

DECIDEACT

ANNUAL REPORT 2022

ANNUAL GENERAL MEETING
THE ANNUAL GENERAL MEETING IS HELD ON 24 MAY 2023.

PUBLISHED
THE ANNUAL REPORT 2022 IS AVAILABLE FOR DOWNLOAD ON OUR WEBSITE: [HTTPS://WWW.DECIDEACT.NET/INVESTORS](https://www.decideact.net/investors) FROM APRIL 29, 2023. FOLLOWING THE ANNUAL GENERAL MEETING, IT WILL BE REGISTERED WITH THE DANISH BUSINESS AUTHORITY (ERHVERVSSTYRELSEN) FOR PUBLICATION ALSO ON WWW.CVR.DK



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MANAGEMENT COMMENTARY:

DECIDEACT CAME OUT OF A TURBULENT YEAR STRONGER

Overall, 2022 has been an important year for DecideAct. In a year marked by turbulence, the Company has emerged stronger with a growing pipeline, an improved technical platform, a strengthened market position, many new, important customers, fruitful partnerships, and thus a strong foundation for achieving its goals. The more uncertain business environment has also opened companies' eyes to the possibilities of DecideAct's product. More than ever, they need to be able to adapt quickly and ensure that strategic priorities are implemented.

2022 was indeed a challenging year in every way. Everyone knows that, and there's no need to recap the discouraging headlines here. But at the same time, the market for strategy execution solutions has clearly matured, particularly among larger companies.

PRECAUTIONS IN A VOLATILE BUSINESS CLIMATE

DecideAct has gained several new customers and is coming out of 2022 with a 37% growth in ARR before churn. Nevertheless, the Company was aiming for higher results, but as it faced a market that has been, if not frozen, at least characterized by hesitation and a wait-and-see attitude, it has proved more difficult to close deals. SaaS businesses in general, including big players like Salesforce, have been challenged throughout 2022.

In this more volatile business environment, the task has been to take the necessary steps to ensure continued growth towards the long-term goals—but in a way that also makes the Company resilient should the difficult market conditions prove to persist for a prolonged period. One way in which DecideAct has

DKK 10 MILLION IN ARR

DecideAct's pipeline has grown steadily, and the Company has more in the contracting phase than ever before. Furthermore, DecideAct has improved its technical platform, strengthened its market position, gained new, important customers, established fruitful partnerships – and thus laid a strong foundation for achieving its goals.

taken precautions is by cutting costs in areas such as customer segments, and activities that are not considered profitable, whilst narrowing the investment focus to three specific areas where identified particular potential has been identified:

Maturing Canada as a geographic sweet spot: a focus on English-speaking markets as a strong position here will provide the best basis for scaling.

The public sector as a potential game-changer: the challenges in the public sector are growing and DecideAct's platform is a perfect

match to help public sector organizations deliver on policy agendas such as ESG and get more out of increasingly tight budgets.

Strategic partnerships for growth: DecideAct has already won several contracts through partners, and the experience working with new clients has been very positive.

It is the assessment that the Company's efforts in these focus areas will pay off despite the somewhat greater uncertainty around timing and closure conditions in larger customer environments.

LARGER CONTRACTS—LONGER DECISION PROCESS

DecideAct's field of work is value creation in the B2B and B2G segments, and the Company has many good cases that support the justification of the solution. This also has a positive impact on the pipeline, which has been growing steadily. The dialogue with larger companies in particular is extremely positive and, compared to the past, the sales team senses a much greater maturity among companies in terms of taking the relatively large step of putting their strategy management into a new digital framework.

In 2022 DecideAct gained the following operational achievements:

- Continuously grown the customer base and entered new verticals
- Strengthened sales efforts and expanded the pipeline
- Launched a brand-new part of the platform focused on Promise-Based Execution
- Totally pivoted the Company's marketing approach to be fully data-driven
- Hired a Head of Partnerships and entered new and important strategic partnerships
- Entered a strategic partnership to achieve a dominant position in the Danish public sector

The agreements with larger companies are attractive because of much higher contract amounts, opportunities for cross-selling to subsidiaries and other departments, and an often more long-term choice of solutions to strengthen and transform the business. However, this also means that these companies have longer decision-making processes. DecideAct has become much better and faster at systemizing the process, but the Company is still



“ We have come through 2022 well without losing focus on what is most important, namely keeping direction and momentum toward our long-term goals.

Flemming Videriksen, Co-founder and CEO of DecideAct

working on shortening the path to the final contract signature, and one of the solutions will be certification.

LONGER SALES CYCLES

DecideAct has seen an increase of 36% in the number of customers year to date, the size of each customer is stable and loyalty among customers remains relatively high, reflected in the fact that despite a volatile business environment the Company has managed to retain 92% of its customers.

At the end of 2021, when the world was still in fairly stable waters, DecideAct announced an ambitious expectation of ARR growth in 2022 of at least 80% compared to the ARR of DKK 8.74 million at the end of 2021. However, in Q3 the Company announced that it could not be said with 100% certainty whether this year's target would be achieved by the end of the year, as a sales process in the SEM field usually takes between three weeks and nine months, depending on the industry, urgency and, size of the customer. DecideAct's ARR at the end of 2022 was DKK 10 million.

