CHRISTENSEN
KJÆRULFF
PERSONLIGT ENGAGEMENT

STATSAUTORISERET
REVISIONSAKTIESELSKAB
ØSTBANEGADE 123
2100 KØBENHAVN Ø

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eSmiley A/S

Kay Fiskers Plads 10, 3., 2300 København S

Company reg. no. 31 15 89 07

Annual report

1 January - 31 December 2023

The annual report was submitted and approved by the general meeting on the 31 May 2024.

Peter Thorlund Haahr
Chairman of the meeting

Notes to users of the English version of this document:

- This document is a translation of a Danish version of the document. In the event of any dispute regarding the interpretation of any part of the document, the Danish version of the document shall prevail.
- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points remain unchanged from Danish version of the document. This means that DKK 146.940 corresponds to the English amount of DKK 146,940, and that 23,5 % corresponds to 23.5 %.

Contents

Management's statement

Today, the Board of Directors and the Managing Director have approved the annual report of eSmiley A/S for the financial year 1 January - 31 December 2023.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

We consider the chosen accounting policy to be appropriate, and in our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2023 and of the results of the Company's operations for the financial year 1 January – 31 December 2023.

Further, in our opinion, the Management's review gives a true and fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the Annual General Meeting.

København S, 31 May 2024

Managing Director

Lars Bong Mønsted Bruun Friis

Board of directors

Peter Thorlund Haahr

Steen Halbye

Lars Bong Mønsted Bruun Friis

Aleksander Thorup Møllgaard

Independent auditor's report

To the Shareholders of eSmiley A/S

Opinion

We have audited the financial statements of eSmiley A/S for the financial year 1 January - 31 December 2023, which comprise income statement, balance sheet, statement of changes in equity, notes and a summary of significant accounting policies, for the Company. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2023, and of the results of the Company's operations for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

Basis for conclusion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is 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 in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 and the additional requirements applicable in Denmark 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 financial statements.

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

- Identify and assess the risks of material misstatement of the 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 in preparing the financial statements 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 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 contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance 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.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the financial statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

Independent auditor's report

In connection with our audit of the financial statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that Management's Review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of Management's Review.

Copenhagen, 31 May 2024

Christensen Kjærulff
Statsautoriseret Revisionsaktieselskab
Company reg. no. 15 91 56 41

Kristian Pryds
State Authorised Public Accountant
mne24819

Anders Nielsen
State Authorised Public Accountant
mne42832

Company information

The company	eSmiley A/S Kay Fiskers Plads 10, 3. 2300 København S	
	Phone	+45 70 26 55 55
	Web site	www.esmiley.dk
	E mail	info@esmiley.dk
	Company reg. no.	31 15 89 07
	Established:	15 December 2007
	Domicile:	Copenhagen
	Financial year:	1 January - 31 December
Board of directors	Peter Thorlund Haahr Steen Halbye Lars Bong Mønsted Bruun Friis Aleksander Thorup Møllgaard	
Managing Director	Lars Bong Mønsted Bruun Friis	
Auditors	Christensen Kjærulff Statsautoriseret Revisionsaktieselskab Østbanegade 123 2100 København Ø	
Bankers	Nordea	
Parent company	eSmiley MidCo ApS	

The principal activities of the company

Like previous years, the principal activities is to development and sale of software, course business and related parties.

Development in activities and financial matters

The gross profit for the year totals DKK 30.218.667 against DKK 29.414.562 last year. Income or loss from ordinary activities after tax totals DKK 11.264.099 against DKK 8.901.672 last year. Management considers the net profit or loss for the year satisfactory.

Cooporate Governance
eSmiley A/S is owned 100% by eSmiley MidCo ApS. The majority owner of eSmiley MidCo ApS is VIA equity Fund IV K/S. For additional information regarding VIA equity Fund IV K/S go to www.viaequity.com.

Some management members and board members are also shareholders of eSmiley MidCo ApS.

