

August 30th, 2022

Press release on the financial performance of Síyn hf. for the first half of 2022.

Record operating profit

Síyn hf.'s Condensed Consolidated Interim Financial Statement for the first half of 2022 was approved by the board of directors on August 30th 2022.

Main results:

- Revenue for the second quarter (Q2) of 2022 amounted to ISK 6,009M, an increase of ISK 720M compared to the same period in 2021. Revenue for the first half (1H) of 2022 amounted to ISK 11,691M, an increase of 13.6% compared to 1H 2021.
- EBITDA for Q2 2022 amounted to ISK 1,607M, compared to ISK 1,488M in Q2 2021. The EBITDA margin was 26.7% in Q2 2022 compared to 28.1% in Q2 2021. EBITDA for 1H 2022 amounted to ISK 3,317 a 15.3% increase compared to the same period in 2021.
- Profit in Q2 2022 amounted to ISK 66M compared to ISK 117M loss in Q2 2021. Profit for 1H 2022 amounted to ISK 273M compared to ISK 348M loss in 1H 2021. A loss of ISK 179M was recognized in 1H 2021 in relation to the sale of the Company's share in its Faroese associate Hey.
- Cash generated by operations in Q2 2022 amounted to ISK 1,580M compared to ISK 1,431M in Q2 2021, an increase of 10%. Cash generated by operations in 1H 2022 amounted to ISK 2,688M compared to ISK 1,975M in 1H 2021, an increase of 36%.
- Total investments in 1H 2022 amounted to ISK 1,830M, thereof ISK 740M in property, plant and equipment and intangible assets (excluding broadcasting license rights) and ISK 1,086M in broadcasting license rights.
- Negative cash flow from financial activities for 1H 2022 amounted to ISK 2,809M compared to ISK 1,748M in 1H 2021. Included in the financial activities in 2022 is the purchase of own shares for the amount of ISK 1,860M.
- In the beginning of 2022, the board of directors decided to initiate a buyback program. The program started with a reverse tender offer on January 7th to January 9th followed by regular buyback of shares from January 13th to March 3rd. A total of 28.064.512 shares were purchased or 9,47% of total shares for the amount of ISK 1.860 million.
- The equity ratio was 27.3% at the end of 1H 2022.
- The Annual General Meeting on March 18th approved the board's proposal of reducing the Company's issued share capital in accordance with the number of own shares. The share capital decrease was implemented on April 12th and the updated total number of shares is 268.376.962.

Main results from operations in Q2 2022

	Q2 2022	Q2 2021	% ch.	1H 2022	1H 2021	% ch.
Revenues	6,009	5,289	13.6%	11,691	10,289	13.6%
Cost of sales	-4,124	-3,759	9.7%	-7,790	-7,134	9.2%
Gross profit	1,885	1,530	23.2%	3,901	3,155	23.6%
Operating expense	-1,563	-1,588	-1.6%	-3,178	-3,171	0.2%
EBITDA	1,607	1,488	8.0%	3,317	2,876	15.3%
EBIT	322	-58	-	723	-16	-
Net financial expense	-226	-117	-	-368	-210	-
Effect of associates	0	20	-	0	-173	-
Income tax	-30	38	-	-82	51	-
Profit (loss)	66	-117	-	273	-348	-
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<i>Gross Margin</i>	<i>31.4%</i>	<i>28.9%</i>		<i>33.4%</i>	<i>30.7%</i>	
<i>EBITDA</i>	<i>26.7%</i>	<i>28.1%</i>		<i>28.4%</i>	<i>28.0%</i>	
<i>EBIT</i>	<i>5.4%</i>	<i>-1.1%</i>		<i>6.2%</i>	<i>-0.2%</i>	

* Amounts are in ISK millions

Heiðar Guðjónsson CEO:

„Operating profit rises by 740 million and the operating profit is the highest in history. We manage to hold down costs while revenues increase by 14%. I am confident we will increase revenues further while costs will rise much slower and we are well on our way to reach recurring 100 million monthly profitability.“

We have invested heavily in our IT systems in the last three years and that is by far our largest investment during that period. We see returns coming with strengthened product offering which will increase revenue and market share. Our foundation is therefore very strong.

