Origo hf.

Consolidated Financial Statements
for the year 2022*

*These consolidated financial statements are translated from the original which is in Icelandic. Should there be discrepancies between the two versions, the Icelandic version will take priority over the translated version.

Origo hf.
Borgartúni 37
105 Reykjavík
Iceland

Reg. no. 530292-2079

Contents

Endorsement by the Board of Directors and the CEO

Origo hf. provides to its customers complete solutions in the fields of information technology with software development and by providing hardware, software, office equipment and technical services. The financial statements include the consolidated financial statements of Origo hf. and its subsidiaries. The Group consists of seven entities. The Group's main area of operation is in Iceland, but the Group also runs the company Applicon AB in Sweden. The Group is divided into three segments, which sell products and services in different markets. The Group's segments are; End-End-User Solutions and related services, Business solutions and infrastructure, and Software solutions and related services. End-End-User Solutions and related services account for 44% of the Group's revenue and is the largest segment. The other two segments are similar in size and account for about 28% each of the Group's revenue.

Operations in 2022

Consolidated Statement of Comprehensive Income

Sale of goods and services amounted to ISK 20,119 million during the year 2022 (2021: ISK 18,191 million) which is a 10.6% growth from the previous year. Revenue growth occurred in all segments, End-End-User Solutions and related services revenue growth was 12.7%, Software solutions and related services was 1.6%, and Business solutions and infrastructure revenue growth was 17.5%, further discussed in Note 4. Gross margin amounted to ISK 5,389 million or 26.8% of revenue which is ISK 570 million increase from the previous year (2021: ISK 4,819 million and 26.5% of revenue). Operating expenses amounted to ISK 4,718 million or 23.4% of income, which is higher than in 2021, and this is mainly explained by the fact that Datalab (from Q1 2022) and Eldhaf (from Q4 2021) became part of the Group, as well as the fact that Syndis is now part of the Group's operations throughout the year, but became part of the consolidated financial statements in the second quarter of last year. In addition, there has been a large growth in the number of employees and investments during the year, more detailed discussion in notes 7 and 8. The profit for the year before financial income and financial expenses therefore amounted to ISK 671 million compared to ISK 732 million in 2021.

The shares in Tempo Parent LLC was 40.4% at the beginning of the year, but in October 2022 Origo sold its shares in Tempo and the effect of the sale on the statement of comprehensive income was ISK 22,315 million during the year. Effects of associates amounted to ISK 588 million (2021: ISK 966 million). Profit for the year amounted to ISK 24,298 million compared to ISK 1,494. million in the previous year.

Operating items transferred directly to equity were negative and amounted to ISK 351 million in 2022 (2021: positive by ISK 70 million), the biggest difference being the redeemed translation difference due to the sale of Tempo Parent LLC, which was ISK 812 million during the year. The total comprehensive income for the year therefore amounted to ISK 23,948 million (2021: ISK 1,564 million). EBITDA for the year 2022 amounted to ISK 1,679 million compared to ISK 1,601 million in 2021.

Consolidated Statement of Financial Position

Fixed assets decreased by ISK 3,800 million in the year 2022 and amounted to ISK 5,942 million at year-end. The increase is largely explained by the sale of all of the Group's shares in Tempo Parent LLC, further discussed in Note 13. Current assets increased by ISK 4,332 million in the year 2022 and amounted to ISK 9,734 million at year-end. The increase is due to a higher cash and inventory positions at the end of 2022, further discussed in notes 15, 16 and 17. Due to better collection of trade receivables, the Group has decreased its reserve fund against claims that may be lost from ISK 80 million at the end of 2021 to ISK 64 million at the end of 2022. Assets at the end of 2022 amounted to ISK 15,676 million (2021: ISK 15,144 million). Equity amounted to ISK 8,486 million at the end of 2022, which is a decrease of ISK 133 million from the previous year. The Group reduced its share capital during the year from 435 million shares to 140 million shares following the sale of Tempo Parent LLC. Twice during the year, the company made use of authorization to buy back treasury shares, and the company bought 7,934 shares for an amount of ISK 643 million. Long-term liabilities amounted to ISK 2,733 million at year-end, which is an ISK 41 million increase from last year. The increase in long-term debt is mainly to due an increase in lease liabilities by ISK 153 million. Revaluation of existing lease agreements is the main reason for the increase in lease liabilities. Short-term liabilities increased by ISK 625 million in the year 2022 which is due to an increase in trade payables and other short-term liabilities, further discussion in note 23.

Changes in operating assets and liabilities amounted to ISK 1,636 million decrease in 2022, the largest impact being ISK 1,158 million increase in inventories and ISK 725 million increase in trade receivables and other receivables. Cash from operations amounted to ISK 120 million compared to ISK 1,258 million in 2021. ISK 264 million were invested in fixed assets and ISK 248 million in intangible assets during the year. Investments in business units less cash on acquisition amounted to ISK 47 million during the year.

Consolidated Statement of Financial Position, contd.:

Sales price of Origo's shares in Tempo Parent LLC less sales costs amounted to ISK 27,344 million. Origo bought treasury shares for ISK 643 million during the year and reduced the share capital by ISK 23,555 million. Repayments of long-term debt amounted to ISK 112 million, further discussed in Note 20. Cash increased by ISK 2,263 million and amounted to ISK 4,052 million at year end 2022 compared to ISK 1,795 million in 2021.

Other news relating to operations

Operational services and infrastructure were in a transition phase in the first quarter, where work was done to change older sources of income as well as to simplify and better adapt product offerings and services to customer needs. In addition to changes in focus in the basic operation of service solutions, investments have been made in three growth projects, Syndis, Datalab and Responsible Compute. Syndis is a leader when it comes to IT security consulting. The first quarter was marked by a great deal of investment at Syndis, as the company set up an office in Poland, as well as a considerable investment in software development within security assessment and monitoring. Datalab is a start-up company in the field of exploiting data in ever smarter solutions. Responsible Compute was founded with Borealis Data Center and in collaboration with the US company Rescale, which specializes in supercomputing in the cloud. Responsible Compute's mission is to provide sustainable HPC infrastructure services with the best possible carbon reporting available.

On 1 April, Origo merged Software Solutions and Business Solutions into one Software Solutions function. The goal of the changes is to be able to better assist customers in their digital journeys, but also to strengthen each software product so that it can be sustainable in terms of technology, sales and marketing. Along with this, the company placed Origo's healthcare solution team as a separate unit, as well as integrating all of the Group's travel solution products into one unit. The first round of strategic planning was completed and what Origo stands for was identified, and the company is now moving forward with the guiding principle that better technology improves life.

In the first quarter, Sylvía Kristín Ólafsdóttir resigned as director of Business Development and Marketing, and in the second quarter, Gunnar Zoega resigned from the Group as director of End-User Solutions, and his position was taken over by Jón Mikael Jónsson, who started working in August.

In February, Origo completed the repurchase program of its treasury shares, where Origo bought 3,933,955 shares in the amount of ISK 300 million. In November, the Group engaged in another repurchase of the Group's own shares. The Group then bought the maximum number of shares according to the repurchase program, or 4 million shares for a total of 343 million. Total repurchases during the year therefore amounted to ISK 643 million.

At the meeting of the board of directors on 26 May, it was decided to grant purchase rights to certain key employees and directors of the Group for up to 3,390,000 shares. The terms of the stock option agreements are in accordance with the stock option scheme that was approved at the Group's Annual General Meeting on 6 March 2020 and the remuneration policy approved at the Group's Annual General Meeting on 3 March 2022, see note 9 for further details.

Origo's turnover in software development continues to grow. There is a slight decrease in income growth in Q4 due to the one-off sale of licenses in the previous year. It is particularly pleasing to see a 25.7% increase in revenue from in-house software. There was continued strong revenue growth within software in core areas such as HR solutions, quality systems and financial systems in the third quarter. Consulting and special development solutions has also been successful, both in terms of projects related to digital transformation as well as the development of specific and scalable products in the field of business intelligence. The Company has used its knowledge of data science, human resources and salary systems to create increased value for users of information systems. Applicon's operations are stable compared to last year, but the result only decreases due to investments in product development. In recent years, Applicon has increased its focus on leasing companies, as well as treasury management for public companies. Applicon is also currently working on software development of two products that will affect revenues. The turnover of Healthcare solutions decreases after Covid, but the project status is good, and Origo's focus is on expanding its own software development for the healthcare sector. During last year, sales of own software for the healthcare sector increased by 35.5%. The applet Smásaga has been implemented by all healthcare workers in the country who provide home care. The implementation of Smásaga went beyond expectations and the feedback from users has been very positive. Home care workers in the country have taken leading steps in the use of technology in their work, to both facilitate their work and increase the safety of their clients. Within Origo, around 20 innovation projects are currently being worked on within nine teams.

Endorsement and Statement by the Board of Directors and the CEO contd.:

Other news relating to operations, contd.:

Many of these projects have come a long way and have a large number of customers today, but their development will continue as long as there are opportunities for growth. Many of these projects lie within software solutions such as software in the field of financial technology, human resources solutionas and special solutions. Other projects are in independent units that have expertise within certain industries where specific software is needed. The Group has increased its discipline and requirements for the business goals of software and technology development. While the Company is excited and invested in breakthrough solutions, it wants to see such solutions achieve technical capability, foothold and scalability within a certain period of time. If that is not possible, it is better to sell such solutions or to retire them.

In October, Origo received Creditinfo's incentive award for outstanding innovation. Which is a great recognition for a company that traces its history back 70 years, has managed to recreate itself again and again in recent years and is today one of the strongest innovative companies in the country in the field of software.

On 5 October it was announced that Origo and a company managed by the US technology investment fund Diversis Capital had reached an agreement on a binding purchase agreement with Origo on the sale of all of the Group's shares in Tempo Parent LCC to Diversis. It was almost a 40% ownership of shares in Tempo. The Enterprise Value of Tempo in the transaction amounted to about USD 600 million. Origo received about ISK 28,121 million (USD 195 million) in cash for the shares. Origo's effect of the sales was just over ISK 22,553 million (about USD 156 million). Subsequently, the board and executive committee worked on proposals for the disposition of the proceeds from the sale.

A shareholders' meeting was held on 1 December, where the board's proposals were presented, which consisted of reducing the share capital by 295 million shares in nominal value with a payment of ISK 24 billion to the shareholders. In addition to this proposal, it was stated that the pay-out to shareholders would be around ISK 24 to 26 billion, ISK 500 million would be used to establish a career development and education fund. That around ISK 1-3 billion would be used to strengthen the Group's technical environment, faster development of the Group's selected software products and possible strengthening of the product range in its well-defined core areas of software. The board's proposal to reduce the share capital was approved and the reduction/disbursement date was 9 December.

On 11 December, a fund managed by Alfa Framtak ehf. announced an optional offer for the entire share capital of Origo. The offer price was ISK 101 per share, which was the same as the Group's last trading price on the Nasdaq Iceland hf. on 9 December before the offer was made. On 19 January 2023, the fund published a public offer summary for shareholders which is valid until 22 February 2023.

Share capital and Articles of Association

Share capital at the end of the year was distributed among 930 shareholders, while there were 770 at the beginning of the year. At the end of 2022, three shareholders each owned more than 10% of the Group's capital, but the Group's ten largest shareholders are:

	Shares
AU 22 ehf	26,4%
Birta lífeyrissjóður	10,9%
Lífeyrissjóður verzlunarmanna	10,0%
Stapi lífeyrissjóður	7,2%
Frigus II ehf.	7,1%
Sjóvá-Almennar tryggingar hf.	3,5%
Stefnir - Innlend hlutabréf hs	3,0%
Stefnir - ÍS 5 hs	2,9%
Arion Banki hf	2,8%
Origo hf	1,9%

The Group's registered capital at the end of the year amounted to ISK 140 million, but the Group owns treasury shares with a nominal value of ISK 2.6 million at the end of 2022. The share capital is in one class, which is listed on the Iceland Stock Exchange. All shares enjoy the same rights.

Endorsement and Statement by the Board of Directors and the CEO contd.:

Share capital and Articles of Association, contd.:

The Group's board proposes that the Group pay shareholders a dividend of ISK 2 billion. Reference is made to the annual financial statements on the appropriation of profits and other changes in equity. At the Group's Annual General Meeting on 3 March 2022, it was agreed to authorize the Group's board of directors to purchase on behalf of the Group up to 10% of the nominal value of the Group's share capital, cf. VIII. chapter of law no. 2/1995 on limited liability companies. The authorization is valid for up to eighteen months. With the approval of this proposal, the same type of authorization that was approved at the Group's Annual General Meeting on 4 March 2021, became invalid.

Corporate governance and non-financial information

The Board of Directors of Origo hf. emphasizes maintaining good management practices and aims to comply with the Guidelines on Corporate Governance reissued by the Iceland Chamber of Commerce, NASDAQ OMX Iceland and the Confederation of Icelandic Employers in July 2021. The Guidelines can be found on the website of the Iceland Chamber of Commerce www.vi.is. According to a resolution at Origos Annual General Meeting on 2 March 2018, a Nomination Committee was established, which appoints candidates to the Group's Board of Directors. The Nomination Committee's role is among other things to evaluate prospective candidates regarding competence, experience, knowledge and independence. Also to ensure gender equality within the Group's Board and prepare and submit proposals, based on the above evaluation, on election of Board members at the Group's Annual General Meeting. The Group's shares are listed in the Iceland Stock Exchange and therefore the Group shall comply with the Stock Exchange's rules on corporate governance, which can be found on the Stock Exchange's website. Further information on corporate governance and non-financial information is included in appendices to the financial

The Board of Directors of Origo hf. consists of five board members who are elected annually at Annual General Meeting. At the Annual General Meeting of the Group on 3 March 2022, Ari Daníelsson, Ari Kristinn Jónsson, Auður Björk Guðmundsdóttir, Hildur Dungal and Hjalti Þórarinsson were self-elected to the Group's board. Hjalti Þórarinsson is the chairman of the board and Hildur Dungal is the vice chairman. The average number of employees of the Group during the year converted to full-time jobs was 602 (2021: 565). Men make up 70% of employees at the end of the year and women 30%. In addition to the CEO, the Group's executive board consists of five men and two women. The Group's board consists of two women and three men, and the Group therefore complies with the provisions of the Act on Public Limited Companies on the gender ratios of board members.

Statement by the Board of Directors and the CEO

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and additional Icelandic disclosure requirements for consolidated financial statements of listed companies.

According to the best of our knowledge it is our opinion that the consolidated financial statements give a true and fair view of the consolidated financial performance of the Group for the financial year 2022, its assets, liabilities and consolidated financial position as at 31 December 2022, and its consolidated cash flows for the financial year 2022.

Furthermore, in our opinion the consolidated financial statements and the endorsement by the Board of Directors and the CEO give a fair view of the development and performance of the Group's operations and its position and describes the principal risks and uncertainties faced by the Group.

The Board of Directors and the CEO of Origo hf. have today discussed the consolidated financial statements of the Group for the year 2022 and confirm them by means of their signatures. The Board of Directors and the CEO recommend that the consolidated financial statements be approved at the Group's annual general meeting.

Reykjavík, 2 February 2023

Board of Directors:

Hjalti Þórarinsson, Chairman

Ari Daníelsson

Hildur Dungal, Vice Chairman

Ari Kristinn Jónsson

Auður Björk Guðmundsdóttir

CEO:

Jón Björnsson

Independent auditor's report

To the Board of Directors and Shareholders of Origo hf.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Origo hf. ("the Group"), which comprise the consolidated statement of financial position as at 31 December, 2022, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December, 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and additional disclosure requirements for listed companies in Iceland.

Our opinion is consistent with the additional report submitted to the Audit Committee and the Board of Directors.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of financial statements in Iceland and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We declare, to the best of our knowledge and belief, that we have not provided any prohibited non-audit services, as referred to in Article 5(1) of the Regulation (EU) 537/2014 and that we remained independent in conducting the audit.

