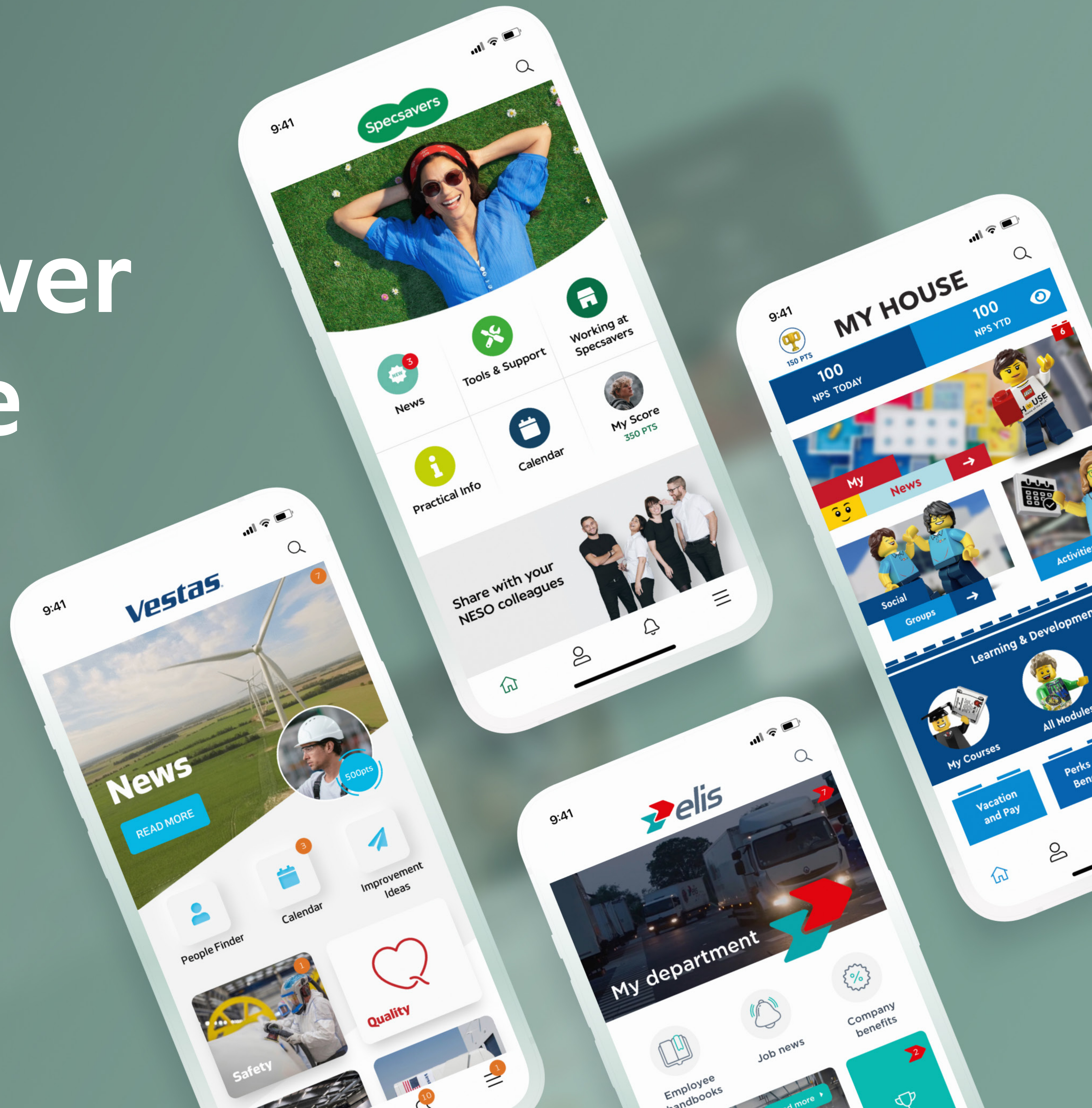
RELESYS ANNUAL REPORT 2022

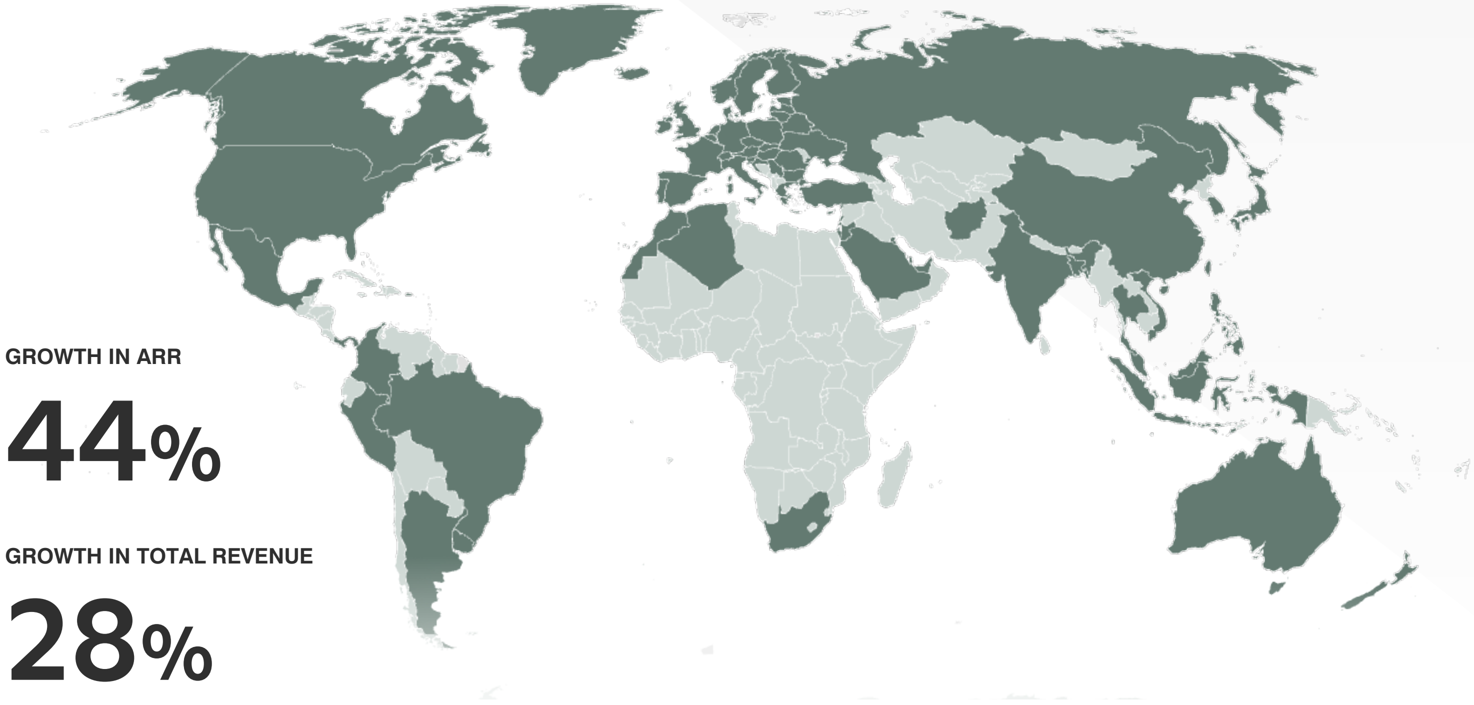
# Reach, Engage, and Unite the Power of Your Workforce




relesys®

# Relesys at a glance

## Relesys successfully continued to execute on its growth strategy



Countries with Relesys users

YOY GROWTH IN ARR

**+44%**

YOY GROWTH IN TOTAL REVENUE

**+28%**

SALES OFFICES IN
Copenhagen
Amsterdam
Stockholm
London

USERS IN
**79** countries

CLIENTS IN
**14** countries

WE SPEAK
**26** languages

CLIENTS HAVE
**256k** licences

### ARR COMPOSITION BY INDUSTRY

Retail/Wholesale
**65%**

Manufacturing
**12%**

Other
**12%**

Hospitality/Restaurant
**11%**


### REVENUE COMPOSITION BY GEOGRAPHY

Denmark
**70%**

Sweden
**13%**

The Netherlands
**7%**

North America
**3%**

Rest of the world
**7%**

# SaaS companies and SaaS metrics

**Relesys is a Software as a Service (SaaS) company who provides software applications over the internet as a subscription service. Instead of purchasing software outright and installing it on their own computers or servers, users access the software via an online interface.**

SaaS companies like Relesys typically offer their services on a subscription basis, charging clients a periodic fee based on the number of licences sold. Relesys typically invoices the subscription fee quarterly or yearly in advance. This model allows clients to avoid the upfront costs and maintenance required for traditional software applications, while also providing the flexibility to scale up or down as needed.

SasS companies often supplement traditional finance reporting figures with metrics that help understand the underlying drivers and performance of the company's performance. The following are a description of the most essential metrics:

- **Annual Recurring Revenue (ARR)**, a measure of the annualised value of subscriptions entered into with Relesys.
- **Annual Recurring Revenue Net uplift (ARR net uplift)**, refers to an increase in annual recurring revenue over a given period of time. Historic ARR net uplift is a key metric as it can be used as an indicator of growth and predictability of a future revenue stream.
- **Annual Recurring Revenue churn (ARR churn)**, a measure of terminated subscriptions measured as value.
- **Net ARR Retention Rate** is a metric used to measure the revenue generated from existing clients over a period of time. Net ARR Retention Rate takes into account upgrades, downgrades, and cancellations, as well as any changes in pricing.
- **FCF multiple**, compares a company's free cash flow (FCF) to its ARR growth, and provides insights into whether the company is generating enough cash to sustain its growth.

Furthermore, in this report, Relesys counts clients by the number of groups/companies with whom Relesys has subscription agreements.

In this report, Relesys also distinguishes between **SaaS revenue** and **Consultancy Revenue**. SaaS revenue relates to subscription agreements and ARR. Consultancy revenue covers client-specific development and customisation, as well as training and workshops.

For a complete overview of these as well as other abbreviations and definitions used in this report, please see Note 1 in the Financial Statement on **page 37.**

**2014**
Relesys is founded

**2015**
Bauhaus joins as one of the first customers

**2016**
Relesys enters the Netherlands

**2017**
First American customer joins

**2018**
Salling Group joins as a customer

**2019**
Relesys enters Sweden


**2021**
Relesys is Nasdaq Listed

**2022**
Relesys enters the United Kingdom

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“

Our app is our hub for internal communication, connecting our stores and offices around the world. It’s empowering our teams to perform, by exciting them about being a part of our global universe.

**Sophia Wood**

RETAIL TRAINING MANAGER AT GANNI

# Letter from the Chairman

## Growth and expansion continued in 2022

Since Jesper Roesgaard and Jens Ole Lebeck founded Relesys in 2014, the company has consistently generated double-digit growth rates and positive performance. The first year as a listed company is no exemption. Despite 2022 being characterised by economic uncertainty, Relesys successfully executed on its international growth strategy resulting in a 44% year-on-year growth in annual recurring revenue and a 28% year-on-year growth in total revenue.

Relesys' success is based on our world-leading employee engagement platform and our ability to attract and retain international top-shelf clients. We are proud that the majority of new clients continue to originate from references of existing clients, who have realised the benefits of using our platform and solutions to engage, inform and unite with especially their non-desk employees.

While 2022 was characterised by ramping up of our sales and marketing activities and onboarding of new colleagues to support our international growth ambitions, product development remains a key objective to ensure our platform and services remain best-in-class. We are therefore exited to roll out AI analytics as part of our solutions in 2023, which will add new innovative key features to our platform, such as the ability to track job satisfaction and engagement.

In 2023, we will also continue our international expansion with extended sales and marketing activities directed towards new clients on the North American market.

A sincere thank you to the management and our employees for their efforts and hard work in 2022. Their ability to constantly find new innovative solutions to address the needs of our clients and deliver on our promises is the backbone of Relesys' continued growth and success.

We look forward to supporting both current and new clients around the world in 2023 in growing and optimising their business by delivering market-leading solutions to engage and unite their employees across multiple work functions and locations.

**Alexander Thomas Martensen-Larsen**
Chairman

# Letter from the CEO

### PRODUCTIVITY, RETENTION, COST

By 2025, the market for engaging and connecting global workers will reach DKKbn 159. This is unsurprising since non-desk workers comprise 80% of the workforce. Yet they also suffer from high churn rates and low engagement, harming productivity and client service. The global labor shortage raises the urgency to find a solution.

In this market, the Relesys platform is not nice-to-have, but essential. Our workplace app platform is proven to grow productivity, retain employees and reduce costs.

In 2022, a host of market-leading companies replaced old solutions with Relesys. Our platform superseded outdated intranets, non-compliant social media, and ill-supported legacy software. In 2022 alone, the platform helped raise client employee engagement rates by up to 99.5%, while reducing employee churn rates by up to 20%.

### 32 NEW MARKET-LEADING BRANDS

Relesys has not only added new clients to our client base. Through 2022, our five largest clients (measured by ARR) renewed agreements with Relesys for 24 to 36 months. Furthermore, we churned an outstandingly minimal 5% of our ARR. With a net ARR retention rate of 116%, we are best in class.

Last year, ARR from clients in foreign markets grew DKKm 8.6 year-on-year (83%). In total, 32 new market-leading brands joined our portfolio. New clients included Lucardi, Ganni, Dunkin Donuts (Benelux), Sticks 'n' Sushi and Royal Greenland. Furthermore, with the arrival of the 5th US beauty brand in our portfolio, Drunk Elephant, we are feathering our nest in North America's beauty industry.

### A HISTORY OF SUSTAINABLE GROWTH

Sustainable growth is essential for us and with a burn multiple of 1.7 and falling, driven by a 44% Annual Recurring Revenue, we exceeded growth expectations in 2022.

During 2022, we cemented our motto "Growing people/ Growing business". Last year, Relesys was the second most applied-for startup in Denmark, according to the Hub. Our talent, both old and new, was instrumental to Relesys exceeding guidance for 2022.

### AI ENGAGEMENT - EMPLOYEE RETENTION

To maintain our market leading position, Relesys uses data-driven insights to innovate the platform for client needs.

In 2023, we will roll out the AI retention module. The module is a revolution in employee development and retention. The AI Module will arm clients with insight into engagement, and behaviour at their own company. Our solution is unique because it builds on the immense data pool from the clients daily use of the Relesys platform. This empowers the AI to deliver value to clients, out of the box.

Clients will be able to predict, at least two months in advance and with up to 85% accuracy, if employees will churn. The AI enables companies to take proactive steps to raise staff retention, improving engagement rates. This is a seismic shift for efficiency and optimisation, and for the satisfaction of global workforces.

### SCALING THE TEAM FOR THE FUTURE

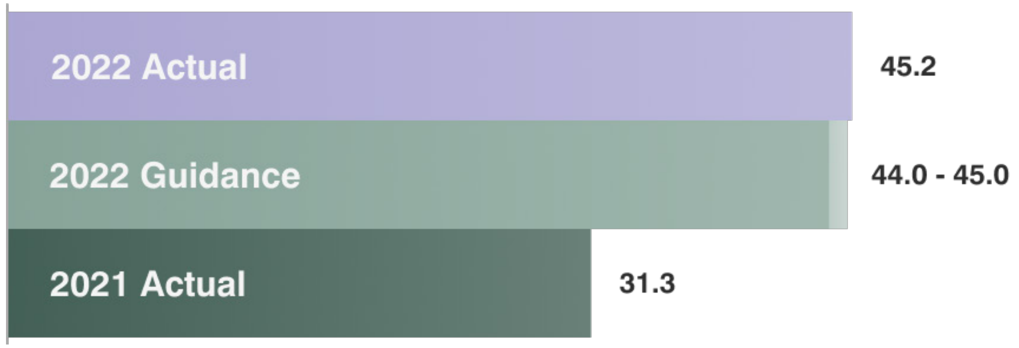
My sincere gratitude goes out to our exceptional employees. They are the backbone of Relesys' vibrant culture, and the fuel of our success. They offer our clients industry-leading support and are the secret behind our low client churn rate.

Their creativity and dedication are inseparable from our success. I am empowered by the prospect of what 2023 has to offer Relesys.

**Jesper Roesgaard**
CEO

# Highlights 2022

- **Continued solid ARR growth of 44% year-on-year driven by strong growth in ARR from foreign markets of 83% year-on-year.**
- **Strong Net ARR Retention Rate of 116% driven by high ARR net uplift of 21% and low ARR churn of 5%.**
- **Free cash flow of DKKm -23.2 resulting in a FCF multiple of -1.7.**
- **End-of-year cash balance of DKKm 31.3, which is sufficient to take Relesys to positive cash flow.**

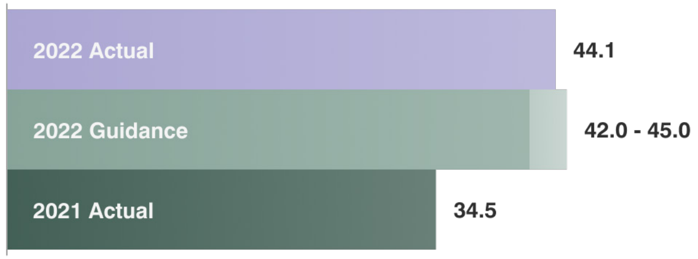



**ANNUAL RECURRING REVENUE**

ARR was up 44% year-on-year, which was in line with Relesys' latest guidance for the year. Furthermore, ARR of DKKm 45.2 was a significant improvement compared to the expectations prepared in the IPO prospectus (DKKm 40-42).

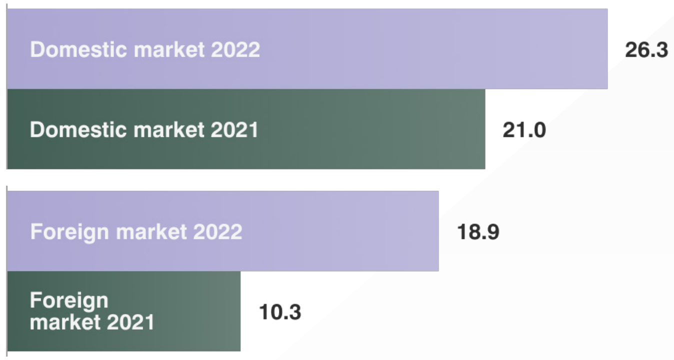
**REVENUE**

Revenue grew by 28% in 2022 which was in line with Relesys' latest guidance for the year. SaaS share of revenue was 87%.



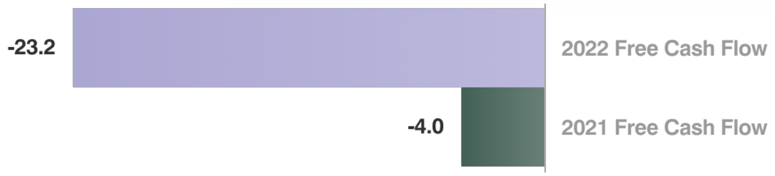

**MARKETS**

ARR growth of 44% year-on-year was compiled by ARR from foreign markets growing from DKKm 10.3 to DKKm 18.9 corresponding to 83% year-on-year growth. At the same time, ARR from the domestic market of Denmark grew by 25% year-on-year.




**FREE CASH FLOW**

Free cash flow was negatively impacted by the operating loss. Relesys' FCF multiple was -1.7 in 2022 compared to -0.4 in 2021. The negative free cash flow and FCF multiple were in accordance with the financial plan and growth strategy.






REACH. ENGAGE. UNITE.

