

Origo hf.  
Condensed Consolidated Interim  
Financial Statements  
30 September 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.  
Borgartúni 37  
105 Reykjavík

Reg. no. 530292-2079

# Contents

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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

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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 612 million for the period 1 January to 30 September 2021. Sale of goods and services amounted to ISK 12,856 million during the period. According to the statement of financial position, the Group's equity at the end of the period amounted to ISK 7,639 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. In the third quarter Origo signed a purchase agreement for 70% of the shares in Eldhaf ehf. The purpose of the acquisition is to increase the variety of products offered to Origo's customers. The purchase was approved by the Icelandic Competition Authority in October 2021 and will be completed in the fourth quarter of 2021.

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 September 2021, its assets, liabilities and consolidated financial position as at 30 September 2021 and its consolidated cash flows for the period 1 January to 30 September 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 September 2021 and confirm them by means of their signatures.

Reykjavík, 21 October 2021.

Board of Directors:

Hjalti Þórarinnsson

Auður Björk Guðmundsdóttir

Guðmundur Jóhann Jónsson

Hildur Dungal

Ívar Kristjánsson

CEO:

Jón Björnsson

# Consolidated Statement of Comprehensive Income

## 1 January to 30 September 2021

	Notes	Third quarter		Three quarters	
		2021 1.7.-30.9.	2020 1.7.-30.9.	2021 1.1.-30.9.	2020 1.1.-30.9.
Sales of goods and services .....	5	4.257.451	3.982.747	12.856.325	12.156.269
Cost of goods sold and cost of services.....		( 3.115.630)	( 2.983.187)	( 9.502.776)	( 9.172.365)
<b>Gross profit</b> .....		1.141.821	999.560	3.353.549	2.983.904
Operating expenses .....	6	( 938.024)	( 856.888)	( 2.884.115)	( 2.818.296)
<b>Operating profit</b> .....		203.797	142.672	469.434	165.608
Finance income .....		2.843	7.591	29.356	25.111
Finance expenses .....		( 38.718)	( 58.272)	( 98.314)	( 202.346)
Net finance expense .....	7	( 35.875)	( 50.681)	( 68.958)	( 177.235)
Share of profit in associate.....		60.413	13.097	210.302	59.088
<b>Profit before income tax</b> .....		228.335	105.088	610.778	47.461
Income tax .....		( 35.849)	( 15.392)	( 83.301)	3.012
<b>Profit for the period</b> .....		192.486	89.696	527.477	50.473
<b>Other comprehensive income:</b>					
Foreign currency translation differences for foreign operations .....	9	172.484	182	84.612	410.618
<b>Total comprehensive income for the period</b> .....		364.970	89.878	612.089	461.091
<b>EBITDA</b> .....		440.841	338.227	1.098.482	697.866
<b>Profit for the period is attributable to:</b>					
Shareholders in parent company .....		188.860	92.715	521.126	50.262
Minority interest .....		3.626	( 3.019)	6.351	211
Profit for the period .....		192.486	89.696	527.477	50.473
<b>Total comprehensive income is attributable to:</b>					
Shareholders in parent company .....		361.344	92.897	605.738	460.880
Minority interest .....		3.626	( 3.019)	6.351	211
Total comprehensive income for the period .....		364.970	89.878	612.089	461.091
<b>Earnings per share:</b>					
Basic earnings per share (ISK) .....		0,44	0,21	1,21	0,12
Diluted earnings per share (ISK) .....		0,44	0,21	1,21	0,12

