



Q4 2021 Result Full year 2021

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Highlights in Q4 and 2021

including Míla

	Q4 2021	12M 2021
Revenue	m.ISK 6.700 Q4 2020: m.ISK 6.703	m.ISK 25.841 2020: m.ISK 25.646
EBITDA *	m.ISK 2.532 Q4 2020: m.ISK 2.413	m.ISK 10.603 2020: m.ISK 10.156
EBITDA % *	37,8% Q4 2020: 36,0%	41,0% 2020: 39,6%
EBIT *	m.ISK 918 Q4 2020: m.ISK 907	m.ISK 4.692 2020: m.ISK 4.271
CAPEX	m.ISK 1.809 Q4 2020: m.ISK 1.528	m.ISK 5.498 2020: m.ISK 5.648

Q4 2021

- Adjusted for ISK 300 million reduction of government fines in 4Q 2020 EBITDA increases by 5% between years.
- Total revenue unchanged between quarters
 - Decline in equipment sales, data- and fixed line revenue
- Revenues from mobile services increase by 6%, which is mostly due to increase in roaming revenue and success of the pre-paid service Prenna.
 - Roaming income increases by 60 m.kr. which is more than doubling between years.
- Equipment sales are declining, due to increased travel by Icelanders abroad. Margin increases.
- Revenue from Premium increased by 11% between years, but revenue from Síminn Bíó and resale of foreign channels decreased.
- Cost control results in lower operating costs between years despite rising inflation.

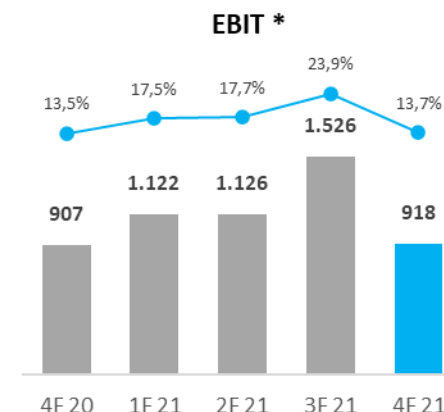
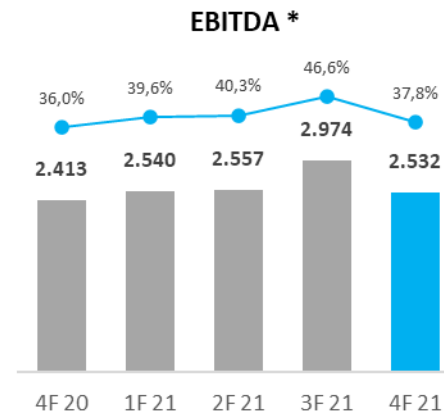
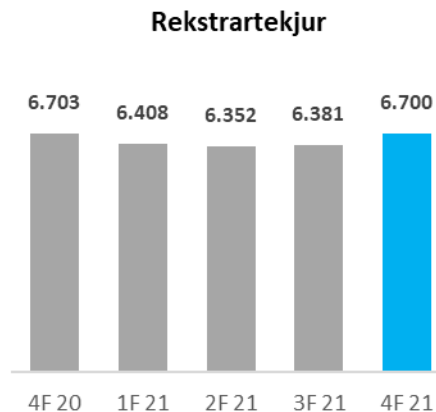


Operation



Income Statement

Income statement	Q4 With Míla			12M With Míla			12M Without Míla			Effect on
	2021	2020	%	2021	2020	%	2021	2020	%	2021
Net sales	6.700	6.703	0,0%	25.841	25.646	0,8%	24.543	23.969	2,4%	(1.298)
Cost of sales	(3.567)	(3.474)	2,7%	(12.927)	(12.769)	1,2%	(15.533)	(13.965)	11,2%	(2.606)
Operating expenses	(2.215)	(2.022)	9,5%	(8.222)	(8.806)	-6,6%	(6.750)	(7.860)	-14,1%	1.472
EBIT	918	1.207	-23,9%	4.692	4.071	15,3%	2.260	2.144	5,4%	(2.432)
Net financial items	(279)	(144)	93,8%	(999)	(705)	41,7%	(114)	(288)	-60,4%	885
Income tax	(108)	(139)	-22,3%	(727)	(704)	3,3%	(411)	(397)	3,5%	316
Net profit from continuing operation	531	924	-42,5%	2.966	2.662	11,4%	1.735	1.459	18,9%	(1.231)
Discontinued operation	123	131		2.247	254		3.478	1.457		1.231
Net profit	654	1.055	-38,0%	5.213	2.916	78,8%	5.213	2.916	78,8%	0
EBITDA	2.532	2.713	-6,7%	10.603	9.956	6,5%	5.502	6.006	-8,4%	(5.101)
EPS	0,09	0,13		0,68	0,34		-	-		

