Platínum Nova hf.

Consolidated Financial Statements 2020

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Platínum Nova hf.
Reg. no. 620916-0560
Lágmúli 9, 108 Reykjavík

Endorsement by the Board of Directors and the CEO

Endorsement by the Board of Directors and the CEO

Platinum Nova hf is the parent company of Nova hf. These financial statements comprise the consolidated financial statements of Platinum Nova hf (the Company) and its subsidiary together referred to as the "Group".

According to the consolidated statement of comprehensive income total revenue for the year 2020 amounted to ISK 11.306 million. EBITDA was ISK 2.763,7 million and profit for the year was ISK 386,4 million. Equity at year end amounted to ISK 9.067,3 million, according to the consolidated statement of financial position, and the equity ratio was 48,2%. Reference is made to the consolidated statement of changes in equity regarding information on changes in equity during the year.

Effects of the Covid-19 pandemic on daily operations and financial results of the Group are limited. The Group has been able to maintain its regular operations and provide full services to its customers during this period. In order to comply to governmental guidance and ensuring employee and customers safety certain limitations where enforced on number of employees working in the offices and visitors in the stores. This resulted in large part of the employees working from home and more customers did their shopping online in the webstore. Certain revenue and cost items in the profit and loss statement have been effected, some positively and others negatively, resulting in net results for the year are in line with expectations at the beginning of the year.

The Board proposes that the results of the year are carried forward and no dividends paid to shareholders.

Average number of employees was 150 for the year 2020 as opposed to 156 in the year 2019. The Company's Board of Directors comprises four members, two men and two women.

The Company's Board of Directors comprises four members, two men and two women.

At the end of the year there were three shareholders in the Company, compared to two at the beginning of the year. The shareholders in the Company are as follows:

	At year end 2020	At year end 2019
Novator Nova ehf.	50,0%	50,0%
Nova Acquisition Holding ehf.	44,5%	44,5%
Nova Acquisition LLC	5,5%	5,5%

Financial risk and risk management
The Board of Directors and CEO refer to note 22 in these Financial Statements for information on financial risk of the company and financial risk management.

No additional special risks are inherit to the operation apart from ordinary operation risk in the sector.

Subsequent events
The Board of Directors and CEO of the Group draw attention to note 24 in these consolidated Financial Statements regarding events after the Financial Statement date.

Non-financial information
Information regarding social, environmental and governmental matters are disclosed in an attachment to these financial statements.

Endorsement by the Board of Directors and the CEO

Statement by the Board of Directors and the CEO
According to our best knowledge, it is our opinion that the consolidated financial statements give a true and fair view of the consolidated financial performance of the Group for the year 2020, its assets, liabilities and consolidated financial position as at 31 December 2020 and its consolidated cash flows for the year 2020.

The Board of Directors and the CEO hereby confirm the Group's financial statements for the year 2020 by means of their signatures.

Reykjavík, 15. April 2021

Board of Directors:

Hugh Short

Sophie Minich

Sigþór Sigmarsson

Birna Hlín Káradóttir

Managing Director (CEO):

Margrét Tryggvadóttir

Independent Auditor's Report

To the board of directors and the shareholders of Platínum Nova hf.

Opinion
We have audited the accompanying consolidated financial statements of Platínum Nova hf. and its subsidiaries (the group) for the year 2020, excluding the endorsement by the Board of Directors and the CEO and the non-financial disclosure.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the group as at 31 December 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU), and applicable articles in Icelandic law on annual accounts.

The consolidated financial statements comprise
- The endorsement by the Board of Directors and the CEO.
- The consolidated statement of comprehensive income for the year 2020.
- The consolidated statement of financial position as at 31 December 2020.
- The consolidated statement of changes in equity for the year 2020.
- The consolidated statement of cash flows for the year 2020.
- Notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

The endorsement by the Board of Directors and the non-financial disclosure are excluded from the audit, refer to section *reporting on other information* .

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing. 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.

Independence
We are independent of the group in accordance with Icelandic laws on auditors and auditing and the code of ethics that apply to auditors in Iceland and relate to our audit of the group's consolidated financial statements. We have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Reporting on other information, including the the endorsement by the Board of Directors and the CEO
The board of directors and Chief executive officer are responsible for other information. The other information comprises of the endorsement by the Board of Directors and the CEO and the non-financial disclosure, which we obtained prior to the date of this auditor's report.
Our opinion on the consolidated financial statements does not cover the endorsement by the Board of Directors and the CEO and the non-financial disclosure.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above 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. In addition, in light of the knowledge and understanding of the entity and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in other information that we obtained prior to the date of this auditor's report. We have nothing to report in this respect.

With respect to the endorsement by the Board of Directors and the CEO we have, in accordance with article 104, of the Icelandic law on annual accounts reviewed that to the best of our knowledge, the endorsement by the Board of Directors and the CEO accompanying the consolidated financial statements includes applicable information in accordance with Icelandic law on annual accounts if not presented elsewhere in the financial statements.

Responsibilities of the board of directors and the chief executive officer
The board of directors and the chief executive officer are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the EU, and applicable articles in Icelandic law on annual accounts, and for such internal control as determined necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Independent Auditor's Report (Cont'd.)

In preparing the consolidated financial statements, management is responsible for assessing the groups' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the group's financial reporting process.

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 International Standards on Auditing 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 International Standards on Auditing, we exercise professional judgement and maintain professional scepticism 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 management’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 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 those charged with governance 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.

Reykjavík, 15 April 2021

PricewaterhouseCoopers ehf.

