



Consolidated Financial Statements
for the year ended 31 December 2019

Síminn hf.
Ármúla 25
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Endorsement and Statement by the Board of Directors and the CEO

The financial statements comprise the consolidated financial statements of Síminn hf. (the Company) and its subsidiaries, as listed in note 15, for the year 2019.

Operations in the year 2019

The total sales for Síminn hf. for the year amounted to ISK 29.071 million according to the Consolidated Income Statement, compared to ISK 28.540 million for 2018. Net profit for the year 2019 amounted to ISK 3.070 million, compared to profit of ISK 282 million for 2018. Total assets as at 31 December 2019 amounted to ISK 65.521 million and total equity amounted to ISK 36.632 million according to the Statement of Financial Position. The Company's equity ratio was 55,9%. The Company paid ISK 330 million in dividend to its shareholders in the year.

The Company secured the TV right for the English Premier League for the period 2019 - 2022. The season started in August and the impact on the company's operations has been positive. The Company sold its real estate in Kringlan shopping centre and subsequently discontinued operations there. The sales value of the asset was ISK 222 million. Míla ehf. has increased by 10,000 during the year in number of active fiber-optic connections and by the end of the year about 32,000 homes now have an active fiber-optic connection.. Around 80,000 homes in Iceland now have the option of fiber optic cable from Míla.

The Annual General Meeting of Síminn approved on 21 March 2019 a share buyback program. From July to November the Company purchased own shares of nominal value ISK 283 million, for ISK 1.310 million.

Share capital and articles of association

The number of shareholders at year end 2019 was 1,027, in the beginning of the year they were 1,002. At year end 2019 the ten largest shareholders were:

	Shares in ISK	
	million	Shares in %
Stoðir hf.	1.300	14,05%
Lífeyrissjóður verslunarmanna	1.095	11,83%
Gildi - lífeyrissjóður	859	9,29%
Lífeyrissj.starfsm.rik. A-deild	792	8,56%
Stapi lífeyrissjóður	426	4,61%
Birta lífeyrissjóður	360	3,89%
Söfnunarsjóður lífeyrisréttinda	277	3,00%
Brú Lífeyrissjóður starfs sveit	276	2,98%
Lífeyrissj.starfsm.rik. B-deild	263	2,85%
Stefnir - ÍS 15	259	2,80%
	5.907	63,86%

At the Company's Annual General Meeting held on March 21, 2019, it was agreed to authorize the Board of Directors to purchase up to 10% of the nominal value of the Company's shares, cf. VIII. section of Act no. 2/1995 on Public Limited Companies. The authorization is valid for up to eighteen months. With the approval of this proposal, the same authorization approved at the Company's Annual General Meeting on March 15, 2018, expired.

The Board of Directors proposes a dividend payment to shareholders in 2020 of ISK 500 million. The Board proposes a share capital reduction to cancel own shares of nominal value ISK 500 million. The Board also proposes a share buyback programme for amount up to 10% of equity.

The Company's share capital amounts to ISK 9.250 million, of which the Company owns ISK 500 million. Shareholders are entitled to one vote per share of one ISK.

Endorsement and Statement by the Board of Directors and the CEO

Corporate Governance

The Board of Directors is focused on practicing good Corporate Governance and that it consists with the Icelandic Corporate Governance guidelines, issued by the Iceland Chamber of Commerce, Nasdag OMX Iceland and the Confederations of Icelandic Employers. The Board of Directors has prepared Corporate Governance Statement in compliance the Icelandic Corporate Governance guidelines which are described in full in the Corporate Statement in the consolidated financial statements.

The Board of Directors of Síminn has three men and two women and the company fulfills the provisions of the Act on the Gender Role of the Board of Directors. The company's executive committee consists of four men (80%) and one woman (20%).

Further information on corporate governance is provided in the Corporate Governance Statement section, which is annexed to the Annual Accounts.

Non-Financial Reporting

Non-financial information which are relevant and useful to assess the Company's policies regarding environmental matters, social and employee aspects, respect for human rights, anticorruption and bribery issues are further discussed in the Non-Financial Reporting in the consolidated financial statements.

Statement by the Board of Directors and the CEO

According to the best of our knowledge the Consolidated Financial Statements of Síminn hf. are prepared and presented in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. It is our opinion that these Consolidated Financial Statements give a true and fair view of the consolidated financial performance of Síminn hf. for the year 2019, its assets, liabilities and consolidated financial position as at 31 December 2019 and its consolidated cash flows for the year 2019. Further, in our opinion the Consolidated Financial Statements give a fair view of the development and performance of Síminn's operations and its position and describes the principal risks and uncertainties faced by Síminn hf.

The Board of Directors and the CEO have today discussed the Consolidated Financial Statements of Síminn hf. for the year 2019 and confirm them by means of their signatures.

Reykjavík, 20 Februar 2020.

