

November 4th, 2020

Press release on the earnings of Sýn hf. for the first nine months of 2020:

Operational improvement and important changes for the future

Sýn hf.'s Condensed Consolidated Interim Financial Statements for the first nine months of 2020 were approved by the board on November 4th, 2020.

Main results:

- Revenue for the third quarter (Q3) of 2020 amounted to ISK 5,026 million, an increase by ISK 148 million compared to the same period in 2019. Endor ehf. revenue amounted to ISK 443 million in the third quarter. Revenue in the first nine months increased by ISK 497 million between years, or 3%.
- The quarter's EBITDA amounted to ISK 1,593 million, compared to ISK 1,623 million in the third quarter of 2019. The EBITDA margin was 31.7% in the third quarter of 2020 compared to 33.3% in Q3 2019. EBITDA for the first nine months of 2020 was ISK 4,312 million, an increase of ISK 212 million from same period in 2019. EBITDA margin was 28% compared to 27.6% in 2019
- Profit in the third quarter of 2020 amounted to ISK 8 million, compared to a loss of ISK 71 million in the same quarter last year. Loss in the first nine months of the year amounted to ISK 402 million compared to a profit of ISK 384 million in the first nine months of 2019. Sales profit of the Faroese subsidiary Hey amounting to ISK 817 million is included in the 9M 2019 profit.
- Cash flow from operations in the third quarter amounted to ISK 1,055 million compared to ISK 1,235 million in the same period in 2019, a decrease of 15%. Cash flow from operations in the first nine months of 2020 amounted to ISK 3,855 million compared to ISK 3,424 million in the same period in 2019, an increase of 13%.
- Total investments for the first nine months of the year amounted to ISK 2,345 million, thereof ISK 764 million in property, plant and equipment and intangible assets (excluding broadcasting license rights) and ISK 1,581 million in broadcasting license rights.
- Negative cash flow from financial activities in the first nine months of 2020 amounted to ISK 1,932 million compared to ISK 600 million in the same period in 2019 which is an increase of ISK 1,332 million.
- The company's equity ratio was 27.7% at the end of the third quarter of 2020.
- Management's ongoing goal is to increase EBITDA margin and operating cash flow in 2020. The process is ongoing; however, the negative impact of COVID-19 is not yet known. Capital investment in fixed and intangible assets (excluding broadcasting license rights) will be around ISK 1 bn.

Main results from operations in the first nine months of 2020

ISK m	Q3 2020	Q3 2019	% change	9M 2020	9M 2019	% change
Revenue	5,026	4,878	3%	15,373	14,876	3%
Cost of Sales	-3,399	-3,133	8%	-10,466	-9,491	10%
Gross Profit	1,627	1,745	-7%	4,907	5,385	-9%
Operating expense	-1,485	-1,559	-5%	-4,722	-5,150	-8%
EBITDA	1,593	1,623	-2%	4,312	4,100	5%
EBIT	142	186	-	185	235	-
Net financial expense	-169	-295	-	-792	-810	-
Effect of associates	23	16	-	71	844	-
Income tax	12	22	-	134	115	-
Profit (Loss)	8	-71	-	-402	384	-
<i>Gross margin</i>	<i>32.4%</i>	<i>35.8%</i>		<i>31.9%</i>	<i>36.2%</i>	
<i>EBITDA</i>	<i>31.7%</i>	<i>33.3%</i>		<i>28.0%</i>	<i>27.6%</i>	
<i>EBIT</i>	<i>2.8%</i>	<i>3.8%</i>		<i>1.2%</i>	<i>1.6%</i>	

Heiðar Guðjónsson, CEO:

“Important changes for the future.

Our business continues to improve. We continue to face challenges in advertisement sales and our roaming revenues nearly disappeared in the quarterly results. Fortunately, other parts of our business are on the rise. Our customer experience has changed for the better, which is the most important indicator for the future, leading to an increase in the number of customers.

In every quarterly announcement this year we have referred to our plan to reduce fixed costs. We need to outsource more and change fixed cost into variable cost and simplify our operations. We can now see important change on the horizon in this regard. We have signed an exclusivity agreement on selling the passive infrastructure of our mobile telecom network which could realize a big profit on assets which are not performing in our current business. We believe the profits could amount to around 6 billion without having a meaningful impact on our EBITDA. This transaction would mean that we sell around 200 of our 600 mobile sites.

