



Investor Presentation Q2 2023

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Highlights in Q2 and 1H 2023

	Q2 2023	1H 2023
Revenue	6.283 m.kr. Q2 2022: 6.036 m.kr.	12.581 m.kr. 1H 2022: 12.129 m.kr.
EBITDA	1.410 m.kr. Q2 2022: 1.399 m.kr.	2.725 m.kr. 1H 2022: 2.726 m.kr.
EBITDA %	22,4% Q2 2022: 23,2%	21,7% 1H 2022: 22,5%
EBIT	362 m.kr. Q2 2022: 682 m.kr.	680 m.kr. 1H 2022: 1.256 m.kr.
CAPEX	953 m.kr. Q2 2022: 875 m.kr.	2.569 m.kr. 1H 2022: 1.130 m.kr.

NIBD / 12M EBITDA*	Cash	Equity Ratio	Cash generated by operation
0,98x Q4 2022: 0,58x	727 m.kr. Q4 2022: 3.721 m.kr.	55,1% Q4 2022: 68,9%	1.394 m.kr. Q2 2022: 1.567 m.kr.

* Without 200 m.kr. cancellation of competition fine in in Q4 2022.
Net-intrest bearing debt includes lease liabilities minus cash and loans at Siminn Pay



Operation

Income Statement

Income statement	Q2			1H		
	2023	2022	%	2023	2022	%
Net sales	6.283	6.036	4,1%	12.581	12.129	3,7%
Cost of sales	(4.110)	(3.597)	14,3%	(8.265)	(7.359)	12,3%
Operating expenses	(1.811)	(1.757)	3,1%	(3.636)	(3.514)	3,5%
EBIT	362	682	-46,9%	680	1.256	-45,9%
Net financial items	(145)	(165)	-12,1%	(146)	(73)	100,0%
Income tax	(38)	(107)	-64,5%	(109)	(220)	-50,5%
Net profit from continuing operation	179	410	-56,3%	425	963	-55,9%
Discontinued operation	0	95	-100,0%	0	288	-100,0%
Net profit	179	505	-64,6%	425	1.251	-66,0%
EBITDA	1.410	1.399	0,8%	2.725	2.726	0,0%
EPS from continuing operation	0,06	0,05	20,0%	0,13	0,13	0,0%

Strong revenue growth due to, amongst other things, a change in product mix

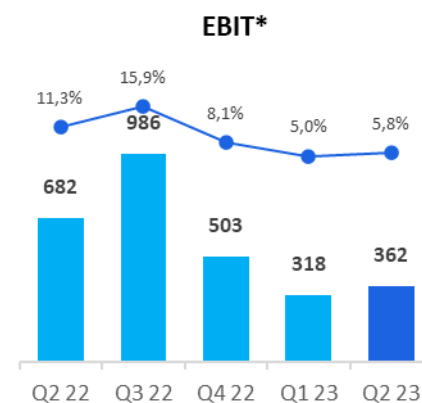
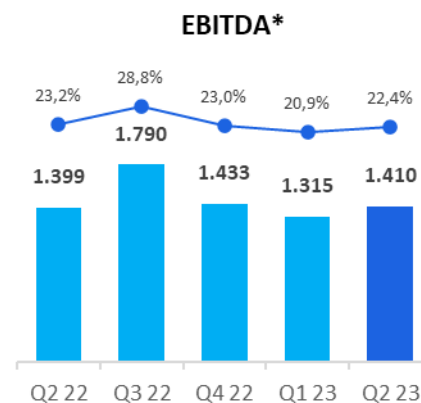
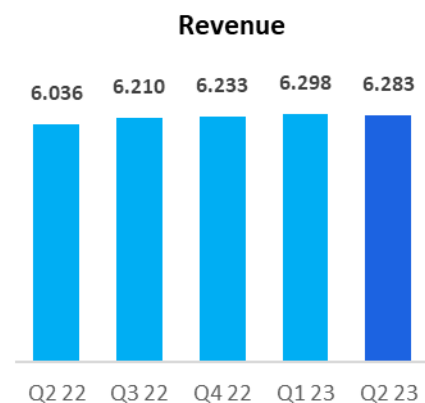
- 12% year-on-year growth in TV services
- Data revenue increases by more than 6%
- Mobile revenues increase by roughly 8%
- Notable decrease in product sales