Vignir Rafn Gíslason
State authorized public accountant

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year 2020

	Note	2020	2019
Operating revenues			
Sales	2	11.169.719	10.173.154
Other operating income		136.618	128.237
		11.306.337	10.301.391
Operating expenses			
Cost of sales		6.345.100	5.510.951
Salaries and salary-related expenses	3	1.572.026	1.499.292
Other expenses		625.536	633.036
		8.542.662	7.643.279
EBITDA		2.763.675	2.658.112
Depreciation and amortisation	4	(1.875.841)	(1.789.233)
Results from operating activities		887.834	868.880
Finance income and (expenses):			
Interest income		50.696	59.536
Change in other liabilities	16	56.484	0
Interest expenses	5	(491.566)	(710.800)
Foreign exchange (loss) gain		(22.726)	10.573
		(407.112)	(640.691)
Share in loss of associate	19	0	(18.087)
Profit before income tax		480.722	210.102
Income tax	6, 17	(94.354)	(268.712)
Total comprehensive income (loss) for the year		386.368	(58.610)
Profit (loss) for the year attributable to:			
Owners of the Company		386.368	(58.610)
Non-controlling interests		0	0
Profit (loss) for the year		386.368	(58.610)

Platínum Nova hf. Consolidated Financial Statements for the year 2020 Amounts are in ISK thousand

Consolidated Statement of Financial Position as at 31 December 2020

Assets

	Note	2020	2019
Non-current assets			
Goodwill	7, 9	10.048.985	10.048.985
Intangible assets	9	2.173.345	2.413.844
Operating assets	8	3.400.631	3.359.948
Lease assets	10	1.159.394	1.150.905
Investment in associates and other	19	2.596	2.596
Loans to related parties	20	0	62.094
		16.784.951	17.038.372
Current assets			
Inventories	12	398.258	374.520
Receivables from related parties	20	72	133
Trade receivables	13	1.155.830	1.160.913
Other receivables		175.783	158.135
Loans to related parties	20	99.353	37.404
Cash and cash equivalents	14	195.461	177.493
		2.024.757	1.908.598
Total assets		18.809.708	18.946.970

Platínum Nova hf. Consolidated Financial Statements for the year 2020 Amounts are in ISK thousand

Consolidated Statement of Financial Position as at 31 December 2020

Equity and Liabilities

	Note	2020	2019
Equity			
Share capital	18	8.253.594	8.253.594
Reserves	18	114.909	59.282
Retained earnings		698.782	349.703
		9.067.285	8.662.579
Non-current liabilities			
Loans and borrowings	15	5.721.800	6.250.315
Deferred income tax liability	17	579.857	600.865
Lease liabilities	10	1.121.073	1.091.583
Other liabilities	16	0	150.021
		7.422.730	8.092.784
Current liabilities			
Current maturities of loans and borrowings	15	399.195	375.578
Trade payables		659.787	668.375
Tax payable	17	158.454	231.671
Lease liabilities	10	117.999	103.987
Other payables		819.665	672.588
Other liabilities	16	101.788	94.156
Pre-payments		62.805	45.252
		2.319.693	2.191.607
Total liabilities		9.742.423	10.284.391
Total equity and liabilities		18.809.708	18.946.970
Other information	11, 21, 22, 23, 24		

Platínum Nova hf. Consolidated Financial Statements for the year 2020 Amounts are in ISK thousand

Consolidated Statement of Cash Flows for the year 2020

	Note	2020	2019
Cash flows from operating activities			
Profit (loss) for the year		386.368	(58.610)
Adjustments for:			
Depreciation and amortisation	4	1.875.841	1.789.233
Income tax	6, 17	94.354	268.712
Share in loss of associate	19	0	18.087
Gain on sale of shares in associate		0	(1.096)
Gain on sale of operating assets		(3.108)	(1.842)
Effect of accrued stock option	3	18.338	17.954
Net finance expenses		407.112	640.691
		2.778.905	2.673.128
Changes in operating assets and liabilities:			
Inventories, (increase) decrease		(23.738)	184.102
Trade and other receivables, (increase) decrease		(12.565)	113.235
Trade and other payables, increase (decrease)		130.128	(32.743)
		93.825	264.594
Interest income received		44.469	52.756
Interest expenses paid		(454.141)	(628.242)
Paid taxes		(188.654)	(273.317)
		2.274.404	2.088.919
Cash flows to investing activities			
Acquisition of operating assets	8	(1.261.876)	(1.082.581)
Acquisition of intangible assets	9	(265.549)	(202.061)
Disposals of operating assets		4.032	8.403
Investment in a subsidiary, net of cash acquired	16	(95.000)	(100.000)
Disposal of other financial assets		0	3.816
Loans to related parties, change		6.434	(8.396)
		(1.611.959)	(1.380.819)
Cash flows from financing activities			
Lease agreement, repayment of principal	10	(114.510)	(98.339)
Payments on loans from financial institutions		(532.379)	(502.191)
		(646.889)	(600.530)
Increase in cash and cash equivalents		15.556	107.570
Effect of foreign exchange rates on cash and cash equivalents		2.412	848
Cash and cash equivalents at the beginning of the year		177.493	69.075
Cash and cash equivalents at the end of the year		195.461	177.493
Investing and financing activities not affecting cash flows			
Unpaid purchase price of a subsidiary		0	0
Other liabilities		0	0
Other payables		0	0

Platínum Nova hf. Consolidated Financial Statements for the year 2020 Amounts are in ISK thousand

Consolidated Statement of Changes in Equity for the year ended 31 December 2020

	Share capital	Reserves	Retained earnings	Total
Balance at 1 January 2019	8.253.594	109.063	340.578	8.703.235
Loss for the year..			(58.610)	(58.610)
Share of profit of subsidiary in excess of dividend received............................		(67.735)	67.735	0
Recognition of share-based payments		17.954		17.954
Balance at 31 December 2019	8.253.594	59.282	349.703	8.662.579
Balance at 1 January 2020	8.253.594	59.282	349.703	8.662.579
Profit for the year...			386.368	386.368
Contribution to statutory reserve.........................		38.637	(38.637)	0
Recognition of share-based payments		18.338		18.338
Forfeited stock options..		(1.348)	1.348	0
Balance at 31 December 2020	8.253.594	114.909	698.782	9.067.285

See note 18 for further information.

Platínum Nova hf. Consolidated Financial Statements for the year 2020 Amounts are in ISK thousand

Notes to the Financial Statements

Accounting principles

1.1 Reporting entity

Platinum Nova hf. (the "Company") is a company incorporated and domiciled in Iceland. The registered office of the Company is at Lágmúli 9 in Reykjavík, Iceland. The Consolidated Financial Statements for the Company as at and for the year ended 31 December 2020 comprise the Company and its subsidiary, Nova hf., together referred to as the "Group".

The Groups principal operations are telecommunications and related activities.

