

Financial press release – Síminn hf. Q1 2024

Results for the first quarter of 2024

- Revenue in the first quarter (Q1) of 2024 amounted to ISK 6,575 million compared to ISK 6,298 million in the same period 2023 and increased by 4.4%. Revenue from Síminn's core services, mobile, data and TV services increases by just over 7% from Q1 2023.
- EBITDA amounted to ISK 1,435 million in Q1 2024, up by ISK 120 million or 9.1% compared to the same period 2023. The EBITDA ratio was 21.8% in Q1 2024, compared to 20.9% in the same period of 2023. Operating profit EBIT amounted to ISK 431 million in Q1 2024 compared to ISK 318 million in the same period of 2023.
- Net financial expenses amounted to ISK 195 million in Q1 2024, compared to ISK 1 million in the same period of 2023. Interest expenses have increased, but there was also interest income from a bond due to the sale of Míla in Q1 2023. Financial expenses amounted to ISK 375 million, financial income ISK 183 million and foreign exchange loss of ISK 3 million.
- Profit in Q1 2024 amounted to ISK 171 million compared to ISK 246 million profit in the same period of 2023.
- Interest-bearing debt including lease liabilities amounted to ISK 16.2 billion at the end of Q1 2024, compared to ISK 10.5 billion at the end of 2023. Cash at the end of Q1 2024 amounted to ISK 2.0 billion, compared to ISK 1.8 billion at the end of 2023. The balance of loans at Síminn Pay was ISK 2.9 billion at the end of Q1 2024 and increased slightly in the quarter.
- Síminn's equity ratio was 44.4% at the end of Q1 2024 and equity was ISK 18.1 billion.

Orri Hauksson, CEO:

„Revenue, EBITDA and EBIT increase year-on-year in the first months of the year, which is according to plan. There was an unusually high level of movement in the telecommunications market, which is normally very lively, but the first quarter was characterized by a lot of new sales at Síminn, but also more churn than before. Generous entry offers from certain market participants had a considerable effect there for several weeks.

On the expense side of the operation, most things went as expected, except for the retirement of one executive officer, whose severance agreement was recorded as expenses. Recent collective bargaining agreements were in line with our expectations and most cost items were predictable and in line with expectations. Síminn continues to be low leveraged company, although company acquisitions during the quarter were partially funded with new loan. Interest rate in the company's last bond issue is one of the most favorable known in Iceland.

However, the high interest rates of the Central bank have a considerable effect on the company's cost of capital.

Síminn made changes to its product offering in the residential market last year with the aim of serving more target groups than before. As a result, the number of individual products sold by Síminn has decreased, but the number of different bundles has increased. At the beginning of the year, continuous improvements were made to Síminn's mobile network, which according to an auditor appointed by the Telecommunications Agency, was the best in Iceland. New and updated Wi-Fi technology has also been adopted that will improve the wireless Internet experience in homes and businesses. Síminn also premiered three new national drama series on television during the quarter, as well as offering, in collaboration with The Icelandic Football Association (KSÍ), live broadcasts from the matches of Iceland's junior national teams and junior club teams. Constant improvements and innovations are the common thread in our service to homes.

Soon, a stronger product range than before will be offered in the corporate market, including a new corporate credit card, updated telephone services and improved networks. Product offerings for advertisers changed with Síminn acquiring Billboard and related companies. Going forward, the group can thus offer advertisers diverse ways to reach the target groups they choose. We welcome the new members to the Síminn family and update our guidance for 2024 accordingly."

Q1 2024

Operation

Income statement	Q1			
	2024	2023	Change	%
Net sales	6.575	6.298	277	4,4%
Cost of sales	(4.180)	(4.155)	(25)	0,6%
Operating expenses	(1.964)	(1.825)	(139)	7,6%
EBIT	431	318	113	35,5%
Net financial items	(195)	(1)	(194)	-
Income tax	(65)	(71)	6	-8,5%
Net profit	171	246	(75)	-30,5%
EBITDA	1.435	1.315	120	9,1%
EPS	0,07	0,07	-	0,0%

Total sales in Q1 2024 amounted to ISK 6,575 million compared to 6,298 million in Q1 2023, up by 4.4%. Looking at the company's core products (mobile, data and TV), revenue growth is 7.2%.

