Annual Report

2022

nexcom.

Nexcom A/S

Toldbodgade 59B
1253 Copenhagen K
CVR No.: 20348046

Annual report 2022

Jens Folker Bruun
Chairman of the General Meeting

nexcom.

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
New cases handled annually

23
Supported languages

40,000+
Global users are being served by us every day

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

We help companies offer better CX

nexcom.

eTray

A 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, eTray 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.

RevealCX Boost

RevealCX Boost is an AI-based add-on to RevealCX. Through machine learning, analysis of all customer enquiries (not just samples) and real-time speech recognition, Boost AI can highlight areas where the customer experience can be improved. This is done e.g., by assisting the customer service agent with the right answers for the given situation or by identifying the customer's mood and tone through speech pattern analysis.

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2022 Group Highlights

New board member, Charlotte Enlund, was elected at annual shareholders meeting.

Nexcom's platform, RevealCX, retained its status as a Platinum Partner in the COPC ATP Program.

Capital increase successfully completed in Q3, 2022.

Revised strategy to become cash flow positive sooner. Cost saving initiatives taken to support the business going forward.

New customer of Nexcom's platform, eTray, through partnership.

Recruitment of new CTO completed.

Management Review

The past year was an example of how much the world has become interconnected, so much so that single events large enough, can disrupt markets everywhere. Geopolitical and financial uncertainty unfortunately caused reactions across customers, potential customers, and financial markets, which resulted in 2022 being a tough year for Nexcom.

We revised our strategy to adapt to the changing business environment and switched the focus from investing in expansion over to reaching a cash flow positive business sooner. The adjustments to the business are explained in detail below.

Following February 2022, organizations added caution to their investment plans. Projects that had been lined up for implementation were postponed and subsequently cancelled, and financial markets were tightening. Having expanded our cost base in 2021 by investing in AI development as well as Sales & Marketing capabilities, Nexcom was operating at a cost level that was no longer in line with the revenue we were able to generate. We downsized, reduced our cost base significantly, and refinanced debt. As a consequence, the organization was reduced from 22 staff to 11 by the end of the year, and 2nd half of 2022 was focused on the restructuring and on securing continued delivery capability and quality for existing customers during this, for Nexcom, significant transition.

At the beginning of the year, we announced plans for a capital raise during Q2 of 2022. This was achieved early Q3 through a combination of private placement and debt conversion. In total Nexcom received gross proceeds of DKK 6,0 million and net proceeds of approximately DKK 5,5 million, and debt conversion to shares in the amount of DKK 3,5 million. In total the number of outstanding shares increased from 10,899,805 shares to 14,066,469 shares and the share capital from DKK 5,449,902.50 to DKK 7,033,235.00 in connection with private placement and loan conversions. Due to the changed circumstances in the financial market this solution was considered the most viable for the company to pursue.

Financial Performance 2022

Group key figures, mDKK	2022	2021	Guidance 2022*
Revenue	7,8	13,4	8,0 to 12,0
EBITDA	-14,0	-13,5	-14,0 to -10,0

*Guidance: November 23, 2022

The result was a decline in group revenue from DKK 13,4 million in 2021 to DKK 7,9 million in 2022. The revenue result for 2022 was unsatisfactory, adding just one new entity to our user base in late November and impacted by customers reducing headcount, thereby reducing the need for licenses as well as consulting hours.

Management Review

During Q2 2023, we expect to raise capital for the company's continued operations until reaching a cashflow positive operation. It is expected that the capital raised will be in the region of DKK 7,5 million, and as part of this exercise convert loans equivalent of DKK 2,4 million.

The steps taken during H2 2022, to reduce costs were necessary, timely and appropriate enabling Nexcom to enter 2023 with a lean organization, leveraging the strong technology stack to achieve two primary objectives – increase our revenue through new customer acquisition and deliver towards our existing contracts while remaining a lean, agile organization.

Capital loss

Due to the loss for the year, the company has lost more than 50% of its share capital. In accordance with the Danish Companies Act, the company's financial position is to be discussed at the general meeting, within the time limits stipulated therein.

We are constantly monitoring the financial position and the liquidity and are prepared to take the appropriate actions to secure the ongoing activities of the company. This may include capital increases, new loan facilities or cost reductions, if necessary.

