



Condensed Consolidated Interim Financial Statements

1 January to 30 June 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

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 30 June 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 six months of the year 2021 amounted to ISK 3.502 million, compared to profit of ISK 847 million for the same period in 2020. Net profit from continued operations for the first six months of the year 2021 amounted to ISK 1.378 million, compared to profit of ISK 776 million for the same period in 2020. Total sales for the first six months of the year amounted to ISK 12.760 million according to the Income Statement, compared to ISK 12.523 million for the same period in 2020. Total assets as at 30 June 2021 amounted to ISK 69.615 million and total equity amounted to ISK 31.138 million according to the Statement of Financial Position. The Company's equity ratio was 44,7%.

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 3.710 million and gain on the sale is ISK 2.057 million. See further in Note 13.

The Company has hired the investment bank Lazard together with Íslandsbanki to advise on future option and strategy for Míla. Míla's future ownership is part of this strategy.

The impact of the COVID-19 pandemic on the Group's operations, financial position and cash flow in the first six 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. With a loan agreement with Arion banki for the amount of ISK 6 billion and with a loan agreement with Íslandsbanki hf. for the amount of ISK 20 billion and ISK 1 billion in credit line. The Company issued commercial papers for the amount of ISK 1,5 billion in June.

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 six months 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. In accordance with the Annual General Meeting's approval, the Company has purchased own shares for nominal value of ISK 43 million, market value ISK 447 million.

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 six months ended 30 June 2021, its assets, liabilities and consolidated financial position as at 30 June 2021 and its consolidated cash flows for the six month period ended 30 June 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

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 30 June 2021 and confirm them by means of their signatures.

Reykjavík, 31 August 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 30 June 2021

| | Notes | 2021 1.4.-30.6. | 2020* 1.4.-30.6. | 2021 1.1.-30.6. | 2020* 1.1.-30.6. |
|---|-------|--------------------|---------------------|--------------------|---------------------|
| Net sales | 5 | 6.244 | 6.100 | 12.543 | 12.277 |
| Cost of sales | 6 | (3.152) | (3.188) | (6.367) | (6.152) |
| Gross profit | | 3.092 | 2.912 | 6.176 | 6.125 |
| Other operating income | | 108 | 114 | 217 | 246 |
| Operating expenses | 7 | (2.074) | (2.691) | (4.145) | (4.845) |
| Operating profit | | 1.126 | 335 | 2.248 | 1.526 |
| Finance income | | 57 | 44 | 116 | 90 |
| Finance cost | | (349) | (200) | (551) | (454) |
| Net exchange rate differences | | (23) | (29) | (67) | (54) |
| Net financial items | 8 | (315) | (185) | (502) | (418) |
| Profit before tax | | 811 | 150 | 1.746 | 1.108 |
| Income tax | 9 | (177) | (136) | (368) | (332) |
| Profit for the period | | 634 | 14 | 1.378 | 776 |
| Profit (loss) from discontinued operation, net of tax | 13 | (16) | 69 | 2.124 | 71 |
| Profit for the period | | 618 | 83 | 3.502 | 847 |
| EBITDA | 4 | 2.557 | 1.800 | 5.097 | 4.438 |
| Earnings per share | | | | | |
| Basic earnings per share | | 0,10 | 0,01 | 0,44 | 0,10 |
| Diluted earnings per share | | 0,10 | 0,01 | 0,44 | 0,10 |

