



Sunstone IV hf.
Registration Document

15 May 2023



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1 Risk Factors Sunstone IV

This Registration Document dated 15 May 2023 (the “**Registration Document**”) constitutes a part of a prospectus prepared by Sunstone IV hf., Reg. No. 620921-2540, registered address Stórhöfði 22-30, 110 Reykjavík (the “**Issuer**”; “**Sunstone IV**” or the “**Company**”), in co-operation with the Board of Directors and management of the Issuer and Míla hf., Reg. No. 460207-1690, registered address Stórhöfði 22-30, 110 Reykjavík („**Míla**“). This Registration Document concerns and is published in relation to the Issuer's application to have its bonds, MILA 300929 (the “**Bonds**”) admitted to trading on the regulated market of Nasdaq Iceland hf. (the “**Regulated Market of Nasdaq Iceland**”). This Registration Document along with the Company's Securities Note dated 15 May 2023 hereinafter referred to as the “**Prospectus**”.

Sunstone IV was established in relation to the acquisition of certain two funds managed by Ardian France SA, an independent private equity investment company („**Ardian**“), and various Icelandic institutional investors of Míla the owner of the largest integrated telecommunications network in Iceland, from Síminn hf., Reg. No. 460207-0880, registered address Ármúli 25, 108 Reykjavík („**Síminn**“). AB 855 hf., Reg. No. 620921-2620 („**BidCo**“), a subsidiary of Sunstone IV, acquired 100% of the shares in Míla (Míla, BidCo, the Issuer and Sunstone III ehf. are collectively referred to as the “**Group**”), (the “**Acquisition**”). The primary purpose of the Issuer is to serve as a funding vehicle for external funding for the Group.

The risk factors described in Chapter 1 *Risk Factors of Sunstone IV* in this Registration Document are those that the Issuer is aware of and deems material to the Company and the industry in which the Company operates in. Risk factors of Míla are described in Chapter 3.1 *Risk Factors Míla and* risk factors concerning the Bonds are described in Chapter 1 *Risk Factors of the Bonds* in the Securities Note dated 15 May 2023

Investment in the Bonds involves financial risk, and investors should assume the risk of losing some or all of their investment. The value of the Bonds can increase or decrease in accordance with market circumstances, developments within the Issuer and outer effects. Therefore, an investment in the Bonds carries substantial risk. Investors should carefully consider, on their own or with independent financial- and other relevant professional advisors, the following risk factors, other investment considerations, and other information contained in the Prospectus, before deciding to invest in the Bonds. Some of these risks are subject to contingencies that may or may not occur. The Issuer is not able to express any views on the likelihood of any such contingencies occurring.

The Issuer has assessed the materiality of the risk factors, in each category, based on the probability of their occurrence and the expected magnitude of their negative impact and has organized the following risk factors accordingly, beginning with those estimated to be most significant to the Issuer.

The risks and uncertainties discussed below are those identified as such by the Board of Directors of the Issuer, but these risks and uncertainties may not be the only ones that the Issuer faces. Additional risks and uncertainties, including those of which the Issuer is not currently aware, or that they currently deem immaterial, may well result in a material impact on the financial condition and operational performance of the Issuer that could lead to a decline in the value of the Bonds. Investors could lose all or part of their investment.

Neither this Registration Document nor any other parts of the Prospectus or any other information supplied in connection with the Bonds:

- a) is intended to provide the basis for any credit or other evaluation, nor

- b) should be considered as a recommendation by the issuer, the advisor, or authorized intermediaries that any recipient of this Registration Document, any other part of the Prospectus or any additional information supplied in connection with the Prospectus should purchase the Bonds.

Accordingly, prospective investors should evaluate all risk factors independently and consider all other sections in this document.

Apart from the factors mentioned in this Registration Document, the Company is not aware of any governmental, economic, fiscal, or monetary policies or uncertainties, requirements or obligations that have or could have a significant direct or indirect effect on the Company's operations.

1.1. Risk related to General Macroeconomic Factors

General macroeconomic factors, such as economic growth or recession, inflation, employment levels, interest rate changes and currency fluctuations in general, affect the financial position of Icelandic companies, and the development of macroeconomic factors abroad. Those are political instability, natural disasters, and geopolitical tensions. The scope of the Issuer's operations is small and limited to Iceland. Risk regarding general macroeconomic factors is primarily indirect and relates to the impact Míla could face due to changes in the macroeconomic environment. Further details on the macroeconomic risk factors Míla faces can be found in Chapter 3.1.1 *Risk related to General Macroeconomic Factors* in the Securities Note.

In the event of aforementioned events, circumstances could arise where Míla's income could decline which could negatively impact Míla's ability to meet loan payments to the Company, and consequently, the Issuer's ability to meet its obligations towards the bondholders of the Bonds MÍLA 300929. At the date of this Registration Document, both interest rates and inflation in Iceland have been rising. The Issuer holds a floating interest loan agreement with Míla. With higher interest rate levels, Míla could experience higher interest payments which could negatively affect Míla's ability to meet payments to the Issuer.

Inflation and inflation expectations can affect interest rates and, consequently, the cost of capital, which could negatively affect the Issuer. Further details on interest rate risk and inflation risk regarding the Bonds can be found in the Securities Note Chapter 1.4. *Market Risk*.

General macroeconomic and external factors, such as those listed above, are outside the Issuer's control. Investors should be aware of general macroeconomic factors and their potential impact on their investments.

