



## **Klappir Green Solutions hf**

### **Consolidated Financial Statement**

January 1st. to December 31st. 2023

**Klappir Green Solutions hf.**  
Hlíðasmára 3 | 201 Kópavogur | Iceland  
Id: 630914-1080

## Table of Contents

<b>Endorsement by the Board of Directors</b>	<b>3-5</b>
<b>Independent Auditor's Report</b>	<b>6</b>
<b>Key figures</b>	<b>7</b>
<b>Income Statement</b>	<b>8</b>
<b>Balance sheet</b>	<b>9</b>
<b>Statement of Cash Flows</b>	<b>10</b>
<b>Notes</b>	<b>11-18</b>

## Endorsement and Statement by the Board of Directors and the CEO

Klappir Green Solutions hf ('Klappir') is a leading global sustainability software company, founded in 2014 and headquartered in Iceland. Klappir stands out due to its comprehensive approach to operations, trusted experience, groundbreaking product portfolio, and strategic expansion into new markets. In a world increasingly focused on sustainability, Klappir is not only driving its own growth but also spearheading a transformative shift in how businesses align with the complex challenges of sustainability.

Klappir has emerged as the foremost provider of sustainability software, offering an advanced platform thoroughly crafted to empower effective sustainability management across various sectors such as businesses, municipalities, and governments. The core of Klappir's offering lies in its ability to seamlessly facilitate engagement with sustainability data, enabling enhanced performance and well-informed decision-making.

As a global leader in sustainability software solutions, Klappir holistic approach to operations, innovative product offerings, and strategic market expansion pave the way for businesses to thrive in an increasingly sustainability-driven world. Klappir's visionary journey promises not only growth but also a transformative impact on how companies navigate and embrace the complexities of sustainability accounting and reporting.

### Recent business highlights

An important outcome of Klappir's product-led strategy is the remarkable year-over-year growth of 35% in subscription revenue. The newly introduced ESRS premium subscription plan and the annual statement subscription have positively contributed to this growth, along with an increased number of new Nordic customers. The growing interest and responsibility of customers to lead by example and adhere to sustainability standards have inspired other companies in their value chain to embark on their own sustainability journey, often utilizing Klappir software. This network effect is expected to further motivate companies to initiate their sustainability journey, especially considering Klappir Platform's flexible product and service subscription model, tailored to individual needs. A higher proportion of subscription revenue in the total revenue signifies a robust and healthy operation. Subscription revenue has increased from 53% to 57% of total revenue. Similarly, EBITDA has improved, reaching 97.2M kr or 16.9% in 2023 compared to the previous 31.5M kr or 7% in 2022.

Klappir's recent expansion into the Danish market has confirmed the strength of its product offering compared to alternatives solutions in the market. This success has encouraged Klappir to further expand into the Nordic and European markets. While Klappir's platform is well-prepared for upcoming EU legislation, the company has never invested more in product innovation to solidify its position as a leading Sustainability platform. A key element in Klappir's growth strategy is transitioning into a PLG (Product-Led Growth) company and building a network of solution partners who sell, consult, implement, and provide value-added solutions and services to the platform. Implementation of this strategy has already begun, with over 13 partners and a team of more than 60 consultants working with Klappir to develop business across Europe in just 6 months. We believe this growth strategy is the right path for Klappir to scale and expand into European countries, setting us apart from the competition.

The year 2024 marks the first year that large, listed companies are subject to report according to the EU's Corporate Sustainability Reporting Directive. EU and EEA member states need to transpose the Directive into their own laws by July 2024. These large, listed companies were already subject to

## Endorsement and Statement by the Board of Directors and the CEO

submitting sustainability-related information with their annual reports according to current legislation but the new directive expands the reporting obligations and ensures better conformity and comparability. Klappir's product team has worked hard to keep up with these developments and adapt our solutions to this new reality in order to assist Klappir's customers through this transition. In the coming years, large unlisted companies (reporting in 2026 on 2025 data) and listed SMEs (reporting in 2027 on 2026 data) will follow suit.

The sustainability ecosystem is dynamically evolving, boasting a noteworthy milestone of engaging companies that rely on our software for solid sustainability accounting, comprehensive reporting, and seamless data sharing. Undoubtedly, the Klappir ecosystem holds paramount importance in aiding companies to monitor, calculate, and transparently communicate their sustainability performance, thereby facilitating their purposeful sustainability journey.

