

Sunstone IV hf.

Condensed Consolidated Interim Financial Statements

1 January to 30 June 2023

Sunstone IV hf.
Stórhöfði 22-30
110 Reykjavík
Reg.no. 620921-2540

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Statement by the Board of Directors and the CEO

The Board of Directors and CEO of Sunstone hf. (The Company) submit this report for the six-month period ended 30 June 2023.

Sunstone IV hf. is a public limited company and operates on the basis of Act no. 2/1995 on public limited companies. Sunstone IV hf. is a holding company established as a key component of a strategic group structure owned by Ardian Infrastructure Fund V SCA, SICAR and Ardian Infrastructure Fund V B SCS SICAV RAIF together with KFM eignarhaldsfélag slhf. Its primary purpose is to hold and manage the ownership of shares in Míla hf., a subsidiary company, thereby enabling centralized control and facilitating efficient management of the group's assets. The core business of Míla hf. is to build and operate a telecommunications network in Iceland.

The Condensed Consolidated Interim Financial Statements for the six-month period ended June 2023 comprise the financial statements of Sunstone IV hf. (The Company) and its subsidiary Míla hf. (The Group). The Condensed Consolidated Interim Financial Statements of Sunstone IV hf have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by EU.

Operations January to June 2023

The total revenues for the period amounted to 4.601 m.kr. Cost of sales and operating expenses amounted to 5.295 m.kr. Net financial expenses amounted to 3.392 m.kr. and loss for the period amounted to 3.352 m.kr. Exceptional expenses related to the change of ownership of Míla amounted to 1.215 m.kr.

According to the Balance Sheet, total assets at 30 June 2023 amounted to 84.025 m.kr. and total equity amounted to 7.702 m.kr. Long-term borrowings amounted to 62.071 million at 30 June 2023. Included in borrowings is a subordinated shareholder loan of amount to 39.868 m.kr. from Sunstone III hf. which is payable in one instalment at the end of the loan period in 2031. Accrued interests 2022 were added to the principal at year-end but the Group has the option to postpone payments of interests until at the end of the loan period. Accrued interests in 2023 are among short term liabilities. In June Sunstone IV hf borrowed 500 m.kr. from Sunstone III hf.

Statement by the Board of Directors and CEO

The Board of Directors and CEO of Sunstone IV hf. hereby ratify the Condensed Consolidated Interim Financial Statements of Sunstone IV for the six month period ended 30 June 2023 with their signatures

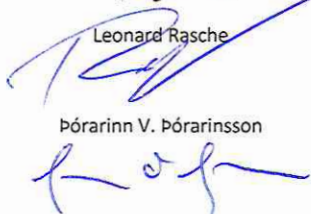
Reykjavík, 21. September 2023,

Board of Directors:

Marion Emmanuelle Calcine, chairman



Oscar Cicchetti



Leonard Rasche

Þórarinn V. Þórarinnsson



Pauline Thomson



Birna Ósk Einarsdóttir



CEO:

Erik Figueras Torras



Income Statement 1 January to 30 June 2023

	Note	2023
Sales	4	4.601
Cost of sales	5	(2.816)
Gross profit		1.785
Operating expenses	6	(2.479)
Operating profit (loss)		(694)
Financial income		32
Financial expenses		(3.427)
Net exchange rate differences		3
Net financial expenses	7	(3.392)
(Loss)/Profit before tax		(4.086)
Income tax		739
Other taxes		(5)
Comprehensive (Loss) Profit and net (Loss) Profit for the year		<u>(3.352)</u>

Balance Sheet at 30 June 2023

	Notes	30.6.2023	31.12.2022
Assets			
Non-current assets			
Property, plant and equipment	8	27.001	26.412
Right of use assets	9	4.541	4.550
Goodwill	10	27.534	28.243
Other intangible assets	10	20.901	21.359
Other financial assets		49	61
Non-current assets		<u>80.026</u>	<u>80.625</u>
Current assets			
Inventories		522	460
Accounts receivable		1.463	1.403
Other assets		108	287
Cash and cash equivalents		1.906	3.081
Current assets		<u>3.999</u>	<u>5.231</u>
Total assets		<u><u>84.025</u></u>	<u><u>85.856</u></u>
Equity			
Share capital		132	132
Share premium		12.682	12.682
Accumulated deficit		(5.112)	(1.759)
Total equity		<u>7.702</u>	<u>11.055</u>
Liabilities			
Non-current liabilities			
Borrowings from parent company	11	39.868	39.372
Borrowings	11	22.203	22.000
Long-term lease liabilities	12	4.314	4.360
Deferred tax liabilities	13	5.504	6.243
Non-current liabilities		<u>71.889</u>	<u>71.975</u>
Current liabilities			
Accounts payable		823	930
Current maturities of lease liabilities	12	467	407
Other current liabilities		3.144	1.489
Current liabilities		<u>4.434</u>	<u>2.826</u>
Total liabilities		<u>76.323</u>	<u>74.801</u>
Total equity and liabilities		<u><u>84.025</u></u>	<u><u>85.856</u></u>

