

Nova Klúbburinn hf.

**Condensed Consolidated Interim
Financial Statements June 30, 2022**

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Nova Klúbburinn hf.
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. which 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 or reviewed.

According to the Condensed Consolidated Interim Statement of Comprehensive Income total revenue for the period January to June 2022 amounted to ISK 6.121,6 million. EBITDA was ISK 1.648,0 million and profit for the period January to June 2022 was ISK 158,6 million. Equity at end of the period amounted to ISK 8.690,2 million, according to the Condensed Consolidated Interim Statement of Financial Position, and the equity ratio was 38,6%. 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 to increase the share capital by net value of ISK 3.395,0 million by issuance of new shares to new investors expanding the shareholder group. The amount received was allocated to repayment of long term borrowings as can be seen in the Cash Flow Statement. 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 adding to the list of owners of the Company. See effects on equity under Note 7 and Statement of Changes in Equity. Prior to the listing the shareholders approved in an extraordinary meeting in end of May to change the companies name from Platinum Nova hf. to Nova Klúbburinn hf.

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 June 2022, its assets, liabilities and Condensed Consolidated Financial Position as at 30 June 2022 and its Condensed Consolidated Cash Flows for the period January to June 2022. Furthermore, it is our opinion that the Condensed Consolidated 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 and its position.

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

Reykjavík, 25. August 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	1.4.-30.6 2022	1.4.-30.6 2021	1.1.-30.6 2022	1.1.-30.6 2021
Operating revenues					
Sales	3	3.110.841	2.915.044	6.046.881	5.675.205
Other operating income		38.703	27.030	74.728	55.232
		<u>3.149.544</u>	<u>2.942.074</u>	<u>6.121.609</u>	<u>5.730.437</u>
Operating expenses					
Cost of sales		1.644.734	1.634.106	3.158.694	3.138.676
Salaries and salary-related expenses		429.846	402.946	856.381	793.684
Other expenses		242.855	180.446	458.554	361.518
		<u>2.317.435</u>	<u>2.217.498</u>	<u>4.473.629</u>	<u>4.293.878</u>
EBITDA		832.109	724.576	1.647.980	1.436.559
Depreciation and amortisation		(494.772)	(469.398)	(964.886)	(976.519)
		<u>337.337</u>	<u>255.178</u>	<u>683.094</u>	<u>460.040</u>
Results from operating activities					
Finance income and (expenses):					
Interest income		8.462	5.154	33.845	19.448
Interest expenses	4	(262.954)	(91.910)	(526.216)	(191.649)
Foreign exchange gain (loss)		304	(2.377)	6.695	2.194
		<u>(254.188)</u>	<u>(89.133)</u>	<u>(485.676)</u>	<u>(170.007)</u>
Profit from sale of associate		0	0	0	250.331
Profit before income tax		83.149	166.045	197.418	540.364
Income tax		(14.586)	(34.400)	(38.812)	(57.334)
Net profit and comprehensive income for the period		<u>68.563</u>	<u>131.645</u>	<u>158.606</u>	<u>483.030</u>
Profit for the year attributable to:					
Owners of the Company		68.563	131.645	158.606	483.030
Non-controlling interests		0	0	0	0
Profit for the period		<u>68.563</u>	<u>131.645</u>	<u>158.606</u>	<u>483.030</u>

Condensed Consolidated Interim Statement of Financial Position

	Note	30 June 2022	31 Dec 2021
Assets			
Non-current assets			
Goodwill		10.048.985	10.048.985
Intangible assets		1.732.094	1.827.904
Operating assets		3.833.348	3.596.168
Right of use assets		3.518.090	3.268.717
Investment in associates and other		2.596	2.596
Deferred income tax asset		447.095	403.698
		<u>19.582.208</u>	<u>19.148.068</u>
Current assets			
Inventories		476.538	389.434
Trade receivables		1.091.991	1.044.223
Other receivables	8	371.758	1.541.391
Cash and cash equivalents		970.295	2.178.878
		<u>2.910.582</u>	<u>5.153.926</u>
Total assets		<u><u>22.492.790</u></u>	<u><u>24.301.994</u></u>

