

February 16<sup>th</sup>, 2022

Press release on the earnings of Síðuneyti hf. for the fourth quarter and the year 2021.

## Making a good company better

Síðuneyti hf.'s Consolidated Financial Statement for the year 2021 was approved by the board on February 16<sup>th</sup>, 2022.

### Main results:

- Revenue for the fourth quarter (Q4) of 2021 amounted to ISK 5,943 million, an increase by ISK 478 million compared to the same period in 2020. Revenue in the year 2021 increased by ISK 821 million between years, or 3.9%. In addition, the sale of passive mobile infrastructure resulted a profit of ISK 2,552 million after related cost.
- Adjusted EBITDA for Q4 2021 amounted to ISK 1,670 million, compared to ISK 1,427 million Q4 2020. The adjusted EBITDA margin was 28.1% in Q4 2021 compared to 26.1% in Q4 2020. Adjusted EBITDA for the year 2021 was ISK 6,432 million, an increase of ISK 693 million from 2020. Adjusted EBITDA margin was 29.6% for 2021 compared to 27.4% in 2020.
- Profit in Q4 of 2021 amounted to ISK 2,276 million, compared to a loss of ISK 3 million in the same quarter last year. Profit for the year 2021 amounted to ISK 2,100 million compared to a loss of ISK 405 million in the year 2020.
- Cash flow from operations in Q4 amounted to ISK 1,287 million compared to ISK 2,057 million in the same period in 2020. Cash flow from operations in the year 2021 amounted to ISK 5,017 million compared to ISK 5,912 million in 2020, a decrease of 15%.
- Total investments for the year 2021 resulted in a positive amount of ISK 4,238 million. That includes the sale of passive mobile infrastructure of ISK 6,946 million and ISK 1,065 million in asset sales. Investment of ISK 1,214 million in property, plant and equipment and intangible assets (excluding broadcasting license rights) and ISK 2,541 million in broadcasting license rights.
- Negative cash flow from financial activities in 2021 amounted to ISK 5,902 million compared to ISK 2,238 million in 2020, which is an increase of ISK 3,664 million. Sales proceeds from the sale of passive mobile infrastructure and the sale of the Company's Faroese associate Hey were used to pay down debt and decrease credit lines
- The Company's equity ratio was 28.9% at the end of 2021.
- Projections for 2022 assume that revenue growth will exceed economy growth. Healthy growth of new revenue streams and that the negative impact of the pandemic decreases. Roaming will be back on track in 2023.
- Development in foreign exchange rates has a significant effect on operating results, especially investment in broadcasting licences and mobile infrastructure. Investments in 2022 are estimated to be ISK 1.5-2.0 billion. In addition, increased focus will be on 5G investment.

- Part of profit from the sale of passive mobile infrastructure will be used for internal investment.

### Main results from operations in the year 2021

	Q4 2021	Q4 2020	% ch.	2021	2020	% ch.
Revenues	5,943	5,465	8.7%	21,765	20,944	3.9%
Cost of sales	-3,884	-3,864	0.5%	-14,672	-14,436	1.6%
<b>Gross profit</b>	<b>2,059</b>	<b>1,601</b>	<b>28.6%</b>	<b>7,093</b>	<b>6,508</b>	<b>9.0%</b>
Sale profit	2,552	-	-	2,552	-	-
Operating expense	-1,731	-1,625	6.5%	-6,359	-6,347	0.2%
<b>EBITDA</b>	<b>4,222</b>	<b>1,427</b>	<b>195.9%</b>	<b>8,984</b>	<b>5,739</b>	<b>56.5%</b>
<b>EBIT</b>	<b>2,880</b>	<b>-24</b>	<b>-</b>	<b>3,286</b>	<b>161</b>	<b>-</b>
Net financial expense	-152	-118	-	-573	-910	-
Effect of associates	-78	27	-	-251	98	-
Income tax	-374	112	-	-362	246	-
<b>Profit / (Loss)</b>	<b>2,276</b>	<b>-3</b>	<b>-</b>	<b>2,100</b>	<b>-405</b>	<b>-</b>
<i>Gross Margin</i>	<i>34.6%</i>	<i>29.3%</i>		<i>32.6%</i>	<i>31.1%</i>	
<i>Adjusted EBITDA *</i>	<i>1,670</i>	<i>1,427</i>		<i>6,432</i>	<i>5,739</i>	
<i>Adjusted EBIT *</i>	<i>328</i>	<i>-24</i>		<i>734</i>	<i>161</i>	
<i>Adjusted EBITDA %</i>	<i>28.1%</i>	<i>26.1%</i>		<i>29.6%</i>	<i>27.4%</i>	
<i>Adjusted EBIT %</i>	<i>5.5%</i>	<i>-0.4%</i>		<i>3.4%</i>	<i>0.8%</i>	

