Annual Report

2023

Nexcom A/S

Toldbodgade 59B
1253 Copenhagen K
CVR No.: 20348046

Annual report 2023

Jens Folker Bruun
Chairman of the General Meeting

We are Nexcom.

A team of dedicated tech architects and business whizzes working closely together to help companies of all shapes and sizes deliver consistent, high-standard service experiences to their customers.

14 M	+100
Annual Customer Interactions	Supported Languages

3,6

Average ROI Factor

Our value props

We help companies:

- Offer customers high-level, competitive customer service
- Add intelligence to the daily routines so they can focus on core competencies instead
- Enjoy the benefits of automation with a purpose
- Get their customer service up to speed without running faster
- Work with dedicated techies with immense experience in the customer service bix (that’s us)

Take a look at our products

Agent Assist

CX Analytics

Chat Bot

IVA

Email Bot

AI Summary

Voice Bot

Quality Control

Social Media Bot

CX-G

An AI-powered workflow automation software solution for processing and automating workflows and tasks. The system streamlines customer service centers by, among other things, handling all written enquiries and distributing them to the appropriate staff. In addition, CX-G can further automate work and routine tasks through integration with other IT systems in the infrastructure, such as CRM and ERP systems.

RevealCX

A complete web-based system that helps companies gain an accurate view of customer service center performance, identify root cause of errors, and achieve improvements in customer satisfaction, sales, costs and compliance, by monitoring support staff performance.

VIBE

A voice interface booking engine that engages in natural language conversations and provides personalized interactions. Unlike traditional voice bots, VIBE automatically handles customer inquiries from beginning to end, from answering calls to confirming bookings of any kind. The platform streamlines the entire booking process, whether you need to book a taxi, schedule a contractor or reserve movie tickets, ensuring a seamless experience for both customers and businesses.

Table of Content

Annual Report 2023

Management's Review

Group Highlights 6
Management Review 7
Management Team 9
The Board 10

Financial Statements

Statement by Management 12
Independent auditors report 13
Income statements for 2023 16
Balance sheets at 31.12.2023 17
Statements of changes in equity 19
Notes 21
Accounting policies 32
Entity details 39

nexcom.

2023 Group Highlights

Annual Revenue growth of 45%

Aquisition of MIRSK Digital and Voice Robot technology

Capital raise of DKK 5.4M

Annualized cost reduction of DKK 12M

New customers acquired within the new technology stack

New chairman, Christian Hein Nielsen, was elected at annual shareholders meeting

Management Review

2023. Significant improvements – 45% Growth in Revenue

The past year for Nexcom had several significant touchpoints including an acquisition of a supplier, a launch of the most comprehensible omnichannel AI for customer support yet, the re-financing of the company's debt structure and new customers joining us through new technology.

As we continued to execute the strategy to have a cost base that was more aligned with the revenues generated and ensure profitable growth, we successfully managed to improve the cost side of the business throughout the year, and during this process we also remained agile in our approach to the market and acquired a voice-based technology through MIRSK Digital Aps.

At the beginning of the year, we announced plans for a capital raise during Q2 of 2023. This was achieved in Q3 through a combination of a direct capital raise and a conversion of debt. In total Nexcom received gross proceeds of DKK 13.8 million, which included cash proceeds of approximately DKK 5.4 million. Since last annual shareholder meeting, the total number of shares issued has risen from 15,023,727 shares to 18,805,325 shares through direct share issues and loan conversions with the valued assistance of our main shareholder, Strategic Investments A/S, who in 2023 has truly demonstrated their negotiation skills to Nexcom's benefit.

Financial Performance 2023

The financial results from 2022 to 2023 do show that the efforts taken in 2022 had a significant effect with improvements in both revenues and result. Revenues increasing by 45% from DKK 7.9 million in 2022 to DKK 11.5 million in 2023. The revenue results were as a whole fully acceptable and adding new customers remains the main focus area for the company. Net loss for the year improved from DKK -21.6 million in 2022 to DKK -9.3 million in 2023, as a result of the steps taken in 2022 and in part carried out in 2023, to reduce our costs solely focused on 2 primary objectives in 2023

Management Review

– increase our revenue and deliver towards our existing contracts while remaining a lean, agile organization. Based on the results of 2023, this has overall been achieved with the activities in 2023.

Our costs have been impacted due to one-time expenses of acquiring and integrating products, staff and processes from the MIRSK acquisition, as this was not planned at the start of 2023, but has enabled to win new business as soon as in 2023. The financial effects of the acquisition have now been taken, and moving forward we are operating as one company.

Growth expectations for 2024

The next year for Nexcom is expected to further build on the positives achieved in 2023 with a group revenue expectation within the range of DKK 16 to 21 million (of which DKK 11 million is already secured) and a group EBITDA in the range of DKK 2 to 5 million We expect the operations to reach a cash flow positive level, and the combination of new contracts as well as a capital guarantee from our largest shareholder will result in the company not having the need to seek further funding in the market.

As we continue to execute the strategy that is to have a cost base more aligned with the revenue generated and ensure profitable growth, we are looking forward to a year where we plan to continue to add revenue growth and improve financial results.