EBITDA increases slightly between years

- Costs without depreciation increased by almost 5% between years. A larger proportion of Síminn's cost is indexed than before
- EBITDA margin fluctuates within the year and will increase in the latter half of this year

Operating profit decreases due to increased amortization of sports rights and investments in TV content for Síminn Premium TV

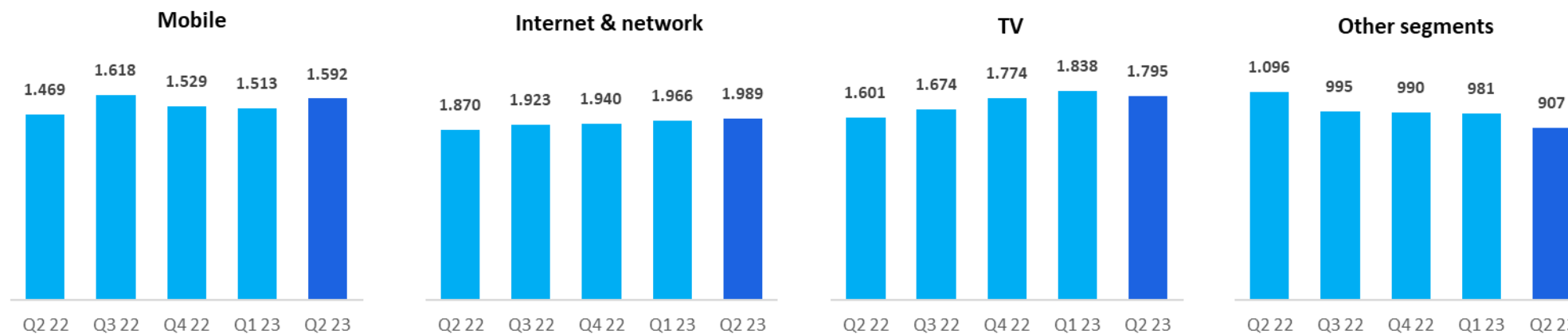
Síminn Pay's loan growth was just under ISK 300 million in the quarter



* EBITDA and EBIT in the graphs are without a 200 m.kr. repayment of competition fine in Q4 2022.

Revenue by segments

Segments	Q2				1H			
	2023	2022	Change	%	2023	2022	Change	%
Mobile	1.592	1.469	123	8,4%	3.105	2.882	223	7,7%
Fixed voice	269	367	-98	-26,7%	548	745	-197	-26,4%
Internet & network	1.989	1.870	119	6,4%	3.955	3.728	227	6,1%
TV	1.795	1.601	194	12,1%	3.633	3.274	359	11,0%
Equipment sales	406	492	-86	-17,5%	878	941	-63	-6,7%
Other revenue	232	237	-5	-2,1%	462	559	-97	-17,4%
Total revenue	6.283	6.036	247	4,1%	12.581	12.129	452	3,7%





EBITDA unchanged from last year

There was a change in product mix this year and our offering appeals to a wider range of clients than before

- A foundation for the important autumn sales period

Excluding the non-margin one-off items related to the sale of equipment to Míla in Q1 2022, Síminn's revenue increased by ISK 541 million (4.5%) between periods

Revenue growth is strongest in TV services, or 11% between years

- Advertising revenue increased by 7% between years

Nearly 8% increase in mobile revenues, about half due to increase in roaming revenue

- In contrast, bulk SMS are down by 60%. These were COVID-related revenues

Interest income rises considerably, among other things, due to increased lending at Síminn Pay and higher interest rates

- Policy rates for the period averaged 4% higher than a year before

Total costs excluding depreciation increased by 4.8% between years

- Increased costs from telecommunications suppliers, as inflation is high, and the cost is partially indexed
- Wages increase between years due to wage inflation and employee turnover

Depreciation increases by ISK 575 million between years, or just under 40%, due to investments in TV content and broadcasting rights with amortization period of 2-3 years

All Síminn's financing is with floating interest rates, therefore interest expenses increase between periods

