

INTERIM FINANCIAL REPORT, FIRST HALF-YEAR 2023

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



# Relesys at a glance

ARR increased from DKKm 38.2 in H1 2022 to DKKm 51.8 in H1 2023, corresponding to **36%** year-on-year growth.

Revenue grew from DKKm 20.7 in H1 2022 to DKKm 26.7 in H1 2023, corresponding to **29%** year-on-year growth.

Strong net ARR Retention Rate of **109%** year-on-year driven by high ARR net uplift of **13%** and low ARR churn of **5%**.

Free cash flow (FCF) of DKKm -16.6 (last twelve months) resulting in an FCF multiple of -1.2.

Cash balance end of the period of **DKKm 24.7** is considered sufficient to take Relesys to a positive cash flow.

Relesys keeps guidance unchanged with ARR of **DKKm 59-64** and Revenue of **DKKm 54-60** by the end of 2023.

SALES OFFICES IN

Copenhagen  
Amsterdam  
Stockholm  
London

CLIENTS HAVE

**322k**  
licences

USERS IN

**91**  
countries

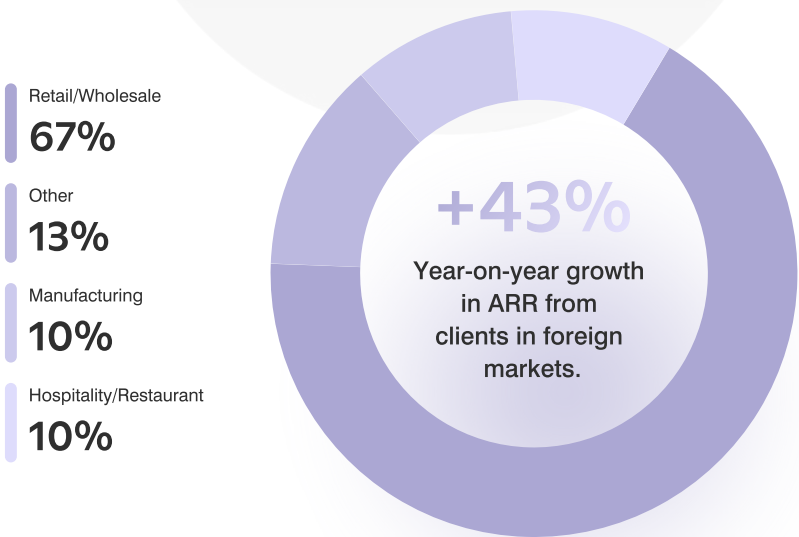
CLIENTS IN

**14**  
countries

WE SPEAK

**29**  
languages

## ARR COMPOSITION BY INDUSTRY



## REVENUE COMPOSITION BY GEOGRAPHY



For a complete list of abbreviations and definitions as well as other abbreviations and definitions used in this report, please refer to page 15.

# Business highlights

## Increased focus on enterprise retail customers

During the past year, Relesys has repeatedly been confirmed in its strong product-market fit. The Relesys platform, in its current form, provides value for all non-desk workers, particularly those in the retail industry as evidenced by the ongoing rollout with NorgesGruppen. Sales activities and pipeline generation conducted in Q2 have therefore been focused on retail, which is considered Relesys’ Ideal Customer Profile.

As described in the Q1 2023 presentation, Relesys is focusing more on enterprise clients. The unit economics associated with selling and servicing enterprise-sized clients are strong compared to those of smaller clients. Additionally, the adoption of Relesys’ pro-packages is more widespread among Enterprise clients, which is enhancing unit economics even further.

## Strengthening of sales and marketing

The focus on the Enterprise clients has led to a change in the competency requirements of Relesys employees, particularly in sales and marketing. As a result, changes were made in both leadership and non-leadership positions.

Emil Dyrvig has taken on the role as Chief Revenue Officer (CRO). Emil joins Relesys from his previous position as CRO at Templafy, where he played a key role in establishing Templafy in North America. Emil brings with him a robust international background, enhanced with experience in selling SaaS solutions to Enterprise-level companies. At Relesys, Emil will assemble a team comprising individuals with expertise specifically tailored to Enterprise and Mid-Market clients.

Bernard Holleman has taken the position as Regional Sales Director. Bernard arrives from his previous role as Regional VP EMEA North, where he held responsibility for sales of Udacity’s SaaS solution to Enterprise and Mid-Market clients. Alongside Emil, Bernard is a driving force behind Relesys’ renewed market focus.

## Improved customer base

The additions to the client base in Q1 and Q2 2023 were six and eleven, respectively, and the average ARR from new customers in H1 2023 was DKKk 279. NorgesGruppen, which will have 40,000 licenses after full roll-out by the end of 2023, was the largest new client in H1 2023. Other new clients include Bygma and Kaufmann.

The decrease in the client base in Q1 and Q2 was two and two, respectively, and the average ARR value was DKK 140 at the time of the client decrease.