The future has no keyboard!

Not only does the acquired technology allow us to fully leverage our existing product stack, it has also allowed us to utilize our natural language models and developing VIBE – Voice Interfaced Booking Engine. A voice AI that can handle all types of inbound and outbound tasks, making service personalized for the users. The technology is now used to book taxi’s, place sales calls and greet callers to transfer them to the right people within companies – reducing costs and increasing customer satisfaction! Exactly what we at Nexcom set out to achieve through our product portfolio.

Rolf Gordon Adamson
Chief Executive Officer, Nexcom A/S

Christian Hein Nielsen
Chairman of the Board of Directors, Nexcom A/S

Management Team

Rolf Adamson
Chief Executive Officer

Before founding Nexcom, Rolf was part of YouSee's Executive Board as Senior Vice President of TDC Group. Previously, he worked as Regional Director of COPC in Europe. Rolf is also member of the Board of Unisteel A/S.

David Chippendale
Chief Technology Officer

Before joining Nexcom, David was the CEO of Chip Studio, a software vendor of COPC Inc., the United States Air Force, and laboratory research. David has extensive knowledge of building commercial AIs, system architecture, and SaaS product development.

Gena Speakmon
Chief Customer Officer

Before joining Nexcom, Gena worked as a COPC Consultant specializing in quality process re-engineering and product management. As Senior Product Leader, she led the design, development, and successful sale of a quality best practice SaaS product.

The Board

Christian Hein Nielsen
Chairman

Since 2023, Christian has been Director of consulting at PWC Denmark. Prior to this position, Christian was COO at Saphe, following the position as Director of Operations in Telenor, an organization he held various management position within covering a period of 17 years. Christian brings with him a vast knowledge and experience of customer management, cross channel customer experience and support systems & processes.

Pia Riise
Board member

Since 2023 Pia has been VP of Finance at Valtech. Previously, Pia has held positions as CFO for KLIFO, IBM, SONY, IKEA Food Supply, and Schneider Electric. Pia is a mentor for talented women in Technology and has been Chair of the Board & Board member of several legal entities of Schneider Electric. Pia brings significant international experience from Europe and Asia Pacific, and adds value to Nexcom with her finance and compliance expertise.

Charlotte Enlund
Board member

Since 2019, Charlotte has been Vice President, Digital Health Solutions at the global leading MedTech company Getinge. Prior to this position, Charlotte was Chief Operating Officer at FlexLink, a global provider within industrial automation. Charlotte holds board positions at Mathem - Sweden's leading online grocery retailer - and at ReVibe. Charlotte brings years of experience from technology, operations and leadership to Nexcom.

Financial Statements Nexcom A/S

2023

Financial Calendar 2024

Financial annual report 2023
March 12, 2024

Annual General Meeting
March 27, 2024

Financial report Q1-2024
April 18, 2024

Financial report H1-2024
August 8, 2024

Financial report Q3-2024
October 24, 2024

Management's Statement

Statement by the Executive Board and Board of Directors on the annual report

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

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

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

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

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

Copenhagen, March 12, 2024

Managing Director

Rolf Gordon Adamson
CEO

Board of Directors

Christian Hein Nielsen
Chairman

Pia Gardø Riise
Board member

Charlotte Josefine Enlund
Board member

Independent auditors report

To the shareholders of Nexcom A/S

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

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

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 Consolidated Financial Statements and the Parent Company 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.

Management's Responsibilities for the Consolidated Financial Statements and the Parent Company 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 the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements and parent company financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent company 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 consolidated financial statements and the parent company financial statements unless Management either intends to liquidate the Group or the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and the Parent Company Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent company 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 consolidated financial statements and parent company financial statements.

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

We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent company 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

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 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 consolidated financial statements and the parent company 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 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 consolidated financial statements and the parent company 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 Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the consolidated financial statements and the parent company financial statements, including the disclosures, and whether the consolidated financial statements and the parent company 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.

Statement on Management's Review
Management is responsible for Management's Review.

Our opinion on the consolidated financial statements and the parent company 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 consolidated financial statements and the parent company financial statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the consolidated financial statements and the parent company financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

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

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

Copenhagen, March 12, 2024

Deloitte Statsautoriseret Revisionspartnerselskab
State Authorised Public Accountants
CVR reg. no. 33 96 35 56