The combination of uncertainty in the market and generally larger contracts to negotiate, means longer sales cycles which in turn, leads to generally less precision in the timing and forecasting of completion and a wider indicative range. However, given the current large pipeline, promising dialogue with potential customers, and many contract negotiations, the management is extremely positive about the future and the likelihood of achieving our goal of becoming a leader in our field.

STRENGTHENING OF THE BOARD AND MANAGEMENT

At the end of the year, DecideAct strengthened its Board with a very experienced profile, namely 46-year-old Henrik Pallisgaard Jensen, Vice President and Head of Group Accounting, Governance, Risk & Controls at A.P. Møller - Maersk, who with his experience from large companies will be a valuable support in setting the commercial direction for the coming years.

Churn of 8%

In the first half of 2022, DecideAct experienced a 4% churn. At the same time, it was announced that continued customer growth was expected to be accompanied by churn in the range of 5-10%. The actual churn of 8% is within the estimated range. The customer churn is partly due to changing market conditions and, partly due to contracts signed with companies that have not yet been mature enough to implement the solution in a way that maximizes its value. In addition, it should be mentioned that a few of the non-renewed contracts have been linked to relatively large companies that have been particularly hard hit by the downturn in their industries, which has also had a particularly negative impact on DecideAct's ARR. However, this is considered an exception.

The management team was also strengthened by implementing a generational change with two talented leaders, Lilja Graetz and Parisa Louie, joining DecideAct's official Global Leadership Committee.

KEEPING MOMENTUM TOWARD OUR LONG-TERM GOALS

DecideAct has come through 2022 well without losing focus on what is most important, namely keeping direction and momentum toward the long-term goals. The Company stands today with a strengthened leadership team, a strengthened product, a more cohesive marketing/sales process, a larger pipeline of higher quality leads, better partnership models, a greater focus on the geographies and verticals where it can make the most impact, and, a tighter cost structure. DecideAct thus has the greatest opportunity to drive breakthroughs despite the continued turbulence in the world.

The management's main conclusion of the year is that it must be recognized that the Company has been ahead of itself and that DecideAct must be clear-sighted enough to look soberly at the things that it is within its power to improve and, make sure to take advantage of all the lessons that can be learned from them. This is what the DecideAct



team has agreed on, and it is the Company's promise to its investors.

STRONG SUPPORT FROM OUR INVESTORS

In March, DecideAct strengthened its balance sheet as we agreed with private investor Jens Munch (J. Munch Holding ApS) that he invested a further DKK 5.2 million into DecideAct by way of a directed issue. In August, Jens Munch added another DKK 6.5 million to his investment in DecideAct. Furthermore, a loan of DKK 3 million was committed from the Danish Growth Fund (Vækstfonden). Finally, in November, an extraordinary general meeting (EGM) approved an increase of capital of the Company through the injection of DKK 3 million via a directed issue. The participants are all key people in the Company and cornerstone investors.

These capital injections represent a boost to the Company's capital base and will be deployed to

further ensure the long-term scaling of DecideAct, whilst enabling DecideAct to navigate today's turbulent markets with a steady hand.

EARNING/SHARE AND NUMBER OF SHARES

	Profit/loss	Shares Outstanding	Average number of shares	Earning/share
2021	(18,579,841)	8,908,847	8,228,667	(2,26)
2022	(20,164,088)	11,065,946	9,875,558	(2,04)
H1 2021	(7,660,884)	7,683,177	7,683,177	(1,00)
H1 2022	(9,890,317)	9,540,539	9,305,409	(1,06)

The dilution of outstanding warrants has not been calculated as the Earning/share is negative.

DEVELOPMENTS IN ACTIVITIES AND FINANCES

The Company's result of DKK -20.2 million for 2022 is as expected, influenced significantly by investments in further product development, sales and marketing, and our customer success manage-

ment. We have reached an ARR of DKK 10 million, consolidated for the group on 31 December 2022, the Company's equity amounts to DKK 11.0 million, and intangible assets are DKK 15.8 million.

To support the ongoing operations and the achievement of DecideAct's long-term goals, the Company continuously monitors its liquidity needs. The liquidity position at the end of 2022 was considered sufficient to cover the liquidity needs for the next 12 months.

Given the current world market situation, the management considers the Company's economic performance to be acceptable. DecideAct has secured a situation with many deals in the contract phase and a strong pipeline and therefore, DecideAct's management is very optimistic about the future.

EVENTS AFTER THE BALANCE SHEET CLOSING DATE

In March 2023, DecideAct received an additional investment of DKK 4.1 million, as the Company agreed with its largest shareholder, Jens Munch (J. Munch Holding ApS), that he would invest a further DKK 3.7 million into DecideAct by way of a directed issue, and in addition to that, the chairman and CEO joined with a total amount of DKK 400,000 on the same terms. The capital increase resulted in the total issuance of 962,440 new shares, corresponding to 8,0% of the share capital after the transaction, and was executed by the Board by use of the existing authorization to perform directed issues in the Company's Articles of Association. The investment is a boost to the Company's capital base and will enable DecideAct to navigate with a steady hand in today's turbulent markets and will be deployed to further ensure the long-term scaling of DecideAct.

