



Investor Presentation Q3 2022

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25 October 2022





Key figures

| | Q3 2022 | 9M 2022 |
|----------|--|---|
| Revenue | 6.210 m.kr. Q3 2021: 6.124 m.kr. | 18.339 m.kr. 9M 2021: 18.079 m.kr. |
| EBITDA | 1.790 m.kr. Q3 2021: 1.627 m.kr. | 4.516 m.kr. 9M 2021: 4.219 m.kr. |
| EBITDA % | 28,8% Q3 2021: 26,6% | 24,6% 9M 2021: 23,3% |
| EBIT | 986 m.kr. Q3 2021: 840 m.kr. | 2.242 m.kr. 9M 2021: 1.887 m.kr. |
| CAPEX | 1.953 m.kr. Q3 2021: 265 m.kr. | 3.083 m.kr. 9M 2021: -6.098 m.kr. * |

| | | |
|---|--------------------------------|--|
| Cash | Equity Ratio | Cash generated by operation |
| 33.852 m.kr. Q4 2021: 3.509 m.kr. | 80,4% Q4 2021: 44,6% | 2.916 m.kr. Q3 2021: 1.444 m.kr. |

* Negative CAPEX in 9M 2021 is related to sale of network systems to Míla in the beginning of 2021. Míla is categorized as asset held for sale.

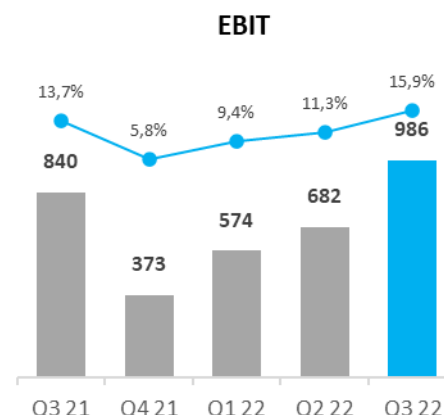
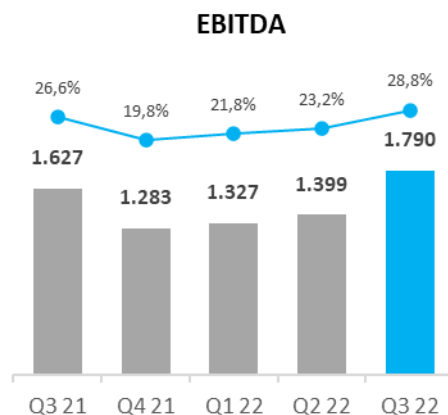
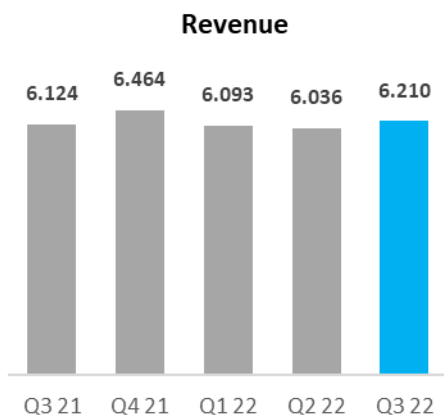


Operation



Income Statement

| Income statement | Q3 | | | 9M | | |
|--------------------------------------|----------|----------|---------|-----------|-----------|---------|
| | 2022 | 2021 | % | 2022 | 2021 | % |
| Net sales | 6.210 | 6.124 | 1,4% | 18.339 | 18.079 | 1,4% |
| Cost of sales | (3.681) | (3.766) | -2,3% | (11.040) | (11.241) | -1,8% |
| Operating expenses | (1.543) | (1.518) | 1,6% | (5.057) | (4.951) | 2,1% |
| EBIT | 986 | 840 | 17,4% | 2.242 | 1.887 | 18,8% |
| Net financial items | (84) | 29 | -389,7% | (157) | (101) | 55,4% |
| Income tax | (184) | (162) | 13,6% | (404) | (361) | 11,9% |
| Net profit from continuing operation | 718 | 707 | 1,6% | 1.681 | 1.425 | 18,0% |
| Discontinued operation | 35.628 | 350 | | 35.916 | 3.134 | 1046,0% |
| Net profit | 36.346 | 1.057 | 3338,6% | 37.597 | 4.559 | 724,7% |
| EBITDA | 1.790 | 1.627 | 10,0% | 4.516 | 4.219 | 7,0% |
| EPS from continuing operation | 0,10 | 0,09 | 11,1% | 0,23 | 0,18 | 27,8% |



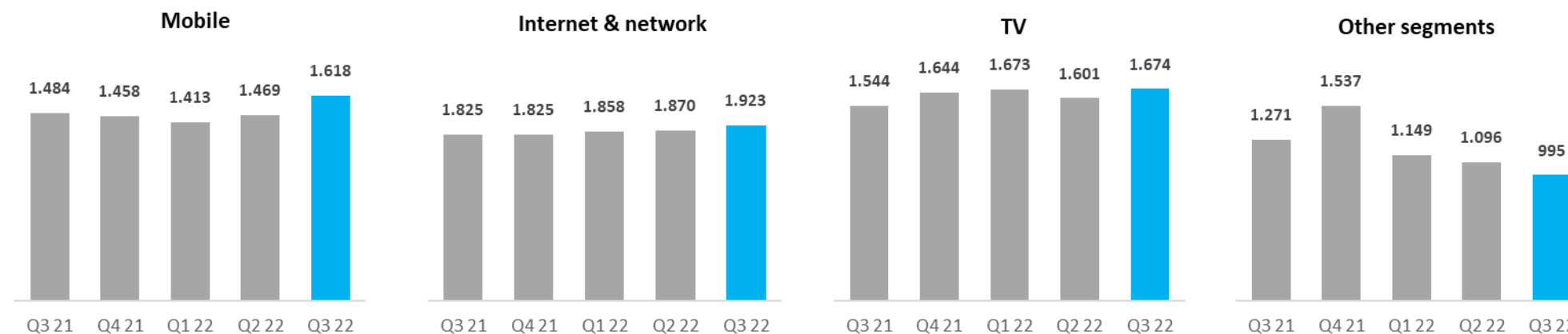
The Quarter

- Revenue increase from Q3 2021
 - Revenue growth is 4,1% if adjusted for equipment sales to Míla and sale of Spotify subscription, but Síminn has stopped selling Spotify subscriptions
 - Mobile revenue growth was 9%
 - Increase in roaming revenue but also subscription in revenue
 - Data revenue increases by 5%
 - TV revenue increases by 8%
- Gross profit increases by 4%
- EBIT increases by just over 17%
- EBITDA increases by 10%
 - Slight reduction in total cost between quarters
- The gain from the sale of Míla is realized in the quarter



