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# Report by the Board of Directors and CEO

Sýn hf. is a fully comprehensive communications and media provider. The Company operates various of the most powerful media platforms in Iceland such as Stöð 2, Stöð 2+, Stöð 2 Sport, Bylgjan Radio, Visir.is, FM957, the X and other well-known media. The Company provides individuals, companies, institution and public bodies with all the core aspects of communication services under the brand of Vodafone Iceland and its subsidiary Endor. The Company works in close global co-operation with Vodafone Group, which is one of the largest multinational communication companies in the world.

The Consolidated Condensed Interim Financial Statements contains the Interim Financial Statements of Sýn hf., the Interim Financial Statements of the Company's subsidiary Endor ehf. and a share in the joint operation of Sendafélagið ehf, which are referred to combined as "the Group". These Consolidated Condensed Interim Financial Statements have been prepared in accordance with IAS 34, as adopted by the European Union and additional requirements in the Icelandic Financial Statement Act. The Condensed Interim Financial Statements of the Group from 1 January to 30 June 2023 have been reviewed by the Company's auditors.

## First half year results

According to the Income Statement, revenue from goods sold and service provided amounts to ISK 11,493 million. Profit for the period amounts to ISK 483 million. According to the Statement of Financial Position, assets of the Company amounts to ISK 32,391 million. The equity position at the end of the period on 30 June 2023 amounts to ISK 8,723 million. There of share capital amounts to ISK 2,510 million. The equity ratio at period end is 26.93%.

The company's revenue decreased by 1.7% for the first six months of the year compared to the same period in the previous year. Adjusting for irregular revenue in the first half of 2022, there is a revenue growth of 6.5%. There is improved growth in advertising and roaming revenue as well as Endor's operational revenue. The margin ratio increases between periods by 3% and operating cost has not increased during the first six months. There is a transfer of costs between operating cost and cost of goods sold due to the user services agreement with Endor. Operating profit increases from ISK 723 million to ISK 1,002 million between periods, an increase of 39%.

## Reduction of share capital

On 17 February, the Board of Directors decided to finish the buyback program that started 7 November 2022. The same day a reverse share offering was carried out, ending on 20 February. In the reverse share offering the Company bought 13,559,322 shares for ISK 800 million. At the end of first quarter the company owned a total of 17,375,208 of own shares, 6.47% of issued share capital. At the Company's general meeting on 17 March, the board's proposal to reduce the share capital in accordance with the number of own shares was approved. After the reduction on 19 April, the number of issued shares in the Company are 251,001,754. In addition there was a dividend payment of ISK 281 million, made on 5 April.

## Sale of core network

Purchase agreement for Ljósleiðarinn's purchase of Sýn's core network and a long-term service agreement between the companies was signed on the 20th of December 2022. The purchase price will be received in instalments and the amount will be paid in full no later than 12 months after the delivery of the sold assets. The purchase price is ISK 3,000 million and capital gain from the sale is ISK 2,436 million, which will be fully entered into the company's books upon delivery. The sale is expected to reduce annual investment requirements by ISK 120 million and annual operation cost by more than ISK 100 million.

The agreement is currently under review by the Icelandic Competition Authorities.

## Purchase of Já hf.

Sýn hf. has reached an agreement on the purchase of 100% share capital of Njála, the parent company of Já hf. which operates the website ja.is. According to the purchase agreement, Já hf. was to sell its subsidiary GI Rannsóknir, which manages Gallup's operation in Iceland, to a third party before the sale is delivered. This sale is well under way.

The purchase agreement is currently under review by the Icelandic Competition Authorities.

## Statement

According to the best knowledge of the Board of Directors and the CEO, these Consolidated Condensed Interim Financial Statement of Sýn hf. are prepared and presented in accordance with International Financial Reporting Standards for Interim Financial Reporting, IAS 34, as adopted by the EU and additional requirements in Icelandic laws and regulations for listed companies. It is the Board of Directors and CEO opinion that these Consolidated Condensed Interim Financial Statements give a true and fair view of the financial performance of the Group for the six month period ended on June 30th 2023, its financial position as of June 30th 2023 and the Group's cash flows for the period.

