Platínum Nova hf.

Consolidated Financial Statements 2021

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

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 2021 amounted to ISK 12.982 million. EBITDA was ISK 3.919,2 million and profit for the year was ISK 1.450,7 million. Equity at year end amounted to ISK 5.048,2 million, according to the consolidated statement of financial position, and the equity ratio was 20,8%. 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 were limited as the previous year. The Group was able to maintain its regular operations and provide full services to its customers during the year. The Group did not seek or receive any governmental grants or utilised other specific public measures during the pandemic.

On the 14th of December the Group finalised sale of part of its passive mobile infrastructure to DigitalBridge Group Inc. The sale proceeds amounted to ISK 5.285,5 million. Simultaneously the Group signed long term service and lease agreement to secure access for its network. No active network equipment was sold. See note 25.

On the 16th of December the Company increased its share capital by ISK 557 million and issued to key management in relation to closing of share option rights. See statement of changes in equity and note 24.

On the 17th of December the Company reduced its share capital by ISK 5.678 million by a total payment of ISK 6.200 million to its shareholders. Issued share capital at year end amounted to ISK 3.132 million. See Statement of changes in equity and note 19.

The Board proposes that the results of the year 2021 are carried forward and no dividends paid to shareholders in the year 2022.

Average number of employees was 147 for the year 2021 as opposed to 150 in the year 2020. The gender split was 63% male and 37% female. The Company’s Board of Directors comprises five members, three men and two women. The executive management comprises of five members, two women and three men.

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

	At year end 2021	At year end 2020
Nova Acquisition Holding ehf.	86,42%	44,5%
Nova Acquisition (Iceland) LLC	2,58%	5,5%
M&M Partners ehf.	3,27%	0,0%
2020 ehf.	1,64%	0,0%
Háihamar ehf.	1,23%	0,0%
Sidus ehf.	1,23%	0,0%
Sprengistjarna ehf.	1,23%	0,0%
Margrét B. Tryggvadóttir	1,00%	0,0%
77 Partners ehf.	0,94%	0,0%
Jörfavík ehf.	0,23%	0,0%
KÞ fjárfestingar ehf.	0,23%	0,0%
Novator Nova ehf.	0,00%	50,0%
	100,00%	100,00%

Financial risk and risk management
The Board of Directors and CEO refer to note 23 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
Subsequent to year end no material events have occured that effect the Groups financial position.

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

Operational risk
In a proposed bill of law on Telecommunication under discussion by parliament, the minister of telecommunications is given authority to decide that equipment in parts of local telecommunications networks, that are deemed sensitive with respect to public interest or national security, shall in part or totally come from manufacturers in countries that Iceland is in security cooperation with and/or from within the EEA. Depending on how the bill may be finally adopted and implemented, such a decision may pose some restrictions to Nova's network operations. Where other countries have made similar decisions to impose restrictions regarding suppliers, governments have typically been liable for the costs of building up a new network from a different supplier or a grace period has been allowed where companies are allowed to replace equipment when needed from new suppliers. The proposed bill is silent regarding what measures Icelandic authorities might take in this respect. The bill also contains a general authorization for ECOI to impose administrative fines on companies amounting to up to 4 per cent of their total turnover, if the authority concludes that a telecommunication company is in breach of a supplier restriction decision imposed under Art. 103 of the bill.

If the proposed bill will be implemented as law, it can be assumed that Icelandic telecommunication law will be interpreted and applied with regard to EU legislation, guidelines and caselaw, cf. e.g. EU toolbox and 5G cybersecurity measures.

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 2021, its assets, liabilities and consolidated financial position as at 31 December 2021 and its consolidated cash flows for the year 2021. Furthermore, it is our opinion that the financial statements and the report of the Board of Directors and the CEO contain a clear overview of developments and results in the Group's operations, its position and describe the main risk factors and uncertainties facing the Group.

The Board of Directors and the CEO hereby confirm the Group's financial statements for the year 2021 by means of their signatures.

Reykjavík, 29. March 2022

Board of Directors:

Hugh Short
Chairman

Gísli Valur Guðjónsson
Board member

Hrund Rudolfsdóttir
Board member

Kevin Payne
Board member

Tina Pidgeon
Board member

Margrét Tryggvadóttir
Managing Director (CEO):

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 2021, excluding the Endorsement by the Board of Directors and the CEO.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the group as at December 31, 2021, 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.

Our opinion is consistent with our additional report to the Audit Committee and the Board of Directors.

The consolidated financial statements comprise

- Endorsement by the Board of Directors and the CEO.

- The Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year 2021.

- The Consolidated Statement of Financial Position as at December 31st, 2021.

- The Consolidated Statement of Cash Flows for the year 2021.

- The Consolidated Statement of Changes in Equity for the year ended 31. December 2021.

- Notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

The Endorsement by the Board of Directors and the CEO is 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.

To the best of our knowledge and belief, we declare that non-audit services that we have provided to the group and its subsidiaries are in accordance with the applicable law and regulations in Iceland and that we have not provided non-audit services that are prohibited under Article 5.1. of Regulation (EU) No. 537/2014.

The non-audit services that we have provided to the group and its subsidiaries, in the year 2021, are disclosed in note 22 to the consolidated financial statements.

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

Independent Auditor's Report

Key Audit Matters
Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion there on, and we do not provide a separate opinion on these matters.

