

NIKOSAX A/S

Lejrvejen 8, Frøslev, 6330 Padborg

Annual report

2023

Company reg. no. 87 21 97 12

The annual report was submitted and approved by the general meeting on the 22 March 2024.

Marius Svidinskas
Chairman of the meeting

Contents

Page

Reports

- 1 Management's statement
- 2 Independent auditor's report

Management's review

- 5 Company information
- 6 Financial highlights
- 7 Management's review

Financial statements 1 January - 31 December 2023

- 9 Income statement
- 10 Balance sheet
- 12 Statement of changes in equity
- 13 Notes
- 18 Accounting policies

Notes:

- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Management's statement

Today, the Board of Directors and the Managing Director have approved the annual report of NIKOSAX A/S for the financial year 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.

Padborg, 22 March 2024

Managing Director

Loreta Grekauskiene

Board of directors

Marius Svidinskas
chairman

Loreta Grekauskiene

Philippe Relland-Bernard

Diane Emmanuelle Anne Coliche

Independent auditor's report

To the Shareholder of NIKOSAX A/S

Opinion

We have audited the financial statements of NIKOSAX A/S for the financial year 1 January - 31 December 2023, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes, 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.

Independent auditor's report

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.

Sønderborg, 22 March 2024

EY

State Authorised Public Accountants
Company reg. no. 30 70 02 28

Karen Jørgensen

State Authorised Public Accountant
mne40029

Company information

The company	NIKOSAX A/S Lejrvejen 8 Frøslev 6330 Padborg Company reg. no. 87 21 97 12 Financial year: 1 January - 31 December
Board of directors	Marius Svidinskas, chairman Loreta Grekauskiene Philippe Relland-Bernard Diane Emmanuelle Anne Coliche
Managing Director	Loreta Grekauskiene
Auditors	EY Godkendt Revisionspartnerselskab Nørre Havnegade 43 6400 Sønderborg
Parent company	UAB EBV FINANCE
Subsidiaries	Nikosax Kft., Budapest Nikosax Polska Sp. z.o.o., Warszawa Nikosax Tax Service Espana, Sociedad

Financial highlights

DKK in thousands.	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Income statement:					
Gross profit	36.567	29.431	24.295	14.511	26.189
Profit from operating activities	16.151	9.879	4.876	-11.081	9.163
Net financials	-2.068	-2.323	-1.347	-2.654	-1.740
Net profit or loss for the year	10.992	5.917	2.772	-10.084	5.843
Statement of financial position:					
Balance sheet total	231.746	322.443	269.068	244.521	223.293
Investments in property, plant and equipment	0	0	14	0	64
Equity	11.899	867	-5.016	-7.780	12.207
Employees:					
Average number of full-time employees	69	71	66	30	42
Key figures in %:					
Acid test ratio	248,5	184,6	97,6	96,3	104,5
Solvency ratio	5,1	0,3	-1,9	-3,2	5,5
Return on equity	174,5	-285,2	-43,3	-455,6	51,3

Calculations of key figures and ratios do, in all material respects, follow the recommendations of the Danish Association of Finance Analysts, only in a few respects deviating from the recommendations.

The key figures and ratios shown in the statement of financial highlights have been calculated as follows:

Acid test ratio
$$\frac{\text{Current assets} \times 100}{\text{Short term liabilities other than provisions}}$$

Solvency ratio
$$\frac{\text{Equity, closing balance} \times 100}{\text{Total assets, closing balance}}$$

Return on equity
$$\frac{\text{Net profit or loss for the year} \times 100}{\text{Average equity}}$$

Management's review

Description of key activities of the company

The Company's principal activities are mainly the administration of applications regarding VAT and Excise duty taxes refunding as well as pre-payment of these taxes that do not fall under the Danish Bank Act.

Development in activities and financial matters

The gross profit for the year totals to DKK 36.567.256 against DKK 29.430.788 last year. Income from ordinary activities after tax totals DKK 10.991.781 against DKK 5.916.909 last year. This was mainly influenced by the increase in clients' portfolio as well changes in pricing. The Management is satisfied with the increasing revenues and profitability.

