RELESYS ANNUAL REPORT 2023

Reach, Engage, and Unite the Power of Your Workforce

relesys®

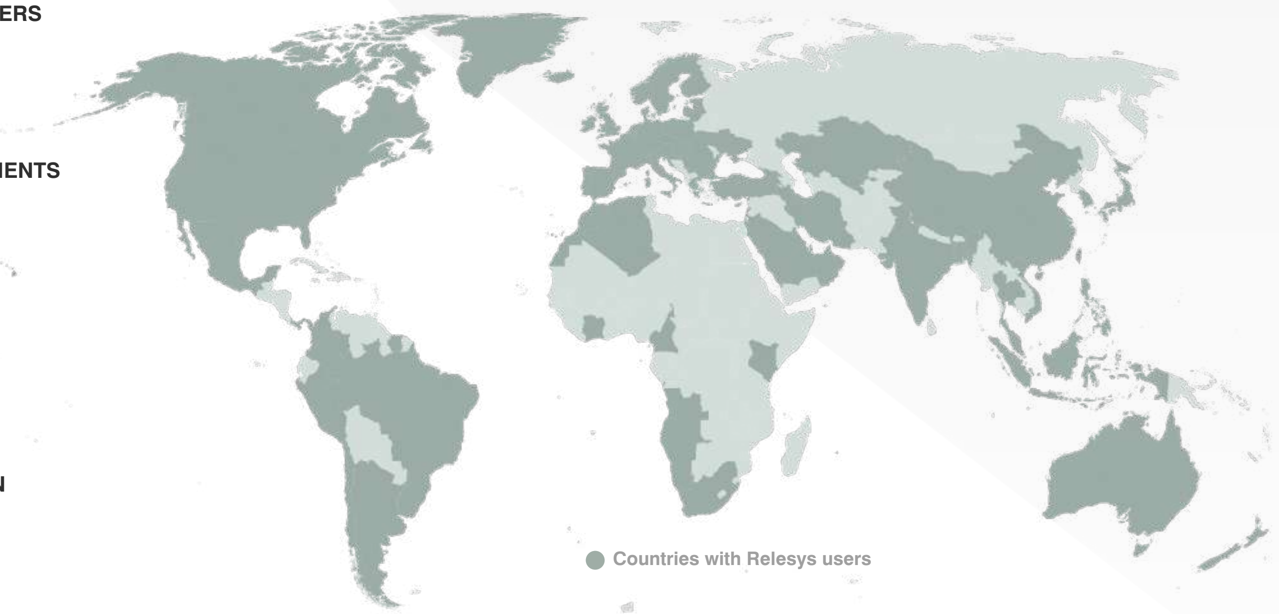
Relesys at a glance

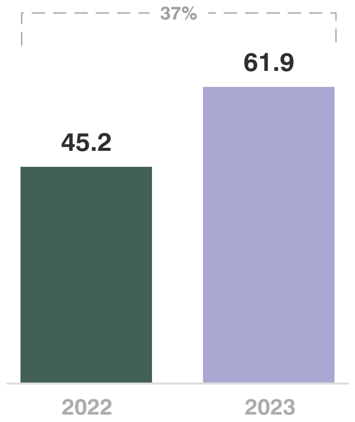
COUNTRIES WITH USERS
97

COUNTRIES WITH CLIENTS
15

LICENSES SOLD
396k

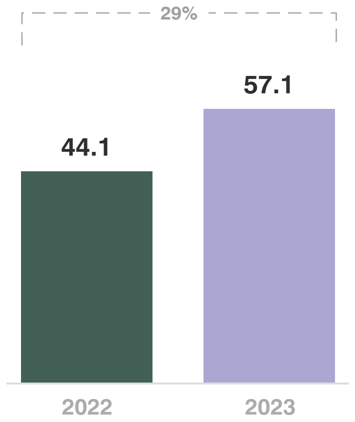
LANGUAGES SPOKEN
33





+37%

YoY growth in ARR



+29%

YoY growth in total revenue

ARR COMPOSITION BY INDUSTRY

Retail
80%

Industrial
15%

Services
5%

REVENUE COMPOSITION BY GEOGRAPHY

Denmark
57%

Rest of the world
17%

The Netherlands
12%

Sweden
9%

North America
5%

Our history

2014
Relesys was founded

2015
Bauhaus joined as one of the first customers

2016
Relesys entered the Netherlands

2017
First American customer joined

2018
Salling Group joined as a customer

2019
Relesys entered Sweden

2021
Relesys was Nasdaq Listed

2022
Relesys entered the United Kingdom

2023
Coop Denmark & NorgesGruppen joined as customers

How to read our numbers

Relesys is a Software as a Service (SaaS) company that 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 licenses 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.

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

- **Annual recurring revenue (ARR)**, a measure of the annualized 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.
- **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 customization, 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 to the Financial Statement on **page 37.**

Contents

REACH. ENGAGE. UNITE.

relesys

Letter from the Chairman

2023 was another strong year

Relesys continued its double-digit growth trajectory in 2023. Annual recurring revenue (ARR) grew 37%, resulting in an average annual ARR growth rate of 41% since the IPO in 2021. Total revenue rose 29% to DKKm 57 while the operating result (EBITDA) and free cash flow improved significantly. All in all, another strong year for Relesys, both operationally and financially.

Relesys' success is based on our world-leading employee engagement platform and our ability to attract and retain international clients who have realised the benefits of using our platform and solutions to engage, inform and unite with especially their non-desk employees. It is rewarding to see that more than half of the growth in ARR comes from enterprise clients in line with our increased focus on that particular segment.

In June, the board of directors was strengthened with the appointment of Annette Blou Pryce as board member. Annette has a solid ability to shape and cultivate brands, and drive growth through developing and implementing positioning strategies, and thus brings very relevant competencies to Relesys as we continue our international expansion.

After years of strengthening the operational platform, optimising the customer base and entering new markets, it is natural to look at the next steps to develop Relesys.

Therefore, in September the board of directors initiated a strategic review of Relesys' options to accelerate growth, including evaluating funding options and ownership structures. The strategic review is still ongoing and is expected to be completed in the first half of 2024.

Despite geopolitical uncertainty we enter 2024 with great confidence. We look forward to helping existing and new customers around the world grow and optimise their businesses by delivering market-leading solutions that engage and unite their people across multiple functions and locations.

Finally, a sincere thank you to the management and our employees for their efforts and hard work in 2023. 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.

Alexander Thomas Martensen-Larsen
Chairman

Letter from the CEO

2023 was another great year for Relesys. The value of our employee communication and engagement platform was again recognized by a number of large, high-profiled and prestigious brands with many non-desk employees as an invaluable digital tool to increase productivity, employee retention and engagement whilst at the same time reduce costs. I can strongly recommend reading the client case stories later in this Annual Report for more details on this.

It is rewarding to see that our strategic decision to focus on large enterprise clients, in particular within retail, resulted in a number of new contracts with renowned brands, contributing to a healthy 59% increase in ARR from enterprise clients and a 37% increase in total ARR to almost DKKm 62.

Among the new enterprise clients is the leading Norwegian retail grocery group, NorgesGruppen, with around 40,000 users across five different retail brands. The contract with NorgesGruppen reinforced our strong position in the Nordic retail grocery market where more than 150,000 employees across strong brands like COOP, Dagrofa, Salling and NorgesGruppen are using a Relesys app.

As part of our increased focus on large enterprise clients both in terms of sales and product development, we also strengthened the management team during the year with three new hirings. Emil Dyrvig joined as Chief Revenue Officer (CRO), bringing vast experience in selling SaaS solutions to enterprise-size companies. Tom Pressley joined as VP of Marketing, and Brian Sørensen Fischer has taken on the role as VP of Product. With their solid experience and with the rest of the extended management team, I am convinced we have the right team with the right competencies to expand on this year's achievements and take Relesys to the next level.

To maintain our market leading position, we are client obsessed, and we use data-driven insights to innovate the platform with the single purpose of making our clients excel.

AI technology is imperative in realizing our product vision, which is to enable frontline worker development excellence. Aligned with our AI strategy, and in parallel with validating our longer-term predictive AI use cases, we introduced our first AI security features this year. The next step in our AI strategy, expected later this year, will focus on enabling our clients with capabilities that will boost their efficiency.

In 2023, we added 29 new clients to our portfolio, including leading brands like COOP Denmark, COOP CBS in Sweden and NorgesGruppen. In addition to new clients, we also managed to to continue strengthening our relationship with existing clients, which led to a strong net ARR retention rate of 112% driven by an ARR net uplift of 16% and a low ARR churn of 4%. ARR from international markets continued to grow faster than the domestic market, and with an ARR of DKKm 26.2, international markets accounted for 42% of total ARR at the end of 2023.

In addition to a strong development in ARR and revenue, it is also very satisfying to see a significant improvement in EBITDA and the free cash flow, supporting our plan of becoming cash flow positive again after a couple of year's with focus on growth over profit and cash flow.

Ending 2023 on a strong note with a best-ever fourth quarter makes us very confident about 2024. In the last months of 2023, we signed new contracts with a committed ARR of DKKm 5.6 which is not included in the year-end balance of DKKm 61.9. Furthermore, with the signing of an agreement with Joe & The Juice in January, we were off to a good start in 2024. Based on this, we expect ARR of DKKm 83 - 88.

I want to sincerely thank my almost 90 colleagues in Relesys. They are the backbone of Relesys' vibrant culture, and the fuel of our success.

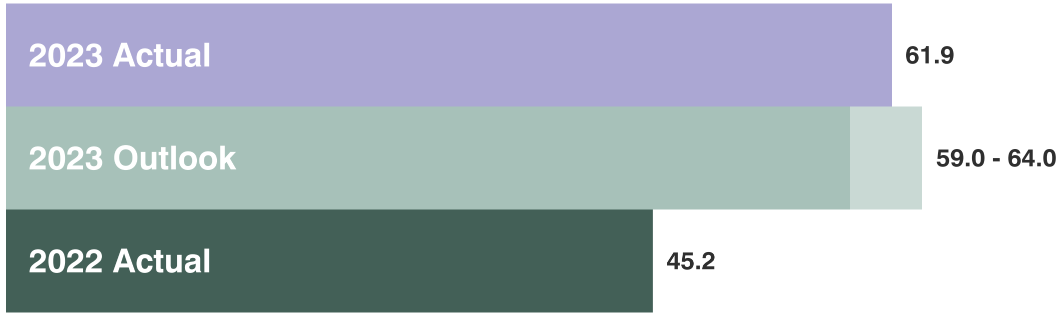
Jesper Roesgaard
CEO

Highlights 2023

- **37% growth in ARR year-on-year makes a strong CAGR of 41% since the IPO in 2021.**
- **Strong Net NRR Retention Rate of 112% driven by a high ARR net uplift of 16% and low ARR churn of 4%.**
- **Free cash flow of DKKm -5.8 resulting in a FCF multiple of -0.3.**
- **End-of-year cash balance of DKKm 23.1 is considered sufficient to take Relesys to a positive cash flow.**
- **Loss before tax was DKKm 17.1, which was an improvement over last year's DKKm 26.3 and a result of improved sales efficiency.**

ANNUAL RECURRING REVENUE

ARR grew 37% year-on-year, which was in line with Relesys' guidance for the year, and DKKm 61.9 is a significant improvement compared to the expectations presented in the IPO prospectus (DKKm 55-60).



REVENUE

Revenue grew by 29% year-on-year which was in line with Relesys' guidance for the year. SaaS revenue grew by 35% year-on-year and represented 91% of revenue.

MARKETS

ARR growth was 37% year-on-year derived from 36% growth from the domestic market and 39% growth in ARR from foreign markets.

FREE CASH FLOW

The free cash flow was improved significantly over 2022. The improvement was driven by Relesys significantly (DKKm 17.6) improving its cash flow from operating activities. Relesys' FCF multiple was -0.3 in 2023 compared to -1.7 in 2021 and -0.4 in 2021. The development in the free cash flow and FCF multiple was in accordance with the financial plan and growth strategy.

