

Q4 and FY 2020 Results

Jón Björnsson, CEO

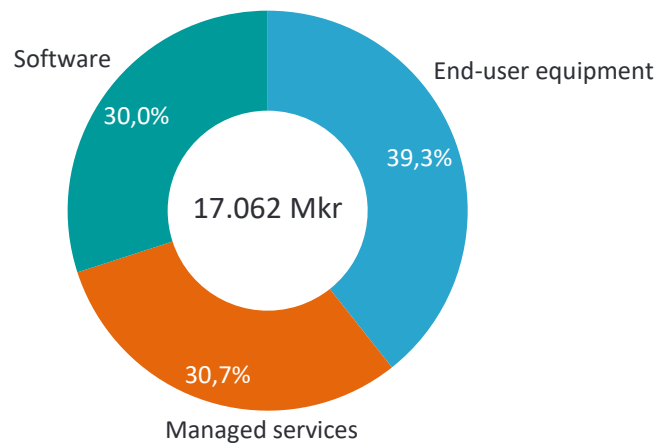
Gunnar Petersen, CFO





Revenue

✓ YoY breakdown of revenue and growth

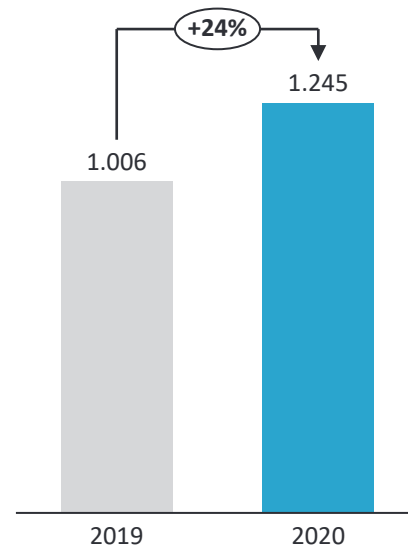


| Revenue growth | 2019 | 2020 |
|--------------------|-------|-------|
| End-user equipment | 18.6% | 20.5% |
| Software | 6.8% | 9.6% |
| Managed services | -3.3% | 13.6% |



EBITDA*

✓ YoY comparison, in ISKm



| EBITDA% | 2019 | 2020 |
|----------|------|------|
| EBITDA% | 6.3% | 6.8% |
| EBITDA%* | 6.3% | 7.3% |



Summary

✓ Revenue

- ✓ Strong revenue growth in end-user equipment
- ✓ Good growth in revenue from software products

✓ Earnings

- ✓ Good profitability in end-user equipment
- ✓ Turnaround in Software Solutions in H2 2020 after a difficult first half due to collapse of travel industry.
- ✓ Year of transformation for managed services

✓ Outlook

- ✓ Unclear economic conditions
- ✓ Continued favourable environment for IT
- ✓ Good project status

2020 – Year of Changes

- ✓ Excellent effort by our staff in working under unique circumstances

- ✓ Health and safety of staff prioritised
- ✓ Major shifts in focus well executed in response to changes caused by COVID-19
- ✓ Large implementation projects carried out remotely
- ✓ Invaluable lessons learned by IT companies from remote working

- ✓ Many new solutions launched

- ✓ The border project demonstrated the strength of our staff and solution offering
- ✓ Large implementation projects for foreign banks
- ✓ Bankamiđja – a solution that makes it easier for enterprise system users to communicate with different banking services

- ✓ New social emphasis

- ✓ Origo has begun work to sharpen its focus on social issues such as gender equality, responsible consumption, the promotion of innovation, and environmental issues.
- ✓ A seventeen-part programme has been established.



Staff 2020

24% female and 76% male



New hires 2020

40% female and 60% male



Job satisfaction 2020

4.4 of 5.0



tCO2 2020

87t (-15%)



Sorting rate

2020

73.0% (+5.9)



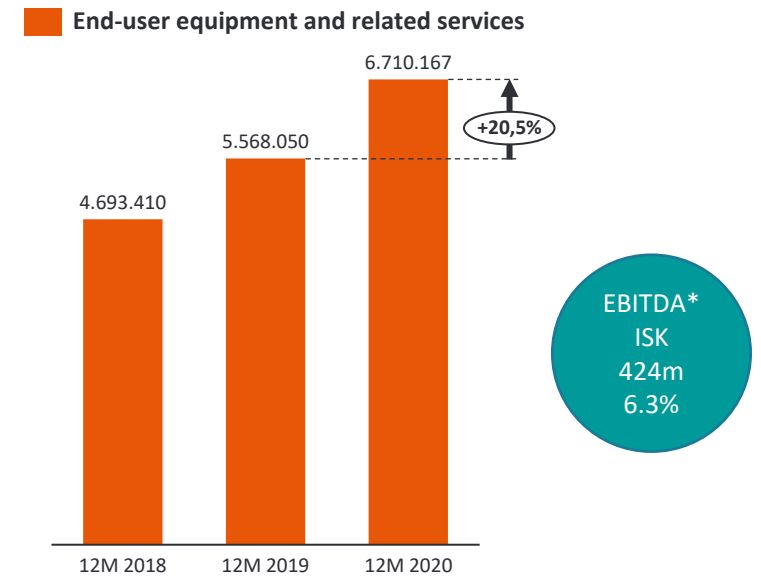
Recycling rate

2020

71.4% (+6.7)

