



Investor Presentation Q1 2023

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25 April 2023





Operation

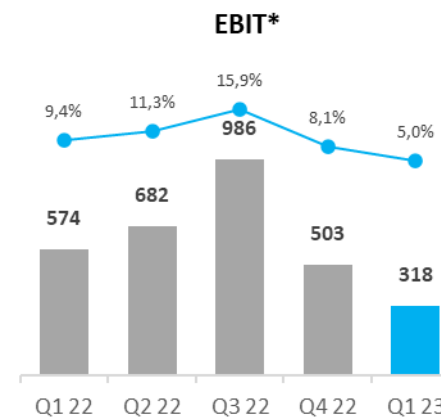
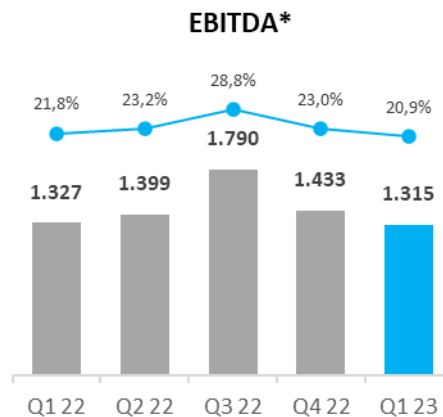
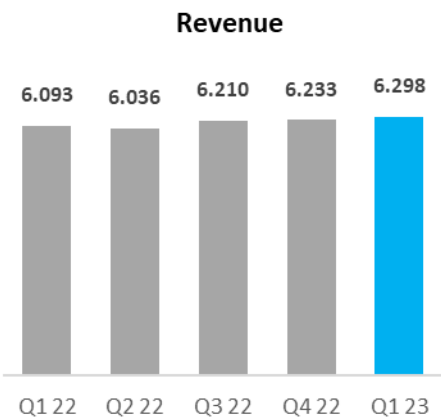


Income Statement

Income statement	Q1			
	2023	2022	Change	%
Net sales	6.298	6.093	205	3,4%
Cost of sales	(4.155)	(3.762)	(393)	10,4%
Operating expenses	(1.825)	(1.757)	(68)	3,9%
EBIT	318	574	(256)	-44,6%
Net financial items	(1)	92	(93)	-101,1%
Income tax	(71)	(113)	42	-37,2%
Net profit from continuing operation	246	553	(307)	-55,5%
Discontinued operation	0	193	(193)	-100,0%
Net profit	246	746	(500)	-67,0%
EBITDA	1.315	1.327	(12)	-0,9%
EPS from continuing operation	0,07	0,08	(0,01)	-12,5%

Q1 2023

- Expectations for revenue growth realized in Q1
 - 10% growth in TV revenue
 - Data revenue growth was just under 6%
 - Mobile revenue increased by 7%
- EBITDA unchanged between years
 - A positive result despite inflation and exchange rate developments, as well as substantial wage increases between years
- EBIT declines temporarily as was foreseen due to increased investments in TV content and technology that will support revenue growth
- Interest income higher than interest expense
 - The success of Pay is part of the reason for rising interest revenue

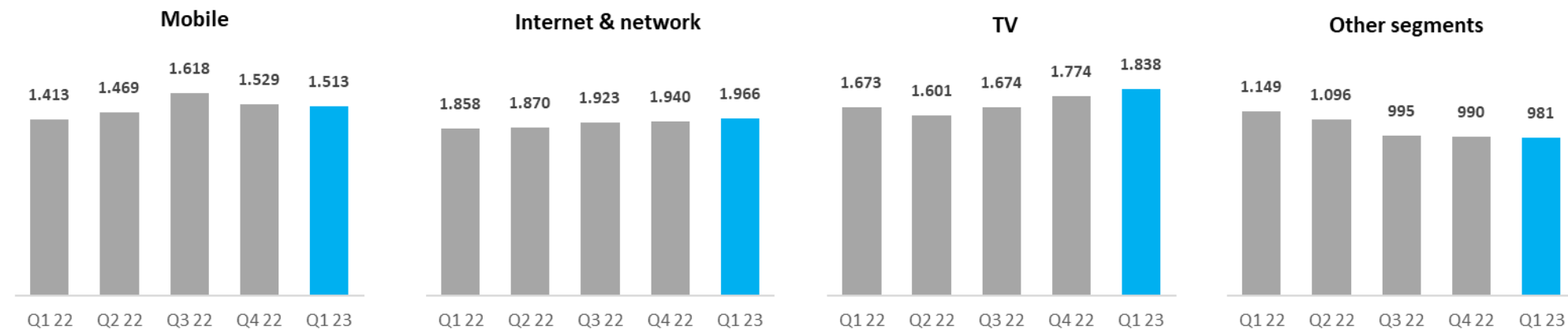


* EBITDA and EBIT in pictures are without 200 m.kr. repayment of administrative fines on Q4 2022.



