

INTERIM FINANCIAL REPORT, Q3 2023

Reach, Engage, and Unite the Power of Your Workforce



Relesys at a glance

ARR increased from DKKm 40.2 in Q3 2022 to DKKm 54.8 in Q3 2023, corresponding to 36% year-on-year growth.

Revenue grew from DKKm 10.9 in Q3 2022 to DKKm 14.5 in Q3 2023, corresponding to 33% year-on-year growth.

Net ARR Retention Rate of 106% year-on-year is driven by high ARR net uplift of 10% and low ARR churn of 4%.

Free cash flow (FCF) of a negative DKKm -7.6 (last twelve months), resulting in an FCF multiple of -0.5.

Cash balance end of the period of DKKm 26.2 is considered sufficient to take Relesys to a positive cash flow.

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

SALES OFFICES IN

Copenhagen
Amsterdam
Stockholm
London

CLIENTS HAVE

344k
licences

USERS IN

98
countries

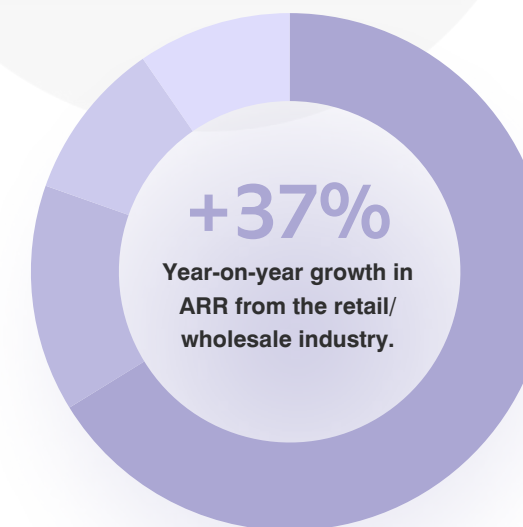
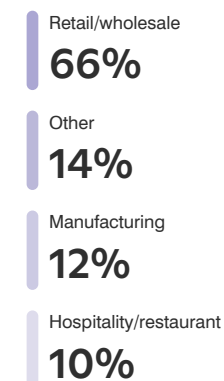
CLIENTS IN

15
countries

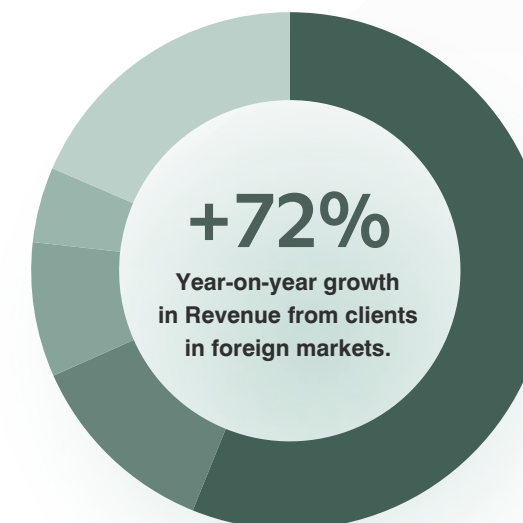
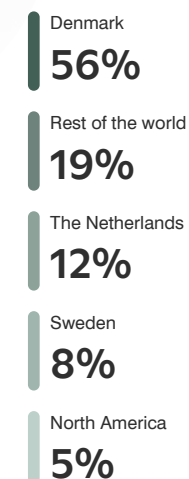
WE SPEAK

34
languages

ARR COMPOSITION BY INDUSTRY



REVENUE COMPOSITION BY GEOGRAPHY



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

Business highlights Q3 2023

Continued focus on enterprise retail clients

Relesys is proud to have been able to roll out a group wide solution with NorgesGruppen. The rollout is expected to conclude in Q4 2023 after less than nine months. When fully rolled out, the solution will support 40,000 users across five apps for KIWI, MENY, ASKO, Kjøpmannshuset and Gigaboks. The initial delivery includes the Essential, Communication and Security Pro modules.

The pipeline for Enterprise Solutions was strong at the end of Q3. During Q3 there was also Proof of Value solutions ongoing that will be evaluated by potential clients in Q4 with potential for closing before the end of the year.

Both the pipeline as well as existing solutions with enterprise size clients confirm that the increased focus on enterprise solutions will strengthen Relesys in the future.

Continued strengthening of sales and marketing

Relesys' sales playbook for enterprise clients has never been stronger. This is mainly due to Relesys having employed proven colleagues who have vast experience within enterprise sales and a successful track record from previous roles. Furthermore, Relesys have implemented MEDPICC, which is a strong value based sales framework.