## Report by the Board of Directors and CEO, continued

The Board of Directors and the CEO of Sýn hf. have today discussed the Consolidated Condensed Interim Financial Statements of the Group for the period from January 1st to June 30th 2023 and confirm them by means of their signatures.

Reykjavík, 29 August 2023

### Board of Directors

Jón Skaftason, Chairman of the Board

Rannveig Eir Einarsdóttir, Vice Chairman of the Board.

Hákon Stefánsson

Páll Gíslason

Salóme Guðmundsdóttir

### CEO

Yngvi Halldórsson

## Key figures

	<b>2023 Q2</b>	<b>2022 Q2</b>	<b>2023 6M</b>	<b>2022 6M</b>
<b>Financial information</b>				
Revenue	5.632	6.009	11.493	11.691
Operating profit (EBIT)	574	322	1.002	723
EBITDA for the period	1.583	1.607	3.080	3.317
Profit before tax	277	96	496	355
Profit for the period	269	66	483	273
Profit per share	1,07	0,12	1,75	0,79
Investments	686	454	1.246	740
Investments in broadcasting license rights	414	555	975	1.086
Free cash flow	272	800	325	1.284
Cash generated by operations	1.094	1.580	2.014	2.688
	<b>30.06. 2023</b>	<b>31.03. 2023</b>	<b>31.12. 2022</b>	<b>30.06. 2022</b>
Net interest bearing debt	17.899	17.546	16.226	15.605

# Review Report on Interim Financial Information

To the Board of Directors and Shareholders of Sýn hf.

We have reviewed the accompanying Consolidated Condensed Interim Statement of financial position of Sýn hf. and its subsidiaries (the "Group") as of 30 June 2023 and the related Consolidated Interim Income Statement, Consolidated Interim Statement of Comprehensive Income, Consolidated Interim Statement of changes in equity and Consolidated Interim Statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes.

The board of directors and CEO is responsible for the preparation and fair presentation of this interim financial information in accordance with International Financial Reporting Standards for Interim Financial Reporting, IAS 34, as adopted by the EU and additional requirements in the Icelandic Financial Statement Act

## Auditor's Responsibility

Our responsibility is to express a conclusion on this interim financial information based on our review.

## Scope of Review

We conducted our review in accordance with International Standard on Review Engagements, ISRE 2410. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not give a true and fair view of the financial position of the Group as at 30 June 2023, and of its financial performance and its cash flows for the six-month period then ended in accordance with International Financial Reporting Standards for Interim Financial Reporting, IAS 34, as adopted by the EU and additional requirements in the Icelandic Financial Statement Act.

Reykjavík, 29 August 2023

## Deloitte ehf.

Þorsteinn Pétur Guðjónsson  
State Authorized Public Accountant

Steina Dröfn Snorradóttir  
State Authorized Public Accountant

# Income statement and statement of Comprehensive income

1 January to 30 June 2023

	Notes	2023 Q2*	2022 Q2*	2023 6M	2022 6M
Revenue from sales of goods and services	5	5.632	6.009	11.493	11.691
Cost of sales	6	( 3.540)	( 4.124)	( 7.331)	( 7.790)
<b>Gross profit</b>		2.092	1.885	4.161	3.901
Operating expense	7	( 1.518)	( 1.563)	( 3.159)	( 3.178)
<b>Operating profit</b>		574	322	1.002	723
Finance income		7	9	26	30
Finance expense		( 297)	( 248)	( 572)	( 469)
Net exchange rate differences		( 6)	13	40	71
Net financial expense		( 296)	( 226)	( 506)	( 368)
<b>Profit before tax</b>		<b>277</b>	<b>96</b>	<b>496</b>	<b>355</b>
Income tax		( 8)	( 30)	( 13)	( 82)
<b>Profit for the period</b>		<b>269</b>	<b>66</b>	<b>483</b>	<b>273</b>
<i>Items that may subsequently be reclassified to profit or loss</i>					
Translation difference		( 1)	( 35)	( 18)	( 61)
<b>Profit for the period</b>		<b>268</b>	<b>31</b>	<b>465</b>	<b>212</b>
Profit per share		1,07	0,12	1,75	0,79

\*Quarterly information has not been reviewed by auditors.