## International expansion

Relesys continues to grow in international markets. ARR in foreign markets amounted to DKKm 5.8, equivalent to a year-on-year growth in ARR of 43%. The revenue growth in foreign markets in H1 2023 reached an impressive 113%, largely driven by the addition of new clients in foreign markets during 2022 as well as onboarding NorgesGruppen in 2023.

One year after opening the London office, Relesys has yet to unlock its full potential. Having a physical presence in the UK market is a part of Relesys’ international growth strategy, and throughout Q2 2023 the pipeline in the UK grew stronger.

# Financial guidance

## Relesys keeps guidance unchanged

GUIDANCE 2023 (DKKm)	2023 Guidance	H1 2023 Actual	2022 Actual	Expected Growth
Annual Recurring Revenue	59-64	51.8	45.2	31% - 42%
Revenue	54-60	26.7	44.1	22% - 36%

## Assumptions behind financial guidance 2023

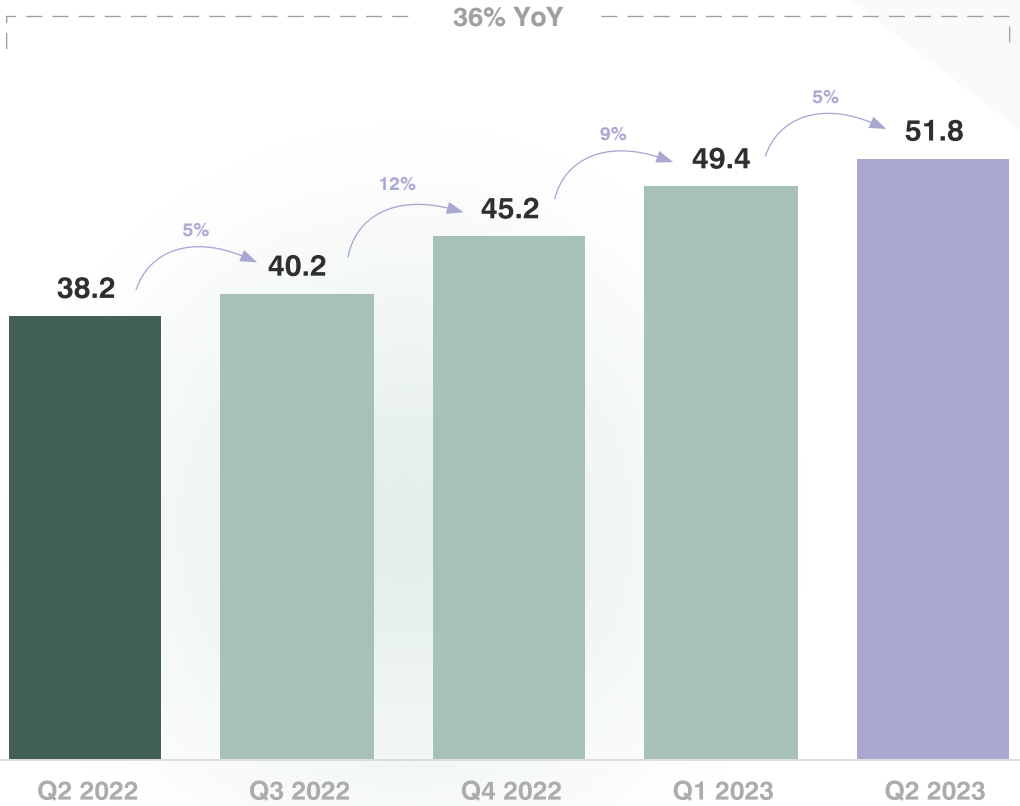
Annual recurring revenue and revenue assumptions:

- 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.

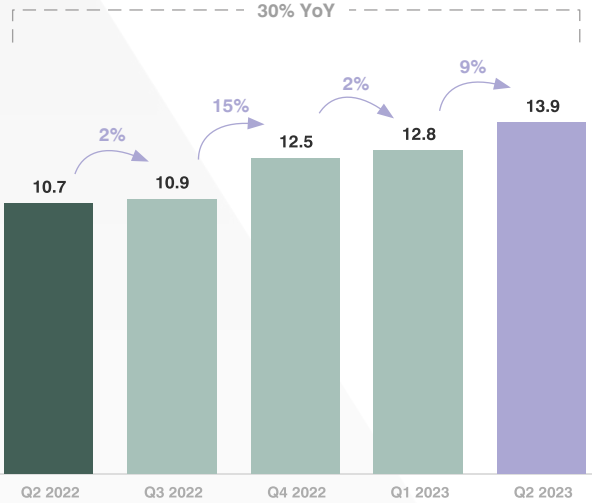
Revenue specific assumption:

- Continued short period for onboarding of new clients.