End-User Equipment – Strong Demand

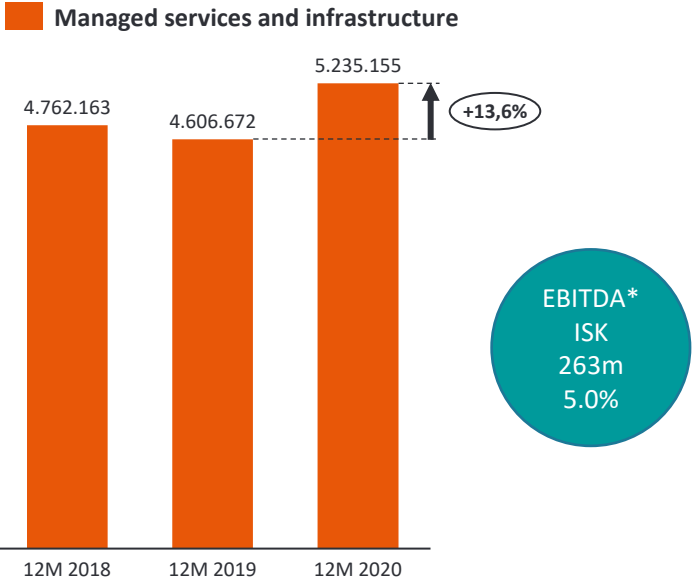
- ✓ Strong demand and strategic changes resulted in a good year in end-user equipment
- ✓ Considerable challenges on the purchase side due to COVID-19
- ✓ Changed operational strategy
 - ✓ Older inventory down sharply, now below 5% of inventory value.
 - ✓ Profit margin up 2% thanks to optimization.
- ✓ Christmas sales up 29%
 - ✓ The acquisition of Tölvutek has strengthened Origo's competitive position.
- ✓ Online sales up 152% and now account for about 35% of the unit's revenue
- ✓ Strong emphasis on strengthening the underlying potential of End-User Solutions
- ✓ Overall the outlook is good
 - ✓ Continued development of remote working solutions for enterprises.
 - ✓ Increased emphasis on staff facilities.
 - ✓ Online store makes it easier for companies to get better terms and increased service.
 - ✓ Increased interest in equipment related to services and digital differentiation, such as digital price labels, queuing systems, smart pickup stations and self-service systems.



*Adjusted for one-time costs

Managed Services – Striving Forward in Times of Transition

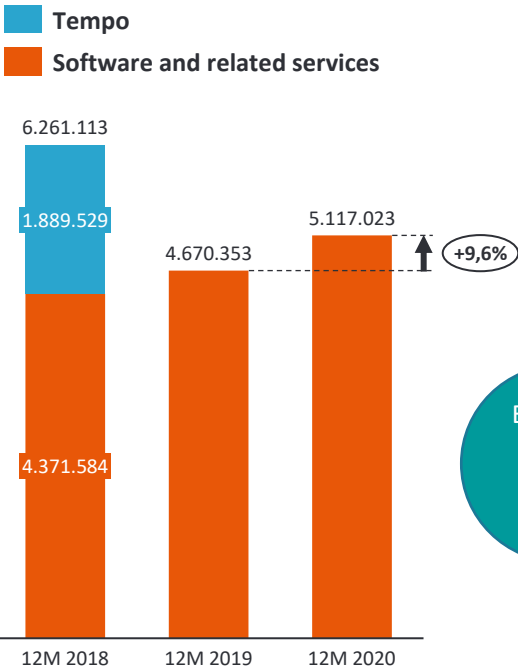
- ✓ Cloud solutions growing at considerably higher rate than traditional IT infrastructure
 - ✓ Continued decline in sales of traditional IT infrastructure as more and more organizations are moving to cloud solutions..
- ✓ Development of Origo’s data centre environment
 - ✓ Reykjanes, Korputorg, Blönduós.
- ✓ Security solutions in the spotlight and growing rapidly
 - ✓ Increased use of cloud solutions and digital tools calls for enhanced enterprise security.
- ✓ New products for a changed world
 - ✓ Substantial investment in new solutions, restructuring the solution offering and training to meet ever-changing needs.
- ✓ Overall the outlook is good but economies of scale are required
 - ✓ Service revenue is on the rise and we expect this trend to continue.
 - ✓ Increased efficiency in services and operations, as well as investments in technology and knowledge, should lead to better results in 2021.



