

September 1st, 2021

Press release on the financial performance of Sýn hf. for the first half of 2021.

Growth in telecommunication and media

Sýn hf.'s Condensed Consolidated Interim Financial Statement for the first half of 2021 was approved by the board of directors on September 1st 2021.

Main results:

- Revenue for the second quarter (Q2) of 2021 amounted to ISK 5,289M, a decrease of ISK 98M compared to the same period in 2020. Revenue for the first half (1H) of 2021 amounted to ISK 10,289M, a decrease of 1.2% compared to 1H 2020. This decrease can mainly be traced to a 650M decrease in revenues of Endor.
- EBITDA for Q2 2021 amounted to ISK 1,488M, compared to ISK 1,364M in Q2 2020. The EBITDA margin was 28.1% in Q2 2021 compared to 25.3% in Q2 2020. EBITDA for 1H 2021 amounted to ISK 2,876M, a 5.8% increase compared to the same period in 2020.
- Loss in Q2 2021 amounted to ISK 117M compared to ISK 60M in Q2 2020. Loss for 1H 2021 amounted to ISK 348M compared to ISK 410M in 1H 2020. A loss of ISK 179M was recognised in 1H 2021 in relation to the sale of the Company's share in its Faroese associate Hey.
- Cash generated by operations in Q2 2021 amounted to ISK 1,431M compared to ISK 1,744M in Q2 2020, a decrease of 18%. Cash generated by operations in 1H 2021 amounted to ISK 1,975M compared to ISK 2,799M in 1H 2020, a decrease of 29%.
- Total investments in 1H 2021 amounted to ISK 643M, thereof ISK 592M in property, plant and equipment and intangible assets (excluding broadcasting license rights) and ISK 1,117M in broadcasting license rights. Sales proceed from the sale of the Company's Faroese associate Hey amounted to ISK 1,065M.
- Negative cash flow from financial activities for 1H 2021 amounted to ISK 1,748M compared to ISK 1,445M in 1H 2020. Sales proceeds from the sale of Hey was used to pay down debt and decrease credit lines.
- The equity ratio was 28.5% at the end of 1H 2021.
- On March 31st, an agreement was signed for the sale of passive infrastructure in the Company's mobile network. The sale is expected to be approved by the competition authority in the next few days. The proceeds will be used partly to pay down debt, repurchase shares and new investments.

Main results from operations in Q2 2021

	Q2 2021	Q2 2020	% ch.	1 H 2021	1 H 2020	% ch.
Revenues	5,289	5,387	-1.8%	10,289	10,418	-1.2%
Cost of sales	-3,759	-3,752	0.2%	-7,134	-7,138	-0.1%
Gross profit	1,530	1,635	-6.4%	3,155	3,280	-3.8%
Operating expense	-1,588	-1,571	1.1%	-3,171	-3,237	-2.0%
EBITDA	1,488	1,364	9.1%	2,876	2,719	5.8%
EBIT	-58	64	-	-16	43	-
Net financial expense	-117	-182	-	-210	-623	-
Effect of associates	20	28	-	-173	48	-
Income tax	38	30	-	51	122	-
Loss	-117	-60	-	-348	-410	-
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<i>Gross Margin</i>	<i>28.9%</i>	<i>30.4%</i>		<i>30.7%</i>	<i>31.5%</i>	
<i>EBITDA</i>	<i>28.1%</i>	<i>25.3%</i>		<i>28.0%</i>	<i>26.1%</i>	
<i>EBIT</i>	<i>-1.1%</i>	<i>1.2%</i>		<i>-0.2%</i>	<i>0.4%</i>	

Amounts are in ISK million

Heiðar Guðjónsson CEO:

“Our core business continues to improve as can be seen by the increase in free cash flow (ISK 1,611M), which I think is the best indicator of our performance. Free cash flow has been completely transformed from the year 2018 and 2019 (ISK -143M and ISK 720M).

This is the first quarter since 2018 that we experience growth in our telecommunication business. Last year I stated that we will be utilizing our networks more efficiently and this growth is not spurred by increased investments. We have gained many subscribers in our media business and seen an increase in the sale of advertising. By making Stöð 2 exclusively available to subscribers we saw an increase in subscriptions by thousands without a big impact on advertising revenue. Stöð 2 Sport and Stöð 2+ have never been more popular. Vísir our web portal continues to increase its lead on other media, every week. We are now developing new content behind a paywall on Vísir, for instance Blökast and a new business media where Hörður Ægisson and Ólöf Skaftadóttir are editors. Vísir has great potential to become a central gateway for Icelandic content and services.