- The base prospectus Síminn has for corporate notes was fully utilized in 1H this year but on average lower during the same period last year

Increased lending calls for increased bad-debt provision

- ISK 65 million expensed in 1H – actual losses much lower



Balance Sheet and Cash Flow

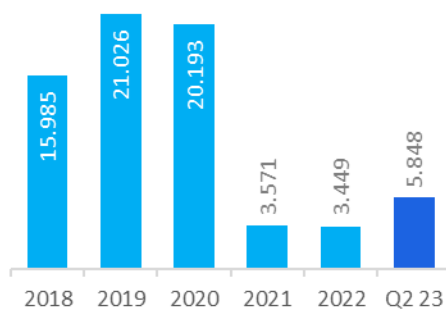


Balance Sheet

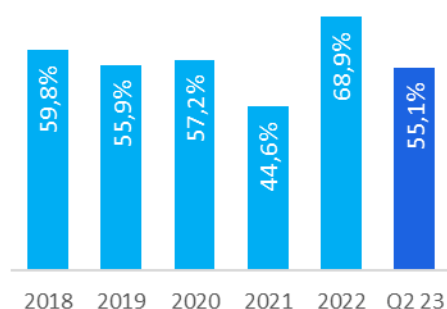
Assets	30.06.2023	31.12.2022
Property, plant and equipment.....	2.534	2.466
Right-of-use assets.....	847	941
Intangible assets.....	21.839	22.122
Other non-current assets.....	576	580
Non-current assets	25.796	26.109
Inventories.....	1.336	1.212
Accounts receivables.....	2.118	2.045
Loans (Síminn Pay).....	1.944	1.359
Other current assets.....	1.054	1.048
Corporate bond.....	0	15.687
Cash and cash equivalents.....	727	3.721
Current assets	7.179	25.072
Total assets	32.975	51.181

Equity and liabilities	30.06.2023	31.12.2022
Total equity.....	18.161	35.261
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Borrowings.....	5.963	5.956
Finance lease.....	627	731
Accounts payables.....	0	639
Deferred tax liabilities.....	200	89
Non-current liabilities	6.790	7.415
Bank loans.....	1.909	1.929
Accounts payables.....	4.700	4.788
Current maturities of borrowings.....	265	251
Other current liabilities.....	1.150	1.537
Current liabilities	8.024	8.505
Total equity and liabilities	32.975	51.181

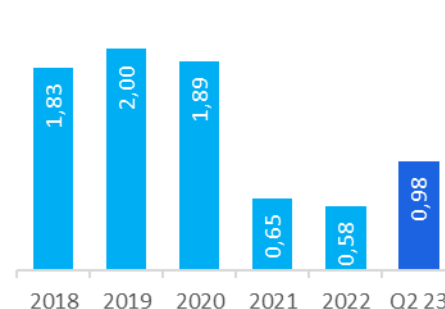
Net interest bearing debt with lease liabilities and Pay



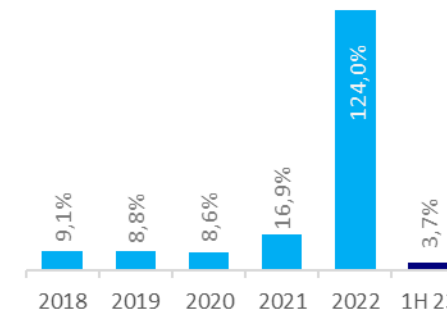
Equity ratio



Net interest bearing debt with lease liabilities to EBITDA*



Return on Equity*



Net interest-bearing debt includes loans at Síminn Pay. Lease commitments included from 2019.

*Without administrative fines in 2020 and 2022.