To support the sales team, Relesys has hired Tom Pressley who started in the role of VP marketing at 1 November 2023. Tom comes from a position as the head of EMEA Marketing at MongoDB. Tom helped grow Fuze's revenue from DKKm 140 to 700 in three years, and grew MongoDB's EMEA revenue 40% Year-on-Year last fiscal year.

Strengthening the product organization

As the product team has grown in size and the requirement to support enterprise size clients is requiring new skills, Relesys has also initiated a process of strengthening the product organization. Brian Sørensen Fischer started in the role as VP of Product on 1 September 2023. Brian has +19 years of experience within product development, including scaling a product team from 10 to 160 people. Brian also has a proven track record of delivering and launching 5 SaaS, 10 B2B and 14 B2C products. In his new role, Brian will enable the product team to also increase focus on enterprise size clients.

Improved client base

In Q3 2023, Relesys grew the existing client base by seven new clients. New clients include Solidus in The Netherlands and Shoe-d-Vision (Skoringen) in Denmark. In Q3 2023, two clients churned with an average ARR value of DKKk 226 at the time of the client churn.

International expansion

Relesys continues to grow in international markets. ARR in foreign markets made up for 38% of total ARR and amounted to DKKm 20.1, equivalent to a year-on-year growth in ARR of DKKm 8.7 or 72%. Revenue growth in foreign markets was 72% year-on-year, largely driven by the roll out with NorgesGruppen in 2023.

Financial guidance 2023

Relesys keeps guidance unchanged

GUIDANCE 2023 (DKKm)	2023 Guidance	9M 2023 Actual	2022 Actual	Expected growth
Annual recurring revenue	59-64	54.8	45.2	31% - 42%
Revenue	54-60	41.2	44.1	22% - 36%

Assumptions underlying the financial guidance 2023

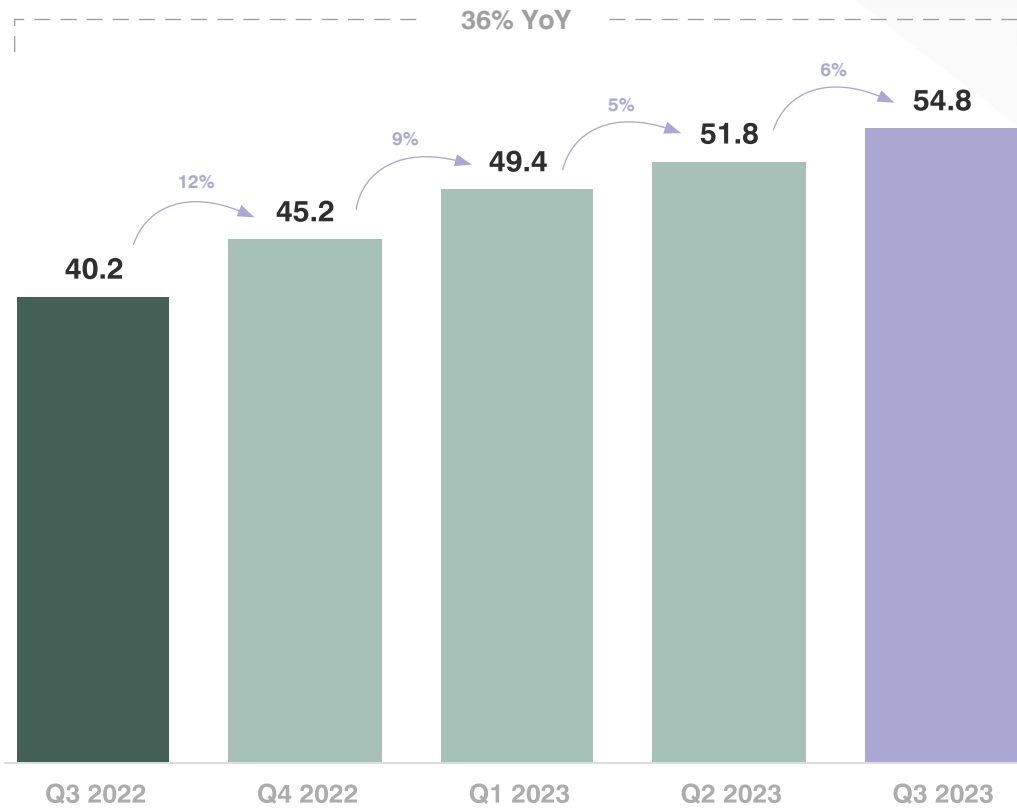
Annual recurring revenue and revenue assumptions:

- Continued high market growth for engagement and connectivity software solutions
- Continued low ARR churn rate
- Continued strong net uplift of existing clients.