1.2. Operational Risk Factors

The Company was established in relation to the Acquisition. Therefore, operations in the Company are limited and consist of managing its assets and the Bonds, communicating with counterparties, collecting payments from Míla, and returning the cash flow to bondholders and creditors through interest and principal payments. The Company's primary interest-bearing assets consists of loan agreements with Míla (the "**Míla Loan Agreements**"), which generates a steady income. Interest-bearing debt consists of intra-group loan agreement, third party loans and the indexed Bonds MÍLA 300929, which the Company has issued.

Sunstone IV is a newly established company. Consequently, the Company lacks operational and long term financial history unlike normally for companies with listed securities, which is a risk for the

Company. The operational and financial histories are typically of central importance for investors when conducting their investment analysis. The lack of operating history and relevant financial history can make it harder for investors to assess and compare the risk profile of the investment and assess the expected return on the investment. On the contrary, the Company is solely reliant on the operations of Míla, which is a well-established company with a long business history. This dependence can expose the Company to various risks of Míla. Furthermore, the Company is exposed to any events or circumstances that may affect the operations and liquidity of Míla. Therefore, investors should carefully consider the risk factors of Míla described in Chapter 3.1 *Risk Factors Míla* in the Securities Note.

Investors may need to consider factors other than the operational and financial history as the basis for their investment analysis, such as the terms of Bonds that can be found in Chapter 4.3 *Terms* in the Securities Note as well as information on Míla.

1.2.1. Investments and Asset Risk

At the publication of this Prospectus, Sunstone IV main asset is a 100% equity stake in Míla, excluding one share owned by Sunstone I bis ehf. There is a risk that the underlying investment will perform poorly, leading to reduced returns or losses for the Company. The book value of Míla in amounted to 50,406 million ISK at the year-end 2022. Additionally, the Company owns loans agreements with Míla, amounting to ISK 20,2billion at the year-end 2022.

From 1 January 2022 the Company prepares its financial statements and interim accounts in accordance with International Financial Reporting Standards („IFRS“) and in accordance with Act no. 3/2006 on Annual Accounts. The actual value of the Company’s assets may differ from their valuation.

The purpose of the Company is financing the Acquisition, and ownership of the shares of Míla. The sale of Míla is subject to conditions in the terms of the Bonds and, depending on circumstances, conditions of other financing and co-investment documents. In particular, Sunstone IV and Míla (each, as borrower and guarantor) are party to a senior facilities agreement with, among others, Íslandsbanki (as lender) dated 20 August 2022, pursuant to which (among other things) the lenders variously make available to the borrowers in aggregate 25.5 billion ISK in financial accommodation and Sunstone IV and Míla are subject to various restrictive covenants on (among other things) their ability to acquire businesses, dispose of assets, incur debt, give loans, grant security or guarantees and make equity distributions (the “**Senior Facilities Agreement**”). In addition, Sunstone IV, Míla and Íslandsbanki (as Agent, Bondholders’ Agent and Security Agent) are, among others, party to an intercreditor agreement dated 20 August 2022 which, inter alia, prescribes the pari passu security ranking between the holders of the Bond and the lenders under the Senior Facilities Agreement (the “**Intercreditor Agreement**”).

Further acquisitions or sale of Míla or other assets are subject to the terms of the Bonds, the security granted in respect of the same, and the Intercreditor Agreement.

Investors can find further details on the Terms of the Bonds and Íslandsbanki as a Security Agent can in Chapter 4.3 *Terms* in the Securities Note. Investors are encouraged to familiarize themselves with the conditions that apply to the sale of assets in the Bonds, which can be found in the Securities Note, as well as the Intercreditor Agreement.

1.2.2. Reputational Risk

The Company may suffer reputational damage as a funding vehicle or for its investments. Reputational damage may reduce the Company’s ability to attract future partners or investors in other investments, if applicable, and reduce its ability to attract new investments and impact investors’ returns.

1.3. Financial Risk Factors

The Company manages its capital subject to the Senior Facilities Agreement and Bond Terms, which regulates i.a. incurrence of debt and payment distributions. Non-compliance with such provisions will lead to a default, acceleration, or enforcement, as later described in Chapter 1.4.4 *Contractual Risk and Material Agreements* below.

The Board of Directors and Management of the Company monitor and analyse financial risks in the Company's operations. The following risks have been identified for financial instruments.

1.3.1. Financial Covenant Risk

The Issuer is subject to various covenants, according to multiple loan agreements and the Bonds terms. Should the Issuer become unable to fulfil the relevant covenants or, for some reason, discontinue to do so, the lenders or bondholders may become entitled to rescind or accelerate these agreements, which would have adverse financial consequences for the Issuer.

Suppose the Issuer does not meet the financial covenants and cannot amend them by a specific time. In that case, the Bondholders can demand a Bondholders meeting to request an acceleration in accordance with the terms of the Bonds on default.

Further information regarding the Bonds covenants can be found in Chapter 4.3.5 *Financial Covenants* in the Securities Note.

1.3.2. Credit Risk

The Issuer is exposed to credit risk in the course of its business. As the parent company of Míla, where the main activity is to manage the ownership and financing of Míla, the Issuer is primarily exposed to credit risk that relates to Míla. The Issuer and Míla have entered into loan agreements, where a default could cause significant financial loss. Furthermore, if Míla or any other counterparty in financial instruments cannot perform its contractual obligations, in that case, the Issuer may suffer consequent losses, which could lead to the Issuer not being able to meet payments to Bondholders or other lenders.

For a better assessment of risks related to Míla, see Chapter 3.1 *Risk Factors Míla* in the Securities Note. The counterparty risk specific to Míla is mitigated as Míla is a subsidiary of the Issuer and under full control of the Issuer. At the date of this Registration Document, all board members of the Issuer are also board members of Míla.