We believe that the planned capital increase in April 2023 of net DKK 7,5 million in cash, together with existing cash resources, will be sufficient to fund the company's anticipated operating expenses and capital expenditure for at least the 12 months period ending December 31, 2023.

On this basis we continue to view the company as a going concern. For more detailed information, please refer to note 1 of the financial statement regarding Managements assessment of the going concern assumption. Furthermore, please refer to Note 2 regarding uncertainties and estimates in relation to the impairment tests made for non-current assets.

Events after the balance sheet date

No events materially affecting the assessment of the Annual report have occurred after the balance sheet date. Actiivities for refinancing is ongoing and have the Managements attention.

Rolf Gordon Adamson
Chief Executive Officer, Nexcom A/S

Torjus Vilhelm Gylstorff
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

Henrik Flintsø
Chief Financial Officer

Before joining Nexcom, Henrik worked as a Finance Consultant in SaaS companies, as CFO at Albatros Travel Group and Finance Director at the Carl Bro Group. Henrik has extensive knowledge of strategic and operational management and the SaaS business model through his experience within the private investment field and foreign companies in Danish branches.

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

Torjus Gylstorff
Chairman

Since 2020, Torjus has been Head of Worldwide Sales in the French tech company Thales. Previously, he has been VP of Symantec and Managing Director of Norman Data Defense Systems. At Nexcom, Torjus brings to the table valuable competencies in global sales and business development.

Pia Riise
Board member

Since 2022 Pia has been CFO for KLIFO. Previously, Pia has held positions as CFO for IBM, SONY, IKEA Food Supply, and Schneider Electric. Also, 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

2022

Financial Calendar 2023

Financial annual report 2022
March 16, 2023

Annual General Meeting
March 31, 2023

Financial report Q1-2023
April 20, 2023

Financial report H1-2023
August 3, 2023

Financial report Q3-2023
October 26, 2023

Statement

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

We have on this day presented the annual report for the financial year 01.01.22 - 31.12.22 for NEXCOM A/S.

The annual report is presented in accordance with the Danish Financial Statements Act (Årsregnskabsloven).

In our opinion, the consolidated financial statements and financial statements give a true and fair view of the group's and the parent's assets, liabilities and financial position as at 31.12.22 and of the results of the group's and parent's activities for the financial year 01.01.22 - 31.12.22.

We believe that the management's review includes a fair review of the matters dealt with in the management's review. The annual report is submitted for adoption by the general meeting.

Copenhagen, March 16, 2023

Executive Board

Rolf Gordon Adamson
CEO

Board of Directors

Torjus Vilhelm Gylstorff
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 financial statements of Nexcom A/S for the financial year 01.01.2022 - 31.12.2022, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2022 and of the results of their operations for the financial year 01.01.2022 - 31.12.2022 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 financial statements" section of this auditor's 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We would like to draw attention to the information contained in note 1, where Management describe their basis for conclusion for preparing the annual report on a going concern assumption.

The going concern of the company is conditional on an assumption that the company in Q2 2023 will obtain an equity capital increase and realize the budget for 2023. The uncertainty related to the possibility to obtain the equity capital increase and realization of the budget for 2023, results in a situation where material uncertainty related to going concern exists. The equity capital increase and realization of the budget is needed in order to repay debt in Q2 2023, and to secure sufficient liquidity for the company's ordinary activity in 2023.

Management has presented the financial statements on a going concern basis. We concur with Management's assessment and therefore our opinion has not been modified with respect to this matter.

Emphasis of matter

We would like to draw attention to the information contained in Notes 2, 8, and 11 of the financial statements, which states that Management of the company has prepared an impairment test covering the following non-current assets: intangible assets and investments/receivables in group enterprises of a total of DKK 17.8 million (Group) and 17.9 million (Parent). The impairment test's value in use of the tested non-current assets is based on an assumption for significant growth in revenue and EBITDA for the developed software RevealCX and continuing activity for eTray, especially in the five year budget period 2023-2027. The current measurement of Nexcom A/S' non-current assets is therefore subject to material uncertainty.

As specified in Notes 2, 8 and 11, it is Management's assessment that the assumptions used for the impairment test are achievable and therefore no impairment of the non-current assets has been made. Our opinion has not been modified with respect to this matter.

