

May 10<sup>th</sup>, 2023

Press release on the earnings of Sýn hf. for the first quarter of 2023.

## Continued operational improvement in a challenging environment

Sýn hf.'s Consolidated Interim Financial Statement for the first quarter of 2023 was approved by the board on May 10<sup>th</sup>, 2023.

**Operating profit (EBIT) for the first quarter (Q1) amounted to ISK 428 million and increases by 6,7% from last year.**

**Healthy year-on-year revenue growth despite a strong comparative quarter for 2022.**

**Profit after tax amounted to ISK 213 million compared to ISK 207 million for the same period last year.**

**The EBIT guidance for 2023 remains unchanged, with operating profit (EBIT) expected to amount between ISK 2,200 to ISK 2,500 million.**

**The results of the Icelandic Competition Authorities regarding Ljósleiðarinn's purchase of Sýn's core network are expected this summer. The agreed purchase price is ISK 3,000 million.**

**Sýn hf. has reached an agreement on the purchase of 100% share capital of Njála, the parent company of Já hf. which operates the website ja.is. The agreement is currently under review by the Icelandic Competition Authorities.**

**During the quarter, a total of ISK 1,211 million was returned to the company's shareholders.**

### Main results:

- Revenue for Q1 of 2023 amounted to ISK 5,860 million compared to ISK 5,682 million for the same period last year.
- Operating profit (EBIT) for Q1 of 2023 amounted to ISK 428 million and increases by 6,7% compared to the same period last year. Profit after tax amounted to ISK 213 million compared to ISK 207 million last year.
- Cash flow from operations in Q1 2023 amounted to ISK 921 million compared to ISK 1,107 million in Q1 2022.
- Higher inventory level is due to reclassification and irregular bulk purchases. The inventory level will decrease as the year progresses.
- Total investment for Q1 2023 amounted to 1,120 million. Investment in tangible and intangible assets (excluding broadcasting license rights) was ISK 559 million, compared to ISK 285 million in Q1 2022. The difference between years is mainly explained by increased investment in 5G in 2023. Investment in broadcasting rights amounted to ISK 561 million in Q1 2023 compared to ISK 531 million last year. Investments in tangible, intangible assets and broadcasting rights have been front loaded this year. It can be

assumed that about a third of the year's investments in tangible and intangible assets have been completed and that investments will slow down as the year progresses.

- Financial activities in Q1 2023 were negative by ISK 1,259 million compared to ISK 2,402 million for the same period in 2022. Included in the financing activities in Q1 2023 is the share buyback of ISK 930 million.
- Purchase agreement for Ljósleiðarinn's purchase of Sýn's core network and a long-term service agreement between the companies were signed on the 20th of December 2022. The payment will be received in instalments and the amount will be paid in full no later than 12 months after the delivery of the sold assets. The purchase price is ISK 3,000 million and capital gain from the sale is ISK 2,436 million, which will be fully entered into the company's books upon delivery. The agreement is currently under review by the Icelandic Competition Authorities. The sale is expected to reduce annual investment requirement by ISK 120 million and annual operating cost by more than ISK 100 million.
- Expectations for an increase in number of tourists to Iceland this summer is expected to result in increased revenues from roaming as the year progresses.
- Major changes occurred in the advertising sector during the quarter with the exit of Fréttablaðið. Sýn's media business has taken actions to increase market share in the advertising sector.
- Good results were achieved in renegotiations with key suppliers, which leads to lower depreciations this year. Accounts payable decrease for the same reason.
- Good performance for Endor during the quarter resulting in increased market share in the information technology sector.
- During the quarter, it was decided to return a total of ISK 1,211 million to the company's shareholders. This was done by regular buybacks in the beginning of the year. In addition, a reverse share offering was carried out from 17<sup>th</sup> to 19<sup>th</sup> of February, where the company bought shares for ISK 800 million. At the general meeting on March 17, the board's proposal to reduce the share capital in accordance with the number of shares was approved. The reduction was implemented on the 19<sup>th</sup> of April. A dividend payment of ISK 300 million was also approved at the general meeting. Taking into account the company's own shares, a payment of ISK 281 million was made on April 5<sup>th</sup>.

### Yngvi Halldórsson, CEO:

"Operating profit (EBIT) increases by 7% year-over-year despite challenging competitive conditions in all of our business segments. We see healthy revenue growth, but Q1 2022 was particularly strong due to irregular mobile revenue. Our emphasis on cost efficiency, with the strategic streamlining last fall, has enabled us to keep our operating costs stable despite multiple challenges in the environment. As part of our ongoing efforts to improve our operations, we achieved good results in negotiations with key suppliers, which will have a positive impact on our business this year.

We remain committed to the transformational journey that has been marked. We have had very good and stable performance in the corporate market, and have initiated new marketing initiatives in the individual market. We expect a lot from our marketing efforts, where the

major task is to increase Vodafone's market share in the household telecommunications sector.

We have two matters under review by the Competition Authority. We expect to receive the results of the sale of the core network and the acquisition of Já this summer. Já is an exciting addition to Sýn's operations and services. There are significant opportunities that come with powerful solutions and Já's workforce. Especially now when there is opportunity to make the most of the changes in the advertising market.

The EBIT guidance for the year remains unchanged, and there are significant opportunities in all of Sýn's business units where we will be introducing various new products and solutions in the coming months."

### Balance sheet on March 31<sup>st</sup>, 2023:

Equity at the end of the period was ISK 8,454 million and the equity ratio was 26.1%.

The company's total liabilities were ISK 23,994 million at the end of Q1 2023. Interest bearing long-term liabilities amounted to ISK 4,704 and net interest-bearing debt with lease liabilities amounted to ISK 17,546 million. The current ratio was 1.2.

### Financial calendar 2023:

✓ Q2 2023 results	August 30 <sup>th</sup> , 2023
✓ Q3 2023 results	November 8 <sup>th</sup> , 2023
✓ Q4 2023 and annual results	February 21 <sup>st</sup> , 2024
✓ Annual General meeting	March 15 <sup>th</sup> , 2024

### 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 August 30<sup>th</sup>, 2023. However, investors can send inquiries to [fjarfestatengsl@syn.is](mailto: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.