Notes on pages 11 to 14 are an integral part of these Consolidated Condensed Interim Financial Statements.

# Statement of Financial Position

30 June 2023

	Notes	30.6.2023	31.12.2022
<b>Non-current assets</b>			
Right-of-use assets		8.212	8.620
Property, plant and equipment		3.105	2.866
Goodwill		8.893	157
Other intangible assets		4.515	8.906
Long term lease receivables		153	4.389
Shares in other companies	9	185	185
Deferred tax asset		145	158
<b>Total non-current assets</b>		<b>25.208</b>	<b>25.281</b>
<b>Current assets</b>			
Broadcasting license rights		1.738	1.809
Inventories		1.028	559
Trade receivables and other short term receivables	10	3.124	3.650
Cash and cash equivalents		729	2.063
<b>Total current assets</b>		<b>6.620</b>	<b>8.081</b>
Assets classified for sale	12	564	564
<b>Total assets</b>		<b>32.391</b>	<b>33.926</b>
<b>Equity</b>			
Share capital		2.510	2.668
Statutory reserves		629	806
Other reserve		168	129
Retained earnings		5.417	5.866
<b>Total equity</b>		<b>8.724</b>	<b>9.469</b>
<b>Non-Current liabilities</b>			
Interest bearing debt		4.623	4.801
Lease liabilities		11.605	11.820
<b>Total non-current liabilities</b>		<b>16.228</b>	<b>16.621</b>
<b>Current liabilities</b>			
Interest bearing debt		1.276	373
Lease liabilities		1.124	1.295
Accounts payable and other short term liabilities	11	5.039	6.168
<b>Current liabilities</b>		<b>7.439</b>	<b>7.836</b>
<b>Total liabilities</b>		<b>23.667</b>	<b>24.457</b>
<b>Total equity and liabilities</b>		<b>32.391</b>	<b>33.926</b>

Notes on pages 11 to 14 are an integral part of these Consolidated Condensed Interim Financial Statements.

# Statement of Changes in Equity

1 January to 30 June 2023

	Share Capital	Statutory reserve	Translation difference	Reserve	Retained earnings	Total equity
<b>1.1. to 30.6.2022</b>						
Total Equity 1.1.2021	2.964	2.465	49	20	5.037	10.535
Loss for the period	-	-	-	-	273	273
Translation difference	-	-	( 61)	-	-	( 61)
<b>Comprehensive Income</b>	<b>0</b>	<b>0</b>	<b>( 61)</b>	<b>0</b>	<b>273</b>	<b>212</b>
Translation diff. exported	( 280)	( 1.580)				( 1.860)
Profit of associate in excess of dividend received	-	-	-	22	( 22)	0
<b>Total Equity 30.6.2022</b>	<b>2.684</b>	<b>885</b>	<b>( 12)</b>	<b>42</b>	<b>5.288</b>	<b>8.887</b>
<b>1.1. to 30.6.2023</b>						
Total Equity 1.1.2022	2.668	806	50	79	5.866	9.469
Profit for the period	-	-	-	-	483	483
Translation difference	-	-	( 18)	-	-	( 18)
<b>Comprehensive Income</b>	<b>0</b>	<b>0</b>	<b>( 18)</b>	<b>0</b>	<b>483</b>	<b>465</b>
Own shares purchased	( 158)	( 772)	-	-	-	( 930)
Paid dividends	-	-	-	-	( 281)	( 281)
Transfer to statutory reserve due to own shares purchased	-	595	-	-	( 595)	0
Profit of associate in excess of dividend received	-	-	-	57	( 57)	0
<b>Total Equity 30.6.2023</b>	<b>2.510</b>	<b>629</b>	<b>32</b>	<b>136</b>	<b>5.417</b>	<b>8.724</b>

During the first half of the year the Company bought 15,762,322 shares for ISK 930 million. Before the purchase the Company owned 1,612,886 shares. On 19 April, the share capital was reduced in accordance with the number of own shares and after the reduction the number of issued shares in the company are 251,001,754.