Key audit matters	How the matter was addressed in our audit
Sales revenue: *Sales revenue totaled ISK 12 billion.* *We put an emphasis on this line item as the recognition of revenue is complex due to the sheer volume of entries for the different revenue streams and because it is the single largest single item in the financial statements.* *Many different systems also need share data with each other in order for revenue to be regognised correctly, from measuring usage and creating invoices to generating the correct financial information to the general ledger.* *We refer to notes 1.5 and 2 that explain the Group's revenue recognition in further detail.*	*Our audit procedures included:* *- Substantive audit procedures were performed on sales invoices and their corresponding payments.* *-Trade receivables were confirmed by a review of their payments after year end.* *-The Group's information system was reviewed by examining the flow of data between different IT systems.* *-Internal control was examined relating to the review of fluctuations in amounts of revenue streams between different months.* *-The Group's usage and data measurements were tested with a detailed inspection.* *-A special test was performed on revenue that did not flow from the Group's sales systems.* *- Relevant notes have been reviewed.*
The sale of passive telecommunications infrastructure: *In December 2021, the Group sold passive telecommunication infrastructure for a total of ISK 5,285 billion while agreeing to lease those assets back for the next 40 years.* *The accounting implications of the agreement are complex and the financial implications are significant to the statement of financial position at year end and the statement of profit and loss for the year.* *We refer to Note 25 which explains the transaction in further detail.*	*Our audit procedures included:* *-The accounting treatment of the agreements were reviewed in detail and compared with the requirements of relevant IFRS standards.* *- ROU assets, lease liabilities and other liabilities that arose from the purchase were examined in detail together with the calculated gain on sale of the infrastructure recognized in the statement of profit and loss. Management's assumptions in relation to the accounting treatment were evaluated with assistance from PwC accounting experts.* *- The tax effects of the transactions were examined.* *- Relevant notes have been reviewed.*

Independent Auditor's Report

Key audit matters	How the matter was addressed in our audit
Valuation of goodwill: *The Group's goodwill is the largest line item on the Consolidated Statement of Financial Position and is valued at ISK 10 billion.* *The valuation model is based on estimated future cash flows of the subsidiary Nova hf. and is heavily influenced by management's assumptions.* *Due the significance of goodwill to the financial statements and the subjective and complex nature of its valuation model, a special emphasis was placed on audit procedures concerning its valuation.* *We refer to Notes 1.8, 7 and 9 which explain the accounting treatment and the underlying assumptions.*	*Our audit procedures included:* *-The Group's valuation model itself of was reviewed for appropriateness.* *-Each significant assumption was reviewed, which includes estimated future growth rates, EBITDA ratios, depreciation expenses and CAPEX plans.* *-The Group's estimated WACC was reviewed, that includes assumptions concerning interest rates and equity financing.* *- PwC valuation experts assisted the audit team in executing the audit.* *- Relevant notes have been reviewed.*

Reporting on other information, including 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 non-financial disclosures, which we obtained prior to the date of this auditor’s report.

Our opinion on the consolidated financial statements does not cover the other information, including the Endorsement by the Board of Directors and the CEO.

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 consolidated 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.

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. The Group's management must provide appropriate explanations regarding its ability to continue as going concern, if applicable, and why management applies the presumption of going concern in the preparation and presentation of the consolidated financial statements

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

Independent Auditor's Report

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Independent Auditor's Report

Report on other legal and regulatory requirements

Appointment

We were first appointed as auditors at the Company's annual general meeting in the year 2019. Our appointment has been renewed annually at the Group's annual general meeting resulting in an uninterrupted engagement period of three years.

Reykjavík, 29 March 2022.

PricewaterhouseCoopers ehf.

Vignir Rafn Gíslason
State Authorized Public Accountant

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year 2021

	Note	2021	2020
Operating revenues			
Sales	2	11.970.622	11.169.719
Other operating income		112.271	136.618
Gain on sale of passive infrastructure	25	899.546	0
		12.982.439	11.306.337
Operating expenses			
Cost of sales		6.634.633	6.345.100
Salaries and salary-related expenses	3	1.727.863	1.572.026
Other expenses		700.714	625.536
		9.063.210	8.542.662
EBITDA		3.919.229	2.763.675
Depreciation and amortisation	4	(1.969.276)	(1.875.841)
Results from operating activities		1.949.953	887.834
Finance income and (expenses):			
Interest income		42.483	50.696
Change in other liabilities	17	(11.976)	56.484
Interest expenses	5	(476.830)	(491.566)
Foreign exchange (loss) gain		545	(22.726)
		(445.778)	(407.112)
Profit from sale of associate	20	250.331	0
Profit before income tax		1.754.506	480.722
Income tax	6, 18	(303.810)	(94.354)
Total comprehensive income for the year		1.450.696	386.368
Profit for the year attributable to:			
Owners of the Company		1.450.696	386.368
Non-controlling interests		0	0
Profit for the year		1.450.696	386.368

Consolidated Statement of Financial Position as at 31 December 2021

Assets

	Note	2021	2020
Non-current assets			
Goodwill	7, 9	10.048.985	10.048.985
Intangible assets	9	1.827.904	2.173.345
Operating assets	8	3.359.218	3.400.631
Right of use assets	10	3.268.717	1.159.394
Investment in associates and other	20	2.596	2.596
Deferred income tax asset	18	403.698	0
		18.911.118	16.784.951
Current assets			
Inventories	13	389.434	398.258
Receivables from related parties	21	0	72
Trade receivables	14	1.044.223	1.155.830
Other receivables	25	1.689.882	175.783
Loans to related parties	21	0	99.353
Cash and cash equivalents	15	2.178.878	195.461
		5.302.417	2.024.757
Total assets		24.213.535	18.809.708