1.2 Basis of preparation

These consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. For all periods up to and including the year ended 31 December 2017 the Group prepared its consolidated Financial Statements in accordance with local GAAP (Icelandic Act no. 3/2006 on Financial Statements or IS GAAP). The consolidated Financial Statements have been prepared using the historical cost basis except for share based payments which are measured at fair value in accordance with IFRS 2 and ROU assets and lease liabilities that are measured at present value of future payments in accordance with IFRS 16. The consolidated Financial Statements are presented in Icelandic Kronas (ISK) which is the Groups´s functional currency. All financial information presented in ISK has been rounded to the nearest thousand, unless otherwise indicated.

1.3 Foreign currencies

In preparing the Financial Statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.
Exchange differences are recognised in profit or loss in the period in which they arise.

1.4 Leases

The Group recognises right of use assets and a lease liability in accordance with IFRS 16 Leases. The Group recognises right of use assets and a lease liability for lease agreements of office buldings, automobiles and facility for telecommunication equipment. The right of use asset and lease liabilities are recognised as a separate line in the consolidated statement of Financial Position. The recognition of right of use assets and lease liabilities is initially recorded at commencement date as the present value of lease payments that are not paid at that time, less any initial direct costs incurred by the lease asset and expected cost of dismantling or removing the asset, as well as any incentives received.

1.5 Revenue recognition

(i) Telecommunications

Revenues comprise mostly of mobile and internet usage.

Revenues from subscriptions are recognised in the relevant subscription period but revenues from usage are recognised in the period in which the usage occurs. Operating revenues are recognised in accordance with subscription contracts made and discounts related to turnover and/or usage are recognised as decrease in revenues within each subscription period.

(ii) Sale of goods

Revenues from sale of goods are recognised when control of the products has transferred, being when the customer has received the product and there is no unfulfilled obligation that could affect the customer's acceptance of the products.

Notes to the Financial Statements

1.6 Payment terms, obligation for returns and warranties

Payment terms
General payment terms for equipment sold and prepaid data are payable on delivery of the product. General payment terms for subsribed services is payable on due date of issued invoice.

Warranty terms
Warranty terms apply to sold items and merchandise. The seller's warranty is valid for 24 months from the date of purchase. Warranty covers defects and malfunctions that may occur on the sold device during the specified warranty period. Based on estimation from previous years no allowans is made in the Financial Statements for warranties.

Terms of sale
General terms of sale apply to sold items and merchandise. The sold item is the property of the seller until the item has been paid in full. Pruchase agreements, account transactions or other forms of credit do not terminate the seller's ownership until full payment has been received. If a purchase agreement is canceled, the benefits that the buyer has received will be calculated in the settlement. Returns of sold items are only valid if the buyer has not opened the purchase items from its containers and used it and the item is in original condition.

1.7 Finance income and (expenses)

Interest income is accrued over time, by reference to the principal outstanding and at the interest rate applicable.

All financial expenses are recognised in the income statement during the period in which they are incurred, with the exception capitalised borrowing costs. Capitalised borrowing cost is stated as part of the carrying amount of the asset.

1.8 Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any. For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, impairment loss is recorded.

1.9 Operating assets

Operating assets are recognised at cost, less depreciation. Depreciation is recognised on a straight-line basis according to the estimated useful life of the relevant asset. The estimated useful lives are specified as follows:

Telecommunication equipment	2-7 years
Fixtures and equipment	3-10 years
Transportation equipment	5 years

Depceciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

1.10 Intangible assets (other than goodwill)

Intangible assets are recognised at cost, less amortisation. Amortisation is recognised on a straight-line basis according to the estimated useful life of the relevant asset, except for customer relationships where amortisation is based on an expected average remaining share of current customers. The estimated useful lives are specified as follows:

Telecommunications license	10 years
Brand	20 years
Customer relationships	10 years
Other intangible assets	3 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Platínum Nova hf. Consolidated Financial Statements for the year 2020 Amounts are in ISK thousand

Notes to the Financial Statements

1.11 Joint arrangements

Joint arrangements is a mutual arrangement of which two or more parties have joint control and the parties are bound by a contractual arrangement. Joint arrangements can be classified as either joint venture or joint operation.

The Group has entered into a joint arrengement with Sýn hf which has been designated as a joint operation. The joint operation relates to Sendafélagið ehf. where each party owns 50% of the shares. The Group recognises the assets it controls and expenses and liabilities it incurs, and its share of income earned, in its Financial Statements by applying the relevant IFRS.

1.12 Deferred income tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

A deferred tax asset is recognized for unused tax losses and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted at the reporting date.

1.13 Inventories

Inventories are stated at cost which is based on the "first in-first out" method when measuring the inventories and includes the cost of buying the inventories and getting them at the current location in current condition. Inventories at year end consist of user equipment for sale. Proper regard is taken to dated and faulty equipment and total write-down amounted to ISK 26,6 million at year end (2019: 12,4 million).

1.14 Consolidation

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity where the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at the fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the Group's share of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Associates are all entities over which the group has significant influence but not control or joint control. This is generally the case where the group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

Notes to the Financial Statements

1.15 Financial Instruments

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

(i) Classification of financial assets

The Groups's debt instruments are measured at amortised cost as they are held within a business model whose objective is to hold in order to collect contractual cash flows and the the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
Other financial assets are measured subsequently at fair value through profit or loss.

(ii) Impairment of financial assets

Allowance has been made for doubtful trade and other receivables in order to meet credit risk. The allowance does not represent a final write-off. The allowance is deducted from the appropriate balance sheet items. Further information on trade receivable allowance see note 13.

(iii) Financial liabilities

Financial liabilities, including long-term borrowings, are recognised initially at fair value less attributable transaction cost. Subsequent to initial recognition, financial liabilities are stated at amortised cost using the effective interest method.

2. Revenue from contracts with customers

The Group has three main revenue streams: Mobile, internet and product sales.

Mobile services: Revenue from mobile services. Including subscription and prepaid revenues for data usage on mobile handsets. Also roaming revenues, interconnect revenues and other related revenues. Recognized over time in the relevant subscription period or in the period when usage occurs.

Internet services: Revenue from internet services. Including subscriptions and prepaid revenues for fiber and other data connections. Also internet access fees, lease of equipment and other related revenues. Recognized over time in the relevant subscription period or in the period when usage occurs.