Management's responsibilities for the consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group's and the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements unless Management either intends to liquidate the Entity 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 financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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 he economic decisions of users taken on the basis of these consolidated financial statements and parent financial statements.

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

We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent 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 Entity'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 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 Entity'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 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 Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent 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 commentary

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Copenhagen, March 16, 2023

Deloitte Statsautoriseret Revisionspartnerselskab
CVR no. 33 96 35 56

Eskild Nørregaard Jakobsen
State Authorised Public Accountant
MNE no. mne11681

Income Statements

1 January 2022 - 31 December 2022 Figures in DKK '000	Note	Group		Parent	
		2022	2021	2022	2021
Revenue		**7,834**	**13,375**	**5,333**	**10,964**
Work performed for own account and capitalized		633	2,807	633	2,807
Other external expenses		-7,494	-10,493	-5,683	-7,772
Gross profit		**973**	**5,689**	**283**	**5,999**
Staff costs	3	-14,999	-19,203	-8,117	-12,872
Loss before depreciation, amortization, write-downs and impairment losses		**-14,026**	**-13,514**	**-7,834**	**-6,873**
Depreciation, amortization and impairment losses		-3,608	-3,428	-3,057	-2,987
Operating loss		**-17,634**	**-16,942**	**-10,891**	**-9,860**
Result from equity investments in group enterprises	4 + 11	0	0	-7,321	-7,296
Financial income	5	502	504	1,043	698
Financial expenses	6	-2,073	-4,398	-2,039	-4,379
Loss before tax		**-19,205**	**-20,836**	**-19,207**	**-20,837**
Tax on loss for the year	7	-2,443	3,011	-2,441	3,012
Loss for the year		**-21,648**	**-17,825**	**-21,648**	**-17,825**

Proposed appropriation account					
Retained earnings		-21,648	-17,825	-21,648	-17,825
Total		**-21,648**	**-17,825**	**-21,648**	**-17,825**

Balance Sheets

Assets Figures in DKK '000	Note	Group		Parent	
		31.12.22	31.12.21	31.12.22	31.12.21
Completed development projects		4,677	5,286	4,677	5,286
Acquired rights		6,960	7,168	441	541
Goodwill		5,799	7,249	5,799	7,249
Development projects in progress		348	496	348	496
Total intangible assets	8 + 18	**17,784**	**20,199**	**11,265**	**13,572**
Other fixtures and fittings, tools and equipment		86	117	34	53
Total property, plant and equipment	9 + 18	**86**	**117**	**34**	**53**
Equity investments in group enterprises	10	0	0	0	0
Receivables from group enterprises	11	0	0	6,549	7,418
Deposits	11	85	80	85	80
Total investments		**85**	**80**	**6,634**	**7,498**
Total non-current assets		**17,955**	**20,396**	**17,933**	**21,123**
Trade receivables	16 + 18	1,010	8,017	688	7,744
Deferred tax asset	12	0	2,185	0	2,185
Income tax receivable		840	1,092	840	1,092
Other receivables		0	39	0	39
Prepayments		443	693	419	643
Total receivables		**2,293**	**12,026**	**1,947**	**11,703**
Cash		**453**	**3,734**	**370**	**2,761**
Total current assets		**2,746**	**15,760**	**2,317**	**14,464**
Total assets		**20,701**	**36,156**	**20,250**	**35,587**

Balance Sheets

Equity and Liabilities Figures in DKK '000	Note	Group		Parent	
		31.12.22	31.12.21	31.12.22	31.12.21
Share capital		7,033	5,450	7,033	5,450
Reserve for development costs		0	0	3,920	4,510
Foreign currency translation reserve		-407	-336	0	0
Retained earnings		-5,080	4,354	-9,407	4,018
Total equity	15	**1,546**	**13,978**	**1,546**	**13,978**
Payables to other credit institutions	13	9,266	5,777	9,266	5,777
Other payables	13	176	176	176	176
Total long-term payables		**9,442**	**5,953**	**9,442**	**5,953**
Short-term part of long-term payables	13	3,688	2,454	3,688	2,454
Payables to other credit institutions		133	6,786	133	6,786
Trade payables		1,101	775	960	509
Debt to management and shareholders	14	2,350	0	2,350	0
Other payables		1,376	3,553	1,383	3,547
Deferred income		1,065	2,657	748	2,360
Total short-term payables		**9,713**	**16,225**	**9,262**	**15,656**
Total payables		**19,155**	**22,178**	**18,704**	**21,609**
Total equity and liabilities		**20,701**	**36,156**	**20,250**	**35,587**