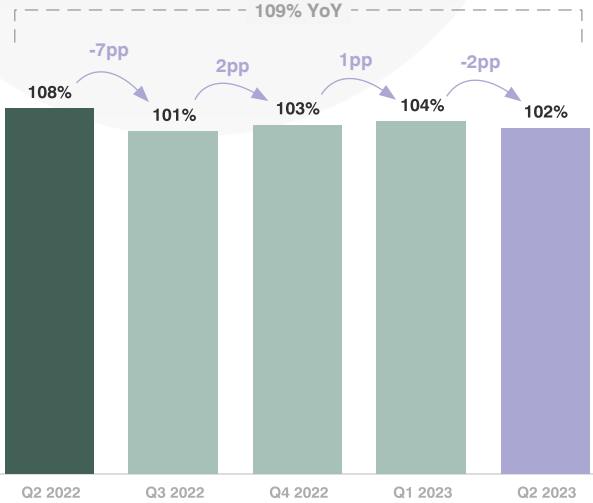
# Highlights Q2 2023



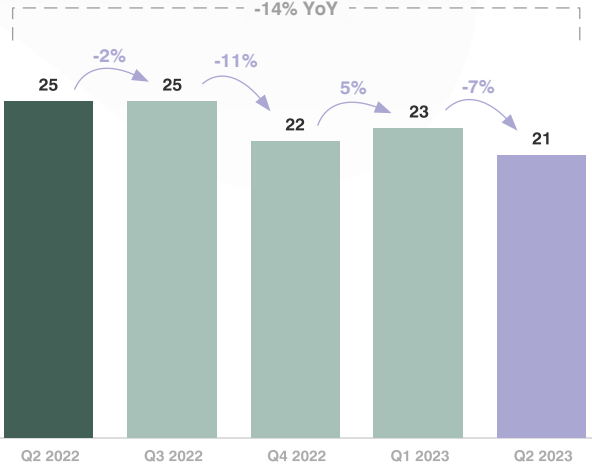
Annual Recurring Revenue (DKKm)



Revenue (Q+D DKKm)



Net ARR Retention (Q+D)



ARR expected lifetime (Years, YoY)



Number of clients and client retention rate



# Financial review

## SAAS KEY METRICS<sup>1</sup>

		Q2			Q1		January - June		
		2023	2022	%y/y	2023	%q/q	2023	2022	%ytd/ytd
ARR	DKKkm	51.8	38.2	36%	49.4	5%	51.8	38.2	36%
Net ARR retention (year-on-year)	%	109%	116%	(7pp)	117%	(8pp)	109%	116%	(7pp)
Average ARR per client	DKK'000	266	223	19%	263	1%	266	223	19%
ARR retention (year-on-year)	%	95%	96%	(1pp)	96%	(1pp)	95%	96%	(1pp)
ARR expected lifetime	Years	21	25	(14%)	23	(7%)	21	25	(14%)
Number of clients		195	171	14%	188	4%	195	171	14%
Client retention (year-on-year)	%	92%	93%	(1pp)	92%	0pp	92%	93%	(1pp)
Client expected lifetime	Years	12	15	(16%)	13	(3%)	12	15	(16%)
SaaS share of revenue	%	92%	85%	7pp	90%	2pp	91%	85%	6pp

## RESULTS

Revenue	DKKkm	13.9	10.7	30%	12.8	9%	26.7	20.7	29%
SaaS revenue	DKKkm	12.8	9.1	41%	11.5	12%	24.3	17.7	37%
Consultancy revenue	DKKkm	1.1	1.6	(31%)	1.3	(14%)	2.4	3.0	(21%)
Gross profit	DKKkm	12.7	9.9	28%	11.6	9%	24.3	19.0	28%
Gross profit margin	%	91%	93%	(2pp)	91%	0pp	91%	92%	(1pp)
EBITDA	DKKkm	(3.4)	(6.5)	(48%)	(5.7)	(40%)	(9.0)	(11.3)	(20%)
EBITDA margin	%	(24%)	(61%)	37pp	(44%)	20pp	(34%)	(55%)	21pp

## CASH FLOW

Operating activities	DKKkm	(2.6)	(2.3)	11%	(1.9)	33%	(4.5)	(10.8)	(59%)
Investing activities	DKKkm	(0.5)	(0.7)	(29%)	(0.7)	(33%)	(1.2)	(1.3)	(5%)
Free cash flow	DKKkm	(3.1)	(3.0)	2%	(2.7)	15%	(5.7)	(12.1)	(53%)
Financing activities	DKKkm	(0.4)	(0.5)	(22%)	(0.5)	(16%)	(0.9)	(3.1)	(72%)
Cash flow for the period	DKKkm	(3.4)	(10.6)	(67%)	(3.1)	10%	(6.6)	(15.2)	(57%)
Cash balance	DKKkm	24.7	44.0	(44%)	28.2	(12%)	24.7	44.0	(44%)
FCF multiple (LTM) <sup>1</sup>		(1.2)	(1.5)	(21%)	(1.5)	(17%)	(1.2)	(1.5)	(21%)

## FINANCIAL POSITION

Balance sheet total	DKKkm	46.5	65.5	(29%)	48.6	(4%)	46.5	65.5	(29%)
Intangible assets	DKKkm	6.5	5.3	24%	6.2	6%	6.5	5.3	24%
Right-of-use-assets	DKKkm	5.1	7.7	(34%)	5.8	(12%)	5.1	7.7	(34%)
Total equity	DKKkm	19.9	44.7	(55%)	24.5	(19%)	19.9	44.7	(55%)

ANNUAL RECURRING REVENUE

ARR reached DKKm 51.8 at the end of H1 2023 (H1 2022: DKKm 38.2), which was a year-on-year growth of 36%. The ARR growth was compiled by 43% growth in ARR from clients in foreign markets and by 32% growth from clients in the Danish market. By the end of H1 2023, 37% of ARR was based on clients in foreign markets.