We were first appointed as auditors by the Annual General Meeting on 2 April 1992. We have been re-appointed by resolutions passed by the annual general meeting uninterrupted since then.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment test on goodwill

The Group's goodwill amounted to ISK 2,172 million at the end of 2022 or 14% of total assets. An annual goodwill impairment test must be performed to assess whether the value of goodwill will be recovered through future cash flows.

The goodwill has been generated by the purchase of companies and has been distributed to the smallest distinguishable cash-generating units by the company's management.

An impairment test of goodwill is a key element in the audit of the consolidated financial statements, as goodwill is a large part of total assets and due to the inherent uncertainty in management's estimates of performance and other management assumptions used in the present value of the estimated future cash flows of individual units.

Note 12 discusses the impairment test performed on the group's goodwill at the end of the year, and note 33 discusses the applicable accounting methods.

We, along with our valuation experts, evaluated the assumptions used by management in calculating discounted future cash flows for each cash-generating unit. That work included, among other things:

- The assumptions of the operating and cash flow plans for the next five years were reviewed by assessing the assumptions of income, operating costs, gross margin and investments for the forecast period.
- An assessment was made of the assumptions for the estimated future growth at the end of the forecast period.
- During the review of operating and cash flow plans, deviations from previous years' plans are looked at, among other things, to assess how likely they are to be met.
- The rate of return (WACC) of individual cash-generating units used for the present value of cash-generating units was reviewed. The rate of return was compared with the company's cost of capital and other market assumptions.
- Management assumptions were compared with external and internal data.
- The company's calculation model was evaluated and the results were recalculated.
- We reviewed the notes in the annual accounts and confirmed that the main information required by the accounting standards was presented.

Other information

The Board of Directors and CEO are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor’s report thereon. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. The annual report is not available at our reporting date but is expected to be made available to us after that date.

Responsibilities of the Board of Directors and CEO for the Consolidated Financial Statements

The Board of Directors and CEO are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs as adopted by the European Union and additional disclosure requirements for listed companies in Iceland, and for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors and CEO are responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors and CEO are responsible for overseeing the Group’s financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with The Board of Directors and audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide The Board of Directors and audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with The Board of Directors and audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Report on European single electronic format (ESEF Regulation)

As part of our audit of the consolidated financial statements of Origo hf. we performed procedures to be able to issue an opinion on whether the consolidated financial statements of Origo hf. for the year 2022 with the file name [967600BWC88YTVYPS344-2022-12-31-is] is prepared, in all material respects, in compliance with the Act on disclosure obligation of issuers of securities and the obligation to flag no. 20/2021 relating to requirements regarding European single electronic format Regulation EU 2019/815 which include requirements related to the preparation of the consolidated financial statements in XHTML format and iXBRL markup.

Board of Directors and CEO are responsible for preparing the consolidated financial statements in compliance with the Act on disclosure obligation of issuers of securities and the obligation to flag no. 20/2021. This includes preparing the consolidated financial statements in an XHTML format in accordance with EU Regulation 2019/815 on the European single electronic format (ESEF Regulation).

Our responsibility is to obtain reasonable assurance, based on evidence that we have obtained, on whether the consolidated financial statements is prepared in all material respects, in compliance with the ESEF Regulation, and to issue a report that includes our opinion. The nature, timing and extent of procedures selected depend on the auditor's judgement, including the assessment of the risks of material departures from the requirement set out in the ESEF Regulation, whether due to fraud or error.

In our opinion, the consolidated financial statements of Origo hf. for the year 2022 with the file name [967600BWC88YTVYPS344-2022-12-31-is] is prepared, in all material respects, in compliance with the ESEF Regulation.

Report on the report of the Board of Directors and CEO

Pursuant to the legal requirement under Article 104, Paragraph 2 of the Icelandic Financial Statements Act No. 3/2006, we confirm that, to the best of our knowledge, the report of the Board of Directors and CEO accompanying the consolidated financial statements includes the information required by the Financial Statements Act if not disclosed

The engagement partner on the audit resulting in this independent auditor’s report is Jón Arnar Óskarsson.

Reykjavík 2 February 2023.

KPMG ehf.

Consolidated Statement of Comprehensive Income for the year 2022

	Notes	2022	2021
Sales of goods and services	6	20.119.439	18.191.124
Cost of goods sold and cost of services	7	(14.730.600)	(13.371.786)
Gross profit		5.388.839	4.819.338
Operating expenses	8	(4.717.829)	(4.087.178)
Profit before finance income and finance expenses		671.010	732.159
Finance income		1.066.991	47.384
Finance expenses		(206.569)	(145.729)
Net finance income (finance expenses)	10	860.422	(98.345)
Effect of the sale of shares in Tempo	13	22.315.322	0
Effect of associates	13	587.501	966.099
Profit before income tax		24.434.255	1.599.913
Income tax	22	(135.934)	(105.477)
Profit for the year		24.298.321	1.494.436
Other comprehensive income:			
Foreign currency translation difference of foreign operations		461.394	70.024
Realised currency translation difference due to sale of subsidiary		(812.057)	0
Total other comprehensive income	10	(350.663)	70.024
Total comprehensive income for the year		23.947.658	1.564.460
EBITDA		1.678.853	1.601.220
Profit for the year is attributable to:			
Shareholders in parent company		24.350.811	1.478.975
Minority interest		(52.490)	15.461
Profit for the year		24.298.321	1.494.436
Total comprehensive income is attributable to:			
Shareholders in parent company		24.000.148	1.548.999
Minority interest		(52.490)	15.461
Profit for the year		23.947.658	1.564.460
Earnings per share:			
Basic earnings per share	19	59,05	3,40
Diluted earnings per share	19	58,27	3,38

* EBITDA is profit before finance income and finance expenses less depreciation and impairment
The notes on pages 15 - 46 are an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position as at 31 December 2022

	Notes	2022	2021
Assets:			
Property and equipment	11	2.377.318	2.244.668
Intangible assets	12	3.076.478	3.171.012
Deferred income tax asset	22	8.929	9.011
Investment in associates	13	125.733	3.991.058
Securities and long-term receivables	14	353.680	325.933
Non-current assets		5.942.138	9.741.682
Inventories	15	2.922.173	1.775.954
Trade receivables and other receivables	16	2.759.465	1.831.710
Cash and cash equivalents	17	4.052.160	1.794.624
Current assets		9.733.798	5.402.288
Total assets		15.675.936	15.143.970
Equity:			
Share capital		137.404	434.857
Share premium		0	121.456
Reserves		603.021	3.787.415
Retained earnings		7.679.006	4.217.016
Equity of shareholders in the parent company	18	8.419.431	8.560.744
Minority interest		66.227	57.972
Total equity	18	8.485.658	8.618.716
Liabilities			
Non-current loans and borrowings	20	834.959	950.000
Lease liabilities	21	1.827.943	1.674.713
Deferred tax liability	22	110.330	108.013
Non-current liabilities		2.773.232	2.732.726
Current maturities of lease liabilities	21	498.581	417.153
Current loans and borrowings	20	140.602	112.375
Trade payables and other payables	23	3.777.863	3.263.000
Current liabilities		4.417.046	3.792.528
Total liabilities		7.190.278	6.525.254
Total equity and liabilities		15.675.936	15.143.970

The notes on pages 15 - 46 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity
for the year 2022

	Notes	Share capital	Share premium	Reserves*	Retained earnings	Equity of shareholders in the parent company	Minority interest	Total equity
Year 2021								
Equity at 1.1.2021		434.857	121.456	3.133.371	3.294.060	6.983.744	28.692	7.012.436
Total comprehensive income .				70.024	1.478.975	1.548.999	15.461	1.564.460
Minority interest							13.819	13.819
Recognised in restricted reserves	18			584.020	(584.020)	0		0
Share options	18				28.000	28.000		28.000
Equity at 31.12.2021	18	434.857	121.456	3.787.415	4.217.016	8.560.744	57.972	8.618.716
Year 2022								
Equity at 1.1.2022		434.857	121.456	3.787.415	4.217.016	8.560.744	57.972	8.618.716
Total comprehensive income .				(350.663)	24.350.811	24.000.148	(52.490)	23.947.658
Redeemed restricted equity	18			(2.833.731)	2.833.731	0		0
Acquisition of treasury shares	18	(7.934)	(121.456)		(513.944)	(643.334)		(643.334)
Reduction of share capital	18	(289.519)			(23.265.408)	(23.554.927)		(23.554.927)
Minority interest	18						60.745	60.745
Share options	18				56.800	56.800		56.800
Equity at 31.12.2022	18	137.404	0	603.021	7.679.006	8.419.431	66.227	8.485.658

* further breakdown in note 18.
The notes on pages 15 - 46 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows for the year 2022

	Notes	2022	2021
Operating activities:			
Profit for the year		24.298.321	1.494.436
Adjustments for:			
Depreciation and impairment	12	1.007.843	869.061
Net finance (income) expenses	10	(860.422)	98.345
Effect of sale of shares in Tempo	13	(22.315.322)	0
Effect of associates	13	(587.501)	(966.099)
Income tax	22	135.934	105.477
		1.678.853	1.601.220
Changes in operating assets and liabilities			
Inventories, (increase)		(1.157.979)	(287.109)
Trade receivables and other receivables, (increase) decrease		(724.500)	(6.453)
Trade payables and other payables, increase		246.451	66.322
Changes in operating assets and liabilities		(1.636.028)	(227.240)
Interest income received		283.690	30.196
Interest expenses paid		(206.569)	(145.728)
Net cash provided by operating activities		119.946	1.258.448
Investing activities			
Investment in property and equipment	11	(263.537)	(215.278)
Proceeds from sale of property and equipment	11	40.868	8.089
Investment in intangible assets	12	(248.463)	(183.428)
Investment in operating units less cash from acquisition	12	(47.481)	(267.225)
Proceeds from sale of intangible assets	12	4.399	0
Proceeds from sale of shares in Tempo less cost of sale	13	27.344.429	0
Investment in associated companies	13	0	(111.684)
Dividends from an associated companies	13	0	107.750
Securities and long-term receivables, change		(3.309)	(8.867)
Investing activities		26.826.906	(670.643)
Financing activities:			
Acquisition of treasury share	18	(643.334)	0
Reduction of share capital	18	(23.554.927)	0
New long-term borrowings	20	0	1.000.000
Repayment of long-term borrowings	20	(111.667)	(651.404)
Payments of lease liability	21	(389.971)	(300.863)
Bank overdraft, change	20	15.835	0
Financing activities		(24.684.064)	47.733
Increase in cash and cash equivalents		2.262.788	635.538
Effect of exchange rate fluctuations on cash held		(5.252)	(13.628)
Cash and cash equivalents at the beginning of the year		1.794.624	1.172.714
Cash and cash equivalents at the end of the year	17	4.052.160	1.794.624
Investment and financing activities less payment effect:			
Investment in associate		(125.733)	0
Investment in operating units		0	(185.573)
Other current liabilities		125.733	185.573

The notes on pages 15 - 46 are an integral part of these consolidated financial statements.

Notes

1. Reporting entity

Origo hf., previously Nýherji hf., ("the Group") is an Icelandic limited liability company. The address of the Company's main office is Borgartún 37, Reykjavik. The consolidated financial statements of the Company as at and for the year ended 31 December 2022 comprise the Company and its subsidiaries, together referred to as the "Group" and individually as "Group entities".

The Group´s aim is to provide to its customers complete solutions in the fields of information technology with software development and by providing hardware, software, office equipment, technical advice and related services.

2. Basis of preparation

a. *Statement of compliance*

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU. The consolidated financial statements also comply with the Icelandic Financial Statements Act and regulation on presentation and content of financial statements and consolidated financial statements. Summary of significant accounting policies is presented in note 33.

The financial statements were approved by the Board of Directors on 2 February 2023.

b. *Basis of measurement*

The consolidated financial statements have been prepared on the historical cost basis. The methods used to measure fair values are discussed further in note 3.

c. *Functional and presentation currency*

These consolidated financial statements are presented in Icelandic króna (ISK), which is the parent company's functional currency. All financial information presented has been rounded to the nearest thousand.

d. *Use of estimates and judgements*

The preparation of consolidated financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about significant areas of estimation where uncertainty in applying accounting policies has the most significant effect on the amounts recognised in the financial statements is included in note 12 on measurement of the recoverable amounts of cash generating units containing goodwill.

The determination of fair value is based on presumptions which are dependent on the judgement of management on development of various factors regarding future events. Actual results of sale of assets and settlement payments of debt can be different from this estimation.

3. Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) Property, equipment and intangible assets

Property and equipment and intangible assets which are taken over at merger are recognised at fair value at the date of acquisition.

(ii) Non-derivative financial liabilities

Fair value of financial liabilities, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, taking into account the market rate of interest at the reporting date.

4. Determination of fair values

Business segments

The Group comprises the following three main business segments which sell goods and services in different markets:

- End-User solutions and related services
- Business solutions and infrastructure
- Software solutions and related services

2022	End-User solutions and related services	Business solutions and infrastructure	Software solutions and services	Total
Sales of goods and services	8.814.891	5.672.185	5.632.363	20.119.439
Segment results (EBITDA)	764.615	374.727	539.511	1.678.853
Depreciation	(194.314)	(376.763)	(436.766)	(1.007.843)
Finance income				860.422
Effect of sale of shares in Tempo				22.315.322
Effect of associates				587.501
Income tax				(135.934)
Profit for the year				24.298.321
Foreign currency translation differences of foreign operations				461.394
Recognised foreign currency translation differences of foreign operations				(812.057)
Total comprehensive income for the year				23.947.658

2021	End-User solutions and related services	Business solutions and infrastructure	Software solutions and services	Total
Sales of goods and services	7.823.154	4.826.264	5.541.706	18.191.124
Segment results (EBITDA)	730.877	338.724	531.619	1.601.220
Depreciation	(173.292)	(352.598)	(343.171)	(869.061)
Finance expenses				(98.345)
Effect of associates				966.099
Income tax				(105.477)
Profit for the year				1.494.436
Foreign currency translation differences of foreign operations				70.024
Total comprehensive income for the year				1.564.460

The Group's assets are not distinguishable to segments.

Geographical division - revenue

	2022	2021
Iceland	18.612.200	16.550.880
Sweden	1.507.239	1.640.244
Total income	20.119.439	18.191.124

5. Merger of operating units

In 2022, Origo invested in Data Lab Ísland ehf. Share at the end of year was 51%, but prior to the purchase the company's share in the entity was 40.4%.

Data Lab Ísland ehf. became part of the Origo hf. Group as of 1 March 2022. In accordance with International accounting standard IFRS 3 Business Combinations, the purchase price of the business units was allocated to the acquired separable assets and liabilities.