Revenue from mobile amounted to ISK 1,628 million, up by ISK 115 million or 7.6% between periods. Revenue from data (internet & network) amounted to ISK 2,064 million, up by ISK 98 million or 5.0% between periods. Revenue from TV services amounted to ISK 2,009 million, up by ISK 171 million or 9.3% between periods. Revenue from equipment sale amounted to ISK 424 million, down by ISK 48 million or 10.2% between periods. Other revenue amounted to ISK 450 million, down by ISK 59 million between periods.

The cost of sales amounted to ISK 4,180 million and increases by ISK 25 million or 0.6% from the same period last year. Operating expenses amounted to ISK 1,964 million and increased by ISK 139 million or 7.6% from the same period last year.

Depreciation amounted to ISK 1,004 million in Q1 2024, compared to ISK 997 million in Q1 2023, up by ISK 7 million.

Cash flow

Operating activities amounted to a total of ISK 1,456 million in Q1 2024 compared to ISK 1,315 million in Q1 2023. The decrease in operating-related assets and liabilities in Q1 2024 are ISK 177 million.

Cash generated by operation was ISK 1,279 million in Q1 2024 compared to ISK 1,170 million in Q1 2023. After interest and taxes, net cash from operating activities amounted to ISK 1,121 million in Q1 2024 compared to ISK 1,130 million in Q1 2023.

At the end of Q1 2024, Síminn made a payment of ISK 3.7 billion due to the acquisition of Billboard and related companies, which affects the investment activities of the period. In Q1 2023, Síminn sold a bond that the company received as a payment when Míla was sold, which explains the positive investment movements in the period.

In Q1 2024, new borrowings were ISK 4.5 billion. A loan agreement for ISK 3.0 billion and a bond issue of 1.5 billion. This was mainly due to the acquisition of Billboard and related companies. Financing activities were negative, amounting to ISK 16,785 million in Q1 2023 mainly due to share capital reduction in Q1 2023 with a payment amounting to ISK 15.6 billion.

Cash flow	Q1 2024	Q1 2023
Operating profit	431	318
Depreciation	1.004	997
Items not affecting cash flow	21	0
Total operating activities	1.456	1.315
Changes in current assets and liabilities	(177)	(145)
Cash generated by operation	1.279	1.170
Net interest expenses paid during the period	(68)	118
Payments of taxes during the period	(90)	(158)
Net cash from operating activities	1.121	1.130
Investing activities	(5.143)	13.803
Financing activities	4.240	(16.785)
Changes in cash and cash equivalents	218	(1.852)
Translation effects on cash	(2)	(37)
Cash and cash equivalents at the beginning of period	1.810	3.721
Cash and cash equivalents at the end of period	2.026	1.832

Balance sheet

Síminn's acquisition of Billboard and related companies, which took place at the end of Q1 2024, has a significant impact on the balance sheet. The main changes are that goodwill increases by ISK 4.4 billion, other assets increase by ISK 2.1 billion. Total liabilities, including lease liabilities, increase by ISK 1.6 billion.

Total assets amounted to ISK 40,723 million at the end of Q1 2024 but were ISK 33,789 million at the end of 2023.

Interest-bearing debts, including lease liabilities, were ISK 16,210 million at the end of Q1 2024 compared to ISK 10,530 million at the end of 2023. Cash at the end of Q1 2024 amounted to ISK 2,026 million compared to ISK 1,810 million at the end of 2023. Net interest-bearing debt with lease liabilities and Síminn Pay consumer loans were ISK 11,235 million at the end of Q1 2024 compared to ISK 5,822 million at the end of 2023.

Equity amounted to ISK 18,101 million at the end of Q1 2024 and equity ratio was 44.4%.