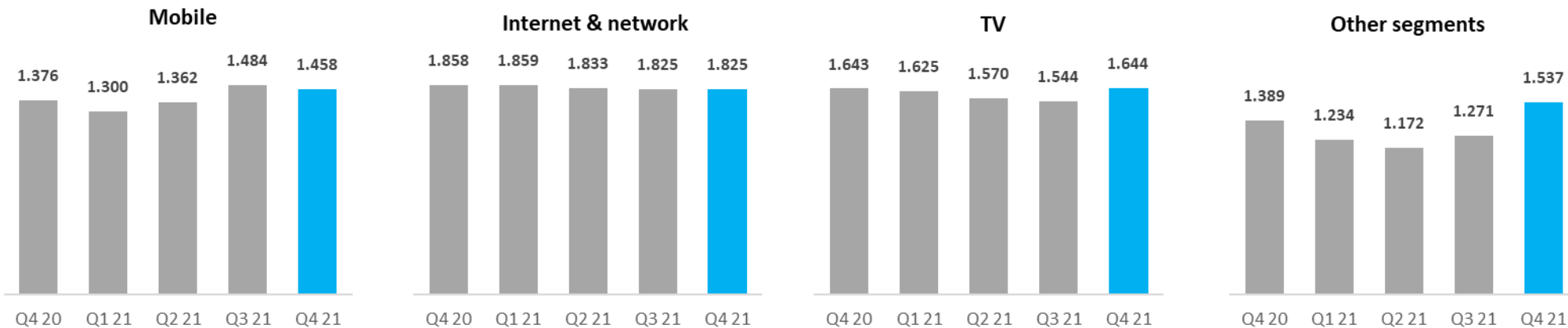


* EBITDA and EBIT in graphs are without government fine in Q2/Q4 2020



Revenue by segments

Segments	Q4 including Míla				12M including Míla				12M excluding Míla				Áhrif Mílu
	2021	2020	Change	%	2021	2020	Change	%	2021	2020	Change	%	2021
Mobile	1.455	1.368	87	6,4%	5.593	5.321	272	5,1%	5.604	5.343	261	4,9%	11
Fixed voice	370	415	-45	-10,8%	1.551	1.714	-163	-9,5%	1.572	1.725	-153	-8,9%	21
Internet & network	2.199	2.237	-38	-1,7%	8.844	8.837	7	0,1%	7.342	7.334	8	0,1%	-1.502
TV	1.641	1.639	2	0,1%	6.369	6.253	116	1,9%	6.383	6.266	117	1,9%	14
Equipment sales	634	677	-43	-6,4%	2.143	2.159	-16	-0,7%	2.148	2.162	-14	-0,6%	5
Other revenue	401	367	34	9,3%	1.341	1.362	-21	-1,5%	1.494	1.139	355	31,2%	153
Total revenue	6.700	6.703	-3	0,0%	25.841	25.646	195	0,8%	24.543	23.969	574	2,4%	-1.298



Revenues by segments in graphs are without Míla. Revenues from Spotify and Síminn Pay, which were previously categorized as mobile revenue, have been reclassified and now belong to other revenue.



Operations in 2021 including Míla

Strong results are due to cost cutting in 2020

- EBITDA increases by 4.4% between years
- Operating income increased slightly between years
 - Revenues from mobile services increase by over 6%, which is explained by the success of the pre-paid service Prenna, increased revenues from value-added services and SMS wholesale.
 - Roaming income increases again.
- Operating profit increases by over ISK 400 million between years
 - Depreciation almost unchanged between years
- Profit increases by almost ISK 300 million
 - Despite just over ISK 300 million increase in interest expenses due to increased indebtedness following the refinancing in Q1 2021
- Síminn completed the sale of Sensa in Q2 2021 to Crayon Group Holding ASA (Crayon)
 - Part of the sale proceeds were 699,635 shares in Crayon that have now been sold.
 - The profit from the sale of the shares was just over ISK 120 million. higher than published in the announcement to the Stock Exchange on April 8, 2021.
- Síminn has never received media subsidies or other public contributions since the beginning of the epidemic
- Wage costs decrease by almost ISK 400 million or 6.2%
 - This is due to a reduction in the number of full-time employee positions in 2020 and outsourcing of software development to Deloitte. Most of the change was in Q2 2020, which has improved results in 2021.
 - Outsourcing has not resulted in an increase in IT costs.
- The cost of services sold increases due to a temporary increase in the cost of television operations.
- Personnel costs remains at a minimum, as there is almost no business travel or staff events.
- The cost of the sale of Míla is posted as prepaid cost which will lower the capital gain when the sale concludes.
- Increased sales and marketing costs is e.g. due to emphasis on new products.
- The decrease in product sales is related to an increase in Icelanders' travel abroad, but in return the margin increases.
 - The margin on product sales increases by almost ISK 100 million between years.