At the Company's general meeting on 17 March, a dividend payment of ISK 300 million was approved. With regards to own shares, a dividend payment of ISK 281 million was made on 5 april.

Notes on pages 11 to 14 are an integral part of these Consolidated Condensed Interim Financial Statements.

# Statement of Cash Flow

1 January to 30 June 2023

	Notes	2023 Q2	2022 Q2	2023 6M	2022 6M
<b>Profit for the period</b>		269	66	483	273
<b>Adjustment for non-cash items:</b>					
Gain on sale of assets		0	0	0	( 2)
Depreciation and amortization	8	1.010	1.285	2.078	2.594
Net financial expense		296	226	506	368
Income tax		8	30	13	82
<b>Cash generated from operating activities</b>		<b>1.583</b>	<b>1.607</b>	<b>3.080</b>	<b>3.315</b>
<b>Change in working capital:</b>					
Change in inventories		( 60)	( 128)	( 323)	( 221)
Change in operating assets		230	297	588	1.893
Change in operating liabilities		( 380)	34	( 800)	( 1.873)
<b>Cash generated by operations before interest and tax</b>		<b>1.373</b>	<b>1.810</b>	<b>2.545</b>	<b>3.114</b>
Interest income received		7	9	26	30
Interest expense paid		( 286)	( 241)	( 558)	( 456)
Income taxes paid		0	2	0	0
<b>Cash generated by operations</b>		<b>1.094</b>	<b>1.580</b>	<b>2.014</b>	<b>2.688</b>
<b>Investment activities</b>					
Investment in shares of other companies	9	0	( 1)	0	( 6)
Investment in property, plant and equipment		( 419)	( 251)	( 731)	( 419)
Investment in intangible assets		( 267)	( 203)	( 514)	( 321)
Investment in broadcasting license rights		( 414)	( 555)	( 975)	( 1.086)
Proceeds from sale of fixtures and equipment		0	0	0	2
<b>Investment activities</b>		<b>( 1.101)</b>	<b>( 1.010)</b>	<b>( 2.220)</b>	<b>( 1.830)</b>
<b>Financial activities</b>					
Instalment of interest bearing debts		( 85)	( 119)	( 217)	( 237)
Change in revolving credit facility		822	0	942	( 40)
Instalment of lease liabilities		( 320)	( 288)	( 638)	( 672)
Purchased own shares		( 0)	0	( 930)	( 1.860)
Paid dividends		( 281)	0	( 281)	0
<b>Financial activities</b>		<b>136</b>	<b>( 407)</b>	<b>( 1.123)</b>	<b>( 2.809)</b>
<b>Change in cash and cash equivalents</b>		<b>129</b>	<b>163</b>	<b>( 1.329)</b>	<b>( 1.951)</b>
Cash and cash equivalents at the beginning of the period		603	2.093	2.063	4.214
Effect of exchange rate changes on cash held		( 4)	( 4)	( 5)	( 11)
<b>Cash and cash equivalents at the end of the period</b>		<b>729</b>	<b>2.252</b>	<b>729</b>	<b>2.252</b>

Notes on pages 11 to 14 are an integral part of these Consolidated Condensed Interim Financial Statements.

# Notes

## 1. The Company

Sýn hf. (“the Company”) is an Icelandic limited liability company. The address of its registered office is Sudurlandsbraut 8, Reykjavik. The main operation of the Company is communication and media service. The Consolidated Condensed Interim Financial Statements of the Company for the six months ended on 30 June 2023 contain the Interim Financial statements of the Company, the Company's subsidiary Endor ehf., and share in the joint operation of Sendafélagið ehf. which are referred to combined as “the Group”.

## 2. Summary of Significant Accounting Policies

### a. Basis of accounting

These Consolidated Condensed Interim Financial Statements have been prepared in accordance with IAS 34, as adopted by the European Union and additional requirements in the Icelandic Financial Statement Act. These Consolidated Condensed Interim Financial Statements for the period from January 1st to June 30th, 2023 have been reviewed by the Company's auditors.

