

# Q2 2021 Results

Jón Björnsson, CEO

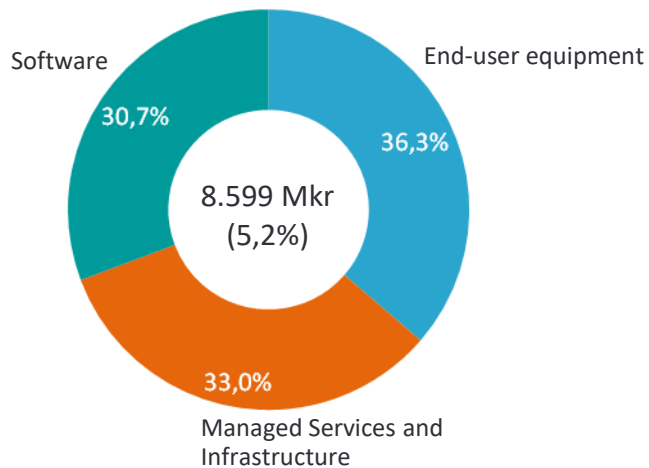
Gunnar Petersen, CFO





## Revenue

### YoY revenue breakdown and growth

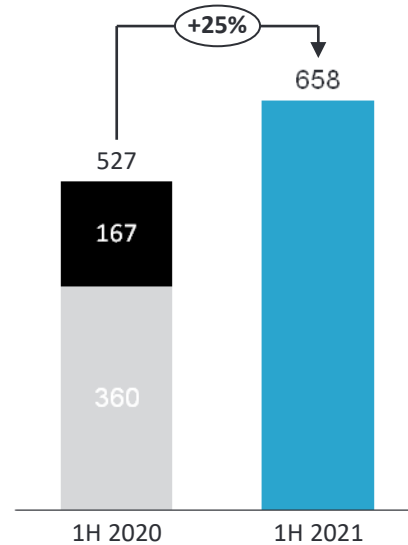


Revenue growth	H1 2020	H1 2021
End-user equipment	24.6%	18.9%
Software	6.5%	9.5%
Managed services	16.9%	-13.9%



## EBITDA

### H1 2021 and H1 2020 comparison in ISKm



EBITDA%	1H 2020	1H 2021
EBITDA%	4.4%	7.6%
EBITDA%*	6.4%	7.6%



## Summary

- ✓ Revenue
  - ✓ Revenue up from H1 2020
  - ✓ Continued revenue growth in end-user equipment
  - ✓ Good growth in own software
  - ✓ Revenue decline in managed services, mainly due to lower product sales
- ✓ Profits
  - ✓ Good results in end-user equipment
  - ✓ Good results in software
  - ✓ Improved YoY results in managed services
  - ✓ Continued reduction in operating costs
  - ✓ Very good first six months at Tempo
- ✓ Outlook
  - ✓ Project status remains good
  - ✓ Uncertainty regarding Covid reopening
  - ✓ Origo well placed to take advantage of opportunities

\*Adjusted for one-time costs

# Clear strategy

- ✓ Short-term operational priorities

- ✓ Accelerate changes in sales focus through new channels.
- ✓ Create conditions for growth for core units.
- ✓ Continue to develop an efficient and sought-after workplace that combines remote and in-office work.

- ✓ We follow clear future goals

- ✓ The Company has defined its core segments and embarked on a journey to further strengthen them in terms of the technological and working environment.
- ✓ We are systematically investing in frameworks and technologies that can enhance the success and experience of our customers.
- ✓ Strong emphasis on streamlining and increasing the Company's flexibility to achieve change faster. This calls for simplification.
- ✓ Improving society through technology is the Company's core objective and the Company is launching many exiting projects related to this goal.



