Klappir

The smart way to sustainability

Klappir Green Solutions hf

Consolidated
Financial Statement

January 1st. to December 31st. 2024

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

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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, contd.:

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:

Endorsement and Statement by the Board of Directors and the CEO, contd.:

	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

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.

Endorsement and Statement by the Board of Directors and the CEO, contd.:

Kópavogi, 18. March 2025

Board of Directors
Agust Einarsson
Hildur Jonsdottir
Sigrún Hildur Jónsdóttir
Sigurður Þórarinsson
Vilborg Einarsdottir

CEO
Jon Agust Thorsteinsson

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 in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditor's Report, contd.:

Key Audit Matters	The Audit
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.	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.

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.

Independent Auditor's Report, contd.:

- 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.

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.

Independent Auditor's Report, contd.:

Reykjavík, 18. March 2025

KPMG ehf.

Jón Arnar Óskarsson

Key figures

	2024	2023
	Jan-Dec	*Jan-Dec*
Operating revenue, before allocation of periodical revenue	603.269.417	573.555.506
Periodical allocation of revenue	(49.606.341)	0
Operating revenue	553.663.076	573.555.506
EBITDA	107.334.243	97.204.281
Adjusted EBITDA	156.940.584	97.204.281
Operational profit (loss) for the period	50.353.074	46.036.539
Net profit for the period	34.580.020	8.754.277
Adjusted Net profit for the period	84.186.361	8.754.277
Return on equity	8,4%	2,3%
Return on total assets	4,0%	1,4%
Total assets	913.773.474	804.884.662
Total equity	412.494.835	377.709.448
Total liabilities	501.278.639	427.175.214
Current ratio	4,2	6,2
Equity ratio	45,1%	46,9%
intrinsic value	3,0	2,7
Various figures as a percentage of revenue		
Other operating expenses	40,3%	33,3%
EBITDA	19,4%	16,9%
Adjusted EBITDA	26,0%	16,9%
Net profit of the period	6,2%	1,5%
Adjusted Net profit of the period	14,0%	1,5%

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

Income Statement

	Note	2024 *Jan-Dec*	2023 *Jan-Dec*
Subscription revenue		384.656.377	325.154.412
Other revenue	12	218.613.040	248.401.094
		603.269.417	573.555.506
Periodical allocation of revenue	11	(49.606.341)	0
		553.663.076	573.555.506
Salaries and staff related costs	3	(203.236.770)	(285.332.697)
Other operational costs		(243.092.063)	(191.018.528)
Amortization and depreciation	5,6	(56.981.169)	(51.167.742)
		(503.310.002)	(527.518.967)
Profit before finance income, costs and taxes (EBIT)		50.353.074	46.036.539
Interest income		8.511.194	4.338.450
Interest costs		(37.869.253)	(35.095.045)
Net currency differences		13.585.005	(7.521.663)
		(15.773.054)	(38.278.258)
Profit before income tax (EBT)		34.580.020	7.758.281
Income taxes	9	0	995.996
Net profit for the year		34.580.020	8.754.277

Balance sheet

Assets		31.12.2024	31.12.2023
Non-Current Assets			
Intangible assets	5	380.232.870	285.212.798
Operating assets	6	3.541.432	5.069.915
Deposits		1.418.560	1.418.560
Deferred tax asset	9	28.073.770	28.388.070
		413.266.632	320.089.343
Current Assets			
Accounts receivables		21.620.364	16.430.743
Other short term receivables	12	213.792.158	194.072.641
Cash and cash equivalents		265.094.320	274.291.935
		500.506.842	484.795.319
Total assets		913.773.474	804.884.662

Equity and liabilities		31.12.2024	31.12.2023
Equity			
Share capital		139.043.700	139.043.700
Share premium		478.199.200	478.199.200
Reserved equity		344.730.014	135.426.975
Accumulated deficits		(549.478.079)	(374.960.427)
Total equity	7	412.494.835	377.709.448
Non-Current liabilities			
Long term loans	8	341.302.571	313.122.179
Owed to related parties	10	39.386.050	35.344.694
		380.688.621	348.466.873
Current Liabilities			
Accounts payables		24.596.279	22.361.255
Other short term liabilities		47.031.860	56.347.086
Pre-collected income	11	48.961.879	0
		120.590.018	78.708.341
Total liabilities		501.278.639	427.175.214
Total equity and liabilities		913.773.474	804.884.662

Statement of Cash Flows

		31.12.2024	31.12.2023
Operating activities			
Profit before finance income, costs and taxes (EBIT)		50.353.074	46.036.539
Items not affecting cash flows:			
Depreciation and amortization	6	56.981.169	51.167.742
Loss (-profits) from sale of fixed assets		0	(19.830.435)
Working capital from operating activities, excl financing and taxes		107.334.243	77.373.846
Current receivables, (increase) / decrease		(24.909.138)	(20.351.482)
Current liabilities, increase /(decrease)		21.680.281	(8.393.669)
Cash generated by operations		104.105.386	48.628.695
Interest received		8.511.194	4.338.450
Interest paid		(1.095.822)	(5.571.881)
Currency exchange rate differences received / (paid)		(146.599)	(7.521.663)
Net cash from operating activities		111.374.159	39.873.601
Investment activities			
Investments in intangible assets	5	(150.236.700)	(96.111.129)
Investments in tangible assets	6	(236.058)	0
Own shares, sold/(purchased)		0	(4.390.000)
Proceeds from sales of intangible assets		0	20.000.000
		(150.472.758)	(80.501.129)
Financing activities			
New long term loans		30.076.595	162.622.041
		30.076.595	162.622.041
Increase, (decrease) in cash and cash equivalents		(9.022.004)	121.994.513
Cash and cash equivalents at beginning of period		274.291.935	152.297.422
Effects of currency exchange rate difference		(175.611)	
Cash and cash equivalents at end of period		265.094.320	274.291.935

Notes

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

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

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

3. Salaries and other employee expenses

	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).

Notes, contd.:

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
Finance cost 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)
	13.585.005	(7.521.663)
	(15.773.054)	(38.278.258)

5. Intangible assets

	Goodwill	Software	Total
Cost			
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
Amortisation			
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
Book value			
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%	

Notes, contd.:

6. Operating assets

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

7. Equity

Share capital is specified as follows:	Class A	Class B	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.

Notes, contd.:

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
Purcahse 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

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

8. Other non-current Liabilities

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

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:

	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

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	38.818.849
Year 2029	158.512.542
Year 2030	119.314.129
Year 2031	86.439.447
Year 2032	166.763.553
Year 2033	157.243.067
Year 2034	186.003.822
	1.156.381.611

Notes, contd.:

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.

11. Periodical allocation of revenues
In 2024, the company changed its revenue model in such a way that it started selling subscripton 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.

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

Notes, contd.:

in November 2025. The Company has accrued this revenue in its Income Statement and as a short-term receivable in the Balance Sheet.

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, contd.:

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.

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.