

February 24th, 2021

Press release on the earnings of Sírn hf. for the fourth quarter and the year 2020.

A turnaround year

Sírn hf.'s Consolidated Financial Statement for the year 2020 was approved by the board on February 24th, 2021.

Main results:

- Revenue for the fourth quarter (Q4) of 2020 amounted to ISK 5,413 million, an increase by ISK 478 million compared to the same period in 2019. Revenue in the year 2020 increased by ISK 975 million between years, or 4.9%. COVID-19 has had a considerable impact on both roaming- and advertising revenues in the year
- EBITDA for Q4 amounted to ISK 1,427 million, compared to ISK 1,409 million Q4 2019. The EBITDA margin was 26.4% in Q4 of 2020 compared to 28.6% in Q4 2019. EBITDA for the year 2020 was ISK 5,739 million, an increase of ISK 230 million from 2019. EBITDA margin was 27.6% for 2020 compared to 27.8% in 2019.
- Loss in Q4 of 2020 amounted to ISK 3 million, compared to a loss of ISK 2,132 million in the same quarter last year. Loss in the year 2020 amounted to ISK 405 million compared to a loss of ISK 1,748 million in the year 2019. Sales profit of the Faroese subsidiary P/F Hey amounting to ISK 872 million is included in net financial expense for the year 2019. An impairment of goodwill amounting to ISK 2,452 million is included in the Q4 2019 loss.
- Cash flow from operations in Q4 amounted to ISK 2,051 million compared to ISK 1,953 million in the same period in 2019, an increase by 5%. Cash flow from operations in the year 2020 amounted to ISK 5,912 million compared to ISK 5,377 million in 2019, an increase of 10%.
- Total investments for the year 2020 amounted to ISK 3,516 million, thereof ISK 1,049 million in property, plant and equipment and intangible assets (excluding broadcasting license rights) and ISK 2,511 million in broadcasting license rights. Payment amounted to ISK 100 million and dividend received amounted to ISK 144 million for business combination.
- Negative cash flow from financial activities in the year 2020 amounted to ISK 2,238 million compared to ISK 380 million in 2019 which is an increase of ISK 1,858 million.
- The Company's equity ratio was 27.8% at the end of 2020.
- Management estimates that the pandemic will continue to affect the Company's operations, mainly on roaming revenue and exchange rate, but it is expected that negative effects will be reduced as the year progresses. Work will continue in line with

the firm's strategy, which was set in the summer of 2019, with an emphasis on simplifying operations, increasing automation and have a stronger and clearer product range.

- Management's on going goal is to increase EBITDA margin in the year 2021. Investment in fixed and intangible assets (excluding broadcasting license rights) is estimated to be in the range of ISK 1,000-1,500 million.

Main results from operations in the year 2020

ISK m	Q4 2020	Q4 2019	% ch.	2020	2019	% ch.
Revenue	5,413	4,935	9.7%	20,786	19,811	4.9%
Cost of sales	-3,812	-3,098	23.0%	-14,278	-12,589	13.4%
Gross profit	1,601	1,837	-12.8%	6,508	7,222	-9.9%
Operating expense	-1,625	-1,570	3.5%	-6,347	-6,720	-5.5%
Impairment	-	-2,452	-	-	-2,452	-
EBITDA	1,427	1,409	1.3%	5,739	5,509	4.2%
EBIT	-24	-2,185	-	161	-1,950	-
Net financial expense	-118	-185	-	-910	-995	-
Effect of associates	27	119	-	98	963	-
Income tax	112	119	-	246	234	-
Loss	-3	-2,132	-	-405	-1,748	-
<i>Gross Margin</i>	<i>29.6%</i>	<i>37.2%</i>		<i>31.3%</i>	<i>36.5%</i>	
<i>EBITDA</i>	<i>26.4%</i>	<i>28.6%</i>		<i>27.6%</i>	<i>27.8%</i>	
<i>EBIT</i>	<i>-0.4%</i>	<i>-44.3%</i>		<i>0.8%</i>	<i>-9.8%</i>	

Heiðar Guðjónsson, CEO:

"The pandemic had a significant impact on our annual results. Disregarding this effect will show that our new strategy would have resulted in a profit in the year of 2020. We have worked hard to implement our new strategy from 2019, to foster long term client relationship based on respect and trust. Last May we started a campaign called „a fresh start“. By the end of the year we had reviewed services for over 25.000 households with the ambition to optimize their value and satisfaction in dealing with us. Our outreach was very much appreciated which yielded us a higher NPS score in the year of 2020, the highest in the history of the Company. Short term this leads to lower revenues but in the long term it will be rewarded. Our aim is of course to be able to face external shocks, like the pandemic, but still showing a profit and therefore we are streamlining operations further.

Media business is increasing its reach

We changed our product offering to increase the number of subscribers to Stöð 2. The growth was 14% in 2020. Since the acquisition we have continuously lowered prices. Stöð 2 Sport price has been halved in the last 3 years and now our clients can now split the offering in two, domestic and international at an previously unheard price point of 3.990.

Our video streaming service, Stöð 2+ is growing fast and subscriptions increased by 9% last year. Stöð 2+ is the largest OTT platform with local content and is uniquely positioned for the future.

