets on carried forward tax losses to the extent there are sufficient estimated future taxable profits and/or taxable temporary differences against which the tax losses can be utilised. Tax loss carryforward is as follows:

	2024	2023
Tax loss carryforward 2023, utilised before 2033	5.697	9.961
Tax loss carryforward 2024, utilised before 2034	8.710	0
	14.407	**9.961**

The Company is part of a tax consolidation under which the parent company, Sunstone II hf and its subsidiaries are subject to joint taxation. The tax expense is allocated to each company based on their respective taxable income. According to managements plans, the taxable losses will be will be fully utilised in a joint taxation with the parent company and against future taxable profit.

21. Other current liabilities

Other current liabilities are as follows:	2024	2023
Salaries and related expenses	492	523
VAT	183	154
Accrued interests on borrowing	202	192
Other short-term liabilities	0	3
Other liabilities total	**877**	**872**

Consolidated financial statements of Míla Holding hf. 2024 Amounts are in millions ISK

22. Risk Management

Risk Management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. Annually, the Board of Directors reviews the Group's risk policy. The Group's risk management policy has the purpose of maintaining an overview and appropriate management of risk in the Group's operations for the benefit of the community, customers, employees, and shareholders. Under the risk policy, definitions of roles and responsibilities are set out to ensure that risks are managed effectively. The Board of Directors and management manage the Group's risk in accordance with the Group's risk limits.

The Group operates a Security Committee that approves risk management procedures and is a consultation forum regarding risk management and monitors that the Group is operating in accordance with the risk policy. The Group's Executive Board is responsible for the implementation of Group's risk policy and to ensure operation of organisational structure for risk management and a coordinated risk management process. The Group identifies and handles risks in its operations through regular risk assessment, targeted monitoring, and action.

The role of the Group Audit and Risk Committee include promoting good corporate governance and providing an independent and objective opinion on the audit process, internal controls and reporting to the Board. Furthermore, the Committee supervises the process of preparing financial statements and supervises the organisation and effectiveness of the Group's internal controls, internal audit, and risk management, as well as supervising the audit of the Group's financial statements and consolidated accounts.

a. Operational risk

The Group defines operational risk as events which could affect business continuity, infrastructure investments and the availability to services to customers as well as information and cyber security, and privacy of identifiable information. Also risks related to compliance, accounting and taxes. The group has implemented appropriate measures to address operational risks and on a regular basis identifies and handles risks in its operations through regular risk assessment, targeted monitoring, and action.

Míla's business activities are subject to Icelandic law and regulations. In addition, Míla operates in accordance with current decisions of the Electronic Communications Office of Iceland (ECOI) and Decision 16/2023 of the Competition Authority. Various obligations apply to the Company based on the above decisions, including non-discriminatory access by telecommunications companies to Míla's systems and services. The Group has implemented appropriate measures to address regulatory and compliance risks, ensuring full adherence to applicable laws and decisions. Robust internal controls and monitoring mechanisms are in place to mitigate potential risks and maintain compliance with regulatory requirement.

b. Capital risk

The Group manages capital to ensure that the Group will be able to continue on a going concern basis while maximizing the return to stakeholders though the optimization of the debt and equity balance.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 18, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in the Statement of Changes in Equity.

c. Financial risk management objectives

The Group's operations, assets, liability and equity are exposed to risks. These risks include market risk, credit risk and liquidity risk. The Group's financial management is within the Group's policies approved by the Board of Directors. The Group does not enter into trade financial instruments, including derivative financial instruments, for speculative purposes.

i) Market risk

Interest rate risk

The Group is exposed to interest rate risks as the majority of the Groups's borrowings are with nominal floating interest rates. Changes in interest rates affects interest revenue and interest expenses in the income statement. The Group's interest bearing liabilities are higher than interest bearing assets. There is a risk that possible increase in interest leads to an increase in net interest expenses.

Notes to the consolidated financial statements

i) Market risk continued

Sensitivity analysis on interest rate change was done according to the balance of financial assets and liabilities in the end of the year. At the end of the year 2024 borrowings with floating interest rate for the next 12 months amounted 71.173 m.kr. The analysis assumes unchanged balance of borrowings during the year. Interest rate increase of 100 points, with other assumptions unchanged, lowers the income and equity of 712 m.kr. before tax (2023: 624 m.kr.)

Foreign currency risk

Financial assets and liabilities in foreign currency are insignificant compared to those in Icelandic króna. Currency fluctuation has therefore not material effect on the Group's operations and financial position.

ii) Credit risk

Credit risk is the risk of the Group's financial loss if its customer or counterpart to a financial instrument is unable to meet its agreed obligations. The Group's exposure to credit risk is limited to financial assets listed on the balance sheet, as well as certain guarantees. The Group regularly monitors the development of the assets related to credit risk, as the Group's business requirements are handled by a small number of customers where only wholesale transactions are involved.

The maximum credit risk is detected as follows:

	Maximum possible losses	
	2024	**2023**
Accounts receivables	1.563	1.510
Receivables with related parties	853	0
Bank balances	1.551	1.035
Other receivables	45	109
Other financial assets	10	38
	4.021	**2.693**

The majority of the Group's receivables are payable within 90 days. The Group generates an allowance for doubtful accounts. This allowance has been determined by management with reference to expected credit loss and past default experience, general economic conditions and an assessment of both the current as well as expected conditions.

The following table shows the age distribution of receivables

	Nominal value		Allowance for doubtful accounts	
	2024	**2023**	**2024**	**2023**
Not past due	1.561	1.521	3	16
Less then 60 days past due	0	0	0	0
61-180 days past due	4	0	1	0
180-360 days past due	1	9	1	4
More than 360 days past due	11	1	1	1
	1.578	**1.531**	**7**	**21**

The Group's credit risk is mainly determined by its customer's financial position and operation. The Group writes off an accounts receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. The collection rate is high at Míla. Write-offs in year 2024 were 0 m.kr. (2023: 0 m.kr.). No loss risk is assessed on other receivables.

iii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulties in meeting its financial obligations in the near future. The Group manages this risk by monitoring forecast and actual cash flows and ensuring adequate reserves. The following table analyses the Group's obligations by their due dates. The table is based on undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The Group may elect not to pay accrued interest on borrowings from it´s parent company, in which case such interest will be added to the principal at year end.

Consolidated financial statements of Míla Holding hf. 2024 Amounts are in millions ISK

iii) Liquidity risk continued

Contractual installments on financial liabilities, including estimated interest payments, are distinguished as follows:

31 December 2024	< 1 year	1-2 years	2-5 years	> 5 years	Total
Borrowings from parent company	5.877	5.877	23.943	62.478	98.174
Other borrowings	2.596	2.596	31.853	0	37.045
Long-term lease liabilities	680	598	1.748	4.238	7.264
Accounts payables	1.138	0	0	0	1.138
	10.290	9.071	57.544	66.716	143.621

31 December 2023	< 1 year	1-2 years	2-5 years	> 5 years	Total
Borrowings from parent company	5.708	5.708	17.123	61.634	90.173
Other borrowings	2.264	2.386	7.164	23.646	35.460
Long-term lease liabilities	643	633	1.665	4.541	7.482
Accounts payables	1.571	0	0	0	1.571
	10.186	8.727	25.952	89.821	134.686

23. Related Party

Shareholders who have a significant impact on the Group's operations, directors and their close family members and legal entities controlled by them are considered as related party.