Board of Directors

Jón Sigurðsson, Chairman

Helga Valfells

Bjarni Þorvarðarson

Kolbeinn Árnason

Sylvía Kristín Ólafsdóttir

CEO

Orri Hauksson

Independent Auditor's Report

To the Board of Directors and Shareholders of Síminn hf.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Síminn hf. ("the Group"), which comprise the consolidated statement of financial position as at December 31, 2019, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and additional disclosure requirements for listed companies in Iceland.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of consolidated financial statements in Iceland and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	How the matter was addressed in the audit
<p>Evaluation of goodwill</p> <p>At year-end 2019, the Group's goodwill amounted to ISK 28,5 million and is the single largest asset of the Company. Goodwill has been allocated between the relevant cash generating units. Goodwill must be tested annually for impairment and also other assets which are not amortized and have an undefined useful life.</p> <p>Assessment of value of goodwill is one of key audit matters in audit of the Group's consolidated financial statements due to how large proportion goodwill is of its total assets and that this asset is subject to evaluation by management. Assessment of value of goodwill is based on management's expectations relating to present value of future cash flows of cash generating units.</p> <p>Information on impairment test performed on the Group's goodwill at year-end is in note 14 and information on significant accounting policies is in note 31.4.</p>	<p>We in cooperation with our valuation specialists evaluated the key assumptions used by management in calculating value of goodwill in each cash generating unit. The audit work included among other things:</p> <ul style="list-style-type: none">• Key assumptions for projected cash flows and operating plans were tested. This work included an evaluation of key assumptions regarding income, operating expenses, contribution margin and investments for the projected period.• Deviations from prior years' budgets are considered, among other procedures, in our assessment of the projected cash flows and operating plans.• Key assumptions regarding projected future growth following the projected period were evaluated.• The calculation model was tested and its functionality evaluated.• Key assumptions regarding cost of capital (WACC) for each cash generating unit were reviewed and evaluated. WACC was compared to the Company's finance expenses and other market related assumptions.• We observed the notes to the financial statements and verified that information required in accounting policies were included.

Independent Auditor's Report, cont.

Key Audit Matters	How the matter was addressed in the audit
<p>Revenue recognition</p> <p>The Group's revenue recognition systems are complicated and process a large number of transactions in many systems. The main revenues are from connection and roaming charges, monthly fees, installation fees, cable rentals, advertisements in television and sales of goods and services. Revenue recognition of the Group is explained in note 31.5.</p> <p>Revenue recognition is one of key audit matters in the audit of the Group's consolidated financial statements due to the large number of transactions and complicated recognition in the revenue recognition system where supply and price of goods and services changes on a regular basis.</p>	<p>Our audit procedures aimed at evaluating the design, implementation and functionality of automatic controls relating to revenue recognition and by performing relevant substantive audit testing in order to verify the accuracy in the Group's revenue recognition and that revenue is recognised in the appropriate period. This audit work included among other things:</p> <ul style="list-style-type: none">• The computer and information systems used for revenue recognition were evaluated and the flow between revenue systems and finance system. Furthermore, tests were performed on the specific automatic controls embedded in the process.• Examination of employee access authorisation in the financial systems.• Examination of controls in invoicing which are designed to ensure validity and accuracy of issued invoices.• Analysis of monthly trend in revenues compared previous periods and cut-off in revenue reviewed.• Analytical tools were utilised in testing sales transactions in order to detect unusual transaction for further examination.

Other information in the annual report

The Board of Directors and CEO are responsible for other information. Other information comprises the the annual report, but does not include the consolidated financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements does not cover other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read other information in the annual report when it is available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. The annual report is not available at our reporting date but is expected to be made available to us prior to its publication.

Responsibilities of the Board of Directors and CEO for the Consolidated Financial Statements

The Board of Directors and CEO are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs as adopted by the European Union and additional disclosure requirements for listed companies in Iceland, and for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors and CEO are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors and CEO are responsible for overseeing the Group's financial reporting process.

Independent Auditor's Report, cont.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board and CEO's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors and audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors and audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors and audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Independent Auditor's Report, cont.

Report on Other Legal and Regulatory Requirements

Pursuant to the legal requirement under Article 104, Paragraph 2 of the Icelandic Financial Statements Act No. 3/2006, we confirm that, to the best of our knowledge, the report of the Board of Directors accompanying the consolidated financial statements includes the information required by the Financial Statements Act if not disclosed elsewhere in the consolidated financial statements.

The engagement partner on the audit resulting in this independent auditor's report is Árni Claessen.

Reykjavik, 20 February 2020

KPMG ehf.

Consolidated Income Statement for the year 2019

	Notes	2019	2018
Net sales	5	28.309	27.925
Cost of sales	6	(14.906)	(14.479)
Gross profit		13.403	13.446
Other operating income		762	615
Operating expenses	7	(9.251)	(9.154)
Impairment losses	14	0	(2.990)
Operating profit		4.914	1.917
Finance income		196	213
Finance cost		(1.227)	(967)
Net exchange rate differences		(14)	(34)
Net financial items	9	(1.045)	(788)
Profit before tax		3.869	1.129
Income tax	10	(799)	(847)
Profit for the year		<u>3.070</u>	<u>282</u>
EBITDA*		10.516	9.521
Earnings per share			
Basic earnings per share	11	0,34	0,03
Diluted earnings per share	11	0,34	0,03

*Restated, see in Note 3.

The notes on pages 12 to 36 are an integral part of these consolidated financial statements

Consolidated Statement of Financial Position as at 31 December 2019

	Notes	31.12.2019	31.12.2018 Restated*
Assets			
Non-current assets			
Property, plant and equipment	12	18.716	18.059
Right-of-use assets	13	5.118	0
Intangible assets	14	34.265	32.473
Other financial assets	16	472	424
		<u>58.571</u>	<u>50.956</u>
Current assets			
Inventories	17	1.751	1.437
Accounts receivables	18	4.188	4.313
Other assets	19	794	882
Cash and cash equivalents		217	1.246
		<u>6.950</u>	<u>7.878</u>
		<u>65.521</u>	<u>58.834</u>
Equity			
Share capital		8.750	9.033
Reserves		14.525	15.552
Other statutory reserve		154	154
Other reserve		456	456
Retained earnings		12.747	10.007
	Equity 20	<u>36.632</u>	<u>35.202</u>
Liabilities			
Non-current liabilities			
Borrowings	21	14.481	15.631
Lease liabilities	22	4.632	0
Payables		353	0
Deferred tax liabilities	23	802	898
		<u>20.268</u>	<u>16.529</u>
Current liabilities			
Bank loans		600	450
Accounts payables		3.533	2.997
Current maturities of borrowings	21	1.150	1.150
Current maturities of lease liabilities	22	600	0
Taxes to be paid		894	766
Other liabilities	24	1.844	1.740
		<u>8.621</u>	<u>7.103</u>
		<u>28.889</u>	<u>23.632</u>
		<u>65.521</u>	<u>58.834</u>

*Restated, see in Note 3.

