

Good year for the company

Results for FY 2021

Financial highlights:

- **Goods and services** sold totalled ISK 5,335 million in Q4 2021 (up 8.7% from Q4 2020) and ISK 18,191 million for the full year 2021 (up 6.6% from FY 2020). [Q4 2020: ISK 4,906 million, 12M 2020: ISK 17,062 million]
- **Gross profit** was ISK 1,466 million (27.5%) in Q4 2021 and ISK 4,819 million (26.5%) for the full year 2021. [Q4 2020: ISK 1,231 million (25.1%), 12M 2020: ISK 4,215 million (24.7%)]
- **EBITDA** totalled ISK 503 million (9.4%) in Q4 2021 and ISK 1,601 million (8.8%) for the full year 2021. [Q4 2020: ISK 381 million (7.8%), 12M 2020: ISK 1,078 million (6.3%)]
- **EBIT** totalled ISK 263 million (4.9%) in Q4 2021 and ISK 732 million (4.0%) for the full year 2021. [Q4 2020: ISK 165 million (3.4%), 12M 2020: ISK 331 million (1.9%)]
- **Impact from share capital increase** at Tempo related to its acquisition of ALM Works Inc and Tempo operating result have significant effect on Origo's earnings
- **Other comprehensive income** was negative by ISK 15 million in Q4 2021 and positive by ISK 70 million for the full year 2021. [Q4 2020: ISK -255 million, 12M 2020: ISK 156 million]
- **Net profit** of ISK 952 million in Q4 2021 and ISK 1,564 million for the full year 2021. [Q4 2020: ISK -53 million, 12M 2020: ISK 408 million]
- **Equity ratio** of 56.9% versus 56.7% at year-end 2020.
- **Current ratio** of 1.42 versus 1.27 at year-end 2020.

Operational highlights:

- Good revenue growth and strong profitability in Q4
- Strong demand and operating result in End-User Equipment
- 24% growth in sales of own software in 2021
- Shift in focus in operational services and infrastructure solutions beginning to show better profitability
- Syndis has opened an office in Poland focusing on 24/7 IT security monitoring
- Two large acquisitions finalized by Tempo are a turning point for the company

Jón Björnsson, CEO of Origo hf:

“Origo delivered excellent performance in 2021. For us, 2021 was a year of new emphasis where we encouraged our teams to be more independent, we worked hard to make the product offering stronger and more focused and increased our focus on business development and marketing. We take social responsibility seriously and have prioritised on points where we know can make a difference, in particular cyber security, gender equality, increased health and the environment. We are seeing immediate results of these efforts of our staff. The Company's revenue increased 6.6% during the year and earnings improved significantly, with the EBITDA margin rising to 8.8% from 7.3% in the prior year. Many of our segments are now performing very well. Our investment in Tempo is at an exciting juncture and it is instructive to follow the company through a phase of significant expansion.

There continues to be strong demand for solutions and products in End-User Equipment with sales increasing by 17% in 2021. Profitability is strong with an EBITDA margin of around 9%. New sales channels, a strong online store and Tölvutek are the key reasons for the rise in revenue, as well as the fact that core operations have been robust despite delays in product delivery and a global product shortage. We still expect some challenges on the supply side, both in terms of the product offering and price increases. We have increased our focus on products and services related to digital differentiation in connection with increased automation, self-service, teleconferencing as well as other digital products that increase efficiency and reduce customers' operating costs.

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Origo's operation and infrastructure are in a transformation phase where work is being done to transform older sources of revenue and simplify the product and service offering to meet customer needs. Revenue declined around 8% for the year due to lower infrastructure sales and discontinued services. However, profitability improved by around 74%, meaning that the shift in focus is beginning to bear fruit. Much has been achieved in improving the service. Great emphasis has been placed on increasing automation and the unit has achieved good results in automating responses in system monitoring and operations, as well as analysing, adapting and automating general business processes. We look forward to being able to offer this knowledge to a greater extent to our customers as part of our service offering.

Syndis has significantly enhanced its ability to provide 24/7 monitoring by setting up an office in Poland. The company has prospered in recent months and its threefold strategy that focuses on consulting, security monitoring and software development in the security sector is exciting, as network security and security awareness are core areas for Origo and part of our social responsibility.

Origo's turnover in software development continues to grow and we are now approaching the level of software development that we had before the sale of a majority stake in Tempo. Revenue was up 8.3% for the year and the EBITDA margin was 9.6%. Revenue from own software was up by about 24%.

In Health Solutions, Covid-related projects have demonstrated the potential of digital development for the Icelandic healthcare system by delivering increased productivity as well as improving services and users' access to services and information. At the end of the year, testing began on a solution that manages screening for cervical cancer and is expected to be taken into use at the beginning of the year. This solution is largely based on solutions developed for Covid testing and vaccinations. Health Solutions has gone from strength to strength in recent years and enjoys considerable independence due to its size and specialisation. We see great opportunities in using technology to make life easier for the healthcare sector and those who seek its services.