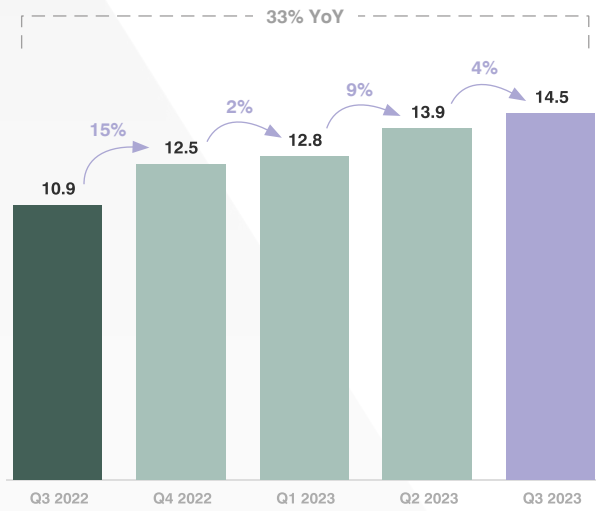
Revenue specific assumption:

- Continued short period for onboarding of new clients.

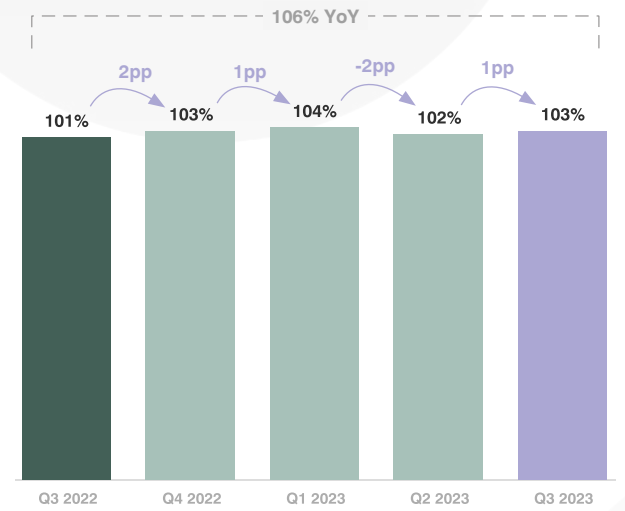
Highlights Q3 2023



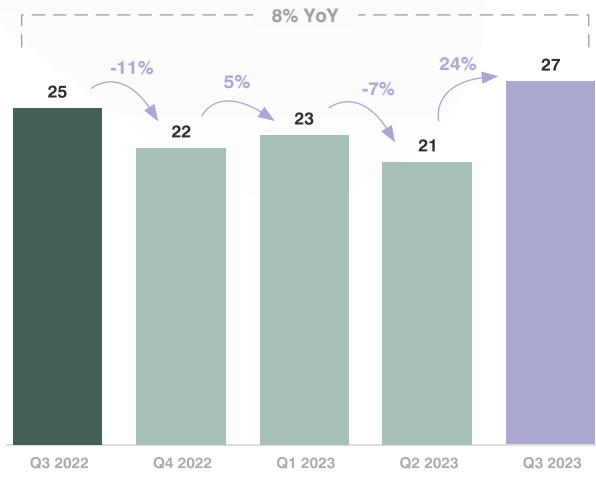
Annual recurring revenue (DKKm)



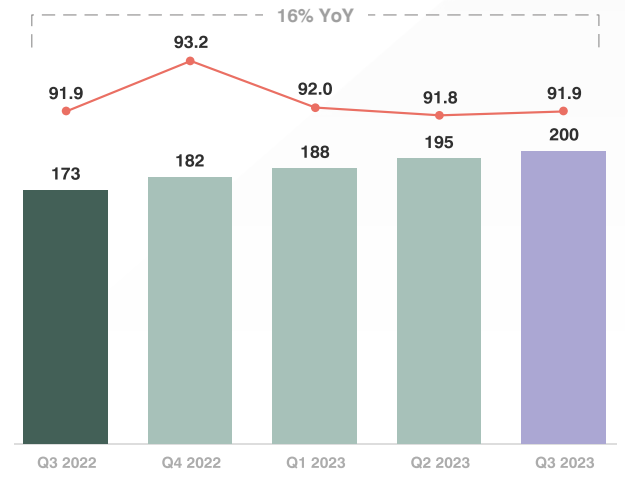
Revenue (QTD DKKm)



Net ARR retention (QTD)



ARR expected lifetime (years, YoY)



Number of clients and client retention rate

● Number of Customers — Retention Rate (%)