Eskild Nørregaard Jakobsen
State Authorised Public Accountant
MNE no. mne11681

Income Statements

1 January 2023 - 31 December 2023 Figures in DKK '000	Note	Group		Parent	
		2023	2022	2023	2022
Revenue		**11,472**	**7,834**	**9,760**	**5,333**
Own work capitalized		933	633	933	633
Other external expenses		-7,484	-7,494	-4,840	-5,683
Gross profit		**4,921**	**973**	**5,853**	**283**
Staff costs	3	-8,863	-14,999	-4,682	-8,117
Depreciation and impairment of non-current assets		-3,806	-3,608	-3,243	-3,057
Other operating expenses		0	0	-30	0
Operating profit		**-7,748**	**-17,634**	**-2,102**	**-10,891**
Income from investments in group enterprises	4	0	0	-6,360	-7,321
Other financial income	5	1	502	711	1,043
Other financial expenses	6	-1,552	-2,073	-1,550	-2,038
Pre-tax net profit or loss		**-9,299**	**-19,205**	**-9,301**	**-19,207**
Tax on net profit or loss for the year	7	-17	-2,443	-15	-2,441
Net profit or loss for the year		**-9,316**	**-21,648**	**-9,316**	**-21,648**
Break-down of the consolidated profit or loss:					
Shareholders in Nexcom A/S		-9,316	-21,648		
Total		**-9,316**	**-21,648**		
Proposed distribution of net profit					
Allocated from retained earnings				-9,316	-21,648
Total allocations and transfers				**-9,316**	**-21,648**

Balance Sheets

Assets Figures in DKK '000	Note	Group		Parent	
		31.12.23	31.12.22	31.12.23	31.12.22
Completed development projects	8	3,012	4,677	3,012	4,677
Acquired rights	8	6,318	6,960	518	441
Goodwill	8	4,349	5,799	4,349	5,799
Development projects in progress	8	1,281	348	1,281	348
Total intangible assets		**14,960**	**17,784**	**9,160**	**11,265**
Other fixtures, fittings, tools and equipment	9	35	86	0	34
Total property, plant and equipment		**35**	**86**	**0**	**34**
Equity investments in group enterprises	10	0	0	0	0
Receivables from group enterprises	11	0	0	5,965	6,549
Deposits	12	48	85	48	85
Total investments		**48**	**85**	**6,013**	**6,634**
Total non-current assets		**15,043**	**17,955**	**15,173**	**17,933**
Trade receivables	13	3,983	1,010	3,779	688
Deferred tax assets	14	0	0	0	0
Income tax receivables		2	840	2	840
Prepayments		209	443	249	419
Total receivables		**4,194**	**2,293**	**4,030**	**1,947**
Cash and cash equivalents		38	453	0	370
Total current assets		**4,232**	**2,746**	**4,030**	**2,317**
Total assets		**19,275**	**20,701**	**19,203**	**20,250**

Balance Sheets

Equity and Liabilities Figures in DKK '000	Note	Group		Parent	
		31.12.23	31.12.22	31.12.23	31.12.22
Share capital		9,402	7,033	9,402	7,033
Reserve for development costs		0	0	3,348	3,920
Reserve for foreign currency translation		-57	-407	0	0
Retained earnings		-2,956	-5,080	-6,361	-9,407
Equity before non-controlling interest		6,389	1,546	6,389	1,546
Total equity		**6,389**	**1,546**	**6,389**	**1,546**
Payables to other credit institutions	15	4,590	9,266	4,590	9,266
Other payables	16	262	176	262	176
Total long-term liabilities other than provisions	17	**4,852**	**9,442**	**4,852**	**9,442**
Current portion of long-term liabilities	17	1,374	3,688	1,374	3,688
Payables to other credit institutions		143	133	143	133
Trade payables		1,946	1,101	1,885	960
Debt to management and shareholders	18	2,773	2,350	2,773	2,350
Other payables		644	1,376	633	1,382
Deferred income		1,154	1,065	1,154	749
Total short term liabilities other than provisions		8,034	9,713	7,962	9,262
Total liabilities other than provisions		**12,886**	**19,155**	**12,814**	**18,704**
Total equity and liabilities		**19,275**	**20,701**	**19,203**	**20,250**

1 Going concern principles

2 Uncertainties concerning recognition and measurement

19 Warrant program and authorizations to the issue of shares and warrants

20 Charges and security

21 Contingencies

Statement of changes in equity

2023

for 01.01.23 - 31.12.23

Consolidated: Figures in DKK ‘000	Contributed capital	Share premium	Reserve for Foreign currency translation	Retained earnings	Total
Equity 01.01.22	5,450	0	-336	8,864	13,978
Foreign currency translation adjustment of foreign enterprises	0	0	-71	0	-71
Cash capital increase	1,000	5,000	0	0	6,000
Capital increase, debt conversion	583	2,917	0	0	3,500
Cost of changes in capital	0	0	0	-213	-213
Transferred to retained earnings	0	-7,917	0	7,917	0
Retained earnings for the year	0	0	0	-21,648	-21,648
Equity 01.0123	7,033	0	-407	-5,080	1,546
Cash capital increase	900	4,500	0	0	5,400
Capital increase, debt conversion	1,469	6,941	0	0	8,410
Foreign currency translation	0	0	350	0	350
Transfers to/from other reserves	0	-11,441	0	11,441	0
Retained earnings for the year	0	0	0	-9,317	-9,317
Total	**9,402**	**0**	**-57**	**-2,956**	**6,389**