The Company's increasing profitability led to the fact the previously negative Company's equity has been fully restored. As at 2023-12-31 and 2022-12-31 the Company's equity was positive, therefore in compliance with the Companies' Act requirements.

Financial risks and the use of financial instruments

The Company is exposed to credit risk, liquidity risk, currency risk and interest rate risk. The Company's senior management oversees the management of these risks. The Company does not use financial instruments to manage risks.

The Company has established controls allowing to ensure risk reduction.

The Company evaluates the concentration of risk with respect to trade receivables and contract assets as low, as its customers are in several jurisdictions and industries and operate in largely independent markets.

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to be able to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group's policy is to maintain sufficient cash and cash equivalents or have available funding to meet its commitments at a given date in accordance with its strategic plans.

The Group's objective is to maintain a balance between continuity of funding and flexibility. The Group's activities generate sufficient amount of cash, therefore the main management's responsibility is to monitor that the liquidity ratio of the Group is equal to or higher than 1.

Total liquidity ratio (current assets/current liabilities) as at 2023-12-31 was 2,49 as at 2022-12-31 was 1,85.

In addition, the Company's parent company (EBV Finance UAB) received a support letter from the main Shareholder confirming that cash pool agreement will be prolonged, and that financial support will be provided to the Group in case needed.

Management´s review

Environmental issues

The Company is a service provider and does not have a significant negative impact on the external environment.

Also, the Company does not have any legal environmental requirements.

Research and development activities

Company has not undertaken any research and development related activities.

Expected developments

Historical information shows that even during the uncertain times (e.g. the outbreak of COVID-19, invasion of the Republic of Ukraine) the Company is able sustain it's stability, retain customers and to grow even further, therefore no significant negative impact is expected by the Management of the Company for the upcoming years.

With the increased turnover - the Company's main challenge and focus for 2024 will be to maintain current client portfolio by providing quality services.

In 2024 the company is planning a operating profit from DKK 17-18.000.000.

Events occurring after the end of the financial year

There were no significant events after the reporting period.

Income statement 1 January - 31 December

All amounts in DKK.

<u>Note</u>	<u>2023</u>	<u>2022</u>
Gross profit	36.567.256	29.430.788
1 Staff costs	-20.190.323	-18.445.967
Depreciation, amortisation, and impairment	<u>-226.340</u>	<u>-1.106.065</u>
Operating profit	16.150.593	9.878.756
Income from investments in subsidiaries	33.857	79.484
Other financial income	1.580.345	113.323
2 Other financial expenses	<u>-3.682.026</u>	<u>-2.515.318</u>
Pre-tax net profit or loss	14.082.769	7.556.245
Tax on net profit or loss for the year	<u>-3.090.988</u>	<u>-1.639.336</u>
3 Net profit or loss for the year	<u>10.991.781</u>	<u>5.916.909</u>

Balance sheet at 31 December

All amounts in DKK.

Assets		
<u>Note</u>	<u>2023</u>	<u>2022</u>
Non-current assets		
4 Acquired concessions, patents, licenses, trademarks, and similar rights	132.952	345.499
Total intangible assets	132.952	345.499
5 Other fixtures and fittings, tools and equipment	5.797	19.589
Total property, plant, and equipment	5.797	19.589
6 Investments in group enterprises	847.189	772.965
Total investments	847.189	772.965
Total non-current assets	985.938	1.138.053
Current assets		
Trade receivables	3.680.620	2.487.372
Work in progress for the account of others	4.891.413	6.051.515
Receivables from subsidiaries	285.653	512.580
Receivable corporate tax	109.515	37.095
Other receivables	419.791	505.256
Pre-financed VAT	217.978.477	304.904.163
7 Prepayments	99.262	276.859
Total receivables	227.464.731	314.774.840
Cash and cash equivalents	3.295.625	6.529.745
Total current assets	230.760.356	321.304.585
Total assets	231.746.294	322.442.638

Balance sheet at 31 December

All amounts in DKK.

