



**Condensed Consolidated Interim Financial Statements**

**1 January to 31 March 2021**

**Síminn hf.  
Ármúla 25  
108 Reykjavík  
Kt. 460207-0880**

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## Endorsement and Statement by the Board of Directors and the CEO

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The Condensed Consolidated Interim Financial Statements of Síminn hf. and its subsidiaries (together referred to as "Síminn" or the "Company") for the period 1 January to 31 March 2021 are prepared and presented in accordance with International Financial Reporting Standards (IFRS) for Interim Financial Statements (IAS 34) as adopted by the EU. The Financial Statements are neither audited or reviewed by the Company's auditors.

Net profit for the first three months of the year 2021 amounted to ISK 2.884 million, compared to profit of ISK 764 million for the same period in 2020. Net profit from continued operations for the first three months of the year 2021 amounted to ISK 744 million, compared to profit of ISK 762 million for the same period in 2020. Total sales for the first three months of the year amounted to ISK 6.408 million according to the Income Statement, compared to ISK 6.309 million for the same period in 2020. Total assets as at 31 March 2021 amounted to ISK 65.968 million and total equity amounted to ISK 39.434 million according to the Statement of Financial Position. The Company's equity ratio was 59,8%.

Síminn hf. and Crayon Group AS signed a binding agreement for the sale of Síminn's subsidiary Sensa ehf. on 2 December to Crayon. The final closing of the transaction took place in the end of March and the selling price was paid in full in April. Selling price is ISK 3.726 million and gain on the sale is ISK 2.073 million. See further in Note 13.

The impact of the COVID-19 pandemic on the Group's operations, financial position and cash flow in the first three months is negligible. Demand for the Group's core products has so far remained strong, but if the recession will last longer in the economy, it is unclear what the impact will be.

Re-financing of the Company was completed on 6 April. On 23 March Síminn signed a loan agreement with Arion banki for the amount of ISK 6 billion, ISK 2 billion in credit line and ISK 8 billion in bridge financing. On 24 March the Company's long-term loans of ISK 15,4 billion were refinanced with the above loans. On 29 March, Míla signed a loan agreement with Íslandsbanki hf. for the amount of ISK 20 billion and ISK 1 billion in credit line. On 6 April the loan was paid to Míla, which then refinanced its loan to Síminn of ISK 16 billion. On the same day Síminn's bridge loan and credit line with Arion banki were repaid.

The Annual General Meeting of Síminn approved on 12 March 2020 a share buyback program allowing buyback up to ISK 875 million in nominal value. In accordance with the Annual General Meeting's approval, the Company has purchased in the first quarter of the year own shares for nominal value of ISK 84 million, market value ISK 749 million. Based on this approval the Company has in total purchased own shares for market value ISK 2.500 million.

The Annual General Meeting of Síminn approved on 11 March 2021 a share capital decrease to cancel own shares. The decrease amounted to ISK 316 million in nominal value, share capital decreased from ISK 8.750 million to ISK 8.434 million. The Annual General Meeting also approved a proposal of capital decrease by cash payment to shareholders for ISK 8.000 million. The reduction amounted to ISK 894 million in nominal value. Share capital after reductions amounts to ISK 7.540 million. Those changes were implemented in April. The Annual General Meeting of Síminn also approved a share buyback program allowing buyback up to ISK 754 million in nominal value and a proposal to pay ISK 500 million in dividend to shareholders. The dividend was paid in April.

### Statement by the Board of Directors and the CEO

According to the best of our knowledge the Condensed Consolidated Interim Financial Statements of Síminn hf. are prepared and presented in accordance with International Financial Reporting Standards (IFRS) for Interim Financial Statements (IAS 34) as adopted by the EU. It is our opinion that these Condensed Consolidated Interim Financial Statements give a true and fair view of the consolidated financial performance of Síminn hf. for the three months ended 31 March 2021, its assets, liabilities and consolidated financial position as at 31 March 2021 and its consolidated cash flows for the three month period ended 31 March 2021. Further, in our opinion the Condensed Consolidated Interim 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.

## Endorsement and Statement by the Board of Directors and the CEO

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The Board of Directors and the CEO have today discussed the Condensed Consolidated Interim Financial Statements of Síminn hf. for the period 1 January to 31 March 2021 and confirm them by means of their signatures.

