Sunstone IV hf

Condensed Consolidated Financial Statements

for the year ended 31 December 2023

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

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Endorsement and Statement by the Board of Directors and the CEO

The Board of Directors and CEO of Sunstone IV hf. ("Sunstone IV" or the "Group") submit this report together with the audited Condensed Consolidated Financial Statements of Sunstone for the year 2023.

About Sunstone IV

Sunstone IV is a public limited company and operates on the basis of Act no. 2/1995 on public limited companies. Sunstone IV 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 togehther with KFM eignarhaldsfélag slhf. Its primary purpose is to hold and manage the ownership of shares in Míla hf. ("Míla"), a subsidiary company, thereby enabling centralized control and facilitating efficient management of the group's assets. The core business of the Míla is to build and operate a telecommunications network in Iceland alongside the provision of telecommunication services and related services. The mission of Míla is to ensure secure telecommunications throughout Iceland with the best available quality at any time.

Icelandic pension funds own 10% stake in Míla and Sunstone IV through Sunstone III hf., parent company of Sunstone IV. Summa Asset Management manages the share and represents the interests of pension funds at shareholders' meetings at Míla and its Sunstone IV. The ultimate parent company of Sunstone IV overall group is Ardian Infrastructure Fund V B SCS SICAV RAIF, domiciled is at 24, Avenue Emile Reuter, Luxembourg.

The Consolidated Financial Statements for the year ended 31 December 2023 comprise the financial statements of Sunstone IV and its subsidiary Míla hf. for 2023. The Group’s Annual Financial Statement for 2023 is prepared in accordance with the same accounting policies as the statement for the preceding year.

Shareholders

Total shares at the end of 2023 amounted to 132.101.375 where Sunstone III ehf. owned 132.101.374 shares and Sunstone I Bis ehf. owned 1 share.

The Board of Directors of the Group will propose, at the Annual General Meeting of the Group, that no dividends should be paid to shareholders in 2024 in respect of the operating year of 2023, and refers to the annual financial statement regarding other changes in equity.

Operation in 2023 and outlook

Comparable numbers for 2022: Míla was acquired on 30.09.22 and is included in the financial statements of the Group as of 01.10.2022. The Group's operating income amounted to 9.230 m.kr over the year, as compared to 2.219 m.kr in 2022. Cost of services sold, and other operating expenses amounted to 8.570 m.kr, as compared to 4.183 m.kr in 2022. Operating profit for 2023 amounted to 660 m.kr, as compared to a operating loss of 1.964 m.kr in 2022. The comprehensive loss on the Group´s operations amounted to 5.339 m.kr, as compared to a loss of 2.904 m.kr in 2022.

According to the Balance Sheet, total assets at year-end 2023 amounted to 84.598 m.kr, and total equity was 4.570 m.kr. Non-current liabilities amounted to 78.059 m.kr, up by 6.370 m.kr from 2022. Long-term loans from the parent company increased from 39.372 m.kr to 45.938 m.kr. The principal will be paid at the end of the nine-year loan period. Accrued interest is added to the principal at year-end. Under the loan agreement, parties may elect not to pay interest until the end of the loan term. The loan from Sunstone III is a subordinated loan. The equity ratio at year-end was 5.4%, including borrowings from parent company the equity ratio was 59.7%.
The 2022 comparative figures in the 2023 financial statements have been restated to appropriately allocate consulting and acquisition costs in relation with the acquisition of Míla to the relevant accounting periods. Please refer to note 26 in the financial statements for further detail.

In 2023, Míla continued the fibre roll-out started by the Company in 2016. At year-end 2023, 135 thousand households and other spaces had the option of being connected to Míla's fibre, which represents an increase of 14.500 from the preceding year. In 2022, the Company began to install a new network system around the country. The new system is a wavelength system that transmits light waves between locations enabling high transmission speeds over great distances. The system supports the development of 4G/5G services across the country and fibre-optic broadband services for households and businesses. The first stage of the project was completed in 2023.

Endorsement and Statement by the Board of Directors and the CEO

Operations 2023 and outlook, continued

Míla began preparations for a new Internet transit POP in Akureyri in Q4 2023, which will increase telecommunications security, as communications to and from Iceland will have an alternative to the route through the south-west corner of Iceland. In the fall, Míla began offering its customers a tenfold faster fibre optic connection under the designation '10x – A platform for the future'. The service was initially launched in the Greater Reykjavik area and in Akureyri, and a further expansion of the service is continuing in 2024.

The principal uncertainty in the Group's operations lies in the general economic outlook and wage trends in Iceland. Also, the Group faces both market risk and currency-exchange risk in its conduct of business with foreign suppliers.

Effects of seismic activity in Reykjanes

Míla dedicated work over the year on maintaining telecommunications security in Reykjanes. Important connections were relocated from routes lying close to the affected area and the number of communication routes was increased to ensure the security of communications in the event of seismic or volcanic events. The number of mobile links was increased to strengthen telecommunications connections, and standby power generators were set up to ensure availability of energy in the event of downtimes in the electricity system.

Míla was in a state of alert for a total of 58 days and a state of emergency was in effect for 50 days due to volcanic activity and risk of eruptions in Reykjanes. A decision was made in November to waive monthly fees for local loops and bitstream connections for Míla’s customers in Grindavík, a decision that still prevails today.

It is uncertain whether, or when, residence or business activities will be possible again in Grindavík. The financial impact if the number of customers decreases significantly in Grindavík is insignificant for the Group. Income from connections in Grindavík represent less than 0.1% of the Group’s annual revenue, and the book value of the Group´s telecommunications equipment in the area represents an insignificant amount in the balance sheet.

Risk Factors

The Group´s risk policy is based on the enterprise risk management (ERM) framework in IOS/IEC 31000 and guidelines of the COSO framework. The methodology used in conducting risk assessments is also based on International Information Security Standard ISO/IEC 27000. Míla has been ISO/IEC 27001 certified since 2016. The risk landscape consists of four key risks, business, financial, operational and hazard.

The principal risks are incidents that can threaten employees’ health and safety or incidents that can have an impact on the continuity of the Group’s business. Risk management policies and systems are in place to prepare the Group for unexpected incidents and minimise the negative impact on the Group's goals. Míla's management system and security policies are designed to ensure the safety and operational continuity of services and the telecommunications networks, while at the same time minimising operational risk, supporting processes and improving the operation of the network.

The Group´s CEO informs the Board of Directors of the analysis, description, and handling of the business risks to which the Group may be exposed. The Groups’s risk management and internal controls relating to financial processes are designed to control the risk of material misstatements. The Group designs its processes so as to ensure that there are no material weaknesses in internal controls that could lead to a material error in its annual financial statement. The external auditor’s role in these processes is detailed in the Auditor’s Report. Further description of the Groups’s risks can be found elsewhere in the Annual Financial Statement and on the Group’s website; information on financial instruments and financial risk management is provided in note 24.

Endorsement and Statement by the Board of Directors and the CEO

Governance

The Board of Directors of the Goup observes Icelandic recommendations on corporate governance, the Groups's Articles of Association, the Board's rules of procedure, the Groups's Code of Ethics and applicable laws and regulations in force at any time. The Groups's corporate governance is based on the Corporate Governance Guidelines.

The Board of Directors, Sustainability Committee and CEO have reviewed the Group's 2023 Governance Statement. Group's corporate governance is described in further detail in the statement contained in the chapter below headed "Corporate Governance" and on the Group's website.

The Board of Directors is composed of seven members elected at the Annual General Meeting for a term of one year. The Board of Directors is comprised of three women and four men, which is in compliance with Icelandic law on gender ratios. Marinó Örn Tryggvason is Chairperson of the Board; other members of the Board are Marion Emmanuelle Calcine, Birna Ósk Einarsdóttir, Pauline Thomson, Þórarinn V. Þórarinsson, Leonard Rasche, and Oscar Cicchetti.

The Board of Directors of the Group holds the supreme authority in the affairs of the Group between shareholders' meetings and is ultimately responsible for ensuring that the Group's business activities comply with law, the Articles of Association of the Group and other rules that applies to its activities. The Board shall also ensure adequate supervision of the Groupsy's accounts and use of its assets. Four sub-committees operate under the auspices of the Board: The Audit and Risk Committee, the Environmental, Social and Governance (ESG) Committee, the Nomination and Remuneration Committee and the Investment and Operations Committee.

The Board decides the Chief Executive Officer's salary. No stock option agreements have been made between the Group and its employees.
Erik Figueras Torras is the Group's CEO. On 31 December 2023 Míla had 147 employees, 12 women and 135 men. Further information on the Groups's management and corporate governance can be found in the Corporate Governance Statement.

Sustainability and non-financial disclosure

According to the Annual Accounts Act, public-interest entities are required to provide information necessary to assess the trends, scope, position and impact of the Group as regards environmental, social and human resource matters, its policies on human rights, security and social responsibility, together with a brief description of the Group's business model. The Group has in recent years published a sustainability report in accordance with Nasdaq's 2021 ESG guidelines which can be accessed on the Group's website. Among the Group's corporate social responsibilities is maintaining secure telecommunications in Iceland. A Sustainability Policy that addresses the environment, social responsibility and governance is in preparation.

In 2023, a sustainability committee on environmental, social and governance matters was formed at the Group. The Group´s work on sustainability is based on a double materiality analysis and conversations with stakeholders. The Group's main sustainability projects in 2023 involved infrastructure development, innovation, environmental matters, human resources and occupational health and safety, in addition to maintenance of secure communications in the country.

The Group's business activities are subject to Icelandic law and regulations. In addition, Míla operates in accordance with current decisions of the Electronic Communications Office of Iceland (ECOI) and Decision 16/2023 of the Competition Authority. Various obligations apply to Míla based on the above decisions, including non-discriminatory access by telecommunications companies to Míla's systems and services. Further information on non-financial disclosures is provided in the Non-Financial Information Statement.

Endorsement and Statement by the Board of Directors and the CEO

Statement by the Board of Directors and CEO

The Annual Financial Statements of the Group have been prepared on a going concern basis in accordance with International Financial Reporting Standards as adopted by the European Union and additional requirements in the Act on Annual Accounts, no. 3/2006. To the best of our knowledge, these Financial Statements provide a true and fair view of the the Group's operating profits and cash flows in 2023 and its financial position as of 31 December 2023. Furthermore, it is the opinion of the Board of Directors and Chief Executive Officer that the Annual Financial Statements and the report of the Board of Directors give a fair view of the main operational developments and achievements and describe the principal risks and uncertainties that the Group faces in its operations.

The Board of Directors and Chief Executive Officer of the Group hereby confirm the Financial Statements of the Group for the year 2023 with their signatures. The Board of Directors and the CEO recommend that the Annual General Meeting of the Group to approve the Annual Financial Statement.

Reykjavík, 4 April 2024,

On the Board of Directors of the Group:
The electronic signatures of the Board of Directors and CEO of the Group are included on the title page of the Annual Financial Statement.