The Condensed Interim Financial Statements are prepared in accordance with the same accounting principles as the Financial Statements for 2022. The Condensed Consolidated Interim Financial Statements does not include all the information required for complete set of IFRS financial statements and should be read in the context of the Company's Financial Statements for 2022. The Financial Statements for 2022 can be found on the Company's website [www.syn.is](http://www.syn.is). and on Nasdaq Nordic; [www.nasdaqomxnordic.com](http://www.nasdaqomxnordic.com).

### b. Critical accounting judgments and key sources of estimation uncertainty

In the application of the Company's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The difference between fair value and book value of financial assets and financial liabilities is insignificant.

## 3. Functional and presentation currency

The Consolidated Condensed Interim Financial Statements are presented in Icelandic krona, which is the presentation currency of the Group. All amounts are rounded to the nearest million, except when otherwise indicated.

## 4. Segment reporting

The Group defines its segments based on internal reporting to the chief operating decision maker. Based on that the Group is defined as one operating segment.

## 5. Net sales

	2023	2022	2023	2022
Sales of goods and service is specified as follows:	Q2	Q2	6M	6M
Sales of goods	282	323	611	597
Sales of service	5.350	5.686	10.881	11.094
Total sales of goods and service	5.632	6.009	11.493	11.691

Revenue	Media	Broadband	Mobile	Fixed line	Hosting and operating solutions	Retail sale	Other revenue	Total
<b>1.1. to 30.6.2023</b>								
Revenue	4.393	2.204	2.445	227	1.204	611	409	11.493
<b>1.1. to 30.6.2022</b>								
Revenue	4.254	2.231	2.683	251	1.329	597	346	11.691

## Notes, continued:

### 6. Cost of sales

Cost of sales is specified as follows:	2023	2022	2023	2022
	Q2	Q2	6M	6M
Cost of goods and service sold	2.151	2.577	4.494	4.636
Salaries and related expense	724	610	1.451	1.225
Capitalised work	( 59)	( 63)	( 115)	( 98)
Depreciation and amortization	724	1.000	1.501	2.027
<b>Total cost of sales</b>	<b>3.540</b>	<b>4.124</b>	<b>7.331</b>	<b>7.790</b>

### 7. Operating expense

Operating expense is specified as follows:	2023	2022	2023	2022
	Q2	Q2	6M	6M
General and administrative expense	409	369	812	775
Sales and marketing expense	81	73	175	153
Salary and related expense	946	908	1.875	1.834
Capitalised work	( 203)	( 72)	( 280)	( 151)
Depreciation and amortization	285	285	577	567
<b>Total operating expenses</b>	<b>1.518</b>	<b>1.563</b>	<b>3.159</b>	<b>3.178</b>

### 8. Depreciation and amortization

Depreciation and amortization are specified as follows:	2023	2022	2023	2022
	Q2	Q2	6M	6M
Depreciation of fixed assets	152	223	378	442
Amortization of intangible assets	174	180	353	360
Amortization of right-of-use assets	332	284	666	596
Amortization of broadcasting license rights	352	598	681	1.196
<b>Total depreciation and amortization</b>	<b>1.010</b>	<b>1.285</b>	<b>2.078</b>	<b>2.594</b>

Renegotiations with key suppliers lead to lower depreciations during the year 2023.

### 9. Shares in other companies

Shares in associates are specified as follows:	30.6.2023	31.12.2022
Book value 1.1.	56	39
Investments during the year	-	17
<b>Book value in shares in associates total</b>	<b>56</b>	<b>56</b>
Shares in other companies	129	129
<b>Book value in the end of period total</b>	<b>185</b>	<b>185</b>

## Notes, continued:

### 10. Trade receivables and other receivables

Trade receivables and other receivables are specified as follows:	30.6.2023	31.12.2022
Trade receivables	2.885	3.314
Other receivables	281	401
Lease receivables	25	24
Allowance for trade receivables	( 66)	( 89)
<b>Total trade receivables and other receivables</b>	<b>3.124</b>	<b>3.650</b>