### Shareholders

Klappir Green Solution total share capital of ISK 139.043.700 is divided into an A share capital of nominally ISK 50,000,000 and a B share capital of nominally ISK 89.043.700. The company's A shares are not listed and are held by Kvistar holding ehf., a Icelandic limited liability company, wholly owned by the four founders and Sýn hf. For further information see note 9.

At the end of 2023, shareholders in Klappir Green Solutions numbered 321, compared to 316 at the end of the year 2022. The largest shareholders were as followed at the end of year 2023:

	<b>Total shares</b>	<b>B-Shares</b>	<b>A-Shares</b>
Kvistar holding ehf.....	67,049,325	17,631,175	49,418,150
Sindrandi ehf.....	32,545,834	32,545,834	-
Pund ehf.....	5,000,000	5,000,000	-
Nýsköpunarsjóður atvinnulífsins.....	3,619,579	3,619,579	-
Stey ehf. ....	3,000,000	3,000,000	-
Kjalvegur ehf.....	3,000,000	3,000,000	-
Eyktasalir ehf.....	2,645,350	2,645,350	-
Dexter fjárfestingar ehf.....	2,600,000	2,600,000	-
Klappir ehf.....	2,236,469	2,236,469	-
Bjarni Þór Björnsson.....	2,175,474	2,175,474	-
Haru Holding ehf.....	2,000,000	2,000,000	-
Other shareholders.....	13,171,669	12,589,819	581,850
<b>Total.....</b>	<b>139,043,700</b>	<b>89,043,700</b>	<b>50,000,000</b>

### Compliance

The Board of Directors of Klappir Green Solutions hf. emphasizes maintaining good corporate governance and following guidelines on corporate governance issued by the Iceland Chamber of Commerce, NasdaqOMX Iceland hf. and the Confederation of Icelandic Employers. The Board of Directors has established rules of procedure where its area of authority is defined as well as the area of responsibility towards the CEO. The rules also include rules on meeting procedures, rules on the qualifications of board members, rules on confidentiality, the disclosure of information by the CEO to the board and more. The gender diversity of the board are two women (40%) and three men (60%). The consolidated financial statements of Klappir Green Solutions hf. for the 1.1.-31.12.2023 are prepared in accordance with the Icelandic Financial Statements Act no. 3/2006.

## Endorsement and Statement by the Board of Directors and the CEO

### Non financial reporting

The non-financial information is disclosed in a separate Sustainability Statements.

### Statement of the Board of Directors and the CEO

It is the opinion of the Board of Directors and the CEO of Klappir Green Solutions hf. that these financial statements present all the information necessary to show the position of the company at 31.12.2023, the operating results for the year and the financial developments during 01.01.2023-31.12.2023. The Board of Directors and the CEO of Klappir Green Solutions hf. hereby confirm the consolidated financial statements for the year 2023 with their signatures.

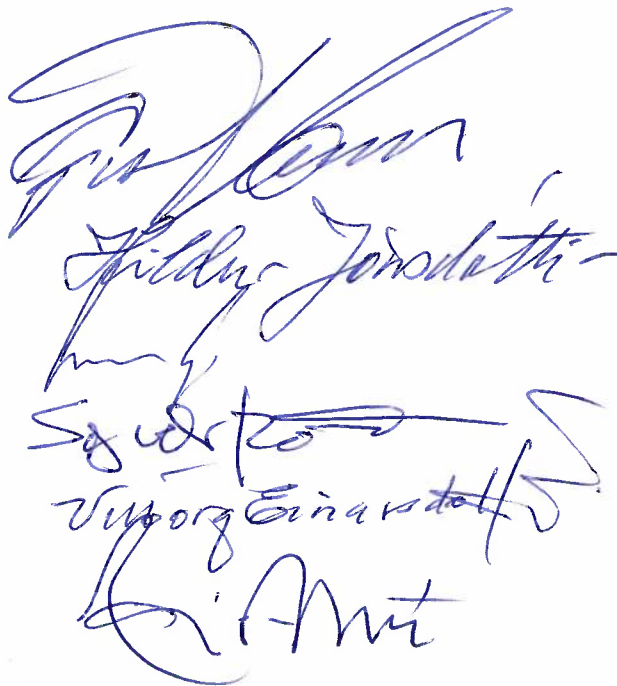
Kópavogi, 18. April 2024

#### Board of Directors

Agust Einarsson  
Hildur Jonsdottir  
Gunnar Sigurðsson  
Sigurður Þórarinnsson  
Vilborg Einarsdottir

#### CEO

Jon Agust Thorsteinsson



The image shows five handwritten signatures in blue ink. From top to bottom, they correspond to the names listed in the text: Agust Einarsson, Hildur Jonsdottir, Gunnar Sigurðsson, Sigurður Þórarinnsson, and Vilborg Einarsdottir. The signatures are stylized and cursive.