Effect of mergers of operating units is specified as follows:

	Acquired
Trade receivables and other receivables	9.055
Cash and cash equivalents	5.174
Acquired assets	14.229
Long-term liabilities	4.059
Accounts payable and other liabilities	194
Acquired liabilities	4.253
Total net identifiable assets	9.976
Purchase price paid with cash	52.655
Total purchase price	52.655
Premium recognised as software	42.679

Effect on the Group's statement of comprehensive income is specified as follows:	**2022**
Operating revenue	36.258
Operating expense	(107.085)
Operating loss	(70.827)
Net finance expense	(953)
Loss for the year	(71.780)

6. Sales of goods and services

Sales of goods and services are specified as follows:

	2022	**2021**
Sales of goods	12.751.277	11.297.807
Sales of services	7.368.162	6.893.317
Total sales of goods and services	20.119.439	18.191.124

7. Product use and cost of services

Product use and cost of services is specified as follows:

Product use	9.344.137	8.468.833
Salaries and salary related expenses	4.848.279	4.416.159
Depreciation	538.184	486.795
Product use and cost of services	14.730.600	13.371.786

8. Operating expenses

Operating expenses are specified as follows:

	2022	2021
Salaries and salary related expenses	2.996.833	2.672.378
Depreciation	469.659	382.266
Contracted advisory and services	180.724	179.663
Other employee related expenses	242.173	177.023
Sales and marketing expenses	137.944	169.334
Operation of properties	83.191	93.268
Other operating expenses	607.305	413.246
Total operating expenses	4.717.829	4.087.178

9. Salaries and salary-related expenses

Salaries and salary-related expenses are specified as follows:

Salaries	7.063.893	6.351.765
Share options	56.800	28.000
Contributions to defined contribution plans	753.596	691.085
Other salary-related expenses	486.214	430.687
Total salaries and salary-related expenses	8.360.503	7.501.537
Reimbursed development costs, grants	(322.915)	(275.000)
Salaries and salary-related expenses capitalised as development costs	(192.476)	(138.000)
Salaries and salary-related expenses in statement of comprehensive income	7.845.112	7.088.537
Average number of employees	602	565
Positions at the end of the year	618	561

Salaries and salary-related expenses are allocated in the statement of comprehensive income as follows:

Product use and cost of sold services	4.848.279	4.416.159
Operating expenses	2.996.833	2.672.378
Total salaries and salary-related expenses	7.845.112	7.088.537

In accordance with resolution of the Annual General Meeting on 4 March 2021, a stock option agreement was finalised which applies to key employees of the Group. The Group's Board exercised the stock option plan at a board meeting on 26 May 2021, where it was decided to grant certain key employees of the Group stock options of up to 16,500,000, the redemption price of the stock options is ISK 51.7. At a board meeting on 26 May 2022, it was decided to grant key employees stock options with a nominal value of ISK 3,390,000 in addition to the stock option agreements from 2021. The redemption price of new stock options is ISK 63 per share. In the year 2022, ISK 56.8 million is charged in the statement of comprehensive income due to stock options. Processing time is three to five years from allocation.

The Group's total cost of the stock option agreements over the next five years is estimated at ISK 175 million based on the Black-Scholes calculation model.

10. Finance income and finance expenses

Finance income is specified as follows:

	2022	2021
Interest income on receivables and long-term notes	283.690	30.196
Foreign currency translation difference	783.301	17.188
Total finance income	1.066.991	47.384
Finance expenses are specified as follows:		
Lease interest expenses	(96.160)	(77.407)
Interest expenses	(110.409)	(68.321)
Total finance expenses	(206.569)	(145.728)
Total net finance income (expenses)	860.422	(98.345)

The exchange rate gain for the year amounted to ISK 783 million of which there are ISK 812 million due to the redemption of the translation difference from the sale of Tempo.

11. Property and equipment

Property and equipment and their depreciation is specified as follows:

	Leased properties	Properties	Tools, equipment and interiors	Total
Cost				
Balance at 31.12.2020	1.677.655	28.348	2.080.389	3.786.392
Additions during the year	0	0	215.278	215.278
Sold and disposal during the year	0	0	(9.902)	(9.902)
Additions due to merger	0	0	9.366	9.366
Effect of remeasurement of lease liabilities	732.528	0	0	732.528
Effect of changes in foreign exchange rates	0	0	(2.867)	(2.867)
Balance at 31.12.2021	2.410.183	28.348	2.292.264	4.730.795
Additions during the year	0	0	263.537	263.537
Sold and disposal during the year	0	(15.485)	(99.703)	(115.188)
New lease liabilities	43.159	0	0	43.159
Effect of remeasurement of lease liabilities	506.890	0	0	506.890
Effect of changes in foreign exchange rates	0	0	(1.251)	(1.251)
Balance at 31.12.2022	2.960.232	12.863	2.454.847	5.427.942
Depreciation and impairment losses				
Balance at 1.1.2021	550.579	8.199	1.351.700	1.910.478
Depreciation	296.920	378	280.362	577.660
Disposals	0	0	(1.813)	(1.813)
Effect of changes in foreign exchange rates	0	0	(198)	(198)
Balance at 31.12.2021	847.499	8.577	1.630.051	2.486.127
Depreciation	346.707	195	292.016	638.918
Disposals	0	(5.340)	(68.980)	(74.320)
Effect of changes in foreign exchange rates	0	0	(101)	(101)
Balance at 31.12.2022	1.194.206	3.432	1.852.986	3.050.624

See breakdown of lease agreements for leased properties in note 21.

11. Property and equipment, contd.:

	Leased properties	Properties	Tools, equipment and interiors	Total
Carrying amounts				
At 1.1.2021	1.127.076	20.149	728.689	1.875.914
At 31.12.2021	1.562.684	19.771	662.213	2.244.668
At 31.12.2022	1.766.026	9.431	601.861	2.377.318
Depreciation ratios	1,3%	1,3%	15 - 25%	

Insurance value and valuation of assets

Insurance value, official tax valuation and carrying amounts of buildings and land at year-end were as follows:

	2022	2021
Insurance value of buildings	68.316	55.523
Official tax valuation of buildings and land	15.900	22.170
Carrying amount of buildings and land	9.432	19.771
Insurance value of inventory, tools, equipment and interiors	2.269.369	2.251.185

Mortgages and guarantees

There are no mortgages and guarantees on remaining debt against the Group´s assets at year-end 2022 and 2021.

12. Intangible assets

Intangible assets, amortisation and impairment losses are specified as follows:

	Goodwill	Software	Total intangible assets
Cost			
Balance at 1.1.2021	2.059.453	1.569.239	3.628.692
Investment in internal software development	0	138.000	138.000
Additions due to merger	366.826	25.000	391.826
Additions during the year	0	45.428	45.428
Effect of changes in foreign exchange rates	(18.860)	0	(18.860)
Balance at 31.12.2021	2.407.419	1.777.667	4.185.086
Investment in internal software development	0	192.476	192.476
Additions due to merger	0	42.679	42.679
Additions during the year	0	55.987	55.987
Disposals	0	(20.301)	(20.301)
Effect of changes in foreign exchange rates	(12.825)	473	(12.352)
Balance at 31.12.2022	2.394.594	2.048.981	4.443.575
Amortisation and impairment losses			
Balance at 1.1.2021	222.596	500.077	722.673
Amortisation	0	291.401	291.401
Balance at 31.12.2021	222.596	791.478	1.014.074
Disposals	0	(15.902)	(15.902)
Amortisation	0	368.925	368.925
Balance at 31.12.2022	222.596	1.144.501	1.367.097

12. Intangible assets, contd.:

Carrying amounts

At 1.1.2021	1.836.857	1.069.162	2.906.019
At 31.12.2021	2.184.823	986.189	3.171.012
At 31.12.2022	2.171.998	904.480	3.076.478

Depreciation ratios	10 - 25%

A part of Origo hf.'s operations is developing and selling software. In accordance with international financial reporting standards ISK 192 million were capitalised in the year due to development of own software and in addition the Group invested in other software for ISK 56 million during the year. When estimating the values of development costs, costs are measured from the day a project fulfils all requirements for capitalisation.

Intangible assets developed within the Group are recognised at historical costs less the accumulated depreciation as if a purchased asset. The carrying amount of intangible assets is reviewed at each reporting date in order to estimate possible impairment. If there is a possible impairment the recoverable amount of the asset is revalued. Impairment tests for goodwill are conducted at least annually.

Depreciation and amortisation are specified as follows in the statement of comprehensive income:

	2022	2021
Depreciation of property and equipment, note 11	638.918	577.660
Amortisation of intangible assets	368.925	291.401
Total depreciation and impairment	1.007.843	869.061

Depreciation and amortisation are allocated to line items as follows:

Product use and cost of sold services	538.184	486.795
Operating expenses	469.659	382.266
Total depreciation and impairment	1.007.843	869.061

12. Intangible assets, contd.

Impairment test

At year-end 2022, the Group's goodwill was tested for impairment. Goodwill arising upon acquisition has been divided between the relevant subsidiaries, which are defined as the smallest separable cash generating units by the Group's management.

The aggregate carrying amount of goodwill allocated to each cash generating unit is as follows:

	2022	**2021**
Goods, software, consultancy and related services - domestic operations	1.944.624	1.944.624
Software, related services and consultancy - foreign operations	227.374	240.199
Total goodwill	2.171.998	2.184.823

The recoverable amounts for cash generating units are based on their value in use. Value in use is determined by discounting the future cash flows generated from the continuing use of the units. Cash flows were projected based on actual operating results and a 5-year business plan, and after the projected period a constant future growth rate is presumed in calculating residual value. The main presumptions are growth in income, EBIDTA ratio, future investments and growth rate after the 5 year projection period. WACC is taken into account in estimating present value. WACC is based on each cash generating unit where external and internal data is relied upon. The same methodology is used as in prior year.

Operating plans are reviewed and approved by the Group's Board of Directors.

In evaluating value in use management relies on projections on future development in the field of information technology, based on both internal and external data. Previous years' experience is taken into account. Following are the key assumptions for evaluation of value in use:

Assumptions at year end 2022:	**Goods, software, related services and consultancy - domestic**	**Software, related serv. and consult. - abroad**
Future growth rate	6,7%	5,7%
Revenue growth rate:		
Weighted average 2023	5,1%	12,4%
2024 - 2027	6,7 - 15,0%	5,7%
WACC	11,2 - 13,81%	8,2%
Debt leverage	11,0%	11,0%
Interest rate	6,1%	2,2%
Assumptions at year end 2021:		
Future growth rate	5,5%	4,0%
Revenue growth rate:		
Weighted average 2022	7,3%	0,3%
2023 - 2026	5,5 - 15,0%	4,0%
WACC	9,4 - 10,2%	5,9%
Debt leverage	8 - 10,0%	8,0%
Interest rate	5,3%	2,4%

Realistic changes in key assumptions would not have led to impairment at year-end 2022 and 2021.

13. Shares in associates

On 5 October 2022 it was announced that Origo hf. and Diversis Tempo Holdings II, LLC, a company managed by the US technology investment fund Diversis Capital (Diversis) had reached a binding purchase agreement for the sale of Origo's entire shares in Tempo Parent, LLC (Tempo) to Diversis. It was a share of almost 40%. The selling price was around ISK 27.3 billion and sales profit was ISK 22.3 billion.

Data Lab Ísland ehf. was reclassified as an entity in the Group during the year, see note 5. The company Responsible Compute ehf. was founded during the year, where Origo is a 50% owner and the company is classified as an associated company in the Group. Its operations were insignificant in 2022, and total assets at the end of the year amounted to around ISK 250 million.

Share in associates is specified as follows:

	2022	2021
Book value 1.1.	3.991.058	2.940.938
Data Lab Ísland ehf., reclassified as a consolidated company	(27.575)	0
Investment in Responsible Compute ehf.	125.733	0
Effects of associate	587.501	966.099
Investment in Data Lab Ísland ehf.	0	31.038
Dividend received from Tempo Parent LLC	0	(107.750)
New shares issued, Tempo Parent LLC	0	80.646
Translation difference	478.123	80.087
Sale of Tempo Parent LLC	(5.029.107)	0
Book value 31.12.	125.733	3.991.058

Share in associates is divided as follows:	2022	2021
Share in associate equity	125.733	1.143.712
Goodwill	0	1.979.428
Other intangible assets	0	867.918
Share in associate	125.733	3.991.058

Effects on statement of comprehensive income are specified as follows:

Effects of associates	587.501	83.226
Effect of new issued shares in Tempo	0	882.873
Effects of associates according to financial statements	587.501	966.099

14. Securities and long-term receivables

Securities holdings and other long-term receivables are specified as follows:	2022	2021
Lease assets, see note 21	395.286	371.084
Current maturities of lease assets	(75.331)	(68.853)
Other long-term receivables	33.725	23.702
Total Securities holdings and other long-term receivables:	353.680	325.933

15. Inventories

Inventories at year-end are specified as follows:	2022	2021
Inventories in warehouse and shops	2.812.519	1.601.270
Spare parts	17.540	37.895
Work in progress	202.291	230.293
Allowances for impairments	(110.178)	(93.504)
Total inventories	2.922.173	1.775.954

Work in progress consists of cost of service projects accrued at year-end.

16. Trade receivables and other receivables

Trade receivables and other receivables are specified as follows:

	2022	2021
Trade receivables	2.427.448	1.748.615
Allowance for impairments	(64.000)	(80.400)
Next year's repayments of lease agreements	75.331	68.853
Other receivables	320.686	94.642
Total trade receivables and other receivables	2.759.465	1.831.710

The Group's exposure to credit and currency risks and impairment losses related to trade receivables and other receivables is disclosed in notes 25 and 27.

Trade receivables and inventories amounting to ISK 1,800 million (2021: ISK 1,800 million) are pledged for loans to the Group.

17. Cash and cash equivalents

Cash and cash equivalents are specified as follows:

	2022	2021
Demand deposits	1.044.954	1.790.264
Deposits restricted to three months	3.000.000	0
Cash	7.206	4.360
Cash and cash equivalents	4.052.160	1.794.624

18. Equity

(i) Share capital

The Group's total share capital according to its articles of association is ISK 140 million. During the year, the share capital was reduced from ISK 435 million to ISK 140 million. Each share has the nominal value of one ISK. One vote is attached to each share in the Group. The Group holds treasury shares in the nominal value of ISK 2.6 million, recognised as decrease in equity.

(ii) Share premium

Share premium represents excess of payments above nominal value that shareholders have paid for shares sold by the Group. According to the Icelandic Act on Limited Liability Companies, 25% of the nominal share capital must be held in reserve which may not be paid out as dividend to shareholders.

According to law, share premium of paid in share capital can be offset against accumulated deficit.

(iii) Reserves

Reserves consist of translation differences of subsidiaries, restricted share reserve at year end and restricted equity due to development costs.
Restricted share reserve contain share in aggregate profit of subsidiaries and associates which are in excess of paid dividend from these entities at the reporting date.

In accordance with the International Financial Reporting Standards (IFRS), an amount corresponding to capitalized development costs is transferred from retained earnings to a restricted account within equity. The restricted account is dissolved to equal the amortisation of the development costs in the statement of comprehensive income.

Reserves are specified as follows:

	Translation reserve	Restricted share reserve	Restricted equity due to development costs	Total
Balance at 1.1.2021	326.009	2.541.424	265.938	3.133.371
Changes during the year	70.024	540.425	43.595	654.044
Balance at 31.12.2021	396.033	3.081.849	309.533	3.787.415
Changes during the year	(350.663)	(2.895.330)	61.599	(3.184.394)
Balance at 31.12.2022	45.370	186.519	371.132	603.021

18. Equity, contd.:

(iv) Retained earnings

Retained earnings consist of the Group's retained profit and accumulated deficit from the establishment of the parent company, less dividend payments and transfers to and from other equity items.

(v) Capital management

The Board of Directors has established an equity management policy to ensure a strong equity position and support stable future operating development. The Board's aim is that, as a rule, 20-40% of the profit for each year be paid as dividend to shareholders. The Board's long-term objective is that the Group's equity ratio will not be lower than 40.0%. The Group's equity ratio was 54.1% at year-end 2022 compared to 56.9% at year-end 2021. Capital management takes into account the carrying amount of equity.

The Annual General Meeting on 3 March 2022 resolved to authorise the Board of Directors to purchase up to 10% of the nominal value of the shares in the Group, cf. Chapter VIII of Act No. 2/1995 on Limited Liability Companies. The purchase rate shall be based on the last registered rate at Nasdaq OMX Iceland hf. before the agreement is concluded. The authorisation is valid for 18 months. With the approval of this motion a previous similar authorisation expired, which was approved at the Company's Annual General Meeting on 4 March 2021.

No amendments were made to the Group's capital management policy in the year.

The parent company and its subsidiaries are not required to meet with external rules on minimum equity balance.

(vi) Dividend

The Group's Board of Directors proposes that in 2023 a dividend of ISK 2 billion will be paid to shareholders.