# Consolidated Statement of Financial Position as at 30 September 2021

	Notes	30.9.2021	31.12.2020
<b>Assets:</b>			
Property and equipment .....		2.124.869	1.875.914
Intangible assets .....	8	3.069.311	2.906.019
Deferred income tax asset.....		0	4.797
Investment in associate .....		3.273.762	2.940.938
Securities and long-term receivables .....		305.036	300.288
Non-current assets		<u>8.772.978</u>	<u>8.027.956</u>
Inventories .....		1.623.882	1.453.309
Trade receivables and other receivables .....		1.775.050	1.709.999
Cash and cash equivalents .....		917.094	1.172.714
Current assets		<u>4.316.026</u>	<u>4.336.022</u>
<b>Total assets</b>		<u><u>13.089.004</u></u>	<u><u>12.363.978</u></u>
<b>Equity:</b>			
Share capital .....		434.857	434.857
Share premium .....		121.456	121.456
Reserves .....	9	3.260.330	3.133.371
Retained earnings .....		3.786.839	3.294.060
Equity of shareholders in the parent company		<u>7.603.482</u>	<u>6.983.744</u>
Minority interest .....		35.043	28.692
Total Equity		<u>7.638.525</u>	<u>7.012.436</u>
<b>Liabilities:</b>			
Non-current loans and borrowings .....		562.726	640.789
Lease liability.....		1.513.357	1.304.446
Deferred income tax liability.....		69.208	0
Non-Current liabilities		<u>2.145.291</u>	<u>1.945.235</u>
Next year payment of lease liability.....		424.366	326.193
Current loans and borrowings .....		84.105	102.469
Trade payables and other payables .....		2.796.717	2.977.645
Current liabilities		<u>3.305.188</u>	<u>3.406.307</u>
Total liabilities		<u>5.450.479</u>	<u>5.351.542</u>
<b>Total equity and liabilities</b>		<u><u>13.089.004</u></u>	<u><u>12.363.978</u></u>

## Consolidated Statement of Changes in Equity 30. September 2021

	Share capital	Share premium	Reserves*	Retained earnings	Equity of shareholders in the parent company	Minority interest	Total Equity
<b>1 January to 30 September 2021</b>							
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 ....			84.612	521.126	605.738	6.351	612.089
Recognized in restricted reserves .....			42.347	( 42.347)	0		0
Accrued cost due to share purchase agreements .....				14.000	14.000		14.000
Equity at 30.9.2021 .....	434.857	121.456	3.260.330	3.786.839	7.603.482	35.043	7.638.525
<b>1 January to 30 September 2020</b>							
Equity at 31.12.2020 .....	436.105	152.936	2.632.498	3.568.871	6.790.410	26.969	6.817.379
Total comprehensive income for the period ..			410.618	50.262	460.880	211	461.091
Recognized in restricted reserves .....			173.309	( 173.309)	0		0
Dividends .....				( 180.000)	( 180.000)		( 180.000)
Acquisition of treasury shares .....	( 1.248)	( 31.480)			( 32.728)		( 32.728)
Equity at 30.9.2020 .....	434.857	121.456	3.216.425	3.265.824	7.038.562	27.180	7.065.742

# Consolidated Statement of Cash Flows

## 1. January to 30. September 2021

	Notes	2021 1.1.-30.9.	2020 1.1.-30.9.
<b>Operating activities:</b>			
Profit for the period .....		527.477	50.473
Adjustments for:			
Depreciation .....		629.048	532.258
Net finance expenses .....	7	68.958	177.235
Share of profit in associate .....		( 210.302)	( 59.088)
Income tax .....		83.301	( 3.012)
		1.098.482	697.866
Changes in operating assets and liabilities:			
Inventories, increase .....		( 172.747)	( 13.678)
Trade receivables and other receivables, (increase) decrease .....		( 5.641)	208.918
Trade payables and other payables, decrease .....		( 293.174)	( 107.646)
Changes in operating assets and liabilities		( 471.562)	87.594
Interest income received .....		21.043	25.111
Interest expenses paid .....		( 98.314)	( 97.185)
		( 77.271)	( 72.074)
Net cash from operating activities		549.649	713.386
<b>Investing activities:</b>			
Investment in property and equipment .....		( 127.940)	( 194.908)
Proceeds from sales of property and equipment .....		0	11.447
Investment in intangible assets .....	8	( 130.601)	( 239.072)
Investment in subsidiaries less acquired cash .....		( 143.647)	0
Investment in associate .....		( 31.038)	0
Long-term receivables, change .....		( 9.119)	2.429
Investing activities		( 442.345)	( 420.104)
<b>Financing activities:</b>			
Acquisition of treasury share .....		0	( 32.728)
Paid dividend .....		0	( 180.000)
Repayment of long-term of borrowings .....		( 81.412)	( 47.503)
Repayment of lease liabilities .....		( 270.514)	( 284.630)
Financing activities		( 351.926)	( 544.861)
<b>Decrease in cash and cash equivalents</b> .....		( 244.622)	( 251.579)
<b>Effect of exchange rate fluctuations on cash held</b> .....		( 10.998)	16.436
<b>Cash and cash equivalents at beginning of the period</b> .....		1.172.714	825.847
<b>Cash and cash equivalents at the end of the period</b> .....		917.094	590.704
<b>Non cash investing and financing activities</b>			
Investment in subsidiaries .....		( 130.000)	0
Other payable .....		130.000	0

