

1. Jan. – 30. Sept. 2022

# Condensed Consolidated Interim Financial Statements



**INOVA**  
KLÚBBURINN

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Reg. no. 620916-0560  
Lágmúli 9, 108 Reykjavík

## Endorsement by the Board of Directors and the CEO

Nova Klúbburinn hf. is the parent company of Nova hf. whose principal operations are telecommunications and related activities. These Condensed Consolidated Interim Financial Statements comprise the Condensed Consolidated Interim Financial Statements of Nova Klúbburinn hf. (the "Company") and its subsidiary together referred to as the "Group". The Condensed Consolidated Interim Financial Statements are neither audited nor reviewed.

According to the Condensed Consolidated Interim Statement of Profit or loss and other Comprehensive Income total revenue for the period January to September 2022 amounted to ISK 9.287 millions. EBITDA for the period was ISK 2.658 millions and profit was ISK 364,6 millions. Equity at end of the period amounted to ISK 8.896 millions, according to the Condensed Consolidated Interim Statement of Financial Position, and the equity ratio was 39%. Reference is made to the Condensed Consolidated Interim statement of Changes in Equity regarding information on changes in equity during the period.

In a shareholders meeting in April the Company's shareholders approved an increase of share capital by net value of ISK 3.395 millions by issuance of new shares to new investors thereby expanding the shareholder group. The amount received was allocated to repayment of long term borrowings as can be seen in the Cash Flows. Simultaneously the shareholders approved to list the shares of the company on the Main Market of Nasdaq Iceland. The listing was completed successfully in June with over 5.000 new shareholders added to the list of owners of the Company. See effects on equity in Note 4 and Statement of Changes in Equity. Prior to the listing the shareholders approved in an extraordinary meeting at the end of May to change the Company's name from Platínium Nova hf. to Nova Klúbburinn hf. On 1st of September 2022 a new Act on Telecommunication came into effect, the proposed bill for which Act was the subject of the Board's discussion on operational risk in the Annual Consolidated Accounts for 2021.

On the 5th of October the Board of Nova Klúbburinn hf. called for a shareholder meeting to be convened on coming 2nd of November.

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

According to our best knowledge, it is our opinion that the Condensed Consolidated Interim Financial Statements give a true and fair view of the Condensed Consolidated Financial Performance of the Group for the period January to September 2022, its assets, liabilities and Condensed Consolidated Financial Position as at 30 September 2022 and its Condensed Consolidated Cash Flows for the period January to September 2022. Furthermore, it is our opinion that the Condensed Consolidated Financial Statements and the Endorsement by the Board of Directors and the CEO contain a clear overview of developments and results in the Group's operations and its position.

The Board of Directors and the CEO hereby confirm the Condensed Consolidated Interim Financial Statements for the period January to September 2022 by means of their signatures.

Reykjavík, 27. October 2022

### Board of Directors

Hugh Short  
Chairman

Jón Óttar Birgisson  
Board member

Hrund Rudolfsdóttir  
Board member

Kevin Payne  
Board member

Tina Pidgeon  
Board member

Margrét Tryggvadóttir  
Managing Director (CEO):