Transactions with related parties and balances at the end of 2024:

	Purchased service & products	Sold services	Interest Income/ expenses	Receivables	Payables
Sunstone II hf	0	0	0	853	0
Sunstone III hf	0	0	(5.753)	0	51.891
	0	0	(5.753)	853	51.891

Transactions with related parties and balances at the end of 2023:

	Purchased service & products	Sold services	Interest Income/ expenses	Receivables	Payables
Sunstone III hf	(22)	0	(4.573)	0	45.939
	(22)	0	(4.573)	0	45.939

24. Subsequent event

In early 2024, Mila requested the Icelandic Competition Authority (ICA) to materially revise the 2022 Settlement Agreement (Settlement) in consideration of the increased competition in the Icelandic telecommunications market as, e.g., evidenced in the draft market analysis by the Electronic Communications Office of Iceland (ECOI), dated 15 September 2023, and confirmed in the final ECOI market analysis dated 14 May 2024. ICA accepted the request as sufficiently grounded on 3 July 2024. The requested amendments to the 2022 Settlement would permit Mila greater operational flexibility in the affected markets, resulting in a more dynamic market at both wholesale and retail level. Several interactions have taken place with ICA to this regard and Míla has provided further evidence and reasoning for why it is essential in markets where Míla does not have market dominance to withdraw the restrictions of the Settlement that have applied to Míla since 2022.

Consolidated financial statements of Míla Holding hf. 2024 Amounts are in millions ISK

24. Subsequent event continued

In December 2024, Míla’s main competitor, Ljósleiðarinn, submitted complaints to ICA and ECOI where it is maintained that Míla has infringed obligations that apply to the company on the basis of the Telecom Act and Competition Act. These complaints have directly affected the revision of the Settlement which has been temporarily paused until 1 October 2025. Infringement decisions may potentially result with fines being imposed on Mila. However, Míla has denied all allegations made by its competitor, which holds a dominant market position in the Greater Capital Area and is a subsidiary of Reykjavik Energy. Míla maintains its position that it has been in full compliance with the applicable legal frameworks and has in good faith implemented and complied to the 2022 Settlement. Míla will during 2025 continue to cooperate with ECOI and ICA, providing the necessary information and clarifications to resolve the cases and confirm its compliance.

25. Summary of Significant Accounting Policies

The following accounting methods have been used in accordance with the International Financial Reporting Standards (IFRS) for all time periods presented in the annual report and additional requirements in the Icelandic Act no 3/2006 on Annual Financial Statements.

a. Basis of Consolidation

i) Business Combinations

The Group accounts for business combinations using the acquisition method which results in the recognition of goodwill and other intangible assets. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. The fair value amounts allocated to the acquired assets and liabilities are based on assumptions and estimates about their fair values. A change in assumptions and estimates could change the values assigned to certain assets and their estimated useful lives, which could affect the amount or timing of amortization and depreciations charged to the income statement. The Group has one year from the acquisition date to adjust the initial accounting of the business combination to reflect new information that could have impact on the measurement of fair value at the acquisition date.

ii) Subsidiaries

The Consolidated Financial Statements incorporate the financial statements of the Company and its subsidiaries. Subsidiaries are companies where the company has control. Control exists when the company can directly or indirectly control the decisions made in the subsidiary.
Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.
Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the noncontrolling interests. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Company's accounting policies. All intercompany assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Company are eliminated in full on consolidation.

b. Goodwill

Goodwill is not amortized but is reviewed for impairment at least annually. For impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If their book value is higher than their value than an impairment loss has occurred. Goodwill is first impaired, then other assets belonging to the cash-generating unit. An impairment loss recognized for goodwill is not reversed in subsequent periods.

c. Revenues

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a good or service to a customer.

(i) Core business

The core business of the Group is to sell access to Míla's network and co-location services. Revenues are recognized in the income statement according to the service´s subscription period.

(ii) Sale of services

Revenues originating from services provided by Míla hf are recognized in the Income Statement upon completion of the service provision.

(iii) Product sale

Revenues from sale of goods are evaluated at fair value. Revenues are recognized on the income statement once a transfer of control has completed.

d. Foreign currency

The Consolidated financial statements is presented in the Icelandic króna, ISK which is the Group functional currency. Monetary assets and liabilities denominated in foreign currencies are recognized at the exchange rate of the reporting date. Exchange differences arising from transactions in foreign currencies are recognizes in the Statement of Comprehensive income.

e. Income tax

Income tax expense consists of income tax payable and deferred income tax.

(i) Income tax payable

Income tax payable is based on taxable profit for the period. Taxable income differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible.

(ii) Deferred income tax

Deferred income tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

(iii) Taxes of the period

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in Other comprehensive Income or directly in equity, in which case, the current and deferred tax are also recognized in Other Comprehensive Income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

f. Operating assets

Assets are recorded as operating assets when it is likely that an economic benefit for the Group is associated with the asset, cost-benefit analysis can be performed with certainty and the cost of the asset can be measured in a reliable manner. Operating assets are recorded at original purchase price less accumulated depreciation and impairments. Depreciation is recorded on a straight line basis over its useful life. Depreciation methods, estimation of useful life and residual value is reassessed regularly. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset at the date of the sale transaction and is recognized in the income statement.

g. Intangible assets

Intangible assets are recorded on purchase price less accumulated amortization.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are identified and recognized separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably. The cost of such intangible assets is their fair value at the acquisition date. After initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets acquired separately.

h. Impairment of non - financial assets

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Non-financial assets other than goodwill that suffer impairment are reviewed for possible reversal of the impairment at each reporting date.

Assets held for sale which are valued at fair value are reviewed at each reporting date. At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflow (CGUs) from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from business combinations is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination. The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized in the income statement. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis. An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

i. Inventory

Inventories are stated at the lower of cost and net realizable value. Inventory consists of supplies.

j. Obligations

An obligation is recognized when the Group has a legal or probable obligation to pay due to prior events and it‘s possible to estimate it‘s amount with certainty. The obligation amount is based on best possible estimation on reporting date. If the obligation is estimated from expected future cash flows, the obligation is recorded according to expected present cash flow.

No obligation in recognized in the financial statements.

k. Financial assets

Financial assets are classified at amortized cost. The classification is determined upon initial registration and depends on the nature and purpose of the financial asset. All general transactions with financial assets are recorded on transaction date. General business means buying and selling of financial assets based on a contract or market practices regarding payment conditions.

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Income is recognized on an effective interest basis for debt instruments other than those financial assets that are measured at fair value in the income statement.

k. Financial assets continued

Accounts receivables and loans are recognized at amortized cost less impairment. Interest revenues are recorded with respect to effective interest method except when they are deemed to be insignificant.

Financial assets recognized at amortized cost

Financial assets measured at amortized cost are financial assets with constant or pre-determined payments that are not recorded on an active market. Such assets are initially recognized at fair value with related additional transaction costs. After initial registration accounts payable and receivables are recognized at amortized cost based on effective interest method, less impairment when applicable. Financial assets on amortized cost consists of cash and cash equivalents, securities, contracts, accounts receivables and other receivables.