17 Contingent liabilities

18 Charges and security

Statements of changes in equity for 01.01.22 - 31.12.22

Group: Figures in DKK '000	Share capital	Share premium	Reserve for development costs	Foreign currency translation reserve	Retained earnings	Total equity
Balance as at 01.01.22	5,450	0	0	-336	8,864	13,964
Foreign currency translation adjustment of foreign enterprises	0	0	0	-71	0	-71
Capital increase, cash	1,000	5,000	0	0	0	6,000
Capital increase, debt conversion	583	2,917	0	0	0	3,500
Cost of changes in capital	0	0	0	0	-213	-213
Transfers to/from other reserves	0	-7,917	0	0	7,917	0
Net profit/loss for the year	0	0	0	0	-21,648	-21,648
Balance as at 31.12.22	**7,033**	**0**	**0**	**-407**	**-5,080**	**1,546**

Parent: Figures in DKK '000	Share capital	Share premium	Reserve for development costs	Foreign currency translation reserve	Retained earnings	Total equity
Balance as at 01.01.22	5,450	0	4,510	0	12,261	22,222
Net effect of changed accounting policies	0	0	0	0	-8,244	-8,244
Adjusted balance as at 01.01.22	5,450	0	4,510	0	4,018	13,978
Capital increase, cash	1,000	5,000	0	0	0	6,000
Capital increase, debt conversion	583	2,917	0	0	0	3,500
Cost of changes in capital	0	0	0	0	-213	-213
Foreign currency translation adjustments	0	0	0	0	-71	-71
Transfers to/from other reserves	0	-7,917	-590	0	8,507	0
Net profit/loss for the year	0	0	0	0	-21,648	-21,648
Balance as at 31.12.22	**7,033**	**0**	**3,920**	**0**	**-9,407**	**1,546**

Notes

1. Going concern - material uncertainty

The Annual report for 2022 has been prepared based on the Going Concern principles. However, it is a precondition that the company will receive new capital in April 2023 corresponding to net DKK 7,5 mill. either in a direct or pre-emption share issue.

The proceeds will be used to support the future growth and repayments of existing loans (short-term) amounting DKK 6,038k according to note 13 and 14. The company expects to be cash positive in end 2023 and is not planning for additional capital injections. The precondition is the fulfillment of the budgets and plans for 2023 which is based on a minimum cost base reduced with about 50% compared to 2021.

For 2023, a group revenue within the range of DKK 11,0 to 15,0 mill. is expected and a group EBITDA in the range of DKK -2,0 to 1,5 mill.

The sales consist primarily of 3 years licenses which reduce the risk and uncertainty significantly but also results in an accelerating revenue and EBITDA due to the nature of Annual Recurring Revenue (ARR). Management considers budgets and plans for 2023 as achievable.

Management is in dialogue with investors and is working on several scenarios. Sydbank will handle the share issue process except guarantees.
Management has focus on closing an agreement about a direct share issue and considers it likely. However, this kind of processes includes uncertainty by nature. If an agreement would not be reached, the alternative will be a pre-emption share issue. In both cases the process will start up shortly after the Annual General meeting in March 31, 2023.

Based on the above assumptions for a capital increase and realization of the budget for 2023 as expected, Management has prepared the Annual Report for 2022 on the Going Concern principles. However, material uncertainty exists to the Groups continued operations.

Notes

2. Uncertainty 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	
	2022	2021	2022	2021
Wages and salaries	14,269	18,754	7,536	12,669
Pensions	184	229	44	57
Other social security costs	494	84	494	84
Other staff costs	52	136	43	62
Total	**14,999**	**19,203**	**8,117**	**12,872**
Average number of employees during the year	**11**	**18**	**6**	**10**

4. Income from equity investments in group enterprises

Figures in DKK '000	Group		Parent	
	2022	2021	2022	2021
Share of profit or loss of group enterprises	0	0	-7,321	-7,296
Total	**0**	**0**	**-7,321**	**-7,296**

