Sýn hf.

Consolidated Financial Statement

2023

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Sýn hf. Suðurlandsbraut 8 108 Reykjavík kt. 470905-1740

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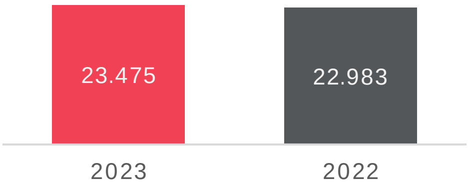
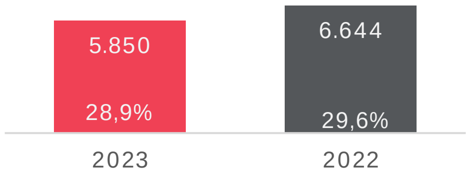
This document includes an English translation of certain parts of Sýn hf. consolidated financial statements for the year 2023. If there is a discrepancy between the English translation and the related parts that are translated from the Icelandic consolidated financial statements, the Icelandic version shall prevail.

Key Figures

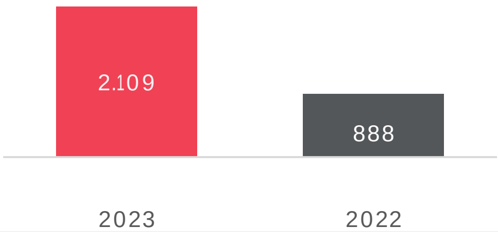
REVENUES



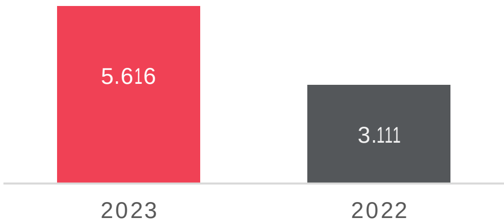
ADJUSTED EBITDA AND EBITDA RATIO*



PROFIT FOR THE PERIOD



NET INTEREST BEARING DEBT WITHOUT LEASE LIABILITIES



INVESTMENTS (WITHOUT LICENCE RIGHTS)

INVESTMENTS IN LICENCE RIGHTS

NET CASH FROM OPERATING ACTIVITIES

FREE CASH FLOW**

** Adjusted EBITDA for the sale gain of the Group's core network*

*** Free cash flow consists of cash from operations before interest and income tax less investment movements.*

INDEPENDENT AUDITOR'S REPORT

To the Shareholders and the Board of Directors of Sýn hf.

Opinion

We have audited the consolidated financial statements of Sýn hf. for the year ended December 31, 2023 which comprise, the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of Sýn hf. as at December 31, 2023, and its consolidated financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and additional requirements in Icelandic laws and rules for listed companies.

Our opinion in this report on the consolidated financial statements is consistent with the content of the additional report that has been submitted to the parent company´s audit committee in accordance with the EU Audit Regulation 537/2014 Article 11.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We are independent of Sýn hf. in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Iceland, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Based on the best of our knowledge and belief, no prohibited services referred to in the EU Audit Regulation 537/2014 Article 5.1 has been provided.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	How the matter was addressed in our audit
Revenue regognition	
The company´s revenue recognition is based on complex systems and large number of transactions in the revenue recognition system. Therefor revenue recognition is one of key audit matters in the audit of the financial statements. Further information about the revenue recognition can be found in note 3 in the financial statement.	Our audit procedures were designed to evaluate the design, implementation and functionality of automatic controls related to revenue recognition as well as we preformed substantive audit procedures to verify the accuracy and completeness of the recognised revenues. This audit work included among other things: • The computer and information systems used for revenue recognition were evaluated and tested as well as testing of other significant controls in the revenue recognition process. • Testing of flow between the revenue systems and the finance system and the reconciliation process performed. • Examination of employee access in the information systems related to revenue recognition and the process of change management. • Testing the company's revenue with an analysis tool where revenue entries are analyzed and unusual entries are taken for further examination.

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INDEPENDENT AUDITOR'S REPORT, continued:

Key Audit Matters	How the matter was addressed in our audit
Goodwill	
At year end, the Company's goodwill amounted to 9,1 billion Icelandic Krona. The estimate of the recoverable amount of goodwill is based on management estimate about the assumptions used in the future cash flow of the relevant cash generated unit as other assumptions used in the estimate. As the goodwill is a significant part of the balance sheet of the Company and depends on management assumptions it is a key audit matters. Further information about goodwill can be found in note 12 in the financial statements.	In our audit we and our internal valuation specialist evaluated the assumptions used in management impairment testing. We reviewed management methodology used and changes between years, if any. The audit work included among other things: • The calculation model was evaluated and its functionality tested. • Key assumptions for projected cash flows and operating budgets were reviewed. • Key assumptions regarding future growth following the projected period were evaluated. • Review of management budget accuracy were reviewed. • Key assumptions regarding cost of capital were reviewed and evaluated. WACC assumptions were compared to market related assumptions.

Other information

The Board of Directors and the CEO are responsible for the other information. The other information comprises the report of board of directors, statement of corporate governance, non-financial information's and information about quarterly financial performance.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon, except the confirmation regarding report of the board of directors as stated below.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

In accordance with Paragraph 2 article 104 of the Icelandic consolidated financial Statement Act no. 3/2006, we confirm to the best of our knowledge that the accompanying report of the board of directors includes all information required by the Icelandic financial Statement Act that is not disclosed elsewhere in the consolidated financial statements.

Responsibilities of the Board of Directors and the CEO for the Consolidated Financial Statements

The Board of Directors and the CEO are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International financial Reporting Standards (IFRSs) as adopted by the EU and additional requirements in the Icelandic financial Statement Act, and for such internal control as the Board of Directors and the CEO determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors and the CEO are responsible for assessing Sýn hf.'s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors and the CEO either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The board of directors and the audit committee are responsible for overseeing the Sýn's financial reporting process.

INDEPENDENT AUDITOR’S REPORT, continued:

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

• Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

• Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Sýn hf.'s internal control.

• Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

• Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.

• Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

• Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors and the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

INDEPENDENT AUDITOR'S REPORT, continued:

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements continued:

We also provide the Board of Directors and the Audit Committee a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

In addition to our work as the auditors of Sýn hf., Deloitte has provided the firm with permitted additional services such as review of interim financial statements, other assurance engagements, consultation on tax matters. Deloitte has in place internal procedures in order to ensure its independence before acceptance of additional services. Deloitte has confirmed in writing to the Audit Committee that we are independent of Sýn hf.

From the matters communicated with the Board of Directors and the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Report on European single electronic format (ESEF Regulation)

As part of our audit of the consolidated financial statements of Sýn hf. we performed procedures to be able to issue an opinion on whether the consolidated financial statements of Sýn hf. for the year 2023 with the file name 635400KNUVGJX3I1S518-2023-12-31-is.zip is prepared, in all material respects, in compliance with laws no. 20/2021 disclosure obligation of issuers of securities and the obligation to flag relating to requirements regarding European single electronic format regulation EU 2019/815 which include requirements related to the preparation of the consolidated financial statements in XHTML format and iXBRL markup.

Management is responsible for preparing the consolidated financial statements in compliance with laws no. 20/2021 disclosure obligation of issuers of securities and the obligation to flag. This responsibility includes preparing the consolidated financial statements in a XHTML format in accordance to EU regulation 2019/815 on the European single electronic format (ESEF regulation).

Our responsibility is to obtain reasonable assurance, based on evidence that we have obtained, on whether the consolidated financial statements is prepared in all material respects, in compliance with the ESEF Regulation, and to issue a report that includes our opinion. The nature, timing and extent of procedures selected depend on the auditor's judgement, including the assessment of the risks of material departures from the requirement set out in the ESEF regulation, whether due to fraud or error.

In our opinion, the consolidated financial statements of Sýn hf. for the 2023 with the file name 635400KNUVGJX3I1S518-2023-12-31-is.zip is prepared, in all material respects, in compliance with the ESEF Regulation.

Appointment of auditor

Deloitte was appointed auditor of Sýn hf. by the general meeting of shareholders on the 17. March 2023. Deloitte have been elected since the general meeting 2016.

Kópavogur, 27th February 2024

Deloitte ehf.