Five-year overview

FINANCIALS	2023	2022	2021	2020	2019
RESULTS (DKKm)					
Revenue	57.1	44.1	34.5	25.7	20.6
SaaS revenue	52.0	38.4	27.0	20.6	15.6
Consultancy revenue	5.1	5.7	7.5	5.1	5.0
Gross profit	52.0	39.2	31.7	22.9	18.0
Operating profit/loss before amortization and depreciation (EBITDA)	(13.3)	(23.0)	(1.2)	3.8	4.3
Operating profit/loss (EBIT)	(17.0)	(26.3)	(3.8)	2.0	2.7
Profit/loss for the year	(17.6)	(26.2)	(3.6)	1.6	1.9
CASH FLOW (DKKm)					
Operating activities	(3.6)	(21.2)	(2.0)	7.0	4.4
Investing activities	(2.3)	(2.0)	(2.0)	(3.7)	(2.2)
Free cash flow	(5.8)	(23.2)	(4.0)	3.3	2.2
Financing activities	(2.4)	(4.7)	59.9	(0.5)	(1.7)
Cash flow for the year	(8.2)	(27.9)	55.9	2.8	0.5
FINANCIAL POSITION (DKKm)					
Balance sheet total	45.9	53.8	72.6	20.2	10.4
Intangible assets	6.7	5.9	5.0	4.5	3.1
Right-of-use assets	4.4	4.8	1.7	1.8	1.6
Cash	23.1	31.3	59.3	3.3	0.6
Total equity	14.0	30.8	57.0	1.6	0.6

RATIOS	2023	2022	2021	2020	2019
FINANCIAL RATIOS (%)					
Revenue year-on-year growth	29%	28%	34%	25%	-
SaaS revenue year-on-year growth	35%	42%	31%	32%	-
Consultancy revenue year-on-year growth	(11%)	(24%)	47%	2%	-
Gross profit margin	91%	89%	92%	89%	87%
EBITDA margin	(23%)	(52%)	(4%)	15%	21%
EBIT margin	(30%)	(60%)	(11%)	8%	13%
SAAS KEY METRICS					
Annual recurring revenue (DKKm)	61.9	45.2	31.3	22.4	16.9
Annual recurring revenue year-on-year growth	37%	44%	40%	32%	-
Net ARR retention rate	112%	111%	107%	-	-
Average ARR per client (DKK '000)	316	248	194	185	184
ARR retention rate	96%	95%	97%	94%	-
ARR expected lifetime (years)	28	22	38	-	-
Number of clients	196	182	161	121	92
Client year-on-year growth	8%	13%	33%	32%	35%
Client retention	92%	93%	94%	95%	92%
Client expected lifetime (years)	12	15	17	20	13
SaaS share of revenue	91%	87%	78%	80%	76%

Financial guidance

Financial guidance 2024

GUIDANCE 2024 (DKKm)	2024 Guidance	2023 Actual	Expected growth
Annual recurring revenue	83-88	61.9	34% - 42%
Revenue	72-76	57.1	26% - 33%

Assumptions behind financial guidance 2024

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 2023.

Revenue specific assumption:

- Continued short period for onboarding of new clients.

FORWARD-LOOKING STATEMENTS

This Annual Report includes forward-looking statements on various matters such as expected ARR growth and future strategies and expansion plans. Such statements are uncertain and involve various risks, because many factors, some of which are beyond our control, may result in the actual developments differing considerably from the expectations set out in the 2023 Annual Report.

Such factors include, but are not limited to, general economic and business conditions, the demand for our solution and competition.

Other financial expectations

Relesys continues to grow fast on the existing markets in Scandinavia and Benelux, and the company will also continue its marketing and sales effort in North America in 2024.

In 2024, 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.

Relesys continues to invest in growth initiatives and is therefore expecting a loss before tax for the fiscal year 2024 in line with 2023.

The cash position at the end of 2023 was DKKm 23.1, and Relesys expects this to be sufficient for the company to realize a positive cash flow.

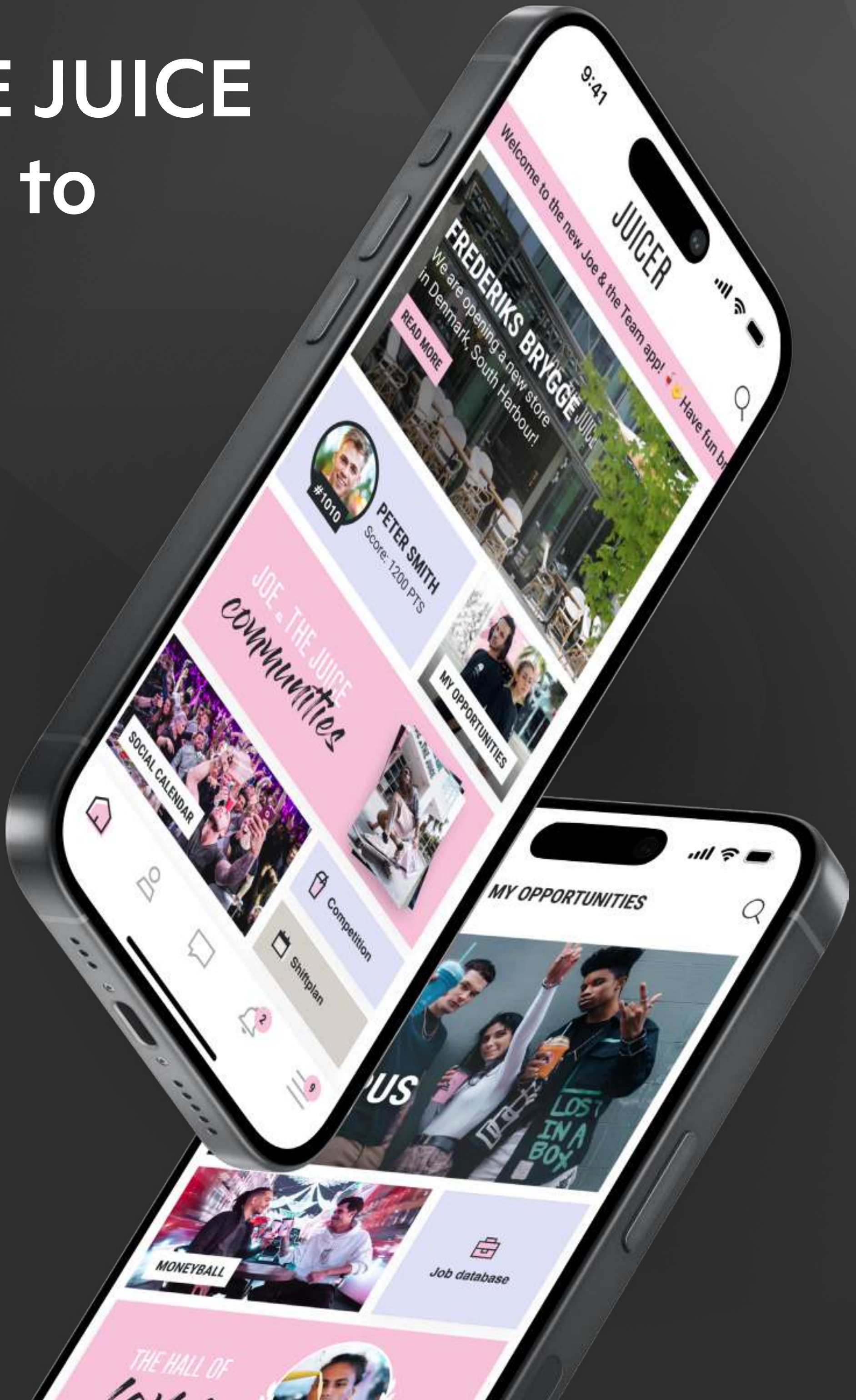
CLIENT CASE

Relesys helps JOE & THE JUICE to scale its business and to broadcast its culture

1 Some of the key challenges for JOE & THE JUICE have been **employee turnover** and top down communication. The company needed a tool to **digitalize its culture and facilitate centralized communication.**

2 The JUICER app aims to **decrease employee turnover** by creating an inclusive culture where **employees are engaged, recognized, celebrated, promoted and rewarded.** Furthermore, the app focuses on creating a **safe compliant environment** with secure chat groups and communities, eliminating the need for multiple other platforms such as Facebook, WhatsApp and Instagram.

3 JOE & THE JUICE now **reaches all its employees at the same time,** promotes new products and performance to increase financial KPI's, **fosters communities** where employees recognize each other and **creates strong social ties globally.** The next step is to bring **operational leadership tools** into the Juicer universe, enabling alignment and efficiency.



85%
users reached within 2 weeks of implementing the app

2,600
users in Scandinavia, Finland and the United Kingdom

5
countries with different languages and regulatory requirements

216
stores are using the platform[1]

> "Our JUICER app is a centralized platform where employees can build relations, share ideas, show off skills, and collaborate regardless of their physical location. It supports us in identifying "Social Heroes" and rewarding juicers for their contribution to the organization, shaping the talents of tomorrow.

Jonas Dahl
HEAD OF CULTURE, JOE & THE JUICE

Note: 1) The 216 stores are distributed across Denmark (71 stores), UK (69 stores), Sweden (46 stores), Finland (3) and Norway (27 stores).
Source: Company information

Relesys ensures that critical information, training and tasks are always within reach in a digital, recognizable and easy format

Bringing clients from an old way of working...

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

...to a new way using Relesys' all-in-one platform

GAMIFICATION | TRAINING | INTEGRATIONS | CAMPAIGNS | NEWS

KPIS | MY TASKS | CHAT | CALENDAR | SOCIAL WALL

Relesys helps enterprise and large companies **drive profitability and risk reduction** through **digitalization of core processes** and significant **improvement of employee engagement**

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.

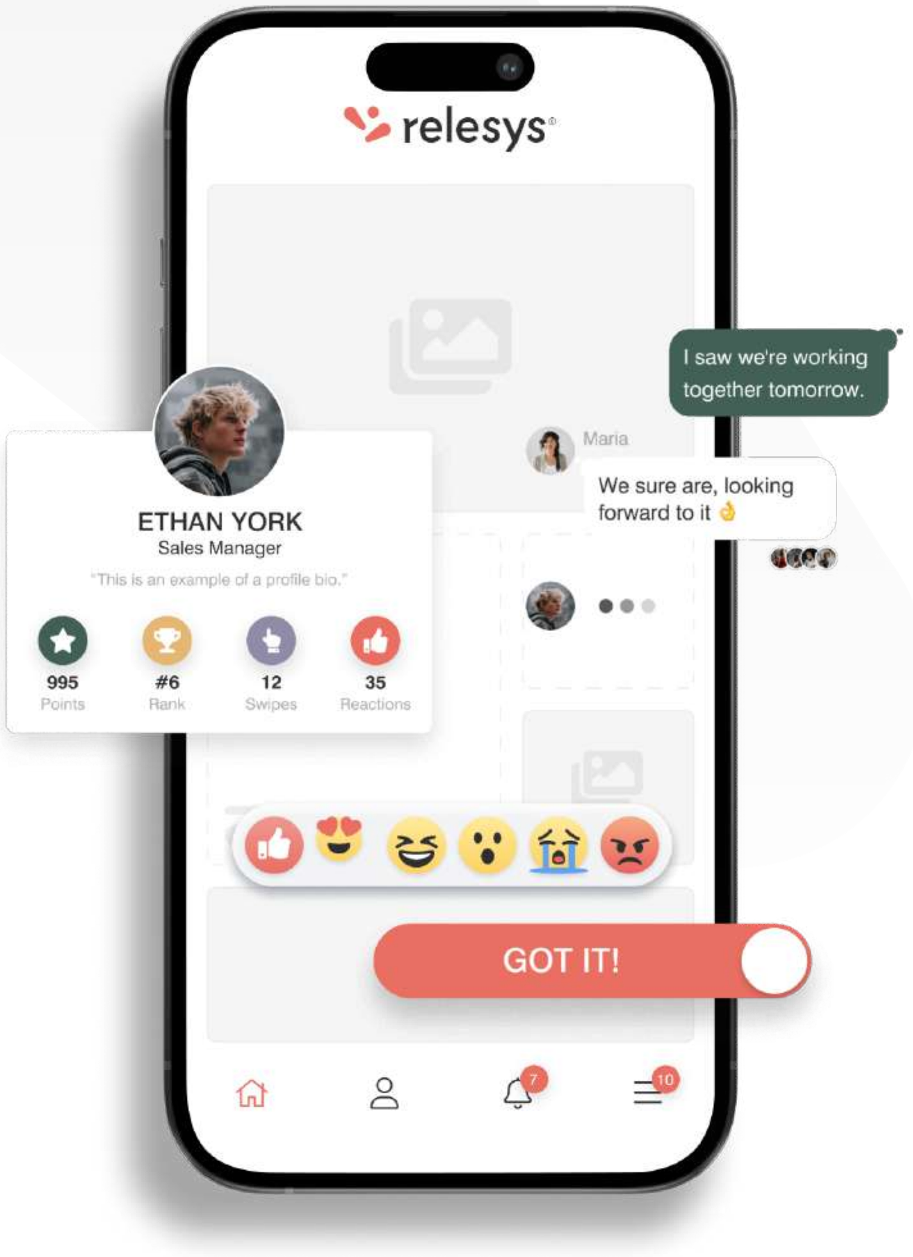
Engage every employee

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 solves market key pains

84%

of non-desk workers say they do not get enough information from management

77%

of workers are **not engaged or actively disengaged** at their workplace

81%

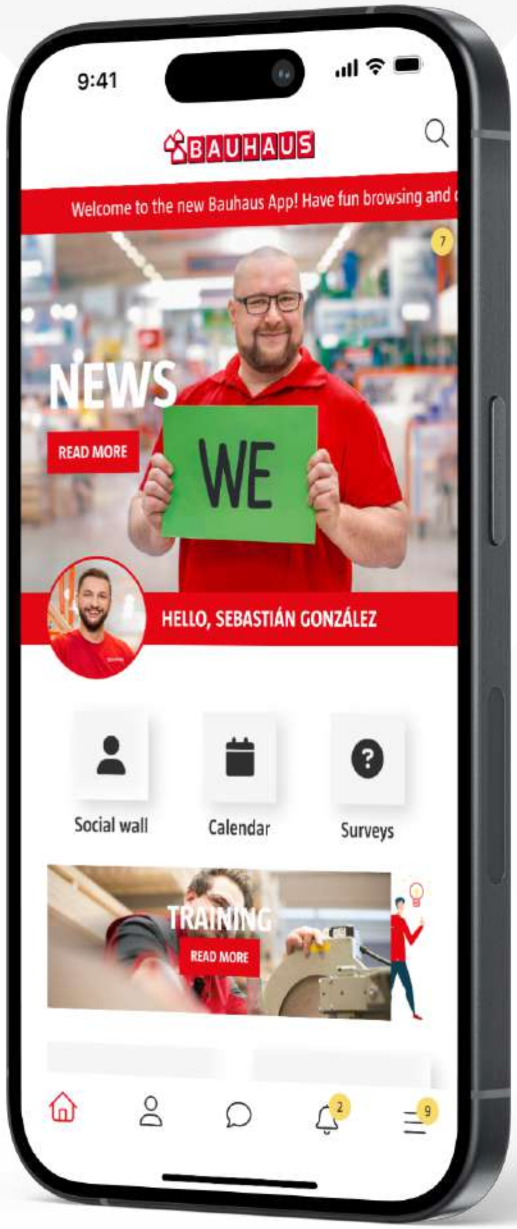
companies with engaged employees have **81% less absence**

18% | 23%

companies with engaged employees are **18% more productive** and **23% more profitable**

Source: Company information, Tribe (2018), Yale University (2018), Gallup (2023), Gallup (2020)

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.