Revenue by segments

Segments	Q1			
	2023	2022	Change	%
Mobile	1.513	1.413	100	7,1%
Fixed voice	279	378	-99	-26,2%
Internet & network	1.966	1.858	108	5,8%
TV	1.838	1.673	165	9,9%
Equipment sales	472	449	23	5,1%
Other revenue	230	322	-92	-28,6%
Total revenue	6.298	6.093	205	3,4%





Operation in Q1 2023

Investments in TV content deliver revenue growth

- The company's total revenue increased by almost 210 m.kr. (3.4%) between years
 - Excluding the one-off revenue items (in particular the sale of telecommunications equipment to Míla) in Q1 2022, Síminn's revenue increased by 314 m.kr. (5,2%)
 - Continuous growth in Síminn's core services, most in TV, or nearly 10%
- Operating expenses excluding depreciation increased by 4.5% between years
 - Payroll expenses increased by 110 m.kr. or 10% due to, among other things, severance pay in Q1 2023
 - There is a slight decrease in the number of FTEs between years, which, however, does not fully compensate for wage increases
- Following the sale of Míla, a larger part of Síminn's costs is tied into long-term contracts
 - Contract with Míla is partially indexed but with cap on increase
- Depreciation increased by 245 m.kr. between years
 - Mainly due to the Premier League broadcast deal and a newly concluded contract with HBO
 - Content rights are generally depreciated in 2 years, but broadcasting rights of the English Premier League are depreciated in 3 years
- Weakening the ISK by an average of 11% against the USD and 6% against the EUR puts pressure on expenses and investments
 - Around 15% of cost is in foreign currency, but only about 3% of revenue.
- About a quarter of the Group's interest income is related to lending activity
- Síminn's funding has floating interest rates



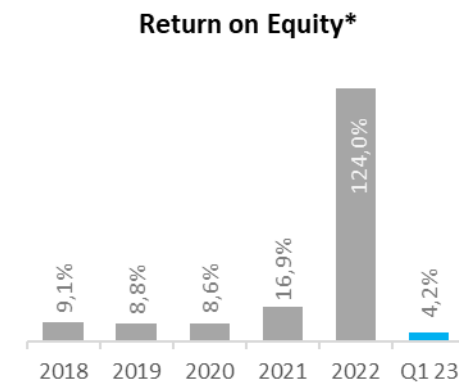
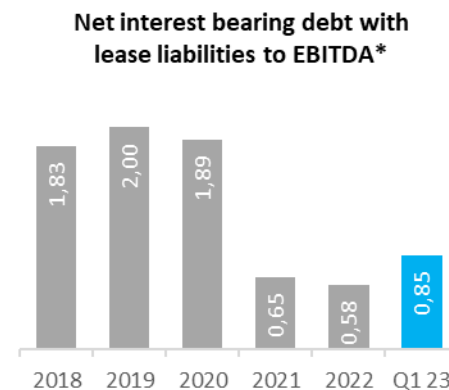
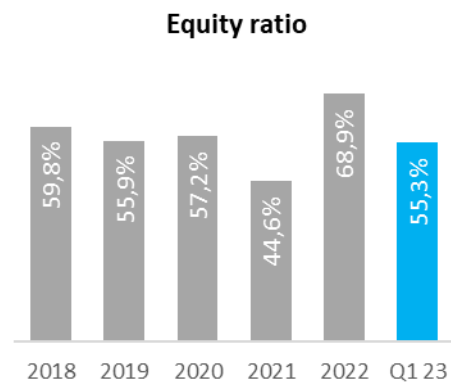
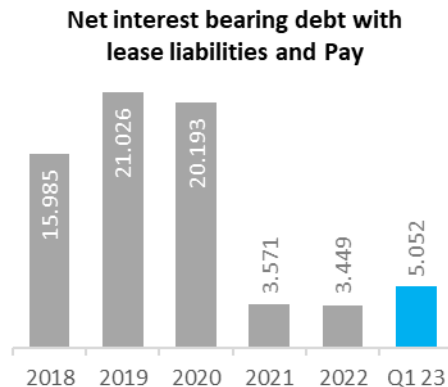
Balance Sheet and Cash Flow