The comparative information is restated, see Note 13

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

Consolidated Statement of Financial Position as at 30 June 2021

| | Notes | 30.6.2021 | 31.12.2020 |
|---|-------|-------------------------------------|---------------|
| Assets | | | |
| Non-current assets | | | |
| Property, plant and equipment | | 19.125 | 18.991 |
| Right-of-use assets | | 5.130 | 5.378 |
| Intangible assets | | 32.080 | 32.544 |
| Other financial assets | 9 | 527 | 544 |
| | | Non-current assets | 57.457 |
| | | <u>56.862</u> | <u>57.457</u> |
| Current assets | | | |
| Inventories | 10 | 1.316 | 1.127 |
| Accounts receivables | 11 | 2.396 | 3.147 |
| Other assets | 12 | 2.077 | 834 |
| Cash and cash equivalents | | 6.964 | 735 |
| Assets held for sale | 13 | 0 | 1.906 |
| | | Current assets | 7.749 |
| | | <u>12.753</u> | <u>7.749</u> |
| | | Total assets | 65.206 |
| | | <u>69.615</u> | <u>65.206</u> |
| Equity | | | |
| Share capital | | 7.466 | 8.483 |
| Reserves | | 4.895 | 13.041 |
| Other statutory reserve | | 154 | 154 |
| Other reserve | | 1.372 | 674 |
| Retained earnings | | 17.251 | 14.946 |
| | | Equity | 37.298 |
| | | <u>31.138</u> | <u>37.298</u> |
| Liabilities | | | |
| Non-current liabilities | | | |
| Borrowings | | 25.210 | 14.289 |
| Lease liabilities | | 4.851 | 5.066 |
| Deferred tax liabilities | 14 | 279 | 670 |
| | | Non-current liabilities | 20.025 |
| | | <u>30.340</u> | <u>20.025</u> |
| Current liabilities | | | |
| Short-term loans | | 1.518 | 500 |
| Accounts payables | | 2.311 | 2.554 |
| Current maturities of borrowings | | 800 | 1.150 |
| Current maturities of lease liabilities | | 476 | 513 |
| Taxes to be paid | | 1.167 | 850 |
| Other liabilities | 15 | 1.865 | 1.540 |
| Liabilities held for sale | 13 | 0 | 776 |
| | | Current liabilities | 7.883 |
| | | <u>8.137</u> | <u>7.883</u> |
| | | Total liabilities | 27.908 |
| | | <u>38.477</u> | <u>27.908</u> |
| | | Total equity and liabilities | 65.206 |
| | | <u>69.615</u> | <u>65.206</u> |

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

Consolidated Statement of Changes in Equity 1 January to 30 June 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 | | | | | 847 | 847 |
| Translation difference on foreign operation | | | | 1 | | 1 |
| Payment of dividends (0,057144 per share) | | | | | (500) | (500) |
| Buyback of ordinary shares | (75) | (375) | | | | (450) |
| Other changes | | | | (3) | 3 | 0 |
| Total equity 30.6.2020 | 8.675 | 14.150 | 154 | 454 | 13.097 | 36.530 |
| | | | | | | |
| Total equity 1.1.2021 | 8.483 | 13.041 | 154 | 674 | 14.946 | 37.298 |
| Net Profit for the period | | | | | 3.502 | 3.502 |
| Translation difference on foreign operation | | | | 1 | | 1 |
| Payment of dividends (0,05953 per share) | | | | | (500) | (500) |
| Share capital reduction | (890) | (7.077) | | | | (7.967) |
| Buyback of ordinary shares | (127) | (1.069) | | | | (1.196) |
| Other changes | | | | 697 | (697) | 0 |
| Total equity 30.6.2021 | 7.466 | 4.895 | 154 | 1.372 | 17.251 | 31.138 |