Þorsteinn Pétur Guðjónsson	Steina Dröfn Snorradóttir
State Authorized Public Accountant	State Authorized Public Accountant

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Income statement

	Notes	2023	2022
Revenue from sales of goods and services	3	23.475	22.983
Cost of sales	4	(15.661)	(14.966)
Gross profit		7.814	8.017
Gain from sale of core network	28	2.436	0
Operating expense	5	(6.706)	(6.425)
Operating profit		3.544	1.592
Finance income		45	222
Finance expense		(1.212)	(998)
Net exchange rate differences		33	(70)
Net financial expense	7	(1.134)	(846)
Income tax	17	(301)	142
Profit for the period		**2.109**	**888**
Profit per share*	22	8,4	3,3

Statement of Comprehensive Income

	2023	2022
Profit for the period	2.109	888
Items that may subsequently be reclassified to profit or loss		
Translation difference	(2)	1
Total comprehensive income for the period	**2.107**	**889**

**Diluted profit per share is the same as profit per share*

Notes on pages 12-32 are an integral part of these Consolidated Financial Statements.

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Statement of Financial Position

	Notes	31.12.2023	31.12.2022
Non-current assets			
Right-of-use assets	8	8.420	8.620
Property, plant and equipment	9	3.290	2.866
Long term lease receivables		141	157
Goodwill	12	9.097	8.906
Other intangible assets	12	4.976	4.389
Shares in other companies	14	174	185
Deferred tax asset	18	0	158
Total non-current assets		**26.098**	**25.281**
Current assets			
Broadcasting license rights	15	2.008	1.809
Inventories	19	628	559
Trade receivables and other short term receivables	21	5.576	3.650
Cash and cash equivalents		624	2.063
Total current assets		**8.837**	**8.081**
Assets classified for sale	28		564
Total assets		**34.935**	**33.925**
Equity			
Share capital		2.493	2.668
Statutory reserves		602	806
Other reserve		274	129
Retained earnings		6.920	5.866
Total equity	20	**10.288**	**9.469**
Non-Current liabilities			
Interest bearing debt	23	4.461	4.801
Lease liabilities	8	11.964	11.820
Deferred tax liabilities	17	152	0
Total non-current liabilities		**16.577**	**16.621**
Current liabilities			
Interest bearing debt	23	1.779	373
Lease liabilities	8	1.016	1.295
Trade and other current payables	24	5.275	6.168
Current liabilities		**8.069**	**7.836**
Total liabilities		**24.647**	**24.457**
Total equity and liabilities		**34.935**	**33.925**

Notes on pages 12-32 are an integral part of these Consolidated Financial Statements.

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Statement of Changes in Equity

	Share Capital	Statutory reserve	Translation difference	Reserve	Retained earnings	Total equity
2022						
Total Equity 1.1.2021	2.964	2.465	49	20	5.037	10.535
Profit for the period	-	-	-	-	888	888
Translation difference	-	-	1	-	-	1
Comprehensive Income	0	0	1	0	888	889
Own shares purchased	(296)	(1.659)				(1.955)
Profit of associate in excess of dividend received	-	-	-	59	(59)	0
Total Equity 31.12.2022	**2.668**	**806**	**50**	**79**	**5.866**	**9.469**
2023						
Total Equity 1.1.2023	2.668	806	50	79	5.866	9.469
Profit for the period	-	-	-	-	2.109	2.109
Translation difference	-	-	(2)	-	-	(2)
Comprehensive Income	0	0	(2)	0	2.109	2.107
Own shares purchased	(176)	(832)	-	-	-	(1.007)
Paid dividends			-	-	(281)	(281)
Statutory reserve	-	628	-	-	(628)	0
Change in restricted share in profit of associate	-	-	-	147	(147)	0
Total Equity 31.12.2023	**2.493**	**602**	**48**	**226**	**6.920**	**10.288**

In the first quarter of 2023 the Company acquired 15.762.322 own shares for ISK 930 million in a reverse tender and through regular repurchases. The Company previously owned 1.612.886 shares. On 19 April share capital was reduced by the number of own shares, leaving 251.001.754 issued shares in the Company after the reduction.

At the Company's General Meeting on 17 March, dividends in the amount of ISK 300 million were approved for the operating year 2022. Taking into account own shares, a payment in the amount of ISK 281 million was made on 5 April. On 9 November another share buyback program began, which ended on 16 February 2024. At the end of 2023, the Company had 1.753.979 own shares.

Notes on pages 12-32 are an integral part of these Consolidated Financial Statements.

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Statement of Cash Flows

	Notes	2023	2022
Profit for the period		2.109	888
Adjustment for non-cash items:			
Depreciation and amortization	10	4.742	5.053
Gain from sale of core network		(2.436)	(2)
Net financial expense	7	1.134	846
Income tax	17	301	(142)
Cash generated from operating activities		**5.849**	**6.643**
Change in working capital:			
Change in inventories	19	77	(193)
Change in operating assets	20	542	1.577
Change in operating liabilities	24	(788)	(1.542)
Cash generated by operations before interest and tax		**5.680**	**6.485**
Interest income received		44	122
Interest expense paid		(1.203)	(976)
Tax paid		0	(3)
Cash generated by operations		**4.522**	**5.627**
Investment activities			
Proceeds from sale of core network	28	1.000	-
Investment in shares in other companies	13	(517)	(22)
Investment in property, plant and equipment	9	(1.401)	(1.000)
Investment in intangible assets	12	(1.325)	(681)
Investment in broadcasting license rights	15	(2.434)	(2.291)
Proceeds from sale of fixtures and equipment		0	2
Investment activities		**(4.678)**	**(3.992)**
Financial activities			
Instalment of interest bearing debts		(375)	(474)
Change in revolving credit facility		1.441	(40)
Instalment of lease liabilities		(1.212)	(1.326)
Purchased own shares		(1.007)	(1.955)
Paid dividends		(281)	0
Financial activities		**(1.433)**	**(3.795)**
Change in cash and cash equivalents		(1.588)	(2.159)
Cash and cash equivalents of subsidiary on acquisition		152	-
Cash and cash equivalents at the beginning of the year		2.063	4.214
Effect of exchange rate changes on cash held		(2)	8
Cash and cash equivalents at the end of the year		**624**	**2.064**

Notes on pages 12-32 are an integral part of these Consolidated Financial Statements.

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Notes

1. The Company

Sýn hf. (“the Company”) is an Icelandic limited liability company. The address of its registered office is Sudurlandsbraut 8, Reykjavik. The main operation of the Company is communication and media service. The consolidated financial statements of the Company for the year ended on December 31st 2023 incorporates the financial statements of the Company, its subsidiaries and share in joint operation of Sendafelagid ehf, which are jointly referred to as “the Group”.

2. Accounting Policies

This part of the consolidated financial statements contains information on the basis of preparation of the consolidated financial statements. Detailed information on the Group's accounting policies is provided under each item in the notes.

a. Basis of accounting

The Group's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional information required by Icelandic laws and regulation listed companies. The consolidated financial statements of the Group are prepared in accordance with the same accounting principles as the financial statements for 2023.

To increase the value of information disclosed in the notes to the consolidated financial statements, information disclosed in the notes are relevant and material. That means that information that are neither relevant nor material for the reader are not disclosed.

b. Subsidiaries

Subsidiaries are entities ultimately controlled by the Company. Control is achieved when the Company has power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee; and has the ability to use its power to affect its returns. The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary.

	Ownership		Functional currency
Subsidiaries of the Company are six at year end:	2023	2022	
Eignarhaldsfélagið Njála ehf.	100%	0%	ISK
Já hf.	100%	0%	ISK
Endor ehf.	100%	100%	EUR
EC Sweden AB.	100%	100%	SEK
EC Germany GmbH	100%	100%	EUR
Pardus	100%	100%	ISK

The assets and liabilities of the Company's foreign operations are expressed in the presentation currency using exchange rates prevailing at the balance sheet date. Income and expense items are translated at the average exchange rates for the year. Translation differences, if any, are classified within equity translation reserve.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

c. Joint operations

Sendafelagið ehf. is a joint operation for the telecommunication systems of Sýn hf. and Nova hf., with each party owning 50% of the shares. Sýn hf. recognises the assets it controls, and expenses and liabilities it incurs, and its share of income earned, in its consolidated financial statements by applying the relevant IFRSs.

