



# Annual Report 2024



# Content

## Annual review

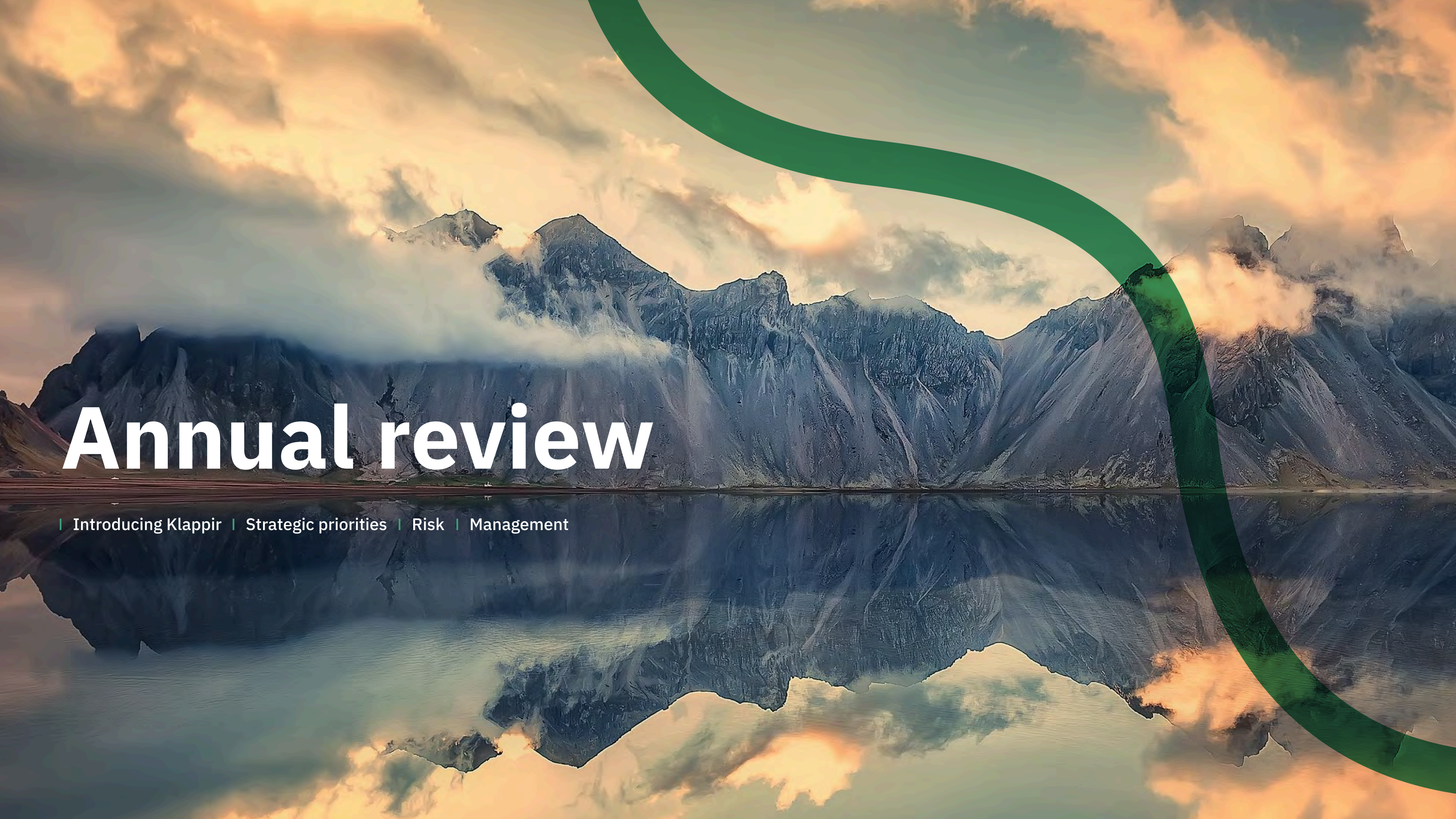
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# Annual review

| Introducing Klappir | Strategic priorities | Risk | Management



Annual review

# Introducing Klappir

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# Message from the CEO

Despite uncertainty in the market for sustainability accounting and reporting, Klappir is coming out with a good year. The subscription revenue had an impressive 18.3% growth, and the EBITDA ratio is 26.0%\* of the total revenue. This positive performance comes despite a challenging economic climate, demonstrating the resilience and strength of Klappir's business model.

Even with this challenging environment, we notice increasing interest in our sustainability software and a willingness from Nordic countries to start their sustainability journey. Companies are starting to understand the importance of implementing end-to-end sustainability software solutions that create the technical environment for companies to fulfill compliance requirements and, at the same time, lead them further into their sustainability journey.

## The key highlights for 2024 are:

**Strong Subscription Growth and Increased Customer Subscription Value:** The 2024 results show strong growth in subscription revenue, increasing 18.3% YoY. Additionally, average revenue per customer subscription is rising. This indicates increased user adoption within organizations and a growing recognition of sustainability's importance.

**Healthy Operating Results Fuel R&D and Marketing Expansion:** A healthy 26.0% EBITDA margin strengthens the company's ability to invest in product innovation and market expansion. As the market evolves, it is increasingly important for companies to choose the right partner for the sustainability journey – one with a market-leading product and the capacity to adapt it to international requirements.

**Partnership Strategy Boosts Sales, Shows Promising Scalability:** A strong focus on becoming a partner-first organization allows us to act locally and expand globally with our sustainability product. This go-to-market strategy not only helps us recruit new partners and expand our footprint in the market, but it also enables us to scale our business and improve efficiency.

**Klappir's Sustainability Initiatives Make Impact in Brazil and Denmark:** As our global leadership and recognition in the sustainability sector grow, we are invited to participate in impactful projects that positively affect communities. Our projects in Brazil and Denmark exemplify our commitment to educating the market and implementing technical frameworks that help thousands of companies and individuals recognize sustainability as a key driver in our society.

**New Subscription Plans Support Customer Sustainability Journeys:** In 2024, Klappir invested significant effort to align its product features with companies' sustainability journeys. These new offerings have been well-received by our customers, who can now better identify their position on the sustainability roadmap and set their ambitions for the coming years.

**AI Simplifies Data Collection and Management:** Klappir foresees AI becoming a key driver in collecting and processing sustainability data, simplifying processes and increasing data quality. Klappir is investing heavily in this technology to maximize benefits for its customers and stay ahead of the curve in product innovation.

**Predefined Customer Success Program Enhances Service Quality:** As our customer base and business partnerships grow, we've invested in predefined blueprints and best practices programs to enhance customer onboarding and elevate our customer success service levels. Additionally, we've established a customer advisory board to gather valuable feedback, strengthening our product roadmap.

**Redesigned UI and New Reporting Module Enhance User Experience:** Klappir has consistently invested a significant portion of its revenue into research and development to maintain product leadership in the sustainability sector and strengthen its position as a partner-led company. This strategic focus has resulted in continuous product improvement, including this year's UI redesign, a new reporting module, and numerous other released features.



Jon Agust Thorsteinsson, CEO

\* Adjusted EBITDA - EBITDA adjusted for periodical allocation of revenue to make year-on-year comparison easier.

# Business highlights 2024

**2.000+**

Companies in the Business Ecosystem

**30+**

Countries where Klappir's Products and Services are now available

**200+**

Dedicated Klappir team (including the Partner Network)

## Impact

- Klappir's ecosystem is expanding rapidly, now comprising over 2,000 companies in the Business Ecosystem, with growing opportunities in global markets. The company's global operations now extend to more than 30 countries.
- The global partner network is growing, now encompassing 30 partners who are steadily increasing Klappir's marketing presence and reach across various markets.
- Subscription revenue grew 18.3% year-over-year, reflecting strong performance across various markets.
- Subscription revenue was 64% of the total revenue compared to 54% in 2022.
- The Operating profit increased by 117.3% year-over-year.
- The Net profit increased by 862.3% year-over-year.

## Financials

- Total revenue reached 603.3 million, reflecting an 5.2% increase from the previous year. Of this, subscription revenue accounted for 384.6 million, representing a 18.3% growth year-over-year.
- EBITDA\* was 156.9 million (26.0%) compared to 97.2 million (16.9%) in 2023 reflecting solid and efficient organisation.
- Operating profit (EBIT\*) was 99.9 million, compared with 46.0 million in 2023.
- Net profit\* was 84.1 million compared to 8.7 million in 2023. If we inculcate the periodical allocation of revenue the Net profit is 34.5 millions.
- Total assets were 913.7 million, compared with 804.8 million in 2023.
- Total liabilities were 504.5 million compared with 427.2 million in 2023.
- Equity ratio was 45.1%, compared with 46.9% in 2023.
- Cash and cash equivalents at the end of 2024 was 265.0 million.

\* Adjusted EBITDA, EBIT and Net profit - adjusted for periodical allocation of revenue to make year-on-year comparison easier

# Our Way

**At Klappir, we're not just embracing the digital future of sustainability data recording, accounting and reporting; we're leading the change. By developing and distributing our digital sustainability platform aligned to the latest directives, we're setting new standards for utilizing digital technology in the sustainability arena.**

Recognizing the importance of strategic guidance and general support, Klappir partners with leading global and local companies, specializing in various fields of sustainability.

Whether companies are navigating digital transformation, change management or integration of sustainability, our partners are equipped to guide our customers.

Join us on this journey towards a sustainable future, where digital transformation drives positive change, and reliable information empowers better decisions. Together, we can create a world where sustainability is at the forefront of every business strategy, and where Klappir is the trusted partner making it all possible.

We will continue to support capacity-building and dissemination of knowledge and put in order the data behind sustainability efforts, world-wide.

Our commitment and forward-thinking approach drives us to push the boundaries of what is possible, ensuring that we remain at the forefront of technological advancement for the future. Solid and trusted capital structure represent our commitment to long-term, sustainable business strategies. This structure not only mitigates operational risk but also reinforces our foundation for continued growth and innovation.

## Our Purpose

We are passionate about helping customers and society to manage their sustainability efforts by facilitating their access to our state-of-the-art sustainability Platform and Ecosystem and related customer success.

Our commitment goes beyond technology. We believe in the power of trusted and open communication. Whether it's our society, customers, shareholders, partners, or employees, we strive to keep everyone informed.

Through annual and semi-annual performance reports, available on our homepage and the Nasdaq reporting platform, we share our progress and achievements, fostering a culture of transparency and accountability.

## Our Mission

**Bring clarity to sustainability.**

We believe in the power of trusted and open communication. Whether it's our society, customers, shareholders, partners, or employees, we strive to keep everyone informed

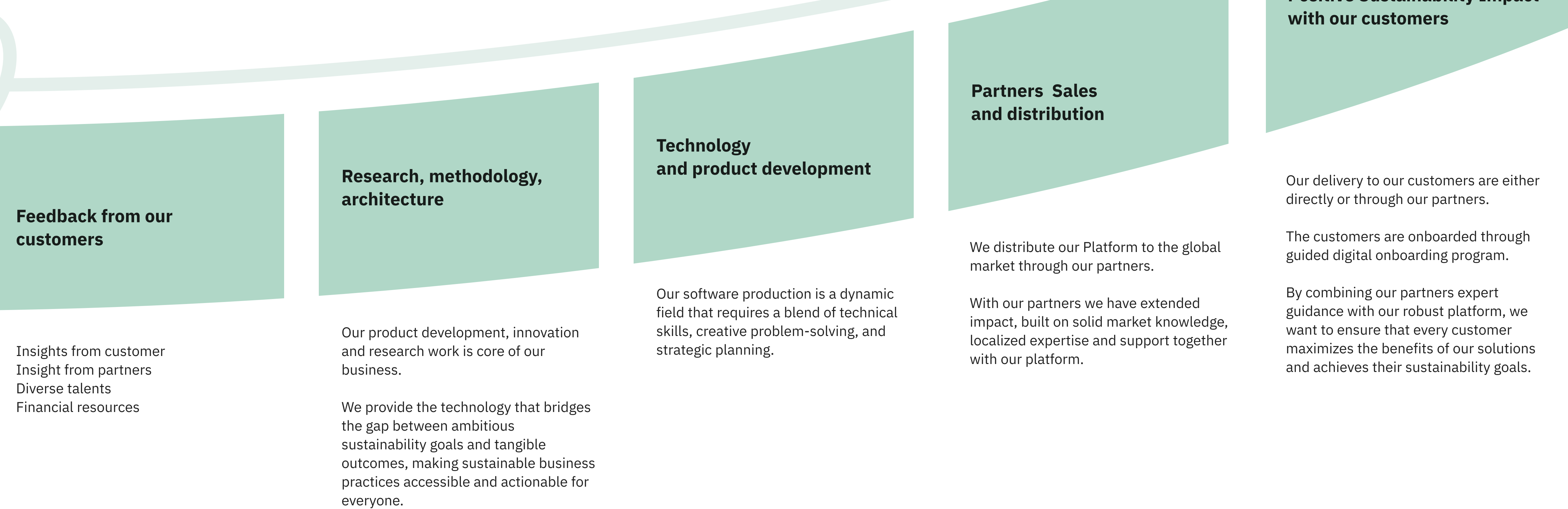
## Our Vision

**Lead the world in coordinated, data-driven sustainability efforts.**

Our cutting-edge digital platform offers a way through increasingly complex disclosure processes. The whole design of the platform offer proven way of streamlining sustainability work.

# Value creation

Our value creation is designed to create long term value for our customers, our society, our employees, shareholders and our partners.



# Digital transformation for sustainable future

To avoid wide-scale environmental degradation, catastrophic climate change and loss of biodiversity, we have to fundamentally shift our global economic systems towards more sustainable trajectories within precious and limited time.

Our society must come to terms with a desperate need for increased sustainability awareness and a partnership fuelled by frontier digital technologies. Comprehensive cooperation and data sharing are the key to success.

Monitoring and interconnecting activities in a global accounting system will be an indispensable element of organizations' competitive, legal, and regulatory strategies, as well as for governments at every level.

Increased sustainability awareness is a social and economic imperative. Companies will need, and want, to respond to existing environmental rules and regulations, anticipate the legislative agenda and be prepared to comply, quickly and efficiently. They, and we, have a social compact to make the world more livable.

Sustainability will not be viewed as a painful cost of doing business; companies will work with sustainability at the core of their business and therefore build bridges between their sustainability processes and operational improvements.

Therefore, in the years to come, there will be a growing demand for efficient digital solutions to improve the speed and accuracy of decisions related to sustainability accounting, analytical processing, environmental predictions and goal setting.



# The True Value of Sustainability Management

## Beyond Compliance

Our customers are experiencing a growing need to integrate sustainability into their core operations for several compelling reasons:

### Cost savings in sustainability

Cost savings in sustainability come from efficiency improvements, waste reduction, and regulatory compliance. The main areas where businesses can save costs while being more sustainable:

- | **Energy:** Reduce costs with efficiency upgrades and renewables.
- | **Waste:** Lower expenses through recycling and by-product sales.
- | **Water:** Cut bills by conserving and reusing water.
- | **Supply Chain:** Optimize logistics and use sustainable packaging.
- | **Digitalization:** Save on paper and travel with tech solutions.
- | **Carbon:** Avoid fines and leverage incentives by reducing emissions.
- | **Employees:** Improve retention and productivity with a sustainable workplace.

### Compliance Risks

As regulatory landscapes evolve, the risk of non-compliance with sustainability regulations poses significant challenges. Compliance is not just about avoiding penalties; it is about maintaining trust and credibility in the market.

### Key benefits in sustainability

Sustainability offers more than just cost savings, it provides a competitive edge, strengthens brand reputation, attracts investors, and enhances long-term resilience. Key benefits include:

- | **Competitive Advantage & Market Differentiation:**  
Increased brand loyalty, new business opportunities, and higher customer engagement.
- | **Regulatory Compliance & Risk Mitigation:**  
Helps avoid fines, future-proofs against stricter laws, and increases supply chain stability.
- | **Investor & Stakeholder Attraction:**  
Provides access to ESG investments, increases valuation, and strengthens corporate reputation.
- | **Employee Satisfaction & Productivity:**  
Attracts top talent and purpose-driven employees, lowers turnover rates, and promotes a healthier work environment.
- | **Innovation & Resilience:**  
Encourages R&D in sustainable technologies, adaptability to market changes, and stronger crisis management.
- | **Customer & Partner Trust:**  
Enhances brand reputation, strengthens partnerships, and increases social impact.

# Klappir

## Customer Value

### Enterprise Ready Sustainability Management Platform

#### | Scalable Compliance Management:

Klappir streamlines compliance throughout your organization, ensuring a seamless journey from planning to reporting, no matter the scale, be it top-down, across subsidiaries, or within a group structure.

#### | Flexible Compliance Reporting:

Assisting with API and FTP integrations to connect various data sources, perform quality testing of data and secure data flow activity. Monitor data and classification information. Technical communication with supplier.

#### | Streamlined Workflows:

Streamline task delegation and compliance management with our integrated system designed to expedite regulatory adherence.

#### | Connected Data Platform:

Streamline your process and cut costs by effortlessly collecting data through manual inputs and automated connections.

#### | ISAE 3000 Assured:

Our transparent and verifiable data provides peace of mind and substantial auditing cost reductions.

#### | All-Inclusive Solution:

Complete compliance coverage with no surprises. One seamless software solution meets all your compliance needs from start to finish.

#### | Global Expertise:

Utilize our extensive partner network for tailored support in every stage of your rollout.

**Make Klappir your go-to partner for your sustainability journey. With a decade of experience and a proven track record serving over 200 global customers, Klappir provides a dependable solution that can evolve with your business in the fast-moving compliance realm.**



ESG as a standard approach includes mostly own operation (own emissions, social factors and governance). While sustainability includes additionally both value chain performance, economy and society.

# The Sustainability Journey

There is often confusion surrounding the distinction between ESG and Sustainability, with these terms frequently being used interchangeably.

While ESG and sustainability are closely related and often overlap, ESG is more focused on specific criteria used for investment decisions, and sustainability encompasses a broader, more comprehensive approach to ensuring long-term environmental, social, and economic health.

**ESG** (Environmental, Social, and Governance) emerged as a terminology for investors and businesses to simplify and streamline their approach to sustainability, with guidelines promoted by organizations such as Nasdaq. ESG focuses on specific criteria that investors use to evaluate a company's ESG performance.

**Sustainability** is a broader concept encompassing much wider range of environmental, social, and governance factors and as well includes the society and economic factors.

The European Union (EU) is one of the pioneers in introducing sustainability within regulatory framework and has been at the forefront of promoting sustainability through various directives and regulations aimed at enhancing environmental protection, social responsibility, and governance practices. This includes CSRD, Taxonomy and SFDR and more regulations that are on the horizon.

## Scope:

- **ESG** is a specific set of criteria mainly used to assess company performance,
- **Sustainability** is a broader concept that applies to overall practices and policies aimed at long-term viability and balance.

## Application:

- **ESG** focuses on how environmental, social, and governance factors impact a company's financial performance and risk profile.
- **Sustainability** focuses on the overall impact of practices and policies on the environment, society, and economy.

## Audience:

- **ESG** is primarily investor-focused, providing a framework for making informed investment decisions.
- **Sustainability** is broader, targeting various stakeholders, including businesses, governments, communities, and investors, to promote long-term health and viability of the planet and societies.

# From ESG to Sustainability with Klappir

## ESG Transition to ESG

The ESG focus often begins when companies realize that Environmental, Social and Governance processes can lead to operational cost savings and reduce their risk of being non-compliant to regulations and stakeholders expectations.

This is usually the stage in which half to full-time sustainability personnel takes ownership of the ESG conversation and starts to set up processes around ESG.

## ESG Reporting on own operation

In the ESG reporting phase, the work is to find good way of collecting and processing data on environmental (E) load of the company, understand and measure social factors such as own workforce (S) and governance (G) processes.

Here companies have selected the ESG guidelines or a standard to follow.

During this stage the sustainability personnel focuses primarily on the E factors and works closely with HR and marketing to be able to gather accurate data around S and G factors to include in the ESG report.

## ESG to Sustainability Transition from ESG to Sustainability

When a company decides to move from ESG to a broader focus on sustainability, the management team is committed to gradually embedding sustainability practices into the business model and align the governance structure around sustainability.