19. Earnings per share

Earnings per share is based on the profit attributable to shareholders of the parent company and weighted average number of shares outstanding during the year and reflects the earnings per each share of ISK one. Diluted earnings per share is based on the profit attributable to shareholders of the parent company and weighted average number of shares outstanding during the year after adjustment for the effects of the dilutive potential shares of share options of the Group´s employees.

	2022	2021
Profit attributable to the shareholders of the parent company	24.350.811	1.478.975
Shares at the beginning of the year	434.857	434.857
Effects of acquisition of treasury shares	(3.967)	0
Effect of share capital reduction	(18.497)	0
Weighted average of outstanding shares in the year	412.393	434.857
Effect of share options	5.500	3.208
Weighted average number of outstanding shares prior to diluted earnings	417.893	438.065
Earnings per share	59,05	3,40
Diluted earnings per share	58,27	3,38

20. Loans and borrowings

This note provides information on the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Group's exposure to interest rate, foreign currency and liquidity risk, see notes 24 to 28.

Non-current loans and borrowings are specified as follows:	2022	2021
Loans and borrowings	975.561	1.062.375
Current maturities of non-current liabilities	(140.602)	(112.375)
Total non-current loans and borrowings	834.959	950.000

Loans and borrowings at year-end are specified as follows by currencies:

		2022		2021	
	Final maturity	Average interest rate	Carrying amount	Average interest rate	Carrying amount
Loans in ISK, unindexed	2027	7,2%	975.561	4,9%	1.062.375
Total loans and borrowings			975.561		1.062.375

Non-current loans and borrowings are payable in the following years as follows:	2022	2021
Year 2022	-	112.375
Year 2023	140.602	120.000
Year 2024	120.000	120.000
Year 2025	101.667	101.667
Year 2026	100.000	100.000
Year 2027	513.292	508.333
Later payments	0	0
Total	975.561	1.062.375

Interest bearing debt changed as follows in the year:

Interest bearing loans 1 January	1.062.375	743.258
Current debt reclassified as interest-bearing debt	9.018	0
New borrowings	15.835	1.000.000
Repayments	(111.667)	(651.404)
Foreign exchange difference	0	(29.479)
Interest bearing loans 31 December	975.561	1.062.375

The Group's loan agreements contain covenants on financial conditions and the Group meets all of its covenants at year end 2022. The Group also has access to lines of credit in the amount of ISK 700 million.

The Group's borrowings from financial institutions are insured with pledges in trade receivables and inventories, see note 16.

21. Leases

The Group leases office premises, warehouses and vehicles. When measuring contracts the Group expects that leases for real estate that are expiring within five years will be extended so that the obligation is at least for five years at a time. Most of the leases are connected to the consumer price index. The Group subleases part of its office premises.

Right-of-use assets are specified as follows:

	2022	2021
Right-of-use assets 1.1	2.091.866	1.630.639
Payments of lease agreements	(486.131)	(378.270)
Interest payments	96.160	77.407
Additions to right-of-use assets	43.159	95.825
Effect of remeasurement of leases and change in f/x differences	581.470	666.265
Right-of-use assets 31.12	2.326.524	2.091.866

Effects of leases in statement of comprehensive income is divided as follows:

Interest payments of lease liabilities	96.160	77.407
Interest income from receivables	16.885	15.402
Depreciation of right-of-use assets	346.707	296.920

Recognised lease payments due to lease agreements that are not capitalised is identified as follows:

	2022	2021
Rent	6.843	4.240
Other rental payments	0	0
Total	6.843	4.240

21. Leases, contd.

Effect of leases in cash flow are specified as follows:

	2022	2021
Payments according to leases	486.131	378.270
Receivables according to leases	73.801	66.238

Extension options

Some property leases contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

Lease liabilities

Lease liabilities are specified as follows:

	2022	2021
Payments 2022	-	417.153
Payments 2023	498.581	390.025
Payments 2024	440.134	388.386
Payments 2025	476.433	366.906
Payments 2026	398.090	363.589
Payments 2027	398.090	-
Subsequent payments	511.409	465.989
Total undiscounted lease liabilities	2.722.737	2.392.048
Unrealised interest expense	(396.213)	(300.182)
Net liabilities in leases	2.326.524	2.091.866

Lease assets

The Group leases out a part of its leased assets to a third party and interest income due to lease assets amounted to a total of ISK 16.9 million. Leased receivables increase during the year as the company re-leased the company's leased assets that was previously for own use.

	2022	2021
Payments 2022	-	68.853
Payments 2023	75.332	68.853
Payments 2024	75.332	68.853
Payments 2025	75.332	68.853
Payments 2026	75.332	68.853
Payments 2027	75.332	-
Subsequent payments	75.332	68.853
Total undiscounted lease receivables	451.992	413.118
Unrealised interest income	(56.706)	(42.034)
Net investment in leases	395.286	371.084

22. Income tax

Income tax in the statement of comprehensive income is specified as follows:

	2022	2021
Income tax recognised in the statement of comprehensive income	(135.934)	(105.477)

Effective income tax is specified as follows:

	2022		2021	
Profit before income tax		24.434.255		1.599.913
Income tax according to the current tax ratio	20,0%	(4.886.851)	20,0%	(319.983)
Non-taxable income	(0,2%)	59.583	(2,6%)	41.000
Effect of sale of shares in Tempo	(18,3%)	4.463.064	0,0%	0
Effect of associates	(0,5%)	117.500	(12,1%)	193.220
Recognised foreign currency translation difference	(0,7%)	162.411	0,0%	0
Amortisation of intangible assets	0,1%	(15.771)	1,2%	(18.742)
Taxable loss that is not capitalised	0,1%	(21.614)	0,0%	0
Effect of tax ratios of foreign tax regions	0,0%	(3.024)	0,1%	(1.242)
Other	0,0%	(11.232)	(0,0%)	270
Effective income tax	0,6%	(135.934)	6,6%	(105.477)

Deferred tax liability is specified as follows:

	2022	2021
(Deferred tax liability) -asset at 1 January	(99.002)	4.797
Purchases of business units	0	2.087
Income tax for the year	(135.934)	(105.477)
Unpaid income tax	142.689	3.191
Foreign exchange difference and other changes	(9.154)	(3.600)
Deferred tax liability at 31 December	(101.401)	(99.002)

Deferred tax (liability) asset are attributable to the following:

	Assets	Liabilities	Net
2022			
Property, equipment and leased assets	0	(354.000)	(354.000)
Intangible assets	0	(103.036)	(103.036)
Inventories	0	(27.182)	(27.182)
Trade receivables and other receivables	0	(94.841)	(94.841)
Deferred taxable foreign exchange difference	2.217	0	2.217
Lease liabilities	464.762	0	464.762
Carry forward taxable loss	32.293	0	32.293
Taxable loss that is not capitalised	(21.614)	0	(21.614)
Income tax asset (liability)	477.658	(579.059)	(101.401)
Offsetting	(468.729)	468.729	0
Income tax asset (liability) at 31 December	8.929	(110.330)	(101.401)

22. Income tax, contd.:

Income tax assets at the end of the year are identified as follows:

	Assets	Liabilities	Net
2021			
Property, equipment and leased assets	0	(307.322)	(307.322)
Intangible assets	0	(132.297)	(132.297)
Inventories	0	(15.457)	(15.457)
Trade receivables and other receivables	0	(74.182)	(74.182)
Deferred taxable foreign exchange difference	3.650	0	3.650
Lease liabilities	417.549	0	417.549
Carry forward taxable loss	9.057	0	9.057
Income tax asset (liability)	430.256	(529.258)	(99.002)
Offsetting	(421.245)	421.245	0
Income tax asset (liability) at 31 December	9.011	(108.013)	(99.002)

Carry forward taxable loss utilisable against future profit over the next years is specified as follows:

	2022	2021
Taxable loss due to 2020, utilisable until 2030	6.329	6.329
Taxable loss due to 2021, utilisable until 2031	38.956	38.956
Taxable loss due to 2022, utilisable until 2032	116.179	0
Total carry forward taxable loss	161.464	45.285

23. Trade payables and other payables

Trade payables and other payables are specified as follows:

Trade payables	1.437.368	1.371.018
Other payables	2.340.495	1.891.982
Total trade payables and other payables	3.777.863	3.263.000

Risk management

24. Overview

The Group is exposed to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk
- operational risk

This note presents information on each of the above risks, objectives, policies and processes of the Group for measuring and managing risk.

The Group's risk management policies are established to identify and analyse the risk faced by the Group, to set appropriate risk limits and to monitor it. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

25. Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and cash and cash equivalents.

Trade receivables and other receivables

The Group's exposure to credit risk is influenced mainly by the financial position and operations of each customer. The industry and location in which customers operate have less of an influence on credit risk. Approximately 13% (2021: 18%) of the Group's revenue is attributable to sales and services to its five biggest customers.

The Group has established a credit policy under which new customers are analysed individually for creditworthiness before they are offered credit. Credit history of new customers is reviewed and purchase limits are established.

Most of the Group's customers have been transacting with the Group for many years, and losses have been immaterial in proportion to turnover. In monitoring customer credit risk, aging profile and financial position of the individual customer is studied. Trade and other receivables relate mainly to the Group's wholesale customers and resellers. Customers that are graded as high risk or have used their credit limits either have to pay down their debts or get permission from the Group's finance department to conduct further withdrawals.

Goods are sometimes sold subject to retention of title clauses, so that in the event of non-payment the Group can reclaim the item. The Group does in most cases not require collateral in respect of trade and other receivables.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments. The main components of this allowance are a specific loss component relating to individual customers and a collective loss component taking into account the age of claims which have not been connected to individual customers. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets. Trade and other receivables are written-off when credit events such as bankruptcy occurs.

Guarantees

The Group's policy is to provide financial guarantees only to its subsidiaries.

Exposure to credit risk

The Group's maximum exposure to credit risk of financial assets is their carrying amount which at year-end was as follows:

		Carrying amount	
	Notes	**2022**	**2021**
Securities and long-term receivables		353.680	325.933
Trade receivables and other receivables	16	2.759.465	1.831.710
Cash and cash equivalents	17	4.052.160	1.794.624
		7.165.305	3.952.267

The Group's maximum exposure to credit risk for trade receivables is specified as follows by geographic regions:

Iceland	2.210.383	1.568.744
Other countries	153.065	99.471
	2.363.448	1.668.215

At year-end the Group's five most significant customers account for ISK 243 million of trade receivables (2021: ISK 345 million).

25. Credit risk, contd.:

Impairment losses

The aging of trade receivables at year-end was as follows:

	Gross		Impairment	
	2022	2021	2022	2021
Not past due	2.118.167	1.485.624	1.167	757
Past due 0 - 30 days	222.426	88.266	17.794	4.011
Past due 31 - 120 days	55.677	86.418	13.919	11.544
Past due more than 120 days	31.178	88.307	31.120	64.088
	2.427.448	1.748.615	64.000	80.400

Changes in allowance for impairment in respect of trade receivables during the year were as follows:

	2022	2021
Balance at 1 January	80.400	111.000
Changes during the year	(16.400)	(30.600)
Balance at 31 December	64.000	80.400

Impairment of trade receivables in 2022 will decrease by ISK 16.4 million. Management does not assess risk of loss on other short term receivables.

26. Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when due and not risking damage to the Group's reputation.

The Group maintains lines of credit with one Icelandic commercial bank and one foreign commercial bank. Unused credit lines amount to up to ISK 700 million at year-end 2022 (2021: ISK 700 million).

Contractual instalments of liabilities, including expected interest payments, are specified as follows:

2022

	Carrying amount	Contractual cash flows	Less than 1 year	2-5 years	Later
Non-derivative financial liabilities:					
Current loans	975.561	1.201.514	211.827	989.687	
Lease liabilities	2.326.524	3.118.950	647.293	1.931.842	539.815
Trade payables and other payables	3.777.863	3.777.863	3.777.863		
	7.079.948	8.098.327	4.636.983	2.921.529	539.815

2021

	Carrying amount	Contractual cash flows	Less than 1 year	2-5 years	Later
Non-derivative financial liabilities:					
Current loans	1.062.375	1.334.496	169.204	610.957	554.335
Lease liabilities	2.091.866	2.456.019	481.124	1.508.906	465.989
Trade payables and other payables	3.263.000	3.263.000	3.263.000		
	6.417.241	7.053.515	3.913.328	2.119.863	1.020.324

27. Market risk

Market risk is the risk that changes in market prices of foreign currencies and interests will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk due to financial instruments

The Group is exposed to currency risk on purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities, primarily the Icelandic krona (ISK) and the Swedish krona (SEK). The currencies which mainly create currency risk are euro (EUR), USD, Danish krona (DKK) and Swedish krona (SEK).

The Group is exposed to currency risk due to transactions within the Group. The currency risk arises when companies within the Group trade with each other and the functional currency is not the same. The parent company's functional currency is the Icelandic Krona (ISK) and the consolidated financial statements are presented in ISK. The parent company has claims on subsidiaries with a functional currency other than its own and is therefore exposed to currency risk displayed in the table.

27. Market risk, contd.:

Currency risk due to financial instruments, contd.:

The Group's exposure to foreign currency risk was as follows based on nominal amounts:

2022	**EUR**	**DKK**	**SEK**	**USD**
Trade and other receivables	260.850	33.316	13.370	14.061
Cash and cash equivalents	3.838	1.834	34.440	53.982
Trade and other payables	(636.278)	(390.527)	(6.564)	(29.771)
Gross balance sheet exposure	(371.590)	(355.377)	41.246	38.272
Balances within the Group	0	0	195.167	0
The Group's currency risk exposure	(371.590)	(355.377)	236.413	38.272

2021	**EUR**	**DKK**	**SEK**	**USD**
Trade receivables	64.676	29.875	21	4.747
Cash and cash equivalents	108.185	218	90.512	102.906
Trade and other payables	(383.322)	(326.230)	(1.054)	(29.068)
Gross balance sheet exposure	(210.461)	(296.137)	89.479	78.585
Balances within the Group	0	0	220.848	0
The Group's currency risk exposure	(210.461)	(296.137)	310.327	78.585

The following significant exchange rates were applied during the year:

	Average rate		**Reporting date spot rate**	
	2022	**2021**	**2022**	**2021**
EUR	150,05	152,33	152,00	148,09
DKK	19,21	20,17	20,44	19,92
SEK	13,42	14,76	13,67	14,45
USD	136,10	127,26	142,51	130,76

Sensitivity analysis

A 10% strengthening of ISK against the following currencies at 31 December would have increased (decreased) the Group's results before income tax by the amounts shown below. This analysis assumes that all other variables remain constant. This analysis was performed on the same basis as for the year 2021.

	2022	**2021**
EUR	37.159	21.046
DKK	35.538	29.614
SEK	(23.641)	(31.033)
USD	(3.827)	(7.859)

A 10% weakening of ISK against the above currencies would have had equal but opposite effect on the basis that all other variables remain constant.

27. Market risk, contd.:

Currency risk due to investment in subsidiaries and associates

In addition to currency risk presented in finance income and finance expenses the Group is also exposed to currency risk from its investments in subsidiaries and associates where the functional currency is not the same as the parent company's. The currency risk is presented in other comprehensive income as foreign currency translation differences for subsidiaries and associates. Investment in subsidiaries and associates is specified as follows:

	2022	**2021**
Equity in Tempo Parent LCC - Investment in USD	0	3.963.483
Equity in Applicon in Sweden - Investment in SEK	183.098	235.151

Sensitivity analysis

A 10% weakening of ISK against the following currencies at 31 December would have increased (decreased) the Group's foreign translation difference before income tax by the amounts shown below. This analysis assumes that all other variables remain constant. This analysis was performed on the same basis as for the year 2021.

USD	0	396.348
SEK	18.310	23.515

A 10% strengthening of ISK against the above currencies would have had equal but opposite effect on the basis that all other variables remain constant.

Interest rate risk

All of the Group's borrowings are on floating interests and the Group does not hedge specifically against interest rate risk. The Group's interest rate risk only pertains to cash flow risk.