Consolidated Financial Statements of Sýn hf. 2023 12 Amounts are in ISK millions

Notes, continued:

2. Accounting Policies, continued.

d. Use of estimates and judgements

The preparation of consolidated financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. Information about significant areas of estimation where uncertainty in applying accounting policies has the most significant effect on the amounts recognised in the financial statements is included in note 12 on measurement of the recoverable amounts of cash generating units containing goodwill and in note 8 on measurement of the lease term and the interest rate implicit in the lease.

e. Fair value estimate

The consolidated financial statements are presented in Icelandic krona, which is the presentation currency of the Group. All amounts are rounded to the nearest million, except when otherwise indicated.

f. Fair value estimate

Part of the accounting policies and disclosures of the Group requires a fair value estimate, both with regards to financial instruments as well as other assets and liabilities.
The Group uses market assumptions whenever they are available but whenever such information is not available management applies judgement for estimating fair value.

Notes, continued:

3. Revenue from sales of goods and services

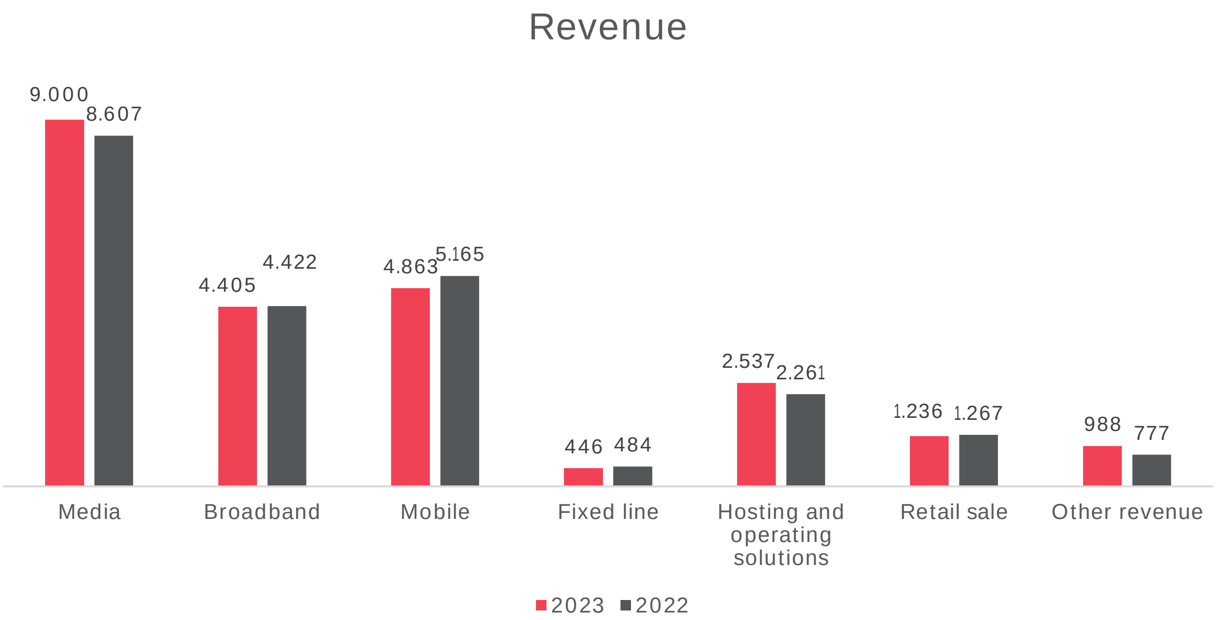
Sales of goods and service is specified as follows:	2023	2022
Sales of goods	1.236	1.267
Sales of service	22.239	21.716
Total sales of goods and service	**23.475**	**22.983**

The Group defines segments based on management internal reporting. Based on that the Group is one segment as a whole.

Revenue

Revenues are disclosed based on their nature and internal reporting of the Group.

The Company's operation is divided into seven revenue streams which are different by nature. The revenue streams are:



Media – Revenue from media consist of revenue from the operation of broadcast media, TV subscriptions, advertisement, distribution systems, set-top boxes, TVOD, SVOD and PPV. Performance obligation for monthly subscriptions is fullfilled over time. Revenues from advertisement are recognized when the performance obligation has been fulfilled. Revenues from rental of certain movies or episodes are recognized 48 hours after the purchase. Revenues from lease of equipment, such as cable boxes, are recognised on a montly basis in line with customer agreements.

Broadband – Revenue from internet service in fixed-line networks, including fiber optic cables, xDSL service and other data connections. Contracts with the customer are usually for one month and includes fixed and variable revenues. The performance obligation is fullfilled over time as the customer receives the service.

Mobile – Revenue for use of cell phones, including data transfer within the mobile network, subscribtion revenue from individuals, prepaid sim cards, roaming revenue from travelers, interconnection revenues etc. The performance obligation is fullfilled over time as the customer receives the service.

Notes, continued:

3. Revenue from sales of goods and services, continued:

Fixed line – Revenue from home phone usage and corporate fixed line usage, interconnection revenue from fixed line. Contracts with the customer are usually for one month and include fixed and variable revenues. The performance obligation is fulfilled over time as the customer receives the service.

Hosting and operating solutions - Revenue from operations and services for cloud solutions and specialized sales of centralized solutions for data-centre related activities, as well as resource management and consulting for data-centre related services. Performance obligations for operations and services are fulfilled over a period of time where a customer uses the service in parallel with it being provided. Revenues from equipment sales are recognized at the time when control over the product is transferred to the customer, which is the delivery date.

Retail sale – Revenue from sale of equipment and accessories. Revenues from retail sale are recognized at point in time, which is usually the delivery date.

Other revenue – Service revenues, revenues from software and other revenues.

Revenue from the sale of goods and service in the course of ordinary business is measured at the fair value of the payment received or receivable, net of trade discounts and refunds. Revenue is recognized in the statement of comprehensive income when a significant portion of the risks and rewards of ownership are transferred to the buyer, it is probable that the consideration will be collected and the cost of sale and possible return of goods can be estimated reliably.

Notes, continued:

4. Cost of sales

Cost of sales is specified as follows:	2023	2022
Service sold	8.334	7.616
Cost of goods	1.188	1.198
Salaries and related expenses	2.869	2.442
Capitalised salaries	(249)	(207)
Depreciation and amortization	3.519	3.917
Total cost of sales	**15.661**	**14.966**

5. Operating expense

Operating expense is specified as follows:	2023	2022
General and administrative expense	1.639	1.575
Sales and marketing expenses	490	415
Salaries and related expense	3.825	3.760
Capitalised salaries	(471)	(321)
Depreciation and amortization	1.223	1.136
Change in fair value due to puchase of a subsidiary	0	(140)
Total operating expenses	**6.706**	**6.425**

6. Salaries and related expenses

Salaries and related expenses are specified as follows:	2023	2022
Salaries	5.493	5.032
Pension fund contribution expense	718	668
Other salary related expenses	483	502
Salaries and related expenses	**6.695**	**6.202**
Average full-time equivalents during the period	458	460

At year end 61% of managers were male and 39% were female (2022: 60% / 40%).

The company pays pension contributions for its employees but has no further legal or constructive obligations to pay further contributions if the pension fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contribution is expensed over the work period of employee.

7. Net financial expense

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.
Interest expense from a financial liability and lease liabilities is accrued on a time basis, by reference to the principal outstanding based on effective interest rate.
Exchange rate gain and loss is offset and presented net for the period.

Financial income and expenses are specified as follows:	2023	2022
Interest income from loans and receivables	46	111
Changes in fair value	(10)	102
Other interest income	9	9
Total financial income	**45**	**222**
Interest expense and other service charges	(569)	(348)
Interest expense from lease liabilites	(643)	(650)
Net exchange rate difference	33	(70)
Total net financial expense	**(1.134)**	**(846)**

Consolidated Financial Statements of Sýn hf. 2023 16 Amounts are in ISK millions

Notes, continued:

8. Lease liabilities

The Group recognizes assets and liabilities due to lease agreements for office premises, warehouses, cars, telco towers and servers.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less accumulated depreciation and impairment and adjusted for certain remeasurements of the lease liability (indexation).

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate plus estimated margin for certain lease agreement based on its nature. The weighted average incremental borrowing rate is 5.08%.