MILLENIALS

The new generation of millennials will change the outlook of the HR landscape fundamentally 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 individualized 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.

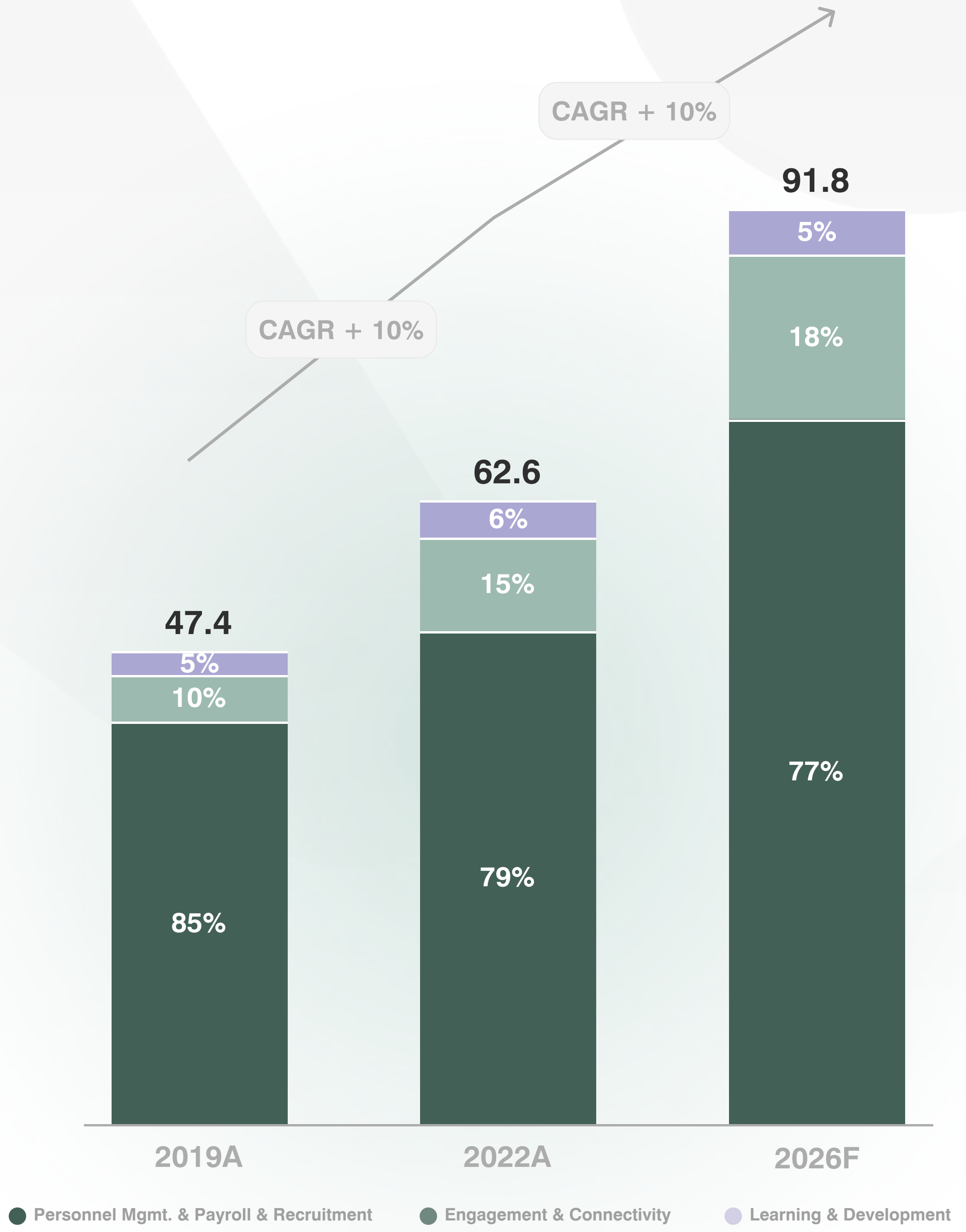
BOOST TEAM SPIRIT

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.

Relesys core market is expected to grow 15% annually towards 2026

HR tech market by segment (USDbn)

Relesys' core segment, **Engagement & Connectivity,** is huge and fast growing **(15.3% CAGR)** – moreover, Relesys has successfully tapped into the Learning & Development market which opens up another ~5% of the total HR Tech market size.



Source: Statista (2023)

We are proud of our clients

Relesys has always been focused on working with the best clients. The result is a strong client base with some of the best retail brands in the Nordics, proving that the Relesys platform can be used by large international clients with users all around the world.

Revenue insights

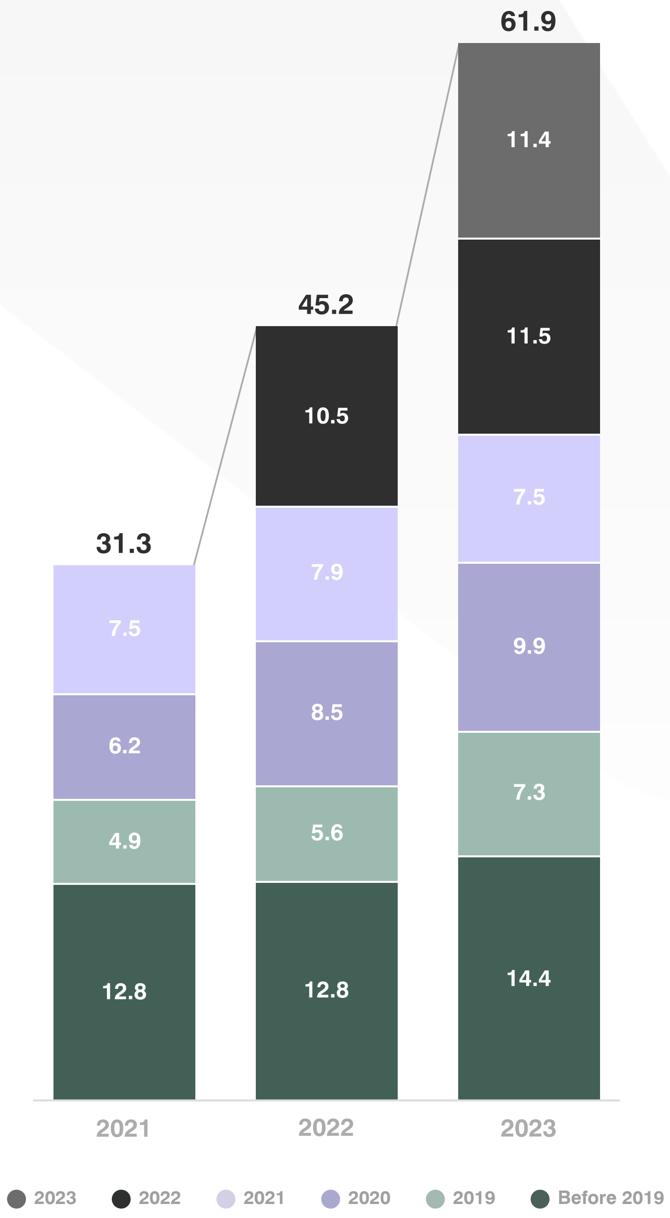
ARR GROWTH BY COHORTS

The combination of low ARR churn and high uplifts is resulting in strong cohorts year after year, which is a result of Relesys' strong product offering and high user engagement rates. Furthermore, ARR cohorts can also be used as an indicator of how healthy a SaaS company's client base is.

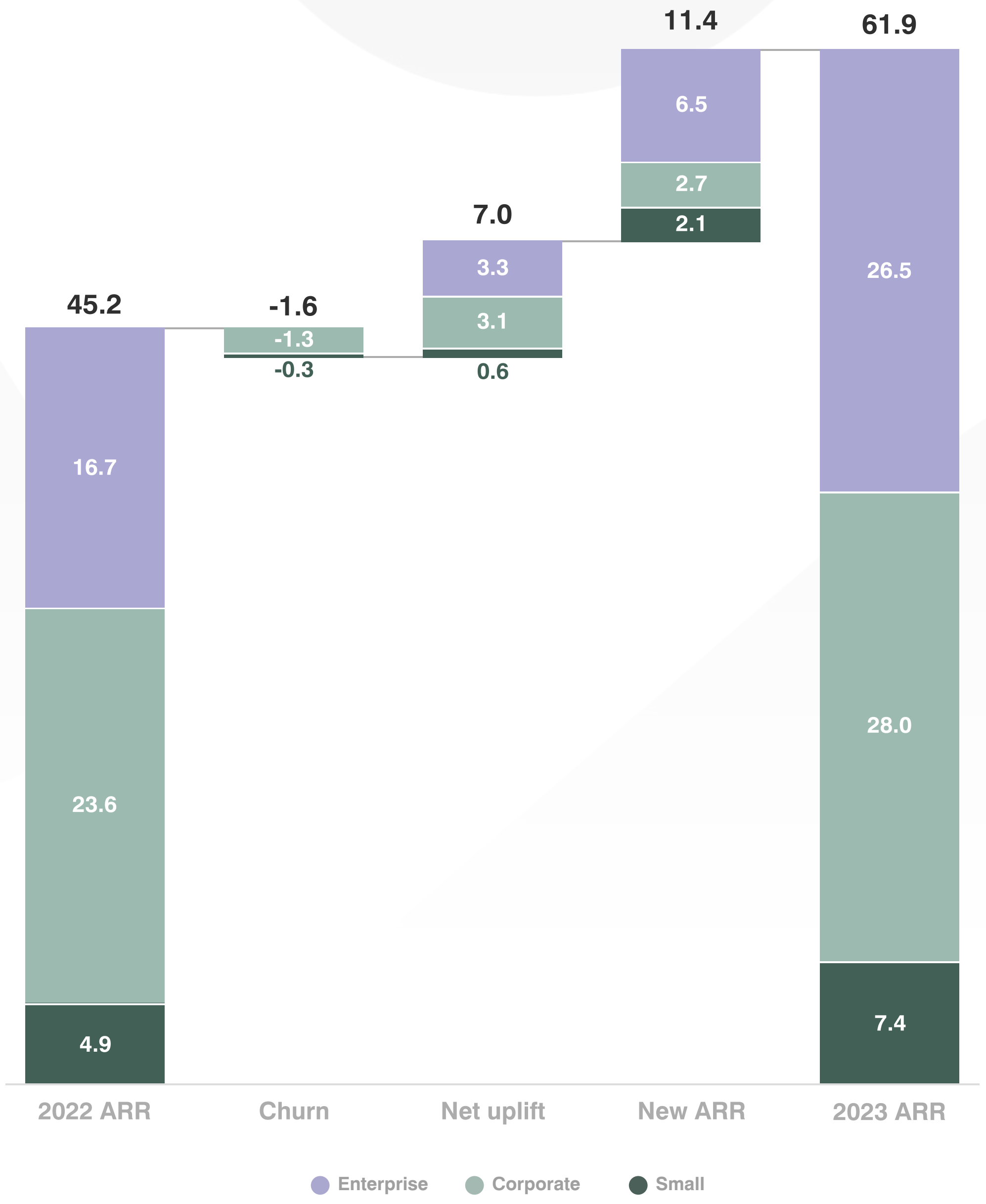
ARR GROWTH BY CLIENT SIZE

Historically, the majority of ARR has been made up of corporate size clients. In 2023, Relesys increased its focus on enterprise clients. The result was three new clients and 59% growth in ARR year-on-year from enterprise size clients. At the same time, ARR churn from enterprise size clients was 0% in 2023 and between 5% and 6% for both small and corporate size clients.

ARR GROWTH BY COHORTS[1]



ARR GROWTH BY CLIENT SIZE



Notes: 1) This chart shows ARR development from clients grouped by the year that the individual client first started.