**Adjusted for one-time costs*

Software – Continual Investment

- ✓ 2020
 - ✓ Major changes in the tourism industry affected Origo's profitability at the beginning of the year.
 - ✓ Sales and further development of enterprise systems have been very successful.
- ✓ Product Lab – SaaS-focused innovation
 - ✓ Subscription revenue up more than 20%.
 - ✓ CCQ 8,500 user licenses and 64% increase in active users.
 - ✓ Aviaxis : The initial response has been good in an otherwise slow aviation market
 - ✓ Continued development of the Booking Factory. Number of staff now up to 9.
 - ✓ Paxflow : The product has already been launched in one foreign marketplace as development continues.
- ✓ Health solutions
 - ✓ Increased investment in the Saga user interface. In March, Origo launched the home nursing app Smásaga which is already being used by the Health Clinics in Greater Reykjavik.
 - ✓ Users of Heilsuvera have increased by 43%.
 - ✓ Very successful consultation, implementation and execution related to the Directorate of Health's digitization efforts in connection with border screening and implementation of testing and vaccination..



*Adjusted for one-time costs

Software – Continual Investment

✓ Enterprise solutions

- ✓ Good demand for SAP and Business Central.
- ✓ Revenue from software sales and subscriptions now accounts for more than 40% of the total revenue generated by business-related solutions.
- ✓ New CEO at Applicon. Emphasis on revenue growth.
- ✓ Origo is the only Icelandic company to be nominated as Microsoft Partner of the Year 2021 for Bankamiðja, a solution that simplifies communications between enterprise systems and banking services.

✓ Digital projects

- ✓ 20 employees engaged in software development in Serbia. Access to knowledge which is lacking in Iceland.
- ✓ Growing demand for consultation related to larger and more complex implementation projects in Iceland.

✓ HR solutions

- ✓ Continued development of the Kjarni HR and payroll system and a focus on SAP for enterprises with a large number of employees.



Tempo – Preparations for the Next Phase

- ✓ 18% revenue growth and 24% EBITDA
 - ✓ Subscription revenue up 37% during the year.
 - ✓ Considerable revenue impact from shift in focus from traditional IT infrastructure to cloud solutions.
 - ✓ 20,000 organizations are now using Tempo.
- ✓ Strong financial position and the company is prepared for further growth
- ✓ Globalisation of the company's products in full swing
- ✓ Cost Tracker is a promising new product
- ✓ The assembly of a new team is going well and will be completed in Q1
- ✓ The company will continue to be on the lookout for acquisition opportunities to enhance its product offering and gain access to new markets