The lease liability is increased due to interest payments and decreased due to lease payments. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment. The Group has exercised judgment in determining lease periods of some leases where the Group is a lessee and the contracts contain extension options. Assessment of whether the Group is reasonably certain that it will exercise extension options affects the lease period, which significantly effects the amount of recognised lease liabilities and assets.

Right of use asset	Buildings	Cars	Telco towers	Servers	Total
Balance at 1. January 2022	2.185	38	4.528	1.298	8.049
Indexation	211	5	808	-	1.024
Effects of foreign exchange rates	-	-	- 4	(33)	(37)
Additions due to new contracts	83	44	134	649	910
Cancelled contracts	(61)	-	-	-	(61)
Depreciation for the year	(241)	(45)	(273)	(706)	(1.264)
Balance at 31. December 2022	2.177	42	5.193	1.208	8.620
Indexation	182	4	579	-	766
Effects of foreign exchange rates	-	-	(4)	(14)	(18)
Additions due to new contracts	-	23	340	22	385
Cancelled contracts	(25)	-	-	-	(25)
Depreciation for the year	(263)	(44)	(364)	(638)	(1.308)
Balance at 31. December 2023	2.071	25	5.745	578	8.419

Amounts recognised in the income statement	2023	2022
Depreciation (right of use asset)	1.308	1.265
Interest expense (lease liability)	643	650
Exchange rate difference	(18)	(37)
Interest income (lease receivables)	(9)	(10)
Total recognised in the income statement	1.925	1.868

Lease liabilities	31.12.2023	31.12.2022
Within a year	1.016	1.295
After a year but within five years	2.114	2.244
Five years of later	9.851	9.576
Total	12.980	13.115

Total lease payments related to the leases entered in accordance with IFRS 16 amounted to 1.906 million. ISK. (2022 1.976 million ISK).

Consolidated Financial Statements of Sýn hf. 2023 17 Amounts are in ISK millions

Notes, continued:

9. Property, plant and equipment

Property, plant and equipment which qualify for recognition as an asset are initially measured at cost. The cost of a property, plant and equipment comprises its purchase price and any directly attributable cost of bringing the asset to working condition for its intended use. Software which is directly linked to operation of certain property, plant and equipment's is recognized as part of its cost.

Sales gain or loss at disposal of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and recognized in the consolidated income statement.

Cost of maintenance is recognized as assets if it is probable that future economic benefits associated with the asset will flow to the company. All other expense is recognized in the consolidated income statement when incurred.

Property, plant and equipment is specified as follows:

	Telecom & Broadcasting Equipment	Appliances automobiles & Interiors	Total
Cost			
Total cost 1.1.2022	9.607	1.967	11.574
Additions during the year	927	76	1.003
Sold and discontinued during the year	-	(1)	(1)
Effects of foreign exchange rates	(564)		(564)
Total cost 31.12.2022	9.970	2.042	12.013
Additions during the year	1.130	271	1.401
Sold and discontinued during the year	(795)	(26)	(821)
Recognised on acquisition of subsidiary	-	16	16
Effects of foreign exchange rates	-	1	1
Total cost 31.12.2023	**10.305**	**2.306**	**12.611**
Depreciation and impairment			
Accumulated depreciation 1.1.2022	7.082	1.280	8.362
Depreciation for the year	651	132	783
Total depreciation 31.12.2022	7.733	1.412	9.146
Depreciations during the year	691	179	869
Sold and discontinued during the year	(669)	(26)	(695)
Total depreciation 31.12.2023	**7.755**	**1.565**	**9.320**
Book value			
31.12.2022	2.237	629	2.866
31.12.2023	**2.551**	**741**	**3.289**
Depreciation rates	5-33%	15-33%	

Consolidated Financial Statements of Sýn hf. 2023 18 Amounts are in ISK millions

Notes, continued:

10. Depreciation and amortization

The depreciable amount of the asset is allocated on a straight-line basis over its useful life. The depreciation charge for each period is recognized as an expense. Depreciation starts when the assets are available for their intended use.

The following useful lives are used in the calculation of depreciation of property, plant and equipment's:

Buildings	33 years
Telecom equipment's	3 to 20 years
Broadcasting equipment's	4 to 7 years
Appliances, automobiles and interior	3 to 7 years

The estimated useful lives, residual values and depreciation method are reviewed at each balance sheet date, with the effect of any changes in estimate accounted for on a prospective basis. At each balance sheet date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Amortization of intangible assets, other than goodwill, is recognized on a straight-line basis in the income statement based on their estimated useful life.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

Impairment previously recognized can be reversed for all assets, except for goodwill, if the estimated recoverable amount is higher than book value. The book value of assets can not be higher after the reversal than it would have been if no impairment would have occurred. Amortization starts when the assets are ready for their intended use. Estimated useful life is stated as follows:

Software	3-10 years
Trademark and customer relationship	10 to 33 years

Depreciation and amortization in the income statement are specified as follows:	2023	2022
Depreciation of property, plant and equipment, - note 10	869	783
Amortization of intangible assets - note 13	858	761
Depreciation of right of use assets - note 9	1.308	1.265
Amortization of broadcasting rights - note 15	2.236	2.244
Reduced depreciation of broadcasting rights*	(529)	-
Depreciation amd amortization recognized in the income statement	**4.742**	**5.053**

*Renegotiations with vendors lead to a recuction in depreciation expense for 2023.

Depreciation and amortization is classified by functional category as follows:	2023	2022
Cost of goods and services sold, see note 5	3.519	3.917
Other operating costs and impairment, see note 6	1.223	1.136
Total	**4.742**	**5.053**

11. Real estate and insurance value

At 2023 year-end the official real estate value of other equipment- and telecommunation structures amounted to 14 million ISK (2022: 97 million ISK) and their insurance value amounted to 21 million ISK (2022: 154 million ISK). The insurance value of other property, plant and equipment amounted to 5.536 million ISK at year-end (2022: 6.397 million ISK).

Consolidated Financial Statements of Sýn hf. 2023 19 Amounts are in ISK millions

Notes, continued:

12. Intangible assets

Goodwill arising on acquisition is recognized as an asset and initially measured at cost, being the excess of the purchase price of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities, contingent liabilities, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree. Goodwill is initially recognized as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

Goodwill is not amortized but is reviewed for impairment at least annually. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss. An impairment loss recognized for goodwill is not reversed in a subsequent period.

Other intangible assets with finite useful lives are reported at cost less accumulated amortization and accumulated impairment losses. Amortization is allocated on a straight-line basis over their estimated useful lives.

Subsequent expenditure is only recognized as assets if it is probable that future economic benefits associated with the asset will flow to the Company and the cost of the asset can be measured in a reliable manner. Other expenses, including those relating to goodwill and trademarks that are generated within the Group, are recognised in profit or loss as incurred.

Intangible assets are specified as follows:

	Goodwill	Trademark and Customer relationships	Software	Total
Cost				
Total cost 1.1.2022	14.179	3.293	4.977	22.449
Adjustment from provisional PPA	-	-	681	681
Effects of foreign exchange rates	18	-	-	18
Total cost 31.12.2022	14.197	3.293	5.658	23.148
Acquisition of subsidiary	196	-	146	342
Sold and discontinued during the year	-	-	(207)	(207)
Additions during the year	-	134	1.192	1.325
Effects of foreign exchange rates	(5)	-	-	(5)
Total cost 31.12.2023	**14.388**	**3.427**	**6.788**	**24.603**
Amortization and impairment				
Amortization and impairment 1.1.2022	5.291	812	2.989	9.092
Amortized during the year	-	199	562	761
Total depreciation 31.12.2022	5.291	1.011	3.551	9.853
Amortized during the year			(181)	(181)
Impact of currency exchange rate	-	207	651	858
Total depreciation 31.12.2023	**5.291**	**1.218**	**4.021**	**10.531**
Book value				
31.12.2022	8.906	2.282	2.107	13.295
31.12.2023	**9.097**	**2.209**	**2.766**	**14.072**
Amortization rates	-	3-11%	10-33%	

Consolidated Financial Statements of Sýn hf. 2023 20 Amounts are in ISK millions

Notes, continued:

12. **Intangible assets, continued**

Impairment testing for cash generating units that contain goodwill

For the purpose of impairment testing, goodwill has been allocated to cash generating units as detailed below.

