

May 12th, 2021

Press release on the earnings of Sýn hf. for the first quarter of the year 2021.

Balance sheet transformation

Sýn hf.'s Consolidated Interim Financial Statement for the Q1 2021 was approved by the board on May 12th, 2021.

Main results:

- Revenue for the first quarter (Q1) of 2021 amounted to ISK 4,962 million, a decrease by ISK 33 million compared to the same period in 2020.
- EBITDA for Q1 amounted to ISK 1,388 million, compared to ISK 1,355 million Q1 2020. The EBITDA margin was 28.0% in Q1 2021 compared to 27.1% in Q1 2020. Higher EBITDA can be traced to lower operating cost due to cost optimization procedures.
- Loss in Q1 2021 amounted to ISK 231 million, compared to a loss of ISK 350 million in the same quarter last year. Of the 231 million in loss, 189 million relates to the sale of the Faroese associate sold in end of Q1 2021.
- Cash flow from operations in Q1 2021 amounted to ISK 542 million compared to ISK 1,053 million in the same period in 2020, a decrease by 49%.
- Total investments for the first quarter of 2021 amounted to ISK 807 million, thereof ISK 231 million in property, plant and equipment and intangible assets (excluding broadcasting license rights) and ISK 576 million in broadcasting license rights.
- Negative cash flow from financial activities for the first quarter of 2021 amounted to ISK 320 million compared to ISK 590 million in 2020.
- The Company's equity ratio was 27.8% at the end of the first quarter of 2021.
- On March 31st, the Group signed an agreement for the sale and leaseback of passive mobile infrastructure. The transaction will strengthen the Group's balance sheet and the expected sales gain exceeds ISK 6.5 billion. At the same time, a long-term lease agreement was made, which will ensure the Group's continued access to the passive mobile infrastructure. All active mobile equipment will remain owned by Sýn hf. In accordance with the requirement of IFRS, the transaction will be treated as the sale and leaseback of assets. For this reason, the sales profit that will result from the transaction will only be partly recognized through the P/L on the date of sale. The transaction is subject to the approval of the regulatory institution.
- On March 31st, an agreement was signed for the sale of a 49,9% share in the Faroese associated company P/F 20.11.19. The purchase price is 52.5 million DKK. A loss of 189 million was recognized in Q1 2021 in relation to the sale. The purchase price was paid in full on April 21st. A service agreement will continue to exist between the companies.

- The transactions have no effect on EBITDA but strengthens the Company's balance sheet and liquidity position.

Main results from operations in the first quarter of 2021

	Q1 2021	Q1 2020	Ch.	% ch.
Revenues	4,962	4,995	-33	-0.7%
Cost of sales	-3,337	-3,350	13	-0.4%
Gross profit	1,625	1,645	-20	-1.2%
Operating expense	-1,583	-1,666	83	-5.0%
EBITDA	1,388	1,355	33	2.4%
EBIT	42	-21	63	-302%
Net financial expense	-93	-441	348	-79%
Effect of associates	-193	20	-213	-1064%
Income tax	13	92	-79	-86%
Loss	-231	-350	119	-

<i>Gross Margin</i>	<i>32.7%</i>	<i>32.9%</i>		
<i>EBITDA</i>	<i>28.0%</i>	<i>27.1%</i>		
<i>EBIT</i>	<i>0.9%</i>	<i>-0.4%</i>		

Amounts are in ISK millions

Heiðar Guðjónsson, CEO:

“The year 2020 was a turnaround year in our business. It is clear that the year 2021 will be transformational for the balance sheet of the Company. By selling passive infrastructure in the mobile business we are realizing a profit of around 6,5 billion without impacting our daily business going forward. In our negotiations we were able to raise the sales proceeds to 7,1 billion ISK. We also sold our stake in the Faroese telco Hey for over a billion ISK but our service agreements with Hey are intact. We are planning to sell more infrastructure this year but already it is clear that we can pay up the debt stemming from the purchase of assets from 365 as well as buying back shares. This is in line with our strategic plan for the Company of being customer centric and simplifying our business.

The first quarter results are in line with the seasonality in our business. Our new bundling offer „Fjölskyldupakkinn“ was launched at the end of the quarter and is selling better than forecasted which will show in the next quarter. The turnaround is therefore gaining strength. We realized a loss of around 200 million ISK by selling our assets in the Faroe Islands.”