The regulatory environment is carefully mapped, ensuring that sustainability processes are over time seamlessly integrated with economic processes.

The sustainability team is well aligned with HR, Marketing and Finance.

## Sustainability Extended reporting

Next phase in the sustainability journey is when a company decides to add new factors to the traditional ESG framework in line with regulatory frameworks like CSRS/ESRS.

These factors include the business strategy, impact, risk and opportunities management, double materiality assessment, and responsibility toward the value chain.

The use of policies and strategies become a driving force for improved sustainability performance.

The governance structure around sustainability is clear and sustainability is preferably owned by the top level management (C-level).

## Sustainability Purpose driven company

In this phase the regulatory compliance is integrated into the business model. This is the last step for the company to take to become truly purpose driven.

It is a transition into an entity focused on creating value for society and the environment as well as focusing on its own profit and growth. Sustainability follows a top-down management structure and becomes the main driver in all decision-making processes.

Sustainability statements that include economic aspects are disclosed to stakeholders at least annually, ensuring transparency and accountability in their sustainability efforts.

The governance structure around sustainability is cross functional with clear ownership and accountability from the board.

# Strategic Priorities 2025

## A: Purpose and sustainability

Objective	Progress
A1. Driving sustainable impact across our extended ecosystem	A1. Monthly, we grow our ecosystem's size and impact by engaging hundreds of businesses via customer value chains and partner networks
A2. Gaining recognition for our positive impact on society	A2. Our sustainability leadership drives impactful community projects, like those in Brazil and Denmark, educating markets and promoting sustainability as a key societal driver
A3. Achieving recognition as a sustainable workplace	A3. Sustainability and environmental impact are the top reasons employees choose Klappi as a workplaces
A4. Building a sustainable supply chain and partner ecosystem	A4. Our top priority is to carefully select supply chain and business partners who are, first and foremost, sustainability advisor

## B: Innovation and sustainability focus

Objective	Progress
B1. Lead the way in innovative sustainability management	B1. The R&D expenditure as a percentage of subscription revenue will be maintained at a level approximating 50%, consistent with the 2024 fiscal year
B2. Build a leading sustainability platform as the core of our sustainability ecosystem	B2. By developing our core product platform, we unlock opportunities for close cooperation with vendor product extensions and business partner consultancy, delivering a unique sustainability market solution
B3. Empower product and customer success through cutting-edge Ai technology, benefiting our customers and users	B3. A significant portion of our product roadmap involves AI initiatives that will simplify sustainability accounting and enhance user experience
B4. Maintain our PLG product strategic focus	B4. To advance our product-led growth (PLG) strategy, we are prioritizing user and customer self-service and leveraging our partner channel to promote our sustainability product

## C: Go-to-Market execution

Objective	Progress
C1. Strengthening our position as the leading sustainability solutions provider in the Nordic market	C1. Active partner recruitment and co-marketing activities are already scheduled for most of 2025
C2. Projecting 20% YoY ARR growth	C2. Increasing ARR will be achieved through a more active and educated partner channel and strategic market expansion
C3. Expand our global partnership network	C3. Our unique PLG strategy which we are implementing and the growing need for comprehensive sustainability solutions create a strong opportunity to recruit partners in new markets

## D: Financials

Objective	Progress
D1. Deliver strong sales and profit growth	D1. Despite market uncertainty, we are seeing positive activity and strong demand
D2. Streamline operations across our core teams and ecosystem partners to enable increased investment in product development	D2. We have initiated cross-functional projects to improve processes across our teams and partners
D3. Generate free cash flow to enable future investments and shareholder returns	D3. We continue to maintain a strong focus on cost control

# Klappir Strategic Management Process

The framework logically extends from strategic planning to performance measurement where Due Diligence ensures that metrics are used to evaluate both:

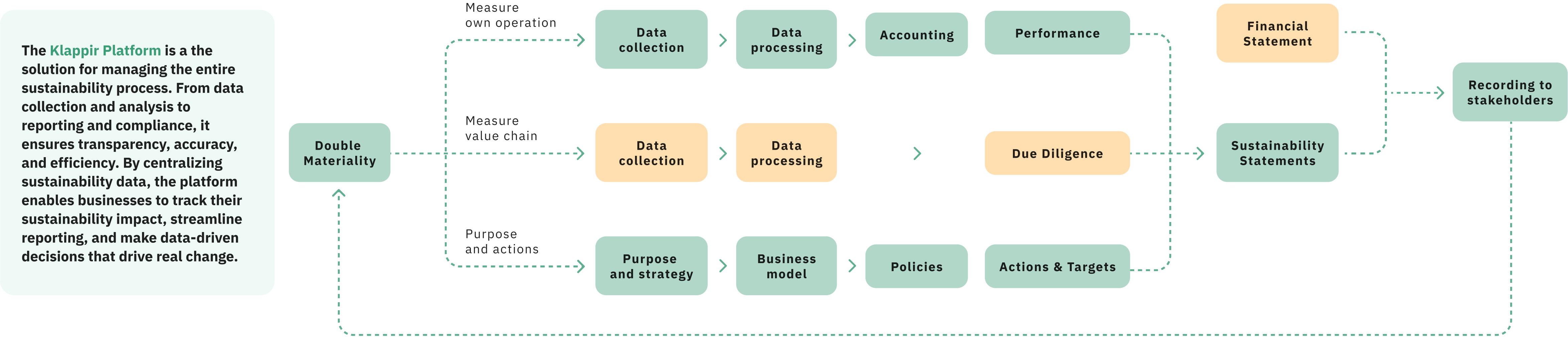
- Own Performance (internal sustainability efforts) and, Value Chain Performance (broader supply chain, customers and partner impact).

Double Materiality as **Outside-in perspective** (external factors impacting the business) and **inside-out perspective** (business impact on society and the environment) guide strategic decision-making. The output is the Impact, Risk, and Opportunity (IRO), analyses forming the foundation for sustainability integration.

**Purpose → Strategies → Policies → Actions → Targets Plan** represents a structured goal- setting approach, ensuring sustainability is embedded in business operations.

The framework logically extends from strategic planning to performance measurement where Due Diligence ensures that metrics are used to evaluate both:

- Own Performance (internal sustainability efforts) and,
- Value Chain Performance (broader supply chain, customers and partner impact).





# Our Governance

## Sustainability due diligence

Our sustainability due diligence process encompasses a comprehensive review of our operations, supply chain, and business practices to identify potential impacts on the environment, society, and stakeholders. This includes but is not limited to; environmental issues, social and governance.

Once a year we disclose our consolidated sustainability statement. The statement includes a detailed overview over the sustainability performance (see in the metrics section). The performance is measured by Klappir on a continuous basis at least monthly (it follows the accounting process).

Value chain assessments are carried out once a year with special focus on suppliers. Survey is sent from the Klappir Platform to suppliers that get access to the Klappir Platform to answer the survey. The results from the survey are processed in Klappir and both subjective and objective scores are given.

## Incentive schemes

Sustainability matters and performance are not integrated in incentive schemes. But Klappir integrates stock options into employees compensation plan and sees the offer of stock options as an incentive to employees.

## Risk management and internal controls

Klappir is committed to appropriately managing risk and minimizing the impact of risk on the achievement of business objectives. Klappir views risk management as an integrated business process essential to the overall success of the business. Risk management is incorporated into standard management processes such as business planning, investment analysis, project management, operational management and management reporting.

## Products and Services

Data recording, data management, accounting, and reporting adhere to the rigorous standards of ISAE 3000/type 2 verification. This verification, overseen by Deloitte this year, ensures the integrity, accuracy, and completeness of our data.

Our controls encompass various domains, including Software Development, IT Security, and sustainability practices such as sourcing emission and conversion factors. These controls are meticulously designed to harmonize efforts towards our overarching objective. Additionally, specific guidelines are established for users to ensure the effectiveness of these controls. Regular updates to our verification process guarantee ongoing compliance and optimization of our data management practices. The data necessary for disclosing sustainability metrics is recorded as activity data, which forms the foundation for monitoring transactions and associated invoices.



Annual review

# Strategic Priorities

- | Purpose and sustainability
- | Innovation and product sustainability focus
- | Go-to-Market execution
- | Financials

# Our Impact Strategy

Through our solutions we bring key environmental, social, governance and economic components to the level of general know-how and understanding for each and everyone. These components need to act in coordination toward sustainable development into the future.

Our digital sustainability solutions and methodologies establish a standard for how companies, investors, and regions use digital technologies to support their sustainability efforts. This includes among others, data recording and management of data, sustainability accounting, inventory management, regulatory compliance reporting, and stakeholder disclosure. Through our digital platform, we pave the way for transparent, reliable, and comparable data structures that can be traced back at least seven years.

The Klappir Sustainability Platform is ISAE 3000/Type 2 certified, ensuring that all auditors performing “Limited Assurance” have access to certification of data processing, calculation methods, constants, development methods, and controls used to ensure compliance with the certificate. This simplifies the auditor works and unifies the Limited Assurance work of auditors.

A: Purpose and sustainability

- A1. Driving sustainable impact across our extended ecosystem
- A2. Gaining recognition for our positive impact on society
- A3. Achieving recognition as a sustainable workplace
- A4. Building a sustainable supply chain and partner ecosystem

To create long-term value for our customers and society .

Professional Solutions

We provide cost-efficient and reliable sustainability regulatory compliance solution to investors, companies, and regions.

Our software solution brings transparency to sustainability accounting throughout own operation and supply chain.

With our software solution we give our customers the critical ability to continuously follow and improve their sustainable performance in a cost efficient way.

Innovative Solutions

We invest heavily in our digital sustainability solutions and are constantly looking for improvements and aligning our platform to new directives, regulations and standards.

Anticipating, adapting to and creating new business opportunities from changes in our business environment.

We distribute new innovative solutions and methods through our ecosystem as soon as they are ready. By this we modify our solutions with our customers simultaneously.

We anticipate changes in the sustainability space, adapt to them by creating innovative solutions.

Caring Support

No one can solve sustainability challenges alone. Therefore we are connecting organisations in our ecosystem into a single force focused on improving sustainability performance for all.

We have designed our capital structure to ensure that we can follow and carry out our long term impact strategy.

We are doing business in a sustainability responsible way with open communication on our sustainability financial, and impact performance.

# Our Impact is through our ecosystem

Klappir ecosystem has unparalleled capability to integrate and streamline data sharing processes and analytics within both upstream and downstream value chains. This ensures that our customers have accurate and transparent data, enabling more informed decision-making and efficient operations.

The key driver of the ecosystem is Sustainable Development Goal 17, Partnership for the Goals.

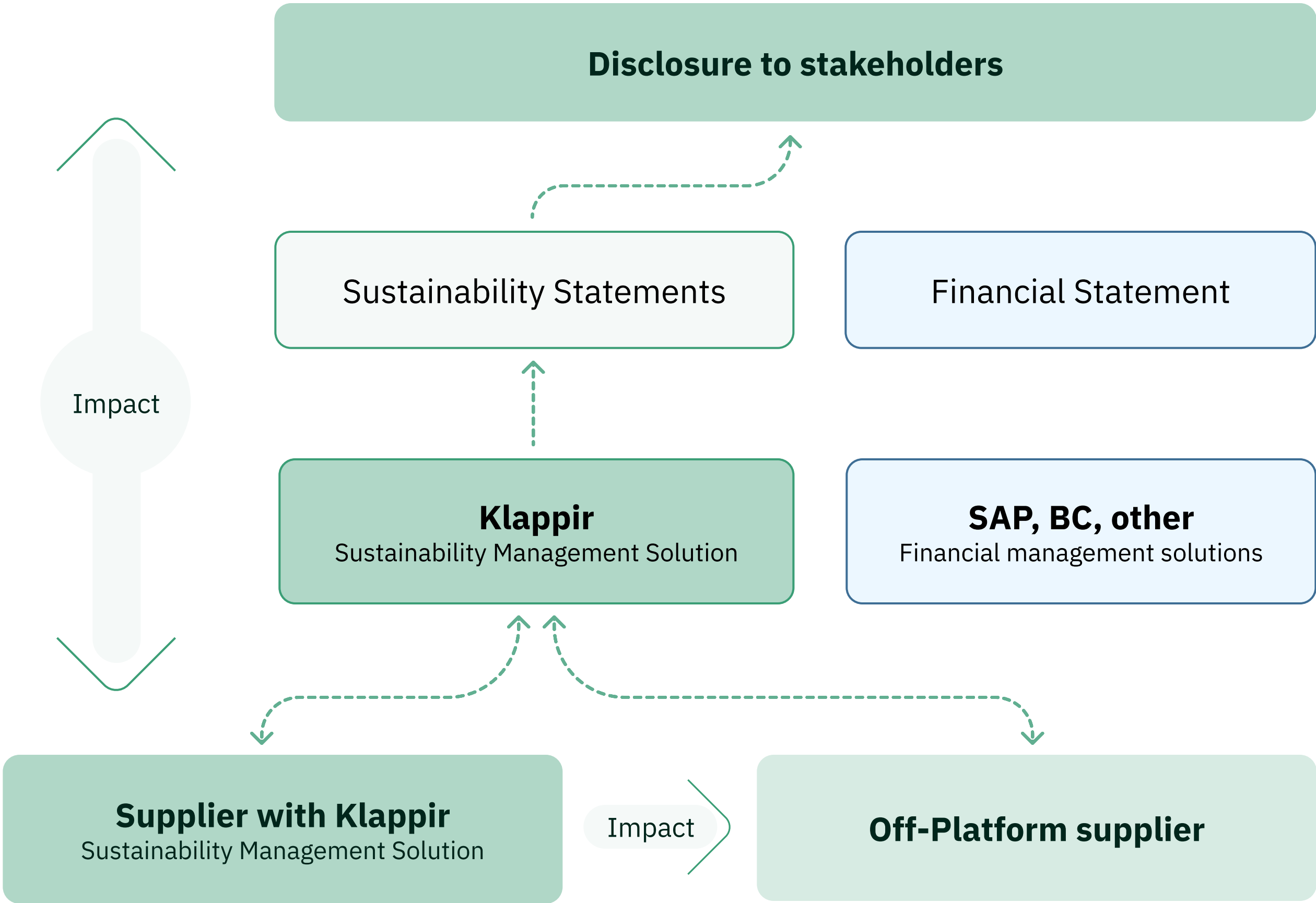
The positive Impact provided by the ecosystem

- Klappir connect new companies and their stakeholders to the existing Klappir ecosystem in following way:
  - New companies are connected to the existing ecosystem for data- and information sharing.
  - Existing ecosystem is expanded if new companies need data from companies that are not part of the ecosystem.
  - Data- and information sharing with authorities are supported through tagging of digital data and information to existing standard (ESRS).
- Klappir provide additional services to the ecosystem
  - Customers are part of a ecosystem with various collaboration. Companies in the ecosystem can share information about their sustainability effort in the platform, write their stories to be published and participate in Customer Advisory Board or working teams.
  - Participate in education, training provided by Klappir, share ideas and support others in the ecosystem.



**Klappir ecosystem  
allows trusted partnerships  
for the goals**

The Klappir ecosystem is driver for positive impact



Ecosystem **Impact**

When starting with Klappir, our Customer Success Team connects the new Klappir Platform to the existing ecosystem for seamless data sharing. Klappir's platform supports two-way data communication, allowing it to efficiently record and share data and information with others in the ecosystem.

If data is needed that is not within the existing ecosystem Klappir helps to connect new vendors to the ecosystem.

A fundamental aspect of effective sustainability management is the necessity for comprehensive data and information sharing between companies and stakeholders. Data and information sharing is as follows:

- Record activity based data** from material vendors in own value chain. Suppliers that are already in the Klappir ecosystem have ready connection for data sharing while new suppliers have to be connected (new-data pipe). Manual or semi-manual recording (posting) of data is also available method.
- Share sustainability performance information** with customers in own value chain. Customers that are already in Klappir ecosystem can provide the information about sustainability performance directly from own platform.

# Klappir is **Pure Play** company

**Klappir Green Financing Framework is based on existing international standards:**

**- The Green Bond Principles as published by the International Capital Market Association (ICMA) in June 2021.**

**- The Green Loan Principles published by the Loan Market Association (LMA) in May 2020**

Since the activities of the Klappir have been classified by ISS as green, all proceeds from Green Instruments will be used to finance Klappir's digital platform and ecosystem for sustainability.

As such, operations can be defined as projects, investments and expenditures under this framework which supports society's transition toward sustainability.

**A Green Financing Committee is in place at Klappir in which senior representatives from the company take part, tasked with ensuring that 90% of the company's revenues continue to be eligible for the pure play option.**

Klappir has worked with global sustainability advisor Ernst & Young (EY) to develop the Green Financing Framework and ISS-ESG has provided a second party opinion (SPO) to the framework. An independent assurance provider will provide limited assurance on the annual report for the purposes of this framework.

The Green Financing Framework is an important part of Klappir's sustainability strategy moving forward. This applies both to Klappir's internal operations, owners and the sustainable business environment and community that Klappir influences through its products and services.



# Klappir is a vital business management solution

With existing sector specific global agreements on sustainability and the new EU corporate sustainability disclosure directive (CSRD), Klappir sustainability management solution is emerging as an essential business management solution to manage businesses sustainability work including the regulatory disclosure to UN (ICAO and IMO), European Union, local environmental agencies, local statement registries and to other stakeholders.

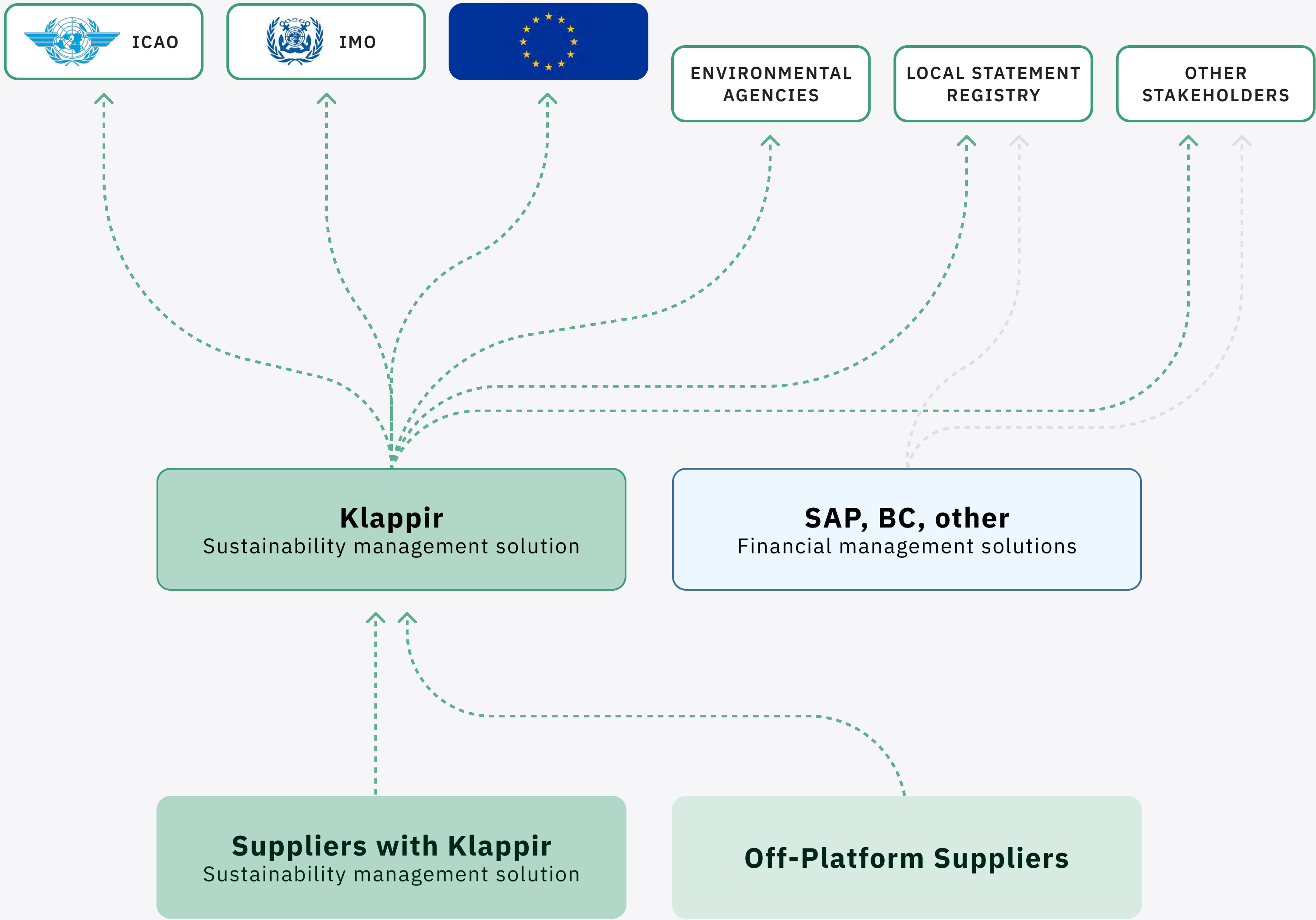
- B: Innovation and sustainability focus
- B1.