Product sales: Revenue from sale of handsets, routers, accessories and other equipment. Recognised at a point in time when control of the product has transferred over to the customer.

	Mobile	Internet	Product sales	Total
2020				
Point in time	0	0	2.705.260	2.705.260
Over time	5.400.065	3.064.394	0	8.464.459
Total revenue	5.400.065	3.064.394	2.705.260	11.169.719

	Mobile	Internet	Product sales	Total
2019				
Point in time	0	0	2.239.916	2.239.916
Over time	5.419.450	2.513.788	0	7.933.238
Total revenue	5.419.450	2.513.788	2.239.916	10.173.154

Platínum Nova hf. Consolidated Financial Statements for the year 2020 Amounts are in ISK thousand

Notes to the Financial Statements

3. Salaries and salary-related expenses

Salaries and salary-related expenses are specified as follows:	2020	2019
Salaries	1.440.649	1.379.006
Pension cost	189.535	179.569
Accrued vacation pay, decrease	13.851	9.889
Stock-option cost	18.338	17.954
Salaries, capitalized	(252.000)	(257.141)
Other salary-related expenses	161.653	170.015
Total salaries and salary-related expenses	1.572.026	1.499.292
Average number of employees	150	156

Salaries of the Board of Directors and CEO amounted to ISK 55,8 million in the year 2020 (2019: 51,6 million). Key management has been granted share options in the Company. See further information in note 23.

Capitalised salary cost of ISK 252.000 thousand relates to operating assets and intangible assets and is included in addition during the year. See notes 8 and 9.

4. Depreciation and amortisation

Depreciation and amortisation are specified as follows:	2020	2019
Depreciation of operating assets (note 8)	1.220.270	1.087.880
Amortization of intangible assets (note 9)	506.047	558.348
Depreciation of right of use assets (note 10)	149.523	143.004
	1.875.841	1.789.233

5. Interest expenses

Interest expenses are specified as follows:	2020	2019
Interest expenses on lease liabilities (note 10)	108.577	104.045
Interest expenses due to acquisition liability (note 16)	9.096	13.441
Interest expenses, long-term borrowing	370.695	588.868
Other interest expenses	3.198	4.446
	491.566	710.800

6. Income tax

Reconciliation of effective tax rate:	2020		2019	
	Amount	%	Amount	%
Profit before income tax	480.722		210.102	
Income tax at 20%	(96.144)	20%	(42.020)	20%
Calculated tax due to merger	0	0%	(89.212)	42%
Prior year taxable loss not capitalised	0	0%	(130.469)	62%
Other items	1.790	0%	(7.011)	3%
Income tax expense	(94.354)		(268.712)	

Platínum Nova hf. Consolidated Financial Statements for the year 2020 Amounts are in ISK thousand

Notes to the Financial Statements

7. Goodwill

At end of the year the goodwill was tested for impairment.

For the purpose of impairment testing the recoverable amount of the cash generating unit Nova hf. is determined based on a value in use calculation which uses cash flow projections based on financial budgets covering a five-year period. The cash flows beyond that five-year period have been extrapolated using a steady 2,5% per annum growth rate which is the targeted inflation rate by the Central Bank of Iceland.

Value in use was based on the following key assumptions:

Long term growth rate	2,5%
Revenue growth, weighted average (CAGR '21-'25)	3,0%
Budgeted EBITDA ratio (CAGR '21-'25)	23,9%
WACC	8,1%
Debt leverage	52,0%
Interest rate for debt	3,6%

The directors believe that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash-generating unit.

8. Operating assets

Operating assets are specified as follows:

	Telecommuni-cation equip.	Fixtures and equipment	Transportation equipment	Total
Cost				
Total value 1.1.2019	6.807.127	1.590.710	44.285	8.442.121
Disposal during the year	(244.126)	(587.499)	0	(831.625)
Additions during the year	985.956	96.625	0	1.082.581
Sold during the year	0	0	(16.437)	(16.437)
Total value 31.12.2019	7.548.957	1.099.836	27.848	8.676.641
Additions during the year	1.127.601	134.276	0	1.261.876
Sold during the year	0	0	(9.240)	(9.240)
Total value 31.12.2020	8.676.558	1.234.112	18.608	9.929.277

	Telecommuni-cation equip.	Fixtures and equipment	Transportation equipment	Total
Depreciation				
Total depreciation 1.1.2019	3.898.843	1.257.311	17.378	5.173.532
Disposal during the year	(340.783)	(587.499)	0	(928.282)
Depreciated during the year	922.529	163.020	2.330	1.087.880
Sold during the year	0	0	(16.437)	(16.437)
Total depreciation 31.12.2019	4.480.589	832.833	3.271	5.316.693
Depreciated during the year	1.045.491	174.319	460	1.220.270
Sold during the year	0	0	(8.316)	(8.316)
Total depreciation 31.12.2020	5.526.080	1.007.152	(4.585)	6.528.647
Carrying amount				
31.12.2019	3.068.368	267.003	24.576	3.359.948
31.12.2020	3.150.477	226.960	23.193	3.400.631
Depreciation ratios	10-50%	10-33%	20%	

Insurance value of operating assets amounted to ISK 4.791 million at year end 2020 (2019: 3.611 million).

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Notes to the Financial Statements

9. Intangible assets

Intangible assets are specified as follows:

	Goodwill	Telecommuni-cation license	Other intangible assets	Total
Cost				
Total value 1.1.2019	10.097.610	111.716	3.833.923	14.043.249
Disposal during the year	0	0	(72.993)	(72.993)
Acquired through merger	(48.625)	0	0	(48.625)
Additions during the year	0	0	202.061	202.061
Total value 31.12.2019	10.048.985	111.716	3.962.991	14.123.692
Additions during the year	0	0	265.549	265.549
Total value 31.12.2020	10.048.985	111.716	4.228.540	14.389.241
Amortisation				
Total amortisation 1.1.2019	0	81.938	996.148	1.078.086
Disposals during the year	0	0	24.429	24.429
Amortisation during the year	0	6.838	551.510	558.348
Total amortisation 31.12.2019	0	88.776	1.572.087	1.660.863
Amortisation during the year	0	6.838	499.209	506.047
Total amortisation 31.12.2020	0	95.614	2.071.296	2.166.911
Carrying amount				
31.12.2019	10.048.985	22.940	2.390.904	12.462.829
31.12.2020	10.048.985	16.102	2.157.243	12.222.330
Amortisation ratios		10%	33%	

10. Lease assets and liabilities

The Group recognises right of use assets and a lease liability for lease agreements of office buldings, automobiles and facility for telecommunication equipment. The right of use asset and lease liabilities are recognised as a separate line in the consolidated statement of Financial Position. The recognition of right of use assets and lease liabilities is initially recorded at commencement date as the present value of lease payments that are not paid at that time. Generally, the Group uses its incremental borrowing rate as a discount rate, adjusted for nature of the underlying asset and duration of the lease agreement. The weighted average discount rate is 7,18% for property and transportation equipment and 9,93% for Telecommunication equipment facilities.