# Financial guidance

## Financial guidance 2023

| GUIDANCE 2023 (DKKm) | 2023 Guidance | 2022 Actual | Expected Growth |
|---|---|---|---|
| Annual Recurring Revenue | 59-64 | 45.2 | 31% - 42% |
| Revenue | 54-60 | 44.1 | 22% - 36% |

## Assumptions behind financial guidance 2023

Annual recurring revenue and revenue assumptions:

- Continued high market growth for engagement and connectivity software solutions.
- Continued low ARR churn rate.
- Continued strong net uplift of existing clients.
- Currency exchange rates as per end of 2022.

Revenue specific assumption:

- Continued short period for onboarding of new clients.

## Other financial expectations

Relesys continues to grow fast on the existing markets in Scandinavia, Benelux and the United Kingdom, and the company will also increase marketing and sales effort in North America during 2023.

In 2023, Relesys expects to achieve significant growth in foreign markets and expects a growing part of revenue to be generated from large accounts. The effect of the latter is reflected in the guidance range, as the precise timing of these agreements is difficult to predict with certainty.

As Relesys continues to invest significantly in new growth initiatives, Relesys is expecting a loss before tax for the fiscal year 2023 in line with 2022.

The cash position end 2022 was DKKm 31.3, and Relesys expects that to be sufficient in order to bring the company to a positive cash flow.

In 2024, Relesys continues to expect ARR in the range of DKKm 75-85, as previously communicated in the IPO prospectus.

# Four-year overview

| FINANCIALS[1] | 2022 | 2021 | 2020 | 2019 |
|---|---|---|---|---|
| **RESULTS** (DKKm) | | | | |
| Revenue | 44.1 | 34.5 | 25.7 | 20.6 |
| SaaS revenue | 38.4 | 27.0 | 20.6 | 15.6 |
| Consultancy revenue | 5.7 | 7.5 | 5.1 | 5.0 |
| Gross profit | 39.2 | 31.7 | 22.9 | 18.0 |
| Operating profit/loss before amortisation and depreciation (EBITDA) | (23.0) | (1.2) | 3.8 | 4.3 |
| Operating profit/loss (EBIT) | (26.3) | (3.8) | 2.0 | 2.7 |
| Profit/loss for the year | (26.2) | (3.6) | 1.6 | 1.9 |
| **CASH FLOW (DKKm)** | | | | |
| Operating activities | (21.2) | (2.0) | 7.0 | 4.4 |
| Investing activities | (2.0) | (2.0) | (3.7) | (2.2) |
| Free cash flow | (23.2) | (4.0) | 3.3 | 2.2 |
| Financing activities | (4.7) | 59.9 | (0.5) | (1.7) |
| Cash flow for the year | (27.9) | 55.9 | 2.8 | 0.5 |
| **FINANCIAL POSITION** (DKKm) | | | | |
| Balance sheet total | 53.8 | 72.6 | 20.2 | 10.4 |
| Intangible assets | 5.9 | 5.0 | 4.5 | 3.1 |
| Right-of-use-assets | 4.8 | 1.7 | 1.8 | 1.6 |
| Cash | 31.3 | 59.3 | 3.3 | 0.6 |
| Total equity | 30.8 | 57.0 | 1.6 | 0.6 |

1 This overview only contains four years as Relesys adopted IFRS from 2019 and going forward.

| RATIOS[1] | 2022 | 2021 | 2020 | 2019 |
|---|---|---|---|---|
| **FINANCIAL RATIOS** (%) | | | | |
| Revenue year-on-year-growth | 28% | 34% | 25% | - |
| SaaS revenue year-on-year-growth | 42% | 31% | 32% | - |
| Consultancy revenue year-on-year-growth | (24%) | 47% | 2% | - |
| Gross profit margin | 89% | 92% | 89% | 87% |
| EBITDA margin | (52%) | (4%) | 15% | 21% |
| EBIT margin | (60%) | (11%) | 8% | 13% |

| SAAS KEY METRICS[1] | 2022 | 2021 | 2020 | 2019 |
|---|---|---|---|---|
| Annual recurring revenue (DKKm) | 45.2 | 31.3 | 22.4 | 16.9 |
| Annual Recurring revenue year-on-year-growth | 44% | 40% | 32% | - |
| Net ARR retention rate | 116% | 107% | - | - |
| Average ARR per client (DKK'000) | 248 | 194 | 185 | 184 |
| ARR retention rate | 95% | 97% | 94% | - |
| ARR expected lifetime (years) | 22 | 38 | - | - |
| Number of clients | 182 | 161 | 121 | 92 |
| Client year-on-year-growth | 13% | 33% | 32% | 35% |
| Client retention | 93% | 94% | 95% | 92% |
| Client expected lifetime (years) | 15 | 17 | 20 | 13 |
| SaaS share of revenue | 87% | 78% | 80% | 76% |

## Many industries - such as retail, manufacturing, transportation or hospitality - communicate and engage with their employees like in the 90s...

BULETTIN BOARDS | NEWS POSTERS | PRINTED HANDBOOKS | UNAUTHORIZED SOCIAL GROUPS | DISPERSED TRAINING

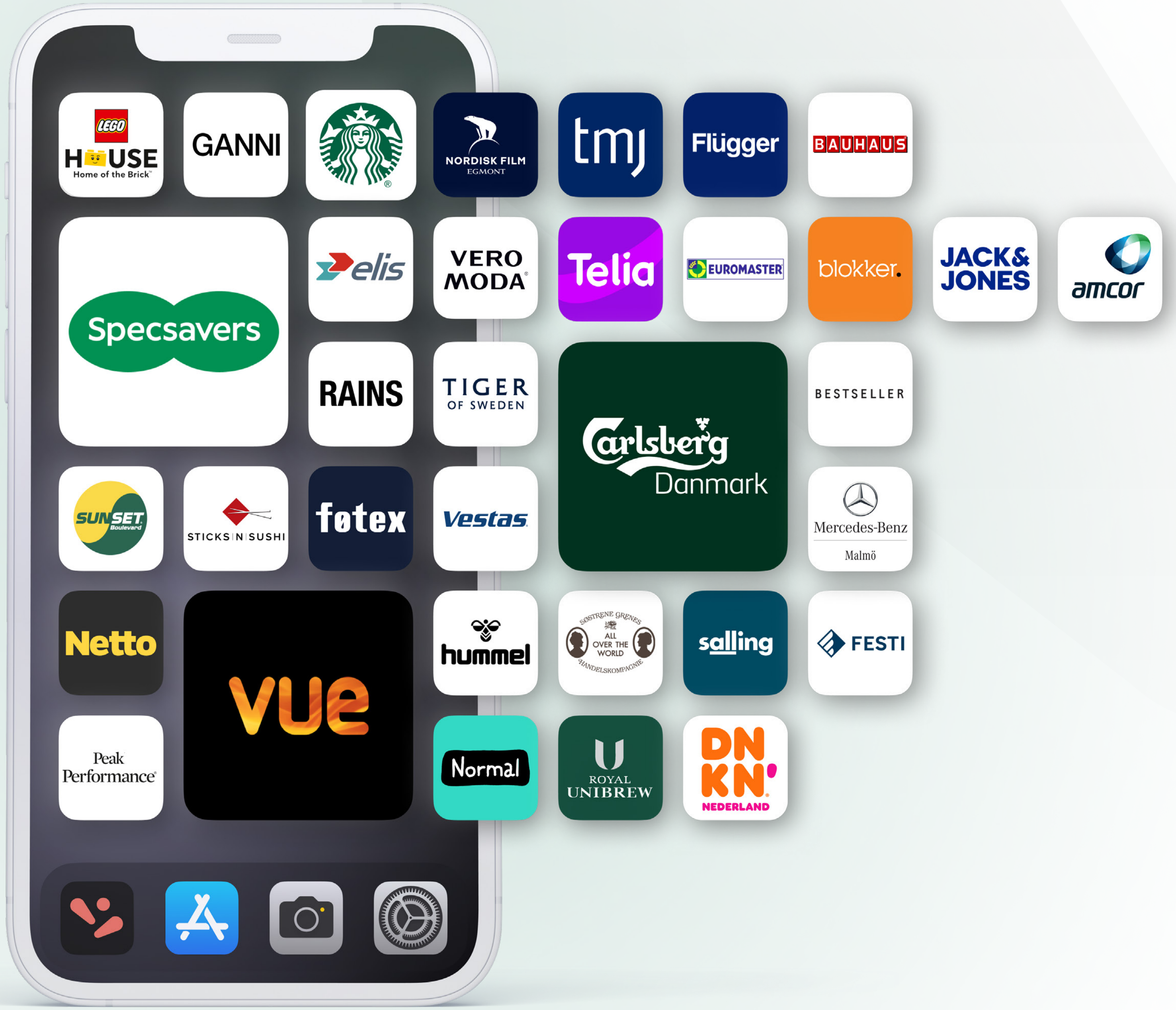

OUTDATED INTRANETS | LACK OF COMMUNICATION | OVERLOOKED CAMPAIGNS | UNREAD BROCHURES | INFORMATION ONLY IN STAFF ROOMS

## ...Relesys takes clients into the future with one unified platform – ensuring that all information, training and communication is right there in their pocket.

GAMIFICATION | INTEGRATIONS | CAMPAIGNS | TRAINING | NEWS


KPI'S | MY TASKS | CHAT | CALENDAR | SOCIAL WALL

relesys®



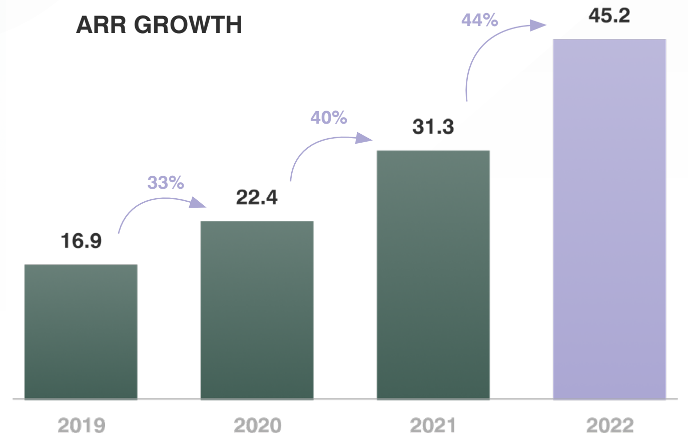

MANAGEMENT'S REVIEW

# We are proud of our clients

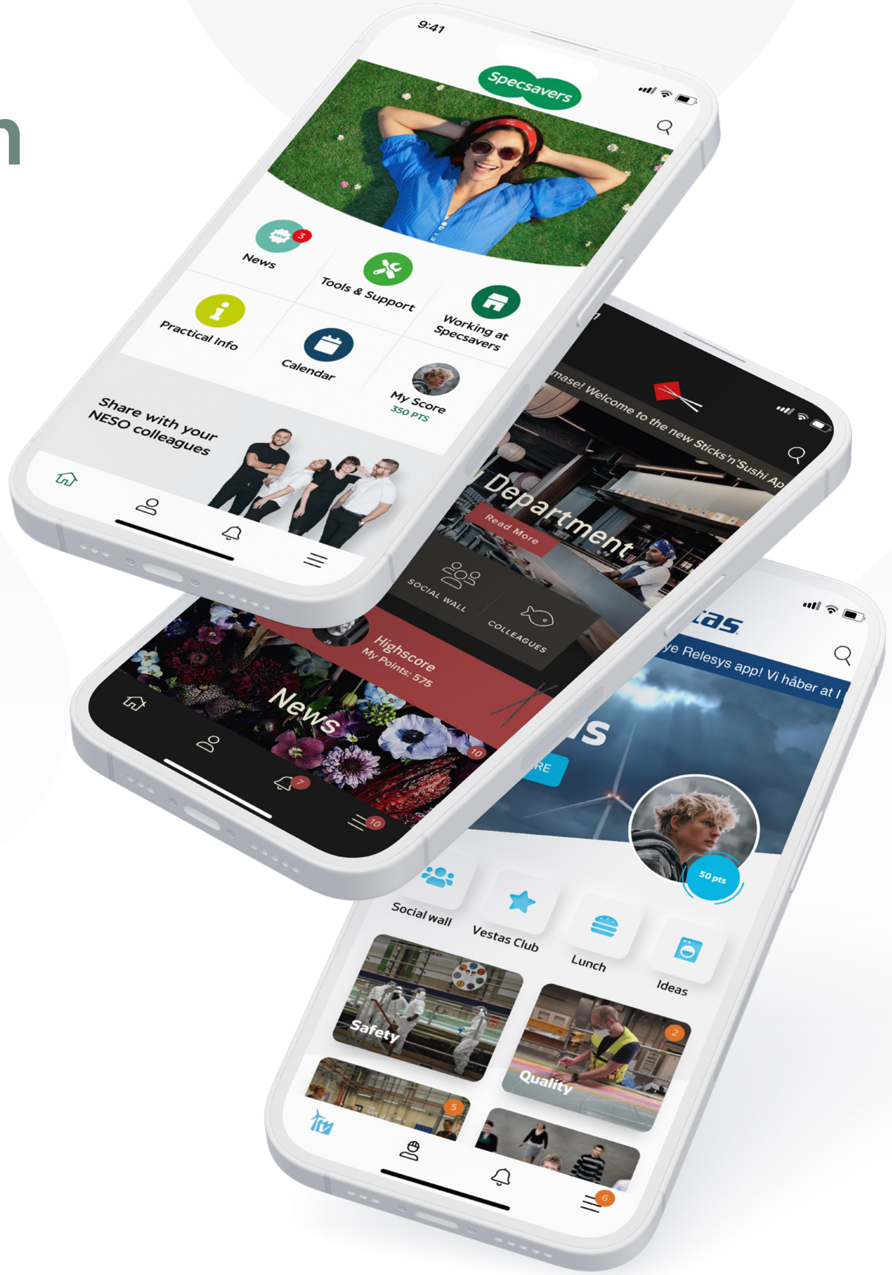
The largest share of Relesys' clients are based in Denmark, Sweden, Benelux, and North America. In 2022 Relesys expanded and extended the client base, with wins in both current and new markets such as Iceland and Greenland.

New agreements were also made with affiliates of existing clients, and all in all the result was a 83% year-on-year growth in ARR from foreign country clients. By the end of 2022, Relesys had clients in 14 different countries.

In 2022, Relesys has continued to develop partnerships with our existing clients, and Relesys is happy to announce that we now have more market-leading brands to the growing client base, including **Lucardi, Sonova, Dunkin Donuts (The Netherlands), Sticks 'n' Sushi, LeDap**, and **27 others.**



# Both external and internal drivers accelerate demand for the Relesys platform




## External drivers

### NON-DESK WORKFORCE

Non-desk workers make up 80% of the global workforce and represent an important need for connectivity.

### MILLENNIALS

The new generation of millennials will fundamentally change the outlook of the HR landscape by demanding convenient communication, unity, and more engagement.

### BRING YOUR OWN DEVICE

Bring your own device has made engagement and connectivity easily accessible through one platform.

### IMMENSE INVESTMENTS

Immense investments in data-driven HR tools open new opportunities to address instant needs for individualised training and operations.

## Internal drivers

### STREAMLINE COMMUNICATION FLOWS

Breaking down communication barriers will enable HQs to reach all employees and directly communicate on short notice using only one platform.

### IMPROVED EMPLOYEE ENGAGEMENT

80% of employees are not engaged or are actively disengaged at work. Hence, there is an urgent need to engage and inspire them to achieve more.

### MERGE DISPERSED TOOLS

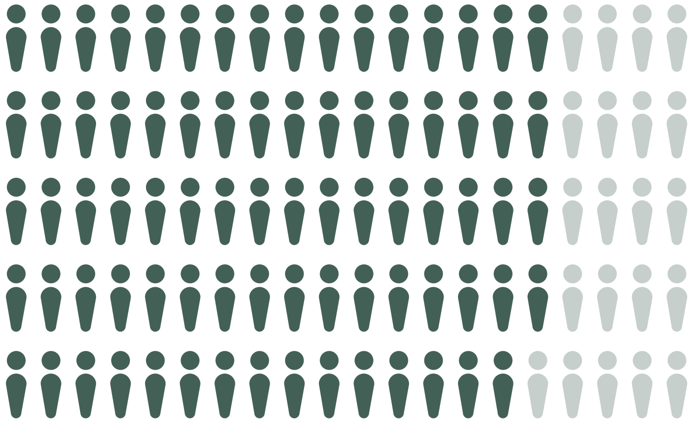
There is a need for companies to be able to merge all the different communication, training, onboarding, and operational tools into one platform.

### BOOST TEAM SPIRIT

Being able to interact with colleagues fosters a work culture with great social connection that boosts team spirit and gives employees a sense of purpose from their workplace.

# The Relesys addressable market is expected to reach DKKbn 159 by 2025

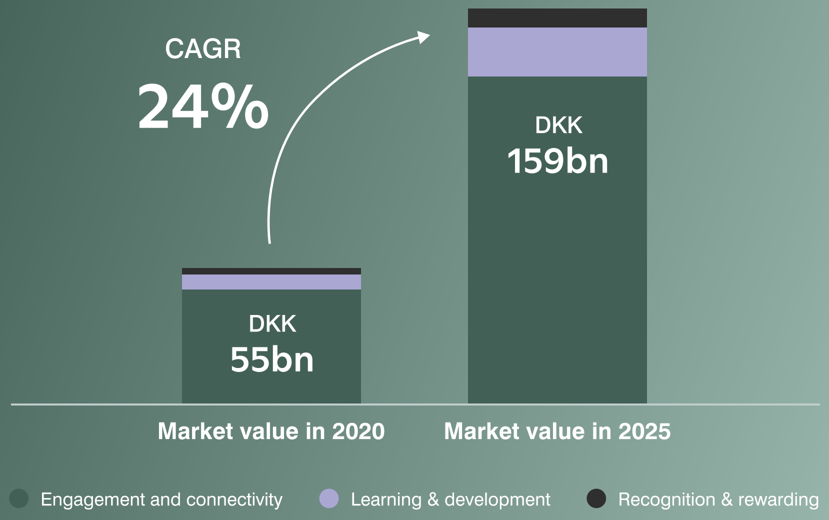
## The large portion of global employees not being engaged at work ensures...



**79%** Of all employees globally are not engaged or actively disengaged at work

Source: Gallup (2022)

## ...that the total addressable market of Relesys will remain highly attractive...




Source: Statista (2020, Latest Report)

## ...with the market segment Engagement and Connectivity expected to take off

**25%** **Of the HR software market** is expected to be centered around Engagement and Connectivity in 2025 (2x current size).

**28%** **Annual growth** is expected in Engagement and Connectivity.

**137bn** **Expected market value** of Engagement and Connectivity in 2025 compared to 39.9bn DKK in 2020.

Source: Statista (2020, Latest Report) and Gallup (2021)

# Relesys' value proposition

## Reach all employees digitally

Companies can structure and target communication flows and ensure that everybody is up to date and well informed.

