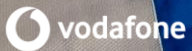




Sýn hf.

Interim Financial Statements Q2 and 1H 2022

31st of August 2022



visir



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ENDOR

Good operating results

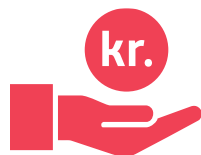
- Operating profit is the highest in history of Sýn.
- Good operating results, with operating profit increasing by ISK 740M between years.
- Operating cost remains the same while revenue increases by 14%.
- Return on investment in internal systems has started to materialize.
- Cooperation agreement signed for 5G development.
- Retirement of the CEO.



Key Financial Result



Q2 and 1H 2022



Revenue 1H
ISK 11,691M

Q2 2022
ISK 6,009M



EBITDA 1H
ISK 3,317M

Q2 2022
ISK 1,607M



Earnings 1H
ISK 273M

Q2 2022
ISK 66M



FCF 1H
ISK 1,284M

Q2 2022
ISK 800M

Income Statement



	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	-
<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

Key factors impacting Q2 and 1H 2022

- Revenues increase by 13.6% in the first half of 2022, revenue growth is comparable between Q1 and Q2 2022
 - Continued growth in mobile revenues where both IoT revenues and roaming revenues have a positive impact.
 - Endor revenue doubles between 1H 2021 and 2022 and the revenue is comparable to the first half of 2020.
- Gross margin was 33.4% the first six months of 2022, which is an increase of 2.7 percentage points. Lower depreciation of broadcasting license rights (EM broadcasting license right was depreciated in 2021), changed product mix, better utilization of fixed assets and favorable exchange rates have had the greatest impact.
- Operating costs have not increased in line with the inflation and remains the same between 1H 2021 and 1H 2022.
- Operating profit (EBIT) increases by ISK 739M between 1H 2021 and 1H 2022.
- Interest expense increases by ISK 180M between periods. The increase is explained by the increase of lease obligations as a result of the sale of passive mobile infrastructure. The increase in central bank key interest rates offsets the decrease in interest due to lower debt.
- Insignificant change in exchange rate between periods, the exchange rate was positive in the first six months of 2022 of the amount of ISK 71M.
- Included in the negative effect of associates is a sales loss of ISK 179M due to the sale of the Faroese associate Hey.

Revenue Breakdown



	Q2 2022	Q2 2021	% ch.	1H 2022	1H 2021	% ch.
Media	2,147	2,116	1%	4,254	4,070	5%
Broadband	1,109	1,116	-1%	2,231	2,261	-1%
Mobile	1,282	1,061	21%	2,683	2,000	34%
Fixed Line	122	134	-9%	251	274	-8%
Hosting and operating solutions	864	352	145%	1,329	665	100%
Retail sale	323	311	4%	597	604	-1%
Other revenue	162	199	-19%	346	415	-17%
Total Revenue	6,009	5,289	14%	11,691	10,289	14%

Media

Continued growth in advertising revenue, it increased by 15.4% and has now reached its previous strength. There is a great demand for advertising spaces on Visir and it continues to grow rapidly. Radio's advertising revenue is also increasing.

Subscription revenue increases by 5% between periods. More than 40,000 households have access to Stöð 2+ and the number of subscribers increases by 4% between 1H 2021 and 1H 2022.

Broadband

Reduction in broadband revenue is mainly explained by the reduction in revenue from home connections. In the first six months revenue from company connections increases by almost 9%, both increase in customers and an increase in data volume.

Mobile

Growth is driven by a good IoT revenue growth and an increase in roaming revenue.

Hosting and operating solutions

Endor's revenue doubles between periods. Equipment sales partially explain the strong revenue growth, but the margin from the equipment sales are low.

Other revenue

Other revenue decrease by 17% between periods due to nonrecurring revenue that was recognized in 2021.