Consolidated Statement of Financial Position as at 31 December 2021

Equity and Liabilities

	Note	2021	2020
Equity			
Share capital	19	3.132.346	8.253.594
Reserves	19	1.162.376	114.909
Retained earnings		753.438	698.782
		5.048.160	9.067.285
Non-current liabilities			
Loans and borrowings	16	6.737.880	5.721.800
Deferred income tax liability	18	0	579.857
Lease liabilities	10	5.223.124	1.121.073
Other non-current liabilities	11	2.498.859	0
		14.459.863	7.422.730
Current liabilities			
Current maturities of loans and borrowings	16	346.720	399.195
Trade payables		765.170	659.787
Tax payable	18	1.288.162	158.454
Lease liabilities and other liabilities	10,11	169.267	117.999
Other payables	25	2.073.564	819.665
Other liabilities	17	0	101.788
Pre-payments		62.629	62.805
		4.705.512	2.319.693
Total liabilities		19.165.375	9.742.423
Total equity and liabilities		24.213.535	18.809.708
Other information	12, 22, 23, 24, 25		

Consolidated Statement of Cash Flows for the year 2021

	Note	2021	2020
Cash flows from operating activities			
Profit for the year		1.450.696	386.368
Adjustments for:			
Depreciation and amortisation	4	1.969.276	1.875.841
Income tax	6,18	303.810	94.354
Gain on sale of passive infrastructure		(899.546)	(3.108)
Effect of accrued stock option	3,24	173.303	18.338
Net finance expenses		445.778	407.112
		3.443.317	2.778.905
Changes in operating assets and liabilities:			
Inventories, (increase) decrease		8.824	(23.738)
Trade and other receivables, (increase) decrease		(135.714)	(12.565)
Trade and other payables, increase (decrease)		196.452	130.128
		69.562	93.825
Interest income received		35.666	44.469
Interest expenses paid		(533.449)	(454.141)
Paid taxes		(159.362)	(188.654)
		2.855.734	2.274.404
Cash flows to investing activities			
Acquisition of operating assets	8	(1.184.817)	(1.261.876)
Acquisition of intangible assets	9	(247.566)	(265.549)
Disposals of operating assets		5.408.323	4.032
Investment in a subsidiary, net of cash acquired	17	(118.977)	(95.000)
Loans to related parties, change		0	6.434
		3.856.963	(1.611.959)
Cash flows from financing activities			
Share capital decrease	19	(5.643.125)	0
Lease agreement, repayment of principal	10	(115.960)	(114.510)
Loans from financial institutions		7.210.857	(532.379)
Payments on loans from financial institutions		(6.182.590)	0
		(4.730.818)	(646.889)
Increase in cash and cash equivalents		1.981.879	15.556
Effect of foreign exchange rates on cash and cash equivalents		1.538	2.412
Cash and cash equivalents at the beginning of the year		195.461	177.493
Cash and cash equivalents at the end of the year	15	2.178.878	195.461

Consolidated Statement of Changes in Equity for the year ended 31 December 2021

	Share capital	Reserves	Retained earnings	Total
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
Balance at 1 January 2021	8.253.594	114.909	698.782	9.067.285
Profit for the year..			1.450.696	1.450.696
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 December 2021	3.132.346	1.162.376	753.438	5.048.160

See note 19 for further information.

Platínum Nova hf. Consolidated Financial Statements for the year 2021 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 2021 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	2 - 5 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 2021 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 24,2 million at year end (2020: 26,6 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 14.

(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.

1.16 Cash and cash equivalents

Cash and cash equivalents in the balance sheet and the Cash flows statements includes cash, call deposits, short-term securities for less than 3 months less overdrafts on bank accounts. Accounts in overdraft are shown as current liabilities on the balance sheet.

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
2021				
Point in time	0	0	2.638.412	2.638.412
Over time	5.759.212	3.572.998	0	9.332.210
Total revenue	5.759.212	3.572.998	2.638.412	11.970.622

	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

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Notes to the Financial Statements

3. Salaries and salary-related expenses

Salaries and salary-related expenses are specified as follows:	2021	2020
Salaries	1.460.589	1.440.649
Pension cost	194.588	189.535
Accrued vacation pay, decrease	2.750	13.851
Stock-option cost	173.303	18.338
Salaries, capitalized	(252.000)	(252.000)
Other salary-related expenses	148.633	161.653
Total salaries and salary-related expenses	1.727.863	1.572.026
Average number of employees	147	150

Salaries of the Board of Directors and CEO amounted to ISK 57,6 million in the year 2021 (2020: 55,8 million). Key management has excercised share options in the Company. See further information in note 24.

Capitalised salary cost of ISK 252.000 thousand relates to operating assets and intangible assets and is included in addition during the year. (2020: 252 million) see information regarding additions in notes 8 and 9.