# Independent Auditor's Report

**To the Shareholders and the Board of Directors of Klappir Grænar Lausnir hf.**

## **Opinion**

We have audited the consolidated financial statements of Klappir Green Solutions hf. for the year ended December 31, 2023 which comprise Endorsement and Statement by the Board of Director and the CEO, the consolidated Income Statement, the consolidated Balance sheet statement of financial position, the consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the financial position of Klappir Green Solutions hf. as at December 31, 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Icelandic Financial Statement Act.

## **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We are independent of Klappir Green Solutions hf. in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Iceland, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Responsibilities of the Board of Directors and the CEO for the Consolidated Financial Statements**

The Board of Directors and the CEO are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Icelandic Financial Statement Act, and for such internal control as the Board of Directors and the CEO determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors and the CEO are responsible for assessing Klappir Green Solutions hf.'s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors and the CEO either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The board of directors shall supervise the preparation and presentation of the consolidated financial statements.

## **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are

## Independent Auditor's Report

considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Klappir Green Solutions hf.'s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Kópavogi, 18. april 2024

**Deloitte ehf.**

  
Birna María Sigurðardóttir  
State Authorized Public Accountant

  
Kristján Þór Ragnarsson  
State Authorized Public Accountant

## Key figures

	31.12.2023	31.12.2022
Operating revenue.....	573.555.506	450.750.370
EBITDA.....	97.204.281	31.515.384
Operational profit (loss) for the period.....	46.036.539	(36.579.298)
Net profit (loss) for the year.....	8.754.277	(35.526.350)
Return on equity.....	2,3%	-9,5%
Return on total assets.....	1,2%	-5,8%

	31.12.2023	31.12.2022
Total assets.....	804.884.662	617.653.784
Total liabilities.....	427.175.214	244.239.702
Total equity and liabilities.....	804.884.662	617.653.784
Current ratio - current assets/ current liabilities.....	6,2	5,3
Equity ratio - equity/ total capital.....	46,9%	60,5%
Intrinsic value of share capital - equity / share capital.....	2,7	2,7

### Various figures as a percentage of revenue

	31.12.2023	31.12.2022
Other operating expenses.....	33,3%	38,4%
EBITDA %.....	16,9%	7,0%
Net profit / (loss) of the period.....	1,5%	-7,9%



## Income Statement

	Notes	2023 1.1.-31.12	2022 1.1.-31.12
Subscription revenue.....		325.154.412	241.378.077
Customer Success revenue.....		14.289.879	41.951.628
Other revenue.....		234.111.215	167.420.665
<b>Total operating revenue</b>		<b>573.555.506</b>	<b>450.750.370</b>
Salaries and other employee expenses.....	3	(285.332.697)	(246.128.067)
Other operating expenses .....		(191.018.528)	(173.106.919)
Amortization and depreciation .....	5,6	(51.167.742)	(68.094.682)
		(527.518.967)	(487.329.668)
<b>Operating profit (EBIT).....</b>		<b>46.036.539</b>	<b>(36.579.298)</b>
Interest income.....		4.338.450	310.481
Interest cost.....		(35.095.045)	(3.800.037)
Net currency differences.....		(7.521.663)	(1.573.985)
	4	(38.278.258)	(5.063.541)
<b>Profit / (loss) before income tax (EBT)</b>		<b>7.758.281</b>	<b>(41.642.839)</b>
Income taxes.....		995.996	6.116.489
<b>Net profit (loss) for the year.....</b>		<b>8.754.277</b>	<b>(35.526.350)</b>