Lead the way in innovative sustainability management
- B2.

Build a leading sustainability platform as the core of our sustainability ecosystem
- B3.

Empower product and customer success through cutting-edge Ai technology, benefiting our customers and users
- B4.

Maintain our PLG product strategic focus



# Data quality and accounting principles

## Accounting principles

In today's complex business environment, having a single source of truth is paramount.

Klappir serves as the definitive repository for all sustainability-related data, shared in the Klappir ecosystem, ensuring that businesses can rely on accurate, consistent, and up-to-date information. By centralizing data collection and management, Klappir eliminates discrepancies and reduces the risk of errors, providing a clear and unified view of sustainability performance.

This not only enhances decision-making but also builds trust with stakeholders by demonstrating a commitment to transparency and integrity.

With Klappir, businesses can confidently disclose their sustainability efforts, knowing that their data is reliable, verifiable and auditable, held within a system that can evolve in response to emerging regulations.

The Klappir Platform accounting principles are strict and follows certain principles.

**Principle 1:** The data structure, conversion factors, and classification system are according to international standards. Quality control for this principle is ensured through ISAE 3000 and an annual certification update. No user can alter these parameters independently; changes are made centrally through the defined ISAE 3000 process. This ensures that the Klappir Platform adheres to the requirements of transparency, comparability, traceability and verifiability.

**Principle 2:** The basis for calculations is activity-based data, such as kilograms (kg), cubic meters (m<sup>3</sup>), kilowatt-hours (kWh), etc. Companies have the option to use spend-based data; however, this data is marked separately as "not-qualified-data". This distinction is crucial, especially for companies with a global presence, as the same product can yield significantly different results depending on the country of origin.

**Principle 3:** All data, calculations, and information are stored in the Klappir database for a minimum of seven years. The primary database resides in an AWS environment located in Stockholm. Activity-based data can be imported either directly through predefined routes in the Klappir Data Portal or recorded directly through log books. When the platform is configured, the method of data recording is defined and established.

**Principle 4:** Output of calculated basic data, referred to as "sustainability metrics" or "key sustainability performance indicators (KPIs)" is stored in the Klappir database for use of the analytical and reporting unit.

If metrics are changed or modified in the reporting process the changes and modifications are traceable.

# Klappir Plattform

## Platform capabilities

## Data upload and data integration

## Data processing and pre-set of data for upload

**Accounting** with well defined accounting principles, **ISAE 3000** certified

## Value chain due diligence

## Asset management including legal entities

## Corporate subsidiaries and Group Structure

## Report management (metrics)

## Tagging aligned with ESRS

## Double Materiality Assessment (DMA)

## Gap-analysis and data point management

## Impact, risk and opportunity management (IRO)

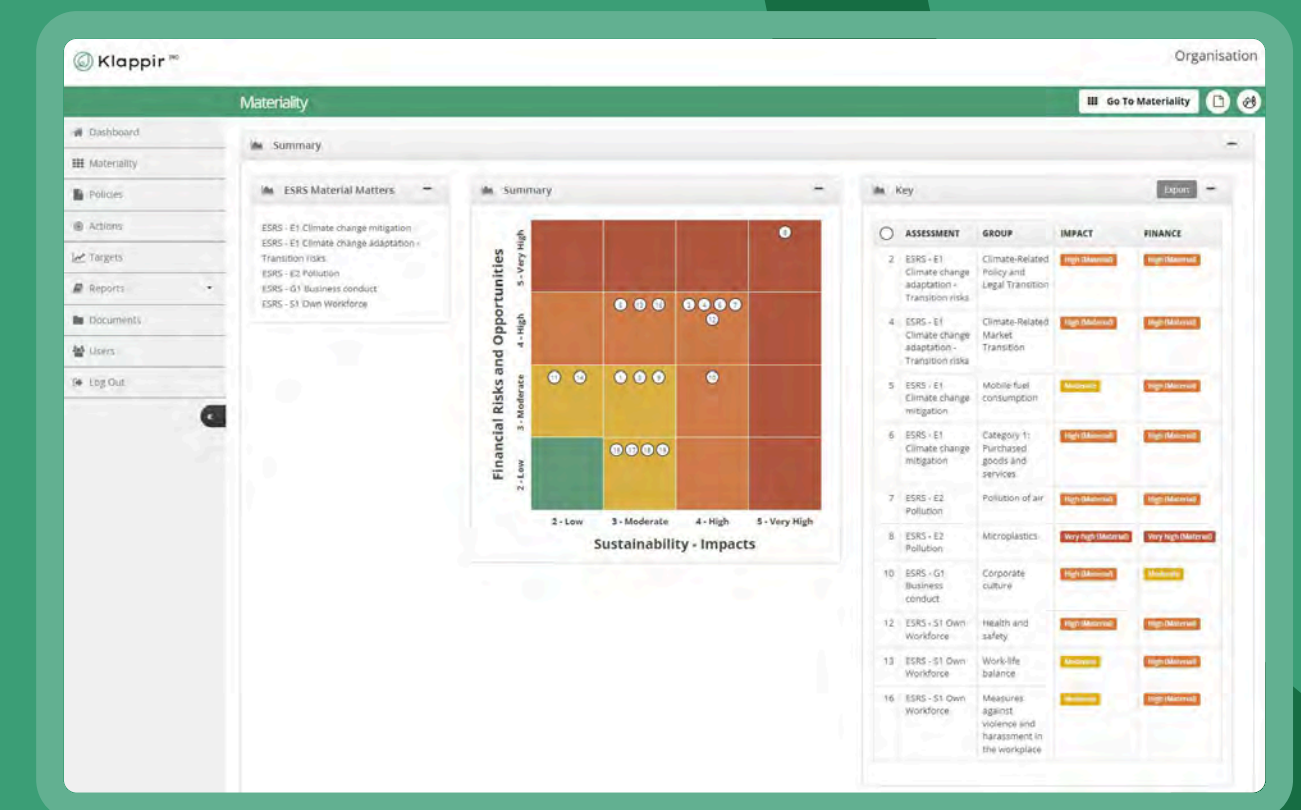
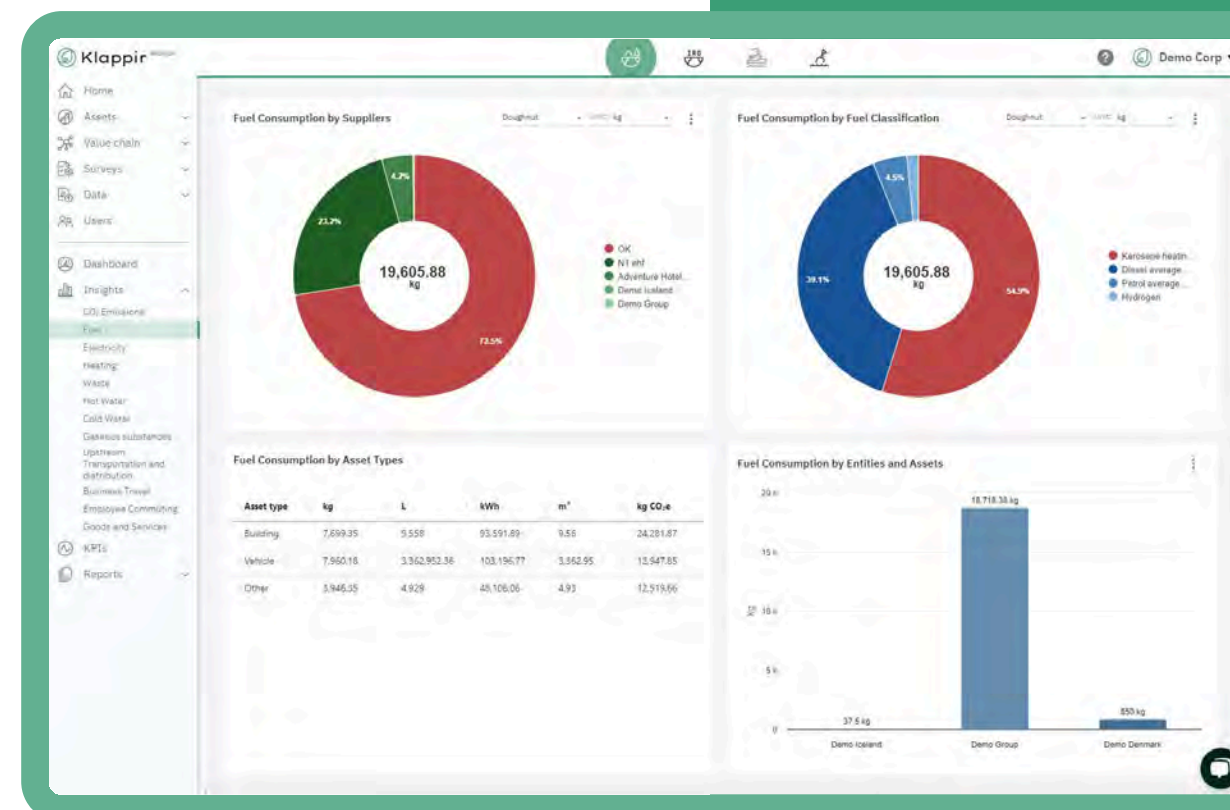
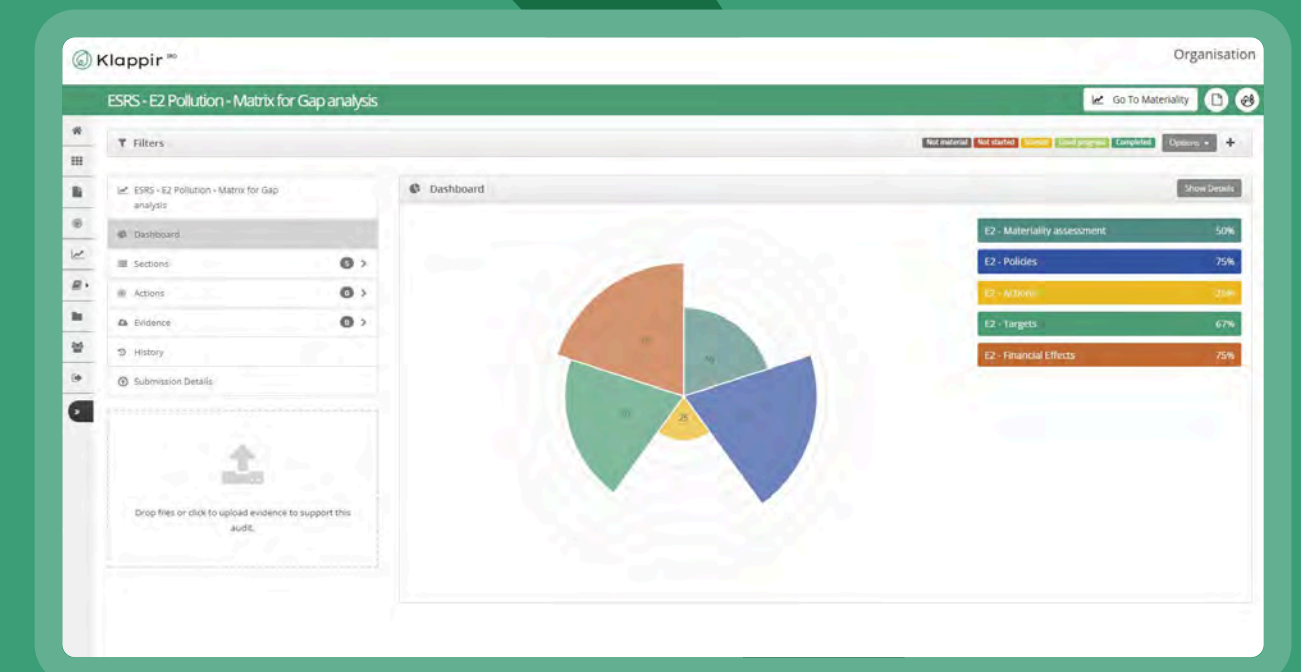
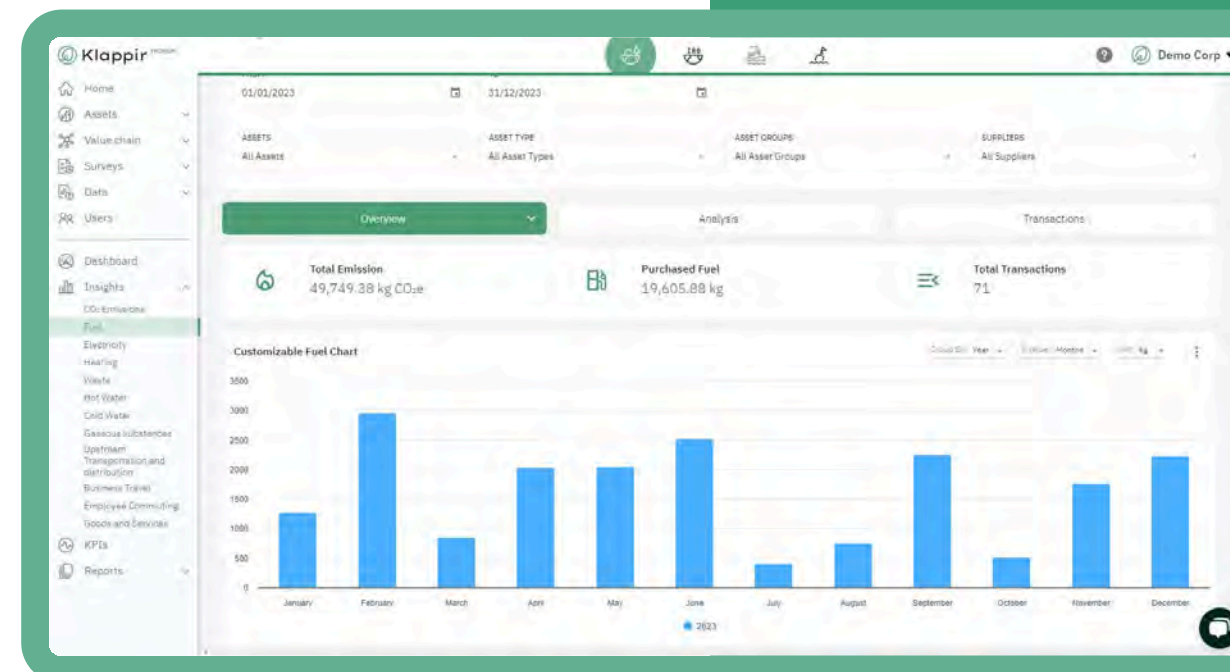
## Policy management to address material matters

### Action plan to translate policies into actions

## Targets to monitor progress

## Project Management for onboarding of customers

## Report Management (narratives)



# Klappir accounting process

**Data upload**

Data can be uploaded through both manual upload and automatic upload. When uploading data (both manually and automatically) the data has to have predefined structure that fits for the uploading. When data has been uploaded it is stored in a centralized database as a raw data.

On bases of the raw data the calculation needed for disclosure of information is calculated in the backend and stored in the database. This includes basic data for calculation of CSRD/ESRS metrics needed for E1 (Scope 1,2 & Scope 3 and energy). Also E2,E3, E4 and E5 as well as S1, S2, S3 and S4 as well as G1 in CSRD/ESRS and other standards.

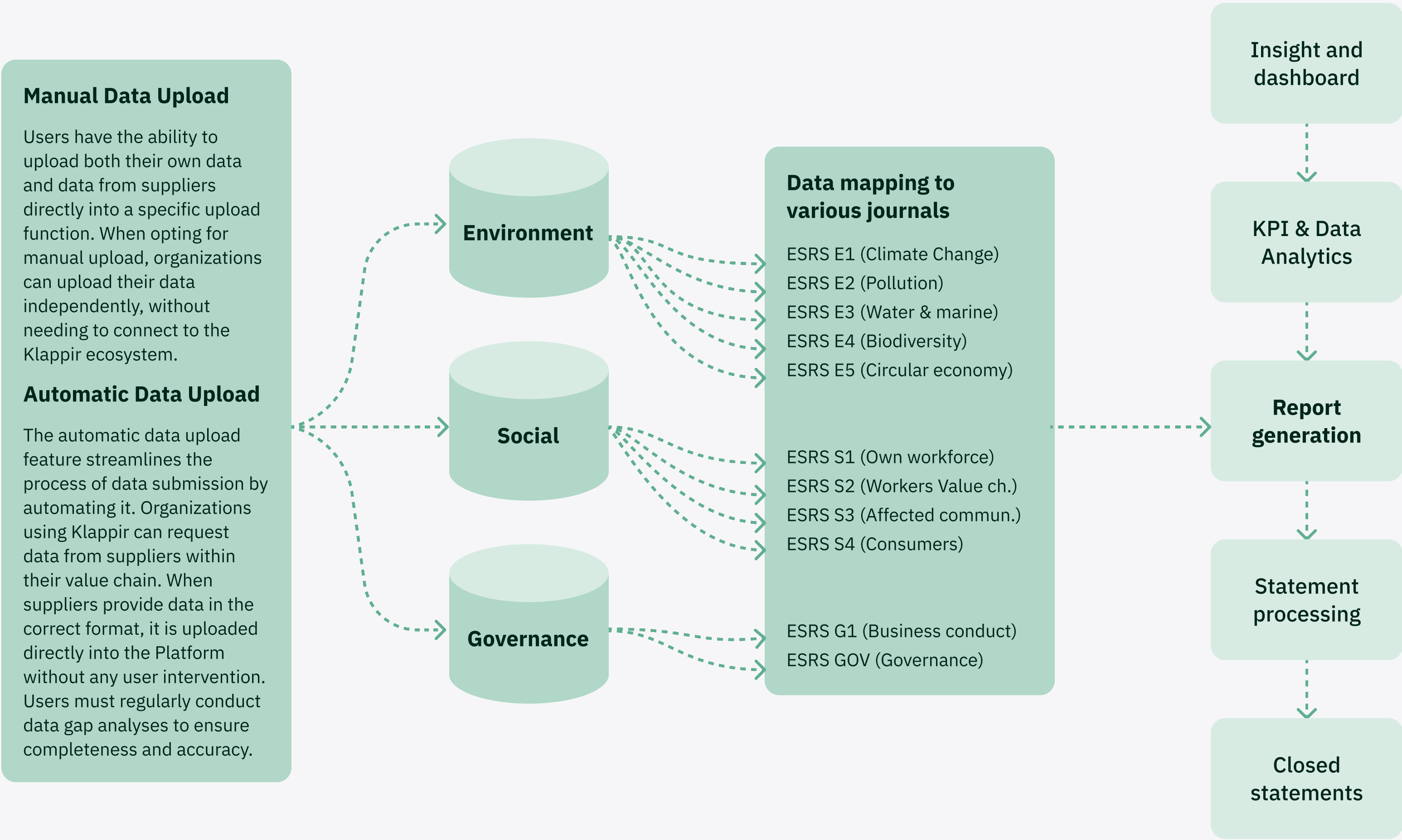
**Data mapping**

Once the data is recorded and stored, it is organized according to predefined parameters of the ESRS standard or other standard customer want to use. All data is kept in a minimum of 7 years.

