

Financial press release – Síminn hf. Q1 2021

An eventful quarter

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In December, Síminn hf. and Crayon Group AS signed a binding agreement on the sale of Síminn's subsidiary, Sensa ehf., to Crayon. The settlement of the transaction took place at the end of Q1 2021 and the purchase price was paid in full in April. Profit from the sale amounted to ISK 2,073 million. In the interim financial statements, Sensa's operations fall under discontinued operations and the information in the announcement is based on that change.

- Síminn's revenue amounted to ISK 6,408 million in the first quarter (Q1) of 2021, compared to ISK 6,309 million in the same period 2020. An increase by ISK 99 million or 1.6%.
- EBITDA amounted to ISK 2,540 million in Q1 2021, compared to ISK 2,638 million in the same period of 2020, down by ISK 98 million or 3.7%. The EBITDA ratio was 39.6% in Q1 2021, compared to 41.8% in the same period of 2020. Operating profit EBIT is down by ISK 69 million or 5,8% compared to same period of 2020.
- Profit in Q1 2021 amounted to ISK 2,844 million, compared to ISK 762 million in the same period of 2020.
- Cash generated by operation amounted to ISK 3,010 million in Q1 2021, compared to ISK 3,380 million in the same period of 2020. Net cash from operating activities amounted to ISK 2,574 million in Q1 2021, compared to ISK 3,045 million in the same period 2020.
- Interest-bearing debt amounted to ISK 16.0 billion at the end of Q1 of 2021, compared to ISK 15.9 billion at the end of 2020. Net interest-bearing debt amounted to ISK 15.3 billion at the end of Q1 2021 compared to ISK 15.2 billion at the end of 2020.
- Net financial expenses amounted to ISK 187 million in Q1 2021, compared to ISK 233 million in the same period of 2020. Financial expenses amounted to ISK 202 million, financial income ISK 59 million, and foreign exchange loss ISK 44 million.
- Síminn's equity ratio was 59,8% at the end of Q1 2021 and equity was 39.4 billion.

Orri Hauksson, CEO:

„The year is off to a good start and is in line with our expectations of getting the most out of the balance sheet and operations of various units within the group. Sensa's sale was successfully completed with the acquisition of the company by the international IT company Crayon, in addition to which key projects in the field of Síminn's mobile and network operations were transferred to Míla. The Group is now financed with the aim of maximizing the results of a changed division of tasks within the Group and to set up the balance sheet in

accordance with the needs of the relevant business units. At the beginning of April, the company paid substantial funds to shareholders through decrease of share capital and dividends.

Core operations were well acceptable in the first quarter of 2021 and in line with plans. Roaming revenues largely decreased compared to previous year and the Group's expenses in foreign currency increased between years, resulting in a slight decrease in EBIT and EBITDA between years, but the first quarter of 2020 was one of the best in the company's history. Total revenue, however, increased, partly due to increased equipment sales, which have a low margin. Net profit increased between periods due to the gain on the sale of Sensa, but in addition, the permanent cost reductions that were undertaken in the spring of 2020 are paying off, and will have full effect this year.

Operations so far this year are promising. Revenue from advertising sales is increasing due to Síminn's changed and customized service to advertisers, who appreciate how it is becoming increasingly easier to reach well-defined target groups. Traditional linear television got wind of sailing when the Saturday show with Helgi Björns broke all viewing records. The Internet, television and domestic mobile services kept their share of revenue, and the implementation of large new customers has been successful despite meeting restrictions due to Covid 19.

As before, Míla's emphasis was on fiber-optic installation throughout the country. However, construction is slowing down, compared to the huge efforts of previous years. There are fewer and fewer homes in the country that do not have fiber optic cables in the basement or the outer wall of their house, whether from Míla or other parties. However, numerous urban areas in the countryside are still left and it is not known when those projects can be completed. The installation of fiber in the remaining buildings is largely based on Míla's co-operation with other developers and municipalities, so that costs in sparsely populated areas around the country do not prevent the connection to homes and companies.

The earthquake and volcanic eruption in Reykjanes called for various measures to ensure the safety of people and telecommunications. New locations had to be connected, new mobile base stations installed and the protection of the trunk network on the south coast of Iceland reconsidered. All of this went well in good cooperation with other electronic communications companies under the guidance of the state-run emergency service company Neyðarlínan. Síminn's next projects are to activate new and improved television services, which will greatly increase flexibility for customers.