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

Consolidated Statement of Cash Flow 1 January to 30 June 2021

| | Notes | 2021 1.4.-30.6. | 2020* 1.4.-30.6. | 2021 1.1.-30.6. | 2020* 1.1.-30.6. |
|--|-------|--------------------|---------------------|--------------------|---------------------|
| Cash flow from operating activities | | | | | |
| Operating profit | | 1.126 | 335 | 2.248 | 1.526 |
| Operational items not affecting cash flow: | | | | | |
| Depreciation | | 1.431 | 1.465 | 2.849 | 2.912 |
| Gain on sale of fixed assets | | 0 | (4) | (1) | (4) |
| | | <u>2.557</u> | <u>1.796</u> | <u>5.096</u> | <u>4.434</u> |
| Changes in current assets and liabilities: | | | | | |
| Changes in inventories | | 211 | 171 | (93) | 180 |
| Changes in operating assets | | (381) | 377 | 553 | 562 |
| Changes in operating Liabilities | | 330 | 561 | 171 | 1.101 |
| Changes in current assets and liabilities | | <u>160</u> | <u>1.109</u> | <u>631</u> | <u>1.843</u> |
| Cash generated by operation | | <u>2.717</u> | <u>2.905</u> | <u>5.727</u> | <u>6.277</u> |
| Interest income received | | 54 | 44 | 112 | 88 |
| Interest expenses paid | | (126) | (218) | (399) | (471) |
| Payments of taxes | | (221) | (250) | (442) | (375) |
| Net cash from operating activities | | <u>2.424</u> | <u>2.481</u> | <u>4.998</u> | <u>5.519</u> |
| Investing activities | | | | | |
| Investment in property, plant and equipment | | (853) | (894) | (1.716) | (1.992) |
| Investment in intangible assets | | (454) | (424) | (878) | (1.118) |
| Proceeds from sale of property, plant and equipment | | 1 | 4 | 3 | 4 |
| Changes in other investment | | (161) | (2) | (251) | (62) |
| Investment in subsidiaries | | 0 | 160 | 71 | 429 |
| Sale of subsidiaries | | 2.317 | 0 | 1.812 | 0 |
| Changes in other investment | | 517 | 0 | 517 | 0 |
| Investment activities | | <u>1.367</u> | <u>(1.156)</u> | <u>(442)</u> | <u>(2.739)</u> |
| Financing activities | | | | | |
| Dividend paid | | (500) | (500) | (500) | (500) |
| Buyback of ordinary shares | | (447) | (450) | (1.196) | (450) |
| Share capital reduction | | (7.968) | 0 | (7.968) | 0 |
| New borrowings | | 20.000 | 0 | 26.000 | 0 |
| Payments of non-current liabilities | | 0 | 0 | (15.429) | (192) |
| Payment of long term lease | | (121) | (139) | (239) | (277) |
| Bank loans, increase | | (8.482) | (400) | 1.018 | (600) |
| Financing activities | | <u>2.482</u> | <u>(1.489)</u> | <u>1.686</u> | <u>(2.019)</u> |
| Increase in cash and cash equivalents | | 6.273 | (164) | 6.242 | 761 |
| Effect of exchange rate fluctuations on cash held | | (6) | (8) | (13) | (2) |
| Cash and cash equivalents at the beginning of the period | | 697 | 1.148 | 735 | 217 |
| Cash and cash equivalents at the end of the period | | <u>6.964</u> | <u>976</u> | <u>6.964</u> | <u>976</u> |

The comparative information is restated, see Note 13

The notes on pages 8 to 13 are an integral part of these consolidated interim 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 condensed consolidated financial statements for the six months ended 30 June 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, and in the company news release distribution network of Nasdaq Nordic: www.nasdaqomxnordic.com.

These consolidated financial statements were approved and authorised for issue by the Company's Board of Directors on 31 August 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.-30.6. 2021

| | Mobile | Fixed voice | Internet & network | TV | Equipment sales | Other revenues | Total |
|--|--------|-------------|--------------------|-------|-----------------|----------------|--------------|
| Revenue | 2.799 | 799 | 4.446 | 3.188 | 1.031 | 497 | 12.760 |
| Expenses | | | | | | | (7.663) |
| EBITDA | | | | | | | 5.097 |
| Depreciation | | | | | | | (2.849) |
| Net finance cost | | | | | | | (502) |
| Taxes | | | | | | | (368) |
| Net earnings for the period | | | | | | | 1.378 |
| Capital additions | | | | | | | (2.591) |
| Assets | | | | | | | 69.615 |
| Liabilities | | | | | | | 38.477 |

Operating segments 1.1.-30.6. 2020

| | Mobile | Fixed voice | Internet & network | TV | Equipment sales | Other revenues | Total |
|---|--------|-------------|--------------------|-------|-----------------|----------------|------------|
| Revenue | 2.704 | 876 | 4.373 | 3.083 | 915 | 572 | 12.523 |
| Expenses | | | | | | | (8.085) |
| EBITDA | | | | | | | 4.438 |
| Depreciation | | | | | | | (2.912) |
| Net finance cost | | | | | | | (418) |
| Share of earnings of associated companies | | | | | | | 0 |
| Taxes | | | | | | | (332) |
| Net earnings for the period | | | | | | | 776 |
| Capital additions | | | | | | | (3.106) |
| Assets | | | | | | | 64.654 |
| Liabilities | | | | | | | 28.124 |