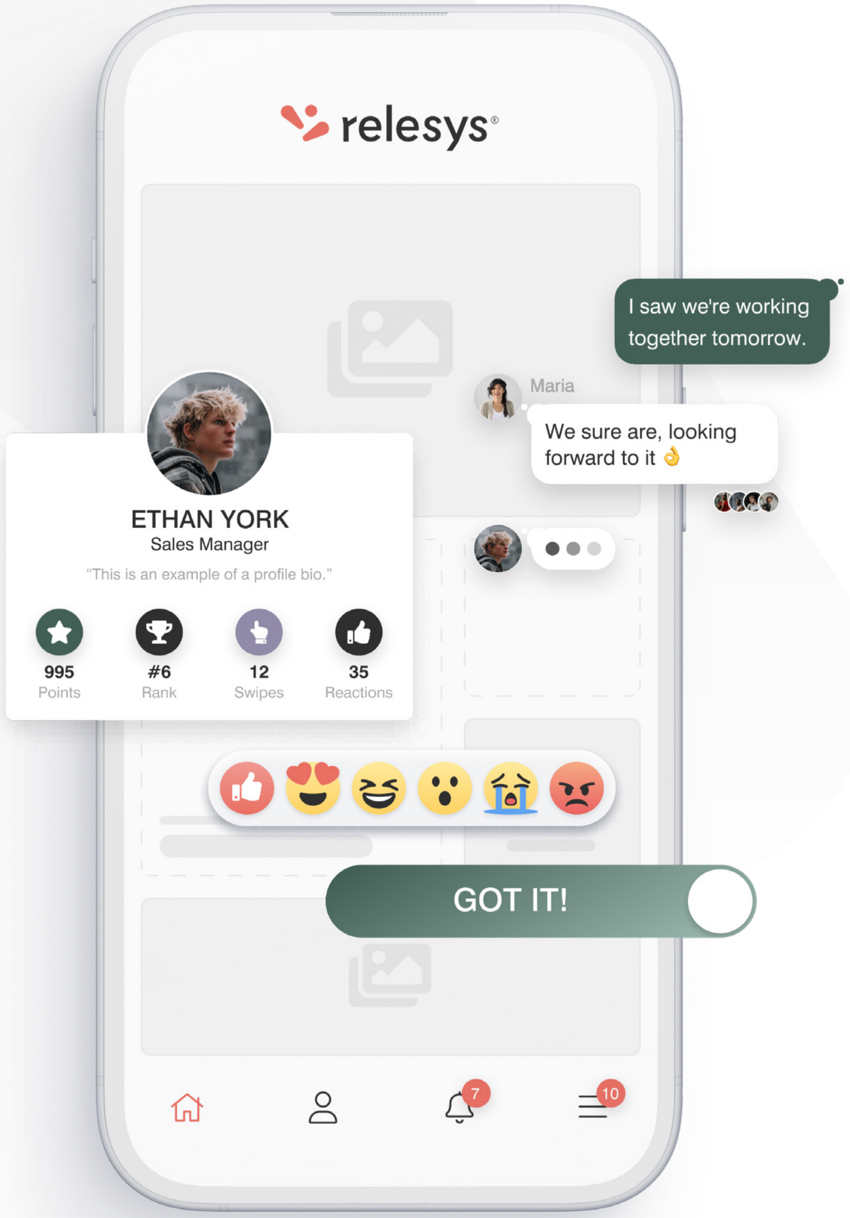
## Engage every employee

Companies can engage and empower employees' personal growth and inspire them to achieve more. The app enables HQ to make data-driven decisions and strategies.

## Unite the power of workforce

Companies can bring together all employees in a simple and easy way that fosters a working culture based on team spirit and great social connection between employees across the entire organisation.

## to increase overall performance




# Relesys' sales strategy

### Relesys' Sales and Marketing strategy for attracting new clients

**Direct sales via signing of blue-chip clients**

To attract new clients Relesys has successfully **teamed up with selected blue-chip clients** that are market-leaders in their respective industries. In recent years, this strategy has been key to growth and to the overall success of Relesys.

**Active client relationships**

Owing to the active client relationships (what Relesys calls the "marriage strategy"), historically many clients have been attracted through word of mouth. More specifically, **7 out of 10 new clients** have had references from existing clients.

**Three-pillar sales & marketing set-up**

New leads and sales are generated from one of three marketing and sales funnels: **account-based marketing, inbound marketing, and outbound activities.**

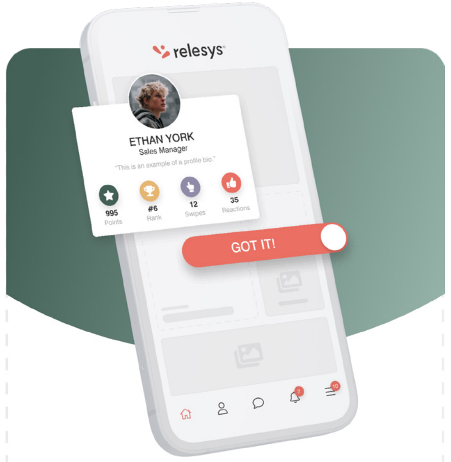
Applying different approaches enables Relesys to attract both large enterprise clients and mid-market clients.

# Generating high net uplift

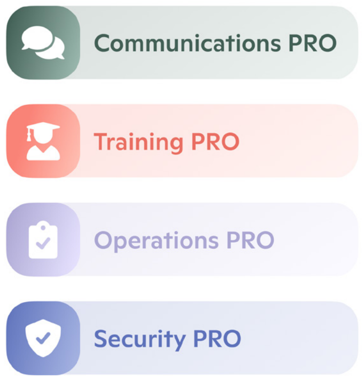
Relesys has realised a strong growth from existing clients. Strong net ARR retention is ensured by the Relesys Client Success team and its close collaboration with every single client of Relesys. The Relesys platform is unique for its broad and deep functionality making it an obvious choice for many clients. However, the Relesys team is also unique for the specialised industry knowledge and strong subject matter experts within each professional field that the pro-modules support.

This means that Relesys continuously collaborates with each client, enabling the clients to develop their businesses from the use of the Relesys platform. Furthermore, this ensures that Relesys continuously develops its unique market offering to fit with the client’s needs.

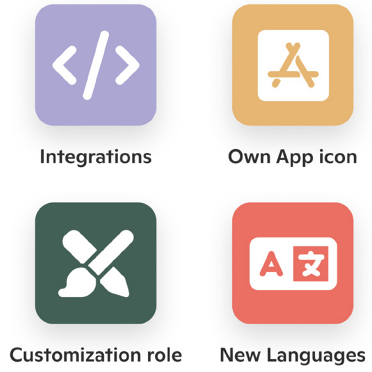
Relesys calls this **“the marriage strategy”**. A strategy that feeds on long-lasting client relationships resulting in high client retention and strong net ARR retention rates from: 1) more user licences sold e.g. from rolling out in new parts of client organisation, 2) expanded use of product through pro-modules and recommended add-ons, or 3) by being able to charge more for the existing scope of licences/products.




ESSENTIALS




PRO MODULES




RECOMMENDED ADD-ONS

All clients have Essentials which means that Relesys has sold **256k essential licences.**

The lowest number of licences for one client is less than **200,** and the largest number for one client is **62,500.**

Essentials and pro-modules are priced as a monthly user licence typically invoiced 12 months in advance.

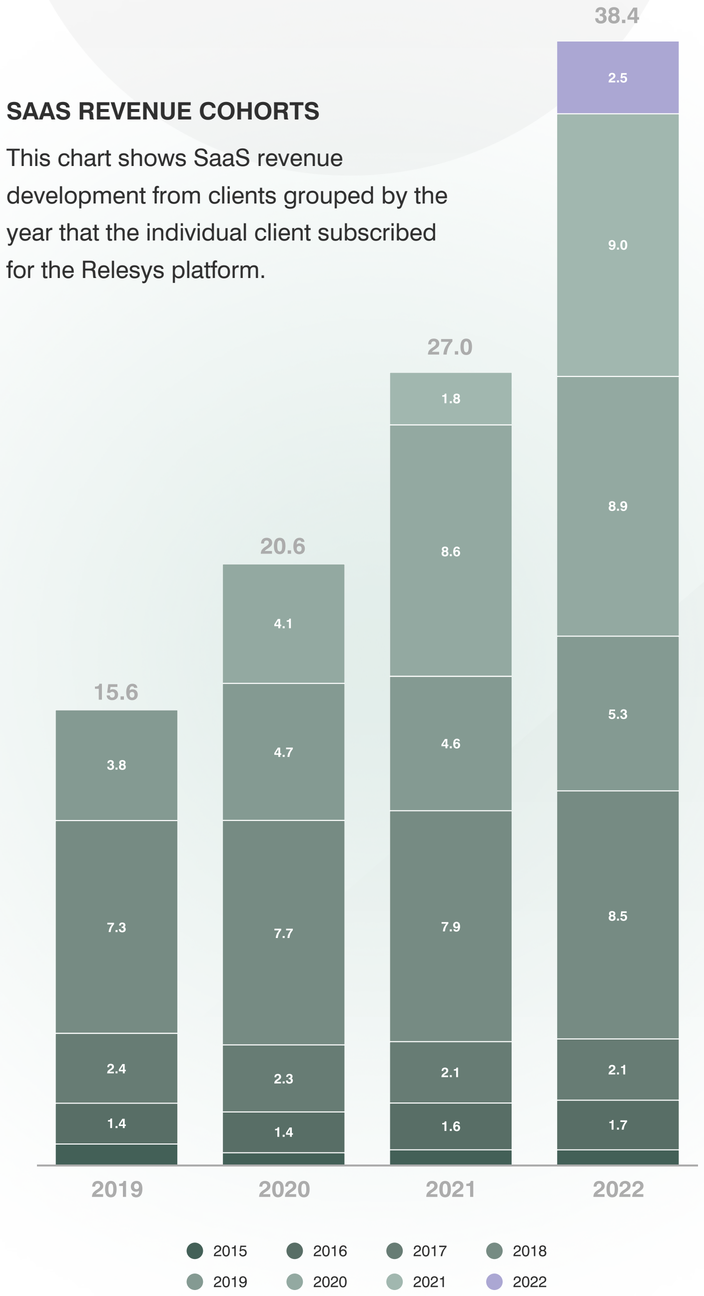
More than **44%** clients has at least one pro-module.

Add-ons are priced as a monthly licence fee per add-on typically invoiced 12 months in advance.

Most clients have at least one integration. One client has **17 different languages**, but some clients also only have one.

### SAAS REVENUE COHORTS

This chart shows SaaS revenue development from clients grouped by the year that the individual client subscribed for the Relesys platform.




A Relesys app is an investment in professionalism. It allows us to communicate quickly and clearly and helps our staff to stay engaged.

**Anders Kjørup**
CCO AT STICKS'N'SUSHI

# Financial review

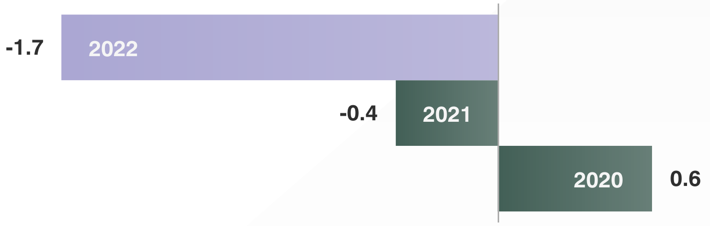
| RESULTS (DKK million) | 2022 | 2021 | Growth |
|---|---|---|---|
| Revenue | 44.1 | 34.5 | 28% |
| SaaS revenue | 38.4 | 27.0 | 42% |
| Consultancy revenue | 5.7 | 7.5 | (24%) |
| Costs of sales | 4.9 | 2.8 | |
| **Gross profit** | **39.2** | **31.7** | **24%** |
| Gross margin | 89% | 92% | |
| Other external expenses | 18.6 | 9.8 | |
| Staff costs | 43.7 | 22.3 | |
| Other operating income | 0.2 | 0.2 | |
| Other operating expenses | 0.0 | 1.1 | |
| **Operating loss before amortisation and depreciation (EBITDA)** | **(23.0)** | **(1.2)** | |
| EBITDA margin | (52%) | (3%) | |
| Depreciation, amortisation, and impairment losses | 3.3 | 2.6 | |
| **Operating loss (EBIT) before special items** | **(26.3)** | **(3.8)** | |
| Net financial expenses | 1.2 | 0.4 | |
| **Loss before tax** | **(27.5)** | **(4.2)** | |
| Tax on loss for the year | 1.3 | 0.6 | |
| **Loss for the year** | **(26.2)** | **(3.6)** | |

**Mads S. Larsen**
CFO

## Executing according to the plan

One year into the growth strategy, Relesys has executed on the financial plan including expansion in existing markets and opening of a new sales office in the UK. The result was strong ARR and revenue growth, outperforming the original guidance for ARR and at the revenue guidance. Furthermore, the ARR growth was at a FCF multiple of -1.7, which was in line with the plan for spending the proceeds from the capital rise in 2021.

**DEVELOPMENT IN FCF MULTIPLE**




The development in FCF multiple has been a result of accelerating growth in foreign markets. Prior to 2020, Relesys had never had negative FCF multiples or negative results. The recipe for "back to black" is therefore well-known.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### ANNUAL RECURRING REVENUE

ARR was DKKm 45.2 at the end of 2022 (2021: DKKm 31.3), which was slighty above the guided range of DKKm 44 – 45. ARR growth of 44% was compiled by 83% growth in ARR from clients in foreign markets and by 25% growth from clients in the domestic market of Denmark. By the end of 2022 42% of ARR was based on clients in foreign markets.

During 2022 Relesys grew ARR from existing clients by DKKm 5.0. Relesys realised a strong net ARR uplift of 21% from existing clients partly offset by 14 clients churning representing 5% ARR churn. During 2022 Relesys renewed agreements with the five largest clients measured by ARR for an additional 24 to 36 months. By the end of 2022 no client represents more than 10% of either ARR or total revenue.

During 2022 Relesys signed with 32 new clients adding a total of DKKm 8.9 to ARR, which was an ARR average of DKKk 278. The average client ARR was DKKk 248 by the end of 2022 compared to DKKk 194 by the end of 2021.

### REVENUE

Revenue was DKKm 44.1 in 2022 (2021: DKKm 35.5), which was towards the upper end of the guided range of DKKm 42 – 45. The SaaS revenue grew by 42% year-on-year, while revenue from consultancy services had a decline of 24% year-on-year. The decline in consultancy revenue was caused by capacity challenges while reorganising the development team in Vilnius.

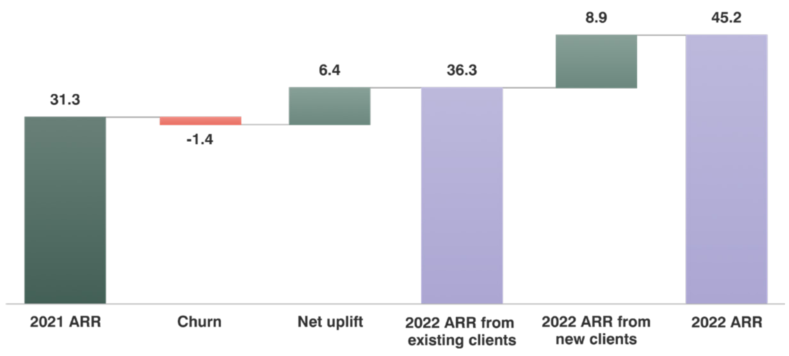
### GROSS PROFIT

Gross profit was DKKm 39.2 in 2022 (2021: DKKm 31.7), which was a year-on-year growth of 24%. Gross margin was 89% compared to 92% last year. The drop in gross margin was driven by 1) change in revenue mix between SaaS and consultancy revenue and 2) price increase related to server costs (like for like cost of server capacity in DKK).

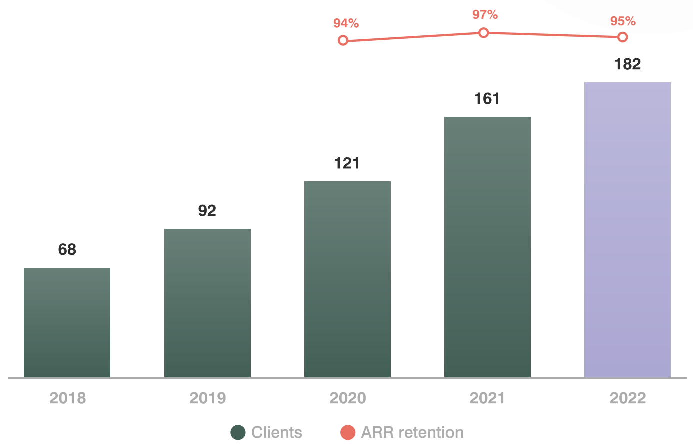
### STAFF COSTS

Staff costs were DKKm 43.7 in 2022 (2021: DKKm 22.3). The year-on-year growth in staff cost was mainly driven by cost related to the increased number of FTEs in Sales and Marketing. An instrumental part of Relesys' growth strategy is to grow in foreign markets, and therefore the sales team in each of the locations abroad has been extended to reflect the growth ambition. During 2022 Relesys has also been changing from a set-up with a mix of external and internal development to only have internal development by the end of 2022. The change was a result of the geo-politic climate in Belarus where the external development team was located. As a result, Relesys decided to open an office with internal development in Vilnius, Lithuania.

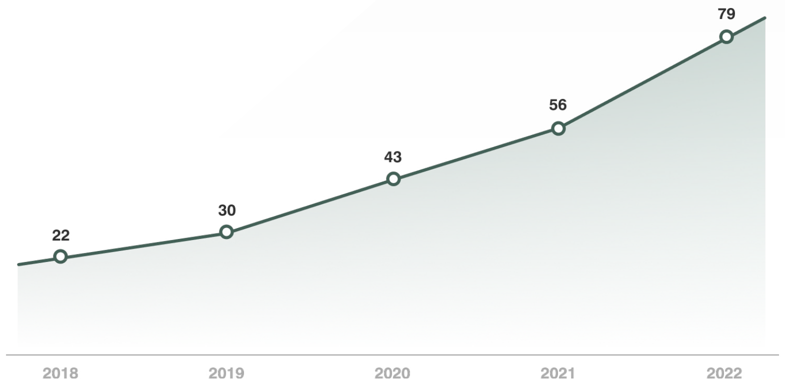
## Development in annual recurring revenue




## Development in number of clients and client retention rates




## Development in average full-time equivalent employees



### OTHER EXTERNAL EXPENSES

Other external expenses were DKKm 18.6 in 2022 (2021: DKKm 9.8). The increase in other external expenses can be attributed to 1) short term investments in sales and marketing as part of the growth strategy, 2) purchase of low-value assets for new employees, 3) short-term leases of new office spaces which are not recognised as IFRS 16 and 4) the general growth of Relesys.

### AMORTISATION AND DEPRECIATION

Amortisation and depreciation were DKKm 3.3 in 2022 (2021: DKKm 2.6). The growth in amortisation and depreciation was mainly due to new and adjusted/revaluated property leases in accordance with IFRS 16.

### EBIT

EBIT was negative DKKm 26.3 in 2022 (2021: negative DKKm 3.8). The negative EBIT was in alignment with the strategy presented in the IPO prospectus and the plan for using the proceeds from the IPO offering by accelerating sales and marketing efforts.

### NET FINANCIAL EXPENSES

Net financial expenses were DKKm 1.2 in 2022 (2021: DKKk 354). The increase in the account balance can be attributed to 1) interest on lease liabilities due to new leases and revaluations of existing leases, 2) foreign exchange losses, 3) negative interest rates related to cash at banks and 4) expenses related to being a listed company.

| DKKk | 2022 | 2021 |
|---|---|---|
| Interest expenses | 389 | 163 |
| Foreign exchange losses | 339 | 55 |
| Interest on lease liabilities | 200 | 89 |
| Other financial expenses | 311 | 47 |
| **Total** | **1,239** | **354** |

### DEVELOPMENT COSTS

The Group has capitalised DKKm 2.0 during the year and has a net book value of DKKm 5.9 relating to the Group's research and development activities within the Group's within normal product range.

The value of the capitalised research and development activities is evaluated continously. The Group expects these activities to contribute to the Group's continued growth and earnings.

### CASH FLOW FROM OPERATING ACTIVITIES

Cash flow from operating activities was an outflow of DKKm 21.2 (2021: outflow of DKKm 2.0). The outflow in 2022 was related to an increase in the operations-related costs (e.g. staff costs and increased sales and marketing activities) and was planned as part of the growth strategy.