Statement of Financial Position



Assets

ISK m	30.6.2022	31.12.2021	% ch.
Fixed assets			
Right-of-use asset	7,971	8,049	-1%
Property, plant and equipment	3,209	3,212	0%
Goodwill	8,847	8,888	0%
Other intangible assets	4,408	4,469	-1%
Shares in other companies	67	62	8%
Deffered tax asset	25	26	-4%
Fixed assets	24,527	24,706	-1%
Current assets			
Broadcasting license rights	1,652	1,762	-6%
Inventories	585	356	64%
Trade receivables and other short term receivables	3,512	5,463	-36%
Cash and cash equivalents	2,252	4,214	-47%
Current assets	8,001	11,795	-32%
Total assets	32,528	36,501	-11%

Liabilities and equity

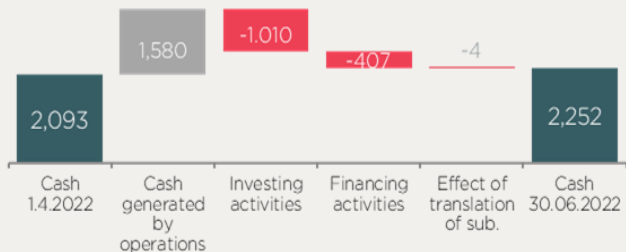
ISK m	30.6.2022	31.12.2021	% ch.
Equity	8,888	10,535	-16%
Long term liabilities			
Interest bearing debt	4,936	4,965	-1%
Lease liabilities	11,308	11,393	-1%
Other liabilities	180	180	0%
Deferred tax liabilities	89	19	368%
Long term liabilities	16,513	16,557	0%
Current liabilities			
Interest bearing debt	475	723	-34%
Lease liabilities	1,138	1,206	-6%
Accounts payable and other current liabilities	5,514	7,480	-26%
Current liabilities	7,127	9,409	-24%
Total equity and liabilities	32,528	36,501	-11%
<i>Interest bearing debt</i>	<i>17,857</i>	<i>18,287</i>	
<i>Net interest bearing debt</i>	<i>15,605</i>	<i>14,073</i>	
<i>Equity ratio</i>	<i>27.3%</i>	<i>28.9%</i>	

*Amounts are in ISK million

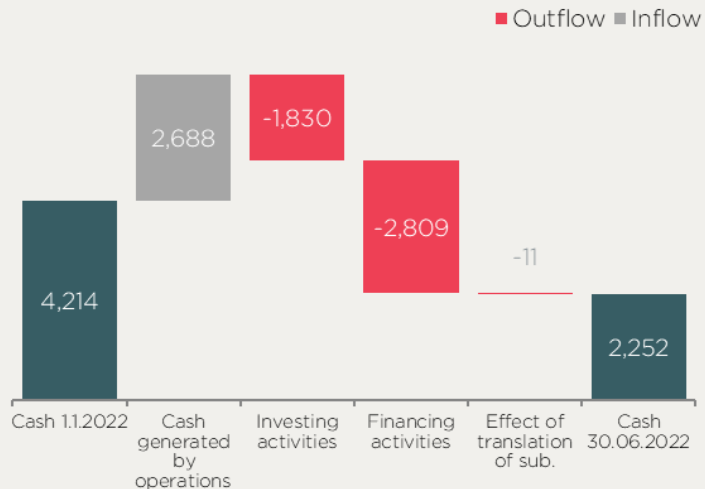
Cash flow



Cashflow Q2 2022



Cashflow 6M 2022



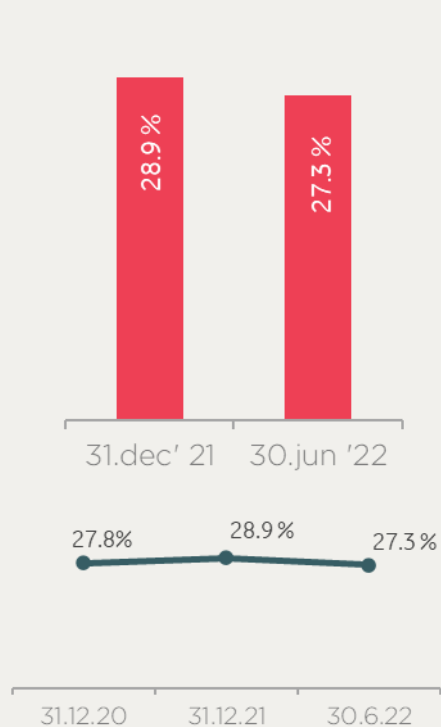
	Q2 2022	Q2 2021	% ch.	1H 2022	1H 2021	% ch.
Cash generated by operations before interest and tax	1,810	1,572	15%	3,114	2,254	38%
Investment activities	-1,010	164	-716%	-1,830	-643	185%
Free cash flow	800	1,736	-54%	1,284	1,611	-20%