\* Amounts are in ISK million

### Heiðar Guðjónsson, CEO:

“Our strategic review from the summer of 2019 has proven its worth. We changed our focus from being engineer driven to being customer centric. With that our operating loss of around 100 million per month has turned into a profit of 100 million per month. At the same time, we transformed the balance sheet by paying down long-term debt by 4 billion ISK and realizing a profit of the sale of assets of 6.5 billion. This we achieved in the midst of a global pandemic where roaming revenues disappeared, advertising revenues collapsed, and the depreciation of the Icelandic krona raised our vendor prices considerably.

To increase the flexibility of the company we have renegotiated contracts with most of our vendors. We found ourselves in a position where we had variable revenues but fixed costs, which hurt us in 2019 when customers were leaving us, and we decided to simplify the business and a significant milestone was achieved on December 14th when we sold passive infrastructure from our mobile network. We are preparing further sale of infrastructure which is in line with our strategic review.

Our business has less risk now since a bigger part of our costs has been changed to being variable instead of fixed and fluctuates with revenue. The business is also more profitable. Our key tool in managing the business has been analysing profit margins for every line of business and every product. This powerful tool provides key support in all decision making and we will not operate any part of our business unless it brings sufficient margin.

We are bringing in new revenue streams in the form of podcasts, putting parts of our web portal visir.is behind a paywall and going into credit card acquiring for companies. Today we operate the largest media in Iceland, visir.is, which has over 200 thousand daily users. We count roughly half of households and half of companies as subscribers. This big customer base means we can develop our product offering further. Therein lie the biggest opportunities for the business, taking the strategic review into account.

The long-term development in telecommunications is favourable to us. An increasing number of employees work from home which means more and more employers pay for their mobile and internet bills. The Icelandic workforce is around 200 thousand people and including families that number covers most of the inhabitants. Cyber threats are increasing, and it is a fact that companies cannot trust just anyone for the digital connections which go straight to the heart of the company. Our collaboration with Vodafone Group is very important in this regard since they survey over 40 billion cyber events every month. We have a ISO27001 security certification and with a very strong presence in the enterprise business we can play offense on the telecom market for years to come.

The future of telecommunications as we see it today is less about the consumer and more about the Internet of Things, where machines are directly connected without any human touch. We are dominant in this field in Iceland. We have issued more than three times as many IoT cards from Vodafone Iceland as there are inhabitants, which is a world record. There should be good growth in this field for the foreseeable future. We have held back on the rollout of 5G since the Telecom Act has still not been passed, after 3 years in Althingi. Our focus has been on IoT infrastructure in the meantime.

Our media business has a promising future. We have repositioned Stöð 2 and put local content first, SVOD first and OTT first. This is a big change for the future, and we are optimistic this will bring new customers. We are also reviewing our radio business and are focusing more on OTT which supports better podcasts and other forms since the difference between audio books, podcasts and radio is becoming less and less clear.

Our customer satisfaction (NPS) has never been higher and the same holds true for employee satisfaction. We have together succeeded in making a good company better.”

#### Q4 2021 Operating Results:

The Company's income during Q4 2021 amounted to ISK 5,943 million, which is an increase of ISK 479 million from the previous year.