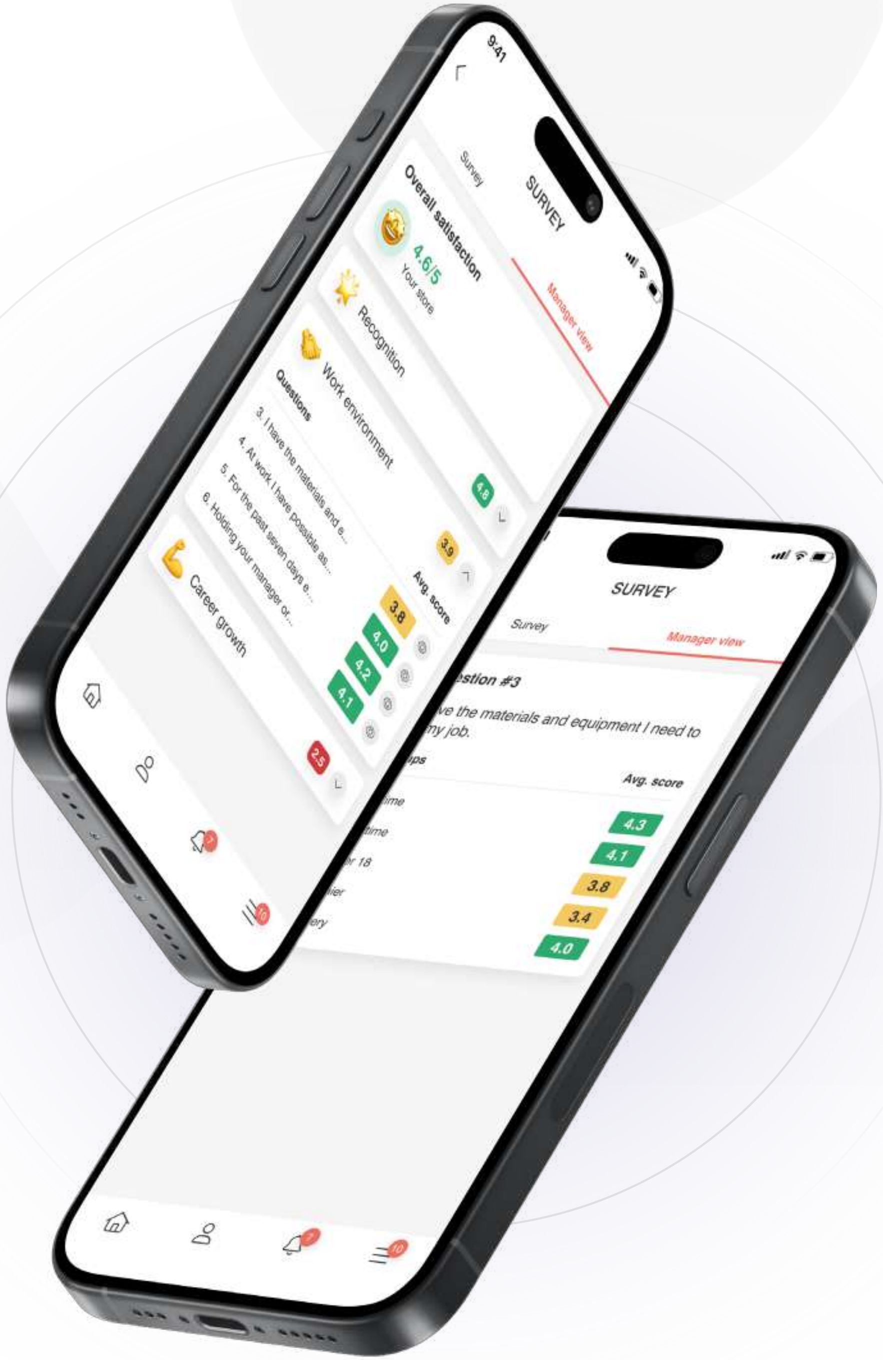
Product vision and strategy

Relesys will remain the next-generation employee development platform for retail frontline workers, addressing employee job turnover and development challenges.

Relesys is the pioneer that lead frontline worker development by enhancing employee engagement and growth. We utilize superior end-to-end gamification and top user engagement to derive actionable employee development insights. This approach is backed by predictive models tailored for retail, all combined making a hard-to-copy solution.

The Relesys all-in-one platform offers the highest engagement through superior gamification, retail-tailored artificial intelligence/machine learning actionable insights and focuses on holistic employee growth. This sets Relesys apart from competitors as more than just a generic operations tool.

Relesys retains the leading position within communication and operations by utilizing modern technology like predictive models and artificial intelligence/machine learning to improve and innovate content creation and to streamline operations and improve efficiency and productivity for frontline workers.



Employee Survey is coming as a new product

TO BE LAUNCHED BEGINNING OF Q2 2024

- Enterprise grade and fully customizable survey solution
- Generates actionable insights for leaders based on survey responses
- Collects and structures data over time to feed into future AI offerings

CLIENT CASE

How Sunset Boulevard and Relesys unlocked people and revenue growth with a new performance system

67%
increase in employees who find their work meaningful

91%
of employees feel they have a direct impact on company results

11%
increase in Employee Promoter Score

~30%
increase in comparable sales from 2022 to 2023

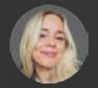
1 Delivering exceptional guest experiences

Sunset Boulevard is a modern fast-food chain with a significant focus on delivering a high-quality product that not just tastes better but “simply feels better”. Sunset Boulevard strives to deliver exceptional guest experience every day by offering a welcoming, clean and cozy dining environment. At Sunset Boulevard, the employees’ mantra is to always try to be better than they were yesterday.

2 Promoting the right actions with Relesys

Sunset Boulevard has implemented a new performance system that is based on a unique set of behavioral KPIs and rewards that recognize the desired behavior and actions rather than financial metrics. Relesys has been a key partner in digitizing the processes that help and empower employees to deliver on their KPIs. Effective onboarding, ongoing training, task management and digital scoreboards are just some of the ingredients ensuring that employees are motivated every day to give their best.

> “The MySunset platform is vital for our employees to succeed. It contains all information and is a huge part of our day-to-day operations and communication – it is truly our most irreplaceable digital tool.



Sara Yelva Ring Kristensen
AREA MANAGER, SUNSET BOULEVARD

Financial review

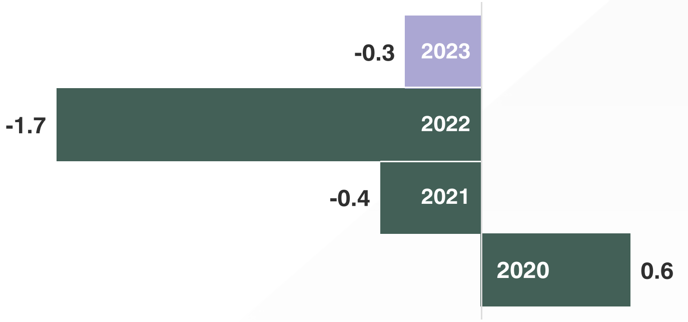
RESULTS (DKK million)	**2023**	2022	Growth
Revenue	57.1	44.1	29%
SaaS revenue	52.0	38.4	35%
Consultancy revenue	5.1	5.7	(11%)
Costs of sales	5.1	4.9	
Gross profit	**52.0**	**39.2**	**33%**
Gross margin	91%	89%	
Other external expenses	15.7	18.6	
Staff costs	49.5	43.7	
Other operating income	0.1	0.2	
Operating loss before amortization and depreciation (EBITDA)	**(13.0)**	**(23.0)**	
EBITDA margin	(23%)	(52%)	
Depreciation, amortization and impairment losses	4.0	3.3	
Operating loss (EBIT) before special items	**(17.0)**	**(26.3)**	
Net financial expenses	0.1	1.2	
Loss before tax	**(17.1)**	**(27.5)**	
Tax on loss for the year	(0.5)	1.3	
Loss for the year	**(17.6)**	**(26.2)**	

Mads S. Larsen
CFO

Improved sales efficiency

Two years into the growth strategy, Relesys remains ahead of the plan after once again outperforming the original guidance for ARR. Furthermore, the growth was achieved based on a significantly improved sales efficiency compared to 2022. The nominal ARR growth was DKKm 16.7 compared to DKKm 13.9 in 2022. At the same time, EBITDA improved from DKKm -23.0 in 2022 to DKKm -13.0 in 2023.

DEVELOPMENT IN FCF MULTIPLE



Prior to 2020, Relesys had never had negative FCF multiples or negative results. The recipe for "back to black" is therefore well-known, and in 2023, the first steps was taken to become profitable, which is clearly reflected in the improvement in Relesys's FCF multiple.

REACH. ENGAGE. UNITE.

relesys

ANNUAL RECURRING REVENUE

ARR was DKKm 61.9 at the end of 2023 (2022: DKKm 42.2), which was within the guided range of DKKm 59 - 64. ARR growth of 37% was compiled by 39% growth in ARR from clients in foreign markets and by 36% growth from clients in the domestic market of Denmark. By the end of 2023, 42% of ARR was based on clients in foreign markets.

In 2023, Relesys increased ARR from existing clients by DKKm 5.3. Relesys realized a strong net ARR uplift of 16% from existing clients partly offset by 15 clients churning representing a 4% ARR churn. The clients that churn continue to be clients with low ARR (average DKKm 0.1), which enforces Relesys' choice of increasing its focus on larger clients. By the end of 2023, no client represents more than 10% of either ARR or total revenue.

In 2023, Relesys signed with 29 new clients adding a total of DKKm 11.4 to ARR, representing an ARR average of DKKk 393. The average deal size of new clients in 2023 is significantly higher than the average client ARR, which was DKKk 315 by the end of 2023, 248 by the end of 2022 and 194 by the end of 2021.

REVENUE

Revenue was DKKm 57.1 in 2023 (2022: DKKm 44.1), which was within the guided range of DKKm 54 - 60. SaaS revenue grew 35% year-on-year, while revenue from consultancy services had a decline of 11% year-on-year. However, Relesys delivered co-development services to clients at the value of DKKm 2.4, which will be recognized in revenue over the next five to seven years. Summarizing consultancy revenue and co-development services delivered in 2023 and comparing to 2022, the sum will show a growth of 31% year-on-year.

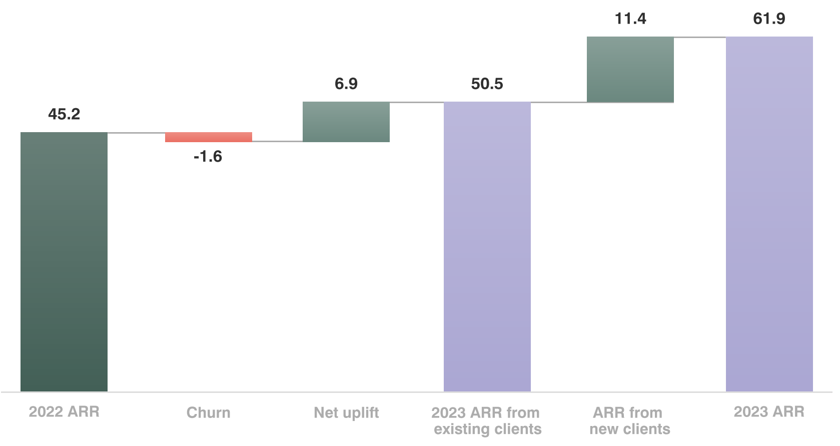
GROSS PROFIT

Gross profit was DKKm 52.0 in 2023 (2021: DKKm 39.2), which was a year-on-year growth of 33%. Gross margin was 91% compared to 89% last year. The improvement in gross margin was driven by mix in product and improved unit economic per sold license in the year.

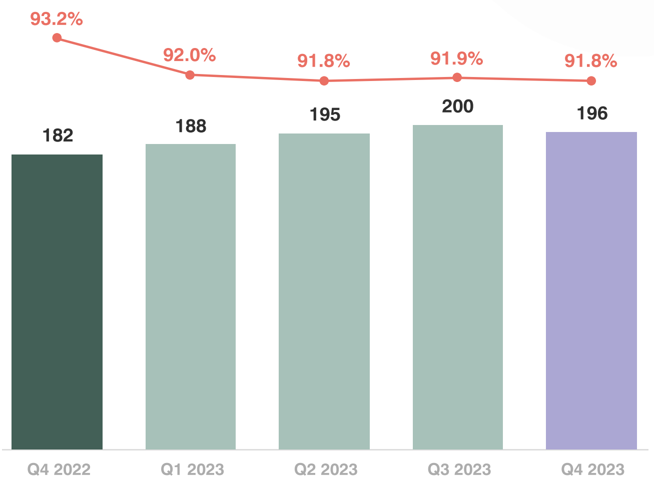
STAFF COSTS

Staff costs were DKKm 49.5 in 2023 (2022: DKKm 43.7). In Q1 2023, the average full-time equivalent employees were 86. During Q2 and Q3, the number decreased to 73, and in Q4, the number grew to 74, resulting in an average of 80 for the year, which was one more than in 2022. The changes made in 2023 were a result of changing focus towards enterprise sales. The change also resulted in a one-time payment of DKKm 0.5 in Q4. The average staff costs per employee increased in 2023 and is a result of fewer FTEs in sales and marketing at a higher average cost.