The notes on pages 12 to 36 are an integral part of these consolidated financial statements

Consolidated Statement of Changes in Equity for the year 2019

	Share capital	Reserves	Other statutory reserve	Translation- and other reserve	Retained earnings	Total equity
Total equity 1.1.2018	9.247	16.406	201	1.041	9.386	36.281
Net profit for the year					282	282
Payment of dividends (0,033588 per share)					(311)	(311)
Buyback of ordinary shares	(280)	(962)				(1.242)
Other changes				(585)	585	0
Share option charge for the period			18			18
Share option exercised and vested during the period	66	108	(65)		65	174
Total equity 31.12.2018	9.033	15.552	154	456	10.007	35.202
Total equity 1.1.2019	9.033	15.552	154	456	10.007	35.202
Net Profit for the year					3.070	3.070
Payment of dividends (0,036534 per share)					(330)	(330)
Buyback of ordinary shares	(283)	(1.027)				(1.310)
Other changes				0	0	0
Total equity 31.12.2019	8.750	14.525	154	456	12.747	36.632

The notes on pages 12 to 36 are an integral part of these consolidated financial statements

Consolidated Statement of Cash Flow for the year 2019

	Notes	2019	2018
			Restated*
Cash flow from operating activities			
Operating profit		4.914	1.917
Operational items not affecting cash flow:			
Depreciation	12-14	5.602	7.604
Gain on sale of fixed assets .....	(	170)	(105)
Other items not affecting cash flow		0	18
		10.346	9.434
Changes in current assets and liabilities:			
Changes in inventories .....	(	312)	(3)
Changes in operating assets		187	252
Changes in operating Liabilities		44	(7)
Changes in current assets and liabilities	(	81)	242
Cash generated by operation		10.265	9.676
Interest income received		195	217
Interest expenses paid .....	(	1.187)	(967)
Payments of taxes .....	(	766)	(345)
Net cash from operating activities		8.507	8.581
Investing activities			
Investment in property, plant and equipment	12 (	4.200)	(4.511)
Investment in intangible assets	14 (	2.366)	(1.198)
Proceeds from sale of property, plant and equipment		233	134
Changes in other investment .....	(	38)	29
Investment in subsidiaries	15	0	(33)
Changes in other investment		2	145
Investment activities	(	6.369)	(5.434)
Financing activities			
Dividend paid .....	(	330)	(311)
Buyback of ordinary shares .....	(	1.310)	(1.242)
Proceeds from the exercise of share options		0	174
Payments of non-current liabilities	21 (	1.150)	(1.150)
Payment of long term lease	22 (	552)	0
Bank loans, increase		150	(50)
Financing activities	(	3.192)	(2.579)
Increase (decrease) in cash and cash equivalents .....	(	1.054)	568
Effect of exchange rate fluctuations on cash held		25	(40)
Cash and cash equivalents at the beginning of the year		1.246	718
Cash and cash equivalents at the end of the year		217	1.246

*Restated, see in Note 3.

The notes on pages 12 to 36 are an integral part of these consolidated financial statements

Notes to the Consolidated Financial Statements

1. Reporting entity

Síminn hf. (the "Company") is a public limited liability company domiciled in Iceland. The address of the Company's registered office is Ármúli 25, Reykjavík. The consolidated financial statements for the year 2019 comprise the Company and its subsidiaries (together referred to as "Síminn" or the "Group") and Síminn's interest in associated companies. The Company is listed on Nasdaq OMX Iceland.

2. Basis of accounting

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional Icelandic disclosure requirements for consolidated financial statements of listed companies. A summary of significant accounting policies is disclosed in Note 29.

The Group's last annual consolidated financial statements is available on the company's website, www.siminn.is, and in the company's news release distribution network of Nasdaq Nordic: www.nasdaqomxnordic.com.

The Group has applied IFRS 16 from 1. January 2019 in the financial statements. Changes to significant accounting policies are described in note 3.

These consolidated financial statements were approved and authorised for issue by the Company's Board of Directors on 20 February 2020.

Basis of measurement

These financial statements have been prepared on the historical cost basis.

Presentation and functional currency

These financial statements are presented in Icelandic Krona (ISK), which is the Company's functional currency. All financial information presented in ISK has been rounded to the nearest million.

Use of judgements and estimates

In preparing these consolidated financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements are disclosed in Note 14.

3. Changes in accounting policies

The accounting policies applied in the consolidated financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2018, except for the changes listed below:

The Group has initially applied IFRS 16 effective from 1 January 2019.

The Group also changed its accounting method for TV rights. Previously, TV rights were accounted as inventories under IAS 2 and expensed as material expense. Due to major changes in the TV business environment and in the Group's business model in recent years the Group's TV rights have been recognised as of 1 January 2019 as an intangible asset in accordance with IAS 38. The Group recognises a depreciation charge for TV rights.

A number of other new standards are also effective from 1 January 2019 but they do not have a material effect on the Group's financial statements.

Notes to the Consolidated Financial Statements

3. Changes in accounting policies, contd.:

IFRS 16 Leases

The Group applied IFRS 16 using the modified retrospective approach, with right-of-use assets equal to lease liability at 1 January 2019. Accordingly, the comparative information presented for 2018 is not restated – i.e. it is presented, as previously reported, under IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in IFRS 16 have not generally been applied to comparative information.