Statement of changes in equity

2023

for 01.01.23 - 31.12.23

Parent: Figures in DKK '000	Contributed capital	Share premium	Reserve for Foreign currency translation	Retained earnings	Total
Equity 01.01.22	5,450	0	4,510	12,262	22,222
Net effect of changed accounting policies	0	0	0	-8,243	-8,243
Cash capital increase	1,000	5,000	0	0	6,000
Capital increase, debt conversion	583	2,917	0	0	3,500
Cost of changes in capital	0	0	0	-213	-213
Foreign currency translation adjustments	0	0	0	-71	-71
Transferred to retained earnings	0	-7,917	-590	8,507	0
Retained earnings for the year	0	0	0	-21,649	-21,649
Equity 01.01.23	7,033	0	3,919	-9,407	1,546
Cash capital increase	900	4,500	0	0	5,400
Capital increase, debt conversion	1,469	6,941	0	0	8,410
Foreign currency translation	0	0	0	350	350
Transfers to/from other reserves	0	-11,441	-571	12,012	0
Retained earnings for the year	0	0	0	-9,316	-9,316
Total	**9,402**	**0**	**3,348**	**-6,361**	**6,389**

Notes

1. Going concern principles

The Annual report for 2023 has been prepared based on the Going Concern principles.

The company expects to be cash positive in 2024 and is not planning for additional capital injections. Further, the company as of 31 December 2023 has an unused cash facility from investor of DKK 3 million. The precondition is the fulfillment of the budgets and plans for 2024 which is based on a minimum cost base roughly in line with 2023. For 2024, a group revenue within the range of DKK 16 to 21 million is expected (of which DKK 11 million is already secured) and a group EBITDA in the range of DKK 2 to 5 million. The sales to a large extent consist of 3 years licenses which reduce the risk and uncertainty significantly but also result in an accelerating revenue and EBITDA due to the nature of Annual Recurring Revenue (ARR). Management considers budgets and plans for 2024 as achievable.

Based on the above assumptions for 2024 becoming realized as expected combined with the unused cash facility of DKK 3 million, Management has prepared the Annual Report for 2023 on the Going Concern principles.

2. Uncertainties concerning recognition and measurement

In general, management makes judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. Management continuously reassesses these estimates and judgments based on several factors under the given circumstances. The value of all capitalized development costs is amortized over their useful lives. Every year, the management evaluates an impairment assessment based on both budgets and sensitivity scenarios to make sure the total value of the capitalized projects is fair. The estimated value of intangible assets is based on management estimates and assumptions and by nature subject to uncertainty. Reference is made to Notes 8 regarding non-current assets in group and parent company.

3. Staff costs

Figures in DKK '000	Group		Parent	
	2023	2022	2023	2022
Salaries and wages	8,145	14,269	4,530	7,536
Pension costs	396	184	36	44
Other costs for social security	112	494	112	494
Other staff costs	210	52	4	43
Total	**8,863**	**14,999**	**4,682**	**8,117**
Average number of employees	**11**	**11**	**7**	**6**

4. Income from investments in group enterprises

Figures in DKK '000	Group		Parent	
	2023	2022	2023	2022
Share of profit or loss of group enterprises	0	0	-6,360	-7,321
Total	**0**	**0**	**-6,360**	**-7,321**

5. Other financial income

Figures in DKK '000	Group		Parent	
	2023	2022	2023	2022
Interest, banks	1	0	2	0
Exchange differences	0	502	0	502
Interest, group enterprises	0	0	709	541
Total	**1**	**502**	**711**	**1,043**

6. Other financial expenses

Figures in DKK '000	Group		Parent	
	2023	2022	2023	2022
Other financial costs	1,552	2,073	1,550	2,038
Total	**1,552**	**2,073**	**1,550**	**2,038**

7. Tax on net profit or loss for the year

Figures in DKK '000	Group		Parent	
	2023	2022	2023	2022
Tax on net profit or loss for the year	2	2	0	0
Adjustment of deferred tax for the year	0	2,185	0	2,441
Adjustment of tax for previous years	15	256	15	0
Total	**17**	**2,443**	**15**	**2,441**

8. Intangible assets

Group Figures in DKK '000	Completed development projects	Aquired rights	Goodwill	Development projects in progress
Cost as at 01.01.22	8,325	999	10,149	348
Additions during the year	0	200	0	933
Cost as at 31.12.22	**8,325**	**1,199**	**10,149**	**1,281**
Depreciation and write-down 01.01.23	3,648	558	4,350	0
Depreciation for the year	1,665	123	1,450	0
Depreciation and write-down 31.12.23	**5,313**	**681**	**5,800**	**0**
Carrying amount as at 31.12.22	**3,012**	**518**	**4,349**	**1,281**

Based on the impairment tests which have been carried out for the company´s intangible assets, Management has assessed that the enterprise value of DKK 53.6 million and the recoverable amount of DKK 44.9 million is exceeding the carrying value at 31 December 2023 of DKK 15.0 million. The impairment test is calculated by using the discounted cash flow model (DCF) over a budget period of five years with a discount factor at 12 percentage and a perpetual growth rate after the fifth year of 2%. The budgets are based on an average annual revenue growth rate at 23% (in 2024-2028) and the minimum required costs and salary (manpower) to serve the sales activity. The impairment tests include completed development projects, acquired rights, goodwill, development projects in progress and receivables from group enterprise in parent company according to note 8 and 11. Important factors in the calculation of the net present value are the discount factor and the perpetual growth rate.