Notes to the Consolidated Financial Statements

5. Net sales

Sales of service and goods is specified as follows:

| | 2021 | 2020 |
|------------------------|-------------------|-------------------|
| | 1.1.-30.6. | 1.1.-30.6. |
| Sales of service | 11.409 | 11.272 |
| Sales of goods | 1.134 | 1.005 |
| | <u>12.543</u> | <u>12.277</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 | 1.125 | 1.124 |
| Cost of service sold | 2.037 | 1.942 |
| Interconnecting fees | 321 | 333 |
| Cost of goods sold | 1.047 | 946 |
| Capitalised work | (395) | (445) |
| Depreciation cost of sold services | 2.232 | 2.252 |
| | <u>6.367</u> | <u>6.152</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 | 1.835 | 2.147 |
| Sales and marketing expenses | 273 | 226 |
| Housing and transportation expenses | 344 | 308 |
| IT-Expenses | 613 | 546 |
| General and administrative expenses | 464 | 959 |
| Depreciation operating expenses | 616 | 659 |
| | <u>4.145</u> | <u>4.845</u> |

8. Financial income and expense

Financial income and finance costs are specified as follow:

Finance income

| | | |
|-------------------------|------------|-----------|
| Interest income | 114 | 88 |
| Dividend received | 2 | 2 |
| | <u>116</u> | <u>90</u> |

Finance expense

| | | |
|---|---------------|---------------|
| Interest on borrowings | (301) | (318) |
| Loan write-downs | (9) | 0 |
| Interest expense from lease liability | (124) | (125) |
| Other finance expenses | (117) | (11) |
| | <u>(551)</u> | <u>(454)</u> |

| | | |
|-------------------------------------|---------------|---------------|
| Net exchange rate differences | (67) | (54) |
| Net financial items | <u>(502)</u> | <u>(418)</u> |

Notes to the Consolidated Financial Statements

9. Other financial assets

30.6.2021 31.12.2020

Other financial assets are specified as follows:

| | | |
|-------------------------------------|------------|------------|
| Investment in other companies | 47 | 54 |
| TV programs for screening | 144 | 209 |
| Prepaid expense | 10 | 12 |
| Non-current receivables | 326 | 269 |
| Other financial assets total | <u>527</u> | <u>544</u> |

10. Inventories

Inventories are specified as follows:

| | | |
|---------------------------------|--------------|--------------|
| Finished goods | 948 | 698 |
| TV programs for screening | <u>368</u> | <u>429</u> |
| Inventory total | <u>1.316</u> | <u>1.127</u> |

11. Accounts Receivables

Accounts receivables are specified as follows:

| | | |
|--|---------------|---------------|
| Accounts receivables | 2.552 | 3.280 |
| Allowances for doubtful accounts | <u>(156)</u> | <u>(133)</u> |
| Accounts receivables total | <u>2.396</u> | <u>3.147</u> |

12. Other assets

Other assets are specified as follows:

| | | |
|--------------------------------------|--------------|------------|
| Prepayments and accrued income | 642 | 389 |
| Other current assets | 612 | 445 |
| Short-term stock holdings | <u>823</u> | <u>0</u> |
| Other assets total | <u>2.077</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 3.710 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

| 13. Sale of subsidiary, contd.: | 2021 | 2020 |
|--|-------------------|-------------------|
| Results of discontinued operation: | 1.1.-30.6. | 1.1.-30.6. |
| Revenue | 1.058 | 2.087 |
| Elimination of inter-segment revenue | (46) | (88) |
| External revenue | <u>1.012</u> | <u>1.999</u> |
| Expenses | (1.097) | (2.282) |
| Elimination of expenses related to inter-segment sales | 169 | 372 |
| External expenses | <u>(928)</u> | <u>(1.910)</u> |
| Results from operating activities | 84 | 89 |
| Income tax | <u>(17)</u> | <u>(18)</u> |
| Gain on sale of discontinued operation | 2.057 | 0 |
| Profit from discontinued operations | <u>2.124</u> | <u>71</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: | 31.12.2020 |
|--|-------------------|
| 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: | 30.6.2021 | 31.12.2020 |
|---|------------------|-------------------|
| Deferred tax at the beginning of the year..... | 670 | 802 |
| Changes due to sale..... | 0 | 9 |
| Income tax posted to the income statement..... | 357 | 693 |
| Taxes to be paid..... | (748) | (829) |
| Prior year correction..... | 0 | (5) |
| Deferred tax liability at the end of the period..... | <u>279</u> | <u>670</u> |