Impairment of financial assets

On reporting date, the book value of the financial assets is evaluated in order to check whether there is an indication of impairment. Impairment has occurred if expected future cash flows based on effective interest method is lower than the book value. If the impairment no longer applies it is reversed in the income statement but never above the book value before amortization. Certain types of financial assets such as trade receivables are recorded at nominal amount with respect to amortization. Provision for losses on accounts receivable is an estimation of the amount of doubtful debt that will need to be written off during a given period.

Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

l. Financial liabilities

Financial liabilities are classified as other financial liabilities.

Other financial liabilities

Other liabilities, including liabilities to financial institutions and trade payables are recorded initially at fair value less transaction costs. At a later assessment they are recognized at amortized cost based on the effective interest method.

Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled, or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

m. Leases

The Group assesses whether a contract is, or contains a lease, at inception of the contract. When assessing whether a lease includes control of a specific asset, the Group uses the definition of a lease in IFRS 16.

(i) The Group as a lessor

The Group offers co-location services and fibre rental to other telecommunications companies. All leases can be terminated with one to nine months' notice or less. The Group classifies all leases as operating leases.

(ii) The Group as a lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

(ii) The Group as a lessee continued

A right-of-use asset is initially measured at the amount equal to the initial measurement of lease liability. right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

In determining lease liability, Lease payments include the following:
– Fixed payments, including lease payments that are normally fixed;
– Variable lease payments depended on an indexation or interests, valued at their original payment value;
– Amounts expected to be payable by the lessee under residual value guarantees; and
– Purchase price according to call option in lease agreement when the Group expects to exercise that option, lease payments on extension periods when the Group expects to extend the lease and payments for termination of the lease before the end of the lease term, unless the Group is certain not to terminate the agreement as allowed.

Lease liability is recorded at net book value with respect to effective interest method. The liability is revaluated when there is a change in future lease payments with respect to index or interest rate, if if the Group expects a change in value due to residual value guarantees, if the Group expects changes in extension or termination on the lease period or when there is a change of a lease payments which are by nature, fixed. When lease liability is revaluated the book value of the right-of-use asset is adjusted accordingly, or recorded in the income statement if the book value of the right-of-use asset has been recorded at salvage value.

26. New Accounting standards and interpretations issued but not yet adopted

Certain new accounting standards and amendments to accounting standards have been published that are not mandatory for 31 December 2024 reporting periods and have not been early adopted by the group. The group's assessment of the impact of these new standards and amendments is set out below.

a. IFRS 18 Presentation and Disclosure in financial statements (effective for annual periods beginning on or after 1 January 2027)

The Group is still in the process of assessing the impact of the new standard, particularly with respect to the structure of the Group´s statement of profit or loss, the statement of cash flows and the additional disclosures required for management performance measures. The group is also assessing the impact on how information is grouped in the financial statements.

Corporate governance statement - unaudited

The Group's (hereafter Míla or the Company) strong corporate governance supports open and reliable communication between the board of directors, shareholders, customers, and other stakeholders. The Company's board of directors places a great emphasis on good corporate governance and reevaluates its corporate governance practices annually with regards to recognized corporate governance guidelines.

Corporate governance framework

The Group's corporate governance is defined as a framework of principles and rules. It is based on Icelandic law, supported by Articles of Association, the operating rules of the board, the Company's code of ethics, the Company's competition compliance program and guidelines on Corporate Governance issued July 2021 by the Iceland Chamber of Commerce, Nasdaq OMX Nordic Iceland and the Confederation of Icelandic Employers, accessible on Iceland Chamber of Commerce website, www.vi.is

Corporate governance defines and dictates how the Group is governed and managed, including the interactions between the CEO, who is responsible for day-to-day management, the board of directors, shareholders, regulators, and other stakeholders. The Group is committed to act in accordance with recognized general principles aimed at ensuring good corporate governance practices.

Ownership, role and values

Míla is a public limited liability company and operates on the basis of Act No. 2/1995 on Public Limited Companies. The Company is a subsidiary of Míla Holding hf..

The core business of the Group is to build and operate telecommunications networks in Iceland, as well as provide telecommunications and related services. The mission of Míla is to ensure secure telecommunications throughout Iceland, with the best available quality at all times. The key objectives are satisfied and proud employees with strong corporate social responsibility, customer satisfaction, equal access to Míla's service, reliability, quality and continuous improvement. Míla's values are: Progressive, Reliable and Trustworthy. Míla's vision is to be an outstanding service company in the development and operation of telecommunications infrastructure and related services in Iceland.

Communication between shareholders and the board of directors

Shareholders' meetings, within limits established by the Company's Articles of Association and statutory law, are the supreme authority in the Company‘s affairs as well as the primary means of communication between shareholders and the board of directors.

Articles of Association contain rules regarding the Company's purpose, it's share capital, shareholders' meetings, board of directors, annual accounts and auditing.

The Company's board of directors has the highest authority in the Company´s affairs between shareholders meetings and must ensure that the Company´s organization and operations are always in good shape. The board's communications with shareholders can be characterized by openness, clarity and consistency.

The Company's CEO undertakes the management of the Company's daily operations and represents the Company in all matters pertaining to ordinary operation. The CEO and has decision making power in all its matters that are not entrusted to others by the operating rules of the board or law.

The Company's annual general meeting shall be held before the end of August each year and other shareholders' meetings are convened as needed.

The Company aims to have equal gender ratio on the board of directors, management board and the Company's senior management. Equal gender division and diversity within the Company are taken into account with new hires as well as professional development within the Company. The Company has established and published a human resources and human rights policy on the company's website. The Equality certification was reaffirmed in November 2024.

Board of directors

The board considers its composition consistent with the Company's operations and policies so that it is able to handle the affairs of the Company with efficiency and integrity. The background and education of board members is diverse.

The Board of Directors:

Marinó Örn Tryggvason, Chairman of the Board, born May 25, 1978, residence in Garðabær. Marino was elected Chairman of the Board at the company's Board meeting in October 2023. Marinó has a BSc in business administration from the University of Iceland and has completed a degree in securities trading. Marinó has held management positions in the financial section for over 20 years. Since 2024, he has been working at ARMA Advisory, a firm he co-founded. Marinó is an independent member of the company's Board of Directors.

Marion Emmanuelle Calcine, born 4 March 1984, residence in France. She was elected to the Board of Directors of Míla in October 2022. Marion is Chief Investment Officer at Ardian Infrastructure, member of the Executive Board of Ardian France and a former board member of Ardian portfolio companies 3NEW, 4NEW, 2i Rete Gas, Trados M45. She is a graduate of the École Nationale de la Statistique et de l'Administration Économique with a master's degree in mathematics and statistics and a certified actuary. Marion joined Ardian in 2007.

Pauline Thomson, born 13 February 1987, residence in France. She was elected to the Board of Directors in October 2022. Pauline is Managing Director and Head of Science at Ardian and is a Board Member of Jules I, a UK based holding company of Verne. Pauline holds a master's degree in politics and finance from Sciences Po Paris. Pauline joined Ardian in 2011.