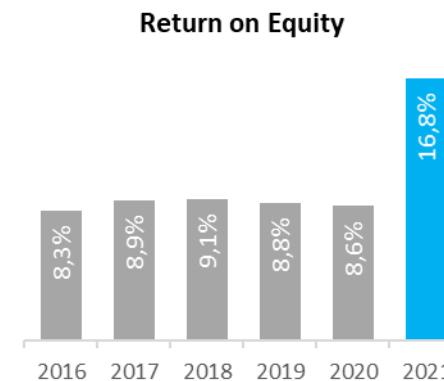
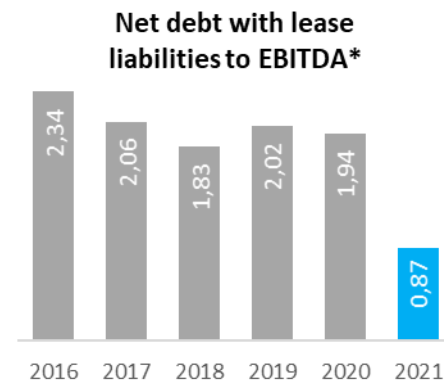
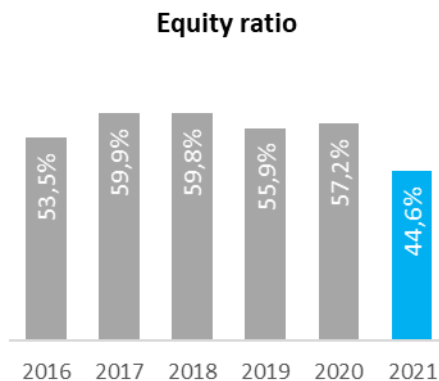
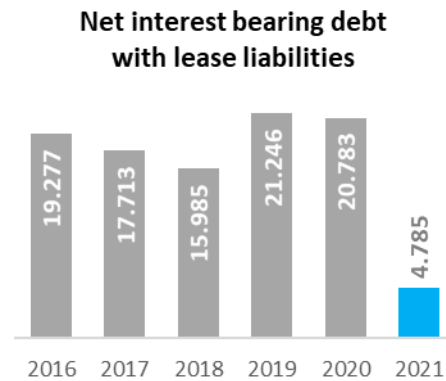
Balance Sheet and Cash Flow



Balance Sheet

Assets	31.12.2021	31.12.2020
Non-current assets		
Property, plant and equipment.....	2.219	18.991
Right-of-use assets.....	753	5.378
Intangible assets.....	19.403	32.544
Other non-current assets.....	675	544
Non-current assets	23.050	57.457
Current assets		
Inventories.....	923	1.127
Accounts receivables.....	2.234	3.147
Other current assets.....	3.082	834
Cash and cash equivalents.....	3.509	735
Assets held for sale.....	36.929	1.906
Current assets	46.677	7.749
Total assets	69.727	65.206

Equity and liabilities	31.12.2021	31.12.2020
Equity		
Total equity.....	31.079	37.298
Non-current liabilities		
Borrowings.....	5.943	14.289
Finance lease.....	653	5.066
Deferred tax liabilities.....	604	670
Non-current liabilities	7.200	20.025
Current liabilities		
Bank loans.....	1.518	500
Accounts payables.....	2.141	2.554
Current maturities of borrowings.....	180	1.663
Other current liabilities.....	1.783	2.390
Liabilities held for sale.....	25.826	776
Current liabilities	31.448	7.883
Total equity and liabilities	69.727	65.206



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



Cash Flow

Cash Flow *	2021	2020
Cash flow from operating activities		
Operating profit	2.260	2.144
Operational items not affecting cash flow:		
Depreciation and amortisation.....	3.242	3.862
Gain on sale of fixed assets.....	(1)	(2)
	5.501	6.004
Changes in current assets and liabilities.....	(1.099)	461
Cash generated by operation	4.402	6.465
Net interest expenses paid during the period.....	(77)	(263)
Payments of taxes during the period.....	(565)	(627)
Net cash from operating activities	3.760	5.575
Investing activities		
Net investment in property, plant and equipments.....	5.186	(3.399)
Other investment.....	(894)	(211)
Sale of subsidiary and discontinued operation.....	14.739	1.449
Investing activities	19.031	(2.161)
Financing activities		
Dividend paid.....	(500)	(500)
Purchase of own shares.....	(2.965)	(1.751)
Share capital reduction.....	(7.968)	0
Payment of long term lease.....	(174)	(334)
Net Financing activities.....	(8.411)	(292)
Financing activities	(20.018)	(2.877)
Increase (decrease) in cash and cash equivalents	2.773	537
Translation effects on cash.....	1	(19)
Cash and cash equivalents at the beginning of the year.....	735	217
Cash and cash equivalents at the end of the period.....	3.509	735

Balance sheet and cash flow

- Míla's assets are classified as assets held for sale in the 2021 balance sheet.
- The equity ratio decreases between years due to a decrease in share capital in 2021.
- Refinancing in Q1 2021 reduces Síminn's indebtedness and the capital structure changed when Míla refinanced funding from Síminn.
- Changes in operating assets and liabilities are explained by the pre-payment of part of the TV rights to the English Premier League and the costs related to the Míla sale process.
- The sale of assets and discontinued operations is related to the refinancing of Míla, as the refinancing was with an external loan but a loan from the parent company was repaid when the company's share capital was reduced. In addition, Míla acquired the RAN system and the IP / MPLS network from Síminn.