## Condensed Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income

	Note	1.7.-30.9 2022	1.7.-30.9 2021	1.1.-30.9 2022	1.1.-30.9 2021
<b>Operating revenues</b>					
Sales .....	3	3.122.215	3.064.737	9.169.096	8.739.942
Other operating income .....		43.346	25.748	118.074	80.980
		<u>3.165.561</u>	<u>3.090.485</u>	<u>9.287.170</u>	<u>8.820.922</u>
<b>Operating expenses</b>					
Cost of sales .....		1.561.342	1.656.531	4.720.036	4.795.207
Salaries and salary-related expenses .....		377.321	332.511	1.233.702	1.126.195
Other expenses .....		216.523	155.436	675.077	516.954
		<u>2.155.186</u>	<u>2.144.478</u>	<u>6.628.815</u>	<u>6.438.356</u>
EBITDA .....		1.010.375	946.007	2.658.355	2.382.566
Depreciation and amortisation .....		(503.708)	(491.544)	(1.468.594)	(1.468.063)
<b>Results from operating activities</b>		<u>506.667</u>	<u>454.463</u>	<u>1.189.761</u>	<u>914.503</u>
<b>Finance income and (expenses):</b>					
Interest income .....		8.648	16.460	42.493	35.908
Interest expenses .....		(257.013)	(108.298)	(783.229)	(299.947)
Foreign exchange gain (loss) .....		(1.296)	(1.305)	5.399	889
	5	<u>(249.661)</u>	<u>(93.143)</u>	<u>(735.337)</u>	<u>(263.150)</u>
Profit from sale of associate .....		0	0	0	250.331
<b>Profit before income tax</b>		257.006	361.320	454.424	901.684
Income tax .....		(51.061)	(71.924)	(89.873)	(129.258)
<b>Net profit and comprehensive income for the period</b>		<u>205.945</u>	<u>289.396</u>	<u>364.551</u>	<u>772.426</u>
<b>Profit for the year attributable to:</b>					
Owners of the Company .....		205.945	289.396	364.551	772.426
Non-controlling interests .....		0	0	0	0
Profit for the period .....		<u>205.945</u>	<u>289.396</u>	<u>364.551</u>	<u>772.426</u>



## Condensed Consolidated Interim Statement of Financial Position

	Note	30 Sept. 2022	31 Dec. 2021
<b>Assets</b>			
<b>Non-current assets</b>			
Goodwill .....		10.048.985	10.048.985
Intangible assets .....		1.685.115	1.827.904
Operating assets .....		3.751.495	3.596.168
Right of use assets .....		3.639.858	3.268.717
Investment in associates and other .....		2.596	2.596
Deferred income tax asset .....		478.239	403.698
		<u>19.606.288</u>	<u>19.148.068</u>
<b>Current assets</b>			
Inventories .....		417.929	389.434
Trade receivables .....		1.099.484	1.044.223
Other receivables .....	7	345.239	1.541.391
Cash and cash equivalents .....		1.295.422	2.178.878
		<u>3.158.074</u>	<u>5.153.926</u>
<b>Total assets</b>		<u><u>22.764.362</u></u>	<u><u>24.301.994</u></u>

## Condensed Consolidated Interim Statement of Financial Position

	Note	30 Sept. 2022	31 Dec. 2021
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Share capital .....	4	3.817.277	3.132.345
Share premium .....	4	2.710.068	0
Reserves .....		868.474	1.162.376
Retained earnings .....		1.500.351	841.898
		<u>8.896.170</u>	<u>5.136.619</u>
<b>Non-current liabilities</b>			
Loans and borrowings .....	5	2.310.223	6.737.880
Lease liabilities .....		5.625.189	5.223.124
Other non-current liabilities .....		2.673.006	2.498.859
		<u>10.608.418</u>	<u>14.459.863</u>
<b>Current liabilities</b>			
Current maturities of loans and borrowings .....		149.324	346.720
Trade payables .....		723.198	765.170
Tax payable .....		1.325.546	1.288.162
Lease liabilities and other liabilities .....		184.797	169.267
Other payables .....	7	821.131	2.073.564
Pre-payments .....		55.778	62.629
		<u>3.259.774</u>	<u>4.705.512</u>
<b>Total liabilities</b>		13.868.192	19.165.375
<b>Total equity and liabilities</b>		<u><u>22.764.362</u></u>	<u><u>24.301.994</u></u>