## Balance sheet

	Notes	31.12.2023	31.12.2022
<b>Assets</b>			
<b>Non-Current Assets</b>			
Intangible assets.....	5	285.212.798	238.169.882
Operating assets.....	6	5.069.915	8.873.075
Deposits.....		1.418.560	2.258.560
Deferred tax asset.....	9	28.388.070	27.437.070
Total Non-Current Assets		320.089.343	276.738.526
<b>Current Assets</b>			
Trade receivables.....		16.430.743	40.074.731
Other current receivables.....		194.072.641	148.543.105
Cash and cash equivalents.....		274.291.935	152.297.422
Total Current Assets		484.795.319	340.915.258
<b>Total Assets</b>		<b>804.884.662</b>	<b>617.653.784</b>
<b>Equity and liabilities</b>			
<b>Capital and reserves</b>			
Share capital.....		139.043.700	139.353.700
Share premium.....		478.199.200	482.279.200
Reserved equity.....		172.957.493	135.371.430
Accumulated deficits.....		(412.546.490)	(383.714.704)
Translation differences.....		55.545	124.456
Total Equity	7	377.709.448	373.414.082
<b>Non-current liabilities</b>			
Long term loan.....	8	313.122.179	144.057.562
Owed to related parties.....	10	35.344.694	35.344.694
Total Non-Current liabilities		348.466.873	179.402.256
<b>Current liabilities</b>			
Trade payables.....		22.361.255	17.681.293
Other current liabilities.....		56.347.086	47.156.153
Total Current liabilities		78.708.341	64.837.446
<b>Total Liabilities</b>		427.175.214	244.239.702
<b>Total equity and liabilities</b>		<b>804.884.662</b>	<b>617.653.784</b>

## Statement of Cash Flows

	Notes	2023 1.1-31.12	2022 1.1.-31.12
<b>Operating activities</b>			
Operating profit.....		46,036,539	(36.579.298)
Depreciation and amortization.....	5,6	51.167.742	68.094.682
Gain on sale of assets .....		(19.830.435)	154.000
Working capital from operating activities, excl finance and taxes.....		77.373.846	31.669.384
Current receivables, (increase) / decrease.....		(20.351.482)	(13.353.497)
Operating liabilities increase / (decrease).....		(8.393.669)	16.848.961
Cash generated to operations.....		48.628.695	35.164.848
Interest received.....		4.338.450	310.481
Interest paid.....		(5.571.881)	(3.801.594)
Currency exchange rate difference received / (paid).....		(7.521.663)	1.572.428)
Net cash from operating activities.....		39,873,601	30.101.308
<b>Investment activities</b>			
Investments in intangible assets .....	5	(96.111.129)	(86.406.669)
Proceeds from sales on intangible assets.....	5	20.000.000	0
Purchase of own shares.....		(4.390.000)	(12.720.000)
		80.501.129	(99.126.669)
<b>Financing activities</b>			
New long- term borrowings.....		162.622.041	144.057.562
		162.622.041	144.057.562
Decrease in cash and cash equivalents.....		121.994.513	75.032.201
Cash and cash equivalents at the beginning of year.....		152.297.422	77.265.221
Cash and cash equivalents at the end of year		274.291.935	152.297.422

## Notes to the Financial Statements

### 1. General information

The Financial Statements of Klappir Grænar Lausnir hf. contains the consolidated financials of the company and its Danish subsidiary, Klappir Nordic ApS. The financial statements have been prepared in conformity with the Icelandic Financial Statement Act, are based on historical cost basis and use the same accounting methods as previous years. The financial statements are prepared in Icelandic Krona (ISK).

Klappir Grænar Lausnir hf. is a private limited company and complies with the Icelandic limited companies law nr. 2/1995. Klappir Grænar Lausnir hf. is domiciled in Iceland and its legal residence is at Hlíðasmára 3 , 201 Kópavogur. Klappir Nordic ApS is domiciled in Denmark and its legal residence is at Bryghuspladsen 8, Copenhagen.

### 2. Basis of preparation

In applying the Company's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised.

### 3. Salaries and other employee expenses

	2023	2022
Salaries.....	302.262.235	254.874.488
Other Salary-related expenses and other employee expenses.....	69.221.974	72.343.011
Capitalized salaries .....	(80.595.000)	(81.089.432)
Salaries and other employee expenses.....	290.889.209	246.128.067
Average number of full time employees.....	24	27

CEO 's remuneration was 19,3 m.kr. (2023: 18,6 m.kr.) and BoD 1,5 m.kr (2022: 2,1 m.kr.).