Revenue by segments

| Segments | Q3 | | | | 9M | | | |
|----------------------|--------------|--------------|-----------|-------------|---------------|---------------|------------|-------------|
| | 2022 | 2021 | Change | % | 2022 | 2021 | Change | % |
| Mobile | 1.618 | 1.484 | 134 | 9,0% | 4.500 | 4.146 | 354 | 8,5% |
| Fixed voice | 318 | 395 | -77 | -19,5% | 1.063 | 1.200 | -137 | -11,4% |
| Internet & network | 1.923 | 1.825 | 98 | 5,4% | 5.651 | 5.517 | 134 | 2,4% |
| TV | 1.674 | 1.544 | 130 | 8,4% | 4.948 | 4.739 | 209 | 4,4% |
| Equipment sales | 418 | 479 | -61 | -12,7% | 1.359 | 1.512 | -153 | -10,1% |
| Other revenue | 259 | 397 | -138 | -34,8% | 818 | 965 | -147 | -15,2% |
| Total revenue | 6.210 | 6.124 | 86 | 1,4% | 18.339 | 18.079 | 260 | 1,4% |





Operations in the first nine months of 2022

Revenue driven EBTIDA growth

- EBITDA increases by 7% compared to the same period in 2021
- Operating income increases between periods
- Revenue increased by 2.3% between periods if adjusted for Spotify which Síminn stopped selling last year and temporary revenue from equipment sale to Míla
 - Mobile revenue rises by almost 9%, mainly due to increased subscription revenue and roaming revenues. The rapid turnaround in tourism is affected.
 - Growth in television services is due to the increase in Síminn and Síminn Premium TV services
 - Revenue from data increased by over 2%
 - Operating profit increased by over 350 m.kr. between periods
- Total costs are reduced by almost 100 m.kr. between periods
- Profit from continuing operations increased by 256 m.kr.
- Costs almost unchanged between periods despite high inflation
 - Labour costs increase by 140 m.kr. or 4.9%
 - Termination costs partly explanation but also wage inflation.
- The largest cost items do not change much between years
 - IT costs increase related to the costs of updating internal systems
 - In contrast, the cost of services sold decreases, which is the result of cost containment in various sectors and better supplier contracts
 - Payments for Míla's services will be around 40% of Síminn's total cost without depreciation.
- Interest expenses increases by 64 m.kr. between periods and interest income decreases by 26 m.kr.
 - Capital gains on Síminn's share in Auðkenni amounted to 113 m.kr.



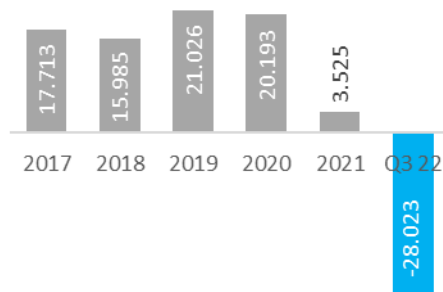
Balance Sheet and Cash Flow



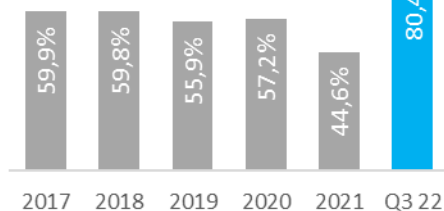
Balance Sheet

| Assets | 30.09.2022 | 31.12.2021 |
|------------------------------------|---------------|---------------|
| Non-current assets | | |
| Property, plant and equipment..... | 2.312 | 2.219 |
| Right-of-use assets..... | 997 | 753 |
| Intangible assets..... | 21.870 | 19.403 |
| Corporate bond..... | 16.069 | 0 |
| Other non-current assets..... | 547 | 675 |
| Non-current assets | 41.795 | 23.050 |
| Current assets | | |
| Inventories..... | 1.215 | 923 |
| Accounts receivables..... | 2.351 | 2.234 |
| Other current assets..... | 2.278 | 3.082 |
| Cash and cash equivalents..... | 33.852 | 3.509 |
| Assets held for sale..... | 0 | 36.929 |
| Current assets | 39.696 | 46.677 |
| Total assets | 81.491 | 69.727 |

Net interest bearing debt
with lease liabilities

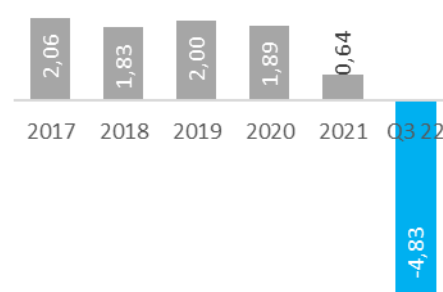


Equity ratio

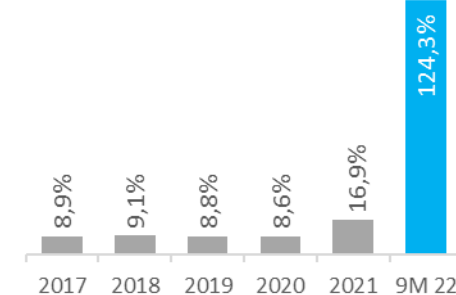


| Equity and liabilities | 30.09.2022 | 31.12.2021 |
|---------------------------------------|---------------|---------------|
| Equity | | |
| Total equity..... | 65.480 | 31.079 |
| Non-current liabilities | | |
| Borrowings..... | 5.953 | 5.943 |
| Finance lease..... | 786 | 653 |
| Accounts payables..... | 585 | 0 |
| Deferred tax liabilities..... | 485 | 604 |
| Non-current liabilities | 7.809 | 7.200 |
| Current liabilities | | |
| Bank loans..... | 332 | 1.518 |
| Accounts payables..... | 5.714 | 2.141 |
| Current maturities of borrowings..... | 248 | 180 |
| Other current liabilities..... | 1.908 | 1.783 |
| Liabilities held for sale..... | 0 | 25.826 |
| Current liabilities | 8.202 | 31.448 |
| Total equity and liabilities | 81.491 | 69.727 |

