

Origo hf.
Condensed Consolidated Interim
Financial Statements
30 June 2021

*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.
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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 five 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 247 million for the period 1 January to 30 June 2021. Sale of goods and services amounted to ISK 8,599 million during the period. According to the statement of financial position, the Group's equity at the end of the period amounted to ISK 7,265 million.

In the first quarter, Origo hf. purchased a 30% share in the technology company Datalab ehf. which develops artificial intelligence technology solutions and provides advisory services on the utilization of such solutions. At the end of March, Origo bought a 100% share in the network security company Syndis ehf. With the acquisition, Origo's and Syndis' security solutions will merge under the Syndis brand. The aim of the acquisition is to create an operating unit that offers comprehensive digital security services and advisory and develops protection against cyber attacks and data- and identity theft.

The Board of Directors and the Executives of Origo have been closely monitoring the development of the COVID-19 pandemic. Executive actions have been aimed primarily to ensure business continuity and minimize disruption to Origo's customer service. Origo serves companies and institutions, many of which play an important role in society, e.g. connected to the Icelandic health system, civil defence, transport, financial services and commerce.

Additionally, special precautions have been taken with regard to strengthening financials and liquidity to meet the unforeseen circumstances mentioned above. The Company is well placed to deal with the uncertainty associated with the pandemic, whether in terms of customer service, financials or liquidity.

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 2021, its assets, liabilities and consolidated financial position as at 30 June 2021 and its consolidated cash flows for the period 1 January to 30 June 2021.

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 2021 and confirm them by means of their signatures.

Reykjavík, 26 August 2021.

Board of Directors:

CEO:

Hjalti Pórarinsson

Auður Björk Guðmundsdóttir

Guðmundur Jóhann Jónsson

Hildur Dungal

Ívar Kristjánsson

CEO:

Jón Björnsson

Consolidated Statement of Comprehensive Income

1 January to 30 June 2021

	Notes	Second quarter		First half	
		2021 1.4.-30.6.	2020 1.4.-30.6.	2021 1.1.-30.6.	2020 1.1.-30.6.
Sales of goods and services	5	4.425.362	3.896.760	8.598.874	8.173.522
Cost of goods sold and cost of services.....		(3.307.671)	(2.962.659)	(6.387.146)	(6.189.178)
Gross profit		1.117.691	934.101	2.211.728	1.984.344
Operating expenses	6	(960.190)	(978.835)	(1.946.091)	(1.961.408)
Operating profit (loss)		157.501	(44.734)	265.637	22.936
Finance income		12.659	11.551	26.513	17.520
Finance expenses		(30.106)	(12.080)	(59.596)	(144.074)
Net finance expense	7	(17.447)	(529)	(33.083)	(126.554)
Share of profit in associate.....		47.246	35.240	149.889	45.991
Profit (loss) before income tax		187.300	(10.023)	382.443	(57.627)
Income tax		(33.174)	6.263	(47.452)	18.404
Profit (loss) for the period		154.126	(3.760)	334.991	(39.223)
Other comprehensive income:					
Foreign currency translation differences for foreign operations		(70.314)	(49.561)	(87.872)	410.436
Total comprehensive profit (loss) for the period		83.812	(53.321)	247.119	371.213
EBITDA		356.743	123.132	657.641	359.639
Profit (loss) for the period is attributable to:					
Shareholders in parent company		152.639	(3.801)	332.266	(42.453)
Minority interest		1.487	41	2.725	3.230
Profit (loss) for the period		154.126	(3.760)	334.991	(39.223)
Total comprehensive income (loss) is attributable to:					
Shareholders in parent company		82.325	(53.362)	244.394	367.983
Minority interest		1.487	41	2.725	3.230
Total comprehensive (loss) income for the period		83.812	(53.321)	247.119	371.213
Earnings (loss) per share:					
Basic (loss) earnings per share (ISK)		0,35	(0,01)	0,77	(0,09)
Diluted (loss) earnings per share (ISK)		0,34	(0,01)	0,77	(0,09)

