

August 26th, 2020

Press release on the earnings of Síð hf. for the first half of 2020:

Business is improving in the first half of 2020

Síð hf.'s Condensed Consolidated Interim Financial Statements for the first six months of 2020 were approved by the board on August 26th, 2020.

Main results:

- Revenue for the second quarter (Q2) of 2020 amounted to ISK 5,352 million, an increase by ISK 329 million compared to the same period in 2019. Endor ehf. revenue amounted to ISK 943 million in the second quarter. Revenue in the first 6 months increased by ISK 349 million between years, or 3%.
- The quarter's EBITDA amounted to ISK 1,364 million, compared to ISK 1,216 million in the second quarter of 2019. The EBITDA margin was 25.5% in the second quarter of 2020 compared to 24.2% in Q2 2019. EBITDA for the first half of 2020 was ISK 2,719 million, an increase of ISK 243 million from same period in 2019.
- Loss in the second quarter of 2020 amounted to ISK 60 million, compared to a loss of ISK 215 million in the same quarter last year. Loss in the first half of the year amounted to ISK 410 million compared to a profit of ISK 455 million in 1H 2019. Sale of the Faroese subsidiary Hey amounting to ISK 817 million is included in the 1H 2019 profit.
- Cash flow from operations in the second quarter amounted to ISK 1,753 million compared to ISK 1,219 million in the same period in 2019, an increase of 44%. Cash flow from operations in the first half of 2020 amounted to ISK 2,805 million compared to ISK 2,038 million in the same period in 2019, an increase of 38%.
- Total investments for the first six months of the year amounted to ISK 1,595 million, thereof ISK 520 million in property, plant and equipment and intangible assets (excluding broadcasting license rights) and ISK 1,075 million in broadcasting license rights.
- Negative cash flow from financial activities in the first half of 2020 amounted to ISK 1,445 million compared to ISK 190 million in the same period in 2019 which is a change of ISK 1,255 million.
- The company's equity ratio was 26.8% at the end of the first half of 2020.
- Management's ongoing goal is to increase EBITDA margin and operating cash flow in 2020. The process is ongoing, however the negative impact of COVID-19 is not yet known. Capital investment in fixed and intangible assets (excluding broadcasting license rights) will be around ISK 1 bn.

Main results from operations in the first half of 2020

| ISK m | Q2 2020 | Q2 2019 | % change | 1H 2020 | 1H 2019 | % change |
|-----------------------|--------------|--------------|------------|--------------|--------------|-------------|
| Revenue | 5,352 | 5,023 | 7% | 10,347 | 9,998 | 3% |
| Cost of Sales | -3,717 | -3,290 | 13% | -7,067 | -6,358 | 11% |
| Gross Profit | 1,635 | 1,733 | -6% | 3,280 | 3,640 | -10% |
| Operating expense | -1,571 | -1,769 | -11% | -3,237 | -3,591 | -10% |
| EBITDA | 1,364 | 1,216 | 12% | 2,719 | 2,476 | 10% |
| EBIT | 64 | -36 | - | 43 | 49 | - |
| Net financial expense | -182 | -257 | - | -623 | -515 | - |
| Effect of associates | 28 | 8 | - | 48 | 828 | - |
| Income tax | 30 | 70 | - | 122 | 93 | - |
| Profit (Loss) | -60 | -215 | - | -410 | 455 | - |
| <hr/> | | | | | | |
| <i>Gross margin</i> | <i>30.5%</i> | <i>34.5%</i> | | <i>31.7%</i> | <i>36.4%</i> | |
| <i>EBITDA</i> | <i>25.5%</i> | <i>24.2%</i> | | <i>26.3%</i> | <i>24.8%</i> | |
| <i>EBIT</i> | <i>1.2%</i> | <i>-0.7%</i> | | <i>0.4%</i> | <i>0.5%</i> | |

Heiðar Guðjónsson, CEO:

„Business is improving in the first half. Cash flow from operations increases significantly and free cash flow increases even more. We would have shown a profit had it not been for the COVID-19 pandemic which hit advertising sales and roaming badly and lead to the postponement of our most valuable TV rights, the European Cup in football and Champions League finals.

