

May 13<sup>th</sup>, 2020

Press release on the earnings of Sýn hf. for the first quarter of 2020:

## Q1 2020 affected by the COVID-19 pandemic

Sýn hf.'s Condensed Consolidated Interim Financial Statements for Q1 2020 was approved by the board on May 13<sup>th</sup>, 2020.

Main results:

- Revenue for the first quarter (Q1) of 2020 amounted to ISK 4,995 million, on par with the same period in 2019. Endor ehf. revenue is now for the first time part of the Consolidated Interim Financial Statements, amounting to ISK 371 million.
- The quarter's EBITDA amounted to ISK 1,355 million, compared to ISK 1,260 million in the first quarter of 2019. The EBITDA margin was 27.1% in the first quarter of 2020 compared to 25.3% in the same quarter last year.
- Loss in the first quarter of 2020 amounted to ISK 350 million, compared to profit of ISK 670 million in the same quarter last year. Sale of the Faroese subsidiary Hey amounting to ISK 817 million is included in the Q1 2019 profit.
- Cash flow from operations in the first quarter amounted to ISK 1,053 million compared to ISK 819 million in the same period in 2019, an increase of 29%.
- Total investments for the first three months of the year amounted to ISK 738 million, thereof ISK 263 million in property, plant and equipment and intangible assets (excluding broadcasting license rights) and ISK 475 million in broadcasting license rights.
- Negative cash flow from financial activities in the first quarter amounted to ISK 590 million compared to ISK 5 million in the same period in 2019 which is a change of ISK 585 million.
- Sýn hf.'s equity ratio was 26.8% at the end of the first quarter 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.

## Quarter one highlights

ISK m	Q1 2020	Q1 2019	Change	% change
Revenue	4,995	4,975	20	0%
Cost of Sales	-3,350	-3,068	-282	9%
<b>Gross Profit</b>	<b>1,645</b>	<b>1,907</b>	<b>-262</b>	<b>-14%</b>
Operating expense	-1,666	-1,822	156	-9%
<b>EBITDA</b>	<b>1,355</b>	<b>1,260</b>	<b>95</b>	<b>8%</b>
<b>EBIT</b>	<b>-21</b>	<b>85</b>	<b>-106</b>	<b>-125%</b>
Net financial expense	-441	-258	-183	71%
Effect of associates	20	820	-800	-98%
Income tax	92	23	69	300%
<b>Loss / profit</b>	<b>-350</b>	<b>670</b>	<b>-1,020</b>	<b>-152%</b>

<i>Gross Margin</i>	<i>32.9%</i>	<i>38.3%</i>
<i>EBITDA</i>	<i>27.1%</i>	<i>25.3%</i>
<i>EBIT</i>	<i>-0.4%</i>	<i>1.7%</i>

### Heiðar Guðjónsson, CEO:

„Our forecast for the year was quite cautious but we did not even consider in our most bleak scenario a shutdown of the economy. We still managed to show an increase in EBITDA, as previously planned. The reason is mostly due to our efforts to improve flexibility by having a reduced workforce of over 100 since last year and increasing the efficiency of work overall. We had to shut down our stores, stop offsite visits and our advertising revenues fell sharply. Reykjavik DC is now operating but due to COVID-19 the transfer of data and equipment into the data center has been delayed but is happening now.

We continue to try to maximize efficiency regarding the buildout of the 5G network and related infrastructure. We hope to introduce a plan in the next 3 months and are confident that the telco's and the public have their interest aligned.

Free cash flow increases by over 500 million compared to last year. Our priority is to increase the cash flow from our business. “

## Q1 2020 Operating Results:

The Company's income during Q1 2020 amounted to ISK 4,995 million, on par with the same period in the previous year.

Income from media operations amounted to ISK 1,943 million in the first quarter, decreasing by 11% between years. Broadband income amounted to ISK 1,160 million in the first quarter, a decrease of ISK 46 million, or by 4%, from the previous year. Mobile income amounted to ISK 911 million on par with the same period in 2019. Income from fixed line amounted to ISK 167 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 371 million. Income from retail sales amounted to ISK 235 million during the period, a decrease by 5% compared to the same period in 2019. Other income amounted to ISK 208 million during the quarter, decreasing by 4% from the previous year.