Reykjavík, 27 April 2021

### Board of Directors

Jón Sigurðsson, Chairman

Sigrún Ragna Ólafsdóttir, vice chairman

Arnar Þór Másson

Bjarni Þorvarðarson

Björk Viðarsdóttir

### CEO

Orri Hauksson

## Consolidated Income Statement and other comprehensive income for the period 1 January to 31 March 2021

	Notes	2021 1.1.-31.3.	2020* 1.1.-31.3.
Net sales .....	5	6.299	6.177
Cost of sales .....	6	( 3.215)	( 2.964)
<b>Gross profit</b> .....		3.084	3.213
Other operating income .....		109	132
Operating expenses .....	7	( 2.071)	( 2.154)
<b>Operating profit</b> .....		1.122	1.191
Finance income .....		59	46
Finance cost .....		( 202)	( 254)
Net exchange rate differences .....		( 44)	( 25)
Net financial items .....	8	( 187)	( 233)
Profit before tax .....		935	958
Income tax .....		( 191)	( 196)
<b>Profit for the period</b> .....		744	762
Profit from discontinued operation, net of tax .....	13	2.140	2
<b>Profit for the period</b> .....		<u>2.884</u>	<u>764</u>
EBITDA .....	4	2.540	2.638
<b>Earnings per share</b>			
Basic earnings per share .....		0,34	0,09
Diluted earnings per share .....		0,34	0,09

The comparative information is restated, see Note 13

The notes on pages 8 to 13 are an integral part of these consolidated financial statements

# Consolidated Statement of Financial Position as at 31 March 2021

	Notes	31.3.2021	31.12.2020
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment .....		19.067	18.991
Right-of-use assets .....		5.179	5.378
Intangible assets .....		32.122	32.544
Other financial assets .....	9	520	544
		<u>56.888</u>	<u>57.457</u>
<b>Current assets</b>			
Inventories .....	10	1.399	1.127
Accounts receivables .....	11	2.166	3.147
Other assets .....	12	4.818	834
Cash and cash equivalents .....		697	735
Assets held for sale .....	13	0	1.906
		<u>9.080</u>	<u>7.749</u>
		<u>65.968</u>	<u>65.206</u>
<b>Equity</b>			
Share capital .....		8.399	8.483
Reserves .....		12.376	13.041
Other statutory reserve .....		154	154
Other reserve .....		1.060	674
Retained earnings .....		17.445	14.946
		<u>39.434</u>	<u>37.298</u>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Borrowings .....		6.010	14.289
Lease liabilities .....		4.880	5.066
Deferred tax liabilities .....	14	558	670
		<u>11.448</u>	<u>20.025</u>
<b>Current liabilities</b>			
Bank loans .....		10.000	500
Accounts payables .....		2.000	2.554
Current maturities of borrowings .....		0	1.150
Current maturities of lease liabilities .....		476	513
Taxes to be paid .....		932	850
Other liabilities .....	15	1.678	1.540
Liabilities held for sale .....	13	0	776
		<u>15.086</u>	<u>7.883</u>
		<u>26.534</u>	<u>27.908</u>
		<u>65.968</u>	<u>65.206</u>

The notes on pages 8 to 13 are an integral part of these consolidated financial statements

## Consolidated Statement of Changes in Equity 1 January to 31 March 2021

	Share capital	Reserves	Other statutory reserve	Translation- and other reserve	Retained earnings	Total equity
Total equity 1.1.2020 .....	8.750	14.525	154	456	12.747	36.632
Net profit for the period .....					764	764
Translation difference on foreign operation .....				1		1
Total equity 31.3.2020 .....	8.750	14.525	154	457	13.511	37.397
Total equity 1.1.2021 .....	8.483	13.041	154	674	14.946	37.298
Net Profit for the period .....					2.884	2.884
Translation difference on foreign operation .....				1		1
Buyback of ordinary shares .....	( 84)	( 665)				( 749)
Other changes .....				385	( 385)	0
Total equity 31.3.2021 .....	8.399	12.376	154	1.060	17.445	39.434

The notes on pages 8 to 13 are an integral part of these consolidated financial statements