Assets	31.03.2024	31.12.2023
Property, plant and equipment.....	3.444	2.552
Right-of-use assets.....	1.563	732
Intangible assets.....	25.180	21.047
Other non-current assets.....	407	431
Non-current assets	30.594	24.762
Inventories.....	1.304	1.257
Accounts receivables.....	2.509	2.279
Loans (Síminn Pay).....	2.801	2.715
Other assets.....	1.489	966
Cash and cash equivalents.....	2.026	1.810
Current assets	10.129	9.027
Total assets	40.723	33.789

Equity and liabilities	31.03.2024	31.12.2023
Total equity.....	18.101	17.600
Total equity	18.101	17.600
Borrowings.....	11.650	7.470
Finance lease.....	1.163	503
Deferred tax liabilities.....	292	232
Non-current liabilities	13.105	8.205
Other Current liabilities.....	9.517	7.984
Current liabilities	9.517	7.984
Total equity and liabilities	40.723	33.789



Key events

- On 15 March the Competition Authority informed Síminn that the agency had completed the investigation into Síminn's acquisition of Billboard ehf., Dengsi ehf. and BBI ehf. and did not consider it a reason for further investigation or intervention in the matter. At the end of March 2024, Síminn received the share capital of the companies and paid the largest part of the purchase price, ISK 3,714 million in cash and 101,153,146 shares in Síminn. Final settlement, ISK 150 million, will take place no later than 6 months from the completion date when the final adjustment of the purchase price, considering the balance of net interest-bearing debt and current assets on settlement date has been carried out.
- Billboard dates to 2016 when the first screens were installed. A year later, the company bought Dengsi ehf. and an agreement with the City of Reykjavík for the operation of bus stops was made in 2018. Today, the company has advertising screens in over 300 locations, of which 540 screens are in 270 bus stops. Today, the company has 27 employees.
- Síminn Pay's lending has slowed down, but lending growth in Q1 2024 amounts to ISK 85 million. Consumer loans (Léttkaup) continue to contract, declining by 14% since the beginning of the year, while the revolver card (Léttkort) lending position has increased by 11% since the beginning of the year. Síminn Pay's company card has been introduced in the market and reception has exceeded expectations.
- In Q1 2024, Síminn premiered three domestic series, but Síminn will show six of the eleven national drama series that will be shown this year. The development of Síminn's cooperation with HSÍ and KSÍ has been successful, and thus there have been live broadcasts of national matches of the U19, U20 and U21 national teams in cooperation with KSÍ, as well as live broadcasts of the cup finals of the junior categories and friendly matches of the men's national team in cooperation with HSÍ.
- Continued upgrading of 4G sites around the country that increase performance and range, along with several new 5G sites in urban areas and holiday home areas.
- Síminn is the first of the Icelandic telecommunications companies to offer Wi-Fi 7 routers that guarantee increased speed, lower response times, and support an increased number of devices.

Guidance 2024

The guidance for the group has been updated since Billboard became part of the Síminn group as of March 31 last. On an annual basis, Billboard's income is around ISK 1,400 million and EBITDA around ISK 800 million.

The guidance for 2024:

- EBITDA will be in the range of ISK 7.0 to 7.3 billion.
- EBIT will be in the range of ISK 2.7 to 3.0 billion.
- CAPEX excluding licenses and spectrums will be in the range of ISK 3.3 to 3.6 billion.

Investor meeting 24 April 2024

An investor presentation will be held on Wednesday 24 April 2024 at 8:30 am at Síminn's headquarters in Ármúli 25, Reykjavík. During the meeting, Orri Hauksson CEO and Óskar Hauksson CFO will present the financial results. The meeting will be held in Icelandic. Documents for the meeting are available in Nasdaq's Iceland company news and on the company's investor relations website <https://www.siminn.is/fjarfestar/quarterly-results>.

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

Financial Calendar 2024

Interim report for the first half of 2024	27 August 2024
Interim report for the first nine months of 2024	22 October 2024
Announcement of the 2024 results	18 February 2025
Annual General Meeting 2025	13 March 2025

Further information:

Orri Hauksson, CEO (orri@siminn.is)

Óskar Hauksson, CFO (oskarh@siminn.is)

Note: This English version is a translation of the Icelandic text that accompanies the Q1 2024 results of Síminn hf.