# 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 21 October 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](http://www.origo.is), and on the website of OMX Nordic Exchange in Iceland, [www.nasdaqomxnordic.com](http://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
<b>1.1. - 30.9. 2021</b>				
Sales of goods and services .....	5.401.779	3.520.587	3.933.959	12.856.325
Segment result (EBITDA) .....	505.300	248.475	344.707	1.098.482
Depreciation .....	( 126.272)	( 257.111)	( 245.665)	(629.048)
Net finance income .....				( 68.958)
Share of profit from associate .....				210.302
Income tax .....				( 83.301)
Profit for the period .....				527.477
Foreign currency translation differences for foreign operations .....				84.612
Total comprehensive income for the period .....				612.089



## Notes, contd.:

### 5. Segment reporting, contd.:

	Goods and related services	Operational service and infrastructure	Software, and related services	Total
<b>1.1. - 30.9. 2020</b>				
Sales of goods and services .....	4.608.521	3.874.783	3.672.965	12.156.269
Segment result (EBITDA) .....	236.176	145.883	315.807	697.866
Depreciation .....	( 95.118)	( 230.196)	( 206.944)	( 532.258)
Net finance income .....				( 177.235)
Share of profit in associate .....				59.088
Income tax .....				3.012
Profit for the period .....				50.473
Foreign currency translation differences for foreign operations .....				410.618
Total comprehensive income for the period .....				461.091

### 6. Operating expense

Operating expense is specified as follows:

	2021 1.1-30.9.	2020 1.1-30.9.
Salaries and salary related expense .....	1.929.464	1.898.579
Operation of properties .....	62.728	55.542
Sales and marketing costs .....	117.425	150.845
Depreciation .....	63.277	43.408
Other staff costs .....	106.307	74.001
Travel expense .....	3.673	15.187
Purchased consultancy and services .....	118.608	114.845
Other expenses .....	482.633	465.889
Total operating expense .....	2.884.115	2.818.296

### 7. Finance income and expense

Finance income are specified as follows:

	2021 1.1-30.9.	2020 1.1-30.9.
Interest income .....	21.043	25.111
Change in investment commitment .....	8.313	0
Total financial income .....	29.356	25.111

Finance expenses are specified as follows:

Interest expense .....	( 98.314)	( 96.830)
Net currency loss .....	0	( 105.516)
Total financial expense .....	( 98.314)	( 202.346)
Net finance expense .....	( 68.958)	( 177.235)