In Q1, the Board of Directors had proposed a new authorization to the Board of Directors to raise the Company's share capital by up to a total of nominally DKK 1,100,000, with pre-emption rights for existing shareholders for a period of 5 years. The Board of Directors had also proposed a new

Cash position for investments after closing the balance sheet:

Cash position by 31 December 2022 (consolidated for the group): DKK 5.4 million

Additional private placement in 2023: DKK 4.1 million

Expected loan from Vækstfonden when agreed metrix achieved: DKK 2.0 million

New cash position for investments: DKK 11.5 million

authorization to issue warrants with pre-emption rights for the Company's existing shareholders and to execute the related capital increase by up to nominally DKK 600,000 for a period of 5 years. The proposals were adopted at an extraordinary general meeting on 4 April.

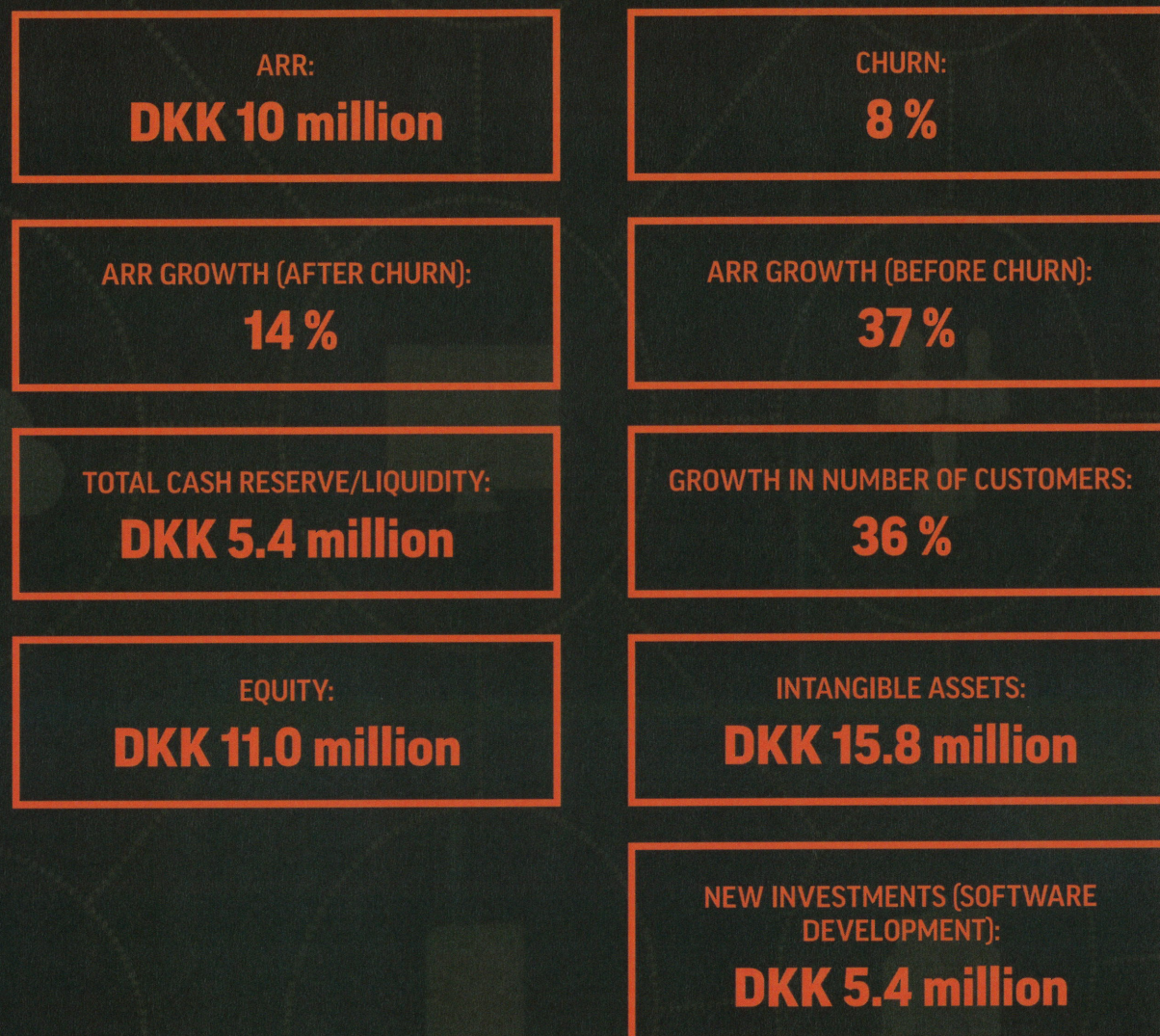
No other events have occurred since the Balance Sheet closing date that would influence the evaluations in this annual report. It is currently assessed that the ongoing effects of Covid-19 and the war in Ukraine will not affect the Company's financial position and development.