Cash Flow

Cash Flow	1H 2023	1H 2022	Q2 2023	Q2 2022
Cash flow from operating activities				
Operating profit	680	1.256	362	682
Operational items not affecting cash flow:				
Depreciation.....	2.045	1.470	1.048	717
Gain on sale of fixed assets.....	1	(4)	1	0
	<u>2.726</u>	<u>2.722</u>	<u>1.411</u>	<u>1.399</u>
Changes in current assets and liabilities.....	(162)	481	(17)	168
Cash generated by operation	2.564	3.203	1.394	1.567
Net interest expenses paid during the period.....	(6)	(176)	(124)	(151)
Payments of taxes during the period.....	(394)	(348)	(236)	(209)
Net cash from operating activities	<u>2.164</u>	<u>2.679</u>	<u>1.034</u>	<u>1.207</u>
Investing activities				
Net investment in property, plant and equipments.....	(2.569)	(1.130)	(953)	(875)
Consumer Loans Síminn Pay.....	(554)	(17)	(288)	(50)
Sale of bond.....	15.685	0	0	0
Investing activities	<u>12.562</u>	<u>(1.147)</u>	<u>(1.241)</u>	<u>(925)</u>
Financing activities				
Dividend paid.....	(499)	(500)	0	(500)
Purchase of own shares.....	(1.452)	(1.891)	(809)	(961)
Share capital reduction.....	(15.580)	0	0	0
Payment of long term lease.....	(129)	(93)	(66)	(47)
Net Financing activities.....	<u>(21)</u>	<u>(1.186)</u>	<u>(21)</u>	<u>(1.168)</u>
Financing activities	<u>(17.681)</u>	<u>(3.670)</u>	<u>(896)</u>	<u>(2.676)</u>
Changes in cash and cash equivalents	(2.955)	(2.138)	(1.103)	(2.394)
Translation effects on cash.....	(39)	(6)	(2)	0
Cash and cash equivalents at the beginning of the year.....	3.721	3.509	1.832	3.759
Cash and cash equivalents at the end of the period.....	<u>727</u>	<u>1.365</u>	<u>727</u>	<u>1.365</u>

On 29 January, sale of a bond that Síminn received as a part of the proceeds from Míla's sale last year was finalized

A total of ISK 16,2 billion were paid to shareholders on 31 March

- ISK 15,7 billion in capital reduction and ISK 500 million in dividends

The equity ratio is now 55,1%

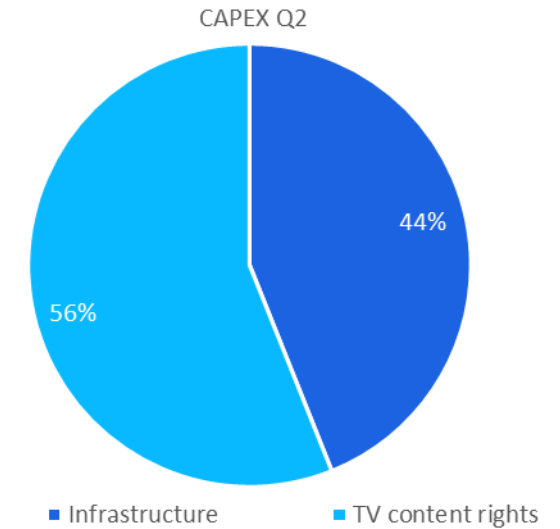
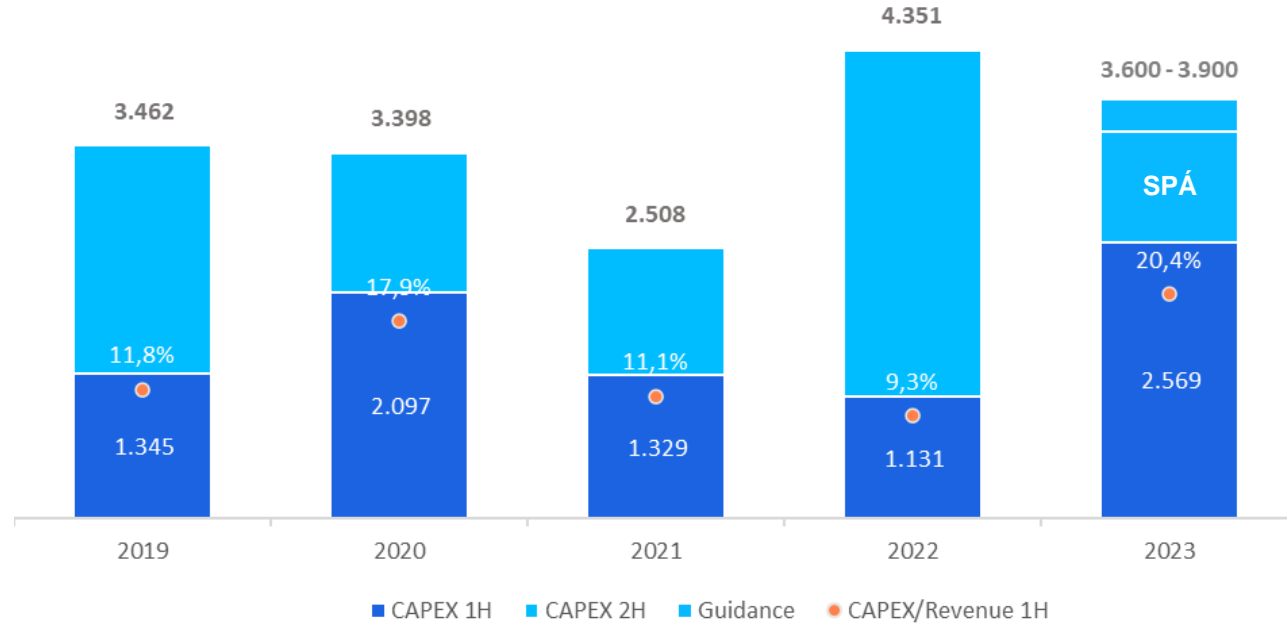
The cash balance decreases due to dividends in Q2 and payment of broadcasting rights in Q1.