During H1 2023, Relesys had a net ARR Retention Rate of 104% driven by a realised net ARR uplift of 5% from existing clients partly offset by four clients churning representing 1% ARR churn. Relesys grew ARR from existing clients by DKKm 1.9. By the end of H1 2023, the largest client represented 8% of both ARR and total revenue.

During H1 2023, Relesys signed with 17 new clients including NorgesGruppen adding a total of DKKm 4.7 to ARR, which was an average ARR of DKKk 276 from each new client. The average client ARR was DKKk 266 by the end of H1 2023 compared to DKKk 223 by the end of H1 2022.

REVENUE

Revenue was DKKm 26.7 in H1 2023 (H1 2022: DKkm 20.7), which was a year-on-year growth of 29%. The SaaS revenue grew by 40% year-on-year, whereas revenue from consultancy services showed a decline of 27% year-on-year. During H1, Relesys delivered co-development projects to clients at a value of DKKk 700. As the projects deliverables fulfill the requirements of being recognized as intangible assets, the revenue from the co-development projects will be recognized over time in parallel with the amortization of the corresponding intangible asset.

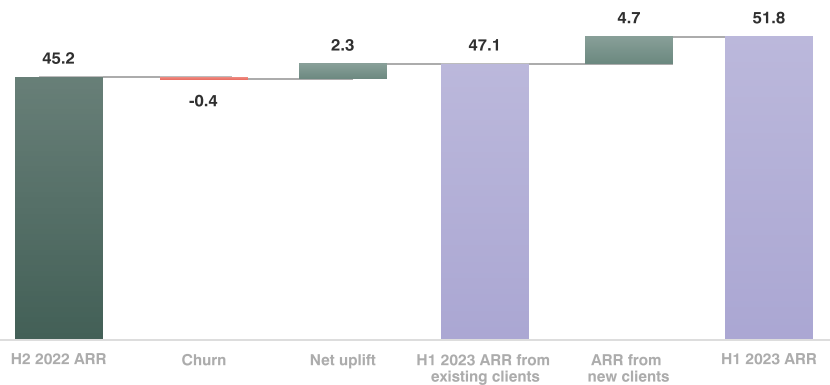
GROSS PROFIT

Gross profit was DKKm 24.3 in H1 2023 (H1 2022: DKKm 19.0), which was a year-on-year growth of 28%. Gross margin was 91% compared to 92% last year. The drop in gross margin was primarily driven by the change in revenue mix between SaaS and consultancy revenue.

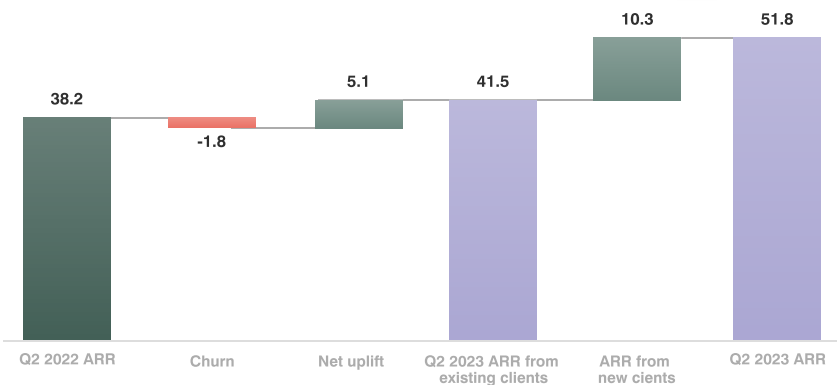
STAFF COSTS

Staff costs were DKKm 25.7 in H1 2023 (H1 2022: DKKm 21.4), which was a year-on-year growth of 20%. The year-on-year growth in staff costs was mainly driven by costs related to the increased number of FTEs. The average number of FTEs decreased slightly from 86 at the end of Q1 2023 to 84 by the end of the Q2 2023.

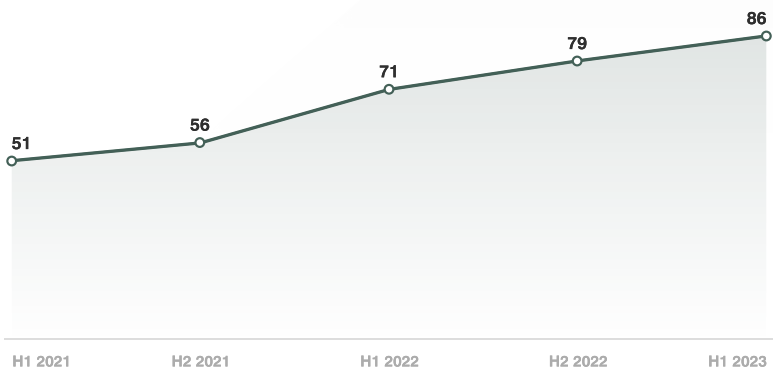
Development in annual recurring revenue, H1 2023



Development in annual recurring revenue, LTM



Development in average full-time equivalent employees



OTHER EXTERNAL EXPENSES

Other external expenses were DKKm 7.7 in H1 2023 (H1 2022: DKKm 9.0). While moving the organization to be more focused on Enterprise sales, Relesys chose to temporarily hold back on sales and marketing related costs recorded under Other External Expenses.