**Staff  
H1 2021**  
27% female and 73% male



**New hires  
H1 2021**  
53% female and 47% male



**Job satisfaction  
H1 2021**  
4.2 out of 5.0



**tCO2 Scope 1  
H1 2021**  
44t (-7.5%)



**Sorting rate  
H1 2021**  
73.4% (+4,9)



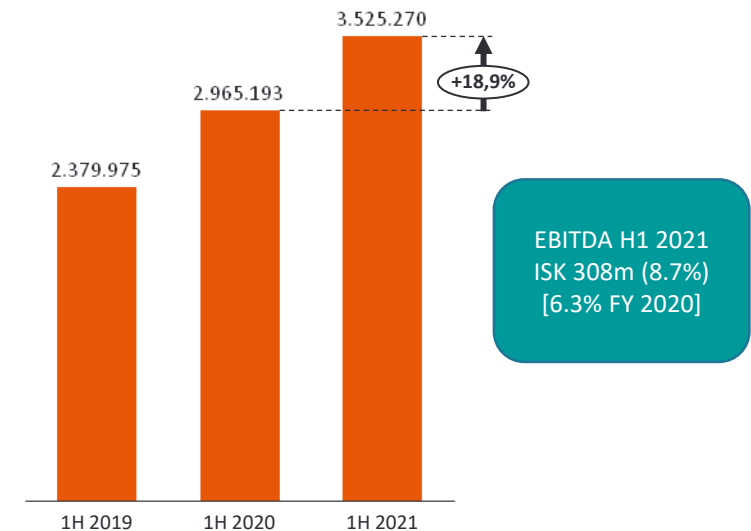
**Recycling rate  
H1 2021**  
70.8% (+4.8)

# End-User Equipment – Continued Revenue Growth

- ✓ 36% revenue growth in Q2 and 19% in the first six months. Last year, there was a significant supply shortage late in the quarter.
- ✓ Online sales up 109% in the first 6 months of the year, accounting for about 30% of the unit’s sales versus 16% last year
- ✓ Continued good results at Tölvutek.
- ✓ Persistent supply shortage still a problem but better than last winter.
- ✓ Overall, the outlook is quite good
  - ✓ The unit is now competing with fairly strong comparative figures from last year.
  - ✓ End-User Equipment has undergone major operational changes and a good balance has been achieved in the operation
  - ✓ Increased possibilities for green solutions in end-user equipment.
  - ✓ Further investment in the online store will provide a better interface and help with Origo’s green focus.
  - ✓ Origo has acquired a 70% stake in Eldhaf, an importer of Apple products. The purpose of the investment is to broaden the product range to meet the wishes of Icelandic enterprises and institutions.



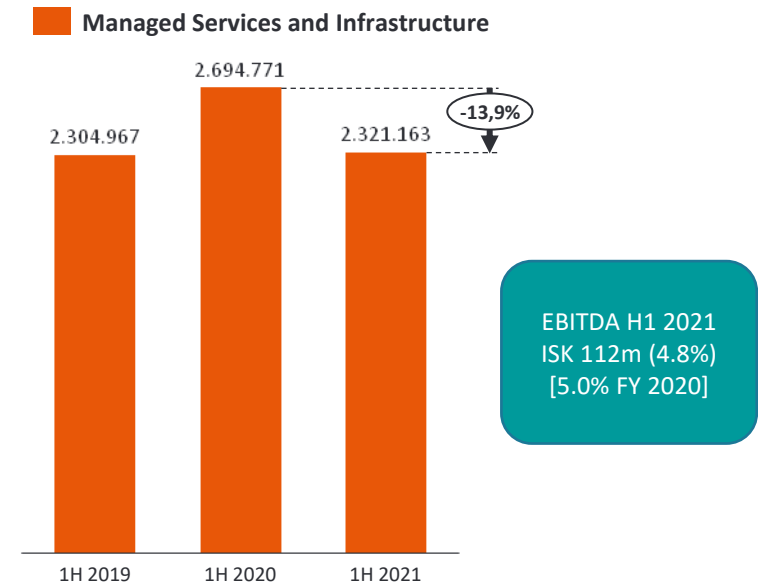
Revenue – End-User Equipment and Related Services