Turnover at Endor lowered by 650 million partly due to the pandemic but the long-term outlook for the business is good. The pandemic is impacting our business less and less.

Our biggest investment over the last quarters has been in our IT systems which made the Fjölskyldupakki offer possible at the close of the first quarter. We will launch new exciting products over the next few quarters since our reach is big, with half of households holding subscriptions to our products and close to half of all companies.

We are waiting for the approval of the ICA for the sale of passive infrastructure in our mobile network, which we expect in a few days. The proceeds will be used partly to pay down debt but also for repurchasing shares and new investments.”

Operating results Q2 2021

The Company's revenue during Q2 2021 amounted to ISK 5,289M compared to ISK 5,387M for the same period in 2020.

Revenue from media operations amounted to ISK 2,116M in Q2 2021, an increase of ISK 241M compared to Q2 2020. Broadband revenue amounted to ISK 1,116M in Q2 2021 compared to ISK 1,148M in Q2 2020. Mobile revenue amounted to ISK 1,061M an increase of ISK 226M compared to Q2 2020. Revenue from fixed line amounted to ISK 134M, a decrease of 14% between years. Revenue from hosting and operating solutions, which are the core business of Endor ehf., amounted to ISK 352M in Q2 2021, compared to ISK 944M in Q2 2020. This is a decrease of 63% which can be traced to lower equipment sales and the devaluation of the Icelandic krona compared to the same period in 2020. Revenue from retail sales amounted to ISK 311M during the period, an increase of 30% compared to the same period in 2020. Other revenue amounted to ISK 199M during the quarter, a 5% increase between years.

Cost of sales amounted to ISK 3,759M which is on par with the previous year. Operating expenses amounted to ISK 1,588M, an increase of 1.1% compared to the same period in 2020. EBITDA for the period amounted to ISK 1,488M, increasing by ISK 124M between years. The EBITDA margin was 28.1% for the period, compared to 25.3% in Q2 2020.

Net financial expenses amounted to ISK 117M in the second quarter of 2021, a decrease of ISK 65M between years. Exchange rate difference was positive by ISK 22M in Q2 2021 compared to a loss of ISK 12M in Q2 2020. Interest expense decreased by ISK 31M between quarters.

Loss for Q2 2021 amounted to ISK 117M compared to ISK 60M for the same period previous year.

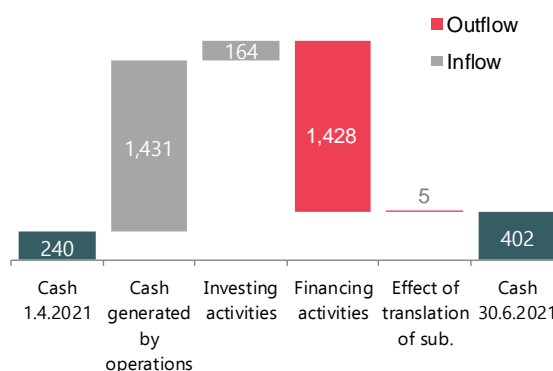
Cash flow Q2 2021:

Cash generated from operations in Q2 2021 amounted to ISK 1,431M.

Investment activities are positive and amount to ISK 164M in Q2 2021. Sale proceeds from the sale of an associate amounting to ISK 1,065M.

The Company's financing activities are negative by ISK 1,428M.

Cash at end of Q2 amounted to ISK 402M, a decrease of ISK 8M compared to the same period in 2020.



Operating results 1H 2021:

The Company's revenue during 1H 2021 amounted to ISK 10,289M compared to ISK 10,418M in 1H 2020.