### 11. Operating liabilities

Operating liabilities are specified as follows:	30.6.2023	31.12.2022
Trade payables	3.254	4.241
VAT payable	330	319
Pre-collected revenues	488	560
Accrued expense and other short-term liabilities	968	1.048
<b>Total operating liabilities</b>	<b>5.039</b>	<b>6.168</b>

### 12. Sale of core network

Purchase agreement for Ljósleiðarinn's purchase of Sýn's core network and a long-term service agreement between the companies was signed on the 20th of December 2022. The payment will be received in instalments and the amount will be paid in full no later than 12 months after the delivery of the sold assets. The purchase price is ISK 3,000 million and capital gain from the sale is ISK 2,436 million, which will be fully entered into the company's books upon delivery. The agreement is currently under review by the Icelandic Competition Authorities. The sale is expected to reduce annual investment requirement by ISK 120 million and annual operation cost by more than ISK 100 million.

### 13. Other matters

Sýn hf. ("company") is engaged in legal proceedings against individuals, other undertakings, and surveillance authorities concerning the Icelandic telecommunication and media market. The company recognizes obligations and/or claims due to legal proceedings in its accounts once future payments and other benefits can be assessed in a reliable manner. Due to uncertainties regarding future developments of legal proceedings, judicial decision, rulings, appeals and settlements, the outcome can lead to additional commitments and costs for the company. Below is a summary of matters that affect the interest of Sýn directly or indirectly.

#### Siminn v The Electronic Communications Office of Iceland (ECOI), Sýn and Gagnaveita Reykjavíkur and counterclaim

In the Supreme Court of Iceland's case no. 50/2022 (Síminn hf. against ECOI, Sýn and Gagnaveita Reykjavíkur) dispute relates to the decision of the defendant, ECOI, 10/2018 from 3 July 2018. With it, the appellant was required to pay a ISK 9 million fine for violation of Article 45(5) of the Icelandic Media Act no. 38/2011.

The decision states that the appellant's violation lasted from 1 October 2015 when the non-linear video transmission of the media provider's television content became possible only by connecting to his IPTV system and also only over the telecommunications network of the defendants, Míla hf. Ruling had been made in the District Court and the Court of Appeal, where Síminn's claim to annul the decision of ECOI had been rejected. The Supreme Court came to the conclusion with a ruling on 31 May 2023 that the ruling of the Court of Appeal had not met requirements that had to be made for justification that for a decision on evidentiary and legal issues. The Supreme Court considered that the handling of the case by the District Court had gone outside limits in that the ruling had gone beyond the bases on which the parties had defined the case on.

The ruling of the Court of Appeal and District Court was therefore unmarked and the case was sent back to the district for legal treatment.

## Notes, continued:

### 13. Other matters, continued:

#### Claims for damages from Síminn hf.

In case no. E-5072/2022 the Company has claimed damages from Síminn hf. due to financial losses sustained by the Company from Síminn's violation of Art. 45(5) of the media act no. 38/2011 and the competition act no. 44/2005 or certain conditions of a settlement between Síminn hf. and the competition authorities with regard to the period of 2 December 2017 to 31 December 2019.

The Company argues that Síminn's violation of the aforementioned provision has gained Síminn hf. considerable financial advantages in the form of boosted sale of telecommunication services with comparable losses for Sýn. Síminn's actions are to be considered culpable and unlawful and the company's loss is a likely result thereof. The claim is based on a court appointed assessor's report, dated 3 August 2022 as per case no. M-2361/2021. The primary claim is for the payment of ISK 270 million as well as interests and penalty interests, the 1st alternative claim is for the payment of ISK 216 million as well as interests and penalty interests, 2nd alternative claim is for the payment of ISK 162 million as well as interests and penalty interests, and the 3rd alternative claim is for the payment of damages as assessed by the court as well as penalty interests, as further stated in the subpoena. Additionally a claim has been made for procedural legal fees from Síminn hf. Síminn hf. has submitted a dismissal, that has been denied by the ruling of the District Court on 4th of April. The case is therefore awaiting a substantive hearing.