### CASH FLOW FROM INVESTING ACTIVITIES

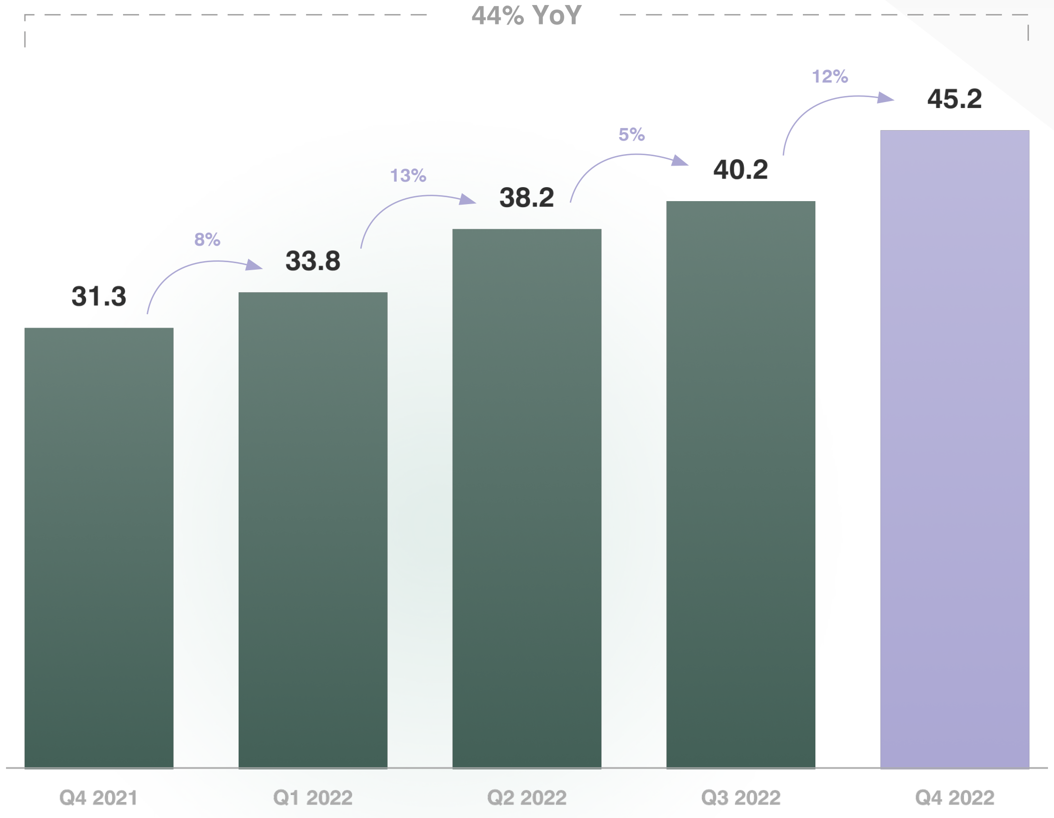
Cash flow from investing activities was an outflow of DKKm 2.0 (2021: outflow of DKKm 2.0). During the year, Relesys continued to invest in its product platform (intangible assets). As in previous years, Relesys invested in both the Relesys Core (Essentials) module as well as in each of the Relesys pro-modules. Moreover, Relesys sold a tangible asset resulting in an inflow of DKKm 0.9 and increased the balance of non-current assets resulting in an outflow of DKKm 0.7, which was related to contract costs and deposits.

### CASH FLOW FROM FINANCING ACTIVITIES

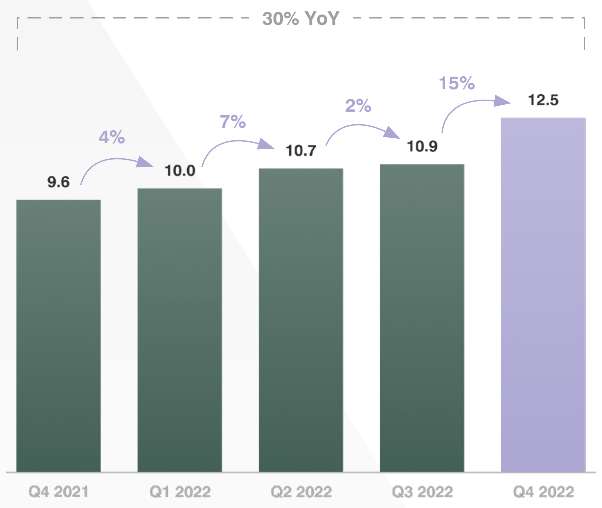
Cash flow from financing activities was an outflow of DKKm 4.8 (2021: inflow of DKKm 59.9). The outflow was related to repayment of borrowings (partly related to the sale of the tangible asset) and payment of principal portion of lease liabilities.

| DKKm | 2022 | 2021 |
|---|---|---|
| Cash flow from operating activities | (21.2) | (1.9) |
| Cash flow from investing activities | (2.0) | (2.0) |
| **Free cash flow** | **(23.2)** | **(4.0)** |
| | | |
| **Cash flow from financing activites** | **(4.7)** | **59.9** |
| | | |
| **Cash flow for the period** | **(27.9)** | **55.9** |

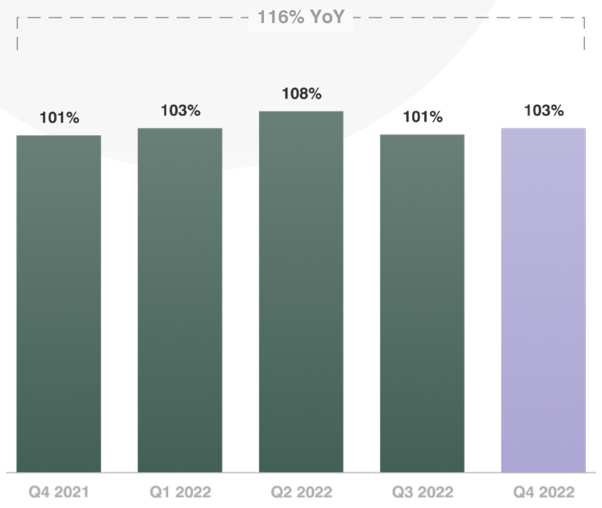
# Quarterly highlights



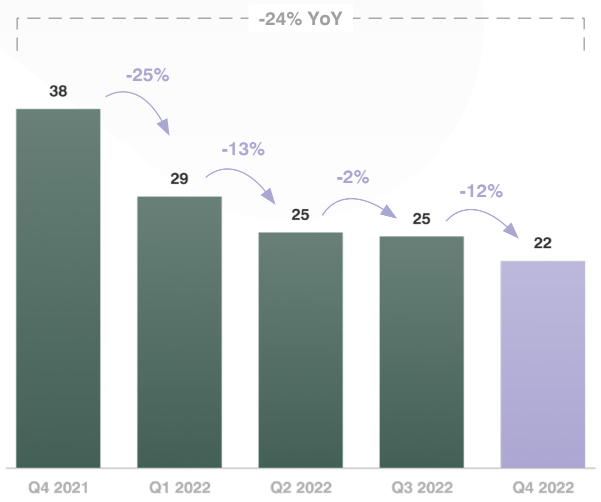

Annual Recurring Revenue (DKKm)



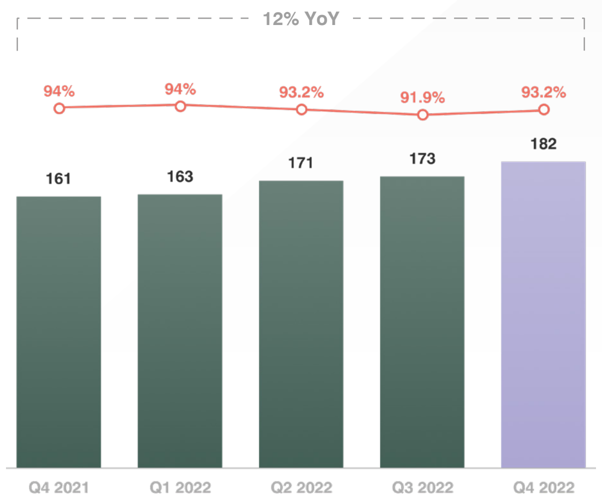

Revenue (QtD DKKm)




Net ARR Retention (QtD)




ARR expected lifetime (Years, YoY)




Number of clients and retention rate

Number of customers Retention rate



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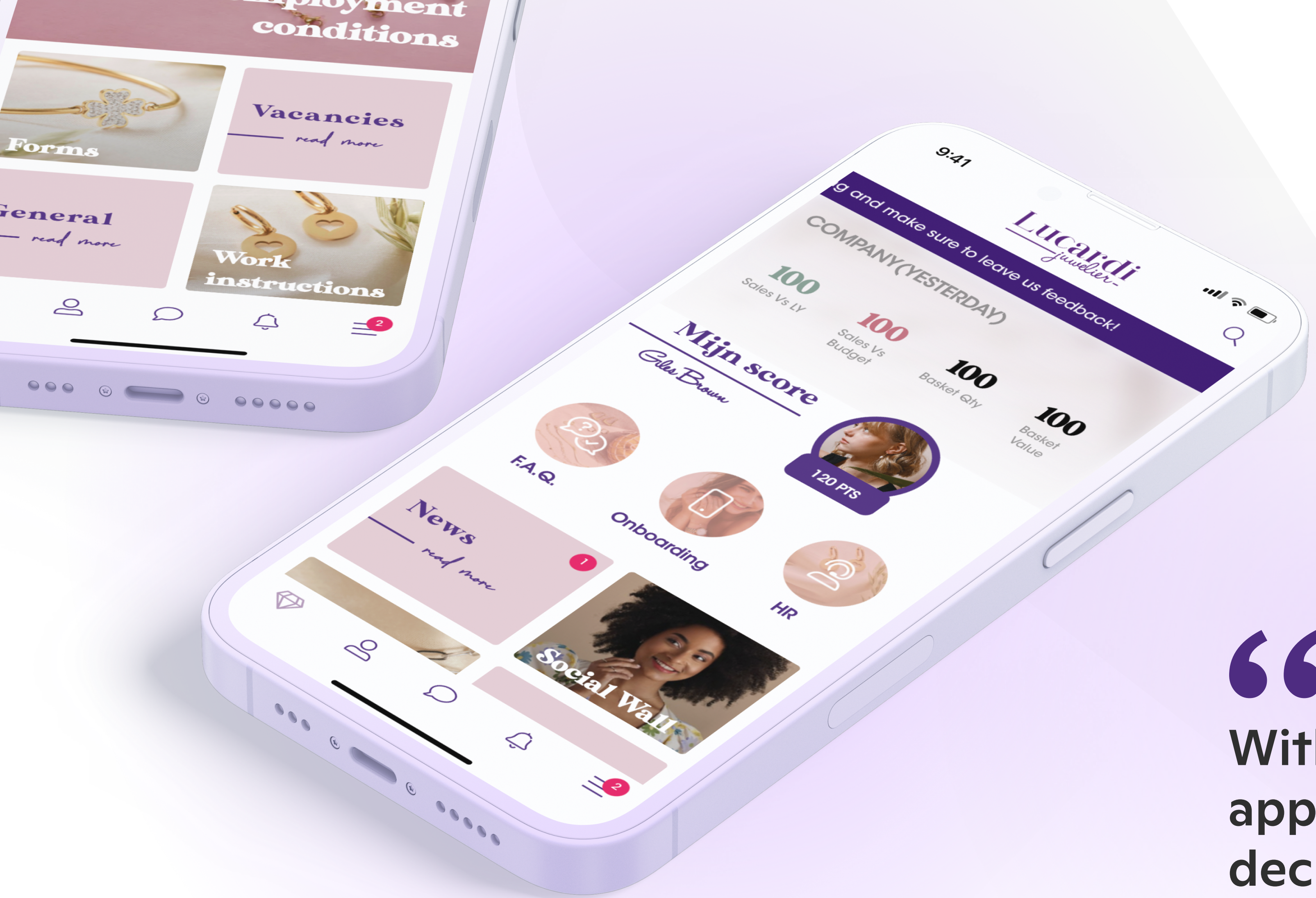
# Key Metrics

| QUARTERLY FIGURES (DKKm) | 2022 Q1 | 2022 Q2 | 2022 Q3 | 2022 Q4 | 2022 Full year | 2021 Q1 | 2021 Q2 | 2021 Q3 | 2021 Q4 | 2021 Full year |
|---|---|---|---|---|---|---|---|---|---|---|
| **Revenue** | **10.0** | **10.7** | **10.9** | **12.5** | **44.1** | **7.7** | **7.8** | **9.4** | **9.6** | **34.5** |
| SaaS revenue | 8.3 | 9.1 | 9.6 | 11.4 | 38.4 | 5.9 | 6.0 | 7.5 | 7.5 | 26.8 |
| Consultancy revenue | 1.7 | 1.6 | 1.3 | 1.1 | 5.7 | 1.8 | 1.8 | 1.9 | 2.1 | 7.7 |
| Saas share of revenue (%) | 83% | 85% | 88% | 91% | 87% | 77% | 77% | 80% | 78% | 78% |
| **Annual Recurring Revenue** | **33.8** | **38.2** | **40.2** | **45.2** | **45.2** | **25.5** | **27.4** | **29.6** | **31.3** | **31.3** |
| ARR churn | (0.4) | (0.3) | (0.5) | (0.2) | (1.4) | (0.1) | (0.1) | (0.2) | (0.2) | (0.6) |
| ARR uplift | 1.3 | 2.9 | 1.0 | 1.3 | 6.5 | 0.5 | 0.5 | 0.7 | 0.6 | 2.3 |
| ARR from new sales | 1.6 | 1.8 | 1.5 | 4.0 | 8.9 | 2.8 | 1.5 | 1.7 | 1.3 | 7.2 |
| Net ARR retention rate (quarter-on-quarter) | 103% | 108% | 101% | 103% | 116% | 102% | 102% | 102% | 101% | 107% |
| ARR retention rate (year-on-year) | 97% | 96% | 96% | 95% | 95% | - | - | - | 97% | 97% |
| ARR expected lifetime (years) | 29 | 25 | 25 | 22 | 22 | - | - | - | 38 | 38 |
| **Number of clients** | **163** | **171** | **173** | **182** | **182** | **133** | **136** | **160** | **161** | **161** |
| Clients retention rate | 94% | 93% | 92% | 93% | 93% | 95% | 95% | 95% | 94% | 94% |
| Average clients ARR (DKKk) | 207 | 223 | 232 | 248 | 248 | 192 | 188 | 185 | 194 | 194 |

| YEAR-YEAR-GROWTH (%) | 2022 Q1 | 2022 Q2 | 2022 Q3 | 2022 Q4 | 2022 Full year |
|---|---|---|---|---|---|
| **Revenue** | **30%** | **37%** | **16%** | **30%** | **28%** |
| SaaS revenue | 41% | 52% | 28% | 52% | 43% |
| Consultancy revenue | (6%) | (12%) | (32%) | (48%) | (26%) |
| Saas share of revenue (pp) | 8 | 11 | 11 | 17 | 12 |
| **Annual Recurring Revenue** | **33%** | **39%** | **36%** | **44%** | **44%** |
| ARR churn | 300% | 200% | 150% | 20% | 140% |
| ARR uplift | 177% | 471% | 39% | 100% | 177% |
| ARR from new sales | (43%) | 21% | (11%) | 214% | 23% |
| Net ARR retention rate (pp) | 1 | 6 | (1) | 1 | 9 |
| ARR retention rate (pp) | - | - | - | (2) | (2) |
| ARR expected lifetime (years) | - | - | - | (43%) | (43%) |
| **Number of clients** | **23%** | **17%** | **8%** | **13%** | **13%** |
| Clients retention rate (pp) | (1) | (2) | (3) | (1) | (1) |
| Average clients ARR | 8% | 19% | 26% | 28% | 28% |




With our new internal communication app, Sparkle, we have been able to decrease the distance between our stores and headquarters. The app is our way to the future.

**Renée van Druten**
INFLUENCER MARKETEER

# Board of directors

## Alexander Thomas Martensen-Larsen

CHAIRMAN

**Gender:** Male
**Member since:** 2021
**Up for re-election:** Yes
**Born:** 1975
**Independency:** Considered Independent
**Number of shares:** 80,000 shares

**Skills and experience:**

- Management experience from Managerial Duties and Directorships
- Strategy, business development and financial management
- Organisational transformation

**Other Managerial duties and Board positions:**

| | |
|---|---|
| Chairman | NS Give Elementer A/S |
| Chairman | Lundsby Industri A/S |
| Chairman | GIVE ELEMENTFABRIK A/S |
| Chairman | The Jewellery Room ApS |
| Chairman | Give Elementer A/S |
| Vice chairman | Tiger of Sweden Denmark A/S |
| Vice chairman | BY MALENE BIRGER A/S |
| Vice chairman | Gubra ApS |
| CEO | AML ApS |

## Lars Kristian Runov

BOARD MEMBER

**Gender:** Male
**Member since:** 2021
**Up for re-election:** Yes
**Born:** 1970
**Independency:** Considered Independent
**Number of shares:** 160,000 shares

**Skills and experience**

- General international management experience
- Digital Business Development
- Go-to-market strategies, revenue growth, inbound marketing
- Vice President at Unity Technologies Inc. 2012-2016
- Chief Marketing Officer at Siteimprove A/S 2016-2018

**Other Managerial duties and Board positions:**

| | |
|---|---|
| Member | T-Bone K/S |
| Member | Innoflow ApS |
| CEO | Presence ApS |
| CEO | CAS Presence ApS |
| CEO | CL Presence ApS |

## Claus Jul Christiansen

BOARD MEMBER

**Gender:** Male
**Member since:** 2021
**Up for re-election:** No
**Born:** 1966
**Independency:** Considered Independent
**Number of shares:** 93,868 shares

**Skills and experience**

- General international management experience
- Product Management, direct client sales and partnership management
- Various directorships within Microsoft Denmark 2010-2021

**Other Managerial duties and Board positions:**

| | |
|---|---|
| Member | Acies A/S |
| Member | KONSOLIDATOR A/S |
| Member | UNIT IT A/S |
| CEO | WORKPOINT A/S |

## Thor Skov Jørgensen

BOARD MEMBER

**Gender:** Male
**Member since:** 2021
**Up for re-election:** Yes
**Born:** 1982
**Independency:** Considered Independent
**Number of shares:** 32,000 shares

**Skills and experience:**

- General international management experience
- Strategy, commercial excellence and change
- management
- Extensive knowledge of digital transformation in the retail industry

**Other Managerial duties and Board positions:**

| | |
|---|---|
| Member | SKAGENFOOD A/S |
| CFO | OK a.m.b.a. |

## Camilla Simonsen[1]

BOARD MEMBER

**Gender:** Female
**Member since:** 2021
**Up for re-election:** No
**Born:** 1981
**Independency:** Considered Independent
**Number of shares:** 80,000 shares

**Skills and experience:**

- General international management experience.
- Extensive sales experience and international expansion
- COO of Siteimprove A/S 2015 - 2021

**Other Managerial duties and Board positions:**

| | |
|---|---|
| Member | Pleaz ApS |
| Member Chief of Staff | Siteimprove A/S |

1 Resigned Jan 1, 2023

## Board of Directors

**COMPOSITION OF BOARD OF DIRECTORS**

In accordance with Relesys' Articles of Association, the Board of Directors must comprise at least five and not more than seven Directors. Directors are elected for a term of one year, and new Directors are elected according to the Danish Companies Act.

In the end of 2022, Relesys' Board of Directors consisted of five members, including the Chairman. The Board of Directors' primary objective is to supervise the work of the Executive Management and the overall strategic direction.

**COMPETENCIES OF THE BOARD**

The composition of the Board of Directors is intended to ensure that the Board's competency profile is diverse so that it can perform its duties effectively.

The current competencies required of Board members are: long-standing experience and knowledge within the retail industry, together with extensive skills within international tech and Software-as-a-Service growth and expansion, strategy, change management, business development and finance.