The board consists of:

Steen Halbye is CEO in Chumhum ApS, and board member in:

eSmiley A/S
Compliance Software Group MidCo ApS
Compliance Software TopCo ApS
Skagen Salmon Partnerselskab
Skagen Salmon Holding Partnerselskab
Den Danske Naturfond
Fælleshaven A/S
Summerbird A/S
Mobaro A/S
MSQ Holding ApS

Peter Thorlund Haahr is CEO in PVTF ApS, VIA CEGO Holding ApS, Decision Focus Midco ApS, Decision Focus TopCo ApS, Flex Midco ApS, Flex HoldCo ApS and Babalula ApS, and board member in:

eSmiley A/S
Compliance Software Group Midco ApS
Compliance Software TopCo ApS
VIA Partners IV K/S
VIA Partners Top-Up II K/S
VIA Partners Top-Up III K/S
VIA Partners B K/S
VIA Partners V K/S
CEGO A/S
SPILNU.DK A/S
CEGO Holding ApS
CEGO Midco ApS
STRUCT A/S
A/S Bolig Brohaven Hørning
Flex HoldCo ApS
Flex MidCo ApS
Decision Focus Partner Holding ApS
Decision Focus MidCo ApS
Decision Focus TopCo ApS
Mobaro A/S

Lars Bong Mønsted Bruun Friis is CEO in LBMF Holding ApS, eSmiley A/S, ML2020 ApS, Compliance Software TopCo ApS, Compliance Software Group MidCo ApS and Bruun & Friis Invest ApS, and board member in:

eSmiley A/S
Sensohive Technologies ApS
Compliance Software TopCo ApS
Compliance Software Group MidCo ApS

Aleksander Thorup Møllgaard is CEO in ALTM Holding ApS and board member in:

eSmiley A/S
Mobaro A/S
Compliance Software TopCo ApS
Compliance Software Group MidCo ApS
ALTM Holding ApS

Risk assessment and risk management

The Board of Directors and the Executive Board shall establish and approve overall policies, procedures and controls in significant areas in connection with the day-to-day operations of the company. The basis for this is a clear organizational structure, governance and compliance, clear guidelines, authorization and attestation procedures and separation of persons.

The Board of Directors and the Executive Board assess on an ongoing (at least annually) material risks and internal controls in connection with the company's activities.

On this basis, ongoing actions to eliminate and/or reduce risks, including business and financial risks, shall be evaluated and adopted.

As part of the risk assessment, the Board of Directors and the Executive Board shall consider annually the risk of fraud and the measures to be taken to reduce and/or eliminate those risks.

Target figures and policies for the under-represented sex

In the financial year 2023, 50% of the employees are represented by males.

Sick leave and employees.
Sickness absence among the company's employees has remained stable in 2023 compared to 2022, with a slight decrease of 0,4 percentage points to 1,47%

During 2023, 5 employees left the company, which is lower than the previous year, when 10 employees left the company.

The total amount of employees in the company is the same as last year, as 5 new recruitments has been carried out in 2023.

Income statement 1 January - 31 December

All amounts in DKK.

Note		2023	2022
	Gross profit	**30.218.667**	**29.414.562**
1	Staff costs	-15.844.305	-15.334.560
	Depreciation, amortisation, and impairment	-683.813	-1.388.741
	Operating profit	**13.690.549**	**12.691.261**
	Income from investments in subsidiaries	1.282.122	-1.076.603
	Other financial income	157.634	30.148
2	Other financial expenses	-1.012.933	-176.365
	Pre-tax net profit or loss	**14.117.372**	**11.468.441**
3	Tax on net profit or loss for the year	-2.853.273	-2.566.769
	Net profit or loss for the year	**11.264.099**	**8.901.672**
	Proposed distribution of net profit:		
	Reserves for net revaluation according to the equity method	842.697	-206.717
	Dividend for the financial year	32.500.000	0
	Transferred to retained earnings	0	9.700.291
	Transferred to other reserves	-115.274	-591.902
	Allocated from retained earnings	-21.963.324	0
	Total allocations and transfers	**11.264.099**	**8.901.672**

Balance sheet at 31 December

All amounts in DKK.