Statement of Changes in Equity 1 January to 30 June 2023

	Share Capital	Share premium	(Accumulated deficit) retained earnings	Total equity
Balance at 1.1.2022	0	0	0	0
Paid in capital	132	12.682		12.814
Net loss for the year			(1.760)	(1.760)
Balance at 31.12.2022	<u>132</u>	<u>12.682</u>	<u>(1.760)</u>	<u>11.054</u>
Balance at 1.1.2023	<u>132</u>	<u>12.682</u>	<u>(1.760)</u>	<u>11.054</u>
Net loss for the period			(3.352)	(3.352)
Total equity 30.6.2023	<u>132</u>	<u>12.682</u>	<u>(5.112)</u>	<u>7.702</u>

Statement of Cash Flows 1 January to 30 June 2023

	2023 1.1.-30.6.
Cash flows from operating activities	
Operating loss	(694)
Operational items not affecting cash flows:	
Depreciation	2.167
Other items not affecting cash flows	1
	<u>1.474</u>
Inventories	(61)
Accounts receivables and other short term receivables	566
Accounts payables and other short term payables	(84)
Cash generated by operation	1.895
Interest income received	21
Interest expenses paid	(1.019)
Net cash generated from operating activities	<u>897</u>
Investing activities	
Investment in property, plant and equipments	(1.973)
Investment in intangible assets	(94)
Other changes	11
Investing activities	<u>(2.056)</u>
Financing activities	
Changes in financing activities with related companies	500
Changes in financing activities	(308)
Payments of lease liabilities	(208)
Financing activities	<u>(16)</u>
Cash and cash equivalents at the beginning of the period	<u>3.081</u>
Cash and cash equivalents at the end of the period	<u><u>1.906</u></u>

Notes to the Financial Statements

1. General information

Sunstone IV hf. ("the Company") is a limited liability company incorporated and domiciled in Iceland. The company is the parent company of Míla hf. The core business of the Míla hf. is to build and operate a telecommunications network in Iceland as well as operational and advisory services for the telecommunications and co-location services. Sunstone III ehf. is the company's parent company. These Interim Financial Statements are a part of Consolidated Financial Statements of Sunstone II hf. Ardian Infrastructure Fund V B SCS SICAV RAIF is the company's ultimate parent

2. Basis of accounting

The Financial Statements is presented in Icelandic Krona (ISK), which is the Company's functional currency. All financial information presented in ISK has been rounded to the nearest million.

These Condensed Consolidated Interim Financial Statements have been approved for issue by the Company's Board of Directors and CEO on 21 September 2023.

3. Use of judgements and estimates

The preparation of the Condensed Consolidated Interim Financial Statements in accordance with IFRS as adopted by the EU requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the company's accounting policies.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimates are revised and in the future periods affected.

Measurement of fair values

A number of the company's accounting policies require measurement of fair values, for both financial and non-financial assets and liabilities.

The Company regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, the Company assesses the evidence obtained from the third parties to support the conclusion that these valuations met the requirements of the Standards, including the level in the fair value hierarchy in which the valuations should be classified.

Significant valuation issues are reported to the company's Audit, Risk and Sustainability Committee.

When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: inputs for the asset or liability that are not based on observable market data.

4. Sales

2023

Sales of service and goods is specified as follows:

Fixed Access	1.983
Connectivity and Internet	1.337
Other Core Business	1.195
Sales of service and goods	86
	<u>4.601</u>

5. Cost of sales

Cost of sales is specified as follows:

2023

Salaries and related expenses	504
Cost of sales	581
Housing cost	255
Cost of goods sold	11
Depreciation	1.465
	<u>2.816</u>

Cost of sales consists of; material costs, service contracts, license fees, purchased services and telecommunications costs.

