

Financial press release – Síminn hf. Q1 2020**Strong quarter and yet low operational impact of COVID-19 pandemic**

- Síminn's revenue amounted to ISK 7,246 million in the first quarter (Q1) of 2020, compared to ISK 6,962 million in the same period 2019. An increase by ISK 284 million or 4.1%.
- EBITDA amounted to ISK 2,735 million in Q1 2020, compared to ISK 2,369 million in the same period of 2019, up by ISK 366 million or 15.4%. The EBITDA ratio was 37.7% in Q1 2020, compared to 34.0% in the same period of 2019. Effects of Síminn Sport support the increase in EBITDA.
- Profit in Q1 2020 amounted to ISK 764 million, compared to ISK 615 million in the same period of 2019. An increase by ISK 149 million or 24.2%.
- Cash generated by operation amounted to ISK 3,734 million in Q1 2020, compared to ISK 2,062 million in the same period of 2019. Net cash from operating activities amounted to ISK 3,396 million in Q1 2020, compared to ISK 1,711 million in the same period 2019.
- Interest bearing debt amounted to ISK 15.8 billion at the end of Q1 of 2020, compared to ISK 16.2 billion at the end of 2019. Net interest-bearing debt amounted to 14.7 billion ISK at the end of Q1 2020 compared to 16.0 at the end of 2019.
- Net financial expenses amounted to ISK 270 million in Q1 2020, compared to ISK 313 million in the same period of 2019. Financial expenses amounted to ISK 256 million, financial income ISK 47 million, and foreign exchange loss ISK 61 million.
- Síminn's equity ratio was 56.9% at the end of Q1 2020 and equity was 37.4 billion.

Orri Hauksson, CEO:

„The operations of the Síminn group overall has been quite successful in recent quarters, and the year began exceptionally well, as we saw an increase in revenue on all fronts. Our TV service, both our new Síminn Sports product, and Síminn's main TV product, Síminn Premium, delivered new subscribers from the previous year. Revenue from mobile subscriptions and our pre-paid service Prenna increased between years, and data transmission revenue is growing at a modest rate, but fixed line telephone calls continued in their slow downwards process. Sensa had a good quarter, but the company increased its revenue and EBITDA slightly from the previous year. Míla's business was stable as usual.

Customers took advantage of our TV and data services to an extent we have not seen before. Traditional mobile and fixed line calls also increased rapidly as the quarter progressed. It should be borne in mind that increased usage of our services by our customers usually results in a small performance improvement, as the prices for our monthly services are mostly fixed. Prices and

revenues in the telco sector generally develop slowly between quarters, but most everything moved in the right direction for us for this period. By the end of the quarter, the capacity and load factor on the company's television and network systems was at the highest levels we have seen so far, but the systems and services did, however, meet the needs of our customers except in the most exceptional cases. Overall, the first quarter results are good as revenue, EBITDA, net profit and cash flow from operations grew between years.

The effects of the COVID-19 pandemic were manifested in various ways in March. Revenues from foreign tourists almost evaporated in a few weeks, as well as we closed the company's stores due to quarantine of workers. Síminn's service centers are fully operational as telecommuting effort has been successful, thanks to our patient staff both in technology and service, who transformed their homes to serve our customers. In general, Icelanders have been working from home on a large scale over the past six weeks, which at one time changed the needs of our customers and our own methods as we service them in the best possible way.

As with most other companies, the epidemic and the reactions to it will affect the performance and operation of the Siminn Group during the year. Telecommunications, digital entertainment and information technology are certainly not the sectors that are most vulnerable to the current situation, but we do of course feel it when the economy changes as rapidly as it has. As part of the Group's costs and investments are generated in foreign currency, we will feel any effects of currency fluctuations. When the exchange rate changes as quickly as it has, it will take time for domestic retail prices to change accordingly, until that comes to effect, the operation will carry the deficit. The Central Bank of Iceland's interest rate cuts works in the opposite direction and significantly lower our financial costs during the year. Roaming revenue is almost not existent at the moment. The English Premier League was halted in March and no games will be played until late May, which will lower Siminn's subscription revenue in the second quarter. It may still happen that the season will be cancelled without any further matches, although unlikely, in which case we will claim a refund of part of the screening rights. We have already paid for most of the entire English Premier League season, which is between 2019-2022.

Late paying customers have yet to emerge, but Síminn's experience with previous economic shocks is that there is some time lag until delayed collections to gain weight. The Group is not a major supplier of tourism or restaurants in Iceland. Short-term cooling in those sectors does not affect our operations at first, but will noticeably affect us like others. At the Síminn Group, like others, there is uncertainty about how gatherings and travel will develop in the coming weeks and months, but both will affect our income and expenses. Based on our current view on the business, we do not see reason to change our year end outlook, as we feel we have the resources necessary to respond in time to the company's costs and investments.