1.3.3. Market Risk

Market risk is the risk that changes in market conditions, such as interest rate changes, inflation risk and market volatility, can impact the value of the Company and return for investors.

Interest rate risk is the risk that financial instruments' fair value or future cash flows will fluctuate due to changes in market interest rates. The Issuer's financing is in the form of loans carrying variable interest rates. In addition to the Issuer's equity and shareholder loans, the Issuer is financed by loans from credit institutions and the Bonds issuance MILA 300929. Interest expenses are affected by the level of market interest rates, the credit margin of credit institutions, and the Issuer's strategy regarding interest rates. Market interest rates can be, amongst other factors affected by the expected inflation rate and the repo rates of the Central Bank of Iceland. Increases in interest rate or high inflation may negatively impact the Issuer's ability to refinance at favourable rates for the Company. The Issuer has

limited potential to reduce or control these risk factors, so investors should carefully consider market risk factors when evaluating bond investments.

1.3.4. Liquidity Risk

Liquidity risk refers to the risk that the Issuer will not be able to meet its financial obligations when they become due. This can occur if the Issuer needs more cash or other assets that can be quickly converted to cash to meet its obligations.

Cash flow of the Issuer is a critical factor in determining its ability to meet its financial obligations. A decline in cash flow can increase the risk of the Issuer being unable to meet its obligations. At year-end 2022 the Company had a total of ISK 2,868 million of cash and cash equivalents. Furthermore, access to capital is key for the Issuer to meet its financial obligations. At year end 2022 the Company has access to a revolver facility from Íslandsbanki amounting to ISK 1,000,000,000. Next year payments at year-end 2022 amounted to ISK 0 and the floating rate applicable to the Company's debt was 9,1%.

The Issuer's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under normal and stressed conditions, without incurring unacceptable losses.

1.4. Risk related to Legal and Regulatory Framework

1.4.1. Applicable Laws and Regulations

The Company bases its operation on the fact that no specific licenses or requirements are needed. However, like other Icelandic legal entities, the Company is subject to the provisions of various laws and regulations. The Company strives to comply with all relevant legislation, both general and specific to its industry, as lack of compliance with laws may result in the Company being forced to pay fees and fines or be subject to administrative action. Certain risks also revolve around the interpretation of applicable laws and regulations, running the risk of such interpretations being incorrect or that the accepted interpretation of relevant laws may change in the future. The Issuer has limited potential to reduce or control these risk factors, so investors must pay attention to them before deciding to invest in the Bonds.

Main applicable legislation for the Company is Act no. 2/1995 on Public Limited Companies, Act no. 90/2003 on Income Tax, Act no. 50/1998 on Value Added Tax, Act no. 3/2006 on Annual Accounts and Act no. 145/1994 on Accounting.

Further, the financial statements of the Company are prepared in accordance with the International Financial Reporting Standard („IFRS“).

Changes in laws and regulations, court rulings or government decisions may affect the Company's long or short-term activities. Such changes could lead to a positive or negative impact on the Company's profitability or financial position. The Company cannot guarantee the effects of legal changes, court rulings and government decisions after the issuance of this Prospectus.

1.4.2. Securities Regulations

The Issuer has applied for the Bonds to be traded on the Regulated Market of Nasdaq Iceland. The Issuer is therefore subject to Act no. 20/2021 on Disclosure Obligations of Issuers' Securities and Major Shareholding Notification Requirements, and Act no. 60/2021 on Measures Against Market Abuse and Subsequent Regulations, as well as Nasdaq Iceland's Rules for Issuers of Fixed Income Instruments,

dated 6 March 2023 (“**Rules of Exchange**”). Violating these provisions, intentional or unintentional, may have an adverse financial impact on the Issuer.

1.4.3. Litigation

The Company may find itself involved in some form of litigation at any given time, which might adversely affect its financial position. At the time of publishing this Registration Document, the Company is not involved in any legal disputes or any other governmental-, legal- or arbitrational proceedings. Further, the Company is not aware of any other such proceedings being pending or threatened during the period covering the previous 12 months, which may have or have had a significant effect on the Company or the Company’s financial position or profitability in the past.

1.4.4. Contractual Risk and Material Agreements

Agreements to which the Issuer is a party may involve the risk of disputes regarding the interpretation of the content, which may negatively impact the Issuer. To the best of the Board of Director’s knowledge, no such conflict other than that has been disclosed in this Prospectus. The same applies to the Issuer’s investments.

Sunstone IV is subject to the various provisions of its financing agreements, including restrictive covenants (regulating their capacity to, among other things, acquire businesses, dispose of assets, incur debt, give loans, grant security or guarantees and make equity distributions) and financial covenants (including an equity condition, leverage ratio and debt service cover ratio). If Sunstone IV is unable to meet their obligations under such arrangements or cease to do so for any other reason, this may (subject to grace periods and other applicable exceptions) result in a default under such arrangements, which would enable the facility and/or, as applicable, security agents to accelerate the repayment of principal, interest and other amounts owing under such arrangements and/or, as applicable, enforce the relevant security, which would in each case have material negative financial consequences for Sunstone IV or other members of the Group.

In addition, in the event Sunstone IV is unable to service their debt, they may be forced to reduce or defer acquisitions or investments, sell assets, refinance their debt or seek additional financing. The occurrence of any of these risks (including an inability to refinance or procure additional financing on sufficiently favourable terms), could also have a material adverse effect on the business, operating results and financial condition of Sunstone IV or the other members of the Group.