Leonard Rasche, born 6 May 1992, residence in Germany. He was elected to the Board of Directors of Míla in February 2023. Leonard is a Director in the Ardian Infrastructure team in Frankfurt. Prior to joining Ardian, Leonard was part of Macquarie Capital’s infrastructure advisory group in London. Leonard holds a master’s degree in economics and policy of Energy and Environment from University College London. Leonard joined Ardian in 2021.

Birna Ósk Einarsdóttir, born 9 April 1976, residence in the Netherlands. She was elected to the Board of Directors in October 2022. Birna is the Chief Commercial Officer at APM Terminals and has been a Board member of Almannarómur since 2019. Previously, she sat on the Board of Directors of Skeljungur and has also served as Chief Commercial Officer at Icelandair, VP of marketing and business development at Landsvirkjun and Chief Commercial Officer at Síminn. Birna is a board member of Skel and has a master’s degree in leadership and Strategy from the University of Iceland. Birna is an independent board member of the Company.

Þórarinn V. Þórarinsson, born 25 June 1954, residence in Reykjavík. He was elected to the Board of Directors in October 2022. Þórarinn is a practicing Supreme Court Attorney at his own firm, Advocatus slf. He is the Chairman of the Board of Reitir Real Estate hf. and Lífland hf. And is a board member of Nesbú ehf. Þórarinn was CEO of Síminn hf. (1999 – 2001) and CEO of the Icelandic Federation of Employers (1986 – 1999). Þórarinn holds a law degree from the University of Iceland and later qualified as a District Court Attorney and Supreme Court Attorney. Þórarinn is independent of the Company but spent a short time in 2021 as a consultant for Ardian on the company's acquisition of Míla.

Oscar Cicchetti, born 17 June 1951, residence in Italy. He was elected to the Board of Directors in October 2022. He is Operating Partner in Telecommunications Infrastructure at Ardian and is Chairman of the Board of Directors of Inwit. He was CEO of Inwits and was a director in various positions at Telecom Italia Group. Oscar is an electrical engineer from the Universitá degli Studi dell'Aquila in Italy. Oscar is independent of the company but not independent of its largest shareholder.

The Company meets the requirements of the Companies Act on Gender Quotas.

Three of the directors of the Company are employees of the fund management company Ardian, one is an advisor on behalf of Ardian and three directors are independent.

Corporate governance statement - unaudited

The current operating rules of the board of directors were approved at a board meeting on 19 February 2025. The board has various roles and responsibilities, including:

- Ensure adequate control over accounting and management of company funds.
- Contribute to the company's long-term progress and success.
- Oversee overall activities and supervise management on key operational and commercial decisions in line with delegated authority.
- Analyze risks and adopt appropriate measures through risk management, internal controls, and sustainability policies.
- Ensure compliance with applicable laws and regulations.
- Sign documents on behalf of the company and grant power of attorney.
- Hire the Chief Executive Officer (CEO) and define the division of labor between the CEO and the board.
- Decide on the company's management structure based on the CEO's proposals.
- Establish which employees, besides the CEO, are authorized to bind the company and set related rules.

A total of 11 board meetings were held in 2024.

The board of directors conducts regular formal performance evaluations. These evaluations aim to enhance working practices, improve the board's efficiency, and assess the effectiveness of its sub-committees.

Sub-committees

The Company's sub-committees support the board of directors and, where applicable, individual committees in carrying out tasks mandated by law. Appointed by the board, these sub-committees focus on preparing and implementing projects, which are presented to the board as proposals. They do not have the authority to make independent decisions on behalf of the Company or the board. The sub-committees operate without prejudice to the role and decision-making powers of the management board.

The board of directors of Míla has appointed the following subcommittees to carry out certain tasks of review and supervision before approval by the board of directors:

- The Audit and Risk Management Committee
- The Nominations and Remunerations Committee
- The Investment, Operational and Commercial Committee
- The Environmental, Social and Governance Committee

The board of directors has established rules of procedure for each of the sub-committees.

The Audit Committee of the Company takes note of Chapter IX of Act No. 3/2006. The Committee is composed of four board members and one external. The members of the committee are independent of the Group's auditors. The members must have relevant knowledge and experience in accounting, audit and risk management, both financial and non-financial, as well as technical knowledge in relation to the areas of activity to which the Company belongs.

The committee has various roles and responsibilities, including but not limited to the following:

- Ensure a competent and independent audit,
- Submit proposals to the board on the nomination of the auditor candidate at the Annual General meeting,
- Monitoring the process of preparing financial statements,
- Monitor and assess the Company's internal control systems, its risk management and perform other related tasks and duties,
- Review financial information and disclosure arrangements from management, internal audit and external auditors.

The members of the Audit, Risk Management and Sustainability Committee are Leonard Rasche as chairperson, Marinó Örn Tryggvason, Birna Ósk Einarsdóttir, Ása Karlsdóttir (external) and Þórarinn V. Þórarinsson.

The Environment, Social and Governance Committee consists of five members. Four of them are on the Company's board of directors and one member is independent of the company. The chairman of the committee, nominated by the board, leads the Committee and is responsible for ensuring the efficiency of its work. The Chairman shall also encourage all members to contribute to the Committee. All members of the Committee have relevant knowledge and experience of sustainability issues and related regulations and professional knowledge in relation to the areas of activity to which the Group belongs.

The committee has various roles and responsibilities, including but not limited to the following:

- Establish a strategy for the sustainability of the Group,
- Establish ethical standards for the board, management and employees of the Group,
- Assist the Group in achieving goals related to sustainability and transparency of business practices,
- Assist in the formulation of human resources policy,
- Monitor that the Group's environmental and social practices are in accordance with the company's policy,
- To monitor the Group's communications with different groups of stakeholders.

The members of the Environment, Social and Governance Committee are Amor Boufath as chairperson, Leonard Rasche, Birna Ósk Einarsdóttir, Marinó Örn Tryggvason and Þórarinn V. Þórarinsson.

The Nominations and Remunerations Committee is comprised of four members who are all Board members of the Company.

The committee has various roles and responsibilities, including but not limited to:

- Prepare the Company's remuneration policy and monitor its follow-up,
- Ensure that wages and other terms of employment are in accordance with laws, regulations and best practice at all times
- Prepare decisions by the board on wages and other terms of employment for management,
- Take an independent position, in consultation with the audit committee, on the impact of wages on risk taking and risk management,
- The members of the Nominations and Remuneration Committee are Marion Calcine as chairperson, Pauline Thomson, Marinó Örn Tryggvason and Þórarinn V. Þórarinsson.

The Operational and Investment committee comprises of six members who all are Board members of the Company.

The committee has various roles and responsibilities, including but not limited to:

- Inform, advise and assist the board regarding operational matters,
- Identify strategic options for the Company and make recommendations to the board on actions of strategic importance,
- Monitor the Company's business and investment activities and ensure compliance with laws, rules and obligations,
- Formulate proposals to the board of directors for investment decisions

The members of the Operational and Investment Committee are Pauline Thomson as chairperson, Marinó Örn Tryggvason, Marion Calcine, Þórarinn V. Þórarinsson, Oscar Cicchetti, Birna Ósk Einarsdóttir and Leonard Rasche.