Marinó Örn Tryggvason, Chairman of the Board
Marion Emanuelle Calcine, Board Director
Leonard Rachce, Board Director
Pauline Thomson, Board Director
Oscar Cicchetti, Board Director
Birna Ósk Einarsdóttir, Board Director
Þórarinn V. Þórarinsson, Board Director
Erik Figueras Torras, Chief Excecutive Officer

Independent Auditor’s Report

To the board of directors and the shareholders of Sunstone IV hf.

Opinion

We have audited the accompanying consolidated financial statements of Sunstone IV and its subsidiaries (the group) for the year 2023, excluding the endorsement and Statement 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, 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS accounting 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 financial statements comprise
- The Endorsement and Statement by the Board of Directors and the CEO.
- The Income Statement and other comprehensive income for the year 2023.
- The statement of financial position as at 31.12.2023.
- The statement of changes in equity for the year 2023.
- The statement of cash flows for the year 2023.
- Notes to the financial statements, which include material accounting policies and other explanatory information.

Endorsement and Statement by the Board of Directors and the CEO and unaudited appendices are excluded from the audit, refer to section reporting on other information.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the auditor’s responsibilities for the audit of the consolidated financial statements section of our report.

Independence

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

To the best of our knowledge and belief, we declare that non-audit services that we have provided to the company 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.

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

Emphasis of matters

We draw attention to Note 26 of the consolidated financial statements, which describes the effect of the prior year adjustments made to the 2022 comparative figures. Our opinion is not modified in respect of this matter.

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 thereon, and we do not provide a separate opinion on these matters.

Independent Auditor's Report, continued:

Key audit matter	Audit procedures
Impairment of goodwill and business relations	
At year end 2023 goodwill amounts to ISK 27,5 billion and customer relations amount to ISK 20,1 billion or total of 56 % of total assets of the Consolidation. The carrying amount of the goodwill relies on key assumptions applied by the management on estimated future cash flow of Míla as a single operational unit, and other assumptions applied in the discounting rate used in the valuation of the estimated cash flow. Due to the relative sensitivity of certain inputs to the impairment testing process, and in particular the future cash flows of Míla and the determination of the discount rate we consider the valuation of goodwill and business relations to be a key audit matter. No impairment loss has been recognized for intangible assets. The customer relations are amortized over 15 years. Further information about goodwill and customer relations can be found in notes 14, 14.1, 28.2 and 28.8 in the consolidated Financial Statement.	In our audit of the valuation of goodwill and business relations, we and our valuation experts have examined the company's management impairment test. Our audit procedures included: • Understanding management´s process for assessing the goodwill for potential impairment • Evaluation of the reasonability of the model used by management to calculate the value in use of the cash generation units and if it complies with the requirements of IAS 36 Impairment of assets. • We assessed and tested the assumptions, methodologies, the weighted average cost of capital and other data used, for example by comparing them to external and historical data and by analyzing sensitivities in Míla´s valuation model. • Performing sensitivity analysis based on activity and our understanding of the future prospects to identify whether these scenarios could give rise to an impairment. • Evaluation of the presentation and disclosure of impairment testing, ensuring compliance with applicable accounting standards.

Reporting on other information, including the Endorsement and Statement 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 Endorsement and Statement by the Board of Directors and the CEO and unaudited appendices including Corporate Goverance statement and non-financial information statement, 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 Endorsement and Statement 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 Endorsement and Statement 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 report of Endorsement and Statement 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 IFRS accounting standards as adopted by the European Union (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.

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Independent Auditor's Report, continued:

Responsibilites of the Board of Directors and the Chief Executive Officer, continued:
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.

Auditor's Responsibilities for the Audit of the 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, continued:

Report on Other Legal and Regulatory Requirements

Appointment

We were first appointed as auditors at the company's annual general meeting on 15 June 2023. The 2023 year end is our first year audit of the financial statements of consolidation of Sunstone IV.

Reykjavík, 4. April 2024

PricewaterhouseCoopers ehf.

Valgerður Kristjánsdóttir

State Authorized Public Accountant

Consolidated Income statement and other Comprehensive Income

	Notes	2023	2022*
Sales	4	9.230	2.219
Cost of sales	5	(5.695)	(1.272)
Gross profit		3.535	947
Operating expenses	6	(2.875)	(2.911)
Operating profit (loss)		660	(1.964)
Financial income		104	27
Financial epenses		(7.445)	(1.421)
Net exchange differences		4	(11)
Net financial expenses	9	(7.337)	(1.405)
(Loss)/Profit before tax		**(6.677)**	**(3.369)**
Income tax	10	1.335	465
Other taxes		3	0
Comprehensive (loss) and net (loss) for the year		**(5.339)**	**(2.904)**

* Amounts have been restated, reference to note 26
*Míla was acquired on 30.09.22 and is included in the financial statements of the Group as of 01.10.2022.

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Consolidated Statement of financial position

	Notes	31.12.2023	31.12.2022*
Assets			
Non-current assets			
Operating assets	12	28.131	26.412
Goodwill	14	27.534	27.534
Other intangible assets	14	20.436	21.360
Right of use assets	13	5.247	4.550
Other financial assets	15	38	61
Non-current assets		81.386	79.917
Current assets			
Inventories	16	558	460
Accounts receivable	17	1.510	1.403
Other assets	18	109	287
Cash and equivalents		1.035	3.081
Current assets		3.212	5.231
Total assets		**84.598**	**85.148**
Equity			
Share capital	19	132	132
Share premium		12.682	12.682
Accumulated deficit		(8.244)	(2.904)
Total equity		4.570	9.910
Liabilities			
Non-current liabilities			
Borrowings from parent company	20	45.938	39.372
Borrowings	20	22.390	22.000
Long-term lease liabilities	21	5.110	4.360
Deferred tax liabilities	22	4.621	5.957
Non-current liabilities		78.059	71.689
Current liabilities			
Accounts payables		621	931
Accounts payables to related parties	25	1	640
Current maturities of lease liabilities	21	398	407
Current maturities of borrowings	20	77	0
Other current liabilities	23	872	1.571
Current liabilities		1.969	3.549
Total liabilities		80.028	75.238
Total equity and liabilities		**84.598**	**85.148**

*Amounts have been restated, reference to note 26

Amounts are in ISK m.kr.

Statement of Changes in Equity

	Share Capital	Share Premium	(Accummulated deficit) retained earnings	Total equity
Balance at 1.1.2022	0	0	0	0
Paid in capital	132	12.682	0	12.814
Net loss for the year	0	0	(1.759)	(1.759)
Balance at 31.12.2022	132	12.682	(1.759)	11.055
Prior year adjustments*	0	0	(1.145)	(1.145)
Balance 31.12.2022 adjusted	132	12.682	(2.904)	9.910
Balance at 1.1.2023	132	12.682	(2.904)	9.910
Net loss for the period	0	0	(5.339)	(5.339)
Total equity 30.09.2023	132	12.682	(8.244)	4.570

*Amounts have been restated, reference to note 26

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Consolidated Statement of Cash Flows

	Notes	2023	2022*
Cash flows fom operating activities			
Operating income (loss)........		660	(1.962)
Operating items not affecting cash flows:			
Depreciation........	11,13	4.448	1.073
Other items not affecting cash flows........		(128)	1
		4.980	(888)
Changes in current assets and liabilities:			
Inventories........	16	(97)	74
Accounts receivables and other short term receivables........	16,17	243	(365)
Account payables and other short term payables........		(1.246)	1.299
Cash generated by operation		3.880	120
Net interests paid........		(2.115)	(309)
Taxes paid........		0	(46)
Net cash generated from operating activities		1.765	(235)
Investing activities			
Investment in property, plant and equipments	12	(4.590)	(1.138)
Investment in intangible assets........	14	(185)	(24)
Aquistion of subsidary, net of cash required........		0	(49.863)
Proceeds from sales........		6	0
Other changes........		22	38
Investing activities		(4.747)	(50.987)
Financing activities			
Changes in financing activities with related parties........	20	1.550	38.487
Changes in other financing activities........		(187)	0
Payments of lease liabilities........	21	(429)	(98)
Other current liabiliites change........		0	171
Proceeds from borrowing........		0	21.929
Repayment of borrowing........		0	(19.000)
Paid in capital........		0	12.814
Financing activities		935	54.303
Net change in cash and cash equivalents........		(2.048)	3.081
Excahnge rate effects on cash held in foreign currency........		1	0
Cash and cash equivalents at the beginning of the period........		3.081	0
Cash and cash equivalents at the end of the period........		1.035	3.081
Non-cash items:			
Loan from Sunstone III........		446	0

*Amounts have been restated, reference to note 26

* Míla was acquired on 30.09.22 and is included in the financial statements of the Group as of 01.10.2022.

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Notes to the Financial Statements

1. General information

Sunstone IV hf. (heireinafter "Sunstone IV" or "the Group") is a public limited company incorporated and domiciled in Iceland. The Company is the parent company of Míla hf. (Míla). The core business of the Míla is to build and operate a telecommunications network in Iceland as well as operational services for telecommunications and co-location services. Sunstone III ehf. is the Company's parent company. These 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 company.

2. Basis of compliance

The Consolidated Financial Statement for year 2023 have been prepared in accordance with International Financial Reporting standards (IFRS) as adopted by the EU. The Consolidated Financial Statements also comply with Icelandic Financial Statement Act and regulation on presentation and content of Financial Statements.

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

Míla was acquired on 30.09.22 and is included in the financial statements of the Group as of 01.10.2022.

The Financial Statements are prepared on the historical cost basis. Details of the Group's accounting policies are included in note 27.

The Condensed Consolidated Financial Statements were approved by the Group's Board of Directors and CEO on 4 April 2024.

3. Use of judgements and estimates

The preparation of the Condensed Consolidated Financial Statements in accordance with IFRS as adopted by the EU requires the use of certain critical accounting estimates.

In preparing these Consolidated Financial Statements, management has made judgements, estimates and assumptions that affect the appliaction of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to estimates are recognized prospectively.

Assumption and estimation uncertainties

Information on assumptions and estimation uncertainties that have risk of resulting in a material adjustment in the year ending 31 December 2023 is included in the following notes:

Note 14.1: Impairment test
Note 22: Deffered tax liabilities

Measure of fair values

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

The Group 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 Group 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 hierachy in which the valuations should be classified.
Significant valuation issues are reported to the Group's Audit & Risk Commitee.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierachy 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

Sales of service and goods is specified as follows:	2023	2022
Fixed Access	3.957	920
Connectivity and Internet	2.636	656
Other Core Business	2.433	569
Sales of service and goods	204	74
	9.230	2.219

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Notes to the Financial Statements

5. Cost of sales

Cost of sales is specified as follows:

	2023	2022
Salaries and related expenses	955	291
Cost of sales	1.185	295
Housing cost	519	133
Depreciation	3.036	553
	5.695	1.272

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

6. Operating expenses

Operating expenses is specified as follows:

	2023	2022
Salaries and related expenses	637	263
Other expenses	827	2.128
Depreciation	1.411	520
	2.875	2.911

7. Auditor's fee

Auditor's fee are specified as follows:

	Current auditors		Past auditors	
	2023	2022	2023	2022
Audit	11	0	13	5
Other services	0	0	27	100
	11	0	40	105

The auditor's fee is included in operating expenses (Note 6). Other service inclued service related to tax and legal service and contract

8. Salaries and salary-related expenses

Salaries and salary-related expenses is specified as follows:

	2023	2022
Salaries	1.962	617
Contributions to pension funds	250	68
Other salary-related expenses	172	46
	2.384	731
Average number of full time employees	144	142

Salaries and related expenses are specified as follows in the income statement:

	2023	2022
Cost of sales	955	291
Capitalised work	792	177
Operating expenses	637	263
	2.384	731

The parent company (Sunstone IV) did not have employees on payroll in 2024. Total salaries, commissions and benefits paid to the Group's Board of Directors and Míla's CEO in 2023 amounted to 57 m.kr. (2022: 193,8 m.kr.)