Income from media operations amounted to ISK 4,070M in 1H 2021, a 6% increase from the previous year. Broadband income amounted to ISK 2,261M in 1H 2021, a decrease of 2% from the previous year. Mobile income amounted to ISK 2,000M an increase of ISK 255M compared to 1H 2020. Income from fixed line amounted to ISK 274M, a decrease of 15% between years. Income from hosting and operating solutions, which is the core business of Endor ehf., amounted to ISK 665M in 1H 2021, a 49% decrease from 1H 2020. Income from retail sales amounted to ISK 604M during the period, an increase of 27% compared to the same period in 2020. Other income amounted to ISK 415M, a 2% increase from 1H 2020.

Cost of sales amounted to ISK 7,134M which is on par with the previous year. Operating expenses amounted to ISK 3,171M, compared to ISK 3,237M in 1H 2020. EBITDA for the period amounted to ISK 2,876M, increasing by 5.8% between years. The EBITDA margin was 28.0% for the period, compared to 26.1% the previous year.

Net financial expenses amounted to ISK 210M in 1H 2021, a decrease of ISK 413M between years. Exchange rate difference was positive by ISK 68M in 1H 2021 compared to a loss of ISK 242M in 1H 2020. Interest expense of long-term debt decreases between years due to changes in interest rates.

Loss for 1H 2021 amounted to ISK 348M compared to ISK 410M for the same period the previous year. A loss of ISK 179M was recognised in 1H 2021 in relation to the sale of the Company's Faroese associate Hey.

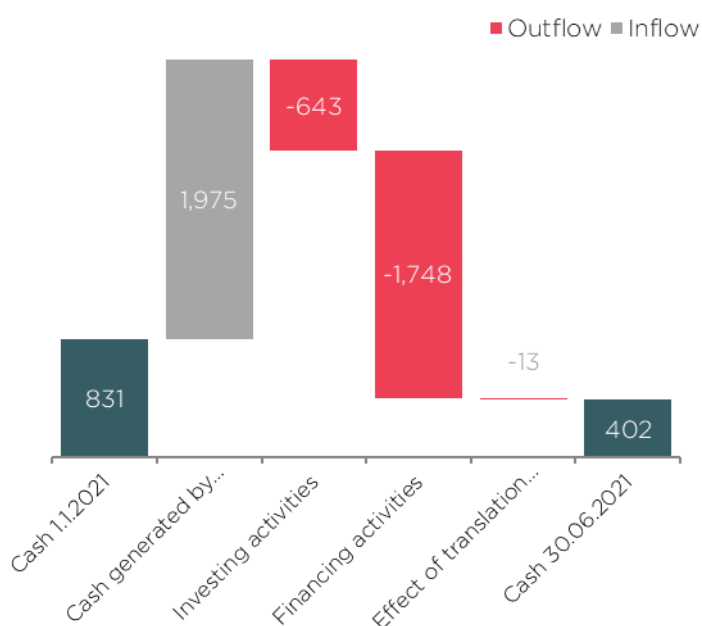
Cash flow 1H 2021:

Cash generated from operations in 1H 2021 amounted to ISK 1,975M.

Investment activities amounted to ISK 643M in 1H 2021 compared to ISK 1,595M in 1H 2020. ISK 1,065M are included in investing activities for 2021, in relation to the sale of the Company's Faroese associate Hey.

The Company's financing activities were negative of ISK 1,748M in 1H 2021. Sale proceeds from the sale of an associate amounting to ISK 1,065M.

Cash equivalents at end of 1H amounted to ISK 402M, an increase of ISK 8M compared to the same period in 2020.



Balance sheet on June 30th, 2021:

Equity at the end of the period was ISK 8,084M and the equity ratio was 28.5%. Outstanding capital amounted to ISK 2,964M.

The Company's total liabilities were ISK 20,267M at the end of Q2 2021. Net interest-bearing debt amounted to ISK 14,115M. The current ratio was 1.07.

Presentation on September 2nd, 2021:

- A presentation meeting will be held on Thursday September 2nd, 2021. The meeting will only be online and will begin at 8:30 am at <https://syn.is/fjarfestatengsl>
- Following the meeting, presentation materials will be available on Sýn's investor relations page at <https://www.syn.is/investors> and in Nasdaq Iceland's news network.

Financial calendar 2021:

- ✓ Q3 2021 results November 3rd, 2021
- ✓ Q4 2021 and annual results February 23rd, 2022
- ✓ Annual general meeting March 18th, 2022

Further information:

- ✓ Further inquiries are received via the email address fjarfestatengsl@syn.is