Cost of sales amounted to ISK 3,350 million increasing by 9% between years. Operating expenses amounted to ISK 1,666, a decrease by 9% compared to the same period in 2019. EBITDA for the period amounted to ISK 1,355 million, a decrease of ISK 95 million. The EBITDA margin was 27.1% for the period.

Net financial expenses amounted to ISK 441 million in the first quarter of 2020, which is an increase of ISK 183 million between years. Exchange rate losses increased by ISK 183 million from Q1 2019, long-term debt decreased by ISK 50.5 million between quarters, while interest rates for IFRS 16 increased by ISK 51.3 million, which is explained by the addition of Endor's financing leases. Loss in the period amounted to ISK 350 million, compared to profit of ISK 670 million in the same quarter last year.

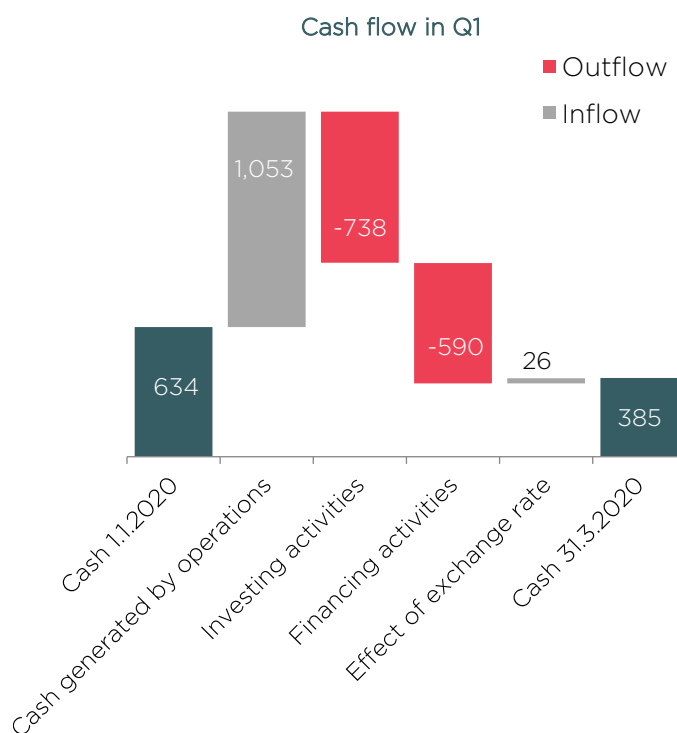
## Q1 2020 Cash flow:

Net cash from operating activities in the first quarter of 2020 amounted to ISK 1,053 million, an increase of 29% from previous year.

Investment activities amounted to ISK 738 million.

The Company's financing activities amounted to ISK 590 million in the first quarter of 2020.

Cash equivalents at end of the first quarter amounted to ISK 385 million, increasing by ISK 243 million compared to the same period in 2019.



#### Balance sheet on March 31st, 2020:

Equity at the end of the period was ISK 8,446 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 23,077 million. Net interest-bearing debt amounted to ISK 17,345 million. The current ratio is 1.2.

#### Presentation on May 14th, 2020:

- An open meeting to present the results will be held on Thursday May 14<sup>th</sup>, 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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|-------------------------------|----------------------------------|
| ✓ Q2 2020 Results             | August 26 <sup>th</sup> , 2020   |
| ✓ Q3 2020 Results             | November 4 <sup>th</sup> , 2020  |
| ✓ Q4 2020 Results             | February 24 <sup>th</sup> , 2021 |
| ✓ Annual General meeting 2021 | March 19 <sup>th</sup> , 2021    |

#### Further information:

- ✓ Further inquiries are received via the email address [fjarfestatengsl@syn.is](mailto:fjarfestatengsl@syn.is)