At year-end the interest rate profile of the Group's interest bearing financial instruments is specified as follows:

	Carrying amount	
	2022	**2021**
Financial assets on floating interest	4.052.160	1.794.624
Financial liabilities on floating interest	(975.561)	(1.062.375)
	3.076.599	732.249

A change of 100 basis points in interest rates at the reporting date would have increased results before income tax by ISK 31 million (2021: ISK 7 million). This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis was performed on the same basis as for the year 2021. The Group does not account for any fixed rate financial assets and liabilities.

Other market price risk

Other market price risk is limited as investments in bonds and shares is an insignificant part of the Group's operations.

27. Market risk, contd.:

Fair values

The following table shows a comparison of fair values and carrying amounts of financial assets and liabilities. No information is published regarding fair value if it is equal to carrying amount.

	2022 Carrying amount	2022 Fair value	2021 Carrying amount	2021 Fair value
Loans and borrowings	(975.561)	(1.049.112)	(1.062.375)	(1.062.375)

Determination of fair values

The interest rate used to discount estimated cash flows, where applicable, are based on interbank market at the reporting date plus a 2.65% interest premium (2021: 2.3%). Fair value of financial liabilities falls under level 3 of the fair value hierarchy.

28. Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks, such as those arising from legal and regulatory requirements and generally accepted standards of corporate governance. Operational risks arise from all of the Group's operations.

The Group's objective is to manage operational risk in an efficient manner in order to avoid financial losses and to protect the Group's reputation, and at the same time to avoid control procedures that restrict employees' initiative and creativity.

To reduce operational risk there are among other things requirements for appropriate segregation of duties, requirements for the reconciliation and monitoring of transactions, compliance with legal requirements, requirements for the periodic assessment of risks faced, employee training and professional development, organisation of work procedures and insurances where this is applicable.

29. Related parties

Definition of related parties

Related parties are defined as shareholders with significant influence on the Group's operation, Board members and management and their close family members, and companies controlled by them.

Salaries and benefits to the Board of Directors and management for their work for the Group and shares in the Company are specified as follows:

For the year 2022:	**Salaries and benefits**	**Contribution to pension funds**	**Share**
Hjalti Þórarinsson, Chairman of the Board	10.100	404	0
Hildur Dungal, Vice Chairman of the Board	5.300	212	0
Ari Daníelsson, Board Member	3.950	158	354
Ari Kristinn Jónsson, Board Member	4.600	184	0
Auður Björk Guðmundsdóttir, Board Member	4.650	186	0
Ívar Kristjánsson, former Board Member	1.200	162	-
Guðmundur Jóh. Jónsson, former Board Member	1.050	142	-
Jón Björnsson, CEO	56.673	10.496	293
Key managers (9)*	266.359	42.298	520

* These are six key managers at Origo hf. as well as two former key managers at Origo. In addition, there is also the managing director of Applicon AB, in total nine key members of management.

29. Related parties, contd.:

For the year 2021:	Salaries and benefits	Contribution to pension funds	Share
Hjalti Þórarinsson, Chairman of the Board	7.753	892	0
Hildur Dungal, Vice Chairman of the Board	4.869	559	0
Ívar Kristjánsson, Board Member	4.752	641	1.600
Guðmundur Jóh. Jónsson, Board Member	4.113	555	587
Auður Björk Guðmundsdóttir, Board Member	3.500	402	0
Svafa Grönfeldt, former Board Member	802	92	0
Jón Björnsson, CEO	46.154	8.383	560
Key managers (8)*	238.754	41.639	1.076

* These are six key managers at Origo hf. and managing director and former managing director of Applicon AB, in total eight key members of management.

Included in the above shares are shares of spouses and financially dependent children, in addition to shares of companies controlled by board members and management.

Other transactions with related parties are an insignificant part of the Group's operations. Pricing in such transactions is comparable to other transactions of the Group.

30. Group entities

Origo hf.'s subsidiaries at year end were seven and are:

	Country	Share ownership 2022	2021
Application Consulting Sweden Holding AB	Sweden	100%	100%
Application Consulting Sweden AB	Sweden	100%	100%
Unimaze ehf.	Iceland	60%	60%
Tölvutek ehf.	Iceland	80%	80%
Syndis ehf.	Iceland	100%	100%
Eldhalf ehf.	Iceland	70%	70%
Data Lab Ísland ehf.	Iceland	51%	47%

31. Fees to auditors

Fees to auditors of the Group in the year 2022 amounted to ISK 21 million (2021: ISK 17 million), whereof ISK 14 million (2021: ISK 12 million) was for the audit of financial statements. Fees to KPMG in Iceland amounted to ISK 19 million (2021: ISK 15 million) and ISK 2 million (2021: ISK 2 million) to KPMG in Sweden.

32. Financial ratios

Financial ratios for the Group:

Comprehensive income:	2022	2021
Inventory turnover - Cost of goods / Inventory at year-end	4,1	5,2
Receivables turnover - Receivables at period end / Sales of goods and services	22	23
Salary and salary related expenses / Sales of goods and services	39,0%	39,0%
Other operating expenses / Sales of goods and services	23,4%	22,5%
Profit for the year after tax / Sales of goods and services	119,0%	8,6%

Financial position:	31.12.2022	31.12.2021
Current ratio - current assets / current liabilities	2,20	1,42
Equity ratio - equity / capital	54,1%	56,9%

33. Significant accounting policies

The accounting policies set out below have been consistently applied to all periods presented in these financial statements, and to all companies within the Group. The accounting standards that took effect on 1 January 2022 do not have a significant effect on the Group's financial statements.

In order to increase the information value of the financial statements, the notes are published on the basis of how appropriate and significant they are for the reader. This entails that information which is considered neither significant nor appropriate for the user of the financial statements are not published in the notes.

a. *Basis of consolidation*

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. Control is based on whether an investor has power over the investment, bears a risk or has the rights to variable returns from its involvement in the investment and has the ability to affect its returns of the investment. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Accounting policies of subsidiaries have been changed when deemed necessary in order to adjust them to the Group's policies.

(ii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(iii) Merger of companies

The purchase method is applied at merger when control transfers to the Group. The transaction at merger is measured at fair value as well as the separable assets and liabilities which are taken over.

When the Group is the acquiring party at merger goodwill is created and other intangible assets. The amounts allocated to acquired assets and liabilities are based on presumptions and estimation of fair value of these assets and liabilities. In performing the evaluation management consults with independent and accepted appraisers as applicable. Changes in presumptions and evaluation could lead to changes in value assigned to specific assets and liabilities and their estimated useful lives which can have an effect on amounts or timing of recognition in the Group's statement of comprehensive income, as well as depreciation of intangible assets.

Conditional supplementary payments are recognised at fair value at the acquisition date. If such supplementary payment is categories as equity it is not revalued and is settled within equity. In other instances changes in fair value of conditional supplementary payment is recognised in the Group's statement of comprehensive income.

(iii) Associates

Associates are those entities in which the Group has significant influence, but not control, over their financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs.

The financial statements include the Group's share of the profit or loss of associates, after the accounting policies of the associate have been recognised with the company's accounting policies. The equity method is applied from the date that significant influence commences until the date that significant influence ceases.

If share in loss exceeds book value of the associate the book value is moved to zero and further loss not recognised unless the Group has accepted guarantee for the associate or financed it. If profit incurs in later periods the Group does not recognise its profit until accumulated loss has been met.

33. Significant accounting policies, contd.:

b. *Foreign currencies*

(i) Foreign currency transactions

Transactions in foreign currencies are recognised in the functional currency of individual group entities at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are recognised at the exchange rate ruling at the reporting date. Other assets and liabilities recognised in foreign currencies at fair value are translated at the exchange rate ruling at the date of determination of fair value. Exchange differences arising from transactions in foreign currencies are recognised in the statement of comprehensive income.

(ii) Foreign subsidiaries

The assets and liabilities of foreign operations, including goodwill, are translated to ISK at exchange rates ruling at the reporting date. The income and expenses of foreign operations are translated to ISK at the average exchange rate of the year. Exchange rate differences arising from the translation to ISK are recognised as a separate item in the statement of comprehensive income, less minority's interest in the difference. When a foreign operation is sold, partially or entirely, the related exchange rate difference is transferred to the statement of comprehensive income.

c. *Financial instruments*

(i) Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, borrowings and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value. When financial instruments are not recognised at fair value through profit or loss any direct transaction cost is recognised as increase in their value upon initial recognition. Subsequent to initial recognition non-derivative financial instruments are recognised as follows.

Financial assets recognised at amortised cost

A financial asset that is estimated to have a due date and contractual payments on set due dates consist only of instalments of principal and interest shall be recorded at amortized cost unless the instrument is defined at fair value through the statement of comprehensive income in accordance with the fair value source. Such assets are initially recognized at fair value plus any related transaction costs. After initial registration, such financial assets are valued at amortized cost based on effective interest, less impairment. The group's financial assets valued at amortized cost are bond assets, trade receivables, other short-term receivables and cash.

Cash and cash equivalents

Cash and cash equivalents consist of funds and on demand bank deposits.

Other financial liabilities

Other financial liabilities are recognised at amortised cost based on effective interests.

Accounting for finance income and expenses is discussed in note 33 (l).

33. Significant accounting policies, contd.:

c. *Financial instruments*

(ii) Share capital

Share capital is classified as equity. Direct cost due to issue of share capital is accounted for as decrease in equity, after deducting tax.

Treasury shares

When share capital recognised as equity is repurchased by the Group, the amount of the consideration paid, which includes directly attributable costs, is recognised as a deduction from equity. When treasury shares are sold the sale is recognised as an increase in equity.

d. *Property and equipment*

(i) Recognition and measurement

Property and equipment is recognised at cost value, or revalued cost value, less accumulated depreciation and impairment. Cost value includes direct cost incurred upon the purchase.

When property and equipment consists of parts which have different useful lives, the parts are separated and depreciated based on the useful life of each part.

The gain on sale of property and equipment, which is the difference between their sale proceeds and carrying amount, is recognised in the statement of comprehensive income among other income and the loss on sale among other operating expenses.

(ii) Subsequent costs

Costs of replacing single components of property and equipment is capitalised when it is considered likely that the benefits associated with the asset will flow to the Group and the costs can be measured reliably. The carrying amount of the replaced component is expensed. All other costs are expensed in the statement of comprehensive income as they incur.

(iii) Depreciation and amortisation

Depreciation is calculated based on the depreciable amount, which is the cost less residual value. Depreciation is calculated on a straight line basis over the estimated useful lives of each component of property and equipment. Leased assets are depreciated over the shorter of lease term or useful life of the asset, unless it is evident that the Group will become the owner of the leased asset at the end of the lease term. Estimated useful lives are specified as follows:

Real estates	75 years
Tools, equipment and interiors	4-7 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and changed if applicable.

e. *Intangible assets*

(i) Goodwill

Goodwill arises upon the acquisition of subsidiaries.

Goodwill is the difference between the cost upon take-over and the fair value of overtaken assets, liabilities and uncertain liabilities. If negative goodwill arises it is immediately recognised in the statement of comprehensive income.

(ii) Subsequent measurement

Goodwill is measured at cost less accumulated impairment loss.

33. Significant accounting policies, contd.:

e. *Intangible assets*

(iii) Software

Software is recognised at cost less accumulated linear amortisation and impairment. Software is amortised over 2 to 10 years.

Amortisation methods and useful lives are reviewed at each reporting date and changed if appropriate.

f. *Inventories*

Inventories are measured at the lower of the cost and net realisable value. The cost of inventories is based on the first-in first-out rule, and includes expenditure incurred in acquiring the inventories and in bringing them to the location and condition in which they are at the reporting date. Net realisable value is the estimated selling price in an ordinary course of business less the estimated costs necessary to make the sale.

g. *Impairment*

Financial assets

A financial asset, not recognised at fair value, is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Impairment loss on financial assets measured at amortised cost is the difference between, on the one hand, their carrying amount, and on the other hand, the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment loss on financial assets available for sale is determined on the basis of their fair value at each time. Individual significant financial assets are tested specifically for impairment. Other financial assets are classified together based on credit risk characteristics and each group is tested specifically for impairment.

An impairment loss is expensed in the statement of comprehensive income.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. Impairment loss on investments held to maturity is reversed in the statement of comprehensive income.

Other assets

Carrying amount of other assets of the Group, except for inventories and tax asset, is reviewed at each reporting date to determine whether there are indications of impairment. If there is any such indication the recoverable amount of the asset is estimated. Goodwill is tested for impairment at least once a year.

The recoverable amount of an asset or a cash generating unit is the higher of their net fair value or value in use. Value in use is determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is expensed when the carrying amount of an asset or a cash generating unit is higher than its recoverable amount. A cash generating unit is the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or asset groups. Impairment losses recognised in respect of cash generating units are allocated first to reduce the carrying amount of the goodwill and then to reduce the carrying amounts of the other assets in the cash generating unit on a pro rata basis. An impairment loss is expensed in the statement of comprehensive income.

33. Significant accounting policies, contd.:

g. *Impairment*

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised.

h. *Employees' benefits*

(i) Contribution to defined contribution pension plans

The Group pays fixed contributions to independent defined contribution pension funds due to its employees. The Group has no responsibility for the funds' obligations. Contributions are expensed in the statement of comprehensive income among salaries and salary related expenses as they are incurred.

i. *Provisions*

A provision is recognised when the Group has a legal or constructive obligation due to past events and it is likely that a cost, which can be measured reliably, will be required to be paid by the Group. Provisions are measured by discounting the estimated future cash flows using pre-tax discount rates that reflect current market assessments of the time value of money and the risks specific to individual provisions.

(i) Guarantees

An obligation due to a guarantee is recognised when goods or services are sold. The obligation is measured based on previous experience with guarantees by weighing the possible outcome and probability related thereto.

j. *Revenue*

(i) Sold goods and software

Revenue from the sale of goods and software in the course of ordinary business is measured at the fair value of the payment received or receivable, net of trade discounts and refunds. Revenue is recognised in the statement of comprehensive income when a significant portion of the risks and rewards of ownership are transferred to the buyer, it is probable that the consideration will be collected and the cost of sale and possible return of goods can be estimated reliably. Credit is in general provided for 30 days except for sale in cash.

(ii) Sold services

Revenue from the sale of services is recognised in the statement of comprehensive income in proportion to the status of work in progress at the reporting date. The status of work in progress is measured on the basis of work performed. Credit is in general provided for 30 days.

(iii) Operating lease income

Lease income is recognised in the statement of comprehensive income on a straight line basis over the lease term.

k. *Lease payments*

Operating lease expense

Minimum lease payments due to financing lease agreements are divided into capital costs and reduction of lease liability. Interest expenses are spread over the lease term based on the effective interest rate.

33. Significant accounting policies, contd.:

l. *Finance income and finance expenses*

Finance income comprises interest income on investments, dividend income and foreign exchange gain on foreign currencies. Interest income is recognised in the statement of comprehensive income as it accrues based on effective interests. Dividend income is recognised in the statement of comprehensive income when distribution of dividend has been approved.
Finance expenses comprise interest expense on borrowings, unwinding of discounting, fair value losses on financial assets at fair value through profit or loss and exchange rate loss on foreign currencies. Foreign currency gains and losses are reported on a net basis.

m. *Income tax*

Income tax expense comprises current and deferred income tax. Income tax is recognised in statement of comprehensive income except to the extent that it relates to operating items recognised directly in equity or in statement of comprehensive income, in which case the income tax is recognised in those items.

Current income tax is the expected tax payable next year on the taxable income for the current year, using tax rates effective at the reporting date, in addition to adjustments made to current tax of previous years.

Deferred income tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred income tax is not recognised for differences relating to investments in subsidiaries. Deferred income tax liability is not recognised for goodwill which is non-deductible for tax purposes. The amount of deferred tax is based on the estimated realisation or settlement of the carrying amounts of assets and liabilities using the tax rate in effect at the reporting date.
Deferred income tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities under joint taxation if they intend to settle tax payments jointly.