Síminn completed the sale of a new bond issue for 1,5 m.kr. on 23 June but the proceeds from the sale were paid to Síminn on 3 July



CAPEX

CAPEX



Investment in TV content and broadcasting rights is front-loaded

- Almost 70% of the year's investment in TV content rights is generated in the first half of the year
- The 2nd payment for broadcasting right of the English Premier League was in Q1 2023, but nothing was paid for the right in 2022
- The bulk of the contract with HBO was due in the first half of the year



Highlights





Collaboration between Síminn and HSÍ on distribution of the handball league

Síminn has collaborated with the Icelandic Handball Association (HSÍ) on the distribution of Icelandic handball to spectators all over the country

HSÍ is the first Icelandic sports federation to sell broadcasting directly to its customers

HSÍ will install automatic broadcasting equipment in all competition venues and can then stream live from all events that take place there

The events will then be accessible linearly and non-linearly on Síminn TV platform, which handles all technical operations, billing and collection

In addition, one game will be selected weekly which will be shown live on Síminn TV station for free

Síminn expects a lot from this collaboration, as it is a development project that can potentially benefit more sports federations in the coming years





Síminn Pay

Síminn Pay's loan growth continues

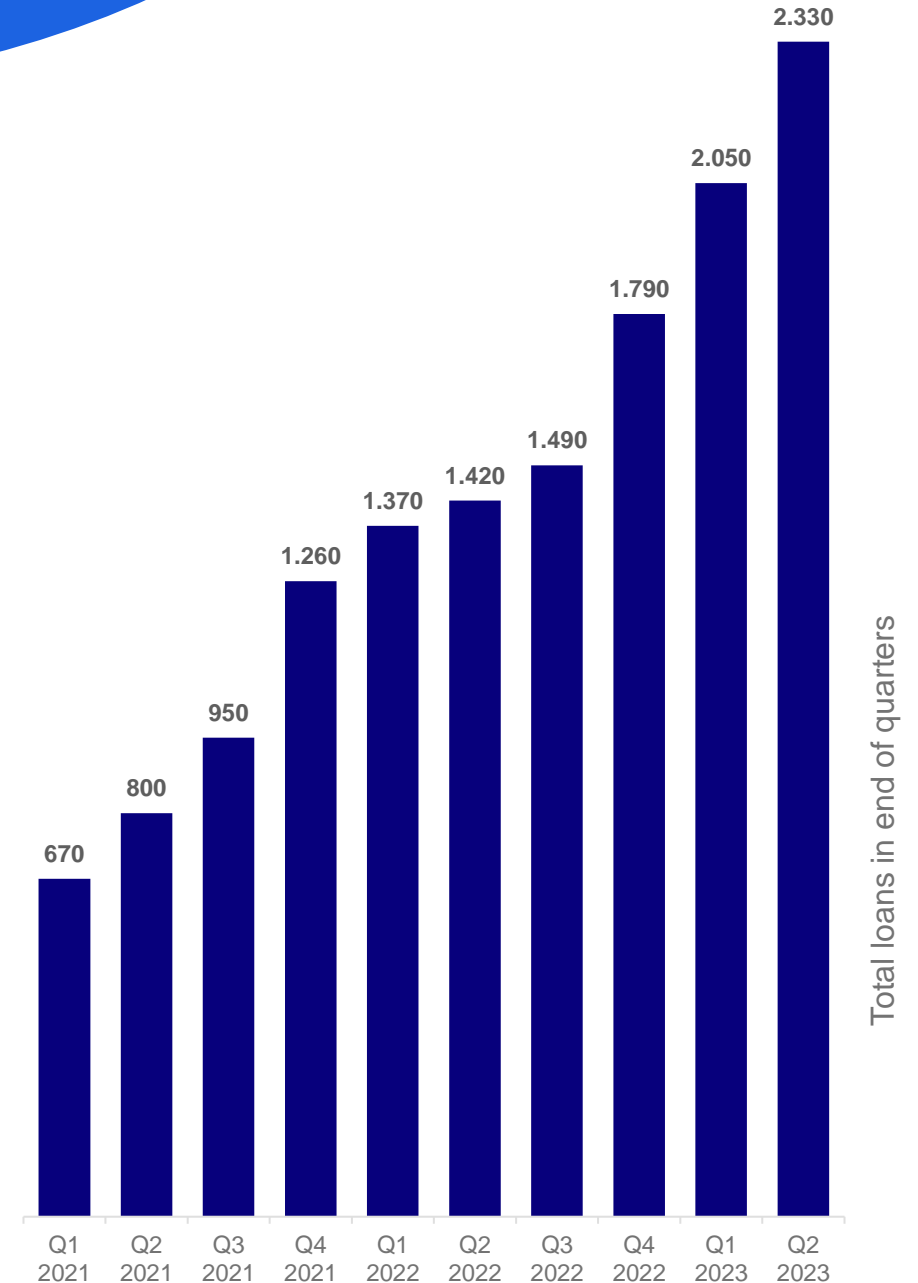
- Léttkort (Credit card) drives the credit increase, with 80% of new loans due to Léttkort and 20% from other loan products