The sensitivity can be illustrated as follows:

1) If the discount factor is increased 1%, it will have a negative effect of DKK -5,504k. A reduction of 1% will have a positive effect of DKK 6,756k.

2) If the perpetual growth rate is increased 1%, it will have a positive effect of DKK 4,755k. A reduction of 1% will have a negative effect of DKK -3,890k.

3) If the average annual revenue growth rate is increased 1%, it will have a positive effect of DKK 6,107k. A reduction of 1% will have a negative effect of DKK -6,107k.

8. Intangible assets - continued

Special assumptions regarding development projects

Development projects include the development of the eTray and RevealCX platform as well as the AI module to RevealCX. The development project essentially consists of costs for direct salaries and other costs, which are registered through the group's internal project module. The development projects are expected to bring competitive advantages and thus contribute to an increase in the activity level and future earnings for the group.

9. Other fixtures, fittings, tools and equipment

Figures in DKK '000	Group		Parent	
	31.12.23	31.12.22	31.12.23	31.12.22
Cost 1 January	171	169	93	93
Translation at the exchange rate at the balance sheet date 31 December	0	5	0	0
Disposals during the year	-93	0	-93	0
Cost 31 December	**78**	**174**	**0**	**93**
Depreciation and write-down 1 January	-102	-52	-59	-40
Translation at the exchange rate at the balance sheet date 31 December	0	-1	0	0
Depreciation for the year	0	-35	0	-19
Reversal of depreciation, amortization and impairment loss, assets disposed of	59	0	59	0
Depreciation and write-down 31 December	**-43**	**-88**	**0**	**-59**
Carrying amount, 31 December	**35**	**86**	**0**	**34**

10. Equity investments in group enterprises

Figures in DKK '000	Group		Parent	
	31.12.23	31.12.22	31.12.23	31.12.22
Cost 1 January	0	0	5,685	5,685
Cost 31 December	**0**	**0**	**5,685**	**5,685**
Write-down, opening balance 1 January	0	0	-13,077	0
Net profit or loss for the year before amortization of goodwill	0	0	-6,360	-7,321
Other movements in capital	0	0	0	-5,756
Write-down 31 December	**0**	**0**	**-19,437**	**-13,077**
Offset against receivables	0	0	13,752	7,392
Set off against debtors and provisions for liabilities	**0**	**0**	**13,752**	**7,392**
Carrying amount, 31 December	**0**	**0**	**0**	**0**

Financial highlights for the enterprises according to the latest approved annual reports

Name and registered office	Equity interest	Equity DKK '000	Results for the year DKK '000	Carrying amount, Nexcom A/S
RevealCX LLC, USA, Delaware	100%	-15,888	-6,360	0

11. Receivables from group enterprises

Figures in DKK '000	Group		Parent	
	31.12.23	31.12.22	31.12.23	31.12.22
Cost as at 1 January	0	0	16,499	9,976
Additions during the year	0	0	5,356	6,523
Cost as at 31 December	**0**	**0**	**21,855**	**16,499**
Write-down 1 January	0	0	-9,951	-2,558
Translation at year-end exchange rate	0	0	421	-71
Impairment loss for the year	0	0	-6,360	-7,321
Write-down 31 December	**0**	**0**	**-15,890**	**-9,950**
Carrying amount, 31 December	**0**	**0**	**5,965**	**6,549**

Based on the impairment tests which have been carried out for the group and parent company, Management has assessed that this implies that the recoverable amount of receivables from group enterprises exceeds the carrying value at 31.12.2023, see note 8.

12. Deposits

Figures in DKK '000	Group		Parent	
	31.12.23	31.12.22	31.12.23	31.12.22
Cost 1 January	85	80	85	80
Additions during the year	48	5	48	5
Disposals during the year	-85	0	-85	0
Cost 31 December	**48**	**85**	**48**	**85**
Write-down 1 January	0	0	0	0
Carrying amount, 31 December	**48**	**85**	**48**	**85**

13. Trade receivables

Figures in DKK '000	Group		Parent	
	31.12.23	31.12.22	31.12.23	31.12.22
Trade receivables	3,905	1,010	3,779	688
Total	**3,905**	**1,010**	**3,779**	**688**

14. Deferred tax assets

Figures in DKK '000	Group		Parent	
	31.12.23	31.12.22	31.12.23	31.12.22
Deferred tax assets 1 January	0	0	0	0
Deferred tax of the net profit or loss for the year	0	0	0	0
Total	**0**	**0**	**0**	**0**

15. Payables to other credit institutions

Figures in DKK '000	Group		Parent	
	31.12.23	31.12.22	31.12.23	31.12.22
Total payables to other credit institutions within 5 years	5,964	12,954	5,964	12,954
Share of amount due within 1 year	-1,374	-3,688	-1,374	-3,688
Total	**4,590**	**9,266**	**4,590**	**9,266**

16. Other payables

Figures in DKK '000	Group		Parent	
	31.12.23	31.12.22	31.12.23	31.12.22
Other payables	262	176	262	176
Total	**262**	**176**	**262**	**176**