Net interest bearing debt with
lease liabilities to EBITDA*



Return on Equity





Cash Flow

| Cash Flow | 9M 2022 | 9M 2021 |
|---|----------|-----------|
| Cash flow from operating activities | | |
| Operating profit | 2.242 | 1.887 |
| Operational items not affecting cash flow: | | |
| Depreciation..... | 2.274 | 2.332 |
| Gain on sale of fixed assets..... | (56) | (1) |
| | 4.460 | 4.218 |
| Changes in current assets and liabilities..... | 1.659 | 1.258 |
| Cash generated by operation | 6.119 | 5.476 |
| Net interest expenses paid during the period..... | (208) | (83) |
| Payments of taxes during the period..... | (557) | (586) |
| Net cash from operating activities | 5.354 | 4.807 |
| Investing activities | | |
| Net investment in property, plant and equipments..... | (3.083) | 6.098 |
| Other investment..... | (96) | (612) |
| Sale of subsidiary and discontinued operation..... | 32.713 | 15.012 |
| Investing activities | 29.534 | 20.498 |
| Financing activities | | |
| Dividend paid..... | (500) | (500) |
| Purchase of own shares..... | (2.696) | (2.088) |
| Share capital reduction..... | 0 | (7.968) |
| Payment of long term lease..... | (155) | (129) |
| Net Financing activities..... | (1.186) | (8.411) |
| Financing activities | (4.537) | (19.096) |
| Increase (decrease) in cash and cash equivalents | 30.351 | 6.209 |
| Translation effects on cash..... | (8) | 8 |
| Cash and cash equivalents at the beginning of the year..... | 3.509 | 735 |
| Cash and cash equivalents at the end of the period..... | 33.852 | 6.952 |

Cash flow

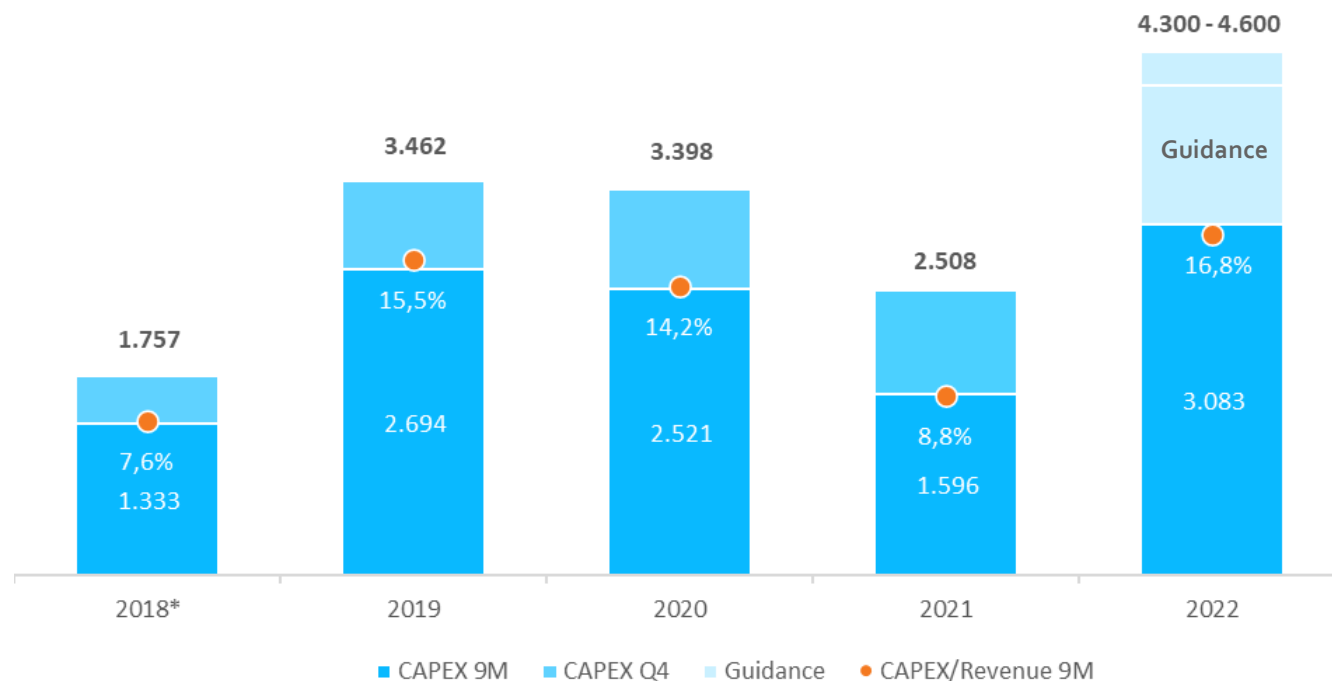
- Significant change in operational assets and liabilities mainly due to the following:
 - Changes in due dates of invoices from Míla
 - The prepayment of English Premier League moved to CAPEX
 - Increased lending through Síminn Pay
- High CAPEX in Q3 as a result of the aforementioned move from prepaid costs to CAPEX
- Payment for the sale of shares in Míla was ISK 32.7 billion
 - Is held in bank accounts and monthly interest income around 160 m.kr.
- Over 600 m.kr. increase in share buyback between years