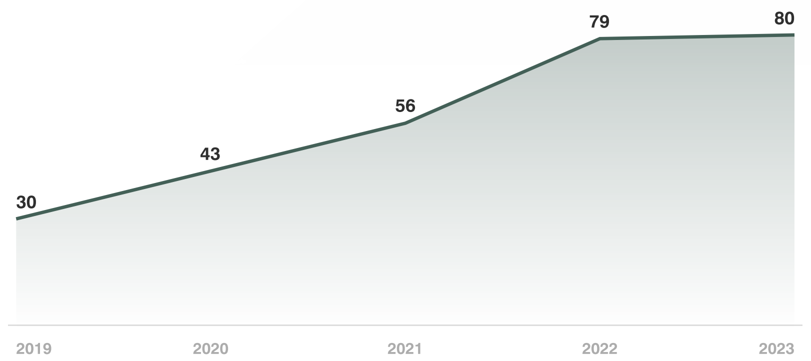
Development in Annual recurring revenue



Development in number of clients and client retention rates



Development in average full-time equivalent employees



OTHER EXTERNAL EXPENSES

Other external expenses were DKKm 15.7 in 2023 (2022: DKKm 18.6). The decrease was mainly driven by 1) less spent in external sales and marketing costs and 2) 2023 being a year without expansion into new markets which in 2022 was a driver of external expenses.

AMORTIZATION AND DEPRECIATION

Amortization and depreciation were DKKm 4.0 in 2023 (2022: DKKm 3.3). The growth in amortization and depreciation was mainly due to 1) increase in amortization of intangible assets due to a higher cost base and 2) increase in depreciation of right-of-use assets.

EBIT

EBIT was a negative DKKm 17.0 in 2023 (2022: a negative DKKm 26.3). 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.

NET FINANCIAL EXPENSES

Net financial expenses were DKKm 0.1 in 2023 (2022: DKKm 1.2). The decrease was mainly driven by bank interest rates relating to the cash balance changing from being negative to positive during the year.

DKKk	2023	2022
Interest income	501	-
Interest expenses	-	389
Foreign exchange losses	105	339
Interest on lease liabilities	258	200
Other financial expenses	223	311
Total	**85**	**1,239**

DEVELOPMENT COSTS

Relesys has capitalized DKKm 2.5 in 2023 (2022: DKKm 2.0) and has a net book value of DKKm 6.7 (2022: DKKm 5.9) relating to development activities within the Group's normal product range.

The value of the capitalized development activities is evaluated continuously. 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 3.6 in 2023 (2022: outflow of DKKm 21.2). The improvement in the cash flow from operating activities was mainly driven by an improved operating loss of DKKm 9.6 and an improved working capital of DKKm 6.3, which can be attributed to improved invoicing conditions to clients.

CASH FLOW FROM INVESTING ACTIVITIES

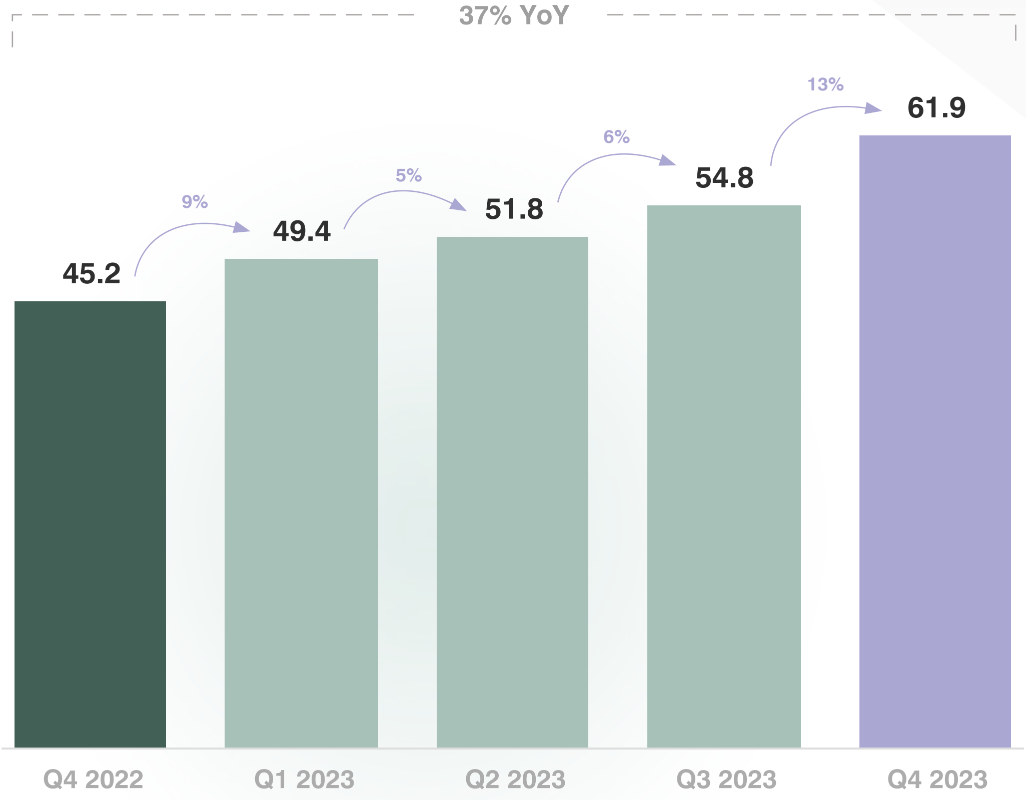
Cash flow from investing activities was an outflow of DKKm 2.3 in 2023 (2022: outflow of DKKm 2.0). The main driver was Relesys' continued investments in its product platform (intangible assets). As in previous years, Relesys invested in both the Relesys Core (Essentials) module and in each of the Relesys pro-modules.

CASH FLOW FROM FINANCING ACTIVITIES

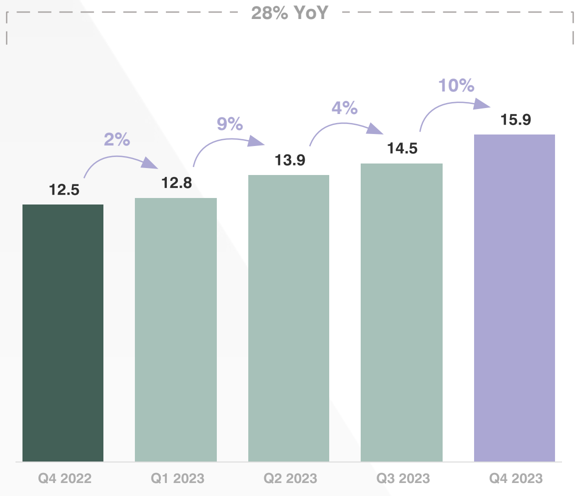
Cash flow from financing activities was an outflow of DKKm 2.4 in 2023 (2022: outflow of DKKm 4.7). The outflow was related to the payment of the principal portion of lease liabilities.

DKKm	2023	2022
Cash flow from operating activities	(3.6)	(21.2)
Cash flow from investing activities	(2.3)	(2.0)
Free cash flow	**(5.8)**	**(23.2)**
Cash flow from financing activites	**(2.4)**	**(4.7)**
Cash flow for the period	**(8.2)**	**(27.9)**

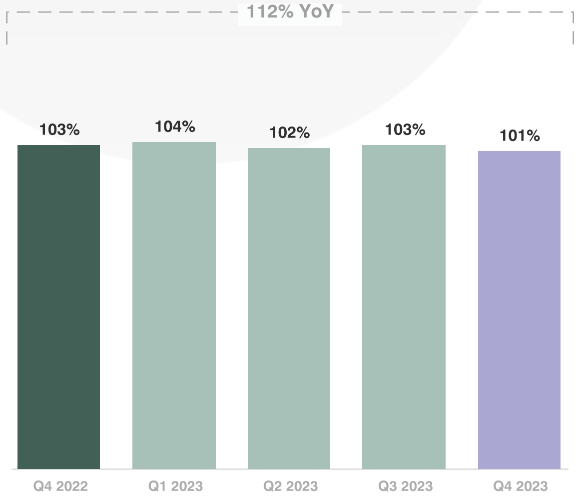
Quarterly highlights



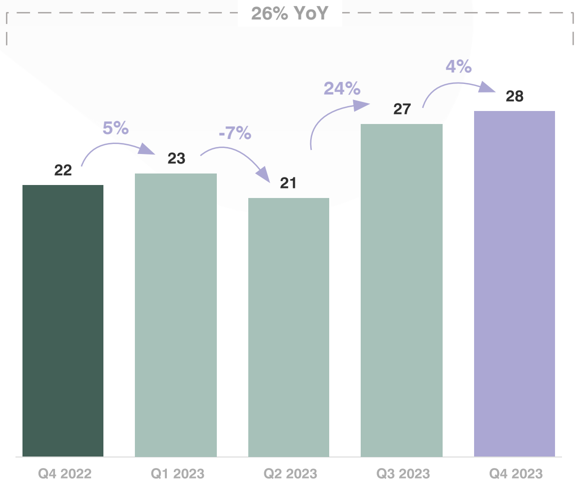
Annual recurring revenue (DKKm)



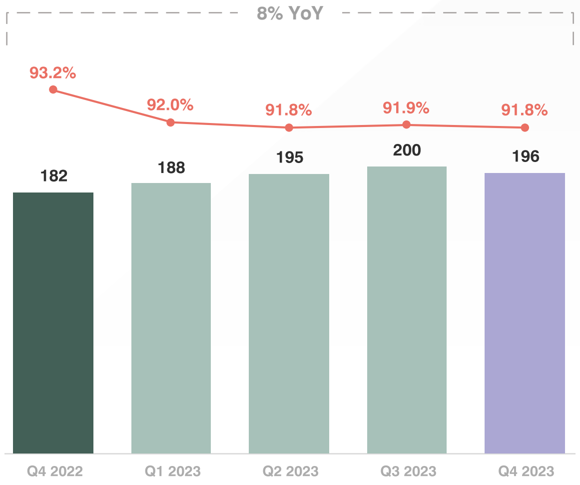
Revenue (QtD DKKm)



Net ARR Retention (QtD)



ARR expected lifetime (years, YoY)



Number of clients and retention rate

Number of customers Retention rate

Key metrics

QUARTERLY FIGURES (DKKm)	2023					2022					2021				
	Full year	Q4	Q3	Q2	Q1	Full year	Q4	Q3	Q2	Q1	Full year	Q4	Q3	Q2	Q1
Revenue	**57.1**	**15.9**	**14.5**	**13.9**	**12.8**	**44.1**	**12.5**	**10.9**	**10.7**	**10.0**	**34.5**	**9.6**	**9.4**	**7.8**	**7.7**
SaaS revenue	52.0	14.2	13.5	12.8	11.5	38.4	11.4	9.6	9.1	8.3	26.8	7.5	7.5	6.0	5.9
Consultancy revenue	5.1	1.7	1.0	1.1	1.3	5.7	1.1	1.3	1.6	1.7	7.7	2.1	1.9	1.8	1.8
SaaS share of revenue (%)	91%	89%	93%	92%	90%	87%	91%	88%	85%	83%	78%	78%	80%	77%	77%
Annual recurring revenue	**61.9**	**61.9**	**54.8**	**51.8**	**49.4**	**45.2**	**45.2**	**40.2**	**38.2**	**33.8**	**31.3**	**31.3**	**29.6**	**27.4**	**25.5**
ARR churn[1]	(1.6)	(1.0)	(0.3)	(0.4)	-	-1.4	-0.2	-0.5	-0.3	-0.4	-0.6	-0.2	-0.2	-0.1	-0.1
ARR net uplift[1]	6.9	4.5	1.9	1.6	1.7	4.8	1.3	1.0	2.9	1.3	2.0	0.6	0.7	0.5	0.5
ARR from new sales[1]	11.4	3.6	1.4	1.2	2.5	10.5	4.0	1.5	1.8	1.6	7.5	1.3	1.7	1.5	2.8
Net ARR retention rate (quarter-on-quarter)	112%	101%	103%	102%	104%	111%	103%	101%	108%	103%	106%	101%	102%	102%	102%
ARR retention rate (year-on-year)	96.4%	96.4%	96%	95%	96%	95.4%	95.4%	95.9%	96.0%	96.5%	97.4%	97.4%	n/a	n/a	n/a
ARR expected lifetime (years)	28	28	27	21	23	22	22	25	25	29	38	38	1	1	1
Number of clients	**196**	**196**	**200**	**195**	**188**	**182**	**182**	**173**	**171**	**163**	**161**	**161**	**160**	**146**	**133**
Clients retention rate (year-on-year)	91.8%	91.8%	92%	92%	92%	93.2%	93.2%	91.9%	93.2%	94.0%	94.2%	94.2%	94.7%	95.2%	94.9%
Average clients ARR (DKKk)	316	316	274	266	263	248	248	232	223	207	194	194	185	188	192
Average full-time equivalents	**80**	**74**	**73**	**84**	**86**	**79**	**82**	**76**	**81**	**69**	**56**	**56**	**53**	**51**	**49**

QUARTERLY FIGURES (DKKm)	2023					2022				
	Full year	Q4	Q3	Q2	Q1	Full year	Q4	Q3	Q2	Q1
Revenue	**30%**	**28%**	**33%**	**30%**	**28%**	**28%**	**30%**	**16%**	**37%**	**30%**
SaaS revenue	36%	25%	41%	41%	38%	43%	52%	28%	52%	41%
Consultancy revenue	(11%)	54%	(22%)	(31%)	(24%)	-26%	-48%	-32%	-12%	-6%
SaaS share of revenue (pp)	5	(2)	6	8	8	12	17	11	11	8
Annual recurring revenue	**37%**	**37%**	**36%**	**36%**	**46%**	**44%**	**44%**	**36%**	**39%**	**33%**
ARR churn	11%	317%	(40%)	32%	(99%)	140%	20%	150%	200%	300%
ARR net uplift	44%	252%	90%	(45%)	30%	140%	100%	39%	471%	177%
ARR from new sales	9%	9%	(7%)	(33%)	58%	40%	214%	-11%	21%	-43%
Net ARR retention rate (pp)	(1)	(4)	2	(5)	1	4	1	-1	6	1
ARR retention rate (pp)	1	1	-	(1)	(1)	-2	-2	n/a	n/a	n/a
ARR expected lifetime	28%	28%	8%	(14%)	(19%)	-43%	-43%	n/a	n/a	n/a
Number of clients	**8%**	**8%**	**16%**	**14%**	**15%**	**13%**	**13%**	**8%**	**17%**	**23%**
Clients retention rate (pp)	(2)	(2)	-	(1)	(2)	-1	-1	-3	-2	-1
Average clients ARR	27%	27%	18%	19%	27%	28%	28%	26%	19%	8%
Average full-time equivalents	**1%**	**(10%)**	**(4%)**	**4%**	**25%**	**41%**	**46%**	**43%**	**59%**	**41%**

Note: 1) The sum for the quarters for ARR churn, ARR net uplift and ARR from new sales is different from the sum for the full year. This is because of different opening values in the calculation of each metric. E.g. a client joining in Q1 will be counted as new ARR in Q1. Any difference from the Q1 value will be included in ARR net uplift in the following quarters. When measuring the full year, the same client will be included in ARR from new sales the entire year as the client was a new client in the year.