KEY EVENTS IN 2022

- **MAR 9: Strengthened balance sheet with a further DKK 5.2 million by way of a directed issue**
- **April 9: Annual Report 145% increase in ARR in 2021 is best-in-class performance**
- **May 9: Annual General Meeting**
- **AUG 15: Additional investment of DKK 6.5 million by way of a directed issue**
- **NOV 18: Injection of further DKK 3 million from key people in DecideAct and cornerstone investors**

THE METRICS

(CONSOLIDATED FOR THE GROUP ON 31 DECEMBER 2022)



Key figures

	H1 2021	2021	H1 2022	2022
Gross profit (DKK)	-5,439,129	-14,006,331	- 7,191,520	-13,766,963
Operating profit/loss (DKK)	-7,735,026	-18,807,055	- 10,299,077	-20,640,037
Profit/loss for the year (DKK)	-7,660,884	-18,579,841	- 9,890,317	-20,164,088

VALUE PROPOSITION

HELP ENGAGE THE ENTIRE ORGANIZATION IN ACHIEVING BUSINESS GOALS

DecideAct's solution addresses one of the biggest problems in business. The groundbreaking Strategy Execution software is a digital infrastructure that replaces messy spreadsheets and manual follow-ups, whilst making strategy implementation much easier for management.

The DecideAct software creates transparency, speeds up the progress of strategy execution, and helps engage the entire organization in reaching its business goals. DecideAct's vision is to modernize strategic leadership through technology, which aligns perfectly with the Company's commitment to helping clients turn all their strategic goals, including ESG, into reality.

VISION

MODERNIZE STRATEGIC LEADERSHIP THROUGH TECHNOLOGY

MISSION

TRANSFORM STRATEGY INTO ACTION

GOALS

BECOME A DOMINANT PLAYER IN SEM AND OWN THE KNOWLEDGE DOMAIN

DECIDEACT A/S

**Østre Kajgade 3
3730 Nexø**

CVR no. 36 07 77 35

**Annual report for 2022
(8th Financial year)**

Adopted at the annual general meeting
on 24 May 2023



Rasmus Schou Pedersen
Chairman of the general meeting

Statement by management on the annual report

The Board of Directors and executive board have today discussed and approved the annual report of DECIDEACT A/S for the financial year 1 January - 31 December 2022.

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

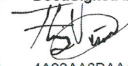
In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2022 and of the results of the company's operations and cash flows for the financial year 1 January - 31 December 2022.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommends that the annual report for adoption at the Annual General Meeting.

Nexø, 29 April 2023

Executive board

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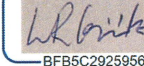
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Flemming Syrvang Videriksen,
CEO

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Parisa Louie

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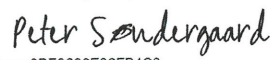
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Liija Rut Grätz

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Board of Directors

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Peter Søndergaard


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Peter Søndergaard Jensen
chairman

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Bjarni Snæbjörn Jónsson

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Jacob Tackmann Thomsen

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Póey G. Guðmundsdóttir

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Henrik Jensen

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Henrik Falnisgaard Jensen

Independent auditor's report

To the shareholders of DECIDEACT A/S

Opinion

We have audited the financial statements of DECIDEACT A/S for the financial year 1 January - 31 December 2022, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity, cash flow statement and notes. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2022 and of the results of the company's operations and cash flows for the financial year 1 January - 31 December 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 the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and 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 financial statements

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

In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Independent auditor's report

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

Independent auditor's report

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 commentary

Management is responsible for management's commentary

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

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

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

Based on the work we have performed, we conclude that management's commentary is in accordance with the 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 management's review.

Aarhus, 29 April 2023

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR no. 33 96 35 56

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State Authorised Accountant
MNE no. mne35428

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JENS LAURIDSEN

State Authorised Accountant
MNE no. mne34323

Company details

The company

DECIDEACT A/S
Østre Kajgade 3
3730 Nexø

Telephone: 27114460

CVR no.: 36 07 77 35

Reporting period: 1 January - 31 December 2022

Incorporated: 1 september 2014

Financial year: 8th financial year

Domicile: Bornholm

Board of Directors

Peter Søndergaard Jensen, chairman
Bjarni Snæbjörn Jónsson
Flemming Sylvang Videriksen
Jacob Tackmann Thomsen
Thorey G. Gudmundsdottir
Henrik Pallisgaard Jensen

Executive board

Flemming Sylvang Videriksen, CEO
Parisa Louie
Lilja Rut Graetz

Auditors

Deloitte
Statsautoriseret Revisionspartnerselskab
City Tower, Værkmestergade 2
8000 Aarhus

Accounting policies

The annual report of DECIDEACT A/S for 2022 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

Furthermore, the company has decided to implement the recommendations made in the Danish accounting standards pertaining to reporting class B and C entities.

The accounting policies applied are consistent with those of last year, but with a few reclassifications in the presentation of the annual report in the comparative figures.