We are continuously increasing efficiency and finding ways to improve return on investments. That has led us to develop further Sendafélagið, which is owned with Nova, and increase joint operations. Regulatory approval is already in place. This will lead to a more profitable mobile network. We are looking into selling parts of the mobile network which should give our shareholders access to a considerable amount of capital. Selling off telecom infrastructure is increasingly popular internationally and multiples in such deals are much higher than in the overall market.

We are still awaiting a response from the regulator in regard to the potential collaboration of all the three telecommunication companies in rolling out 5G. It seems clear to us that the interest of the public and national security is aligned in a joint rollout which would diversify the choice of vendors and improve our position to negotiate with producers. It would be nothing short of absurd to limit the rights of private companies to choose the best and cheapest network just to please the foreign policy of Donald Trump.

Shareholders are now being rewarded for their patience since we can now see a turnaround in the business. It is my goal to return capital to shareholders in the coming months. “

Q2 2020 Operating Results:

The Company's income during Q2 2020 amounted to ISK 5,352 million, which is an increase of ISK 329 million from the previous year.

Income from media operations amounted to ISK 1,848 million in the second quarter, decreasing by 15% between years. Broadband income amounted to ISK 1,148 million in the second quarter, a decrease of ISK 60 million, or by 5%, from the previous year. Mobile income amounted to ISK 834 million a decrease by ISK 136 million from the same period in 2019. Income from fixed line amounted to ISK 155 million during the quarter, a decrease of 24% between years. Income from hosting and operating solutions, which are the core business of Endor ehf., amounted to ISK 943 million. Income from retail sales amounted to ISK 242 million during the period, a decrease by 13% compared to the same period in 2019. Other income amounted to ISK 182 million during the quarter, decreasing by 7% from the previous year.

Cost of sales amounted to ISK 3,717 million increasing by 13% between years. Operating expenses amounted to ISK 1,571 million, a decrease by 11% compared to the same period in 2019. EBITDA for the period amounted to ISK 1,364 million, increasing by ISK 148 million between years. The EBITDA margin was 25.5% for the period, compared to 24.2% is the previous year.

Net financial expenses amounted to ISK 182 million in the second quarter of 2020, which is a decrease of ISK 75 million between years. Exchange rate losses decreased by ISK 9 million from Q2 2019, long-term debt decreased by ISK 95 million between quarters, while interest rates for lease agreements increased by ISK 41 million, which is explained by the addition of Endor's financing leases. Loss in the period amounted to ISK 60 million, compared to loss of ISK 215 million in the same quarter last year.

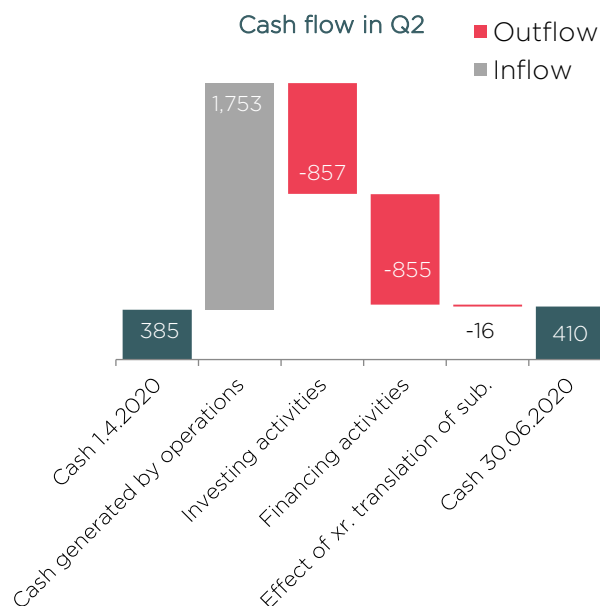
Q2 2020 Cash flow:

Net cash from operating activities in the second quarter of 2020 amounted to ISK 1,753 million, an increase of 44% from previous year.

Investment activities amounted to ISK 857 million in Q2 2020

The Company's financing activities amounted to ISK 855 million in the second quarter of 2020.

Cash equivalents at end of the second quarter amounted to ISK 410 million, increasing by ISK 32 million compared to the same period in 2019.



1H 2020 Operating Results:

The Company's income during the first half of 2020 amounted to ISK 10,347 million, an increase of ISK 349 million from previous year.