The Group is required to pay on mandatory and contractual basis contributions to pension funds. The Group has not further payment obligations once these contributions have been paid. The Group recognizes these contributions as salary related expenses when they become due.

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Notes to the Financial Statements

9. Financial income and expense

Financial income and expense is specified as followed:

	2023	2022
Financial income		
Interest income	104	27
	104	27
Financial expense		
Interest on borrowings	(2.662)	(485)
Interest on borrowings from related parties - see note 24	(4.573)	(885)
Interest on leases	(210)	(51)
	(7.445)	(1.421)
Net exchange rate differences	4	(11)
Net financial expenses	(7.337)	(1.405)

10. Taxes

Income tax is calculated and debited, 1.335 m.kr. No income tax will be paid for the year 2023. Sunstone IV is mutually taxed with the parent company.

Reconciliation of effective income tax rate:	2023		2022	
(Loss) before income tax		(6.674)		(3.369)
Income tax	20,0%	1.335	20,0%	674
Unrecognized def. tax assets due to taxable losses			-6,2%	(209)
Income tax according to income statement	20,0%	1.335	20,0%	465

11. Earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Group by the weighted average number of outstanding shares during the year.

	2023	2022
(Loss) for the year attributable to equity holders of the parent company	(5.339)	(2.904)
Share capital in the beginning of the year	132	0
Share capital change	0	132
Weighted average number of shares for the year	132	132
Basic (loss) per share	(40,42)	(22,00)

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Notes to the Financial Statements

12. Operating assets

Operating assets are specified as followed:

	Telecom equipment	Buildings	Other equipment	Total
Cost				
Balance at 30.09.2022	49.785	3.685	768	54.238
Additions	1.097	32	9	1.138
Balance at 31.12.2022	50.882	3.717	777	55.376
Additions	4.357	162	70	4.590
Sales and disposals	(81)	33	(2)	(51)
Balance at 31.12.2023	55.158	3.912	845	59.915
Depreciation				
Balance at 30.09.2022	(26.538)	(1.199)	(542)	(28.279)
Depreciation	(640)	(38)	(11)	(689)
Sales and disposals	0	2	0	2
Balance at 31.12.2022	(27.178)	(1.235)	(551)	(28.964)
Depreciation	(2.667)	(154)	(45)	(2.866)
Sales and disposals	44	0	2	46
Balance at 31.12.2023	(29.801)	(1.389)	(594)	(31.784)
Carrying amounts				
At 30.9.2022	23.247	2.486	226	25.959
At 31.12.2022	23.704	2.482	226	26.412
At 31.12.2023	25.357	2.524	251	28.131

The official real estate valuation of buildings owned by the Group is 2.024 m.kr. (2022: 1.842 m.kr.) and insurance value 4.581 m.kr. (2022: 4.261 m.kr.). Insurance value of other equipment is 8.854 m.kr. (2022: 7.611 m.kr.).

Total depreciation is specified as follows in the income statement:

	2023	2022
Cost of sales	3.112	2.605
Operating expenses	1.336	699
Total	4.448	3.304

Useful life is specified as follows:

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

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Notes to the Financial Statements

13. Right of use assets

Most of the Group'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.

In 2019 Míla estimated lease term for most of the sites wich have not definite lease term as 15 years. Management decided the lease term should be revalued every 5 years. This revaluation was made 31.12.2023 resulting in a revaluation of 825 m.kr.

Right-of-use assets are specified as follows:	Telecom equipment	Buildings	Other equipment	Total
Cost				
Right-of-use assets 30.09.2022	227	5.300	62	5.589
Additions	2	170	26	198
Eliminated on disposal and termination	0	(10)	(2)	(12)
Right-of-use assets 31.12.2022	229	5.460	86	5.775
Additions	0	198	24	222
Eliminated on disposal and termination	0	(200)	(25)	(225)
Remeasurements/indexation	12	1.060	0	1.072
Right-of-use assets 31.12.2023	241	6.518	85	6.844
Depreciation and impairment losses				
Depreciation at 1.1.2022	(39)	(1.070)	(60)	(1.169)
Depreciation	(4)	(101)	(5)	(110)
Eliminated on disposal and termination	0	22	32	54
Depreciation at 31.12.2022	(43)	(1.149)	(33)	(1.225)
Depreciation	(15)	(430)	(28)	(473)
Eliminated on disposal and termination	0	81	20	101
Depreciation at 31.12.2023	(58)	(1.498)	(41)	(1.597)
Carrying amounts				
At 30.09.2022	188	4.230	2	4.420
At 31.12.2022	186	4.311	53	4.550
At 31.12.2023	183	5.020	44	5.247

14. Goodwill and other intangible assets

Goodwill and other intangible assets are specified as follow:	Goodwill	Business relations	Software	Total
Cost				
Balance at 30.09.2022	27.534	21.682	915	50.131
Additions	0	2	22	24
Balance at 31.12.2022	27.534	21.684	937	50.155
Additions	0	0	185	185
Balance at 31.12.2023	27.534	21.684	1.122	50.340
Amortisation				
Amortisation at 30.09.2022	0	(285)	(702)	(987)
Amortisation	0	(254)	(20)	(274)
Balance at 31.12.2022	0	(539)	(722)	(1.261)
Amortisation	0	(1.019)	(90)	(1.109)
Amortisation at 31.12.2023	0	(1.558)	(812)	(2.370)
Carrying amounts				
At 30.09.2022	27.534	21.397	213	49.144
At 31.12.2022	27.534	21.145	215	48.894
At 31.12.2023	27.534	20.126	310	47.970

Business relations consist of customer relationships and trademark.
Useful life is specified as follows:

Software	2 - 15 year
Business relations	15 year

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Notes to the Financial Statements

14.1. Annual test for impairment

The impairment calculation for the Group is based on calculation for impairment in Míla. Míla tested the goodwill for impairment in 2023. The impairment test is based on Míla as a single operational unit. The purpose of impairment testing is to determine whether the recoverable amount exceeds the carrying amount of property, plant and equipment, right of use assets, goodwill, other intangible assets and net working capital.

The recoverable amount is determined as the present value of the future cash flow expected, based on amongst others, the estimated future cash flow the Group expects to earn, possible variations in the amount or timing of those future cash flows and the time value of money, which is reflected by using a discount rate based on the current market risk-free rate of interest.

Key assumptions used in the impairment test were sales growth, EBITDA and the rates used for discounting the projected cash flows.

The sales growth rates and EBITDA used to estimate future cash flows are based on past performance, expected market competition and external market growth assumptions. EBITDA is expected to increase over the projected period as a result of volume growth and cost efficiencies.

The Weighted Average Cost of Capital is based on external market information about market risk, equity ratio and interest rates. The post-tax discount rate is 8,77%.

The goodwill impairment test performed 31.12.2023 shows that the recoverable amount exceeds the carrying amount and impairment is not necessary.

Sensitivity analysis on growth, EBITDA and WACC implies a change in those factors is rather sensitive. A change in WACC from 8,77% to 9,2%, change of future growth from 3% to 2,5% or a change into 95% of the EBITDA could lead to an impairment.

Key assumptions:

Future growth	3,0%
Compounded average revenue growth 2024-2030	7,6%
Compounded average EBITDA growth 2024-2030	11,2%
WACC	8,8%
Equity ratio	35,0%
Interests	9,0%

Impairment test were not carried out in 2022 and 2021. The purchase price offer in 2021 and the actual purchase price of Míla exceeded the Company's Balance sheet value. Therefore an Impairment test was not needed.

15. Other financial assets

Other financial assets are specified as follows:	2023	2022
Long term financial assets	34	55
Financial assets	4	6
Other financial assets total	38	61

Long-term financial assets consist of 10 years prepaid operating leases for Svalbardshreppur's fibre optic system and 7 years purchase lease to Kópavogur town for the sale of fibre threads in 2018.

16. Inventories

Inventories are specified as follows:	2023	2022
Supplies	558	460
Inventories total	558	460

17. Accounts Receivable

Accounts receivable are specified as follows:	2023	2022
Accounts receivable	1.531	1.427
Allowances for doubtful accounts	(21)	(24)
Accounts receivable total	1.510	1.403

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Notes to the Financial Statements

17. Accounts Receivable continued

An allowance has been made for doubtful accounts. This allowance has been determined by management with reference to expected credit loss (ECL). Management considers that carrying amount of receivables approximates their fair value.

Movement in the allowance for doubtful accounts	2023	2022
Balance at the beginning of the year	24	13
Impairment losses recognised on receivables	(3)	14
Amount written off as uncollectable	0	(3)
Balance at the end of the year	21	24

18. Other assets

Other assets are specified as follows:	2023	2022
Prepayments and accrued income	58	120
Other current assets	51	167
Other assets total	109	287

19. Share capital

The issued shares at the end of the year are 132 m.kr. and the nominal value of each item is one Icelandic krona, as in the previous year. All issued shares are paid in full. In accordance with the Act on Public Limited Companies, companies are required to retain a certain percentage of their profit for the year in a statutory reserve, up to the limit of the reserve being in the amount of 25% of the nominal value of share capital.

20. Borrowings

Borrowings are specified as follows:	2023	2022
Secured bond in ISK - Indexation + 2,2%	6.549	6.063
Secured bank loan in ISK - REIBOR + 2,65%	16.500	16.500
Long term liability with related parties - REIBOR +2,9%	45.938	39.372
Capitalized borrowing expenses	(582)	(563)
	68.405	61.372

Aggregated annual maturities are as follows:	2023	2022
Payments 2024/2023	77	0
Payments 2025/2024	214	86
Payments 2026/2025	227	288
Payments 2027/2026	242	309
Payments 2028/2027	258	331
Payments later	67.969	60.921
Total borrowings	68.987	61.935

Changes in borrowings during the year are as follows:	2023	2022
Long-term liabilities at 1.1.2023/30.9.2022	61.935	60.934
New borrowings	1.996	53
Accrued interest and indexation	5.056	948
Financing activities	68.987	61.935
Capitalized borrowing cost	(582)	(563)
Total interest-bearing liabilities	68.405	61.372

Míla's shares and bank accounts are pledged against the borrowing of Sunstone IV from unrelated parties, in addition Míla guarantees a maximum of 19.200 m.kr.

In accordance with the loan agreement, Sunstone III and Sunstone IV agreed that interest would not be paid at year end 2023. Accrued interests at year end, 4.573 m.kr. is added to the principal at 31 December 2023. The loans from related parties are subordinated loans.

