

30th August, 2023



Good results and many opportunities

Interim Financial Statements Q2 and 1H 2023



SPORT



ENDOR



HIGHLIGHTS FROM OPERATIONS

FINANCIAL RESULTS

BUSINESS UNITS AND OUTLOOK

GOOD RESULTS IN 1H 2023



- Good operating results in the first 6 months of the year. Operating profit (EBIT) amounts to ISK 1,002 million and increases by 39% between years. Profit after tax is ISK 483 million
- Revenue growth in core services and regular revenue increases by 6,5%. Total revenues for 1H 2023 amounted to ISK 11,493 million, compared to ISK 11,691 million in the same period 2022. The first half of 2022 included irregular revenues, both from Vodafone and Endor. Taking that into account, revenue increases by 6.5%
- Growth in high-margin services, especially advertising revenues on Vísir and Bylgjan, and in roaming revenues, which has a positive effect on earnings
- Organizational changes in the last year have increased the visibility, independence and responsibility of individual business units
- Operating cost remained stable despite challenges in the external environment. Decreasing cost of broadcasting license rights, as well as renegotiation with key suppliers leads to lower depreciation in 1H 2023
- About ISK 1,200 million returned to shareholders in the form of buybacks and dividend payment
- Unchanged outlook for 2023. EBIT is projected to be between ISK 2,200 million to ISK 2,500 million apart from the non-recurring profit from the sale of Sýn's core network

SALE OF CORE NETWORK



- Ljósleiðarinn's purchase of Sýn's core network is in the final stage at the Icelandic Competition Authorities. The result is expected no later than September 28
- The purchase price is ISK 3,000 million and the capital gain from the sale is approximately ISK 2,400 million
- The purchase price will be paid in 6-12 months, when certain conditions are met
- With a 12-year service agreement, annual investment requirement is expected to decrease by ISK 120 million and annual operating cost is expected to decrease by ISK 100 million. The impact on operations and investments will fully realize in 2024
- No lease obligation
- The sale will result in higher quality telecommunications network that will be beneficial for customers



PURCHASE OF JÁ



Icelandic retail shifts to ecommerce. Já was the answer

- An agreement on the purchase of Já was reached in February this year
- The purchase is expected to increase Sýn's annual revenue by ISK 500 million and EBITDA will increase by approximately ISK 70 million a year without taking synergies into account
- With Já, there is an opportunity to add a new revenue stream with a focus on advertising, visibility and product search on the web
- The purchase also opens an opportunity to connect the services of Vísir and Já and build new and exciting services



Spara

Part of a larger journey

- Sýn took over the operation of the loyalty app **Spara** in March this year. Numerous organizations use the Spara app to manage their members' loyalty programs
- Sýn recently bought the operation of the marketplace **Bland**. For years, Bland has been one of the main marketplaces for second hand purchases in Iceland and has a large and active user base

B L A N D

PARTNERSHIP WITH VIAPLAY



- Extensive partnership agreement was signed with Viaplay
- Exclusive rights to bundle products from Viaplay with Vodafone and Stöð 2 products
- Simplification for customers who can get diverse sports subscriptions in one place at favourable terms
- New TV channel – Vodafone Sport has been launched
- All matches of the Icelandic men's national team will be broadcasted on Stöð 2 Sport
- Stöð 2 Sport will take care of all domestic programming and commentary for Viaplay
- Important distinction for Vodafone in the fierce competition of the telecommunications market