# Managed Services – The First Steps Towards a New Focus

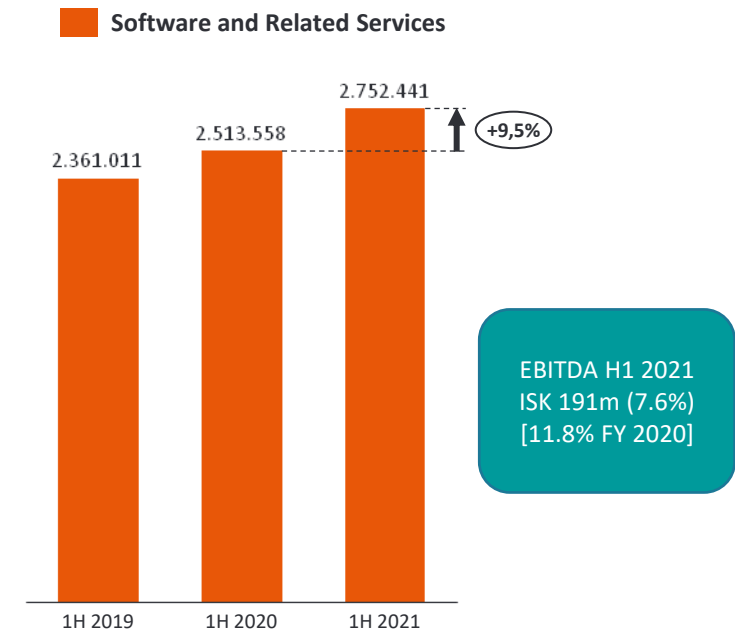


- ✓ 6% revenue decline in Q2 and 14% revenue decline in the first 6 months of the year.
  - ✓ 39% improvement in Q2 net income compared to 2020
  - ✓ Infrastructure sales explain the unit’s entire sales decline in H1 2021
- ✓ Syndis security solutions now operated as an independent company.
- ✓ Emphasis on good customer experience by providing simpler, digital processes that increase speed and security.
- ✓ Emphasis on the cloud and a shift from older revenue sources.
- ✓ Benefit of the geographical separation of data centre setups.
- ✓ Less emphasis on the management of specialised IT systems that lack economies of scale or opportunities for improvement.









# Strong Growth in Software Development

- ✓ 10% revenue growth in Q2 and 9.5% revenue growth in the first 6 months
- ✓ 36% increase in revenue from own software in the first half (30% in Q2)
- ✓ Start-up development – SaaS focused innovation
  - ✓ 54% revenue growth in start-ups in Q2 versus last year and 48% growth in H1 2021 versus H1 2020
  - ✓ Paxflow: The number of customers are up since pre-Covid. Very good results from the Bókun marketplace with trials up significantly. Almost all new customers are foreign.
  - ✓ Justly Pay, a SaaS solution that helps companies achieve equal pay certification, to be introduced in September.
  - ✓ Significant growth at the messaging company Unimaze.
- ✓ Health solutions
  - ✓ The Smásaga home nursing app embraced by users. Used by all major healthcare providers in Iceland.
  - ✓ Ongoing Covid-related projects.
- ✓ Continued strong performance of the Kjarni human resources solution
- ✓ Enterprise solutions
  - ✓ Continued product development by the Business Central team; 8 products now available on Microsoft AppSource with two more on the way.
  - ✓ Good project status at SAP and SAP S/4HANA with contracts in place for two major implementations.
  - ✓ Applicon has established itself as a leading company in core solutions for banks. In the last quarter, the company signed an agreement that significantly expands the companies' co-operation.



# Tempo – Very good 6 Months

- ✓ 35% revenue growth and 23% EBITDA in Q2
  - ✓ 51% increase in EBITDA from Q2 2020.
  - ✓ 33% sales increase in the first 6 months and 28% EBITDA.
  
- ✓ Q2 highlights
  - ✓ Increased automation in Tempo Timesheets
  - ✓ Higher number of plugins to enable the company to connect to more marketplaces.
  - ✓ Increased focus on the interface to enhance user satisfaction and facilitate the sale of other Tempo products. Special emphasis on improving the interface for first users.
  - ✓ Product development of TempoOne as standalone software for time optimization.
  
- ✓ Long-term targets
  - ✓ Strengthen Tempo’s position as a leading time tracking solution through increased marketing and user trials.
  - ✓ Maintain investment in technology that offers the ability to record time anywhere, including general software development tools.
  - ✓ Increase Tempo’s presence outside Atlassian. Shannon Mason hired as VP of New Ecosystems to target more marketplaces .