Definition of a lease

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 Determining whether an Arrangement contains a Lease. The Group now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in Note 29.16.

On transition to IFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Group applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease under IFRS 16. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 January 2019.

As a lessee

The Group has recognised new assets and liabilities for its leases of buildings, cars and fiber optics. Under IFRS 16, the Group recognises right-of-use assets and lease liabilities for most of these leases - i.e. these leases are on balance sheet.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost and after that at amortised cost adjusted with changes in lease liability arising from a change in an index or rate.

The Group presents right-of-use assets in 'property, plant and equipment', the same line item as it presents underlying assets of the same nature that it owns. The carrying amounts of right-of-use assets are as below.

On transition to IFRS 16, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 January 2019.

The Group used a number of practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17. In particular, the Group:

- did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- did not recognise right-of-use assets and liabilities for leases of low value assets;
- excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- used hindsight when determining the lease term.

As a lessor

The transition to IFRS 16 has no effects on leases where the Group is a lessor.

Notes to the Consolidated Financial Statements

3. Changes in accounting policies, contd.:

Impact on financial statements

On transition to IFRS 16, the Group recognised additional right-of-use assets and additional lease liabilities. The impact on transition is summarised below:

Consolidated Statement of Financial Position	Adjustment		1.1.2019
	31.12.2018	IFRS 16	
Property, plant and equipment	18.059	0	18.059
Right-of-use assets	0	5.567	5.567
Other non-current assets	32.897	0	32.897
Non-current assets	50.956	5.567	56.523
Current assets	7.878	0	7.878
Total assets	58.834	5.567	64.401
Equity	35.202	0	35.202
Borrowings	15.621	0	15.621
Lease liabilities	0	5.021	5.021
Other non-current liabilities	908	0	908
Non-current liabilities	16.529	5.021	21.550
Current maturities of lease liabilities	0	546	546
Other current liabilities	7.103	0	7.103
Current liabilities	7.103	546	7.649
Total liabilities	23.632	5.567	29.199
Total equity and liabilities	58.834	5.567	64.401

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rate at 1 January 2019. The weighted-average rate applied is 5,1%.

TV rights, a change in accounting policy

The Company's TV right is now presented as an intangible asset in Non-current assets but were previously presented as inventories in Current assets. Because of that change the comparative information 31.12.2018 is restated. ISK 763 million are now presented as intangible asset but were previously presented as inventories and ISK 150 million are now presented in prepayments but were previously presented as inventories.

Also in relation to this change, the comparative information for cost of sales changes for the year 2018. Cost of service sold, i.e. material cost, is decreased by ISK 769 million and depreciation increases by the same amount. See note 6.

Treatment of domestic TV right's remains the same as before. They are presented as inventories and expensed on 12 months.

Notes to the Consolidated Financial Statements

4. Operating segments

An overview of operating segments is set forward in same manner as regular reporting to the Board of Directors.

The Company operates within seven segments that sell services and equipment in different markets. The operating segments are as follows:

Operating segment:	Description:
Mobile:	Revenue from mobile services in Iceland and abroad, whether traditional GSM service, satellite service, wholesale mobile 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, core network, local loop and access network.
TV:	Revenues from TV broadcast (fees, traffic and advertisement), TV distribution and Síminn TV.
IT services:	Revenue from hosting and operations, advisor fees, sold service and IT related hardware sales.
Equipment sales:	Revenue from sale of telecommunication equipment.
Other revenue:	Revenue from i.e. sold telco service and hosting.

Operating segments 2019

	Mobile	Fixed voice	Internet & network	TV	IT services	Equipment sales	Other revenues	Total
Revenue	5.772	1.803	8.573	5.621	4.162	1.932	1.208	29.071
Expenses								(18.555)
EBITDA								10.516
Depreciation and amortisation								(5.602)
Net finance cost								(1.045)
Taxes								(799)
Net earnings for the period								3.070
Capital additions								(6.333)
Assets								65.521
Liabilities								28.889

Operating segments 2018

	Mobile	Fixed voice	Internet & network	TV	IT services	Equipment sales	Other revenues	Total
Revenue	6.132	1.882	8.872	4.803	3.735	2.052	1.064	28.540
Expenses								(19.019)
EBITDA								9.521
Depreciation								(7.604)
Net finance cost								(788)
Share of earnings of associated companies								0
Taxes								(847)
Net earnings for the period								282
Capital additions								(5.575)
Assets								58.834
Liabilities								23.632

Notes to the Consolidated Financial Statements

5. Net sales	2019	2018
Sales of service and goods is specified as follows:		
Sales of service	24.039	23.868
Sales of goods from IT services and telecom	4.270	4.057
	<u>28.309</u>	<u>27.925</u>

No customer comprises more than 10% of net sales

6. Cost of sales	Restated	
Cost of sales is specified as follows:		
Salaries and related expenses	3.385	3.426
Cost of service sold	3.574	3.385
Interconnecting fees	736	947
Cost of goods sold	3.878	3.670
Capitalised work	(844)	(816)
Depreciation cost of sold services	4.177	3.867
	<u>14.906</u>	<u>14.479</u>

Cost of service sold consists of; material costs, service contracts, license fees, purchased services and telecommunications costs.

7. Operating expenses		
Operating expenses is specified as follows:		
Salaries and related expenses	4.531	4.547
Sales and marketing expenses	592	553
Housing and transportation expenses	721	1.446
IT-Expenses	856	892
General and administrative expenses	1.126	969
Depreciation operating expenses	1.425	747
	<u>9.251</u>	<u>9.154</u>

8. Salaries and salary-related expenses		
Salaries and salary-related expenses is specified as follows:		
Salaries	6.476	6.521
Contributions to pension funds	846	814
Other salary-related expenses	594	638
	<u>7.916</u>	<u>7.973</u>

Average number of full year equivalents	647	699
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75% of the Group's employees are men and 25% women.