#### Claim towards Ingibjörg Pálmadóttir, Jón Ásgeir Jóhannesson og 365 hf.

In case no. 512/2022 before the Court of Appeal (case no. E-2982/2020 in the district), the Company had filed a claim against 365 hf., Jón Ásgeir Jóhannesson and Ingibjörg Stefania Pálmadóttir. The defendants were acquitted in the District Court and the case was taken to the Court of Appeal. The parties have now reached an agreement on its outcome and the case has therefore been dropped before the Court of Appeal.

#### Matters before surveillance authorities

##### Appeal of ESA Decision from 26 March 2021 to the EFTA Court regarding state aid to Farice ehf. for the third telecommunications submarine cable between Iceland and Europe

On 26 March 2021, ESA adopted a decision where ESA concluded that a EUR 50 million share capital increase in Farice to finance an investment in a third submarine cable between Iceland and Ireland, constituted state aid that was compatible with the function of the EEA Agreement, cf. decision no. 023/21/COL from March 26, 2021.

Sýn maintained its view that the aid to Farice constituted an unlawful aid and requested that the EFTA Court would annul ESA's decision.

The EFTA Court rendered its decisions on 1 June 2022 and annulled ESA's decision no E4/21. ESA was also ordered to pay the legal fees sustained by Sýn. This causes ESA to be obligated to take a decision on the investigation of the case whereas affected parties may provide comments on the state aid. The investigation could result in the decision that the state aid is considered unlawful or that conditions will be imposed on the aid. The result of the investigation may therefore lead to a change in Farice's operation and list of tariffs which may have a positive impact on Sýn's financial position.

At any time, various matters are being processed by various domestic surveillance authorities. This has however never resulted in any administrative fines and/or other significantly onerous measures.

At this time, Sýn is unable to estimate any future liabilities or claims that may result from the aforementioned legal procedures, partially because it can take an extensive amount of time before these cases will be concluded, as well as the fact that they could go into any different directions going forward. Therefore, the Company has not accounted any liabilities or claims in this regard in its interim financial statement.

## Quarterly statements\*

	2022	2022	2022	2022	2023	2023
	1Q	2Q	3Q	4Q	1Q	2Q
<b>Revenue from sales of goods and services</b>	<b>5.682</b>	<b>6.009</b>	<b>5.501</b>	<b>5.791</b>	<b>5.860</b>	<b>5.632</b>
Cost of sales	( 3.666)	( 4.124)	( 3.480)	( 3.696)	( 3.791)	( 3.540)
<b>Gross profit</b>	<b>2.016</b>	<b>1.885</b>	<b>2.021</b>	<b>2.095</b>	<b>2.069</b>	<b>2.092</b>
Operating expense	( 1.615)	( 1.563)	( 1.535)	( 1.712)	( 1.641)	( 1.518)
<b>Operating profit</b>	<b>401</b>	<b>322</b>	<b>486</b>	<b>383</b>	<b>428</b>	<b>574</b>
Finance income	21	9	56	136	19	7
Finance expense	( 221)	( 248)	( 262)	( 267)	( 275)	( 297)
Net exchange rate differences	58	13	( 66)	( 75)	46	( 6)
Net financial expense	( 142)	( 226)	( 272)	( 206)	( 210)	( 296)
Income tax	( 52)	( 30)	( 33)	257	( 5)	( 8)
<b>Profit for the period</b>	<b>207</b>	<b>66</b>	<b>181</b>	<b>434</b>	<b>213</b>	<b>269</b>
Translation difference	( 26)	( 35)	10	52	( 17)	( 1)
<b>Profit for the period</b>	<b>181</b>	<b>31</b>	<b>191</b>	<b>486</b>	<b>196</b>	<b>268</b>
EBITDA	1.710	1.607	1.799	1.528	1.497	1.583
EBITDA %	30,1%	26,7%	32,7%	26,4%	25,5%	28,1%

\*Quarterly information has not been reviewed by auditors.