Pursuant to sections §110 subsection 1, of the Danish Financial Statements Act, the company has not prepared consolidated financial statements.

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortisation, depreciation and impairment losses, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any installments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report is presented and which confirm or invalidate matters existing at the balance sheet date.

Income statement

Gross profit/loss

Gross profit or loss comprises revenue, own work capitalized, cost of sales and other external expenses.

Accounting policies

Revenue

Revenue from royalty is recognised in the income statement upon sale of licenses by the group companies. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Own work capitalized

Own work capitalized comprises staff costs and other costs incurred in the financial year and recognized in cost for proprietary intangible assets.

Costs of sales

Costs directly related to revenue, including transfer pricing adjustments related to sales companies in the Group.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for administration costs, investor relations etc.

Staff costs

Staff costs include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc. made to the entity's employees. Share-based programs are not recognized in the income statement, but are disclosed in a separate note.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise the year's amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that relate to the financial year.

Tax on profit/loss for the year

The company is subject to the Danish rules on compulsory joint taxation.

Tax for the year, which comprises the current tax charge for the year and changes in the deferred tax charge, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

Accounting policies

Balance sheet

Intangible assets

Development projects

Assets comprise development projects completed and in progress with related intellectual property rights.

Development projects etc are written down to the lower of recoverable amount and carrying amount.

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

The cost of development projects comprise of salaries, directly attributable external costs and a relevant share of indirect external expenses.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. For development projects protected by intellectual property rights, the maximum period of amortisation is the remaining duration of the relevant rights. The amortisation periods used are 3-10 years

Investments in subsidiaries

Investments in subsidiaries are measured in the financial statements using the equity method.

Investments in subsidiaries with a negative net asset value are measured at DKK 0, and the carrying amount of any receivables from these entities is reduced to the extent that they are considered irrecoverable. If the parent company has a legal or constructive obligation to cover a deficit that exceeds the receivable, the balance is recognised under provisions.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to reserve for net revaluation according to the equity method in equity

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

Accounting policies

Revenue in subsidiaries

Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured a fair value of the consideration fixed. Revenue from services, comprising license contracts is recognised on a straight-line basis as the services are provided, normally over a period of 12 months.

Receivables

Receivables are measured at amortised cost usually equalling nominal value less writedowns for bad and doubtful debts.

Corporation tax

Corporation tax recognised under 'Current assets' comprises expenses incurred concerning subsequent financial years.

Cash

Cash comprises deposits at banks.

Income tax and deferred tax

Current tax liabilities and current tax receivables are recognised in the balance sheet as the estimated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and tax paid on account.

Deferred tax is measured according to the liability method in respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned use of the asset and settlement of the liability, respectively. Deferred tax is measured at net realisable value.

Liabilities

Liabilities, which include trade payables, payables to group entities and other payables, are measured at amortised cost, which is usually equivalent to nominal value.

Deferred income

Deferred income recognised under 'Current liabilities' comprises payments received concerning income in subsequent financial years.

Accounting policies

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses. Exchange differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates and out of the translation of income statements from average rates to the exchange rates at the balance sheet date are recognised directly in the translation reserve in equity. Exchange adjustments of outstanding accounts with independent foreign subsidiaries, which are considered part of the total investment in the subsidiary in question, are recognised directly in the translation reserve in equity.

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities, and cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes, and financial income, financial expenses and income tax paid.

Cash flows from investing activities

Cash flows from investing activities comprise payments in connection with acquisition and investment of enterprises, and purchase, development, improvement and sale, etc. of tangible and intangible assets.

Cash flows from financing activities

Cash flows from financing activities comprise changes in the size or composition of the company's share capital and related costs, as well as the raising of loans, repayment of interest-bearing debt and payment of dividends to shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise of cash.

Accounting policies

Definitions of Metrics (Management Commentary page 8)

Churn:

Churn is calculated as the percentage rate at which customers cancel their recurring revenue subscriptions.

ARR:

ARR is calculated as the MRR ultimo each month multiplied with 12.

ARR growth after churn:

ARR growth after churn is calculated as the change in annual recurring revenue in 2022 including churn.

ARR growth before churn:

ARR growth before churn is calculated as the change in annual recurring revenue in 2022 excluding churn.

Growth in number of customers:

Growth in number of customers is calculated as the change in the number of customers from primo 2022 to ultimo 2022.

Earning/share:

Earning/share is calculated as profit/loss divided by average outstanding shares.