See **page 24** for a description of the individual Directors' competencies and experience.

**BOARD MEETINGS**

In 2022, the Board of Directors held four ordinary board meetings. The agenda for each is defined in accordance with the annual cycle of the Board to make sure the strategic and operational policy framework of the Group is always up to date and in accordance with the emphasis defined by the Board.

## Remuneration

**REMUNERATION POLICY**

Remuneration of the Board of Directors and the Executive Board is carried out in accordance with the Relesys Remuneration Policy as adopted by the Extraordinary General Meeting the 1st of November 2021.

The purpose of the Remuneration Policy is to ensure that Relesys is able to attract and retain a qualified management team, to align management and shareholder interest, and to create sufficient incentive for the long-term value creation of the Company. Relesys Remuneration Policy is available at https://investors.relesys.net/.

**Report on Corporate Governance cf. section 107b of the Danish Financial Statements Act**

In managing Relesys, the Board of Directors applies the latest Recommendations on Corporate Governance issued by the Danish Committee on Corporate Governance. The Board uses the Recommendations for guidance when setting up management structures, tasks and procedures and checks against them to make sure that the Company is acting in accordance with the principal intentions of the Recommendations. The Board regularly assesses its procedures based on the Recommendations.

Adherence to the Recommendations is reported in the Statutory Report on Corporate Governance available at **https://investors.relesys.net/.**

**BOARD MEETINGS ATTENDED:**

| | |
|---|---|
| Alexander Thomas Martensen-Larsen | 4/4 |
| Camilla Abildgaard Simonsen (resigned January 2023) | 4/4 |
| Thor Skov Jørgensen | 4/4 |
| Claus Jul Christiansen | 4/4 |
| Lars Kristian Runov | 4/4 |

## Corporate Social Responsibility

Relesys recognises its social responsibility as a corporation and employer. As part of this responsibility, Relesys has adopted a Corporate Social Responsibility Policy that outlines Relesys' stance on human rights, labor and employment rights, environmental aspects, and anti-corruption.

The Corporate Social Responsibility Policy is available at **https://investors.relesys.net/**.

# Management team

## Executive management

### Jesper Roesgaard
**Position:** CEO and Co-Founder
**Member since:** 2014
**Born:** 1974

### Jens Ole Lebeck
**Position:** COO and Co-Founder
**Member since:** 2014
**Born:** 1969

### Mads Stoffer Larsen
**Position:** CFO
**Member since:** 2021
**Born:** 1985

## Extended management team

### Martin Sørensen
**Position:** CTO
**Seniority:** 2016
**Born:** 1980

### Mie Wrønnum Wiinberg
**Position:** VP Enterprise Consultant
**Seniority:** 2017
**Born:** 1991

### Tine Pyndt Jørgensen
**Position:** Director of Client Success
**Seniority:** 2022
**Born:** 1993

# Shareholder information

## COMMUNICATION WITH SHAREHOLDERS

Through professional, transparent, and proactive communication, we wish to provide the basis for a fair pricing of our share, resulting in long-term economic value for our shareholders. To keep our investors and other stakeholders up to date with the latest developments throughout the year, our Executive Management and Investor Relations stay in close contact with existing and potential investors through financial releases, company announcements, and press releases, to maintain an open and constructive dialogue with the capital market.

When asked to review analyst models and reports, the Company limits its comments to correcting factual historical information and drawing attention to the publicly available information. Furthermore, the Company has a slient period prior to the release of a financial report. For more information about our Investor Relations Policy, please visit: https://investors.relesys.net/

## DIVIDENDS

The Company's ability to pay dividends depends, among other things, on its financial condition, working capital requirements, the availability of distributable profits and reserve and cash available, and other factors that the Board of Directors may deem relevant. During the period of the current growth strategy, the Board of Directors proposed not to pay dividends as the Company is in a growth phase and intends to reinvest any profit in activities to continue the growth.

## COMPANY ANNOUNCEMENTS

In 2022, Relesys published 11 company announcements. These are listed in the chart below:

| | | |
|---|---|---|
| **27 Jan.** | No. 1 | Relesys announces changes in Executive Management |
| **28 Mar.** | No. 2 | Relesys A/S realises growth in Annual Recurring Revenue of 40% in 2021 |
| **1 Apr.** | No. 3 | Relesys A/S: Notification of transactions by persons discharging managerial responsibilities and person closely associated with them |
| **12 Apr.** | No. 4 | Notice of Annual General Meeting of Relesys A/S |
| **27 Apr.** | No. 5 | Relesys A/S announces results of the Annual General Meeting 2022 |
| **25 May.** | No. 6 | Relesys realises 33% year-over-year growth in Annual Recurring Revenue in Q1 2022 |
| **29 Aug.** | No. 7 | Relesys reports 40% year-over-year growth in Annual Recurring Revenue in H1 |
| **22 Sep.** | No. 8 | Changes to the Board of Directors of Relesys A/S |
| **29 Nov.** | No. 9 | Relesys reports 36% year-on-year growth in Annual Recurring Revenue in Q3 2022. ARR and Revenue Guidance Range narrowed |
| **5 Dec.** | No. 10 | Upward adjustment of ARR guidance for 2022 |
| **23 Dec.** | No. 11 | Upward adjustment of ARR guidance for 2022 |

## RELESYS SHARE DATA

| | |
|---|---|
| Number of share of DKK 1 on 31 Dec. 2022 | 51,040,000 |
| Restrictions on transferability and voting rights | None |
| Listed | Nasdaq First North Premier Growth Market Denmark |
| Trading symbol | RELE |
| ISIN code | DK0061680436 |

### Financial calendar for 2023:

**Annual General Meeting**
27 April

**Quarterly Update (Q1)**
11 May

**Interim Report (Q2)**
29 August

**Interim Report (Q3)**
29 November

# 02 Consolidated financial statements

# Statement by the Board of Directors and the Executive Management

The Board of Directors and the Executive Management have today considered and approved the Annual Report of Relesys A/S for the financial year 1 January 2022 to 31 December 2022.

The Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act, and the Parent Financial Statements have been prepared in accordance with the Danish Financial Statements Act. The Management Commentary has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Consolidated Financial Statements and the Parent Financial Statements give a true and fair view of the Group's and the Parent's financial position at 31 December 2022 and of their results and operations as well as the consolidated cash flows for the financial year 1 January to 31 December 2022.

In our opinion, the Management Commentary contains a fair review of the development in the operations and financial circumstances of the Group and the Parent, of the results for the year and of the financial position of the Group and the Parent as well as a description of the most significant risks and elements of uncertainty facing the Group and the Parent.

We recommend the Annual Report for adoption at the Annual General Meeting.

Nordhavn, 30 March 2023

## Executive Management

**Jesper Roesgaard**
Co-founder and CEO

**Jens Ole Lebeck**
Co-founder and COO

**Mads Stoffer Larsen**
CFO

## Board of Directors

**Alexander T. Martensen-Larsen**
Chairman

**Lars Kristian Runov**
Board Member

**Thor Skov Jørgensen**
Board Member

**Claus Jul Christiansen**
Board Member

# Independent auditor's report

## To the shareholders of Relesys A/S

### OPINION

In our opinion, the Consolidated Financial Statements give a true and fair view of the Group's financial position at 31 December 2022 and of the results of the Group's operations and cash flows for the financial year 1 January to 31 December 2022 in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

Moreover, in our opinion, the Parent Company Financial Statements give a true and fair view of the Parent Company's financial position at 31 December 2022 and of the results of the Parent Company's operations for the financial year 1 January to 31 December 2022 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Relesys A/S for the financial year 1 January - 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as statement of comprehensive income and cash flow statement for the Group ("financial statements").

### BASIS FOR OPINION

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 Group 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.

### STATEMENT ON THE MANAGEMENT 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.

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 Financials Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement in Management's Review.

## MANAGEMENT'S RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation of Consolidated Financial Statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act and for the preparation of Parent Company 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 Group's and the Parent 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 Group or the Parent 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 judgement and maintain professional scepticism 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 Group's and the Parent 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 Group's and the Parent 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 Group and the Parent 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.
- 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.

Hellerup, 30 March 2023

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# Consolidated income statement

| DKK'000 | Note | 2022 | 2021 |
|---|---|---|---|
| Revenue | 4,5 | 44,144 | 34,500 |
| Cost of sales | | (4,946) | (2,763) |
| **Gross profit** | | **39,198** | **21,914** |
| Other external expenses | | (18,615) | (9,823) |
| Staff costs | 6,7 | (43,716) | (22,289) |
| Other operating income | | 163 | 182 |
| Other operating expenses | | - | (1,053) |
| Depreciation, amortisation, and impairment | 8 | (3,320) | (2,584) |
| **Operating loss** | | **(26,290)** | **(3,830)** |
| Financial income | 9 | - | 18 |
| Financial expenses | 10 | (1,239) | (372) |
| **Loss before tax** | | **(27,529)** | **(4,184)** |
| Tax for the year | 11 | 1,301 | 558 |
| **Loss for the year** | | **(26,228)** | **(3,626)** |

# Consolidated comprehensive income

| DKK'000 | 2022 | 2021 |
|---|---|---|
| Exchange differences on translation of foreign operations | (11) | (58) |
| **Other comprehensive income for the year, net of tax** | **(11)** | **(58)** |
| **Total comprehensive income for the year** | **(26,239)** | **(3,684)** |
| **PROFIT OR LOSS FOR THE PERIOD ATTRIBUTABLE TO:** | | |
| Non-controlling interests | - | 78 |
| Owners of the parent | (26,228) | (3,548) |
| | **(26,228)** | **(3,470)** |
| **TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO** | | |
| Non-controlling interests | - | 78 |
| Owners of the parent | (26,239) | (3,762) |
| | **(26,239)** | **(3,684)** |
| Earnings per share (DKK) | (0.51) | (0.14) |
| Earnings per share, diluted (DKK) | (0.51) | (0.14) |

# Consolidated balance sheet

## ASSETS

| DKK'000 | Note | 2022 | 2021 |
|---|---|---|---|
| Intangible assets | 12 | 5,858 | 5,032 |
| Property, plant and equipment | 13 | 177 | 1,099 |
| Contract costs | 5 | 525 | 166 |
| Right-of-use assets | 14 | 4,753 | 1,682 |
| Deposits | 15 | 599 | 249 |
| **Total non-current assets** | | **11,912** | **8,228** |
| Trade receivables | 16 | 4,922 | 3,860 |
| Contract costs | 5 | 454 | 276 |
| Income tax receivables | | 402 | 556 |
| Other receivables | | 144 | 392 |
| Prepayments | | 1,039 | 13 |
| Cash | | 31,333 | 59,260 |
| **Total current assets** | | **38,294** | **64,357** |
| **Total assets** | | **50,206** | **72,585** |

## EQUITY AND LIABILITIES

| DKK'000 | Note | 2022 | 2021 |
|---|---|---|---|
| Share capital | 17 | 510 | 510 |
| Share premium | | 68,890 | 68,890 |
| Retained earnings | | (38,132) | (12,345) |
| Translation reserve | | (69) | (58) |
| **Total equity** | | **31,199** | **56,997** |
| Interest bearing liabilities | | - | 639 |
| Deferred tax | 11 | - | 926 |
| Lease liabilities | 14 | 4,365 | 680 |
| Other payables | 18 | 641 | 598 |
| **Total non-current liabilities** | | **5,006** | **2,843** |
| Interest bearing liabilities | | - | 2,314 |
| Lease liabilities | 14 | 611 | 1,101 |
| Trade payables | | 1,545 | 1,955 |
| Income tax payable | | 21 | 14 |
| Deferred income | 5 | 8,247 | 4,909 |
| Other payables | 18 | 3,577 | 2,452 |
| **Total current liabilities** | | **14,001** | **12,745** |
| **Total liabilities** | | **19,007** | **15,588** |
| **Total equity and liabilities** | | **50,206** | **72,585** |

# Consolidated statement of changes in equity

**2022**

| DKK'000 | Share capital | Share premium | Retained earnings | Translation reserve | Total |
|---|---|---|---|---|---|
| **Balance at 1 January** | **510** | **68,890** | **(12,345)** | **(58)** | **56,997** |
| Net loss for the period | - | - | (26,228) | - | (26,228) |
| Other comprehensive income | - | - | - | (11) | (11) |
| **Total comprehensive income** | **-** | **-** | **(26,228)** | **(11)** | **(26,239)** |
| Share-based payments | - | - | 440 | - | 440 |
| **Total transactions with the owners** | **-** | **-** | **440** | **-** | **440** |
| **Balance at 31 December** | **510** | **68,890** | **(38,132)** | **(69)** | **31,199** |

**2021**

| DKK'000 | Share capital | Share premium | Retained earnings | Translation reserve | Total | Non-controlling interests | Total |
|---|---|---|---|---|---|---|---|
| **Balance at 1 January** | **50** | **-** | **1,444** | **2** | **1,496** | **59** | **1,555** |
| Net loss for the period | - | - | (3,626) | - | (3,626) | 78 | (3,548) |
| Other comprehensive income | - | - | - | (58) | (58) | - | (58) |
| **Total comprehensive income** | **-** | **-** | **(3,626)** | **(58)** | **(3,684)** | **78** | **(3,606)** |
| Acquisition of non-controlling interests | - | - | (4,771) | (2) | (4,773) | (137) | (4,910) |
| Capital increase as part of company transformation | 350 | - | (350) | - | - | - | - |
| Capital increase as part of IPO | 110 | 68,890 | - | - | 69,000 | - | 69,000 |
| Transaction cost for equity issuance | - | - | (5,142) | - | (5,142) | - | (5,142) |
| Share-based payments | - | - | 100 | - | 100 | - | 100 |
| **Total transactions with the owners** | **460** | **68,890** | **(10,163)** | **(2)** | **59,185** | **(137)** | **59,048** |
| **Balance at 31 December** | **510** | **68,890** | **(12,345)** | **(58)** | **56,997** | **-** | **56,997** |

# Consolidated cash flow statement

| DKK'000 | 2022 | 2021 |
|---|---|---|
| Operating loss | (26,290) | (3,830) |
| Gain on disposal of tangible assets | 60 | - |
| Depreciation, amortisation and impairment losses | 3,320 | 2,584 |
| Share-based payments expense | 440 | 100 |
| Change in working capital | 2,366 | (805) |
| Income taxes received (paid) | (22) | 225 |
| Interest received | - | 18 |
| Interest paid | (1,039) | (239) |
| **Cash flow from operating activities** | **(21,165)** | **(1,947)** |
| | | |
| Investments in intangible assets | (1,957) | (1,714) |
| Investments in tangible assets | (233) | (72) |
| Proceeds from sales of tangible assets | 850 | - |
| Investments in other non-current assets | (709) | (227) |
| **Cash flow from investing activities** | **(2,049)** | **(2,013)** |
| | | |
| Other loans raised | - | 2,196 |
| Repayment of borrowings | (2,953) | (118) |
| Payment of principal portion of lease liabilities | (1,756) | (1,124) |
| Investment in non-controlling interest | - | (4,910) |
| Transaction coss from capital increase | - | (5,142) |
| Cash from capital increase | - | 69,000 |
| **Cash flow from financing activities** | **(4,709)** | **59,902** |
| | | |
| **Change in cash and cash equivalents** | | |
| Cash at 1 January | 59,260 | 3,327 |
| Net cash flow | (27,923) | 55,942 |
| Currency translation | (4) | (9) |
| **Cash at 31 December** | **31,333** | **59,260** |

# Notes to the consolidated financial statements

NOTE 1

# Accounting policies

**This year, the Group has moved to prepare the financial statements in a larger class. The Group's Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU and additional Danish disclosure requirements for the financial statements of reporting class C enterprises, cf. the Danish Executive Order on Adoption of IFRSs ("IFRS-bekendtgørelsen") issued in accordance with the Danish Financial Statements Act ("DFSA").**

## Basis of preparation

The Financial Statements are presented in Danish kroner (DKK). All amounts have been rounded to nearest DKK thousand, unless otherwise indicated.

The Financial Statements have been prepared on a going concern basis and in accordance with the historical cost convention, except where IFRS explicitly requires use of other values.

For the purpose of clarity, the Financial Statements and the notes to the Financial Statements are prepared using the concepts of materiality and relevance. This means that line items not considered material in terms of quantitative and qualitative measures or relevant to financial statement users are aggregated and presented together with other items in the Financial Statements. Similarly, information not considered material is not presented in the notes.

The accounting policies have been applied consistently during the financial year and for the comparative figures.

## Basis of consolidation

The Group controls an entity where the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

| Name | Country | Ownership |
|---|---|---|
| Relesys B.V | The Netherlands | 100% |
| Relesys AB | Sweden | 100% |
| Relesys Ltd. | The United Kingdom | 100% |
| Relesys UAB | Lithuania | 100% |
| Relesys Inc. | The United States | 100% |

## Principles of consolidation

The Consolidated Financial Statements are prepared on the basis of the Financial Statements of the Parent and its subsidiaries.

The Consolidated Financial Statements are prepared by combining items of a uniform nature and subsequently eliminating intercompany transactions, internal shareholdings and balances and unrealised intercompany gains or losses. The Financial Statements used for consolidation are prepared in accordance with the Group's accounting policies.

Accounting policies are described in full on the subsequent pages.

NOTE 1

# Accounting policies (Continued)

## Non-IFRS financial measures

**The Group uses certain financial measures that are not defined in IFRS to describe the Group's financial performance. These financial measures may therefore be defined and calculated differently from similar measures in other companies, and thus not be comparable.**

**Annual recurring revenue:**
ARR is the annualised value of subscriptions at a given date, entered into with Relesys.

New subscriptions are included in ARR at the time of entering into a binding agreement, which would typically occur at the time of signing an agreement.

For changes to existing subscriptions, ARR impact is included at the time that the change enters into force.

Subscriptions that are terminated (ARR churn) are reduced on ARR at the time that the agreement ceases to exist. Subscriptions are typically entered into with an irrevocable period of 12–36 months. Inclusion of ARR is conducted in the following manner:

- For 12-month subscriptions, ARR is included as 1 time the value of the agreement.
- For 24-month subscriptions, ARR is included as 1/2 times the value of the agreement.
- For 36-month subscriptions, ARR is included as 1/3 times the value of the agreement.
- Monthly subscriptions and existing subscriptions that are beyond the irrevocable period are included in ARR as 12 times the actual monthly value of the subscription (MRR).

The value of client customisation and integrations is included in ARR calculated as a prorated value over the subscription period.

ARR is calculated in Danish kroner. When entering into an agreement in a foreign currency, a currency translation is conducted at the time of entering into the agreement.

**SaaS share of revenue:** SaaS revenue / Revenue

**Annual recurring revenue (year-on-year growth):** (ARR current year - ARR prior year) / ARR prior year

**Net ARR retention rate:** (Starting ARR + ARR net uplift of existing clients - ARR churn of existing clients) / Starting ARR

**Average ARR per client:** (ARR / Number of clients)

**ARR churn rate:** (ARR amount at beginning of period - ARR amount at end of period) / ARR amount at beginning of period

**ARR retention:** 100% - Churn %

**ARR expected lifetime:** 1 / ARR churn rate

**Number of clients:** Relesys counts clients by the number of groups/ companies with whom Relesys has subscription agreements.

**Client (year-on-year growth):** (Clients current year - Clients prior year) / Clients prior year

**Client churn rate:** (Clients at beginning of period - Clients at end of period) / Clients at beginning of period

**Client retention:** 100% - Churn %

**Client expected lifetime:** 1 / Client churn rate

NOTE 1

# Accounting policies (Continued)

## Cash flow statement

The cash flow statement is presented using the indirect method and shows cash flows from operating, investing, and financing activities for the year as well as the Group's cash and cash equivalents at the beginning and end of the financial year.