Note	Assets	2023	2022
	Non-current assets		
4	Completed development projects, including patents and similar rights arising from development projects	218.365	366.153
5	Acquired concessions, patents, licenses, trademarks, and similar rights	909.061	715.938
	Total intangible assets	1.127.426	1.082.091
6	Other fixtures and fittings, tools and equipment	336.227	595.413
7	Leasehold improvements	88.973	18.000
	Total property, plant, and equipment	425.200	613.413
8	Investments in group enterprises	6.282.328	4.262.199
9	Deposits	500.330	354.187
	Total investments	6.782.658	4.616.386
	Total non-current assets	**8.335.284**	**6.311.890**
	Current assets		
	Manufactured goods and trade goods	487.728	1.053.986
	Total inventories	487.728	1.053.986
	Trade receivables	589.418	594.446
	Receivables from subsidiaries	43.412.075	19.314.405
	Other debtors	242.249	108.968
	Prepayments	41.315	193.316
	Total receivables	44.285.057	20.211.135
	Cash and cash equivalents	111.557	1.550.548
	Total current assets	**44.884.342**	**22.815.669**
	Total assets	**53.219.626**	**29.127.559**

Balance sheet at 31 December

All amounts in DKK.

Note	Equity and liabilities	2023	2022
	Equity		
	Contributed capital	943.066	943.066
	Reserve for net revaluation according to the equity method	842.697	0
	Reserve for development costs	170.325	285.599
	Retained earnings	106.671	22.158.217
	Proposed dividend for the financial year	32.500.000	0
	Total equity	**34.562.759**	**23.386.882**
	Provisions		
	Provisions for deferred tax	49.603	55.978
	Other provisions	437.347	0
	Total provisions	**486.950**	**55.978**
	Liabilities other than provisions		
	Bank debts	1.313.972	0
	Trade payables	825.302	399.578
	Payables to subsidiaries	10.279.841	0
	Corporate tax	0	3.160.975
	Income tax payable to subsidiaries	2.859.648	0
	Other payables	2.891.154	2.124.146
	Total short term liabilities other than provisions	18.169.917	5.684.699
	Total liabilities other than provisions	**18.169.917**	**5.684.699**
	Total equity and liabilities	**53.219.626**	**29.127.559**
10	**Charges and security**		
11	**Contingencies**		

Statement of changes in equity

All amounts in DKK.

	Contributed capital	Reserve for net revalua-tion according to the eq-uity method	Reserve for development costs	Retained earnings	Proposed dividend for the financial year	Total
Equity 1 January 2022	943.066	206.717	877.501	12.487.990	0	14.515.274
Share of results	0	-206.717	0	9.700.291	0	9.493.574
Transferred from results brought forward	0	0	-591.902	0	0	-591.902
Exchange rate adjustments	0	0	0	-30.064	0	-30.064
Equity 1 January 2023	943.066	0	285.599	22.158.217	0	23.386.882
Share of results	0	842.697	0	-21.963.324	32.500.000	11.379.373
Transferred from results brought forward	0	0	-115.274	0	0	-115.274
Exchange rate adjustments	0	0	0	-88.222	0	-88.222
	943.066	**842.697**	**170.325**	**106.671**	**32.500.000**	**34.562.759**

Notes

All amounts in DKK.

		2023	2022
1.	**Staff costs**		
	Salaries and wages	14.041.039	13.585.756
	Pension costs	1.507.526	1.502.555
	Other costs for social security	295.740	246.249
		15.844.305	**15.334.560**
	Average number of employees	29	29
2.	**Other financial expenses**		
	Other financial costs	1.012.933	176.365
		1.012.933	**176.365**
3.	**Tax on net profit or loss for the year**		
	Tax of the results for the year, parent company	2.859.648	2.688.796
	Adjustment for the year of deferred tax	-6.375	-122.027
		2.853.273	**2.566.769**

All amounts in DKK.