4. Depreciation and amortisation

Depreciation and amortisation are specified as follows:	2021	2020
Depreciation of operating assets (note 8)	1.226.230	1.220.270
Amortization of intangible assets (note 9)	593.007	506.047
Depreciation of right of use assets (note 10)	150.038	149.523
	1.969.276	1.875.841

5. Interest expenses

Interest expenses are specified as follows:	2021	2020
Interest expenses on lease liabilities (note 10)	121.646	108.577
Interest expenses due to acquisition liability (note 17)	5.213	9.095
Interest expenses, long-term borrowing	348.965	370.697
Other interest expenses	1.006	3.198
	476.830	491.566

6. Income tax

Reconciliation of effective tax rate:	2021		2020	
	Amount	%	Amount	%
Profit before income tax	1.754.506		480.722	
Income tax at 20%	(350.901)	20%	(96.144)	20%
Other items	47.091	-3%	1.790	0%
Income tax expense	(303.810)		(94.354)	

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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 '22-'26)	7,1%
Budgeted EBITDA ratio (AVER. '22-'26)	25,0%
WACC	9,4%
Debt leverage	50,0%
Interest rate for debt	6,8%

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 1.1.2020	7.793.083	1.687.335	27.848	9.508.266
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	8.920.684	1.821.611	18.608	10.760.902
Additions during the year	1.126.232	58.585	0	1.184.817
Sold during the year	0	0	(2.506)	(2.506)
Total value 31.12.2021	10.046.916	1.880.196	16.102	11.943.213

	Telecommuni-cation equip.	Fixtures and equipment	Transportation equipment	Total
Depreciation				
Total depreciation 1.1.2020	4.724.714	1.420.331	3.271	6.148.317
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	5.770.205	1.594.651	(4.585)	7.360.271
Depreciated during the year	1.091.280	134.699	251	1.226.230
Sold during the year	0	0	(2.506)	(2.506)
Total depreciation 31.12.2021	6.861.485	1.729.350	(6.840)	8.583.995
Carrying amount				
31.12.2020	3.150.478	226.960	23.193	3.400.631
31.12.2021	3.185.430	150.846	22.942	3.359.218
Depreciation ratios	10-50%	10-33%	20%	

Insurance value of operating assets amounted to ISK 5.487 million at year end 2021 (2020: 4.791 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 1.1.2020	10.048.985	111.716	4.065.152	14.225.853
Additions during the year	0	0	265.549	265.549
Total value 31.12.2020	10.048.985	111.716	4.330.701	14.491.402
Additions during the year	0	0	247.566	247.566
Total value 31.12.2021	10.048.985	111.716	4.578.267	14.738.968
Amortisation				
Total amortisation 1.1.2020	0	88.776	1.674.249	1.763.025
Amortisation during the year	0	6.838	499.209	506.047
Total amortisation 31.12.2020	0	95.614	2.173.458	2.269.072
Amortisation during the year	0	6.838	586.169	593.007
Total amortisation 31.12.2021	0	102.452	2.759.627	2.862.079
Carrying amount				
31.12.2020	10.048.985	16.102	2.157.243	12.222.330
31.12.2021	10.048.985	9.264	1.818.640	11.876.889
Amortisation ratios		10%	20-50%	

See note 7 regarding the Goodwill. Other Intangible assets consists of brand, customer relationship, websites, apps and service systems development. Part of the addition of other ingangible assets is capitalised salary cost (see note 3), and will be amortisited in 5 years.

10. Right of use (ROU) assets and lease liabilities

The Group recognises right of use (ROU) 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 7,16% for property and transportation equipment and 6,77% 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.

Right of use (ROU) assets and lease liabilities are as follows:

Right of use (ROU) assets	Property and transportation equipment	Telecommuni- cation equipm. facilities passive and active	Total
Right of use (ROU) assets at 1.1.2021	439.790	719.603	1.159.393
New ROU agreements, passive infrastructure (see note 25)	0	2.595.386	2.595.386
Other new Right of use (ROU) agreements entered into	2.753	119.387	122.140
Other changes	26.586	3.904	30.490
Depreciation of ROU assets	(97.260)	(52.778)	(150.038)
Remeasurements and other changes	19.736	47.125	66.861
Termination of contracts	0	(555.515)	(555.515)
Right of use (ROU) assets at 31.12.2021	391.605	2.877.112	3.268.717

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Notes to the Financial Statements

10. Right of use (ROU) assets and lease liabilities (cont'd.)

Lease liabilities	Property and transportation equipment	Telecommuni-cation equipm. facilities passive and active	Total
Lease liabilities at 1.1.2021	467.303	771.769	1.239.072
New Lease agreements, passive infrastructure (see note 25)	0	4.620.926	4.620.926
Other Lease agreements entered into	2.753	119.387	122.140
Other changes	26.586	3.712	30.298
Payment of lease liabilities	(89.088)	(26.872)	(115.960)
Remeasurements and other changes	19.736	47.125	66.861
Termination of Contracts	0	(609.899)	(609.899)
Lease liabilities at 31.12.2021	427.290	4.926.147	5.353.437

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

	31.12.2021	**31.12.2020**
Non-current liabilities	5.223.124	1.121.073
Current liabilities	130.313	117.999
	5.353.437	1.239.072

Payment of lease liabilities are as follows:

	31.12.2021	**31.12.2020**
Payments, for the next 12 months, current liabilities	130.313	117.999
Payments for the year 2023 / 2022	124.397	108.055
Payments for the year 2024 / 2023	118.973	106.530
Payments for the year 2025 / 2024	116.536	111.427
Payments for the year 2026 / 2025	119.380	114.368
Payments for the year 2027 / 2026 and later	4.743.838	680.693
	5.353.437	1.239.072

Amounts recognised in the Statement of Profit or Loss	**31.12.2021**	**31.12.2020**
Depcreciation (right of use assets)	150.038	149.523
Interest expense (lease liability)	121.646	108.577
	258.100	247.049