Executive director and management board

The CEO is responsible for the day-to-day operations of the Company and has decision-making authority in all its affairs which are not entrusted to others by law. He is responsible for ensuring that operations are in accordance with laws, regulations, the Company's articles of association and the decisions of the board of directors. Day-to-day operations do not include unusual measures that can generally only be taken after approval from the board of directors. The CEO is not a member of the board but must attend board meetings and has the right to participate in discussions and the right to submit proposals unless the board decides otherwise in special cases. He ensures that board members receive information on the finances, structure, and operation of the Company in timely manner so that they can perform their duties.

The board evaluates the performance of the CEO yearly.

Erik Figueras Torras is the CEO of the Company. He was born on 29 June 1967 and lives in Garðabær. Erik holds an MBA from The International Institute for Management Development (IMD) in Switzerland and a master’s degree in electrical engineering from the Universitat Polit'ecnica de Catalunya in Spain. He was previously Director of Digital Development at Síminn, Managing Director of Amivox and Director of Business Development at TM software.

In addition to the CEO, The Company’s Executive Committee includes managers from each department and the Company’s General Counsel:

- Daði Sigurðarson - Chief Technology Officer (CTO)
- Ingvar Bjarnason - Chief Revenue Officer (CRO)
- Snorri Karlsson - Chief Infrastructure Officer (CIO)
- Rebekka Jóelsdóttir - Chief Finance Officer (CFO)
- Inga Helga Halldórudóttir - Chief Legal Officer (CLO)

The Executive Committee normally meets once a week and prepares and implements the Company's joint strategic plans. The CEO is responsible for the work and performance of the Committee.

Internal Risk Management

The internal control framework at Míla is based on an organizational structure that supports the objectives of operational success and efficiency. The CEO is responsible for ensuring adequate internal controls and risk management in relation to financial reporting.

The roles of the company’s Audit Committee include promoting good corporate governance as well as providing an independent and objective opinion on the audit process, internal controls and reporting to the board. Furthermore, the Committee oversees the preparation of the Company’s financial statements and the organization and effectiveness of the company's internal controls, internal audit, and risk management It also supervises the audit of the Company’s financial statements and consolidated accounts. The role of the Audit Committee is further explained in the preceding section on subcommittees.

Annually, the board of directors reviews the company’s risk policy. Míla's risk management policy has the purpose of maintaining an overview and appropriate management of risk in the company's operations for the benefit of the community, customers, employees, and shareholders. The risk policy outlines the definitions of roles and responsibilities to ensure effective risks management.

Míla operates a Safety Council, but the Company's Executive Committee is responsible for the implementation of Company’s risk policy and ensuring the operation of organizational structure for risk management and a coordinated risk management process. Míla identifies and handles risks in its operations through regular risk assessments, targeted monitoring, and action. The board of directors and management manage the Company’s risk in accordance with the Risk Policy.

Corporate governance risks relate to compliance with laws and codes of good governance practice. These risks could result in financial loss for Míla and/or damage to its reputation. In addition, it can directly affect its customers and cause harm to telecommunications services in the country.

An independent auditing firm is appointed at the Annual General Meeting. The external auditors examine the Group's Consolidated Financial Statements in accordance with generally accepted auditing standards. For this purpose, accounting records and other material relating to the operation and financial position of the company are inspected. The external auditors report any significant findings concerning accounting matters and internal control deficiencies to the board of directors through the Audit Committee. PricewaterhouseCoopers ehf. (PWC) was elected as the Group's the company's auditor at the Annual General Meeting held on April 4, 2024. Auditor on PWC's behalf is Valgerður Kristjánsdóttir, Certified Public Accountant (CPA). She has audited and endorsed Míla's Financial Statements for the year.

Míla has engaged Deloitte to conduct the company's internal audit. The contract includes reviewing the appropriateness and effectiveness of internal controls. The internal auditor provides independent and objective verification as to the adequacy of the company's processes.

Social responsibility and Code of Ethics

Míla's social responsibility encompasses general business practices, environmental issues, occupational safety and health and gender equality. The Company and its employees operate in accordance with the current Code of Ethics at any given time.

As a member of Festa, a Centre for Sustainability, Míla is committed to social responsibility, focusing on safe and professional services, effective human resource management, environmental protection and community engagement.

Míla human resources and equality policy aims to foster a work environment with equal opportunities, taking into account the applicants' skills, education and experience, while promoting gender equality and diversity within the Company. The CEO approved the Human Resources and Equality Policy in September 2023.

The Annual General Meeting deliberates on Míla's remuneration policy. The role of the remuneration policy is to ensure that the remuneration of senior management considers the company's long-term performance, their own performance, and shareholders' interests. The CEO is responsible for ensuring that the remuneration of other employees aligns with the remuneration policy.

Compliance

In 2024, following a decision no. 9/2024 by the Icelandic telecom regulator (Fjarskiptastofa), Míla was imposed a regulatory fine of ISK 3 million due to providing incorrect and incomplete information. The decision was confirmed after a review process by the Rulings Committee for Electronic Communications and Postal Affairs, and the fine is recognized as an expense in the Company's consolidated financial statements for the reporting period. Míla is committed to improving its internal processes to ensure compliance with regulatory requirements and the accuracy of information provided to authorities. Otherwise, the company did not violate laws or regulations pursuant to a court or administrative decree.

Company strategy

Various policies relating to sustainability are in effect in the Company, including a Privacy Policy, Human Resources and Equality Policy, Information Security as well as Security and Risk Policy, Whistleblower Policy, Code of Conduct and a Policy against Bullying, Sexual Harassment, Gender-Based Harassment, and Violence in the Workplace.

Environment and climate

Míla prioritizes the security and business continuity of its networks to meet service level targets and support the services provided through its systems. Changes in weather conditions resulting from climate change directly impact the operational security of the Míla's telecommunications network and maintenance of its equipment and structures. Consequently, one of the primary environmental risks Míla faces is weather changes caused by climate change. This may include flooding, subglacial outburst floods, avalanches, soil runs, subsidence and permafrost thawing.

To address these challenges, Míla consistently takes measures to maintain optimal and uninterrupted service levels. Preventive actions to cope with weather conditions incur significant expenses for Míla annually, in addition to the risk associated with living in a volcanic island where unpredictable events can occur. Míla takes great pride in its uptime and network security and consequently assumes a substantial financial burden to uphold its and maintain its high service level.

The telecommunications industry considerably impacts the environment, due to high resource and energy consumption associated with the managing, use and disposal of equipment in the Company’s business activities. Given the nature of the Company’s operation, substantial transportation of equipment and employees is also required for the maintenance and installation of telecommunications networks. The Company is committed in promoting climate change mitigation and reducing greenhouse gas emissions among its customers. Among other things, the reduction of emissions includes the use of new equipment that uses less electricity. Significant amounts of energy are used in the distribution and operation of an electronic communications network, but there is potential for substantial reductions of greenhouse gas emissions.

To maintain the most extensive telecommunications network possible, necessary equipment needs to be installed in rural locations where electricity isn’t available. In such locations, batteries or generators powered by diesel oil are used rather than electricity.