EBITDA

EBITDA was negative at DKKm 9.0 in H1 2023 (2022: negative DKKm 11.3).

NET FINANCIAL EXPENSES

Net financial expenses were DKKk 270 in H1 2023 (H1 2022: DKKk 729). The decrease in the account balance can be attributed to 1) positive bank interest related to cash at banks, 2) lower interest on lease liabilities due to disposals of old lease assets, and 3) absence of any bank debt.

DKKk	H1 2023	H1 2022
Interest income	63	2
Interest expenses	-	(289)
Foreign exchange losses	(93)	(65)
Interest on lease liabilities	(139)	(207)
Other financial expenses	(101)	(170)
Total	(270)	(729)

CASH FLOW FROM OPERATING ACTIVITIES

Cash flow from operating activities was an outflow of DKKm 4.5 (H1 2022: outflow of DKKm 10.8). The positive change between the periods can be attributed to 1) an improvement in operating loss of DKKm 2.1, mainly driven by increased revenue which was partly offset by higher staff costs and 2) working capital of DKKm 4.3 mainly driven by deferred revenue related to prepayments from both existing and new client subscriptions.

CASH FLOW FROM INVESTING ACTIVITIES

Cash flow from investing activities was an outflow of DKKm 1.2 (H1 2022: outflow of DKKm 1.3). During the period, 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.

CASH FLOW FROM FINANCING ACTIVITIES

Cash flow from financing activities was an outflow of DKKm 0.9 (H1 2022: outflow of DKKm 3.1) which was related to the payment of principal portion of lease liabilities. During H1, there was no new debt or any pre-existing debts and Relesys' cash reserves were DKKm 24.7 by the end of the period.

DKKm	H1 2023	H1 2022
Cash flow from operating activities	(4,5)	(10,8)
Cash flow from investing activities	(1,2)	(1,3)
Free cash flow	(5,7)	(12,1)
Cash flow from financing activities	(0,9)	(3,1)
Cash flow for the period	(6,6)	(15,2)

# Quarterly highlights

QUARTERLY FIGURES (DKKm)	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021
<b>Revenue</b>	<b>13.9</b>	<b>12.8</b>	<b>12.5</b>	<b>10.9</b>	<b>10.7</b>	<b>10.0</b>	<b>9.6</b>	<b>9.4</b>	<b>7.8</b>	<b>7.7</b>
SaaS revenue	12.8	11.5	11.4	9.6	9.1	8.3	7.5	7.5	6.0	5.9
Consultancy revenue	1.1	1.3	1.1	1.3	1.6	1.7	2.1	1.9	1.8	1.8
SaaS share of revenue (%)	92%	90%	91%	88%	85%	83%	78%	80%	77%	77%
<b>Annual Recurring Revenue</b>	<b>51.8</b>	<b>49.4</b>	<b>45.2</b>	<b>40.2</b>	<b>38.2</b>	<b>33.8</b>	<b>31.3</b>	<b>29.6</b>	<b>27.4</b>	<b>25.5</b>
ARR churn	(0.4)	-	(0.2)	(0.5)	(0.3)	(0.4)	(0.2)	(0.2)	(0.1)	(0.1)
ARR net uplift	1.6	1.7	1.3	1.0	2.9	1.3	0.6	0.7	0.5	0.5
ARR from new sales	1.2	2.5	4.0	1.5	1.8	1.6	1.3	1.7	1.5	2.8
Net ARR retention rate (quarter-on-quarter)	102%	104%	103%	101%	108%	103%	101%	102%	102%	102%
ARR retention rate (year-on-year)	95%	96%	95%	96%	96%	97%	97%	-	-	-
ARR expected lifetime (years)	21	23	22	25	25	29	38	-	-	-
<b>Number of clients</b>	<b>195</b>	<b>188</b>	<b>182</b>	<b>173</b>	<b>171</b>	<b>163</b>	<b>161</b>	<b>160</b>	<b>146</b>	<b>133</b>
Clients retention rate	92%	92%	93%	92%	93%	94%	94%	95%	95%	95%
Average clients ARR (DKKk)	266	263	248	232	223	207	194	185	188	192
<b>Average full-time equivalents</b>	<b>84</b>	<b>86</b>	<b>82</b>	<b>76</b>	<b>81</b>	<b>69</b>	<b>56</b>	<b>53</b>	<b>51</b>	<b>49</b>