## Notes to the Financial Statements

### 4. Investment revenue and finance cost

Investment revenue is specified as follows:	<u>2023</u>	<u>2022</u>
Interest on bank deposits .....	3.154.537	288.875
Interest on trade receivables .....	<u>1.183.913</u>	<u>21.606</u>
	4.388.450	310.481
Finance cost is specified as follows:		
Interest cost of short-term liabilities owed to financial institutions.	(29.523.164)	(697.361)
Interest cost to related parties.....	(4.080.720)	(2.896.889)
Other interest expenses.....	<u>(1.491.161)</u>	<u>(195.397)</u>
	(35.095.045)	(3.800.037)
Exchange rate difference and future contracts is as follows:		
Exchange rate difference.....	<u>(7.521.663)</u>	<u>(1.573.985)</u>
	(7.521.663)	(1.572.428)
	<u>(38.278.258)</u>	<u>(5.063.541)</u>

### 5. Intangible assets

	<u>Goodwill</u>	<u>Software</u>	<u>Total</u>
<b>Cost</b>			
Balance at 1.1.2023.....	181.154.753	377.475.021	558.629.774
Additions.....		96.111.129	96.111.129
Sale of assets.....		<u>(14.820.477)</u>	<u>(14.820.477)</u>
Balance at 31.12.2023.....	<u>181.154.753</u>	<u>458.765.673</u>	<u>639.920.426</u>
<b>Amortiation</b>			
Balance at 1.1.2023.....	109.604.769	210.855.123	320.459.892
Depr. of sold assets.....		<u>(14.650.912)</u>	<u>(14.650.912)</u>
Amortised for the year.....	17.920.881	30.977.767	48.898.648
Balance 31.12.2023.....	<u>127.525.650</u>	<u>227.181.978</u>	<u>354.707.628</u>
<b>Book value</b>			
Balance at 1.1.2023.....	71.549.984	166.619.898	238.169.882
Balance 31.12.2023.....	<u>53.629.103</u>	<u>231.583.695</u>	<u>285.212.798</u>
Amortization rates .....	10%	10%	

## Notes to the Financial Statements

### 6. Operating assets

	<u>Tools and equipment</u>
Cost	
Balance at 1.1.2023.....	13.081.364
Correction.....	<u>(1.534.066)</u>
Balance 31.12.2023.....	11.547.298
Depreciation	
Balance at 1.1.2023.....	4.208.289
Depreciation for the year.....	<u>2.269.094</u>
Balance 31.12.2023.....	<u>6.477.383</u>
Book value	
Balance at 1.1.2023.....	<u>8.873.075</u>
Balance 31.12.2023.....	<u>5.069.915</u>
Depreciation rates.....	10% - 35%

### 7. Equity

Share capital is specified as follows:	<u>Class A</u>	<u>Class B</u>	<u>Total</u>
Total share capital at year-end.....	50.000.000	89.443.700	139.443.700
Own shares at year-end.....		(400.000)	(400.000)
	<u>50.000.000</u>	<u>89.043.700</u>	<u>139.043.700</u>

The company's share capital is ISK 139,0 million at nominal value at year end.

The Company's share capital is divided into common class A and common class B. In class A are 50,0 million shares issued, each share in class A amounts to ISK 1 and ten votes are carried to each ISK of share capital. In class B are 90,1 million shares issued, each share in class B carries one vote, but in other respects the classes have the same rights.

## Notes to the Financial Statements

Equity specifies as follows:	Share capital	Share premium	Restricted equity	Retained earnings	Total equity
Equity at 1.1.2022	140.153.700	494.199.200	113.010.584	(325.827.508)	421.535.976
Adjusted from last year	(800.000)	(11.920.000)			(12.720.000)
Transf. to restr. equity			22.360.846	(22.360.846)	0
Translation difference				124.456	124.456
Loss of the year				(35.526.350)	(35.526.350)
Equity at 1.1.2023	139.353.700	482.279.200	135.371.430	(383.590.258)	373.414.082
Purchase of own shares	(310.000)	(4.080.000)			(4.390.000)
Transf. to restr. equity			37.586.063	(37.586.063)	0
Translation difference				(68.911)	(68.911)
Profit for the year.				8.754.277	8.754.277
Equity at 31.12.2023	139.043.700	478.199.200	172.957.493	(412.546.490)	377.709.448

The Company has issued stock options to the employees with a nominal value of ISK 10.840.000. According to the agreements, the stock option is earned in equal proportions over 4 years. The agreement expires eight years from the date of issue. The Company's stock option plan and stock option agreements are subject to general rules on such agreements that are approved by the Directorate of Internal Revenue. This includes that agreements are offered to all employees and the maximum redemption is ISK 600.000 per year. Restricted equity consists of capitalized development costs according to act no. 3/2006.