Income from media operations amounted to ISK 2,178 million in the fourth quarter, increasing by 2% from the previous year. Broadband income amounted to ISK 1,097 million in the fourth quarter, a decrease of 2%, from the previous year. Mobile income amounted to ISK 1,364 million, an increase by ISK 526 million from the same period in 2020. Income from fixed line amounted to ISK 128 million during the quarter, a decrease of 9% between years. Income from hosting and operating solutions, which are the core business of Endor ehf., amounted to ISK 601 million in the fourth quarter. Income from retail sales amounted to ISK 371 million during the period, an increase by 5% compared to the same period in 2020. Other income amounted to ISK 204 million during the quarter, decreasing by 10% from the previous year.

Cost of sales amounted to ISK 3,884 million increasing by 0.5% between years. Operating expenses amounted to ISK 1,731 million, an increase by 6.5% compared to the same period in 2020. Adjusted EBITDA for the period amounted to ISK 1,670 million, increasing by ISK 243 million between years. The adjusted EBITDA margin was 28.1% for the period, compared to 26.1% in the previous year.

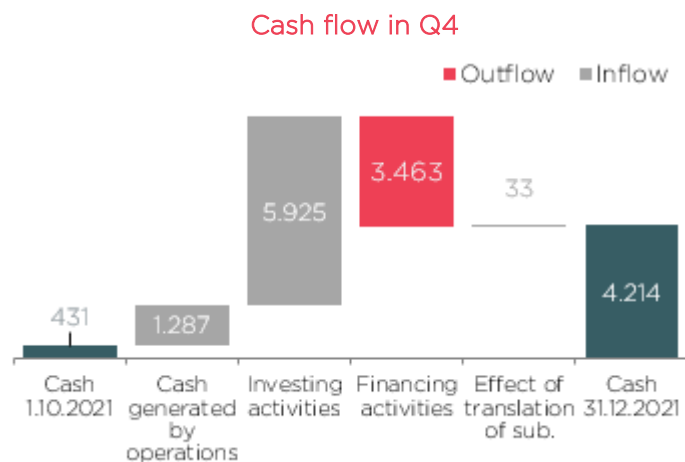
Net financial expenses amounted to ISK 152 million in the fourth quarter of 2021. Interest expense for long-term debt increase by ISK 3 million between quarters. Profit in the period amounted to ISK 2,276 million, compared to loss of ISK 3 million in the same quarter last year, however included in the Q4 2021 amount is the sales profit of 2,552 million from the sale of passive mobile infrastructure.

#### Q4 2021 Cash flow:

Net cash from operating activities in Q4 2021 amounted to ISK 1,287 million, decreasing by 37% from previous year.

Investment activities amounted to a positive ISK 5,925 million in Q4 2021. Included in investment activities for Q4 2021 is the sale of passive mobile infrastructure.

The Company's financing activities were negative by ISK 3,463 million in Q4 2021.



Cash equivalents at end of Q4 amounted to ISK 4,214 million, increasing by ISK 3,384 million compared to the same period in 2020.

#### 2021 Operating Results:

The Company's income during the year 2021 amounted to ISK 21,765 million, an increase of ISK 821 million from the previous year.

Income from media operations amounted to ISK 8,372 million in the year 2021, increasing by 6% between years. Broadband income amounted to ISK 4,463 million in the year 2021, a decrease of ISK 94 million, or by 2%, from the previous year. Mobile income amounted to ISK 4,616 million a decrease of ISK 1,104 million from the same period in 2020. Income from fixed line amounted to ISK 535 million in the year 2021, a decrease of 12% between years. Income from hosting and operating solutions, which are the core business of Endor ehf., amounted to ISK 1,676 million in the year 2021, a decrease of 31%. Income from retail sales amounted to ISK 1,267 million during the period, an increase by 17% compared to 2020. Other income amounted to ISK 836 million during the year 2021.

Cost of sales amounted to ISK 14,672 million increasing by 1.6% between years. Operating expenses amounted to ISK 6,359 million an increase of ISK 12 million compared to 2020. In the year 2021 a sales profit of ISK 2.674 million was accounted in regard to the sale of passive mobile infrastructure. Cost related to the sale of ISK 122 million was deducted from the sales profit.

Adjusted EBITDA for the period amounted to ISK 6,432 million, increasing by ISK 693 million between years. The adjusted EBITDA margin was 29.6% for the period, compared to 27.4% in the previous year.