CAPEX

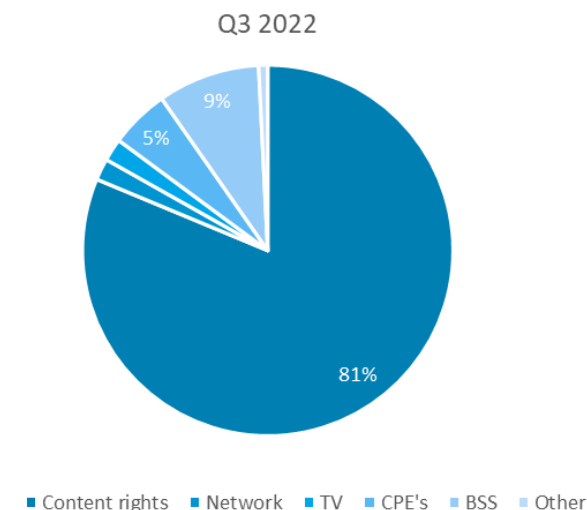
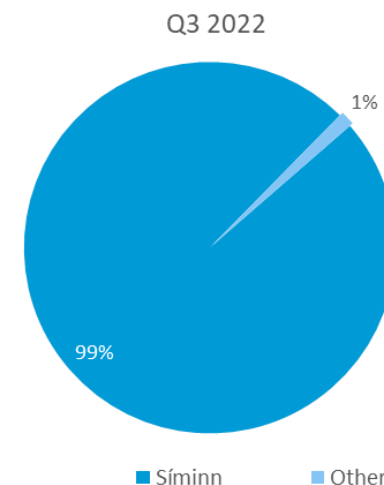


CAPEX



Síminn's investments increased considerably this year, which is a temporary increase

- The renewal of the TV rights to the English Premier League is a front-loaded investment and now is the first year of a new contract.
- The new contract became investment in Q3 2022. First payment was in 2021 but nothing is paid for the right in 2022. Next payment in 2023.



*Adjusted for changed accounting treatment of content CAPEX

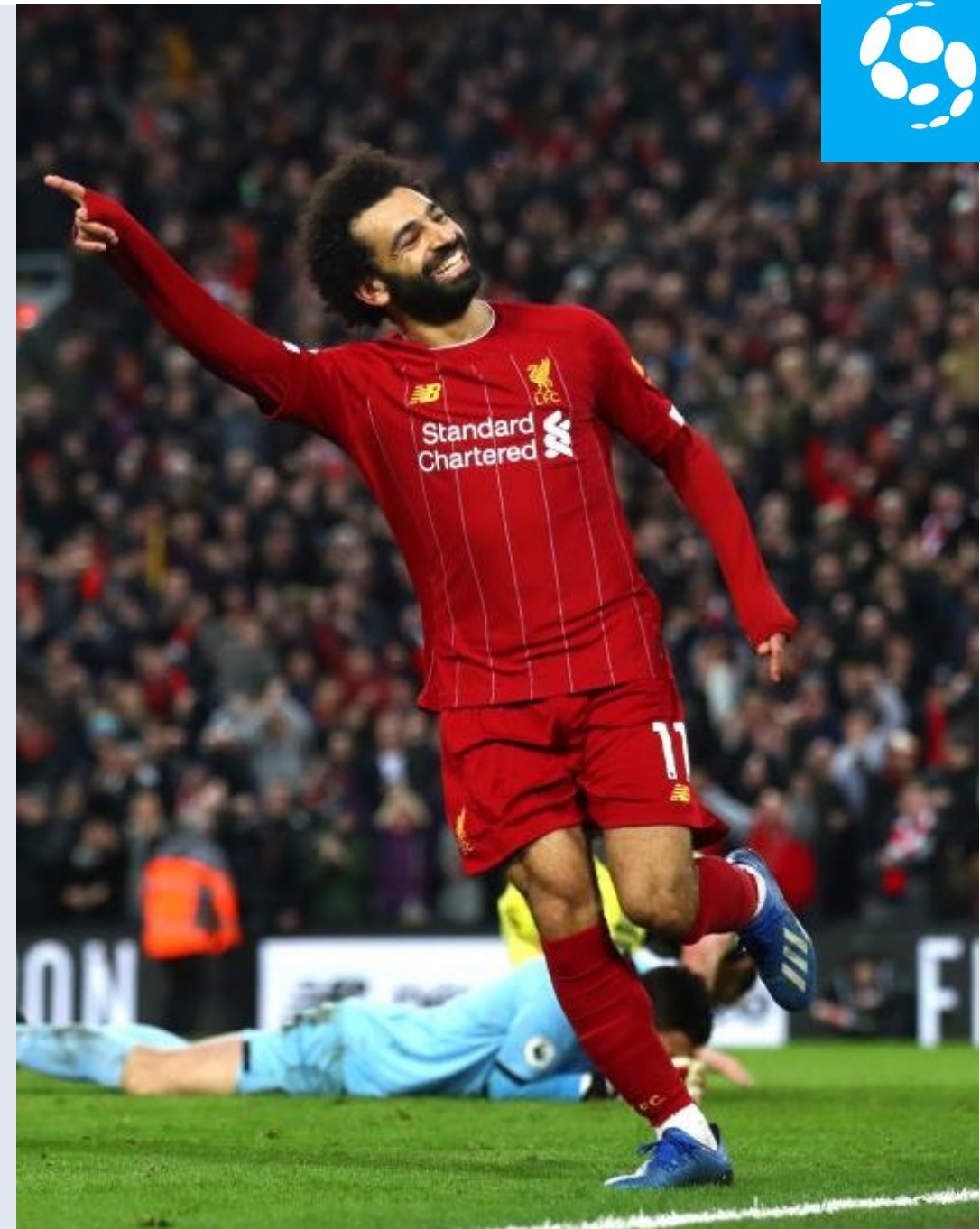


Highlights



The District Court of Reykjavík repealed the decision of the Competition Authority

- The decision from the Competition Authority (ICA) from May 2020
 - 500 m.kr. fine because the ICA believed that Síminn had violated two settlements
 - The ICA believed the settlements had been violated by a Home Package containing broadcasts of matches in the English Premier League
 - Síminn still offered individual subscriptions to Síminn Sport and Síminn's Premium TV service as well as the company's telecommunications services, and the subscription to the company's TV services was significantly lower than the price of the Home Package
- In January 2021, the Competition Appeals Committee repealed part of the decision
 - Related to an alleged breach of settlement regarding the separation of Síminn and Míla
 - Fine reduced by 300 m.kr.
- In October 2022, the District Court of Reykjavík repealed the decision of the ICA
 - Síminn brought the matter to court as it was Síminn's assessment that the Appeals Committee's position on the remaining aspect was materially incorrect
 - Realistic and possible for customers to purchase telecommunications services from Síminn without purchasing a TV service that included broadcasts from English Premier League
 - The district court agreed with Síminn's arguments and held that the ICA had not proved that Síminn had violated the said decision
 - Furthermore, the District Court took the position of the Appeals Committee regarding the aspect that the committee had previously repealed, but the ICA had sought to have the decision of the Appeals Committee cancelled
 - Fine altogether waived, which has a positive effect on EBITDA in Q4 by ISK 200 million