Notes

5. Financial income

Figures in DKK '000	Group		Parent	
	2022	2021	2022	2021
Interest, group enterprises	0	0	541	194
Foreign currency translation adjustments	502	504	502	504
Total	**502**	**504**	**1,043**	**698**

6. Financial expenses

Figures in DKK '000	Group		Parent	
	2022	2021	2022	2021
Other interest expenses	1,502	788	1,502	788
Foreign currency translation adjustments	35	19	0	0
Costs related to IPO	0	3,464	0	3,464
Other financial expenses	537	127	537	127
Total	**2,074**	**4,398**	**2,039**	**4,379**

7. Tax on loss for the year

Figures in DKK '000	Group		Parent	
	2022	2021	2022	2021
Current tax for the year	2	-835	0	-836
Adjustment of deferred tax for the year	2,185	-2,176	2,185	-2,176
Adjustment of tax in respect of previous years	256	0	256	0
Total	**2,443**	**-3,011**	**2,441**	**-3,012**

Notes

8. Intangible assets

Group Figures in DKK '000	Completed development projects	Aquired rights	Goodwill	Development projects in progress
Cost as at 01.01.22	7,445	8,204	10,149	496
Foreign currency translation adjustment of foreign enterprises	0	452	0	0
Additions during the year	0	0	0	732
Disposals during the year	0	0	0	0
Transfers during the year to/from other items	880	0	0	-880
Cost as at 31.12.22	**8,325**	**8,656**	**10,149**	**348**
Amortization and impairment losses as at 01.01.22	-2,159	-1,036	-2,900	0
Foreign currency translation adjustment of foreign enterprises	0	-36	0	0
Amortization during the year	-1,489	-624	-1,450	0
Amortization and impairment losses as at 31.12.22	**-3,648**	**-1,696**	**-4,350**	**0**
Carrying amount as at 31.12.22	**4,677**	**6,960**	**5,799**	**348**

Parent: Figures in DKK '000	Completed development projects	Aquired rights	Goodwill	Development projects in progress
Cost as at 01.01.22	7,445	999	10,149	496
Additions during the year	0	0	0	732
Disposals during the year	0	0	0	0
Transfers during the year to/from other items	880	0	0	-880
Cost as at 31.12.22	**8,325**	**999**	**10,149**	**348**
Amortization and impairment losses as at 01.01.22	-2,159	-458	-2,900	0
Amortization during the year	-1,489	-100	-1,450	0
Amortization and impairment losses as at 31.12.22	**-3,648**	**-558**	**-4,350**	**0**
Carrying amount as at 31.12.22	**4,677**	**441**	**5,799**	**348**

Notes

8. Intangible assets - continued -

Based on the impairment tests which have been carried out for the assets that is related to the Group's two software products, Management has assessed that this implies that the recoverable amount for intangible assets slightly exceeds the carrying value at 31.12.2022.

The impairment test is calculated by using the discounted cash flow model (DCF) over a budget period of 5 years with a discount factor at 15 percentage and a perpetual growth rate after the 5. year of 2%. The budgets are based on a minimum costs and salary (manpower). 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 + 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 -1,812k. A reduction of 1% will have a positive effect of DKK 2,135k.
2) If the perpetual growth rate is increased 1%, it will have a positive effect of DKK 1,421k. A reduction of 1% will have a negative effect of DKK -1,218k.

Special assumptions regarding development projects
Development projects include the development of the eTray and RevealCX platform as well as AI module to RevealCX. The development project essentially consists of costs in the form of 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 a increase in the activity level and future earnings for the group.

Notes

9. Property, plant and equipment

Group Figures in DKK '000	Other fixtures and fittings, tools and equipment
Cost as at 01.01.22	169
Foreign currency translation adjustment of foreign enterprises	5
Additions during the year	0
Disposals during the year	0
Cost as at 31.12.22	**174**
Depreciation and impairment losses as at 01.01.22	-52
Foreign currency translation adjustment of foreign enterprises	-1
Depreciation during the year	-35
Depreciation and impairment losses as at 31.12.22	**-88**
Carrying amount as at 31.12.22	**86**

Parent Figures in DKK '000	Other fixtures and fittings, tools and equipment
Cost as at 01.01.22	93
Cost as at 31.12.22	**93**
Depreciation and impairment losses as at 01.01.22	-40
Depreciation during the year	-19
Depreciation and impairment losses as at 31.12.22	**-59**
Carrying amount as at 31.12.22	**34**