Salaries and related expenses are specified as follows in the income statement:

Cost of sales	3.385	3.426
Operating expenses	4.531	4.547
	<u>7.916</u>	<u>7.973</u>

Notes to the Consolidated Financial Statements

9. Financial income and expense

Financial income and finance costs are specified as follow:

	2019	2018
Finance income		
Interest income	192	208
Dividend received	4	5
	<u>196</u>	<u>213</u>
Finance expense		
Interest on borrowings	(868)	(942)
Interest expense from lease liability	(272)	0
Other finance expenses	(87)	(25)
	<u>(1.227)</u>	<u>(967)</u>
Net exchange rate differences	(14)	(34)
Net financial items	<u>(1.045)</u>	<u>(788)</u>

10. Taxes

Income tax is calculated and expensed. Income tax for the year 2019, to be paid 2020, amounts to ISK 873 million. Equalization tax for the year 2019, to be paid 2020, amounts to ISK 21 million. Taxes to be paid at year end are ISK 894 million.

Reconciliation of effective income tax rate:

	2019		2018	
Profit before tax		3.869		1.129
Income tax using the Company's tax rate	20,0%	(774)	20,0%	(226)
Amortization, non-deductable	0,0%	0	53,0%	(598)
Non-deductable expenses	0,3%	(11)	0,6%	(7)
Non-taxable income	0,0%	0	(0,1%)	1
Equalization tax	0,4%	(17)	1,5%	(17)
Other changes	(0,1%)	3	0,0%	0
Effective income tax rate	<u>20,7%</u>	<u>(799)</u>	<u>75,0%</u>	<u>(847)</u>

11. Earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Parent by the weighted average number of outstanding shares during the year. The calculation of diluted earnings per share is calculated by dividing the net profit attributable to equity holders of the Parent by the weighted average number of outstanding shares with the diluting effects of expected shares in stock options given to employees. No stock option agreementst were active at year end 2018.

	2019	2018
Profit for the year attributable to equity holders of the parent company	3.070	282
Share capital in the beginning of the year	9.033	9.247
Effects of trades with own capital	(325)	(161)
Weighted average number of shares for the year	<u>8.708</u>	<u>9.086</u>
Basic earnings per share	0,34	0,03
Diluted earnings per share	0,35	0,03

Notes to the Consolidated Financial Statements

12. Operating assets

Operating assets are specified as follow:

	Telecom equipment	Buildings	Other equipment	Total
Cost				
Balance at 1.1.2018	38.716	1.912	2.391	43.019
Additions	4.199	41	271	4.511
Sales and disposals	(1.398)	(33)	(340)	(1.771)
Balance at 31.12.2018	41.517	1.920	2.322	45.759
Additions	3.975	74	151	4.200
Sales and disposals	(76)	(84)	(89)	(249)
Balance at 31.12.2019	45.416	1.910	2.384	49.710
Depreciation and impairment losses				
Balance at 1.1.2018	23.552	842	1.601	25.995
Depreciation	3.055	84	309	3.448
Sales and disposals	(1.393)	(15)	(335)	(1.743)
Balance at 31.12.2018	25.214	911	1.575	27.700
Depreciation	3.135	(306)	650	3.479
Sales and disposals	(76)	(26)	(83)	(185)
Balance at 31.12.2019	28.273	579	2.142	30.994
Carrying amounts				
At 1.1.2018	15.164	1.070	790	17.024
At 31.12.2018	16.303	1.009	747	18.059
At 31.12.2019	17.143	1.331	242	18.716

The official real estate valuation of buildings owned by the Company is ISK 1.784 million (2018: ISK 1.917 million) and insurance value ISK 3.538 million (2018: ISK 3.502). Insurance value of other equipment is ISK 20.681 million (2018: ISK 19.768 million). The Company's operating assets are mortgaged to secure debt.

Depreciation of operating asset and intangible assets are specified as follows in the income statement:	2019	2018
Cost of sales	4.177	3.867
Operating expenses	1.425	3.737
Total	5.602	7.604

Useful life is specified as follows:

Telecom equipment	4 - 30 years
Buildings	15 - 33 years
Other equipment	3 - 10 years

Notes to the Consolidated Financial Statements

13. Right-of-use assets

The Group leases buildings, cars and fiber optics. The leases typically run for a period between 5 - 20 years, with an option to renew the lease after that date. Most leases provide for additional rent payments that are based on changes in local price indices. Previously, these leases were classified as operating leases under IAS 17.

Right-of-use assets are specified as follows:

	Telecom equipment	Buildings	Other equipment	Total
Right-of-use assets 1.1. 2019.....	156	5.350	61	5.567
Depreciation.....	(11)	(615)	(38)	(664)
Additions	13	40	31	84
Remeasurements.....	4	126	1	131
Right-of-use assets 31.12. 2019.....	<u>162</u>	<u>4.901</u>	<u>55</u>	<u>5.118</u>

In Income statement:	2019
Depreciation of Right-of-use assets.....	664

In Cash flow statement:	
Payment of long term lease.....	552

14. Intangible assets

Intangible assets are specified as follow:

	Goodwill	Software	Other intangibles	Total
Cost				
Balance at 1.1.2018	55.127	4.388	2.065	61.580
Regrouped	0	0	712	712
Additions	58	378	820	1.256
Sales and disposals	0	(160)	(117)	(277)
Balance at 31.12.2018	<u>55.185</u>	<u>4.606</u>	<u>3.480</u>	<u>63.271</u>
Additions	0	497	2.753	3.250
Sales and disposals	0	(28)	0	(28)
Balance at 31.12.2019	<u>55.185</u>	<u>5.075</u>	<u>6.233</u>	<u>66.493</u>