 <p><b>✓ TEMPO TIMESHEETS</b> Time tracking made easy</p>	 <p><b>⌘ TEMPO PLANNER</b> Optimize your workforce effortlessly</p>	 <p><b>⌘ TEMPO BUDGETS</b> Extensive financial tracking in Jira</p>
 <p><b>📊 COST TRACKER</b> Simple cost tracking for Timesheets Cloud</p>	 <p><b>🕒 TEMPSHEET REPORTS AND GADGETS</b> Lightweight Time Reporting for Jira</p>	 <p><b>🌐 TEMPO SUITE</b> Seamless migration from Server to Cloud</p>

# Finances

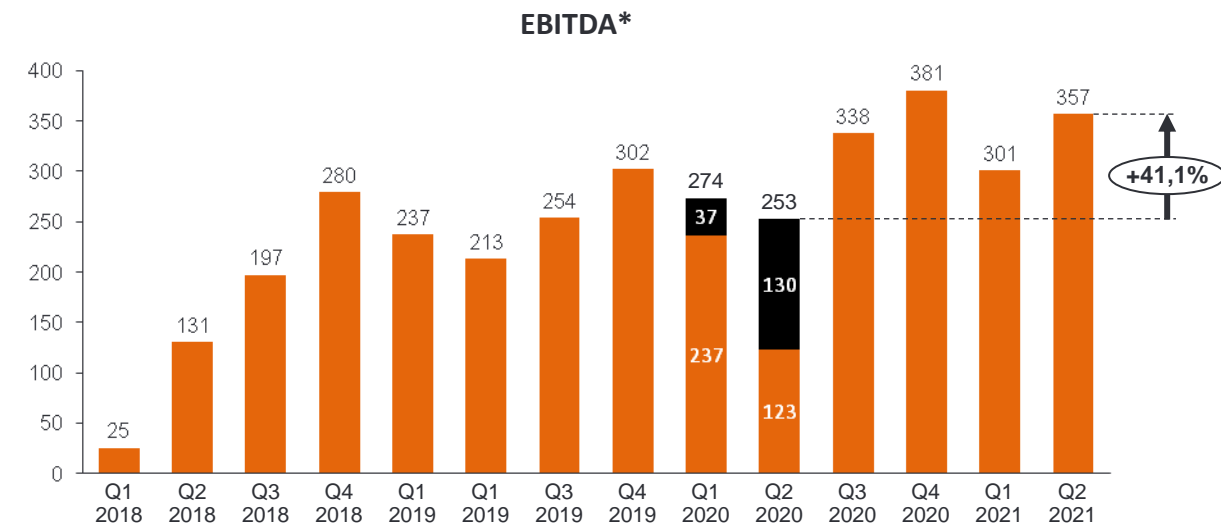
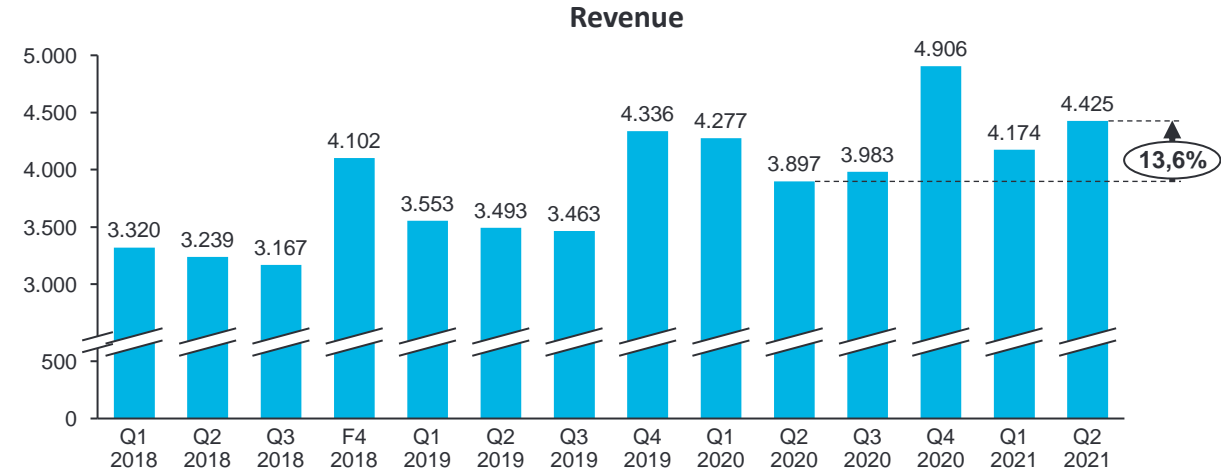
Gunnar Petersen, CFO