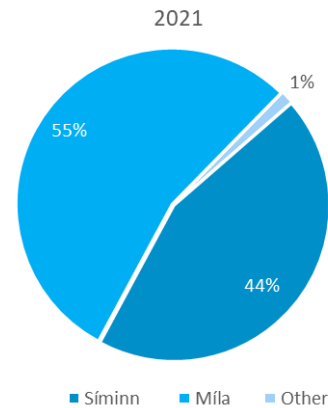
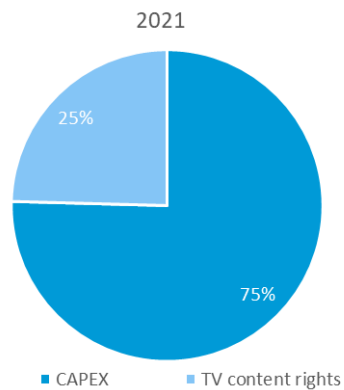
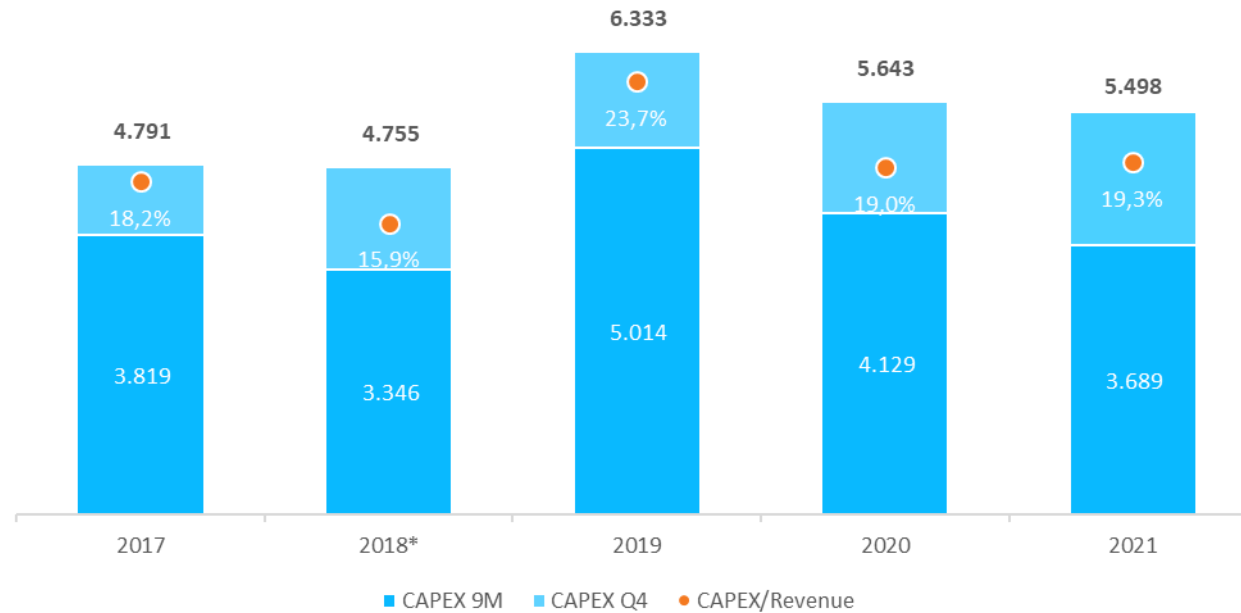
*Cash flow statement according to the financial statements. Míla classified as discontinued operation.