Notes

10. Equity, investments in group enterprises

Parent Figures in DKK '000	Equity investments in group enterprise
Cost as at 01.01.22	5,685
Cost as at 31.12.22	5,685
Depreciation and impairment losses as at 01.01.22	-5,685
Result from equity investments in group enterprises	-7,321
Set off receivables from group enterprises	7,321
Depreciation and impairment losses as at 31.12.22	-5,685
Carrying amount as at 31.12.22	**0**

Name and registered office	Ownership interest	Equity (DKK '000)
RevealCX LLC, USA, Delaware	100%	-9,950

Notes

11. Other non-current financial assets

Group: Figures in DKK '000	Receivables from group enterprise	Deposits
Cost as at 01.01.22	0	80
Additions during the year	0	5
Cost as at 31.12.22	**0**	**85**
Carrying amount as at 31.12.22	**0**	**85**

Parent: Figures in DKK '000	Receivables from group enterprise	Deposits
Cost as at 01.01.22	9,976	80
Additions during the year	6,523	5
Cost as at 31.12.22	**16,499**	**85**
Impairment losses as at 01.01.22	-2,558	0
Foreign currency translation adjustment of foreign enterprises	-71	0
Impairment losses during the year	-7,321	0
Impairment losses as at 31.12.22	**-9,950**	**0**
Carrying amount as at 31.12.22	**6,549**	**85**

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 31.12.2022, see note 8.

12. Deferred tax

Deferred tax Figures in DKK '000	Group		Parent	
	31.12.22	31.12.21	31.12.22	31.12.21
Deferred tax asset as at 01.01.22	2,185	9	2,185	9
Change in year	-2,185	2,176	-2,185	2,176
Deferred tax asset as at 31.12.22	**0**	**2,185**	**0**	**2,185**

Deferred tax is distributed as below:

Intangible assets	0	-1,187	0	-1,187
Property, plant and equipment	0	-2	0	-2
Tax losses	0	3,374	0	3,374
Total	**0**	**2,185**	**0**	**2,185**

The utilization of deferred tax from 2021 has been reversed.

Notes

13. Long-term payables

Group: Figures in DKK '000	Repayment first year	Outstanding debt 1-5 years	Outstanding debt after 5 years	Total payables at 31.12.22	Total payables at 31.12.21
Payables to other credit institutions	3,688	9,266	0	12,954	8,231
Other payables	0	0	176	176	176
Total	**3,688**	**9,266**	**176**	**13,130**	**8,407**

Parent: Figures in DKK '000	Repayment first year	Outstanding debt 1-5 years	Outstanding debt after 5 years	Total payables at 31.12.22	Total payables at 31.12.21
Payables to other credit institutions	3,688	9,266	0	12,954	8,231
Other payables	0	0	176	176	176
Total	**3,688**	**9,266**	**176**	**13,130**	**8,407**

The debt to payables to other credit institutions with a balance of DKK 12,954k can be listed as follows:

1) Principal DKK 6,420k includes accrued interests of DKK 420k running until June 2024.

2) DKK 1,400k with a quarterly payment of DKK 200k running until September 2024,

3) DKK 2,166k with a quarterly payment of DKK 269k running until October 2025,

4) DKK 1,284k with a monthly payment of DKK 35k running until October 2026,

5) DKK 1,869k with a quarterly payment of DKK 168k running until October 2026,

Capitalized borrowing expenses of DKK 185k are amortized over the lending period.

In case of default of loan agreement debt conversion is an option for the lender regarding payables to other credit institutions, DKK 6,420k. The conversion can be done based on a five-day Volume Weighted Average Price (VWAP) minus ten percentage.

We would like to draw attention to the information contained in note 18, where securities regarding other credit institutions are described.

Notes

14. Debt to management and shareholders

Parent company: short term debt to other payables is due for payment in March 2023. The debt consists of principal DKK 2,350k. Debt conversion is an option for the lenders at a stock price of 2,5.

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

Parent company: in 2022 a total of 400,000 warrants have been granted to members of the Board of Directors. The exercise price of the warrants is equal to the market price of the underlying shares on the date of grant (stock price 2,314 on April 8, 2022). 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 April 8, 2030.