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Notes to the Financial Statements

21. Long-term lease liabilities

	Telecom equipment	Buildings	Other equipment	Total
Lease liabilities 30.9..2022	211	4.432	37	4.680
Payments	(4)	(88)	(5)	(97)
Additions, terminations and indexations	1	159	24	184
Lease liabilities 31.12.2022	208	4.503	56	4.767
Payments	(14)	(389)	(27)	(430)
Additions	0	198	24	222
Remeasurements/indexation	13	1.060	0	1.073
Terminated leases	0	(119)	(5)	(124)
Lease liabilities 31.12.2023	207	5.253	47	5.508

Aggregated annual maturities are as follows:	2023	2022
Payments 2024/2023	398	406
Payments 2025/2024	407	403
Payments 2026/2023	354	415
Payments 2027/2024	361	374
Payments 2028/2027	375	383
Payments later	3.613	2.786
Total lease liabilities	5.508	4.767
Amounts in income statement:		
Interest expenses	215	53
Depreciation	473	110
Amounts in statement of cash flows:		
Payments	429	98
Interest expenses	215	53
Total payments	639	151

Extension options

Most of the Group's leases for real estate apply for a specified period of time and are automatically extended to one year at a time if they are not terminated within a specified period of time. If the Group considers it cost-effective, it seeks to have extension rights in leases to ensure flexibility in operations. The Group assess at the start of the lease whether it is likely to be extended. It is generally assumed that contracts are active for 15 years from 1 January 2019. In the event of significant changes in circumstances at the Group's discretion, the Group will reassess the lease term. Generally the lease term is expected to be evaluated every 5 years, for the first time in the end of 2023. Revaluation of lease term was ISK 825 million. Leases with low value or shorter time than one year are not considered as lease liability. Total expenses for real estate and co-location leases not capitalized were ISK 2 million in year 2023. Total expenses for vehicles leases not capitalized amounted 20 m.kr. in 2023. Expired lease contracts for vehicles are not capitalized.

22. Deferred tax liabilities

Analysis of movements in the net deferred tax balances during the period is as follows:	2023	2022
Deferred tax at the beginning of the year	5.957	620
Income tax recognised in the income statement	(1.336)	(374)
Impact of merger	0	5.711
Deferred tax liability at the end of the year	4.621	5.957

The deferred tax liability is allocated as follows:	2023	2022
Property, plant and equipment	6.648	6.565
Lease assets	1.049	910
Lease liabilities	(1.099)	(951)
Taxable losses	(1.991)	(571)
Other items	14	4
	4.621	5.957

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23. Other current liabilities

Other current liabilities are as follows:	2023	2022
Salaries and related expenses	523	446
VAT	154	42
Equalization tax	0	8
Other short-term liabilities	195	1.075
Other liabilities total	872	1.571

24. Risk management

Capital risk management

The Group manages capital to ensure that the Group will be able to continue on a going concern basis while maximizing the return to stakeholders though the optimization of the debt and equity balance.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 20, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reseves and retained earnings as disclosed in the Statement of Changes in Equity.

Financial risk management objectives

The Group's operations, assets, liabiltiy and equity are exposed to risks. These risks include market risk, credit risk and liquidity risk. The Group's financial management is within the Group's policies approved by the Board of Directors. The Group does not enter into trade financial instruments, including derivative financial instruments, for speculative purposes.

Interest rate risk

The Group is exposed to interest rate risks as the majority of the Groups's borrowings are with nominal floating interest rates. Changes in interest rates affects interest revenue and interest expenses in the Income Statement. The Group's interest bearing liabilities are higher than interest bearing assets. There is a risk that possible increase in interest leads to an increase in net interest expenses.

Sensitivity analysis on interest rate change was done according to the balance of financial assets and liabilities in the end of the year. At the end of the year 2023 borrowings with floating interest rate for the next 12 months amounted 62.438 m.kr. The analysis assumes unchanged balance of borrowings during the year. Interest rate increase of 100 points, with other assumptions unchanged, lowers the income and equity of 624 m.kr. before tax (2022: 558 m.kr.)

Foreign currency risk

Financial assets and liabilities in foreign currency are insignificant compared to assets and liabilities in icelandic krona. Currency fluctuation has therefore not material effect on the Group's operations and financial position.

Monetery assets and liabilities denominaled in foreign currencies are recognized at the exchange rate of the reporting date. Exchange differences arising from transactions in foreign currencies are recognizes in the Statement of Comprehensive income.

Credit risk

Credit risk is the risk of the Group's financial loss if its customer or counterparty to a financial instrument is unable to meet its agreed obligations. The Group's exposure to credit risk is limited to financial assets listed on the balance sheet, as well as certain guarantees. The Group regularly monitors the development of the assets related to credit risk, as the Group's business requirements are handled by a small number of customers where only wholesale transactions are involved.

	Maximum possible losses	
The maximum credit risk is detected as follows:	2023	2022
Accounts receivables	1.510	1.403
Bank balances	1.035	3.081
Other receivables	109	287
Other financial assets	38	62
	2.693	4.833

The majority of the Group's receivables are payable within 90 days. The Group generates an allowance for doubtful accounts. This allowance has been determined by management with reference to expected credit loss and past default experience, general economic conditions and an assessment of both the current as well as expected conditions.

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24. Risk management continued

The following table shows the age distribution of receivables.

	Nominal value		Allowance for doutbtful accounts	
	2023	2022	2023	2022
Not past due	1.521	1.367	16	16
Less then 60 days past due	0	46	0	0
61-180 days past due	0	1	0	0
180-360 days past due	9	0	4	0
More than 360 days past due	1	12	1	7
	1.531	1.426	21	23

The Group's credit risk is mainly determined by its customer's financial position and operation. The Group writes off an accounts receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. The collection rate is high at Míla. Write-offs in year 2023 were 0 m.kr. (2022: 3 m.kr.). No loss risk is assessed on other receivables.

Liquidity risk:

Liquidity risk is the risk that the Group will encounter difficulties in meeting its financial obligations in the near future. The Group manages this risk by monitoring forecast and actual cash flows and ensuring adequate reserves. The Group also has an access to a short term loan at its commercial bank. The following table analyses the Group's obligations by their due dates. The table is based on undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The interests on the borrowings from parent company are presented as being payable annually but the Group has the option to postpone payments until the end of the loan period.

Contractual installments on financial liabilities, including estimated interest payments, are distinguished as follows:

31 December 2023

	< 1 year	1-2 years	2-5 years	> 5 years	Total
Borrowings from parent company	5.708	5.708	17.123	61.634	90.173
Other borrowings	2.264	2.386	7.164	23.646	35.460
Long-term lease liabilities	643	633	1.665	4.541	7.482
Accounts payables	1.571	0	0	0	1.571
	10.186	8.727	25.952	89.821	134.686

31 December 2022

	< 1 year	1-2 years	2-5 years	> 5 years	Total
Borrowings from parent company	3.609	3.619	10.828	52.877	70.933
Other borrowings	1.621	1.871	7.036	22.224	32.752
Long-term lease liabilities	614	592	1.632	3.515	6.353
Accounts payables	3.142	0	0	0	3.142
	8.986	6.082	19.496	78.616	113.180

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Notes to the Financial Statements

25. Related party

Shareholders who have a significant impact on the Group's operations, directors and their close family members and legal entities controlled by them are considered as related party.

Transactions with related parties and balances at the end of 2023:

	Purchased service & products	Sold services	Interest Income/ expenses	Receivables	Payables
Sunstone III hf	(22)	0	(4.573)	0	45.939
	(22)	0	(4.573)	0	45.939

Transactions with related parties and balances at the end of 2022:

	Purchased service & products	Sold services	Interest Income/ expenses	Receivables	Payables
Sunstone III hf	338	0	(885)	0	39.706
Other related parties	302	0	0	0	306
	640	0	(885)	0	40.012

26. Prior year adjustments

In 2023 Sunstone IV received invoices of amount of 723 m.kr. from both related and unrelated companies for expenses related to the purchase of Míla but these invoices were not reflected in the 2022 financial statements of Sunstone IV. Management decided to adjust comparative numbers in the financial statements in order to include these expenses in the 2022 reporting period when Míla was acquired. In addition, adjustments were made on the calculation of goodwill with respect to capitalised expenses that resulted in decrease in goodwill of amount of ISK 708 and increase in expenses of same amount. The following table summarise the impacts on Sunstone IV financial statements:

The following table summarises the impacts on the Consolidated Financial Statements:

Statement of financial position	**Impact of adjustments**		
	As previously reported	**Adjustments**	**As restated**
Goodwill	28.242	(708)	27.534
Others	57.614	0	57.614
Total assets	**85.856**	**(708)**	**85.148**
Retained earnings	(1.759)	(1.145)	(2.904)
Others	12.814	0	12.814
Total equity	11.055	(1.145)	9.910
Deferred tax liability	6.243	(286)	5.957
Others	65.732	0	65.732
Non-current liabillities	71.975	(286)	71.689
Payables to related parties	0	640	640
Other Current liabilities	1.489	83	1.572
Others	1.337	0	1.337
Current liabillities	2.826	723	3.549
Total equity and liabilities	**85.856**	**(708)**	**85.148**

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Notes to the Financial Statements

26. Prior year adjustments continued

Statement of profit and loss and OCI

	Impact of adjustments		
	As previously reported	Adjustments	As restated
Operating expenses	(1.480)	(1.431)	(2.911)
Income tax	179	286	465
Others	(458)	0	(458)
Comprehensive (Loss) Profit and net (Loss) Profit for the year	(1.759)	(1.145)	(2.904)

Statement of cash flow

	Impact of adjustments		
	As previously reported	Adjustments	As restated
Operating loss	(531)	(1.431)	(1.962)
Accounts payables and other short term payables	(132)	1.431	1.299
Others	428	0	428
Net cash generated from operating activities	(235)	0	(235)
Aquisition of subsidary, net of cash	(50.571)	708	(49.863)
Others	(1.124)	0	(1.124)
Investing activities	(51.695)	708	(50.987)
Other current liabilities, change	879	(708)	171
Others	54.132	0	54.132
Financing activities	55.011	(708)	54.303
Net change in cash and cash equivalent	**3.081**	**0**	**3.081**

27. Subsequent event

No significant events have taken place since the reporting date, 31 December 2023.

28. Summary of Significant Accounting Policies

The following accounting methods have been used in accordance with the International Financial Reporting Standards (IFRS) for all time periods presented in the annual report.

28.1. Business combinations

The Group accounts for business combinations using the acquisition method which results in the recognation of goodwill and other intangible assets. The consideration transferred in the aquistion is genearlly measured at fair value, as are the indentifiable net assets aquired. The fair value amounts allocated to the acquired assets and liabilities are based on assumptions and estimates about their fair values. A change in assumptions and estimates could change the values assigned to certain assets and their estimated useful lives, which could affect the amount or timing of amortization and depriciations charged to the Income Statement. The Group has one year from the acquisition date to adjust the initial accounting of the business combination to reflect new information that could have impact on the measurement of fair value at the acquisition date.