Condensed Consolidated Interim Statement of Financial Position

	Note	30 June 2022	31 Dec 2021
Equity and Liabilities			
Equity			
Share capital	7	3.817.277	3.132.345
Share premium	7	2.710.068	0
Reserves		592.065	1.162.376
Retained earnings		<u>1.570.815</u>	<u>841.898</u>
		8.690.225	5.136.619
Non-current liabilities			
Loans and borrowings		2.336.547	6.737.880
Lease liabilities		5.487.606	5.223.124
Other non-current liabilities		<u>2.595.795</u>	<u>2.498.859</u>
		10.419.948	14.459.863
Current liabilities			
Current maturities of loans and borrowings		148.949	346.720
Trade payables		1.000.200	765.170
Tax payable		1.271.559	1.288.162
Lease liabilities and other liabilities		181.069	169.267
Other payables	8	721.588	2.073.564
Pre-payments		<u>59.252</u>	<u>62.629</u>
		3.382.617	4.705.512
Total liabilities		13.802.565	19.165.375
Total equity and liabilities		<u>22.492.790</u>	<u>24.301.994</u>

Condensed Consolidated Interim Statement of Cash Flows

	Note	1.4.-30.6 2022	1.4.-30.6 2021	1.1.-30.6 2022	1.1.-30.6 2021
Cash flows from operating activities					
Net profit for the period		68.563	131.645	158.606	483.030
Adjustments for:					
Depreciation and amortisation		494.772	469.398	964.886	976.519
Income tax		14.586	34.400	38.812	57.334
Net finance expenses		254.188	89.133	485.676	170.007
		<u>832.109</u>	<u>724.576</u>	<u>1.647.980</u>	<u>1.686.890</u>
Changes in operating assets and liabilities:					
Inventories, (increase)		(3.140)	(67.809)	(87.104)	(117.302)
Trade and other receivables, (increase) decrease		(113.369)	171.655	(275.896)	143.410
Trade and other payables, increase		380.219	242.831	280.645	218.858
		<u>263.710</u>	<u>346.677</u>	<u>(82.355)</u>	<u>244.966</u>
Interest income received		8.462	5.154	33.845	19.448
Interest expenses paid		(182.036)	(92.000)	(403.392)	(191.641)
Paid taxes		(42.376)	(50.117)	(84.703)	(100.234)
Net cash inflow from operating activities		<u>879.869</u>	<u>934.290</u>	<u>1.111.375</u>	<u>1.659.429</u>
Cash flows to investing activities					
Acquisition of operating assets		(640.202)	(467.663)	(858.102)	(814.270)
Acquisition of intangible assets		(76.422)	(63.896)	(151.238)	(124.527)
Investment in a subsidiary, net of cash acquired		0	0	0	(5.213)
		<u>(716.624)</u>	<u>(531.559)</u>	<u>(1.009.340)</u>	<u>(944.010)</u>
Cash flows from financing activities					
Share capital increase		3.395.000	0	3.395.000	0
Lease agreement, repayment of principal		(36.818)	(28.681)	(72.809)	(57.361)
Other non current liabilities, repayment of principal		(9.739)	0	(19.477)	0
Payments on loans from financial institutions		<u>(3.433.206)</u>	<u>(100.000)</u>	<u>(4.613.104)</u>	<u>(200.000)</u>
		<u>(84.763)</u>	<u>(128.681)</u>	<u>(1.310.390)</u>	<u>(257.361)</u>
Increase (decrease) in cash and cash equivalents		78.482	274.050	(1.208.355)	458.058
Effect of fx rates on cash and cash equivalents		(312)	(514)	(228)	1.025
Cash and cash equivalents at the beginning of the period		892.125	381.008	2.178.878	195.461
Cash and cash equivalents at end of the period		<u><u>970.295</u></u>	<u><u>654.544</u></u>	<u><u>970.295</u></u>	<u><u>654.544</u></u>