A deferred income tax asset is only recognised to the extent that it is probable that future taxable profits will be available against the asset. Deferred income tax asset is reviewed at each reporting date and reduced to the extent that it is no longer probable it will be realised.

n. *Earnings per share*

In the financial statements, the Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares due to possible dilution in respect of shares which the Group would have to issue in relation to employees' share purchase agreements.

o. *Segment reporting*

A segment is a distinguishable component of the Group which deals with transactions and is able to generate income and incur expenses, including income and expenses on transactions with other components of the Group. The return of all Group segments is reviewed on a regular basis by the CEO in order to decide how to allocate its assets to the segments and to evaluate their performance.

Segment operating results, assets and liabilities consist of items that can be directly linked to each segment, in addition to the items that can be reasonably divided into segments.

Segment investments are the total cost of purchases of operating assets and intangible assets other than goodwill.

Pricing of goods and services between segments is on an arm´s length basis.

33. Significant accounting policies, contd.:

p. *Leases*

At the beginning of the contract, the group evaluates whether the contract or part of it constitutes a lease agreement. An agreement is a partial or full lease agreement if it includes the right to control a specific property for a specific period of time in exchange for payment. When assessing whether a lease agreement includes control of a specific asset, the group uses the definition of a lease agreement according to IFRS 16.

(i) The Group as lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group’s incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.
The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:
– fixed payments, including in-substance fixed payments;
– variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
– amounts expected to be payable under a residual value guarantee; and
– the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

33. Significant accounting policies, contd.:

p. *Leases*

(i) The Group as lessee, contd.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) The Group as lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Group applies IFRS 15 to allocate the consideration in the contract.

The Group applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease. The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other revenue'.

34. New financial reporting standards and interpretations not yet adopted

A few new international reporting standards apply to accounting periods beginning on or after 1 January 2022 and early adoption is permitted. The Group has however not implemented new or changed reporting standards prior to adoption when these financial statements were prepared.

It is not expected that the following changes to standards and interpretations will have significant effect on the Group's financial statements.

– IFRS 17 and amendments to IFRS 17 Insurance contracts.
– Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2).
– Definition of Accounting Estimates (Amendments to IAS 8).

Quarterly Statements - Unaudited

Quarterly Statements

The Group's quarterly statements are not audited. Summary of the Group´s results by quarters is specified as follows:

	Q1	Q2	Q3	Q4	Total
2022					
Sales of goods and services	4.745.361	4.516.203	4.883.688	5.974.187	20.119.439
Product use and cost of sold services....................................	(3.453.511)	(3.301.646)	(3.583.163)	(4.392.280)	(14.730.600)
Gross profit	1.291.850	1.214.557	1.300.525	1.581.907	5.388.839
Operating expenses	(1.188.353)	(1.095.311)	(1.096.001)	(1.338.164)	(4.717.829)
Operating profit	103.497	119.246	204.524	243.743	671.010
Finance income	16.729	14.726	10.597	1.024.939	1.066.991
Finance expenses	(53.872)	(60.845)	(60.564)	(31.288)	(206.569)
Net finance expense	(37.143)	(46.119)	(49.967)	993.651	860.422
Effect of sale of shares in Tempo...	0	0	0	22.315.322	22.315.322
Effect of associates	166.087	261.191	160.223	0	587.501
Profit before income tax	232.441	334.318	314.780	23.552.716	24.434.255
Income tax	5.525	(36.841)	(39.979)	(64.639)	(135.934)
Profit for the period	237.966	297.477	274.801	23.488.077	24.298.321
Other comprehensive income recognised in equity:					
Translation difference	(92.537)	118.715	428.876	6.340	461.394
Translation difference due to sale of subsidiary	0	0	0	(812.057)	(812.057)
Income for the period recognised in equity.......................	(92.537)	118.715	428.876	(805.717)	(350.663)
Total profit for the period	145.429	416.192	703.677	22.682.360	23.947.658
EBITDA	337.447	370.301	476.170	494.935	1.678.853

Quarterly Statements, contd.:

2021	Q1	Q2	Q3	Q4	Total
Sales of goods and services	4.173.512	4.425.362	4.257.451	5.334.799	18.191.124
Product use and cost of sold services	(3.079.475)	(3.307.671)	(3.115.630)	(3.869.010)	(13.371.786)
Gross profit	1.094.037	1.117.691	1.141.821	1.465.789	4.819.338
Operating expenses	(985.901)	(960.190)	(938.024)	(1.203.063)	(4.087.178)
Operating profit	108.136	157.501	203.797	262.725	732.159
Finance income	13.854	12.659	2.843	18.028	47.384
Finance expenses	(29.490)	(30.106)	(38.718)	(47.415)	(145.729)
Net finance expense	(15.636)	(17.447)	(35.875)	(29.387)	(98.345)
Effect of associates	102.643	47.246	60.413	755.797	966.099
Profit before income tax	195.143	187.300	228.335	989.135	1.599.913
Income tax	(14.278)	(33.174)	(35.849)	(22.176)	(105.477)
Profit for the period	180.865	154.126	192.486	966.959	1.494.436
Other comprehensive income recognised in equity:					
Translation difference	(17.558)	(70.314)	172.484	(14.588)	70.024
Income for the period recognised in equity	(17.558)	(70.314)	172.484	(14.588)	70.024
Total profit for the period	163.307	83.812	364.970	952.371	1.564.460
EBITDA	300.898	356.743	440.841	502.738	1.601.220

Statement of Corporate Governance

Board of Directors and Corporate governance

Board of Directors

The Board of Directors of Origo hf. consists of five Board members appointed for a one year term at a shareholders meeting. At the Company's annual general meeting on 3 March 2022, Ari Daníelsson, Ari Kristinn Jónsson, Auður Björk Guðmundsdóttir, Hildur Dungal and Hjalti Þórarinsson were elected to the Board. Hjalti Þórarinsson is Chairman of the Board and Hildur Dungal Vice Chairman.

The Group's Board of Directors consist of three men and two women and therefore complies with provisions in law on gender ratio which entered into effect on 1 September 2013. All five board members are independent of the Company. Board members' background and education is of various genre, among others business, engineering and law, and one board member has a law degree. Furthermore, board members have extensive professional experience.

Corporate governance

The Board of Directors of Origo hf. emphasizes maintaining good management practices and aims to comply with the Guidelines on Corporate Governance issued by the Iceland Chamber of Commerce, NASDAQ OMX Iceland and the Confederation of Icelandic Employers and updated in July 2021. The Board of Directors has laid down comprehensive rules wherein the competence of the Board is defined and its scope of work vis-à-vis the CEO. These rules include among other things rules regarding order at meetings, minutes, comprehensive rules on the competence of Directors to participate in discussions and decisions of issues presented to the Board and rules on confidentiality. They also contain rules on information disclosure by the CEO to the Board and the Board's power of decision but the signature of the majority of the Board is binding upon the Company.

The Board's corporate governance principles were approved at a Board meeting on 21 October 2021 and are accessible on the Company's website, www.origo.is. The principles take into account Act no. 2/1995 on Public Limited Companies, Act no. 3/2006 on annual accounts, Act no. 108/2007 on securities transactions and other general laws that apply to the business, rules on the issuers of financial instruments and the Company's articles of association.

During the year 2022, 16 Board meetings were held and 5 meetings in the Audit Committee in addition to meetings of the Terms of Employment Committee and the Nomination Committee. Meetings have been attended by the majority of the Board of Directors and the majority of the committee members. The Audit Committee meets with the Company's auditors on a regular basis and they participate in Board meetings when financial statements are being discussed.

Board of Directors of Origo hf.

According to the Company's Articles of Association the Board of Directors of Origo hf. is the highest authority in the Company's affairs between shareholders meetings. The dynamics on the Board of Directors and shareholder relations and communication are included in the Board's corporate governance principles, and are accessible on the Company's website www.origo.is. The Board decides on the policy of the Origo Group and follows up on the Group's main operations. The Board is provided with operating and investment plans for approval and the Board follows up on the progress within the year. The Board decides on organisation and follows up on that the Company's operations are in accordance with its resolutions. The Board shall ensure that sufficient controls are in place regarding the Company's finances and that proper order is in place regarding bookkeeping and accounting.

There are five members of the Board of Directors of Origo hf., which are appointed for a one year term at the Annual General Meeting. In accordance with the Company's Articles of Association candidacy to take seat on the Board shall be notified to the Board at least five days prior to the start of an annual general meeting and only individuals who notify their candidacy in this manner can be elected. The Chairman calls Board meetings and chairs them. Meetings shall be held whenever the Chairman deems necessary, but in addition he is bound to call board meetings if one board member or the CEO so demands. Board meetings are only legal if three or more board members are present.

Subcommittees of Origo hf.

The Board of Directors has three sub-committees; Audit Committee, Remuneration Committee and Technology Committee. Appointment rules and subcommittee roles can be found on the Company's website, www.origo.is

Audit Committee

The Board of Directors has appointed an Audit Committee and the committee's rules are accessible on the Company's website. The Audit Committee currently consists of the Chairman of the Board, one Board member and an external state authorised public accountant. Its main role and responsibility is to monitor work procedures in the preparation of the financial statements, procedures and efficiency of the Company's internal control, internal audit and, where relevant, risk management and other control factors. Furthermore, the committee presents motions to the Board regarding election of the Company's auditor and assesses the auditor's independence and monitors its work.

The audit committee consists of: Hjalti Þórarinsson, Jón Gunnsteinn Hjálmarsson and Ari Kristinn Jónsson.

Remuneration Committee

The Remuneration Committees' role is to ensure that the remuneration of senior executives takes into account the Company's long-term performance, their own performance and the interests of the shareholder. The CEO is responsible for the remuneration of others and must ensure that the remuneration is always in accordance with the Remuneration Committee's policy. The policy of the Remuneration Committee is to ensure that the Company is always able to attract and retain qualified executives.

The Remuneration Committee consists of: Hildur Dungal, Auður Björk Guðmundsdóttir and Hjalti Þórarinsson.

Technology Committee

The Technology Committees' purpose is to discuss and guides considerations to basic needs and strategic aspect within information technology with Origo interest in mind. The Technology Committee consists of: Ari Kristinn Jónsson, Auður Björk Guðmundsdóttir and Theódór R Gíslason.

Nomination Committee

The Nomination Committee's purpose is to increase transparency in the election of board members in accordance with good corporate governance. Furthermore, the aim is to ensure that at all times the Company's Board of Directors has the skills, experience and knowledge necessary for it to be able to fulfil its obligations according to the Company's articles of association, the Act on Public Limited Companies no. 2/1995 as well as other laws and regulations that apply to the Company. The appointment to the nomination committee occurs as stated in the committee's rules and it shall consist of three individuals for one year at a time. The Nomination Committee shall be guided by the interests of all shareholders and emphasize that the relevant and diverse qualifications, experience, knowledge and background of the Board of Directors and the Board as a whole are ensured.

The Nomination Committee consists of: Hanna María Jónsdóttir, Hildur Dungal and Hilmar Hjaltason.

Compliance Officer

The Compliance Officer, appointed by the Board, oversees compliance with the rules on insider information and insider trading. Gunnar Petersen is the Compliance Officer and Ólafur Arinbjörn Sigurðsson is the Compliance Officer's substitute.

Role of CEO

The Board of Directors of Origo hf. hires the Company's Chief Executive Officer and decides on his remuneration. CEO is responsible for daily operations of the Company in line with its Articles of Association, policies and decisions made by the Board. The CEO shall work on policy making and advancement of the Company in addition to organising and follow up on its daily operations. Furthermore, the CEO's role is to ensure that the Company's operations are in line with current legislation and rules at each time and ensure that the operations of subsidiaries are the same.

Shareholders meetings

Legal shareholders meetings wield supreme power over the affairs of the Copmany. Annual General Meetings shall be held before the end of June each year and shareholders meetings shall be held as decided by the Board of Directors or by request of the elected auditor or shareholders holding at minimum 1/20 of the share capital. A request for a shareholders meeting shall be submitted in writing, items for the agenda identified and then a meeting called within the legal time limit. A shareholders meeting shall be called with an advertisement in a newspaper or by other comparable means. Annual General Meeting shall be called with at minimum three weeks and maximum four weeks notice in accordance with changes to the Act on Public Limited Companies from 19 September 2009. The invitation to a meeting shall include matters to be discussed and documents and proposals which will be submitted to the meeting. One vote is attached to each share in the Company at shareholders meetings.

Changes to the Company's Articles of Association

The Company's Articles of Association can only be amended by a lawful shareholders meeting provided that the pending amendments in addition to the main details of the changes to be made have been notified in the call of the meeting. The Articles of Association may be amended with at least 2/3 of the votes cast as well as with the approval of shareholders controlling a minimum of 2/3 of the share capital represented in the meeting. Changes to the Origo hf.'s Articles of Association were most recently approved on 6 March 2022.

Auditors

The Group's auditors are elected at the Annual General Meeting for a period of one year at a time. KPMG ehf. was elected auditor of the Company at the 2022 Annual General Meeting and KPMG ehf. is also the auditor for most of the Group's subsidiaries in Iceland. KPMG in Sweden is the auditor of the Swedish subsidiary Applicon.

Internal control and risk management

To ensure that the Group's financial statements are in accordance with International Financial Reporting Standards, the Company has emphasized a well-defined area of responsibility, segregation of duties, as well as regular reporting and transparency in its operations. The process of monthly reporting together with reviews for individual departments is an important part of monitoring performance and other key aspects of operations. Monthly operating results are prepared and submitted to the Company's Board. There are procedures in place to ensure monitoring of income recognition, operating costs and other items that affect the Company's operations. Risk management is reviewed regularly to reflect changes in the Company's market conditions and operations. Through employee training and code of conduct, the Group aims for disciplined supervision where all employees are aware of their role and responsibilities. Operational risk is devised by monitoring transactions and compliance with law. The Board of Directors has set a policy that the Group's equity position is strong enough to support the continuous progress of the Company's operations.

A variety of risks are associated with Origo's day-to-day operations. An important part of Origo's operations and the Company's responsibility to the society is to manage risk and make informed decisions. Risk management is therefore a fundamental part of the Company's operations. Executives and the Board of Directors, together with the Audit Committee, review and assess the financial and operational risk at their regular meetings. Internal control and risk management regarding financial information are set up to minimize the risk of misstatements. The Company does not have internal auditors but uses internal processes that are reviewed by the audit committee and external auditors.

The Company makes a financial and operating plan three to four times each year. The Company's Board of Directors approves the Company's policies and plans and deviations from the plans are reviewed every month.

Risk assessment and risk management of the Company's assets

Risk assessment and risk management are based on the Company's main and most valuable assets that fall within the scope of certification. All the main values and information assets have been defined and an assessment is made of what risks are or could be present in relation to the relevant asset. Security evaluations and risk assessments deliver improvements and define the risk level of assets as well as support risk management as applicable at any given time.

The aim of carrying out a risk assessment is to spot the risks that may be present in the environment, understand their existence and minimize the resulting risks through defined and recorded actions. Risks, improvements and actions are recorded, timed and measurable, custodians and owners are defined and are responsible for the timely resolution of recorded issues.

Risk assessment and risk management deliver constant improvements in all services and operations alike and ensure proper management. Regular and formal risk assessment builds stakeholder confidence in the information security management system and risk management, as well as minimizing risks in the environment, strengthening the entire management system, responding to changes in the right way and protecting the Company and its customers in times of growth or recession.

Origo follows the preparedness level of the Department of Civil Protection in the cases where it is relevant and defines the presence of employees, remote work and other measures with the aim of minimizing risks, ensuring the Company's operations and customer service. Origo's employees are always informed about the activation and status of response plans, and recommendations are made to them in accordance with the plan. Quantity restrictions in housing, canteens and office areas as well as telework of employees are activated if necessary.