Top of the agenda

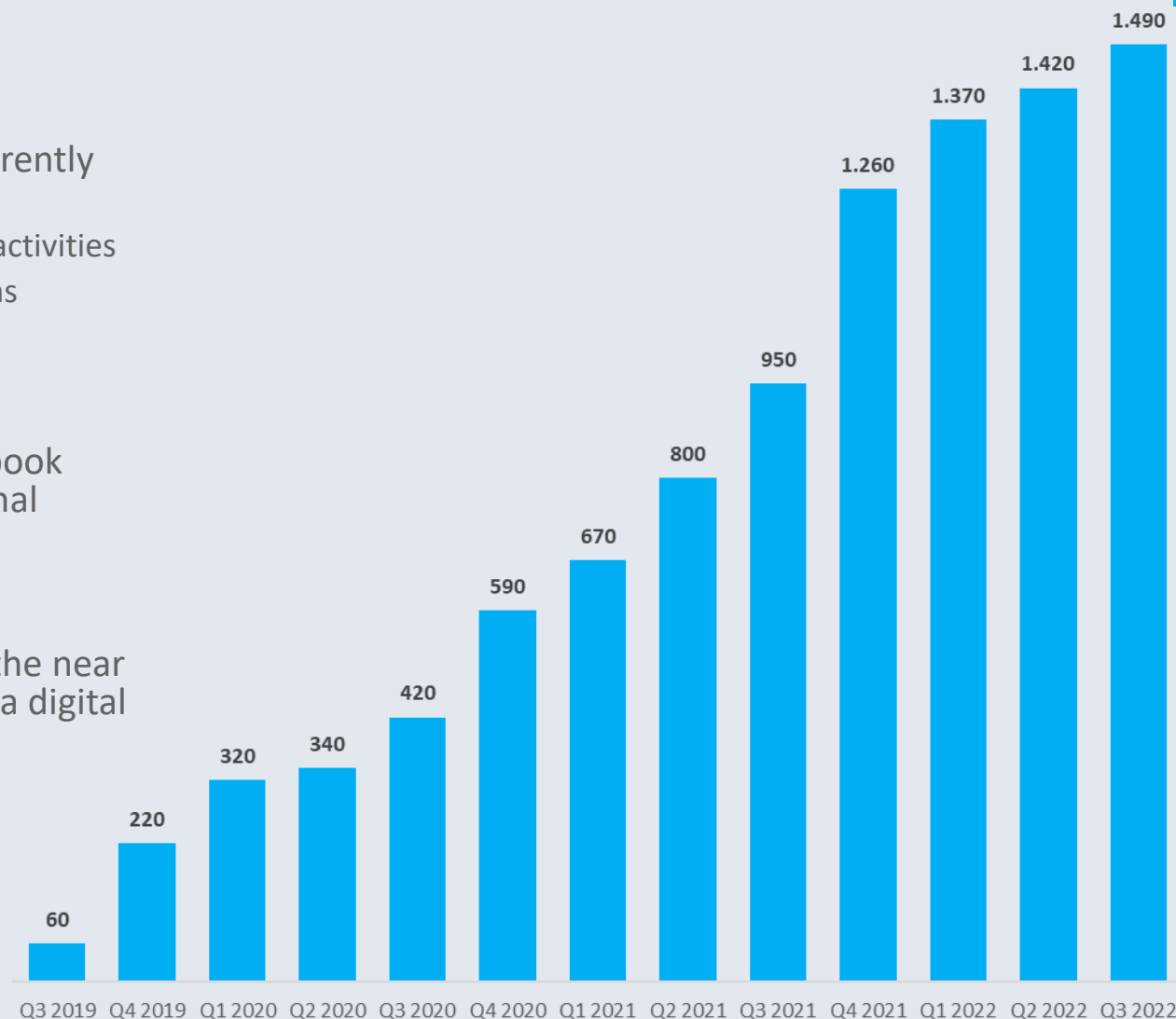
- 5G rollout progressing fast
 - 65 new 5G transmitters have been installed
 - 35 in the capital area
 - 30 in rural areas
 - By end of the year in total 80 5G transmitters will be available to our customers.
 - Síminn expects to have 95% coverage (PoP) by the end of 2025
- Co-operation with Reykjavík University
 - Síminn pays tuition fees to women with outstanding academic achievements for technical studies
 - The aim of the co-operation is to get young women to consider technology as an education and to increase the number of women graduating from technology
 - Five-year partnership agreement
- Icelandic content from Síminn TV received 20 Edda awards
 - Shows and films from Síminn received a total of 41 nominations
 - Most awards of all television channels
 - The movie Beast was the winner of the evening
 - Systrabönd won the most awards in the drama category
 - The awards are encouragement to continue on the same path





Síminn Pay

- Síminn Pay's lending continues to increase and is currently around ISK 1.5 billion
 - Corporate note issue is to support growth in lending activities
 - The average term of a loan portfolio is about 6 months
 - The annual interest rate on loans is now 13.3%
- Síminn Pay recently introduced an electronic order book that replaces old-fashioned corporate and institutional order books
- Introducing a new and exciting payment solution in the near future that aims to make life easier for customers in a digital and flexible way
- Continuous product development at the company and more innovations will be added later



Total loans in end of quarters (M.ISK)



