

Origo hf.
Condensed Consolidated Interim
Financial Statements
30 June 2022

*These condensed consolidated interim 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

Reg. no. 530292-2079

Contents

Endorsement and Statement by the Board of Directors and the CEO	3
Consolidated Statement of Comprehensive Income	4
Consolidated Statement of Financial Position	5
Consolidated Statement of Changes in Equity	6
Consolidated Statement of Cash Flows	7
Notes to the Consolidated Financial Statements	8

Endorsement and Statement by the Board of Directors and the CEO

The consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standard IAS 34. The statements include the consolidated accounts of Origo hf. and its subsidiaries. The Group consists of seven companies. The consolidated interim financial statement is neither audited nor reviewed by the groups auditors.

According to the statement of comprehensive income, profit amounted to ISK 562 million for the period 1 January to 30 June 2022. Sale of goods and services amounted to ISK 9,262 million during the period. According to the statement of financial position, the Group's equity at the end of the period amounted to ISK 8.925 million.

In the first half of the year, Origo has worked on strategic projects and defined what the company stands for. On April 1st, organizational changes were made with the goal of helping Origo's customers better in their digital journeys, while also strengthening each software product so that it can be sustainable in terms of technology, sales and marketing. In operational services and infrastructure, emphasis has been placed on the transformation of sources of income with the aim of simplifying the solution offering and further adapting it to the needs of customers. Syndis has grown a lot recently and the first half of the year is marked by considerable investments, but the company set up an establishment in the field of security monitoring in Poland during the period. In addition, the company has significantly increased its investment in software production during the year.

Origo has exercised a call option to buy 14.54% of the share capital of Datalab ehf., and at the end of June, Origo owns 47.87% in the company. The company becomes part of the group Origo hf. as of March 1 2022, since Origo has control over Datalab ehf. due to stock options, in addition to having a majority in the company's board of directors. At the beginning of July, Origo's holding in Datalab was 51%. Datalab's operation during the period was characterized by investment in software development, but the opportunities in the core market of data exploitation for increasingly smarter solutions are large and the future prospects are therefore good.

There has been good demand for solutions and products in user equipment during the period. There are still challenges on the supply side, even though the effects of Covid-19 are receding in the group's operations. Delays in product delivery and price increases can still be expected due to general product shortages internationally.

Statement by the Board of Directors and the CEO

According to our best knowledge the consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and it is the Board of Directors' and the CEO's opinion that the consolidated interim financial statements give a true and fair view of the consolidated interim financial performance of the Group for the period 1 January to 30 June 2022, its assets, liabilities and consolidated financial position as at 30 June 2022 and its consolidated cash flows for the period 1 January to 30 June 2022.

Furthermore, it is the Board of Director's and the CEO's opinion that the consolidated interim financial statements and the Endorsement by the Board of Directors and the CEO gives 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 interim financial statements of the Company for the period 1 January - 30 June 2022 and confirm them by means of their signatures.

Reykjavík, 30 August 2022.

Board of Directors:

Hjalti Pórarinsson

Auður Björk Guðmundsdóttir

Ari Danielsson

Hildur Dungal

Ari Kristinn Jónsson

CEO:

Jón Björnsson

Consolidated Statement of Comprehensive Income

1 January to 30 June 2022

	Notes	Second quarter		First half	
		2022 1.4.-30.6.	2021 1.4.-30.6.	2022 1.1.-30.6.	2021 1.1.-30.6.
Sales of goods and services	5	4.516.203	4.425.362	9.261.564	8.598.874
Cost of goods sold and cost of services		(3.301.646)	(3.307.671)	(6.755.157)	(6.387.146)
Gross profit		1.214.557	1.117.691	2.506.407	2.211.728
Operating expenses	6	(1.095.311)	(960.190)	(2.283.664)	(1.946.091)
Operating profit		119.246	157.501	222.743	265.637
Finance income		14.726	12.659	31.455	26.513
Finance expenses		(60.845)	(30.106)	(114.717)	(59.596)
Net finance expense	7	(46.119)	(17.447)	(83.262)	(33.083)
Share of profit in associate		261.191	47.246	427.278	149.889
Profit before income tax		334.318	187.300	566.759	382.443
Income tax		(36.841)	(33.174)	(31.316)	(47.452)
Profit for the period		297.477	154.126	535.443	334.991
Other comprehensive income:					
Foreign currency translation differences for foreign operations	9	118.715	(70.314)	26.178	(87.872)
Total comprehensive profit for the period		416.192	83.812	561.621	247.119
EBITDA		370.301	356.743	707.748	657.641
Profit for the period is attributable to:					
Shareholders in parent company		309.249	152.639	554.724	332.266
Minority interest		(11.772)	1.487	(19.281)	2.725
Profit for the period		297.477	154.126	535.443	334.991
Total comprehensive income is attributable to:					
Shareholders in parent company		427.964	82.325	580.902	244.394
Minority interest		(11.772)	1.487	(19.281)	2.725
Total comprehensive income for the period		416.192	83.812	561.621	247.119
Earnings per share:					
Basic earnings per share (ISK)		0,69	0,35	1,24	0,77
Diluted earnings per share (ISK)		0,69	0,34	1,24	0,77

Consolidated Statement of Financial Position as at 30 June 2022

	Notes	30.6.2022	31.12.2021
Assets:			
Property and equipment		2.271.181	2.244.668
Intangible assets	9	3.090.323	3.171.012
Deferred income tax asset.....		9.011	9.011
Investment in associate		4.446.122	3.991.058
Securities and long-term receivables		337.059	325.933
Non-current assets		10.153.696	9.741.682
Inventories		1.831.296	1.775.954
Trade receivables and other receivables		1.715.006	1.831.710
Cash and cash equivalents		1.168.948	1.794.624
Current assets		4.715.250	5.402.288
Total assets		14.868.946	15.143.970
Equity:			
Share capital		430.923	434.857
Share premium		0	121.456
Reserves	10	3.835.039	3.787.415
Retained earnings		4.602.485	4.217.016
Equity of shareholders in the parent company		8.868.447	8.560.744
Minority interest		56.962	57.972
Total Equity		8.925.409	8.618.716
Liabilities:			
Non-current loans and borrowings		894.059	950.000
Lease liability.....		1.715.596	1.674.713
Deferred tax liability.....		142.752	108.013
Non-Current liabilities		2.752.407	2.732.726
Next year payment of lease liability.....		413.369	417.153
Current loans and borrowings		120.708	112.375
Trade payables and other payables		2.657.053	3.263.000
Current liabilities		3.191.130	3.792.528
Total liabilities		5.943.537	6.525.254
Total equity and liabilities		14.868.946	15.143.970

Consolidated Statement of Changes in Equity 30 June 2022

	Share capital	Share premium	Reserves	Retained in the parent earnings	Equity of shareholders in the parent company	Minority interest	Total Equity
1. January to 30. June 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 for the period .			26.178	554.724	580.902	(19.281)	561.621
Recognized in restricted reserves			21.446	(21.446)	0		0
Accrued cost due to stock option agreem. ...				26.800	26.800		26.800
Acquisition of treasury shares	(3.934)	(121.456)		(174.609)	(299.999)		(299.999)
Minority interest						18.271	18.271
Equity at 30.6.2022	430.923	0	3.835.039	4.602.485	8.868.447	56.962	8.925.409

1. January to 30. June 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 for the period .			(87.872)	332.266	244.394	2.725	247.119
Recognized in restricted reserves			51.385	(51.385)	0		0
Accrued cost due to stock option agreem. ...				5.000	5.000		5.000
Equity at 30.6.2021	434.857	121.456	3.096.884	3.579.941	7.233.138	31.417	7.264.555