Our radio station Bylgjan continues to be the most popular one in Iceland and FM957 and X-ið stand their ground. Our webportal Vísir is for the first time a clear leader. I think Vísir will only continue to grow over the next few years.

Selling infrastructure

In 2020 we made important steps to increase efficiency in the telco market by starting a sales process on passive mobile telecom infrastructure. It will give the opportunity to do more with less as well as increasing synergies in potential 5G cooperation. By selling we will free up capital to pay down debt, some of which is due to the acquisition of the media business in 2017. The aim is to increase flexibility in the business to the benefit of shareholders and customers.

Agreement has been reached in principle on the most important substantive issues in relation to the sale of the passive infrastructure of the mobile network. Financial terms will be in accordance with previous Stock Exchange announcements. The Board of Directors have approved Power of Attorney for management to sign all relevant documents on the premise that final documentation will take place prior to Syn's announcement of its Q1 2021 results, with the expectation of the Parties being that it will be signed well in advance of that. The Agreement will be subject to relevant regulatory approval.

Future of telecommunications

It has been said that 5G will be as important for machines and homes as 4G was for the individual. 4G brought highspeed access to the public which could stream, broadcast and more or less work remotely by only relying on a smartphone, as is currently evident during the pandemic. The "Internet of things"(IoT) is a part of the future of telecommunications. There we reached important milestones in 2020.

We have collaborated closely with Controlant for over a decade. We produced the first SIM cards they could use in their business. Now when Controlant is working with the pharmaceutical industry internationally the growth has been phenomenal. Iceland is the only country in the world with more IoT cards outstanding than inhabitants. We have also signed an agreement with Iceland's largest utility on connecting their new smart metering system, which will cover over 160.000 houses. Our partnership with Vodafone Global means that more or less all new cars as of this year will use our telecom system. In this area our company is in a league of its own and at the forefront of building the telco system of the future.

We turned on our first 5G equipment in September 2020. Unfortunately, we have not been able to roll out the services as planned since the government still has not finalized the terms it will issue spectrum licenses at."

Q4 2020 Operating Results:

The Company's income during Q4 2020 amounted to ISK 5,413 million, which is an increase of ISK 478 million from the previous year.

Income from media operations amounted to ISK 2,085 million in the fourth quarter, on par with the same period in 2019. Broadband income amounted to ISK 1,115 million in the fourth quarter, a decrease of ISK 67 million, or by 6%, from the previous year. Mobile income amounted to ISK 838 million a decrease by ISK 115 million from the same period in 2019. Income from fixed line amounted to ISK 141 million during the quarter, a decrease of 19% between years. Income from hosting and operating solutions, which are the core business of Endor ehf., amounted to ISK 662 million in the fourth quarter. Income from retail sales

amounted to ISK 353 million during the period, an increase by 3% compared to the same period in 2019. Other income amounted to ISK 219 million during the quarter, increasing by 7% from the previous year.

Cost of sales amounted to ISK 3,812 million increasing by 23% between years. Operating expenses amounted to ISK 1,625 million, a decrease by 3.5% compared to the same period in 2019. EBITDA for the period amounted to ISK 1,427 million, increasing by ISK 18 million between years. The EBITDA margin was 26.4% for the period, compared to 28.6% is the previous year.

Net financial expenses amounted to ISK 118 million in the fourth quarter of 2020, which is a decrease of ISK 67 million between years. Exchange rate difference increases by ISK 51 million from Q4 2019 and exchange rate gain in Q4 2020 amount to ISK 54 million. Interest expense for long-term debt decreased by ISK 55 million between quarters, while interest rates for lease agreements increases by ISK 26 million, which is explained by the addition of Endor's financing leases. Loss in the period amounted to ISK 3 million, compared to loss of ISK 2,132 million in the same quarter last year, however included in the Q4 2019 loss in an impairment of goodwill amounting to ISK 2,452 million.

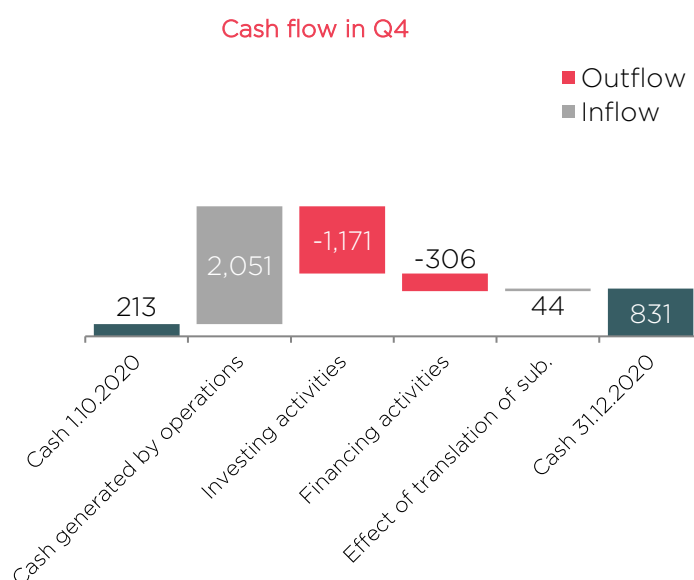
Q4 2020 Cash flow:

Net cash from operating activities in Q4 2020 amounted to ISK 2,051 million, increasing by 5% from previous year.