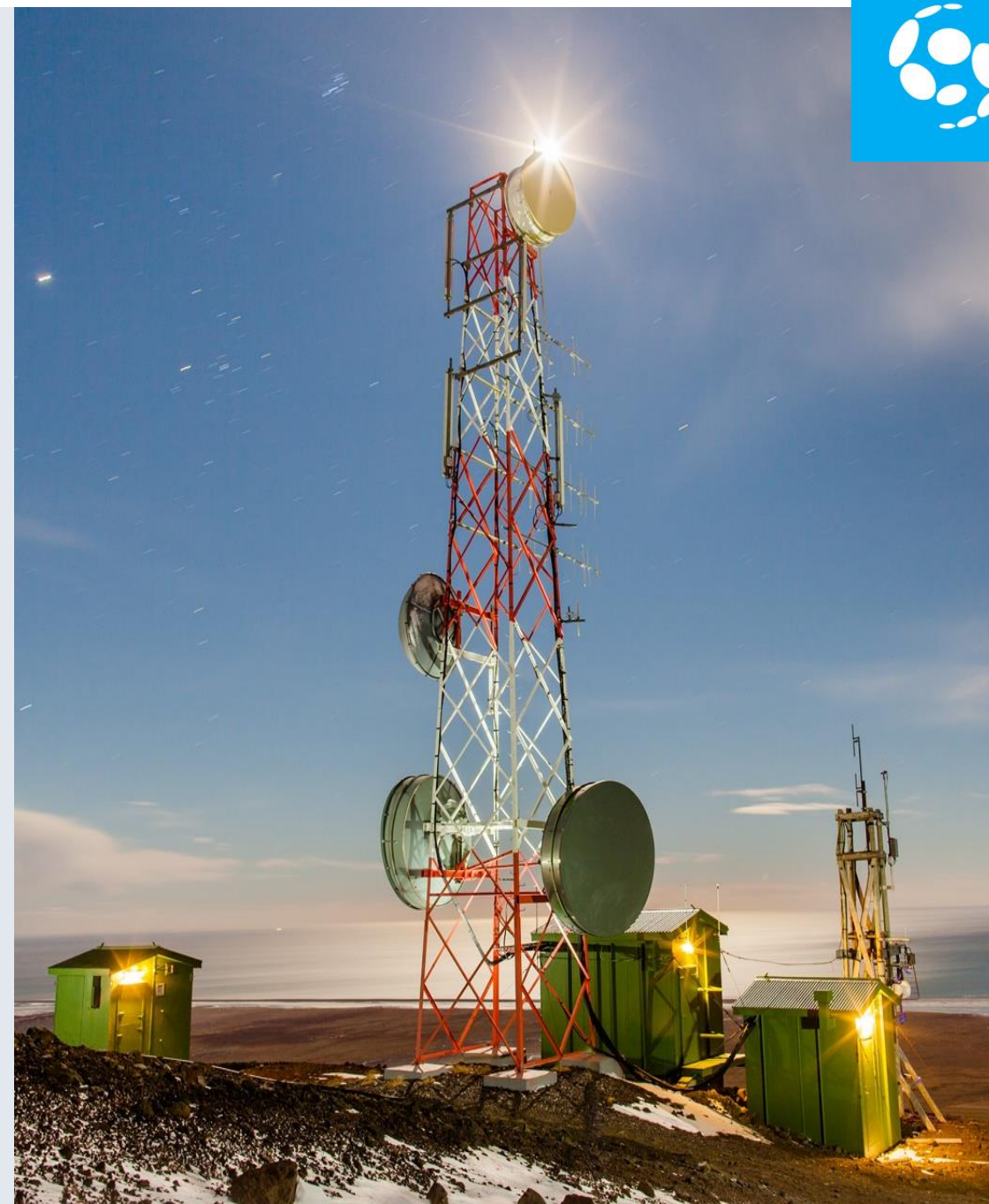
Successful Corporate Notes Offering in October

- Síminn has 6 billion in long-term funding
 - Floating rates (REIBOR + margin)
 - Síminn is not paying down loans at present since leverage is low
- Síminn has access to ISK 2 billion in credit lines and can also draw further ISK 3 billion in long-term funding
- Síminn has started the process of reducing the weight of bank funding and increase the weight of debt originated from market instruments
- Corporate note offering was held on 11 October where total bids amounted to ISK 3 billion at rates ranging between 7.10% - 7.39%
- Síminn accepted offers for ISK 1.1 billion with 7.20% flat interest rates
- This represents 64 bp margin on 6M REIBOR which makes this the most successful note offering Síminn has done