It should be mentioned that in recent years we have been rather conservative in spending and borrowing. We therefore now enjoy a strong balance sheet and sustainable operations. Cash balance is solid and we have access to credit lines if needed. The Company is below long-term leverage ratio and has therefore exercised an option to postpone payments of loans in 2020 until final maturity. We will therefore continue our operations, at a somewhat changed pace, but do not require a change of course or refinancing. We therefore think we are well prepared to deal with the uncertainty over the next term. "

Q1 2020 Results

Operations

	Q1 2020	Q1 2019	Change	Change in %
Net sales	7.120	6.773	347	5,1%
Cost of sales	(3.802)	(3.425)	(377)	11,0%
Gross profit	3.318	3.348	(30)	-0,9%
<i>Gross profit ratio</i>	<i>46,6%</i>	<i>49,4%</i>		
Other operating income	126	189	(63)	-33,3%
Operating expenses	(2.214)	(2.430)	216	-8,9%
EBIT	1.230	1.107	123	11,1%
<i>Operating profit/Sales</i>	<i>17,0%</i>	<i>15,9%</i>		
<i>Finance income</i>	<i>47</i>	<i>50</i>	<i>(3)</i>	<i>-6,0%</i>
<i>Finance cost</i>	<i>(256)</i>	<i>(356)</i>	<i>100</i>	<i>-28,1%</i>
<i>Net exchange rate differences</i>	<i>(61)</i>	<i>(7)</i>	<i>(54)</i>	
Net financial items	(270)	(313)	43	-13,7%
Income tax	(196)	(179)	(17)	9,5%
Net profit	764	615	149	24,2%
Depreciation	(1.505)	(1.262)	(243)	19,3%
EBITDA	2.735	2.369	366	15,4%
<i>EBITDA ratio</i>	<i>37,7%</i>	<i>34,0%</i>		
EPS	0,09	0,07	0,02	28,6%

Total sales for Q1 2020 amounted to ISK 7,246 million compared to ISK 6,962 million for the same period 2019, up by ISK 284 million or 4.1%. Revenue from mobile amounted to ISK 1,386 million up by ISK 29 million or 2.1% between periods. Revenue from fixed voice amounted to ISK 445 million, down by ISK 20 million or 4.3% between periods. Revenue from data (internet & network) amounted to ISK 2,166 million, up by ISK 31 million or 1.5% between periods. Revenue from TV services amounted to ISK 1,583 million, up by ISK 252 million or 18.9% between periods. Revenues from IT services amounted to ISK 1,042 million, up by ISK 91 million, or 9.6% between periods. Revenues from equipment sale ISK 418 million, down by ISK 7 million between periods.

Gross profit for Q1 2020 amounted to ISK 3,318 million, down by ISK 30 million or 0.9% from the same period in 2019. Operating expenses amounted to ISK 2,214 million, down by ISK 216 million or 8.9% from the same period in 2019.

EBITDA amounted to ISK 2,735 million in Q1 2020, compared to ISK 2,369 million for the same period in 2019, up by ISK 366 million or 15.4%. The EBITDA ratio is 37.7%, compared to 34.0% in the same period in 2019.

Depreciation amounted to ISK 1.505 million in Q1 2020, compared to ISK 1.262 million for the same period in 2019. Up by ISK 243 million from the same period in 2019.

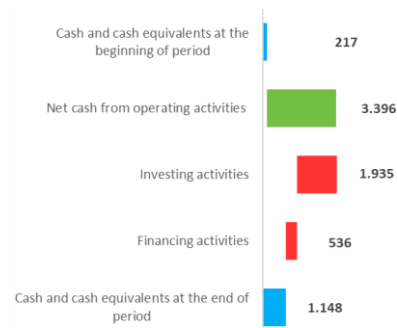
Net financial items amounted to ISK 270 million in Q1 2020 down by ISK 43 million compared to same period 2019. Reduction of key interest rates by The Central Banks of Iceland leads to lower interest expenses.

Profit for the period amounted to ISK 764 million, compared to ISK 615 million for the same period in 2019. Up by ISK 149 million or 24.2% between periods

Cash flow

Cash generated by operation was ISK 3,734 million in Q1 2020, compared to ISK 2,062 million in the same period 2019. Net cash from operating activities was ISK 3,396 million in Q1 2020, compared to ISK 1,711 million in the same period 2019.