Balance sheet

Assets	31.03.2023	31.12.2022
Property, plant and equipment.....	2.524	2.466
Right-of-use assets.....	892	941
Intangible assets.....	21.871	22.122
Other non-current assets.....	544	580
Non-current assets	25.831	26.109
Inventories.....	1.172	1.212
Accounts receivables.....	2.042	2.045
Loans (Síminn Pay).....	1.652	1.359
Other current assets.....	1.442	1.048
Corporate bond.....	0	15.687
Cash and cash equivalents.....	1.832	3.721
Current assets	8.140	25.072
Total assets	33.971	51.181

Equity and liabilities	31.03.2023	31.12.2022
Total equity.....	18.785	35.261
Total equity	18.785	35.261
Borrowings.....	5.960	5.956
Finance lease.....	679	731
Accounts payables.....	0	639
Deferred tax liabilities.....	154	89
Non-current liabilities	6.793	7.415
Bank loans.....	1.929	1.929
Accounts payables.....	4.578	4.788
Current maturities of borrowings.....	257	251
Other current liabilities.....	1.629	1.537
Current liabilities	8.393	8.505
Total equity and liabilities	33.971	51.181



Net interest-bearing debt takes into account loans at Síminn Pay. Lease commitments included from 2019.

*Without administrative fines in 2020 and 2022.



Cash Flow

Cash Flow	Q1 2023	Q1 2022
Cash flow from operating activities		
Operating profit	318	574
Operational items not affecting cash flow:		
Depreciation.....	997	753
Gain on sale of fixed assets.....	0	(4)
	<u>1.315</u>	<u>1.323</u>
Changes in current assets and liabilities.....	(145)	313
Cash generated by operation	<u>1.170</u>	<u>1.636</u>
Net interest expenses paid during the period.....	118	(25)
Payments of taxes during the period.....	(158)	(139)
Net cash from operating activities	<u>1.130</u>	<u>1.472</u>
Investing activities		
Net investment in property, plant and equipments.....	(1.616)	(255)
Other investment.....	(266)	33
Sale of bond.....	15.685	0
Investing activities	<u>13.803</u>	<u>(222)</u>
Financing activities		
Dividend paid.....	(499)	0
Purchase of own shares.....	(643)	(930)
Share capital reduction.....	(15.580)	0
Payment of long term lease.....	(63)	(46)
Net Financing activities.....	0	(18)
Financing activities	<u>(16.785)</u>	<u>(994)</u>
Changes in cash and cash equivalents	(1.852)	256
Translation effects on cash.....	(37)	(6)
Cash and cash equivalents at the beginning of the year.....	3.721	3.509
Cash and cash equivalents at the end of the period.....	<u>1.832</u>	<u>3.759</u>