### 8. Other non-current Liabilities

The company has entered into an agreement with NEFCO, Nordic Green Bank for a debt financing in EUR to the company. The agreement gives Klappir Grænar Lausnir access to a credit line at non-indexed interest, which will be repaid in installments starting 2025 with final maturity in 2029.

A stipulation of the loan is that NEFCO can, at its sole discretion, convert any sums owed, including any unmatured amounts, to equity. If, upon conversion, any amount remains outstanding, it will be repaid in accordance with the terms on the agreement. NEFCO has the right to request the payment to be paid before the final maturity date, on the next payment date after conversion.

## Notes to the Financial Statements

### 9. Deferred tax assets

	Asset	
	2023	2022
Balance at the beginning of the year.....	27.437.070	21.320.520
Balance at the end of year.....	28.388.070	27.437.070

The company does not transfer its deferred tax assets in full due to uncertainty about utilization. Deferred tax assets is specified as follows by individual items at year-end:

	31.12.2023	31.12.2022
Operating assets and intangible assets.....	5.100.533	7.189.254
Other items.....	3.042.838	922.479
Effects of tax losses carried forward.....	215.979.210	182.312.277
Reduct. due to uncertainty about utilization of tax loss carried forward.....	(195.734.511)	(162.986.940)
	<u>28.388.070</u>	<u>27.437.070</u>

Taxable losses carried forward can be used against future profits as specified below:

	31.12.2023
Year 2024.....	55.108.662
Year 2025.....	80.817.277
Year 2026.....	83.025.148
Year 2027.....	79.443.777
Year 2028.....	38.818.849
Year 2029.....	158.512.542
Year 2030.....	119.314.129
Year 2031.....	86.439.447
Year 2032.....	194.321.465
Year 2033.....	182.689.030
	<u>1.078.490.3268</u>



## Notes to the Financial Statements

### 10. Related parties

Related parties are those parties which have considerable influence over the Company, directly or indirectly, including parent company, owners or their families, large investors, key employees and their families and parties that are controlled or dependent on the Company, i.e. affiliates and joint ventures. Business with related parties has been done on a similar basis as business with unrelated parties.

The Company has granted stock options to key management personnel, see further in note 10.

Transactions with related parties are as follows:

There were no significant transactions with related parties in the years 2023 og 2022.

Transactions with related entities 2023:	Receivables	Payables
Klappir ehf. (related party to one shareholder).....	0	35.344.694
	0	35.344.694
Transactions with related entities 2022:		
Klappir ehf. (related party to one shareholder).....	0	35.344.694
	0	35.344.694

Related party transactions were made on terms equivalent to those that prevail in arm's length transactions.

### 11. Other matters

In the years 2014-2023, the Company has been working on software development. The majority of the project, which consists mostly of salary related expenses, has been expensed in the income statement. In 2023, the Company received confirmation from the Icelandic Centre for Research (RANNÍS) that the development project had been approved on the basis of Act no. 152/2009. With the confirmation, the Company acquired the right to a special reimbursement based on the direct cost of the project. The Company will apply for reimbursement in connection with the Company's tax returns for the year 2023 like in the year 2022. The estimated reimbursement of costs for the projects in the year 2023 amounts to ISK 188,3 million which will be reimbursed in November 2024.

### 12. Accounting policies

Foreign currencies Foreign currency transactions are entered at the prevailing exchange rate on the day of the transaction. Monetary assets and liabilities in foreign currencies are recognised at the exchange rate at the end of the reporting date. The resulting exchange rate difference is recognised in the income statement within financial income and expense.

#### Revenue recognition

Company has transferred the significant risks and rewards of ownership of the goods to the buyer, which is generally when the goods are delivered. Service revenue is recognised as appropriate when the service has been provided or in parallel with the service being provided. Sales are shown in the income statement net of discounts. Revenue collected during the fiscal year but relating to subsequent fiscal years is recognised in the balance sheet as deferred income. Revenue relating to the fiscal year but collected after the end of it is recognised in the balance sheet as an asset.