# Income Statement Q2 2021 - Good EBITDA in the Quarter

- ✓ **13.6% YoY revenue growth**
  - ✓ Revenue of ISK 4.4bn
  - ✓ Strong revenue growth in End-User Equipment and Related Services, also revenue growth in Software and Related Services
  - ✓ Continued decline in revenue from Managed Services and Infrastructure
  
- ✓ **Profit margin of 25.3% versus 24.0% last year**
  - ✓ Gross profit of ISK 1,118m versus ISK 934m in Q2 2021
  
- ✓ **Operating costs of ISK 960m**
  - ✓ Operating costs as a percentage of revenue 21.7% versus 25.1% in the prior year period
  
- ✓ **EBITDA of ISK 357m**
  - ✓ EBITDA of 8,1% versus \*6.4% last year
  - ✓ Good EBITDA in Software and Related Services as well as End-User Equipment
  - ✓ EBITDA in Managed Services and Infrastructure up from last year



\*Adjusted for one-time costs

# Income Statement Q2 2021 - Operating Profit Up from Last Year

- ✓ Revenue up 14% YoY
- ✓ Gross profit up 20% YoY
- ✓ Operating profit up ISK 200m from the prior year
- ✓ Translation difference in respect subsidiaries and associates was negative by ISK 70m in Q2 2021
  - ✓ A negative figure of ISK 50m last year; this is largely due to the interest in Tempo
- ✓ Q2 net profit of ISK 84m, versus a net loss of ISK 53m last year

In ISK million	Q2 2021	Q2 2020	%
Goods and services sold	4,425	3,897	13.6%
Cost of goods and services sold	(3,308)	(2,963)	11.6%
<b>Gross profit</b>	<b>1,118</b>	<b>934</b>	19.7%
<i>Gross profit/revenue (%)</i>	25.3%	24.0%	
Operating costs	(960)	(978)	-1.9%
<b>Operating profit</b>	<b>158</b>	<b>(45)</b>	
<i>Operating profit/revenue (%)</i>	3.6%	-1.1%	
Net financial expenses	(17)	(1)	
Share of profit of associate	47	35	
Income tax	(33)	6	
<b>Profit (loss) for the period</b>	<b>154</b>	<b>(4)</b>	
Other comprehensive income	(70)	(50)	
<b>Net profit for the period</b>	<b>84</b>	<b>(53)</b>	
<b>EBITDA</b>	<b>357</b>	<b>123</b>	
<i>EBITDA%</i>	8.1%	3.2%	

# Income Statement H1 2021 - Turnaround From Last Year

- ✓ Operating profit up by ISK 243m from the prior year
- ✓ Net financial expenses of ISK 33m, versus ISK 127m last year
- ✓ Significant YoY increase in the profit of an associate (Tempo)
- ✓ Translation difference in respect subsidiaries and associates was negative by ISK 88m in the first half
  - ✓ A positive figure of ISK 410m last year; this is largely due to the interest in Tempo
- ✓ First half profit of ISK 247m, versus ISK 371m last year