The duration of lease agreements is based on contractual rights, adjusted for management estimation on extention where extention options are applicable. Expenses due to variable lease payments, low-value contracts and short term leasees are immaterial.

Lease assets and liabilities are as follows:

	Property and transportation equipment	Telecommuni-cation equipm. facilities	Total
Lease assets			
Lease assets at 1.1.2020	495.033	655.872	1.150.905
Lease agreements entered into	51.855	79.782	131.637
Other changes	(17.487)	13.512	(3.975)
Depreciation of lease assets	(101.727)	(47.796)	(149.523)
Remeasurements and other changes	12.117	18.232	30.349
Lease assets at 31.12.2020	439.790	719.603	1.159.394

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Notes to the Financial Statements

10. Lease assets and liabilities (cont'd.)

	Property and transportation equipment	Telecommunication equipm. facilities	Total
Lease liabilities			
Lease liabilities at 1.1.2020	513.952	681.618	1.195.570
Lease agreements entered into	51.855	79.782	131.637
Other changes	(17.487)	13.512	(3.975)
Payment of lease liabilities	(93.134)	(21.376)	(114.510)
Remeasurements and other changes	12.117	18.232	30.349
Lease liabilities at 31.12.2020	467.303	771.769	1.239.072

Lease liabilities are designated as follows in the statement of Financial Position:

	31.12.2020	31.12.2019
Non-current liabilities	1.121.073	1.091.583
Current liabilities	117.999	103.987
	1.239.072	1.195.570

Payment of lease liabilities are as follows:

	31.12.2020
Payments, for the next 12 months, current liabilities	117.999
Payments for the year 2022	108.055
Payments for the year 2023	106.530
Payments for the year 2024	111.427
Payments for the year 2025	114.368
Payments for the year 2026 and later	680.693
	1.239.072

Amounts recognised in the Statement of Profit or Loss	31.12.2020	31.12.2019
Depcreciation (right of use asset)	149.523	143.004
Interest expense (lease liability)	108.577	104.045
	258.100	247.049

11. Joint operation

Sendafelagid ehf., a joint operation, was established by Nova hf. and Sýn hf. for the operations of mobile telecommunications, each of the founders own 50% share.

The Group's interest in joint operation is accounted under line for line method.

12. Inventories

Inventories at year end are as follows:	31.12.2020	31.12.2029
Inventories	424.821	386.920
Allowance for dated and faulty items	(26.562)	(12.400)
	398.258	374.520

13. Trade receivables

The Group always recognises lifetime expected credit loss (ECL) for trade receivables. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

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Notes to the Financial Statements

13. Trade receivables (cont'd.)

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable: (1) Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group), and (2) When a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

The following table details the risk profile of trade receivables based on the Group's provision matrix.

31 December 2020 Days past due	Expected credit loss rate	Gross carrying amount	Loss allowance	Carrying amount
Not past due	0-2%	1.119.983	17.904	1.102.079
<30	30%	14.256	2.777	11.479
31-60	60%	10.930	3.564	7.366
61-90	60%	12.605	4.110	8.495
91-120	90%	45.582	19.170	26.412
Total		1.203.355	47.525	1.155.830

31 December 2019 Days past due	Expected credit loss rate	Gross carrying amount	Loss allowance	Carrying amount
Not past due	0-2%	1.119.835	11.032	1.108.803
<30	30%	18.389	3.582	14.807
31-60	60%	9.362	3.053	6.309
61-90	60%	6.367	2.076	4.291
91-120	90%	46.084	19.381	26.703
Total		1.200.038	39.125	1.160.913

14. Cash and cash equivalents

The Group's cash and cash equivalents consists of cash at stores and bank balances.

	2020	2019
Bank balances in ISK	181.074	136.863
Bank balances in EUR	13.347	40.221
Bank balances in USD	706	75
Cash	334	334
	195.461	177.493

15. Long-term borowings

Long-term borrowings are specified as follows:	2020	2019
Long-term borrowings from financial institution	6.120.995	6.625.893
Current maturities of long-term borrowings from financial institution	(399.195)	(375.578)
Total long-term borrowings from financial institution	5.721.800	6.250.315

Repayments of borrowings are scheduled to be repaid as follows:

Payments, for the next 12 months, current liabilities	399.195
Payments in 2022	399.195
Payments in 2023	399.195
Payments in 2024	399.195
Payments for the year 2026 and later	4.524.215
	6.120.995

Loan agreements in place at year end 2020 are subject to certain financial covenants. At year end 2020 no covenants were breached.

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Notes to the Financial Statements

16. Other liabilties

A part of the acquisition price of Símafélagið ehf., which the Group acquired in the year 2017, has been deffered and will be paid in installments over the years 2020 - 2021. The amounts payable at each date are subject to specifc conditions and milestones in the acquired operations of Símafélagið ehf. At year end 2020 the management of Group has revised future payments down to reflect estimation of acctual payment that will be realised. A liability in relation to these payments of ISK 101,8 million has been recorded in the Financial statements. The liability is presented at present value of future payments.

Change in liability due to acquisition of Símafélagið ehf. is as follows:	31.12.2020	31.12.2019
Liability at beginning of year	244.177	330.736
Accrued interest on liability (note 5)	9.096	13.441
Payment	(95.000)	(100.000)
Revision of liability	(56.485)	0
Liability at year end	101.788	244.177

Liability in relation to the acquisition of Símafélagið ehf. is designated as follows in the statement of Financial Position at year end 2020:

	31.12.2020	31.12.2019
Other liabilities, non-current	0	150.021
Other liabilities, current	101.788	94.156
	101.788	244.177

Present value of deferred payments due to acquisition of Símafélagið are as follows:	31.12.2020	31.12.2019
Payable in 2020 (ISK 95 million)	-	94.156
Payable in 2021 (ISK 105,8 million)*	101.788	150.021
	101.788	244.177

* At year end 2019 estimated undiscounted payments in the year 2021 amounted to ISK 168,2 million.