Cash flows from operating activities are calculated based on operating profit/loss, adjusted for the cash flow effect of non-cash operating items, working capital changes, financial expenses paid and income tax paid.

Cash flows from investing activities comprise payments in connection with the acquisition and sale of non-current intangible assets, property, plant and equipment, and financial assets.

Cash flows from financing activities comprise payments arising from changes in the size or composition of the Group's share capital and dividend paid. Cash and cash equivalents comprise cash at the bank and in hand.

## Foreign currency translation

A functional currency is determined for each Group entity. The functional currency is the currency used in the primary financial environment in which the individual Group entity operates. The Group's presentation currency is Danish Kroner.

On initial recognition, foreign currency transactions are translated into the functional currency at the exchange rate at the transaction dates. Foreign currency translation differences between theexchange rates at the transaction date and the date of payment are recognised in the income statement under financials.

Monetary items denominated in a foreign currency are translated at the exchange rate at the reporting date. The difference between the exchange rates at the reporting date and the transaction date or the exchange rate used in the latest annual report is recognised in the income statement under financials.

Foreign currency translation differences arising on the translation of non-monetary items are recognised directly in other comprehensive income.

When preparing the consolidated financial statements, the income statements of entities with a functional currency other than DKK are translated at the average exchange rate for the period, and balance sheet items are translated at the closing rate at the end of the reporting period.

Foreign exchange differences arising on translation of the equity of foreign entities are recognised directly in other comprehensive income.

Foreign exchange differences arising on the translation of income statements from the average exchange rate for the period to the exchange rate at the reporting date are also recognised in other comprehensive income. Adjustments are presented under a separate translation reserve in equity.

## Statement of profit or loss

### Revenue

The Group has two revenue streams, being SaaS revenue and consultancy. Revenue mainly derives from subscription fees charged for the Group's software subscription. For software contracts, which are comprised of several components, the total contract sum is allocated to the separate performance obligations for the purpose of revenue recognition.

Revenue recognition requires an agreement with the client, which creates enforceable rights and obligations between the parties, has commercial substance, and identifies payment terms. In addition, it must be probable that the consideration determined in the contract will be collected.

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a client and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of the licence or service to a client. All revenue is derived from contracts with clients.

#### SAAS REVENUE

SaaS revenue consists of two revenue streams; subscription fees and configuration & integrations.

Subscription fees cover subscription, hosting, and maintenance. The subscription is not distinct from the hosting service, revenue is therefore recognised over time, as the clients are receiving and consuming the benefits of the Group's performance while performing. The hosting service and maintenance are therefore bundled to one performance obligation together with the subscription.

Fees related to configuration and integration include services related to installation, implementation, and configuration. The services are not distinct from the subscription fee as the client cannot benefit from the service on its own and are not separately identifiable from other promises in the contract. Revenue is recognised over time, as the clients are receiving and consuming the benefits of the Group's performance while performing.

#### CONSULTANCY

Consultancy includes client-specific development and customisation, as well as training and workshops. The consultancy is distinct from the subscription fee as the client can benefit from the service on its own and the promise to transfer the service to the client is separately identifiable from other promises in the contract. Revenue is recognised over time as Relesys' performance does not create an asset with alternative use and the entity has a right to payment for performance completed to date.

### Cost of sales

Cost of sales comprises costs directly linked to revenue in the financial year measured at cost, which is primarily server costs to Microsoft Azure.

NOTE 1

# Accounting policies (Continued)

## Other operating income and expenses

Other operating income and other operating expenses comprise income and expenses of a secondary nature relative to the primiary activities of the Group.

## Cost to obtain a contract

The Group pays sales commission to its employees for each contract that they obtain for sales of subscription. The commissions are recognised as contract costs in the statement of financial position and amortised between 24 and 36 months.

Capitalised contract costs are subject to an impairment assessment at the end of each reporting period. Impairment losses are recognised in profit or loss as staff costs.

## Other external expenses

Other external costs comprise costs incurred for distribution, sales, advertising, administration, premises, loss on receivables etc.

## Staff costs

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

## Share-based payments

Share-based compensation benefits in respect of a warrant program are provided to executive management, other key management personnel and other employees.

The warrant program is classified as an equity arrangement. As such, the fair value of the warrants granted under the program is recognised as an expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the grant date fair value of the warrants. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the Company revises its estimates of the number of warrants that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity. Further information about the share-based payment program is disclosed in note 7.

## Financial income and financial expenses

Financial income and expenses include interest income, interest expense, amortisation of borrowing costs, and realised and unrealised exchange gains and losses. disclosed in note 9 and 10.

## Tax

Tax on the profit or loss for the year comprises the year's current tax and changes in deferred tax. The tax expense relating to the profit or loss for the year is recognised in the statement of profit or loss, and the tax expense relating to items recognised in other comprehensive income and directly in equity, respectively, is recognised in other comprehensive income or directly in equity. Exchange rate adjustments of deferred tax are recognised as part of the adjustment of deferred tax for the year.

Current tax payable and receivable is recognised in the statement of financial position as the expected tax on the taxable income for the year, adjusted for tax paid on account. The current tax charge for the year is calculated based on the tax rates and rules enacted at the statement of financial position date.

Deferred tax is calculated using the liability method on all temporary differences between the accounting and taxable values of assets and liabilities.

Deferred tax assets are assessed yearly and only recognised to the extent that it is more likely than not that they can be utilised. Deferred tax assets, including the tax value of tax losses carried forward, are recognised as other non-current assets and measured at the amount at which they are expected to be realised, either by setting off deferred tax liabilities or by setting off tax on future earnings within the same legal entity or a jointly taxed entity.

Deferred tax is measured based on the tax legislation and statutory tax rates in the respective countries that will apply under the legislation in force on the statement of financial position date when the deferred tax asset is expected to crystallise as current tax. Changes in deferred tax resulting from changes in tax rates are recognised in the statement of profit or loss.

The Group recognises deferred tax assets relating to losses carried forward when Management finds that these can be offset against taxable income in the foreseeable future. An assessment is made taking into consideration the effect of restrictions in utilisation in local tax legislation. Future taxable income is assessed based on budgets as well as Management's expectations regarding the growth and operating margin in the coming years.

# Accounting policies (Continued)

## Balance sheet

### Intangible assets

Intangible assets with determinable useful lives comprising completed and in-progress development projects are measured at cost less accumulated amortisation and impairment losses. Completed development projects by the Group are recognised as an asset if the cost of development is reliably measurable and an analysis future shows that the economic benefits from using the software exceed the cost.

Development projects on clearly defined and identifiable products and processes, for which the technical feasibility, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets.

Development projects in progress are transferred to completed development projects when finished and amortisation starts.

Development costs that does not meet the criteria for capitalization are recognised as costs in the income statement as incurred.

Cost is defined as development costs incurred to the development of projects and consists of direct salaries and other directly attributable costs.

Amortisation of the asset begins when development is complete, and the asset is available for use. It is amortised over the expected useful life on a straight-line basis. During the period of development, the asset is tested for impairment quarterly.

Amortisation and impairment charges are recognised in the statement of profit or loss.

Expected useful lives are reassessed regularly. The Group regularly reviews the carrying amounts of its finite-lived intangible assets to determine whether there is an indication of an impairment loss. Development projects are amortised on a straight-line basis over the remaining patent period and subscription are amortised over the contract period for a period of 5-7 years.

### Property, plant and equipment

Property, plant, and equipment comprise other fixtures and fittings, tools, and equipment. Property, plant, and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

The cost comprises the acquisition price and other expenses directly attributable to preparing the asset for its intended use.

Property, plant, and equipment are depreciated on a straight-line basis over the expected useful lives of the finite-lived assets, which are as follows:

Other fixtures and fittings, tools, and equipment: 3-5 years.

Property, plant, and equipment are tested for impairment if indications of impairment exist. Property, plant, and equipment are written down to their recoverable amount if the carrying amount exceeds the higher of the fair value, less costs to sell and the value in use. Depreciation and impairment charges are recognised in the statement of profit or loss.

### Leases

When entering into an agreement, the Group assesses whether an agreement is a lease agreement or contains a lease element.

The right-of-use asset is measured at cost, which is calculated as the present value of the lease obligation plus any direct costs related to entering the lease and prepaid lease payments.

The right-of-use asset is depreciated on a straight-line basis over the shorter of the lease term and the useful life of the asset.

The Group leases properties that include a service element in the payments to the lessor. This service is deducted from the lease payment when measuring the lease obligation. Short-term leases with a maximum lease term of 12 months and leases where the underlying asset has a low value are not recognised in the statement of financial position.

The lease term is defined as the non-cancellable period of a lease together with periods covered by options to extend the lease if it is reasonably certain that the options will be exercised, and periods covered by options to terminate the lease if it is reasonably certain that the options will not be exercised. A number of leases contain extension and termination options in order to guarantee operational flexibility in managing the leases.

The lease obligation, which is recognised in “Lease liabilities”, is measured at the present value of the remaining lease payments, discounted by the Group’s incremental loan interest rate if the implicit interest rate is not stated in the lease agreement or cannot reasonably be determined. The lease obligation is subsequently adjusted if:

- The value of the index or interest rate on which the lease payments are based changes.
- There is a change in the expectations related to the exercise of options to extend or shorten the lease period due to a material event or material change in circumstances that are within the control of the lessee.
- The lease term is changed as a result of exercising an option to extend or shorten the lease term.

Subsequent adjustments of the lease obligation are recognised as a correction to the right-of-use asset. However, if the right-of-use asset has a value of DKK 0, a negative reassessment of the right-of-use asset is recognised in the statement of profit or loss.

# Accounting policies (Continued)

## Trade receivables

Trade receivables are amounts due from clients for services performed in the ordinary course of business. They are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components when they are recognised at fair value. The group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method less loss allowance.

The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. The measurement of the expected credit losses is based on an individual assessment of trade receivables. The expected loss rates are based on the payment profiles and the corresponding historical credit losses experienced adjusted to reflect current and forward-looking information affecting the ability of the clients to settle the receivables.

Trade receivables are written off (either partially or in full) when there is no reasonable expectation of recovery. The costs of allowances for expected credit losses and writeoffs for trade receivables are recognised in the statement of profit or loss in other external expenses.

## Deposits

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

## Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

## Share premium

Share premium consists of positive differences between the nominal value of share capital and amount paid by shareholders for newly issued shares. Share premium is a distributable reserve.

## Translation reserve

Exchange rate differences arising from the translation of foreign-controlled entities into the presentation currency, DKK, are recognised in other comprehensive income and accumulated on a separate reserve within equity. The accumulated amount will be reclassified to profit or loss when the net investment the translation reserve relates to is disposed of.

## Transaction costs related to equity issuance

Qualifying transaction costs incurred in connection with the issuance of equity instruments are deducted from equity. Where the qualifying transaction costs related to the listing of existing and new shares, the part of the total transaction costs deducted from equity are based on the ratio between existing and new shares.

## Interest-bearing liabilities

Interest-bearing liabilities include bank loan and a credit facility. Interest-bearing liabilities are initially recognised at fair value and are subsequently measured at amortised cost using the effective interest method.

## Trade payables and other payables

Trade payables represent liabilities for goods and services provided to the group and are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

Other payables include bonus and commission accruals, holiday pay obligations, payroll taxes, and VAT. Other payables are measured at cost.

## Deferred income

Payments received concerning future income are recognised under deferred income.

NOTE 2

# Impact from adoption of new or amended accounting standards

Management has assessed the impact of new or amended accounting standards and interpretations (IFRSs) issued by the IASB and IFRSs endorsed by the European Union effective on or after 1 January 2022. Management assessed that application of these has not had a material impact on the consolidated financial statements for 2022.

Furthermore, Management has assessed the impact of new or amended accounting standards and interpretations (IFRSs) issued by the IASB that has not yet become effective. Management does not anticipate any significant impact on future periods from the adoption of these amendments.

NOTE 3

# Critical accounting judgements and key sources of estimation uncertainty

As part of the preparation of the Financial Statements, Management makes a number of accounting estimates and assumptions as a basis for recognising and measuring the Group's assets, liabilities, income, and expenses as well as judgments made in applying the entity's accounting policies. The estimates, judgments, and assumptions made are based on experience gained and other factors that are considered prudent by Management in the circumstances, but which are inherently subject to uncertainty and volatility.

The assumptions may be incomplete or inaccurate, and unforeseen events or circumstances may occur, for which reason the actual results may differ from the estimates and judgments made. The accounting policies are described in detail in note 1 to the Financial Statements to which we refer.

Management considers the following accounting estimates and judgments to be significant in the preparation of the Financial Statements.

## Estimates and assumptions

### DEVELOPMENT COSTS

The Group capitalises costs for software development projects. Initial capitalisation of costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised, Management makes assumptions regarding the expected future cash generation of the project and the expected period of benefits. On 31 December 2022, the carrying amount of capitalised development costs was DKK'000 5,858 (2021: DKK'000 5,032).

NOTE 4

# Segment information

For management purposes and based on internal reporting information, the Group is organised in only one operating segment, as the information reported includes operating results at a consolidated level only. The costs related to the main nature of the business are not attributable to any specific revenue stream or client type and are therefore borne centrally. The results of the single reporting segment are shown in the statement of comprehensive income.

The Executive Management is the Chief Operating Decision Maker (CODM), which is made up of the senior leadership across the respective functional areas and is responsible for the strategic decision-making and for the monitoring of the operating results of the single operating segment for the purpose of performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the Financial Statements.

In 2022, no individual client exceeded 10% of the total revenue. (2021: One client with accumulated revenue of 13%).

### EXTERNAL REVENUE BY GEOGRAPHY

| DKK'000 | **2022** | 2021 |
|---|---|---|
| Denmark | 31,047 | 23,954 |
| The Netherlands | 3,228 | 3,586 |
| Sweden | 5,549 | 3,392 |
| North America | 1,174 | 1,452 |
| Rest of the world | 3,146 | 2,116 |
| **Total** | **44,144** | **34,500** |

### NON CURRENT ASSETS BY GROGRAPHY

| DKK'000 | **2022** | 2021 |
|---|---|---|
| Denmark | 10,859 | 7,756 |
| Rest of the world | 454 | 223 |
| **Total** | **11,313** | **7,979** |

NOTE 5

# Revenue

### REVENUE FROM EXTERNAL CLIENTS

| DKK'000 | **2022** | 2021 |
|---|---|---|
| SaaS Business | 38,421 | 27,013 |
| Consultancy | 5,724 | 7,487 |
| **Total** | **44,144** | **34,500** |

### CONTRACT COSTS

| DKK'000 | **2022** | 2021 |
|---|---|---|
| Current | 454 | 166 |
| Non-current | 525 | 276 |
| **Cost to obtain contracts** | **979** | **442** |

During 2022, DKK'000 538 was recognised in the proft and loss statement relating to contract costs from previous years and contract costs from sales during 2022.

Deferred income primarily relates to advance consideration received from clients from the SaaS Business for which revenue will be recognized over time. The outstanding balance of deferred income increased from 2021 to 2022 was due to the continuous increase in the Group's client base.

| DKK'000 | **2022** | 2021 |
|---|---|---|
| Deferred income | 8,247 | 4,909 |

NOTE 5

# Revenue (Continued)

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward deferred income:

| DKK'000 | 2022 | 2021 |
|---|---|---|
| Amounts included in the deferred income balance at the beginning of the year | 2,979 | 3,387 |

The following table shows the transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) resulting from consulting contracts and the SaaS Business:

| DKK'000 | 2022 | 2021 |
|---|---|---|
| Amounts of the transaction price allocated to remaining performance obligations | 28,428 | 22,313 |

In the amount for remaining performance obligations are included the unsatisfied long-term contracts, which include considerations for the users in the remaining contract period. The amount disclosed above does not include variable considerations.

Management expects that 44% of the transaction price allocated to remaining performance obligations as of 31 December 2022 will be recognised as revenue during the next reporting period. The remaining 56% will be recognised in the financial years of 2024 through 2026.

NOTE 6

# Staff costs

**STAFF COSTS**

| DKK'000 | 2022 | 2021 |
|---|---|---|
| Salaries and wages | 39,027 | 19,794 |
| Pension costs | 1,336 | 1,139 |
| Share-based payments | 440 | 100 |
| Other social security costs | 645 | 365 |
| Other staff costs | 2,268 | 891 |
| **Total** | **43,716** | **22,289** |

Pension costs relates to defined contribution plans.

Average number of full-time equivalent employees was 79 in 2022 and 56 in 2021.

**BOARD OF DIRECTORS AND KEY MANAGEMENT PERSONNEL**

| **2022** | Remuneration | Pension | Share-based | Total |
|---|---|---|---|---|
| Board of directors | 590 | - | - | 590 |
| Executive management | 5,178 | 308 | 202 | 5,688 |
| **Subtotal** | **5,768** | **308** | **202** | **6,278** |
| Other key management personnel | 2,916 | 184 | 238 | 3,338 |
| **Total** | **8,684** | **492** | **440** | **9,616** |

| **2021** | Remuneration | Pension | Share-based | Total |
|---|---|---|---|---|
| Board of directors | 320 | - | - | 320 |
| Executive management | 2,567 | 160 | - | 2,727 |
| **Subtotal** | **2,887** | **160** | **-** | **3,047** |
| Other key management personnel | 2,586 | 150 | 72 | 2,808 |
| **Total** | **5,473** | **310** | **72** | **5,855** |

NOTE 7

# Share-based payment plans

The Company has introduced a share-based payment program to selected “Other Key Employees”. The Company’s current warrant program was approved by the shareholders in 2021 and introduced in November 2021.

**2021 warrant program**

The program was established with the purpose to create further incentive to the participants to work for and contribute to future value added to the Company, thus creating positive development in the market value of the Company’s share. Further, the program is instrumental to retaining the participants in the Company.

The participants are under the program granted warrants in the Company for no consideration, which entitle the warrant holder to subscribe for A shares in the Company of a nominal value of DKK 0.01 without preemption right for the shareholders of the Company. Participation in the warrant program is at the board’s discretion, and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits. The warrants are vesting over a period of four years, with one forth after one year and thereafter one 48th per month. The exercise prices of the warrants are listed below for the respective years.

Vested warrants are exercisable only upon an exit event and conditional on the warrant holder’s employment or engagement with the Company have not terminated. However, vested warrants are exercisable only until the expiration date as specified in the table further below. Upon the occurrence of an exit-event, all warrants will become fully vested conditional on the holder’s continuing employment. The cost of the warrant program is recognized over the expected vesting period considering the impact from accelerated vesting and expected time to exit.

Set out below are summaries or warrants granted under the warrant agreement:

| | Weighted average exercise price per warrant | Number of warrants (thousands) | Weighted average fair value per warrant (determined on grant date |
|---|---|---|---|
| **2022** | | | |
| As of 1st day of January | 6.25 | 1,276 | 1.02 |
| Granted during the year | - | - | - |
| Forfeited during the year | - | (255) | - |
| As at 31st of December | 6.25 | 1,021 | 1.02 |

| | Weighted average exercise price per warrant | Number of warrants (thousands) | Weighted average fair value per warrant (determined on grant date |
|---|---|---|---|
| **2021** | | | |
| As of 1st day of January | - | - | - |
| Granted during the year | 6.25 | 1,276 | 1.02 |
| As at 31st of December | 6.25 | 1,276 | 1.02 |

NOTE 7

# Share-based payment plans (Continued)

Warrants outstanding at the end of the year have the following expiry date and exercise prices:

| DKK'000 | Expiry date | Excercise price | Warrants 31 December 2022 (thousand) |
|---|---|---|---|
| **Granted date** | | | |
| 07.11.2021 | 07.11.2025 | 6.25 | 1,276 |
| - | - | - | (255) |
| **Total** | **-** | **-** | **1,021** |

Weighted average remaining contractual life of warrants outstanding at the end of period (years) is 4.83. The fair value at grant date is determined using a Black-Scholes Model calculation that takes into account the share price at grant date, the exercise price, the risk free interest rate for the term of the warrents, the expected volatilit and the term of the warrant (the expected maturity).