Consolidated Statement of Financial Position as at 30 June 2021

	Notes	30.6.2021	31.12.2020
Assets:			
Property and equipment		1.717.548	1.875.914
Intangible assets	8	3.095.999	2.906.019
Deferred income tax asset.....		0	4.797
Investment in associate		3.048.966	2.940.938
Securities and long-term receivables		315.037	300.288
Non-current assets		<u>8.177.550</u>	<u>8.027.956</u>
Inventories		1.993.811	1.453.309
Trade receivables and other receivables		1.746.774	1.709.999
Cash and cash equivalents		740.074	1.172.714
Current assets		<u>4.480.659</u>	<u>4.336.022</u>
Total assets		<u><u>12.658.209</u></u>	<u><u>12.363.978</u></u>
Equity:			
Share capital		434.857	434.857
Share premium		121.456	121.456
Reserves	9	3.096.884	3.133.371
Retained earnings		3.579.941	3.294.060
Equity of shareholders in the parent company		<u>7.233.138</u>	<u>6.983.744</u>
Minority interest		31.417	28.692
Total Equity		<u>7.264.555</u>	<u>7.012.436</u>
Liabilities:			
Non-current loans and borrowings		571.521	640.789
Lease liability.....		1.110.420	1.304.446
Deferred tax liability.....		35.257	0
Non-Current liabilities		<u>1.717.198</u>	<u>1.945.235</u>
Next year payment of lease liability.....		398.394	326.193
Current loans and borrowings		84.507	102.469
Trade payables and other payables		3.193.555	2.977.645
Current liabilities		<u>3.676.456</u>	<u>3.406.307</u>
Total liabilities		<u>5.393.654</u>	<u>5.351.542</u>
Total equity and liabilities		<u><u>12.658.209</u></u>	<u><u>12.363.978</u></u>

Consolidated Statement of Changes in Equity 30. June 2021

	Share Capital	Share premium	Reserves	Retained earnings	Equity of shareholders in the parent company	Minority interest	Total Equity
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

1. January to 30. June 2020

Equity at 1.1.2020	436.105	152.936	2.632.498	3.568.871	6.790.410	26.969	6.817.379
Total comprehensive income for the period ..			410.436	(42.453)	367.983	3.230	371.213
Recognized in restricted reserves			133.964	(133.964)	0		0
Dividends				(180.000)	(180.000)		(180.000)
Acquisition of treasury shares	(1.248)	(31.480)			(32.728)		(32.728)
Equity at 30.6.2020	434.857	121.456	3.176.898	3.212.454	6.945.665	30.199	6.975.864

Consolidated Statement of Cash Flows

1. January to 30. June 2021

	Notes	2021 1.1.-30.6.	2020 1.1.-30.6.
Operating activities:			
Profit (loss) for the period		334.991	(39.223)
Adjustments for:			
Depreciation		392.004	336.703
Net finance expenses	7	33.083	126.554
Share of profit of associate		(149.889)	(45.991)
Income tax		47.452	(18.404)
		657.641	359.639
Changes in operating assets and liabilities:			
Inventories, increase		(555.140)	(93.186)
Trade receivables and other receivables, decrease		22.065	116.839
Trade payables and other payables, decrease (increase)		71.606	(53)
Changes in operating assets and liabilities		(461.469)	23.600
Interest income received		13.081	17.520
Interest expenses paid		(59.596)	(64.350)
		(46.515)	(46.830)
Net cash from operating activities		149.657	336.409
Investing activities:			
Investment in property and equipment		(82.449)	(55.544)
Investment in business operations less acquired cash		(113.647)	0
Investment in associates		(31.038)	0
Capitalized intangible assets	8	(100.601)	(141.199)
Long-term receivables, change		(9.559)	(1.756)
Investing activities		(337.294)	(198.499)
Financing activities:			
Acquisition of treasury share		0	(32.728)
Repayment of long-term of borrowings		(60.587)	(30.960)
Repayment of lease liabilities		(173.757)	(183.906)
Financing activities		(234.344)	(247.594)
Decrease in cash and cash equivalents		(421.981)	(109.684)
Effect of exchange rate fluctuations on cash held		(10.659)	10.727
Cash and cash equivalents at beginning of the period		1.172.714	825.847
Cash and cash equivalents at the end of the period		740.074	726.890
Non cash investing and financing activities			
Investment in business operations		(160.000)	0
Other payables		160.000	(180.000)
Unpaid dividends		0	(180.000)

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 2020 annual financial statements.