Consolidated Statement of Cash Flows

1 January to 30 June 2022

	Notes	2022 1.1.-30.6.	2021 1.1.-30.6.
Operating activities:			
Profit for the period		535.443	334.991
Adjustments for:			
Depreciation		485.005	392.004
Net finance expenses	7	83.262	33.083
Share of profit of associate		(427.278)	(149.889)
Income tax		31.316	47.452
		707.748	657.641
Changes in operating assets and liabilities:			
Inventories, (increase)		(77.586)	(555.140)
Trade receivables and other receivables, decrease		119.950	22.065
Trade payables and other payables, (decrease) increase		(420.905)	71.606
Changes in operating assets and liabilities		(378.541)	(461.469)
Interest income received		31.455	13.081
Interest expenses paid		(93.814)	(59.596)
		(62.359)	(46.515)
Net cash from operating activities		266.848	149.657
Investing activities:			
Investment in property and equipment		(141.653)	(82.449)
Investment in associates		0	(31.038)
Investment in business operations less acquired cash		(18.693)	(113.647)
Capitalized intangible assets	9	(99.669)	(100.601)
Long-term receivables, change		(4.935)	(9.559)
Other short-term payables, change		(70.573)	0
Investing activities		(335.523)	(337.294)
Financing activities:			
Acquisition of treasury share		(299.999)	0
Repayment of long-term of borrowings		(51.667)	(60.587)
Repayment of lease liabilities		(199.912)	(173.757)
Financing activities		(551.578)	(234.344)
Decrease in cash and cash equivalents		(620.253)	(421.981)
Effect of exchange rate fluctuations on cash held		(5.423)	(10.659)
Cash and cash equivalents at beginning of the period		1.794.624	1.172.714
Cash and cash equivalents at the end of the period		1.168.948	740.074
Non-cash investing and financing activities			
Investment in business operations		0	(160.000)
Other payables		0	160.000

Notes

1. Reporting entity

Origo hf. ("the Company") is a limited company domiciled in Iceland. The address of the Company's registered office is Borgartún 37, Reykjavík. The consolidated interim financial statements include the interim financial statements of the Company and its subsidiaries, together referred to as the "Group" and individually as "Group entities".

The Company's aim is to provide its customers complete solutions in the field of information technology with developing software, providing hardware and software, office equipment and technical services.

2. Statement of compliance

The consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standard IAS 34. The condensed interim financial statements of Origo hf. do not include all of the information required in complete annual financial statements and should be read together with the Group's 2021 annual financial statements.

The Company's Board of Directors approved its interim financial statements on 30 August 2022.

3. Significant accounting policies

The same accounting policies are followed in preparing the interim financial statements as were used in preparing the Group's annual financial statements for 2021.

The annual financial statements can be obtained from the Company or its website, www.origo.is, and on the website of OMX Nordic Exchange in Iceland, www.nasdaqomxnordic.com.

The interim financial statements are prepared in Icelandic krónur (ISK), which is the Company's functional currency. All financial information presented has been rounded to the nearest thousand. The statements have been prepared on the historical cost basis.

4. Estimates and judgements

The preparation of interim financial statements in conformity with IFRS 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.

5. Segment reporting

	Goods and related services	Operational service and infrastructure	Software, and related services	Total
1.1. - 30.6.2022				
Sales of goods and services	3.890.973	2.559.276	2.811.315	9.261.564
Segment result (EBITDA)	355.204	121.493	231.051	707.748
Depreciation	(94.269)	(174.407)	(216.329)	(485.005)
Net finance income				(83.262)
Share of profit from associate				427.278
Income tax				(31.316)
Profit for the period				535.443
Foreign currency translation differences for foreign operations				26.178
Total comprehensive income for the period				561.621

Notes, contd.:

5. Segment reporting, contd.:

	Goods and related services	Operational service and infrastructure	Software, and related services	Total
1.1. - 30.6.2021				
Sales of goods and services	3.525.270	2.321.163	2.752.441	8.598.874
Segment result (EBITDA)	308.353	112.477	236.811	657.641
Depreciation	(71.506)	(165.457)	(155.041)	(392.004)
Net finance income				(33.083)
Share of profit from associate				149.889
Income tax				(47.452)
Profit for the period				334.991
Foreign currency translation differences for foreign operations				(87.872)
Total comprehensive income for the period				247.119

6 Operating expenses

Operating expenses are specified as follows:

	2022 1.1-30.6.	2021 1.1-30.6.
Salaries and salary related expenses	1.489.453	1.349.305
Properties operations	43.691	37.609
Sales and marketing costs	39.549	74.430
Depreciation	230.585	173.181
Other staff expenses	104.601	66.702
Travel expenses	12.666	1.219
Advisory and other purchased services	101.122	74.630
Other operating expense	261.997	169.015
Operating expenses total	2.283.664	1.946.091

7 Finance income and expense

Finance income are specified as follows:

	2022 1.1-30.6.	2021 1.1-30.6.
Interest income	31.455	13.081
Net currency gain	0	13.432
Total financial income	31.455	26.513

Finance expenses are specified as follows:

Interest expense	(93.814)	(59.596)
Net currency loss	(20.903)	0
Total financial expense	(114.717)	(59.596)
Net finance expense	(83.262)	(33.083)

Notes, contd.:

8 Investment in associates

Investment in associates is 40.4% shares in Tempo Parent LLC. Datalab ehf. became part of the group Origo hf. as of March 1 2022.

Investment in associates are specified as follows

	2022	2021
	1.1-30.6.	1.1-30.6.
Balance at 1.1.	3.991.058	2.940.938
Reclassified as part of group	(27.575)	31.038
Share of profit in associates	427.278	149.889
Effect of changes in exchange rates	55.361	(72.899)
Balance at 30.6.	<u>4.446.122</u>	<u>3.048.966</u>

Effect in income statement specified as follows:

Share of profit in Tempo Parent LLC	428.528	151.620
Share of profit in Datalab ehf.	(1.250)	(1.731)
Share of profit in associates	<u>427.278</u>	<u>149.889</u>

Tempo's operations went well in the first half of the year and the revenue growth was 26% and total revenue of over 46 million USD. The company's adjusted EBITDA ratio is about 28% in the first 6 months of the year.

9 Intangible assets

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

	Goodwill	Software	Total
Cost			
Balance at 1.1.2021	2.059.453	1.569.239	3.628.692
Investments in internal software	0	138.000	138.000
Taken over at acquisition of operating units	366.826	25.000	391.826
Investments during the year	0	45.428	45.428
Effect of changes in exchange rates	(18.860)	0	(18.860)
Balance at 31.12.2021	<u>2.407.419</u>	<u>1.777.667</u>	<u>4.185.086</u>
Taken over at acquisition of subsidiary	35.299	0	35.299
Investments in internal software	0	86.500	86.500
Investments during the year	0	13.169	13.169
Effect of changes in exchange rates	(24.314)	0	(24.314)
Balance at 30.6.2022	<u>2.418.404</u>	<u>1.877.336</u>	<u>4.295.740</u>
Amortisation and impairment losses			
Balance at 1.1.2021	222.596	500.077	722.673
Depreciation	0	291.401	291.401
Balance at 31.12.2021	<u>222.596</u>	<u>791.478</u>	<u>1.014.074</u>
Depreciation	0	191.343	191.343
Balance at 30.6.2022	<u>222.596</u>	<u>982.821</u>	<u>1.205.417</u>
Carrying amounts			
1.1.2021	1.836.857	1.069.162	2.906.019
31.12.2021	<u>2.184.823</u>	<u>986.189</u>	<u>3.171.012</u>
30.6.2022	<u>2.195.808</u>	<u>894.515</u>	<u>3.090.323</u>
Depreciation ratios		10 - 25%	

Notes, contd.:

9 Intangible assets

A part of Origo hf.'s operations is developing and selling software. In accordance with international financial reporting standards ISK 86.5 million were booked as assets as a result of the group's development of Tempo software. When estimating the values of development costs, costs are measured from the day a projects fulfils all requirements for capitalisation. Other development cost is moved to expenses when incurred.