The sale of Míla to Ardian closed on 30 September

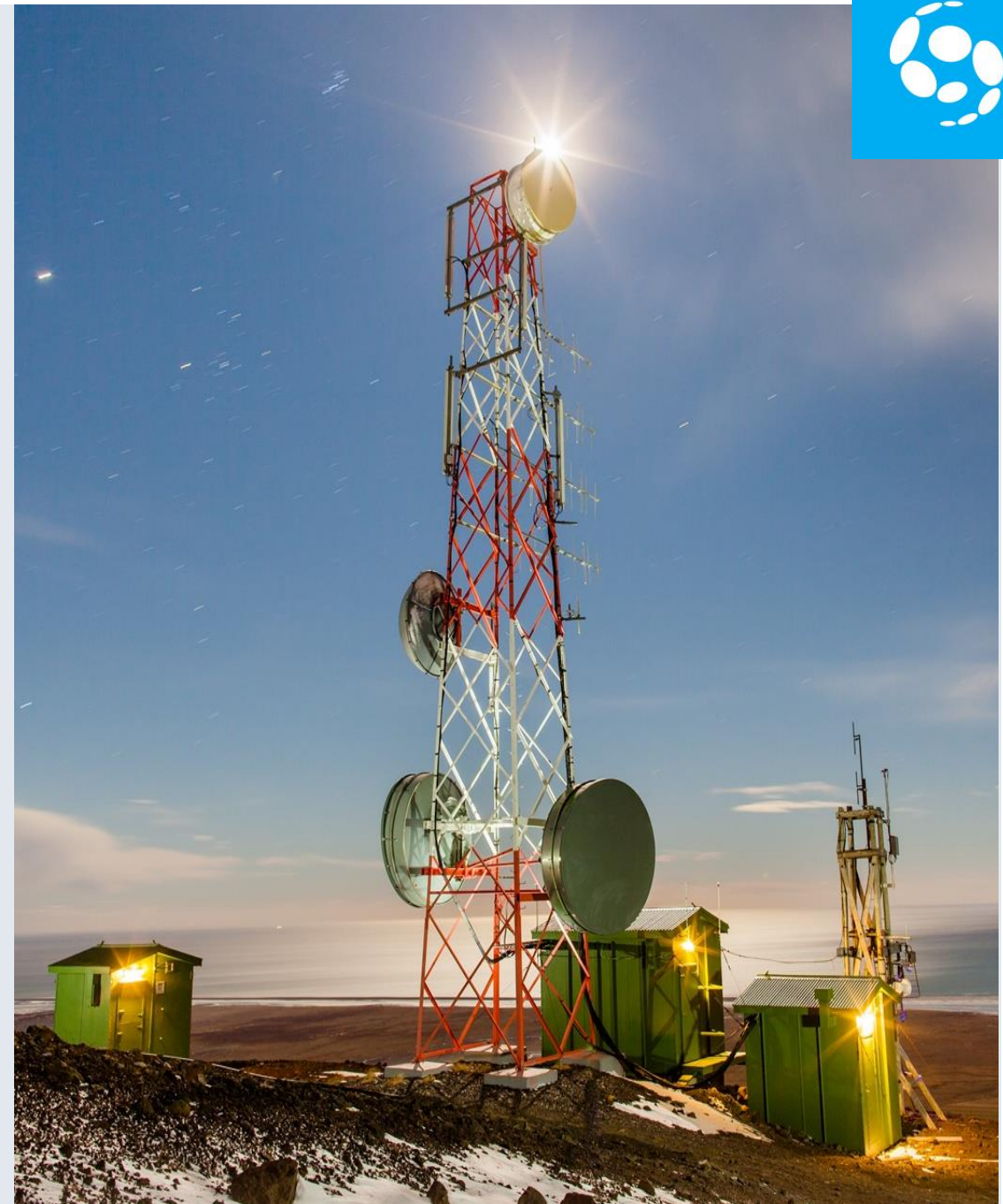
- Enterprise Value of Míla was ISK 69.5 billion.
- According to the share purchase agreement, Síminn was paid ISK 32.7 billion in cash at closing and ISK 17.5 billion in form of a bond which Síminn loans to the buyer for three years
- The bond is transferable and has 4% interest rate
 - It is necessary to assess the impact of negative developments in interest rates when the bond is put on Síminn's books
 - Since interest rates are significantly higher now than when Míla was sold in Q4 2021, fair value is reduced by ISK 1.4 billion. The benchmark is 1% margin on RIKB 25.
- Capital gains without the effect of the value of the bond and tax was ISK 37.8 billion.





Wholesale agreement

- Simultaneously with the sale of Míla to Ardian, a wholesale agreement was entered into between Síminn and Míla
- The agreement is valid for 15 years
- The agreement makes little difference to the business relationship between the companies as it was before the sale
 - The main change is that a framework is established for Síminn's purchase of broadband connections which was necessary due to burdensome requirements of the ICA
 - Clearer provisions on how Míla can change prices than before sales
 - Prices that are not regulated are now partly index-linked, but with a maximum increase
- The effect of an agreement on the balance sheet are minimal
 - No lease obligation arises with Síminn as a result of the agreement
 - Nothing in the sale or the wholesale agreement is classified as a sale and leaseback





Shareholders



Shareholders' meeting will be held on 26 October 2022

- On 26 October, Síminn's shareholders will vote on the following proposal:

„Síminn hf.'s shareholder meeting, held on 26 October 2022, agrees to reduce the company's share capital from ISK 7,300,000,000 to ISK 4,400,000,000 with cash payment to shareholders in the amount of ISK 31,500,000,000. The reduction of share capital is based on item 2 of Paragraph 2 Article 51 Act no. 2/1995, on limited liability companies. The nominal value of outstanding shares decreases by ISK 2,900,000,000, but the reduction amount that is in excess will be deducted from other equity accounts. If the proposal is approved, the stock exchange will be notified with a separate notice regarding the processing of the share capital reduction, including the vesting date and expected payment date. Payment will be made as soon as possible after all mandatory conditions have been met.”

- The current equity ratio is over 80%, which is far from the company's capital structure goals
- Síminn is able to take advantage of opportunities that the company may want to explore in the domestic market, regardless of Míla's sales revenue
- Síminn is not in technical debt
- It is not the company's policy to have significant cash that is not used in day-to-day operations or investments

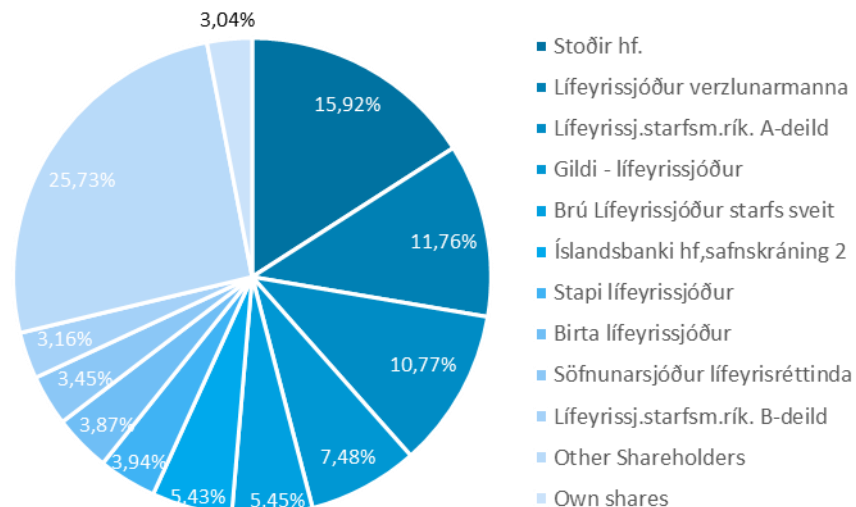
| Síminn Group | 30.9.2022 | Lækkun hlutafjár | 30.9.2022 PF |
|------------------------------------|---------------|---------------------|-----------------|
| Non-current assets..... | 41.795 | 0 | 41.795 |
| Current assets..... | 39.696 | -30.542 | 9.154 |
| Assets..... | 81.491 | -30.542 | 50.949 |
| - thereof Cash | 33.852 | -30.542 | 3.310 |
| - thereof Bond | 16.697 | 0 | 16.697 |
| Equity..... | 65.480 | -30.542 | 34.938 |
| - thereof share capital | 7.086 | -2.900 | 4.186 |
| - thereof retained earnings | 56.837 | -27.642 | 29.195 |
| Non-current liabilities..... | 7.809 | 0 | 7.809 |
| Current liabilities..... | 8.202 | 0 | 8.202 |
| Equity and liabilities..... | 81.491 | -30.542 | 50.949 |
| - thereof interest bearing debts | 6.285 | 0 | 6.285 |
| - thereof lease liabilities | 1.034 | 0 | 1.034 |
| Equity ratio | 80,4% | | 68,6% |