The average model inputs for the warrants granted during the year ended 31 December 2021 included:

| | |
|---|---|
| a. Share price at grant date | DKK 6.25 |
| b. Exercise price | DKK 6.25 |
| c. Expected volatility rate (% p.a.) | 19.52 |
| d. Risk-free interest rate (% p.a.) | 0.23 |
| e. Expected maturity | 4 years |

The expected volatility rate is based on the annualised volatility of relevant peer groups derived from the standard deviation of daily observations over 12 months ending 2021. The share price is equal to the listing price of Relesys A/S on the 1st of December 2021, which is also the share price that cornerstone investors signed up for in the begining of November.

The expected maturity corresponds to the expected number of years until the occurance of an exit event.

NOTE 8

# Amortisation, depreciation, and impairment

| DKK'000 | 2022 | 2021 |
|---|---|---|
| Amortisation of intangible assets | 1,167 | 1,168 |
| Depreciation of property, plant and equipment | 305 | 284 |
| Depreciation of right-of-use assets | 1,848 | 1,132 |
| **Total** | **3,320** | **2,584** |

NOTE 9

# Financial income

| DKK'000 | 2022 | 2021 |
|---|---|---|
| Foreign exchange income | - | 18 |
| **Total** | **-** | **18** |

NOTE 10

# Financial expenses

| DKK'000 | 2022 | 2021 |
|---|---|---|
| Interest expenses | 389 | 163 |
| Foreign exchange losses | 339 | 73 |
| Interest on lease liabilities | 200 | 89 |
| Other financial expenses | 311 | 47 |
| **Total** | **1,239** | **372** |

NOTE 11

# Tax for the year

### THE MAJOR COMPONENTS OF INCOME TAX EXPENSE FOR THE YEARS ENDED 31 DECEMBER 2022 AND 2021 ARE:

| DKK'000 | 2022 | 2021 |
|---|---|---|
| Current tax for the year | (362) | (457) |
| Adjustments recognised for tax from prior periods | (13) | - |
| Changes in deferred tax | (926) | (101) |
| **Income tax reported in the income statement** | **(1,301)** | **(558)** |
| | | |
| Loss before tax | (27,529) | (4,184) |
| | | |
| Tax calculated as 22% of loss before tax | 6,056 | 938 |
| Non-deductible expenses | (140) | (446) |
| Non-taxable income | 19 | - |
| Corrections related to subsidaries | 49 | (82) |
| Increased tax deduction regarding development projects (130%) | 121 | 172 |
| Other | 12 | (24) |
| Tax rate difference relation to subsidiaries | 22 | - |
| Non-capitalised tax assets | (4,838) | - |
| **Effective tax** | **1,301** | **558** |
| | | |
| Effective tax rate for the year (%) | 5% | 13% |

### DEFERRED TAX IS RECOGNISED IN THE STATEMENT OF FINANCIAL POSITION AS FOLLOWS:

| DKK'000 | 2022 | 2021 |
|---|---|---|
| Deferred tax (liability) | - | (926) |
| **Total** | **-** | **(926)** |

### DEFERRED TAX CONCERNS

| DKK'000 | 2021 | 2021 |
|---|---|---|
| Intangible assets | (1,173) | (1,107) |
| Property, plant and equipment | 50 | (5) |
| Leases | 49 | 22 |
| Tax loss carried forward | 6,329 | 164 |
| Write-down of tax asset, net | (5,255) | - |
| **Total** | **-** | **(926)** |

There is no expiration date on tax loss carried forward.

NOTE 12

# Intangible assets

**2022**

| DKK'000 | Completed development projects | Development projects in progress | Total |
|---|---|---|---|
| Cost at 1 January | 8,839 | 104 | 8,943 |
| Additions | - | 2,059 | 2,059 |
| Transfers | 1,517 | (1,517) | - |
| Disposals | - | (51) | (51) |
| **Cost at 31 December** | **10,356** | **595** | **10,951** |
| Amortisation and impairment losses at 1 January | (3,860) | (51) | (3,911) |
| Amortisation during the year | (1,168) | - | (1,168) |
| Disposals | (65) | - | (65) |
| Reversal of impairment losses | - | 51 | 51 |
| **Amortisation and impairment losses at 31 December** | **(5,093)** | **-** | **(5,093)** |
| **Carrying amount at 31 December** | **5,263** | **595** | **5,858** |

Remaining years of amortisation: 1 - 7 years

Management has performed an impairment test on the development projects in progress which did not give any indications of impairment.

Completed development projects relate to the further development of the Relesys platform, Relesys core modules, and Relesys pro modules. Management has an expectation of positive earnings from each development project.

It is Management's assessment that the expected useful lives of the finite-lived assets, as well as the expected future revenue streams from the assets, are sufficient to cover the value of recognised developed projects at the reporting date.

**2021**

| DKK'000 | Completed development projects | Development projects in progress | Total |
|---|---|---|---|
| Cost at 1 January | 6,855 | 373 | 7,228 |
| Additions | - | 1,715 | 1,715 |
| Transfers | 1,984 | (1,984) | - |
| **Cost at 31 December** | **8,839** | **104** | **8,943** |
| Amortisation and impairment losses at 1 January | (2,692) | (51) | (2,743) |
| Amortisation during the year | (1,168) | - | (1,168) |
| **Amortisation and impairment losses at 31 December** | **(3,860)** | **(51)** | **(3,911)** |
| **Carrying amount at 31 December** | **4,979** | **53** | **5,032** |

NOTE 13

# Property, plant and equipment

**2022**

| DKK'000 | Other fixtures and fittings, tools and equipment | **Total** |
|---|---|---|
| Cost at 1 January | 1,514 | 1,514 |
| Additions | 233 | 233 |
| Disposals | (1,514) | (1,514) |
| **Cost at 31 December** | **233** | **233** |
| | | |
| Depreciation at 1 January | (415) | (415) |
| Depreciation during the year | (306) | (306) |
| Disposals | 665 | 665 |
| **Depreciation at 31 December** | **(56)** | **(56)** |
| | | |
| **Carrying amount at 31 December** | **177** | **177** |

**2021**

| DKK'000 | Other fixtures and fittings, tools and equipment | **Total** |
|---|---|---|
| Cost at 1 January | 1,442 | 1,442 |
| Additions | 72 | 72 |
| **Cost at 31 December** | **1,514** | **1,514** |
| | | |
| Depreciation at 1 January | (131) | (131) |
| Depreciation during the year | (284) | (284) |
| **Depreciation at 31 December** | **(415)** | **(415)** |
| | | |
| **Carrying amount at 31 December** | **1,099** | **1,099** |

NOTE 14

# Leases

**2022**

| DKK'000 | Property | Cars | Equipment | Total |
|---|---|---|---|---|
| Cost at 1 January | 2,870 | 394 | 789 | 4,053 |
| Adjustments to opening balance | 859 | - | - | 859 |
| Additions | - | 242 | - | 242 |
| Adjustments and revaluations | 4,165[1] | - | 69 | 4,234 |
| Disposals | (1,265) | (170) | (428) | (1,864) |
| **Cost at 31 December** | **6,629** | **466** | **430** | **7,525** |
| | | | | |
| Depreciation at 1 January | (1,662) | (301) | (408) | (2,371) |
| Adjustments to opening balance | (83) | - | - | (83) |
| Depreciation during the year | (1,517) | (93) | (239) | (1,849) |
| Disposals | 933 | 170 | 428 | 1,531 |
| **Depreciation at 31 December** | **(2,329)** | **(224)** | **(219)** | **(2,772)** |
| | | | | |
| **Carrying amount at 31 December** | **4,300** | **242** | **211** | **4,753** |

1 Adjustments and revaluations are primarily due to renewal of the premises in Copenhagen.

**2021**

| DKK'000 | Property | Cars | Equipment | Total |
|---|---|---|---|---|
| Cost at 1 January | 2,254 | 394 | 428 | 3,076 |
| Additions | 288 | - | 361 | 648 |
| Adjustments and revaluations | 328 | - | - | 328 |
| **Cost at 31 December** | **2,870** | **394** | **789** | **4,052** |
| | | | | |
| Depreciation at 1 January | (800) | (200) | (238) | (1,238) |
| Depreciation during the year | (862) | (101) | (170) | (1,132) |
| **Depreciation at 31 December** | **(1,662)** | **(301)** | **(408)** | **(2,370)** |
| | | | | |
| **Carrying amount at 31 December** | **1,208** | **93** | **381** | **1,682** |

**CARRYING AMOUNTS OF LEASE LIABILITIES AND MOVEMENTS DURING THE PERIOD:**

| DKK'000 | 2022 | 2021 |
|---|---|---|
| At 1 January | 1,781 | 1,930 |
| Adjustments to opening balance | 839 | - |
| Additions | 242 | 648 |
| Accrual of interest | 200 | 89 |
| Payments | (1,956) | (1,214) |
| Adjustments and revaluations | 4,239 | 328 |
| Disposals | (369) | - |
| **At 31 December** | **4,976** | **1,781** |
| | | |
| **Non-current** | **4,365** | **680** |
| **Current** | **611** | **1,101** |

The maturity of lease liabilities is disclosed in note 19.

**THE FOLLOWING AMOUNTS HAVE BEEN RECOGNISED IN THE STATEMENT OF PROFIT OR LOSS:**

| DKK'000 | 2022 | 2021 |
|---|---|---|
| Depreciation of right-of-use assets | 1,849 | 1,132 |
| Interest on lease liabilities | 200 | 89 |
| Expenses relating to short-term leases | 801 | - |
| Expenses relating to leases of low-value assets | 1,130 | 634 |
| **Total amount recognised in the statement of profit or loss** | **3,980** | **1,855** |

The Group had a total lease cash outflow of DKK'000 1,956 (2021: DKK'000 1,214).

The Group leases offices, and the lease terms are negotiated on an individual basis and contain different terms and conditions.

NOTE 15

# Deposits

| DKK'000 | 2022 | 2021 |
|---|---|---|
| Cost at 1 January | 249 | 22 |
| Additions | 350 | 227 |
| **Cost at 31 December** | **599** | **249** |

NOTE 16

# Trade receivables

Trade receivables are amounts due from clients for subscriptions as well as from integration, customization, and consultancy services carried out in the ordinary course of business. They are generally due for settlement within 14 - 60 days and therefore are all classified as current.

| DKK'000 | 2022 | 2021 |
|---|---|---|
| Trade receiveables | 5,164 | 4,029 |
| Expected credit losses | (242) | (169) |
| **Trade receivables, net** | **4,922** | **3,860** |
| | | |
| Expected credit losses at 1 January | (169) | - |
| Expected credit losses recognized | (72) | (169) |
| **Expected credit losses at 31 December** | **(241)** | **(169)** |

## Expected credit loss

Most of the Group's clients are large companies that do normally have a high credit quality. The Group has historically not incurred any material losses from trade receivables.

On that basis, Management has concluded that the Group's credit risk from trade receivables is not material and has therefore deemed the expected credit losses immaterial.

The below table details the maturity of trade receivables.

| DKK'000 | Not past due | Overdue by 0-30 days | Overdue by 31-60 days | Overdue by > 60 days | Carrying amount of receivables |
|---|---|---|---|---|---|
| **2022** | | | | | |
| Expected loss rate | 1% | 1% | 1% | 29% | |
| Gross carrying amount | 2,993 | 1,383 | 109 | 679 | 5,164 |
| Expected credit losses | 30 | 14 | 1 | 196 | 241 |
| **2021** | | | | | |
| Expected loss rate | 0% | 0% | 0% | 24% | |
| Gross carrying amount | 2,050 | 1,135 | 146 | 698 | 4,029 |
| Expected credit losses | - | - | - | 169 | 169 |

NOTE 17

# Share capital and earnings per share

### SHARE CAPITAL

| ('000) Issues and fully paid-up shares | Number | DKK |
|---|---|---|
| **At January 1 2021** | **50** | **50** |
| Sharesplit | 350 | - |
| Capital conversion | - | 350 |
| Sharesplit | 50,640 | - |
| Capital increase | - | 110 |
| **At 31 December 2021** | **51,040** | **510** |
| **Share capital at 31 December 2022** | **51,040** | **510** |

The shares are not divided into classes and carry no right to fixed income.

The capital increase and sharesplit are due to the IPO in December 2021.

### EARNINGS PER SHARE

| DKK'000 | 2022 | 2021 |
|---|---|---|
| **The calculation of earnings per share is based on the following:** | | |
| Loss for the year | (26,228) | (3,626) |
| Average number shares (thousands) | 51,040 | 25,545 |
| **Average number of shares for calculation of diluted earnings per share:** | | |
| Earnings per share, (EPS) | (0.51) | (0.14) |
| Earnings per share, diluted (DEPS) | (0.51) | (0.14) |

NOTE 18

# Other payables

| DKK'000 | 2022 | 2021 |
|---|---|---|
| Accrued salaries | 1,134 | 868 |
| Holiday pay etc. | 2,115 | 482 |
| VAT payable | 694 | 145 |
| Other liabilities | 275 | 1,556 |
| **Total** | **4,218** | **3,050** |

NOTE 19

# Financial risks

## Capital management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balances. The capital structure of the Group consists of net debt and equity. Management reviews the capital structure continually to consider if the current capital structure is in accordance with the Group's and shareholders' interests.

## Financial risk management

Due to the nature of its operations, investments, and financing, the Group is exposed to a number of financial risks. It is Group policy to operate with a low-risk profile in order for currency risk, interest rate risk, and credit risk only to occur in commercial relationships. The scope and nature of the Group's financial instruments appear from the statement of profit or loss and statement of financial position in accordance with the accounting policies applied.

The Group's financial assets primarily relate to trade receivables and cash, whereas the financial liabilities primarily relate to trade payables, lease liabilities, and other interest-bearing liabilities.

Provided below is information about factors that may influence amounts, time of payment, or reliability of future payments, where such information is not provided directly in the financial statements. This note addresses only financial risks directly related to the Group's financial instruments.

It is the Group's policy not to hedge any of its exposures to financial risks.

## Credit risk

Credit risk is the risk that a counterparty will not meet its obligations towards the Group, resulting in a financial loss.

The Group's credit risk exposure is primarily related to its trade receivables and cash positions. The Group's exposure and policy for managing credit risk from trade receivables has been described in note 16.

The most significant counterparty risk is related to deposit with banks, as the Group's cash balance at 31 December 2022 amounts to DKK'000 31,333 (2021: DKK'000 59,260). To mitigate this risk, the group only enters into market deposits with financial counterparties processing a satisfactory long-term credit from an internationally recognised agency (credit rating of minimum A-).

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of financial assets.

## Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates.

The general objective of the Group's currency risk management is to limit and delay any adverse impact of exchange rate fluctuations on earnings and cash flows and thus increase the predictability of the financial results. The Group also aims at balancing incoming and outgoing payments in local currency as much as possible as well as monitoring the development in exchange rates and adjusting price lists when required. The Group's sales are primarily denominated in local currencies corresponding to the functional currency of the relevant group entity. Historically, DKK has been the predominant invoicing currency of the parent company. However, sales are also made in foreign currencies such as USD and EUR. Purchases are primarily made in local currencies. As the DKK is pegged against the EUR, the Group's exposure to changes in the DKK/EUR exchange rate is insignificant.

Going forward, Management expects higher frequency of foreign currencies in the incoming and out-going cash flow. Consequently, Management has established bank accounts for these currencies, to reduce costs and lower the risk.

A similar decrease in the foreign exchange rates will have a corresponding effect on the profit before tax and pre-tax equity.

The sensitivity analysis assumes all other variables remain constant. The impact on profit before tax and pre-tax equity is based on those financial instruments denominated in foreign currencies that were recognised at the respective balance sheet dates.

## Liquidity risk

The Group ensures sufficient liquidity resources by liquidity management. The Group's policy is to secure adequate liquidity to always meet the planned future financial and operational payment obligations for a minimum of the next 12 months period. For those purposes, group management monitors liquidity budgets, which are updated on an ongoing basis.

On 31 December 2022, the Group's cash and cash equivalents amounted to DKK'000 31,333 (2021: DKK'000 59,260). The cash reserve and expected operating cash flows are considered to be adequate to meet the obligations of the Group as they fall due.

NOTE 19

# Financial risks (Continued)

### SENSITIVITY TO A 10% INCREASE IN FOREIGN EXCHANGE RATES

| Sensitivity to a 10% increase in SEK exchange rate | 2022 | 2021 |
|---|---|---|
| Effect on profit before tax | 40 | 45 |
| Effect on pre-tax equity | 40 | 45 |

| Sensitivity to a 10% increase in USD exchange rate | 2022 | 2021 |
|---|---|---|
| Effect on profit before tax | 116 | 6 |
| Effect on pre-tax equity | 116 | 6 |

A similar decrease in the foreign exchange rates will have a corresponding effect on the profit before tax and pre-tax equity.

The sensitivity analysis assumes all other variables remain constant. The impact on profit before tax and pre-tax equity is based on those financial instruments denominated in foreign currencies that were recognised at the respective balance sheet dates.

The carrying amounts of the Group's monetary assets and monetary liabilities denominated in foreign currency at the reporting date are as follows:

| | ASSETS | | LIABILITIES | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| Currency SEK | 600 | 467 | - | 257 |
| Currency USD | 179 | 55 | 13 | - |

### LIQUIDITY RISK

The Group ensures sufficient liquidity resources by liquidity management. The Group's policy is to secure adequate liquidity to always meet the planned future financial and operational payment obligations for a minimum of the next 12 months period. For those purposes, group management monitors liquidity budgets, which are updated on an ongoing basis.

On 31 December 2022, the Group's cash and cash equivalents amounted to DKK'000 31,333 (2021: DKK'000 59,260). The cash reserve and expected operating cash flows are considered to be adequate to meet the obligations of the Group as they fall due.

The table below summaries the maturity profile of the Group's financial liabilities based on contractual undiscounted payments which include estimated interest payments:

| 2022 | <1 year | 1 to 5 years | > 5 years | Total |
|---|---|---|---|---|
| Interest-bearing liabilities | - | - | - | - |
| Lease liabilities | 1,797 | 3,514 | - | 5,311 |
| Trade and other payables | 1,545 | - | 781 | 2,326 |
| **Total** | **3,342** | **3,514** | **781** | **7,637** |

| 2021 | <1 year | 1 to 5 years | > 5 years | Total |
|---|---|---|---|---|
| Interest-bearing liabilities | 2,314 | 472 | 167 | 2,953 |
| Lease liabilities | 1,152 | 696 | - | 1,847 |
| Trade and other payables | 1,955 | - | 729 | 2,684 |
| **Total** | **5,420** | **1,168** | **896** | **7,484** |

# Financial risks (Continued)

The maturity analysis is based on the following assumptions:

- The amounts disclosed in the table are the contractual undiscounted cash flows (including interest payments).
- Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.
- Payments for lease liabilities include only lease agreements that have commenced before the end of the reporting period.
- Other payables include payables to the Holiday allowance fund and are included in the relevant time-bands based on the expected time to retirement. Future estimated interest payments are based on the most recent indexation rate and average time to retirement.

## Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk is limited to cash deposits and to a minor degree the amount payable to the Holiday allowance fund which is subject to an annual variable indexation. The Group's loans and debt to credit institutions are subject to a fixed interest rate between 2% and 5.25%.

If market rates of interest increased / (decrease) by 100 basis points, profit before tax and pre-tax equity would increase / (decrease) it would not affect the interest rate sensitivity.