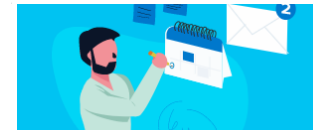
TEMPO TIMESHEETS

Time tracking made easy



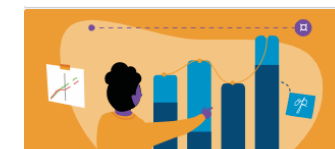
TIMESHEET REPORTS AND GADGETS

Lightweight Time Reporting for Jira



TEMPO PLANNER

The perfect tool for resource management



TEMPO BUDGETS

Extensive financial tracking in Jira



COST TRACKER

Simple cost tracking for Timesheets Cloud



TEMPO SUITE

Seamless migration from Server to Cloud

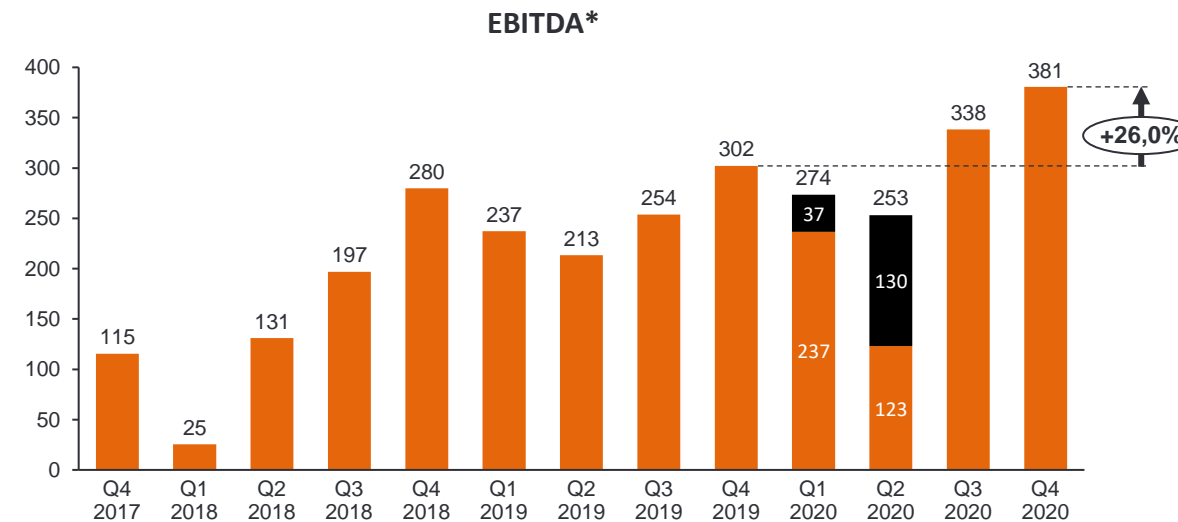
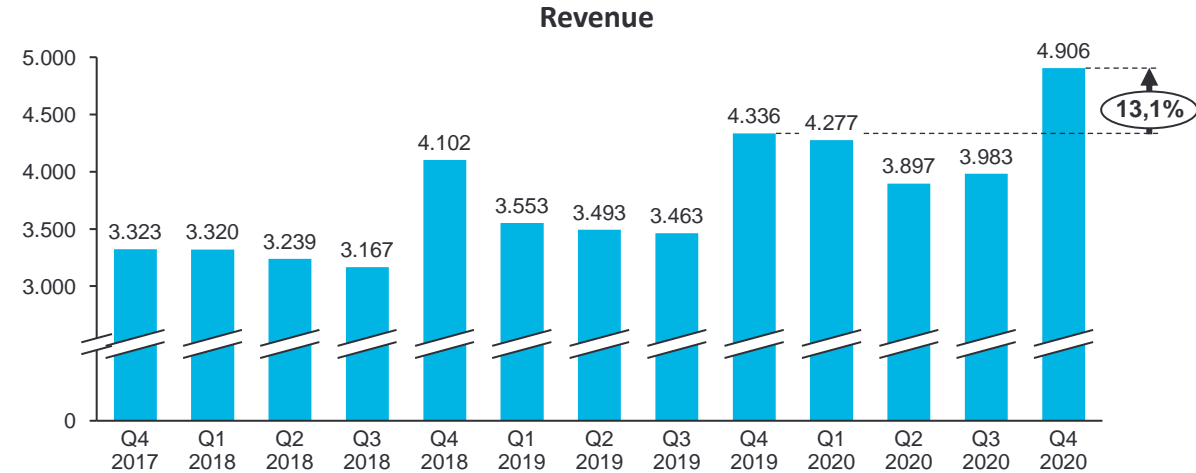
Finances

Gunnar Már Petersen, CFO



Income Statement Q4 2020 – Continued Strong Revenue Growth and Significant Improvement in Profitability

- ✓ **13% revenue growth**
 - ✓ Revenue of ISK 5bn
 - ✓ Revenue growth in all segments, with the highest growth in End-User Equipment
- ✓ **Profit margin of 25.1% versus 26.3% last year**
 - ✓ Gross profit of ISK 1,231m versus ISK 1,139m in Q4 2019
- ✓ **Operating costs of ISK 1,066m**
 - ✓ Operating costs as a percentage of revenue have been trending down
 - ✓ Ratio of 21.7% versus 22.8% in the prior year period
- ✓ **EBITDA of ISK 381m**
 - ✓ EBITDA is 7.8% versus 8.1% last year
 - ✓ Major turnaround in EBITDA from End-User Equipment
 - ✓ EBITDA from Managed Services and Infrastructure is down YoY
 - ✓ The profitability of software divisions is regaining its former strength
 - ✓ Substantial investment in own software development