28.2. Goodwill

Goodwill is not amortized but is reviewed for impairment at least annually. For impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If their book value is higher than their value than an impairment loss has occurred. Goodwill is first impaired, then other assets belonging to the cash-generated unit. An impairment loss recognized for goodwill is not reversed in subsequent periods.

28.3. Revenues

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a good or service to a customer.

Core business

The core business of the Group is to sell access to Míla's network and co-location services.
Revenues are recognized in the Income Statement according to the service´s subscription period.

Sale of services

Revenues originating from services provided by Míla hf are recognized in the Income Statement upon completion of the service provision.

Product sale

Revenues from sale of goods are evaluated at fair value. Revenues are recognized on the Income Statement once a transfer of control has completed.

Sunstone IV Consolidated - Financial statements 2023 24 Amounts are in ISK m.kr.

Notes to the Financial Statements

28.4. Foreign currency

The Consolidated Financial Statement is presented in the Icelandic krona, ISK which is the Group functional currency.

28.5. Income tax

Income tax expense consists of income tax payable and deferred income tax.

Income tax payable

Income tax payable is based on taxable profit for the period. Taxable income differs from net profit as reported in the Income Statement because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible.

Deferred income tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the Financial Statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Taxes of the period

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in Other comprehensive Income or directly in equity, in which case, the current and deferred tax are also recognized in Other Comprehensive Income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination

28.6. Earnings per share

Earnings per share is net profit attributable to the Group's shareholders divided by the Group’s average number of shares outstanding for the period

28.7. Operating assets

Assets are recorded as operating assets when it is likely that an economic benefit for the Group is associated with the asset, cost-benefit analysis can be performed with certainty and the cost of the asset can be measured in a reliable manner.

Operating assets are recorded at original purchase price less accumulated depreciation and impairments. Depreciation is recorded on a straight line basis over its useful life. Depreciation methods, estimation of useful life and residual value is reassessed regulary.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset at the date of the sale transaction and is recognized in the Income Statement.

28.8. Intangible assets

Intangible assets are recorded on purchase price less accumulated amortization.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are identified and recognized seperately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably. The cost of such intangible assets is their fair value at the acquisition date.

After initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets acquired separately.

Summary of Important Accounting methods, continued

28.9. Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Non-financial assets other than goodwill that suffer impairment are reviewed for possible reversal of the impairment at each reporting date.

Assets held for sale which are valued at fair value are reviewed at each reporting date. At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflow (CGU)s from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from business combinations is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized in the Income statement. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

28.10. Inventory

Inventories are stated at the lower of cost and net realizable value.

28.11. Obligations

An obligation is recognized when the Group has a legal or probable obligation to pay due to prior events and it‘s possible to estimate it‘s amount with certainty. The obligation amount is based on best possible estimation on reporting date. If the obligation is estimated from expected future cash flows, the obligation is recorded according to expected present cash flow.

No obligation in recognized in the Financial Statements.

28.12. Financial assets

Financial assets are classified at amortized cost. The classification is determined upon initial registration and depends on the nature and puropse of the financial asset. All general transactions with financial assets are recorded on transaction date. General business means buying and selling of financial assets based on a contract or market practices regarding payment conditions.

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Income is recognized on an effective interest basis for debt instruments other than those financial assets as at fair value in the Income statement.

Accounts receivables and loans are recognized at amortized cost less than their impairment. Interest revenues are recorded with respect to effective interest method except when they are deemed to be insignificant.

Financial assets recognized at amortized cost

Financial assets measured at amortized cost are financial assets with constant or pre-determined payments that are not recorded on an active market. Such assets are initially recognized at fair value with related additional transaction costs. After initial registration accounts payable and receivables are recognized at amortized cost based on effective interest method, less impairment when applicable. Financial assets on amortized cost consists of cash and cash equivalents, securities, contracts, accounts receivables and other receivables.

Summary of Important Accounting methods, continued

28.12. Financial assets, continued

Impairment of financial assets

On reporting date, the book value of the financial assets is evaluated in order to check whether there is an indication of impairment. Impairment has occurred if expected future cash flows based on effective interest method is lower than the book value. If the impairment no longer applies it is reversed in the Income Statement but never above the book value before amortization. Certain types of financial assets such as trade receivables are recorded at nominal amount with respect to amortization. Provision for losses on accounts receivable is an estimation of the amount of doubtful debt that will need to be written off during a given period.

Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

28.13. Financial Liabilities

Financial liabilites are classified as other financial liabilities.

Other financial liabilities

Other liabilities, including liabilities to financial institutions and trade payables are recorded initially at fair value less transaction costs. At a later assessment they are recognized at amortized cost based on the effective interest method.

Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group’s obligations are discharged, cancelled, or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

28.14. Leases

The Group assesses whether a contract is, or contains a lease, at inception of the contract. When assessing whether a lease includes control of a specific asset, the Group uses the definition of a lease in IFRS 16.

28.14.1 The Group as lessor

The Group offers co-location services and fibre rental to other telecommunications companies. All leases can be terminated with one to nine months' notice or less. The Group classifies all leases as operating leases.

28.14.2 The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognizes a right of use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right of use asset in a similar economic environment with similar terms, security and conditions.

A right of use asset is initially measured at the amount equal to the initial measurement of lease liability. Right of use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

Summary of Important Accounting methods, continued

28.15.2 The Group as lessee, continued

In determining lease liability, Lease payments include the following:

– Fixed payments, including lease payments that are normally fixed;

– Variable lease payments depended on an indexation or interests, valued at their original payment value;

– Amounts expected to be payable by the lessee under residual value guarantees; and

– Purchase price according to call option in lease agreement when the Group expects to excerise that option, lease payments on extention periods when the Group expects to extend the lease and payments for termintion of the lease before the end of the lease term, unless the Group is certain not to terminate the agreement as allowed.

Lease liability is recorded at net book value with respect to effective interest method. The liability is revaluated when there is a change in future lease payments with respect to index or intrest rate, if if the Group expects a change in value due to residual value guarantees, if the Group expects changes in extension or termination on the lease period or when there is a change of a lease payments which are by nature, fixed.

When lease liability is revaluated the book value of the right of use asset is adjusted accordingly, or recorded in the income statement if the book value of the right-of-use asset has been recorded at salvage value.

29. Standard issued but not yet effective

Certain ammendments to accounting standards have been published that are not mandatory for 31 december 2023 reporting periods and have not been early adopted by the Company. These amendments are not expected to have material impact on the entity in the current or future periods and and foreseeable future transactions.

Several new international accounting standards apply to the financial years that begin after 1 January 2023, which may be applied before their entry into force. However, the Group has not implemented new or changed accounting standards in presenting these financial statements.

Management of the Group does not expect that the adoption of the standards will have a material impact on the Financial Statements of the Group in future periods.

– Deferred tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)

– IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts.

– Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice statement 2)

– Definition of Accounting Estimates (Amendments to IAS 8)

Corporate Governance Statement

Strong corporate Governance supports open and reliable communication between Board of directors, shareholders, customers, and other stakeholders. The Group´s Board of Directors places a great emphasis on good corporate governance and revaluates its corporate governance practices annually with regards to recognized corporate governance guidelines.

Corporate Governance Framework

The Group's corporate governance is defined as a framework of principles and rules. It is based on Icelandic law, supported by Articles of Association, the Board's rules of Procedure of the Board, the Company's code of Ethics, a settlement with the Competition Authority signed 15 September 2022, the Company's competition compliance program and guidelines on Corporate Governance issued July 2021 by the Iceland Chamber of Commerce, Nasdaq OMX Nordic Iceland and the Confederation of Icelandic Employers, accessible on Iceland Chamber of Commerce webside, www.vi.is.

Corporate Governance defines and dictates how the Group is governed and managed, including the interactions between the CEO, who is responsible for day-to-day management, the Board of Directors, shareholders, regulators, and other stakeholders. The Group is committed to act in accordance with recognized general principles aimed at ensuring good

Ownership, role and values

Míla is a public limited liability company and operates on the basis of Act No. 2/1995 on Public Limited Companies. The Company is a subsidiary of Sunstone IV hf.

The core business of the Group (Míla) is to build and operate a telecommunications network in Iceland as well as operational and advisory services for the telecommunications and co-location services.

Míla´s mission is to be the foundation for telecommunications in Iceland.

The key objectives are satisfied and proud employees with strong corporate social responsibility, customer satisfaction and equal access to Míla's service, profitability, reliability, quality and continuous improvement.

Míla's values are: Progressive, Reliable and Trustworthy.

Míla's vision is to be an outstanding service company in the development and operation of telecommunications infrastructure in Iceland.

Communication between Shareholders and the Board of Directors

Shareholders' meetings, within limits established by the Groups's Articles of Association and statutory law, are the supreme authority in the Group's affairs as well as the primary means of communication between shareholders and the Board of Directors.
Articles of Association contain rules regarding the Groups's purpose, it's share capital, shareholders' meetings, Board of Directors, annual accounts and auditing.

The Board of Directors manages the Groups affairs between shareholders' meetings and protects the interest of the Group.

The Board's communications with shareholders should be characterised by openness, be clear and consistent.

The Company's CEO undertakes the management of the Groups's daily operations and represents the Group in all matters pertaining to ordinary operation. The Groups's Annual General Meeting shall be held before the end of August each year and other shareholders' meetings are convened as needed.

The CEO is responsible for the Group's daily operations and has decision making power in all its mattes that are not entrusted to others by law.

The Group aims to have equal gender ratio on the Board of Directors, management board and the Group's senior management. Equal gender division and diversity within the Group are taken into account with new hires as well as professional development within the Group. The Group has established and published a human resources and human rights policy on the company's website. The Office of Equality approved Míla's Equality Plan in September 2023.

Board of Directors

The Group's Board of Directors is independent in its work and is responsible for the operation of the Group on behalf of the owners.
The Board considers its composition consistent with the Group's operations and policies so that it is able to handle the affairs of the Group with efficiency and integrity. The background and education of board members is diverse.

Corporate Governance Statement

Board of Directors, continued

The Board of Directors:

Marinó Örn Tryggvason, Chairman of the Board, born May 25, 1978, residence in Garðabær. Marino was elected Chairman of the Board at the company's Board meeting in October 2023. Marinó has a BSc in business administration from the University of Iceland and has completed a degree in securities trading. Marinó has held management positions in the financial section for over 20 years. Marinó is an independent member of the company's Board of Directors.

Marion Emmanuelle Calcine, born 4 March 1984, residence in France. She was elected to the Board of Directors in October 2022. Marion is Chief Investment Officer at Ardian Infrastructure, and a former board member of Ardian portfolio companies 3NEW, 4NEW, 2i Rete Gas, Trados M45. She is a graduate of the Ecole Nationale de la Statistique et de l'Administration Economique with a master's degree in mathematics and statistics and a certified actuary. Marion joined

Pauline Thomson, born 13 February 1987, residence in France. She was elected to the Board of Directors in October 2022. Pauline is Managing Director and Head of Science at Ardian and is a Board Member of Wintics and Jules I. Pauline holds a master's degree in politics and finance from Sciences Po Paris. Pauline joined Ardian in 2011.