# Consolidated Statement of Cash Flow 1 January to 31 March 2021

	Notes	2021 1.1.-31.3.	2020* 1.1.-31.3.
<b>Cash flow from operating activities</b>			
Operating profit .....		1.122	1.191
Operational items not affecting cash flow:			
Depreciation .....		1.418	1.447
Gain on sale of fixed assets .....		( 1)	0
		<u>2.539</u>	<u>2.638</u>
Changes in current assets and liabilities:			
Changes in inventories .....		( 304)	9
Changes in operating assets .....		934	185
Changes in operating Liabilities .....		( 159)	548
Changes in current assets and liabilities		<u>471</u>	<u>742</u>
Cash generated by operation		<u>3.010</u>	<u>3.380</u>
Interest income received .....		58	44
Interest expenses paid .....		( 273)	( 254)
Payments of taxes .....		( 221)	( 125)
Net cash from operating activities		<u>2.574</u>	<u>3.045</u>
<b>Investing activities</b>			
Investment in property, plant and equipment .....		( 863)	( 1.098)
Investment in intangible assets .....		( 424)	( 694)
Proceeds from sale of property, plant and equipment .....		2	1
Changes in other investment .....		( 90)	( 60)
Investment in subsidiaries .....		71	277
Sale of subsidiaries, net of cash .....		( 505)	0
Investment activities		<u>( 1.809)</u>	<u>( 1.574)</u>
<b>Financing activities</b>			
Buyback of ordinary shares .....		( 749)	0
New borrowings .....		6.000	0
Payments of non-current liabilities .....		( 15.429)	( 192)
Payment of long term lease .....		( 118)	( 138)
Bank loans, increase .....		9.500	( 200)
Financing activities		<u>( 796)</u>	<u>( 530)</u>
(Decrease) increase in cash and cash equivalents .....		( 31)	941
Effect of exchange rate fluctuations on cash held .....		( 7)	6
Cash and cash equivalents at the beginning of the period .....		735	217
Cash and cash equivalents at the end of the period .....		<u>697</u>	<u>1.164</u>
<b>Fjárfestingarhefingar án greiðsluáhrifa</b>			
Sala á Sensa ehf. ....	13	3.726	0
Sala á Sensa ehf., krafa á kaupanda .....	12	( 3.726)	0

The comparative information is restated, see Note 13

The notes on pages 8 to 13 are an integral part of these consolidated financial statements



# Notes to the Consolidated Financial Statements

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## 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 condensed consolidated financial statements for the three months ended 31 March 2021 comprise the Company and its subsidiaries (together referred to as "Síminn" or the "Company") and Síminn's interest in associated companies. The Company is listed on Nasdaq OMX Iceland.

## 2. Basis of accounting

### Statement of compliance

These interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting, and should be read in conjunction with the Company's last annual consolidated financial statements as at and for the year ended 31 December 2020. They do not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last annual financial statements.

The Company's last annual consolidated financial statements is available on the company's website, [www.siminn.is](http://www.siminn.is), and in the company news release distribution network of Nasdaq Nordic: [www.nasdaqomxnordic.com](http://www.nasdaqomxnordic.com).

These consolidated financial statements were approved and authorised for issue by the Company's Board of Directors on 27 April 2021.

### Basis of measurement

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

### Presentation and functional currency

These interim 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 interim 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.

## 3. Changes in accounting policies

The accounting policies applied in the consolidated financial statements are the same as those applied in the Company's consolidated financial statements as at and for the year ended 31 December 2020.

## 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 six segments that sell services and equipment in different markets. The segments were seven but after the sale of Sensa ehf., IT services are no longer part of operating segments. 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.
Equipment sales: .....	Revenue from sale of telco equipment.
Other revenue: .....	Revenue from i.e. sold telco service and IT.

#### Operating segments 1.1.-31.3. 2021

	Mobile	Fixed voice	Internet & network	TV	Equipment sales	Other revenues	Total
Revenue .....	1.363	403	2.239	1.622	517	264	6.408
Expenses .....							( 3.868)
EBITDA .....							2.540
Depreciation .....							( 1.418)
Net finance cost .....							( 187)
Taxes .....							( 191)
<b>Net earnings for the period .....</b>							<b>744</b>
Capital additions .....							( 1.285)
Assets .....							65.968
Liabilities .....							26.534

#### Operating segments 1.1.-31.3. 2020

	Mobile	Fixed voice	Internet & network	TV	Equipment sales	Other revenues	Total
Revenue .....	1.386	445	2.180	1.583	419	296	6.309
Expenses .....							( 3.671)
EBITDA .....							2.638
Depreciation .....							( 1.447)
Net finance cost .....							( 233)
Share of earnings of associated companies .....							0
Taxes .....							( 196)
<b>Net earnings for the period .....</b>							<b>762</b>
Capital additions .....							( 1.791)
Assets .....							65.716
Liabilities .....							28.319

## Notes to the Consolidated Financial Statements

### 5. Net sales

	2021	2020
Sales of service and goods is specified as follows:	1.1.-31.3.	1.1.-31.3.
Sales of service .....	5.713	5.708
Sales of goods .....	586	469
	<u>6.299</u>	<u>6.177</u>

No customer comprises more than 10% of net sales.