Equity and liabilities			
<u>Note</u>		<u>2023</u>	<u>2022</u>
Equity			
8	Contributed capital	500.000	500.000
	Reserve for net revaluation according to the equity method	539.248	465.024
	Retained earnings	19.744	-98.180
	Proposed dividend for the financial year	10.840.000	0
	Total equity	11.898.992	866.844
Provisions			
9	Provisions for deferred tax	974.159	1.143.645
	Total provisions	974.159	1.143.645
Liabilities other than provisions			
10	Payables to group enterprises	126.007.190	146.389.711
	Total long term liabilities other than provisions	126.007.190	146.389.711
	Trade payables	75.031.468	147.544.512
	Payables to group enterprises	6.329.912	18.304.284
	Other payables	11.504.573	8.193.642
	Total short term liabilities other than provisions	92.865.953	174.042.438
	Total liabilities other than provisions	218.873.143	320.432.149
	Total equity and liabilities	231.746.294	322.442.638
11 Contingencies			
12 Related parties			

Statement of changes in equity

All amounts in DKK.

	Contributed capital	Reserve for net revaluation according to the equity method	Reserve for development costs	Retained earnings	Proposed dividend for the financial year	Total
Equity 1 January 2022	500.000	420.043	1.494.698	-7.430.303	0	-5.015.562
Share of results	0	79.484	0	7.332.123	0	7.411.607
Transferred from results brought forward	0	0	-1.494.698	0	0	-1.494.698
Exchange rate adjustments	0	-34.503	0	0	0	-34.503
Equity 1 January 2023	500.000	465.024	0	-98.180	0	866.844
Share of results	0	33.857	0	117.924	10.840.000	10.991.781
Exchange rate adjustments	0	40.367	0	0	0	40.367
	500.000	539.248	0	19.744	10.840.000	11.898.992

Notes

All amounts in DKK.

	<u>2023</u>	<u>2022</u>
1. Staff costs		
Salaries and wages	20.174.633	18.262.015
Pension costs	14.636	166.306
Other costs for social security	1.054	16.153
Other staff costs	<u>0</u>	<u>1.493</u>
	<u>20.190.323</u>	<u>18.445.967</u>
Average number of employees	<u>69</u>	<u>71</u>
Pursuant to section 98b (3) of the Danish Financial Statements Act remuneration to the executive board is not disclosed.		
2. Other financial expenses		
Financial costs, group enterprises	3.622.097	482.735
Other financial costs	<u>59.929</u>	<u>2.032.583</u>
	<u>3.682.026</u>	<u>2.515.318</u>
3. Proposed distribution of net profit		
Reserves for net revaluation according to the equity method	33.857	79.484
Dividend for the financial year	10.840.000	0
Transferred to retained earnings	117.924	7.332.123
Transferred to other statutory reserves	<u>0</u>	<u>-1.494.698</u>
Total allocations and transfers	<u>10.991.781</u>	<u>5.916.909</u>

Notes

All amounts in DKK.

4. Acquired concessions, patents, licenses, trademarks, and similar rights

Cost 1 January 2023	24.566.054	25.752.555
Additions during the year	0	667.415
Disposals during the year	-10.046.085	-1.853.916
Cost 31 December 2023	14.519.969	24.566.054
Amortisation and writedown 1 January 2023	-24.220.555	-23.163.365
Amortisation for the year	-212.547	-1.057.190
Reversal of depreciation, amortisation and writedown, assets disposed of	10.046.085	0
Amortisation and writedown 31 December 2023	-14.387.017	-24.220.555
Carrying amount, 31 December 2023	132.952	345.499

5. Other fixtures and fittings, tools and equipment

Cost 1 January 2023	2.112.362	2.112.362
Disposals during the year	-1.972.127	0
Cost 31 December 2023	140.235	2.112.362
Amortisation and writedown 1 January 2023	-2.092.773	-2.043.896
Depreciation for the year	-13.792	-48.877
Reversal of depreciation, amortisation and writedown, assets disposed of	1.972.127	0
Amortisation and writedown 31 December 2023	-134.438	-2.092.773
Carrying amount, 31 December 2023	5.797	19.589

Notes

All amounts in DKK.