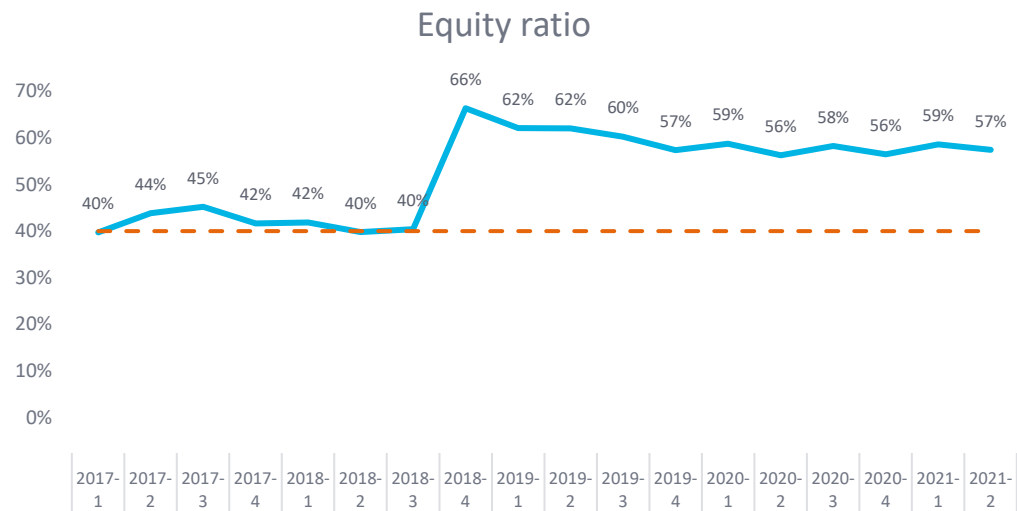
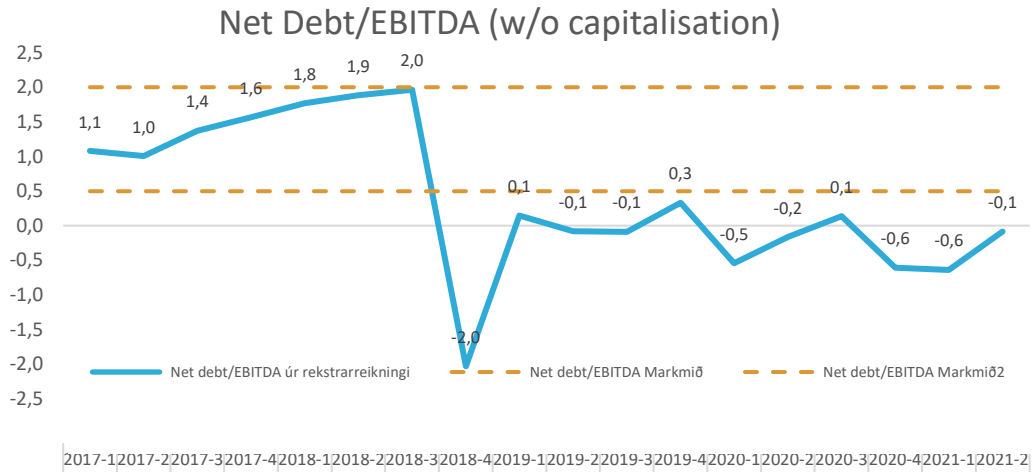
In ISK million	H1 2021	H1 2020
Goods and services sold	8,599	8,174
Cost of goods and services sold	(6,387)	(6,189)
<b>Gross profit</b>	<b>2,212</b>	<b>1,984</b>
<i>Gross profit/revenue (%)</i>	25.7%	24.3%
Operating costs	(1,946)	(1,961)
<b>Operating profit</b>	<b>266</b>	<b>23</b>
<i>Operating profit/revenue (%)</i>	3.1%	0.3%
Net financial income (expenses)	(33)	(127)
Share of profit of associate	150	46
Income tax	(47)	18
<b>Profit (loss) for the period</b>	<b>335</b>	<b>(39)</b>
Other comprehensive income	(88)	410
<b>Net profit for the period</b>	<b>247</b>	<b>371</b>
<b>EBITDA</b>	<b>658</b>	<b>360</b>
<i>EBITDA%</i>	7.6%	4.4%

# No Major Balance Sheet Changes

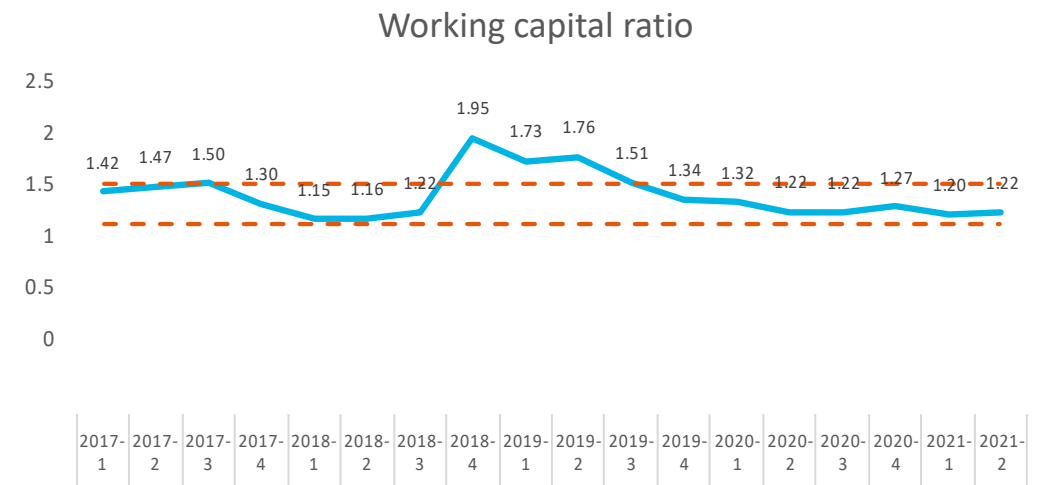
- ✓ Non-current assets up by ISK 150m in the first half
  - ✓ Tangible assets down by ISK 158m
  - ✓ Interest in an associate up by ISK 108m
  - ✓ Intangible assets up by ISK 189m
  