17. Long-term liabilities other than provisions

Group and parent: Figures in DKK '000	Total payables 31.12.23	Current portion of long term payables	Long term payables 31.12.23	Outstanding payables after 5 years
Payables to other credit institutions	5,964	1,374	4,590	0
Other payables	262	0	262	0
Total	**6,226**	**1,374**	**4,852**	**0**

The debt to payables to other credit institutions with a balance of DKK 5,964k can be listed as follows:

1) DKK 600k with a quarterly payment of DKK 200k running until September 2024,

3) DKK 2,263k with a quarterly payment of DKK 189k running from October 2024 until July 2027,

4) DKK 1,144k with a monthly payment of DKK 35k running until October 2026,

5) DKK 1,956k with a quarterly payment of DKK 163k running from October 2024 until July 2027.

We would like to draw attention to the information contained in note 20, where securities regarding other credit institutions are described.

18. Debt to management and shareholders

Short term debt to management and shareholders consists of principal DKK 2,773k. There is an unused credit facility from shareholder of DKK 3m as of 31 December 2023. The debt is expected to be converted to shares at a stock price of DKK 2.50.

19. Warrant program and authorizations to the issue of shares and warrants

Parent company: As was the case in 2022, members of the Board of Directors in 2023 received a remuneration of 400,000 warrants. The exercise price of these warrants is equal to the market price of the underlying shares on the date of grant (stock price DKK 2.10 on 31 March 2023; stock price in 2022 DKK 2.314). The warrants vest within 3 years from grant date if the board members stay with the company. Vested warrants are exercisable over a fixed period from grant date up to and including 30 March 2031. Total out-standing warrants amount to 800,000 warrants.

Furthermore, the board of directors is until 30 March 2028 authorized at one or more times to increase the company's nominal share capital by issuance of new shares with up to nominal DKK 7,033,235.50.

Regarding warrants the board of directors is until 7 April 2027 authorized on one or more occasions to issue up to 1,000,000 warrants each giving the holder the right to subscribe for nominal DKK 0.50 shares in the Company against cash payment and to carry out the capital increase associated therewith with up to nominal DKK 500,000 shares. Warrants may be issued to directors, registered managers, consultants and employees of the company and any subsidiaries without pre-emption rights for the Company's shareholders. In 2024, the Board of Directors is proposing a grant of up to 398,000 warrants to employees, which is conditioned by an approval at the annual general meeting.

20. Charges and security

The following assets have been placed as security for payables to other credit institutions:

Figures in DKK '000	31.12.2023	31.12.2022
Completed development projects	3,012	4,677
Acquired rights	518	441
Goodwill	4,349	5,799
Development projects in progress	1,281	348
Other fixtures and fittings, tools, and equipment	0	34
Trade receivables	3,779	688
Total	**12,939**	**11,987**

Debt to other credit institutions with a balance of DKK 5,964k (2022: DKK 6,720k), are secured by a corporate mortgage totaling DKK 6,300k (2022: DKK 6,300k), with a mortgage on the equipment, inventories, goodwill, acquired rights, trade receivables, completed development projects and development projects in progress.

The value of the pledge assets is DKK 12,939k (2022: DKK 11,987k).

21. Contingencies

The group and parent company has contract liabilities amounting DKK 278k in year 2024 (2022: DKK 556k).

The group and parent company has a rental agreement until maturity amounting DKK 48k (2022: DKK 76k).

The group and parent company had a lease agreement, which was discontinued in 2023 and contingent liability is amounting DKK 0k (2022: DKK 47k).

Accounting Policies

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

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

Recognition and measurement in general
Income is recognized in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognized in the income statement, including depreciations amortizations, 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 group and the value of the asset can be reliably measured.

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

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

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.

The consolidated financial statements
The consolidated income statements comprise the parent company Nexcom A/S and those group enterprises of which Nexcom A/S directly or indirectly owns more than 50 % of the voting rights or in other ways exercise control.

Consolidation policies
The consolidated financial statements have been prepared as a summary of the parent company's and the group enterprises' financial statements by adding together uniform accounting records calculated in accordance with the group's accounting policies.

Investments in group enterprises are eliminated by the proportionate share of the group enterprises' fair value of net assets and liabilities at the acquisition date.

Accounting Policies

Investments in associates are measured in the statement of financial position at the proportionate share of the enterprises' equity value is calculated in accordance with the parent company's accounting policies and with proportionate elimination of unrealised intercompany gains and losses. In the income statement, the proportional share of the associates' results is recognized after elimination of the proportional share of intercompany gains and losses.

The group activities in joint operations are recognized in the consolidated financial statements record by record.

Foreign currency translation

The annual report is presented in Danish kroner (DKK).