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 in both listed and unlisted companies
- Strategy, business development and financial management
- Organizational transformation

Other managerial duties and board positions

Chairman	Revolution Race AB
Chairman	Give Elementer A/S[1]
Chairman	Laplandar ApS
Chairman	The Jewellery Room ApS
Chairman	Gubra Green ApS
Vice chairman	Gubra ApS
Vice chairman	Tiger of Sweden AB
Vice chairman	By Malene Birger A/S
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: 210,949 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

CEO	Presence ApS
CEO	CL Presence ApS

Christian Lynge Hjorth

BOARD MEMBER

Gender: Male
Member since: 2023
Up for re-election: Yes
Born: 1975
Independency: Considered independent
Number of shares: 674,462 shares

Skills and experience

- Over 15 years of experience
- Proven success selling complex SaaS solutions to Fortune 500 companies
- Played important role leading GTM teams at growth stage SaaS companies
- Spearheaded global growth strategy and operations focusing on North American market.

Other managerial duties and board positions

Chairman	Creative Force ApS
Chairman	Vibrant ApS

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	KAMSTRUP A/S
Member	DANOIL EXPLORATION A/S
Member	OK PLUS A/S
Member	OK Energiteknik A/S
CFO	OK A.M.B.A.

Annette Pryce

BOARD MEMBER

Gender: Female
Member since: 2023
Up for re-election: Yes
Born: 1976
Independency: Considered independent
Number of shares: 16,181 shares

Skills and experience

- Extensive experience as a strategic advisor
- Held leadership roles in reowned global creative network agencies
- Specialized in expanding businesses into new and complex markets

Other managerial duties and board positions

CEO	Improve by Pryce ApS

Note: 1) and related companies

Board of Directors

COMPOSITION OF BOARD OF DIRECTORS

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

At the end of 2023, Relesys' Board of Directors consisted of five members including the Chairman. The Board of Directors' primary objective is to supervize the work of the Executive Management and the overall strategic direction.

COMPETENCIES OF THE BOARD

The composition of the Board of Directors is structured with the intention of ensuring a diverse competency profile of the Board enabling the members to perform their duties effectively.

The current competencies required of Board members are: long-standing experience and knowledge of 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 2023, the Board of Directors held four ordinary board meetings. The agenda of each meeting is determined in accordance with the annual cycle of the Board to ensure that the strategic and operational policy framework of the Group is always up to date and in accordance with the priorities defined by the Board.

Remuneration

REMUNERATION POLICY

Remuneration of the Board of Directors and the Executive Board is compliant with the Relesys Remuneration Policy as adopted by the Extraordinary General Meeting on November 1, 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 Corporate Governance Committee. 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 MEETING ATTENDANCE

Alexander Thomas Martensen-Larsen	4/4
Lars Kristian Runov	4/4
Christian Lynge Hjorth	3/3
Thor Skov Jørgensen	4/4
Annette Pryce	2/2
Claus Jul Christiansen (resigned April 2023)	1/1

Corporate Social Responsibility

Relesys recognizes its social responsibility as a corporation and employer. As part of this responsibility, Relesys has adopted a Corporate Social Responsibility Policy that outlines Relesys' position 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

Emil Dyrvig
Position: CRO
Seniority: 2023
Born: 1989

Martin Sørensen
Position: CTO
Seniority: 2016
Born: 1980

Tom Pressley
Position: VP of Marketing
Seniority: 2023
Born: 1982

Brian Sørensen Fischer
Position: VP of Product
Seniority: 2023
Born: 1973

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

Shareholder information

COMMUNICATION WITH SHAREHOLDERS

Through professional, transparent, and proactive communication, we want 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 publicly available information. Furthermore, the Company has a silent 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 circumstances, working capital requirements, the availability of distributable profits and reserves as well as cash available together with 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 growing.

COMPANY ANNOUNCEMENTS

In 2023, Relesys published 10 company announcements. These are listed in the chart below:

Mar. 30	No. 1	Relesys A/S sets guidance for 2023
Mar. 30	No. 2	Relesys A/S realizes growth in Annual recurring revenue of 44% in 2022
Apr. 12	No. 3	Notice of Annual General Meeting of Relesys A/S
Apr. 27	No. 4	Relesys A/S announces results of the Annual General Meeting 2023
Apr. 28	No. 5	Relesys A/S: Notification of transactions by persons discharging managerial responsibilities and persons closely associated with them
May 11	No. 6	Relesys reports 46% year-on-year growth in Annual recurring revenue in Q1 2023. Relesys keeps guidance unchanged.
May 26	No. 7	Notice of Extraordinary General Meeting of Relesys A/S
Jun. 14	No. 8	Relesys A/S announces results of the Extraordinary General Meeting 2023
Aug. 29	No. 9	Relesys reports 36% year-on-year growth in Annual recurring revenue. Relesys keeps guidance unchanged.
Nov. 29	No. 10	Relesys reports 36% year-on-year growth in Annual recurring revenue in Q3 2023. Relesys keeps guidance unchanged.

RELESYS SHARE DATA

Number of shares of DKK 1 on Dec. 31, 2023	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 2024:

Annual General Meeting
April 30

Interim Report (Q1)
May 8

Interim Report (H1)
August 27

Interim Report (Q3)
November 12

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 January 1, 2023 to December 31, 2023.

The Consolidated Financial Statements have been prepared in accordance with IFRS Standards as adopted by the EU and further requirements in the Danish Financial Statements Act, and the Parent Company Financial Statements have been prepared in accordance with the Danish Financial Statements Act.

Management's review has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements present fairly, in all material respects the Group's and the Parent Company's financial position at December 31, 2023 and of their results and operations as well as the consolidated cash flows for the financial year January 1 to December 31, 2023.

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

We recommend that the Annual Report be adopted at the Annual General Meeting.

Nordhavn, March 20, 2024

Executive Management


Jesper Roesgaard
CEO and co-founder


Jens Ole Lebeck
COO and co-founder


Mads Stoffer Larsen
CFO

Board of Directors


Alexander T. Martensen-Larsen
Chairman


Lars Kristian Runov
Board Member


Thor Skov Jørgensen
Board Member


Christian Lynge Hjorth
Board Member


Annette Pryce
Board Member

Independent Auditor's report

To the shareholders of Relesys A/S

OPINION

In our opinion, the Consolidated Financial Statements present fairly, in all material respects, the Group's financial position at December 31, 2023 and of the results of the Group's operations and cash flows for the financial year January 1 to December 31, 2023 in accordance with IFRS Accounting 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 December 31, 2023 and of the results of the Parent Company's operations for the financial year January 1 to December 31, 2023 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 January 1 - December 31, 2023, which comprize income statement, balance sheet, statement of changes in equity and notes, including material accounting policy information, 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 Financial 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 and Parent Company Financial Statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU and further requirements in 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 exercize professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

Hellerup, March 20, 2024

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No. 33 77 12 31

Henrik Kyhnauv
State Authorised Public Accountant
mne40028

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State Authorised Public Accountant
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Consolidated income statement

DKK '000	Note	2023	2022
Revenue	4,5	57,139	44,144
Cost of sales		(5,146)	(4,946)
Gross profit		**51,993**	**39,198**
Other external expenses		(15,671)	(18,615)
Staff costs	6,7	(49,489)	(43,716)
Other operating income		134	163
Depreciation, amortization, and impairment	8	(3,968)	(3,320)
Operating loss		**(17,001)**	**(26,290)**
Financial income	9	501	-
Financial expenses	10	(586)	(1,239)
Loss before tax		**(17,086)**	**(27,529)**
Tax for the year	11	(485)	1,301
Loss for the year		**(17,571)**	**(26,228)**

Consolidated comprehensive income

DKK '000	2023	2022
Total other comprehensive income that might be reclassified to the income statement excl. exchange differences		
Exchange differences on translation of foreign operations	101	(11)
Other comprehensive income for the year, net of tax	**101**	**(11)**
Total comprehensive income for the year	**(17,470)**	**(26,239)**
PROFIT OR LOSS FOR THE PERIOD ATTRIBUTABLE TO:		
Owners of the Parent Company	(17,571)	(26,228)
	(17,571)	**(26,228)**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO		
Owners of the Parent Company	(17,470)	(26,239)
	(17,470)	**(26,239)**
Earnings per share (DKK)	(0.34)	(0.51)
Earnings per share, diluted (DKK)	(0.34)	(0.51)

Consolidated balance sheet

ASSETS

DKK '000	Note	2023	2022
Intangible assets	12	6,734	5,858
Property, plant and equipment	13	132	177
Contract costs	5	576	525
Right-of-use assets	14	4,380	4,753
Deposits	15	373	599
Total non-current assets		**12,195**	**11,912**
Trade receivables	16	8,500	4,922
Contract costs	5	575	454
Income tax receivables		149	402
Other receivables		159	144
Prepayments		1,140	1,039
Cash and cash equivalents		23,140	31,333
Total current assets		**33,663**	**38,294**
Total assets		**45,858**	**50,206**

EQUITY AND LIABILITIES

DKK '000	Note	2023	2022
Share capital	17	510	510
Share premium		68,890	68,890
Retained earnings		(55,439)	(38,132)
Translation reserve		32	(69)
Total equity		**13,993**	**31,199**
Lease liabilities	14	4,530	4,365
Deferred income	5	6,132	3,140
Other payables	18	662	641
Total non-current liabilities		**11,324**	**8,146**
Lease liabilities	14	73	611
Trade payables		2,352	1,545
Income tax payable		205	21
Deferred income	5	11,513	5,107
Other payables	18	6,398	3,577
Total current liabilities		**20,541**	**10,861**
Total liabilities		**31,865**	**19,007**
Total equity and liabilities		**45,858**	**50,206**

Consolidated statement of changes in equity

2023

DKK '000	Share capital	Share premium	Retained earnings	Translation reserve	Total
Balance at January 1	**510**	**68,890**	**(38,132)**	**(69)**	**31,199**
Net loss for the period	-	-	(17,571)	-	(17,571)
Other comprehensive income	-	-	-	101	101
Total comprehensive income	**-**	**-**	**(17,571)**	**101**	**(17,470)**
Share-based payments	-	-	264	-	264
Total transactions with the owners	**-**	**-**	**264**	**-**	**264**
Balance at December 31	**510**	**68,890**	**(55,439)**	**32**	**13,993**

2022

DKK '000	Share capital	Share premium	Retained earnings	Translation reserve	Total
Balance at January 1	**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 December 31	**510**	**68,890**	**(38,132)**	**(69)**	**31,199**

Consolidated cash flow statement

DKK '000	2023	2022
Operating loss	(17,001)	(26,290)
Gain on disposal of tangible assets	-	60
Depreciation, amortization and impairment losses	3,968	3,320
Share-based payments expense	264	440
Change in working capital	9,075	2,366
Income taxes received (paid)	(48)	(22)
Interest received	501	-
Interest paid	(328)	(1,039)
Cash flow from operating activities	**(3,569)**	**(21,165)**
Investments in intangible assets	(2,475)	(1,957)
Investments in tangible assets	(24)	(233)
Proceeds from sales of tangible assets	-	850
Changes in other non-current assets	226	(709)
Cash flow from investing activities	**(2,273)**	**(2,049)**
Repayment of borrowings	-	(2,953)
Payment of principal portion of lease liabilities	(2,352)	(1,756)
Cash flow from financing activities	**(2,352)**	**(4,709)**
Change in cash and cash equivalents		
Cash at January 1	31,333	59,260
Net cash flow	(8,194)	(27,923)
Currency translation	1	(4)
Cash at December 31	**23,140**	**31,333**

Notes to the consolidated financial statements

NOTE 1

Accounting policies

The Annual Report of Relesys is presented in accordance with IFRS Accounting Standards as adopted by the EU (IFRS), and additional Danish disclosure requirements for the Annual Reports of medium-sized companies in reporting class C.