YEAR-YEAR-GROWTH (%)	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022
<b>Revenue</b>	<b>30%</b>	<b>28%</b>	<b>30%</b>	<b>16%</b>	<b>37%</b>	<b>30%</b>
SaaS revenue	41%	38%	52%	28%	52%	41%
Consultancy revenue	(31%)	(24%)	(48%)	(32%)	(12%)	(6%)
SaaS share of revenue (pp)	8	8	17	11	11	8
<b>Annual Recurring Revenue</b>	<b>36%</b>	<b>46%</b>	<b>44%</b>	<b>36%</b>	<b>39%</b>	<b>33%</b>
ARR churn	32%	(99%)	20%	150%	200%	300%
ARR net uplift	(45%)	30%	100%	39%	471%	177%
ARR from new sales	(33%)	58%	214%	(11%)	21%	(43%)
Net ARR retention rate (pp)	(5)	1	1	(1)	6	1
ARR retention rate (pp)	(1)	(1)	(2)	-	-	-
ARR expected lifetime	(14%)	(19%)	(43%)	-	-	-
<b>Number of clients</b>	<b>14%</b>	<b>15%</b>	<b>13%</b>	<b>8%</b>	<b>17%</b>	<b>23%</b>
Clients retention rate (pp)	(1)	(2)	(1)	(3)	(2)	(1)
Average clients ARR	19%	27%	28%	26%	19%	8%
<b>Average full-time equivalents</b>	<b>4%</b>	<b>25%</b>	<b>46%</b>	<b>43%</b>	<b>59%</b>	<b>41%</b>



# Consolidated financial statements

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# Statement by the Board of Directors and the Executive Management

The Board of Directors and the Executive Management have today considered and adopted the unaudited interim report of the Relesys group for the six months ended June 30, 2023.

The interim report is prepared in accordance with IAS 34, "Interim Financial Reporting," as adopted by the EU, and additional Danish disclosure requirements for interim reports of listed companies.

We consider the applied accounting policies to be appropriate and, in our opinion, the interim report gives a true and fair view of the assets and liabilities, financial position, results of operation and cash flows of the group.

Copenhagen, 29 August 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



**Christian Lyng Hjørth**  
Board Member



**Annette Pryce**  
Board Member

# Consolidated income statement

DKK'000	Note	H1 2023	H1 2022
Revenue	2,3	26,708	20,739
Cost of sales		(2,414)	(1,720)
<b>Gross profit</b>		<b>24,294</b>	<b>19,019</b>
Other external expenses		(7,729)	(8,957)
Staff costs		(25,696)	(21,360)
Other operating income		82	-
Depreciation, amortisation, and impairment		(1,841)	(1,732)
<b>Operating loss</b>		<b>(10,890)</b>	<b>(13,030)</b>
Financial income		63	2
Financial expenses		(333)	(731)
<b>Loss before tax</b>		<b>(11,160)</b>	<b>(13,759)</b>
Tax for the period		(331)	1,091
<b>Loss for the period</b>		<b>(11,491)</b>	<b>(12,668)</b>

# Consolidated comprehensive income

DKK'000	H1 2023	H1 2022
Exchange differences on translation of foreign operations	86	15
<b>Other comprehensive income for the period, net of tax</b>	<b>86</b>	<b>15</b>
<b>Total comprehensive income for the period</b>	<b>(11,405)</b>	<b>(12,653)</b>
<b>Loss for the period attributable to:</b>		
Owners of the parent	(11,491)	(12,668)
<b>Total comprehensive income for the period attributable to:</b>		
Owners of the parent	(11,405)	(12,653)
Earnings per share (DKK)	(0.23)	(0.25)
Earnings per share, diluted (DKK)	(0.23)	(0.25)

# Consolidated balance sheet

## ASSETS

DKK'000	Note	30.06.2023	31.12.2022
Intangible assets	4	6,549	5,858
Property, plant and equipment		174	177
Contract costs	3	493	525
Right-of-use assets	5	5,057	4,753
Deposits		497	599
<b>Total non-current assets</b>		<b>12,770</b>	<b>11,912</b>
Trade receivables		7,091	4,922
Contract costs	3	458	454
Income tax receivables		159	402
Other receivables		-	144
Prepayments		1,255	1,039
Cash		24,737	31,333
<b>Total current assets</b>		<b>33,701</b>	<b>38,294</b>
<b>Total assets</b>		<b>46,471</b>	<b>50,206</b>

## EQUITY AND LIABILITIES

DKK'000	Note	30.06.2023	31.12.2022
Share capital		510	510
Share premium		68,890	68,890
Retained earnings		(49,484)	(38,132)
Translation reserve		17	(69)
<b>Total equity</b>		<b>19,933</b>	<b>31,199</b>
Lease liabilities	5	5,021	4,365
Deferred income	3	4,355	3,140
Other payables		641	641
<b>Total non-current liabilities</b>		<b>10,017</b>	<b>8,146</b>
Lease liabilities	5	273	611
Trade payables		1,570	1,545
Income tax payables		-	21
Deferred income	3	9,832	5,107
Other payables		4,846	3,577
<b>Total current liabilities</b>		<b>16,521</b>	<b>10,861</b>
<b>Total liabilities</b>		<b>26,538</b>	<b>19,007</b>
<b>Total equity and liabilities</b>		<b>46,471</b>	<b>50,206</b>