- ✓ Current assets up by ISK 145m in the first half
  - ✓ Inventory up by ISK 540m
  - ✓ Cash down by ISK 433m
  
- ✓ Strong balance sheet and the Company well positioned to support further revenue growth
  - ✓ Equity ratio of 57.4% versus 56.5% at year-end 2020
  - ✓ Working capital ratio of 1.22, versus 1.27 at year-end 2020

In ISK million	30.06.2021	31.12.2020
Tangible assets	1,771	1,876
Intangible assets	3,096	2,906
Income tax asset	0	5
Interest in associate	3,049	2,941
Securities and other long-term claims	315	300
<b>Non-current assets</b>	<b>8,178</b>	<b>8,028</b>
Inventory	1,994	1,453
Trade and other receivables	1,747	1,710
Cash	740	1,173
<b>Current assets</b>	<b>4,481</b>	<b>4,336</b>
<b>Total assets</b>	<b>12,658</b>	<b>12,364</b>
<b>Equity</b>	<b>7,265</b>	<b>7,012</b>
Interest-bearing long-term liabilities	572	641
Lease liabilities	1,110	1,304
Deferred income tax liability	35	0
<b>Long-term liabilities</b>	<b>1,717</b>	<b>1,945</b>
Payments due next year on lease liabilities	398	326
Interest-bearing short-term liabilities	85	102
Trade and other payables	3,194	2,978
<b>Short-term liabilities</b>	<b>3,676</b>	<b>3,406</b>
<b>Total equity and liabilities</b>	<b>12,658</b>	<b>12,364</b>

