

Revenue up 13.7% from Q1 2021

Origo Interim Results – Q1 2022

Financial highlights:

- **Goods and services sold** totalled ISK 4,745 million in Q1 2022 (up 13.7% from Q1 2021) [Q1 2021: ISK 4,174 million]
- **Gross profit** was ISK 1,292 million (27.2%) in Q1 2022 [Q1 2021: ISK 1,094 million (26.2%)]
- **EBITDA** totalled ISK 337 million (7.1%) in Q1 2022 [Q1 2021: ISK 301 million (7.2%)]
- **EBIT** totalled ISK 103 million (2.2%) in Q1 2022 [Q1 2021: ISK 108 million (2.6%)]
- **The impact of an associate (Tempo)** was ISK 166 million in the quarter
- **Other comprehensive income** was negative by ISK 93 million in Q1 2022, versus a negative figure of ISK 14 million in Q1 2021
- **Net profit** of ISK 145 million in Q1 2022 [Q1 2021: ISK 163 million]
- **Origo repurchased shares** for around ISK 300 million during the quarter
- **Equity ratio** of 57.3%, versus 56.9% at year-end 2021.
- **Working capital ratio** of 1.39, versus 1.42 at year-end 2021.

Operational highlights:

- 13.7 revenue growth and good earnings in the first quarter.
- 17.7% increase in sales of end-user equipment.
- 9.4% increase at software sales.
- Syndis has established an office in Poland for 24/7 security monitoring.
- Origo exercised its option to purchase a further 14.54% of Datalab and now holds 47.87% of the company.
- Good quarter at Tempo.

Jón Björnsson CEO of Origo hf:

"The Q1 2022 results were quite strong, with revenue up 13.7% from the same period last year. The Company delivered good operating profit with EBITDA increasing 12.1% from Q1 2021. Syndis, Datalab and Eldhaf, which were not part of the group last year, are now included in the Q1 2022 results for the first time. I am also happy to report that Tempo had another strong quarter, which was the first full quarter that we saw the results of the combined operations of Tempo, ALM and Roadmunk.

There continues to be good demand for products and solutions in end-user equipment, with sales at End-User Solutions increasing by 17.7% in Q1 and EBITDA remaining in line with what we have seen in recent quarters, or around 9%. Demand in the enterprise market has generally been good, with new sales channels and a strong online store helping to deliver increased sales in the face of delays in product delivery and a global supply shortage. We still expect some challenges on the supply side, both in terms of product availability and price increases. Sales of printing solutions were up significantly during the quarter due to changed market conditions. Origo subsequently began servicing Ricoh equipment in Iceland.

Managed Services and Infrastructure continue to be 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. This work is progressing well and we have achieved good results in advancing in markets where we are strong. Service contracts now make up the majority of the division's revenue. Revenue was up by almost 12.5% during the quarter and EBITDA was similar to last year.

The operations of Syndis fall under Managed Services and Infrastructure. Syndis has grown and flourished and is undoubtedly one of the strongest cyber security companies in Iceland. The first quarter saw considerable investment at Syndis, as the company set up a security monitoring office in Poland during the

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quarter where it will have ten employees within a few weeks. The company has also increased its investment in software development in the area of security assessment and monitoring with a beta software release expected this year. Syndis's operations are part of Origo's growth strategy, combining one of the fastest growing segments in information technology and one of Origo's core social priorities.

Origo's revenue in software development continues to grow, with the quarter delivering an 9.4% increase over the same quarter last year. Own software was up 2%, but taking into account one-time income from license sales last year, the increase was 17%.

On 1 of April, Origo merged the Software Solutions and Business Solutions divisions into a single Software Solutions unit with an emphasis on the digital journey of organizations as well as the development of software products. The goal of the changes was to be able to better assist our customers on their digital transformation journeys, while also strengthening each of our software products so that they can be sustainable in terms of technology, sales and marketing. We have invested heavily in our software products such as Kjarni, CCQ, banking-related solutions that we have now made Sopra compatible, as well as numerous additions to the ERP systems that we service and sell. At the same time, we established separate units for our Healthcare Solutions team and our solutions for the travel industry. Origo's Healthcare Solutions is one of the major innovators in the healthcare sector when it comes developing solutions that improve services and increase productivity. We believe there are opportunities to make further progress with many of the products we have developed, both in the public and the private sector, by helping healthcare operators simplify their operations and improve services. It is our belief that a more open system can deliver better results. Travel Solutions is now also operated as a separate unit. We have invested substantially in three solutions for the travel industry but have been waiting to reap the rewards due to Covid-19 and the slowdown in the tourism industry. The market potential of these innovative solutions will now be tested. So far this year, we are seeing a 50% increase in revenue and are hopeful that the summer will demonstrate the potential of these products.