CAPEX



CAPEX



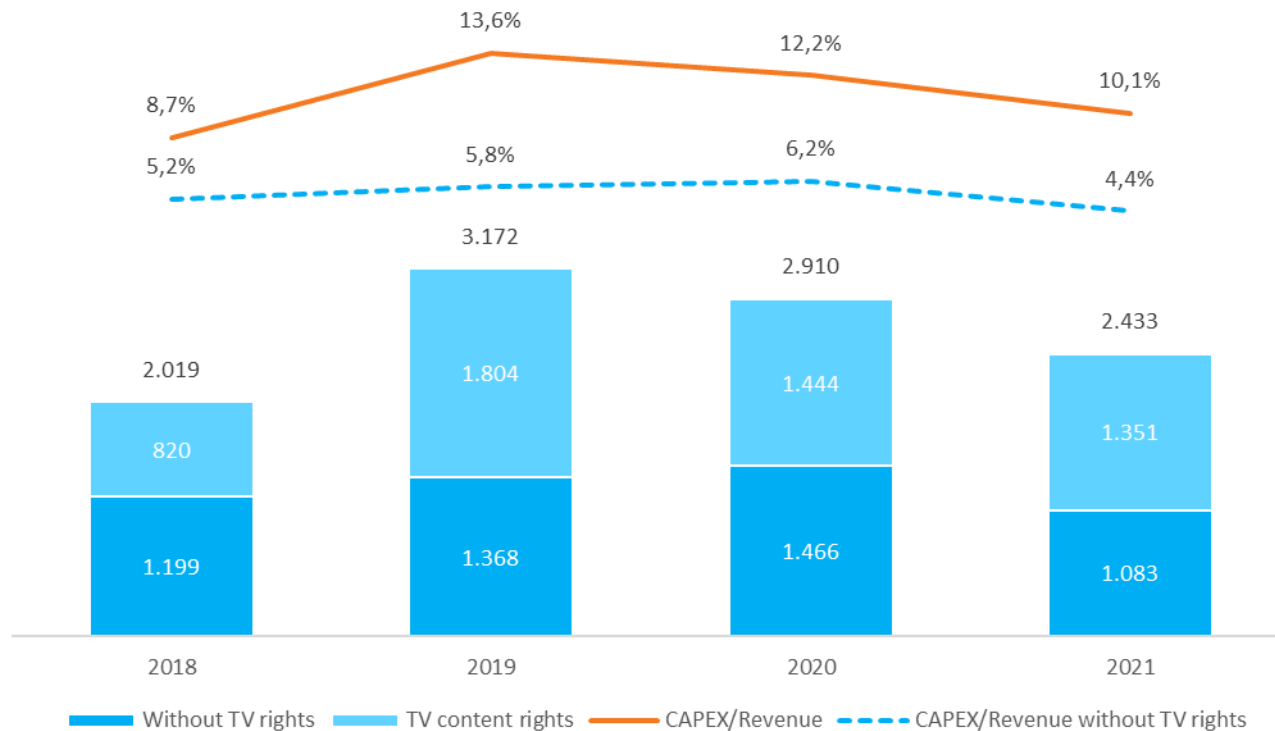
CAPEX 2021

- The Group's investments in fixed assets, TV rights and other intangible assets decrease by ISK 145 million between years.
- Síminn's investments decrease by ISK 477 million thereof investment in TV content by ISK 93 million.
- Míla investments increase by ISK 259 million.
- Síminn Pay's investments in fixed assets and intangible assets increase by ISK 71 million.

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



Síminn Parent CAPEX

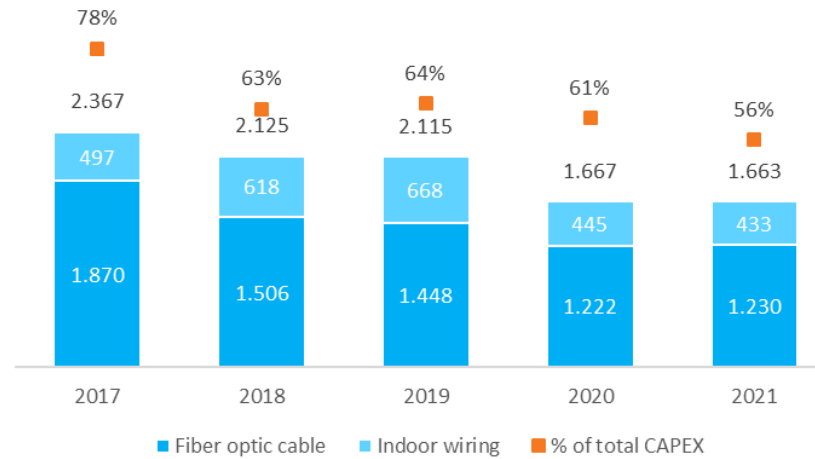
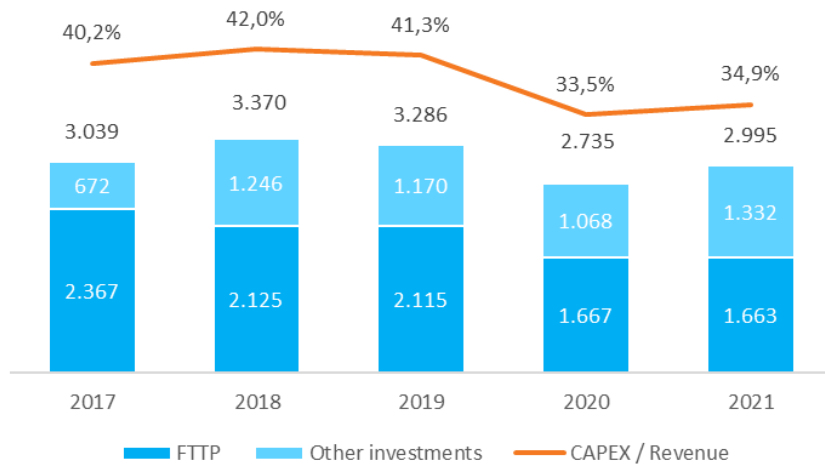


CAPEX 2021

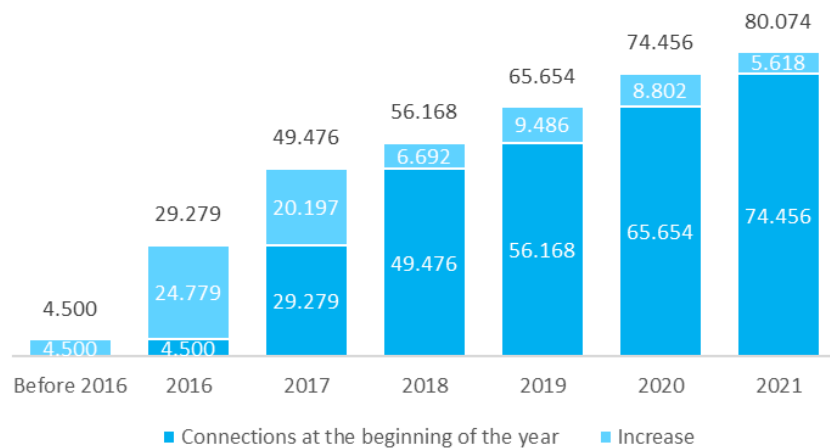
- With the sale of the RAN system and IP / MPLS network to Míla, the annual investment need in Síminn's telecommunication network decreased by ISK 500 - 600 million.
- Síminn's investments have been declining since 2019.
- During this period, great emphasis has been placed on strengthening and transforming the company's internal systems with the aim of reducing operating costs, increasing flexibility and facilitating product development.
 - The share of these investments in total investment without TV content rights amounted to an average of 40% over the period 2019 - 2021.
- Following declining investments in the company's telecommunication network, the importance of customers premises equipment (CPE's) has increased.
 - In recent years, the annual investment in STB's, routers and other CPE's has amounted to between ISK 400 - 450 million.
 - The exception is in 2021, when investment in CPE's was 35-40% less than in a normal year. The shortage of supply from foreign suppliers had a major impact.