*Amounts are in ISK million

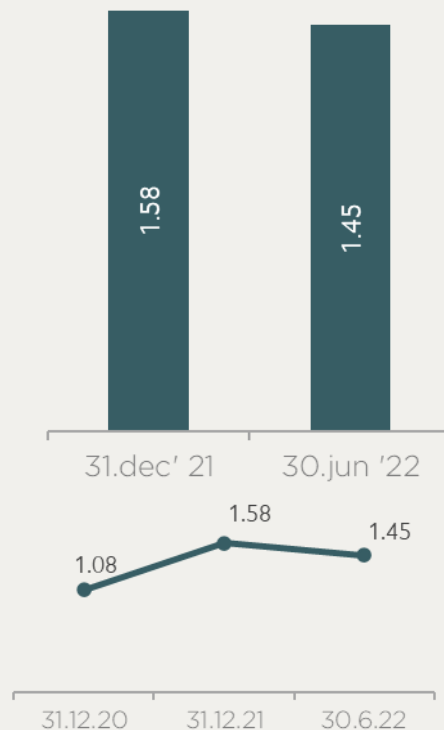
Statement of Financial Position – Key Ratios



Equity Ratio

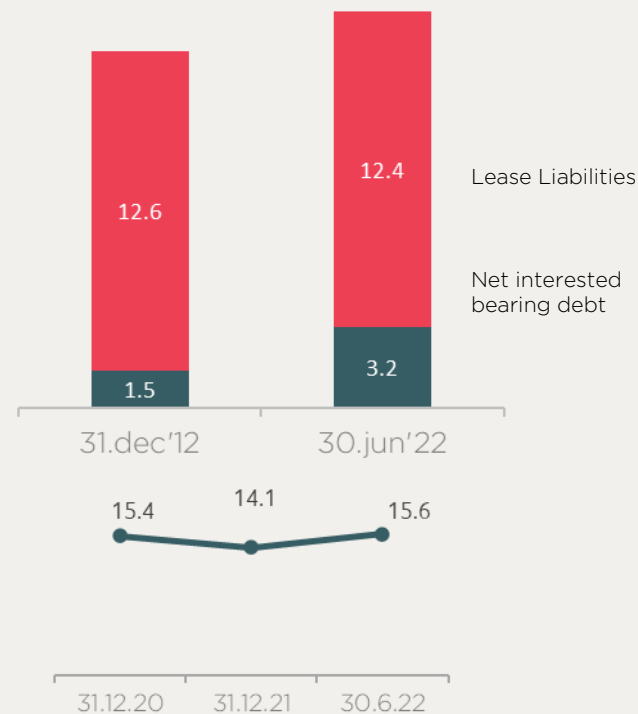


Current Ratio*



* Current Assets/ liabilities and other current liabilities

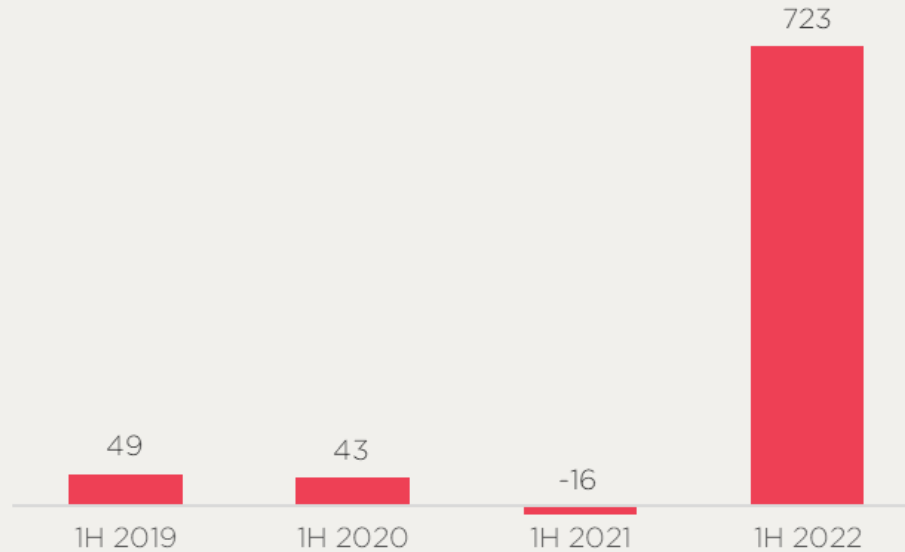
Net interest bearing debt



*Amounts are in ISK million

EBIT development

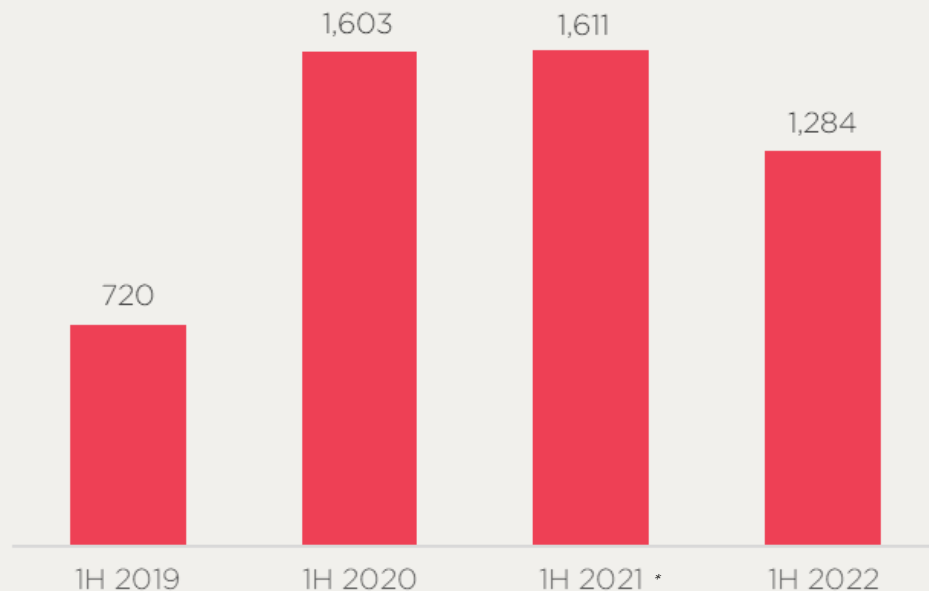
1H 2019 - 1H 2022



**Amounts are in ISK million*

Free cash flow

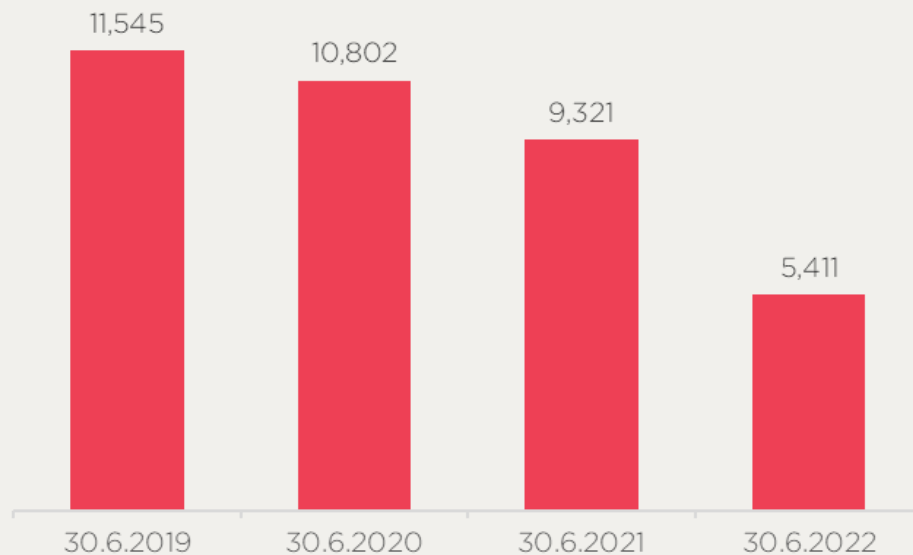
1H 2019 - 1H 2022