As has been stated in detail before, in recent months, systematic efforts have been made to increase Míla's independence within the Síminn Group, including the previously announced transfer of projects and the changes that have been made to the company's financing. Major and rapid developments have taken place in recent months in the composition of telcos in international markets. Domestic and foreign investors are thus showing increased interest in specializing in investments, among other things by separating infrastructure assets from service companies in retail. The investment bank Lazard together with Íslandsbanki have now been hired to advise on Míla's strategic goals and future possibilities. Options regarding future ownership of Míla will be explored with the aim of maximizing the value of Síminn's assets for shareholders and ensuring that the future development of the Group's infrastructure is beneficial to the Icelandic public. It is not clear at the moment what result this project will lead to, but more information will be provided on its progress as soon as there is reason to do so."

Q1 2021 Results

Operations

Income statement	Q1		
	2021	2020	%
Net sales	6.408	6.309	1,6%
Cost of sales	(3.215)	(2.964)	8,5%
Operating expenses	(2.071)	(2.154)	-3,9%
EBIT	1.122	1.191	-5,8%
Net financial items	(187)	(233)	-19,7%
Income tax	(191)	(196)	-2,6%
Net profit from continuing operation	744	762	-2,4%
Discontinued operation	2.140	2	
Net profit	2.884	764	277,5%
EBITDA	2.540	2.638	-3,7%
EPS	0,34	0,09	277,8%

Total sales for Q1 2021 amounted to ISK 6,408 million compared to ISK 6,309 million for the same period 2020, up by 1.6%. Revenue from mobile amounted to ISK 1,363 million, down by ISK 23 million or 1.7% between periods. The main reason for this decrease is a drop in roaming revenue by ISK 54 million between periods. Revenue from fixed voice amounted to ISK 403 million, down by 9.4% between periods. Revenue from data (internet & network) amounted to ISK 2,239 million, up by ISK 59 million or 2.7% between periods. Revenue from TV services amounted to ISK 1,622 million, up by ISK 39 million or 2.5% between periods. Revenues from equipment sale amounted to ISK 517 million, up by ISK 98 million or 23.4% between periods. Other income amounted to ISK 264 million and decreased by ISK 31 million between periods.

The cost of services sold amounted to ISK 3,215 million. and increases by ISK 251 million or 8.5% from the same period last year. Of this, the cost price of goods sold increases by ISK 115 million and the weakening of the ISK against the euro increases foreign costs. Operating expenses amounted to ISK 2,071 million. and decreased by ISK 83 million or 3.9% from the same period in 2020. Gross profit for Q1 2021 amounted to ISK 3,084 million, down by ISK 129 million or 4.0% from the same period in 2020.

EBITDA amounted to ISK 2,540 million in Q1 2021, compared to ISK 2,638 million for the same period in 2020, down by ISK 98 million or 3.7%. The EBITDA ratio is 39.6%, compared to 41.8% in the same period in 2020.

Depreciation amounted to ISK 1.418 million in Q1 2021, compared to ISK 1,447 million for the same period in 2020, down by ISK 29 million from the same period in 2020.

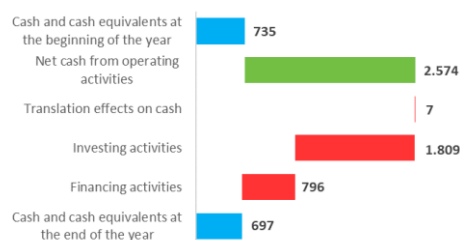
Net financial items amounted to ISK 187 million in Q1 2021 down by ISK 46 million compared to same period 2020. Reduction of key interest rates by The Central Bank of Iceland leads to lower interest expenses.

Profit for the period amounted to ISK 2,884 million, compared to ISK 764 million for the same period in 2020. Profit from continuing operations amounted to ISK 744 million at Q1 2021.

Cash flow

Cash generated by operation was ISK 3,010 million in Q1 2021, compared to ISK 3,380 million in the same period 2020. Net cash from operating activities was ISK 2,574 million in Q1 2021, compared to ISK 3,045 million in the same period 2020.