The Company's Board of Directors approved its interim financial statements on 26 August 2021.

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 2020. 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. 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

Notes, contd.:

5. Segment reporting, contd.:

	Goods and related services	Operational service and infrastructure	Software, and related services	Total
1.1. - 30.6. 2020				
Sales of goods and services	2.965.193	2.694.771	2.513.558	8.173.522
Segment result (EBITDA)	137.746	30.682	191.211	359.639
Depreciation	(61.463)	(151.807)	(123.433)	(336.703)
Net finance income				(126.554)
Share of profit in associate				45.991
Income tax				18.404
Loss for the period				(39.223)
Foreign currency translation differences for foreign operations				410.436
Total comprehensive income for the period				371.213

6. Operating expenses

Operating expenses are specified as follows:

	2021	2020
	1.1-30.6.	1.1-30.6.
Salaries and salary related expenses	1.349.305	1.332.819
Properties operations	37.609	40.492
Sales and marketing costs	74.430	91.588
Depreciation	173.181	179.929
Other staff expenses	66.702	52.954
Travel expenses	1.219	14.739
Advisory and other purchased services	74.630	92.138
Other operating expense	169.015	156.749
Operating expenses total	1.946.091	1.961.408

7. Finance income and expense

Finance income are specified as follows:

	2021	2020
	1.1-30.6.	1.1-30.6.
Interest income	13.081	17.520
Net currency gain	13.432	0
Total financial income	26.513	17.520

Finance expenses are specified as follows:

Interest expense	(59.596)	(63.954)
Net currency loss	0	(80.120)
Total financial expense	(59.596)	(144.074)
Net finance expense	(33.083)	(126.554)

Notes, contd.:

8. Intangible assets

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

	Goodwill	Software	Total
Cost			
Balance at 1.1.2020	2.018.198	1.252.750	3.270.948
Taken over at acquisition of operating units	0	0	0
Investments in internal software	0	184.337	184.337
Investments during the year	0	113.872	113.872
Reclassified	0	18.280	18.280
Effect of changes in exchange rates	41.255	0	41.255
Balance at 31.12.2020	2.059.453	1.569.239	3.628.692
Taken over at acquisition of operating units	220.767	25.636	246.403
Investments in internal software	0	78.000	78.000
Investments during the year	0	22.601	22.601
Effect of changes in exchange rates	(18.031)	0	(18.031)
Balance at 30.6.2021	2.262.189	1.695.476	3.957.665
Amortisation and impairment losses			
Balance at 1.1.2020	137.481	288.574	426.055
Amortisation	85.115	0	85.115
Depreciation	0	211.503	211.503
Balance at 31.12.2020	222.596	500.077	722.673
Depreciation	0	138.993	138.993
Balance at 30.6.2021	222.596	639.070	861.666
Carrying amounts			
1.1.2020	1.880.717	964.176	2.844.893
31.12.2020	1.836.857	1.069.162	2.906.019
30.6.2021	2.039.593	1.056.406	3.095.999
Depreciation ratios		10 - 25%	

A part of Origo hf.'s operations is developing and selling software. In accordance with international financial reporting standards ISK 78 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.

Notes, contd.:

9. Equity

Reserves are specified as follows:

	Translation reserves	Revaluation reserves	Restricted reserves	Total
Balance at 1.1.2020	170.273	2.336.940	125.285	2.632.498
Change during the period	410.436	6.727	127.237	544.400
Balance at 30.6.2020	<u>580.709</u>	<u>2.343.667</u>	<u>252.522</u>	<u>3.176.898</u>
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	<u>238.137</u>	<u>2.556.845</u>	<u>301.902</u>	<u>3.096.884</u>

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 0,1 million, recognised as decrease in equity.

10. Other matters

The Board of Directors and the Executives of Origo have been closely monitoring the development of the COVID-19 pandemic. Executive actions have been aimed primarily to ensure business continuity and minimize disruption to Origo's customer service. Origo serves companies and institutions, many of which play an important role in society, e.g. connected to the Icelandic health system, civil defence, transport, financial services and commerce.

Additionally, special precautions have been taken with regard to strengthening financials and liquidity to meet the unforeseen circumstances mentioned above. The Company is well placed to deal with the uncertainty associated with the pandemic, whether in terms of customer service, financials or liquidity.

