

November 2nd 2022

Press release on the financial performance of Sýn hf. for the first nine months of 2022.

Continued operational improvement and growing margins

Sýn hf.'s Condensed Consolidated Interim Financial Statement for the first nine months of 2022 was approved by the board of directors on November 2nd 2022.

Operating profit (EBIT) in the third quarter of 2022 amounted to ISK 486M and profit after tax ISK 181M.

Operating profit amounted to ISK 1,209M in the first nine months of the year, but was ISK 406M in the same period in 2021. Profit after tax in the first nine months was ISK 454M while the company reported a loss of ISK 176M during the same period last year.

An agreement was signed with Ljósleiðarann ehf. on private negotiations regarding the sale of Sýn's transmission network to Ljósleiðarinn. The purchase price is ISK 3,000M. In addition, operational improvements will follow with lower future investments. A service agreement is a part of the transaction, not a leaseback requirement, and sales gain will be fully recognized on the day of sale.

Sýn's board of directors has decided to initiate a buyback program for up to ISK 300M. The program will start in November and more details on the program will be announced by then.

Main results:

- Revenues for the third quarter (3Q) of 2022 amounted to ISK 5,501M compared to ISK 5,533M for the same period last year. Revenues for the first nine months of the year amounted to ISK 17,192M, an increase of 8.7% compared to the same period in 2021.
- Revenue growth in IoT (Internet of Things) and the subsidiary Endor have a positive effect on the results for the first nine months of 2022. These revenue streams had also significant impact on the results in 3Q 2021. However, they are volatile and make direct comparison between quarters challenging. Increased income due to these activities is expected.
- EBITDA amounted to ISK 1,799M in 3Q 2022 compared to ISK 1,886M during the same period last year. The EBITDA ratio is 32.7% in 3Q 2022 compared to 34.1% in 3Q 2021. EBITDA in the first nine months of the year was ISK 5,116M, which is a 7.4% increase year on year.
- Operating profit (EBIT) in 3Q 2022 amounted to ISK 486M and increases by 15% compared to the same period last year. Profit after tax amounted to ISK 181M compared to ISK 172M last year. Operating profit for the first 9 months of the year amounts to ISK 1,209M compared to ISK 406M during the same period in 2021. Profit

after tax amounts to ISK 454M compared to ISK 176M loss during the same period in 2021.

- Net financial expenses amounted to ISK 640M in the first nine months of 2022, an increase of ISK 219M between periods. The increase in interest expenses is mostly due to higher lease liability due to the sale of passive mobile infrastructure in 2021.
- Cash flow from operations in 3Q 2022 amounted to ISK 1,249M compared to ISK 1,756M in the same period the previous year. Cash flow from operations in the first nine months of the year amounted to ISK 3,937M compared to ISK 3,730M in the same period the previous year, an increase of 5.5%. Cash amounts to ISK 2,195M at the end of the period.
- Total investments in the first nine months of 2022 amounted to ISK 2,673M of which investments in property, plant and equipment and intangible assets (excluding broadcasting rights) amounted to ISK 1,006M and investment in broadcasting rights amounted to ISK 1,647M. Investment in broadcasting rights was ISK 149M lower in 3Q 2022 than the same period in 2021, despite unfavorable development of foreign currencies. Lower investment in foreign broadcasting rights translated into lower depreciation, this development is expected to continue.
- Financial activities in the first nine months of 2022 were negative by ISK 3,275M compared to ISK 2,439M in the same period in 2021. Included in the financing activities in 2022 is the share buyback of ISK 1,860M, instalment of lease liabilities amounting to ISK 1,019M and instalment of interest bearing debts amounting to ISK 396M.
- On September 5, an agreement was signed with Ljósleiðarinn ehf. on private negotiations and the main terms of contracts that pertain on the one hand the sale of the transmission network of Sýn hf. to Ljósleiðarinn ehf. and, on the other hand, a ten-year service agreement between the parties. The transaction will result in operational improvement and reduced future investment requirement. A purchase price of ISK 3,000M has been agreed upon. Estimated book value of the assets that would be sold is close to ISK 600M. The profit from the sale is not finalized as the due diligence is still ongoing and the purchase and service contracts have not been signed. The contracts are planned to be completed by the end of 2022 and the sales gain will be fully recognized on the sale date.
- Sýn's board has approved a buyback programme for up to ISK 300M. The program will start in November and will continue until the next general meeting unless the conditions on the maximum amount are met before.