Investing activities were ISK 1,935 million in Q1 of 2020, compared to ISK 1,147 million in the same period 2019.



Balance sheet

Total assets amounted to ISK 65,716 million at the end of Q1 2020, compared to ISK 65,521 million at the end of 2019. Interest bearing debt amounted to ISK 15,839 million at the end of Q1, compared to ISK 16,231 million at the end of 2019. Net interest-bearing debt amounted to ISK 14,691 million at the end of Q1 down by ISK 1,323 million or 8,3% compared to year end 2019. Net interest-bearing debt to EBITDA for the last twelve months was 1.35. The target ratio for Síminn is between 1.5 and 2.5.

	31.3.2020	31.12.2019
Non-current assets	58.420	58.571
Current assets	7.296	6.950
Total assets	65.716	65.521
Total equity	37.397	36.632
Non-current liabilities	20.368	20.268
Current liabilities	7.951	8.621
Total equity and liabilities	65.716	65.521
Equity ratio	56,9%	55,9%

Total equity amounted to ISK 37,397 million at the end of Q1 and the equity ratio was 56.9%.

Key events in the Q1 of 2020

- During these strange times of COVID-19 and social distancing Síminn decided to contribute by putting all residential internet subscriptions and mobile subscriptions in the unlimited data tier. Síminn's customers do therefore not have to worry about data caps while working or studying from home or while using our services more than usually.
- The infrastructure of Síminn has been well equipped to service our customers during the increased demand and usage. Síminn's staff has been monitoring and making changes were needed to make sure all core services are up and running like usually while demand has never been higher. Internet, mobile and TV usage have all increased and even landline usage saw a 30% increase.
- A large part of Síminn's staff have been working remotely for the last weeks and Síminn's call center is for the first time ever working remotely which has been going remarkably well. Our staff have been undaunted by these changes and output and morale have been high. We have seized a couple of opportunities to increase self-service and in just a couple of days we set up a home delivery program for equipment and goods that our customers have been elated with.
- The concert series „Heima með Helga“ has been popular in our linear programme which have been open to all to watch. The series starr Helgi Björnsson, a well known Icelandic

singer which along with a band and a star-studded cast of guests perform live every Saturday night. In the SVOD service, Sjónvarp Símans Premium, Síminn premiered „Jarðarförin mín“, a brand new Icelandic series which in a few days became the most popular Icelandic content Síminn has ever produced.

- The importance of processes have showed their value when Míla has been securing the core infrastructures of their systems during these times. Emergency processes has been reviewed and reserve power has been strengthened in Grindavík area where seismicity has been active.
- Sensa was busy in the beginning of the COVID-19 pandemic assisting and helping customers adjusting to the new reality of working from home. Teleconferencing, network security and remote work are one of Sensa strenghts so helping customers learning best practices and getting up to speed was easy. Sensa is proud to have helped creating the Rakning C-19 app which helps analyse travels and aids in the tracing of infections.

Guidance 2020

Despite great uncertainty in the company's operating environment the guidance for 2020 is unchanged from what was presented in February 2020 assuming that the company's EBITDA will be in the range of ISK 10.5 to 10.9 billion. CAPEX is estimated to be in the range of ISK 5.7 to 6.0 billion.

Investor meeting April 29, 2020

A virtual investor presentation will be held on Wednesday April 29, 2020 at 8:30. During the meeting, Orri Hauksson CEO and Óskar Hauksson CFO will present the financial results. The meeting will be held in Icelandic.

Documents and a recording of the meeting will be available after the meeting on the company's investor relations website:

<https://www.siminn.is/umsimann/uppgjor> and in Nasdaq's Iceland company news.

The meeting will be webcasted on:

<https://livestream.com/accounts/11153656/events/9098420/player>

Financial calendar 2020

- | | |
|--|------------------|
| • Interim report for the first half of 2020 | 25 August 2020 |
| • Interim report for the first nine months of 2020 | 27 October 2020 |
| • Announcement of the 2020 results | 18 February 2021 |
| • General Annual Meeting 2021 | 11 March 2021 |

Further information

Orri Hauksson, CEO, tel. 354 550 6003 (orri@siminn.is)

Óskar Hauksson, CFO, tel. 354 550 6003 (oskarh@siminn.is)

Note: This English version is a translation of the Icelandic text that accompanies the Q1 2020 results of Síminn hf.

Síminn hf.

Síminn owns and operates the companies Síminn, Míla, Sensa, Farsímagreiðslur and Radiómiðun. Síminn is Iceland's largest telco company and provides customers, both individuals and companies, with a comprehensive product offering in the field of telecommunications, entertainment and information technology.