Income Statement Q4 2020 - Operating Profit up 9.3% from Prior Year

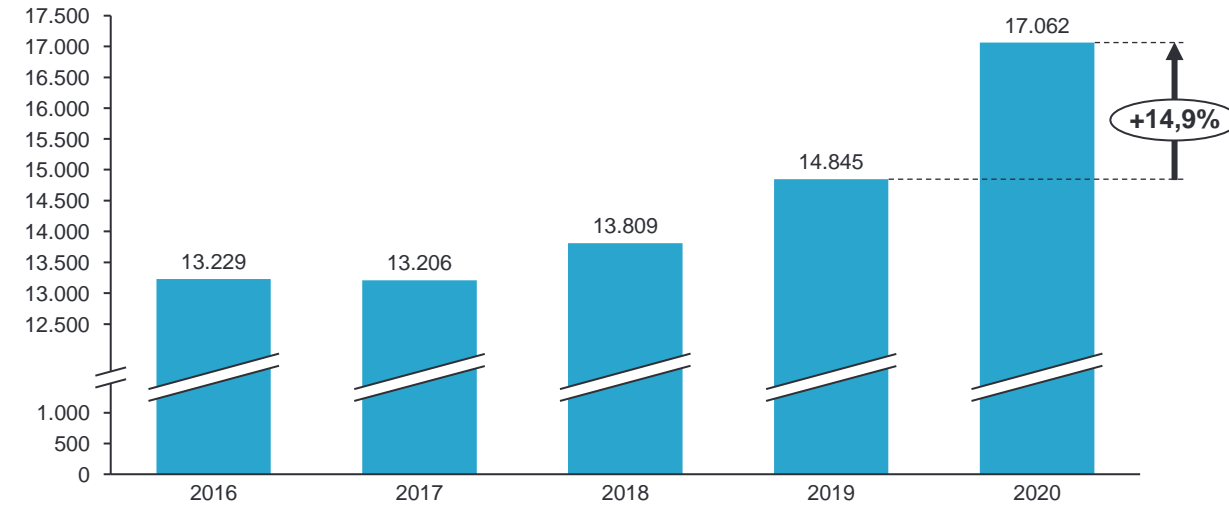
- ✓ **Net financial expenses of ISK 7m**
 - ✓ Last year saw the realization of an ISK 340m translation difference due to the dissolution of the subsidiary Nyherji A/S
 - ✓ Lower interest rate affects financial income
- ✓ **YoY turnaround in the earnings of an associate, Tempo**
- ✓ **Translation difference in respect of subsidiaries and associates was negative by ISK 255m in Q4 2020**
 - ✓ Largely due to the stake in Tempo
 - ✓ Last year there was a negative translation difference of ISK 351m, largely attributable to the dissolution of the subsidiary Nyherji A/S
- ✓ **Net loss of ISK 53m in the period**

| Income Statement – Key Figures | | |
|--|-------------------|-------------------|
| In ISK million | 1.10.-31.12. 2020 | 1.10.-31.12. 2019 |
| Goods and services sold | 4,906 | 4,336 |
| Cost of goods and services sold | (3,675) | (3,198) |
| Gross profit | 1,231 | 1,139 |
| Operating costs | (1,066) | (988) |
| Operating profit | 165 | 151 |
| Net financial income (expenses) | (7) | 379 |
| Share of profit of associate | 72 | (57) |
| Pre-tax profit | 230 | 473 |
| Income tax | (29) | (32) |
| Profit for the period | 202 | 441 |
| Translation difference in respect of subsidiaries and associates | (255) | (351) |
| Net profit (loss) for the period | (53) | 90 |
| EBITDA | 381 | 302 |

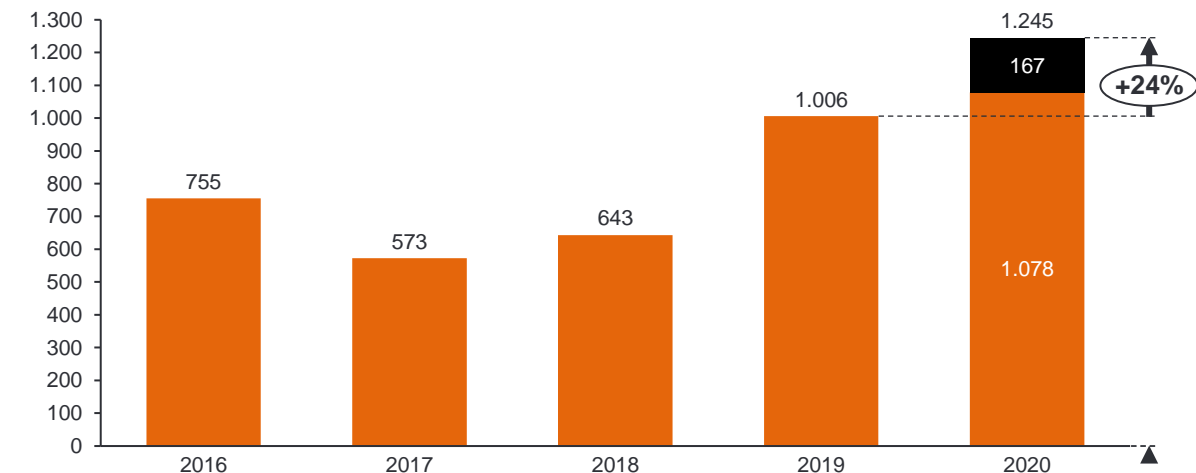
Income Statement 2020 – EBITDA up 24%

- ✓ **14.9% revenue growth**
 - ✓ Revenue of ISK 17bn
 - ✓ Revenues up in all segments
- ✓ **Profit margin* of 25.1% versus 25.9% last year**
- ✓ **Operating costs* 22.2% of revenue as compared to 23.1% last year**
- ✓ **EBITDA* of ISK 1,245m, up 24% YoY**
 - ✓ ISK 130m one-time salary expense in Q2 due to restructuring
 - ✓ ISK 37m write-down of receivables in Q1