Exemplary organisation in corporate governance

In early 2015 Origo, (at the time, Nýherji) was acknowledged as an "Exemplary organisation in corporate governance" as recognised by the Center of Corporate Governance of the University of Iceland, after a thorough appraisal by Capacent.

Non-financial information

About Origo

Origo hf. is a group of information technology service companies that have been with Icelanders since its predecessor started selling office equipment in 1899. Origo's motto is "better technology improves lives" but Origo is a leading partner of companies (large and small), public institutions and individuals in Iceland. Origo employs over 500 people at home and abroad.

The Origo Group is made up of Origo parent company, six subsidiaries and two associates. The operations of the parent company can be divided into three, i.e. software solutions, end-user solutions and business solutions. Within software solutions, Origo offers a wide range of own and resold solutions, including for the health, financial and tourism sectors. Within end-user solutions, the emphasis is largely on equipment sales, but Origo offers equipment from well-known manufacturers through retail and online stores such as Lenovo, IBM, Canon, Bose, Sony and NEC. Within business solutions, Origo provides various IT-related services and customer consultancy, most notably cloud, automation and security services. End-user solutions account for about 40% of the Group's revenue, while software solutions and business solutions account for about 30% each. Subsidiaries and associates are the following:

1. Applicon (100%): Applicon offers a variety of software solutions for banks and financial companies.
2. Eldhaf (70%): Eldhaf is an importer of Apple and Garmin products and operates a store in Akureyri.
3. Syndis (100%): Syndis is a leading IT company specializing in security solutions and consultancy.
4. Tölvutek (80%): Tölvutek is a leading company in the sale of computer-related equipment to households and smaller companies in Iceland.
5. Unimaze (60%): Unimaze is a leading company in solutions relating to delivery and reception of electronic business documents. Unimaze has offices in three European countries.
6. Datalab (51%): DataLab develops solutions based on artificial intelligence technology and provides advice on the application of such solutions.
7. Responsible Compute (50%): Responsible Compute is a specialized cloud services company that provides computing services to partners and customers worldwide.
8. Origo Education Fund (100%): The goal of the fund is to mobilize ingenuity and strengthen Origo's human resources for the future in the field of innovation and value creation.

Origo hf.'s shares are listed at NASDAQ OMX Iceland hf. (the Icelandic Stock Exchange) under the short name ORIGO. Further information on Origo and its subsidiaries is accessible at the Company's website, www.origo.is.

Origo's Sustainability Strategy

Origo touches diverse parts of the society with its activities and takes its responsibility towards society seriously. We believe that technology will play an important role in solving the society's challenges in the future. With its sustainability strategy, Origo wants to minimize negative effects on the environment, have a positive impact on social development and set a good example. The sustainability strategy is based on the United Nations' Global Goals, and Origo has specifically defined four global goals where we can have a special impact.

Success in all aspects will be communicated in the annual sustainability report, but the goals take into account the Group's current position. The strategy is accompanied by goals and a detailed action plan in all aspects. In its sustainability strategy, the Company emphasizes that its actions have a positive impact on the Company's stakeholders and apply the impact of information technology on environmental, social and administrative issues.

The calculation of Origo's sustainability results is based on the "Greenhouse Gas Protocol", a standard methodology that has been successfully implemented by a number of companies around the world. The sustainability measurements are carried out in the settlement obtained from the Klappa system, while other measurements are obtained from Origo's information systems. This detailed information helps the Company with the carbon offset of its operations.

Origo's Sustainability Strategy, contd.:

Origo works on various projects in the field of sustainability and has an impact in many parts of its value chain. The strategy also takes into account the United Nations' global goals and the government's climate action plan. The sustainability strategy covers Origo's parent and subsidiary companies. The Company's Board approves and supervises that the strategy is followed. Origo has chosen to specifically support four of the United Nations' seventeen Global Goals; Global Goal 5, gender equality, Global Goal 9, innovation and development, Global Goal 12 on responsible consumption and Global Goal 13 climate action. In addition to the Global Goals and sustainability strategy, Origo has placed special emphasis on cyber security and health when it comes to the Company's sustainability journey.

Assessment of importance

Origo has not had a formal assessment of the importance of its activities, but based on the nature of the operation, the most important aspects of sustainability are those related to social aspects and management practices. Origo is a knowledge and service company where the value lies in the ingenuity and knowledge of the staff. Good corporate governance is also an important part of the Company's operations. Origo provides specialist services to a diverse group of clients from all areas of the business life. The Company's operations are based on trust and reliability, and the Company's goal is to be in the vanguard of service providers on the Icelandic market who promote a safe operating environment and excellent service, both for their own infrastructure and for customers. It is also important that good management practices and processes are followed and that information security is guaranteed.

Due diligence and reliability process

The Company's Board of Directors has approved the Company's sustainability strategy and the CEO is the owner of the strategy and is responsible for its compliance and regular review of the strategy.

A steering committee has been appointed within the Company, which meets regularly throughout the year. The main tasks of the committee are sustainability strategy and follow-up with the progress of projects. The steering group also has an overview of working groups dealing with environmental aspects (E), social aspects (S) and governance (G). The sustainability project manager is an employee located in the marketing department and manages the issues related to the category.

To ensure that the Company maintains its policies and objectives in addition to the procedures of the sustainability committee and related working groups, the Company has regularly published metrics related to sustainability issues to the executive board. In addition, the Company compiles factors related to carbon emissions, waste classification, gender ratio and employment and publishes this in quarterly reports to investors. This ensures that these parameters are monitored regularly, so that measures can be taken if the Company is moving away from its goals. In addition to this, there are regulations and standards that assist the Company in following up and complying with the policy, such as equal pay certification and regulations on certified information systems.

Environment (E)

Origo aims to reduce the emission of greenhouse gases as much as possible and applies countermeasures by carbon neutralizing its operations. We strive to measure the success of our sustainability work and are constantly increasing and improving the measurement of the Company's environmental impact.

Origo touches many parts of the society with its services and has many stakeholders. For that reason, we can set a good example and be a driving force in sustainability. With the help of information technology and services, Origo will support its customers and other stakeholders in a digital journey that will reduce their environmental impact. Origo's focus on environmental issues particularly supports the United Nations' Global Goals for responsible consumption and climate action, Global Goals 12 and 13.

Main risks of environmental factors

A large part of Origo's operations is the sale of equipment, which entails the import of products and is therefore the largest aspect of the operation that affects environmental issues. Purchased transport and distribution account for about 54% of greenhouse gas emissions in Origo's operations. In addition to the ecological footprint created by transport, the products themselves have a certain ecological footprint due to the packaging and the renewal of the equipment with its disposal in mind. Other factors that affect the environment in Origo's operations are waste sorting, employees' trips to and from work, business trips and paper use.

Non-financial information, contd.

Key matters of environmental factors

The key matters that Origo uses for the environmental impact that Origo's operation creates is the following:

1. Carbon offsetting of Origo's activities at the end of the accounting year.
2. Responsible consumption: Limit the purchase of market goods and choose environmentally certified and responsible solutions.
3. Energy change: Increasing the number of electric cars in Origo's fleet.
4. Cooperation with Foxway on the recycling and reuse of electronic devices.
5. Cooperation with Pure North in the improvement of waste issues and the recycling of plastics, improving sorting in the workshop and product handling, ensuring the reuse of cardboard boxes, introducing foam plastic presses and education about sorting.
6. Implement a procurement strategy in consumables: Steer consumption towards environmentally certified products.
7. Introduce a new trend in business travel. Increased monitoring and reduce unnecessary travel.
8. Regular educational on environmental issues for employees.
9. Encourage environmentally friendly transportation for employees.
10. Continued implementation of green screens and live numerical representation of results.

Performance and objectives of environmental factors

Examples of goals in environmental aspects:

1. Origo contributes to the sustainable development of society and intends to have a positive impact on employees, customers and other stakeholders.
2. Origo plans to measure the results and report them publicly.
3. Origo plans to reduce the generation of waste and achieve a recycling rate of 90% until the year 2030.
4. Origo wants to promote a paperless society, in its own activities and in supporting partners.
5. Origo plans to reduce greenhouse gas emissions by 40% by 2030.

Origo's countermeasures to counter the impact that the Company has on the environment have been to carbon offset all total emissions from the Company's operations. Origo has offset carbon by restoring wetlands and by investing in a carbon unit from SoGreen, an Icelandic start-up that provides education for girls in low-income countries.

Origo collaborates with Foxway, where customers have the option of returning old equipment for a fee, while Foxway undertakes the recycling, reuse or disposal of equipment in environmentally friendly ways. During the year, Origo sent 1,485 devices to Foxway, but the total CO_2 savings were 76,416 kg. During the year, customers were offered the opportunity to leave the packaging of their products at Origo to be recycled, as the Company recycles the packaging of products that is due to transport. Origo also repairs old equipment and resells it on favorable terms for customers. During the year, a big step was taken, as Origo was the first company in the technology sector to adopt the use of a foam plastic press to facilitate recycling. Origo, in collaboration with Pure North, can now annually recycle around 3-5 tons of foam plastic that was previously discarded.

During the year, Origo's service car fleet was largely converted to electric vehicles, and additional charging stations were installed at its offices in Borgartún and Köllunarklettsvegur. To increase awareness of sustainability issues, the Company has invited both internal and external parties to give short presentations on various types of environmental issues.

Origo has a strong telecommuting policy based on flexibility where employees are offered to work regularly or entirely at a location outside of Origo's locations. During the year, 21% of employees worked entirely remotely and 11% of employees regularly worked remotely. The telecommuting policy applies to those who, due to their work, can work remotely. With the strategy, Origo wants to contribute to society with a smaller carbon footprint, scope for better air quality and promote a better balance between work and private life. Employees receive the equipment they need to do their work remotely, as well as receiving funding for other furniture or equipment purchases.

Performance and objectives of environmental factors, contd.:

It is Origo's policy that employees use an economical and ecological means of travel to and from work. The company focuses on increasing customer awareness of ways to minimize transportation that can have a negative impact on the environment. Origo staff are encouraged to:

1. Making a transport agreement if public transport is used or staff travel to and from work in an ecological way (walking, running or cycling).
2. Applying for a transport grant. Employees who enter into a transport contract have the opportunity to apply for a (monthly) transport grant if they agree to use eco-friendly transport at least 3-4 days a week.
3. To use ecological means of travel, e.g. an electric scooter or an electric car to go to meetings with clients.
4. To look for diverse ways when it comes to meetings and conferences (here and abroad) and to minimize travel as much as possible.

Origo has reduced its environmental footprint in a number of ways, including by systematically sorting paper and reducing the use of paper. This has included, among other things, a reduction in printing on paper for internal use, digitization of the delivery of invoices to customers and the receipt of invoices. All Origo establishments sort waste from their operations and ensure the reuse of cardboard boxes. Origo plans to use targeted measures to reduce waste and achieve a recycling rate of 90% by 2030.

Origo helps companies work towards a green vision:

Timian is a software solution developed by Origo that monitors customers' carbon footprints, which, among other things, can reduce food footprints and food waste.

Unimaze is an environmentally friendly solution that offers the sending and receiving of electronic business documents, e.g. electronic invoices, orders, payment receipts and more. Unimaze generally supports companies in their digital development, which then has a positive impact on the environment.

Rent A Prent is a printing solution from Origo that has proven itself as environmentally friendly and safe for printing, scanning and photocopying and can have an up to a 30% reduction in the annual printing costs of companies.

Responsible Compute is a specialized cloud service company that provides computing services, but it is estimated that today computing services cause 3% of all carbon emissions worldwide. Responsible Compute's carbon footprint is among the lowest in the world, offering its customers a significant reduction in their carbon footprint.

Teleconference equipment solutions are sold at Origo in a wide range from world-renowned manufacturers in the field.

Social (S)

Origo's strategic focus on social issues is part of the Company's sustainability strategy and deals with relations with employees, customers, suppliers and other stakeholders. Emphasis is placed on everyone enjoying the same human rights, and Origo emphasizes equality, gender diversity and equal pay for work of equal value. It is Origo's strategy to be the first choice for individuals who believe that better technology improves life. The Company encourages innovation, fosters well-being and celebrates diversity. Origo respects international human rights and makes the same demands on its suppliers. The Company does not accept child and forced labor in its value chain. Origo also emphasizes the prohibition of mental and physical violence. The Company has adopted an equality policy, an equality plan and has obtained equal pay certification from BSI.

In addition, Origo's policy is to strengthen the relationship between technical subjects at different school levels and the working world, to encourage innovation in technical subjects, to strengthen the pillars of such studies and to ensure a sufficient supply of excellent technically educated staff of all genders in the coming years.

Human rights policy

Origo has set a policy for its staff in terms of equality and equal pay certification, as mentioned above. The policy works to promote greater equality in the workplace and to achieve being a desirable workplace for everyone, regardless of gender, sex, age, ethnicity or other background factors.

Examples of social objectives:

1. **Equal terms and benefits:** The Company does not tolerate gender pay differences.
2. **Equal pay certification:** An annual maintenance audit and renewal of the equal pay certification must be ensured every three years.
3. **Equal opportunities for professional development:** Employees must have equal opportunities for continuing education, lifelong learning and professional development.
4. **Employment opportunities:** Individuals must have equal employment opportunities at Origo, regardless of gender.
5. **Increased diversity:** Emphasis is placed on never discriminating against people on the basis of gender, age, nationality, origin, disability, religious beliefs or other background factors.
6. **Family-friendly workplace:** Origo strives to make it easier for employees to balance work and private life with a flexible work environment.
7. **Violence is not tolerated:** Bullying, prejudice, sexual and gender-based harassment or other forms of violence are not tolerated.

In addition, the Company has developed a code of conduct for suppliers and partners covering environmental, social and governance issues. The social aspect of the code of conduct emphasizes that suppliers and partners:

1. Respect and recognize the right of employees to freedom of association and the conclusion of collective agreements.
2. Ensures and is responsible that all employees and subcontractors on their behalf receive wages, working conditions and accident insurance in accordance with applicable laws at all times.
3. Ensure that their employees work in an environment that complies with applicable laws and regulations in terms of workplace conditions.
4. Employees' equality is respected and employees are not discriminated against on the basis of gender, nationality, religion or sexuality.
5. Ensure that employees and subcontractors in their value chain work without coercion and that minors are not employed in jobs that may be dangerous or harmful to their health and safety.

The main risks of social factors

Human resources are a key part of Origo's operations due to the nature of the Company. The ingenuity and knowledge of the staff is the Company's most important resource, whether it is in relation to software development, service provision or knowledge of solutions and products. Origo's focus on supporting innovation and the development of its own software solutions as a growth driver for the future promotes the importance of operations in this category. Origo needs to be able to attract the most qualified staff at all times, as well as create an environment within the Company to maximize the skills of employees and retain existing staff. Diversity is also an important factor in increasing the probability of success in the Company's operations. In addition to this, the current environment calls for companies to be aware of their value chain and how the influence of suppliers and stakeholders conduct their affairs in that regard.

Key measures of social factors

The key measures in Origo's operations for social aspects are the following:
1. 50% of recruitment will be women.
2. 50% of new managers will be women.
3. Give young people the opportunity for internships and final projects to gain solid work experience during their studies.
4. Promote opportunities for education and establish the Origo Education Fund.
5. Offer technology-related courses for women and networking events for women and student groups.
6. Maintain equal pay certification.
7. Targeted preventive measures to improve health, through exercise and education.
8. Support for staff to attend psychological and well-being services.
9. Violence is not tolerated, including bullying, prejudice, sexual and gender-based harassment (measured annually).
10. Annual education and measurements in workplace analysis.
11. Regular training sessions for staff on equality, diversity, environmental issues, health, stress, etc.

The effectiveness and objectives of social factors

Example of objectives in social aspects:
1. Origo emphasizes that everyone enjoys the same human rights and opportunities at the Company.
2. Origo strives to work towards gender diversity and equality goals.
3. Origo works systematically to promote the well-being of employees.
4. Origo does not accept inequality in the labor market or slavery and child labor and will abide by it in all aspects of the value chain.
5. Origo focuses on building a culture that emphasizes an environmentally friendly lifestyle and a culture of equality.