**Report Generation**

Klappir allows for various reports with two purposes in mind:

- For data analytics, KPIs, insight and dashboard. Users can analyze the data to gain insights into sustainability performance, transactions and trends.
- To create a Sustainability Statement, the data is streamed into the special report generator where data is structured in the statement form and stored as closed statement.



# Sustainability Journey: Shaping Our Future



## UN SDGs

The concept of sustainability emerged prominently with the Brundtland Report of 1987, defining sustainable development as meeting present needs without compromising future generations' abilities.

Subsequent decades saw significant milestones, including the 1992 Earth Summit, Kyoto Protocol (1997), and Millennium Development Goals (2000). Despite setbacks such as COP15 in 2009, major strides occurred in 2015 with the Sustainable Development Goals and Paris Agreement.

Political fluctuations, notably the U.S. withdrawal and re-entry into climate accords, shaped the global sustainability landscape, intensified by IPCC reports and public activism. COVID-19 further accelerated sustainability integration into economic recovery measures.

By 2025, advancements in renewable energy, technological innovations, and strengthened global cooperation marked sustainability's transformation from aspirational to fundamental across governance, business, and society, setting a robust foundation for future sustainable development.

# How global agreements are shaping the green economy



**UN Sustainable Development Goals (2015).**  
Blueprint to achieve a better and more sustainable future. The 17 Goals are all interconnected, and in order to leave no one behind.



**COP 21 - The Paris Agreement (2015)** places an obligation on countries to determine, plan, and regularly report on the contribution undertaken to mitigate global warming.

**C: Go-to-Market execution**

- C1.** Strengthening our position as the leading sustainability solutions provider in the Nordic market.
- C2.** Projecting 20% YoY ARR growth
- C3.** Expand our global partnership network

**European union, including Iceland and Norway, is leading the way with two main systems that covers emissions in their area:**

- **EU ETS** trading system is a cornerstone of the EU's policy to combat climate change and its key tool for reducing greenhouse gas emissions cost-effectively in specific sectors like maritime, aviation and heavy industries.
- **EU ESR** (effort sharing regulation). Non-ETS industries have binding annual greenhouse gas emission targets. Sectors like road transport, buildings, agriculture etc. are covered by EU ESR.

**EU Corporate Sustainability Reporting Directive (CSRD) and EU Sustainability Reporting Standard (ESRS)**

- **CSRD** (Corporate Sustainability Reporting Directive) together with extensive reporting standard, the **ESRS** (EU Sustainability Reporting Standard).

**Global sector based disclosure agreements:**

- **IMO DCS** (Data Collection System). It all obliges ships over 5000 tons to hold accurate emission accounting and make emission settlement on a regular basis.
- **CORSIA**. In any year from 2021 when international aviation CO2 emissions covered by the scheme exceed the average baseline emissions of 2019 and 2020, this difference represents the sector's offsetting requirements for that year.

# Compliance to global agreements

The commitment to the SDGs drives countries to create and enforce legal frameworks that promote sustainable development. These legal measures, in turn, provide the necessary structure and accountability to ensure that both national and global sustainability goals are met effectively.

All 193 member states of the United Nations signed the Sustainable Development Goals (SDGs). They were adopted by the UN General Assembly in September 2015 as part of the 2030 Agenda for Sustainable Development. These goals cover various aspects of sustainable development, including poverty, inequality, climate change, environmental degradation, peace, and justice.

**Countries' commitments to the Sustainable Development Goals (SDGs) and the implementation of countries sustainability legal frameworks are deeply interconnected.**

Here's how:

**National Implementation of Global Goals**

The SDGs, provide a global blueprint for sustainable development. To achieve these goals, countries must translate the global targets into national policies and actions.

**One of the key-ways member states do this is by developing and enforcing legal frameworks that mandate or encourage sustainable practices within their borders.**

**Legal Frameworks as Enablers**

Legal frameworks serve as tools for governments to regulate and guide sustainable development. These laws and regulations help ensure that businesses, industries, and other sectors operate in ways that align with the SDGs.

**Accountability and Compliance**

Legal frameworks establish accountability mechanisms, making it mandatory for companies to adhere to sustainability standards. This compliance is essential for countries to meet their SDG commitments. Without legal backing, efforts to achieve the SDGs might be voluntary or inconsistent, leading to uneven progress.

**Integration into National Strategies**

Many countries integrate the SDGs into their national development strategies and legal systems. By embedding SDG targets into laws and regulations, countries create a structured approach to sustainability that aligns national interests with global objectives. This integration ensures that progress towards the SDGs is systematically tracked and reported.

**International Cooperation**

The commitment to the SDGs fosters international cooperation, encouraging countries to share best practices in developing and implementing sustainability laws.

**Implementation of legal frameworks**

Countries	Regulations	Standard and guidelines
EU + Iceland, Norway and Liechtenstein	CSRD	ESRS (Sustainability Reporting)
United Kingdom	SECR	Streamlined Energy and Carbon Reporting
United States	SEC	Proposed Climate Disclosure Rule
Canada	51-107	National Instrument
Australia	NGER	National Greenhouse and Energy Reporting Scheme
New Zealand	Climate-related Disclosures Bill	Climate Change
China	CSRC	ESG (Environment, social and governance)
India	BRSR	ESG (Environment, social and governance)

# Business model

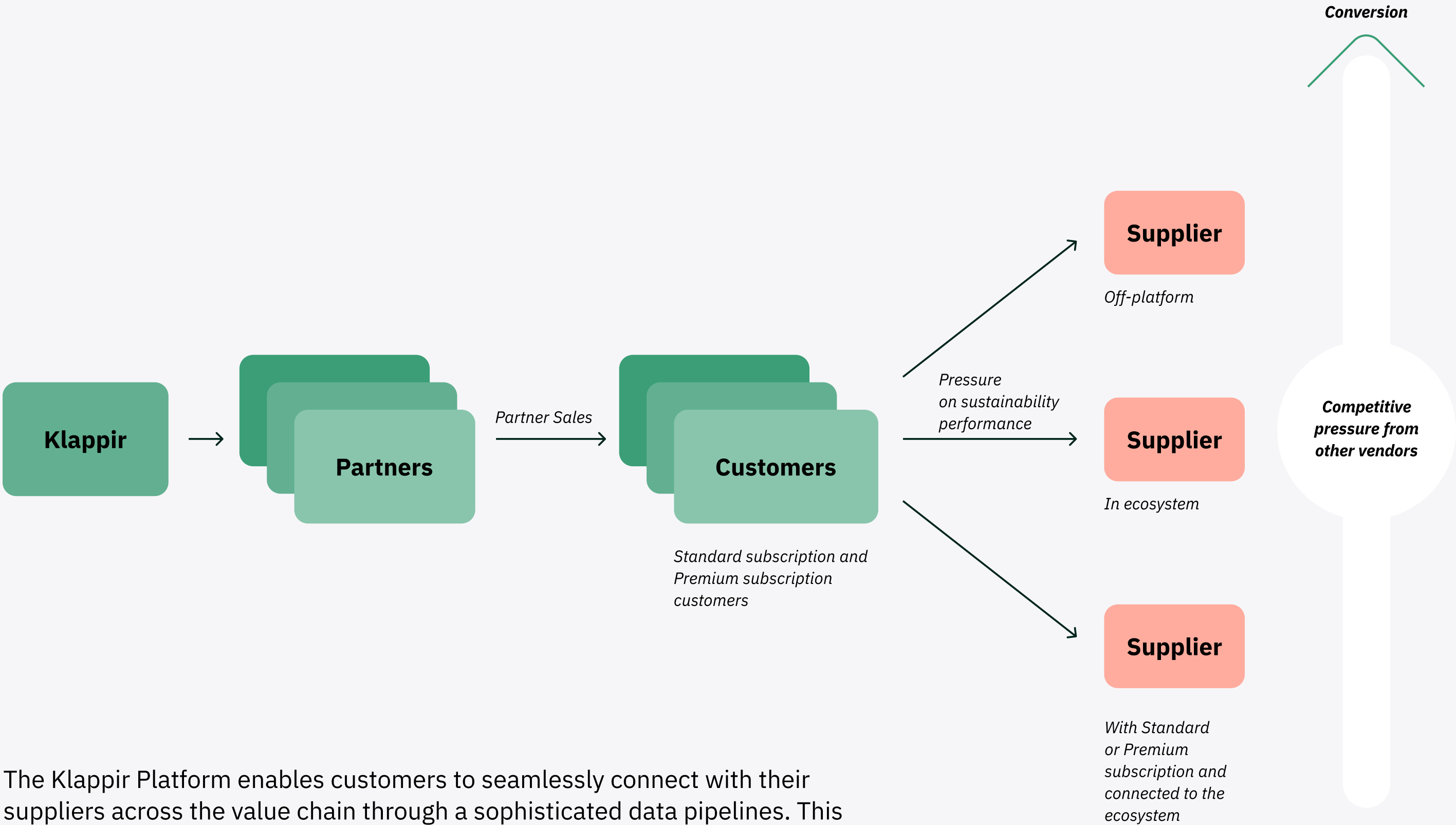
**Klappir is driving sales, influence & impact through customer value chain engagement.**

Klappir utilizes a strategic approach to drive its sales through a robust partner network. Each partner in this network brings specific knowledge and market access, enabling them to effectively reach and serve various customer segments.

For non-standard sales scenarios, Klappir takes a direct approach, engaging directly with customers to meet their unique needs. This ensures that customers receive tailored solutions that align with their specific requirements.

When customers require additional services such as sustainability consultancy services, process design, or assistance with data infrastructure, the partners step in to provide these specialized services. This collaboration ensures that customers receive comprehensive support, leveraging the expertise of both Klappir and its partners.

This multi-faceted strategy allows Klappir to maximize its market reach, effectively address diverse customer needs, and provide a holistic service offering through its partner network.



The Klappir Platform enables customers to seamlessly connect with their suppliers across the value chain through a sophisticated data pipelines. This connection allows customers to exert pressure on their vendors' sustainability performance through comprehensive ratings and assessments.

For suppliers, demonstrating superior sustainability performance compared to their competitors is paramount. By using the Klappir Platform, vendors can showcase their commitment to sustainability, providing transparency and gaining a competitive edge in the market.

Through this approach, Klappir not only facilitates improved sustainability practices but also fosters a collaborative environment where both customers and vendors can thrive by prioritizing sustainability.

# Global agreements are driving the growth of the Digital Sustainability Market

According to the "PwC's Global CSRD Survey 2024, DATAINTELO," the global sustainability market was valued at USD 10.61 billion in 2023 and is projected to reach USD 27.37 billion by 2032, expanding at a CAGR of 11.1% during 2024–2032.

This growth is driven by increasing regulatory compliance requirements and a growing corporate commitment to ESG and sustainability.

A key trend in the market is the rising demand for cloud-based sustainability software solutions, which offer flexible, scalable, and cost-effective options. This shift reflects the movement away from basic tools toward comprehensive sustainability software platforms.

It is expected that during this period (2024-2032), companies will increasingly adopt these advanced platforms to meet evolving sustainability regulations and achieve their sustainability objectives.

## Legal compliance with sustainability requirements will drive companies from using basic ESG tools to adopting comprehensive sustainability platforms

### ESG spreadsheet

Until now, many companies have relied on custom tools built in Excel or basic software to support emission calculations. These tools, developed either by consultants or within the organization, may address specific needs but fall short in meeting the demands of stricter regulatory environments.

According to the "PwC's Global CSRD Survey 2024, DATAINTELO" report, more than 90% of survey respondents say they are using or planning to use spreadsheets for sustainability reporting. This highlights the prevalent reliance on basic tools and the current market demand.

However, companies will not be able to meet new sustainability regulation frameworks with these solutions in the future.

To comply with evolving standards and regulations, businesses need more robust, scalable, and integrated ESG or Sustainability software solutions.

### ESG software tools

There are a handful of vendors providing ESG tools on the market today, but these tools vary significantly and are often not comparable.

Some vendors offer software focused solely on calculating emissions (Scope 1, 2, & 3), neglecting Social and Governance factors. Others provide more comprehensive tools that include calculations for emissions as well as Social and Governance metrics.

However, many of these tools come with limited functionality and rely heavily on consultant services, leading to high annual consulting and operational costs. This reliance creates significant disadvantages and uncertainty for customers, hindering their ability to achieve comprehensive sustainability goals.

These tools are not designed to effectively meet evolving regulatory requirements as the biggest obstacles facing companies are data availability, quality and the complexity of their value chains. This presents a massive challenge as teams work to collect, verify and consolidate many new types of data.

### Sustainability Platforms

From 2024 to 2032, Sustainability Platforms are set to revolutionize the business landscape, becoming mission-critical software solutions. These platforms will take over the space, providing indispensable support for companies aiming to meet stringent sustainability goals and regulatory requirements.

Sustainability Platforms excel in reliability, transparency, verifiability, and comparability of disclosed information on sustainability. They empower businesses with robust data management and comprehensive sustainability reporting capabilities, ensuring that every aspect of regulatory compliance factors is accurately tracked and reported.

As sustainability becomes increasingly central to business strategy, adopting a cutting-edge Sustainability Platform will be essential for staying ahead. Trusted to deliver the advanced solutions businesses need to navigate this evolving landscape and achieve your sustainability objectives with confidence.

The market for these platforms are expected to grow to over USD 27 billion in 2032.

Klappir is the only known vendor of Sustainability Platform on the market today. The Klappir Platform can support the path from simple solution to full scale sustainability compliance.

# Klappir Market Territory is Expanding

## Our collaborative efforts through the Partner Network are reaching new horizons.

While we remain committed to our successful direct sales approach in the Nordic market, we are also actively working to broaden the scope and reach of our Partner Network.

Initially focused on the Nordic market, we are now extending our collaborative efforts to new markets.

Our Partner Network is a thriving community that currently includes 20 esteemed partners spanning 25 countries (see Figure).

Partnering with Klappir is a commitment to sustainability and a smart business move. Our Partner Program is designed to foster mutually beneficial relationships, providing you with valuable opportunities to expand your business, differentiate your offerings, and drive revenue growth. Key Benefits of Partnering with Klappir:

- | Klappir is industry-Leading Sustainability Platform
- | Revenue opportunities for partners
- | Marketing support from Klappir
- | Klappir education, training and support
- | Differentiation in the market
- | Push for sustainability impact
- | Integrate use of Klappir into own organisation



# Financial highlights

D: Financials

- D1. Deliver strong sales and profit growth.
- D2. Streamline operations across our core teams and ecosystem partners to enable increased investment in product development
- D3. Generate free cash flow to enable future investments and shareholder returns

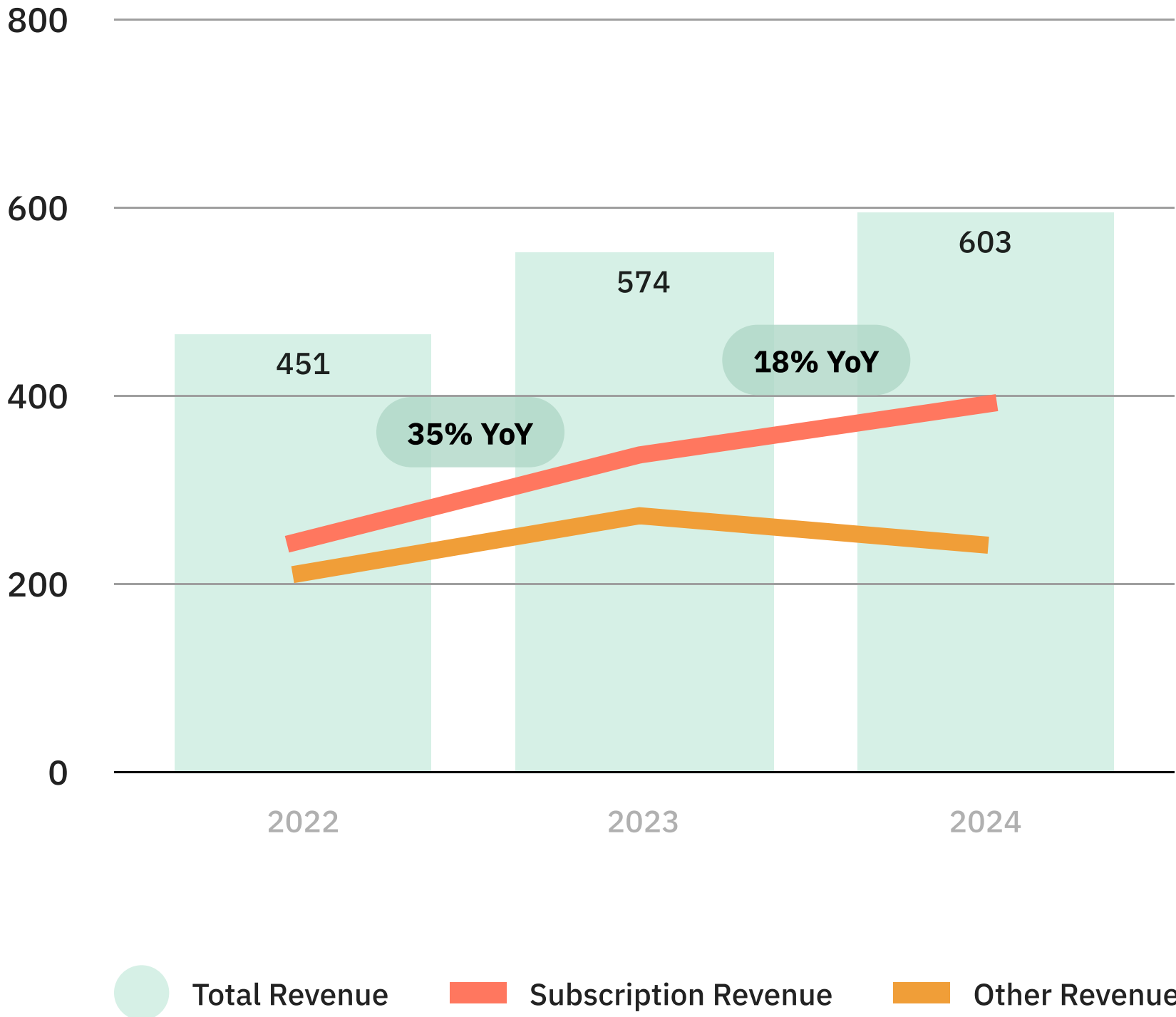
EUR	2020	2021	2022	2023	2024	2023-24
Financial performance						Change
Revenue	2,145,615	2,534,312	3,005,002	3,823,703	4,160,479	5.2%
Revenue growth	3.1%	18.1%	18.6%	27.2%	5.2%	
EBITDA	167,850	485,501	210,103	648,029	1,046,271	
Operating profit (EBIT)	(222,924)	58,182	(243,862)	306,910	646,667	
Profit/loss before income tax (EBT)	(26,574)	(13,079)	(277,619)	51,722	542,667	
Net profit/loss for the year	(250,634)	45,103	(236,842)	58,362	542,667	
Total assets	3,230,236	3,365,277	4,117,692	5,365,898	6,089,333	13.5%
Total liabilities	465,041	555,037	1,628,265	2,847,835	3,363,333	18.1%
Total equity and liabilities	3,230,236	3,365,277	4,117,692	5,365,898	6,089,333	13.5%
Cash and cash equivalents at the end of year	537,892	519,187	1,015,316	1,828,613	1,767,333	-3.4%

EUR	2020	2021	2022	2023	2024
Financial ratios					
EBITDA margin*	7.8%	19.2%	7.0%	16.9%	26.0%
Operating profit (EBIT) margin*	-10.4%	2.3%	-8.1%	8.0%	16.6%
Profit/loss before income tax (EBT) margin	-0.6%	-1.0%	-9.2%	1.4%	6.2%
Net profit margin*	2.1%	-9.9%	-7.9%	1.5%	14.0%
Share performance and capital allocation					
Current ratio - current assets/current liabilities	6.4	5.3	5.3	6,2	4.2
Equity ratio - equity/total capital	85.6%	83.5%	60.5%	46.9%	42.0%
Intrinsic value of share capital - equity / share capital	3.0	3.0	2.7	2.7	3.0