11. Other non-current liabilities

The Financial Component part of the sale of passive infrastructure is classified as Other-non-current liability. The Financial Component amont was calculated as Present value (PV) of future yearly payments for rooftops and towers pr. site. (See note 25)

Other non-current liabilities are designated as follows in the statement of Financial Position:	**2021**
PV af yearly paiments for rooftops and towers	2.539.585
Payment in December 2021	(1.772)
	2.537.813

Other non-current liabilities are designated as follows in the statement of Financial Position:	**31.12.2021**
Non-current liabilities	2.498.859
Current liabilities	38.954
	2.537.813

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Notes to the Financial Statements

11. Other non-current liabilities (cont'd.)

Payment of lease liabilities are as follows:	31.12.2021
Payments, for the next 12 months, current liabilities	38.954
Payments for the year 2023	39.871
Payments for the year 2024	40.809
Payments for the year 2025	41.770
Payments for the year 2026	42.753
Payments for the year 2027 and later	2.333.656
	2.537.813

Corrent portion of lease liabilities and other liabilities specifies as follows:	31.12.2021	31.12.2020
Lease liabilities (note 10)	130.313	117.999
Other liabilities	38.954	0
	169.267	117.999

12. 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.

13. Inventories

Inventories at year end are as follows:	31.12.2021	31.12.2020
Inventories	413.621	424.820
Allowance for dated and faulty items	(24.187)	(26.562)
	389.434	398.258

14. 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

14. 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 2021 Days past due	Expected credit loss rate	Gross carrying amount	Loss allowance	Carrying amount
Not past due	0-2%	1.032.588	(24.019)	1.008.569
<30	30%	8.473	(1.651)	6.822
31-60	60%	11.356	(3.703)	7.653
61-90	60%	5.024	(1.638)	3.386
91-120	90%	30.708	(12.915)	17.793
Total		1.088.148	(43.925)	1.044.223

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)	26.411
Total		1.203.355	(47.525)	1.155.830

15. Cash and cash equivalents

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

	2021	**2020**
Bank balances in ISK	2.150.662	181.074
Bank balances in EUR	27.863	13.347
Bank balances in USD	19	706
Cash	334	334
	2.178.878	195.461

16. Long-term borrowings

Long-term borrowings are specified as follows:	**2021**	**2020**
Long-term borrowings from financial institution	7.084.600	6.120.995
Current maturities of long-term borrowings from financial institution	(346.720)	(399.195)
Total long-term borrowings from financial institution	6.737.880	5.721.800

Repayments of borrowings are scheduled to be repaid as follows:	**2021**	**2020**
Payments, for the next 12 months, current liabilities	346.720	399.195
Payments for the year 2023 / 2022	357.207	399.195
Payments for the year 2024 / 2023	357.207	399.195
Payments for the year 2025 / 2024	357.207	399.195
Payments for the year 2026 / 2025 and later	5.666.259	4.524.215
Total long-term loans	7.084.600	6.120.995

Loan agreements in place at year end 2021 are subject to certain financial covenants. At year end 2021 no covenants were breached. During the year the Company´s long-term loans were refinanced.

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Notes to the Financial Statements

17. Other liabilities

A part of the acquisition price of Símafélagið ehf., which the Company acquired in the year 2017, was deferred and was paid in installments over the years 2020 - 2021. At year end 2020 the management of Nova had revised future payments down to reflect estimation of actual payment that will be realised and ISK 101,8 million was therefore recorded in the Financial statements at year end 2020. The final payment “earn-out“ was due in 2021 and was calculated based on accrued growth in defined revenue streams. The final earn-out payment was 114 million. The sellers of Símafélagið have informally disputed that amount and believe they are entitled to maximum total earn-out of 250 million. According to the management the acquisition price was fully paid in 2021 and therefor no liability was recorded in the Financial statements in the year end 2021.

Change in liability due to acquisition of Símafélagið ehf. is as follows:	31.12.2021	31.12.2020
Liability at beginning of year	101.788	244.177
Accrued interest on liability (note 5)	5.213	9.095
Payment	(118.977)	(95.000)
Revision of liability	11.976	(56.484)
Liability at year end	0	101.788

Liability in relation to the acquisition of Símafélagið ehf. is designated as follows in the statement of Financial Position at year end 2021:

	31.12.2021	31.12.2020
Other liabilities, non-current	0	0
Other liabilities, current	0	101.788
	0	101.788

Present value of deferred payments due to acquisition of Símafélagið are as follows:	31.12.2021	31.12.2020
Payable in 2021	0	101.788
	0	101.788

18. Deferred income tax asset (tax liability)

	2021	2020
Deferred tax liability 1.1.	(579.857)	(600.865)
Adjustments	0	(41.684)
Income tax expense in profit and loss account	(303.810)	(94.354)
Tax payable	1.288.162	158.454
Other changes	(797)	(1.408)
Deferred tax asset (liability) 31.12.	403.698	(579.857)

Deferred income tax liability is attributable to:	31.12.2021	31.12.2020
Operating assets and intangible assets	(506.728)	(595.422)
Lease assets and liabilities	924.507	15.936
Trade receivables	(16.224)	(3.760)
Inventories	701	1.064
Foreign exchange difference	1.441	2.325
Total deferred income tax asset (liability)	403.698	(579.857)

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Notes to the Financial Statements

19. Equity

Share capital
The Company's share capital, according to its Article of Association amounts to ISK 3.132.346 thousand. All of the share capital has been paid. One vote is attached to each ISK one share in the Company. At the beginning of the year the share capital amounted to ISK 8.253.594 thousand.