Míla procures guarantees of origin for the electricity utilized by the Company. A guarantee of origin serves as confirmation that the electricity has been generated from renewable energy sources. These guarantees are independent sales products, distinct from the actual supply of electricity by companies. By purchasing guarantees of origin, institutions, and individuals can certify their electricity purchases and thereby support renewable energy production.

Míla’s total energy consumption and emissions efficiency are measured. In 2024 92.5%of Míla's energy consumption was derived from renewable sources. In 2024, Míla's total energy consumption was 13.287.518 kWh, which represents a decrease from the preceding year.

7.4% of Míla's energy consumption is derived from fossil fuels. In the previous year's report, Míla outlined plans to switch to green-energy vehicles when feasible, considering the range of the vehicles. Such vehicles have not yet been procured. Míla continually evaluates opportunities to transition to green-energy vehicles wherever possible, replacing vehicles as necessary during regular fleet updates.

Míla must access remote locations, making electric vehicles not always a feasible option. Míla has explored the possibility of replacing the Company's fleet of vehicles with longer-range electric alternatives. However, it has been determined that there are currently no affordable, environmentally friendly vehicles on the market with sufficient range to meet the Company's operational needs. With the rapid technological changes, Míla continuously explores opportunities to replace its vehicles with affordable, environmentally friendly alternatives that meet the Company's operational needs. By the end of 2024, 22% of Míla’s fleet consisted of green-energy vehicles.

Míla encourages employees to use environmentally friendly transportation. Employees who use public transport or environmentally friendly means of transport to travel to and from work are offered transport incentives. A bicycle storage facility is available for staff to further encourage more environmentally friendly modes of transport. The facility includes access to electricity to charge electric bicycles. Charging points for vehicles have also been installed to which employees have access.

The Company targets relating to environmental matters are the following:

- Improve sorting and increase recycling ratios through improved facilities and education - sorting ratio to reach 50% in 2024,
- Reduce the Company's carbon footprint deriving from the use of fossil fuels by increasing the number of green- energy vehicles, with green-energy vehicles to be 25% of the fleet by year-end 2024; and
- Reduce electricity consumption in equipment spaces by reducing their number, sharing and/or eliminating unnecessary equipment. Also introduce more efficient equipment.

In 2023 the waste sorting ratio was 30.4% and in 2024 the ratio was 63.5%. The change in waste ratios is attributed to the replacement of a supplier in waste management.

The Company set a target to reduce its carbon footprint from fossil fuel use by increasing the number of green-energy vehicles, aiming for green-energy vehicles to comprise 25% of the fleet by the end of 2024. Although this target was not achieved in full in 2024, plans are in place for 2025 to invest in several new vehicles, all of which will be electric with plans to reach set target at end of 2025.

Míla is in the process of phasing out its old copper network and transitioning to fiber. This upgrade aims to provide better quality and faster internet connections. The copper network, which has served the country for over 100 years, is being replaced due to its limited capacity and the superior performance of fiber. Several equipment spaces have been decommissioned that has led subsequently to reduction of electricity in equipment consumption and elimination of unnecessary equipment.

Social Factors

On 31 December 2024 Míla had on average 148 full time employees, 85% men and 15% women. The average length of service of Míla's and it´s predecessors' employees is 19 years. This wealth of knowledge and experience of employees strengthens the foundations of the business, while investing in robust continuous education, career development and recruitment of new personnel ensures continuous progress. The recruitment of qualified employees plays an important role in increasing the Company's long-term value creation.

Míla's corporate culture is unique, as Míla's employees are constantly on alert and ready to respond when there is a need to ensure secure communications.

To assess the well-being of employees, Míla conducts regular workplace surveys to monitor employees' well-being and the Company's workplace culture. The results are reviewed with employees and an action plan is drawn up to strengthen still further the workplace and workplace culture.

Good morale and employees' security are key factors in creating a good workplace and promote well-being. Míla places great emphasis on health and safety. The focus is on creating a working environment with equal opportunities regardless of gender, gender identity, sexual orientation, ethnic background, colour, age, disability, religion or other status.

In 2024, further work was done to promote the personal safety and well-being of employees. In 2024 all job risk assessments for jobs in the field were reviewed, new risk assessments were conducted and implemented. Further emphasis was placed on safety-related training to enhance employees' safety awareness by organizing a safety month. Occupational accidents resulting in absence from work at least one day, were five in total.

Currently, men comprise a large majority of the Company's workforce, however Míla has ambitions to increase the number of women. This ambition is clearly reflected in the target that the Company has set itself in its Equality Plan. In recruiting and career development the plan is to focus still further on achieving an equal gender ratio and diversity within divisions, departments and work groups. The Company's focus on increasing diversity has resulted in 3% year over year increase of women in the gender ratio and a more diverse age composition.

Míla first received equal pay certification according to the equal wage standard ÍST 85:2012 in 2020, which has been renewed each year since. We have made good progress. In 2024 wage analysis showed that men were measured with 0,2% higher wages than women for comparable jobs, as compared to a gap of 0,4% in the preceding year and 4.3% in favour of men at the beginning.

Remuneration should be based on role, responsibility and performance. Emphasis is placed on offering wages that are competitive with the wages paid for comparable work in the market. All employees receive equal remuneration for comparable and equally valuable work. The human resources manager and Company management are committed to maintaining continuous improvement and monitoring and responding to any unexplained pay gaps and any deviations identified during reviews of the equal pay system. 93% of Míla’s employees are covered by collective agreements, and most belong to unions associated with Rafís.

Míla wants to make it easier for employees to harmonize their working duties with their responsibilities to their families and emphasizes flexibility so that employees can, irrespective of gender, meet family and household responsibilities. Míla is required to take account of the health of its employees and any difficulties in their family affairs. To enhance still further the balance between work and private life, the Company has established a remote working policy.

Míla respects human rights, will not tolerate child labour or forced labour, and complies with laws and regulations in this regard. The right to sickness leave, vacation rights, accident compensation and unemployment benefits are subject to Icelandic law and collective bargaining agreements. Statutory law and collective agreements provide for details regarding rights to sick leave, number of sick leave days, conditions for paid sick leave etc.

Míla’s conviction that the working environment contributes to the professional growth of employees within the Company is reflected in its organized courses of education, training and challenging tasks signed to its employees. Among other things, Míla offers its staff educational grants for continuing education. The nature of the Company's operations is such that occupational safety is a vital factor, and a strong emphasis is placed on employees’ awareness of safety rules in their work. Emphasis is placed on providing reliable and safe service with outstanding employees. For this reason, Míla looks for ambitious employees with diverse backgrounds and ensures equal opportunities for the genders to seek jobs within Míla when positions arise.

The Community

Míla takes the importance of its role for the community very seriously, and the responsibility of keeping telecommunications working, even in times of natural disasters, is imprinted in the Company's culture. Míla’s network infrastructure meets the national security requirements of the State. Míla takes telecommunications security seriously and the Company is aware of its role in this regard. Míla is an important player in contingency plans and crisis response actions taken by the Department of Civil Protection in times of natural disasters. In a situation of crisis, Míla cooperates with other telecommunications companies, both in analysing scenarios and in keeping the telecommunications network operational. Extensive preparation is needed to enable the Company to respond as quickly and efficiently as possible in the event of natural disasters, which inevitably entails considerable expense.