Main results from operations in Q3 2022

	Q3 2022	Q3 2021	% ch.	9M 2022	9M 2021	% ch.
Revenues	5,501	5,533	-0.6%	17,192	15,822	8.7%
Cost of sales	-3,480	-3,654	-4.8%	-11,270	-10,788	4.5%
Gross profit	2,021	1,879	7.6%	5,922	5,034	17.6%
Operating expense	-1,535	-1,457	5.4%	-4,713	-4,628	1.8%
EBITDA	1,799	1,886	-4.6%	5,116	4,762	7.4%
EBIT	486	422	15%	1,209	406	-
Net financial expense	-272	-211	-	-640	-421	-
Effect of associates	0	0	-	0	-173	-
Income tax	-33	-39	-	-115	12	-
Profit (loss)	181	172	-	454	-176	-
<i>Gross Margin</i>	<i>36.7%</i>	<i>34.0%</i>		<i>34.4%</i>	<i>31.8%</i>	
<i>EBITDA</i>	<i>32.7%</i>	<i>34.1%</i>		<i>29.8%</i>	<i>30.1%</i>	
<i>EBIT</i>	<i>8.8%</i>	<i>7.6%</i>		<i>7.0%</i>	<i>2.6%</i>	

Yngvi Halldórsson CEO:

“We are happy to see continuing operational improvements and growing operating profit. Revenue growth in the first 9 months of the year amounts to 8.7%, which is driven by an increase in mobile revenues and a good performance of the media business. Sýn’s business is diverse and there are great opportunities for growth and increased margins.

In the past three years the business has improved dramatically. Furthermore, significant changes have taken place in recent weeks. A new board of directors and a new CEO have been appointed. Together we are determined to build on the operational improvement that has already taken place. We will soon announce exciting new product offerings and at the same time we are working on improving our margins and operation as a whole. We will focus on reducing our investment in foreign broadcasting rights while strengthening our domestic production, which will result in continued operational improvement.

The agreement between Sýn and Ljósleiðarinn is an exciting development for the company and the transaction process on track. We will free up significant funds while achieving operational efficiencies. Therefore, the company is in a good position to return additional capital to its shareholders.

Sýn runs a strong telecommunication company that serves, among others, the majority of the country’s largest companies and a large part of Icelandic households. The company has valuable infrastructure and a strong international support from the Vodafone Group. We run the largest and most diverse media operation in the country with continued focus on production of Icelandic content. Our IT company Endor is growing, and its operation will be strengthened in the near future.

Our mission is to make Sýn an even more attractive investment option. We would like to see a significant increase in the number of shareholders and will clearly present our journey as well as the potential of the company."

Balance sheet September 30th, 2022:

Equity at the end of the period amounted to ISK 9,078M and the equity ratio was 27.9%. Share capital at the end of the period amounted to ISK 2,684M.

The company's total liabilities were ISK 23,445M at the end of the third quarter of 2022. Net interest-bearing debt was ISK 15,554M at the end of the quarter. The current ratio was 1.45.

Financial calendar 2022:

- ✓ Q4 2022 and annual results February 15th, 2023
- ✓ Annual general meeting March 17th, 2023

Further information:

- ✓ Following the changes in the law on publication of financial results for listed companies we will not have a presentation meeting this quarter. The next presentation meeting will take place on February 15th, 2023. However, investors can send inquiries to fjarfestatengsl@syn.is or requested a meeting.
- ✓ Additional information can be found on Sýn's investor relations page at <https://www.syn.is/investors> and in Nasdaq Iceland's news network.