Intangible assets developed within the group are booked at historical costs minus the accumulated depreciation as if a purchased asset. The booked value of intangible assets is reviewed 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 once a year.

10 Equity

Reserves are specified as follows:

	Translation reserves	Revaluation reserves	Restricted reserves	Total
Balance at 1.1.2021	326.009	2.541.424	265.938	3.133.371
Change during the period	(87.872)	15.421	35.964	(36.487)
Balance at 30.6.2021	238.137	2.556.845	301.902	3.096.884
Balance at 1.1.2022	396.033	3.081.849	309.533	3.787.415
Change during the period	26.178	(4.705)	26.151	47.624
Balance at 30.6.2022	422.211	3.077.144	335.684	3.835.039

The Company's share capital according to its Articles of Association amounts to ISK 435 million. Each share has the nominal value of one ISK. One vote is attached to each share in the Company. The Company holds treasury shares in the nominal value of ISK 4 million, recognised as decrease in equity.

11 Other matters

In the first half of the year, Origo has worked on strategic projects and defined what the company stands for. On April 1st, organizational changes were made with the goal of helping Origo's customers better in their digital journeys, while also strengthening each software product so that it can be sustainable in terms of technology, sales and marketing.

12 Financial ratios

Financial ratios for the consolidated interim financial statements:

	2022 1.1.-30.6.	2021 1.1.-30.6.
Statement of comprehensive income:		
Inventory turnover - Cost of goods sold / Inventory at end of period	5,0	5,4
Receivables turnover - Receivables at end of period / Sales of goods and services	23	22
Salary and salary related expenses / Sales of goods and services	42,8%	42,4%
Operating expenses / Sales of goods and services	24,7%	22,6%
EBITDA / Sales of goods and services	7,6%	7,6%
EBIT / Sales of goods and service	2,4%	3,1%
Statement of financial position:		
Current ratio	1,48	1,42
Equity ratio	60,0%	56,9%

Notes, contd.:

Quarterly statements

Summary of the Group's results by quarters:

	1 Q 2022	2 Q 2022	Total
Sales of goods and services	4.745.361	4.516.203	9.261.564
Cost of goods sold and cost of sold services	(3.453.511)	(3.301.646)	(6.755.157)
Gross profit	1.291.850	1.214.557	2.506.407
Operating expense	(1.188.353)	(1.095.311)	(2.283.664)
Operating profit	103.497	119.246	222.743
Finance income	16.729	14.726	31.455
Finance expense	(53.872)	(60.845)	(114.717)
Net finance expense	(37.143)	(46.119)	(83.262)
Share of profit in associate	166.087	261.191	427.278
Profit before income tax	232.441	334.318	566.759
Income Tax	5.525	(36.841)	(31.316)
Profit for the period	237.966	297.477	535.443
Other comprehensive income:			
Foreign currency translation differences for foreign operations	(92.537)	118.715	26.178
Total comprehensive income for the period	<u>145.429</u>	<u>416.192</u>	<u>561.621</u>
EBITDA	337.447	370.301	707.748

Notes, contd.:

Quarterly statements, contd.:

	1 Q 2021	2 Q 2021	3 Q 2021	4 Q 2021	Total
Year 2021					
Sales of goods and services	4.173.512	4.425.362	4.257.451	5.334.799	18.191.124
Cost of goods sold 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 expense	(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 expenses	(15.636)	(17.447)	(35.875)	(29.387)	(98.345)
Share of profit in associate	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					
Foreign currency translation differences for foreign operat.	(17.558)	(70.314)	172.484	(14.588)	70.024
Total comprehensive income 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