Notes to the Financial Statements

6. Operating expenses

Operating expenses is specified as follows:

	2023
Salaries and related expenses	244
Sales and marketing expenses	20
Housing and transportation expenses	57
IT expenses	109
Bad debt write offs	1
General and administrative expenses	1.347
Depreciation	701
	<u>2.479</u>

7. Financial income and expense

	2023
Financial income	
Interest income	32
	<u>32</u>
Financial expenses	
Interest on borrowings	(3.322)
Interest on leases	(105)
	<u>(3.427)</u>
Net exchange rate differences	3
Net financial expenses	<u>(3.392)</u>

8. Property, plant and equipment

Property, plant and equipment are specified as follow:

	Telecom equipment	Buildings	Other equipment	Total
Cost				
Aquisition through business combination.....	23.249	2.486	226	25.961
Additions	1.097	32	9	1.138
Depreciation	(640)	(38)	(11)	(689)
Sales and disposals	0	2	0	2
Balance at 31.12.2022	<u>23.706</u>	<u>2.482</u>	<u>224</u>	<u>26.412</u>
Additions	1.865	70	38	1.973
Depreciation	(1.286)	(76)	(22)	(1.384)
Balance at 30.6.2023	<u>24.285</u>	<u>2.476</u>	<u>240</u>	<u>27.001</u>
Carrying amounts				
At 31.12.2022	23.706	2.482	224	26.412
At 30.06.2023	24.285	2.476	240	27.001

Useful life is specified as follows:

Telecom equipment	7 - 30 years
Buildings	15 - 33 years
Other equipment	3 - 15 years

Notes to the Financial Statements

9. Right of use assets

Most of the company's leases, buildings, vehicles and fibre are capitalized according to IFRS 16. Leases for a shorter period than one year or with an insignificant value are not capitalized.

Right-of-use assets are specified as follows:

	Telecom equipment	Buildings	Other equipment	Total
Cost				
Aquisition through business combination.....	188	4.252	35	4.475
Additions	2	170	26	198
Depreciation	(5)	(101)	(5)	(111)
Sales and disposals.....	0	(10)	(2)	(12)
Right-of-use assets 31.12.2022.....	185	4.311	54	4.550
Additions	8	205	8	221
Depreciation	(7)	(210)	(13)	(230)
Right-of-use assets 30.06.2023.....	186	4.306	49	4.541
Carrying amounts				
At 31.12.2022	185	4.311	54	4.550
At 30.6.2023	186	4.306	49	4.541

10. Goodwill and other intangible assets

Goodwill and other intangible assets are specified as follow:

	Goodwill	Business relations	Software	Total
Cost				
Aquisition through business combination.....	28.243	21.399	211	49.853
Additions	0	1	22	23
Amortisation	0	(254)	(20)	(274)
Balance at 31.12.2022	28.243	21.146	213	49.602
Additions	(708)	0	94	(614)
Amortisation	0	(510)	(43)	(553)
Balance at 30.06.2023	27.535	20.636	264	48.435
Carrying amounts				
At 31.12.2022	28.243	21.146	213	49.602
At 30.06.2023	27.535	20.636	264	48.435

Business relations consist of customer relationships and trademark.

Useful life is specified as follows:

Software	2 - 15 years
Business relations	15 years

11. Borrowings

Borrowings are specified as follows:

	30.6.2023	31.12.2022
Secured bond in ISK - Indexation + 2,2%.....	6.384	6.063
Secured bank loans in ISK - REIBOR + 2,65%.....	16.500	16.500
Long term liabilities with related parties - REIBOR + 2,9%.....	39.868	39.372
	62.752	61.935
Capitalized borrowing expenses.....	(681)	(563)
	62.071	61.372

Notes to the Financial Statements

12. Long-term lease liabilities

	Telecom equipment	Buildings	Other equipment	Total
Aquisition through business combination.....	211	4.432	37	4.680
Payments	(3)	(90)	(5)	(98)
Additions, terminations and indexations.....	1	161	24	186
Lease liabilities 31.12.2022.....	209	4.503	56	4.768
Payments	(6)	(189)	(14)	(209)
Additions, terminations and indexations.....	8	206	8	222
Lease liabilities 30.6.2023.....	211	4.520	50	4.781

13. Deferred tax liabilities

	2023	2022
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The deferred tax liability is allocated as follows:

Property, plant and equipment.....	6.583	6.565
Lease assets.....	908	910
Lease liabilities.....	(954)	(951)
Taxable losses.....	(1.047)	(285)
Other items.....	14	4
	<u>5.504</u>	<u>6.243</u>