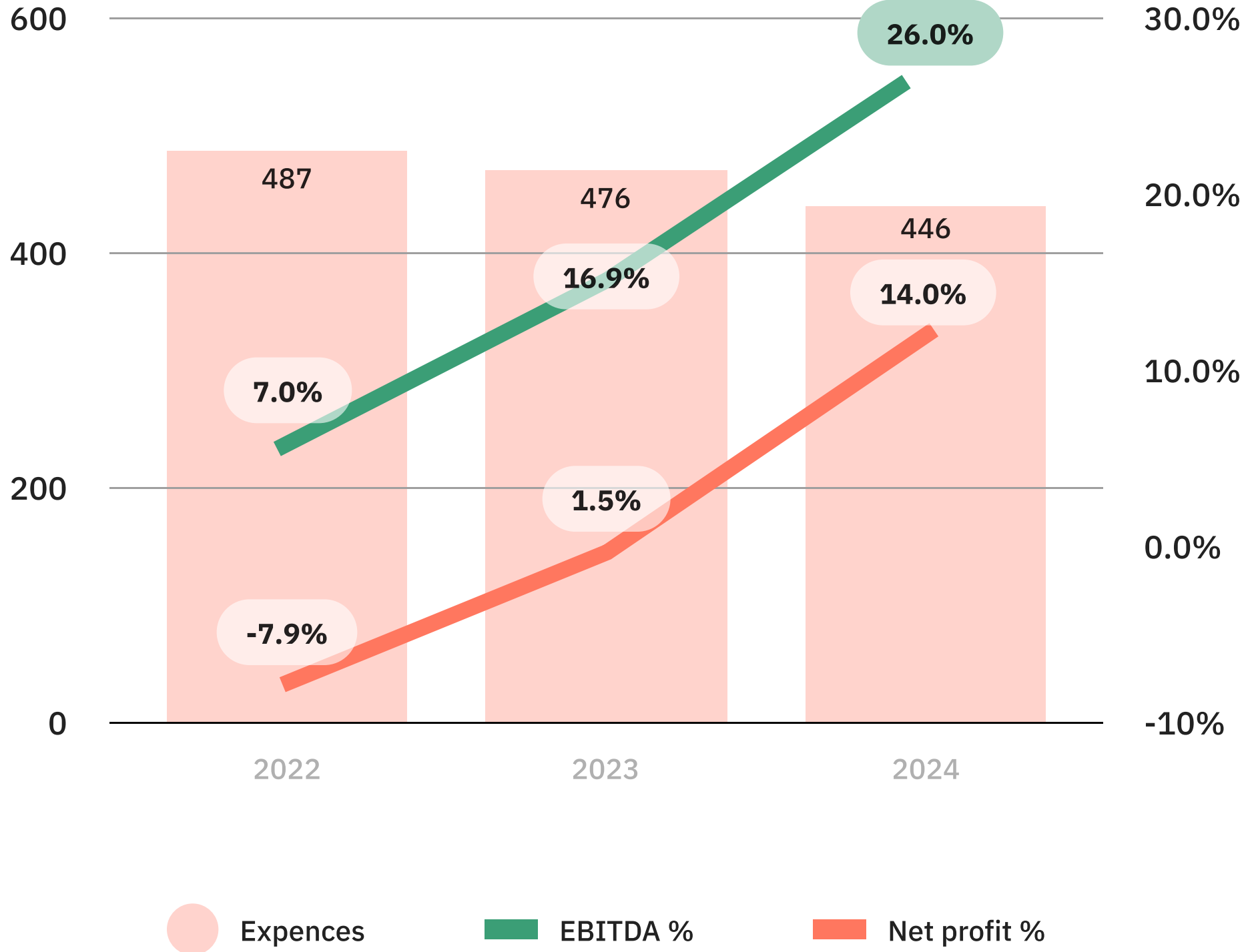
\* Adjusted EBITDA, EBIT and Net profit for 2024 - adjusted for periodical allocation of revenue to make year-on-year comparison easier.

# Key figures

ISK million



ISK million



# Klappir

## Capital Structure

Klappir complies with all relevant rules and regulations, Icelandic legislation (Law no. 2/1995 on corporations), the company’s articles of association and the board’s rules of procedure. As a listed company, we communicate with our shareholders and other stakeholders in an open and honest manner regarding the operation. We provide investors, analysts and other stakeholders with timely and accurate information. Klappir’s rules of procedure for the boards are published on our website.

Shares

The share structure has a dual objective: To provide the necessary strategic flexibility to pursue the company’s vision while at the same time providing a good balance between long-term shareholder value creation and competitive shareholder return in the short-term and to support the long-term mission, vision and core values of the company.

Share capital and ownership

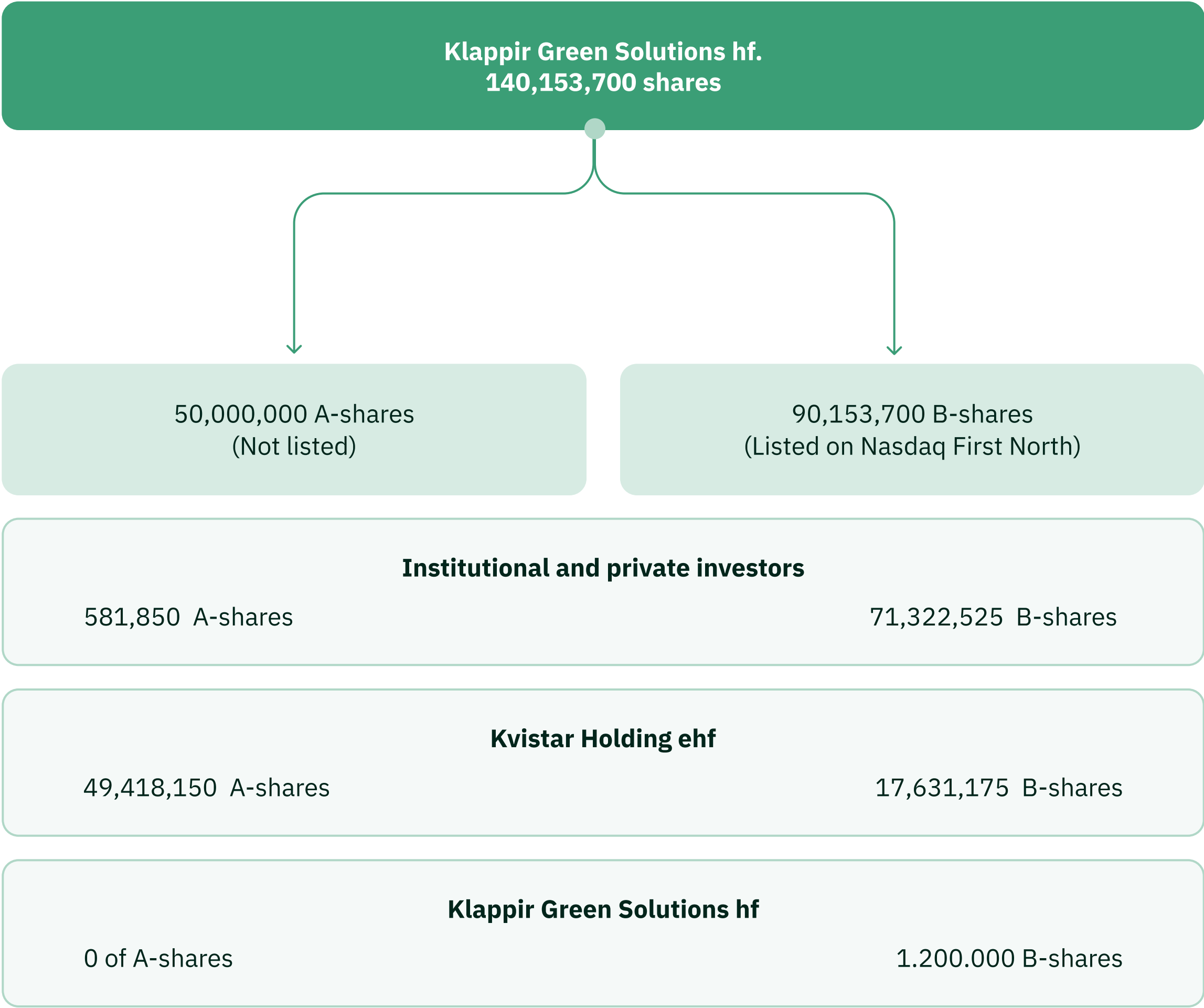
The total share capital issued in Class A-shares is ISK 50,000,000

**The following applies to Class A shares:** Holders of Class A shares hold 10 (ten) votes per share of nominal value one Icelandic krona (ISK 1) at the company’s shareholders’ meetings. Holders of Class A shares have a mutual pre-emptive right to Class A shares. The general rules of the Public Limited Companies Act apply to the rules of pre-emptive rights. Transfer of ownership resulting from inheritance or administration of estates, is excluded from the aforesaid mutual pre-emptive rights, as well as a shareholder’s transfer of shares to a majority owned legal entity.

The total share capital issued in Class B-shares is ISK 90,153,700

**The following applies to Class B shares:** Holders of Class B shares hold 1 (one) vote per share of nominal value one Icelandic krona (ISK 1) at the company’s shareholders’ meeting. No restrictions are placed on how shareholders dispose of Class B shares.

Outstanding Class C-shares are currently none.



# Klappir Share and Share Capital

### 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., an Icelandic limited liability company, wholly owned by the four founders and Sýn hf. For further information see note 9.

At the end of 2024, shareholders in Klappir Green Solutions numbered 314, compared to 321 at the end of the year 2023. The largest shareholders were as followed at the end of year 2024:

### 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 three women (60%) and two men (40%). The consolidated financial statements of Klappir Green Solutions hf. for the 1.1.-31.12.2024 are prepared in accordance with the Icelandic Financial Statements Act no. 3/2006.

	Total shares	B-Shares	A-Shares
Kvistar holding ehf	66,306,550	16,888,400	49,418,150
Sindrandi ehf	32,733,334	32,733,334	-
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	2,653,389	2,653,389	-
Dexter fjárfestingar ehf	2,600,000	2,600,000	-
Klappir ehf	2,251,469	2,251,469	-
Bjarni Þór Björnsson	2,175,474	2,175,474	-
Haru Holding ehf	2,000,000	2,000,000	-
Other shareholders	13,703,905	13,522,055	581,850
Total	139,043,700	89,043,700	50,000,000



Annual review

# Risk

- | Risk Management
- | Key operational risk

# Risk Management

In the evolving sustainability market, rigorous and systematic risk management is paramount. The current risk landscape is significantly impacted by elevated geopolitical uncertainties, shifting regulatory environments, and dynamic market demands within the sustainable segments in which we operate.

To ensure both short-term stability and long-term success, we manage risk from two perspectives: immediate operations and future strategy.

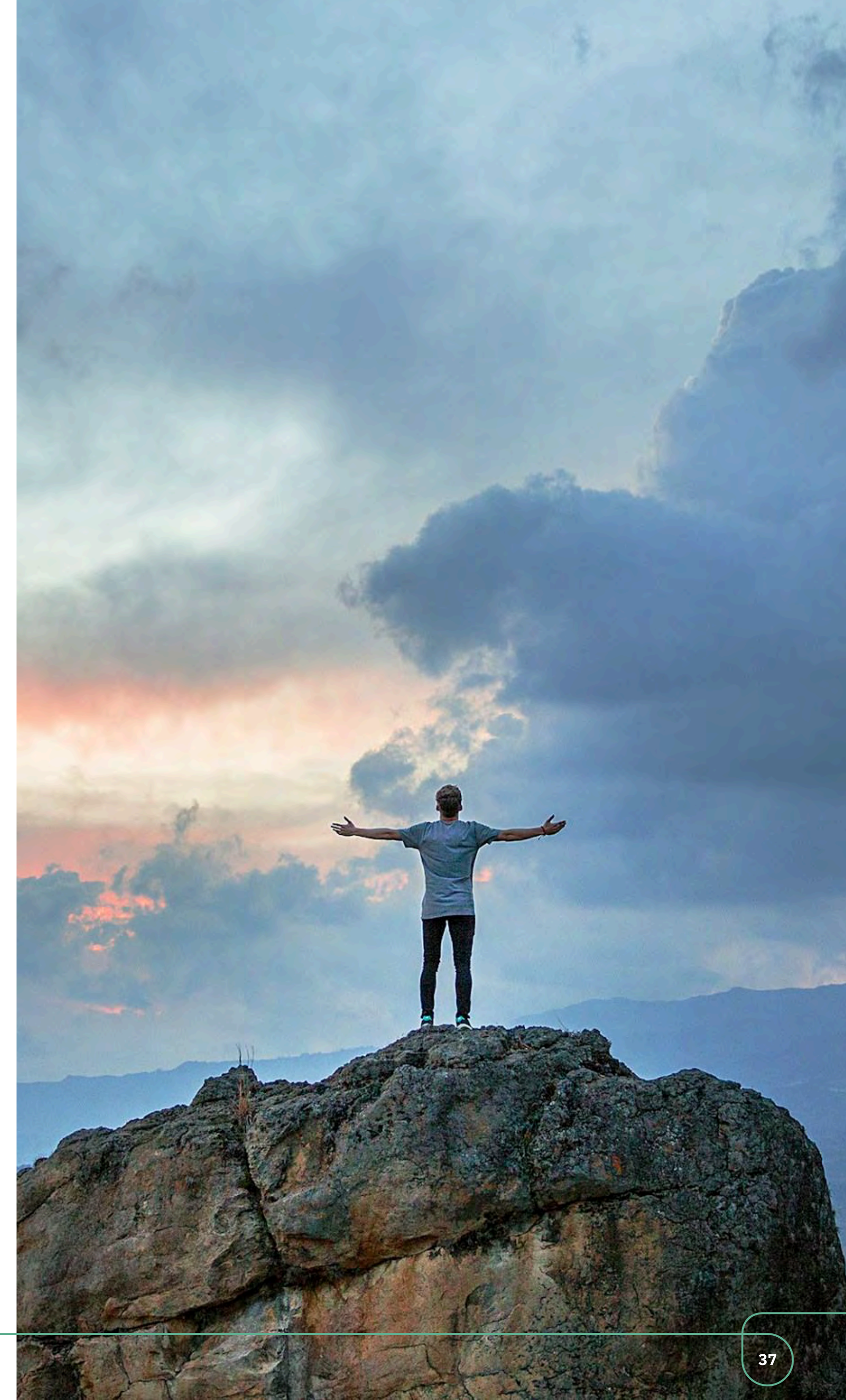
## Strategic Risk Mitigation

Strategic planning includes analyzing future scenarios and risks from market, environmental, and political shifts. Each year, leadership reviews our strategic risk profile and aligns it with sustainability risks identified in our materiality assessment, ensuring a comprehensive risk outlook

## Operational Risk Management Process

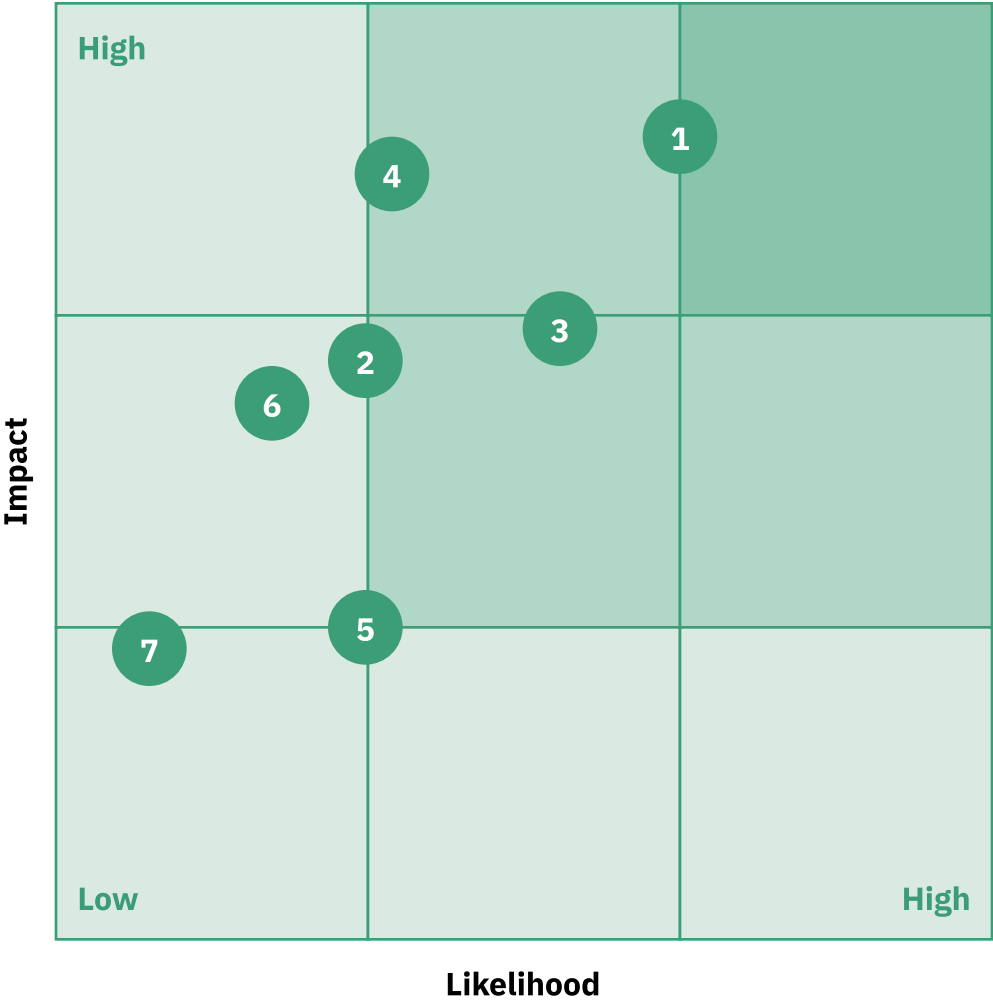
Our short- to medium-term risk exposure stems from our value chain and partner network. Additionally, like other global software companies, we face risks related to geopolitical instability and competition. We prioritize product quality, service excellence, and ethical business practices as fundamental components of our comprehensive risk management strategy.