Leonard Rasche, born 6 May 1992, residence in Germany. He was elected to the Board of Directors in February 2023. Leonard is senior investment manager in the infrastructure team in Frankfurt. Prior to joining Ardian, Leonard was an Associate in Macquarie Capital’s infrastructure advisory group in London and covered renewables and utilities at boutique advisor goetzpartners in Munich. Leonard holds a master’s degree in economics and policy of Energy and Environment from University College London and a BSc from the European Business School in Frankfurt and Tongji University in Shanghai.

Birna Ósk Einarsdóttir, born 9 April 1976, residence in the Netherlands. She was elected to the Board of Directors in October 2022. Birna is the Managing Director of Sales and Service at APM Terminal. She has been a Board member of Almannaróm since 2019. Previously, she sat on the Board of Directors of Skeljungur and has also served as Managing Director of Sales and Service at Icelandair Group, Director of Marketing and Business Development at Landsvirkjun and Director of Sales and Service at Síminn. Birna has a master's degree in management and policy making from the University of Iceland. Birna is an independent board member of the Group .

Þórarinn V. Þórarinsson, born June 25th 1954, residence in Reykjavík. He was elected to the Board of Directors in October 2022. Þórarinn works with legal practice at his own firm, Advocatus slf. He is the Chairman of the Board of Reitir Real Estate hf. and a Board member of Lífland hf. Þórarinn was CEO of Síminn hf. and CEO of the Icelandic Federation of Employers. Þórarinn holds a law degree from the University of Iceland and later qualified as a District Court Attorney and Supreme Court Attorney. Þórarinn is independent of the company but spent a short time in 2021 as a consultant for Ardian on the

Oscar Cicchetti, born 17 June 1951, residence in Italy. He was elected to the Board of Directors in October 2022. He is Operating Partner in Telecommunications Infrastructure at Ardian and is Chairman of the Board of Directors of Inwit. He was CEO of Inwits and was a Director in various positions at Telecom Italia Group. Oscar is an electrical engineer from the Universitá degli Studi dell'Aquila in Italy. Oscar is independent of the company but not independent of its largest

The Group meets the requirements of the Companies Act on Gender Quotas.

Three of the directors of the Group are employees of fund management company Ardian, one is an advisor on behalf of Ardian and three directors are independent.

The current Rules of Procedure of the Board of Directors were approved at a Board meeting on 24 January 2024. The Board has various roles and responsibilities, including:

- Sufficient control over the accounting and management of the Group's fund
- Implement the Group’s policies and goals
- Analyse the Groups's risk
- Ensure the Group operates in accordance with laws, regulation and settlement with the Competition Authority.
- Hire a Chief Executive Officer

A total of 12 board meetings were held in 2023.

The Board of Directors conducts formal performance evaluations on a regular basis. Performance evaluations, are intended to improve working practices and increase the efficiency of the Board and evaluate the work of sub-committees.

Corporate Governance Statement

Sub-committees

The role of the Group's subcommittees is to assist the board and where applicable, individual committees, in performing tasks assigned to it by law. The Board of Directors appoints the sub-committees. The subcommittees are primarily involved in the preparation and implementation of projects which are then presented as proposals to the board. They do therefore not make independent decisions on behalf of the Group or the board. The sub-committees are without prejudice to the role and decision-making powers of the Management Board.

The Board of Directors has appointed the following subcommittees to carry out certain tasks:
- The Audit, Risk Management and Sustainability Committee
- The Environmental, Social and Governance Committee (ESG)
- The Nominations and Remunerations Committee
- The Operational and Investment Committee

The Audit Committee of the Group takes note of Chapter IX of Act No. 3/2006. The Committee is composed of four Board members and one external. The members of the committee are independent of the Group's auditors and the majority of committee members are independent of the Group. The members must have relevant knowledge and experience in accounting, audit and risk management, both financial and non-financial as well as technical knowledge in relation to the areas of activity to which the Group belongs.

The committee has various roles and responsibilities, including but not limited to:
- Ensure a competent and independent audit,
- Submit proposals to the Board on the nomination of the auditor candidate at the Annual General meeting,
- Monitoring the process of preparing financial statements,
- Monitor and assess the Group’s internal control systems,its risk management and perform other related tasks and duties,
- Review financial information and disclosure arrangements from management, internal audit and external auditors.

The members of the Audit, Risk Management and Sustainability Committee are: Leonard Rasche as chairperson, Pauline Thomson, Birna Ósk Einarsdóttir, Ása Karlsdóttir and Þórarinn V. Þórarinsson.

The Environment, Social and Governance Committee consists of five members. Four of them are on the Group's board of directors but one member is independent of the company. The chairman of the committee shall be nominated by the Board. He leads the Committee and is responsible for ensuring the efficiency of its work. The Chairman shall also encourage all members to contribute to the Committee. All members of the Committee shall have relevant knowledge and experience of sustainability issues and related regulations and professional knowledge in relation to the areas of activity to which the Group belongs.
The committee has various roles and responsibilities, including but not limited to:
- Establish a strategy for the sustainability of the Group,
- Establish ethical standards for the board, management and employees of the Group,
- Assist the Group in achieving goals related to sustainability and transparency of business practices,
- Assist in the formulation of human resources policy,
- Monitor that the Group's environmental and social practices are in accordance with the company's policy,
- To monitor the Group's communications with different groups of stakeholders.

The members of the Environment, Social and Governance Committee are Amor Boufath as chairperson, Leonard Rasche, Birna Ósk Einarsdóttir, Marinó Örn Tryggvason and Þórarinn V. Þórarinsson.

The Nominations and Remunerations Committee is comprised of three member who all are Board members of the Group.

The committee has various roles and responsibilities, including but not limited to:
- Prepare the Group's remuneration policy and monitor its follow-up,
- Ensure that wages and other terms of employment are in accordance with laws, regulations and best practice at all times
- Prepare decisions by the Board on wages and other terms of employment for management,
- Take an independent position, in consultation with the audit committee, on the impact of wages on risk taking and risk management,

The members of the Nominations and Remuneration Committee are Marion Calcine as chairperson, Pauline Thomson, and Þórarinn V. Þórarinsson.

Sub-committees, continued

The Operational and Investment committee comprises of six members who all are Board members of the Group.

The committee has various roles and responsibilities, including but not limited to:
- Inform, advise and assist the board regarding operational matters,
- Identify strategic options for the Group and make recommendations to the Board on actions of strategic importance,
- Monitor the Group's business and investment activities and ensure compliance with laws, rules and obligations,
- Formulate proposals to the Board of Directors for investment decisions

The members of the Operational and Investment Committee are Pauline Thomson as chairperson, Marion Calcine, Þórarinn V. Þórarinsson, Oscar Cicchetti, Birna Ósk Einarsdóttir and Leonard Rasche.

Executive Director and Managment Board

The CEO is responsible for the day-to-day operations of the Group and has decision-making authority in all its affairs which are not entrusted to others by law. He is responsible for ensuring that operations are in accordance with laws, regulations, the Group's articles of association and the decisions of the Board of Directors. Day-to-day operations do not include unusual measures that can generally only be taken after special permission from the Board of Directors. The CEO is not a member of the Board but shall attend Board meetings and has the right to participate in discussions and the right to submit proposals unless the Board decides otherwise in special cases. He ensures that Board members receive information on the finances, structure, and operation of the Group in timely manner so that they can perform their duties.

The Board evaluates the performance of the CEO yearly.

Erik Figueras Torras is the CEO of the Group. He was born on 29 June 1967 and lives in Garðabær. Erik holds an MBA from The International Institute for Management Development (IMD) in Switzerland and a master's degree in electrical engineering from the Universitat Polit'ecnica de Catalunya in Spain. He was previously Director of Digital Development at Síminn, Managing Director of Amivox and Director of Business Development at TM software. In addition to the CEO, The Group's Executive Committee includes managers from each department and the Group's General Counsel:
Daði Sigurðarson - Chief Technology Officer (CTO)
Jóhanna Guðmundsdóttir - Chief Commercial Officer (CCO)
Ingvar Bjarnason - Chief Revenue Officer (CRO)
Snorri Karlsson - Chief Infrastructure Officer (CIO)
Rebekka Jóelsdóttir - Chief Finance Officer (CFO)
Inga Helga Halldórudóttir - Chief Legal Officer (CLO)

The Commission normally meets once a week and prepares and implements the Group's joint strategic plans. The CEO is responsible for the work and performance of the Management Board.

Internal Risk Management

The internal control at the Group is based on an organisation that supports the objectives of success and efficiency in the operation.The CEO is responsible for ensuring adequate internal controls and risk management in connection with financial reporting.

The roles of the Group Audit Committee include promoting good corporate governance and providing an independent and objective opinion on the audit process, internal controls and reporting to the Board. Furthermore, the Committee supervises the process of preparing financial statements and supervises the organisation and effectiveness of the company's internal controls, internal audit, and risk management, as well as supervising the audit of the Group's financial statements and consolidated accounts. The role of the audit committee is further explained in the preceding section on subcommittees.

Annually, the Board of Directors reviews the Groups's risk policy. The Group's risk management policy has the purpose of maintaining an overview and appropriate management of risk in the Group's operations for the benefit of the community, customers, employees, and shareholders. Under the risk policy, definitions of roles and responsibilities are set out to ensure that risks are managed effectively.

The Group operates a Safety Council, but the Group's Executive Board is responsible for the implementation of Group's risk policy and to ensure operation of organisational structure for risk management and a coordinated risk management process. The Group identifies and handles risks in its operations through regular risk assessment, targeted monitoring, and action. The Board of Directors and management manage the Group's risk in accordance with the Group's risk limits.

Corporate governance risks relate to compliance with laws and codes of good governance practice. This could result in financial loss for the Group and/or damage to its reputation. In addition, it can directly affect the Group´s customers and cause harm to telecommunications services in the country.

Corporate Governance Statement

Internal Risk Management, continued

An independent auditing firm is elected at the Annual General Meeting. The external auditors examine the Groups's Consolidated Financial Statements in accordance with generally recognized auditing standards and, for this purpose, inspects accounting records and other material relating to the operation and financial position of the Group. The external auditors report any significant findings regarding accounting matters and internal control deficiencies via the Audit Committee to the Board of Directors. PricewaterhouseCoopers ehf. (PWC) was elected as the Group's auditor at the Groups’s AGM held on June 15th. 2023. Auditor on PWC’s behalf is Valgerður Kristjánsdóttir, Certified Public Accountant (CPA). She has audited and endorsed Míla’s Financial Statements for the year.

The Group has a contract with Deloitte for the company's internal audit. The contract involves reviewing the appropriateness and effectiveness of internal control. The internal auditor provides independent and objective verification as to the adequacy of the Group processes.

Social responsibility and Code of Ethics

The Group's social responsibility covers general business practices, environmental issues, occupational safety and health and gender equality. The Group operates according to the current Code of Ethics at any given time.

The Group is a member of Festa, a Centre for Sustainability. Míla's focus on social responsibility is safe and professional service, human resources, environmental protection and community engagement.