Material contracts for the Company are:

- the Senior Facilities Agreement.
- the Intercreditor Agreement.
- security granted in favour of Íslandsbanki (as Security Agent) to secure senior liabilities regulated by the Intercreditor Agreement, including a share pledge granted by Sunstone IV over its shares in Mila hf. and an account pledge granted by Mila hf. over its material bank accounts.
- a shareholder loan from Sunstone IV and Mila hf. dated 30 September 2022 pursuant to which Sunstone IV on-lent ISK 19.2 billion ISK of proceeds drawn under the Senior Facilities Agreement to Mila hf. to facilitate Mila hf.’s repayment of its existing debt facilities with Íslandsbanki.

1.4.5. Tax Regulation

The Issuer is a public limited liability company, and as such, the Issuer is subject to unlimited tax liability in Iceland. The Issuer believes it complies with all applicable laws and regulations on taxes and therefore does not expect the tax authorities to investigate its handling of income or other financial matters. However, as with the general risk of different interpretations of relevant rules, there is a risk that the Issuer and tax authorities may differ on how to handle various financial matters within the Issuer, and breaches of tax rules could have a severe outcome on the finances and reputation of the Issuer.

Amendments to laws and regulations regarding direct or indirect tax collection may affect the Issuer and those investors who invest in the Bonds. Act no. 90/2003 on Income Tax and Act no. 50/1998 on Value Added Tax are example of tax regulations that are important for the Issuer.

It is envisioned by the Group's management to apply for each entity of the Group being jointly taxed from 1 January 2023 (in addition to other members of the Group than Míla being jointly taxed in 2022).

By having a joint taxation in place, the income tax on the joint income tax base of all limited companies is included in the joint taxation levied on the parent company. It is then the collective responsibility of all the limited companies that the tax is paid. In addition to the aforementioned the operating losses of one or more jointly taxed limited companies can be deducted from the income of the other companies before calculating income tax. Still, the respective income year is to be settled before taking notice of a transferable loss from past years. A limited company's transferable operating loss from before joint taxation can only be utilized in that same company.

2 Information on the Issuer

2.1. The Issuer

Legal name:	Sunstone IV hf.
Reg. No.:	620921-2540
Domicile:	Stórhöfði 22-30, 110 Reykjavík
Legal form:	Public limited company, registered in Iceland in accordance with Act no. 2/1995
Date of Incorporation:	15 September 2021
Legal Entity Identifier „LEI“:	549300SB6XHSHWSEXT96
Phone number:	+354 585 6000
Website:	www.mila.is ¹

The legal and commercial name of the Issuer is Sunstone IV hf. The Issuer is registered at the Register of Enterprises in Iceland, with the Reg. No. 620921-2540. The Issuer's domicile and headquarters are at Stórhöfða 22-30, 110 Reykjavík, Iceland. The Issuer is a public limited company incorporated in Iceland, operating pursuant to the Icelandic Act no. 2/1995 on Public Limited Companies (the “**Public Companies Act**”).

The Company was established in September 2021. According to Article 2 in the Articles of Association, its purpose is the purchase, sale and ownership of securities, the holding, lease and operation of real estate, lending services, other financial activities, and all related activities. The Company was established in relation to the acquisition of the entire share capital of Míla from Síminn by BidCo, a subsidiary of the Company. On 25 October 2022, Síminn and Ardian reached an agreement on acquiring 100% of Míla. The purchase price of Míla's equity was 50.2 billion ISK, of which 32.7 billion ISK were paid in cash and 17.5 billion with vendor loan from Síminn. The remaining amount was financed with third-party loans and the Bonds MILA 300929.

A merger between Míla and BidCo, with Míla as the surviving entity, was agreed with a merger schedule dated 14 November 2022 and approved at a shareholder's meeting on 1 February 2023. The settlement date of the merger for accounting purposes was 30 September 2022.

The Issuer's primary purpose is the financing of the acquisition of Míla and to serve as a special entity for the asset backed securities as described in Chapter 2.2 *Underlying Assets of the Bonds* in the Securities Note. Sunstone IV is the parent company of Míla the sole subsidiary of the Issuer, at the date of this Registration Document. Further information on Míla and its operations is covered in Chapter 3 *Information on Míla* in the Securities Note.

2.1.1. Share Capital and Shareholders

The Company's share capital amounts to ISK 132,101,375, according to the Articles of Association dated 30 September 2022. Each share amounts to ISK 1 nominal value.

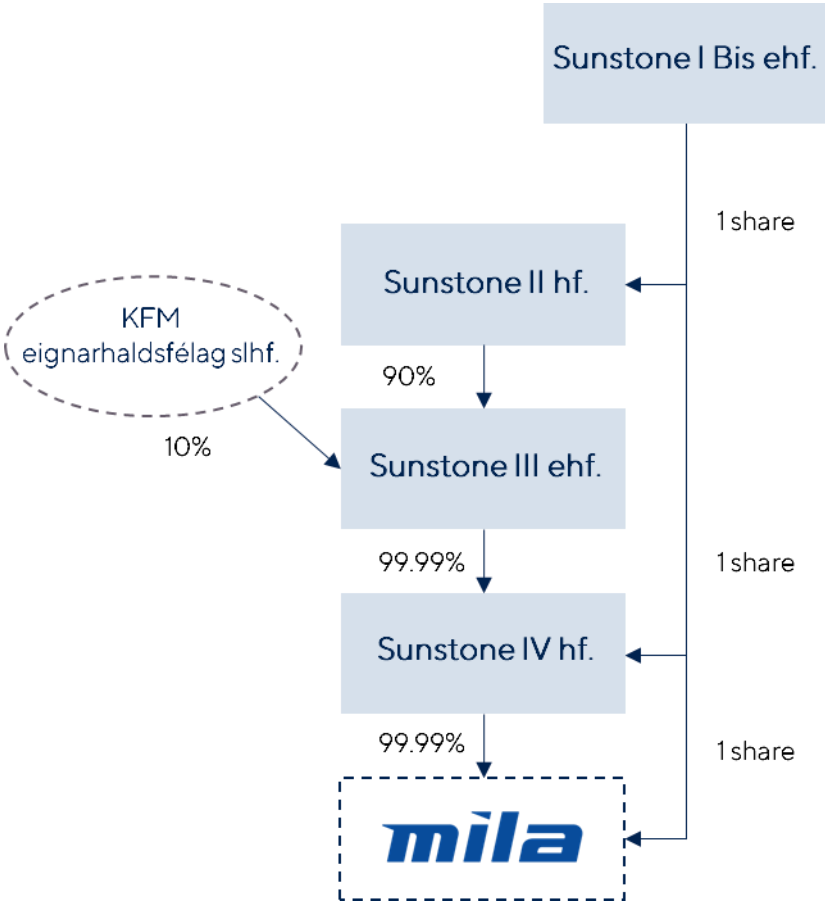
¹ Information on the website does not constitute a part of this Prospectus, unless incorporated by reference.