Balance sheet and cash flow

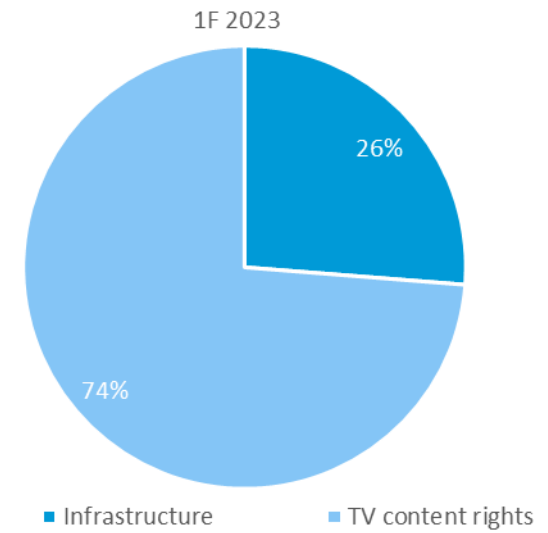
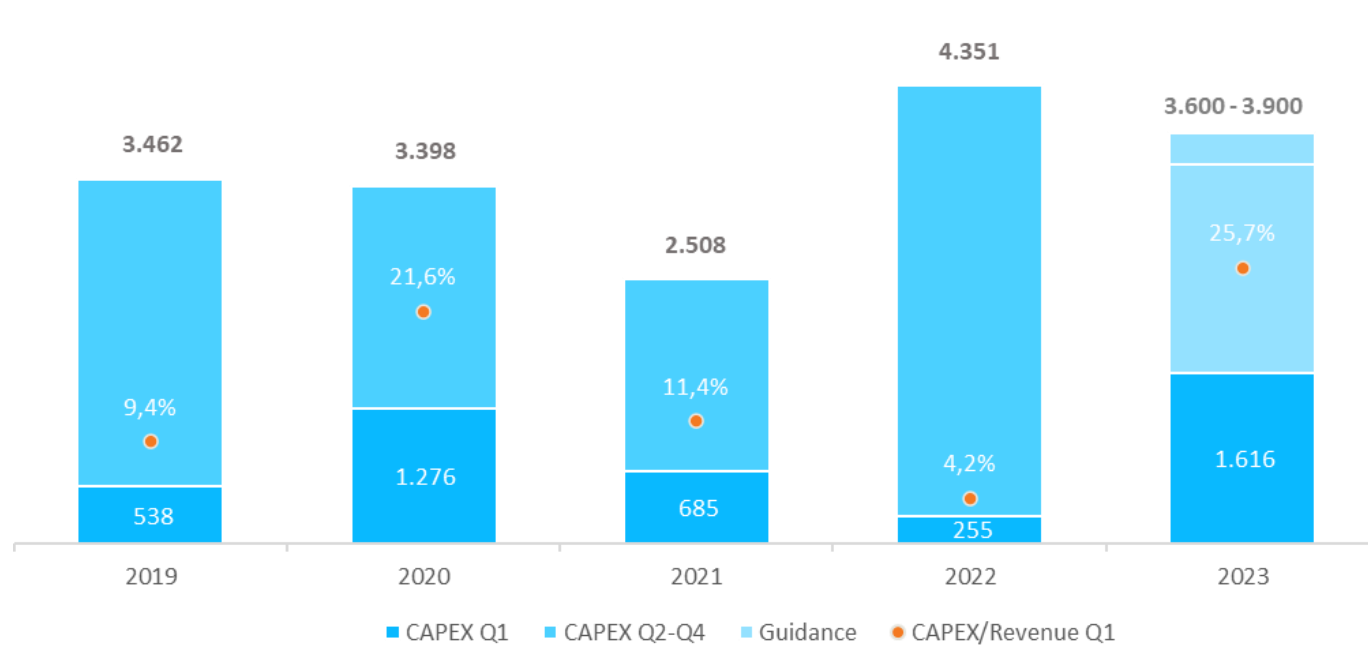
- On 29 January, the sale of a bond received by Síminn as part of the sale proceeds of Míla in 2022 concluded
 - The proceeds from the bond were paid to Síminn on 14 February
- A total of 16.2 ma.kr were paid. to shareholders on 31 March
 - 15.7 ma.kr. capital reduction and 500 m.kr. Dividend
- Síminn has now returned 47.2 ma.kr. to shareholders from the Míla sale and the balance sheet now fully reflects the effects of the sale
- Equity ratio is 55% after reduction in share capital
- The decline in cash is related to payments due to content rights and dividend payments in the quarter
- Interest income is unusually high due to 15.7 ma.kr. bond proceeds which was on Síminn's accounts from 14 February – 31 March



CAPEX



CAPEX





Highlights

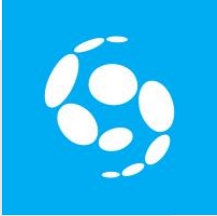


Improved product offering that caters to a larger audience

- Síminn launched the Home package in the fall of 2015
 - A bundle containing Internet, Fixed Voice, TV Services and Premium TV
 - Home package has been Síminn's flagship product in recent years and will continue to be so
- Wider range of packages suitable for more customers
 - The Convenient Package is a smaller version of the Home package where two unlimited mobile subscriptions have been added
 - The simple package is even smaller as there is an unlimited internet and one unlimited mobile subscription
 - 5G is suitable for those locations where fiber is not available, but high-speed internet connectivity is required
- The new packages have been well received in the first few weeks since they were launched