Origo has strong roots in innovation and aims to promote innovation in all areas of its operations. A number of new solutions were launched during the year, including Léttský at Managed Services and a new generation of electronic shelf labels at End-User Equipment. For some time now, Origo has also been working on the development of a supercomputer solution in collaboration with foreign partners. In recent months, the solution has undergone successful testing. This is an exciting opportunity to innovate and we will continue to invest in its further development. Own software represents the most fertile ground for innovation, with revenue rising 24% for the year as noted above. Origo has always been strong in the development of core systems for enterprise operations. Increased development in Business Central resulted in increased sales of Business Central cloud solutions during the quarter as well as increased sales and services related to SAP S/4HANA. The product development carried out in recent months is providing good opportunities in this area. Banking and payment-related solutions are in constant development and Origo has upgraded the banking system software at two Icelandic banks.

We will continue to push for innovation without sacrificing performance with clear time frames and utilization of resources. Sales of the Kjarni HR and payroll system, which Origo began developing in 2015, were robust and we are seeing increased demand; Kjarni users include many of Iceland's largest companies and municipalities. The good response from the market is encouraging and we will continue to work systemically on developing new functionality and solutions in this field. We have invested substantially in three solutions for the tourism industry but are still waiting to reap the rewards due to Covid-19 and the slowdown in the tourism industry. Nevertheless, we have not slowed down the development of these products; for instance, we launched a new marketplace for travel agencies at the end of the year. We are hopeful that revenues will pick up as the travel industry gradually recovers. CCQ, our quality management solution, has established itself as the leading solution for ensuring compliance with requirements such as ISO, GDPR, equal pay certification and other standards, laws and regulations. Over the last couple of years, digital transformation has also become an increasingly large part of our business and we now have a dedicated team of more than 60 staff assisting customers with their digital transformation needs. We believe we have room to grow in this area and that digital development can become a core part of our operations.



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The recent quarter was perhaps the most exciting yet at Tempo. Tempo performed strongly during the year, delivering 39% revenue growth and a 59% increase in EBITDA, without revenues from Roadmunk and ALM and also taking into account one-off items. The company acquired two new businesses during the quarter, greatly strengthening its customer base and product offering in the market in which it operates. Tempo's acquisition of Roadmunk provides an opportunity to enter the roadmapping software market, while its acquisition of ALM Works marks its entry into the project management software field. Tempo now has close to 200 employees with operations in five cities and 25,000 customers worldwide. The aim will be to create value through the cooperation of these three businesses. Tempo's goal is to utilize the strength of each product to support further growth, while at the same time taking advantage of synergistic opportunities to reduce costs and potentially increase revenue. It will also be able to offer customers a stronger, more comprehensive product offering than before.

The outlook for our operations is good. We have come a long way in our work to clarify what Origo stands for, strengthen and update our focus on core operations and give our teams the independence to grow. We will adapt our operations to these opportunities and thus ensure that Origo will be well placed to be a leader in the evolving IT market. The new year is off to a good start and despite various challenges in the supply chain and the travel industry, we head into the year with a sense of optimism."

We have decided to make changes to our investor presentations in the coming year. Instead of providing conventional presentations for the first and third quarters, we will provide information about the overall operations in the form of a press release as we have normally done, and then offer a presentation of specific aspects of the operations in place of conventional investor presentations. We believe that this will give investors a better insight into the nature of our business. Investor presentations for the second and fourth quarters will continue to be provided in the normal manner."

Income Statement

In ISK million	Q4 2021	Q4 2020	%	2021	2020	%
Goods and services sold	5,335	4,906	8.7%	18,191	17,062	6.6%
Cost of goods and services sold	(3,869)	(3,675)	5.3%	(13,372)	(12,847)	4.1%
Gross profit	1,466	1,231	19.1%	4,819	4,215	14.3%
<i>Gross profit/revenue (%)</i>	<i>27.5%</i>	<i>25.1%</i>		<i>26.5%</i>	<i>24.7%</i>	
Operating costs	(1,203)	(1,066)	12.8%	(4,087)	(3,885)	5.2%
Operating profit	263	165		732	331	
<i>Operating profit/revenue (%)</i>	<i>4.9%</i>	<i>3.4%</i>		<i>4.0%</i>	<i>1.9%</i>	
Net financial expenses	(29)	(7)		(98)	(185)	
Effect of associates	756	72		966	132	
Income tax	(22)	(29)		(105)	(26)	
Profit for the period	967	202		1,494	252	
Other comprehensive income	(15)	(255)		70	156	
Net profit for the period	952	(53)		1,564	408	
EBITDA*	503	381		1,601	1,078	
<i>EBITDA% *</i>	<i>9.4%</i>	<i>7.8%</i>		<i>8.8%</i>	<i>6.3%</i>	