HIGHLIGHTS FROM OPERATIONS

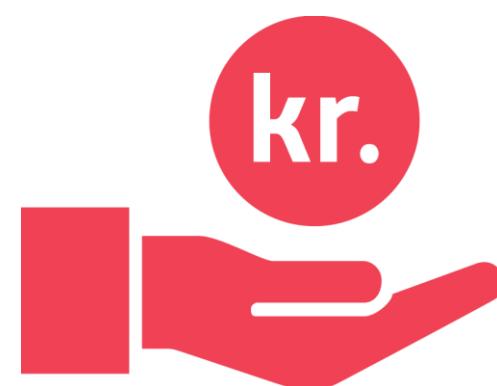
FINANCIAL RESULTS

BUSINESS UNITS AND OUTLOOK

KEY FINANCIAL RESULTS



Q2 AND 1H 2023



-1,7%

Revenue 1H
ISK 11,493M

Q2 2023
ISK 5,632M



+38,6%

EBIT 1H
ISK 1,002M

Q2 2023
ISK 574M



+76,9%

Earnings 1H
ISK 483M

Q2 2023
ISK 269M

INCOME STATEMENT



	Q2 2023	Q2 2022	% ch.	1H 2023	1H 2022	% ch.
Revenues	5.632	6.009	-6,3%	11.493	11.691	-1,7%
Cost of sales	-3.540	-4.124	-14,2%	-7.331	-7.790	-5,9%
Gross profit	2.092	1.885	<i>11,0%</i>	4.161	3.901	<i>6,7%</i>
Operating expense	-1.518	-1.563	-2,8%	-3.159	-3.178	-0,6%
EBITDA	1.583	1.607	<i>-1,5%</i>	3.080	3.317	<i>-7,1%</i>
EBIT	574	322	<i>78,1%</i>	1.002	723	<i>38,6%</i>
Net financial expense	-296	-226	31,1%	-506	-368	37,5%
Effect of associates	0	0	-	0	0	-
Income tax	-8	-30	-72,4%	-13	-82	-83,9%
Profit (loss)	269	66	<i>307,6%</i>	483	273	<i>76,8%</i>
<i>Gross Margin</i>	<i>37,1%</i>	<i>31,4%</i>		<i>36,2%</i>	<i>33,4%</i>	
<i>EBITDA</i>	<i>28,1%</i>	<i>26,7%</i>		<i>26,8%</i>	<i>28,4%</i>	
<i>EBIT</i>	<i>10,2%</i>	<i>5,4%</i>		<i>8,7%</i>	<i>6,2%</i>	

Key factors impacting Q2 and 1H 2023

- Revenue decreases by almost 2% in the first half of 2023. Adjusted for irregular items, revenue growth is 6.5%
- The gross profit was roughly 36% in 1H 2023, which is an increase of 2.8 percentage points compared to the same period last year. Renegotiations with suppliers have a positive effect on cost reductions as well as growth in high-margin services
- Operating costs remains stable between years. Emphasis on operational efficiency. Transfer of operating costs to cost of sales after an IT operation agreement with Endor
- Endor's performance is strong in the first half of the year and there is significant revenue growth when irregular items are considered. Operating profit (EBIT) increases by over 50%
- Operating profit (EBIT) amounts to ISK 1,002 million in 1H 2023 and increases by almost 39% between years
- Net financial expenses increase in line with rising financial costs

REVENUES



	Q2 2023	Q2 2022	% ch.	1H 2023	1H 2022	% ch.
Media	2.227	2.147	4%	4.393	4.254	3%
Broadband	1.095	1.109	-1%	2.204	2.231	-1%
Mobile	1.245	1.282	-3%	2.445	2.683	-9%
- adjusted for irregular items	1.245	1.183	5%	2.445	2.310	6%
Fixed Line	111	122	-9%	227	251	-10%
Hosting and operating solutions	501	864	-42%	1.204	1.329	-9%
- adjusted for irregular items	501	361	39%	1.204	826	46%
Retail sale	282	323	-13%	611	597	2%
Other revenue	171	162	6%	409	346	18%
Total Revenue	5.632	6.009	-6%	11.493	11.691	-2%
- adjusted for irregular items	5.632	5.407	4%	11.493	10.815	6%

Media

Continued growth in advertising revenue, an increase by almost 9% between 1H 2023 and 1H 2022. Other media revenues remain stable between years

Broadband

Decrease in broadband revenue is mainly explained by the decrease in revenue from home connections. In the first six months, revenue from corporate connections increases by roughly 4%

Mobile

Irregular revenues in the first half of 2022 explain the decrease in revenues between periods as mobile revenues fall by almost 9%. If irregular items are considered there is an increase of almost 6% between years. Revenues from roaming services have increased by 40% compared to the same period last year