# Consolidated statement of changes in equity

H1 2023					
DKK'000	Share capital	Share premium	Retained earnings	Translation reserve	Total
<b>Balance at 1 January</b>	<b>510</b>	<b>68,890</b>	<b>(38,132)</b>	<b>(69)</b>	<b>31,199</b>
Net loss for the period	-	-	(11,491)	-	(11,491)
Other comprehensive income	-	-	-	86	86
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>(11,491)</b>	<b>86</b>	<b>(11,405)</b>
Share-based payments	-	-	139	-	139
<b>Total transactions with the owners</b>	<b>-</b>	<b>-</b>	<b>139</b>	<b>-</b>	<b>139</b>
<b>Balance at 30 June</b>	<b>510</b>	<b>68,890</b>	<b>(49,484)</b>	<b>17</b>	<b>19,933</b>

H1 2022					
DKK'000	Share capital	Share premium	Retained earnings	Translation reserve	Total
<b>Balance at 1 January</b>	<b>510</b>	<b>68,890</b>	<b>(12,345)</b>	<b>(58)</b>	<b>56,997</b>
Net loss for the period	-	-	(12,668)	-	(12,668)
Other comprehensive income	-	-	-	15	15
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>(12,668)</b>	<b>15</b>	<b>(12,653)</b>
Share-based payments	-	-	371	-	371
<b>Total transactions with the owners</b>	<b>-</b>	<b>-</b>	<b>371</b>	<b>-</b>	<b>371</b>
<b>Balance at 30 June</b>	<b>510</b>	<b>68,890</b>	<b>(24,642)</b>	<b>(43)</b>	<b>44,715</b>

# Consolidated cash flow statement

DKK'000	H1 2023	H1 2022
Operating loss	(10,890)	(13,030)
Depreciation, amortisation and impairment losses	1,841	1,732
Share-based payments expense	139	361
Change in working capital	4,989	696
Income taxes received (paid)	(434)	132
Interest received	62	2
Interest paid	(193)	(731)
<b>Cash flow from operating activities</b>	<b>(4,486)</b>	<b>(10,838)</b>
Investments in intangible assets	(1,347)	(874)
Investments in tangible assets	(24)	(196)
Changes in other non-current assets	133	(231)
<b>Cash flow from investing activities</b>	<b>(1,237)</b>	<b>(1,301)</b>
Repayment of borrowings	-	(2,257)
Payment of principal portion of lease liabilities	(860)	(843)
<b>Cash flow from financing activities</b>	<b>(860)</b>	<b>(3,100)</b>
<b>Change in cash and cash equivalents</b>		
Cash at 1 January	31,333	59,260
Net cash flow	(6,584)	(15,239)
Currency translation	(12)	13
<b>Cash at 30 June</b>	<b>24,737</b>	<b>44,034</b>

# Notes to the consolidated financial statements

- 15 1. Accounting policies
- 16 2. Segment information
- 17 3. Revenue
- 18 4. Intangible assets
- 19 5. Leases

# Accounting policies

The condensed interim report for the first half of 2023 is presented in accordance with IAS 34 “Interim financial reporting” as adopted by the EU and Danish disclosure requirements for interim reports.

The interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the IFRS financial statements for the year ended 31 December 2022.

The accounting policies, have been applied consistently with those of the Annual Report 2022. See the Annual Report 2022 for a comprehensive description of the accounting policies applied.

### Judgments and estimates

The preparation of interim reports requires management to make accounting judgments and estimates that affect the use of accounting policies and recognised assets, liabilities, income and expenses. Actual results may differ from these estimates.

The most significant estimates made by management when using the Group’s accounting policies and the most significant judgment uncertainties attached hereto are the same for the preparation of the interim report as for the preparation of the Annual Report 2022.

### New accounting standards

The IASB has issued new standards and amendments not yet in effect or endorsed by the EU and therefore not relevant for the preparation of the interim report for the first half of 2023. None of these are currently expected to have any significant impact on the financial statements of the Group when implemented.

## 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

**FCF multiple:** Free cash flow (FCF) / ARR growth

**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 2

# 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 H1 2023, no individual client exceeded 10% of the total revenue. (H1 2022: One customer with accumulated of 12%).

### EXTERNAL REVENUE BY GEOGRAPHY

DKK'000	H1 2023	H1 2022
Denmark	15,702	15,571
The Netherlands	3,080	773
Sweden	2,606	2,795
North America	1,252	477
Rest of the world	4,069	1,123
<b>Total</b>	<b>26,708</b>	<b>20,739</b>

### NON CURRENT ASSETS BY GEOGRAPHY

DKK'000	30.06.2023	31.12.2022
Denmark	11,107	11,080
Rest of the world	1,663	832
<b>Total</b>	<b>12,770</b>	<b>11,912</b>



NOTE 3

# Revenue

REVENUE FROM EXTERNAL CLIENTS

DKK'000	H1 2023	H1 2022
SaaS Business	24,335	17,691
Consultancy	2,373	3,048
Total	26,708	20,739

CONTRACT COSTS

DKK'000	30.06.2023	31.12.2022
Current	458	454
Non-current	493	525
Cost to obtain contracts	951	979

During H1 2023, DKK'000 265 was recognised in the profit and loss statement relating to contract costs from previous years and contract costs from sales during H1 2023.