Revenue**



EBITDA*



*Adjusted for one-time costs

** Revenue and EBITDA does not include Tempo ehf which was part of the group until November 2018

Income Statement 2020 – Operating profit* increases 19% YOY

- ✓ **Net financial expenses of ISK 185m**
 - ✓ Net financial income of ISK 325m last year, but this included ISK 340m due to the dissolution of the subsidiary Nyherji A/S
 - ✓ Interest income from deposits and claims down YoY
 - ✓ Other interest expenses similar YoY
 - ✓ Foreign exchange loss of ISK 86m during the year
- ✓ Origo's share of the profit of Tempo amounted to ISK 132m for the year, which is a significant turnaround from the prior year
- ✓ **Translation difference in respect of subsidiaries and associates was ISK 156m**
 - ✓ The stake in Tempo recorded in USD

| Income Statement – Key Figures | | |
|--|--------------|--------------|
| In ISK million | 2020 | 2019 |
| Goods and services sold | 17,062 | 14,845 |
| Cost of goods and services sold | (12,774) | (11,000) |
| Gross profit | 4,288 | 3,845 |
| Operating costs | (3,791) | (3,426) |
| Operating profit * | 498 | 419 |
| One-time costs | (167) | 0 |
| Operating profit | 331 | 419 |
| Net financial income (expenses) | (185) | 325 |
| Share of profit of associate | 132 | 9 |
| Pre-tax profit | 278 | 753 |
| Income tax | (26) | (74) |
| Profit for the period | 252 | 678 |
| Translation difference in respect of subsidiaries and associates | 156 | (222) |
| Net profit for the period | 408 | 456 |
| EBITDA * | 1,245 | 1,006 |
| EBITDA | 1,078 | 1,006 |

*Adjusted for one-time costs

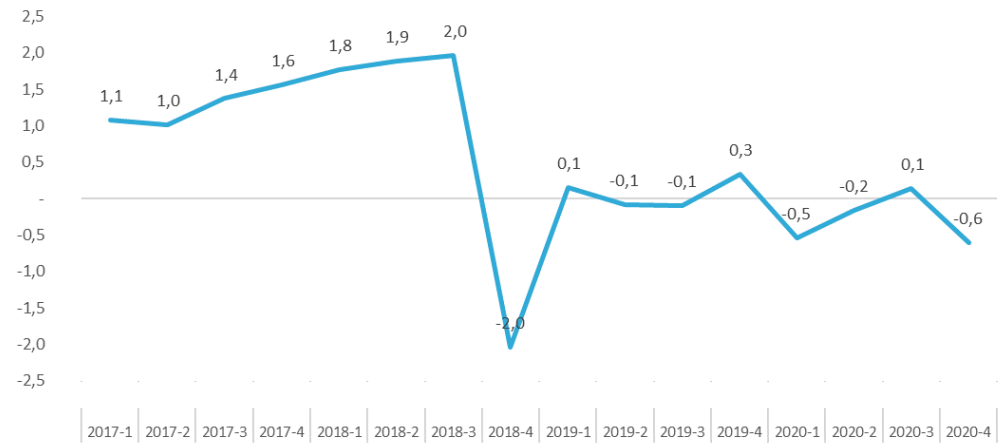
Cash increases YoY

- ✓ Fixed assets up by ISK 290m in 2020
 - ✓ Largely attributable to an ISK 257m increase in the recorded value of an interest in an associate
- ✓ Current assets up by ISK189m during the year
 - ✓ Cash up by ISK 347m
- ✓ Continued strong balance sheet to support further growth