The Company’s share capital may be increased by a resolution of a shareholders’ meeting, in which case the same force of vote is required for amendment of the Articles of Association. A shareholders’ meeting alone may render a decision relating to the reduction of share capital. Shareholders shall have a priority right to all new shares in proportion to their holdings, as further described under law and a certain co-investment agreement, entered into on 30 September 2022, between the shareholders of Sunstone III ehf., Reg. No. 561221-1380, the owner of all shares in the Company, less one share owned by Sunstone I Bis ehf., Reg. No. 620921- 2460.

The shareholders of Sunstone III ehf. are, more specifically, (i) Sunstone II hf., Reg. No. 620921-2380, an entity ultimately owned by certain funds managed by Ardian, with 90% stake, and (ii) KFM eignarhaldsfélag slhf., Reg. No. 691221-1050, a vehicle owned by a fund managed by Summa rekstrarfélag hf., with 10% stake. The Issuer is not aware of any arrangements that may later result in changes in control over the Issuer.

2.1.2. Group structure for Sunstone IV

Below is the Group structure of the Icelandic entities. The ultimate owners of Sunstone II hf. are two funds managed by Ardian, both incorporated in Luxembourg: Ardian Infrastructure Fund V S.C.A., SICAR, Reg. No. B228915, and Ardian Infrastructure Fund V B S.C.S., SICAV-RAIF, Reg. No. B229930.



2.2. Governance and Management

As the Issuer is a public limited company, the corporate governance of the Issuer is fundamentally in accordance with the provisions of the Public Companies Act. The Issuer's governance policy is based on the Guidelines on Corporate Governance, published by the Iceland Chamber of Commerce, Nasdaq Iceland hf. and the Confederation of Icelandic Employers, 6th edition, issued 1 July 2021 (the "**Icelandic Guidelines on Corporate Governance**"). The Issuer follows the Icelandic Guidelines on Corporate Governance apart from certain provisions of Article 1.4 "Nomination Committee", as the Nominations and Remunerations Committee of the Group does not meet all the conditions set out in the said article, including with respect to the appointment of the committee members.

2.2.1. Board of Directors and Chief Executive Officer of Sunstone IV

According to Article 15 in the Articles of Association for the Company, dated 30 September 2022, with reference to Chapter 3.2 *Documents Incorporated by Reference*, the Company's Board of Directors shall consist of three to ten members, elected at an annual general meeting for a one-year term. If the shareholders are five or more, then the board shall consist of at least three board members. Up to ten substitute board members may be elected. If only one board member exists, at least one substitute board member shall be elected for the same term.

The Company's Board of Directors engages managing directors and decides on the terms of their employment. The Board of Directors shall manage all the affairs of the Company between shareholders' meetings and protect the interests of the Company against all third parties. The Board of Directors was elected at the Company's shareholder meeting on 1 February 2023. The current Board of Directors is comprised of:

Chairman of the board

Name: Jón Ríkharð Kristjánsson
Year of birth: 1967
Office: Stórhöfða 22-30, 110 Reykjavík
Experience: CEO of Míla 2014-2022, CEO at Men & Mice 2007-2014, Supervisory Board at LDH 2009-2014, CEO at Maritech ehf. 2000-2007, CTO at ACO ehf. 1996-2000, Consultant at Reykjavík City 1993-1995.

Board member

Name: Birna Ósk Einarsdóttir
Year of birth: 1976
Office: Turfmarkt 107. The Hague, Netherlands
Experience: CCO at APM Terminals from 2022, Board Member at Almannarómur from 2019, Board Member at Skeljungur 2015-2022, CCO at Icelandair 2019-2022, EVP at Landsvirkjun 2017-2018, CCO at Iceland Telecom 2014-2017, EVP at Síminn 2011-2013, Director at Síminn 2006-2010.

Board member

Name: Oscar Cicchetti
Year of birth: 1951
Office: Via San Matteo 2, 67017 Pizzoli (L'Aquila), Italy
Experience: Operating Partner in the Telecom Infrastructures Sector, Ardian from 2020 and the Chairman of the Board of Inwit, Senior advisor 2018-2020, CEO of INWIT

2015-2018, CEO of Telecom Argentina 2014-2015, Telecom Italia Group (Head of Business Strategy, Head of Domestic Market Operations, Chief Technology) 2008-2014, CEO of Infracom Network Applications 2006-2007, Investor and CEO of Netscalibur, subsequently sold and merged with Infracom 2001-2006, Telecom Italia (operational roles, head of Organisation, Chief of staff of the CEO) 1978-2001.