**FINANCIAL INSTRUMENTS**

| Financial assets measured at amortised cost | 2022 | 2021 |
|---|---|---|
| Deposits | 599 | 249 |
| Trade receivables | 4,922 | 3,860 |
| Cash | 31,333 | 59,260 |
| **Total** | **36,854** | **63,369** |

| Financial liabilities measured at amortised cost | 2022 | 2021 |
|---|---|---|
| Interest-bearing liabilities | - | 2,953 |
| Trade payables | 1,545 | 1,955 |
| Other payables | 641 | 598 |
| Lease liabilities | 4,976 | 1,781 |
| **Total** | **7,162** | **7,287** |

## Classification of financial assets measured at amortised cost

Since the Group's financial instruments measured at amortised cost are either short-term and/or exposed to floating interest rates, Management has assessed that the carrying amount is a reasonable approximation of fair value.

NOTE 20

# Working capital changes

| DKK'000 | 2022 | 2021 |
|---|---|---|
| Change in inventory and prepayments | (1,026) | 289 |
| Change in receivables | (992) | 3,719 |
| Change in trade payables and other liabilities | 4,384 | (4,813) |
| **Total** | **2,366** | **(805)** |

NOTE 21

# Other disclosures relating to consolidated statement of cash flow

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following at 31 December:

| DKK'000 | 2022 | 2021 |
|---|---|---|
| Cash at banks and in hand | 31,333 | 59,260 |
| **Cash and cash equivalents** | **31,333** | **59,260** |

Additional information about the changes to liabilities arising from financing activities can be found in the below tables:

| DKK'000 | Other borrowings | Lease liabilities | Total |
|---|---|---|---|
| **2022** | | | |
| Liabilities at 1 January | 2,953 | 1,781 | 4,735 |
| New leases | - | 4,481 | 4,481 |
| Repayments | (2,953) | (1,756) | (4,709) |
| Other | - | 470 | 470 |
| **Liabilities at 31 December** | **-** | **4,976** | **4,976** |
| | | | |
| **2021** | | | |
| Liabilities at 1 January | 876 | 1,930 | 2,806 |
| Loans raised | 2,196 | - | 2,196 |
| New leases | - | 976 | 976 |
| Repayments | (119) | (1,125) | (1,244) |
| **Liabilities at 31 December** | **2,953** | **1,781** | **4,735** |

NOTE 22

# Related parties

Relesys has no related parties with control of the Group and no related parties with significant influence other than key management personnel - mainly in the form of the Board of Directors, Executive Management and their private companies. Subsidiaries of Relesys are also related parties where the ownership interets in these companies appear in note 1.

No transactions with the Board of Directors and Executive Board were made in 2022 other than ordinary remuneration, as described in note 6. All transactions with related parties are conducted on market terms.

NOTE 23

# Events after the reporting period

From the balance sheet date and until today, no matters, which would influence the evaluation of the annual report has occurred.

# 03 Parent financial statements

# Parent income statement

| DKK'000 | Note | 2022 | 2021 |
|---|---|---|---|
| **Gross profit** | | **5,548** | **17,691** |
| | | | |
| Staff costs | 2 | (32,233) | (19,203) |
| Other operating income | | 164 | 189 |
| Other operating expenses | | - | (1,053) |
| Amortisation, depreciation and impairment | 3 | (1,493) | (1,483) |
| **Operating loss** | | **(28,014)** | **(3,859)** |
| | | | |
| Financial income | 4 | 74 | 29 |
| Financial expenses | 5 | (759) | (215) |
| **Loss before tax** | | **(28,699)** | **(4,045)** |
| | | | |
| Tax for the year | | 1,288 | 698 |
| **Result for the year** | | **(27,411)** | **(3,347)** |
| | | | |
| **PROPOSED APPROPRIATION OF NET RESULT:** | | | |
| Transferred to retained earnings | | (27,411) | (3,347) |
| **Total allocations and transfers** | | **(27,411)** | **(3,347)** |

# Parent balance sheet

**ASSETS**

| DKK'000 | Note | 2022 | 2021 |
|---|---|---|---|
| Development projects | | 595 | 51 |
| Completed development projects | | 5,386 | 5,163 |
| **Intangible assets** | 6 | **5,981** | **5,214** |
| | | | |
| Other fixtures and fittings, tools and equipment | | 177 | 1,044 |
| **Property, plant and equipment** | 7 | **177** | **1,044** |
| | | | |
| Investments in subsidiaries | 8 | 5,334 | 5,315 |
| Deposits | 9 | 221 | 199 |
| Receivables from group enterprises | | 1,050 | - |
| **Financial assets** | | **6,605** | **5,514** |
| | | | |
| **Total non-current assets** | | **12,763** | **11,772** |
| | | | |
| Trade receivables | | 4,922 | 2,889 |
| Receivables from group enterprises | | 61 | 1,203 |
| Income tax receivables | | 416 | 604 |
| Other receivables | | 127 | - |
| Prepayments | | 806 | 497 |
| **Receivables** | | **6,332** | **5,193** |
| | | | |
| Cash | | 29,624 | 57,839 |
| | | | |
| **Total current assets** | | **35,956** | **63,032** |
| | | | |
| **Total assets** | | **48,719** | **74,804** |

**EQUITY AND LIABILITIES**

| DKK'000 | Note | 2022 | 2021 |
|---|---|---|---|
| Contributed capital | | 510 | 510 |
| Share premium | | 68,890 | 68,890 |
| Other statutory reserves | | 4,665 | 4,067 |
| Retained earnings | | (39,041) | (11,472) |
| **Total equity** | | **35,024** | **61,995** |
| | | | |
| Provisions for deferred tax | 10 | - | 886 |
| **Provisions** | | **-** | **886** |
| | | | |
| Debt to credit intitutions | | - | 639 |
| Other payables | | 641 | 598 |
| **Non-current liabilities other than provisions** | | **641** | **1,237** |
| | | | |
| Interest bearing liabilities | | - | 2,314 |
| Trade payables | | 1,281 | 1,936 |
| Payables to group enterprises | | 1,255 | - |
| Deferred income | | 8,182 | 4,751 |
| Other payables | | 2,336 | 1,685 |
| **Current liabilities other than provisions** | | **13,054** | **10,686** |
| | | | |
| **Total liabilities other than provisions** | | **13,695** | **11,923** |
| | | | |
| **Total equity and liabilities** | | **48,719** | **74,804** |

# Statement of changes in equity

**2022**

| DKK'000 | Contributed capital | Share premium | Reserve for development costs | Retained earnings | **Total** |
|---|---|---|---|---|---|
| Equity beginning of the year | 510 | 68,890 | 4,067 | (11,472) | 61,995 |
| Transfer to reserves | - | - | 598 | (598) | - |
| Share-based payments | - | - | - | 440 | 440 |
| Loss for the year | - | - | - | (27,411) | (27,411) |
| **Equity end of year** | **510** | **68,890** | **4,665** | **(39,041)** | **35,024** |

**2021**

| DKK'000 | Contributed capital | Share premium | Reserve for development cost | Retained earnings | **Total** |
|---|---|---|---|---|---|
| Equity beginning of the year | 50 | - | 3,624 | (2,290) | 1,384 |
| Transfer to reserves | - | - | 443 | (443) | - |
| Capital increase as a part of company transformation | 350 | - | - | (350) | - |
| Capital increase as a part of IPO | 110 | 68,890 | - | - | 69,000 |
| Transaction of cost for equity issuance | - | - | - | (5,142) | (5,142) |
| Share-based payments | - | - | - | 100 | 100 |
| Loss for the year | - | - | - | (3,347) | (3,347) |
| **Equity end of year** | **510** | **68,890** | **4,067** | **(11,472)** | **61,995** |

# Notes to the parent financial statements

NOTE 1

# Accounting policies

**This year, the Parent Company has moved to prepare the financial statements in a larger class. The Parent's Financial Statements have been prepared in accordance with the Danish Financial Statements Act regulations concerning reporting class C enterprises ("DFSA").**

## Basis of recognition and measurement

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 depreciation, amortisation, write-downs 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 measured reliably.

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

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 amortisation 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.

## Foreign currency translation

Transactions denominated in currencies other than the functional currency are considered transactions in foreign currency.

On initial recognition, transactions denominated in foreign currencies are translated to the functional currency at the exchange rates at the transaction date. Foreign exchange rate adjustments arising between the transaction date and the date of payment are recognised in the statement of profit or loss in financial income or financial expenses.

Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rates at the reporting date. The difference between the exchange rates at the reporting date and at the date of the transaction or the exchange rate in the latest Financial Statements is recognised in the statement of profit or loss in financial income or financial expenses.

## Cash flow statement

In compliance with section 86(4) of the Danish Financial Statements Act, a cash flow statement is not drawn up for the Parent, such statement being included in the consolidated cash flow statement.

## Income Statement

### Gross profit

Gross profit comprises the revenue, cost of sales and other external costs.

The Parent has two revenue streams, being SaaS revenue and consultancy. For a complete description of these, please see Note 1 in the consolidated financial statements.

Cost of sales comprises costs directly linked to revenue in the financial year measured at cost, which is primarily server costs to Microsoft Azure.

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, other social security costs, etc. for staff members. Staff costs are fewer government reimbursements.

### Amortisation, depreciation, and write-down for impairment

Amortisation, depreciation, and write-down for impairment comprise depreciation on, amortisation of, and write-down for impairment of intangible and tangible assets, respectively.

Interest and other costs concerning loans to finance the production of intangible assets and property, plant, and equipment, and relating to production periods, are not recognised in the cost of non-current assets.

# Accounting policies (Continued)

## Financial income and expenses

Financial income and expenses comprise interest, realised and unrealised capital gains and losses concerning financial assets and liabilities, amortisation of financial assets and liabilities, additions, and reimbursements under the Danish tax prepayment scheme, etc. Financial income and expenses are recognised in the income statement with the amounts concerning the financial year.

## Tax on profit/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).

# Balance Sheet

## Development projects

Developments projects comprise development projects completed and in progress.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equaling the costs less deferred tax incurred is taken to equity under reserve for development costs that are reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects. Indirect production costs in the form of indirectly attributable staff costs and amortisation of intangible assets and depreciation of property, plant, and equipment used in the development process are recognised in cost based on time spent on each project.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. The amortisation period used is 5-7 years.

## Property, plant and equipment

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

The basis of depreciation is cost less estimated residual after the end of useful life. 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 the 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 when the useful lives of each individual component differ. The amortisation period used is 3-5 years.

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.

## Leases

At their initial recognition in the statement of financial position, leases concerning property, plant, and equipment where the company holds all essential risks and advantages associated with the proprietary right (finance lease) are measured either at fair value or at the present value of the future lease payments, whichever value is lower. When calculating the present value, the discount rate used is the internal rate of return of the lease or, alternatively, the borrowing rate of the enterprise. Hereafter, assets held under a finance lease are treated in the same way as other similar property, plant, and equipment.

The capitalised residual lease commitment is recognised in the statement of financial position as a liability other than provisions, and the interest part of the lease is recognised in the income statement for the term of the contract.

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.

## Impairment loss relating to non-current assets

The carrying amounts of both intangible and tangible assets, as well as equity investments in subsidiaries and associates, 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. Write-down for impairment is done to the recoverable amount if this value is lower than the carrying amount.

# Accounting policies (Continued)

The recoverable amount is equal to the value of the net selling price or the value in use, whichever is higher. The value in use is determined as the present value of the expected net cash flow derived from the use of the asset or group of assets.

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

## Investments in subsidiaries

Investments in subsidiaries are measured at cost. Write-down for impairment is done to the recoverable amount if this value is lower than the carrying amount.

## Deposits

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

## Receivables

Receivables are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, they are written down for impairment to the net realisable value.

## Prepayments

Prepayments recognised under assets comprise incurred costs concerning the following financial year.

## Cash in hand and demand deposits

Cash in hand and demand deposits comprise cash at bank and in hand.

## Equity

### SHARE PREMIUM

Share premium consists of positive differences between the nominal value of share capital and amount paid by shareholders for newly issued shares. Share premium is a distributed reserve.

### TRANSACTION COSTS RELATED TO EQUITY ISSUANCE

Qualifying transaction costs incurred in connection with the issuance of equity instruments are deducted from equity. Where the qualifying transaction costs related to the listing of existing and new shares, the part of the total transaction costs deducted from equity are based on the ratio between existing and new shares.

### RESERVE FOR DEVELOPMENT COSTS

The reserve for development costs comprises recognised development costs less related deferred tax liabilities. The reserve cannot be used as dividend 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.

## Income tax and deferred tax

Current tax receivables and tax liabilities are recognised in the statement of financial position with the amount calculated on the basis of the expected taxable income for the year adjusted for tax on previous years' taxable income and prepaid taxes. Tax receivables and tax liabilities are offset to the extent that a legal set-off right exists and the items are expected to be settled net or simultaneously.

According to the rules of joint taxation, Relesys A/S is proportionally 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 the tax on all temporary differences in the carrying amount and tax base of assets and liabilities measured on the basis of the planned application of the asset and disposal of the liability, respectively.

Deferred tax assets, including the tax value of tax losses eligible for carryforward, are recognised at their expected realisable value, 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 realisation value.

Deferred tax is measured on the basis of the tax rules and tax rates of the applicable legislation at the reporting date and prevailing when the deferred tax is expected to be released as current tax.

## Liabilities other than provisions

Other liabilities other than provisions are measured at amortised cost which usually corresponds to the nominal value.

## Deferred income

Payments received concerning future income are recognised under deferred income.

NOTE 2

# Staff costs

| DKK'000 | 2022 | 2021 |
|---|---|---|
| Salaries and wages | 28,683 | 16,703 |
| Pensions costs | 1,331 | 1,055 |
| Share-based payments | 440 | 100 |
| Other social security costs | 314 | 364 |
| Other staff costs | 1,465 | 982 |
| **Total** | **32,233** | **19,203** |
| | | |
| Average numbers of employees | 57 | 45 |

Please refer to the disclosure in note 6 in the Consolidated Financial Statements for management remuneration.

NOTE 3

# Amortisation, depreciation & impairment

| DKK'000 | 2022 | 2021 |
|---|---|---|
| Amortisation of intangible assets | 1,227 | 1,221 |
| Depreciation of property, plant and equipment | 266 | 262 |
| **Total** | **1,493** | **1,483** |

NOTE 4

# Financial income

| DKK'000 | 2022 | 2021 |
|---|---|---|
| Financial income from group enterprises | 74 | 12 |
| Foreign exchange income | - | 16 |
| Other financial income | - | 1 |
| **Total** | **74** | **29** |

NOTE 5

# Financial expenses

| DKK'000 | 2022 | 2021 |
|---|---|---|
| Interest expenses | 367 | 215 |
| Foreign exchange losses | 109 | - |
| Other financial expenses | 283 | - |
| **Total** | **759** | **215** |

NOTE 6

# Intangible assets

**2022**

| DKK'000 | Completed development projects | Development projects in progress | Total |
|---|---|---|---|
| Cost at 1 January | 9,136 | 104 | 9,240 |
| Additions | - | 2,008 | 2,008 |
| Transfers | 1,517 | (1,517) | - |
| Disposals | (14) | - | (14) |
| **Cost at 31 December** | **10,639** | **595** | **11,234** |
| Amortisation and impairment losses at 1 January | (3,975) | (51) | (4,026) |
| Amortisation during the year | (1,278) | - | (1,278) |
| Reversal of impairment losses | - | 51 | 51 |
| **Amortisation and impairment losses at 31 December** | **(5,253)** | **-** | **(5,253)** |
| **Carrying amount at 31 December** | **5,386** | **595** | **5,981** |

Completed development projects relate to the further development of the Relesys platform, Relesys core modules, and Relesys pro modules. Management has an expectation of positive earnings from each development project.

It is Management's assessment that the expected useful lives of the finite-lived assets, as well as the expected future revenue streams from the assets, are sufficient to cover the value of recognised developed projects at the reporting date.

**2021**

| DKK'000 | Completed development projects | Development projects in progress | Total |
|---|---|---|---|
| Cost at 1 January | 7,078 | 373 | 7,451 |
| Additions | - | 1,789 | 1,789 |
| Transfer | 2,058 | (2,058) | - |
| **Cost at 31 December** | **9,136** | **104** | **9,240** |
| Amortisation and impairment losses at 1 January | (2,754) | (51) | (2,805) |
| Amortisation during the year | (1,221) | - | (1,221) |
| **Amortisation and impairment losses at 31 December** | **(3,975)** | **(51)** | **(4,026)** |
| **Carrying amount at 31 December** | **5,163** | **53** | **5,214** |

NOTE 7

# Property, plant and equipment

**2022**

| DKK'000 | Other fixtures and fittings, tools and equipment | **Total** |
|---|---|---|
| Cost at 1 January | 1,390 | 1,390 |
| Additions | 233 | 233 |
| Disposals | (1,390) | (1,390) |
| **Cost at 31 December** | **233** | **233** |
| Depreciation and write-down at 1 January | (345) | (345) |
| Depreciation during the year | (267) | (267) |
| Disposals | 556 | 556 |
| **Depreciation at 31 December** | **(56)** | **(56)** |
| **Carrying amount at 31 December** | **177** | **177** |

**2021**

| DKK'000 | Other fixtures and fittings, tools and equipment | **Total** |
|---|---|---|
| Cost at 1 January | 1,347 | 1,347 |
| Additions | 43 | 43 |
| **Cost at 31 December** | **1,390** | **1,390** |
| Depreciation and write-down at 1 January | (84) | (84) |
| Depreciation during the year | (262) | (262) |
| **Depreciation at 31 December** | **(346)** | **(346)** |
| **Carrying amount at 31 December** | **1,044** | **1,044** |

NOTE 8

# Investments in subsidiaries

| DKK'000 | 2022 | 2021 |
|---|---|---|
| Cost at 1 January | 5,315 | 74 |
| Additions | 19 | 5,241 |
| **Cost at 31 December** | **5,334** | **5,315** |

NOTE 9

# Deposits

| DKK'000 | 2022 | 2021 |
|---|---|---|
| Cost at 1 January | 199 | 20 |
| Additions | 22 | 195 |
| Disposals | - | (16) |
| **Cost at 31 December** | **221** | **199** |

NOTE 10

# Deferred tax

| DKK'000 | 2022 | 2021 |
|---|---|---|
| Deferred tax at the beginning of period | 886 | 1,010 |
| Change in deferred tax for the year | (886) | (124) |
| **Deferred tax at 31 December** | **-** | **886** |

Relesys has tax losses carried forward in total of DKK'000 5,020, of which none is recognised as deferred tax assets. There is uncertainty related to future forecast and when the tax asset will be fully utilised.

NOTE 11

# Contingencies

## Contingent liabilities

### LEASE LIABILITIES

The company has entered into lease agreements and rental contracts. The obligation amounts to DKK'000 1,584.

### MORTGAGE AND SECURITIES

The Company has pledged its assets as security for bank debts. Furthermore, the company has issued a payment guarantee on DKK'000 518 to cover obligations on the lease in Nordhavn.

### LETTER OF SUPPORT

Relesys A/S has undertaken to indemnify the creditors of the subsidiary, Relesys Ltd, in respect of all losses and liabilities for the financial year ending on 31 December 2022. No material loss is expected to arise from this guarantee.

1ST OF JANUARY 2022 - 31ST OF DECEMBER 2022

# Annual report 2022

relesys®

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**Financial calendar**
Annual General Meeting - April 27, 2023
Quarterly Update (Q1 2023) - May 11, 2023
Interim Financial Report (Q2 2023) - August 29, 2023
Quarterly Update (Q3 2023) - November 29, 2023

**Date of incorporation**
30.10.2014

**Financial year**
01.01–31.12