Our infrastructure will still be very robust. In addition to a great mobile network with 99,8% coverage at high speeds we have a countrywide fixed line network, the only countrywide TV and radio broadcasting network and one of two IPTV networks. Our company has therefore active equipment on over 800 sites in Iceland.

To us it is important to strengthen the balance sheet for the future. Long term debt, excluding lease obligations, is decreasing at 10,4 billion. By selling of infrastructure the company will be left with very little debt.

There is uncertainty regarding 5G roll-out due to governmental interference of network vendors. Our plan to build a extensive 5G network is therefore delayed which will negatively impact the future growth of the economy. All vendors should face the same strict security standards, anything else would be risky and lead to discrimination between operators.”

Q3 2020 Operating Results:

The Company's income during Q3 2020 amounted to ISK 5,026 million, which is an increase of ISK 148 million from the previous year.

Income from media operations amounted to ISK 1,932 million in the third quarter, decreasing by 1% between years. Broadband income amounted to ISK 1,134 million in the third quarter, a decrease of ISK 81 million, or by 7%, from the previous year. Mobile income amounted to ISK 929 million a decrease by ISK 137 million from the same period in 2019. Income from fixed line amounted to ISK 145 million during the quarter, a decrease of 24% between years. Income from hosting and operating solutions, which are the core business of Endor ehf., amounted to ISK 443 million. Income from retail sales amounted to ISK 253 million during the period, a decrease by 2% compared to the same period in 2019. Other income amounted to ISK 190 million during the quarter, decreasing by 6% from the previous year.

Cost of sales amounted to ISK 3,399 million increasing by 8% between years. Operating expenses amounted to ISK 1,485 million, a decrease by 5% compared to the same period in 2019. EBITDA for the period amounted to ISK 1,593 million, decreasing by ISK 30 million between years. The EBITDA margin was 31.7% for the period, compared to 33.3% is the previous year.

Net financial expenses amounted to ISK 169 million in the third quarter of 2020, which is a decrease of ISK 126 million between years. Exchange rate difference increases by ISK 48 million from Q3 2019 and exchange rate loss in Q3 2020 amount to ISK 17 million. Long-term debt decreased by ISK 214 million between quarters, while interest rates for lease agreements increased by ISK 35 million, which is explained by the addition of Endor's financing leases. Profit in the period amounted to ISK 8 million, compared to loss of ISK 71 million in the same quarter last year.

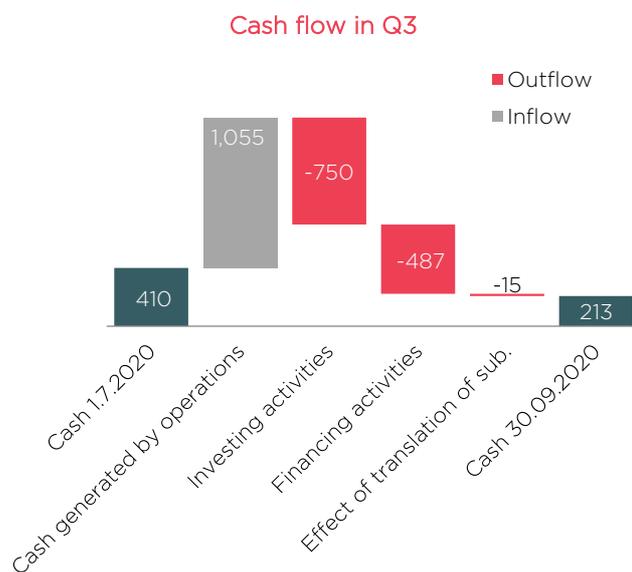
Q3 2020 Cash flow:

Net cash from operating activities in the third quarter of 2020 amounted to ISK 1,055 million, decreasing by 15% from previous year.

Investment activities amounted to ISK 750 million in Q3 2020

The Company's financing activities amounted to ISK 487 million in the third quarter of 2020.

Cash equivalents at end of the third quarter amounted to ISK 213 million, increasing by ISK 86 million compared to the same period in 2019.



9M 2020 Operating Results:

The Company's income during the first nine months of 2020 amounted to ISK 15,373 million, an increase of ISK 497 million from previous year.