We evaluate risks based on their potential for financial loss and reputational damage. The Executive Board, Board of Directors, and Audit Committee conduct regular reviews of our critical operational risks. These reviews incorporate insights from management across the organization and address potential disruptions, including environmental, social, and governance (ESG) risks. A detailed overview of our key operational risks is provided on the following page



# Key Operational risk

Risk area	Description	Impact	Mitigation actions
1. Political Uncertainty and Regulatory Requirements	Recent political unrest, tariff tension and conflicts leading to changing regulatory requirements, delays in adoption, economic unrest and changes in attitude towards sustainability.	<ul style="list-style-type: none"><li>Could have an adverse impact on sales, profits and market position.</li><li>Could have adverse impact on our outsourced resources in Ukraine and Poland.</li></ul>	<ul style="list-style-type: none"><li>Select outsourcing resources in diverse regions.</li><li>Tracking and analyzing regulatory requirements is a part of our market access strategy.</li><li>Be a thought leader in the field of sustainability management.</li></ul>
2. Product Development Risks	We are a software product company and it is imperative for the business that we produce the right product for the right market at the right time. Also, there are risks related to product quality and availability.	<ul style="list-style-type: none"><li>Could have an adverse impact on product development costs and hence business outcome.</li><li>Could have an adverse impact on sales, profits and market position.</li></ul>	<ul style="list-style-type: none"><li>Use best practice product development methods.</li><li>Hire and retain the right team with the right knowledge and skills.</li><li>Continuously be on the lookout for new technology and solutions to support product development.</li><li>Business continuity plans for the Klappir Platform.</li></ul>
3. Commercialization Risks	Competitive pressures, as well as market dynamics in a new unmapped, developing and changing market, leading to customer hesitance buy the product.	<ul style="list-style-type: none"><li>Unsuccessful in selling, delivering or onboarding the product.</li><li>Unsuccessful on retaining the customer.</li></ul>	<ul style="list-style-type: none"><li>Focus on building the right product, find market fit.</li><li>Build a strong partner network to enable sales and delivery, and maintain retention.</li><li>Build a strong customer success team for efficient onboarding and support.</li></ul>
4. IT Security Risks	Disruption to IT systems, such as cyber-attacks or infrastructure failure, resulting in business disruption or breach of data confidentiality	<ul style="list-style-type: none"><li>Could limit our ability to release the product and safeguard product quality.</li><li>Could compromise our customer’s and user’s privacy.</li><li>Could limit our ability to maintain operations or limit future business opportunities if proprietary information is lost.</li><li>Could compromise our reputation and hence impact sales.</li></ul>	<ul style="list-style-type: none"><li>Use best practice IT management, including ITIL, ISAE 3000 and ISO 27001.</li><li>Proactive company-wide information security awareness initiatives.</li><li>Business continuity plans for IT systems.</li><li>Regular company-wide external audit of IT and platform security controls.</li><li>Monitoring and prevention of vulnerabilities in IT and Klappir Platform.</li></ul>
5. Talent scarcity and retention	Not being able to hire and retain the skills and knowledge needed to maintain and grow the business.	<ul style="list-style-type: none"><li>Could limit our ability to deliver on business goals, e.g. product development, sales and customer support.</li><li>Could have an adverse impact on sales, profits and market position.</li></ul>	<ul style="list-style-type: none"><li>Build strong performance oriented team culture in the company.</li><li>Invest in staff wellbeing and knowledge growth.</li><li>Prioritize employee engagement, development, and collaboration for health, safety, and morale</li></ul>
5. Financial Risks	Insufficient financing to sustain the business. Klappir is exposed to various risk factors originating in the international financial markets, among which are liquidity risk, interest rate risk, foreign exchange risk and, credit risk.	<ul style="list-style-type: none"><li>Could limit our ability to execute on our business plans (product, sales, etc.) as well as support our customers adequately.</li></ul>	<ul style="list-style-type: none"><li>These risk factors are closely monitored and managed according to Klappir’s internal treasury policies.</li></ul>
5. Legal, patents and compliance risks	Breach of legislation, industry codes and company policies.	<ul style="list-style-type: none"><li>Could compromise our reputation and hence e.g. impact sales.</li><li>Potential exposure to investigations and penalties.</li></ul>	<ul style="list-style-type: none"><li>Internal controls through our quality system and procedures, including GDPR and ISAE 3000.</li><li>Implement ISO 27001 or equivalent.</li><li>Legal review of key activities.</li><li>Internal and external audit of compliance with aforementioned standards and business ethics standards.</li></ul>





Annual review

# Management

- | Board of Directors
- | Our Leaders

# Board of Directors

BOARD CHOSEN  
ON THE 2024 ANNUAL MEETING



**Ágúst Einarsson**

CHAIRMAN OF THE BOARD

Holds an MSc in Industrial and Business Engineering from Aalborg University.

Ágúst has more than 25 years of experience as a CEO within the software industry. He advises high-tech and cloud businesses to transform and accelerate growth.

He joined the Klappir board in April 2021.



**Hildur Jónsdóttir**

CO-FOUNDER AND BOARD MEMBER

Holds a Master degree in psychology from Aarhus University, Denmark.

Hildur is co-founder of Klappir and investor.

Hildur is CEO of Kvistar Holding and Board member of Klappir ehf.

She has been a board member since 2014.



**Vilborg Einarsdóttir**

BOARD MEMBER

Holds an MSc in Management and Strategy from University of Iceland and University of Commerce in Aarhus.

Vilborg is the founder and CEO of BravoEarth and co-founder and former CEO of InfoMentor.

She joined the board of Klappir in April 2022.



**Sigrún Hildur Jónsdóttir**

CO-FOUNDER AND BOARD MEMBER

Responsible for the product vision and product management.

Holds an MBA from the University of Iceland and MSc in Comparative Politics (Conflict Study Stream) from LSE, London.

She has been with Klappir since 2014.



**Sigurður Þórarinnsson**

BOARD MEMBER

Holds an MSc in Industrial Engineering from the University of Washington.

Sigurður is a technology executive with extensive international leadership experience. He has a solid track record in growing and improving business in various IT domains.

He joined the Klappir board in April 2023.

# Our Leaders



**Þorsteinn Svanur Jónsson**  
CO-FOUNDER AND BUSINESS DEVELOPMENT



**Isabelle Broddén**  
BUSINESS DEVELOPMENT



**Íris Karlsdóttir**  
PARTNERSHIP



**Hulda Þórhallsdóttir**  
CUSTOMER SUCCESS



**Sólrún Sæmundsen**  
MARKETING



**Sigrún Hildur Jónsdóttir**  
CO-FOUNDER AND PRODUCTS



**Kristján Hall**  
ENGINEERING



**Ólöf Ásta Ólafsdóttir**  
FINANCE



**Jón Ágúst Þorsteinsson**  
CO-FOUNDER AND CEO

# Sustainability statement

| General information | Impact Management | Environment | Social | Governance





Sustainability Statement

# General information

- | Basis for preparation
- | Our commitment to sustainability
- | Klappir cross-functional Sustainability Team
- | Stakeholder engagement

# Basis for preparation

Our approach to sustainability is centered around managing the environmental, social, and governance issues that are material to our business operations. This Consolidated Sustainability Statement is structured in alignment with the European Union Sustainability Reporting Standards (VSME) and integrates material metrics and targets essential for tracking and enhancing sustainability performance. Building upon the Nasdaq ESG guidelines that KGS has previously utilized, we have implemented several material improvements within our reporting framework to comply with CSRD / VSME requirements.

The Consolidated Sustainability Statement provides a comprehensive overview of our approach to managing critical sustainability areas, outlines relevant sustainability metrics, and evaluates progress toward established goals. We identify essential focus areas explicitly, highlighting relevant projects, the scope of these activities, and associated sustainability initiatives.

The scope of this Consolidated Sustainability Statement aligns precisely with the scope presented in our financial statements, ensuring coherence and transparency between sustainability and financial disclosures.

The upstream segment of our value chain is partially integrated into our sustainability assessments, whereas the downstream segment of our value chain has not been included within the scope of this statement.

Sustainability data are predominantly gathered directly from suppliers as activity-based information. Our sustainability accounting utilizes the UNSPSC classification system, assigning specific conversion factors to each transaction, thereby ensuring precise tracking and transparency. Each transaction is explicitly linked to its corresponding invoice number, significantly facilitating auditing processes.

Additionally, the sustainability performance within our value chain undergoes annual assessment through supplier evaluations conducted on the Klappir Platform. Suppliers receive individual scores, contributing to an aggregate score representing the performance of material suppliers comprehensively.

Uncertainties within our sustainability data reporting are minimal due to the reliance on accurate, activity-based data collection practices.

# Our commitment to sustainability

At the beginning of the year 2024, Klappir initiated an internal assessment of its own sustainability position in accordance with the ESRS (European Sustainability Reporting Standards), despite not being required to submit a sustainability report until 2026 due to the company's size.

This proactive approach reflects Klappir's commitment to being a true partner to its customers on their sustainability journeys—whether they are just beginning or already underway. By undergoing this process ourselves, we aimed to deepen our understanding of customer needs, both in terms of software development and Customer Success support.

To lead this effort, a cross-functional Sustainability Team was formed with representatives from all departments. The team committed to fully engaging in the ESRS process, which included conducting a comprehensive Double Materiality Assessment, reviewing existing policies and processes, documenting needed actions, and setting clear sustainability targets.

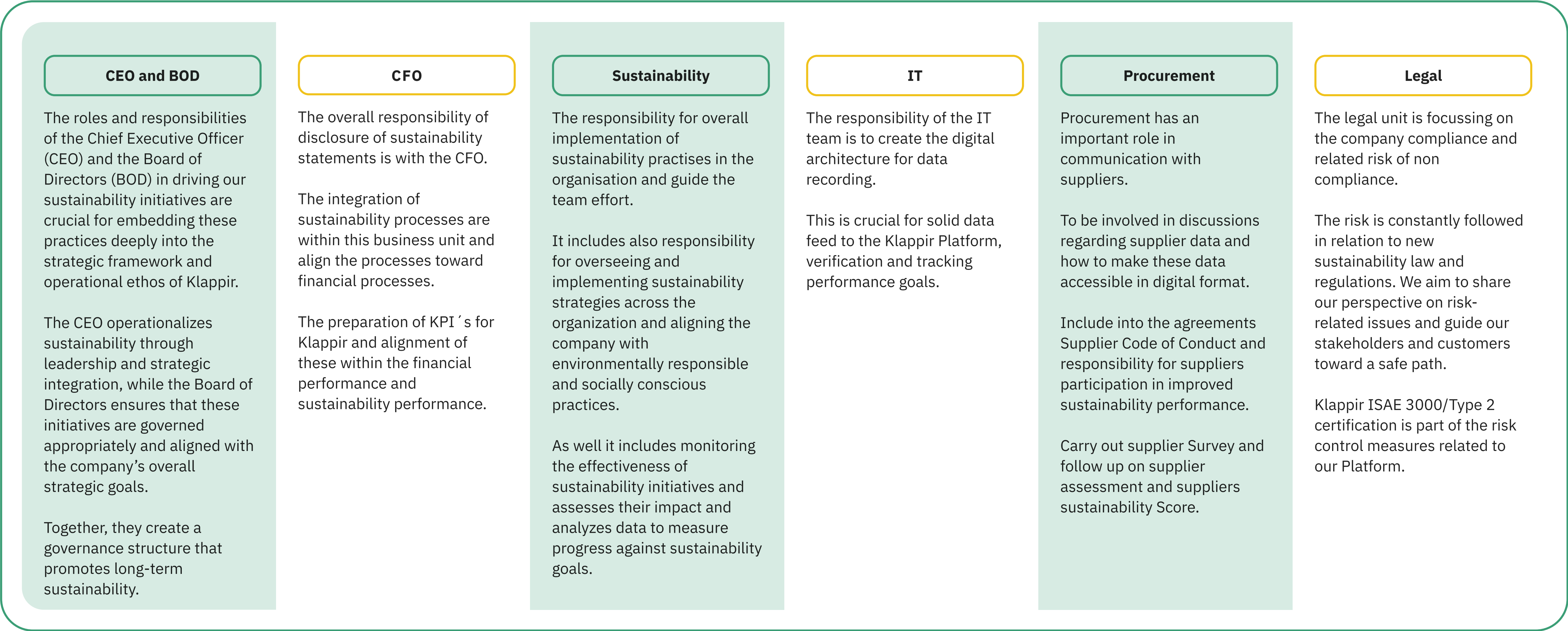
As of early 2025, this work is ongoing, and the initiative has already provided valuable insights and learning opportunities for Klappir's employees.

In parallel with this initiative, Klappir continued to collect and record data on its own environmental, social, and governance (ESG) performance using its in-house software, Klappir Metrics. Through its company account, Klappir systematically tracks information such as energy consumption, procurement, waste generation, workforce metrics, governance practices, and more.

This internal ESG data collection has been ongoing since 2022 and reflects Klappir's commitment to aligning with the same standards and practices it promotes to its clients—just as in the case of the ESRS initiative."



# Klappir Crossfunctional Sustainability Team



# Stakeholder engagement

Stakeholders	Goals	Engagement Channels	Our Approach
Partners	<ul style="list-style-type: none"><li>Expand partnership network.</li><li>Build trusted partner relationships.</li><li>Foster strong working relationships.</li><li>Stimulate sales through network activation.</li></ul>	<ul style="list-style-type: none"><li>Customer success support.</li><li>Partner meetings.</li><li>Collaboration workshops.</li><li>Joint customer visits.</li><li>Conferences &amp; Events.</li></ul>	<ul style="list-style-type: none"><li>Foster strong working relationships.</li><li>Conduct regular partner meetings.</li><li>Support sales and onboarding processes.</li><li>Provide education, training, and support through Customer Success.</li></ul>
Customers	<ul style="list-style-type: none"><li>Rapidly grow the international customer base.</li><li>Help customers achieve sustainability &amp; compliance.</li><li>Ensure effective use of the Klappir Platform.</li><li>Share sustainability challenges and strategies.</li><li>Support the transition to sustainability through the Klappir ecosystem.</li></ul>	<ul style="list-style-type: none"><li>Customer success stories, exec interviews &amp; newsletters</li><li>Sales visits.</li><li>Sales support materials.</li><li>Help desk tickets.</li><li>Attendance at conferences &amp; events.</li><li>Customer advisory board.</li><li>Annual Customer &amp; Partner Sustainability Impact Event.</li></ul>	<ul style="list-style-type: none"><li>Educate customers about upcoming EU legislation.</li><li>Assist in setting and achieving sustainability goals with high-quality onboarding and support.</li><li>Provide comprehensive support and ongoing training to enhance customer experience and effectiveness.</li></ul>
Suppliers	<ul style="list-style-type: none"><li>Monitor our own suppliers using our software</li><li>Enhance Sustainability &amp; Ensure Compliance</li><li>Foster Innovation &amp; Build Long-term Relationships</li></ul>	<ul style="list-style-type: none"><li>Annual vendor performance assessments.</li><li>Supplier Code of Conduct.</li><li>Sustainability requirements in service agreements.</li><li>Regular meetings.</li></ul>	<ul style="list-style-type: none"><li>Collaborate on sustainability goals.</li><li>Improve data accuracy and ease of collection through the Klappir Platform.</li></ul>
Our Customers' Value Chain	<ul style="list-style-type: none"><li>Encourage premium customers to engage their value chain using a freemium product.</li></ul>	<ul style="list-style-type: none"><li>In-platform engagement</li><li>Direct marketing</li></ul>	<ul style="list-style-type: none"><li>Help customers achieve sustainability goals by engaging their suppliers.</li><li>Support customers' suppliers in becoming more successful.</li></ul>
Employees	<ul style="list-style-type: none"><li>Encourage sustainable decisions in the workplace and at home.</li><li>Comply with Diversity &amp; Inclusion (D&amp;I) requirements.</li><li>Provide employee benefits.</li></ul>	<ul style="list-style-type: none"><li>Foster a supportive and inclusive work environment.</li><li>Provide regular training.</li><li>Encourage D&amp;I initiatives</li></ul>	<ul style="list-style-type: none"><li>Foster a supportive and inclusive work environment.</li><li>Provide regular training.</li><li>Encourage D&amp;I initiatives</li></ul>
Shareholders	<ul style="list-style-type: none"><li>Segment and engage shareholders.</li><li>Communicate the value and impact of being a shareholder.</li><li>Ensure transparency in financial performance, business strategy, and sustainability efforts.</li></ul>	<ul style="list-style-type: none"><li>Shareholder meetings.</li><li>Newsletters.</li><li>Investor meetings.</li></ul>	<ul style="list-style-type: none"><li>Provide regular updates through meetings and reports.</li><li>Ensure transparency in all communications.</li></ul>
Financial Institutions	<ul style="list-style-type: none"><li>Maintain transparency and compliance in financial performance, business strategy, and sustainability efforts.</li><li>Provide assurance on financial stability and sustainability performance.</li></ul>	<ul style="list-style-type: none"><li>Meetings.</li><li>Financial, Sustainability &amp; Impact Reports.</li></ul>	<ul style="list-style-type: none"><li>Maintain regular communication.</li><li>Provide comprehensive financial and sustainability reports.</li></ul>



Sustainability Statement

# Impact Management

- | IRO Management
- | Double materiality assessment
- | Key sustainability actions

# IRO Management

## Our impact management

### Positive impact

Klappir can have a very strong positive effect on the users of the product, which are companies and organizations. Having a positive effect on it 's customers regarding environmental responsibility is one of the main purpose and mission of Klappir.

### Negative impact

Klappir integrates sustainability into its operational strategy by identifying and mitigating environmental, social, and governance impacts. Our approach focuses on reducing emissions, enhancing employee well-being, and fostering responsible business practices.

Each year, we assess and refine our impact management initiatives to align with sustainability priorities, ensuring continuous improvement in key areas:

## Impact topics according to our DMA

- E1 Climate Change - Scope 3: Reducing emissions from purchased goods, business travel, and employee commuting.
- S1 Own workforce - Health and safety and investing in employee training to enhance job satisfaction and retention.
- G1 Business Conduct & Corporate Culture. Strengthening ethical governance, promoting sustainability engagement, and supporting responsible political advocacy.

## Financial risk and opportunity topics

- E1 Climate change - Transition opportunities Climate-Related Policy and Legal Transition
- E1 Climate change adaptation - Transition risks Climate-Related Reputation
- S4 Consumers and End-users Privacy

By integrating impact management into our strategic framework, Klappir enhances sustainability performance while reinforcing resilience in a rapidly evolving market.

# Double materiality assessment

## Klappir Double materiality assessment process

At Klappir, we conducted a comprehensive Double Materiality Assessment (DMA) following the six-step methodology outlined in the EFRAG DMA Guidelines. This process ensured a structured evaluation of our sustainability impacts, risks, and opportunities under ESRS.

### Collaborative Approach

The sustainability team led the process, but all employees participated through dedicated working sessions, fostering cross-functional engagement and shared responsibility. Together, we analyzed material sustainability topics, considering both impact materiality and financial materiality..

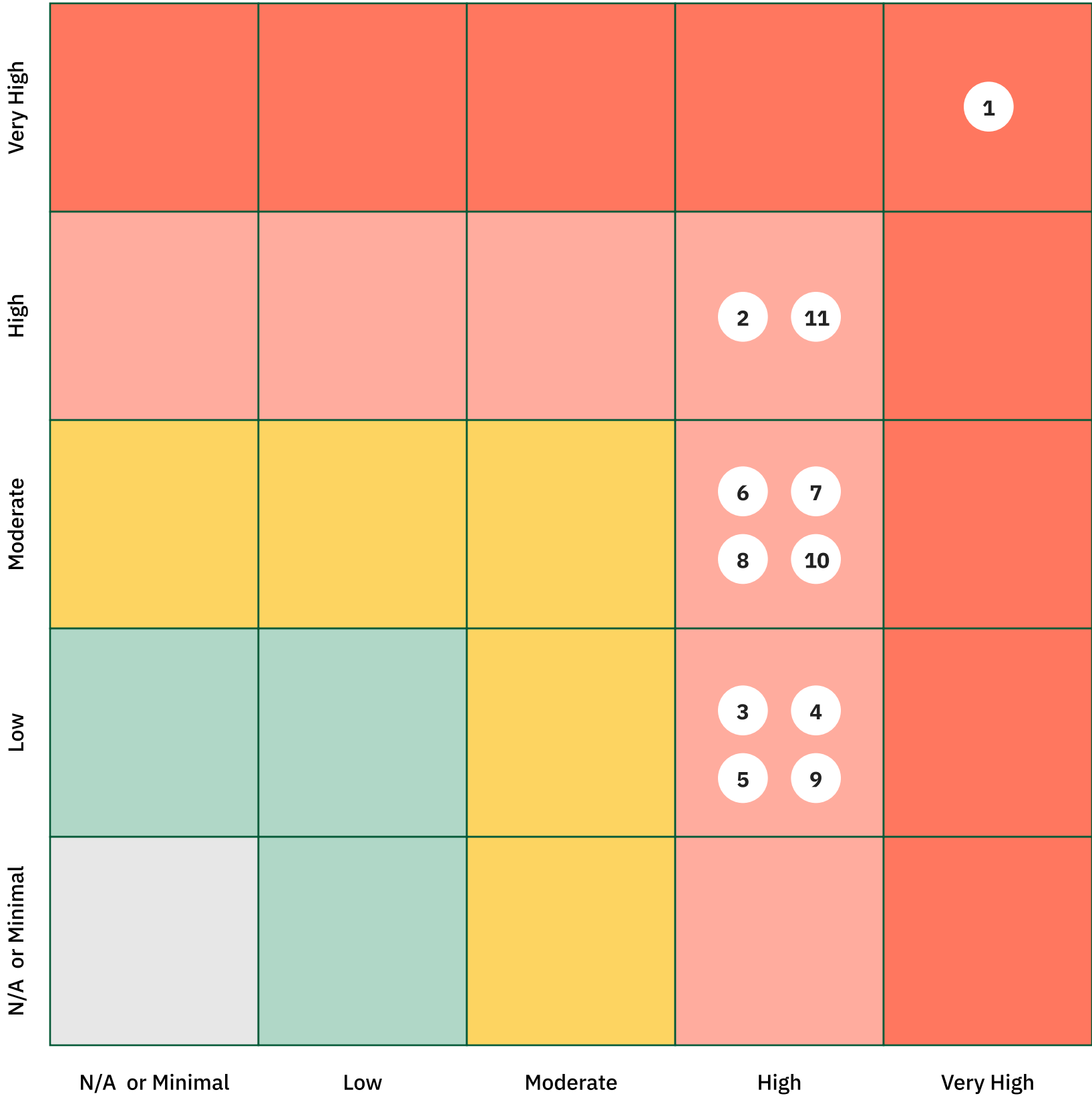
### Outcome & Thresholds

Based on our assessment, we developed clear materiality thresholds to define which topics require active management and reporting.