ÞÆGILEGI pakinn

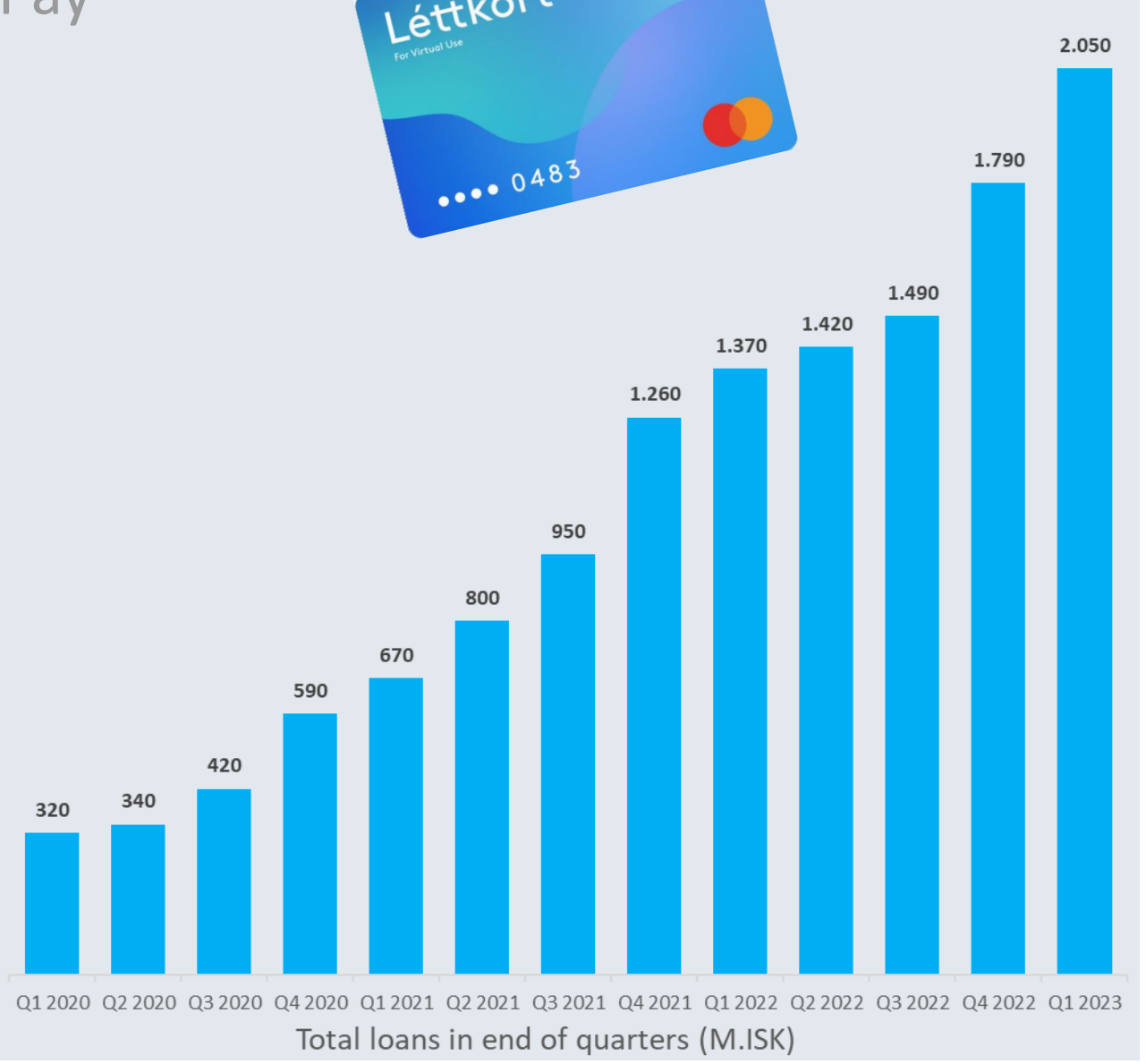




Lending growth continues at Síminn Pay



- The loan portfolio consist of two products
 - Síminn's Pay lending operations began in 2019 with **Léttkaupum** where customers can divide payments on large and small items into monthly payments (up to 36 months)
 - In the fall of 2022, **Léttkort** was added, offering customers flexible payments as customers pay their consumption at their own pace in all the places in the world that accepts Mastercard
- The reception of Léttkort has been good
 - Recent growth has been driven by increase in Léttkort whereas Léttkaup has decreased
 - A third of loans at the end of Q1 2023 are due to Léttkort, and that proportion is rapidly increasing
- Extensive product development ongoing at the company and new innovations introduced in coming months