Net financial expenses amounted to ISK 573 million in the year 2021, which is a decrease of ISK 337 million between years. Exchange rate profit for the year 2021 was ISK 18 million compared to a loss of ISK 205 million the previous year. Interest expense for long-term debt decreased by ISK 115 million between years due to lower interest-bearing debt.

Profit in the year 2021 amounted to ISK 2,100 million, compared to a loss of ISK 405 million in 2020.

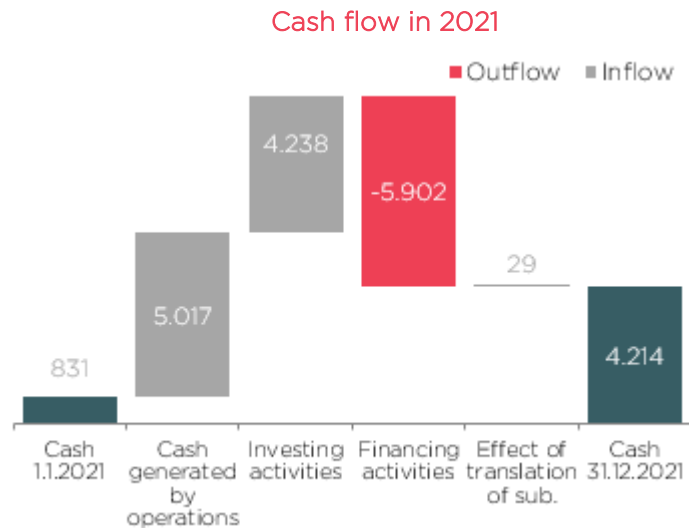
### 2021 Cash flow:

Net cash from operating activities in the year 2020 amounted to ISK 5,017 million, a decrease of 15% from previous year.

Investment activities amounted to be positive of ISK 4,238 million. Included in investment activities for 2021 is the sale of the Company's Faroese associate Hey and the sale of passive mobile infrastructure.

The Company's financing activities were negative by ISK 5,902 million in the year 2021.

Cash equivalents at end of the year 2021 amounted to ISK 4,214 million, increasing by ISK 3,383 million compared to 2020.



### Balance sheet on December 31<sup>st</sup>, 2021:

Equity at the end of the period was ISK 10,535 million and the equity ratio was 28.9%. Outstanding capital amounted to ISK 2,964 million at the end of the period.

Fixed assets increased by 545 million between years. The reason for the increase is mainly due to an increase in the Right-of-use assets regarding the sale of passive mobile infrastructure, on the other hand, there is a decrease in property, plant and equipment. Additionally, the sale of the Company's Faroese associate Hey decreases fixed assets.

The company's total liabilities were ISK 25,966 million at the end of 2021. Net interest-bearing debt amounted to ISK 14,073 million at the end of the year. The current ratio was 1.58 at year end but in the beginning of 2022 the board accepted a buyback on shares for ISK 1,390 million. A repurchase plan was activated, and the total buyback is estimated to be at most ISK 600 million. When adjusted for this, the adjusted equity ratio on December 31<sup>st</sup>, 2021, is 24.8% and the current ratio 1.31.

### Presentation on February 17<sup>th</sup>, 2022:

- A presentation meeting will be held on Thursday February 17<sup>th</sup>, 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 Síni's investor relations page at <https://www.syn.is/investors> and in Nasdaq Iceland's news network.

### Financial calendar 2022:

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|-------------------------------|----------------------------------|
| ✓ Annual General meeting 2021 | March 18 <sup>th</sup> , 2022    |
| ✓ Q1 2022 Results             | May 11 <sup>th</sup> , 2022      |
| ✓ Q2 2022 Results             | August 31 <sup>st</sup> , 2022   |
| ✓ Q3 2022 Results             | November 2 <sup>nd</sup> , 2022  |
| ✓ Q4 2022 and annual results  | February 15 <sup>th</sup> , 2023 |
| ✓ Annual General meeting 2022 | March 17 <sup>th</sup> , 2023    |

### Further information:

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