Income statement 1 January - 31 December

	Note	2022 DKK	2021 DKK
Gross profit/loss	1	-13,766,963	-14,006,331
Staff costs	2	-4,419,347	-3,015,831
Profit/loss before amortisation/depreciation and impairment losses		-18,186,310	-17,022,162
Amortisation of intangible assets		-2,453,727	-1,784,893
Profit/loss before net financials		-20,640,037	-18,807,055
Income from investments in subsidiaries		449,599	-1,507,194
Financial income	3	38,049	112,660
Financial costs	4	-814,262	-626,156
Profit/loss before tax		-20,966,651	-20,827,745
Tax on profit/loss for the year	5	802,563	2,247,904
Profit/loss for the year		<u>-20,164,088</u>	<u>-18,579,841</u>
Distribution of profit			
		2022 DKK	2021 DKK
Recommended appropriation of profit/loss			
Reserve for development costs		2,589,592	1,922,576
Retained earnings		-22,753,680	-20,502,417
		<u>-20,164,088</u>	<u>-18,579,841</u>

Balance sheet 31 December

	<u>Note</u>	<u>2022</u> DKK	<u>2021</u> DKK
Assets			
Completed development projects		11,962,304	12,784,176
Development projects in progress		<u>3,835,592</u>	<u>0</u>
Intangible assets	6	<u>15,797,896</u>	<u>12,784,176</u>
Investments in subsidiaries	7	<u>3,940,424</u>	<u>3,452,611</u>
Fixed asset investments		<u>3,940,424</u>	<u>3,452,611</u>
Total non-current assets		<u>19,738,320</u>	<u>16,236,787</u>
Receivables from subsidiaries		859,355	138,522
Other receivables		1,829,420	1,137,820
Receivable from shareholders and management	8	330,443	1,123,366
Corporation tax	9	792,431	785,904
Prepayments		<u>98,159</u>	<u>107,979</u>
Receivables		<u>3,909,808</u>	<u>3,293,591</u>
Cash at bank		<u>4,367,695</u>	<u>12,782,366</u>
Total current assets		<u>8,277,503</u>	<u>16,075,957</u>
Total assets		<u><u>28,015,823</u></u>	<u><u>32,312,744</u></u>

Balance sheet 31 December

	Note	2022 DKK	2021 DKK
Equity and liabilities			
Share capital		1,106,595	890,885
Reserve for development expenditure		12,322,359	9,732,767
Exchange rate adjustment		22,982	7,056
Retained earnings		-2,420,994	6,567,284
Equity		11,030,942	17,197,992
Other credit institutions		8,116,917	6,356,690
Total non-current liabilities	10	8,116,917	6,356,690
Banks		171,922	206,152
Other credit institutions	10	1,212,716	0
Trade payables		823,594	1,215,641
Payables to subsidiaries		6,220,123	6,564,677
Payables to shareholders and management		63,178	0
Other payables	11	376,431	771,592
Total current liabilities		8,867,964	8,758,062
Total liabilities		16,984,881	15,114,752
Total equity and liabilities		28,015,823	32,312,744
Capital reserves	12		
Contingent assets	13		
Contingent liabilities	14		
Mortgages and collateral	15		
Shared-based programme	16		

Statement of changes in equity

	Share capi- tal	Share premi- um account	Reserve for development expenditure	Reserve for exchange ra- te adjust- ments	Retained earnings	Total
Equity at 1 January 2022	890,885	0	9,732,767	7,056	6,567,284	17,197,992
Exchange rate adjustments	0	0	0	15,926	0	15,926
Increase of capital	215,710	14,465,341	0	0	0	14,681,051
Capital increase costs	0	0	0	0	-699,939	-699,939
Transfer to reserves	0	-14,465,341	0	0	14,465,341	0
Net profit/loss for the year	0	0	2,589,592	0	-22,753,680	-20,164,088
Equity at 31 December 2022	1,106,595	0	12,322,359	22,982	-2,420,994	11,030,942

	Share capi- tal	Share premi- um account	Reserve for development expenditure	Reserve for exchange ra- te adjust- ments	Retained earnings	Total
Equity at 1 January 2021	768,318	0	7,810,191	0	12,531,225	21,109,734
Exchange rate adjustments	0	0	0	7,056	0	7,056
Increase of capital	122,567	14,671,270	0	0	0	14,793,837
Capital increase costs	0	0	0	0	-132,794	-132,794
Transfer to reserves	0	-14,671,270	0	0	14,671,270	0
Net profit/loss for the year	0	0	1,922,576	0	-20,502,417	-18,579,841
Equity at 31 December 2021	890,885	0	9,732,767	7,056	6,567,284	17,197,992

Cash flow statement 1 January - 31 December

	Note	2022 DKK	2021 DKK
Net profit/loss for the year		-20,164,088	-18,579,841
Adjustments	17	1,977,979	1,557,679
Change in working capital	18	-1,333,720	-259,553
Cash flows from operating activities before financial income and expenses		-19,519,829	-17,281,715
Interest income and similar income		38,049	112,660
Interest expenses and similar charges		-777,070	-626,156
Cash flows from ordinary activities		-20,258,850	-17,795,211
Corporation tax receivable		795,836	0
Cash flows from operating activities		-19,463,014	-17,795,211
Purchase of intangible assets		-5,467,447	-3,879,560
Investment in subsidiaries		-22,288	-4,951,260
Cash flows from investing activities		-5,489,735	-8,830,820
Repayment of convertible loan		0	-2,538,475
Repayment of loans from credit institutions		0	-275,140
Payables to subsidiaries		-344,554	7,832,832
Raising of loans from credit institutions, net		2,935,750	4,000,000
Other cashflows from financing activities		-34,230	206,152
Cash capital increase		13,981,112	14,668,098
Cash flows from financing activities		16,538,078	23,893,467
Change in cash and cash equivalents		-8,414,671	-2,732,564
Cash and cash equivalents 1. januar 2022		12,782,366	15,514,930
Cash and cash equivalents 31. december 2022		4,367,695	12,782,366
Analysis of cash and cash equivalents:			
Cash at bank		4,367,695	12,782,366
Cash and cash equivalents 31. december 2022		4,367,695	12,782,366