Hosting and operating solutions

A decrease in revenue in the second quarter is due to passthrough revenues from foreign projects in Q2 2022. Taking that into account, revenue growth in Q2 is almost 40% and over 45% in 1H

BALANCE SHEET



Assets

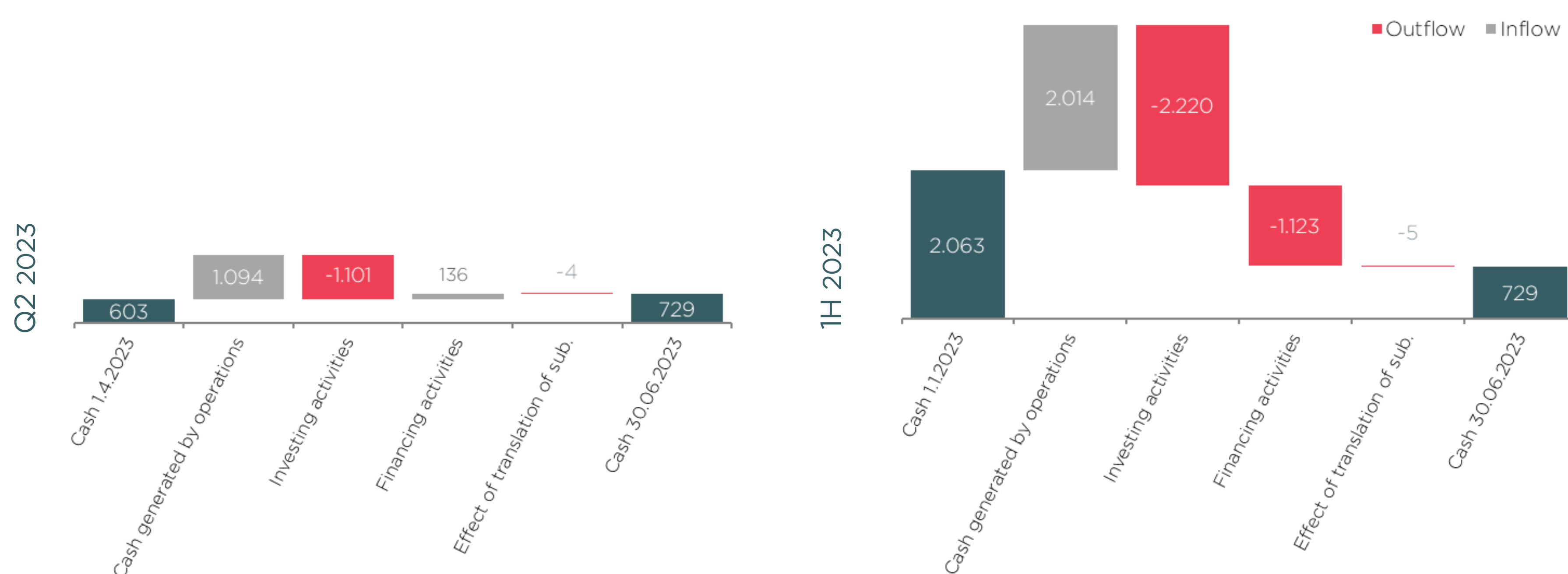
ISK m	30.6.2023	31.12.2022	% ch.
Fixed assets			
Right-of-use asset	8.212	8.620	-5%
Property, plant and equipment	3.105	2.866	8%
Goodwill	8.893	8.906	0%
Other intangible assets	4.515	4.389	3%
Long term lease receivables	153	157	-3%
Shares in other companies	185	185	0%
Deffered tax asset	145	158	-8%
Fixed assets	25.208	25.281	0%
Current assets			
Broadcasting license rights	1.738	1.809	-4%
Inventories	1.028	559	84%
Trade receivables and other short term receivables	3.124	3.650	-14%
Cash and cash equivalents	729	2.063	-65%
Current assets	6.620	8.081	-18%
Assets classified for sale	564	564	0%
Total assets	32.391	33.926	-5%