Amortisation and impairment losses

Balance at 1.1.2018	23.692	2.932	295	26.919
Depreciation	2.990	364	802	4.156
Sales and disposals	0	(160)	(117)	(277)
Balance at 31.12.2018	<u>26.682</u>	<u>3.136</u>	<u>980</u>	<u>30.798</u>
Depreciation	0	415	1.043	1.458
Sales and disposals	0	(28)	0	(28)
Balance at 31.12.2019	<u>26.682</u>	<u>3.523</u>	<u>2.023</u>	<u>32.228</u>

Carrying amounts

At 1.1.2018	31.435	1.456	1.770	34.661
At 31.12.2018	28.503	1.470	2.500	32.473
At 31.12.2019	28.503	1.552	4.210	34.265

Useful life is specified as follows:

Software	2 - 7 years
Other intangibles	2 - 15 years

The Company's software is mortgaged to secure debt.

Notes to the Consolidated Financial Statements

14.1. Annual test for impairment

Goodwill and other intangible assets that have indefinite life are tested for impairment at each reporting date. In performing the annual impairment test of goodwill, an assessment is made as to whether the individual units of the company (cash-generating units) to which goodwill relates will be able to generate sufficient positive net cash flows in the future to support the value of goodwill, trademarks with an indefinite useful life and other net assets of the entity.

For the purpose of impairment testing, goodwill is allocated to units which represent the level the goodwill is monitored for internal management purposes. The total carrying value of goodwill was allocated to each cash generated unit (CGU) as follows:

	2019	2018
Goodwill Síminn hf.	19.733	19.733
Goodwill Míla ehf.	7.718	7.718
Goodwill Sensa ehf., IT services	1.022	1.022
Goodwill Radiómiðun ehf., telecommunication	30	30
	<u>28.503</u>	<u>28.503</u>
Trademark classified as Other Intangibles	1.589	1.589

The recoverable amounts of cash-generating units was based on their value in use and were determined by discounting the future cash flows generated from the continuing use of the CGU. Cash flows were projected based on actual operating results and a five to ten year business plan. Cash flows beyond the forecast period were extrapolated using a constant nominal growth rate which management believes is consistent with the long-term average growth rate for the markets in which Síminn operates. Discount rates which reflect the risk-free interest rate with the addition of specific risks related to equity and liabilities are used to calculate recoverable amounts.

The forecast period used to calculate recoverable amount of each CGU is five years except for Míla where the forecast period is ten years. Management believes that this forecast period was justified due to the long-term nature of Míla's business.

Measurement of trademarks is based on expected future cash flows for the trademarks on the basis of key assumptions about expected useful life and relief from royalty rate and a theoretically calculated tax effect. A discount rate is used which reflects the risk-free interest rate with the addition of specific and estimated future risks associated with the particular trademark.

The value in use were based number of key assumptions which represents the managements assessment of future trends in the market and are based on both external and internal sources. The key assumptions used for value in use calculations are as follows:

	2019	2018
Síminn		
Long term growth rate	2,5%	2,5%
Weighted average revenue growth 2020-2024 / 2019-2023	1,3%	1,6%
EBITDA average growth 2020-2024 / 2019-2023	3,5%	3,3%
WACC	7,2%	9,6%
Debt ratio	55,4%	40,6%
Finance cost rate	4,2%	5,1%
Míla		
Long term growth rate	2,5%	2,5%
Weighted average revenue growth 2020-2029 / 2019-2028	2,1%	2,1%
EBITDA average growth 2020-2029 / 2019-2028	2,1%	2,2%
WACC	7,0%	9,5%
Debt ratio	55,4%	40,6%
Finance cost rate	4,2%	5,3%

Notes to the Consolidated Financial Statements

14.1. Annual test for impairment, contd.:	2019	2018
Sensa		
Long term growth rate	3,5%	3,5%
Weighted average revenue growth 2020-2024 / 2019-2023	2,1%	2,6%
EBITDA average growth 2020-2024 / 2019-2023	4,8%	5,4%
WACC	10,0%	11,8%
Debt ratio	17,2%	9,8%
Finance cost rate	4,2%	5,1%
Radíómiðun		
Long term growth rate	2,5%	2,3%
Weighted average revenue growth 2020-2024 / 2019-2023	3,1%	1,5%
EBITDA average growth 2020-2024 / 2019-2023	7,5%	2,9%
WACC	13,4%	14,9%
Debt ratio	28,1%	24,0%
Finance cost rate	5,4%	6,7%

The recoverable amounts of the cash-generating units were estimated to be higher than carrying amounts and no impairment was required.

	2019	2018
Impairment in Míla ehf.	0	2.990

In performing impairment test, management has to evaluate certain assumptions that are used performing the test. Those assumptions always include some uncertainty that can have effect on the outcome of test if those assumptions prove to be wrong. Management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of any cash generating unit to exceed its recoverable amount.

15. Subsidiaries

Subsidiaries are as follows:

	Principle place of operation	Ownership	
		2019	2018
Míla ehf.	Iceland	100,0%	100,0%
Radíómiðun ehf.	Iceland	100,0%	100,0%
Sensa ehf.	Iceland	100,0%	100,0%
Sensa IT Aps	Denmark	100,0%	100,0%
Farsímagreiðslur ehf.	Iceland	100,0%	100,0%

16. Other financial assets

Other financial assets are specified as follows:

	31.12.2019	31.12.2018
Investment in other companies	47	46
TV programs for screening	143	149
Prepaid expense	40	15
Non-current receivables	242	214
Other financial assets total	472	424

16.1. Investment

At the end of the year the Company owned shares in two foreign and four domestic companies where the ownership was less than 20%.