It is Origo's goal to increase diversity in its workforce by increasing the number of women in IT and increasing the number of young up-and-coming individuals employed. The average number of employees of Origo and its subsidiaries in 2022 was 602 full-time equivalents (annual positions). The largest part of the employees is at Origo or 467 full-time equivalents. There were 23 full-time employees at Tölvutek, 56 full-time employees at Applicon in Sweden, 12 full-time employees at Unimaze, 37 full-time employees at Syndis, 2 full-time employees at Eldhaf and 6 at DataLab.

The gender ratio varies from company to company within the Origo Group. In 2022, as in previous years, Origo worked systematically to increase the number of women in the workforce. Origo achieved the goal during the year that 30% of the staff are now women and 70% are men. The percentage of women at Applicon in Sweden is higher than in our companies in Iceland, where 34% are women and 66% are men. Origo's goal is that half of all hires are women, of the 90 employees that were hired this year, 36% were women. If hiring of summer workers is taken into account, half of them were women, which was really pleasing. Origo has been an equal pay certified company since 2018 according to the equal pay standard ÍST 85:2012, and the Company is systematically working towards ongoing improvements in equal pay matters.

During the year, an evaluation of Origo's equal pay system was carried out and the certification was confirmed in November. According to the September wage analysis, the gender wage gap at Origo measures 1.2% when considering the fixed wages of employees. Looking at the average of the last 12 months, the ratio is 0.91%, which is well below the target that the Company has set for itself.

Non-financial information, contd.

The effectiveness and objectives of social factors, contd.:

Origo places great emphasis on the health and well-being of its employees, and this year even more emphasis was placed on this category. The Company has an active health policy and organizes numerous health-promoting events, in the form of exercise, educational events, as well as emphasizing and offering healthy nutrition throughout the day. Staff have good and paid access to well-being and psychological services through partners and have access to a life coach, who many turn to in order to promote personal growth.

Origo conducts regular job satisfaction surveys by broadcasting workplace measurements in Moodup. Job satisfaction measured an average of 8.3 when looking at all the measurements made in the year 2022. At the end of the year, Origo was among the three highest companies for about 60 workplaces that use Moodup in employee measurements.

Origo received Creditinfo's incentive award for outstanding innovation during the year. To encourage innovation within Origo, the Company has held so-called Superhero Days every year, which gives employees the opportunity to promote innovation and develop technical solutions. The theme of this year's Superhero Days was "Let's change the game at Origo", but the aim is to get Origo's staff to continue to change the game every day by developing new solutions and also to look for ways to improve existing procedures, rethink and do things better today compared to yesterday.

Origo was named VR’s Model Company 2022 and it was the third year in a row that the Company received that title. VR selects fifteen companies in each size category to receive the recognition and there is a reason to draw special attention to their performance. Many of these companies that are high on the list year after year demonstrate strong human resource management. During the year, a number of courses were held for employees and over 200 people attended local courses, including management training, service courses and security training for software experts. During the year, Origo established a career development and education fund and contributed about ISK 500 million to the fund. The goal of the fund is to mobilize ingenuity and strengthen Origo's human resources for the future in the field of innovation and value creation. The fund is intended to speed up the development of knowledge and experience in the development, sales and marketing of software products and technical solutions that the Company pursues.

During the year, Origo became a sponsor of the social accelerator Snjallræði at Klak - Icelandic Startups in collaboration with MIT DesignX, both with funding, a seat on the steering committee and Origo staff volunteering as mentors. Origo also became a sponsor of Vertonet, the organization of women working in IT in Iceland, and Dröfn Guðmundsdóttir, the Chief of People at Origo, received Vertonet's incentive award for her contribution to making the technology sector a more desirable option for women, as well as having increased the number of women in technical jobs and promoting diversity of the sector. Origo supported UN Women by purchasing the children's book: Super Heroes for one day, for employees and all libraries in elementary schools in Reykjavík.

Origo supports projects that aim to promote innovation and encourage young people and women to participate in technical fields. Over the years, Origo has provided various grants for social issues and emphasized a good connection with employees and society as a whole. Origo supports projects in the community in the field of humanitarian affairs, prevention and youth work, research, environmental affairs and nature conservation. The scholarships are intended as an incentive to do well.

Non-financial information, contd.

Governance (G)

Origo's strategic focus in governance concerns the Company's board of directors and management, internal control and shareholder rights. Origo's management system takes into account the Act on Limited Companies. The Board of Origo hf. strives to maintain good corporate governance practices and follow the "Corporate Governance Guidelines" published by the Icelandic Chamber of Commerce, NASDAQ OMX Iceland and Samtök Atvinnulífsins. The Board has approved rules of procedures and board members have committed to following them when they take seat on the Company's Board. The rules of procedures deal with the role and performance of the duties of the Company's Board of Directors and also to some extent cover the duties of the Company's CEO.

The Company emphasizes respecting the rules on collective agreements, and the code of conduct deals with the rules and desired behaviour of suppliers, anti-corruption measures and human rights and privacy issues. There is a strong emphasis on regular disclosure of information on sustainability issues and that the activities will be taken over by an external party.

Corruption and bribery matters

Origo has established a code of conduct that covers all of Origo's activities and is intended to guide staff and management in the execution of daily work with Origo's interests as a guiding light. The code of conduct covers the following points:

Honest communication: Staff adopt honest communication in which respect, fairness and equality are expressed.

Good business practices: We sell products and services based on our own merits and quality and good service. We respect the values we are trusted with and we do not discriminate against customers or suppliers on illegal or unreasonable grounds.

Confidentiality: We respect confidentiality, non-disclosure for the benefit of customers and suppliers. We do not use the information we receive in our work for our own benefit or for the benefit of related parties.

Laws and regulations: We follow laws and regulations.

Bribery: We do not accept bribes. We do not accept gifts or services or personal favors that may influence business. We do not accept invitational travel unless such travel has a clear business purpose.

Data security

Information security is an important factor when it comes to protecting valuable and critical business infrastructure. Origo operates an ISO 27001 certified information security management system. Origo's Security Council, together with the Security Manager, is responsible for Origo's information security and regularly informs the CEO and the Board about deviations and the progress of risk assessments and controls. Risk assessment and risk management are based on the Company's main and most valuable assets that fall within the scope of certification. All the main values and information assets have been defined and an assessment is made of what risks are or could be present in relation to the relevant asset. Security audits and risk assessments are carried out regularly, but they deliver improvements and define the risk level of assets as well as support risk management as we do at any given time. Security audits and risk assessments are always part of the ISO 27001 external audits that are carried out once a year. The safety manager and safety council ensure the implementation and progress of safety audits and risk assessments.

Companies that choose to outsource operations and services to IT companies are faced with an extremely important decision when it comes to choosing a partner in that field. One of the things that is considered when making a decision is to get confirmation that the service provider has and operates a certified information security management system. Information security is and will become an increasingly important factor when it comes to protecting the valuable and sensitive infrastructure of companies and public entities. It is extremely important that service providers seek all possible means to minimize threats and risks that may befall the IT environment and use approved and certified methods to do so.

Data security, contd.:

Origo operates an ISO 27001 certified information security management system, and the company employs experts who have attended ITIL courses. The Company places great emphasis on continuously deepening and increasing employees' awareness and knowledge of information security, among other things through courses, presentations and knowledge surveys. In addition to the fact that the Company itself holds safety courses and safety conferences, it also sends employees to more specific courses, e.g. regarding secure programming and Ethical Hacking. The Company carries out numerous tests every year regarding infrastructure security, both as part of regular contingency and emergency plans, but vulnerability tests are also carried out on the infrastructure, environment and systems that the Company owns, services and operates.

Origo places great importance on ensuring that the Company's entire operating and service environment is secure and that the knowledge, skills and professionalism of its employees are exemplary when it comes to information security and services. The Company's goal is to be the first choice for customers when they choose a partner for the secure operation of IT, software solutions and services. Origo has been ISO 27001 certified since October 2004.

The focus is on customer security at Origo, and the Syndis subsidiary specializes in providing the Company, as well as companies and institutions, with information security and related services. Syndis is a leading information security company that assists clients by providing customized information security services and innovative security solutions to meet the demands and security needs of the modern technology environment.

Origo utilizes the services of Syndis in terms of prevention, monitoring of key assets and research for the benefit of the Company's infrastructure and customer service environment when appropriate.

ITIL

ITIL is the most widespread framework for managing the provision of IT services in an efficient and cost-effective manner. The Company's information processing, processes and service management are based on a strong ITIL foundation that has been built within Origo.

ITIL's methodology guarantees customers powerful service and the right response, as well as always aiming to minimize the possible impact of disruptions that may occur. Service Level Agreements (SLA) have been structured with ITIL in mind, but all service processes and service management are also structured according to ITIL methodology.

The Company's goal is to be in the vanguard of those service providers on the Icelandic market who have implemented and adopted ITIL and ISO 27001 in order to promote a safe operating environment and excellent service, both for their own infrastructure and for customers.

Personal protection and processing of personal information at Origo

At Origo, great emphasis is placed on the protection and security of personal information. When Origo processes personal data on behalf of customers, e.g. in relation to hosting and technical support, Origo acts as a so-called processor within the meaning of the Privacy Act. In those cases, Origo processes personal data on behalf of and according to the instructions of its customers. In 2022, a lot of work has taken place at Origo to clarify processes and simplify the conclusion of contracts between Origo and its customers regarding the rights and obligations of the parties when it comes to the processing of personal information. On the Company's website, Origo's terms for the processing of personal data can now be accessed that apply when Origo works with personal data on behalf of its customers, as well as the so-called processing specifications that define what information the Company works with in relation to each service.

Non-financial information, contd.

Personal protection and processing of personal information at Origo, contd.:

Origo also works with personal data as a so-called responsible party. This is among other in connection with the Company's online store. In 2022, Origo updated its privacy policy for customers and other external parties with whom the Company processes personal information. A copy of this policy can be found on the Company's website, where information can be found about the processing carried out by Origo and what rights individuals can exercise against Origo on the basis of the Privacy Act.

Origo's processes and procedures related to personal protection are part of the Company's information security management system based on the ISO 27001 standard. The processes and procedures take into account the ISO 27701:2019 standard and have been linked to the processes and procedures that belong to ISO 27001. The Company emphasizes that staff are aware of the requirements for the security and handling of personal information, and all staff undergo courses annually and the staff receive educational lectures to strengthen and maintain their knowledge. In 2022, a new handbook for staff was also implemented, which goes over in detail the obligations incumbent on Origo based on the Privacy Act and how staff should work with personal data in accordance with those obligations.

In order to ensure compliance with privacy laws, the Company has appointed a data privacy officer. His role is among other to be a consultant for staff and management, but also to receive messages from individuals about whom Origo may work with personal information. The Company's data privacy officer can be contacted via the email address personuvernd@origo.is. Origo also offers its customers solutions that facilitate their compliance with privacy legislation, including the CCQ quality management system that ensures documentation and compliance with privacy legislation.

Ensuring compliance with privacy legislation is a task that never ends, especially not in an environment like Origo's where new technological solutions and developments are always being dealt with. Every year, a vision for the coming year is formed with new reform projects, and 2023 is no exception. Data protection contacts have been designated in all functions of Origo, and in 2023 the focus will be on enhancing the knowledge of such contacts and involving them in projects related to compliance with data protection laws.

Main governance risks

In information technology, the ingenuity and knowledge of staff is one of the most important parts of any company's activities, and it is therefore extremely urgent that governance and issues concerning human resources are carefully considered and that processes related to knowledge, qualifications, and security awareness are followed.

Origo is a large buyer of equipment and services and therefore in an ideal position to influence society. Suppliers and partners play a major role in the Company's supply chain, and it is important for Origo's reputational risk that these parties maintain responsible management practices in their operations.

Origo provides specialist services to a diverse group of clients from all areas of the business life. The Company's operations are based on trust and reliability, and the Company's goal is to be in the vanguard of those service providers on the Icelandic market who promote a safe operating environment and excellent service, both for their own infrastructure and for customers.

Key measures of governance

The key measures in Origo's operations for governance are the following:

1. Continuation of continuous measurement and compliance.
2. Code of ethics sent to suppliers, achieve 80% response rate in supplier assessment and regular review of responses.
3. Sustainability project published on Origo's website.
4. Increased efficiency in drawing up processing contracts and implementation of processing contract terms.
5. Update of the privacy policy for customers and other external parties.
6. Manual for staff on the processing of personal data.

Governance performance and objectives

Origo's goals in governance:

1. Origo emphasizes the rights of its employees.
2. Origo plans to review the supplier code of conduct and implement a supplier assessment at the Group.
3. Continuous follow-up of supplier evaluations.
4. Inform and educate stakeholders about Origo's sustainability projects.
5. Origo emphasizes data security and privacy for its customers.

During the year, collective agreements were signed affecting a considerable number of Origo's employees. Origo has respected these changes in collective agreements and is working according to them.

At the Company's Annual General Meeting last March, the Company's Board of Directors was elected, where the desired gender ratio was achieved, where two women and three men were elected to the Board. Around the Company's Annual General Meeting in March, a sustainability report for the year 2021 was published. Supplier evaluations of new suppliers are sent as soon as they are established in the Company's systems.

During the year, there was an audit of the ISO 27001:2013 certified information security management system at Origo, a so-called major audit that is carried out every three years and is carried out by the assessor BSI. This audit gave the Company a positive result and the certificate was renewed for three years. The audit demonstrated the effectiveness of the safety management system and the safety awareness of the employees, the determination and enthusiasm of those who participated in the audit, as well as many good improvements in the Company's operations over the past year. The report also states the generally good state of safety at the Company and the high level of safety awareness among employees, as well as support for safety issues and the safety management system on the part of both employees and managers. Origo's security management system supports the Company in complying with the growing external regulatory framework that places ever greater demands on the business.

Innovations, actions and projects related to information security management systems that were carried out in 2022

Numerous improvement projects were carried out in 2022, including new product and process descriptions that are based on clarity and cover all aspects of a product, from technology to service. Updated business contracts, contract process terms and contract documents with emphasis on the terms and roles of processing and responsible parties. Processing agreements and terms updated with regard to product availability, processing and privacy. Extensive improvements to Origo's Security Operations Center (SOC) covering both internal and external controls as well as response to prevent, detect and respond to security incidents to minimize risks. Reforms of the Security Council's monitoring system for defined security priorities. Establishment of steering groups to ensure the safety and quality of both software development and cloud services. Software vulnerability monitoring to identify potential threats associated with previously unknown vulnerabilities. Improvements regarding internal service contracts and service level definitions. Improvement of processes and operations related to security audits and risk assessments. Improvements to the Inventory of Values and Assets as well as Roles and Checklists (RACI). Reforms in telecommunications and related communications solutions. Improvements in scale control and document sorting. Improvements in accessibility, presentation and clarity of processes.

Education - Information security and compliance

All new Origo staff attend a safety course with Origo's safety manager. In addition, presentations and courses related to information security are regularly held throughout the year. Regular testing of staff security awareness is carried out according to best and accepted methods and as part of Origo's security awareness program. Safety presentations, courses, surveys and tests are covered by the Company's certified safety management system. The Company's internal communication solutions are used to maintain security awareness and send out regular security presentations. In 2022, Origo staff attended courses and participated in Origo's various security tests, as well as attending presentations and participating in tests regarding privacy protection. Simulation campaigns are used in addition to vulnerability and attack testing to increase awareness and educate staff about attack sites, phishing and email fraud. Staff are required to attend security and privacy training followed by surveys. Specific courses and tests are also held for Origo's software staff that take into account OWASP 10. Courses and training programs for OWASP 10 are designed and implemented by Syndis, and Origo's software programmers go through OWASP10 training.