Board member

Name: Marion Emmanuelle Calcine
Year of birth: 1984
Office: 9, Place Vendôme – 75001 Paris, France
Experience: Chief Investment Officer at Ardian Infrastructure and a former board member of Ardian portfolio companies 3NEW, 4NEW, 2i Rete Gas, Trados M45. Joined Ardian in 2007.

Board member

Name: Pauline Thomson
Year of birth: 1987
Office: 9, Place Vendôme – 75001 Paris, France
Experience: Joined Ardian in 2011. Director and Head of Digital Innovation and is/was Board member of Wintics and of Mila. Previously, she completed various internships at AXA Private Equity in Paris and Terrafirma Capital Partners Ltd. in London.

Board member

Name: Þórarinn V. Þórarinsson
Year of birth: 1954
Office: Nóatúni 17, 105 Reykjavík, Iceland
Experience: Currently the Chairman of the Board of Directors of Reitir fasteignafélag from 2015 and Lífland ehf. from 2015, Legal practice at Advocatus from 2001, CEO of Iceland Telecom 1999-2001, CEO of the Icelandic Federation of Employers (now SA) 1986-1999.

Board member

Name: Leonard Rasche
Year of birth: 1992
Office: An der Welle 4, 60322 Frankfurt am main, Germany
Experience: Senior Investment Manager in the Ardian Infrastructure team in Frankfurt from January 2021, before he was an associate in Macquarie Capital's infrastructure advisory group in London and covered renewables and utilities at boutique advisor goetzpartners in Munich.

Chief Executive Officer

Name: Erik Figueras Torras
Year of birth: 1967
Office: Stórhöfða 22-30, 110 Reykjavík

Experience: Managing director Síminn 2013-2022, Amivox 2007-2013, TM Software 2004-2007, Landssíminn 1999-2004.

2.3. Legal Environment

The Issuer and Míla are public limited companies incorporated, registered offices in Iceland. Míla operates in highly regulated markets with a rapidly growing and evolving legal environment influenced by EU legislation. Míla is operated in accordance with applicable industry-specific legislation, including but not limited to:

- Electronic Communications Act, No. 70/2022
- Act no. 75/2021 on the Electronic Communications Office of Iceland

Other applicable legislation includes, but is not limited to competition law, data protection law, a law on surveillance of commercial practices and marketing, a law on consumer loans, taxation law, accounting law, debt collection law and as of the date of listing, market abuse and financial markets law. Risk factors related to the Issuer's legal environment are further explored in Chapter 1.4 *Risk related to Legal and Regulatory Framework* in this Registration Document.

2.4. Financial Overview

The historical financial information for the financial years ending on 31 December 2021 and 2022 has been retrieved from the Issuer's financial statements, which constitute a part of this Prospectus, with reference to Chapter 3.2 *Documents Incorporated by Reference*. The Issuer's financial year is the calendar year.

The Issuer's audited financial statements for 2021 was compiled by KPMG, in accordance with Icelandic Financial statements Act no. 3/2006 („**IS GAAP**“), and in accordance with the International Standard on Related Services, ISRS 4410, applicable to compilation engagements.. According to the income statement, the Company's loss amounted to ISK 131 thousand. Equity at year-end was positive by ISK 369 thousand, referring to the annual accounts for the correction of the loss and other changes in equity accounts.

The Issuer's audited financial statements 2022 have been prepared in accordance with International Financial Reporting Standards (“**IFRS**”) as adopted by the European Union and in accordance with “**IS GAAP**”.

According to the income statement the operating loss for the year amounted to ISK 133 million, net financial costs amounted to ISK 908 million and share in loss of subsidiary amounted to ISK 718 million. The loss for the year amounted to ISK 1,759 million. According to the balance sheet, total assets at the year-end amounted to ISK 73,590 million and total equity amounted to ISK 11,055 million. Borrowings amounted to ISK 61,827 million at year-end. Including in borrowings is a loan of the amount of 38,487 million from Sunstone III hf. which is payable in one instalment at the end of the loan period in 2031. Accrued interests are added to the principal at year-end but the Group has the option to postpone payments of interests until at the end of the loan period. Equity at year end amounted to ISK 11,055 million, including share capital in the amount of ISK 132 million.

Additionally, The Group prepared consolidated financial statements for the year ended 31 December 2022, which comprises the financial statements of Sunstone IV and its subsidiary Míla for the period 1 October to 31 December 2022. The consolidated financial statement for the year 2022, and financial

statements for Sunstone IV for the years 2021 and 2022 constitute a part of this prospectus and can be found in Chapter 3.2 *Documents Incorporated by Reference*.

The Issuer declares, to the best of their knowledge, that no significant change in the financial position of the Issuer has occurred since the end of the last financial period, 31 December 2022.

Additionally, there has been no material adverse change in the Issuer's financial position or prospects since the date of its last published audited financial statements to the date of this Registration Document.

2.4.1. Acquisition of Míla

At September 30 2022 the Company acquired all the shares in Míla, through its subsidiary AB 855 hf., which was established with the objective to submit a bid for all the issued shares in Míla. AB 855 was merged with Míla on September 30 2022, with Míla being the surviving entity.