17. Deferred income tax liability

	2020	2019
Deferred tax liability 1.1.	600.865	744.484
Adjustments	41.684	(48.625)
Income tax expense in profit and loss account	94.354	268.712
Tax payable	(158.454)	(231.671)
Write down of previous years taxable loss of parent company (note 6)	0	(130.469)
Other changes	1.408	(1.566)
Deferred tax liability 31.12.	579.857	600.865

Deferred income tax liability is attributable to:	31.12.2020	31.12.2019
Operating assets and intangible assets	595.422	604.910
Lease assets and liabilities	(15.936)	(8.933)
Trade receivables	3.760	5.335
Inventories	(1.064)	(413)
Foreign exchange difference	(2.325)	(34)
Total deferred income tax liability	579.857	600.865

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Notes to the Financial Statements

18. Equity

Share capital
The Group's share capital, according to its Article of Association amounts to ISK 8.253.594 thousand. All of the share capital has been paid. One vote is attached to each ISK one share in the Company.

Reserves
Reserves comprise restricted equity in relation to investment in associates that are accounted for using the equity method of accounting, stock option reserves, and legal statutory reserves.

Changes in reserves for the year are designated as follows:

	Restricted equity reserves	Stock option reserves	Legal statutory reserves	Total
2020				
At 1 January 2020	0	38.113	21.169	59.282
Contribution to legal statutory reserves			38.637	38.637
Recognition of share-based payments (note 23)		18.338		18.338
Forfeited stock options (note 23)		(1.348)		(1.348)
	0	55.103	59.806	114.909
2019				
At 1 January 2019	67.735	20.159	21.169	109.063
Share in profit of associates, in excess of dividends paid	(67.735)			(67.735)
Recognition of share-based payments		17.954		17.954
	0	38.113	21.169	59.282

19. Investment in associates and other investments

The Group owns 51,33% share in Aur app ehf., which is a mobile payment solution. Aur app ehf. was formerly a subsidiary of Nova hf., but Nova hf.has no longer majority control of the company. The asset is therefore classified as an investment in associate.

	Ownership	Classification	Effect on operation	Carrying amount
Aur app ehf.	51,33%	Associate	0	(22.770)
Hið Íslenska Númerafélag ehf. (HÍN)	16,67%	Other	0	2.596
				(20.174)
Receivables from Aur app ehf. offset against negative equity				22.770
Total investment in an associates and other investments				2.596

Estimated loss of Aur app ehf. in the year 2020 amounts to approx. 35 million ISK. As the carrying amount of the investment in the Group's balance sheet is negative no further share in loss of Aur app ehf. is recorded. In the first quarter of 2021 the Group sold all its shares in Aur app ehf. (See note 24) In connection with the disposal all outstanding claims on Aur App ehf. will been paid in full so no further credit loss is recorded due to loss of Aur app ehf.

20. Related parties

The Group is owned jointly by two majority owners. No ultimate controling party is designated for for the Group.

The Group has a related party relationship with its shareholders with significant influence, a joint venture, board members and management. Transactions with related parties other than joint venture are restricted to telecommunication services. Transactions are being priced on an arms length basis.

	2020	2019
Loans to related parties balance at the end of year		
Loans to associate, non current	99.353	99.498
Current portion of loans to related parties	(99.353)	(37.404)
	0	62.094

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Notes to the Financial Statements

20. Related parties (cont'd.)

Account recivables balance at the end of the year		
Related company - Intercompany account	72	133
Associates Intercompany account	16.397	22.770
Associates Intercompany account, amortization	(16.397)	(22.770)
	72	133

Intercompany transactions during the year		
Related company- sales	1.212	1.730
Associate - sales	6.082	6.903
Associate - interest income	6.149	6.780

Information on remuneration to the Board of Directors and CEO is disclosed in note 3 and in note 23.

21. Auditor's fee

Auditor's fee for the audit of the Financial Statements is as follows:	2020	2019
Audit fee		
Fee for audit services	8.231	10.491
Fee for other services	10.330	7.924
	18.561	18.415

22. Financial instruments

Capital managment

The Group manages its capital to ensure that entities with in the Group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from previous year.

Catagories of financial instruments	2020	2019
Cash and bank balances	195.461	177.493
Trade receivables	1.155.830	1.160.913
Receivables from related parties	72	133
Other receivables	175.783	158.135
	1.527.146	1.496.674
Loans and other payables at amortized cost (including related parties)	7.600.447	7.966.856

Financial risk management objectives

The Group's Corporate Treasury function monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk, credit risk and liquidity risk.

Market risk

Interest rate risk

The Group is exposed to interest rate risk when it borrows funds at fixed or floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings. The Group's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

The following sensitivity has been determined based on the effect of interest rate changes on floating rate liabilities. The analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year and assumes that all other variables, excluding the relevant interest rates, are held constant. A 100 bps increase in interest would have a 61.333 thousand negative impact on P/L and equity, excluding tax effects. A 100 bps decrease would have the opposite impact.

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Notes to the Financial Statements

22. Financial instruments (cont'd.)

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The following tables detail the Group’s remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities and expected interest payments based on the earliest date on which the Group can be required to pay.

31 December 2020	Weighted average effective interest	Contractual cash flow	Less than 1 year	1-3 years	More than 3 years
Current liabilities		1.700.711	1.700.711	0	0
Other liabilities	5,50%	105.800	105.800	0	0
Lease liabilities	7,18-9,93%	2.063.776	215.021	571.194	1.277.561
Variable interest loans	4,80%	7.266.133	684.800	1.939.200	4.642.133
		11.136.420	2.706.332	2.510.394	5.919.694

The payment schedule presented below is based on contractual payments for loan agreements and liabilities that were in place at year end 2019.