		31/12 2023	31/12 2022
4.	**Completed development projects, including patents and similar rights arising from development projects**		
	Cost 1 January 2023	16.606.806	16.299.502
	Additions during the year	0	307.304
	Cost 31 December 2023	**16.606.806**	**16.606.806**
	Amortisation and writedown 1 January 2023	-16.240.653	-13.239.501
	Amortisation for the year	-147.788	-3.001.152
	Amortisation and writedown 31 December 2023	**-16.388.441**	**-16.240.653**
	Carrying amount, 31 December 2023	**218.365**	**366.153**

The development projects relates to the development of foodwaste product.

The project proceeds as planned, using the ressources that the management has allocated to the development of the Foodwaste product.

The Foodwaste product is to be released in the current market to existing and new costumers.

5.	**Acquired concessions, patents, licenses, trademarks, and similar rights**		
	Cost 1 January 2023	1.405.491	689.553
	Additions during the year	401.298	715.938
	Cost 31 December 2023	**1.806.789**	**1.405.491**
	Amortisation and write-down 1 January 2023	-689.553	-689.553
	Amortisation for the year	-208.175	0
	Amortisation and write-down 31 December 2023	**-897.728**	**-689.553**
	Carrying amount, 31 December 2023	**909.061**	**715.938**

Notes

All amounts in DKK.

		31/12 2023	31/12 2022
6.	**Other fixtures and fittings, tools and equipment**		
	Cost 1 January 2023	1.802.502	1.224.167
	Additions during the year	51.326	578.335
	Cost 31 December 2023	**1.853.828**	**1.802.502**
	Amortisation and writedown 1 January 2023	-1.207.089	-1.171.590
	Depreciation for the year	-310.512	-35.499
	Amortisation and writedown 31 December 2023	**-1.517.601**	**-1.207.089**
	Carrying amount, 31 December 2023	**336.227**	**595.413**

7.	**Leasehold improvements**		
	Cost 1 January 2023	154.041	134.743
	Additions during the year	88.311	19.298
	Cost 31 December 2023	**242.352**	**154.041**
	Depreciation and write-down 1 January 2023	-136.041	-114.716
	Depreciation for the year	-17.338	-21.325
	Depreciation and write-down 31 December 2023	**-153.379**	**-136.041**
	Carrying amount, 31 December 2023	**88.973**	**18.000**

Notes

All amounts in DKK.

		31/12 2023	31/12 2022
8.	**Investments in group enterprises**		
	Acquisition sum, opening balance 1 January 2023	4.593.384	4.593.384
	Cost 31 December 2023	**4.593.384**	**4.593.384**
	Writedown, opening balance 1 January 2023	-1.184.673	-474.129
	Results for the year before goodwill amortisation	2.115.592	-680.481
	Exchange rate adjustment	-88.222	-30.063
	Writedown 31 December 2023	**842.697**	**-1.184.673**
	Amortisation of goodwill, opening balance 1 January 2023	-1.159.713	-763.591
	Amortisation of goodwill for the year	-396.123	-396.122
	Depreciation on goodwill 31 December 2023	**-1.555.836**	**-1.159.713**
	Offsetting against debtors	2.402.083	2.013.201
	Set off against debtors and provisions for liabilities	**2.402.083**	**2.013.201**
	Carrying amount, 31 December 2023	**6.282.328**	**4.262.199**

Group enterprises:

	Domicile	Equity interest
eSmiley AB	Sverige	100 %
eSmiley AS	Norge	100 %
eSmiley Oy	Finland	100 %

		31/12 2023	31/12 2022
9.	**Deposits**		
	Cost 1 January 2023	354.187	323.674
	Additions during the year	500.330	30.513
	Disposals during the year	-354.187	0
	Cost 31 December 2023	**500.330**	**354.187**
	Carrying amount, 31 December 2023	**500.330**	**354.187**

Notes

All amounts in DKK.

10. Charges and security

As security for debt to banks, mortgage has been granted on corporate mortgage representing a book value of DKK 3.500.0000 at 31 December 2023.

eSmiley A/S have commitments related to rent, representing a carrying amount of DKK 2.447.250 at 31 December 2023.

11. Contingencies

Joint taxation

With eSmiley TopCo ApS, company reg. no 41804661 as administration company, the company is subject to the Danish scheme of joint taxation and unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, for the total corporation tax.