We signed an agreement on the build-out of a 5G network with Nova in June which secures the largest countrywide network in Iceland. It also cements our dominant position in IoT where we have over 1 million connections and is promising for the revenue growth in the mobile part of the business.

In media we are showing a considerable increase in subscriptions and advertising revenues. All parts of our media business are growing and profitable.

This is my last earnings announcement and I am extremely proud of our achievements during my time as CEO. We changed the strategy, transformed our IT architecture, turned the business around, refinanced it completely and all this was achieved during a global pandemic. The future is certainly bright at Sýn hf.“

Operating results Q2 2022

The Company's revenue during Q2 2022 amounted to ISK 6,009M compared to ISK 5,289M for the same period in 2021.

Revenue from media operations amounted to ISK 2,147M in Q2 2022, an increase of ISK 31M compared to Q2 2021. Broadband revenue amounted to ISK 1,109M in Q2 2022 compared to ISK 1,116M in Q2 2021. Mobile revenue amounted to ISK 1,282M an increase of ISK 221M compared to Q2 2021. Revenue from fixed line amounted to ISK 122M, a decrease of 9% between years. Revenue from hosting and operating solutions, which is the core business of Endor ehf., amounted to ISK 864M in Q2 2022, compared to ISK 352M in Q2 2021. This is an increase of 145%. Revenue from retail sales amounted to ISK 323M during the period, an increase of 4% compared to the same period in 2021. Other revenue amounted to ISK 162M during the quarter, a 19% decrease between years.

Cost of sales amounted to ISK 4,124M, an increase of 9.7% between years. Operating expenses amounted to ISK 1,563M, a decrease of 1.6% compared to the same period in 2021. EBITDA for the period amounted to ISK 1,607M, increasing by ISK 119M between years. The EBITDA margin was 26.7% for the period, compared to 28.1% in Q2 2021.

Net financial expenses amounted to ISK 226M in the second quarter of 2022, an increase of ISK 109M between years. Exchange rate difference was positive by ISK 13M in Q2 2022. Interest expense increased by ISK 103M between quarters.

Profit for Q2 2022 amounted to ISK 66M compared to ISK 117M loss for the same period previous year.

Cash flow Q2 2022

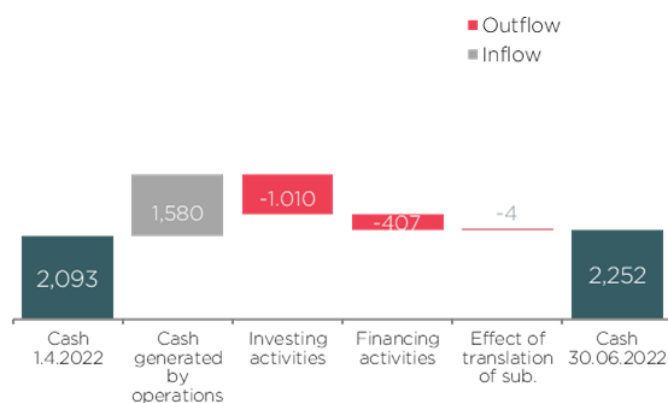
Cash generated from operations in Q2 2022 amounted to ISK 1,580M.

Investment activities are negative and amount to ISK 1.010M in Q2 2022.

The Company's financing activities are negative by ISK 407M.

Cash at the end of Q2 amounted to ISK 2,252M, an increase of ISK 1,850M compared to the same period in 2021.

Cash flow in Q2 2022



Operating results 1H 2022:

The Company's revenue during 1H 2022 amounted to ISK 11,691M compared to ISK 10,289M in 1H 2021.