Income from media operations amounted to ISK 3,791 million in the first half of 2020, decreasing by 13% between years. Broadband income amounted to ISK 2,308 million in the first half of 2020, a decrease of ISK 106 million, or by 4%, from the previous year. Mobile income amounted to ISK 1,745 million a decrease by ISK 138 million from the same period in 2019. Income from fixed line amounted to ISK 322 million during the quarter, a decrease of 24% between years. Income from hosting and operating solutions, which are the core business of Endor ehf., amounted to ISK 1,315 million in the first half of 2020. Income from retail sales amounted to ISK 476 million during the period, a decrease by 9% compared to the same period in 2019. Other income amounted to ISK 390 million during the quarter, decreasing by 5% from the previous year.

Cost of sales amounted to ISK 7,067 million increasing by 11% between years. Operating expenses amounted to ISK 3,237 million a decrease by 10% compared to the same period in 2019. EBITDA for the period amounted to ISK 2,719 million, increasing by ISK 243 million between years. The EBITDA margin was 26.3% for the period, compared to 24.8% in the previous year.

Net financial expenses amounted to ISK 623 million in the first half of 2020, which is an increase of ISK 108 million between years. Exchange rate losses increased by ISK 174 million from the first half of the year 2019, long-term debt decreased by ISK 145 million between years, while interest rates for lease agreements increased by ISK 74.6 million, which is explained by the addition of Endor's financing leases. Loss in the period amounted to ISK 410 million, compared to a profit of ISK 455 million in the same period last year. Sale of the Faroese subsidiary Hey amounting to ISK 817 million is included in the profit for the first half of the year 2019.

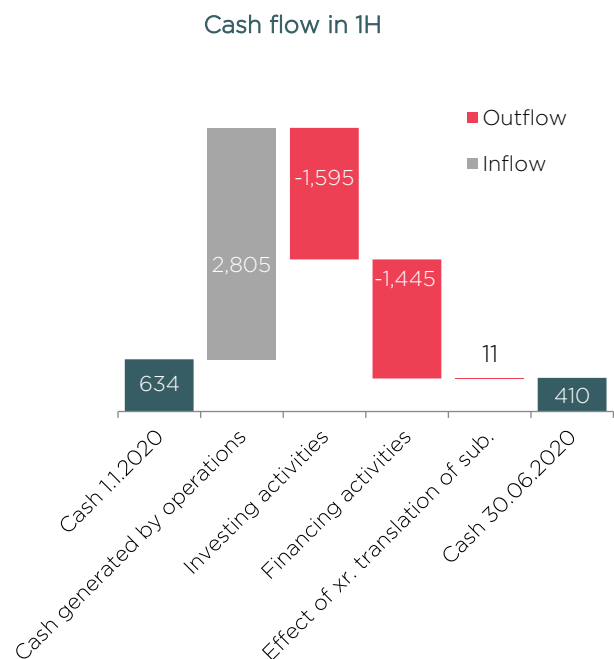
1H 2020 Cash flow:

Net cash from operating activities in the first half of 2020 amounted to ISK 2,805 million, an increase of 38% from previous year.

Investment activities amounted to ISK 1,595 million.

The Company's financing activities amounted to ISK 1,445 million in the first half of 2020.

Cash equivalents at end of the first half of 2020 amounted to ISK 410 million, increasing by ISK 32 million compared to the same period in 2019.



Balance sheet on June 30th, 2020:

Equity at the end of the period was ISK 8,385 million and the equity ratio was 26.8%. Outstanding capital amounted to ISK 2,964 million at the end of the period.

The Company's total liabilities were ISK 22,923 million at the end of 1H 2020. Net interest-bearing debt amounted to ISK 16,604 million. The current ratio was 1.1.

Presentation on August 27th, 2020:

- An open meeting to present the results will be held on Thursday August 27th, 2020. The meeting will be held at Sýn hf. headquarters at Suðurlandsbraut 8, 108 Reykjavík and will begin at 8:30 am.
- 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.
- The meeting will be streamed live at <https://www.syn.is/investors>

Financial calendar 2020:

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|-------------------------------|----------------------------------|
| ✓ Q3 2020 Results | November 4 th , 2020 |
| ✓ Q4 2020 Results | February 24 th , 2021 |
| ✓ Annual General meeting 2021 | March 19 th , 2021 |

Further information:

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