Shareholders



| Shareholders 19.10.2022 | Position | % O/S |
|---------------------------------|----------------------|---------------|
| Stoðir hf. | 1.162.220.631 | 15,92% |
| Lífeyrissjóður verzlunarmanna | 858.257.927 | 11,76% |
| Lífeyrissj.starfsm.rík. A-deild | 786.450.000 | 10,77% |
| Gildi - lífeyrissjóður | 545.992.195 | 7,48% |
| Brú Lífeyrissjóður starfs sveit | 397.600.359 | 5,45% |
| Íslandsbanki hf,safnskráning 2 | 396.693.435 | 5,43% |
| Stapi lífeyrissjóður | 287.878.868 | 3,94% |
| Birta lífeyrissjóður | 282.396.563 | 3,87% |
| Söfnunarsjóður lífeyrisréttinda | 251.575.320 | 3,45% |
| Lífeyrissj.starfsm.rík. B-deild | 230.479.922 | 3,16% |
| Top 10 shareholders | 5.199.545.220 | 71,23% |
| Other Shareholders | 1.878.509.884 | 25,73% |
| Shares outstanding | 7.078.055.104 | 96,96% |
| Own shares | 221.944.896 | 3,04% |
| Total number of shares | 7.300.000.000 | 100% |



Shareholders

- Share buy-back
 - Share buy-back during the year amount to ISK 2,784 million
 - Annual dividend was ISK 500 million
- Proposal of decrease of capital
 - Proposal on shareholder's meeting on 26 October regarding decrease of capital with cash payment
 - Share capital decreased from ISK 7,300 million to ISK 4,400 million
 - Payment rate is 10.862
- Shareholders were 1,242 at the end of Q3 2022
- The share price has lowered by 7.5% year-to-date and by 3.6% for last 12 months.



Guidance 2022



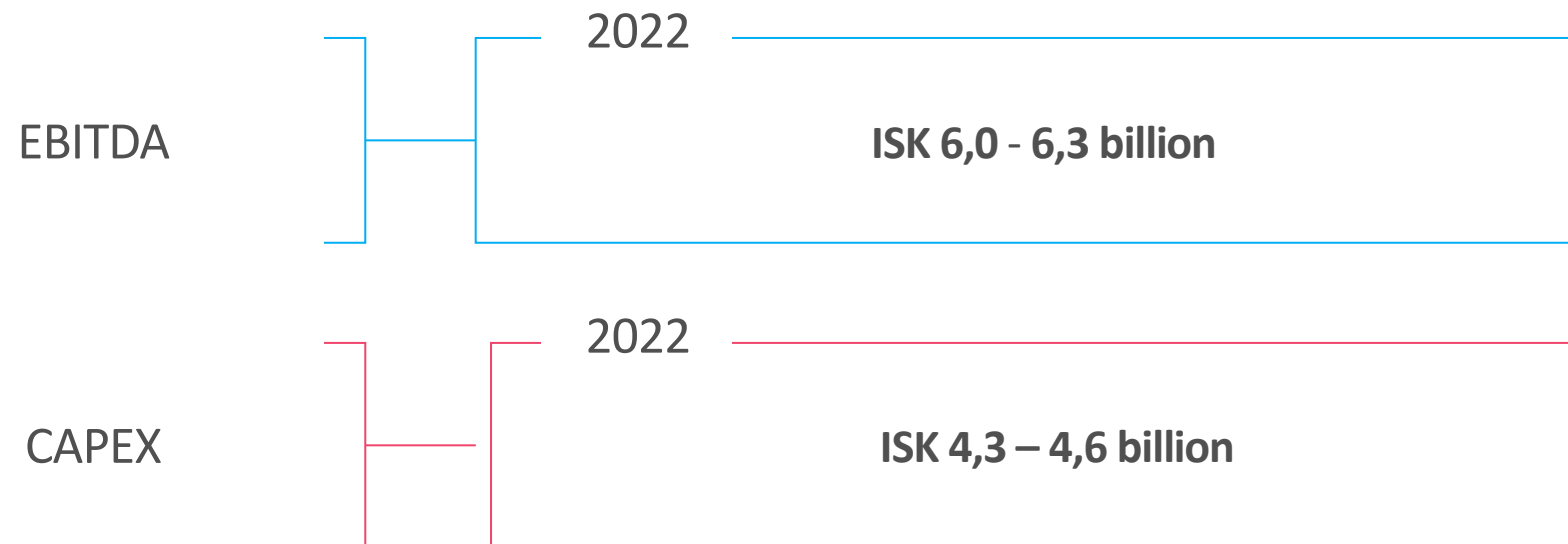
Outlook for 2022

Updated guidance for 2022

- Síminn has twice updated the year's EBITDA guidance
 - Initial EBITDA guidance ranged from ISK 5.3 – 5.6 billion
 - On 30 September, the EBITDA guidance was raised to ISK 5.8 – 6.1 billion as uncertainty about the treatment of sales expenses for the sale of Míla had been eliminated
 - On 11 October, the EBITDA guidance was increased to ISK 6.0 – 6.3 billion following the ruling of the District Court of Reykjavík in respect of 200 m.kr. reimbursement from the ICA
- The revenue outlook for 4F is good and expenses are relatively foreseen throughout the year
- The outlook for CAPEX remains unchanged
 - CAPEX is expected to be close to the lower range of forecast



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.



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