Following table, retrieved from the consolidated financial statements of the Group for the year ended 31 December 2022, summarises the recognised amounts of assets acquired and liabilities assumed at the date of the Acquisition:

<i>Amounts in ISK millions</i>	
Operating assets	25,963
Right of use assets	4,475
Other intangible assets	21,610
Inventories	534
Receivables	1,734
Cash	586
Long term liabilities	(19,400)
Deferred tax liability	(6,422)
Lease contracts	(4,680)
Trade and other payables	(1,519)
Total identifiable net assets	22,881

Goodwill arising from the Acquisition has been recognised as follows:

<i>Amounts in ISK millions</i>	
Consideration transferred	51,124
Fair value of identifiable net assets	(22,881)
Total identifiable net assets	28,243

2.5. Sunstone IV's Auditors

The auditors of Sunstone IV for the historical financial information in this Prospectus were KPMG ehf., Id. 590975-0449, Borgartún 27, 105 Reykjavík (“**KPMG**”) and on their behalf Árni Claessen, Certified Public Accountant. Árni is a member of the Association of Certified Public Accountants.

KPMG has been the Company's auditing firm since the Company was founded in 2021. KPMG has not resigned, been removed from office or not been re-elected during the period covered by the historical financial information in this Registration Document.

At the date of this Registration Document, Sunstone IV has not elected an Auditor for the 2023 fiscal year.

3 Notice to Investors

This Registration Document constitutes a part of the Issuers' Prospectus, dated 15 May 2023 which has been prepared in connection with the Issuer's application to have its Bonds, MILA 300929, admitted to trading on the Regulated Market of Nasdaq Iceland hf.

This Registration Document has been prepared in accordance with Icelandic laws and regulations in effect on the date of the Prospectus, including Act no. 14/2020, on Prospectuses to be Published when Securities are Offered to the Public or Admitted to Trading on a Regulated Market (the “**Act on Prospectuses**”) which implements Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (the “**Prospectus Regulation**”) into Icelandic law. Furthermore, the Prospectus has been prepared in accordance with the provisions of Annex 7, Annex 9, Annex 15 and Annex 19 of Commission Delegated Regulation (EU) 2019/980, cf. Regulation 274/2020.

This Registration Document has been prepared by Íslandsbanki and is solely based on information from the Issuer and the Group. The Prospectus is published in English and consists of two independent documents; this Registration Document dated 15 May 2023 and a Securities Note dated 15 May 2023. The Prospectus is available for viewing at the Issuer's registered office at Stórhöfða 22-30, 110 Reykjavík, Iceland. The Prospectus will also be available on Míla's website: <https://www.mila.is/um-milu/fjarmal/>. Furthermore, investors can request a printed copy at the Issuer's registered office.

Investors should make their own assessment as to the suitability of investing in the Bonds or obtain independent advisement. The information appearing in this Prospectus should not be construed as an offer, a recommendation or solicitation to buy, hold or sell securities issued by the Company or to take any other investment decisions. Investors are encouraged to familiarise themselves with all information regarding the Issuer and Míla contained in the Prospectus, especially in Chapter 1 *Risk Factors of Sunstone IV* and Chapter 3.1 *Risk Factors Míla* and Chapter 1 *Risk Factors of the Bonds* in the Securities Note.

Neither this Registration Document nor any other information supplied in connection with the Prospectus (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation by the Issuer or Míla, that any recipient of this Registration Document or any other information supplied in connection with the Prospectus, should purchase any Bonds. Neither the Prospectus nor any other information supplied in connection with the Prospectus constitutes an offer or invitation by or on behalf of the Issuer to any person to subscribe for or to purchase any Bonds. Each investor contemplating purchasing any Bonds should make an independent investigation of the financial condition and affairs and its appraisal of the creditworthiness of the Issuer.

The Bonds may not be a suitable investment for all investors. Each potential investor in the Bonds must determine the suitability of that investment considering their circumstances. Each potential investor should:

- a) Have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits, and risks of investing in the Bonds and the information contained or incorporated by reference in this Registration Document and/or the Securities Note or any applicable supplement;
- b) Have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of their financial situation, an investment in the Bonds and the impact the Bonds will have on their overall investment portfolio;

- c) Have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds, including where the currency for principal or interest payments is different from the potential investor's currency;
- d) Understand the terms of the Bonds thoroughly and be familiar with the behaviour of the financial markets; and
- e) Be able to evaluate (either alone or with the help of a financial advisor) possible scenarios for economic, interest rate and other factors that may affect their investment and their ability to bear the applicable risks.

This Registration Document or other documents that constitute a part of the Prospectus shall not be distributed (neither by mail nor in any other way) to countries where the distribution would require an additional registration process or other actions other than those stipulated by Icelandic laws and regulations if such distribution is not in accordance with the laws and rules of the countries in question. As such, this Registration Document should i.a. not be distributed in any way to countries other than Iceland. The Issuer, Míla or Íslandsbanki are not liable for damages caused by the distribution of the Prospectus or documents to third parties.

3.1. Advisor

The Issuer has retained Íslandsbanki to manage the admission process of the Bonds to trading on the Regulated Market of Nasdaq Iceland and the compilation of this Registration Document in co-operation with the Board of Directors and management of the Issuer and Míla. This Registration Document is based on information supplied by the Issuer and audited consolidated annual financial statements for years 2021 and 2022.

Íslandsbanki has not verified the information contained in this Registration Document and assumes no responsibility or liability as to the accuracy or completeness of the information contained in this Registration Document or any other information provided in conjunction with the admission to trading.

Íslandsbanki hf. contact details

Reg. No. 491008-0160
LEI code: 549300PZMFIQR79Q0T97
Domicile: Hagasmári 3, 201 Kópavogur, Iceland
E-mail: fyrirtaekjaradgjof@islandsbanki.is
Phone: +354 440 4000
Website: www.islandsbanki.is²

3.2. Documents Incorporated by Reference

This Prospectus is to be read in conjunction with all the documents deemed to be incorporated herein by reference. The following documents are incorporated by reference and constitute an inseparable part of the Prospectus. The documents incorporated by reference will be available for electronic viewing for ten years from the date of issue of this Registration Document on Míla's website.