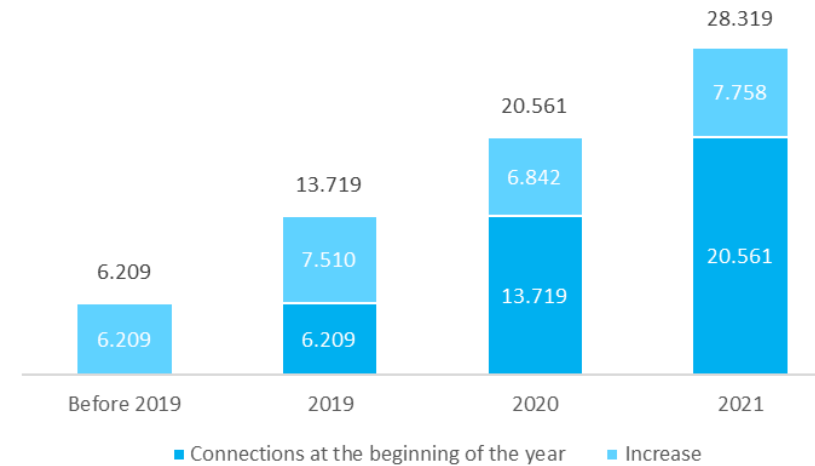
Míla CAPEX



Premises connected – Capital Area



Premises connected – Rural areas



Fiber optic project

- In recent years, the main emphasis has been on fiber installation, first in the capital area, but in 2021 more focus was on urban areas outside the capital Area, and the emphasis in the future will be there.
- In 2021, investment in fiber projects amounted to ISK 1,663 million, which is 56% of the total investment for the year.
- Total investments in 2021 will increase by ISK 260 million between years but the increase is entirely in projects other than fiber optics.
- About 108,400 homes/premises had access to fiber at the end of 2021, of which about 80,000 are in the capital Area.
- About 13,400 new homes/premises gained access to fiber during the year, of which about 7,800 are in rural areas.



Highlights

Síminn

- Síminn and Míla entered into an agreement with Ericsson for mobile network operations
 - The relationship between Síminn and Ericsson spans over 100 years
 - Ericsson is an undisputed global technology provider that meets safety demands from governments
 - Five-year contract
 - Continued development of 4G and faster development of 5G where the goal is to achieve 90% coverage by mid 2025
 - Increased data speed and new business opportunities
 - In March, Síminn's customers with 5G devices will have the option of a better connection, regardless of subscription
- New B2B packages launched at the beginning of the year
 - Solutions at Síminn with an emphasis on network security
 - Communication and network security needs of companies are solved with a package at a fixed price
 - Powerful firewall, 24/7 monitoring, installation and consulting
 - Important partners the key





Míla

- Fiber installation
 - In 2021, the number of fiber-optic connected spaces increased by 13,400, and a total of 108,400 connected spaces were connected at the end of the year.
 - The increase was greater in the countryside this year, or about 7,800 compared to 5,600 in the capital area.
 - The emphasis is now on the laying fiber cables in the countryside and this development will continue.
- Mobile distribution system
 - Before the end of the year, Míla completed the installation of a 31 5G transmitters in the country.
 - Síminn's frequency license set conditions for the installation of 30 5G base stations.
 - The transmitters were installed in the capital area, in Þorlákshöfn, in Egilsstaðir and in Blönduós, as well as Seyðishólar.
 - Thus, the distribution requirement for Síminn's license was met.
- International portal
 - At the end of the year, Míla and Farice signed an agreement that guarantees Míla sufficient international bandwidth for the next 2 years based on estimated needs.
 - The agreement provides international connections via the FARICE cable to London, the DANICE cable to Amsterdam and connections via a new cable, IRIS to Dublin, but it is expected that it will be put into use before the end of 2022.
 - In addition, Míla buys international connections from Tele Greenland via the Greenland Connect cable to New York.
 - With this agreement, Míla continues to ensure the best possible security in international connections.





Sale of Míla



The sale of Míla is awaiting approval from the competition authority

- For review
 - Síminn signed last October. an agreement for the sale of all its stake in Míla.
 - The buyer is Ardian, a leading infrastructure investor in Europe.
 - The value of the transaction is 78 b.ISK. and estimated sales gain of just over 46 b.ISK.
 - Síminn will be paid 44 b.ISK. at closing in cash and 15 b.ISK. With a three-year bond.
 - A 20-year wholesale agreement was agreed between Síminn and Míla.
 - Ardian has invited Icelandic pension funds to participate in the acquisition.
- The Competition Authority is reviewing the transaction
 - The agency announced on 10 February that the merger notification was satisfactory and deadlines began to expire.
 - It is not possible to say when the Competition Authority will complete the process, but hardly later than the middle of the year.
- Agreement with the state
 - Negotiations between the government and representatives of Míla, Síminn and Ardian to ensure that Míla's operations are in line with national security interests in the new ownership of non-residents resulted in agreement last December where Míla undertakes certain requirements due to operations of their important network.
 - This confirms that Míla's communications network meet the state's requirements for national security, and it can therefore be said that Míla's systems are the most secure electronic communications systems in the country.