The company is unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, for any obligations to withhold tax on interest, royalties, and dividends.

Any subsequent adjustments of corporate taxes or withholding tax, etc., may result in changes in the company's liabilities.

The annual report for eSmiley A/S has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises. Furthermore, the company has decided to comply with certain rules applying to reporting class C enterprises.

The accounting policies are unchanged from last year, and the annual report is presented in DKK.

Recognition and measurement in general

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, writedowns for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the company and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it is seems probable that future economic benefits will flow out of the company and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost, allowing a constant effective interest rate to be recognised during the useful life of the asset or liability. Amortised cost is recognised as the original cost less any payments, plus/less accrued amortisations of the difference between cost and nominal amount. In this way, capital losses and gains are allocated over the useful life of the liability.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

Income statement

Gross profit

Gross profit comprises the revenue, changes in inventories of finished goods, and work in progress, own work capitalised, other operating income, and external costs.

Cost of sales comprises costs concerning purchase of raw materials and consumables less discounts and changes in inventories.

Other external expenses comprise expenses incurred for distribution, sales, advertising, administration, premises, loss on receivables, and operational leasing costs.

Staff costs

Staff costs include salaries and wages, including holiday allowances, pensions, and other social security costs, etc., for staff members.

Depreciation, amortisation, and writedown for impairment

Depreciation, amortisation, and writedown for impairment comprise depreciation on, amortisation of, and writedown for impairment of intangible and tangible assets, respectively.

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, financial expenses from financial leasing, realised and unrealised capital gains and losses relating to securities, debt and transactions in foreign currency, amortisation of financial assets and liabilities as well as surcharges and reimbursements under the advance tax scheme, etc.

Results from investments in subsidiaries

After full elimination of intercompany profit or loss less amortised consolidated goodwill, the investment in the individual entities are recognised in the income statement as a proportional share of the entities' post-tax profit or loss.

Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

The company is subject to Danish rules on compulsory joint taxation of Danish group enterprises.

The current Danish income tax is allocated among the jointly taxed companies proportional to their respective taxable income (full allocation with reimbursement of tax losses).

Statement of financial position

Intangible assets

Development projects, patents, and licences

Development costs comprise salaries, wages, and amortisation directly attributable to development activities.

Clearly defined and identifiable development projects are recognised as intangible assets provided that they are proven to be technically practicable, that sufficient resources and a potential market or development opportunity exist, and insofar as the intention is to produce, market or utilise the project. It is, however, a condition that the cost can be reliably calculated and that a sufficiently high degree of certainty indicates that future earnings will cover the costs of production, sales, and administration. Other development costs are recognised in the income statement concurrently with their realisation.

Development costs recognised in the statement of financial position are measured at cost less accrued amortisations and writedowns for impairment.

After completion of the development work, capitalised development costs are amortised on a straight-line basis over the estimated useful economic life. The amortisation period is usually 10 years.

Goodwill

Acquired goodwill is measured at cost less accumulated amortisation. Given that it is impossible to make a reliable estimate of the useful life, the amortisation period is set at 10 years.

Property, plant, and equipment

Property, plant, and equipment are measured at cost less accrued depreciation and write-down for impairment. Land is not subject to depreciation.

The depreciable amount is cost less any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, the depreciation is discontinued.

If the amortisation period or the residual value is changed, the effect on amortisation will, in future, be recognised as a change in the accounting estimates.

The cost comprises acquisition cost and costs directly associated with the acquisition until the time when the asset is ready for use.

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing, and the individual component representing a material part of the total cost.

Depreciation is done on a straight-line basis according to an assessment of the expected useful life and the residual value of the individual assets:

	Useful life	Residual value
Other fixtures and fittings, tools and equipment	3-5 years	0-20 %

Minor assets with an expected useful life of less than 1 year are recognised as costs in the income statement in the year of acquisition.