The results of the DMA are presented on the next page, shaping Klappir's sustainability strategy and reporting priorities.

This process strengthens our strategic alignment with ESRS while embedding sustainability deeply into our organizational decision-making.

# Overview - Double materiality assessment



Topic		Sub-topic	Impact	Finance
1	ESRS - E1 Climate change adaption - Transition opportunity	Climate related Policy and Legal Transition	Very high	Very high
2	ERSR - E1 Climate change adaption - Transition risks	Climate-Related Reputation Transition	High	High
3	ESRS - E1 Climate change mitigation	Category 1: Purchased goods and services	High	Low
4	ESRS - E1 Climate change mitigation	Category 6: Business travel	High	Low
5	ESRS - E1 Climate change mitigation	Category 7: Employee commute	High	Low
6	ESRS - G1 Business Conduct	Corporate culture	High	Moderate
7	ESRS - G1 Business Conduct	Political engagement and lobbying activities	High	Moderate
8	ESRS - S1 Own Workforce	Health and safety	High	Moderate
9	ESRS - S1 Own Workforce	Social dialogue	High	Low
10	ESRS - S1 Own Workforce	Training and skills development	High	Moderate
11	ESRS - S4 Consumers and End-Users	Privacy	High	High

# Key sustainability actions

A few examples from the DMA

Impact area	Description	Expected outcome	Key actions
E1. Climate change - Positive impact and financial opportunity	Positive Impact - Klappir can have a very strong positive effect on the users of the product, which are companies and organizations.	Having a positive effect on it´s customers regarding environmental responsibility is one of the main purpose and mission of Klappir.	<ul style="list-style-type: none"><li>█ Create a dedicated Customer Success department at Klappir to enhance client satisfaction and drive long-term success.</li><li>█ Form a dedicated Partnership Program team to spearhead the development and management of strategic partnership initiatives at Klappir</li><li>█ Design and develop comprehensive processes and methodologies to guide customers in effectively using the software during the implementation phase.</li></ul>
E1. Climate change - mitigation - Scope 3	Category 1 - Purchased goods and services	Reduced emissions which stems from Klappir´s usage of goods and service.	<ul style="list-style-type: none"><li>█ Start sending surveys to our suppliers</li><li>█ Compare our procurement policy with our current practice regarding purchasing goods &amp; services</li></ul>
E1. Climate change - mitigation - Scope 3	Category 6 - Business travel	Reduce emission from business travels	<ul style="list-style-type: none"><li>█ Review and implement Policy of business travels &amp; commute</li><li>█ Company contract in place with Viggo (electricity taxis in Copenhagen)</li><li>█ Company contract in place with Hreyfill (el.cars)</li></ul>
E1. Climate change - mitigation - Scope 3	Category 7 - Employee commute	Reduced emissions from employees commute	<ul style="list-style-type: none"><li>█ Monthly workforce survey and calculation, analyse the outcome of the survey and decide some goals for reduced emission</li><li>█ Financial incentive: Continue offering Commute contract to employees - monthly financial support for environmental friendly commute.</li></ul>
E1. Own workforce - Working condition	Health and Safety. Can be very long for managers and can lead to leadership burnout	Improved health, enhanced employee well-being, and increased productivity through ergonomic interventions and promotion of regular movement during work hours.	<ul style="list-style-type: none"><li>█ Send managers for health check-up</li><li>█ Time management training: Offer workshops on managing time and energy efficiently.</li><li>█ Scheduled quiet hours: Set designated times when no meetings or communications are allowed.</li></ul>
S1. Own workforce - Working condition	Social dialogue	Increased understanding of processes and roles in the workforce. Reduced uncertainty of individual responsibilities and oversight of workforce and management.	<ul style="list-style-type: none"><li>█ Offer platform for the workforce for discussion about their jobs, their respectable department and the workplace as a whole; working conditions, management of processes and arrangements, own job development, communication, sharing of information, etc</li><li>█ Organizational chart, clear division of tasks in admin regarding HR arrangements.</li></ul>
S1. Own workforce - Training in skills development	Employee training in skills and development	With Klappir´s support to employees in their efforts to enhance their professional knowledge, setting goals for success in their roles, train themselves to put knowledge into practice in the workplace, train them in the sharing of ideas and collaboration, both employees and managers job satisfaction will increase	<ul style="list-style-type: none"><li>█ Updating Onboarding processes</li><li>█ Continuing education and professional training of employees within their departments</li><li>█ Offer/financial support to employees for their participation in various professional courses</li></ul>
S4. Consumers and End users - Privacy - Impact and financial risks	Ensure the security of customer and employee data	Klappir complies with data security regulations and laws and Privacy laws. Customer data and employee information are well-protected within dedicated systems.	<ul style="list-style-type: none"><li>█ High-level Information security policy compared with present practice regarding security.</li><li>█ External security advisor and get security company to test our security fences</li><li>█ Education for staff on security issues at Klappir.</li></ul>
G1. Business Conduct - Political engagement & lobbying	Enhance Klappir´s engagement in media discussions on social responsibility and sustainability. Give employees the tools to be able to present Klappir when asked; i.e. elevator pitch	Klappir will become more visible within society. Will positively influence public policy and contribute meaningfully to the education system. Employees will be even more proud of their company, which people know better than before. Employees can easily explain Klappir's purpose and activities when asked about their company.	<ul style="list-style-type: none"><li>█ Publish an article with news on development at Klappir</li><li>█ Participate regularly in Festa-center for Sustainability events</li><li>█ Webinars</li><li>█ Resume discussions with Rvk.school auth. on the Penguin project.</li></ul>



Sustainability Statement

# Environment

- | Climate change statement
- | Energy usage
- | Mitigation

# Climate change statements

For the period from January 1, 2024, to December 31, 2024.

GHG Statement	Unit	2024	2023	Carbon intensity (market based)	Unit	2024	2023	Carbon intensity (location based)	Unit	2024	2023
Scope 1	tCO <sub>2</sub> e	0.0	0.0	Energy intensity	kgCO <sub>2</sub> e/kWh	187.6	153.1	Energy intensity	kgCO <sub>2</sub> e/kWh	146.0	141.5
Scope 2 (location-based)	tCO <sub>2</sub> e	1.4	1.5	Revenue intensity	kgCO <sub>2</sub> e/mEUR	55.7	43.9	Revenue intensity	kgCO <sub>2</sub> e/mEUR	43.4	40.6
Scope 2 (market-based)	tCO <sub>2</sub> e	8.8	8.5	Total assets intensity	kgCO <sub>2</sub> e/mEUR	36.8	28.9	Total assets intensity	kgCO <sub>2</sub> e/mEUR	28.6	28.9
Scope 3	tCO <sub>2</sub> e	24.8	21.8	Workforce (WF) intensity	kgCO <sub>2</sub> e/WF	1083.9	1010.0	Workforce (WF) intensity	kgCO <sub>2</sub> e/WF	841.9	776.7
Total Scope 1, 2 & 3 (location-based)	tCO <sub>2</sub> e	26.1	23.3	GHG emissions per m <sup>2</sup>	kgCO <sub>2</sub> e/m <sup>2</sup>	70.7	54.36	GHG emissions per m <sup>2</sup>	kgCO <sub>2</sub> e/m <sup>2</sup>	55.0	50.3
Total Scope 1, 2 & 3 (market-based)	tCO <sub>2</sub> e	33.6	30.3								

# Climate change statements

For the period from January 1, 2024, to December 31, 2024.

Scope 1 (Combustion and fugitives)	Unit	2024	2023
Stationary fuel combustion	tCO <sub>2</sub> e	0.0	0.0
Mobile fuel combustion	tCO <sub>2</sub> e	0.0	0.0
Fugitive emissions	tCO <sub>2</sub> e	0.0	0.0
Industrial processes	tCO <sub>2</sub> e	0.0	0.0
Total Scope 1 emission	tCO <sub>2</sub> e	0.0	0.0
Scope 2 (Electricity and heating)	Unit	2024	2023
Electricity location-based	tCO <sub>2</sub> e	0.1	0.1
Electricity market-based	tCO <sub>2</sub> e	7.5	7.1
Heating	tCO <sub>2</sub> e	1.2	1.3
Cooling	tCO <sub>2</sub> e	0.0	0.0
Steam	tCO <sub>2</sub> e	0.0	0.0
Total Scope 2, location-based emission	tCO <sub>2</sub> e	1.8	1.9
Total Scope 2, market-based emission	tCO <sub>2</sub> e	8.8	8.5
Scope 3	Unit	2024	2023
Purchased goods and services (c.1))	tCO <sub>2</sub> e	4.4	1.6
Capital goods (c.2)	tCO <sub>2</sub> e	0.0	0.0
Fuel and energy-related activities (c.3)	tCO <sub>2</sub> e	0.6	0.6
Transportation and distribution (c.4)	tCO <sub>2</sub> e	0.0	0.0
Waste generated in own operations (c.5)	tCO <sub>2</sub> e	0.0	0.0
Business travel (c.6)	tCO <sub>2</sub> e	12.9	12.4
Commute (c.7)	tCO <sub>2</sub> e	5.5	5.6
Upstream leased assets (c.8)	tCO <sub>2</sub> e	1.3	1.6
Downstream Transportation and Distribution (C.9)	tCO <sub>2</sub> e	0.0	0.0
Processing of Sold Products (c.10)	tCO <sub>2</sub> e	0.0	0.0
Use of Sold Products (c.11)	tCO <sub>2</sub> e	0.0	0.0
End-of-Life Treatment of Sold Products (c.12)	tCO <sub>2</sub> e	0.0	0.0
Downstream Leased Assets (c.13)	tCO <sub>2</sub> e	0.0	0.0
Franchises (c.14)	tCO <sub>2</sub> e	0.0	0.0
Investments (c.15)	tCO <sub>2</sub> e	0.0	0.0
Total Scope 3, emissions	tCO <sub>2</sub> e	24.8	21.8

# Energy usage

For the period from January 1, 2024, to December 31, 2024.

Energy consumption	Unit	2024	2023
Bio fuels	kWh	0.0	0.0
Fossil fuel	kWh	0.0	0.0
Electricity	kWh	13,067	13,974
Heating	kWh	166,002	150,458
Cooling	kWh	0.0	0.0
Steam	kWh	0.0	0.0
<b>Total energy consumption</b>	<b>kWh</b>	179,069	<b>164,432</b>
- of which direct energy consumption	kWh	0.0	0.0
- of which indirect energy consumption	kWh	179,069	168,034
Share of fossil fuels	%	0.0	0.0
Share of renewables	%	100	100

Electricity mix (location based)	Unit	2024	2023
Renewable electricity	%	100	100
Fossil fuels electricity	%	0.0	0.0
Nuclear electricity	%	0.0	0.0
Electricity market based GHG emission constant	kgCO2e/kWh	0.0085	0.0103
Nuclear waste	mg/kWh	0.0	0.00
Electricity mix (location based)	Unit	2024	2023
Renewable electricity	%	5	12.7
Fossil fuels electricity	%	84	70.9
Nuclear electricity	%	11	16.4
Electricity market based GHG emission constant	kgCO2e/kWh	0.582	0.511
Nuclear waste	mg/kWh	0.38	0.61

# Mitigation

For the period from January 1, 2024, to December 31, 2024.

GHG removals	Unit	2024	2023
Total emission end-of-year (location based)	tCO <sub>2</sub> e	26.1	23.2
Change in own operation (Scope 2)	tCO <sub>2</sub> e	(0.1)	0.3
Change in upstream value chain (Scope 3)	tCO <sub>2</sub> e	3.0	0.1
Change in downstream value chain	tCO <sub>2</sub> e	0.0	0.0
Removal by forest restoration	tCO <sub>2</sub> e	0.0	0.0
Removal by direct air capture	tCO <sub>2</sub> e	0.0	0.0
Reversals	tCO <sub>2</sub> e	0.0	0.0
Share from own operation	%	0.0	0.0
Share from value chain	%	0.0	0.0
Share from reduction & storage projects within EU/EES	%	0.0	0.0

Carbon credits cancelled in the reporting year	Unit	2024	2023
Owned carbon credit		27.0	0.0
Total GHG mitigation through carbon credits	tCO <sub>2</sub> e	27.0	0.0
Carbon credits cancelled in the reporting period	tCO <sub>2</sub> e	27.0	0.0
Carbon credits planned to be cancelled in the future	tCO <sub>2</sub> e	0.0	0.0
Share from removal projects	%	18.1	0.0
Share from reduction projects	%	81.9	0.0
Share of carbon credits that qualify as corresponding adjustments	%	0.0	0.0



Sustainability Statement

# Social

| Social Statement

# Social Statement

For the period from January 1, 2024, to December 31, 2024.

Characteristics of the workforce	Unit	2024	2023	Characteristics of full-time employees in workforce	Unit	2024	2023	Diversity metrics / gender diversity	Unit	2024	2023
Workforce	no.	31	28	Male in full-time positions	%	55	63.3	Male in top management	no.	4.0	3.0
- of which full time employees (FTE)	no.	19	22	Female in full-time positions	%	45	36.7	Female in top management	no.	5.0	2.0
- of which part-time employees	no.	1	1	Year-over year change in full time employees	%	31	28.0	Total number of employees in top management	no.	9.0	5.0
- of which contractors	no.	11	5	- of which dismissals	%	18	-	Share of male in top management	%	37.5	60.0
- percentage of full-time employees in the workforce	%	61.3	78.5	- of which job transition	%	13	-	Share of female in top management	%	62.5	40.0
- percentage of part-time employees in the workforce	%	3.2	3.6	- of which retirements	%	0	-				
- percentage of contractors in the workforce	%	35.5	17.9	- of which death	%	0	-				



Sustainability Statement

# Governance

| Governance Statement

# Governance Statement

For the period from January 1, 2024, to December 31, 2024.

Gender Diversity (Board of Directors )	Unit	2024	2023
Total board seats	no.	5	5
- of which seats occupied by men	no.	2	3
- of which seat occupied by women	no.	3	2
Number of directors sit as executives	no.	-	1
Committee chairs occupied by women	%	-	-
Board seat occupied by women	%	60	40
Gender Diversity (Board of Management )	Unit	2024	2023
Board of management seats in total	no.	5	5
Board of management seats occupied by men	no.	2	3
Board of management seat occupied by women	no.	3	2
Board of management seat occupied by women	%	60	40
Board independence	Unit	2024	2023
Does the company prohibit CEO from serving as board chair?	yes/no	yes	yes
Total board seats occupied by independents	no.	0	1

Management of relationship with suppliers	Unit	2024	2023
Suppliers required to follow a Code of Conduct?	yes/no	yes	no
What percentage has certified its compliance with the code?	%	0	0
Is there management of procurement process in place?	yes/no	no	no
Does the process include fair behaviour against suppliers?	yes/no	-	-
Does the process include fair behaviour against SME?	yes/no	-	-
Does the process prevent late payment to SME ´s?	yes/no	-	-
Value Chain Upstream Assessment (material)	Unit	2024	2023
Scope 1,2&3 emissions in upstream value chain	tCO <sub>2</sub> e	-	-
Number of material suppliers in the value chain	no.	-	-
of which got supplier-survey	no.	-	-
of which provided answers	no.	-	-
Average performance score (objective)	Score	-	-
Average performance score (subjective)	Score	-	-

# Financial statement

| Consolidated financial statements | Statements and Auditor's Report





Financial statement and additional information

# Consolidated financial statements

- | Income statements
- | Balance sheet
- | Cash flow statement

# Income statements

For the period from January 1, 2024, to December 31, 2024

ISK million	Note	2024*	2024	2023	2023-24
Income Statement					Change
Total revenue		603.3	603.3	573.50	5.2%
Allocation of revenue		(49.6)			
Net revenue		553.7	603.3	573.50	
Salaries and other employee expenses		(203.2)	(203.2)	(285.3)	-28.8%
Other operating expenses		(243.1)	(243.1)	(191.0)	24.3%
Amortisation and depreciation		(57.0)	(57.0)	(51.2)	11.4%
Operating profit		50.4	100.00	46.02	117.3%
Financial income		8.5	8.5	4.3	95.9%
Financial expenses		(37.9)	(37.9)	(35.1)	8.0%
Net currency difference		13.6	13.6	(7.50)	-280.0%
Profit before income taxes		34.6	84.2	7.76	948.6%
Income taxes		0.0	0.0	0.99	
Net profit		34.6	84.2	8.75	862.3%

ISK million	Note	2024*	2024	2023	2023-24
Financial highlights					Change
Net revenue		553.7	603.3	573.6	5.2%
EBITDA		107.3	156.9	97.2	61.4%
EBITDA margin		19.4%	26.0%	16.9%	
EBIT margin		9.1%	16.6%	8.0%	
EBT margin		6.2%	14.0%	1.4%	
Net profit margin		6.2%	14.0%	1.5%	
Total assets		913.4	913.4	804.9	13.5%
Total liabilities		504.5	504.5	427.2	18.1%
Total equity and liabilities		913.4	913.4	804.9	13.5%
Cash and cash equivalents at the end of the year		265.1	265.1	274.3	
Share performance and capital allocation					
Current ratio		4.2	4.2	6.2	
Equity ratio		45.1%	45.1%	46.9%	
Value of share capital - equity / share capital		3.0	3.0	2.7	

\* Shared figures pertain to consolidated figures. In 2023 Klappir subscription revenue was calculated both as monthly revenue and annual revenue. Starting from January 1, 2024, Klappir changed all subscription revenue calculations to be on a monthly basis, regardless of whether invoicing is monthly or annual (periodical allocation of the revenue)

# Balance sheet

as of December 31, 2024

ISK million	Note	2024	2023
<b>Non-current Assets</b>			
Intangible assets	2	380.2	285.2
Operating assets	2	3.5	5.1
Deposits		1.4	1.4
Deferred tax assets		28.1	28.4
<b>Total current assets</b>		<b>413.2</b>	<b>320.1</b>
<b>Current Assets</b>			
Accounts receivable		21.6	16.4
Other short term receivables		213.8	194.1
Cash and cash equivalents		265.1	274.3
<b>Total current assets</b>		<b>500.5</b>	<b>484.8</b>
<b>Total assets</b>		<b>913.8</b>	<b>804.9</b>

ISK million	Note	2024	2023
<b>Equity and liabilities</b>			
Share capital		139.0	139.4
Share premium		478.2	478.2
Reserved equity		344.7	135.4
Accumulated deficit		(549.5)	(375.0)
<b>Total equity</b>		<b>412.5</b>	<b>377.7</b>
Long term loans	1	341.3	313.1
Owed to related parties		39.4	35.3
<b>Total non-current liabilities</b>		<b>380.7</b>	<b>348.5</b>
Account payables		24.6	22.4
Other short term liabilities		47.0	56.3
Pre-collected income		49.0	0.0
<b>Total current liabilities</b>		<b>120.6</b>	<b>78.7</b>
<b>Total current liabilities</b>		<b>501.3</b>	<b>427.2</b>
<b>Total current liabilities</b>		<b>913.8</b>	<b>804.9</b>

# Cash flow statement

## for the period ended December 31 2024

ISK million	Note	2024	2023
<b>Cash flow statement</b>			
Net profit		50.4	46.0
<b>Items not affevting cash flows:</b>			
Depreciation and amortisation		57.0	51.2
Loss (-profits) from sale of fixed assets		0.0	(19.8)
Change in working capital		107.3	77.4
Current receivable, (increase)/decrease		(24.9)	(20.4)
Current liabilities, increase/(decrease)		21.7	(8.4)
Interest received		8.5	4.3
Interest paid		(1.1)	(5.6)
Currency exchange rate differences		(0.1)	(7.5)
<b>Net cash generated from operating activities</b>		<b>111.0</b>	<b>39.9</b>
Purchase of intangible assets		(150.2)	(96.1)
Purchase of tangible assets (equipment)		(0.2)	0.0
<b>Net cash from investment activities</b>		<b>(150.5)</b>	<b>(80.5)</b>

ISK million	Note	2024	2023
<b>Financial activities</b>			
Own shares, sold/(purchased)		0.0	20
Proceeds from sales of intangible assets		0.0	-4.4
<b>Net cash used in financing activities</b>		<b>0.0</b>	<b>15.61</b>
<b>Canges in cash and cash equivalents</b>			
		<b>-9.0</b>	<b>121.9</b>
Cash and cash equivalents at the beginning of period		274.3	152.3
Effect of currency exchange rate difference		-0.2	0.0
<b>Cash and cash equivalents at the end of period</b>		<b>265.1</b>	<b>274.2</b>

# Notes

## to the Consolidated financial statement

### Section 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.

### Section 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.



# Notes

## to the Consolidated financial statement

### Section 3: Salaries and other employee expences

	2024	2023
Salaries	274.963.575	302.262.235
Other Salary-related expenses and other employee expenses	58.638.495	69.221.974
Capitalized salaries	(130.365.300)	(80.595.000)
Salaries and other employee expenses	203.236.770	290.889.209
Average number of full time employees	22	24

CEO´s remuneration was 19,3 m.kr. (2023: 19,3 m.kr.), BoD 1,2 m.kr (2023: 1,5 m.kr.) and senior executives 71,4 m.kr. (2023: 67,1 m.kr).