# Strong Balance Sheet

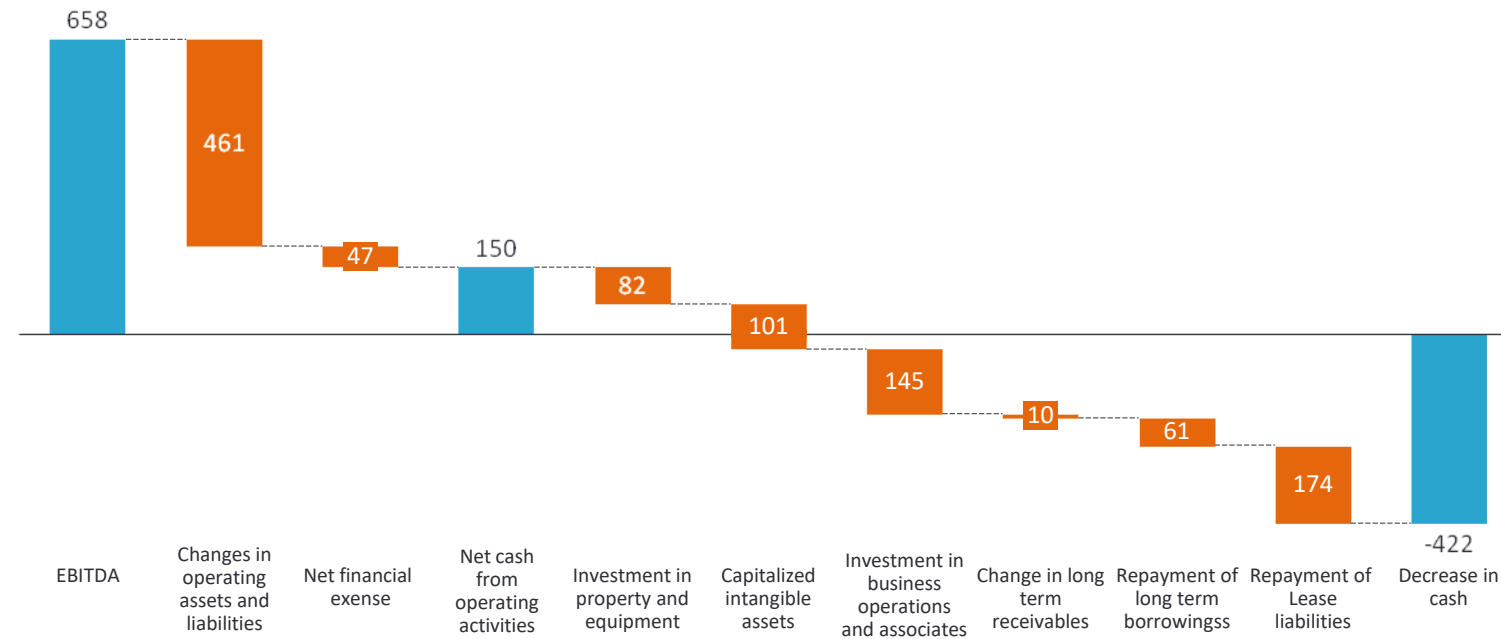
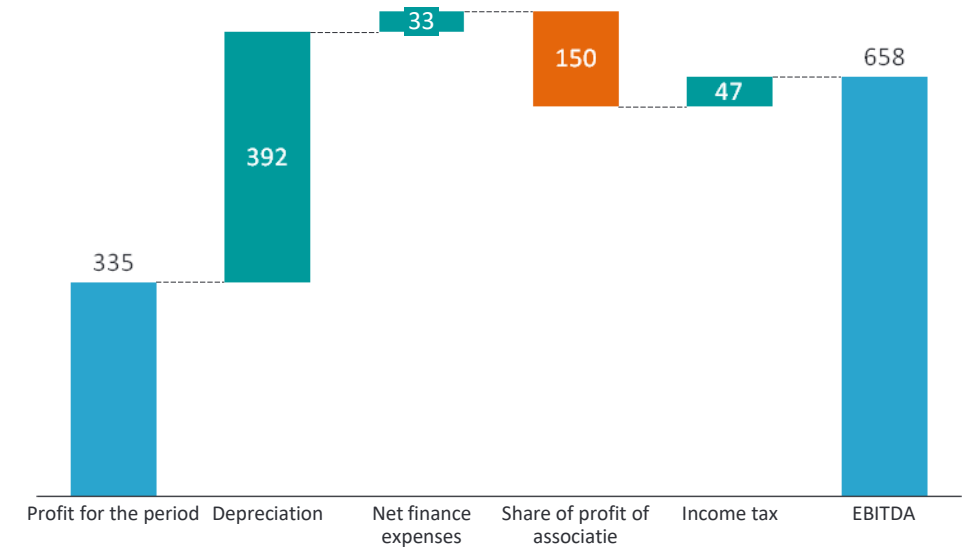


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Long-term liabilities	1,717	1,945
Short-term liabilities	3,676	3,406
<b>Total equity and liabilities</b>	<b>12,658</b>	<b>12,364</b>
Working capital ratio	1.22	1.27
Equity ratio	57.4%	56.5%



# Strong Cash Flow

- ✓ H1 profit of ISK 335m before translation difference
- ✓ Deprecation of ISK 392m
- ✓ Net financial expenses of ISK 33m
- ✓ Changes in operating items negative by ISK 461m
- ✓ Cash from operations ISK 150m
- ✓ Investments of ISK 337m
  - ✓ ISK 82m in tangible assets
  - ✓ ISK 101m in intangible assets
  - ✓ ISK 114m in business units net of cash
  - ✓ ISK 31m in an associate
- ✓ Lease liabilities of ISK174m
- ✓ Cash down by ISK 422m



# Outlook



## Points of focus

- ✓ Accelerate changes in sales focus through new channels.
- ✓ Create conditions for growth for core segments.  
Transformation of Origo's managed services.
- ✓ Continued investment in own software and strengthening of the leading positions of core divisions.
- ✓ Systematic investment in frameworks and technology that can enhance the success and experience of our customers.



## Environment

- ✓ Favourable environment for information systems and software and digital development.
- ✓ The project status remains goods.
- ✓ Information security and data handling have become key aspects of our operations.
- ✓ The travel industry will not reach previous heights in the coming months as hoped.
- ✓ Opportunities in the market to strengthen our units.

