

2021-Q4

Report

open infra

Overview October – December 2021

- Network income amounted to 45 SEKM which represents an organic growth of 57% over last year.
- Proforma Adjusted Network income amounted to 66 SEKM, which equals a growth of 35% compared to last year.
- Adjusted Network EBITDA amounted to 59 SEKM corresponding to a margin of 89%.
- The corresponding Network EBITDA Run Rate amounted to 236 SEKM.
- ARPU for the period was 303 SEK, an increase of 13% versus last year.
- Net Debt / EBITDA was 7.2x, compared to an incurrence level covenant of 10.0x, and a maintenance level covenant of 12.0x.
- Interest Coverage Ratio was 2.70x, compared to an incurrence covenant level of 2.00x, and a maintenance covenant level of 1.75x.

Overview	2021	2020	
Amounts in SEKM	Oct-Dec	Oct-Dec	%
Network Revenue	45	29	57%
Adjusted Network Revenue *	66	49	35%
Adjusted Network EBITDA	59	43	37%
<i>Adjusted Network EBITDA-margin</i>	<i>89%</i>	<i>88%</i>	<i>1%</i>
Network EBITDA Run Rate	236	172	37%
ARPU (SEK)	303	269	13%
Number of Households connected, EOP	70 552	59 158	19%
Net Debt / EBITDA	7,2x	N/A	N/A
Interest coverage ratio	2,7x	N/A	N/A

* Adjusted according to Terms and Conditions for issued Bond which states:

- Entities acquired by the Group (Open Infra Core AB) to be included proforma.
- An active installation that has been owned by the Group for a period of less than 12 months, the figures for EBITDA shall be adjusted so that such active installation for the entire 12 months contributes with revenue according to the Average Revenue Per User for the relevant period.
- Net Finance Charges adjusted to reflect the assumption of Financial Indebtedness for the entire reference period.

CEO's comment

Dear reader,

Last year was a very eventful year for the Open Infra Group in terms of growth. We can conclude that the Covid-19 pandemic has accelerated the digitalization trend for the society. The digitalization of the modern society will heavily depend on stable and high-speed internet connections, of which fiber infrastructure is unmatched.



A new structure

Open Infra has since the inception in 2009 been a full-service fiber infrastructure developer, from planning and selling, to deploying and operating the completed network. The different stages have varied operational and financial risks which we identified would best be visualized and dealt with by splitting the Group into one deployment organization and one Network organization.

Therefore, Open Infra AB (publ) was created as pure fiber infrastructure operator with stable and predictable cash flow from the installed network and no risks related to deployment. I am very proud of the successful issuance of our inaugural senior bond which gives us a widened investor base and a platform to keep developing our Swedish fiber infrastructure.

Future development

During November 2021, Open Infra was awarded the record amount of 897 SEKM of the total of 1.6 SEKbn in subsidies aimed at deploying fiber to rural Sweden by the end of 2024. This ensures that we have a great pipeline for the years to come and we are fully confident that we have the resources financially and operationally to deliver fiber to households at a sustained pace.

For Open Infra AB (publ) this will mean that the possibility of growing the installed base and generating more recurring revenue is good, by future additional acquisitions from Group related companies in accordance with the Future Development agreement.

Other events during 2021

During 2021, we are happy to welcome five additional Internet Service Providers ("ISP") to our open platform. Having a wide variety of ISPs creates a dynamic offering for all our customers to choose the best ISP for their needs.

We have also launched several incentives to ensure a clear product offering and better routines to gain more satisfied customers. During Q4 2021, the number of complaints to the National Board of Consumer Disputes (ARN), Konsumentombudsmannen (KO) and Telekområdgivarna decreased by 63% compared to the same period last year.

Prospects of 2022

For the coming year I will focus on the below major tasks for the continued development of Open Infra AB (publ)'s business.

Increasing ARPU by continuous adjustment of the product mix and price adjustments.

Increase penetration in legacy infrastructure.

Increased focus on customer satisfaction by continuous improvement of the quality of our service.

Best regards,
Open Infra AB (publ)

A handwritten signature in blue ink, appearing to read 'Erik Stiernstedt', with a stylized flourish at the end.

Erik Stiernstedt
CEO

Financial Development

Households Connected

The Installation business for 2021 has been strong resulting in an increase of Households Connected of 11 394 (19 %). The period November through December is the most intensive in terms of deployment of new connected households. The cold spell in early December with several degrees Celsius below zero across the nation put a strain on our subcontractors and we did not quite reach our goal of 72 000 Households Connected for 2021.

The Network EBITDA has developed as expected and price increases as well as increased number of Households Connected leave the Group with an organic Network income growth of 41% for 2021.

ARPU

The ARPU at year end 2021 increased with 13% over last year, mainly due to a general price adjustment. The pricelist for affiliated ISPs is differentiated on transmission speed where higher speed contributes with a higher revenue.

Consolidated Income Statement

Amounts in SEK M	2021	2020
Open Infra AB, Consolidated	January - December	January - December
Installation Revenue	200	215
Network Revenue	108	78
Total Revenue	308	292
COGS	-22	-15
Operational expenditure	-29	-8
Personnel	0	0
EBITDA	257	269
Depreciation	-37	-25
EBIT	220	245
Net financial cost	-29	-14
EBT	191	230

The above Income Statement does not give the correct picture of the current business since all installation-related activities were separated and the full Network Revenue was added during the restructuring in conjunction with the bond issue.

Please see below for proforma figures following the restructuring, ie. excluding the Installation business.

Amounts in SEK M	2021	2020
Open Infra AB, proforma	January - December	January - December
Installation Revenue	0	0
Network Revenue	170	112
Total Revenue	170	112
COGS	-26	-21
Operational expenditure	0	0
Personnel	0	0
EBITDA	143	91
Depreciation	-37	-25
EBIT	106	66
Net financial cost	-29	-14
EBT	77	51

Consolidated Balance Sheet

Amounts in SEK M	2021	2020
Open Infra AB, Consolidated	December 31	December 31***
Tangible assets	5 196	2 875
Financial assets	2	18
Intangible assets	1	7
Total fixed assets	5 199	2 900
Account receivable	25	24
Other short term receivables	15	401
Prepaid expenses and accrued income	71	173
Cash and equivalents*	1 314	4
Total short term assets	1 425	603
TOTAL ASSETS	6 624	3 503
Total shareholders equity attributable to the parent company's shareholders	572	1 916
Long term interest bearing liabilities	1 900	505
Deferred tax liabilities	915	504
Other long term liabilities**	2 173	299
Total long term liabilities	4 988	1 308
Short term interest bearing liabilities	0	0
Accounts payable	4	97
Current tax liabilities	0	2
Other liabilities	6	160
Accrued expenses and prepaid income*	908	19
Total short term liabilities	918	279
TOTAL EQUITY AND LIABILITIES	6 478	3 503

* Cash and equivalents include 897 SEK M of prepaid subsidy related to future deployments. The amount is booked as a prepaid income on the debt side of the Balance sheet.

** Other long-term liabilities include Repayable Vendor Loan Note (1 SEKbn) and pledged Share holder loan of 970 SEK M.

*** The figures have been prepared for comparison, however the consolidated group presented (Open Infra AB (publ) with subsidiaries) was inceptioned in November 2021. Debt related to the wider Open Infra Group has not been eliminated.