On initial recognition, transactions denominated in foreign currencies are translated using the exchange rates applicable at the transaction date. Exchange rate differences between the exchange rate applicable at the transaction date and the exchange rate at the date of payment are recognized in the income statement as a financial item. Receivables, payables and other monetary items denominated in foreign currencies are translated using the exchange rates applicable at the balance sheet date. The difference between the exchange rate applicable at the balance sheet date and at the date at which the receivable or payable arose or was recognized in the latest annual report is recognized under financial income or expenses in the income statement. Fixed assets and other nonmonetary assets acquired in foreign currencies are translated using historical exchange rates.

On recognition of independent foreign entities, the income statements are translated at the exchange rates applicable at the transaction date or approximate average exchange rates. The balance sheet items are translated using the exchange rates applicable at the balance sheet date. Foreign currency translation adjustments arising from the translation of equity at the beginning of the year using the exchange rates applicable at the balance sheet date and from the translation of income statements from average exchange rates to the exchange rates applicable at the balance sheet date are recognized directly in equity under the reserve for net revaluation according to the equity method in respect of investments measured according to the equity method, and otherwise under the foreign currency translation reserve.

Translation adjustments of intercompany balances with independent foreign entities, measured using the equity method and where the balance is considered to be part of the overall investment, are recognized directly in equity under the foreign currency translation reserve. On the divestment of foreign entities, accumulated exchange differences are recognized in the income statement.

Leases

Lease payments relating to operating leases are recognized in the income statement on a straight-line basis over the lease term.

Accounting Policies

INCOME STATEMENT

Revenue

Revenue derive from different sources. Revenue from subscription services and license agreements are recognized on a straight-line basis over the term of the subscriptions and license agreements. Revenue from sale of solutions are generally recognized upon finalization of the project and transfer of risk to the customer. Revenue from consulting services are generally recognized concurrently with the work being performed. Revenue is measured at fair value of the agreed consideration, net of VAT, duties and any sales discounts.

Work performed for own account and capitalized

Work performed for own account and capitalized comprises wages and salaries and other internal expenses incurred during the year and included in the cost of development projects.

Other external expenses

Other external expenses comprise costs relating to distribution, sales and advertising and administration, premises and bad debts to the extent that these do not exceed normal write-downs.

Staff costs

Staff costs comprise wages and salaries as well as other staff-related costs.

Depreciation, amortization and impairment losses

The depreciation and amortization of intangible assets and property, plant and equipment aim at systematic depreciation and amortization over the expected useful lives of the assets. Assets are depreciated and amortized according to the straight-line method based on the following expected useful lives and residual values:

Depreciation, amortization and impairment losses	Useful lives, years	Residual value DKK '000
Completed development projects	5	0
Acquired rights	10	0
Goodwill	7	0
Other plant, fixtures and fittings, tools and equipment	5	0

Goodwill is amortized over 7 years. The useful life has been determined in consideration of the expected future net earnings of the enterprise or activity to which the goodwill relates.

The basis of depreciation and amortization is the cost of the asset less the expected residual value at the end of the useful life. Moreover, the basis of depreciation and amortization is reduced by any impairment losses. The useful life and residual value are determined when the asset is ready for use and reassessed annually. Intangible assets and property, plant and equipment are impaired in accordance with the accounting policies referred to in the 'Impairment losses on fixed assets' section.

Other operating expenses
Other operating expenses comprise items of secondary nature as regards the principal activities of the enterprise, including losses on the disposal of intangible and tangible assets.

Income from equity investments in group enterprises
For equity investments in subsidiaries that in the parent are measured using the equity method, the share of the enterprises' profit or loss is recognized in the income statement after elimination of unrealized intercompany profits and losses and less any goodwill amortization and impairment losses. Income from equity investments in equity investments in subsidiaries also comprises gains and losses on the sale of equity investments.

Other net financials
Interest income and interest expenses, foreign exchange gains and losses on transactions denominated in foreign currencies etc. are recognized in other net financials.

Tax on profit/loss for the year
The current and deferred tax for the year is recognized in the income statement as tax on the profit/loss for the year with the portion attributable to the profit/loss for the year, and directly in equity with the portion attributable to amounts recognized directly in equity.

STATEMENT OF FINANCIAL POSITION

Intangible assets
Completed development projects and development projects in progress.

Development projects are recognized in the balance sheet where the project aims at developing a specific product or a specific process, intended to be produced or used, respectively, by the company in its production process. On initial recognition, development projects are measured at cost. Cost comprises the purchase price plus expenses resulting directly from the purchase, including wages and salaries directly attributable to the development projects until the asset is ready for use. Interest on loans arranged to finance development projects in the development period is not included in the cost. Other development projects and development costs are recognized in the income statement in the year in which they are incurred.

Development projects in progress are transferred to completed development projects when the asset is ready for use.

Development projects are subsequently measured in the balance sheet at cost less accumulated amortization and impairment losses.

Completed development projects are amortized using the straight-line method based on useful lives, which are stated in the 'Depreciation, amortization and impairment losses' section.

Acquired rights

Acquired rights are measured in the balance sheet at cost less accumulated amortization and impairment losses. Acquired rights are amortized using the straight-line method based on useful lives, which are stated in the 'Depreciation, amortization and impairment losses' section.