Continued development of Léttkort

- Cardholders can now receive Icelandair frequent flyer points where cardholders manage their points collection
- Collaboration with VÍS on the sale of travel insurance in the app where customers can buy and cancel their insurance at any time
- More new developments to be introduced in the coming months

Electronic order book

- Electronic orders are popular, ensuring security, transparency and management of audits by companies
- Has been used in transactions for over of ISK 2.5 billion





Funding

Síminn's goal is to have mixed financing, i.e., bank financing and market financing

After a few years absence from the bond market, Síminn started issuing corporate notes in 2021

- The limit in the base prospectus for the corporate notes was ISK 2 billion
- Investor reception has been positive, and margins have been decreasing with each issue

The next step in market financing was taken at the end of Q2, where a 3-year bonds amounting to ISK 1.5 billion were issued and sold

- The shares were sold in a private placement
- The interest was 1M REIBOR + 1,3% margin

If market conditions are favorable, Síminn will consider further issuance in the autumn

Síminn has access to ISK 5 billion in undrawn credit lines and investment capacity is therefore substantial



6M Corporate notes	Issued (M.ISK)	Interest	6M REIBOR	Margin
June 2021	1,540	2,75%	1,75%	1,00%
March 2022	340	4,75%	3,89%	0,86%
October 2022	1,100	7,20%	6,56%	0,64%
November 2022	900	7,20%	6,68%	0,52%
April 2023	1,100	8,87%	8,39%	0,48%
May 2023	900	9,80%	9,51%	0,29%