Income from media operations amounted to ISK 5,723 million in the first nine months of 2020, decreasing by 9% between years. Broadband income amounted to ISK 3,442 million in the first nine months of 2020, a decrease of ISK 187 million, or by 5%, from the previous year. Mobile income amounted to ISK 2,674 million a decrease by ISK 275 million from the same period in 2019. Income from fixed line amounted to ISK 467 million in the first nine months of 2020, a decrease of 24% between years. Income from hosting and operating solutions, which are the core business of Endor ehf., amounted to ISK 1,758 million in the first nine months of 2020. Income from retail sales amounted to ISK 729 million during the period, a decrease by 7% compared to the same period in 2019. Other income amounted to ISK 580 million during the first nine months of 2020, decreasing by 6% from the previous year.

Cost of sales amounted to ISK 10,466 million increasing by 10% between years. Operating expenses amounted to ISK 4,722 million a decrease by 8% compared to the same period in 2019. EBITDA for the period amounted to ISK 4,312 million, increasing by ISK 212 million between years. The EBITDA margin was 28% for the period, compared to 27.6% in the previous year.

Net financial expenses amounted to ISK 792 million in the first nine months of 2020, which is a decrease of ISK 18 million between years. Exchange rate losses increased by ISK 222 million from the first nine months of the year 2019, long-term debt decreased by ISK 368 million between years, while interest rates for lease agreements increased by ISK 110 million, which is explained by the addition of Endor's financing leases. Loss in the period amounted to ISK 402 million, compared to a profit of ISK 384 million in the same period last year. Sale profit of the Faroese subsidiary Hey amounting to ISK 817 million is included in the profit for the first nine months of the year 2019.

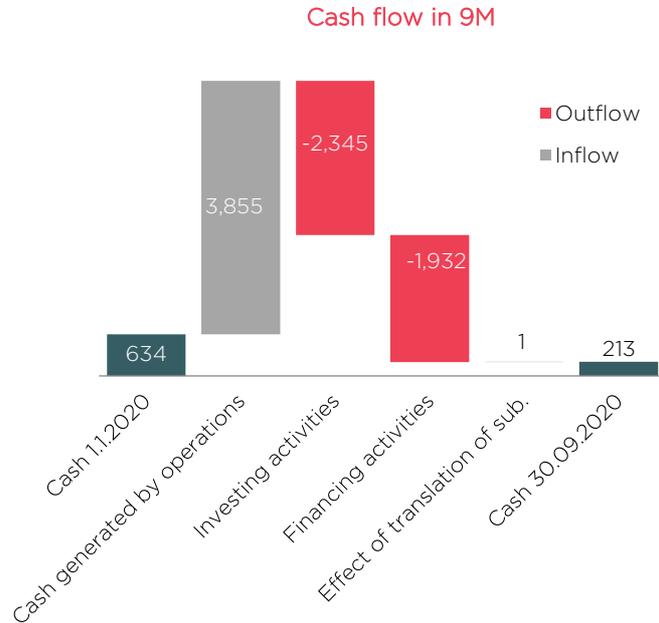
9M 2020 Cash flow:

Net cash from operating activities in the first nine months of 2020 amounted to ISK 3,855 million, an increase of 13% from previous year.

Investment activities amounted to ISK 2,345 million.

The Company's financing activities amounted to ISK 1,932 million in the first nine months of 2020.

Cash equivalents at end of the first nine months of 2020 amounted to ISK 213 million, increasing by ISK 86 million compared to the same period in 2019.



Balance sheet on September 30th, 2020:

Equity at the end of the period was ISK 8,392 million and the equity ratio was 27.7%. Outstanding capital amounted to ISK 2,964 million at the end of the period.

The Company's total liabilities were ISK 21,959 million at the end of 9M 2020. Net interest-bearing debt amounted to ISK 16,489 million at the end of the period.

The current ratio was 1.1.

Presentation on November 5th, 2020:

- A presentation meeting will be held on Thursday November 5th, 2020. Do to COVID-19 restriction the meeting will only be streamed 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 2020:

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| ✓ Q4 2020 Results | February 24 th , 2021 |
| ✓ Annual General meeting 2021 | March 19 th , 2021 |

Further information:

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