The book value of goodwill is specified by area as follows:

	2023	2022
Goodwill related to Sýn hf.	8.194	8.194
Goodwill related to Endor ehf.	707	712
Goodwill related to Eignarhaldsfélagið Njálaehf.	196	-
Goodwill total	**9.097**	**8.906**

The recoverable amount of the cash-generating units is determined based on a value in use calculation which uses cash flow projections for the next 5 years. According to the Group's updated future plan, the recoverable amount of goodwill exceeds book value of goodwill, and no impairment has been recognized.

According to the preliminary purchase price distribution (see not 13) goodwill due to the purchase of Eignarhaldsfélagið Njála ehf. is 196 million ISK. The acqusition date was in the fourth quarter of 2023 and no goodwill impairment test was performed, as the company's value is not considered to have changed significantly since the takeover date

The following assumptions were used for estimating the recoverable amount for Sýn hf.:

	2023	2022
Nominal growth of revenue 2023 / 2022	0,4%	2,9%
Average growth of revenue 2024 to 2028 / 2023 to 2027	4,9%	4,2%
Future growth, excluding effects of price changes	3,7%	4,2%
Average EBITDA 2024 to 2028 / 2023 to 2027	11,6%	7,5%
WACC	11,8%	11,9%

It is management estimate that reasonable changes to the main assumptions of the impairment test would not cause the recoverable amount to be lower than book value.

The following assumptions were used for estimating the recoverable amount for Endor ehf.:

	2023	2022
Nominal growth of revenue 2023 / 2022	11,6%	38,1%
Average growth of revenue 2024 to 2028 / 2023 to 2027	(7,5%)	1,0%
Future growth, excluding effects of price changes	3,7%	2,5%
Average EBITDA 2024 to 2028 / 2023 to 2027	(5,3%)	17,6%
WACC	9,7%	9,6%

13. **Acquisition of Eignarhaldsfélagið Njála**

During the year the Company acquired all the shares in Eignarhaldsfélagið Njála ehf., the parent company of Já hf. With the purchase, the Group's advertising media will be further strengthened and a new source of income will be created in services to companies and individuals, e.g. around visibility and marketplace. The acquisition date is 1 October 2023, and the operations of Eignarhaldsfélagið Njála ehf. are included in the consolidated financial statements of Sýn hf. from that time. Acquisition related expenses amounted to ISK 28 million and are presented among operating expenses in the income statement.

Eignarhaldsfélagið Njála contributed ISK 129,3 million revenue and ISK 7,1 million to the Group's profit for the period between the date of acquisition and the reporting date. If the acquisition had been completed on the first day of the financial year, the effects on the Group's revenues for the year would have been ISK 522,4 million and ISK 58,3 million on the Group's profit.

Fair value of acquired assets and liabilities at acquisition date is as follows:	
Fixed assets	
Property, plant and equipment	11
Intangible assets	150
Total fixed assets	161

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Notes, continued:

13. Acquisition of Eignarhaldsfélagið Njála, continued

Current assets	
Trade and other receivables	231
Cash and cash equivalents	152
Total current assets	383
Total assets	**545**
Non-current liabilities	
Deferred tax liabilities	38
Current liabilities	
Trade and other payables	184
Total liabilities	**223**

Goodwill from the acquisition is specified as follows:	
Acquisition price	517
Fair value of net assets	(322)
Goodwill	**196**

Net cash outflow from the acquisition is specified as follows:	
Purchase price paid in cash	517
Cash and cash equivalent balances acquired	(152)
Net cash outflow arising on acquisition	**365**

14. Investments in associates

Investments in associates are accounted for in the Consolidated Financial Statements using the equity method. An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but not control or joint control over those policies. Under the equity method, investments in associates are initially recognized at cost and adjusted for post-acquisition changes in the Company's share of the net assets of the associate, less any impairment in the value of individual investments. Investment in other companies are of immaterial amounts and recorded at cost.

	2023	2022
Book value at 1.1.	56	39
Investments during the year	-	17
Book value 31.12.	**56**	**56**
Investment in other company's	118	129
Book value 31.12.	**174**	**185**

15. Broadcasting rights

Broadcasting rights consist of own productions and purchased broadcasting rights. Broadcasting rights are recognized at cost, which includes the purchase/production price and other direct costs for preparing the assets for their intended use. Useful life is estimated based on the nature of the rights (linear / SVOD) and their contractual time. Amortization starts when the broadcasting rights is available to air. Sport broadcasting rights are amortized over the airing period of the events.

Broadcast rights at year end is specified as follows:	2023	2022
Book value at 1.1.	1.809	1.762
Foreign broadcasting license	1.580	1.500
Domestic content	854	791
Depreciation of the period	(2.236)	(2.244)
Book value 31.12.	**2.008**	**1.809**

The Group's off balance sheet commitments for broadcasting rights amount to 1,799 million ISK (2022: 1,692 million ISK)

Consolidated Financial Statements of Sýn hf. 2023 22 Amounts are in ISK millions

Notes, continued:

16. Fee to auditors

Services provided are specified as follows:	Group auditors 2023	Group auditors 2022	Other auditors 2023	Other auditors 2022
Auditing and review	25	26	-	-
Other services	7	11	4	5
Total fee to auditors during the year	**32**	**37**	**4**	**5**

17. Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax. Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Effective income tax is specified as follows:	2023		2022	
Profit before income tax		2.410		746
Income tax according to current tax ratio	(20,0%)	(482)	(20,0%)	(149)
Effects of associates	2,1%	41	(2,3%)	16
Tax deprecation of goodwill	26,4%	197	8,0%	197
Changes in fair value	6,4%	0	-	48
Other items	4,0%	(57)	(0,4%)	30
Effective income tax	**(12,5%)**	**(301)**	**19,0%**	**142**

18. Deferred tax liability / assets

Deferred tax assets (deferred tax liability) is specified as follows:	2023 Tax asset	2023 Tax liabilities	2022 Tax asset	2022 Tax liabilities
Deferred tax assets (tax liability) 1.1.	-	158	7	-
Income tax in the income statement	-	(301)	142	-
Other items	-	(10)	9	-
Tax liability / tax asset at year end	**-**	**(152)**	**158**	**-**

Deferred tax assets (liability) is specified as follows:	2023		2022	
Property, plant and equipment	-	(1.245)	(1.128)	-
Current assets	-	(46)	76	-
Right-of-use assets	-	863	864	-
Other items	-	0	7	-
Tax loss carry forward	-	276	339	-
Deferred tax at year end	**-**	**(152)**	**158**	**-**

Consolidated Financial Statements of Sýn hf. 2023 23 Amounts are in ISK millions

Notes, continued:

19. Inventories

Inventories are stated at the lower of cost and net realizable value. Inventory cost is based on first in - first out rule. Cost of inventories include its purchase price and all directly related cost. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Inventories are specified as follows:	2023	2022
Telecommunications equipment for resale	618	544
Other equipment (supplies)	10	15
Inventories at year end	**628**	**559**

20. Trade and other receivables

Trade and other receivables are recognized in the balance sheet when the Company becomes a party to the contractual provisions of the instrument. Trade and other reicevables are subsequently measured at amortized cost, net of impairment losses. The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. Trade receivables and other receivables in foreign currency are translated using the exchange rate prevailing at balance sheet date.

Trade and other receivables are specified as follows:	2023	2022
Trade receivables	3.269	3.314
Receivable from sale of core network	2.000	-
Other receivables	333	401
Lease receivables	28	24
Allowance for trade receivables	(53)	(89)
Total trade and other receivables	**5.576**	**3.650**

At each reporting date the Group determines whether objective evidence of impairment of trade receivables is present. A financial asset is impaired if one or more events that have occurred and have a negative impact on the expected future cash flows of the financial instruments.

Impairment is the difference between book value of a receivable and the present value of its expected future cash flows, discounted at the original effective interest rate. Impairment is recognised in profit or loss, and only reversed if the reversal relates to events occurring after the impairment was originally recognised.

Change in allowance for doubtful trade receivables is specified as follows:	2023	2022
Balance at 1.1.	(89)	(91)
Change in impairment for claims that may be lost	(21)	(35)
Receivables written off during the year	57	37
Allowance for doubtful trade receivables at 31.12.	**(53)**	**(89)**

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Notes, continued:

21. Equity

Share capital

Issued share capital at year-end was 2,510 million ISK (2022: 2,684 million). The nominal amount of each share is 10 ISK. Shareholders are entitled to dividends in proportion with their share at ex-dividend date. According to the Company's articles of association there are no restrictions regarding sale or transfer of shares. The Company holds own shares amounting to nominal value of ISK 17.5 million at the end of the fiscal year or a total of 0,7% of the issued share capital.

