

# Origo hf. Results for the Full Year 2020

15% Revenue Growth in 2020

## Financial highlights:

Goods and services sold totalled ISK 4,906 million in Q4 2020 (13.1% revenue growth from Q4 2019) and ISK 17,062 million for the full year (14.9% revenue growth from 12M 2019) [Q4 2019: ISK 4,336 million, 12M 2019: ISK 14,845 million]

Gross profit\* was ISK 1,231 million (25.1%) in the fourth quarter and ISK 4,288 million (25.1%) for the full year [Q4 2019: ISK 1,325 million (26.3%), 12M 2019: ISK 3,845 million (25.9%)]

EBITDA\* totalled ISK 381 million (7.8%) in the fourth quarter and ISK 1,245 million (7.3%) for the full year [Q4 2019: ISK 302 million (7.0%), 12M 2019: ISK 1,006 million (6.8%)]

Other comprehensive income was negative by ISK 255 million in the fourth quarter, but positive by ISK 156 million for the full year [Q4 2019: -351 million, 12M 2019: -222 million]

Net loss of ISK 53 million in the fourth quarter, but a net profit of ISK 408 million for the full year [Q4 2019: net profit of ISK 15 million, 12M 2019: net profit of ISK 456 million]

Equity ratio of 56.5%, versus 57.1% at year-end 2019

Working capital ratio of 1.27, versus 1.34 at year-end 2019

## Operational highlights:

Outstanding effort by our staff in working under unique circumstances

Robust revenue growth in end-user equipment and good profitability following strategic shift

Online store sales up 152%

Turnaround at Software Solutions in the second half of the year

Good growth in software subscription revenue

A year of change for managed services. Cloud solutions growing at a faster rate than traditional IT infrastructure

New social emphasis

18% revenue growth at Tempo during the year. Subscription revenue up 37% from the prior year. The company is in a strong financial position and well prepared for further growth.

## **Jón Björnsson, CEO of Origo hf:**

"As we look back on an extraordinary year, I am proud to say that thanks to an outstanding team effort by our staff, Origo was able to achieve good results in a business environment unlike anything any of us have ever seen. Revenue was up 15% and EBITDA\* came in at ISK 1,245 million, an increase from the prior year. Our end-user solutions unit delivered much improved results and our software units managed to maintain their good profitability. The performance of our managed services was acceptable in view of the changed circumstances, but increased economies of scale are necessary to improve the performance of these services further. We prioritised the health and safety of our staff and worked diligently to create an environment that would allow the company to maintain robust operations. A well-executed teleworking policy and efficient communications led to good results in large implementation projects, and the company accomplished things that would probably never have been tried under more normal circumstances.

Part of our software operations faced major challenges at the beginning of the year when revenues from the travel industry declined sharply, at a time when Origo had been working on several innovative projects in digital travel solutions. We made a strategic decision to continue investing in travel products and be ready when the travel industry gets back on its feet, but employees were also shifted to projects where there was more demand, such as health solutions and digital transformation projects. By doing this, we were able to turn that part of our business around in the second half of the year. Perhaps our greatest source of pride during the year was a project related to border screening, testing and vaccination for COVID-19, in which Origo played a key role and showed how well it can be trusted to carry out large and complex projects swiftly and efficiently. The company also had a terrific year when it came to implementing financial systems, banking solutions and HR and payroll solutions in Iceland, and Origo Swedish subsidiary, Applicon, achieved record revenues.

More and more customers are seeing the benefit of outsourcing their IT operations instead of maintaining their own IT infrastructure, and we are seeing a growing demand for these services. A major transformation is taking place in the managed services segment as a result of an increased emphasis on cloud services and Origo is determined to take advantage of the opportunities presented by these changes. Our goal is not to operate a data centre, but to be a strong partner that offers geographical separation of systems and data. We are focused on being able to maintain and manage our customers' IT systems, whether they are hosted in or abroad. At the same time, the company is constantly improving the automation and efficiency of its managed services, but there is a great need to achieve better economies of scale so that the profitability of this service will be more than just adequate.

Conditions for the sale of end-user equipment have been favourable lately, and this, together with strategic adjustments, has resulted in robust profitability in the segment. It was quite a challenge to meet customer demand due to a global product shortage, but knowledge and strong relationships with our partners made all the difference. Sales of end-user equipment

were up more than 20% for the second year running. The shift from traditional brick-and-mortar to online sales helped deliver a 152% increase in sales in Origo's online stores, and the investment we made last year in Tölvutek, and our extensive knowledge in audio and visual solutions, are yielding good results.

Our subsidiary Tempo had a solid year. Results were somewhat affected by COVID-19, but also by changes designed to prepare the company for the next phase of growth. The company now has more than 20,000 enterprise customers and a business that benefits from a robust increase in subscription revenue and a clear focus on a continued shift from traditional IT environments to cloud solutions.

We are pleased with our results in 2020. The circumstances created by COVID-19 meant that the company needed to adapt quickly to a new reality. This was accomplished thanks to an outstanding effort by our staff. New working conditions and changes in the circumstances of our customers meant that we had to rethink the way we do business and many units had to deal with major changes in their revenue composition. New opportunities had to be identified while also meeting increased demand in a number of different areas. Most of this work had to be done remotely.

Origo has taken the first steps towards sharpening its focus on social issues, as we are committed to achieving even better results in areas such as gender equality, the promotion of innovation, responsible consumption, environmental issues, and the health and well-being of our staff.

We are excited about the work that lies ahead in 2021. There are certainly signs of uncertainty in the economy, but the company's project status in the software field is strong and the overall environment is generally favourable for IT companies, both in terms of software development and sales of end-user equipment."

## **Attachments**

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**[Origo hf. Results for the Full Year 2020](#)**

**[Press Release Origo hf. Full year 2020](#)**

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**[Investor Presentation Annual Results Origo hf. 2020](#)**