Tempo started to initiate its merger plans with Roadmunk and ALM at the beginning of the quarter. The Go To Market teams across all three product lines are working together. Finance, Business Analytics, HR and IT teams are also working as integrated groups across the product lines. Tempo is a global employer with team members around the world and with the majority of employees now working virtually. Through the acquisitions last year, Tempo has team members in Russia. This number is significantly reducing from its previous levels as people relocate out of Russia after the war in Ukraine began and this migration continues. Tempo operating processes and systems are being cross-trained to ensure business continuity and redundancy across the globe. The combined company is performing well and most key metrics are strengthening. The combined company's sales were up 18% from the first quarter of last year and EBITDA is 32%. Engineering team has been continuing to deliver some enterprise-centric features and more are on the roadmap. The company's strategic priorities remain to improve Tempo's positioning as the market leader, driving increased awareness and continue to invest in technological advancements, such as automation and providing users the ability to track time from common development tools.

The outlook for Origo's operations remains good. A number of large and exciting transformation projects are ahead, and we are hopeful that projects related to the travel industry will be launched in the coming months. At the same time, we are very excited about projects in the area of information security and are committed to helping organizations increase their security awareness and address digital security threats as they do other security issues. We have completed the first phase of our strategic planning and defined what Origo stands for, aided by our belief that better technology means a better life. We have earned the trust of our customers and it is on the basis of this trust that we believe we can change the game and develop new solutions that make life easier for the users of these solutions. For this to happen, we need to put the experience and success of our customers first, be constantly evolving with our staff and technology environment, and strengthen our current core businesses to ensure that the Company is the undisputed leader in the areas in which it operates. Our focus on innovation, increased security awareness and equality is vital to having happy customers and happy employees.

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Income Statement

In ISK million	Q1 2022	Q1 2021
Goods and services sold	4,745	4,174
Cost of goods and services sold	(3,454)	(3,079)
Gross profit	1,292	1,094
<i>Gross profit/revenue (%)</i>	27.2%	26.2%
Operating costs	(1,188)	(986)
Operating profit	103	108
<i>Operating profit/revenue (%)</i>	2.2%	2.6%
Net financial expenses	(37)	(16)
Share of profit of associate	166	103
Income tax	5	(14)
Profit for the period	238	181
Other comprehensive income	(93)	(18)
Net profit for the period	145	163
EBITDA	337	301
<i>EBITDA%</i>	7.1%	7.2%

- **End-user equipment and related services:** Revenue of ISK 2,060 million, up 17.7% from Q1 2021. EBITDA of ISK 193 million (9.4%) [Revenue Q1 2021: ISK 1,750 million, EBITDA Q1 2021: ISK 141 million (8.0%)]
- **Managed services and infrastructure:** Revenue of ISK 1,237 million, up 12.5% from Q1 2021. EBITDA of ISK 33 million (2.6%) [Revenue Q1 2021: ISK 1,100 million, EBITDA Q1 2021: ISK 35 million (3.1%)]
- **Software and related services:** Revenue of ISK 1,448 million, up 9.4% from Q1 2021. EBITDA of ISK 112 million (7.7%) [Revenue Q1 2021: ISK 1,324 million, EBITDA Q1 2021: ISK 126 million (9.5%)]
- **Operating costs:** The increase in operating costs can mainly be explained by the increase in the number of FTEs at the Group. In addition, it is a happy development that the Company's employees are now finally returning to the office after Covid-19 with a corresponding increase in staff and office costs. The addition of three new companies to the Group as of Q1 2021, Syndis, Eldhaf and Datalab, also had an impact. All of these companies are in the development phase and invested heavily in the quarter in future revenue streams.

Balance Sheet

In ISK million	31.03.2022	31.12.2021
Fixed assets	9,793	9,742
Current assets	5,047	5,402
Total assets	14,840	15,144
Equity	8,496	8,619
Long-term liabilities	2,711	2,733
Short-term liabilities	3,633	3,793
Total equity and liabilities	14,840	15,144
Working capital ratio	1.39	1.42
Equity ratio	57.3%	56.9%

Shareholders

At the end of Q1 2022, the Company had a market value of ISK 31,973 million. The share price at the close of the quarter was ISK 73.5 per share. Outstanding shares on 31 March 2022 were 435 million and there were 1,049 shareholders. Origo hf. holds own shares in the nominal value of 4,066,935.

Origo invites investors and market participants to a meeting with Mark Lorion, CEO of Tempo, on Thursday 5 May at 10:00 am.

At the meeting, Mark will discuss how the company and its products have developed in recent years. The presentation and discussion will focus on the company's vision for offering time tracking and project management systems for modern product and project teams. Mark will also discuss the acquisitions of Roadmunk and ALM Works and the opportunities these companies provide for Tempo.

The meeting will be held at the offices of Origo and Tempo, Borgartún 37, 105 Reykjavik.

Registration for the meeting takes place here: <https://www.origo.is/english/investor-presentation>

Financial calendar

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 interim financial statements were approved at a meeting of the Board of Directors of Origo hf. on 4 May 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.



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