Liabilities and equity

ISK m	30.6.2023	31.12.2022	% ch.
Equity	8.724	9.469	-8%
Long term liabilities			
Interest bearing debt	4.623	4.801	-4%
Lease liabilities	11.605	11.820	-2%
Long term liabilities	16.228	16.621	-2%
Current liabilities			
Interest bearing debt	1.276	373	242%
Lease liabilities	1.124	1.295	-13%
Accounts payable and other current liabilities	5.039	6.168	-18%
Current liabilities	7.439	7.836	-5%
Total equity and liabilities	32.391	33.926	-5%
<i>Interest bearing debt</i>	<i>18.628</i>	<i>18.289</i>	
<i>Net interest bearing debt</i>	<i>17.899</i>	<i>16.226</i>	
<i>Equity ratio</i>	<i>26,9%</i>	<i>27,9%</i>	

* Amounts in ISK millions

CASHFLOW



Main factors in the change in Free cash flow between years:

- Favorable one-off contracts with key suppliers that deliver efficiencies
- Heavy investments in 1H 2023
- Changes in inventory

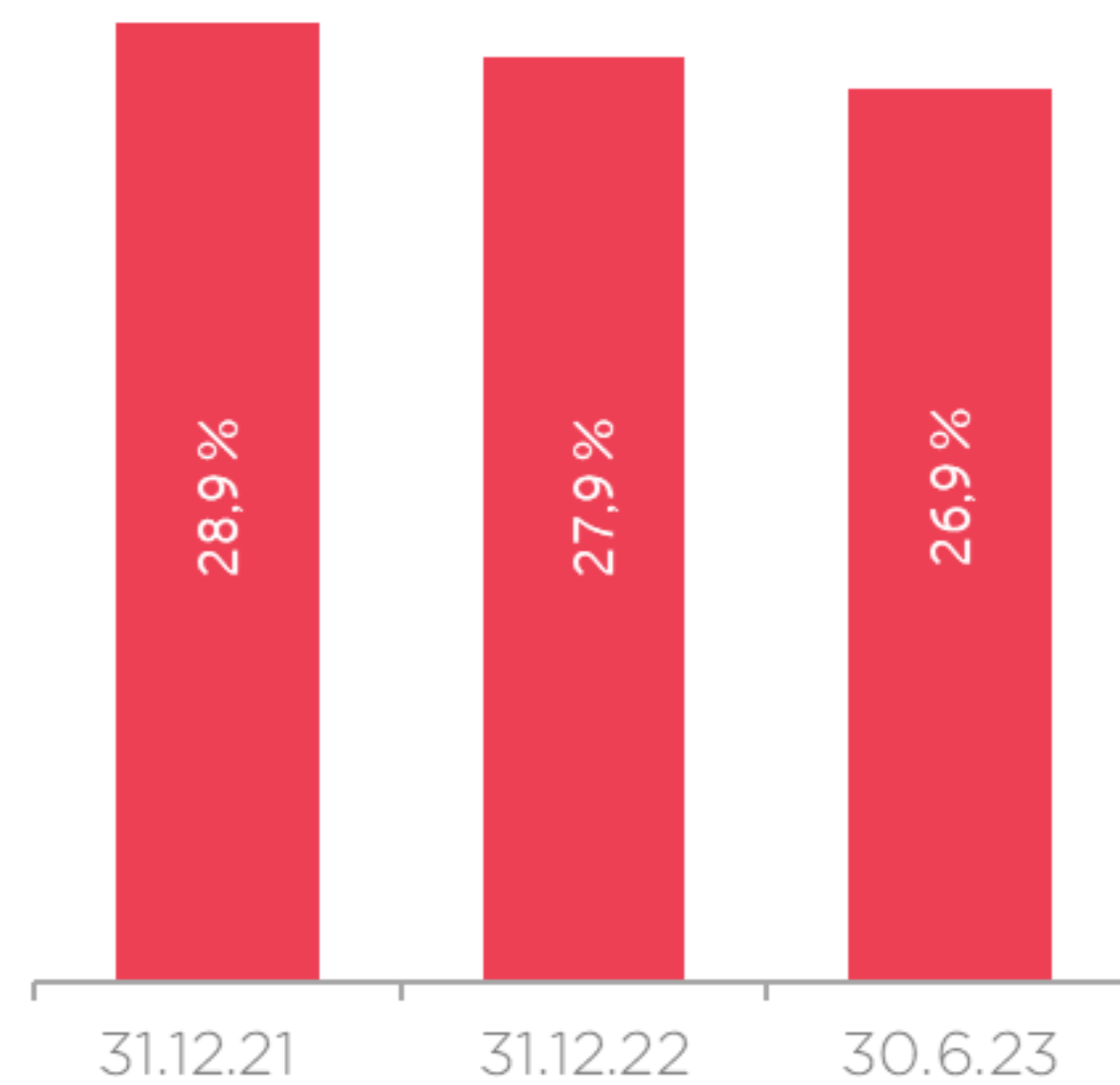
	Q2 2023	Q2 2022	% ch.	1H 2023	1H 2022	% ch.
Cash generated by operations before interest and tax	1.373	1.810	-24%	2.545	3.114	-18%
Investment activities	-1.101	-1.010	9%	-2.220	-1.830	21%
Free cash flow	272	800	-66%	325	1.284	-75%