Q1 2021 Operating results

The Company's income during Q1 2021 amounted to ISK 4,962 million compared to ISK 4,995 million for the same period in 2020.

Income from media operations amounted to ISK 1,918 million for the first quarter, a decrease of ISK 17 million compared with the same quarter last year. Broadband income amounted to ISK 1,145 million in the first quarter, a decrease of 1% from the previous year. Mobile income amounted to ISK 939 million an increase by ISK 28 million from the same period in 2020. Income from fixed line amounted to ISK 140 million during the quarter, a decrease of 16% between years. Income from hosting and operating solutions, which are the core business of Endor ehf., amounted to ISK 313 million in the first quarter of 2021, compared to ISK 371 million for the same period in the year of 2020. Income from retail sales amounted to ISK 293 million during the period, an increase by 25% compared to the same period in 2020. Other income amounted to ISK 214 million during the quarter, on par with the same quarter of 2020.

Cost of sales amounted to ISK 3,337 million, on par compared to 2020. Operating expenses amounted to ISK 1,583 million, a decrease by 5.0% compared to the same period in 2020. EBITDA for the period amounted to ISK 1,388 million, increasing by ISK 33 million between years. The EBITDA margin was 28.0% for the period, compared to 27.1% the previous year.

Net financial expenses amounted to ISK 93 million in the first quarter of 2021, which is a decrease of ISK 348 million between years. Exchange rate difference was positive in Q1 2021, amounted to ISK 46 million compared to a loss of 230 million in Q1 2020.

Loss due to the sale of the Faroese associated company amounted to ISK 189 million.

Loss for Q1 2021 amounted to ISK 231 million compared to ISK 350 million for the same period of the previous year.

Q1 2021 Cash flow:

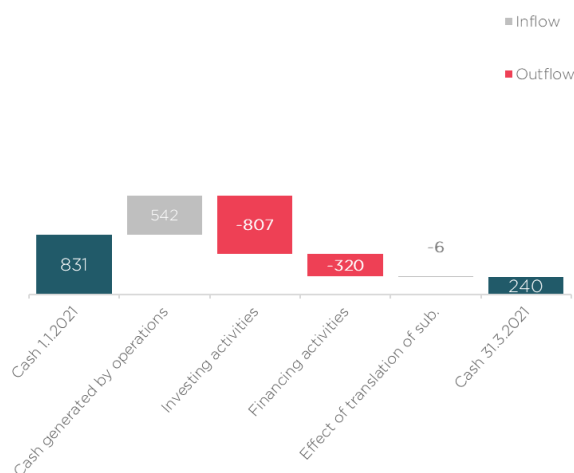
Cash flow in Q1

Net cash from operating activities in Q1 2021 amounted to ISK 542 million, decreasing by 49% from previous year.

Investment activities amounted to ISK 807 million in Q1 2021.

The Company's financing activities amounted to ISK 320 million in Q1 2021.

Cash equivalents at end of Q1 amounted to ISK 240 million, decreasing by ISK 145 million compared to the same period in 2020.



Balance sheet on March 31st, 2021:

Equity at the end of the period was ISK 8,208 million and the equity ratio was 27.8%. Outstanding capital amounted to ISK 2,964 million.

The Company's total liabilities were ISK 21,328 million at the end of first quarter of 2021. Net interest-bearing debt amounted to ISK 15,686 million. The current ratio was 1.32.

Presentation on May 14th, 2021:

- A presentation meeting will be held on Friday May 14th, 2021. The meeting will only be streamed and will begin at 8:30 am at <https://syn.is/fjarfestatengsl>
- Following the meeting, presentation materials will be available on Sýn's investor relations page at <https://www.syn.is/investors> and in Nasdaq Iceland's news network.

Financial calendar 2021:

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| ✓ Q2 2021 Results | September 1 st , 2021 |
| ✓ Q3 2021 Results | November 3 rd , 2021 |
| ✓ Q4 2021 and annual results | February 23 rd , 2022 |
| ✓ Annual General meeting 2021 | March 18 th , 2022 |

Further information:

- ✓ Further inquiries are received via the email address fjarfestatengsl@syn.is