16.2. Non-current receivables

Non-current receivables are trade receivables for periods longer than 12 months.

Notes to the Consolidated Financial Statements

17. Inventories	31.12.2019	31.12.2018
Inventories are specified as follows:		
Finished goods	1.232	1.333
TV programs for screening	519	104
Inventory total	<u>1.751</u>	<u>1.437</u>

Cost of goods sold amounted to ISK 3.878 million (2018: 3.670 million). All finished goods has been pledged as security against borrowings.

18. Accounts Receivables

Accounts receivables are specified as follows:

Accounts receivables	4.345	4.508
Allowances for doubtful accounts	(157)	(195)
Accounts receivables total	<u>4.188</u>	<u>4.313</u>

Movement in the allowance for doubtful accounts

Balance at the beginning of the year	(195)	(306)
Impairment losses recognised on receivables	(32)	31
Amount written off as uncollectable	70	80
Balance at the end of the year	<u>(157)</u>	<u>(195)</u>

In determining the recoverability of an account receivable, the Company considers any change in the credit quality of the accounts receivables from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. See more information in note 25.

19. Other assets

Other assets are specified as follows:

Prepayments and accrued income	613	767
Other current assets	181	115
Other assets total	<u>794</u>	<u>882</u>

20. Equity

20.1. Share capital

The Company's share capital amounts to ISK 9.250 million (2018: ISK 9.250 million) according to its Articles of Association. Shareholders are entitled to one vote per share of one ISK. All shares are paid in full. The Company held own shares in the amount of ISK 500 million at year end 2019.

20.2. Reserves

Reserves include the difference of; payments that the Group received in selling, bying and issuing own capital; and the nominal amount of issued capital.

20.3. Other statutory reserve

Other statutory reserves is a statutory reserve based on legal requirements of the Icelandic Financial Statements Act No. 3/2006.

Notes to the Consolidated Financial Statements

20. Equity, contd.:

20.4. Translation and other reserve

Translation and other reserve is as follows:

	Trans- lation difference	Other reserve	Total
Balance at 1.1. 2018	453	588	1.041
Changes in the year	0	(585)	(585)
Balance at 31.12.2018	<u>453</u>	<u>3</u>	<u>456</u>
Balance at 1.1. 2019	453	3	456
Changes in the year	0	0	0
Balance at 31.12.2019	<u>453</u>	<u>3</u>	<u>456</u>

21. Non-current liabilities

Borrowings are specified as follows:

	2019		2018	
	Average interest rates	Balance	Average interest rates	Balance
Loans in ISK	5,26%	15.621	5,56%	16.771
Finance lease liabilities		10		10
Current maturities		(1.150)		(1.150)
		<u>14.481</u>		<u>15.631</u>

Changes in borrowings during the year are as follows:

	2019	2018
Balance at 1.1.2018	16.781	17.931
Repayment of borrowings	(1.150)	(1.150)
	<u>15.631</u>	<u>16.781</u>

Aggregated annual maturities are as follows:

	2019	2018
Within 12 months	1.150	1.150
12 - 24 months	1.150	1.150
24 - 36 months	1.150	1.150
36 - 48 months	1.150	1.150
48 - 60 months	1.150	1.150
More than 60 months	<u>9.881</u>	<u>11.031</u>
Total borrowings, including current maturities	<u>15.631</u>	<u>16.781</u>

22. Lease liabilities

Changes in lease liabilities during the year are as follows:

	Telecom equipment	Buildings	Other equipment	Total
Lease liabilities 1.1. 2019.....	156	5.350	61	5.567
Repayment of lease liabilities.....	(7)	(506)	(39)	(552)
Additions.....	13	41	32	86
Remeasurements.....	4	126	1	131
Lease liabilities 31.12. 2019.....	<u>166</u>	<u>5.011</u>	<u>55</u>	<u>5.232</u>

Notes to the Consolidated Financial Statements

22. Lease liabilities, contd.:

Maturity analysis is as follows:		2019
Within 12 months.....		600
12 - 24 months.....		336
24 - 36 months.....		324
36 - 48 months.....		341
48 - 60 months.....		351
More than 60 months.....		<u>3.280</u>
Lease liabilities, including current maturities.....		<u>5.232</u>
In Income statement:		
Interest expense on lease liabilities.....		272
In Cash flow statement:		
Payment of long term lease.....		552

Extension options

Most of the Group's property leases contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

The Groups property leases for Ármúli expire at year end 2020. Those leases have extension option for up to 5 years. If extended for 5 years, The Group has estimated that lease liabilities will increase by 979 million.

23. Deferred tax

Analysis of movements in the net deferred tax balances during the period is as follows:

Deferred tax at the beginning of the year.....	898	817
Income tax posted to the income statement.....	778	825
Taxes to be paid.....	<u>(874)</u>	<u>(744)</u>
Deferred tax liability at the end of the period.....	<u>802</u>	<u>898</u>

The deferred tax liability is allocated as follows:

Property and equipment.....	(323)	(338)
Intangible assets.....	(473)	(532)
Current assets.....	(33)	(32)
Leases.....	23	0
Hedge reserve.....	4	4
	<u>(802)</u>	<u>(898)</u>

24. Other liabilities

Other liabilities are specified as follows:

Accrued expenses	888	836
Salaries and related expenses	327	330
VAT	618	562
Other	<u>11</u>	<u>12</u>
Other liabilities total	<u>1.844</u>	<u>1.740</u>