Income from media operations amounted to ISK 4,254 in 1H 2021, a 5% increase from the previous year. Broadband income amounted to ISK 2,231M in 1H 2021, a decrease of 1% from the previous year. Mobile income amounted to ISK 2,683M an increase of ISK 683M compared to 1H 2021. Income from fixed line amounted to ISK 251M, a decrease of 8% between years. Income from hosting and operating solutions, which is the core business of Endor ehf., amounted to ISK 1,329M in 1H 2022, an 100% increase from 1H 2021. Income from retail sales amounted to ISK 597M during the period, a decrease of 1% compared to the same period in 2021. Other income amounted to ISK 346M, a 17% decrease from 1H 2021.

Cost of sales amounted to ISK 7,790M, an 9.2% increase compared to the same period in 2021. Operating expenses amounted to ISK 3,178M and changes insignificantly between periods. EBITDA for the period amounted to ISK 3.317M, increasing by 15.3% between years. The EBITDA margin was 28.4% for the period, compared to 28.0% the previous year.

Net financial expenses amounted to ISK 368M in 1H 2022, an increase of ISK 158M between years. Exchange rate difference was positive by ISK 71M in 1H 2022 and changes insignificantly between periods. The increase in interest rates is due to higher rental obligations as a result of the sale of passive mobile infrastructure. The increase in policy rates offsets the decrease in interest charges due to lower debt.

Profit for 1H 2022 amounted to ISK 273M compared to ISK 348M loss for the same period the previous year. A loss of ISK 179M was recognized in 1H 2021 in relation to the sale of the Company's Faroese associate Hey.

Cash flow 1H 2022:

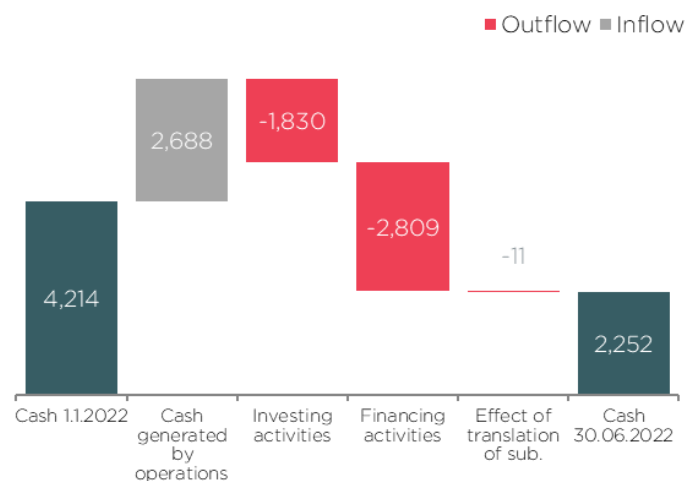
Cash generated from operations in 1H 2022 amounted to ISK 2,688M.

Investment activities amounted to ISK 1,830M in 1H 2022 compared to ISK 643M in 1H 2021. ISK 1,065M are included in investing activities for 2021, in relation to the sale of the Company's Faroese associate Hey.

The Company's financing activities were negative of ISK 2,809M in 1H 2022. Included in the financial activities in 2022 is the purchase of own shares of the amount of ISK 1,860M.

Cash equivalents at the end of 1H amounted to ISK 2,252M, an increase of ISK 1,850M compared to the same period in 2021.

Cash flow in 1H 2022



Balance sheet on June 30th, 2022:

Equity at the end of the period was ISK 8,888M and the equity ratio was 27.3%. Outstanding capital amounted to ISK 2,684M.

The Company's total liabilities were ISK 23,640M at the end of Q2 2022. Net interest-bearing debt amounted to ISK 15,605M. The current ratio was 1.45.

Presentation on August 31st, 2022:

- A presentation meeting will be held on Wednesday August 31st, 2022. The meeting will only be online and will begin at 8:30 am at <https://syn.is/fjarfestatengsl>.
- 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.

Financial calendar 2022:

- ✓ Q3 2022 results November 2nd, 2022
- ✓ Q4 2022 and annual results February 15th, 2023
- ✓ Annual general meeting March 17th, 2023

Further information:

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