*Amounts in ISK millions

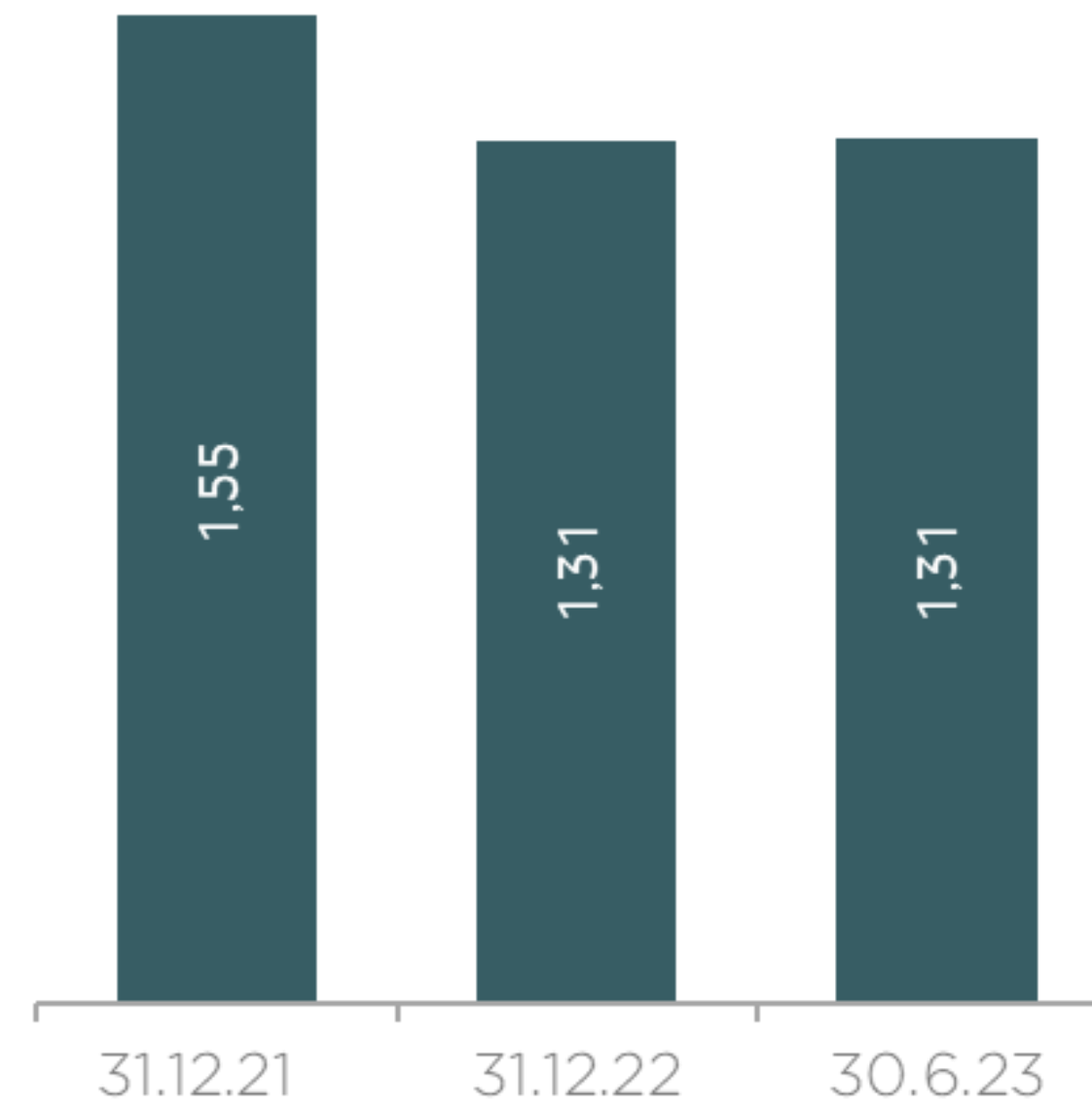
BALANCE SHEET - KEY INDICATORS



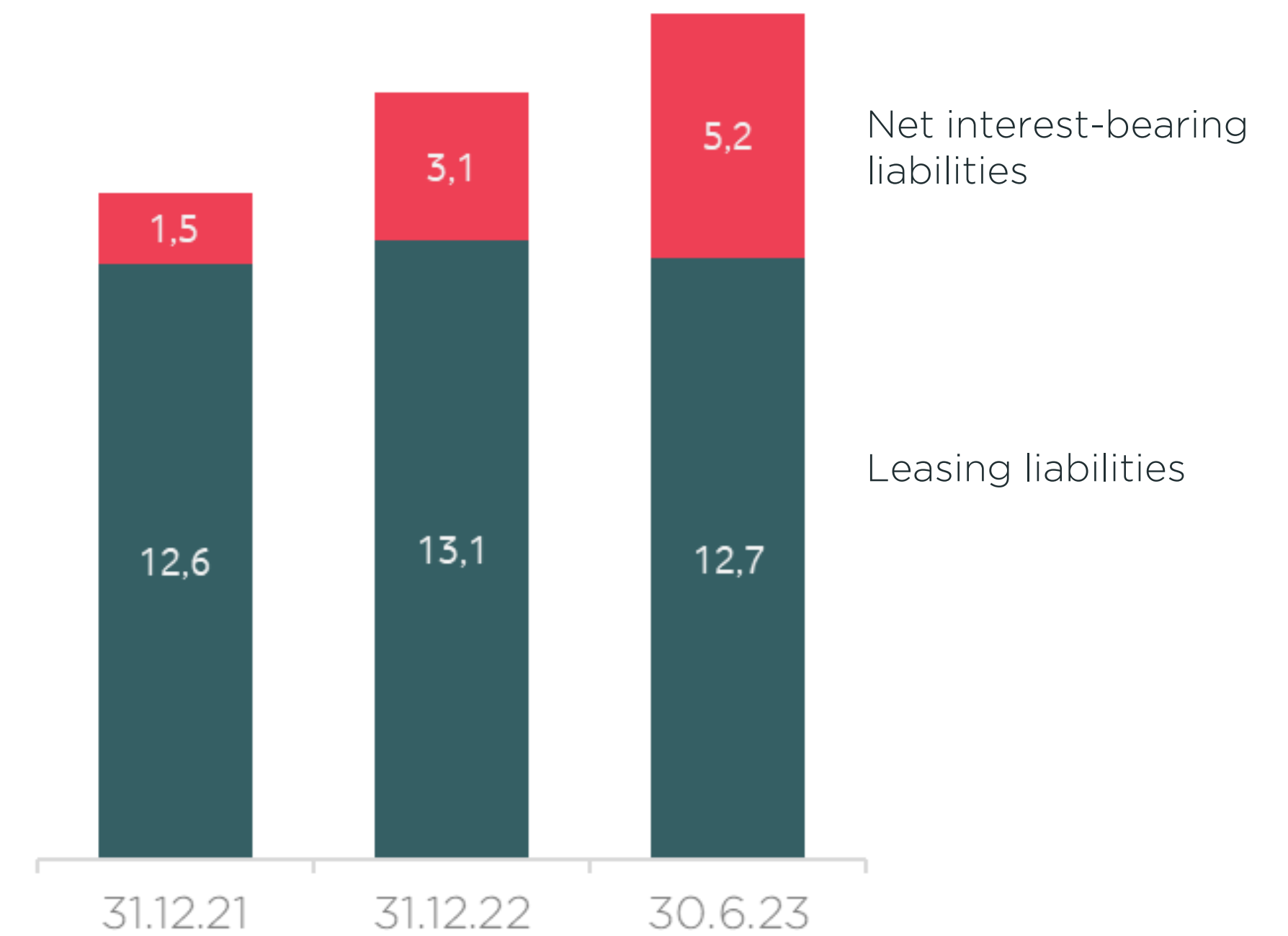
Equity Ratio**



Current Ratio */**



Net interest-bearing debt



*Current assets / payables and other short term liabilities

**Share buybacks in 2022 and during the first half of 2023 impacts comparison on the equity ratio and current ratio to the year-end 2021.



HIGHLIGHTS FROM OPERATIONS

FINANCIAL RESULTS

BUSINESS UNITS AND OUTLOOK



INSIGHTS INTO BUSINESS UNITS

FOUR BUSINESS UNITS



Vodafone - telecom

Telecommunication services for home and business

IoT (Internet of Things)

TV-services

Retail



Media

Stöð 2 and Stöð 2+

Stöð 2 Sport

Bylgjan, FM957 and X-ið

Vísir, Innherji and Tal



Sýn - infrastructure

Mobile network

TV Broadcast

Radio Broadcast

Wholesale

Roaming and Interconnect



Endor ehf.

Energy-intensive Information Technology