	<u>31/12 2023</u>	<u>31/12 2022</u>
6. Investments in group enterprises		
Acquisition sum, opening balance 1 January 2023	307.941	307.941
Cost 31 December 2023	307.941	307.941
Revaluations, opening balance 1 January 2023	465.024	420.043
Translation by use of the exchange rate valid on balance sheet date	40.367	-34.503
Results for the year before goodwill amortisation	33.857	79.484
Revaluations 31 December 2023	539.248	465.024
Carrying amount, 31 December 2023	847.189	772.965
Group enterprises:		
	Domicile	Equity interest
Nikosax Kft.	Budapest	100 %
Nikosax Polska Sp. z.o.o.	Warszawa	100 %
Nikosax Tax Service Espana	Sociedad	100 %
7. Prepayments		
Prepaid subscriptions	95.050	148.303
Other prepayments	4.212	128.556
	99.262	276.859
8. Contributed capital		
Contributed capital 1 January 2023	500.000	500.000
	500.000	500.000

The contributed capital consists of:
500 shares with a nominal value of DKK 1.000,00.

The company's contributed capital has remained unchanged at DKK 500,000 for the past 5 years.

Notes

All amounts in DKK.

	<u>31/12 2023</u>	<u>31/12 2022</u>
9. Provisions for deferred tax		
Provisions for deferred tax 1 January 2023	1.143.645	891.705
Deferred tax of the results for the year	<u>-169.486</u>	<u>251.940</u>
	<u>974.159</u>	<u>1.143.645</u>

10. Payables to group enterprises

The share of debt to group enterprises due more than 5 years from the balance sheet date has not been agreed between the parties and therefore cannot be calculated.

11. Contingencies

Contingent liabilities

Rent liabilities

The company has entered into rent obligations with a commitment period of 6 months corresponding to DKK 42.000.

License liabilities

The company has entered into license obligations with a commitment period of 12 months corresponding to DKK 506.648.

12. Related parties

Controlling interest

EBV Finance A. Tumėno g. 4, LT-01109, Vilnius, Lithuania	100% ownership
Edenred SA, 14-16 boulevard Garibaldi, 92130 Issy-les Moulineaux, France	Ultimate parent

Transactions

Pursuant to section 98c (5) of the Danish Financial Statements Act only related party transactions not conducted on an arm's length basis are disclosed in the annual report. No such transactions have been conducted in the financial year.

Notes

All amounts in DKK.

Consolidated financial statements

The financial statements of NIKOSAX A/S and its group enterprises are included in the consolidated financial statements for EBV Finance A. Tumėno g. 4, LT-01109, Vilnius, Lithuania.

The financial statements of NIKOSAX A/S and its group enterprises are also included in the consolidated financial statements for Edenred SA, 14-16 boulevard Garibaldi, 92130 Issy-les Moulinaux, France.

Accounting policies

The annual report for NIKOSAX A/S has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class C enterprises (medium sized enterprises).

In the financial year, the company changed its reporting class from B to class C enterprises (medium sized enterprises). The change has not affected the figures in the annual accounts or the comparative figures.

In addition to the above accounting policies are unchanged from last year, and the annual report is presented in DKK.

No consolidated financial statements have been prepared pursuant to section 112 (1) of the Danish Financial Statements Act. The financial statements of NIKOSAX A/S and its group enterprises are included in the consolidated financial statements for EBV Finance, Lithuania, registration code 303150257.

With reference to section 32 of the Danish Financial Statements Act, the items 'Revenue', 'Cost of sale', 'Other external expenses' and 'Other operating income' are consolidated into one item designated 'Gross profit'.

Omission of a cash flow statement

Pursuant to section 86 (4) of the Danish Financial Statements Act, no statement of cash flows for the enterprise has been prepared, as the relevant information is included in the consolidated financial statements of EBV Finance.

Foreign currency translation

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials. If currency positions are considered to hedge future cash flows, the value adjustments are recognised directly in equity in a fair value reserve.

Receivables, payables, and other foreign currency monetary items are translated using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or initial recognition in the latest financial statements of the receivable or payable is recognised in the income statement under financial income and expenses.

Translation adjustment of balances with group enterprises abroad that are considered part of the total investment in group enterprises are recognised directly in equity in the fair value reserve.