The Group's human resources and equality policy states that the Group wants to create a work environment with equal opportunities where the applicants' skills, education and experience are considered, equal gender division and diversity within the Company. The CEO approved the Human Resources and Equality Policy in September 2023.

The Annual General Meeting discusses the Group's remuneration policy. The role of the remuneration policy is to ensure that the remuneration of senior management considers the Group's long-term performance, their own performance, and shareholders' interests. The CEO is responsible for the remuneration of other employees and it’s compliance with the remuneration policy.

Compliance

In 2023, the Telecommunications Authority concluded that Míla violated Art. 34, paragraph 1 of the Telecommunications Act no. 70/2022 by not consulting the homeowners regarding the placement of fibre optic cable in the driveway of a street in Reykjavík. Otherwise, the company did not violate laws or regulations pursuant to a court or administrative decree.

Non-financial information statement

Company strategy

Míla's operations have undergone major changes in recent years, and the Company intends to update its overall strategy this year. The strategy will also take into account the Company's Sustainability Policy and describe how the Company intends to support the government's climate goals. Various policies relating to sustainability are in effect in the Company, including a Privacy Policy, Human Resources and Equality Policy, information security and a Security Policy as well as a

Environment and climate

Míla places great emphasis on ensuring the security and business continuity of the Company's networks to meet service level targets and support the services provided through Míla's systems. Changes in weather conditions resulting from climate change have a direct impact on the operational security of the Company's telecommunications network and maintenance of equipment and structures. For this reason, one of the main environmental risks faced by Míla is changes in weather caused by climate change. This may include flooding, subglacial outburst floods, avalanches, soil runs,

For all these reasons, Míla aims always take measures to maintain continued optimal service levels. Preventive actions to cope with weather conditions incur significant expense for Míla each year, not to mention the hazard of living in a volcanic island where anything can happen. Míla prides itself on its uptime and network security and therefore takes on a significant financial burden to maintain its high service level.

The telecommunications industry has a considerable impact on the environment, as high resource and energy use accompanies the production, use and disposal of equipment in the Company's business activities. Due to the nature of the Company's business activities, considerable transportation of equipment and people is also needed for the maintenance and installation of telecommunications networks. The Company endeavours to promote climate change mitigation and reduction of greenhouse gas emissions by its customers. Among other things, the reduction of emissions includes the use of new equipment that uses less electricity. Significant amounts of energy are used in the distribution and operation of an electronic communications network, but there are potentials for substantial reductions of greenhouse gas emissions.

In order to maintain the most extensive telecommunications network possible, equipment needs to be installed in rural locations where electricity is not available. In such locations, batteries need to be used, or generators that are powered by diesel oil rather than electricity.

Míla is now, for the first time, purchasing guarantees of origin for electricity used by the Company. A guarantee of origin represents a confirmation that electricity has been produced from renewable energy sources. Guarantees of origin are independent sales product, unrelated to the actual supply of the electricity Companies. Institutions, and individuals can, through the purchase of guarantees of origin, certify their electricity purchases and thereby support renewable energy production. Changes were announced to the arrangement of guarantees of origin in Iceland in 2022, and as of 2023, guarantees of origin for electricity are no longer offered free of charge with the energy purchased by energy sellers in the wholesale market. By no longer attaching the guarantees of origin to electricity purchases by sellers, as the case has been since 2016, the arrangement of energy sales was being brought into line with the system in continental Europe.

Míla's total energy consumption and emissions efficiency are measured, and 93,3% of Míla's energy consumption was renewable energy, with the Company's total energy consumption being 23.716.086 kWh in 2022. It is worth noting that part of this energy was resold to other telecommunication companies but was not deducted from Míla's total use over that year. In 2023, Míla's total energy consumption was 15,955,067 kWh, which represents a significant decrease from the preceding year; however, resold energy was accounted for in the Company's ESG report, which explains the decrease between years.

Only 6.7% of Míla's energy consumption is derived from fossil fuels. Míla has plans to switch to green-energy vehicles when this becomes feasible, given the range of the vehicles. Míla needs to reach places that are off the beaten track, and for this reason electric cars are not always a possible option. In the course of the year, Míla has carefully studied the possibility of replacing the Company's vehicles with longer-range electric vehicles, but it appears that there are no affordable environmentally friendly vehicles on the market with sufficient range for the Company's operations. At the year-end, 18% of the fleet were green-energy vehicles.

Non-financial information statement

Environment and climate, continued

Míla encourages employees to use environmentally friendly transportation. Employees who use public transport or environmentally friendly means of transport to travel to and from work are offered transport incentives. A bicycle storage facility was built for staff to further encourage more environmentally friendly modes of transport. The facility includes access to electricity to charge electric bicycles. It is hoped that the new and secure bicycle storage facilities will encourage more employees to use bicycles as a means of transportation. Charging points for vehicles have also been installed to which employees have access.

Large quantities of resources are generated as waste from Míla and waste management has proven difficult for the Company. However, much work has been devoted to this subject in recent years, especially toward the end of 2023. The use of plastics cups was discontinued on the foundation of Míla, paper has been sorted since 2007 and plastic since 2014. Older equipment has been partly reused or used for spare parts. Also, furnishings are well utilised by the Company.

In 2022, the waste sorting ratio was 34.7% and in 2023 the sorting ratio was 30.4%. This is partly due to a lack of cooperation with suppliers and a lack of rules and their enforcement within the Company. Míla began work this year on analysing in further detail what waste has to date been sent to landfills and exploring possibilities of utilising some of that waste in a better manner. Container areas have been improved and markings at sorting containers improved. Contracts were made with suppliers on the reuse of fibre optic cables. Instructions were prepared for Míla's employees and partners on sorting rules, and cameras were installed in the container area to facilitate surveillance. It is hoped that these measures will result in improved sorting and recycling.

Targets relating to environmental matters and UN sustainable development goals 12 and 13 are the following:

√ Improve sorting and increase recycling ratios through improved facilities and education - sorting ratio to reach 50% in 2024;

√ Reduce the Company’s carbon footprint deriving from the use of fossil fuels by increasing the number of green-energy vehicles, with green-energy vehicles to be 25% of the fleet by year-end 2024; and

√ Reduce electricity consumption in equipment spaces by reducing their number, sharing and/or eliminating unnecessary equipment. Also introduce more efficient equipment.

Social factors

Míla had 147 employees at year-end 2023, 88% men and 12% women. The average length of service of Míla’s and it´s predecessors’ employees is 21 years. This wealth of knowledge and experience of employees strengthens the foundations of the business, while investing in robust continuous education, career development and recruitment of new personnel ensures continuous progress. The recruitment of qualified employees plays an important role in increasing the Company's long-term value creation.

Míla's corporate culture is unique, as Míla's employees are constantly on alert and ready to respond when there is a need to ensure secure communications. In the course of the year, the Company's employees worked under very difficult conditions in the area that was worst affected by the seismic and volcanic activity in Grindavík and Reykjanes.

To assess the well-being of employees, Míla conducts regular workplace surveys. Míla aims to carry out short surveys three times a year to monitor employees' well-being and the Company’s workplace culture. The results are reviewed with employees and an action plan is drawn up to strengthen still further the workplace and workplace culture.

Good morale and employees’ security are key factors in creating a good workplace and promote well-being. Míla places great emphasis on health and safety. The focus is on creating a working environment with equal opportunities regardless of gender, gender identity, sexual orientation, ethnic background, colour, age, disability, religion or other status.

In 2023, further work was done to promote the personal safety of employees, among other things by strengthening the Safety Committee and improving the recording and analysis of accidents. In 2023, occupational accidents resulting in absence from work at least one day, were five in total. Work is currently in progress on a comprehensive safety and health policy and on a reassessment of the safety culture of the Company as a whole. In 2024, the intention is for all employees to be briefed on the Company's Safety Policy and its points of focus in this regard.

Non-financial information statement

Social factors, continued

Currently, men comprise a large majority of the Company's workforce, but Míla has ambitions to increase the number of women. This ambition is clearly reflected in the target that the Company has set itself in its Equality Plan. An action plan will also be prepared in 2024, designed to support the Equality Plan, increase the number of women on the staff and promote increased diversity of employees. In recruiting and career development the plan is to focus still further on achieving an equal gender ratio and diversity within divisions, departments and work groups.

Míla first received equal pay certification according to the equal wage standard ÍST 85:2012 in 2020, which has been renewed each year since. The results of a wage analysis conducted in 2022 showed that men were measured with 0,9% higher wages than women for comparable jobs, as compared to a gap of 2.1% in the preceding year. In 2023 the wage gap was measured at 0.4% in favour of men. At the beginning of certification, the gap was 4.3% in favour of men.

Remuneration should be based on role, responsibility and performance.Emphasis is placed on offering wages that are competitive with the wages paid for comparable work in the market. All employees receive equal remuneration for comparable and equally valuable work. The human resources manager and Company management are committed to maintaining continuous improvement and monitoring and responding to any unexplained pay gaps and any deviations identified during reviews of the equal pay system. 96% of Míla's employees are covered by collective agreements, and most belong to unions associated with Rafís. The Annual General Meeting of the Company specifically addresses the

Míla wants to make it easier for employees to harmonise their working duties with their responsibilities to their families and emphasizes flexibility so that employees can, irrespective of gender, meet family and household responsibilities. Míla is required to take account of the health of its employees and any difficulties in their family affairs. To enhance still further the balance between work and private life, the Company has established a remote working policy.

Míla respects human rights, will not tolerate child labour or forced labour, and complies with laws and regulations in this regard. The right to sickness leave, vacation rights, accident compensation and unemployment benefits are subject to Icelandic law and collective bargaining agreements. Statutory law and collective agreements provide for details regarding rights to sick leave, number of sick leave days, conditions for paid sick leave etc.

Míla's conviction that the working environment contributes to the professional growth of employees within the company is reflected in its organised courses of education, training and challenging tasks assigned to its employees. Among other things, Míla offers its staff educational grants for continuing education. The nature of the Company's operations is such that occupational safety is a vital factor, and a strong emphasis is placed on employees' awareness of safety rules in their work. Emphasis is placed on providing reliable and safe service with outstanding employees. For this reason, Míla looks for ambitious employees with diverse backgrounds and ensures equal opportunities for the genders to seek jobs within

The community

Míla takes the importance of its role for the community very seriously, and the responsibility of keeping telecommunications working, even in times of natural disasters, is imprinted in the Company's culture. Míla's network infrastructure meets the national security requirements of the State. Míla takes telecommunications security seriously and the Company is aware of its role in this regard. Míla is an important player in contingency plans and crisis response actions taken by the Department of Civil Protection in times of natural disasters. In a crisis situation, Míla cooperates with other telecommunications companies, both in analysing scenarios and in keeping the telecommunications network operational. Extensive preparation is needed to enable the Company to respond as quickly and efficiently as possible in the event of natural disasters, which inevitably entails considerable expense.