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.

According to the Act on Annual accounts in Iceland, companies must from the year 2016 present in a seperate equity account recognized share in profit of subsidiaries and associates in excess of dividend received or declared.

Platínum Nova hf, operated a share option program for key management personnel of the subsidiary, Nova hf. The program was closed in the year with the employees excercising their rights. Information can be found in note 24.

Changes in reserves for the year are designated as follows:

	Restricted equity reserves	Stock option reserves	Legal statutory reserves	Total
2021				
At 1 January 2021	0	55.103	59.806	114.909
Share in profit of associates, in excess of dividends paid	957.500			957.500
Contribution to legal statutory reserves			145.070	145.070
Recognition of share-based payments (note 24)		173.304		173.304
Exercised stock options (note 24)		(228.407)		(228.407)
	957.500	0	204.876	1.162.376
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		18.338		18.338
Forfeited stock options (note 24)		(1.348)		(1.348)
	0	55.103	59.806	114.909

20. Investment in associates and other investments

The Company owned 51,33% share in Aur app ehf., which is a mobile payment solution. In the first quarter of 2021, Nova hf. signed an agreement for the sale of all its shares in the fintech company Aur App ehf., the buyer was Kvika banki hf. The sale profit related to this disposal is ISK 250.331 thousand.

	Ownership	Classification	Effect on operation	Carrying amount
Aur app ehf.	0,00%	Associate	250.331	0
Hið Íslenska Númeraflutningsfélag ehf. (HÍN)	16,67%	Other	0	2.596
Total investment in an associates and other investments				2.596

21. Related parties

The Group is owned by eleven shareholders. Nova Acquisition holding ehf. is the ultimate controling party 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.

Loans to related parties balance at the end of year	**2021**	**2020**
Loans to associate, non current	0	99.353
Current portion of loans to related parties	0	(99.353)
	0	0

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Notes to the Financial Statements

21. Related parties (cont'd.)	2021	2020
Account recivables balance at the end of the year		
Related company - Intercompany account	0	72
Associates Intercompany account	0	16.397
Associates Intercompany account, amortization	0	(16.397)
	0	72
Intercompany transactions during the year		
Related company- sales	0	1.212
Associate - sales	0	6.082
Associate - interest income	0	6.149

Information on remuneration to the Board of Directors and CEO is disclosed in note 3 and in note 24.

22. Auditor's fee

Auditor's fee for the audit of the Financial Statements and other services is as follows:	2021	2020
Audit fee		
Fee for audit services	10.837	8.231
Fee for other services	11.166	10.330
	22.003	18.561

23. Financial instruments and Financial risk management

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	2021	2020
Assets		
Cash and bank balances	2.178.878	195.461
Trade receivables	1.044.223	1.155.830
Receivables from related parties	0	72
Other receivables	1.689.882	175.783
	4.912.983	1.527.146
Liabilities		
Trade payables	(765.170)	(659.787)
Loans and borrowings	(7.084.600)	(6.120.995)
Financial component, sale of passive infrastructure	(2.537.813)	0
Other payables	(2.073.564)	(819.665)
	(12.461.147)	(7.600.447)

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 71.616 thousand negative impact on P/L and equity, excluding tax effects. A 100 bps decrease would have the opposite impact.

Platínum Nova hf. Consolidated Financial Statements for the year 2021 Amounts are in ISK thousand

Notes to the Financial Statements

23. Financial instruments and Financial risk management (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 2021	Weighted average effective interest	Contractual cash flow	Less than 1 year	1-3 years	More than 3 years
Current liabilities		4.189.525	4.189.525	0	0
Lease liabilities	6,23-9,93%	13.562.725	472.316	1.333.765	11.756.645
Financial Component	2,35%	3.943.403	98.700	296.100	3.548.603
Variable interest loans	6,78%	9.857.392	824.163	2.241.493	6.791.736
		31.553.045	5.584.704	3.871.358	22.096.984

The payment schedule presented below is based on contractual payments for loan agreements and liabilities that were in place at year end 2020.

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

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.

	2021		2020	
	Carrying amount	Fair Value	Carrying amount	Fair Value
Interest bearing liabilities	7.084.600	7.084.600	6.120.995	6.120.995

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 14.

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

Platínum Nova hf. Consolidated Financial Statements for the year 2021 Amounts are in ISK thousand

Notes to the Financial Statements

23. Financial instruments and Financial risk management (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	
	2021	**2020**
Euro	69.854	149.725
US dollar	(9.778)	8.023
Other	23.677	55.184
	83.754	212.933

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	
	2021	**2020**
Euro	(6.985)	(14.973)
US dollar	978	(802)
Other	(2.368)	(5.518)
	(8.375)	(21.293)

24. Share options

Platínum Nova hf, operated a share option program that entitle key management personnel of the subsidiary, Nova hf., to purchase shares in the parent. The program was closed in the year with the employees excercising their rights.

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

	Excercise date	Exercise price	Fair value at excercise date
Granted in 2017 (556.875 thousand shares)	16.12.2021	1,00	228.407

Remaining cost due to the share option program of ISK 173,3 million (2020: ISK 18,3 million) is recognized in the Financial Statements for the period.