31 December 2019	Weighted average effective interest	Contractual cash flow	Less than 1 year	1-3 years	More than 3 years
Current liabilities		1.698.449	1.698.449	0	0
Other liabilities	5,50%	263.199	95.000	168.199	0
Lease liabilities	7,29-10,37%	2.013.581	207.189	365.757	1.440.635
Fixed interest loans	5,10%	1.561.745	150.733	1.411.012	0
Variable interest loans	6,15%	7.224.115	572.601	1.150.963	5.500.551
		12.761.089	2.723.972	3.095.931	6.941.186

Fair value of financial instruments

The following table includes the total carrying amount of loan agreements recognized in the consolidated financial statements compared to its fair value. Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at market rate of interest at the reporting date. The carrying amount of all other financial assets and liabilities is a reasonable approximation of fair value.

	2020		2019	
	Carrying amount	Fair Value	Carrying amount	Fair Value
Interest bearing liabilities	6.120.995	6.120.995	6.625.893	6.685.789

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group's credit risk exposure is mainly through accounts receivable. Credit exposure is controlled by monthly monitoring of customer defaults and by reviewing credit ratings of new customers. For information on the Group's methods for assessing expected credit losses, see note 13.

The Group's maximum exposure to credit risk is the book value of financial assets as seen above under Categories of financial instruments.

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Notes to the Financial Statements

22. Financial instruments (cont'd.)

Foreign currency risk

The Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise.The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Currency net exposure	
	2020	2019
Euro	149.725	121.266
US dollar	8.023	17.124
Other	55.184	90.567
	212.933	228.957

The table below shows what effects a 10% increase of the relevant foreign currency rate against the ISK would have on P/L and equity. The foreign currency assets and liabilities in the sensitivity analysis are mainly foreign currency payables and receivables. The analysis is prepared assuming the amount outstanding at the balance sheet date was outstanding for the whole year. The analysis assumes that all other variables, excluding the relevant foreign currency rate, are held constant. The sensitivity analysis does not take into account tax effects. A positive number below indicates an increase in profit and other equity. A decrease of the relevant foreign currency rate against the ISK would have an opposite impact on P/L and equity.

	P/L and equity impact	
	2020	2019
Euro	(14.973)	(12.127)
US dollar	(802)	(1.712)
Other	(5.518)	(9.057)
	(21.293)	(22.896)

23. Share options

Platinum Nova hf. operates a share option program that entitle key management personnel of the subsidiary, Nova hf. to purchase shares in the parent. The employee must remain continuously employed with the Company or its subsidiaries until expiring date, either as an employee or in any other way, deemed satisfactory by the Company.

The following share option contracts were in existence during the period:

	Excercise date	Exercise price	Fair value at grant date
Granted in 2017 (697,125 thousand shares)	22.3.2022	1,45	74.140

Options were priced using a binomial option pricing model. Expected volatility (19,2%) is based on the historical share price volatility in the Icelandic telecommunications sector for the 5 years preceding grant date. Risk free rate is based on the yield of government bonds at grant date (5,17%). The share price of the Company at grant date was determined at 1 ISK per share based on the last transaction price. The options expire 59 months after the excercise date.

In 2017 701,250 thousand shares were granted to key personnel. During the year 2020 12.375 thousand shares were forfeited. Total number of outstanding shares at year end 2020 amounted to 697.125 thousand, of which 437,250 thousand have vested.

Estimated remaining cost due to the share option contracts is ISK 20,8 million. An expense of ISK 18,3 million (2019: ISK 18 million) is recognized in the Income Statement for the period.

Platínum Nova hf. Consolidated Financial Statements for the year 2020 Amounts are in ISK thousand

Notes to the Financial Statements

24. Subsequent events

Sale of shares in associate:
At the beginning of February, the Group signed an agreement for the sale of all its shares in the fintech company Aur App ehf., the buyer is Kvika banki hf. The due diligence has been completed and the purchase price has been paid. All loans from the Group to the company have been paid in full. The estimated effect on profit and loss account in 2021 related to the disposal is ISK 251.460,5 thousand.

Sale of inactive infrastructure:
At the end of March the Group signed an agreement for the sale of part of its inactive infrastructure relating to the company's transmission sites, no active communication equipment is sold. In parallel with the sale, a long-term service and lease agreement is made, which guarantees Nova's right of use of the sites. The conditions of the transaction have not all been met, but are expected to be completed in the coming months.

Non-financial disclosure (Unaudited)

ESG report

Nova has been a lifestyle-oriented brand since its inception as Iceland's first 3G mobile operator. The company has enjoyed unparalleled success in the Icelandic telecommunications market, quickly establishing itself as the leading brand and market challenger, capturing 32,9% of the mobile market share. Originally a mobile service provider, Nova is now an all-round telecom operator offering mobile and fibre service to households and a full suite of telecom products to corporates.

The key to this success is the quality of customer service Nova offers, along with the high level of employee satisfaction that enables it. Nova has received the highest customers satisfaction score on the Icelandic telco market twelve years in a row, while accepting numerous other awards and accolades, including awards for "Marketing company of the year" in 2009 and 2014, and again in 2020.

In 2014, Nova became the first Icelandic telecommunications company to launch 4G/LTE internet service in Iceland, now offering widespread 4G and 4.5G/LTE network around the country. Nova is also the first, and hitherto only, Icelandic telecommunication company to initiate 5G trials and first to launch 5G in the market in 2020.

Nova added fibre services to its stable of products in 2016 Nova, using a fibre system provided by Gagnaveitan. Currently the fastest home connection available in Iceland, Nova fibre supports 1000 MB/s and has already reached more than 20% market share in the field.

Nova operates NovaTV – an OTT TV service, offering free access to all free-to-air TV content in Iceland in addition to subscription channels. More than 50 thousand users have signed up for Nova TV.

The Nova team comprises 165 talented employees of various backgrounds and experiences. An equal opportunity employer, Nova goes to great lengths to ensure that its workforce enjoys a fair and stimulating work environment. Nova is role model in Iceland when it comes to positive workplace culture, thanks to the recruiting, training and motivating methods the company has developed through the years.

Emphasizing social responsibility and positive participation, Nova has been a proud supporter of both Icelandic Music and the Icelandic startup community since the beginning.

Supporting Icelandic Music

Nova ♡ Music

Nova has proudly supported Icelandic music and the people who make it for well over a decade.