** In the first half of 2021, the Faroese subsidiary company Hey was sold and the payment for the sale of holdings amounted to ISK 1,065 million. which is included in investment movements.*

**Amounts are in ISK million*

Development of interest-bearing debt



**Amounts are in ISK million*

Media

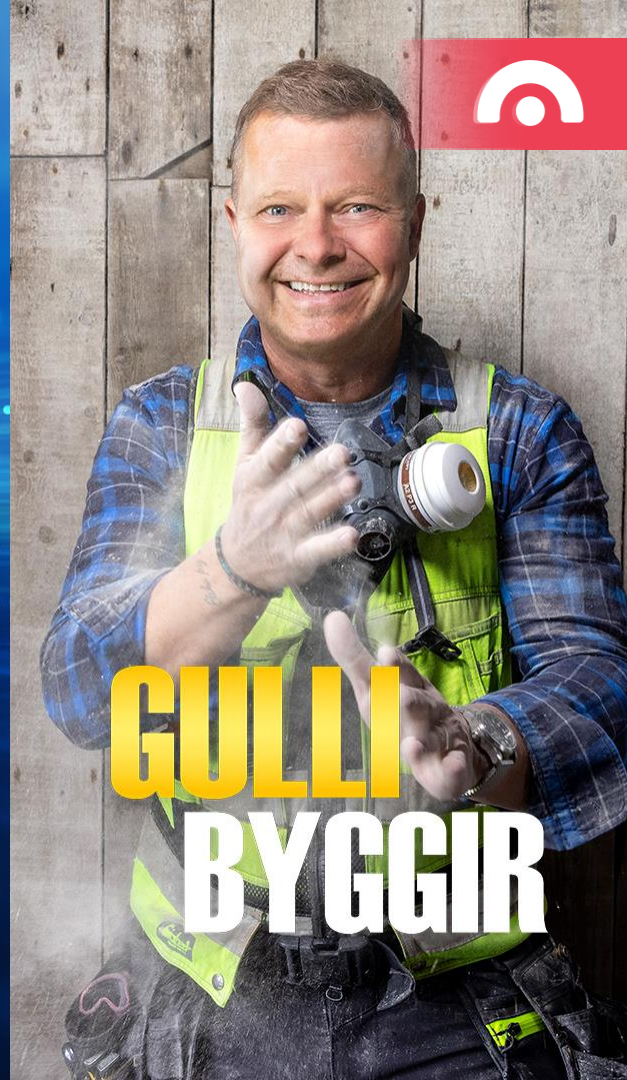
- Investment in broadcasting license rights, which have not been bringing benefits to the company, have been reduced. This results in lower depreciation in the first half of this year, but they decrease by ISK 257 million.
- Production of domestic material has been increased without increasing costs to that extent. Cost reduction has been achieved by commissioning a new studio, increasing cooperation with production companies and by improved utilization of human resources.
- Strong revenue growth at Vísir, as advertising revenue has increased by almost half since the first half of 2020. The cost base is stable.
- The advertising department has been reorganized and revenue has increased by over 35% since the first half of 2020.
- Changed focus in the newsroom, where more emphasis is placed on the production of news-related content, both for Stöð 2 and Vísi.





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