New content on Síminn TV is gaining great popularity

- Record number of orders in Síminn TV
 - Increased availability of content on Síminn TV
 - HBO
 - Icelandic content for children
 - Icelandic content
 - 25% increase between years
 - Number of orders for the first time over 5 million in January 2023 – An indicator of revenue increase
- 5G roll-out continues
 - 5G transmitter number 100 installed recently
 - Both new locations and better density in the capital area and urban areas around the country
 - Simultaneously upgrading 4G transmitters to ensuring increased performance and range
 - The latest 5G transmitters can be found, for example, in Dalvík, Grindavík, Hella, Hvalsöllum, Keflavík, Selfoss and Tálknafjörður.

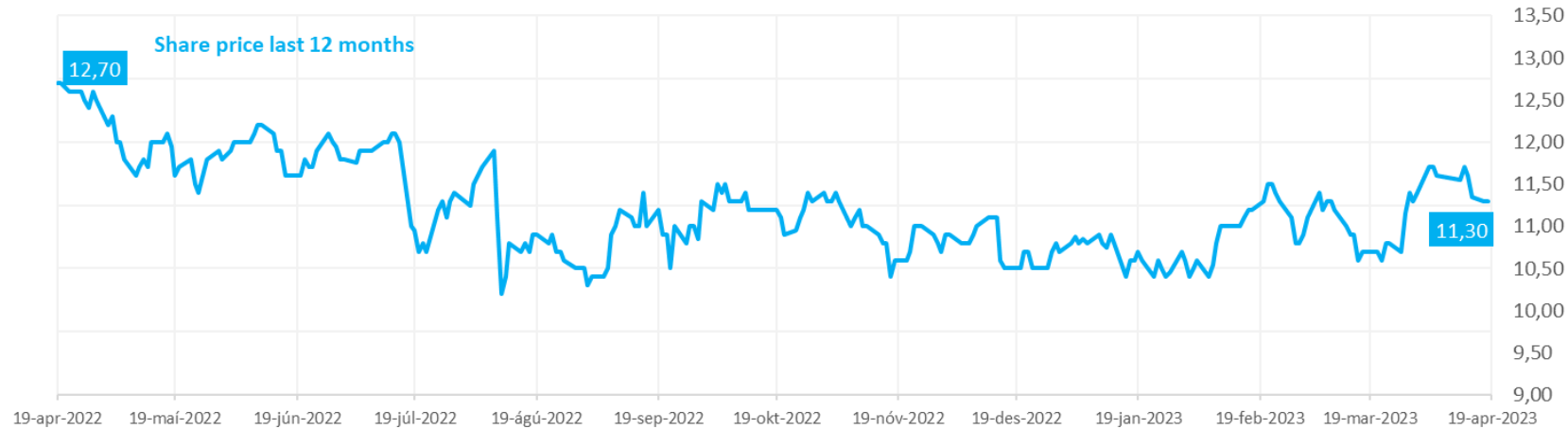




Shareholders

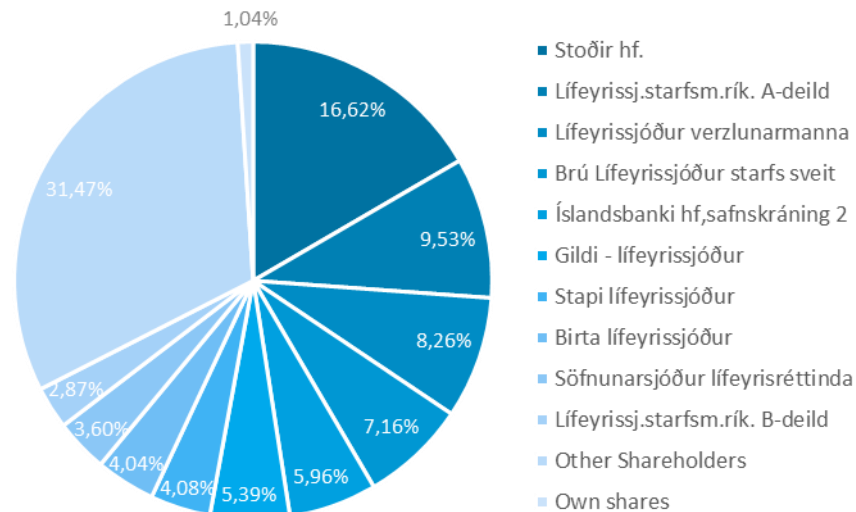


Shareholders



Shareholders 14.4.2023

Shareholders 14.4.2023	Position	% O/S
Stoðir hf.	461.194.170	16,62%
Lífeyrissj.starfsm.rík. A-deild	264.541.439	9,53%
Lífeyrissjóður verzlunarmanna	229.277.518	8,26%
Brú Lífeyrissjóður starfs sveit	198.577.095	7,16%
Íslandsbanki hf,safnskráning 2	165.358.279	5,96%
Gildi - lífeyrissjóður	149.446.085	5,39%
Stapi lífeyrissjóður	113.244.479	4,08%
Birta lífeyrissjóður	112.061.037	4,04%
Söfnunarsjóður lífeyrisréttinda	99.830.504	3,60%
Lífeyrissj.starfsm.rík. B-deild	79.536.152	2,87%
Top 10 shareholders	1.873.066.758	67,50%
Other Shareholders	873.184.575	31,47%
Shares outstanding	2.746.251.333	98,96%
Own shares	28.748.667	1,04%
Total number of shares	2.775.000.000	100%