Platínum Nova hf. Consolidated Financial Statements for the year 2021 Amounts are in ISK thousand

Notes to the Financial Statements

25. Sale and leaseback of passive infrastructure

On December 14th 2021 Nova hf. closed an agreement from March 31st 2021 with the American infrastructure firm DigitalBridge Group Inc. for the sale and leaseback of passive mobile assets. This includes assets that Nova has constructed and lease agreements entered into, that combined form the site facilities for the active mobile assets. On signature date 167 site facilities were transferred from Nova to Íslandsturnar ehf., a subsidiary of DigitalBridge Inc. The sold assets were until signature date classified on Nova's balance sheet under operating assets and right of use assets. Total value of the agreement amounted to 5.285,5 million ISK and has been paid in full.

In parallel with the sale and transfer of the assets from Nova to Íslandsturnar a long term lease agreement was signed that extends for 40 years in total. The agreement is non-cancellable and lease payments are indexed with the consumer price index. As this is a sale and leaseback Nova has, according to international financial reporting standards (IFRS), recognised profit from the sale of the assets as control of the sites has been transferred from Nova. In deciding recognised profits the management evaluated fair price of the sold assets. In their opinion the fair value amounts to 2,9 billion ISK. Considering book value of sold assets and the commitment of leaseback the total recognised gain of sale amounts to 899,4 million ISK.

Remainder of the received payment is regocnised as a liability on Nova's balance sheet, based on the nature of the agreement this is considered a financing component. The amount of the liability has been calculated based on managements estimated interest terms during the period and its present value is recognised on Nova's balances sheet, an amount of 2,5 billion ISK. In addition part of the payment has been classified as an advance payment reflecting operational expenses of transferred assets, an amount of 174,3 million ISK. The amount is recognised as an assets on Nova's balance sheet and will be expensed annually during the period of the agreement.

In parallel with the sale and leaseback of Nova's own sites it is leasing an additional 196 sites from Íslandsturnar ehf. that affect the right of use and lease liabilities on the balance sheet. Total affects on the right of use and lease liability amount to 2,3 billion ISK.

Main effects on the Statement of Profit or Loss and the Statement of Financial Position are specifed as follows:

Total value of the agreement is specified as follows:

Fair value of sold sites	2.920.200
Other liabilities, financing component	2.539.585
Accrued operational expenses during agreement period	(174.279)
Total value of agreement:	5.285.506

Recognised gains are specified as follows:

Fair value of sold sites	2.920.200
Increase of lease liability due to sale and leaseback	(2.303.298)
	616.903
Recognised gains from derecognized assets	282.451
Recognised gains:	899.354

Additions in lease liabilities and right of use of assets

Right of use of assets:	
Previously leased assets	277.758
New assets leased	2.317.628
Additions to right of use of assets:	2.595.386
Lease liabilities:	
Liability related to previously leased assets	2.303.298
Liability related to new assets leased	2.317.628
Additions to lease liabilities:	4.620.926

At the end of the year a Value added Tax in the amount of 1.266,8 million ISK related to the sale af the assets was outstanding and is classified under Other liabilities. The same amount was outstanding from the buyer and is classified under Other receivables.

Platínum Nova hf. Consolidated Financial Statements for the year 2021 Amounts are in ISK thousand

Non-financial disclosure (Unaudited)

ESG report

Nova ❤ So many things
Emphasising social responsibility and positive participation, Nova has been a strong promoter in mental health and a proud supporter of both Icelandic Music and the Icelandic startup community since the beginning.

Nova has furthermore started a process to officially calculate the environmental footprint of the company and is working towards ambitious future goals for a net positive approach on our community footprint in its broadest sense.

Nova ❤ Music - Supporting Icelandic 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, Nova operates Vinatónar — a service that provides its customers with a wide selection of Icelandic music ringback-tones, free of charge. Monthly Nova introduces new and upcoming musicians as the "musician of the month" with the aim to support them to build up their career.

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

Nova ❤ Nature - Sustainability & Recycling
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 life cycle for their electronics through reuse, refurbishment, and recycling. The programme has been a great success, with scores of customers trading their old and/or disused mobile phones, tablets and smartwatches for Nova credit.

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 2021.

Nova ❤ People - Gender Equality & Social Justice
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 March 6, 2020. In 2021, 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. New employees attend the Nova School, a two-week training 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 throughout the year.

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

Nova has been awarded as a "VR Role Model" company from day one. Nova also became the nationwide winner of the "Company of the Year" award in 2020 and 2021 showing the highest employee satisfaction in our history. The VR survey is Iceland's largest survey on the labor market and its attitude towards the company's operations.

Non-financial disclosure (Unaudited)

ESG report

Nova ❤ Innovation - Sponsoring Icelandic Startups
Nova has been a proud supporter of the Icelandic startup grassroot community for well over a decade.

At Nova, innovation has been a core value since the very beginning. We are 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, a programme for entrepreneurs in Iceland that provides support and advice as they develop their business plan.

In 2020 we founded Startup SuperNova, which is Iceland's largest startup accelerator programme. The ten teams selected for participation worked on their ideas and projects over a ten-week period during the summer, got guidance from mentors, and finally pitched to investors at the end of the programme. The programme is facilitated by Klak (formerly Icelandic Startups). The accelerator does not invest in its companies, but gives each of them a grant of 1 million ISK for their participation. The accelerator has now run successfully for two years and preparation for 2022 is well underway.