The sale of Míla has insignificant effect on operations

- Expected capital gains are very large, which radically changes the company's balance sheet.
- Apart from capital gains, the sale as such has an insignificant effect on the operations of Síminn hf.
- The relationship between Síminn and Míla continues to build on the same foundation as it has since the establishment of Míla.
- All transactions have always been on arm's length basis and Míla has had full independence in its operations, as there are strong requirements from public authorities in this regard.
- Most of Míla's products are based on public pricing and there is full price equality between parties in the market.
- A major change took place when Míla acquired the RAN and MPLS assets.
 - This change took place at the beginning of 2021 or before the Míla sale took place, and is therefore independent of the sale. The effects of the changes in question are fully included in operating figures from 2021.
 - The impact of that asset sale was described in detail in the Q1 2021 investor presentation.
- In the consolidated financial statements for 2021, Míla's assets are classified as assets held for sale and Míla's operations are classified as discontinued operations.
 - The sale has no effect beyond what is traditional due to the sale of subsidiaries.
 - Nothing in the relations is classified as a sale-leaseback.
 - No lease obligations arise due to IFRS 16.
- Míla will continue to operate an open network after the sale to Ardian.



Síminn post sale of Míla

Síminn Group	2021 Sale of Míla	2021 PF	
Non-current assets.....	23.050	15.000	38.050
Current assets.....	9.748	42.500	52.248
Assets held for sale.....	36.929	-36.929	0
Assets.....	69.727	57.500	90.298
- thereof Cash	3.509	42.500	46.009
- thereof Bond	0	15.000	15.000
Equity.....	31.079	46.397	77.476
Non-current liabilities.....	7.200	0	7.200
Current liabilities.....	5.622	0	5.622
Debts held for sale.....	25.826	-25.826	0
Equity and liabilities.....	69.727	46.397	90.298
- thereof interest bearing debts	7.461		7.461
- thereof lease liabilities	833		833
Equity ratio	44,6%		85,8%

Síminn Group

- Síminn's balance sheet will change significantly with the sale of Míla.
- The company's ability for external growth and / or dividend payment will be significant.
- While the sale is being processed by the Competition Authority, it is not possible to discuss in any detail Síminn's plan going forward.
- As soon as a conclusion is reached, the ideas regarding Síminn's future direction, and what to do with the sale proceeds will be presented to shareholders.



Proposals for the Annual General Meeting



AGM 2022

Dividend and share buyback

Dividend policy:

„Síminn hf. aims to distribute to shareholders with annual dividend and / or share buyback programs a minimum of 50% of profit after tax in accordance with laws and regulations at any given time. When making proposals for dividend payments and / or share buyback, the Board of Directors shall, among other things, take into account criteria for the company’s capital structure, market conditions, investment needs in the coming years and the company’s financial obligations . “

The is proposing the following that the General Assembly on 10 March 2022:

1. 500 m.kr. in dividend – The same amount as in 2020.
2. Reduce share capital by cancelling shares for 240 m.kr. in nominal value. 3,18% of issued share capital.
3. Request authorization to buy up to 10% of issued shares in the next 18 months.
 - A decision on the total amount of share buyback for the year has not been taken, but the Board of Directors will be authorized to work within the framework provided by the authorization of the Annual General Meeting and based on the dividend policy.



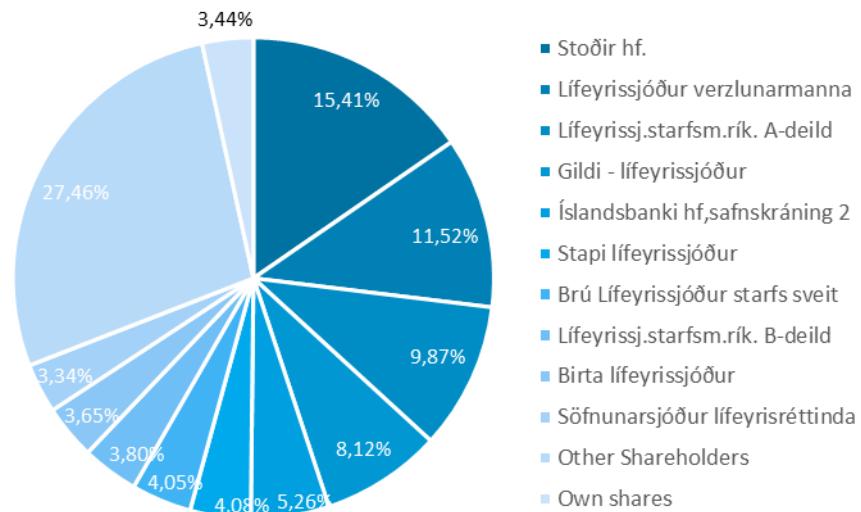
Shareholders



Shareholders



Shareholders 8.2.2022	Position	% O/S
Stoðir hf.	1.162.220.631	15,41%
Lífeyrissjóður verzlunarmanna	868.257.927	11,52%
Lífeyrissj.starfsm.rík. A-deild	744.000.000	9,87%
Gildi - lífeyrissjóður	612.192.195	8,12%
Íslandsbanki hf,safnskráning 2	396.693.435	5,26%
Stapi lífeyrissjóður	307.351.432	4,08%
Brú Lífeyrissjóður starfs sveit	305.650.161	4,05%
Lífeyrissj.starfsm.rík. B-deild	286.618.000	3,80%
Birta lífeyrissjóður	275.446.563	3,65%
Söfnunarsjóður lífeyrisréttinda	251.575.320	3,34%
Top 10 shareholders	5.210.005.664	69,10%
Other Shareholders	2.070.691.792	27,46%
Shares outstanding	7.280.697.456	96,56%
Own shares	259.302.544	3,44%
Total number of shares	7.540.000.000	100%