Investment activities amounted to ISK 1,171 million in Q4 2020

The Company's financing activities amounted to ISK 306 million in Q4 2020.

Cash equivalents at end of Q4 amounted to ISK 831 million, increasing by ISK 197 million compared to the same period in 2019.



2020 Operating Results:

The Company's income during the year 2020 amounted to ISK 20,786 million, an increase of ISK 975 million from previous year.

Income from media operations amounted to ISK 7,808 million in the year 2020, decreasing by 7% between years. Broadband income amounted to ISK 4,557 million in the year 2020, a decrease of ISK 254 million, or by 5%, from the previous year. Mobile income amounted to ISK 3,512 million a decrease by ISK 390 million from the same period in 2019. Income from fixed line amounted to ISK 608 million in the year 2020, a decrease of 23% between years. Income from hosting and operating solutions, which are the core business of Endor ehf., amounted to ISK 2,420 million in the year 2020. Income from retail sales amounted to ISK 1,082 million during the period, a decrease by 4% compared to 2019. Other income amounted to ISK 799 million during the year 2020, decreasing by 3% from the previous year.

Cost of sales amounted to ISK 14,278 million increasing by 13.4% between years. Operating expenses amounted to ISK 6,347 million a decrease by 5.5% compared to 2019. EBITDA for

the period amounted to ISK 5,739 million, increasing by ISK 230 million between years. The EBITDA margin was 27.6% for the period, compared to 27.8% in the previous year.

Net financial expenses amounted to ISK 910 million in the year 2020, which is a decrease of ISK 85 million between years. Exchange rate losses increased by ISK 170 million from 2019, interest expense for long-term debt decreased by ISK 402 million between years, while interest rates for lease agreements increased by ISK 136 million, which is explained by the addition of Endor's financing leases.

Loss in year 2020 amounted to ISK 405 million, compared to a loss of ISK 1,748 million in 2019.

2020 Cash flow:

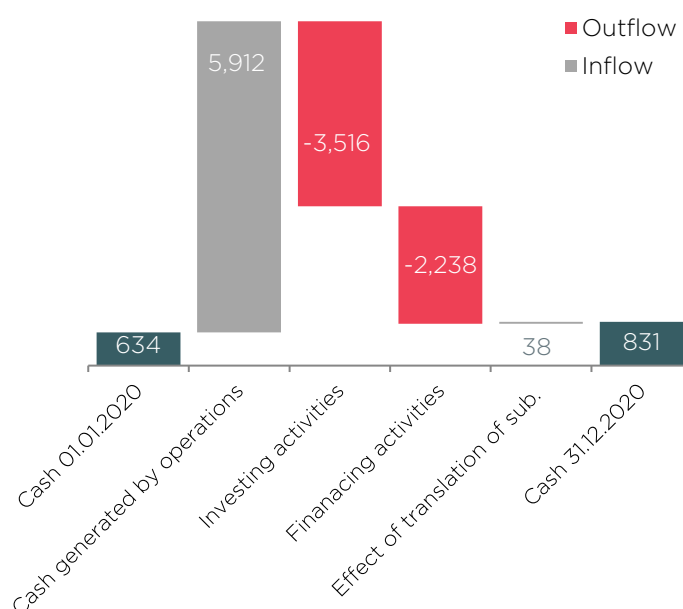
Net cash from operating activities in the year 2020 amounted to ISK 5,912 million, an increase of 10% from previous year.

Investment activities amounted to ISK 3,516 million.

The Company's financing activities amounted to ISK 2,238 million in the year 2020.

Cash equivalents at end of the year 2020 amounted to ISK 831 million, increasing by ISK 197 million compared to 2019.

Cash flow in 2020



Balance sheet on December 31st, 2021:

Equity at the end of the period was ISK 8,549 million and the equity ratio was 27.8%. Outstanding capital amounted to ISK 2,964 million at the end of the period.

Fixed assets decreased by 1,345 m IKR between years. The reason for the decrease is less investment in the year 2020 compared to the year before. There was a considerable renewal in broadcasting equipment along with the construction of studio under the media segment of the Company. Other reasons for the decrease are that part of the right of use asset is now classified as asset held for sale in line with IFRS 5. The classification is related to the possible sale of passive infrastructure.

The company's total liabilities were ISK 22,313 million at the end of 2020. Net interest-bearing debt amounted to ISK 15,419 million at the end of the year. The current ratio was 1.08.

Presentation on February 25th, 2021:

- A presentation meeting will be held on Thursday February 25th, 2021. Do to COVID-19 restriction 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 Síðuneyti's investor relations page at <https://www.syn.is/investors> and in Nasdaq Iceland's news network.

Financial calendar 2021:

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| ✓ Annual General meeting 2020 | March 19 th , 2021 |
| ✓ Q1 2021 Results | May 12 th , 2021 |
| ✓ 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