## Condensed Consolidated Interim Statement of Cash Flows

	Note	1.7.-30.9 2022	1.7.-30.9 2021	1.1.-30.9 2022	1.1.-30.9 2021
<b>Cash flows from operating activities</b>					
Net profit for the period .....		205.945	289.396	364.551	772.426
Adjustments for:					
Depreciation and amortisation .....		503.708	491.544	1.468.594	1.468.063
Income tax .....		51.061	71.924	89.873	129.258
Net finance expenses .....		249.661	93.143	735.337	263.150
		<u>1.010.375</u>	<u>946.007</u>	<u>2.658.355</u>	<u>2.632.897</u>
<b>Changes in operating assets and liabilities:</b>					
Inventories, (decrease) .....		58.609	72.317	(28.495)	(44.985)
Trade and other receivables, (increase) decrease .....		(20.516)	(35.966)	(296.412)	107.444
Trade and other payables, increase (decrease) .....		(145.429)	(358.154)	135.216	(139.296)
		<u>(107.336)</u>	<u>(321.803)</u>	<u>(189.691)</u>	<u>(76.837)</u>
Interest income received .....		8.648	12.322	42.493	31.770
Interest expenses paid .....		(161.770)	(102.092)	(565.162)	(293.733)
Paid taxes .....		(28.169)	(65.284)	(112.872)	(165.518)
<b>Net cash inflow from operating activities</b>		<u>721.748</u>	<u>469.150</u>	<u>1.833.123</u>	<u>2.128.579</u>
<b>Cash flows to investing activities</b>					
Acquisition of operating assets .....		(244.527)	(196.507)	(1.102.629)	(1.010.777)
Acquisition of intangible assets .....		(76.751)	(60.625)	(227.989)	(185.152)
Investment in a subsidiary, net of cash acquired .....		0	0	0	(5.213)
		<u>(321.278)</u>	<u>(257.132)</u>	<u>(1.330.618)</u>	<u>(1.201.142)</u>
<b>Cash flows from financing activities</b>					
Share capital increase .....		0	0	3.395.000	0
Lease agreement, repayment of principal .....		(35.467)	(28.680)	(108.276)	(86.041)
Other non current liabilities, repayment of principal .....		(9.738)	0	(29.215)	0
Payments on loans from financial institutions .....		(32.948)	(100.000)	(4.646.052)	(300.000)
		<u>(78.153)</u>	<u>(128.680)</u>	<u>(1.388.543)</u>	<u>(386.041)</u>
<b>Increase (decrease) in cash and cash equivalents</b>		<u>322.317</u>	<u>83.338</u>	<u>(886.038)</u>	<u>541.396</u>
Effect of fx rates on cash and cash equivalents .....		2.810	0	2.582	1.025
Cash and cash equivalents at the beginning of the period		970.295	654.544	2.178.878	195.461
<b>Cash and cash equivalents at end of the period</b>		<u><u>1.295.422</u></u>	<u><u>737.882</u></u>	<u><u>1.295.422</u></u>	<u><u>737.882</u></u>

## Condensed Consolidated Interim Statement of Changes in Equity for the period ended 30 September 2022

	Share capital	Share premium	Reserves	Retained earnings	Total
Balance at 1 January 2021	8.253.593	0	114.909	698.783	9.067.285
Revised accounting.....				52.490	52.490
Revised Balance 1 January 2021	8.253.593	0	114.909	751.273	9.119.775
Profit January to September 2021.....				772.426	772.426
Balance at 30 Sept. / Oct. 1, 2021	8.253.593	0	114.909	1.523.699	9.892.201
Net profit October to December 2021.....				714.238	714.238
Share of profit of subsidiary in excess of dividend received.....			957.500	(957.500)	0
Contribution to statutory reserve.....			145.070	(145.070)	0
Recognition of share-based payments .....			173.304		173.304
Share capital increase.....	556.875				556.875
Share capital decrease.....	(5.678.123)			(521.877)	(6.200.000)
Exercised stock options.....			(228.407)	228.407	0
Balance at 31 Dec. 2021 / Jan. 1, 2022	3.132.345	0	1.162.376	841.898	5.136.619
Balance at 1 January 2022	3.132.345		1.162.376	841.898	5.136.619
Net profit January to September 2022.....				364.551	364.551
Share capital increase.....	684.932	2.815.068			3.500.000
Cost of share capital increase.....		(105.000)			(105.000)
Share of profit of subsidiary less dividend received.....			(293.902)	293.902	0
Balance at 30 September 2022	3.817.277	2.710.068	868.474	1.500.351	8.896.170



## Notes to the Financial Statements

### Accounting principles

#### 1.1 Reporting entity

Nova Klúbburinn 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 Condensed Consolidated Interim Financial Statements for the Company for the period ended 30 September 2022 comprise the Company and its subsidiary, Nova hf., together referred to as the "Group".