Goodwill

Goodwill is measured in the balance sheet at cost less accumulated amortization and impairment losses. Goodwill is amortized using the straight-line method based on useful lives, which are stated in the 'Depreciation, amortization and impairment losses' section.

Property, plant and equipment

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

Cost comprises the purchase price and expenses resulting directly from the purchase until the asset is ready for use. Interest on loans arranged to finance production is not included in the cost.

Property, plant and equipment are depreciated using the straight-line method based on useful lives and residual values, which are stated in the 'Depreciation, amortization and impairment losses' section.

INVESTMENTS

Equity investments in group enterprises

Investments in group enterprises are recognized and measured by applying the equity method. The equity method is used as a method of consolidation.

On initial recognition, equity investments measured according to the equity method are measured at cost. Transaction costs directly attributable to the acquisition are recognized in the income statement at the date incurred.

On subsequent recognition and measurement of equity investments according to the equity method, equity investments are measured at the proportionate share of the enterprises' equity value, determined according to the accounting policies of the parent, adjusted for the remaining value of goodwill and gains and losses on transactions with the enterprises in question. Equity investments, where information for recognition according to the equity method is not known, are measured at cost.

Equity investments with a negative carrying amount are measured at DKK 0. Receivables that are considered part of the combined investment in the enterprises in question are impaired by any remaining negative equity value.

Other receivables from such enterprises are impaired to the extent that such receivables are considered uncollectible. Provisions to cover the remaining negative equity value are recognized to the extent that the parent has a legal or constructive obligation to cover the liabilities of the enterprise in question.

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

Impairment losses on fixed assets
The carrying amount of fixed assets which are not measured at fair value is assessed annually for indications of impairment over and above what is reflected in depreciation and amortization. The assets or groups of assets are impaired to the lower of recoverable amount and carrying amount.

The higher of net selling price and value in use is used as the recoverable amount. The value in use is determined as the present value of expected net cash flows from the use of the asset or group of assets as well as expected net cash flows from the sale of the asset or group of assets after the expiry of their useful lives.

Impairment losses are reversed when the reasons for the impairment no longer exist. Impairment losses on goodwill are not reversed, unless goodwill is included in the carrying amount of equity investments.

Receivables
Receivables are measured at amortized cost, which usually corresponds to the nominal value, less write-downs for bad debts.

Write-downs for bad debts are determined based on an individual assessment of each receivable if there is no objective evidence of individual impairment of a receivable.

Deposits recognized under assets comprise deposits paid to the lessor under leases entered into by the company.

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

Cash
Cash includes deposits in bank account.

Equity
The net revaluation of equity investments measured according to the equity method is recognized in the financial statements of the parent in the net revaluation reserve in equity according to the equity method to the extent that the carrying amount exceeds the cost.

An amount equivalent to internally generated development costs in the balance sheet is recognized in the financial statements of the parent in equity under reserve for development costs. The reserve is measured less deferred tax and reduced by amortization and impairment losses on the asset. If impairment losses on development costs are subsequently reversed, the reserve will be restored with a corresponding amount. The reserve is dissolved when the development costs are no longer recognized in the balance sheet, and the remaining amount will be transferred to retained earnings.

Accounting Policies

In the consolidated financial statements unrealized foreign currency gains and losses from the translation of the net investment in independent foreign entities are recognized in equity under the foreign currency translation reserve. The reserve is dissolved when the independent foreign entities are disposed of.

Current and deferred tax

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

Deferred tax liabilities and tax assets are recognized on the basis of all temporary differences between the carrying amounts and tax bases of assets and liabilities. However, deferred tax is not recognized on temporary differences relating to goodwill which is non-amortizable for tax purposes and other items where temporary differences, except for acquisitions, have arisen at the date of acquisition without affecting the net profit or loss for the year or the taxable income. In cases where the tax value can be determined according to different taxation rules, deferred tax is measured on the basis of management's intended use of the asset or settlement of the liability.

Deferred tax assets are recognized, following an assessment, at the expected realizable value through offsetting against deferred tax liabilities within the same tax jurisdiction or elimination in tax on future earnings.

Deferred tax is measured on the basis of the tax rules and at the tax rates in the respective countries which, according to the legislation in force at the balance sheet date, will be applicable when the deferred tax is expected to crystallize as current tax.

Payables

Long-term payables are measured at cost at the time of contracting such liabilities (raising of the loan). The payables are subsequently measured at amortized cost where capital losses and loan expenses are recognized in the income statement as a financial expense over the term of the payable on the basis of the calculated effective interest rate in force at the time of contracting the liability.

Short-term payables are measured at amortized cost, normally corresponding to the nominal value of such payables.

Deferred income

Deferred income under liabilities comprises payments received in respect of income in subsequent financial years.

Entity details

Entity

Nexcom A/S
Toldbodgade 59B
1253 Copenhagen K
CVR No.: 20348046
Registered office: Copenhagen K
Financial year: 2023

Board of Directors

Christian Hein Nielsen
Pia Gardø Riise
Charlotte Enlund

Executive Board

Rolf Gordon Adamson
Chief Executive Officer

Auditors

Deloitte Statsautoriseret
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For more information,
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www.nexcomglobal.com