Profit or loss derived from the disposal of property, land, and equipment is measured as the difference between the sales price less selling costs and the carrying amount at the date of disposal. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

As regards self-constructed assets, the cost comprises direct costs for materials, components, deliveries from subsuppliers, payroll costs, and borrowing costs from specific and general borrowing concerning the construction of each individual asset.

Leases

Leases are regarded as operating leases. Payments in connection with operating leases and other lease agreements are recognised in the income statement for the term of the contract. The company's total liabilities concerning operating leases and lease agreements are recognised under contingencies, etc.

Leasehold improvements

Leasehold improvements are measured at cost less accrued depreciations. Depreciation is done on a straightline basis over the estimated useful life of the asset, which is set at 5 years.

Investments

Investments in subsidiaries

Investments in subsidiaries are recognised and measured by applying the equity method. The equity method is used as a method of consolidation.

Investments in subsidiaries are recognised in the statement of financial position at the proportionate share of the enterprise's equity value. This value is calculated in accordance with the parent's accounting policies with deductions or additions of unrealised intercompany gains and losses as well as with additions or deductions of the remaining value of positive or negative goodwill calculated in accordance with the acquisition method. Negative goodwill is recognised in the income statement at the time of acquisition of the equity investment. If the negative goodwill relates to contingent liabilities acquired, negative goodwill is not recognised until the contingent liabilities have been settled or lapsed.

Goodwill is amortised over its estimated useful life, which is determined on the basis of the management's experience with the individual business areas. Consolidated goodwill is amortised on a straight-line basis over the amortisation period, which represent 5-20 years. The depreciation period is determined on the basis of an assessment that these are strategically acquired enterpriseswith a strong market position and a long-term earnings profile.

In relation to material assets and liabilities recognised in subsidiaries but are not represented in the parent, the following accounting policies have been applied.

Investments in subsidiaries with a negative equity value are measured at DKK 0, and any accounts receivable from these enterprises are written down to the extent that the account receivable is uncollectible. To the extent that the parent has a legal or constructive obligation to cover an negative balance that exceeds the account receivable, the remaining amount is recognised under provisions.

To the extent the equity exceeds the cost, the net revaluation of equity investments in subsidiaries transferred to the reserve under equity for net revaluation according to the equity method. Dividends from subsidiaries expected to be adopted before the approval of this annual report are not subject to a limitation of the revaluation reserve. The reserve is adjusted by other equity movements in subsidiaries.

Newly acquired or newly established companies are recognised in the financial statement as of the time of acquisition. Sold or liquidated companies are recognised until the date of disposal.

On the acquisition of enterprises, the acquisition method, the uniting-of-interests method or the book value method is applied, cf. the above description under Business combinations.

Deposits

Deposits are measured at amortised cost and represent lease deposits, etc.

Impairment loss relating to non-current assets

The carrying amount of both intangible and tangible fixed assets as well as equity investments in subsidiaries are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets, respectively. Writedown for impairment is done to the recoverable amount if this value is lower than the carrying amount.

The recoverable amount is the higher value of value in use and selling price less expected selling cost. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the asset group and expected net cash flows from the sale of the asset or the asset group after the end of their useful life.

Previously recognised impairment losses are reversed when conditions for impairment no longer exist. Impairment relating to goodwill is not reversed.

Inventories

Inventories are measured at cost according to the FIFO method. In cases when the net realisable value of the inventories is lower than the cost, the latter is written down for impairment to this lower value.

Costs of goods for resale, raw materials, and consumables comprise acquisition costs plus delivery costs.

Costs of manufactured goods and work in progress comprise the cost of raw materials, consumables, direct wages, and indirect production costs. Indirect production costs comprise indirect materials and wages, maintenance and depreciation of machinery, factory buildings, and equipment used in the production process, and costs for factory administration and factory management. Borrowing expenses are not recognised in cost.

The net realisable value for inventories is recognised as the estimated selling price less costs of completion and selling costs. The net realisable value is determined with due consideration of negotiability, obsolescence, and the development of expected market prices.

Receivables

Prepayments

Prepaymentsrecognised under assets comprise incurred costs concerning the following financial year.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand.