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 to 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 include the Parent Company, Relesys A/S, and its subsidiaries. Subsidiaries are entities controlled by Relesys. Control means that Relesys controls the entity, which means that Relesys is exposed to, or has rights to, variable returns from the entity and has the ability to affect the size of those returns through its power over the entity. Control is usually achieved by directly or indirectly holding or controlling more than 50% of the voting rights or other rights such as agreements on management control. The consolidated financial statements are prepared on the basis of the financial statements of Relesys A/S and its subsidiaries by adding items of a similar nature.

The Financial Statements used for consolidation have been prepared in accordance with Relesys' accounting policies. On consolidation, investments in subsidiaries, intra-group income and expenses, intragroup balances and dividends as well as realized and unrealized gains and losses on transactions between Relesys entities are eliminated. The line items of the Financial Statements of subsidiaries have been fully consolidated in the consolidated financial statements.

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 annualized value of SaaS revenue 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 take place at the time of signing an agreement.

In respect of changes to existing subscriptions, the ARR impact is included at the time when the change enters into force.

Subscriptions that are terminated (ARR churn) are reduced on ARR at the time when the agreement is terminated. Subscriptions are typically entered into with an irrevocable period of 12–36 months.

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

ARR is calculated in DKK. When entering into an agreement in a foreign currency, a currency translation is conducted at the time of entering into the agreement. In subsequent periods, ARR is translated into DKK using the currency rate at the date of invoicing.

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 the end of the period)/ARR amount at the beginning of the 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

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, tangible assets, 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 DKK.

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 the exchange rates at the transaction date and the date of payment are recognized 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 recognized in the income statement under financials.

Foreign currency translation differences arising on the translation of non-monetary items are recognized 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 recognized 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 recognized 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: SaaS revenue and consultancy. Revenue mainly derives from subscription fees charged for the Group's software subscription. In respect of software contracts, which are composed 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 recognizes revenue when it transfers control of the license 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 and integrations.

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

CONSULTANCY REVENUE

Consultancy revenue includes client-specific development and customization, as well as training and workshops. It also includes revenue from co-development agreements, which are agreements with clients regarding development of a new functionality to the Relesys platform.

Furthermore, the co-development agreements will result in the creation of an intangible asset, and therefore, the revenue generated from the co-development agreements is recognized in consultancy revenue over time and in parallel with the amortization of the intangible asset.

The consultancy revenue is distinct from the SaaS revenue 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 recognized over time as Relesys' performance does not create an asset with an alternative use, and the entity has a right to payment for the performance completed to date.

Accounting policies (continued)

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.

Other operating income and expenses

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

Cost to obtain a contract

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

Capitalized contract costs are subject to an impairment assessment at the end of each reporting period. Impairment losses are recognized 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 compenzation 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 recognized 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 recognized 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 recognizes 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, amortization of borrowing costs, and realized and unrealized 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 recognized in the statement of profit or loss, and the tax expense relating to items recognized in other comprehensive income and directly in equity, respectively, is recognized in other comprehensive income or directly in equity. Exchange rate adjustments of deferred tax are recognized as part of the adjustment of deferred tax for the year.

Current tax payable and receivable is recognized 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 recognized to the extent that it is more likely than not that they can be utilized. Deferred tax assets, including the tax value of tax losses carried forward, are recognized as other non-current assets and measured at the amount at which they are expected to be realized, 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 recognized in the statement of profit or loss.

The Group recognizes 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 utilization 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.

NOTE 1

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 amortization and impairment losses. Completed development projects by the Group are recognized 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 recognized as intangible assets. Development projects includes client-specific projects, which also fulfills the requirements for recognition and measurement.

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

Development costs that does not meet the criteria for capitalization are recognized 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.

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

Amortization and impairment charges are recognized 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 amortized on a straight-line basis over the remaining patent period and subscription are amortized over the contract period for a period of 5-7 years.

Property, plant and equipment

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

The cost comprizes 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 recognized 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 recognized 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 exercized, and periods covered by options to terminate the lease if it is reasonably certain that the options will not be exercized. A number of leases contain extension and termination options in order to guarantee operational flexibility in managing the leases.

The lease obligation, which is recognized 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 exercize 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 recognized 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 recognized in the statement of profit or loss.

NOTE 1

Accounting policies (continued)

Trade receivables

Trade receivables are amounts due from clients for services performed in the ordinary course of business. They are recognized initially at the amount of consideration that is unconditional unless they contain significant financing components when they are recognized at fair value. The group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortized 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 recognized in the statement of profit or loss in other external expenses.

Deposits

Deposits are measured at amortized 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 recognized 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.

Trade payables and other payables

Trade payables represent liabilities for goods and services provided to the group and are initially recognized at fair value and subsequently measured at amortized 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 recognized 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 January 1, 2023. Management assessed that application of these has not had a material impact on the consolidated financial statements for 2023.

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

Significant estimates and judgments

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 capitalizes costs for software development projects. Initial capitalization 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 capitalized, Management makes assumptions regarding the expected future cash generation of the project and the expected period of benefits. On December 31, 2023, the carrying amount of capitalized development costs was DKK '000 6,917 (2022: DKK '000 5,858).

NOTE 4

Segment information

For management purposes and based on internal reporting information, the Group is organized 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 both 2022 and 2023, no individual client exceeded 10% of the total revenue.

EXTERNAL REVENUE BY GEOGRAPHY

DKK ’000	**2023**	2022
Denmark	32,606	31,047
The Netherlands	6,643	3,228
Sweden	5,237	5,549
North America	2,672	1,174
Rest of the world	9,981	3,146
Total	**57,139**	**44,144**

NON-CURRENT ASSETS BY GEOGRAPHY

DKK ’000	**2023**	2022
Denmark	10,584	10,859
Rest of the world	1,611	454
Total	**12,195**	**11,313**

NOTE 5

Revenue

REVENUE FROM EXTERNAL CLIENTS

DKK ’000	**2023**	2022
SaaS Business	52,043	38,420
Consultancy	5,096	5,724
Total	**57,139**	**44,144**

CONTRACT COSTS

DKK ’000	**2023**	2022
Current	575	454
Non-current	576	525
Cost to obtain contracts	**1,151**	**979**

During 2023, DKK ’000 172 was recognized in the proft and loss statement relating to contract costs from previous years and contract costs from sales during 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 2022 to 2023 was due to the continuous increase in the Group’s client base.

DKK ’000	**2023**	2022
Deferred income	17,645	8,247

NOTE 5

Revenue (continued)

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

DKK '000	**2023**	2022
Amounts included in the deferred income balance at the beginning of the year	4,515	2,979

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	**2023**	2022
Amounts of the transaction price allocated to remaining performance obligations	92,233	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 49% of the transaction price allocated to remaining performance obligations as of December 31, 2023 will be recognized as revenue during the next reporting period. The remaining 51% will be recognized in the financial years of 2024 through 2027.

NOTE 6

Staff costs

STAFF COSTS

DKK '000	**2023**	2022
Salaries and wages	44,099	39,027
Pension costs	1,857	1,336
Share-based payments	264	440
Other social security costs	1,076	645
Other staff costs	2,193	2,268
Total	**49,489**	**43,716**

Pension costs relates to defined contribution plans.

Average number of full-time equivalent employees was 80 in 2023 (2022: 79).

BOARD OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

2023	Remuneration	Pension	Share-based	Total
Board of Directors	594	-	3	597
Executive management	6,024	336	129	6,489
Subtotal	**6,618**	**336**	**132**	**7,086**
Other key management personnel	4,307	177	132	4,616
Total	**10,925**	**513**	**264**	**11,702**

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**

NOTE 7

Share-based payment plans

The Company has introduced a share-based payment program to selected Board of Directors and “Other Key Employees”. The Company’s current warrant program was approved by the shareholders in 2021 and 2023, and introduced in November 2021, June 2023 and September 2023.

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 exercize 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 of warrants granted under the warrant agreements:

	Weighted average exercise price per warrant	Number of warrants (thousands)	Weighted average fair value per warrant (determined on grant date
2023			
As of January 1	6.25	1,021	1.02
Granted during the year	6.25	1,071	0.02 - 0.07
Forfeited during the year	6.25	(153)	0.07
As at December 31	6.25	1,939	0.02 - 1.02
Vested and excercisable at December 31	**-**	**-**	**-**

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

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 Dec. 31, 2023 (thousand)
Granted date			
07.11.2021	07.11.2025	6.25	1,276
Forfeited in 2022 (program 07.11.2021)	07.11.2025	6.25	(255)
01.06.2023	01.06.2027	6.25	306
01.09.2023	01.09.2027	6.25	765
Forfeited in 2023 (program 01.06.2023)	01.06.2027	6.25	(153)
Total	**-**	**-**	**1,939**

Weighted average remaining contractual life of warrants outstanding at the end of period (years) is 2.97. 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 volatility and the term of the warrant (the expected maturity).

The average model inputs for the warrants granted during 2021 and 2023 included:

	November 2021	June 2023	September 2023
a. Share price at grant date	DKK 6.25	DKK 4.56	DKK 4.00
b. Exercise price	DKK 6.25	DKK 6.25	DKK 6.25
c. Expected volatility rate (% p.a.)	19.52	8.72	8.69
d. Risk-free interest rate (% p.a.)	0.23	3.62	3.99
e. Expected maturity	4 years	4 years	4 years

The expected volatility rate is based on the annualized volatility of relevant peer groups derived from the standard deviation of daily observations over 12 months ending at the grant date. The share price for the 2021 warrant program is equal to the listing price of Relesys A/S on December 1, 2021, which is also the share price that cornerstone investors signed up for in the begining of November. For the warrants granted after 2021, the share price is equal to the listing price of Relesys A/S at the granted date.

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

NOTE 8

Amortization, depreciation, and impairment

DKK '000	2023	2022
Amortization of intangible assets	1,605	1,167
Depreciation of property, plant and equipment	69	305
Depreciation of right-of-use assets	2,294	1,848
Total	**3,968**	**3,320**

NOTE 9

Financial income

DKK '000	2023	2022
Interest income	501	-
Total	**501**	**-**

NOTE 10

Financial expenses

DKK '000	2023	2022
Interest expenses	-	389
Foreign exchange losses	105	339
Interest on lease liabilities	258	200
Other financial expenses	223	311
Total	**586**	**1,239**

NOTE 11

Tax for the year

THE MAJOR COMPONENTS OF INCOME TAX EXPENSE FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 ARE:

DKK ’000	**2023**	2022
Current tax for the year	154	(362)
Adjustments recognized for tax from prior periods	331	(13)
Changes in deferred tax	-	(926)
Income tax reported in the income statement	**485**	**(1,301)**
Loss before tax	(17,086)	(27,529)
Tax calculated as 22% of loss before tax	3,759	6,056
Non-deductible expenses	(176)	(140)
Non-taxable income	-	19
Corrections related to subsidaries	(4)	49
Increased tax deduction regarding development projects (130%)	-	121
Other	103	12
Tax rate difference relation to subsidiaries	26	22
Non-capitalized tax assets	(4,193)	(4,838)
Effective tax	**(485)**	**1,301**
Effective tax rate for the year (%)	(3%)	5%

DEFERRED TAX CONCERNS

DKK ’000	**2023**	2022
Intangible assets	(1,355)	(1,173)
Property, plant and equipment	74	50
Leases	49	49
Tax loss carried forward	10,618	6,329
Write-down of tax asset, net	(9,387)	(5,255)
Total	**-**	**-**

There is no expiration date on tax loss carried forward.

NOTE 12

Intangible assets

2023

DKK '000	Completed development projects	Development projects in progress	Total
Cost at January 1	10,356	595	10,951
Additions	-	2,481	2,481
Transfers	2,631	(2,631)	-
Cost at December 31	**12,987**	**445**	**13,432**
Amortization and impairment losses at January 1	(5,093)	-	(5,093)
Amortization during the year	(1,605)	-	(1,605)
Amortization and impairment losses at December 31	**(6,698)**	**-**	**(6,698)**
Carrying amount at December 31	**6,289**	**445**	**6,734**

2022

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

Remaining years of amortization: 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 recognized developed projects at the reporting date.

NOTE 13

Property, plant and equipment

2023

DKK '000	Other fixtures and fittings, tools and equipment	**Total**
Cost at January 1	233	233
Additions	65	65
Disposals	(41)	(41)
Cost at December 31	**257**	**257**
Depreciation at January 1	(56)	(56)
Depreciation during the year	(69)	(69)
Depreciation at December 31	**(125)**	**(125)**
Carrying amount at December 31	**132**	**132**

2022

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

NOTE 14

Leases

2023

DKK '000	Property	Cars	Equipment	Total
Cost at January 1	6,629	466	430	7,525
Additions	1,117	537	-	1,654
Adjustments and revaluations	482	-	-	482
Disposals	(1,106)	(136)	(69)	(1,311)
Cost at December 31	**7,122**	**867**	**361**	**8,350**
Depreciation at January 1	(2,329)	(224)	(219)	(2,772)
Depreciation during the year	(1,898)	(256)	(140)	(2,294)
Disposals	891	136	69	1,096
Depreciation at December 31	**(3,336)**	**(344)**	**(290)**	**(3,970)**
Carrying amount at December 31	**3,786**	**523**	**71**	**4,380**

2022

DKK '000	Property	Cars	Equipment	Total
Cost at January 1	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 December 31	**6,629**	**466**	**430**	**7,525**
Depreciation at January 1	(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 December 31	**(2,329)**	**(224)**	**(219)**	**(2,772)**
Carrying amount at December 31	**4,300**	**242**	**211**	**4,753**

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

CARRYING AMOUNTS OF LEASE LIABILITIES AND MOVEMENTS DURING THE PERIOD:

DKK '000	2023	2022
At January 1	4,976	1,781
Adjustments to opening balance	-	839
Additions	1,598	242
Accrual of interest	258	200
Payments	(2,438)	(1,956)
Adjustments and revaluations	441	4,239
Disposals	(232)	(369)
At December 31	**4,603**	**4,976**
Non-current	**4,530**	**4,365**
Current	**73**	**611**

The maturity of lease liabilities is disclosed in note 19.