11. Financial Ratios

Financial ratios for the consolidated interim financial statements:

	2021	2020
	1.1-30.6.	1.1-30.6.
Statement of comprehensive income:		
Inventory turnover - Cost of goods sold / Inventory at end of period	5,4	5,6
Receivables turnover - Receivables at end of period / Sales of goods and services	22	29
Salary and salary related expenses / Sales of goods and services	42,4%	45,2%
Operating expenses / Sales of goods and services	22,6%	24,0%
EBITDA / Sales of goods and services	7,6%	4,4%
EBIT / Sales of goods and service	3,1%	0,3%
	30.6.2021	30.6.2020
Statement of financial position:		
Current ratio	1,22	1,27
Equity ratio	57,4%	56,5%

Notes, contd.:

Quarterly statements

Summary of the Group's results by quarters:

	1 Q	2 Q	Total
	2021	2021	
Sales of goods and services	4.173.512	4.425.362	8.598.874
Cost of goods sold and cost of sold services	<u>(3.079.475)</u>	<u>(3.307.671)</u>	<u>(6.387.146)</u>
Gross profit	1.094.037	1.117.691	2.211.728
Operating expense	<u>(985.901)</u>	<u>(960.190)</u>	<u>(1.946.091)</u>
Operating profit	108.136	157.501	265.637
Finance income	13.854	12.659	26.513
Finance expense	<u>(29.490)</u>	<u>(30.106)</u>	<u>(59.596)</u>
Net finance expense	<u>(15.636)</u>	<u>(17.447)</u>	<u>(33.083)</u>
Share of loss in associate	102.643	47.246	149.889
Profit before income tax	195.143	187.300	382.443
Income Tax	<u>(14.278)</u>	<u>(33.174)</u>	<u>(47.452)</u>
Loss for the period	<u>180.865</u>	<u>154.126</u>	<u>334.991</u>
Other comprehensive income:			
Foreign currency translation differences for foreign operations	<u>(17.558)</u>	<u>(70.314)</u>	<u>(87.872)</u>
Total comprehensive income for the period	<u>163.307</u>	<u>83.812</u>	<u>247.119</u>
EBITDA	300.898	356.743	657.641

Notes, contd.:

Quarterly statements, contd.:

	1 FQ 2020	2 Q 2020	3 Q 2020	4 Q 2020	Total
Sales of goods and services	4.276.762	3.896.760	3.982.747	4.906.077	17.062.346
Cost of goods sold and cost of sold services	<u>(3.226.519)</u>	<u>(2.962.659)</u>	<u>(2.983.187)</u>	<u>(3.674.722)</u>	<u>(12.847.087)</u>
Gross profit	1.050.243	934.101	999.560	1.231.355	4.215.259
Operating expense	<u>(982.573)</u>	<u>(978.835)</u>	<u>(856.888)</u>	<u>(1.066.237)</u>	<u>(3.884.533)</u>
Operating profit	67.670	<u>(44.734)</u>	142.672	165.118	330.726
Finance income	5.969	11.511	7.591	5.722	30.793
Finance Expense	<u>(131.994)</u>	<u>(12.080)</u>	<u>(58.272)</u>	<u>(13.155)</u>	<u>(215.501)</u>
Net finance expense	<u>(126.025)</u>	<u>(569)</u>	<u>(50.681)</u>	<u>(7.433)</u>	<u>(184.708)</u>
Share of profit in associate.....	10.751	35.240	13.097	72.455	131.543
Profit before income tax	<u>(47.604)</u>	<u>(10.063)</u>	105.088	230.140	277.561
Income tax	<u>12.141</u>	<u>6.263</u>	<u>(15.392)</u>	<u>(28.524)</u>	<u>(25.512)</u>
Profit for the period	<u>(35.463)</u>	<u>(3.800)</u>	<u>89.696</u>	<u>201.616</u>	<u>252.049</u>
Other comprehensive income:					
Foreign currency translation differences for foreign operations.....	459.997	<u>(49.561)</u>	182	<u>(254.882)</u>	155.736
Total comprehensive income for the period	<u>424.534</u>	<u>(53.361)</u>	<u>89.878</u>	<u>(53.266)</u>	<u>407.785</u>
EBITDA	236.507	123.132	338.227	380.619	1.078.485