The Group's principal operations are telecommunications and related activities.

#### 1.2 Basis of preparation

The main accounting policies used in preparing these financial statements are set out below. These methods were applied in a consistent manner in both years presented, unless otherwise stated.

The Condensed Consolidated Interim Financial Statements of Nova Klúbburinn hf. for the period January to September 2022 are prepared in accordance with the International Accounting Standard IAS34 as approved by the European Union and additional requirements in the Annual Accounts Act. The Condensed Interim Financial Statements do not contain all the information required in the completed financial statements and should therefore be read along with the Consolidated Financial Statements for the year 2021.

The Condensed Consolidated Interim Financial Statements are presented in Icelandic Kronas (ISK) which is the Group's functional currency. All financial information presented in ISK has been rounded to the nearest thousand, unless otherwise indicated.

#### 1.3 Important issues related to accounting estimates

In preparing the interim consolidated financial statements, management is required, in accordance with International Financial Reporting Standards, to make assumptions, estimates and draw conclusions that affect assets and liabilities at the reporting date, information in the notes and income and expenses. The estimates and assumptions are based on Management's experience and various other factors that are considered relevant and form the basis of the decisions made regarding the book value of assets and liabilities that are not available in any other way. Even if the estimates are to the best of the management's knowledge, the value of the items may prove to be different from the estimates when recognized by sale or disposals.

### 2. Revised accounting treatment of end-user equipment

Assets that previously were classified as Other Receivables in the Statement of Financial Position are now classified under Operating Assets according to IAS16. The numbers for the period January to September 2022 reflect the new accounting treatment and comparative numbers have been adjusted. Effects on the comparative Statement of Financial Position numbers can be seen in the below table. Costs of those assets were previously expensed over the estimated lifetime under Cost of sales in the Statement of Profit or Loss but are now depreciated over 3 years according to the new treatment. Effects for the period January to September 2022 on Cost of sales is a reduction by ISK 125 million and an increase in depreciation by ISK 100 million. Effects on the previously reported full year Statement of Profit or Loss numbers for 2021 will be outlined in the Annual Financial Statements for 2022.

The effects on the Statement of Financial Position comparative numbers are as follows:

	Reported 31.12.2021	Revision	Revised 31.12.2021
Other Receivables .....	1.689.882	(148.491)	1.541.391
Operating Assets .....	3.359.218	236.950	3.596.168
Retained earnings .....	(753.438)	(88.459)	(841.897)

## Notes to the Financial Statements

### 3. Revenue from contracts with customers

In accordance with internal reporting the Group in whole is defined as one segment with four main revenue streams: Mobile network, Fixed network, Goods sold and Other revenues.

Mobile network:	Revenue from mobile network services. Including subscription and prepaid revenues for data usage on mobile devices. Also roaming revenues, interconnect revenues and other related revenues. Recognized over time in the relevant subscription period or in the period when usage occurs.
Fixed network:	Revenue from fixed network services. Including subscriptions and prepaid revenues for fiber and other data connections. Also access fees, lease of equipment and other related revenues. Recognized over time in the relevant subscription period or in the period when usage occurs.
Goods sold:	Revenue from sale of handsets, routers, accessories and other equipment. Recognized at a point in time when control of the product has transferred over to the customer.
Other:	Revenue from various other telco related services not applicable to the above categories. Such as fixed line services, joint venture operations, media etc. Recognized in the period when usage occurs.

	Mobile netw.	Fixed netw.	Goods sold	Other	Total
January to September 2022					
Point in time .....	0	0	1.576.295	0	1.576.295
Over time .....	4.496.923	2.268.526	0	827.352	7.592.801
Total sales revenues .....	4.496.923	2.268.526	1.576.295	827.352	9.169.096

	Mobile netw.	Fixed netw.	Goods sold	Other	Total
January to September 2021					
Point in time .....	0	0	1.846.981	0	1.846.981
Over time .....	4.086.396	2.042.437	0	764.128	6.892.961
Total sales revenues .....	4.086.396	2.042.437	1.846.981	764.128	8.739.942

Names and descriptions of the revenue streams have been updated from previous statements to better reflect different types and underlying sources of revenues. Current revenue stream classes are; Mobile network (previously Mobile services), Fixed network (previously Internet services), Goods sold (previously Products sold) and Other revenues. Simultaneously part of revenues allocated under Fixed network have been reclassified under Mobile network. Effects on the previously published Q2 statement is an increase in Mobile service revenues by 456 million (2021: 386 million) and reduction by same amount in Internet services.