In partnership with local music rightsholders and Iceland's Composer's Rights Society (STEF), Nova operates Vinatónar — a service that provides its customers with a wide selection of Icelandic music ringback-tones, free of charge. Nova also runs a concert series, Uppklapp, which promotes Icelandic music through live events, social media content and direct promotions.

In 2020, we became the main sponsor and collaborator of the Icelandic Music Awards. Among other things, our support covers musicians' application fee to the awards, which resulted in a record number of participants applying to the 2021 Icelandic Music Awards.

Due to the year's unprecedented nature, Nova had to forego its usual series of free sponsored concerts in 2020. To make up for this, we linked up with dozens of musicians and recorded special "home concerts," which we then broadcast for free on-line. Still going strong alongside this is our "artist of the month" programme, which offers young musicians the chance to promote their music and introduce themselves to scores of eager listeners on Nova's dime.

Of course, participating musicians are paid for all of their efforts with Nova. We find this especially necessary now - at a time when paying musical gigs have become increasingly scarce - and instated the policy with that in mind.

Non-financial disclosure (Unaudited)

Sustainability & Recycling

Nova ♡ Nature
Nova encourages the sustainable lifecycle of electronics.

Nova aims to be environmentally conscious and devoted to a sustainable use of the devices that power our business. In 2019, we introduced Endurgræddu, a programme which offers our customers the chance to ensure a sustainable lifecycle for their electronics through reuse, refurbishment and recycling. The programme has proved a great success, with scores of customers trading their old and/or disused mobile phones, tablets and smartwatches for Nova credit or free recycling.

In addition, Nova has thoroughly emphasised recycling at its offices, aiming to create a zero-waste environment, along with reimbursing employees who opt for cleaner commuting solutions.

Through its collaboration with The Icelandic Wetlands Fund, Nova bound 250 metric tonnes of carbon dioxide in 2020.

Gender Equality & Social Justice

Nova ♡ People
Nova provides every employee with the support and environment to fully develop their skills, regardless of their gender, ethnicity or orientation.

Nova is an equal opportunity employer and has taken several steps to ensure that every employee enjoys a fair and stimulating work environment, free from prejudice and structural biases of any kind.

In 2019, Nova implemented an equal pay policy and monitoring system in accordance with the management requirement standard ÍST 85, resulting in an Equal Pay Certification awarded on 6.3.2020. In 2020, we continued developing the equal pay format, a path on which we will continue in the coming years.

As Nova is the first workplace for many employees, we find it important to teach and train them properly, setting a good example for young people taking their first steps in the workforce. Therefore, new employees attend the Nova School, a two-week training intensive intended to bring them up to speed regarding the company and its practices, along with their rights and responsibilities. We follow up with monthly employee satisfaction surveys and regular one-on-one meetings where we discuss their work environment and address any questions. Employee health and well-being is further promoted through various lectures and programs through the year.

In the spirit of progress and giving back, Nova actively shares information with professional industries and universities in Iceland.

Non-financial disclosure (Unaudited)

Sponsoring Icelandic Startups

Nova ♡ Innovation

Nova has been a proud supporter of Icelandic startups for well over a decade.

At Nova, innovation has been a core value since the very beginning. We are therefore eager to promote and encourage local startups and each year take several steps to ensure healthy competition and organic growth in our local startup economy.

In this spirit, Nova has been a main sponsor of Gulleggið, an accelerator programme for entrepreneurs in Iceland that provides financial support and advice as they develop their ideas and bring them to market. Nova also mentors young entrepreneurs at the Startup Reykjavík forum, and shares knowledge with customers at regular events to that end. Nova is also an eager supporter of the Icelandic education system, staging various seminars, lectures and events at Reykjavík universities throughout the year.

In 2020 we founded Startup SuperNova, which is Iceland's largest startup accelerator programme. The inaugural run saw us running a ten week programme with ten participating teams. The ten teams selected for participation, worked on their ideas and projects over a ten week period during the summer, getting guidance from mentors, and finally pitching to investors at the end of the program. The program is facilitated by Icelandic Startups. The accelerator does not invest in its companies, but give each of them a 1 million ISK grant for their participation.

Promoting Mental Health

Nova ♡ Mental Health

We funded a research project into the effects of the overuse of screentime and social media on mental health, the largest one executed in Iceland to this date. We donated the results to Hugrún, the University of Iceland's organisation for mental health education.

We launched a campaign where we encouraged Icelanders to - sometimes - put down their phones, shut down the internet and enjoy the moment.

We instigated a variety of special offers on leisure and recreational activities all over the country and encouraged people to go out and play!

We distributed "chat-cards" at restaurants, where we encouraged patrons to put down their phones and enjoy a little conversation (using the "chat-cards" to inspire questions for friends and family).

We gave away alarm clocks with every sold smartphone, encouraging people to not sleep with their phones by their side, to improve their quality of sleep.

We closed our storefronts on Sundays, referring to them as "log-out days," giving our employees the day off and encouraging our customers to go out and play.

We ran a gigantic ad campaign called "Allir Úr (Everybody Undress)," which encouraged viewers to leave their phones at home (while offering sim-enabled smartwatches, to ensure safety)… the campaign was at the same time a strong satire against unrealistic stereotypes propagated by social media. "Allir Úr (Everybody Undress)" followed by a powerful PR campaign raising awareness of the issue.

Non-financial disclosure (Unaudited)

Governance

The Groups' board comprises four members, two men and two women. The member are elected by the shareholders in annual general meeting. A shareholders' agreement is in place, governing the authority of the board and relationship with shareholders. The shareholders' agreement stipulates joint and equal rights of the two shareholder groups, Novator and Pt Capital.

The board generally meets in person at least four times a year and on-line at least monthly. In 2020 there was only one in-person meeting due to the pandemic. Minutes are kept by the CFO. The shareholders have appointed three observers that are able to participate in meetings. Board members have access to a secure on-line platform with all board material, minutes, presentations, KPI and key documents.

Extensive key performance indicator report is prepared each month – first a preliminary report highlighting revenue and sales, and, later in the month, a full report with detailed management accounts. A market benchmarking report is prepared quarterly.

CEO reports to the board. The management board comprises five members, the CEO and four managing directors, two women and three men.

Verification

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