Share premium

Share premium is the amount paid by shareholders above the nominal value of shares. According to the Limited Liability Company Act the Company shall retain 25% of Share Capital as statutory reserves which are restricted earnings. The statutory reserves are included in share premium.

Translation reserve

Translation difference that arises upon translation of foreign operations into the Group's presentation currency (ISK) is recorded in other comprehensive income and accumulated in a reserve account in equity. If foreign operations are sold or discontinued, in part or in full, the accumulated translation differences for those operations are reclassified from equity to profit or loss.

Dividend

The board proposes that no dividend will be paid to shareholders for the operating year 2023. In the year 2023, a dividend amounting to 281 million ISK was paid to shareholders.

Restricted earnings

In accordance with article 41 of the Icelandic Financial Statements Act the Company has transferred its accumulated share in profit of its subsidiaries and associates in excess of dividends received to a restricted retained earnings account. The requirements came in effect on 1 January 2016.

22. Profit per share

Profit per share is the ratio of profit belonging to the groups shareholders and weighted average number of active shares during the year. Diluted earnings per share are based on profit allocated to shareholders in the group and the weighted average number of active shares, taking into account the dilutive effects of expected issued shares on employee stock options. Diluted earnings per share are equal to earnings per share, as the Company has not taken loans that are convertible into share capital or entered into stock option agreements.

Profit per share is specified as follows:	2023	2022
Profit for the year	**2.109**	**888**
Shares at beginning of the year	2.684	2.964
Weighted average of outstanding shares during the year	2.521	2.687
Profit per share and diluted profit per share	**8,4**	**3,3**
Earnings and diluted earnings per ISK of share capital	**0,84**	**0,33**

Consolidated Financial Statements of Sýn hf. 2023 25 Amounts are in ISK millions

Notes, continued:

23. Interest bearing liabilities

Interest bearing liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument. The financial liabilities are initially recognized at fair value plus any direct transaction cost. The liabilities are measured subsequently at amortized cost using the effective interest method.

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired.

Interest bearing debts are specified as follows:	2023	2022
Liabilities to financial institutions	6.240	5.174
Current maturities of borrowings	(1.779)	(373)
Total interest bearing long-term liabilities	**4.461**	**4.801**

Liabilities due to financing activities	2023	2022
Starting balance	5.174	5.688
Instalment	(375)	(474)
Operating loan	1.441	(40)
Final balance	**6.240**	**5.174**

Interest bearing debts at year end are in ISK and non-indexed. Weighted average interest rate is 10.87% (2022: 7.79%)

Instalment of long-term liabilities are specified in the following years:	2023	2022
Payments in 2023	-	373
Payments in 2024	1.779	338
Payments in 2025	337	338
Payments in 2026	337	338
Payments in 2027	337	338
Later payments	3.450	3.449
Total	**6.240**	**5.174**

The Company's loan agreements include certain covenants. The covenants relate to both certain restrictions of the Groups actions without the prior consent of the lender as well as the financial ratios that the Company must fulfil. At year end, the Group fulfilled all requirements relating to financial ratios in its operations.

Collateral

A collateral amounting to IS 7,422 million ISK (2022: 6,287 million ISK) is in place between the Group and its lender. The collateral relates to among others current assets, property, plant and equipment's inventory and accounts receivables.

24. Trade and other current payables

Trade and other payables are recognized when the Company becomes a party to the contractual provisions of the instrument. The financial liabilities are initially recognized at fair value plus any direct cost. The liabilities are measured subsequently at amortized cost using the effective interest method.

Trade and other payables in foreign currency are translated using the exchange rate prevailing at balance sheet date.

Trade and other current payables are specified as follows:	2023	2022
Trade payables	3.261	4.241
VAT payable	251	319
Pre-collected revenues	591	560
Accrued expense and other short-term liabilities	1.173	1.048
Total trade and other current payables	**5.275**	**6.168**

Deferred revenues

Deferred revenues are generated by pre-paid phone usage and other pre-payments from customers. The majority of deferred revenues are released one month after the reporting date.

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Notes, continued:

25. Risk management

a. Overview

The Group's financial instruments are exposed to the following risk:

Credit risk
Liquidity risk
Market risk

Information on the above mentioned risks and the objectives, policies and methods applied by the Group to assess and limit the risks, are provided below. Additionally, quantitative information can be found elsewhere in the financial statements.

The Group's objective with risk management is to detect and analyse risks in its business and to set and monitor the risk appetite. The Group's risk appetite and methods are regularly reviewed to analyse changes in risks related to the Group's markets and business.

b. Credit risk

Credit risk is the risk that a counterparty to a financial instrument will cause a loss for the Group by failing to pay for its obligation. The Group's credit risk is mainly due to trade receivables and is determined by the financial position and operations of individual customers. Management has implemented a policy for collections for which risks are monitored on a monthly basis. Estimates on collections are performed regularly and necessary allowances recorded.

The Group has rules in place for reviewing credit quality of new customers before granting terms of payment. Collection processes have been defined for all groups of trade receivables, which are reviewed regularly and receivables evaluated.

The Group reviews an age analysis of accounts receivables monthly and recognizes an allowance for doubtful accounts based on expected credit losses. The allowance is based on past due status, historical collections and current economic conditions for customers. The Group reviews receivables that are considered high risk and estimates a specific allowance if appropriate.

Maximum credit risk

The maximum credit risk for the Group as a result of financial assets is the book value which was specified at year end as follows:

	Notes	2023	2022
Trade and other receivables	20	3.576	3.650
Receivable for sale of core network	28	2.000	-
Cash and cash equivalents		624	2.063
Total		**6.200**	**5.713**

At year end accounts receivables for the five biggest customers amounted to 2,394 million ISK (2022: 597 million ISK).

Impairment of trade receivables

The age of trade receivables was specified at year end as follows:	Gross amount		Allowance	
	2023	2022	2023	2022
Not due	5.457	3.493	(35)	(34)
0- 90 days past due	82	123	(9)	(12)
> 90 days past due	90	123	(9)	(43)
Total trade receivables at year end	**5.629**	**3.739**	**(53)**	**(89)**

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Notes, continued:

25. Risk management, continued

c. Liquidity risk

Liquidity risk is the risk that the Group will have difficulties in paying its financial liabilities. The Group manages liquidity risk by maintaining adequate liquid assets to meet its financial obligations and thereby avoiding reputational damage.

The Group has implemented a management policy for liquidity risk, which determines the Group's handling and use of liquid funds and aims to minimize risks. Cash flow projections that predict the needs for liquid funds are prepared monthly. The Group has a access to 1,500 million ISK revolver and an overdraft of 500 million ISK. At year-end the company had 1,441 million drawn from the revolver but the overdraft was unused.

The table below shows undiscounted contractual payments of financial liabilities, including interest payments: (the amounts are not discounted):

	Book Value	Contrac-tual cash-flows	Within a year	1 to 2 years	2 to 5 years	More than 5 years
31 December 2023						
Liabilities:						
Interest bearing debts	6.240	8.172	2.295	811	5.066	0
Trade and other current payables	5.275	5.275	5.275	-	-	-
Lease liabilities	12.980	24.782	1.557	1.557	2.843	18.825
Total	**24.496**	**38.229**	**9.128**	**2.368**	**7.909**	**18.825**
31 December 2022						
Liabilities:						
Interest bearing debts	5.174	6.933	762	701	1.322	4.148
Trade and other current payables	6.168	6.168	6.168	-	-	-
Lease liabilities	13.115	24.453	1.779	1.779	2.567	18.329
Total	**24.457**	**37.554**	**8.709**	**2.480**	**3.889**	**22.477**

d. Market risk

Market risk is the risk that changes in foreign exchange rates, interests and equity price will affect the net results of the Group and book value of its investments. The objectives of managing market risk is to control and limit risk at a predetermined limit, and at the same time maximizing profits.