Accounting policies

Income statement

Gross profit

Gross profit comprises the revenue, changes in work in progress, other operating income, and external costs.

The enterprise will be applying IAS 11 and IAS 18 as its basis of interpretation for the recognition of revenue.

The company's net turnover is generated by services related to the recovery of VAT refunds abroad on behalf of customers and Partners.

Net sales from the provision of services are recognised in net sales as the service is carried out, whereby the turnover corresponds to the sales value of the work performed for the year (the method of production).

The completion rate is calculated on the basis of costs incurred in relation to the expected costs incurred in providing the service.

Other operating income comprises items of a secondary nature as regards the principal activities of the enterprise, including profit from the disposal of intangible and tangible assets.

Other external costs comprise costs 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, 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.

Accounting policies

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.

Statement of financial position

Intangible assets

Development projects, patents, and software

Development costs and internally generated rights are recognised in the income statement as costs in the acquisition year.

Patents and software are measured at cost less accrued amortisation. Patents are amortised on a straightline basis over the remaining patent period and software are amortised over the contract period, however, for a maximum of 10 years.

Profit and loss from the sale of development projects, patents, software are measured as the difference between the sales price less sales costs and the carrying amount at the time of sale. Profit or loss are recognised in the income statement as other operating income or other operating expenses, respectively.

Other fixtures and fittings, tools and equipment

Other fixtures and fittings, tools and equipment are measured at cost less accrued depreciation and write-down for impairment.

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:

	Useful life
Other fixtures and fittings, tools and equipment	3-5 years

Accounting policies

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.

Impairment loss relating to non-current assets

The carrying amount of both intangible and tangible fixed assets 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.

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.

Accounting policies

Consolidated 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 enterprises with 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 a 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.

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value.

In order to meet expected losses, impairment takes place at the net realisable value. The company has chosen to use IAS 39 as a basis for interpretation when recognising impairment of financial assets, which means that impairments must be made to offset losses where an objective indication is deemed to have occurred that an account receivable or a portfolio of accounts receivable is impaired. If an objective indication shows that an individual account receivable has been impaired, an impairment takes place at individual level.

Accounts receivable for which there is no objective indication of impairment at the individual level are evaluated at portfolio level for objective indication of impairment. The portfolios are primarily based on the debtors' domicile and credit rating in accordance with the company's and the group's credit risk management policy. Determination of the objective indicators applied for portfolios are based on experience with historical losses.

Accounting policies

Impairment losses are calculated as the difference between the carrying amount of accounts receivable and the present value of the expected cash flows, including the realisable value of any securities received. The effective interest rate for the individual account receivable or portfolio is used as the discount rate.

VAT lending, etc.

VAT lending is measured at amortised cost. Write-down is made for bad debt losses to net realizable value.

Contract work in progress

Contract work in progress is measured at the selling price of the work performed. The selling price is measured on the basis of the stage of completion on the reporting date and the total expected income from the individual work in progress. The stage of completion is calculated as the share of costs incurred in proportion to the estimated total costs of the individual work in progress.

When the selling price of the individual work in progress cannot be determined reliably, the selling price is measured at the costs incurred or at net realisable value, if this is lower.

The individual work in progress is recognised in the statement of financial position under accounts receivables or liabilities. Net assets consist of the sum of the work in progress, where the selling price of the work performed exceeds invoicing on account. Net liabilities consist of the sum of the work in progress, where invoicing on account exceeds the selling price.

Costs in connection with sales work and the procurement of contracts are recognised in the income statement when incurred.

Prepayments

Prepayments recognised 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

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.

Accounting policies

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.

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.

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.

Liabilities other than provisions

Financial liabilities other than provisions related to borrowings are recognised at the received proceeds less transaction costs incurred. In subsequent periods, the financial liabilities are recognised at amortised cost, corresponding to the capitalised value when using the effective interest rate. The difference between the proceeds and the nominal value is recognised in the income statement during the term of the loan.

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

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Chairman of the meeting

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Marius Svidinskas

Board of Directors, chairman

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Karen Jørgensen

State Authorised Public Accountant

On behalf of: EY Godkendt Revisionspartnerselskab

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