### 6. Cost of sales

Cost of sales is specified as follows:

Salaries and related expenses .....	574	570
Cost of service sold .....	1.021	926
Interconnecting fees .....	162	175
Cost of goods sold .....	545	430
Capitalised work .....	( 200)	( 251)
Depreciation cost of sold services .....	1.113	1.114
	<u>3.215</u>	<u>2.964</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 .....	923	1.017
Sales and marketing expenses .....	123	121
Housing and transportation expenses .....	174	168
IT-Expenses .....	303	267
General and administrative expenses .....	242	248
Depreciation operating expenses .....	306	333
	<u>2.071</u>	<u>2.154</u>

### 8. Financial income and expense

Financial income and finance costs are specified as follow:

#### Finance income

Interest income .....	57	44
Dividend received .....	2	2
	<u>59</u>	<u>46</u>

#### Finance expense

Interest on borrowings .....	( 91)	( 181)
Loan write-downs .....	( 6)	0
Interest expense from lease liability .....	( 62)	( 64)
Other finance expenses .....	( 43)	( 9)
	<u>( 202)</u>	<u>( 254)</u>

Net exchange rate differences .....	( 44)	( 25)
Net financial items .....	<u>( 187)</u>	<u>( 233)</u>

# Notes to the Consolidated Financial Statements

## 9. Other financial assets

31.3.2021 31.12.2020

Other financial assets are specified as follows:

Investment in other companies .....	47	54
TV programs for screening .....	135	209
Prepaid expense .....	10	12
Non-current receivables .....	328	269
Other financial assets total .....	<u>520</u>	<u>544</u>

## 10. Inventories

Inventories are specified as follows:

Finished goods .....	939	698
TV programs for screening .....	460	429
Inventory total .....	<u>1.399</u>	<u>1.127</u>

## 11. Accounts Receivables

Accounts receivables are specified as follows:

Accounts receivables .....	2.324	3.280
Allowances for doubtful accounts .....	( 158)	( 133)
Accounts receivables total .....	<u>2.166</u>	<u>3.147</u>

## 12. Other assets

Other assets are specified as follows:

Prepayments and accrued income .....	566	389
Other current assets .....	526	445
Sensa ehf. selling price .....	3.726	0
Other assets total .....	<u>4.818</u>	<u>834</u>

## 13. Sale of subsidiary

In December, Síminn hf. and Crayon Group AS signed a binding agreement on the sale of Síminn's subsidiary Sensa ehf. to Crayon. The transaction took place in the end of March and the selling price is paid in full in April. Selling price is ISK 3.726 million. The aim of the sale is to expand cooperation with the Crayon Group as a whole and provide companies with a more comprehensive telecommunications and IT service in one package, as well as reducing the company's operating costs. Sensa was classified under IT revenues in segment reports.

The operation of Sensa ehf. is now specified in one line in the income statement as discontinued operations. Comparative figures for 2020 have been adjusted accordingly.

## Notes to the Consolidated Financial Statements

<b>13. Sale of subsidiary, contd.:</b>	<b>2021</b>	<b>2020</b>
Results of discontinued operation:	<b>1.1.-31.3.</b>	<b>1.1.-31.3.</b>
Revenue .....	1.058	979
Elimination of inter-segment revenue .....	( 46)	( 42)
External revenue .....	<u>1.012</u>	<u>937</u>
Expenses .....	( 1.097)	( 1.139)
Elimination of expenses related to inter-segment sales .....	169	204
External expenses .....	<u>( 928)</u>	<u>( 935)</u>
Results from operating activities .....	84	2
Income tax .....	<u>( 17)</u>	<u>0</u>
Gain on sale of discontinued operation .....	2.073	0
Profit from discontinued operations .....	<u>2.140</u>	<u>2</u>

Due to the sale, the assets and liabilities of Sensa ehf. are classified as assets and liabilities for sale in the financial statements 31.12.2020.