Shareholders

- Dividends, share buy-back and decreases in capital
 - 500 m.kr. Dividend paid on 31 March 2023
 - On the same day, the company's share capital was reduced by 1.440 m.kr. with 15,7 ma.kr. payment to shareholders
 - On 21 March, the implementation of a buy-back program was announced in accordance with the decision of the Annual General Meeting and buy-back began on the same day
 - Buy-back in Q1 2023 totaled 644 m.kr., including 97 m.kr. due to repurchases announced in March 2023
- Shareholders were 1.134 at the end of Q1 2023
- Síminn's shares have risen 5.6% year-on-year but declined 11.0% over the past 12 months.

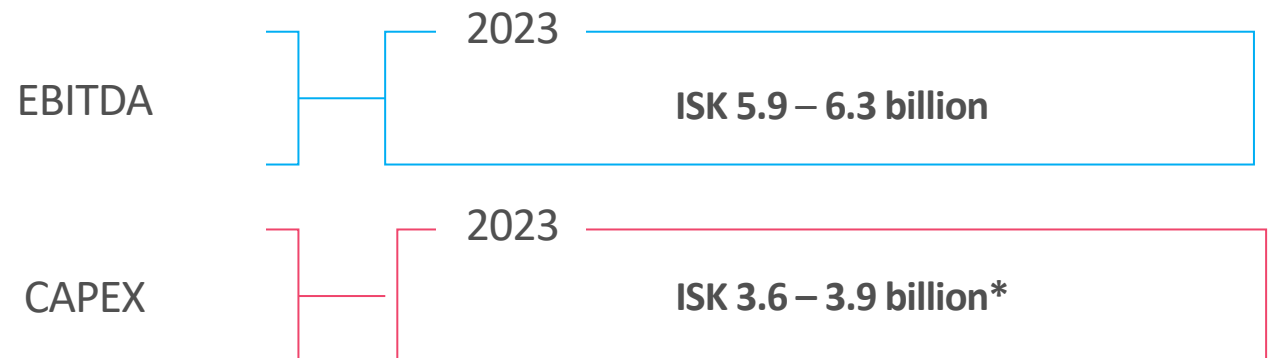


Outlook 2023



Outlook for 2023

- Síminn has made changes to product offerings which is expected to result in more revenue growth during the year than has been the case in recent years
- Cost pressures in the operating environment are high
 - High inflation has been taken into account in the company's forecasts
 - In the event of further currency devaluation, it inevitably puts pressure on costs and investments.
- At this point in time, there is no indication other than that the company delivers results for the year that is in line with the published forecast.
- Investments in 1F high due to investment in TV rights
 - Do not reflect investments throughout the year



* Excluding cost of mobile spectrum licences



Appendix



Business segments

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



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