15. Other liabilities

Other liabilities are specified as follows:

| | | |
|-------------------------------------|--------------|--------------|
| Accrued expenses | 958 | 737 |
| Salaries and related expenses | 460 | 313 |
| VAT | 431 | 479 |
| Other | 16 | 11 |
| Other liabilities total | <u>1.865</u> | <u>1.540</u> |

Notes to the Consolidated Financial Statements

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 (now Electronic Communication Office) 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 lowerd the fined 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 rejeceted 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. PTA and Sýn have sued Siminn before the District Court of Reykjavík in order to have the ruling of the Committee for Electronic Communications and Postal Affairs, annulment, whereby the Committee annulled the PTA decision no 27/2019 where the PTA imposed a fine of 9 million ISK on Síminn. Síminn will demand that the ruling of the Committee shall be confirmed.

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 ommittee 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. Síminn has filed a lawsuit before the Reykjavík District Court with a claim for annulment of the part of the ruling of the Competition Appeals Committee which concerned an alleged infringement of the Competition Authority's decision no. 20/2015. The Competition Authority has also filed a lawsuit before the Reykjavík District Court, demanding that the part of ruling of the Competition Appeals Committee in the case will be repealed, whereby Committee decided to annull part of the Competition Authority's decision no. 25/2020 and reduced the fines originally imposed.

17. Subsequent event

There are no subsequent events to report.

Quarterly Statements

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

| | 1 F | 2 F | Samtals |
|--|--------------|--------------|----------------|
| | 2021 | 2021 | |
| Net sales | 6.299 | 6.244 | 12.543 |
| Cost of sales | (3.215) | (3.152) | (6.367) |
| Gross profit | 3.084 | 3.092 | 6.176 |
| Other operating income | 109 | 108 | 217 |
| Operating expenses | (2.071) | (2.074) | (4.145) |
| Operating profit | 1.122 | 1.126 | 2.248 |
| Net financial items | (187) | (315) | (502) |
| Share of profit (loss) in associates | 2.140 | (16) | 2.124 |
| Profit before tax | 3.075 | 795 | 3.870 |
| Income tax | (191) | (177) | (368) |
| Profit for the period | 2.884 | 618 | 3.502 |
| | | | |
| EBITDA | 2.540 | 2.557 | 5.097 |

| | 1 F | 2 F | 3 F | 4 F | Samtals |
|------------------------------------|--------------|--------------|--------------|--------------|----------------|
| | 2020 | 2020 | 2020 | 2020 | |
| Net sales | 7.120 | 7.169 | 7.119 | 7.988 | 29.396 |
| Cost of sales | (3.802) | (4.118) | (3.819) | (4.753) | (16.492) |
| Gross profit | 3.318 | 3.051 | 3.300 | 3.235 | 12.904 |
| Other operating income | 126 | 107 | 106 | 204 | 543 |
| Operating expenses | (2.214) | (2.743) | (1.997) | (2.107) | (9.061) |
| Operating profit | 1.230 | 415 | 1.409 | 1.332 | 4.386 |
| Net financial items | (270) | (178) | (149) | (105) | (702) |
| Profit before tax | 960 | 237 | 1.260 | 1.227 | 3.684 |
| Income tax | (196) | (154) | (246) | (172) | (768) |
| Profit for the period | 764 | 83 | 1.014 | 1.055 | 2.916 |
| | | | | | |
| EBITDA | 2.735 | 1.938 | 2.933 | 2.894 | 10.500 |

* Sensa's operations are in quarterly 2020 figures.