User Services

Cloud and operational solutions

Data Center Operations



 **vodafone**

NEW MARKETING CAMPAIGN



I SEE RED

- A new marketing campaign targeting the individual market launched in August
- The message of the ads is that it is more fun to see life through the red colours of Vodafone
- Advertisements appearing on television, on the web, social media and in radio
- First reaction to the campaign have been very good



NEW PRODUCTS FOR HOUSEHOLD



A variety of new Vodafone subscription packages – now with Viaplay

- Include telecommunications, diverse entertainment from Stöð 2 and Viaplay at an even better price for customers than before
- All sport material in one place at a better price. The English Premier League can be purchased at Vodafone
- Viaplay's wide selection of series and movies together with quality content from Stöð 2+

Vodafone Sport in collaboration with Viaplay, a new linear TV channel

- Access to a new linear TV channel, Vodafone Sport is included in packages with Viaplay Total
- Vodafone Sport is part of simplifying the customer experience and offering a wide range of TV subscriptions
- Advertisements on Vodafone Sport are a new revenue stream for Vodafone



NEW SUBSCRIPTION PACKAGES



We make it easy for customers to choose telecommunication and entertainment with a variety of subscription options. You choose what suits you and get **everything in one place.**

Fjölskyldupakkinn

- Ótakmarkað net
- Stöð 2
- Stöð 2+
- Viaplay Film/Series
- 2 símar
- 2x eittNúmer í úrið
- 1x Myndlykill

21.990 kr./mán.

[Sjá nánar](#)

Net, skemmtun + allt sport

- Ótakmarkað net
- Stöð 2+
- Sportpakinn
- Viaplay Total
- Vodafone Sport

19.990 kr./mán.

[Sjá nánar](#)

Net, skemmtun + íslenskt sport

- Ótakmarkað net
- Stöð 2+
- Viaplay Film/Series
- Stöð 2 Sport Ísland

16.990 kr./mán.