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

DKK '000	2023	2022
Depreciation of right-of-use assets	2,294	1,849
Interest on lease liabilities	258	200
Expenses relating to short-term leases	825	801
Total amount recognized in the statement of profit or loss	**3,377**	**2,850**

The Group had a total lease cash outflow of DKK '000 2,438 (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.

NOTE 15

Deposits

DKK '000	2023	2022
Cost at January 1	599	249
Additions	5	350
DIsposals	(231)	-
Cost at December 31	**373**	**599**

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	2023	2022
Trade receiveables	8,770	5,164
Expected credit losses	(270)	(242)
Trade receivables, net	**8,500**	**4,922**
Expected credit losses at January 1	(241)	(169)
Expected credit losses recognized	(29)	(72)
Expected credit losses at December 31	**(270)**	**(241)**

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**
2023					
Expected loss rate	1%	1%	1%	48%	
Gross carrying amount	2,876	5,112	403	379	8,770
Expected credit losses	33	51	4	182	270
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

NOTE 17

Share capital and earnings per share

SHARE CAPITAL

('000) Issues and fully paid-up shares	Number	DKK
At January 1, 2022	**51,040**	**510**
At December 31, 2022	**51,040**	**510**
Share capital at December 31, 2023	**51,040**	**510**

EARNINGS PER SHARE

DKK '000	2023	2022
The calculation of earnings per share is based on the following:		
Loss for the year	(17,571)	(26,228)
Average number shares (thousands)	51,040	51,040
Average number of shares for calculation of diluted earnings per share:		
Earnings per share, (EPS)	(0.34)	(0.51)
Earnings per share, diluted (DEPS)	(0.34)	(0.51)

NOTE 18

Other payables

DKK '000	2023	2022
Accrued salaries	2,010	1,134
Holiday pay etc.	3,012	2,115
VAT payable	1,266	694
Other liabilities	771	275
Total	**7,060**	**4,218**

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 optimization 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 and lease 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 December 31, 2023 amounts to DKK '000 23,140 (2022: DKK '000 31,333). To mitigate this risk, the group only enters into market deposits with financial counterparties processing a satisfactory long-term credit from an internationally recognized 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 recognized 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 December 31, 2023, the Group's cash and cash equivalents amounted to DKK '000 23,140 (2022: DKK '000 31,333). 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	**2023**	2022
Effect on profit before tax	50	40
Effect on pre-tax equity	50	40

Sensitivity to a 10% increase in USD exchange rate	**2023**	2022
Effect on profit before tax	310	116
Effect on pre-tax equity	310	116

Sensitivity to a 10% increase in GBP exchange rate	**2023**	2022
Effect on profit before tax	133	69
Effect on pre-tax equity	133	69

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 recognized 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**	
	2023	2022	**2023**	2022
Currency SEK	859	600	113	-
Currency USD	479	179	19	13
Currency GBP	156	87	-	5

LIQUIDITY RISK

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

2023	<1 year	1 to 5 years	> 5 years	**Total**
Lease liabilities	2,465	2,666	-	5,131
Trade and other payables	8,750	-	934	9,684
Total	**11,215**	**2,666**	**934**	**14,815**

2022	<1 year	1 to 5 years	> 5 years	**Total**
Lease liabilities	1,797	3,514	-	5,311
Trade and other payables	5,122	-	781	5,903
Total	**6,919**	**3,514**	**781**	**11,214**

NOTE 19

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.

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 amortized cost	**2023**	2022
Deposits	373	599
Trade receivables	8,500	4,922
Cash	23,140	31,333
Total	**32,013**	**36,854**

Financial liabilities measured at amortized cost	**2023**	2022
Trade payables	2,352	1,545
Other payables	662	641
Lease liabilities	4,603	4,976
Total	**7,617**	**7,162**

Classification of financial assets measured at amortized cost

Since the Group's financial instruments measured at amortized 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	2023	2022
Change in inventory and prepayments	(101)	(1,026)
Change in receivables	(3,765)	(992)
Change in trade payables and other liabilities	12,940	4,384
Total	**9,075**	**2,366**

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 December 31:

DKK '000	2023	2022
Cash at banks and in hand	23,140	31,333
Cash and cash equivalents	**23,140**	**31,333**

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
2023	-		
Liabilities at January 1	-	4,976	4,976
New leases	-	2,039	2,039
Repayments	-	(2,180)	(2,180)
Other	-	(232)	(232)
Liabilities at December 31	**-**	**4,603**	**4,603**
2022			
Liabilities at January 1	2,953	1,781	4,735
Loans raised	-	4,481	4,481
New leases	(2,953)	(1,756)	(4,709)
Repayments	-	470	470
Liabilities at December 31	**-**	**4,976**	**4,976**

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 2023 other than ordinary remuneration, as described in note 6. All transactions with related parties are conducted on market terms.

NOTE 23

Fees to auditors

Fees to auditors appointed by the Annual General Meeting

DKK '000	2023	2022
PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab:		
Statutory audit fee	300	336
Other services	107	170
Total	**407**	**506**

NOTE 24

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 Company Financial Statements

Parent Company income statement

DKK '000	Note	2023	2022
Gross profit		**16,471**	**5,548**
Staff costs	2	(33,626)	(32,233)
Other operating income		134	164
Amortization, depreciation and impairment	3	(1,732)	(1,493)
Operating loss		**(18,753)**	**(28,014)**
Financial income	4	588	74
Financial expenses	5	(278)	(759)
Loss before tax		**(18,443)**	**(28,699)**
Tax for the year		(402)	1,288
Result for the year		**(18,845)**	**(27,411)**
PROPOSED APPROPRIATION OF NET RESULT:			
Transferred to retained earnings		(18,845)	(27,411)
Total allocations and transfers		**(18,845)**	**(27,411)**

Parent Company balance sheet

ASSETS

DKK '000	Note	2023	2022
Development projects		445	595
Completed development projects		6,365	5,386
Intangible assets	6	**6,810**	**5,981**
Other fixtures and fittings, tools and equipment		132	177
Property, plant and equipment	7	**132**	**177**
Investments in subsidiaries	8	5,334	5,334
Deposits	9	219	221
Receivables from group enterprises		1,142	1,050
Financial assets		**6,695**	**6,605**
Total non-current assets		**13,637**	**12,763**
Trade receivables		8,500	4,922
Receivables from group enterprises		-	61
Income tax receivables		-	416
Other receivables		-	127
Prepayments		982	806
Receivables		**9,482**	**6,332**
Cash		20,696	29,624
Total current assets		**30,178**	**35,956**
Total assets		**43,815**	**48,719**

EQUITY AND LIABILITIES

DKK '000	Note	2023	2022
Contributed capital		510	510
Share premium		68,890	68,890
Other statutory reserves		5,312	4,665
Retained earnings		(58,268)	(39,041)
Total equity		**16,444**	**35,024**
Deferred income		6,132	3,140
Other payables		662	641
Non-current liabilities other than provisions		**6,794**	**3,781**
Trade payables		1,877	1,281
Payables to group enterprises		2,745	1,255
Deferred income		11,498	5,042
Other payables		4,457	2,336
Current liabilities other than provisions		**20,557**	**9,914**
Total liabilities other than provisions		**27,371**	**13,695**
Total equity and liabilities		**43,815**	**48,719**

Statement of changes in equity

2023

DKK '000	Contributed capital	Share premium	Reserve for development costs	Retained earnings	**Total**
Equity beginning of the year	510	68,890	4,665	(39,041)	35,024
Transfer to reserves	-	-	647	(647)	-
Share-based payments	-	-	-	264	264
Loss for the year	-	-	-	(18,845)	(18,845)
Equity end of year	**510**	**68,890**	**5,312**	**(58,268)**	**16,444**

2022

DKK '000	Contributed capital	Share premium	Reserve for development cost	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**

Notes to the Parent Company financial statements

NOTE 1

Accounting policies

The Parent Company'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 recognized in the income statement concurrently with its realization, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognized in the income statement, including depreciation, amortization, write-downs for impairment, provisions, and reversals due to changes in estimated amounts previously recognized in the income statement.

Assets are recognized 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 recognized 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 amortized cost, allowing a constant effective interest rate to be recognized during the useful life of the asset or liability.

Amortized cost is recognized as the original cost less any payments, plus/less accrued amortization 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 recognized 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 recognized 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.

Amortization, depreciation, and write-down for impairment

Amortization, depreciation, and write-down for impairment comprise depreciation on, amortization 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 recognized in the cost of non-current assets.

NOTE 1

Accounting policies (continued)

Financial income and expenses

Financial income and expenses comprise interest, realized and unrealized capital gains and losses concerning financial assets and liabilities, amortization of financial assets and liabilities, additions, and reimbursements under the Danish tax prepayment scheme, etc. Financial income and expenses are recognized 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 recognized 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).

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 utilization, 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 recognized as intangible assets. Other development costs are recognized 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 amortized and written down.

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

Completed development projects are amortized on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. The amortization 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 amortization 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 amortization period or the residual value is changed, the effect on amortization will, in the future, be recognized 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 amortization period used is 3-5 years.

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

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 amortization 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.

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 recognized 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 amortized cost and represent lease deposits etc.

Receivables

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

Accounting policies (continued)

Prepayments

Prepayments recognized 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 recognized 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 recognized development costs are amortized 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 recognized 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 recognized 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 realization 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 amortized cost which usually corresponds to the nominal value.

Deferred income

Payments received concerning future income are recognized under deferred income.

NOTE 2

Staff costs

DKK '000	2023	2022
Salaries and wages	29,790	28,683
Pensions costs	1,528	1,331
Share-based payments	264	440
Other social security costs	182	314
Other staff costs	1,862	1,465
Total	**33,626**	**32,233**
Average numbers of employees	53	57

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

NOTE 3

Amortization, depreciation & impairment

DKK '000	2023	2022
Amortization of intangible assets	1,663	1,227
Depreciation of property, plant and equipment	69	266
Total	**1,732**	**1,493**

NOTE 4

Financial income

DKK '000	2023	2022
Financial income from group enterprises	92	74
Interest income	496	-
Total	**588**	**74**

NOTE 5

Financial expenses

DKK '000	2023	2022
Interest expenses	-	367
Foreign exchange losses	90	109
Other financial expenses	188	283
Total	**278**	**759**

NOTE 6

Intangible assets

2023

DKK '000	Completed development projects	Development projects in progress	Total
Cost at January 1	10,639	595	11,234
Additions	-	2,492	2,492
Transfers	2,642	(2,642)	-
Cost at December 31	**13,281**	**445**	**13,726**
Amortization and impairment losses at January 1	(5,253)	-	(5,253)
Amortization during the year	(1,663)	-	(1,663)
Amortization and impairment losses at December 31	**(6,916)**	**-**	**(6,916)**
Carrying amount at December 31	**6,365**	**445**	**6,810**

2022

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

NOTE 7

Property, plant and equipment

2023

DKK '000	Other fixtures and fittings, tools and equipment	**Total**
Cost at January 1	233	233
Additions	65	65
Disposals	(41)	(41)
Cost at December 31	**257**	**257**
Depreciation and write-down at January 1	(56)	(56)
Depreciation during the year	(69)	(69)
Depreciation at December 31	**(125)**	**(125)**
Carrying amount at December 31	**132**	**132**

2022

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

NOTE 8

Investments in subsidiaries

DKK '000	2023	2022
Cost at January 1	5,334	5,315
Additions	-	19
Cost at December 31	**5,334**	**5,334**

NOTE 9

Deposits

DKK '000	2023	2022
Cost at January 1	221	199
Additions	4	22
Disposals	(6)	-
Cost at December 31	**219**	**221**

NOTE 10

Deferred tax

Relesys has tax losses carried forward in total of DKK '000 9,194, of which none is recognized as deferred tax assets. There is uncertainty related to future forecast and when the tax asset will be fully utilized.

NOTE 11

Fees to auditors

Refer to note 23 in the consolidated financial statements

NOTE 12

Contingencies

Contingent liabilities

LEASE LIABILITIES

The company has entered into lease agreements and rental contracts. The obligation amounts to DKK '000 933.

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.

JANUARY 1, 2023 - DECEMBER 31, 2023

Annual Report 2023

relesys®

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Financial calendar
Annual General Meeting - April 30, 2024
Interim Financial Report (Q1 2024) - May 8, 2024
Interim Financial Report (H1 2024) - August 27, 2024
Interim Financial Report (Q3 2024) - November 12, 2024

Date of incorporation
30.10.2014

Financial year
01.01 - 31.12