### Section 4. Investment revenue and finance cost

Investment revenue is specified as follows	2024	2023
Interest on bank deposits	8.261.797	3.154.537
Interest on trade receivables	249.397	1.183.913
	8.511.194	4.338.450
Investment revenue is specified as follows		
Interest cost of long-term liabilities owed to financial institutions	(32.732.075)	(29.523.164)
Interest cost to related parties	(4.408.752)	(4.080.720)
Other interest expenses	(728.426)	(1.491.161)
	(37.869.253)	(35.095.045)
Exchange rate difference and future contracts is as follows:		
Exchange rate difference	13.585.005	(7.521.663)
	(15.773.054)	(38.278.258)

# Notes

## to the Consolidated financial statement

### Section 5: Intangible assets

	Goodwill	Software	Total
<b>Cost</b>			
Balance at 1.1.2024	179.208.806	491.205.845	670.414.651
Additions		150.236.700	150.236.700
Balance at 31.12.2024	179.208.806	641.442.545	820.651.351
<b>Amortisation</b>			
Balance at 1.1.2024	125.579.702	259.622.151	385.201.853
Amortised for the year	17.920.881	37.295.747	55.216.628
Balance 31.12.2024	143.500.583	296.917.898	440.418.481
<b>Book value</b>			
Balance at 1.1.2024	53.629.104	231.583.694	285.212.798
Balance 31.12.2024	35.708.223	344.524.647	380.232.870
Amortization rates	10%	10%	

### Section 6. Operating assets

	Tools and equipment
<b>Cost</b>	
Balance at 1.1.2024	12.584.505
Additions	236.058
Balance at 31.12.2024	12.820.563
<b>Depreciation</b>	
Balance at 1.1.2024	7.514.590
Depreciation for the year	1.764.542
Balance 31.12.2024	9.279.132
<b>Book value</b>	
Balance at 1.1.2024	5.069.915
Balance 31.12.2024	3.541.431
Depreciation rates	10% - 35%

# Notes

## to the Consolidated financial statement

Section 7: Equity

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

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 89 million shares issued, each share in class B carries one vote, but in other respects the classes have the same rights.

Equity specifies as follows:	Share capital	Share premium	Restricted equity	Retained earnings	Total equity
Equity at 1.1.2023	139.353.700	482.279.200	135.371.430	(383.714.704)	373.289.626
Purchse of own shares	(310.000)	(4.080.000)			(4.390.000)
Transf to restr.equity			37.586.063	(37.586.063)	0
Translation difference			(55.545)	55.545	0
Profit of the year				8.754.277	8.754.277
Equity at 1.1.2024	139.043.700	478.199.200	172.957.493	(412.490.945)	377.709.448
Transf to restr.equity			171.567.154	(171.567.154)	0
Translation difference			205.367		205.367
Profit for the year				34.580.020	34.580.020
Equity at 31.12.2023	139.043.700	478.199.200	344.730.014	(549.478.079)	412.494.835

# Notes

## to the Consolidated financial statement

### Section 7: Equity, contd.

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.

### Section 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.



# Notes

## to the Consolidated financial statement

Section 9: Deferred tax assets

Asset	2024	2023
Balance at the beginning of the year	28.388.070	27.437.070
Balance at the end of year	28.073.770	28.388.070

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:

Asset	31.12.2024	31.12.2023
Operating assets and intangible assets	(19.099.694)	(16.219.987)
Other items	303.778	3.305.482
Effects of tax losses carried forward	262.395.788	204.790.477
Reduced. due to uncertainty about utilization of tax losses carried forward	(215.526.102)	163.487.902
	28.073.770	28.388.070

# Notes

## to the Consolidated financial statement

### Section 9: Deferred tax assets

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

	31.12.2024
Year 2025	80.817.277
Year 2026	83.025.148
Year 2027	79.443.777
Year 2028	158.512.542
Year 2029	119.314.129
Year 2030	86.439.447
Year 2031	166.763.553
Year 2032	157.243.067
Year 2033	186.003.822
Year 2034	1.156.381.611

### Section 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 2024 og 2023.

Transactions with related entities 2024:	Receivables	Payables
Klappir ehf. (related party to one shareholder)	0	35.344.694
	0	35.344.694

Transactions with related entities 2023:		
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.

# Notes

## to the Consolidated financial statement

### Section 11: Periodical allocation of revenues

In 2024, the company changed its revenue model in such a way that it started selling subscription contracts for periods up to two years in advance. Till then, the subscriptions were paid on a monthly basis.

This has affected the presentation of revenues in the Income Statement in such a way that sales are shown as previous years but a deduction for periodical allocation of revenue shown as a seperate line item. The liability related to this is shown as Pre-collected income under Current liabilities in the Balance Sheet.

### Section 12: Other revenue

In 2017-2024, the Company has been working on software development with the majority of the project costs being expensed in the income statement. In 2024, 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, and based on that, the Company acquired the right to a special reimbursement based on the direct cost of the project. The reimbursement was paid out in November 2024 for the fiscal year 2023. The Company will again apply for reimbursement in connection with the Company's 2025 tax returns for the year 2024. RANNÍS has not confirmed the application but it is the Company´s opinion that every critera required has been fulfilled and that an approval will be granted shortly. The reimbursement is estimated to be ISK 211,4 million to be paid in November 2025. The Company has accrued this revenue in its Income Statement and as a short- term receivable in the Balance Sheet.

# Notes

## to the Consolidated financial statement

**Section 13: 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**

The 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 recognized 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 recognized in the balance sheet as deferred income. Revenue relating to the fiscal year but collected after the end of it is recognized in the balance sheet as an asset.

**Expense recognition**

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

**Financial income and expenses**

Interest income is recognized for the period in accordance with the relevant principal and interest rate. Financial expenses are recognized 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 differences are entered in the income statement within financial income and expenses.

**Taxation**

Income tax is calculated and recognized 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.

# Notes

## to the Consolidated financial statement

### Section 13: Accounting policies continued

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 recognized 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.

Gains or losses on the sale of property, plant and equipment are the differences between the sales price and the carrying amount of the asset on the date of the sale, and is recognized 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 recognized 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 recognized 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.

# Notes

## to the Consolidated financial statement

### Section 13: Accounting policies continued

#### 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 recognized 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 recognized if the Company provided a guarantee or incurred obligations on the subsidiary's behalf.

#### Trade receivables

Trade receivables are recognized 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 recognized 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 recognized at nominal value, taking into account any accrued costs.





Financial statement and additional information

# Statements and Auditor's Report

- | Endorsement and Statement by the Board of Directors and the CEO
- | Independent auditor's report

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

Founded in Iceland in 2014, Klappir Green Solutions hf is a leading global sustainability software company. We distinguish ourselves through a comprehensive approach, proven expertise, innovative product portfolio, and strategic market expansion. In an era of increasing focus on sustainability, Klappir empowers businesses, municipalities, and governments with an advanced platform for effective sustainability management.

Our core strength lies in facilitating seamless engagement with sustainability data, driving enhanced performance and informed decisions. As a global leader, Klappir's holistic operations and visionary journey not only promise growth but also a transformative impact on how organizations navigate sustainability accounting and reporting.

## Recent business highlights

Despite uncertainty in the market for sustainability accounting and reporting, Klappir is coming out with a good year. The subscription revenue had an impressive 18.3% growth, and the EBITDA ratio is 26% of the total revenue. This positive performance comes despite a challenging economic climate, demonstrating the resilience and strength of Klappir's business model. Even with this challenging environment, we notice increasing interest in our sustainability software and a willingness from Nordic countries to start their sustainability journey. Companies are starting to understand the importance of implementing end-to-end sustainability solutions that create the technical environment for companies to fulfill compliance requirements and, at the same time, lead them further into their sustainability journey.

## Strong Subscription Growth and Increased Customer Subscription Value

The 2024 results show strong growth in subscription revenue, increasing 18.3% YoY. Additionally, average revenue per customer subscription is rising. This indicates increased user adoption within organizations and a growing recognition of sustainability's importance.

## Healthy Operating Results Fuel R&D and Marketing Expansion

A healthy 26% EBITDA margin strengthens the company's ability to invest in product innovation and market expansion. As the market evolves, it is increasingly important for companies to choose the right partner for the sustainability journey – one with a market-leading product and the capacity to adapt it to international requirements.

## Partnership Strategy Boosts Sales, Shows Promising Scalability

A strong focus on becoming a partner-first organization allows us to act locally and expand globally with our sustainability product. This go-to-market strategy not only helps us recruit new partners and expand our footprint in the market, but it also enables us to scale our business and improve efficiency.

## Klappir's Sustainability Initiatives Make Impact in Brazil and Denmark.

As our global leadership and recognition in the sustainability sector grow, we are invited to participate in impactful projects that positively affect communities. Our projects in Brazil and Denmark exemplify our commitment to educating the market and implementing technical frameworks that help thousands of companies and individuals recognize sustainability as a key driver in our society.

# Endorsement and Statement

## by the Board of Directors and the CEO

### New Subscription Plans Support Customer Sustainability Journeys

In 2024, Klappir invested significant effort to align its product features with companies' sustainability journeys. These new offerings have been well-received by our customers, who can now better identify their position on the sustainability roadmap and set their ambitions for the coming years.

### AI Simplifies Data Collection and Management

Klappir foresees AI becoming a key driver in collecting and processing sustainability data, simplifying processes and increasing data quality. Klappir is investing heavily in this technology to maximize benefits for its customers and stay ahead of the curve in product innovation.

### Predefined Customer Success Program Enhances Service Quality

As our customer base and business partnerships grow, we've invested in predefined blueprints and best practices programs to enhance customer onboarding and elevate our customer success service levels. Additionally, we've established a customer advisory board to gather valuable feedback, strengthening our product roadmap.

### Redesigned UI and New Reporting Module Enhance User Experience

Klappir has consistently invested a significant portion of its revenue into research and development to maintain product leadership in the sustainability sector and strengthen its position as a pure-play, product-led company. This strategic focus has resulted in continuous product improvement, including this year's UI redesign, a new reporting module, and numerous other released features”

### 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., an Icelandic limited liability company, wholly owned by the four founders and Sýn hf. For further information see note 9.

At the end of 2024, shareholders in Klappir Green Solutions numbered 314, compared to 321 at the end of the year 2023. The largest shareholders were as followed at the end of year 2024:

	Total shares	B-Shares	A-Shares
Kvistar holding ehf	66,306,550	16,888,400	49,418,150
Sindrandi ehf	32,733,334	32,733,334	-
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	2,653,389	2,653,389	-
Dexter fjárfestingar ehf	2,600,000	2,600,000	-
Klappir ehf	2,251,469	2,251,469	-
Bjarni Þór Björnsson	2,175,474	2,175,474	-
Haru Holding ehf	2,000,000	2,000,000	-
Other shareholders	13,703,905	13,522,055	581,850
Total	139,043,700	89,043,700	50,000,000

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

**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 three women (60%) and two men (40%). The consolidated financial statements of Klappir Green Solutions hf. for the 1.1.-31.12.2024 are prepared in accordance with the Icelandic Financial Statements Act no. 3/2006.

**Non-financial reporting**

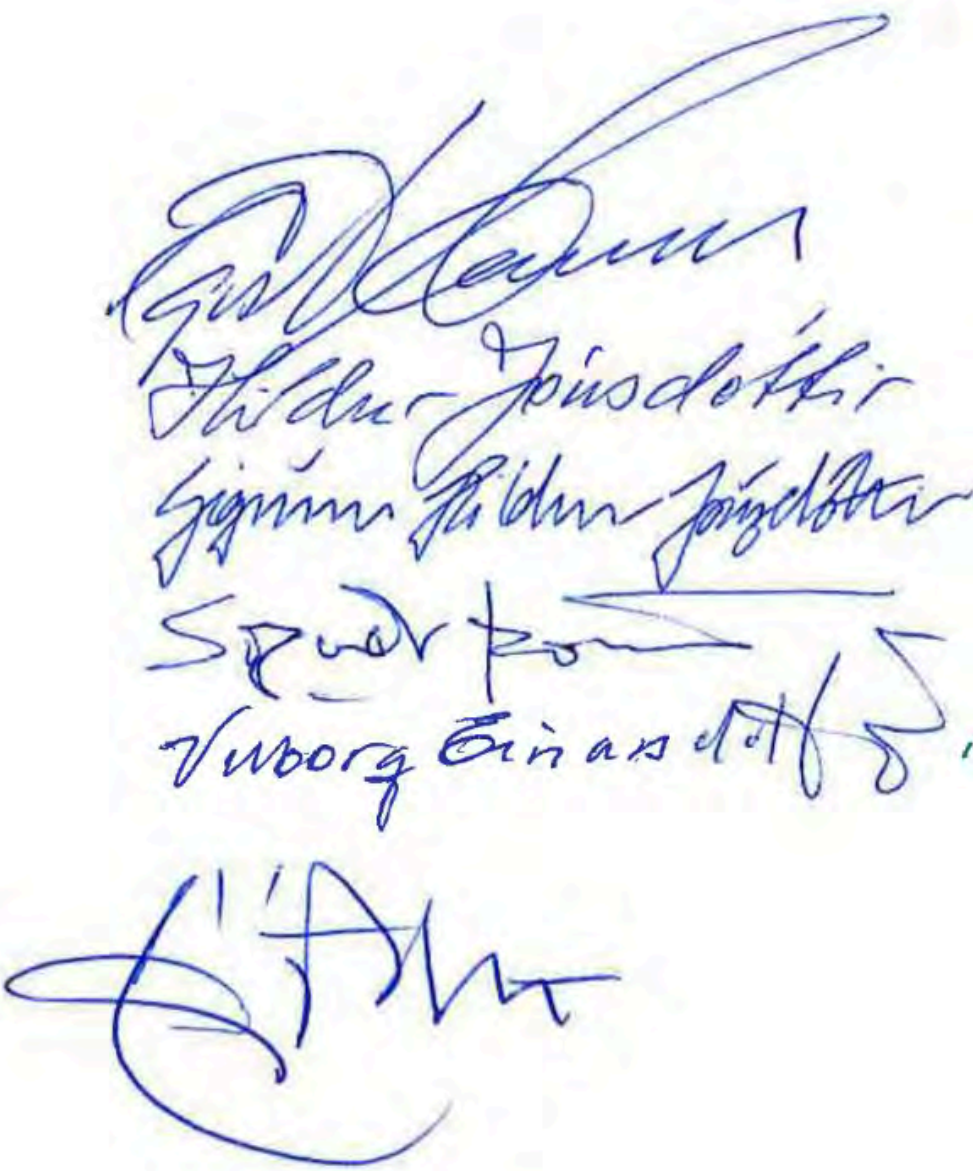
The non-financial information is disclosed in a separate Sustainability Statements.

**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 31.12.2024, the operating results for the year and the financial developments during 01.01.2024- 31.12.2024. The Board of Directors and the CEO of Klappir Green Solutions hf. hereby confirm the consolidated financial statements for the year 2024 with their signatures.

**Board of Directors**

Agust Einarsson  
Hildur Jonsdottir  
Sigrun Hildur Jonsdottir  
Sigurdur Thorarinsson  
Vilborg Einarisdottir



**CEO**

Jon Agust Thorsteinsson

Kópavogi, 18. March 2025

# Independent auditor's report

**To the Shareholders and the Board of  
Directors of Klappir Green Solutions hf.**

## Opinion

We have audited the consolidated financial statements of Klappir Green Solutions hf. ("the Company"), which comprise the consolidated balance sheet as at 31 December 2024, the consolidated income statement, and consolidated statement of cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information. In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Company as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Icelandic Financial Statement Act No. 3/2006. Our opinion is consistent with the additional report submitted to the Audit Committee and the Board of Directors.

## 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 the Company in accordance with the ethical requirements that are relevant to our audit of consolidated financial statements in Iceland and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. We declare, to the best of our knowledge and belief, that we have not provided any prohibited non-audit services, as referred to in Article 5(1) of the Regulation (EU) 537/2014 and that we remained independent in conducting the audit. We were first appointed as auditors by the Annual General Meeting on 14. May 2024. We have been re-appointed by resolutions passed by the annual general meeting uninterrupted since then.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and informing our opinion thereon, and we do not provide a separate opinion on these matters.

Capitalized software.

Software amounted to ISK 345 million at the end of 2024. Note 5 states that ISK 150 million was capitalized during the year due to the Company's software development.

Software development costs are capitalized when a project meets all capitalization criteria. Management assesses the useful life of the software at least annually, and the carrying amount of the software is reviewed at each reporting date to determine whether there are indications of impairment and, if so, whether an impairment loss should be recognized. Capitalized software is a key factor due to the uncertainty regarding its useful life and future cash flows. The capitalization process is complex, and there is therefore an inherent risk that capitalized costs may not meet the capitalization criteria. Software is amortized over 10 years. Further details on software can be found in Note 5.

# Independent auditor's report

**To the Shareholders and the Board of  
Directors of Klappir Green Solutions hf.**

## The Audit

Our audit procedures were aimed at assessing management's assumptions regarding the useful life and future cash flows of the software, as well as reviewing the processes for capitalizing development costs. This work included, among other things:

- Reviewing management's assessment of the software's useful life by considering the development of comparable assets.
- Examining processes and assessing whether capitalizations were in accordance with accounting standards.
- Testing control measures to ensure that capitalized development costs related to projects meeting capitalization criteria, as well as verifying capitalizations through sample testing. We also reviewed management's follow-up on control measures

**Responsibilities of the Board of Directors and CEO for the Consolidated Financial Statements** The Board of Directors and CEO are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Icelandic Financial Statements Act No. 3/2006, and for such internal control as they determine 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 CEO are responsible for assessing the Company'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 they either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Company's financial reporting process.

**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 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.

# Independent auditor's report

**To the Shareholders and the Board of  
Directors of Klappir Green Solutions hf.**

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 the Company'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 financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

# Independent auditor's report

**To the Shareholders and the Board of  
Directors of Klappir Green Solutions hf.**

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.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements, cont.:

We also provide The Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with The Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on Other Legal and Regulatory Requirements

Pursuant to the legal requirement under Article 104, Paragraph 2 of the Icelandic Financial Statements Act No. 3/2006, we confirm that, to the best of our knowledge, the report of the Board of Directors and CEO accompanying the consolidated financial statements includes the information required by the Financial Statements Act if not disclosed elsewhere in the consolidated financial statements.

The engagement partner on the audit resulting in this independent auditor's report is Jón Arnar Óskarsson.

Reykjavík, 18. March 2025

KPMG ehf.



Jón Arnar Óskarsson



[klappir.com](https://klappir.com) | [investors@klappir.com](mailto:investors@klappir.com)