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 31.12.2022 to 30.06.2023 was due to the continuous increase in the Group's client base.

DKK'000	30.06.2023	31.12.2022
Deferred income	14,187	8,247

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

DKK'000	H1 2023	H1 2022
Amounts included in the deferred income balance at the beginning of the year	1,181	1,947

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	30.06.2023	31.12.2022
Amounts of the transaction price allocated to remaining performance obligations	31,565	28,428

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 60% of the transaction price allocated to remaining performance obligations as of 30 June 2023 will be recognised as revenue during H2 2023. The remaining 40% will be recognised in the financial years of 2024 through 2026.

## NOTE 4

# Intangible assets

30.06.2023

DKK'000	Completed development projects	Development projects in progress	Total
Cost at 1 January	10,356	595	10,951
Additions	-	1,351	1,351
Transfers	1,435	(1,435)	-
<b>Cost at 30 June</b>	<b>11,791</b>	<b>511</b>	<b>12,302</b>
Amortisation and impairment losses at 1 January	(5,093)	-	(5,093)
Amortisation during the year	(660)	-	(660)
<b>Amortisation and impairment losses at 30 June</b>	<b>(5,753)</b>	<b>-</b>	<b>(5,753)</b>
<b>Carrying amount at 30 June</b>	<b>6,038</b>	<b>511</b>	<b>6,549</b>

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.

31.12.2022

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)
<b>Cost at 31 December</b>	<b>10,356</b>	<b>595</b>	<b>10,951</b>
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
<b>Amortisation and impairment losses at 31 December</b>	<b>(5,093)</b>	<b>-</b>	<b>(5,093)</b>
<b>Carrying amount at 31 December</b>	<b>5,263</b>	<b>595</b>	<b>5,858</b>

## NOTE 5

## Leases

## 30.06.2023

DKK'000	Property	Cars	Equipment	Total
Cost at 1 January	6,629	466	430	7,525
Additions	1,117	537	-	1,654
Disposals	(270)	(136)	(69)	(475)
<b>Cost at 30 June</b>	<b>7,476</b>	<b>867</b>	<b>361</b>	<b>8,704</b>
Depreciation at 1 January	(2,329)	(224)	(219)	(2,772)
Depreciation during the year	(928)	(128)	(80)	(1,136)
Disposals	56	136	69	261
<b>Depreciation at 30 June</b>	<b>(3,201)</b>	<b>(216)</b>	<b>(230)</b>	<b>(3,647)</b>
<b>Carrying amount at 30 June</b>	<b>4,275</b>	<b>651</b>	<b>131</b>	<b>5,057</b>

## 31.12.2022

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 <sup>1</sup>	-	69	4,234
Disposals	(1,265)	(170)	(428)	(1,864)
<b>Cost at 31 December</b>	<b>6,629</b>	<b>466</b>	<b>430</b>	<b>7,525</b>
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
<b>Depreciation at 31 December</b>	<b>(2,329)</b>	<b>(224)</b>	<b>(219)</b>	<b>(2,772)</b>
<b>Carrying amount at 31 December</b>	<b>4,300</b>	<b>242</b>	<b>211</b>	<b>4,753</b>

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

DKK'000	30.06.2023	31.12.2022
At 1 January	4,976	1,781
Adjustments to opening balance	-	839
Additions	1,598	242
Accrual of interest	139	200
Payments	(1,186)	(1,956)
Adjustments and revaluations	-	4,239
Disposals	(233)	(369)
<b>At 31 December</b>	<b>5,294</b>	<b>4,976</b>
<b>Non-current</b>	<b>5,021</b>	<b>4,365</b>
<b>Current</b>	<b>273</b>	<b>611</b>

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

DKK'000	30.06.2023	31.12.2022
Depreciation of right-of-use assets	1,841	1,849
Interest on lease liabilities	139	200
Expenses relating to short-term leases	502	801
Expenses relating to leases of low-value assets	221	1,130
<b>Total amount recognised in the statement of profit or loss</b>	<b>2,703</b>	<b>3,980</b>

The Group had a total lease cash outflow of DKK'000 1,186 (31.12.2022: DKK'000 1,956).

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

1<sup>ST</sup> OF JANUARY 2023 - 30<sup>TH</sup> OF JUNE 2023

# Interim Financial Report, first half-year 2023



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**Financial calendar**

Interim Financial Report (Q3 2023) - November 29, 2023

**Date of incorporation**

30.10.2014

**Financial year**

01.01–31.12

**Business Registration No.**

36 43 27 72