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Notes, continued:

25. Risk management, cont.:

e. Exchange rate risk

The Groups presentation currency is ISK, but part of its revenue and purchases are in other currencies. The Group is mainly exposed to currency risk with regards to EUR, USD, GBP and SDR. Finance department is responsible for monitoring exchange rates of the essential currencies with regards to impact of financial assets and liabilities denominated in foreign currencies on the financial statements.

The Group's exchange rate risk is as follows (in ISK millions).

31 December 2023	EUR	USD	GBP	SDR
Trade receivables	478	101	2	99
Cash and cash equivalents	70	27	8	0
Trade payables	(1.234)	(613)	(25)	(18)
Risk in the balance sheet	**(687)**	**(485)**	**(15)**	**80**

31 December 2022	EUR	USD	GBP	SDR
Trade receivables	279	4	0	73
Cash and cash equivalents	191	401	1	0
Trade payables	(1.586)	(1.391)	(43)	(18)
Risk in the balance sheet	**(1.117)**	**(986)**	**(42)**	**56**

The exchange rate of the major currencies during the year was as follows:

	Average rate		Year end rate	
	2023	2022	2023	2022
EUR	149,16	142,33	150,50	151,50
USD	137,19	135,46	136,20	142,04
GBP	173,95	166,90	173,18	170,81
SDR	182,73	181,00	183,02	189,68

Sensitivity analysis

10% strengthening of ISK against the relevant currencies would increase pre-tax net profit of the Group by 111 million ISK (2022: 209 million). A 10% weakening of the ISK would have the opposite effect. The analysis is based on the same assumptions as in the prior year.

10% weakening of ISK against the relevant currencies would have the same effect but in the opposite direction, provided that all other variables had remained unchanged.

f. Interest rate risk

The Group's borrowings are all with variable interest rates.

The Group is exposed to interest rate risks as funds are borrowed at variable interest rates.	2023	2022
Borrowings with variable interest	6.240	5.174

A 100 bps increase in interest would effect the pre-tax profit by 56,3 million ISK (2022: 51,7 million), a 100 bps decrease would have the opposite effect. The Group has no fixed rate assets or borrowings.

g. Fair value

The difference between fair value and book value of financial assets and financial liabilities is insignificant.

26. Capital management

The Group's objective is to maintain a strong equity ratio to support stability in future operations. In the long term the target equity ratio is 30%. The equity ratio at year end was 29,4% (2022: 27,9%).

Notes, continued:

27. Related parties

Related parties are those that have direct or indirect control in the Company or have the power to govern financial and operational policies. Among parties related to the Company are: key management, close family members of key management and entities over which key management or their family members have control or significant influence. Shareholders that have control or significant influence over the entity are also considered related parties.

Trading with the Board and key management

Salaries and benefits to the Group management working for the Group's companies and shares in the company are specified as follows:	2023 Fixed terms	2023 Variable terms	2022 Fixed terms	2022 Variable terms	No. Of shares at the end of 2023
Board:					
Jón Skaftason, chairman	8,7	-	2,3	-	42.147.128
Hákon Stefánsson, board member	4,7	-	1,0	-	55.847.128
Páll Óskar Gíslason, board member	4,5	-	4,5	-	-
Rannveig Eir Einarsdóttir, board memb.	5,6	-	1,1	-	20.650.000
Sesselía Birgisdóttir, board member	3,2	-	-	-	-
Sesselía Birgisdóttir, form. board memb.	0,4	-	3,2	-	140.000
Key management:					
Yngvi Halldórsson, CEO of Sýn hf.	58,4	-	14,5	9,6	34.000
Executive members	179,4	-	164,7	17,1	70.000

Included are shares of spouses, children not legally competent to manage their financial affairs and entities controlled by board and management.

Other transactions with board of directors and key management are immaterial. Terms and conditions for transactions with board member and key management are on the same basis as transaction with unrelated parties and are therefore classified as such.

Transactions with related parties

Sale of goods and services to related parties and entities related to them amounted to 23 million ISK in the year 2023 (2022: 16 million ISK), and purchases of goods and services amounted to 374 million ISK (2022: 100 million ISK).

28. Sale of core network

On 20 December 2022 Sýn hf. and Ljósleiðarinn ehf. signed an agreement for the purchase of Sýn's core network, including a long-term service agreement between the companies. The purchase price was ISK 3.000 million which will be paid in stages, with the first payment of ISK 1.000 million already paid in 2023. The purchase price will be paid in full no later than 12 months from 4 October 2023, when control of the assets was transferred to the acquirer. The book value of the sold assets at the date of disposal was ISK 564 million and a sales profit of ISK 2.436 million was recognised in full in the fourth quarter of 2023.

Alongside the purchase agreement, a 12-year service agreement was concluded between the companies for Sýn's wholesale access to Ljósleiðarinn's carrier and access network, as well as services for internet connections abroad.

It is expected that the transaction will have a positive effect on the Group's annual operating costs of around ISK 100 million. Additionally, the annual capital expenditure is expected to decrease by around ISK 120 million during the contract period.

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Notes, continued:

29. Other matters

Sýn hf. (“company”) is engaged in legal proceedings against individuals, other undertakings, and surveillance authorities concerning the Icelandic telecommunication and media market. The company recognizes obligations and/or claims due to legal proceedings in its accounts once future payments and other benefits can be assessed in a reliable manner. Due to uncertainties regarding future developments of legal proceedings, judicial decision, rulings, appeals and settlements, the outcome can lead to additional commitments and costs for the company, as well as judicial claims for the benefit of the company. Below is a summary of key matters that affect the interest of Sýn directly or indirectly.

Siminn v The Electronic Communications Office of Iceland (ECOI), Sýn and Gagnaveita Reykjavíkur and counterclaim

In case nr. E-3251/2018 the applicant, Síminn hf., demands that The Electronic Communications Office of Iceland (ECOI’s)decision no 10/2018 will be annulled entirely or alternatively that section 6 of the decision, to impose an administrative fine, will be annulled or the fine reduced.

The dispute mainly relates to the interpretation of Article 45(5) of the Icelandic Media Act no. 38/2011 and whether Síminn is in breach of that provision by solely offering its content provider to those who purchase telecommunication services from Síminn’s group, with the objective to attracting more customers for Síminn’s telecommunication services. By judgement dated 1 July 2020, Reykjavík District Court reduced the administrative fine, however the court dismissed every other claim that Síminn demanded. Síminn appealed the judgement requesting a complete acquittal and remuneration for legal fees. The Court of Appeals rendered its judgement on 24 June 2022 and acquitted Sýn and ECOI of all claims made by Síminn but all claims to procedural legal fees were dismissed. By a ruling of the Supreme Court í case no 50/2022, both the District Court ruling and the Court of Appeals ruling were annulled. The District Court rendered a new ruling on 1. February 2024 whereby Síminn´s claims were dismissed in their entirety, except for the administative fine that was annulled. It is uncertain whether the ruling will be appealed.

Sýn against ECOI, Síminn hf., Míla hf., Nova hf. and Ljósleiðarinn hf.

In case no E-2362/2020, the company has claimed damages against Síminn for the financial damage caused by Síminn in relation to its violation of Article 45(5) of the Icelandic Media Act no. 38/2011 during the period of 1st of October 2015 until 1st of December 2017. The company bases its claim on the reasoning that Síminn’s violation of the aforementioned provision has gained Síminn hf. considerable financial advantages in the form of boosted sale of telecommunication services with comparable losses for Sýn. Síminn’s actions should be considered culpable and unlawful and the company’s loss a likely result thereof. The claim is based on a court appointed assessor’s report, dated 17 March 2020, as per case no. M-2957/2019. The primary claim is of a payment of ISK 125,084,713 as well as interests and penalty interests, the 1st alternative claim is for the payment of ISK 100,067,773 ISK as well as interests and penalty interest, 2nd alternative claim is for the payment of ISK 75,050,829 as well as interests and penalty interests and the 3rd alternative claim is for the payment of damages as assessed by the court as well as penalty interests, as further stated in the subpoena. Additionally a claim has been made for procedural legal fees from Síminn hf. Síminn hf. submitted a rebutter and seeks acquittal as well a procedural legal fees from Sýn. A ruling was rendered by the District Court on 19 February 2024 whereby Sýn´s 3rd alternative claim was upheld and Síminn ordered to pay damages in the amount of 16.597.626 ISK, as well as penalty interests from 7 April 2020 due to illegal and culpable market behaviour on behalf of Síminn. Additionally, Síminn was ordered to pay 3.500.000 in legal fees. It is uncertain whether the ruling will be appealed.