Condensed Consolidated Interim Statement of Changes in Equity for the period ended 30 June 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 June 2021.....				483.030	483.030
Balance at 30 June / July 1, 2021	8.253.593	0	114.909	1.234.303	9.602.805
Net profit July to December 2021.....				1.003.634	1.003.634
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 June 2022.....				158.606	158.606
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.....			(570.311)	570.311	0
Balance at 30 June 2022	3.817.277	2.710.068	592.065	1.570.815	8.690.225

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 as at and for the year period ended 30 June 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.

Condensed Consolidated Interim Financial Statements of Nova Klúbburinn hf. for the period January to June 2022 is prepared in accordance with the International Financial Reporting Standards on IAS 34 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 in the light of 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, due to the rounding numbers might not add up accurately.

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, estimate 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 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 real value of the items estimated in this way may prove to be different from the result according to the estimate.

2. Revised accounting treatment of end-user equipment

Assets that previously were classified as Other Receivables on the Statement of Financial Position are now classified under Operating Assets according to IAS16. The numbers for the period January to June 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 estimated lifetime under Cost of sales on the Statement of Profit or Loss but are now depreciated over 3 years according to the new treatment. Effects for the period January to June 2022 on Cost of sales are reduction by ISK 115 million and increase in depreciation by ISK 63 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 foll	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, internet, product sales and other revenues.

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 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.
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	Internet	Product sales	Other	Total
January to June 2022					
Point in time	0	0	1.083.571	0	1.083.571
Over time	2.461.057	1.951.246	0	551.007	4.963.310
Total sales revenues	<u>2.461.057</u>	<u>1.951.246</u>	<u>1.083.571</u>	<u>551.007</u>	<u>6.046.881</u>

	Mobile	Internet	Product sales	Other	Total
January to June 2021					
Point in time	0	0	1.221.003	0	1.221.003
Over time	2.246.456	1.722.537	0	485.209	4.454.202
Total sales revenues	<u>2.246.456</u>	<u>1.722.537</u>	<u>1.221.003</u>	<u>485.209</u>	<u>5.675.205</u>

4. Finance expenses

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

Finance expenses are as follows in ISK millions:

	Jan-Jun 2022	Jan-Jun 2021
Interest expenses of Loans and borrowings	210	136
Interest expenses of Lease liabilities	174	54
Interest expenses of Other non-current liabilities	30	0
Index expenses of Other non-current liabilities	111	0
Other Finance expenses	1	1
Total Finance expenses	<u>526</u>	<u>192</u>

Notes to the Financial Statements

5. Quarterly results

Quarterly results are as follows in ISK millions:

	Q2	Q1	Q2	Q1
	2022	2022	2021	2021
Operating revenues	3.150	2.972	2.942	2.788
Operating expenses	(2.317)	(2.156)	(2.217)	(2.076)
EBITDA	832	816	725	712
Depreciation and amortisation	(495)	(470)	(469)	(507)
Results from operating activities	337	346	255	205
Finance income and (expenses):	(254)	(231)	(89)	(81)
Profit from sale of associate	0	0	0	250
Profit before income tax	83	114	166	374
Income tax	(15)	(24)	(34)	(23)
Total comprehensive income for the period	69	90	132	351

6. Subsequent events

The Company has evaluated the period from June 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. Equity

Share capital

The Company's share capital by nominal value, according to its Article of Association amounts to ISK 3.817.277 thousand. One vote is attached to each ISK one share in the Company. At the beginning of the year the share capital amounted to ISK 3.132.345 thousand and was increase 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 in the amount of ISK 105 million is classified as a deduction of share premium in the Interim Statement of Changes in Equity according to the IAS 32 accounting standards. 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.

8. 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.