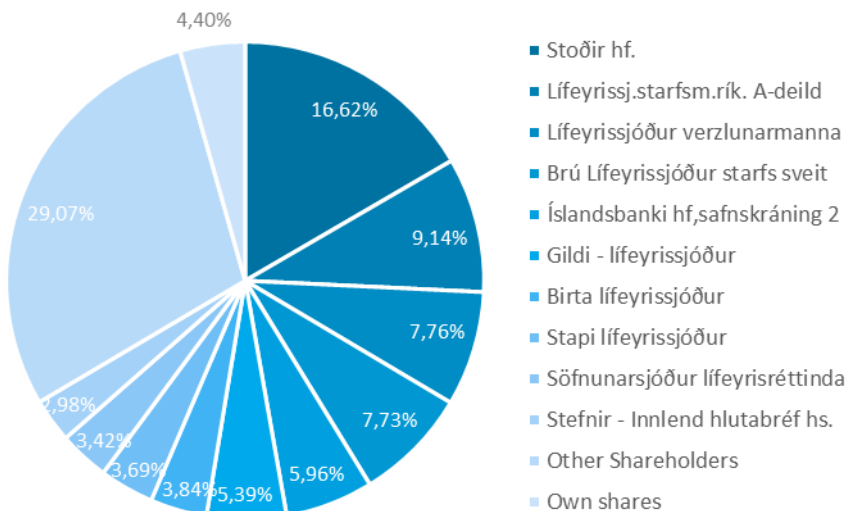


Shareholders

Shareholders



Shareholders 11.8.2023	Position	% O/S
Stoðir hf.	461.194.170	16,62%
Lífeyrissj.starfsm.rík. A-deild	253.771.439	9,14%
Lífeyrissjóður verzlunarmanna	215.422.187	7,76%
Brú Lífeyrissjóður starfs sveit	214.577.095	7,73%
Íslandsbanki hf,safnskráning 2	165.358.279	5,96%
Gildi - lífeyrissjóður	149.446.085	5,39%
Birta lífeyrissjóður	106.467.528	3,84%
Stapi lífeyrissjóður	102.451.623	3,69%
Söfnunarsjóður lífeyrisréttinda	94.830.504	3,42%
Stefnir - Innlend hlutabréf hs.	82.616.129	2,98%
Top 10 shareholders	1.846.135.039	66,53%
Other Shareholders	806.810.054	29,07%
Shares outstanding	2.652.945.093	95,60%
Own shares	122.054.907	4,40%
Total number of shares	2.775.000.000	100%



Dividends, share buy-backs and reduction of share capital

- ISK 500 million was paid in dividend on 31 March 2023
- On the same day, the company's share capital was reduced by ISK 1,440 million with ISK 15.7 billion payment to shareholders
- On 21 March, the implementation of a buy-back program of ISK 1 billion was announced. It ended on July 17.
- On 18 July, a new program of ISK 1 billion was announced and purchases have begun
- Share buy-backs in 1H 2023 amounted to ISK 1,468 million

There were 1,068 shareholders at the end of Q2 2023

Síminn's shares have declined 2.8% year-to-date and 3.7% over the past 12 months



Outlook for 2023



Unchanged guidance for 2023

The expectation is that the broader product range will result in strong sales in the autumn and looking forward

- Síminn's supply of high-quality TV content has never been better, and we believe that despite production problems due to strikes, demand will hold up

Investments in TV content and rights may decline faster than expected, whereas such a change may cause some increase in operating costs in return – but the scale is not yet known

EBITDA guidance for the year remains unchanged

CAPEX guidance remains unchanged, but as mentioned earlier, there is some uncertainty about exactly how much the impact will be on reduced availability of foreign TV content in the autumn

* Excluding cost of mobile frequency licenses



EBITDA	ISK 5.9 – 6.3 billion
CAPEX	ISK 3.6 – 3.9 billion*



Appendix



Business segments

Mobile: Revenue from mobile services in Iceland and abroad, whether conventional GSM services, satellite services or other mobile services.

Fixed voice: Revenue from fixed voice services for (fees and traffic).

Internet & network: Revenue from data service, including xDSL services, GPON, Internet, IP networks, local loops and access networks.

TV: Distribution of TV, subscriptions, fees and advertising on Síminn TV.

Equipment sales: Revenue from sale of telco equipment.

Other revenue: Revenues related to telecommunications, information technology and finance.



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