Míla seeks to have a positive impact on its local community through active participation in community projects. The aim is to support community projects using the knowledge and capabilities available within Míla. Among other things, Míla focused on sports and youth activities when it comes to community projects, e.g. through grants to sports clubs and children's sports activities around Iceland. Also, Míla has supported the work of search and rescue teams around the

Non-financial information statement

Social factors, continued

Targets relating to community matters and UN sustainable development goals 5 and 9 are the following:

- √ To have in place a succession plan before year-end 2024;
- √ To develop an education and training plan with gender-diverse targets by the end of 2024;
- √ To integrate an equal pay policy with the Company's equality plan; and
- √ To target a gender ratio of 40/60 among applicants for education grants and monitor the gender ratio of applicants

Governance

Governance is discussed in the report of the Board of Directors, the CEO's report and the Governance Statement earlier in this report.

In order to promote good business practices and protect the Company's employees, Míla has implemented rules on whistleblower protection. Míla also updated its Code of Conduct during the year. The Code of Conduct lays down processes for detecting and preventing, investigating, and responding to allegations or incidents relating to corruption and bribery. All employees of Míla are required to abide by the Code of Conduct. The Code provides guidance to employees regarding potential conflicts of interest at work, bribery, confidentiality, handling of information and compliance with laws

Míla's Code of Conduct emphasises the importance of ensuring that professionalism of staff is never called into question. For this reason, employees never handle their own business affairs or dealings with affiliated parties. According to the Code of Conduct, employees are required to treat the Company's assets with respect and not make use of their positions for their own benefit. No incidents were recorded during the year involving conflicts of interest, protection of interests, corruption, or bribery. Míla does not endorse any political parties or interest groups.

Míla complies with Act No. 90/2019 on data protection and the processing of personal data and stresses the importance of protecting personal privacy and the privacy of both customers and employees and has in place an active internal and external data protection policy.

In line with Míla's Data Protection, Security and Quality Policies, along with internal processes and other quality standards, the Company places significant emphasis on ensuring the quality and accuracy of non-financial information. Míla operates in compliance with the BSI standard ISO/IEC 27001 on information security. The Company's external auditor also reviews the report of the Board of Directors, including non-financial information, as part of Mila's external audit. Míla uses Sustainability Platform software from Klappir, a sustainability software company, to prepare its sustainability reports and to manage the necessary data for reporting.

Targets relating to governance and UN sustainable development goals 5 and 9 are the following:

- √ Maximum of 60% of any gender in the top 3 management levels by 2030;
- √ Increase the number of women or non-binary employees in the Company to a ratio of 20% by 2028;
- √ Continue emphasising on competition compliance training;
- √ Update the Company's Code of Conduct and implement it among employees, partners and suppliers; Implement supplier evaluation;
- √ Develop a sound infrastructure, promote sustainable development, and foster innovation;
- √ Emphasise further on development of services and new product solutions; and
- √ Further develop a reliable and flexible network infrastructure with equal access for all at an affordable price.

EU taxonomy Reporting

Míla has begun preparations for the implementation of the EU Taxonomy Regulation. In the course of the year, work was begun on obtaining a better understanding of which projects or investments could fall within the scope of the Taxonomy Regulation. The Taxonomy Regulation is an important part of the European Union's sustainability regulations, established as part of the European Green Deal in 2019

Enterprises are required to disclose information from which it can be determined whether an economic activity qualifies as environmentally sustainable.

Non-financial information statement

EU taxonomy Reporting, continued

The Regulation lays down four conditions under which an economic activity can qualify as sustainable:

Firstly, it must contribute substantially to one or more of six specifically defined environmental objectives:

1. Climate change mitigation;
2. Climate change adaptation;
3. Sustainable utilisation and protection of water and marine resources;
4. Transition to a circular economy;
5. Pollution prevention and control; and
6. Protection and restoration of biodiversity and ecosystems.

Secondly, it does not significantly harm any of the environmental objectives. Third, it is carried out in compliance with the minimum safeguards, and fourth it complies with technical screening criteria.

Certain technical screening criteria have been published for thirteen sectors regarding two of the environmental objectives referred to above, i.e. climate change mitigation and climate change adaptation. Míla has compared its activities with those technical screening criteria by going through the Taxonomy Compass. An effort was made to locate the Company's business activity within the Compass, but the conclusion was that the Company's activities do not currently fall within the technical screening criteria. The Company is therefore unable to disclose the income and expenditure covered by the classification system; however, this will be done when technical screening criteria have been developed under which the Company falls in its entirety and is able to meet.

Nevertheless, various adaptation solutions have been developed at Míla that will reduce greenhouse gas emissions. Eight years ago, the Company had five diesel generators in continuous operation, but targeted efforts have been made to reduce their numbers and currently only two remain. Preparations are under way for a hydroelectric power plant to replace a diesel generator. In the work on defining services based on the Taxonomy Regulation, Míla began work on defining its green investments in environmentally friendly services. The result is that Míla's main green investments in 2023 were in the Passive Optical System (PON) and in the development of a hydropower plant.

According to Article 18 of the Taxonomy Regulation, undertakings must also analyse and disclose whether and how their activities comply with the minimum safeguards of the Regulation as regards human rights, corruption and bribery, taxation and competition. Míla has responded to a questionnaire regarding minimum safeguards and considers itself to comply with the criteria in the questionnaire in most respects.

1. Minimum safeguards are processes implemented by an undertaking that engages in economic activities for the purpose of ensuring alignment with the OECD Guidelines for Multinational Enterprises and with the United Nations Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions referred to in the ILO Declaration on Fundamental Principles and Rights at Work and the International Bill of Rights.

2. When implementing the processes referred to above, undertakings shall adhere to the principle of 'do no significant harm' referred to in point (17) of Article 2 of Regulation (EU) 2019/2088.

Human rights: Minimum safeguards require undertakings to respect the human rights and rights of their employees and to observe the rules of good business practices based on OECD and UN guidelines. The minimum safeguards ensure that an activity or investment declared 'in accordance with the classification system' does not violate social norms or harm people. Matters relating to human resources in the GRI standards are laid down in standard GRI 406-419.

Management is conscious of human rights and Míla is committed to observance of such rights. Accordingly, Míla has implemented an Equality Policy, a Human Resources and Human Rights Policy, a Code of Conduct, and Equal Pay Certification. A contingency plan for responses to all kinds of harassment is also defined in the Company's policy on bullying. Also, the Company underscores the importance of its partners sharing Míla's fundamental values; however, the Company has not, at this time, implemented a code of conduct for suppliers and supplier evaluations.

Non-financial information statement

EU taxonomy Reporting, continued

Compliance with privacy laws is ensured in the Privacy Policy of employees and customers. Míla does not, in general, work with sensitive personally identifiable information except to the extent that such information concerns its own employees, in which case the Company is the data controller. With regard to external entities Míla is most often the data processor. Rules on the protection of personal data were adopted on 25 May 2021.

Míla has not, at this time, carried out Human Rights Due Diligence (HRDD) as defined by the OECD. Supervision is in the hands of the Company's Board of Directors and management. Regarding equal pay policies and certification, audits are carried out regularly by both internal and external entities. No human rights violations have been reported in Míla's

It is also ensured that Míla's operation is in compliance with the Act on the protection of whistleblowers No. 40/2020. Míla's Executive Board adopted rules in that regard on 25 May 2021; the rules are posted in Míla's intranet.

Corruption and bribery: The minimum safeguards recommended to meet the conditions for adaptation are for the Company to have developed and implemented a code of conduct and procedures or measures designed to detect and prevent bribery in the Company. In this way, responsibility for compliance is transferred to the undertakings. The GRI includes measures to prevent corruption in standards GRI 205 and GRI 419.

Míla has conducted a risk analysis with regard to money laundering and terrorist financing. Míla updated its Code of Conduct in the course of the year. The Code of Conduct lays down processes for detecting and preventing, investigating and responding to allegations or incidents relating to corruption and bribery. All employees of Míla are required to abide by the Code of Conduct. The Code provides guidance to employees regarding potential conflicts of interest at work, bribery, confidentiality, handling of information and compliance with laws and regulations.

Míla has not formulated a policy against corruption that also applies to co-partners. In the Company's policies there are clauses of certain aspects of relations with suppliers, but corruption is not specifically addressed. However, supply contracts made with customers and suppliers do contain provisions on those matters.

Various procedures relate to compliance with statutory law and regulations, including Míla's policies and procedural rules, which are partly based on procedures for which Míla has obtained certification. Míla has in place a rule on segregation of work in the Finance Division that prevents the same person from recording and paying invoices.

Míla complies with Act No. 90/2019 on data protection and the processing of personal data and stresses the importance of protecting personal privacy and the privacy of both customers and employees and has in place an active internal and

No incidents were recorded during the year involving conflicts of interest, protection of interests, corruption, or bribery. Míla does not endorse any political parties or interest groups.

Taxes: The OECD Tax Guidelines state that undertakings should work in accordance with both the provisions and spirit of tax laws and regulations in the country where they operate. GRI tax standard GRI 207 refers to the OECD guidelines with the aim of increasing tax transparency.

Non-financial information statement

EU taxonomy Reporting, continued

Míla complies with legislation and rules on taxes. The Company has not set itself a tax policy beyond its obligation to comply with statutory law. Tax matters are regularly addressed in connection with the Company's financial reporting. Risk management is reviewed in the course of financial reporting, and cash flow estimates are prepared regularly; as regards matters that do not fall within the scope normal operations, the Company seeks external advice. In connection with the preparation of the Company's financial statement and auditing, tax matters are reviewed with the assistance of an external consultant. The Company has not been found in violation of any tax laws.

Competition: Companies are required to operate in accordance with competition laws and regulations that apply in the countries where they operate. Companies are also required to increase employees' awareness of the importance of compliance and train key managers in matters relating to competition. GRI standards 206 and 419 address

Míla's current Competition Compliance Program was adopted by the Board of Directors of the Company in December 2022. Also, Míla holds regular training sessions on competition law for the Company's management and employees. Míla has not been found in violation of the Competition Act.

Mila´s performance

In a world of rising energy prices and growing demand for bandwidth, telecommunications companies need to consider energy-efficient solutions that make it possible to deliver services with a small carbon footprint. Míla has done this, for instance, by focusing on investing in technology that uses less energy, offers increased capacity, has a longer lifetime and provides more security and savings in terms of operation and investment. A good example is PON technology, which enabled Míla to tenfold the speed of its fibre optic connections with the advent of 10x, the first telecommunications

A new telecommunications transmission network around the country, which is under construction by Míla, supports this development. The new network ensures sufficient speed and capacity to provide high-speed telecommunications services throughout the country and supports the development of a 4G/5G mobile network throughout the country.

Work also progressed in the course of the year on setting up an operating system to steer and prioritise green energy over fossil fuels, e.g. by installing a windmill that produces and prioritises green energy in an environmentally friendly way. Míla also seeks to reduce electricity consumption by replacing older equipment with more fuel-efficient equipment.

Míla has over the last three years put considerable effort into managing its carbon footprint and has achieved diverse results. These include the separation of energy that the Company purchases from the energy that Míla resells, making the calculation of Mila's carbon footprint more accurate.

Míla will continue to work with ambition on sustainability matters in the coming years, as opportunities are numerous, including bringing more used equipment into the circular economy and introducing diverse environmentally friendly innovations and technologies.