Claims for damages from Síminn hf.

In case no. E-5072/2022 the company has claimed damages from Síminn hf. due to financial losses sustained by the company from Síminn’s violation of Art. 45(5) of the media act no. 38/2011 and the competition act no. 44/2005 or certain conditions of a settlement between Síminn hf. and the competition authorities with regard to the period of 2 December 2017 to 31 December 2019. The company argues that Síminn’s violation of the aforementioned provision has gained Síminn hf. considerable financial advantages in the form of boosted sale of telecommunication services with comparable losses for Sýn. Síminn’s actions are to be considered culpable and unlawful and the company’s loss is a likely result thereof. The claim is based on a court appointed assessor’s report, dated 3 August 2022 as per case no. M-2361/2021. The primary claim is for the payment of ISK 270.027.938 as well as interests and penalty interests, the 1st alternative claim is for the payment of ISK 216,022,351 as well as interests and penalty interests, 2nd alternative claim is for the payment of ISK 162,016,763 as well as interests and penalty interests, and the 3rd alternative claim is for the payment of damages as assessed by the court as well as penalty interests, as further stated in the subpoena. Additionally a claim has been made for procedural legal fees from Síminn hf. Síminn hf. has submitted a rebutter and seeks dismissal as well a procedural legal fees. The dismissal claim was dismissed. A court appointed assessor’s report is now being prepared at the request of Síminn. The case is identical in substance as the case above where Síminn was found liable for damages.

Notes, continued:

29. Other matters continued:

Claims for damages from Síminn hf., continued:

In case no. E-1846/2021 the company has demanded that the Electronic Communications and Postal appeals board's ruling no. 7/2109 shall be annulled. The ruling repealed ECOIS's prior decision no. 27/2019, which had levied administrative fines on Síminn hf. due to what the ECOI considered a violation of Art. 45(5) of the Icelandic Media Act no. 38/2011, which prohibits media outlets from directing business of its clients to a related telecommunication company. ECOI considered Síminn in violation with its activities in the market up until 1 October 2019. The disputed ruling is based on the reasoning that ECOI's decision had not been rendered in accordance with legal formalities. The company did not consider this basis to be sound and initiated the court proceedings to annul the ruling. It should be noted that ECOI also initiated court proceedings for the same purpose and the two cases have been merged. Síminn requested a court appointed assessor's report but the Appeals Court dismissed that claim by a ruling on 15 December 2023. The case is pending.

Matters before supervisory authorities

Complaint to the EFTA Surveillance Authority (ESA) concerning unlawful aid

On 26 March 2021, ESA adopted a decision where ESA concluded that a 50 million EUR share capital increase in Farice to finance a submarine cable between Iceland and Ireland, was compatible with the state aid functions of the EEA Agreement as per decision no. 023/21/COL from 26 March 2021.

Sýn maintained its view that the aid to Farice constituted an unlawful aid and requested that the EFTA Court would annul ESA's decision. The case is expected to be argued on 10th of February.

The EFTA Court rendered its decisions on 1 June 2022 and annulled ESA's decision no E4/21. ESA was also ordered to pay the legal fees sustained by Sýn. This causes ESA to be obligated to take a decision on the investigation of the case whereas affected parties may provide comments on the state aid. The investigation has now been initiated and could result in the decision that the state aid is considered unlawful or that conditions will be imposed on the aid. The result of the investigation may therefore lead to a change in Farice's operation and list of tariffs which may have a positive impact on Sýn's and outher telecoms operartors financial position.

Appeal of ESA Decision from 26 March 2021 to the EFTA Court regarding state aid to Farice ehf. for the third telecommunications submarine cable between Iceland and Europe

On 26 March 2021, ESA adopted a decision where ESA concluded that a 50 million EUR share capital increase in Farice to finance a submarine cable between Iceland and Ireland, was compatible with the state aid functions of the EEA Agreement as per decision no. 023/21/COL from 26 March 2021.

Sýn maintained its view that the aid to Farice constituted an unlawful aid and requested that the EFTA Court would annul ESA's decision. The case is expected to be argued on 10th of February.

The EFTA Court rendered its decisions on 1 June 2022 and annulled ESA's decision no E4/21. ESA was also ordered to pay the legal fees sustained by Sýn. This causes ESA to be obligated to take a decision on the investigation of the case whereas affected parties may provide comments on the state aid. The investigation could result in the decision that the state aid is considered unlawful or that conditions will be imposed on the aid. The result of the investigation may therefore lead to a change in Farice's operation and list of tariffs which

At any time, various matters are being processed by various domestic surveillance authorities. At no time has any administrative fines and/or other significantly onerous measures been proclaimed. However, the Media Surveillance Committee ruled in two cases in 2023 that Sýn should pay administrative fines for allegedly breaching provisons on ban against advivertisements for alcohol in the amount of 500.000 ISK and 1.000.000 ISK respectively. Sýn has initiated legal proceedings before the District Court of Reykjavík in relation to one of the fines.

At this time, Sýn is unable to estimate any future liabilities or claims that may result from the aforementioned legal procedures, partially because it can take an extensive amount of time before these cases will be concluded, as well as the fact that they could go into any different directions going forward. Therefore, the company has not accounted any liabilities or claims in this regard in its interim financial statement.

Quarterly statements*

Operations by quarters

	2023 1Q	2023 2Q	2023 3Q	2023 4Q	Total
Revenue from sales of goods and services	**5.860**	**5.632**	**5.730**	**6.253**	**23.475**
Cost of sales	(3.791)	(3.540)	(3.594)	(4.736)	(15.661)
Gross profit	2.069	2.092	2.136	1.517	7.814
Gain from sale of core network				2.436	2.436
Operating expense	(1.641)	(1.518)	(1.544)	(2.002)	(6.706)
Operating profit	428	574	592	1.950	3.544
Finance income	19	7	7	12	45
Finance expense	(275)	(297)	(313)	(327)	(1.212)
Net exchange rate differences	46	(6)	41	(48)	33
Net financial expense	(210)	(296)	(265)	(363)	(1.134)
Income tax	(5)	(8)	(6)	(281)	(301)
Profit for the period	**213**	**269**	**321**	**1.306**	**2.109**
Translation difference	(17)	(1)	5	11	(2)
Total comprehensive income	**196**	**268**	**326**	**1.317**	**2.107**
EBITDA	1.497	1.583	1.668	3.538	8.286
EBITDA %	25,5%	28,1%	29,1%	56,6%	35,3%
Cash generated by operations	921	1.094	1.007	1.500	4.522
Investment activities	(1.120)	(1.101)	(945)	(1.512)	(4.678)
Financial activities	(1.259)	136	(387)	77	(1.433)

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Quarterly statements*

Operations by quarters

	2022 1Q	2022 2Q	2022 3Q	2022 4Q	Total
Revenue from sales of goods and services	**5.682**	**6.009**	**5.501**	**5.791**	**22.983**
Cost of sales	(3.666)	(4.124)	(3.480)	(3.696)	(14.966)
Gross profit	2.016	1.885	2.021	2.095	8.017
Operating expense	(1.615)	(1.563)	(1.535)	(1.712)	(6.425)
Operating profit	401	322	486	383	1.592
Finance income	21	9	56	136	222
Finance expense	(221)	(248)	(262)	(267)	(998)
Net exchange rate differences	58	13	(66)	(75)	(70)
Net financial expense	(142)	(226)	(272)	(206)	(846)
Income tax	(52)	(30)	(33)	257	142
Profit for the period	**207**	**66**	**181**	**434**	**888**
Translation difference	(26)	(35)	10	52	1
Total comprehensive income	**181**	**31**	**191**	**486**	**889**
EBITDA	1.710	1.607	1.799	1.528	6.644
EBITDA %	30,1%	26,7%	32,7%	26,4%	28,9%
Cash generated by operations	1.107	1.580	1.249	1.692	5.628
Investment activities	(819)	(1.010)	(842)	(1.321)	(3.992)
Financial activities	(2.402)	(407)	(467)	(519)	(3.795)

Consolidated Financial Statements of Sýn hf. 2023 34 Amounts are in ISK millions