## Notes, contd.:

### 8. Intangible assets

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

	<b>Goodwill</b>	<b>Software</b>	<b>Total</b>
<b>Cost</b>			
Balance at 1.1.2020 .....	2.018.198	1.252.750	3.270.948
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 movements in exchange rates .....	41.255	0	41.255
Balance at 31.12.2020 .....	<u>2.059.453</u>	<u>1.569.239</u>	<u>3.628.692</u>
Investments in internal software .....	220.767	25.636	246.403
Investments during the period .....	0	108.000	108.000
Reclassified .....	0	22.601	22.601
Effect of movements in exchange rates .....	9.968	0	9.968
Balance at 30.9.2021 .....	<u>2.290.188</u>	<u>1.725.476</u>	<u>4.015.664</u>
<b>Amortisation and impairment losses</b>			
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 .....	<u>222.596</u>	<u>500.077</u>	<u>722.673</u>
Amortisation .....	0	223.680	223.680
Balance at 30.9.2021 .....	<u>222.596</u>	<u>723.757</u>	<u>946.353</u>
<b>Carrying amounts</b>			
1.1.2020 .....	1.880.717	964.176	2.844.893
31.12.2020 .....	<u>1.836.857</u>	<u>1.069.162</u>	<u>2.906.019</u>
30.9.2021 .....	<u>2.067.592</u>	<u>1.001.719</u>	<u>3.069.311</u>
Depreciation ratios .....		10 - 25%	

A part of Origo hf.'s operations is developing and selling software. In accordance with international financial reporting standards ISK 108 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 .....	410.618	34.138	139.171	583.927
Balance at 30.9.2020 .....	580.891	2.371.078	264.456	3.216.425
Balance at 1.1.2021 .....	326.009	2.541.424	265.938	3.133.371
Change during the period .....	84.612	2.026	40.321	126.959
Balance at 30.9.2021 .....	410.621	2.543.450	306.259	3.260.330

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 1.1-30.9.	2020 1.1-30.9.
<b>Statement of comprehensive income:</b>		
Inventory turnover - Cost of goods sold / Inventory at end of period .....	5,3	5,3
Receivables turnover - Receivables at end of period / Sales of goods and services .....	22	25
Salary and salary related expenses / Sales of goods and services .....	40,3%	42,7%
Operating expenses / Sales of goods and services .....	22,4%	23,2%
EBITDA / Sales of goods and services .....	8,5%	5,7%
EBIT / Sales of goods and service .....	3,7%	1,4%
	<b>30.9.2021</b>	<b>31.12.2020</b>
<b>Statement of financial position:</b>		
Current ratio .....	1,31	1,27
Equity ratio .....	58,4%	56,5%

## Notes, contd.:

### Quarterly statements

Summary of the Group's results by quarters:

	<b>1 Q</b>	<b>2 Q</b>	<b>3 Q</b>	<b>Total</b>
	<b>2021</b>	<b>2021</b>	<b>2021</b>	
Sales of goods and services .....	4.173.512	4.425.362	4.257.451	12.856.325
Cost of goods sold and cost of sold services .....	( 3.079.475)	( 3.307.671)	( 3.115.630)	( 9.502.776)
<b>Gross profit</b> .....	1.094.037	1.117.691	1.141.821	3.353.549
Operating expense .....	( 985.901)	( 960.190)	( 938.024)	( 2.884.115)
<b>Operating profit</b> .....	108.136	157.501	203.797	469.434
Finance income .....	13.854	12.659	2.843	29.356
Finance Expense .....	( 29.490)	( 30.106)	( 38.718)	( 98.314)
Net finance expense .....	( 15.636)	( 17.447)	( 35.875)	( 68.958)
Share of profit in associate .....	102.643	47.246	60.413	210.302
<b>Profit before income tax</b> .....	195.143	187.300	228.335	610.778
Income Tax .....	( 14.278)	( 33.174)	( 35.849)	( 83.301)
<b>Profit for the period</b> .....	180.865	154.126	192.486	527.477
<b>Other comprehensive income:</b>				
Foreign currency translation differences for foreign operations .....	( 17.558)	( 70.314)	172.484	84.612
<b>Total comprehensive income for the period</b> .....	163.307	83.812	364.970	612.089
EBITDA .....	300.898	356.743	440.841	1.098.482

## Notes, contd.:

### Quarterly statements, contd.:

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