Notes

1 Gross profit/loss

Herein included "Own work capitalized" regarding development projects, which amounts to 1,032 tDKK in 2022 and 715 tDKK in 2021

	<u>2022</u>	<u>2021</u>
	DKK	DKK
2 Staff costs		
Wages and salaries	3,902,722	2,764,589
Pensions	502,500	222,000
Other social security costs	14,125	5,959
Other staff costs	<u>0</u>	<u>23,283</u>
	<u>4,419,347</u>	<u>3,015,831</u>
Average number of employees	<u>3</u>	<u>2</u>

3 Financial income

Interest received from subsidiaries	19,503	82,535
Other financial income	0	29,841
Exchange gains	<u>18,546</u>	<u>284</u>
	<u>38,049</u>	<u>112,660</u>

4 Financial costs

Financial expenses, amortisation of loan costs	37,192	19,457
Other financial costs	734,576	559,760
Exchange loss	<u>42,494</u>	<u>46,939</u>
	<u>814,262</u>	<u>626,156</u>

Notes

	<u>2022</u>	<u>2021</u>
	DKK	DKK
5 Tax on profit/loss for the year		
Current tax for the year	-792,431	-785,904
Deferred tax for the year	<u>0</u>	<u>-1,462,000</u>
Tax of ordinary income or loss	-792,431	-2,247,904
Regulation tax previous years	<u>-10,132</u>	<u>0</u>
	<u>-802,563</u>	<u>-2,247,904</u>

Current tax relates to tax credit for research and development expenses at the applicable tax rate under the Danish Corporation Tax. Act. See also note 9.

Notes

6 Intangible assets

	Completed development projects	Development projects in progress
Cost at 1 January 2022	15,664,402	0
Additions for the year	<u>1,631,855</u>	<u>3,835,592</u>
Cost at 31 December 2022	<u>17,296,257</u>	<u>3,835,592</u>
Impairment losses and amortisation at 1 January 2022	2,880,226	0
Amortisation for the year	<u>2,453,727</u>	<u>0</u>
Impairment losses and amortisation at 31 December 2022	<u>5,333,953</u>	<u>0</u>
Carrying amount at 31 December 2022	<u>11,962,304</u>	<u>3,835,592</u>

Development projects comprise software development costs related to the development of the DecideAct platform.

The software is under continuous development for the use of customers and is sold as a license through Group companies and gives the user access the software for a given period.

New capitalizations are characterized as a new product or as a new feature. The user has access to upgrades and new functionalities during the contract period.

The cost for maintenance and support of the DecideAct platform is expensed in the P&L.

DecideAct A/S holds the IP rights for all development projects.

In connection to the preparation of the financial statements Managements have considered whether indications for impairment exist. This assessment is based on current expectations and require Management to exercise professional judgment. On basis of the expectations for the future cash flows from the development projects Management have concluded that no impairment loss should be recognized.

Notes

	<u>2022</u>	<u>2021</u>
	DKK	DKK
7 Investments in subsidiaries		
Cost at 1 January 2022	6,074,141	1,124,036
Additions for the year	<u>22,288</u>	<u>4,950,105</u>
Cost at 31 December 2022	<u>6,096,429</u>	<u>6,074,141</u>
Revaluations at 1 January 2022	-2,621,530	-1,115,491
Exchange adjustment	15,926	-2,488
Net profit/loss for the year	449,599	258,834
Revaluations for the year, net	<u>0</u>	<u>-1,762,385</u>
Revaluations at 31 December 2022	<u>-2,156,005</u>	<u>-2,621,530</u>
Carrying amount at 31 December 2022	<u>3,940,424</u>	<u>3,452,611</u>

Investments in subsidiaries are specified as follows:

<u>Name</u>	<u>Registered office</u>	<u>Ownership interest</u>	<u>Equity</u>	<u>Profit/loss for the year</u>
Decideact Solutions ApS	Nexø	100%	2,956,669	150,361
Decideact Solutions ehf.	Reykjavik	100%	365,382	235,640
Decideact Cloud Solution for Strategy Execution Management Inc.	New Brunswick	100%	554,421	21,934
Decideact Solutions Portugal, Unipessoal LDA	Lisboa	100%	<u>63,952</u>	<u>41,664</u>
			<u>3,940,424</u>	<u>449,599</u>

Notes

	<u>2022</u>	<u>2021</u>
	DKK	DKK
8 Receivable from shareholders and management		
Receivable from shareholders and management	330,443	1,123,366

The Company has receivables from Katla Seed Invest ApS. This relates to a standing loan, which was established when Katla Seed Invest ApS was a parent company to the Company. The receivables bear interests of 4% p.a.