[Sjá nánar](#)

Net & skemmtun

- Ótakmarkað net
- Stöð 2+
- Viaplay Film/Series

12.990 kr./mán.

[Sjá nánar](#)

STRONG POSITION IN THE CORPORATE MARKET



Long-term contracts with large companies

- Almost every large company with contracts that expired this year have renewed their long-term contracts with Vodafone
- The rate of contract renewals and surveys show high customer satisfaction with Vodafone's business services

Healthy revenue growth in the corporate market

- Mobile revenue in the corporate market increased by 9% and broadband revenue by 3% between years

Orkan semur við Vodafone





EXCITING TIMES AT STÖÐ 2



- Idol 2 will be on air in the second half of the year. Season one was very popular
- Many premiers of both domestic and foreign content such as Svo lengi sem við lifum and True detective
- Subscription numbers are good for Stöð 2+ and Stöð 2 Sport
- Increased activity on Stöð 2 Sport
- All matches in men's and women's Besta deild
- Basketball season starts again
- Overall management of the Champions League along with other Viaplay broadcasts for the Icelandic market

Framundan á Stöð 2

Erlent efni & barnæfni



Framundan á Stöð 2

Íslenskt efni



Framundan á Stöð 2 Sport og Vodafone Sport



GROWTH IN ADVERTISING MEDIA

- Advertising revenue from online media and radio increased by 11% compared to last year
- Advertising slots on Vísir, were often sold out
- Many exciting development projects in progress on Vísir
- A lot of opportunities in online media and the purchase of Já and Bland is a part of that





DEVELOPMENT OF VALUABLE INFRASTRUCTURE



- Upgrading the mobile network to 5G is going well and 110 transmitters have been activated
- Preparation for the delivery of Sýn's core network to Ljósleiðarinn is finished
- The implementation of eSim is completed and Vodafone introduced eittNúmer for multiple devices with the same number
- VoWiFi is being implemented
- Revenues from roaming services have increased by 40% compared to the same period last year
- Expansion of connections to foreign countries completed, which significantly reduces response time





 ENDOR

OPERATION IS GOING STRONG



- EBIT increases by 50% compared to last year
- Good progress in sales of centralized solutions
- Growth in monthly service revenue
- Earlier this year Endor took over IT operations and user services for Sýn
- New range of solutions related to internet and security



OUTLOOK FOR 2023



- Projections for 2023 remain unchanged. EBIT is expected to be around ISK 2,200–2,500 million apart from the non-recurring profit from the sale of Sýn's core network
- Revenue growth is expected to be moderate for the second half of the year
- Continued emphasis on optimization in purchase of foreign broadcasting rights and focus remains on domestic programming
- Sýn will continue to put emphasis on sharpening the distinctions between business units and increasing transparency in information provided to the market



SPORT



Questions?

Inquiries should be directed to
fjarfestatengsl@syn.is



DISCLAIMER



The information in this presentation is based on sources that Sýn hf. Deem reliable at the time of publication. However, it is not possible to secure that they are completely faultless.

All information in this presentation are property of Sýn hf. It is prohibited to copy, amend or distribute in any manner, partly or fully, the presentation and the information therein.

The presentation is only for information purposes and not to be used as basis for decision making on part of recipients. Recipients shall not in any manner interpret the content therein as promise or guidance. Sýn hf. is not obliged to provide the recipients with further information nor to amend or correct should the information it is based on change.

Any statement in this presentation that cites future prospects is solely for guidance purposes, based on current evolution, information and projections. Future

guidance of the company are subject to numerous risk and uncertainties that can result in being substantially different from the content of this presentation. External factors, such as access to finance, legislation, regulatory actions and otherwise can thus have substantial effects.

Sýn hf. will not update future guidance of the company due to situations that will occur afterwards. Sýn hf. suggest that recipients of the presentation should not trust statements therein at a later stage as they are only relevant at the day of the publication. Subject to this provision, all guidance on future prospects are fully reliable.

The recipients of the presentation acknowledge that they are subject to aforementioned disclaimers and limitations