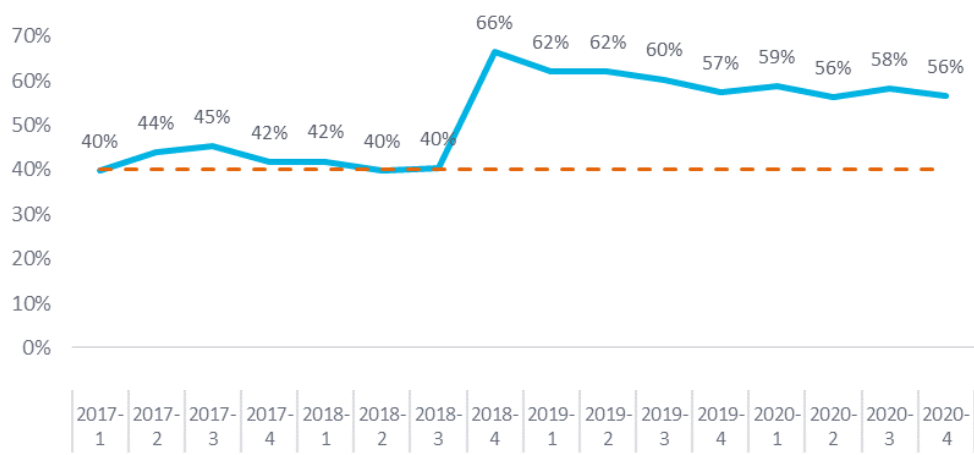
| In ISK million | 31.12.2020 | 31.12.2019 |
|---|---------------|---------------|
| Tangible assets | 1,876 | 2,029 |
| Intangible assets | 2,906 | 2,845 |
| Income tax asset | 5 | 18 |
| Interest in associate | 2,941 | 2,684 |
| Securities and other long-term claims | 300 | 161 |
| Non-current assets | 8,028 | 7,738 |
| Inventory | 1,453 | 1,321 |
| Trade and other receivables | 1,710 | 2,000 |
| Cash | 1,173 | 826 |
| Current assets | 4,336 | 4,147 |
| Total assets | 12,364 | 11,885 |
| Equity | 7,012 | 6,817 |
| Interest-bearing long-term liabilities | 641 | 579 |
| Lease liabilities | 1,304 | 1,392 |
| Long-term liabilities | 1,945 | 1,972 |
| Payments due next year on lease liabilities | 326 | 310 |
| Interest-bearing short-term liabilities | 102 | 61 |
| Trade and other payables | 2,978 | 2,725 |
| Short-term liabilities | 3,406 | 3,095 |
| Total equity and liabilities | 12,364 | 11,885 |