Notes to the Consolidated Financial Statements

27. Legal proceedings

The Company is currently involved in several legal disputes that relate to Competition, Media and Telecommunication Act. Sýn hf. (Vodafone) has sued Síminn for damages due to alleged margin squeeze. The amount of the claim is around 900 million ISK. Inter, an association of ISP, sent the Company a letter in 2015 claiming damages in the amount of three billion ISK due to alleged infringement of the Competition Act. Three companies within the association have requested the appointment of a court appointed assessor to estimate the alleged damages. They also changed the claimed damages to 300 million ISK. Síminn rejected liability. Tölvun has filed a case before the District Court and claimed damages in the amount of 7 million ISK, Snerpa as also filed a case before the District Court and claimed damages in the amount of 40 million ISK. Hringidan sued Síminn as well and claimed damages in the amount of 899 million ISK. TSC ehf. has sued Síminn for damages in the amount of one hundred million ISK plus costs and interest due to alleged infringement of the Competition Authority's decision no 10/2005. The District Court of Reykjavík has concluded that Síminn should pay ISK 50 million plus costs and interest. Síminn has rejected the claims in all cases and countersued Vodafone. In the case of Vodafone against Síminn and Síminn's countersue against Vodafone, the District Court acquitted both companies. The case will be appealed to National Court. Síminn also appealed the District Court ruling in the case of TSC ehf. to the National Court and TSC has countersued the case to the National Court. In the case regarding Tölvun, Snerpa and Hringidan Síminn will file its written arguments in due time whereby all claims are rejected.

Síminn and Vodafone have been in a dispute regarding distribution of media content. The Competition Authority and Post- and Telecommunication Authority ruled that Síminn breached against media act no. 10/2018 and fined Síminn. The fine, 9 million ISK has already been paid. The Company believes that its actions are fully compliant with the relevant Acts and will appeal. Subsequently Vodafone has filed a claim against Síminn for compensation of 1.9 billion ISK. Síminn rejected the claim and pointed out that in Vodafone claim there are no arguments for compensation, nor an attempt to prove the alleged loss. Síminn believes there is no base for the claim from Vodafone and the District Court dismissed the case due the failure to state the reasoning for the case. Vodafone later filed a motion to appoint two Court appointed Assessors. Gagnaveita Reykjavíkur has filed a claim against Síminn of 1.3 billion ISK. Síminn has rejected the claim and has pointed out that in the claim there are no arguments to conclude that conditions for liability damages existed. Síminn believes there is no base for the claim. Vodafone filed a complaint to the Competition Authority regarding the sale of broadcast from the English Premier League and demanded a wholesale access obligation on SíminnSport. The Competition Authority published its statement of objections in December believed that certain arrangements could be an infringement against the Competition Authority Decision no 6/2015 and 20/2015. The Competition Authority considers that the imposition of penalties or remedies on the basis of Article 16 may be considered, without providing any further information thereof. The statement of objections does not constitute a binding administrative decision, but is written for the purpose of Síminn being able to exercise its right of opposition pursuant to Administrative law and for the matter to be fully investigated before a decision is made. The Company is still of the opinion that the arrangements for the sale of the Company's services are fully in accordance with the Competition Act and the decisions that the Company has made on the basis of the Competition Act.

Despite the uncertain nature of the outcome of these cases, it is the management opinion that the cases will not result in substantial financial cost. In those cases where the Company might be forced to pay damages, the cost is estimated by the management and recognised in the financial statement.

30. Subsequent event

There are no subsequent events to report.

32. Standard issued but not yet effective

A number of new standards are effective for annual periods beginning after 1 January 2019 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements.

The following amended standards and interpretations are not expected to have a significant impact on the Group's consolidated financial statements.

- Amendments to References to Conceptual Framework in IFRS Standards.
- Definition of a Business (Amendments to IFRS 3).
- Definition of Material (Amendments to IAS 1 and IAS 8).
- IFRS 17 Insurance Contracts.

Notes 25, 26, 28,29 and 31 are not translated into English.

Quarterly Statements - unaudited

Summary of the Company's operating results by quarters:

	1 F 2019	2 F 2019	3 F 2019	4 F 2019	Total
Net sales	6.773	6.808	6.958	7.770	28.309
Cost of sales	(3.425)	(3.591)	(3.523)	(4.367)	(14.906)
Gross profit	3.348	3.217	3.435	3.403	13.403
Other operating income	189	307	140	126	762
Operating expenses	(2.430)	(2.246)	(2.208)	(2.367)	(9.251)
Operating profit	1.107	1.278	1.367	1.162	4.914
Net financial items	(313)	(269)	(232)	(231)	(1.045)
Profit before tax	794	1.009	1.135	931	3.869
Income tax	(179)	(211)	(238)	(171)	(799)
Profit for the year	615	798	897	760	3.070
EBITDA	2.369	2.602	2.817	2.728	10.516

	1 F 2018	2 F 2018	3 F 2018	4 F 2018	Total
Net sales	6.756	6.921	6.828	7.420	27.925
Cost of sales	(3.302)	(3.610)	(3.371)	(4.196)	(14.479)
Gross profit	3.454	3.311	3.457	3.224	13.446
Other operating income	118	232	141	124	615
Operating expenses	(2.275)	(2.280)	(2.156)	(2.443)	(9.154)
Impairment losses	0	0	0	(2.990)	(2.990)
Operating profit	1.297	1.263	1.442	(2.085)	1.917
Net financial items	(182)	(190)	(211)	(205)	(788)
Profit (loss) before tax	1.115	1.073	1.231	(2.290)	1.129
Income tax	(228)	(220)	(253)	(146)	(847)
Profit (loss) for the year	887	853	978	(2.436)	282
EBITDA*	2.404	2.386	2.607	2.124	9.521

*Restated, see in Note 3.