- Goods and services sold totalled ISK 18,191 million for the full year 2021 versus ISK 17,062 million in 2020. Revenues were up in End-User Equipment and Related Services as well as Software and Related Services but down in Managed Services and Infrastructure. Goods and services sold totalled ISK 5,335 million in Q4 2021 versus ISK 4,906 million in Q4 2020.
- Gross profit was ISK 4,819 million (26.5%) for the full year 2021 as compared to ISK 4,215 million (24.7%) in 2020. Gross profit was ISK 1,466 million (27.5%) in Q4 2021 versus ISK 1,231 million (25.1%) in Q4 2020.
- Operating costs were ISK 4,087 million for the full year 2021 versus ISK 3,885 million in 2020, an increase of 5.2%. Operating costs were ISK 1,203 million in Q4 2021 as compared to ISK 1,066 million in Q4 2020, an increase of 12.8%.
- EBITDA was ISK 1,601 million (8.8%) for the full year 2021 versus ISK 1,078 million (6.3%) in 2020. EBITDA was ISK 503 million (9.4%) in Q4 2021 as compared to ISK 381 million (7.8%) in Q4 2020.
- Net financial expenses amounted to ISK 98 million for the full year 2021 versus ISK 185 million in 2020. The difference is mainly explained by an ISK 100 million exchange rate loss in Q1 2020.
- Origo's share of the profit of associates was ISK 966 million for the full year 2021 versus ISK 132 million in 2020. The increase is explained by a share capital increase at Tempo related to its acquisition of ALM Works Inc.
- Other comprehensive income was positive by ISK 70 million for the full year 2021 versus a positive figure of ISK 156 million in 2020; this is explained by a translation difference in respect of Tempo.
- There was a net profit of ISK 1,564 million for the full year 2021 as compared to a net profit of ISK 408 million in 2020. There was a net profit of ISK 952 million in Q4 2021 as compared to a net loss of ISK 53 million in Q4 2020.

Balance Sheet

In ISK million	31.12.2021	31.12.2020
Non-current assets	9,742	8,028
Current assets	5,402	4,336
Total assets	15,144	12,364
Equity	8,619	7,012
Non-current liabilities	2,733	1,945
Current liabilities	3,793	3,406
Total equity and liabilities	15,144	12,364
Current ratio	1.42	1.27
Equity ratio	56.9%	56.7%

- Non-current assets increased by ISK 1,714 million in 2021, due to an increase in tangible assets, intangible assets and in the recorded value of interests in associates.
- Current assets increased by ISK 1,066 million in 2021, due to an increase in cash, receivables and inventory.
- Equity increased by ISK 1,606 million in 2021.
- Non-current liabilities rose by ISK 787 million in 2021. The increase is mainly explained by an increase in lease liabilities and loan refinancing.
- Current liabilities rose by ISK 386 million in 2021.
- The equity ratio was 56.9% at year-end 2021 versus 56.7% at year-end 2020.
- The current ratio was 1.42 at year-end 2021 versus 1.27 at year-end 2020.

Cash Flow Statement

In ISK million	1.1-31.12.2021	1.1-30.12.2020
Net cash provided by operating activities	1,258	1,493
Investing activities	(671)	(620)
Financing activities	48	(548)
Increase in cash and cash equivalents	636	325
Effect of exchange rate fluctuations on cash held	(14)	22
Cash and cash equivalents at beginning of year	1,173	826
Cash and cash equivalents at end of period	1,795	1,173

- Net cash provided by operating activities amounted to ISK 1.258 million at year-end 2021 as compared to ISK 1.493 million at year-end 2020.
- Investing activities amounted to ISK 671 million in 2021 versus ISK 620 million in 2020.
- Financing activities were positive by ISK 48 million in 2021 versus a negative figure of ISK 548 million in 2020. The difference is explained by debt refinancing in the amount of ISK 1,000 million.
- Cash and cash equivalents increased by ISK 347 million in 2021.

Shareholders

At year-end 2021, the Company had a market value of ISK 31,320 million. The share price at the close of the quarter was ISK 72 per share. The number of outstanding shares on 31 December 2021 was 435 million and there were 770 shareholders.

Presentation of 4 February 2022

A presentation of the results for market participants and investors will be held on Friday, 4 February at 08:30 GMT. At the meeting, management will present the Company's operations and results and respond to questions. The presentation will take place remotely via teleconference equipment.

Registration takes place here: <https://www.origo.is/fjarfestakynning>

Financial calendar

3 March 2022	Origo AGM
5 May 2022	Results for Q1 2022
25 August 2022	Results for Q2 2022
27 October 2022	Results for Q3 2022
2 February 2023	Results for Q4 2022
9 March 2023	Origo AGM

Approval of financial statements

These financial statements were approved at a meeting of the Board of Directors of Origo hf. on 3 February 2022. Origo hf.'s financial statements comply with International Financial Reporting Standards (IFRS).

Origo hf.

Origo is a cutting-edge IT service company that employs a talented group of experts who assist customers in improving their operations, performance and security. Shares in Origo hf. are listed on NASDAQ OMX Iceland hf. (the Iceland Stock Exchange) under the ticker symbol ORIGO.

Further information

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Cautionary Statement

Forward-looking statements contained in this presentation may be based on management's current estimates and expectations, and not on facts that may be verified after its publication. Such statements are inherently uncertain. We therefore caution the reader that there are a variety of factors that could cause business conditions and results to differ materially from what is contained in our forward-looking statements, and that we do not undertake to update any forward-looking statements. These forward-looking statements speak only as of the date of this presentation and are qualified in their entirety by this cautionary statement.