### 4. Equity

#### Share capital

The Company's nominal value of share capital, according to its Articles of Association, amounts to ISK 3.817.277 thousand. One vote is attached to each ISK share in the Company. At the beginning of the year the share capital amounted to ISK 3.132.345 thousand it was increased in April by 684.932 thousand in nominal value for a total value of 3.500 million. All of the share capital has been paid. The Company does not hold any own shares.

#### Cost of equity increase and IPO

Direct transaction cost of the equity increase amounted to ISK 105 million and has been classified as a deduction of share premium in the Interim Statement of Changes in Equity according to the International accounting standard IAS32. General costs of the IPO process are expensed in the Statement of Profit or Loss, in total those costs amounted to ISK 66 million whereas ISK 40 million were expensed in the second quarter 2022.

## Notes to the Financial Statements

### 5. Finance income and (expenses):

Increase in interest expenses between January - September 2021 and January - September 2022 results from a higher balance of interest bearing liabilities at the beginning of the year as well as a rise in interest rates between the two periods. Also the balance of lease liabilities has increased from previous year with higher lease payments that are classified under depreciation and interest expenses in accordance to IFRS16. The Lease liabilities and Other non-current liabilities are indexed and the effects of current high inflation increase financial expenses. From the beginning of the year the company has made prepayments for a total of 4.500 million in addition to contractual payments on interest bearing loans and borrowings.

Finance income and (expenses) are as follows in ISK millions:

	Jan-Sep 2022	Jan-Sep 2021
Interest income .....	42	36
Foreign exchange gain (loss) .....	5	1
<b>Total Finance income</b>	<b>48</b>	<b>37</b>
Interest expenses of Loans and borrowings .....	(276)	(217)
Interest expenses of Lease liabilities .....	(263)	(81)
Interest expenses of Other non-current liabilities .....	(44)	0
Index expenses of Other non-current liabilities .....	(193)	0
Other Finance expenses .....	(6)	(2)
<b>Total Finance expenses</b>	<b>(783)</b>	<b>(300)</b>
<b>Net Finance income (expenses)</b>	<b>(735)</b>	<b>(263)</b>

### 6. Subsequent events

The Group has evaluated the period from September 30th through the date when the financial statements were issued to determine if there occurred any event that must be reported. The Management of the Company determined that there were no reportable subsequent events to be disclosed.

### 7. Other

At beginning of the year a Value added Tax in the amount of 1.266,8 million ISK in relation to the sale of passive assets in previous year was outstanding and classified under Other liabilities. The same amount was outstanding from the buyer and was classified under Other receivables. These amounts were both fully settled in February 2022, resulting in reduction of outstanding balances of receivables and payables.

## Quarterly results

Quarterly results 2022 are as follows in ISK millions:

	Q3 2022	Q2 2022	Q1 2022	9M 2022
Mobile network revenues .....	1.580	1.494	1.423	4.497
Fixed network revenues .....	773	753	742	2.269
Goods sold revenues .....	493	592	491	1.576
Other revenues .....	276	271	280	827
Other operating income .....	43	39	36	118
<b>Operating revenues .....</b>	<b>3.166</b>	<b>3.150</b>	<b>2.972</b>	<b>9.287</b>
Cost of sales .....	(1.561)	(1.514)	(1.645)	(4.720)
Salaries and salary-related expenses .....	(377)	(427)	(430)	(1.234)
Other expenses .....	(217)	(216)	(243)	(675)
<b>Operating expenses .....</b>	<b>(2.155)</b>	<b>(2.156)</b>	<b>(2.317)</b>	<b>(6.629)</b>
<b>EBITDA</b>	<b>1.010</b>	<b>993</b>	<b>655</b>	<b>2.658</b>
Depreciation of operating assets .....	(326)	(319)	(302)	(947)
Amortization of intangible assets .....	(124)	(125)	(122)	(371)
Depreciation of right of use assets .....	(54)	(50)	(47)	(151)
<b>Depreciation and amortisation .....</b>	<b>(504)</b>	<b>(495)</b>	<b>(470)</b>	<b>(1.469)</b>
<b>Results from operating activities</b>	<b>507</b>	<b>499</b>	<b>185</b>	<b>1.190</b>
Interest income .....	9	8	25	42
Foreign exchange gain (loss) .....	(1)	0	6	5
Interest expenses of Loans and borrowings .....	(66)	(78)	(132)	(276)
Interest expenses of Lease liabilities .....	(89)	(90)	(85)	(263)
Interest expenses of Other non-current liabilities .....	(14)	(15)	(15)	(44)
Index expenses of Other non-current liabilities .....	(82)	(80)	(31)	(193)
Other finance income (expenses) .....	(5)	(1)	(0)	(6)
<b>Finance income and (expenses): .....</b>	<b>(249)</b>	<b>(255)</b>	<b>(232)</b>	<b>(735)</b>
Profit from sale of associate .....	0	0	0	0
<b>Profit before income tax</b>	<b>257</b>	<b>244</b>	<b>(47)</b>	<b>453</b>
Income tax .....	(51)	(15)	(24)	(90)
<b>Total comprehensive income for the period</b>	<b>206</b>	<b>229</b>	<b>(72)</b>	<b>364</b>

## Quarterly results

Quarterly results 2021 are as follows in ISK millions:

	Q3 2021	Q2 2021	Q1 2021	9M 2021
Mobile network revenues .....	1.454	1.349	1.284	4.086
Fixed network revenues .....	706	684	652	2.042
Goods sold revenues .....	626	628	593	1.847
Other revenues .....	279	252	233	764
Other operating income .....	26	28	27	81
<b>Operating revenues .....</b>	<b>3.090</b>	<b>2.942</b>	<b>2.788</b>	<b>8.821</b>
Cost of sales .....	(1.657)	(1.634)	(1.505)	(4.795)
Salaries and salary-related expenses .....	(333)	(403)	(391)	(1.126)
Other expenses .....	(155)	(180)	(181)	(517)
<b>Operating expenses .....</b>	<b>(2.144)</b>	<b>(2.217)</b>	<b>(2.076)</b>	<b>(6.438)</b>
<b>EBITDA</b>	<b>946</b>	<b>725</b>	<b>712</b>	<b>2.383</b>
Depreciation of operating assets .....	(310)	(306)	(297)	(913)
Amortization of intangible assets .....	(145)	(152)	(147)	(444)
Depreciation of right of use assets .....	(37)	(37)	(37)	(110)
<b>Depreciation and amortisation .....</b>	<b>(492)</b>	<b>(495)</b>	<b>(482)</b>	<b>(1.468)</b>
<b>Results from operating activities</b>	<b>454</b>	<b>230</b>	<b>230</b>	<b>915</b>
Interest income .....	16	5	14	36
Foreign exchange gain (loss) .....	(1)	(2)	5	1
Interest expenses of Loans and borrowings .....	(81)	(64)	(72)	(217)
Interest expenses of Lease liabilities .....	(27)	(27)	(27)	(81)
Interest expenses of Other non-current liabilities .....	0	0	0	0
Index expenses of Other non-current liabilities .....	0	0	0	0
Other finance income (expenses) .....	(1)	(0)	(0)	(2)
<b>Finance income and (expenses): .....</b>	<b>(94)</b>	<b>(89)</b>	<b>(81)</b>	<b>(263)</b>
Profit from sale of associate .....	0	0	250	250
<b>Profit before income tax</b>	<b>361</b>	<b>141</b>	<b>400</b>	<b>902</b>
Income tax .....	(72)	(34)	(23)	(129)
<b>Total comprehensive income for the period</b>	<b>289</b>	<b>107</b>	<b>377</b>	<b>772</b>