## Notes to the Financial Statements

### Expense recognition

Expenses incurred to earn revenue during the period are recognised as operating expenses. Expenses incurred during the fiscal year but relating to subsequent fiscal years are recognised in the balance sheet as prepaid expenses. Expenses relating to the fiscal year but payable later are recognised as liabilities as accrued expenses in the balance sheet.

### Financial income and expenses

Interest income is recognised for the period in accordance with the relevant principal and interest rate.

Financial expenses are recognised in the income statement during the period in which they accrue. Borrowing costs are capitalized and amortized on a straight-line basis over the duration of the loan.

Transactions in currencies other than ISK are converted to ISK at the exchange rate on the day of the transaction. Exchange rate differences arising from the payment of debts and the collection of receivables are entered in the income statement. Monetary assets and liabilities in foreign currency are converted based on the exchange rate at the end of the year and the accrued exchange rate difference are entered in the income statement within financial income and expenses.

### Taxation

Income tax is calculated and recognised in the financial statements. The calculation is based on earnings before taxes, adjusted for the permanent difference between taxable results and results according to the income statement. The income tax rate is 20%.

Income tax payable is an income tax that is estimated to be paid next year due to taxable profits for the year as well as adjustments to income tax payable for previous years.

Deferred tax is due to the difference between the carrying amounts of balance sheet items in the tax settlement and the financial statements. The difference is because the income tax base for company is based on other assumptions than their financial statements.

Deferred tax assets are evaluated on the reporting date and only recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized.

### Property, plant and equipment

Assets are recognised as property, plant and equipment when it is probable that the future economic benefits associated with the asset will flow to the Company and the cost of the assets can be measured reliably. Property, plant and equipment are initially measured at cost. The cost of property, plant and equipment consists of the purchase price and all direct costs of bringing the property into a revenue-generating state.

Property, plant and equipment are amortized on a straight-line basis over their estimated useful lives, taking into account their expected residual value.

Assets that are subject to ownership by others under a financing lease agreement are depreciated over their estimated useful lives on the same basis as assets with full ownership rights.

## Notes to the Financial Statements

Gains or losses on the sale of property, plant and equipment is the difference between the sales price and the carrying amount of the asset on the date of the sale, and is recognised in the income statement on sale.

### **Goodwill**

Goodwill arises because of a merger of companies or the acquisition of operations and is the difference between the purchase price and the fair value of net assets. Goodwill is amortized on a straight-line basis over a 10 year period.

### **Intangible assets**

Intangible assets are recognised when it is probable that the future economic benefits associated with the asset will flow to the entity and the cost of the asset can be measured reliably. Intangible assets include trade agreement, patents, software and development cost. The assets are amortized on a systematic basis over the estimated useful lives of the respective assets and amortization for each period is recognised in the income statement. The choice of depreciation method is based on the use of the relevant asset during its useful life. However, if these assets do not have a specific useful life, they may be assessed annually in accordance with established accounting principles and are subject to impairment testing annually, or more frequently if evidence of impairment has been identified. Development costs are amortized over 10 years if their useful life cannot be readily determined.

### **Investments in Subsidiaries**

Subsidiaries are entities in which the parent company holds a controlling interest. Control is based on whether the investor; has decision-making power over the investee, is exposed or has the right to variable returns from his involvement in the investee, and has the ability to use his power to affect his returns. Investments in subsidiaries are accounted for using the equity method and therefore recognised at cost, taking into account their share in the operations, other changes in equity and impairment of individual investments. Loss of subsidiaries in excess of the original investment is only recognised if the Company provided a guarantee or incurred obligations on the subsidiary's behalf.

### **Trade receivables**

Trade receivables are recognised at nominal value, taking into account an allowance for doubtful accounts. The allowance is not a final write-off, but only a reserve for estimated future losses.

### **Cash and cash equivalents**

The Company's cash and cash equivalent consist of cash and on-demand bank balances.

### **Provisions**

Provisions are recognised when the Company has a present obligation as a result of a past event, payment is probable and the amount can be estimated reliably.

### **Trade payable**

Trade payables are recognised at nominal value, taking into account any accrued costs.