9 Corporation tax

The outstanding corporate tax receivable included in the balance sheet relates to the use of the tax credit scheme under section 8X of the Danish Tax Assessment Act, whereby the company receives payment for the tax value of losses resulting from research and development expenses. Based on the review of the criteria for using the scheme, it is management's clear understanding that the company is eligible to use the scheme, and the recognition has been made based on this assessment. There is a risk that the Danish Tax Authority may determine that the conditions for using the scheme have not been met. If so, subsequent financial years will be negatively affected by the reduction of the outstanding corporate tax receivable through "Tax for the year" in the income statement.

10 Long term debt

Other credit institutions

After 5 years	522,488	712,989
Between 1 and 5 years	7,594,429	5,643,701
Non-current portion	8,116,917	6,356,690
Within 1 year	1,212,716	0
Current portion	1,212,716	0
	<u>9,329,633</u>	<u>6,356,690</u>

11 Other payables

Accrued interest	159,986	76,160
Wages/salaries, salary taxes, social security contributions, etc.	215,575	695,432
Other accrued expenses	870	0
	<u>376,431</u>	<u>771,592</u>

Notes

12 Capital reserves

To support the ongoing operations and the achievement of DecideAct's long-term goals, the Company continuously monitors its liquidity needs. The liquidity position at the end of 2022 combined with the investment in the Company in Q1 2023 is considered sufficient to cover the liquidity needs for the next 12 months.

13 Contingent assets

Deferred tax receivable of DKK 6,2 mio is not recognized in the income statement and balance.

14 Contingent liabilities

The Entity participates in a Danish joint taxation arrangement as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc. for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

15 Mortgages and collateral

The company has a ban on pledging of fixed assets, intangible assets, inventory, shares in Decideact Solutions ApS, receivables, etc. and has submitted a letter of indemnity nom. 7.200 t.kr. as security for balances with Vækstfonden. The corporate mortgage includes intangible and tangible fixed assets, inventories, shares in Decideact Solutions ApS of nominal t.kr. 40 and receivables from sales. The carrying amount of pledged intangible fixed assets amounts to 15.798 t.kr.

Notes

16 Shared-based programme

Specifications of outstanding warrants

<u>Number of warrants</u>	<u>Weighted average exercise price DKK</u>	<u>Board of Directors</u>	<u>Executive Committee</u>	<u>Members of staff/Advisors</u>	<u>Total</u>
Granted 2021	8.15	0	0	94,506	94,506
Granted 3rd May 2022	6.01	137,093	18,000	86,493	241,586
Cancelled	8.15	0	0	-21,000	-21,000
Granted 24th May 2022	8.15	60,000	60,000	22,500	142,500
Granted 18th Nov 2022	5.70	105,000	60,000	15,000	180,000
		302,093	138,000	197,499	637,592

Outstanding warrants have the following characteristics

	<u>Weighted average exercise price DKK</u>	<u>Vesting period</u>	<u>Exercise period</u>	<u>No of warrants 2022</u>	<u>No of Warrants 2021</u>
Warrants granted 2021	8.15	Jan-21	Jan 21- Dec 25	94,506	94,506
Warrants granted 3rd May 2022 Members of Staff/Executive Committee	8.15	May 22 - May 24	May 22 - Dec 28	83,493	0
Warrants granted 3rd May 2022 Board of Directors	4.38	May 22 - Dec 22	May 22 - Dec 28	137,093	0
Warrants granted 24th May 2022 Members of Staff/Executive Committee	8.15	May 22 - May 24	May 22 - Dec 28	82,500	0
Warrants granted 24th May 2022 Board of Directors	8.15	May 22	May 22 - Dec 28	60,000	0
Warrants Granted 18th Nov 2022	5.70	May 23	May 23 - Dec 29	180,000	0
				637,592	94,506

According to the AoA the Board of Directors has been authorized to pass a resolution to issue a total of 872,500 warrants of which 208,414 warrants have not yet been issued. A total of 26,494 warrants have either been issued and cancelled or are outdated bringing the total outstanding warrants to 637,592.

According to the AoA the Board of Directors can issue up till 6 mio. warrants to current shareholders. Terms have not yet been determined.

Notes

	<u>2022</u>	<u>2021</u>
	DKK	DKK
17 Cash flow statement - adjustments		
Financial income	-38,049	-112,660
Financial costs	814,262	626,156
Depreciation, amortisation and impairment losses	2,453,727	1,784,893
Income from investments in subsidiaries	-449,599	1,507,194
Tax on profit/loss for the year	-802,563	-2,247,904
Other adjustments	201	0
	<u>1,977,979</u>	<u>1,557,679</u>
18 Cash flow statement - change in working capital		
Change in receivables	-609,690	417,771
Change in trade payables, etc.	-724,030	-677,324
	<u>-1,333,720</u>	<u>-259,553</u>

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