Investing activities were ISK 1,809 million in Q1 2021, compared to ISK 1,574 million in the same period 2020.



Balance sheet

Total assets amounted to ISK 65,968 million at the end of Q1 2021, compared to ISK 65,206 million at the end of 2020.

Interest-bearing debt amounted to ISK 16,010 million at the end of Q1, compared to ISK 15,939 million at the end of 2020. Net interest-bearing debt amounted to ISK 15,313 million at the end of Q1, up by ISK 109 million compared to year end 2020. Net interest-bearing debt to EBITDA for the last twelve months was 1.44.

Balance sheet	31.3.2021	31.12.2020
Non-current assets	56,888	57,457
Current assets	9,080	7,749
Total Assets	65,968	65,206
Total equity	39,434	37,298
Non-current liabilities	11,448	20,025
Current liabilities	15,086	7,883
Total equity and liabilities	65,968	65,206
Equity ratio	59,8%	57,2%

Total equity amounted to ISK 39,434 million at the end of Q1 and the equity ratio was 59.8%.

Key events

- Advertising sales have increased somewhat from the previous year, which is due both to the changed business model and the great popularity of the Saturday show with Helgi Björns.
- Implementation of new customers has been successful despite of COVID-19
- Síminn's TV service will soon be accessible to everyone, everywhere, and the customer will control where and how he watches. The TV service will be accessible on smart devices and TVs, with or without a STB, and there will be no maximum for connected devices, but the number of simultaneous streams will be limited.
- At the beginning of the year, Míla purchased the operation of the IP network and mobile RAN from Síminn. The number of Míla's employees increased by 20 and estimates assume that Míla's annual revenue will increase by almost ISK 2.2 billion. New services for market participants are being introduced. Emphasis is placed on streamlining the development of networks in the future.
- Míla continues to focus on fiber-optic installation throughout the country, both for homes and companies. Emphasis is on cost efficiency in the project and co-operation with other fiber companies.
- In connection with the eruption on Reykjanes, Míla has secured the stability of electricity in Grindavík. In co-operation with other telcos, a new sites and connections were established in the vicinity of the eruption. In addition, attention has been paid to the protection of fiber-optic cables in the area.

- Síminn completed refinancing in March. Síminn's liabilities amounted to ISK 15.4 billion and were refinanced with ISK 6 billion long-term loan, ISK 2 billion credit line and ISK 8 billion bridge loan. Arion Bank is Síminn's lender.
- Míla worked on refinancing, which was concluded in early April when Míla signed ISK 20 billion loan agreement with Íslandsbanki. Míla used the loan for the most part to refinance its loans from Síminn. Síminn subsequently repaid the loan line and bridge loan with Arion Bank. Síminn's long-term debt today is ISK 6 billion.
- The sale of Sensa was finally completed at the end of Q1. The sale price was ISK 3,726 million, which is an increase from the original agreement in December or about ISK 476 million. The reason for the increase is a favorable development of working capital and an increase in share prices in Crayon Group A.S. 2/3 of the purchase price was paid with cash and 1/3 with shares in Crayon Group A.S. The payment was received at the beginning of April and explains the negative effect of the company's sale in cash flow on Q1. Profit from sales was just over ISK 2 billion.

Guidance 2021

EBITDA guidance for 2021 is ISK 10.2 - 10.6 billion. The investment forecast for 2021 is in the range of ISK 5.1 to 5.4 billion.

Investor meeting 28 April 2021

An investor presentation will be held on Wednesday 28 April 2021 at 8:30 am. 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/quarterly-results> and in Nasdaq's Iceland company news.

The meeting will be webcasted on <https://www.siminn.is/fjarfestakynning>.

Those who wish to ask questions can send them to fjarfestatengsl@siminn.is and they will be answered at the end of the meeting.

Financial Calendar 2021

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| • Interim report for the first half of 2021 | 31 August 2021 |
| • Interim report for the first nine months of 2021 | 26 October 2021 |
| • Announcement of the 2021 results | 22 February 2022 |
| • Annual General Meeting 2022 | 17 March 2022 |

Further information

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Note: This English version is a translation of the Icelandic text that accompanies the Q1 2021 results of Síminn hf.

Síminn hf.

Síminn owns and operates the companies Síminn, Míla, 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.