At year end 2020, the assets and liabilities of Sensa ehf. are as follows:	<b>31.12.2020</b>
Goodwill.....	1.072
Operating assets.....	219
Inventories.....	84
Accounts receivables.....	508
Deferred tax asset.....	23
Assets held for sale.....	<u>1.906</u>
Current liabilities.....	776
Liabilities held for sale.....	<u>776</u>

### 14. Deferred tax

Analysis of movements in the net deferred tax balances during the period is as follows:	<b>31.3.2021</b>	<b>31.12.2020</b>
Deferred tax at the beginning of the year.....	670	802
Changes due to sale.....	0	9
Income tax posted to the income statement.....	185	693
Taxes to be paid.....	( 297)	( 829)
Prior year correction.....	0	( 5)
Deferred tax liability at the end of the period.....	<u>558</u>	<u>670</u>

### 15. Other liabilities

Other liabilities are specified as follows:

Accrued expenses .....	790	737
Salaries and related expenses .....	228	313
VAT .....	638	479
Other .....	22	11
Other liabilities total .....	<u>1.678</u>	<u>1.540</u>

## Notes to the Consolidated Financial Statements

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### 16. Legal proceedings

The Company is currently involved in several legal disputes that relate i.a. to Competition and Media Act. Síminn and Sýn hf. 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 payed. The Company believes that its actions are fully compliant with the relevant Acts and appealed the decision to the District Court of Reykjavík. The Reykjavík District Court ruled on the matter and partially annulled the Decision and lowered the fine to 7 million ISK. After the initial Decisions of the PTA Sýn hf. filed a claim against Síminn for compensation of 1.9 billion ISK. Síminn rejected the claim and pointed out that in Sýn hf. 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 Sýn hf. and the District Court dismissed the case due the failure to state the reasoning for the case. Sýn hf. later filed a motion to appoint two Court appointed Assessors and has filed a case against Síminn before the District Court and claimed damages of 125 million ISK. Síminn has rejected this claim and has filed its written. Gagnaveita Reykjavíkur 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.

IHM has sued Síminn for 337 million ISK plus interest for unpaid expenses from 2009. Síminn has rejected this claim and filed its written arguments.

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.

The Competition Authority reached a decision that Síminn had infringed Competition Authority Decision no. 6/2015 and 20/2015 and fined Síminn for 500 million ISK, which the Company paid. Síminn appealed the Decision to the Competition Appeal committee in order to have the CA decision annulled. The CAC annulled that part of the CA decision that related to alleged infringement of Decision no 6/2015 and lowered the fine down to 200 million ISK. The Company is 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. The Company is still considering to bring the case before the District Court.

### 17. Subsequent event

There are no subsequent events to report.

## Quarterly Statements - unaudited

Summary of the Company's operating results by quarters:\*

	1 F	2 F	3 F	4 F	1 F
	2020	2020	2020	2020	2021
Net sales .....	7.120	7.169	7.119	7.988	7.138
Cost of sales .....	( 3.802)	( 4.118)	( 3.819)	( 4.753)	( 3.942)
<b>Gross profit</b> .....	<b>3.318</b>	<b>3.051</b>	<b>3.300</b>	<b>3.235</b>	<b>3.196</b>
Other operating income .....	126	107	106	204	282
Operating expenses .....	( 2.214)	( 2.743)	( 1.997)	( 2.107)	( 2.270)
<b>Operating profit</b> .....	<b>1.230</b>	<b>415</b>	<b>1.409</b>	<b>1.332</b>	<b>1.208</b>
Net financial items .....	( 270)	( 178)	( 149)	( 105)	( 189)
Share of profit (loss) in associates .....	0	0	0	0	2.073
<b>Profit before tax</b> .....	<b>960</b>	<b>237</b>	<b>1.260</b>	<b>1.227</b>	<b>3.092</b>
Income tax .....	( 196)	( 154)	( 246)	( 172)	( 208)
<b>Profit for the period</b> .....	<b>764</b>	<b>83</b>	<b>1.014</b>	<b>1.055</b>	<b>2.884</b>
EBITDA .....	2.735	1.938	2.933	2.894	2.674

\* In quarterly statements, Sensa's operations are included.