Míla seeks to have a positive impact on its local community through active participation in community projects. Míla’s Grant Policy aims to support initiatives that align with Míla's core values and positively impact the communities it operates. Míla's goal is to support and fund projects that benefit society as a whole and are related to its core business. The key areas of focus include accident prevention, rescue and safety, innovation related to telecommunications and renewable energy, equality, and public health.

The Company has set targets relating to community matters:

- To develop an education and training plan with gender-diverse targets by the end of 2024,
- To integrate an equal pay policy with the Company's equality plan; and
- To target a gender ratio of 40/60 among applicants for education grants and monitor the gender ratio of applicants.

The succession plan is currently in progress, with the Company planning to continue this work into 2025 to ensure a robust framework for leadership continuity and knowledge management. An education and training plan with gender-diverse targets has been developed and is now in effect, underscoring the importance of gender diversity in all training and educational initiatives.

The integration of an equal pay policy with the Company's equality plan is in place. The Company is legally required to have an equality plan and has an equal rights certification.

The Company actively follows the gender ratio of applicants and consistently encourages both men and women to apply for positions in the company's job advertisements. All employees are eligible for education grants and in 2025, the Company will focus on encouraging women to apply for education grants and career development opportunities.

Governance

Governance is comprehensively addressed in the Report of the Board of Directors, the CEO's Report and the Governance Statement presented earlier in this report.

To promote good business practices and safeguard the Company's employees, Míla has implemented rules on whistleblower protection. Míla also updated its Code of Conduct that establishes processes for detecting, preventing, investigating, and responding to allegations or incidents related to corruption and bribery. All Míla employees are required to adhere to and have agreed to comply with the Code of Conduct, which provides guidance on potential conflicts of interest at work, bribery, confidentiality, information handling and legal compliance.

Míla's Code of Conduct emphasizes the importance of maintaining the professionalism of its employees beyond reproach. Consequently, employees are prohibited from managing their own business affairs or engaging in transactions with affiliated parties. In accordance with the Code of Conduct, employees must treat the Míla's assets with respect and refrain from leveraging their positions for personal gain. Throughout the year, no incidents were recorded involving conflicts of interest, protection of interests, corruption, or bribery. Míla does not endorse any political parties or interest groups.

Míla complies with Act No. 90/2018 on data protection and the processing of personal data emphasizing the importance of safeguarding the privacy and personal data of both customers and employees. Míla has implemented a comprehensive internal and external privacy policy.

In accordance with Míla's Privacy, Security and Quality Policies, as well as internal processes and other quality standards, the Company places significant emphasis on ensuring the quality and accuracy of non-financial information. Míla adheres to the BSI standard ISO27001 on information security. The Company's external auditor also reviews the report of the Board of Directors, including non-financial information, as part of Mila's external audit. Míla utilizes the sustainability platform software from Klappir, engaging Klappir's consultants to assist in preparing Míla's sustainability reports as well as managing the necessary data for reporting.

Míla has set targets relating to governance and UN sustainable development goals 5 and 9 are the following:

- Maximum of 60% of any gender in the top 3 management levels by 2030
- Increase the number of women or non-binary employees in the Company to a ratio of 20% by 2028
- Continue emphasizing on competition compliance training
- Implement supplier evaluation
- Develop a sound infrastructure, promote sustainable development, and foster innovation
- Emphasis further on development of services and new product solutions; and
- Further develop a reliable and flexible network infrastructure with equal access for all at an affordable price.

Míla has been actively working on setting and pursuing these targets. The Company is committed to promoting gender equality, fostering innovation, and ensuring sustainable development. Significant progress has been made, and Míla will continue to focus on achieving these goals with a positive and proactive approach in the coming years.

EU Taxonomy reporting

The EU Taxonomy Regulation entered into force in Iceland on 1 June 2023 with Act No. 25/2023, on Sustainability Disclosures in the Financial Services Sector and the Taxonomy for Sustainable Investments.

The Regulation defines which economic activities are considered environmentally sustainable and promotes transparency in sustainability disclosure. There are six environmental objectives: climate change mitigation, climate change adaptation, sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control, and protection and restoration of biodiversity and ecosystems. Technical screening criteria for climate change mitigation and adaptation has been implemented by EU Delegated Regulation 2021/2139 and the economic activities listed therein are subject to reporting requirements in Iceland for 2024, which was amended by Delegated Regulation EU 2022/1214 on economic activities in certain energy sectors. Delegated Regulation EU 2023/2486 on other environmental objectives and update of the first two objectives in EU Delegated Regulation 2023/2485 entered into force in the EU in 2023 and in Iceland from 1 January 2025.

To be considered environmentally sustainable within the scope of the Regulation, undertakings must meet the criteria for environmentally sustainable economic activities according to Article 3 of the Taxonomy Regulation. First, economic activities must contribute significantly to one or more environmental objectives, while they must not harm others. They need to comply with minimum safeguards and ultimately with technical screening criteria.

Companies are required to disclose the ratio of turnover, capital expenditure and operating expenditures for the most recent financial period to an eligible activity, that is, an activity in scope with the Taxonomy Regulation. Similarly, the same key indicators for activities that meet all the criteria of the Regulation and are considered aligned activities should be published.

Míla has reviewed its operations in accordance with technical screening criteria where the company's activities were compared with the technical screening criteria already published and apply in Iceland. In assessing the technical screening criteria, it became apparent that Míla's main activities do not fall under the published technical screening criteria and therefore do not constitute grounds for further explanation or calculation.

However, Míla is aware that the Taxonomy Regulation is constantly evolving, and the other environmental objectives entered into force for the year 2025, in addition to further activities that might be added to the technical screening criteria. For that reason, the Company will closely monitor the developments that are taking place and publish information on its main activities as soon as it will become applicable.

The Company therefore discloses the proportion of economic activities that do not fall under the EU Taxonomy in accordance with Annex I to Delegated Regulation EU 2021/2178.

Non - financial information - unaudited

				Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic Activities (1)	Code (2)	Absolute turnover (3)	Proportion of Turnover (4)	Climate Change Mitigation (5)*	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity and ecosystems (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Taxonomy aligned proportion of total turnover, year N (18)**	Category (enabling activity) (20)	Category (transitional activity) (21)
Turnover		ISK	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES			0%																
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0.00	0%	0%	0%	0%	0%	0%	0%	NA	NA	NA	NA	NA	NA	NA	0%	0%	0%
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0.00	0%																
Total (A.1+A.2)		0.00	0%																
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities		9,580.00	100%																
Total (A+B)		9,580.00	100%																

				Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic Activities (1)	Code (2)	Absolute CapEx (3)	Proportion of CapEx (4)	Climate Change Mitigation (5)*	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity and ecosystems (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Taxonomy aligned proportion of total CapEx, year N (18)**	Category (enabling activity) (20)	Category (transitional activity) (21)
CapEx		ISK	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES			0%																
A.1. CapEx of environmentally sustainable activities (Taxonomy-aligned)																			
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0.00	0%	0%	0%	0%	0%	0%	0%	NA	NA	NA	NA	NA	NA	NA	0%	0%	0%
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned)																			
			0%																
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0.00	0%																
Total (A.1+A.2)		0.00	0%																
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Capex of Taxonomy-non-eligible activities		4,572.00	100%																
Total (A+B)		4,572.00	100%																

				Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic Activities (1)	Code (2)	Absolute OpEx (3)	Proportion of OpEx (4)	Climate Change Mitigation (5)*	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity and ecosystems (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Taxonomy aligned proportion of total OpEx, year N (18)**	Category (enabling activity) (20)	Category (transitional activity) (21)
OpEx		ISK	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES			0%																
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0.00	0%	0%	0%	0%	0%	0%	0%	NA	NA	NA	NA	NA	NA	NA	0%	0%	0%
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Freight transport services by road (OpEx A)																			
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)			0%																
Total (A.1+A.2)			0%																
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activities		9,068.00	100%																
Total (A+B)			100%																

In addition, Míla discloses information on nuclear and natural gas activities in accordance with Article 8 (points 6 and 7) of the same Regulation. Since the Company has neither nuclear or natural gas activities, KPI‘s are not included in accordance with same Annex.

Nuclear and fossil gas related activities		
Row	**Nuclear energy related activities**	
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO
	Fossil gas related activities	
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

Though Míla’s main activities do not fall under the published technical screening criteria, various adaptation solutions have been developed at the Company that will reduce greenhouse gas emissions. Míla operated in the past on five diesel generators which were in continuous operation. The number of generators has since then been reduced to two. In 2024, Míla was successfully granted permission to construct a hydroelectric power plant as part of a collaborative project to replace a diesel generator.

With all necessary permits in place, the project is set to commence in 2025, and preparations are underway. Once this power plant becomes operational, one diesel engine will be taken out of continuous operation. While defining services based on the Taxonomy Regulation, Míla has continuously invested efforts to identify possible green investments in environmentally friendly services.

In accordance with the Taxonomy Regulation, undertakings must also analyse and disclose whether and how their activities comply with the minimum safeguards of the Regulation with regards to human rights, corruption, bribery, taxation and competition. Míla has responded to a questionnaire regarding minimum safeguards and considers itself to comply with the criteria in the questionnaire in most respects. Management is conscious of human rights and Míla is committed to uphold of such rights. Consequently, Míla has implemented an Equality Policy, a Human Resources and Human Rights Policy, a Code of Conduct, and Equal Pay Certification. A contingency plan for responses to all kinds of harassment is also defined in the Company's policy on bullying. Furthermore, the Company emphasizes the importance of its partners aligning with Míla’s core values. Míla has not, at this time, implemented a code of conduct for suppliers and supplier evaluations. Nevertheless, Míla addresses these values and requirements in its contracts with its most important suppliers.

Compliance with privacy laws is ensured in the Privacy Policy of employees and customers. Míla does not, in general, process sensitive personally identifiable information except to the extent that such information concerns its own employees, in which case the Company is the data controller. With regard to external entities Míla is most often the data processor or acts as a joint controller. Míla’s Privacy Policy was adopted on 25 May 2021.

Míla has not, at this time, carried out Human Rights Due Diligence (HRDD) as defined by the OECD. Supervision is in the hands of the Company's Board of Directors and management. Audits regarding equal pay policies and certification are carried out regularly by both internal and external parties. No human rights violations have been reported in Míla’s operation.

Míla’s operation comply with the Act on the Protection of Whistleblowers No. 40/2020. Míla’s Executive Board adopted rules in that regard on 25 May 2021 that are available on Míla’s internal communication channels.

Míla has conducted a risk analysis concerning money laundering and terrorist financing. Míla updated its Code of Conduct in 2023 which establishes processes for detecting, preventing, investigating and responding to allegations or incidents relating to corruption and bribery. All Míla employees are required to adhere and have agreed to comply with the Code of Conduct, which provides guidance on potential conflicts of interest at work, bribery, confidentiality, information handling and legal compliance.

Míla hasn’t yet formulated a policy against corruption that also applies to co-partners. While the Company’s policies include clauses addressing certain aspects of relations with suppliers, corruption is not specifically addressed. However, supply contracts made with customers and suppliers do contain provisions on those matters.

Various procedures relate to compliance with statutory law and regulations, including Míla's policies and procedural rules, which are partly based on procedures for which Míla has obtained certification. Míla has in place a rule on segregation of work in the Finance Division that prevents the same person from recording and paying invoices.

Míla complies with Act No. 90/2018 on data protection and the processing of personal data and stresses the importance of protecting privacy and personal data of both customers and employees and has in place an active internal and external data protection policy.

No incidents were recorded during the year involving conflicts of interest, protection of interests, corruption, or bribery. Míla does not endorse any political parties or interest groups.

Non - financial information - unaudited

Míla adheres to all applicable legislation and tax regulations. The Company has not established a specific tax policy beyond its obligation to comply with statutory law. Tax matters are regularly addressed in connection with the Company's financial reporting. Risk management is reviewed during the financial reporting, and cash flow estimates are prepared regularly. For matters outside the scope of normal operations, the Company seeks external advice. During the preparation of the Company's financial statement and audits, tax matters are reviewed with the assistance of an external consultant. The Company has not been found in violation of any tax laws.

Míla's current Competition Compliance Program was adopted by the Board of Directors of the Company in December 2022. Also, Míla holds regular training sessions on competition law for the Company's Board of Directors, management and employees. Míla has not been found in violation of the Competition Act.

Míla's performance

In a world of rising energy prices and growing demand for bandwidth, telecommunications companies need to consider energy-efficient solutions that make it possible to deliver services with a small carbon footprint. Míla has done this, for instance, by focusing on investing in technology that uses less energy, offers increased capacity, has a longer lifetime and provides more security and savings in terms of operation and investment. A good example is PON technology, which enabled Míla to tenfold the speed of its fibre optic connections with the advent of 10x, the first telecommunications company in Iceland to do so.

A new telecommunications transmission network around the country, which is still under construction by Míla, supports this development. The project is ongoing and long term due to its scale. The new network ensures sufficient speed and capacity to provide high-speed telecommunications services throughout the country and supports the development of a 4G/5G mobile network throughout the country. Míla also seeks to reduce electricity consumption by replacing older equipment with more fuel-efficient equipment.

Míla has over the last three years put considerable effort into managing its carbon footprint and has achieved diverse results. These include the separation of energy that the Company purchases from the energy that Míla resells, making the calculation of Mila's carbon footprint more accurate.

The Corporate Sustainability Reporting Directive (CSRD) is a new EU regulation that aims to enhance the quality, comparability, and reliability of sustainability information disclosed by companies, supporting the EU's transition to a sustainable economy. Currently there is uncertainty whether Míla will be subject to the sustainability reporting as the European Commission has proposed a series of amendments to the requirements for ESG reporting and due diligence under CSRD. Over the last two years, significant efforts have been made to ensure necessary steps taken in preparation for compliance with the requirements of the CSRD. Míla will continue to work with ambition on sustainability matters in the coming years, as opportunities are numerous, including bringing more used equipment into the circular economy and introducing diverse environmentally friendly innovations and technologies.