Sound Balance Sheet

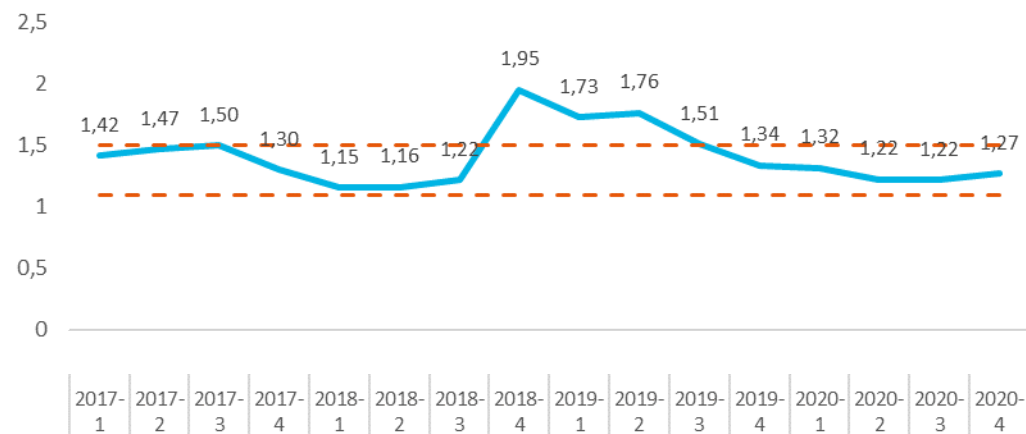
Net Debt/EBITDA without IFRS



Equity ratio



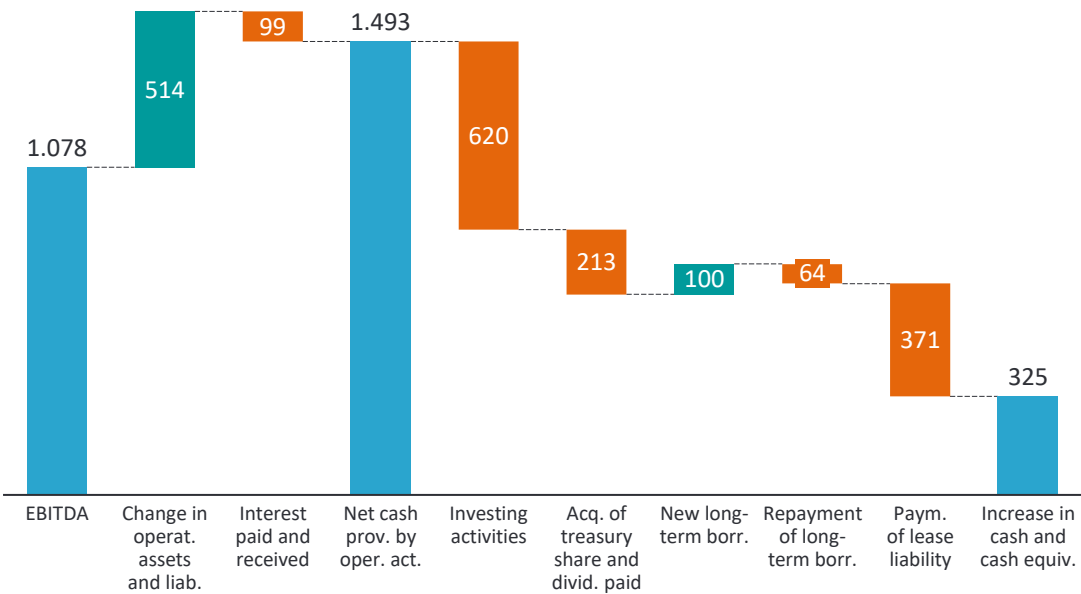
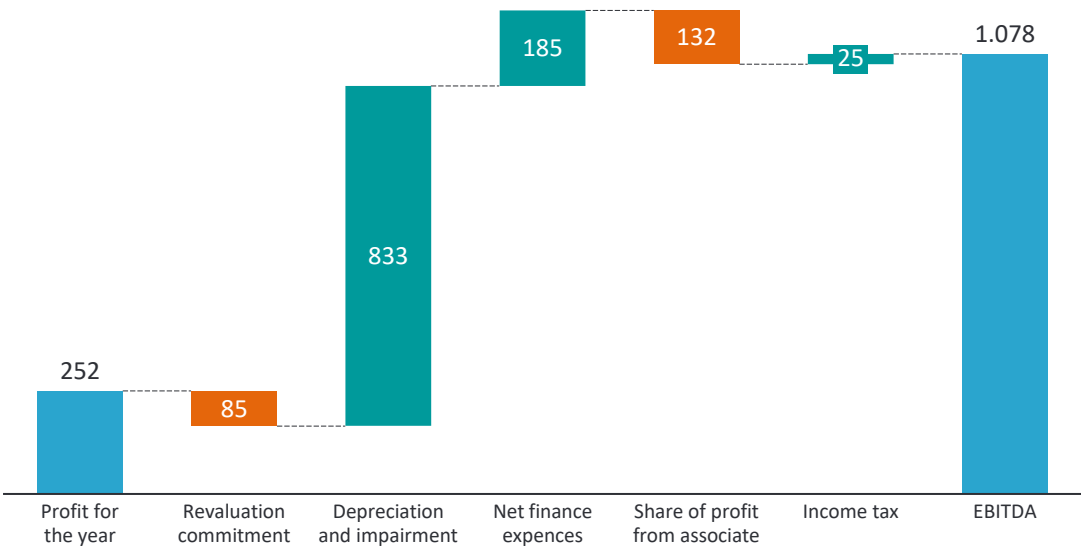
Working capital ratio



| In ISK million | 31.12.2020 | 31.12.2019 |
|-------------------------------------|---------------|---------------|
| Fixed assets | 8,028 | 7,738 |
| Current assets | 4,336 | 4,147 |
| Total assets | 12,364 | 11,885 |
| Equity | 7,012 | 6,817 |
| Long-term liabilities | 1,945 | 1,972 |
| Short-term liabilities | 3,406 | 3,095 |
| Total equity and liabilities | 12,364 | 11,885 |

Strong Cash Flow

- ✓ Profit of ISK 252m for the year before translation difference
- ✓ Depreciation of ISK 833m
 - ✓ Increase YoY partly due to IFRS and one-time items in Q4 – revaluation of an obligation
- ✓ Net financial expenses
 - ✓ Foreign exchange loss during the year and declining financial income
- ✓ Changes in operating items positive by ISK 514m
- ✓ Cash from operations was ISK 1,493m
- ✓ Investments of ISK 334m
 - ✓ ISK 334m in tangible assets
 - ✓ ISK 300m in intangible assets
- ✓ Lease liabilities of ISK 371m
- ✓ Cash up by ISK 325m



Outlook



Three operational pillars

- ✓ Software and consulting relating to technical advancement
- ✓ End-user equipment in the field of IT
- ✓ Managed services and related consulting



Clear strategic focus

- ✓ We want to be a leader in all three of our operational pillars
- ✓ Stronger and more focused product range
- ✓ Increased emphasis on business development and marketing
- ✓ Investment in software development
- ✓ Strong human resources
- ✓ Sustainability



Favourable environment

- ✓ COVID-19 has accelerated digital transformation
- ✓ Cloud solutions have greatly expanded the user base of many solutions and brought IT into the forefront
- ✓ Information security and data handling have become vital
- ✓ Financial strength enables Origo to take advantage of market opportunities



Thank you!