Equity

Share premium

Share premium comprises premium payments made in connection with the issue of shares. Costs incurred for carrying through an issue are deducted from the premium.

The premium reserve can be used for dividend, for issuing bonus shares, and for covering losses.

Reserve for net revaluation according to the equity method

The reserve for net revaluation according to the equity method comprises net revaluation of equity investments in subsidiaries, associates and equity interests proportional to cost.

The reserve may be eliminated in the event of losses, realisation of equity investments, or changes in the accounting estimates.

The reserve cannot be recognised by a negative amount.

Reserve for development costs

The reserve for development costs comprises recognised development costs less related deferred tax liabilities.

The reserve cannot be used as dividends or for covering losses.

The reserve is reduced or dissolved if the recognised development costs are amortised or abandoned. This is done by direct transfer to the distributable reserves of the equity.

Dividend

Dividend expected to be distributed for the year is recognised as a separate item under equity.

Income tax and deferred tax

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

The company is jointly taxed with consolidated Danish companies. The current corporate income tax is distributed between the jointly taxed companies in proportion to their taxable income and with full distribution with reimbursement as to tax losses. The jointly taxed companies are comprised by the Danish tax prepayment scheme.

Joint taxation contributions payable and receivable are recognised in the statement of financial position as ”Tax receivables from group enterprises" or "Income tax payable to group enterprises"

According to the rules of joint taxation, eSmiley A/S is unlimitedly, jointly, and severally liable to pay the Danish tax authorities the total income tax, including withholding tax on interest, royalties, and dividends, arising from the jointly taxed group of companies.

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Adjustments take place in relation to deferred tax concerning elimination of unrealised intercompany gains and losses.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

Deferred tax assets, including the tax value of tax losses allowed for carryforward, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisable value.

Provisions

Provisions comprise expected costs of warranty commitments, loss on work in progress, restructuring, etc. Provisions are recognised when the company has a legal or actual commitment resulting from a previously occurred event and when it is probable that the settlement of the liability will result in consumption of the financial resources of the company.

Provisions are measured at net realisable value or at fair value. If the fulfilment of a liability is expected to take place far in the future, the liability is measured at fair value.

Guarantee liabilities comprise liabilities for repairs within the guarantee period of 1-5 years. Provisions for warranty commitments are measured on basis of the obtained experience with guarantee work. Provisions with an expected due date later than 1 year from the reporting date are discounted at a rate reflecting risk and maturity of the liability.

On the acquisition of entities, provisions for restructuring within the acquired entity are included in the acquisition cost, and thereby in the goodwill or the consolidated goodwill, to the extent that they have been recognised in the financial statements of the acquired entity in advance of the acquisition. Provisions for restructuring are included to the extent that they have been decided at the date of acquisition at the latest and that the process have been commenced.

When it is likely that the total costs will exceed the total income of contract work in progress, the total expected loss on the contract work in progress will be recognised as provisions for liabilities. The provision is recognised under production costs.

Liabilities other than provisions

Liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.

Lars Bong Mønsted Bruun Friis

Navnet returneret af dansk MitID var:
Lars Bong Mønsted Bruun Friis
Direktør
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Tidspunkt for underskrift: 10-06-2024 kl.: 12:41:09
Underskrevet med MitID

Peter Thorlund Haahr

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Peter Thorlund Haahr
Bestyrelsesmedlem
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Steen Halbye

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Tidspunkt for underskrift: 10-06-2024 kl.: 21:21:00
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Aleksander Thorup Møllgaard

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Kristian Pryds

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Revisor
På vegne af Christensen Kjærulff Statsautoriseret Revisions...
ID: c03bc497-f2e2-4160-be5f-5b3ef84f0062
Tidspunkt for underskrift: 11-06-2024 kl.: 09:26:56
Underskrevet med MitID

Anders Nielsen

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Anders Nielsen
Revisor
På vegne af Christensen Kjærulff Statsautoriseret Revisions...
ID: c723365a-6191-4be8-a7ec-c00df904314e
Tidspunkt for underskrift: 11-06-2024 kl.: 07:23:11
Underskrevet med MitID

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Underskrevet med MitID