² Information on the website does not constitute a part of this Prospectus, unless incorporated by reference.

- Sunstone IV's Financial Statements for the year 2021, dated 15 September 2022. Website: <https://www.mila.is/media/fjarmal/AB-854-Arsreikningur-2022-endurskodadur.pdf>
- Sunstone IV's Financial Statements for the year 2022, dated 21 April 2023. Website: https://www.mila.is/media/fjarmal/Sunstone_-V-Arsreikningur-2022-modurfelag.pdf
- Sunstone IV's Consolidated Financial Statements for the year 2022, dated 21 April 2023. Website: https://www.mila.is/media/pdf/Sunstone_IV_Consol_FS_2022.pdf
- Míla's Financial Statements for the year 2020, dated 17 February 2021. Website: <https://www.mila.is/media/fjarmal/Arsreikningur-31.12.2020-Lokaeintak-.pdf>
- Míla's Financial Statements for the year 2021, dated 14 February 2022. Website: <https://www.mila.is/media/fjarmal/Arsreikningur-31.12.2021-Lokaskjal.pdf>
- Míla's Financial Statements for the year 2022, dated 30 March 2023. Website: <https://www.mila.is/media/pdf/Mila-Arsreikningur-31.12.2022-Lokaskjal.pdf>

3.3. Documents on Display

For a period of twelve months from the date of issue of this Registration Document, the following documents will be available for electronic viewing on Míla's website: <https://www.mila.is/um-milu/fjarmal/>.

- The Securities Note and this Registration Document both dated 15 May 2023
- Sunstone IV's Financial Statements for the year 2021, dated 15 September 2022
- Sunstone IV's Financial Statements for the year 2022, dated 21 April 2023
- Sunstone IV's Consolidated Financial Statements for the year 2022, dated 21 April 2023
- Míla's Financial Statements for the year 2020, dated 2021
- Míla's Financial Statements for the year 2021, dated 14 February 2022
- Míla's Financial Statements for the year 2022, dated 30 March 2023
- Sunstone IV's Articles of Association, dated 30 September 2022
- Míla's Articles of Association, dated 30 September 2022
- Bond Issue Description MILA 300929, dated 26 September 2022
- The Intercreditor Agreement, dated 20 August 2022

3.4. Potential Conflicts of Interests

To the Issuer's and Míla's best knowledge, no conflicts of interest are between any duties of the members of the Board of Directors of Míla and Sunstone or the Executive Committee of Míla and the Issuer, their private interests and/or other duties. The Issuer's and Míla's Management, Board of Directors and Executive Committee have been involved in this Prospectus's writing and/or reviewing process.

Investors are also advised of the following interests Íslandsbanki has regarding the Issuer and Míla:

- Íslandsbanki's Corporate Finance has been retained by the Issuer to manage the process of admission of the Issuer's Bonds for trading on the Regulated Market of Nasdaq Iceland as well as the compilation of the Prospectus in cooperation with the Board of Directors of the Issuer and Míla.
- Íslandsbanki provides general banking services to the Issuer and Míla and is a lender to the Issuer and Míla.
- Íslandsbanki provided comprehensive services in connection with the Acquisition:

- a) Íslandsbanki's Corporate Finance team acted as an advisor to Síminn;
- b) Íslandsbanki's Corporate Banking led the financing in cooperation with IS Fyrirtækjalánasjóður hs.;
- c) Íslandsbanki's Securities Brokerage provided services on the Bonds issuance; and
- d) Íslandsbanki's Currency Brokerage provided services on currency transactions.

Íslandsbanki has rules and policies in place for the treatment of potential conflicts of interest. Íslandsbanki's „Excerpt from the Conflict of interest Policy“ as of the date of this Prospectus may be found on the following website: <https://www.islandsbanki.is/en/landing/about/strategy-and-policies>. The “Excerpt from the Conflict-of-interest Policy” are not incorporated by reference into this Prospectus, and as such do not constitute a part of this Prospectus.

3.5. Third-Party Information

Where third-party information has been used in this Registration Document, the information has been accurately reproduced and the source of such information has been identified. As far as the Issuer is aware and able to ascertain from information published by those third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. When third-party information has been used in this Registration Document, it has been based on publicly available information which is cited in footnotes where applicable.

3.6. Approval on behalf of the Financial Supervisory Authority

This Registration Document has been scrutinised and approved by the Financial Supervisory Authority of the Central Bank of Iceland (the “FSA”), as competent authority under Regulation (EU) 2017/1129 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market (the “**Prospectus Regulation**”). The FSA only approves the Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as any support or endorsement of the Issuer or a statement to the quality of the securities referred to in the Registration Document. Investors should make their assessment as to the suitability of investing in the Bonds.

3.7. Statement of Persons Responsible, on behalf of the Issuer and Míla

We, the undersigned, the Chairman of the Board of Directors and Chief Executive Officer of Sunstone IV hf., Reg. No. 620921-2540, registered office at Stórhöfða 22-30, 110 Reykjavík, and Chairman of the Board of Directors and Chief Executive Officer of Míla hf., reg. no 460207-1690, Stórhöfði 22-30, 110 Reykjavík, hereby declare for and on behalf of the Company and Míla that have taken all reasonable care to ensure that such is the case, the information contained in this Registration Document, dated 15 May 2023 is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import.

Reykjavík, 15 May 2023

For and on behalf of Sunstone IV hf. and Míla hf.

Jón Ríkharð Kristjánsson,

Chairman of the Board of Directors of Sunstone IV and Míla hf.,

Erik Figueras Torras,

CEO of Sunstone IV hf. and CEO of Míla hf.