Shareholders

- Share buyback
 - Share buyback in 2021 amounted to ISK 2,965 million. which is an increase of more than 1,200 m.kr. from the year 2020.
 - Dividend for the year was ISK 500 million. which is unchanged from the year 2020.
 - The company's share capital was reduced by 8,000 m.kr. payment to shareholders in April 2021.
- Share buyback is ongoing and based on a plan announced to the Stock Exchange on 13 December.
- There were 1,242 shareholders at the end of the year, an increase of 369 in 2021.
- Síminn's shares rose by 49.6% in 2021.



Outlook 2022



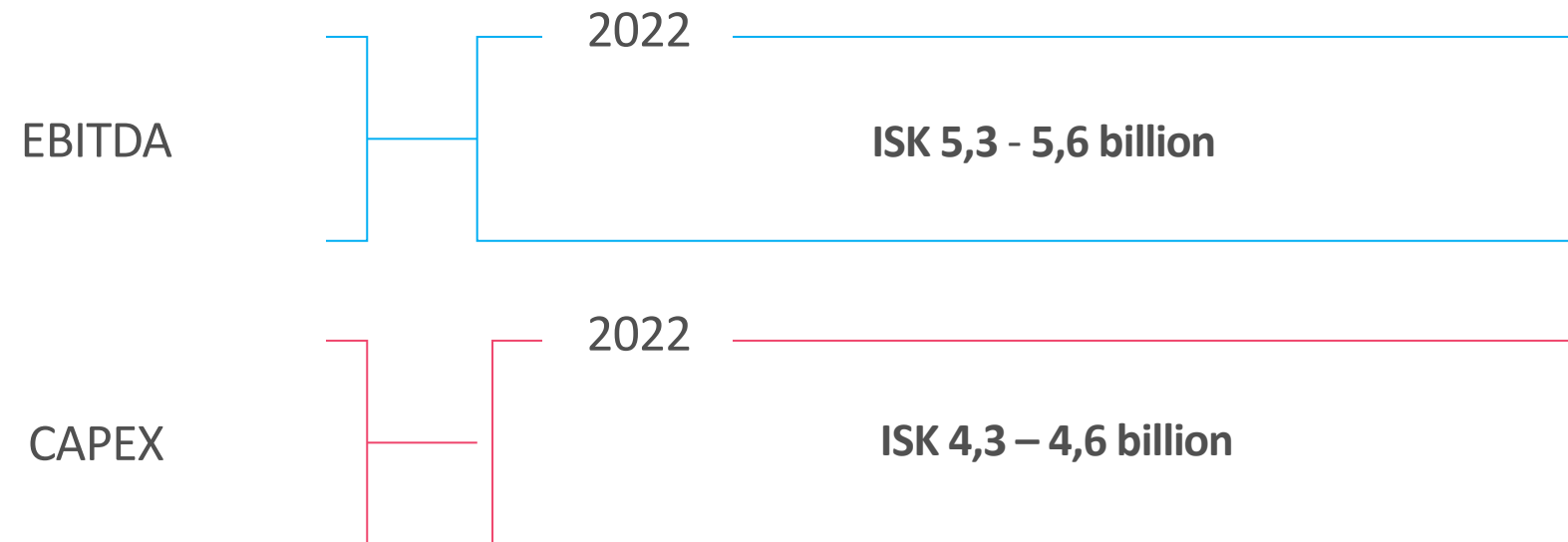
Outlook for 2022

Changes ahead

- There have been major structural changes in the group recently with the sale of Sensa at the end of 2020 and the sale of Míla in October 2021.
- The EBITDA and CAPEX forecast is without Míla.
- EBITDA of Síminn is expected to be at similar level in 2022 compared to 2021.
- Revenue growth is expected but is unlikely to keep pace with inflation.
- If the ISK strengthens, it will offset to some extent domestic cost increases.
- Síminn's CAPEX will increase considerably this year, which is temporary.
 - Due to the increased cost of TV rights to the English Premier League and as it is now the first year of a new contract (front-loaded investment). A new contract will become investment in Q3 2022. The first payment was in 2021, but nothing is paid for the right in 2022.
 - Due to increased investment in Síminn's internal systems. The projects are related to new income opportunities, e.g. TV market and Síminn's digital development.
 - Excluding these temporary increase, investments in traditional fixed assets and other TV content rights are ISK 2.3 to 2.6 billion.



Guidance for 2022



Group EBITDA excl. Míla was ISK 5.502 million in 2021
Group CAPEX excl. Míla was ISK 2.503 million in 2021



Appendix



Business segments

- **Mobile:** Revenue from mobile services in Iceland and abroad, whether traditional GSM service, satellite service or other mobile service.
- **Fixed voice:** Revenue from fixed voice service (fees and traffic).
- **Internet & network:** Revenue from data service, incl. xDSL service, GPON, Internet, IP net, 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.



Disclaimer

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