Startup SuperNova: https://www.nova.is/hradleid/startupsupernova

Nova ❤ Mental Health - Promoting Mental Health
In 2020 Nova funded a research project which studied the effects of the overuse of screen time 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. The research built a foundation for Nova's journey to promoting mental health as our main social responsibility initiative.

In this spirit we launched a campaign where we encouraged Icelanders to - sometimes - put down their phones, get off 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 to inspire conversation for friends and family, we gave away alarm clocks with every sold smartphone, encouraging customers 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," which encouraged viewers to leave their phones at home, while offering LTE-enabled smartwatches to ensure safety. Nova has focused on portraying social responsibility towards the negative aspects of phone and internet use. The "Allir Úr" campaign tackled the unrealistic ideas that social media gives us about our own looks and identity. Emphasis was placed on a positive body image and showing people of all shapes and sizes, in their natural way. "Allir Úr" was followed by a powerful PR campaign raising awareness of the issue .

We ran the ad campaign "FyrirÞig (ForYou)" to initiate an open dialogue about true self-love. You are the only person that will stick around for your whole life. So, treat yourself well and only use your smartphone when it enhances your life, don't let it take over it. All this ForYou. Alongside the campaign we offered a 2 for 1 offer on psychological therapy sessions where our customers got the opportunity to get therapy for a previously unseen price.

❤ Yourself - ForYou!

Non-financial disclosure (Unaudited)

Governance

Whereas the Company is a public limited liability company (ísl. hlutafélag), the corporate governance of the Company is fundamentally in accordance with the provisions of the Act on Public Limited Liability Companies, No. 2/1995 (ísl. lög um hlutafélög). Further, the Company aims to align its governance policy to the Guidelines on Corporate Governance, published by the Iceland Chamber of Commerce, Nasdaq Iceland hf. and the Confederation of Icelandic Employers, 6th edition, issued 1 July 2021 (the “Icelandic Guidelines on Corporate Governance”).

The Groups' board comprises five members, three men and two women. The member are elected by the shareholders in annual general meeting. The following were elected to serve on the Board of Directors at the last Annual General Meeting, held on 25 January 2022, until the next Annual General meeting which is to take place on 5 April 2022.

Hugh S. Short, chairman, is the Co-Founder and CEO for Pt Capital, an Alaska-based private equity firm with assets in North America and Europe. Hugh leads the portfolio construction, organizational growth, fundraising, and expansion into new markets. Prior to co-founding Pt Capital, Hugh was president and CEO of Alaska Growth Capital BIDCO, Inc., a subsidiary of Arctic Slope Regional Corporation. Hugh also served as the mayor of Bethel, Alaska from 2002 to 2004, and is a board member for Rural Energy Enterprises. Hugh is a shareholder of four Alaska Native Corporations, with heritage as an Inupiaq Eskimo. Short received a bachelor’s in political science from the University of Alaska Anchorage; and studied at the Pepperdine Graziadio School of Business.

Gisli Valur Guðjónsson, board member, is seasoned investment professional, managing director of Ísafold Capital Partners and fund manager of MF1 and MF2. Previous roles include various positions at Glitnir, Íslandsbanki, Straumur-Burðarás, ALMC and Straumur Investment Bank. Gísli has a Master‘s degree in Economics Engineering from Karlsruhe Institute of Technology.

Hrund Rudolfsdóttir, board member, is an experienced Board Member in listed companies, financial institutions as well as privately owned companies. Currently the CEO of Veritas ehf. Previously Corporate Director of HR at Marel hf. and CEO of Lyf og Heilsa hf. Hrund has an Master's degree in International Management and Marketing from Copenhagen Business School.

Kevin Payne, board member, is a Principal at Pt Capital, managing the investment process and portfolio company operations. Prior to Pt Capital, Kevin’s roles included Investment Banking Credit at JPMorgan Chase and Portfolio Management at SunTrust Robinson Humphrey. He is a CFA Charterholder and received Bachelor’s and Master’s degrees in Economics from Clemson University.

Tina Pidgeon, board member, has over 25 years of experience in telecommunications and broadband policy, regulation, and management. Seasoned veteran in Arctic policy development and broadband infrastructure deployment. Currently independent strategic advisor and consultant. Previously Senior Vice President of Governmental Affairs, General Counsel, and Chief Compliance Officer at General Communication (GCI). Graduate of the University of Virginia School of Law and the University of Notre Dame.

The board generally meets in person at least four times a year and on-line at least monthly. Minutes are kept by the CFO. Board members have access to a secure on-line platform with all board material, minutes, presentations, KPI reports and other 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.

The Audit Committee is a subcommittee of the board. Its principal duties are to review all financial information and procedures regarding information disclosure from the management and the Company’s independent auditors. As well as to ensure the independence of the Company’s independent auditors. Members of the Audit Committee are Alexander G. Edvardsson, chairman, Tine Pidgeon and Heimir Örn Herbertsson. All members are independent of the company, its auditors and the shareholders.

Non-financial disclosure (Unaudited)

Governance

The Nova team comprises of diverse talented employees of various backgrounds and experiences. As 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.

The Executive Committee consists of five individuals, the Chief Executive Officer and four others: a Chief Financial Officer, Chief Technology Officer, Chief Digital Officer and a Chief Sales Officer. Two women and three men.

The CEO reports to the board and is responsible for implementing and operating internal controls and risk management in connection with financial reporting and operatoins of the Company. The Board of Directors meets regularly with the CEO to review, discuss and manage all risks that the company may be exposed to.