Furthermore, the board of directors is until April 7, 2027 authorized at one or more times to increase the company's nominal share capital by issuance of new shares with up to nominal DKK 5,449,902.50.

Regarding warrants the board of directors is until April 7, 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.

16. Factoring sales invoices

Parent company: factoring has been used for certain sales invoices in 2022. Trade receivables pr. December 31, 2022 would have been increased with DKK 613k without factoring. According to the factoring agreement regress towards Nexcom A/S is not an option in case a customer refuse to pay an invoice. However, there is a limit to the amount of an invoice of DKK 250k including VAT. The limit can be negotiated in case an amount exceeds this limit. There have been no customer claims pr March 16, 2023.

17. Contingent liabilities

Below contingent liabilities are listed:

The parent company has contract liabilities amounting DKK 556k in year 2023 (2021: DKK 1,008k).

The parent company has a rental agreement until maturity amounting DKK 76k. (2021: DKK 71k).

The parent company has a lease agreement until maturity amounting DKK 47k. (2021: DKK 59k).

18. Charges and security

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

Figures in DKK '000	Group		Parent	
	2022	2021	2022	2021
Completed development projects	4,677	5,286	4,677	5,286
Acquired rights	441	541	441	541
Goodwill	5,799	7,249	5,799	7,249
Development projects in progress	348	496	348	496
Other fixtures and fittings, tools, and equipment	34	53	34	53
Trade receivables	688	7,744	688	7,744
Total	**11,987**	**21,369**	**11,987**	**21,369**

Debt to other credit institutions with a balance of DKK 6,720k, are secured by a corporate mortgage totaling 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 11,987k.

Accounting Policies

GENERAL

The annual report is presented in accordance with the provisions of the Danish Financial Statements Act for groups and enterprises in reporting class B with application of provisions for a higher reporting class.

The accounting policies of the parent have changed which is stated in the 'Change in accounting policies' section.

Change in accounting policies

The company has changed its accounting policies in the following areas:

Measurement of equity investments in subsidiaries at equity value. Previously, equity investments in subsidiaries were measured at cost. In future, equity investments in subsidiaries will be measured at equity value as management believes that this will provide a fairer presentation. The comparative figures have been restated in accordance with the new accounting policy. The change in accounting policy has a negative impact of DKK 7,321k on the net profit or loss for 2022. As at 31.12.22, equity is reduced by DKK 15,564k and the balance sheet total is reduced by DKK 15,635k.

Except for the areas mentioned above, the accounting policies have been applied consistently with the previous year.

Basis of recognition and measurement

Income is recognized in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including depreciation, amortization, impairment losses and write-downs, are also recognized in the income statement.

Assets are recognized in the balance sheet when it is probable that future economic benefits will flow to the company, and the value of such assets can be measured reliably. Liabilities are recognized in the balance sheet when it is probable that future economic benefits will flow from the company, and the value of such liabilities can be measured reliably. On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

On recognition and measurement, account is taken of foreseeable losses and risks arising before the date at which the annual report is presented and proving or disproving matters arising on or before the balance sheet date.

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements comprise the parent and its subsidiaries in which the parent directly or indirectly holds more than 50% of the voting rights or by way of agreements exercises control.

All financial statements used for consolidation are prepared in accordance with the accounting policies of the group.

Accounting Policies

The consolidated financial statements consolidate the financial statements of the parent and its subsidiaries by adding together items of a uniform nature, eliminating intercompany income and expenditure, equity investments, intercompany balances and dividends as well as gains and losses resulting from transactions between the consolidated enterprises to the extent that the underlying assets and liabilities are not realized.

CURRENCY

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.

Notes

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 cost of sales, 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.

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.

BALANCE SHEET

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.

Equity investments in group enterprises
Equity investments in subsidiaries are recognized and measured according to the equity method in the balance sheet of the parent. For equity investments in subsidiaries, the equity method is considered a consolidation method.

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.

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 costs incurred in respect of subsequent financial years.

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.

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 payable and receivable is recognized in the balance sheet as tax computed on the basis of the taxable income for the year, adjusted 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: 2022

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Pia Gardø Riise
Charlotte Enlund

Executive Board
Rolf Gordon Adamson
Chief Executive Officer

Auditors
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