Financial review

		Q3			Q2		January - September		
		2023	2022	%Y/Y	2023	%Q3/Q2	2023	2022	%YTD/YTD
SAAS KEY METRICS¹									
ARR	DKKkm	54.8	40.2	36%	51.8	6%	54.8	40.2	36%
Net ARR retention (year on year)	%	106%	115%	(9pp)	109%	(3pp)	106%	115%	(9pp)
Average ARR per client	DKK'000	274	232	18%	266	3%	274	232	18%
ARR retention (year on year)	%	96%	96%	0pp	95%	1pp	96%	96%	0pp
ARR expected lifetime	Years	27	25	8%	21	24%	27	25	8%
Number of clients		200	173	16%	195	3%	200	173	16%
Client retention (year on year)	%	92%	92%	0pp	92%	0pp	92%	92%	0pp
Client expected lifetime	Years	12	12	0%	12	1%	12	12	0%
SaaS share of revenue	%	93%	88%	5pp	92%	1pp	92%	85%	7pp
RESULTS									
Revenue	DKKkm	14.5	10.9	33%	13.9	4%	41.2	31.6	30%
SaaS revenue	DKKkm	13.5	9.6	41%	12.8	5%	37.8	27.0	40%
Consultancy revenue	DKKkm	1.0	1.3	(22%)	1.1	(8%)	3.4	4.6	(26%)
Gross profit	DKKkm	13.2	9.8	35%	12.7	4%	37.5	28.8	30%
Gross profit margin	%	91%	90%	1pp	91%	0pp	91%	91%	0pp
EBITDA	DKKkm	(0.8)	(5.9)	(87%)	(3.4)	(77%)	(9.8)	(17.2)	(43%)
EBITDA margin	%	(5%)	(54%)	49pp	(24%)	19pp	(24%)	(54%)	31pp
CASH FLOW									
Operating activities	DKKkm	2.6	(6.3)	(142%)	(2.6)	(202%)	(1.8)	(17.1)	(89%)
Investing activities	DKKkm	(0.4)	(0.6)	(28%)	(0.5)	(13%)	(1.7)	(1.8)	(9%)
Free cash flow	DKKkm	2.2	(6.9)	(132%)	(3.1)	(172%)	(3.5)	(18.9)	(81%)
Financing activities	DKKkm	(0.8)	(0.4)	95%	(0.4)	93%	(1.6)	(3.5)	(54%)
Cash flow for the period	DKKkm	1.4	(7.2)	(120%)	(3.4)	(142%)	(5.1)	(22.4)	(77%)
Cash balance	DKKkm	26.2	36.8	(29%)	24.7	6%	26.2	36.8	(29%)
FCF multiple (LTM) ¹		(0.5)	(0.6)	(20%)	(1.2)	(58%)	(0.5)	(0.6)	(20%)
FINANCIAL POSITION									
Balance sheet total	DKKkm	46.3	58.2	(20%)	46.5	0%	46.3	58.2	(20%)
Intangible assets	DKKkm	6.8	5.6	22%	6.5	4%	6.8	5.6	22%
Right-of-use-assets	DKKkm	4.5	7.3	(38%)	5.1	(11%)	4.5	7.3	(38%)
Total equity	DKKkm	18.3	37.7	(51%)	19.9	(8%)	18.3	37.7	(51%)

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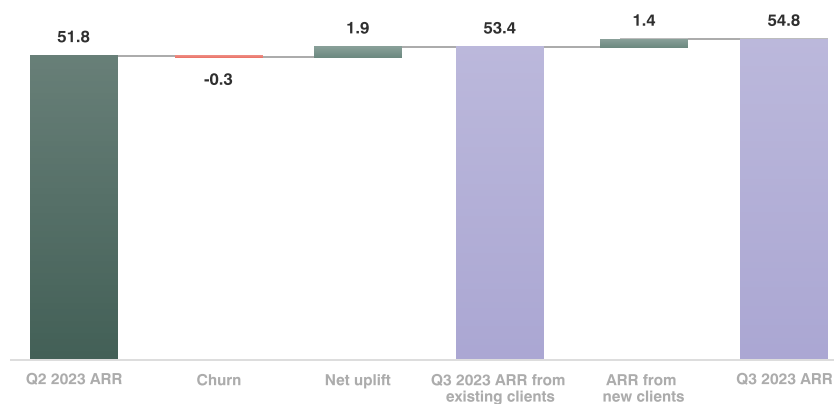
ANNUAL RECURRING REVENUE

ARR reached DKKm 54.8 at the end of Q3 2023 (Q3 2022: DKKm 40.2), which was a year-on-year growth of 36%. The ARR growth resulted from a 72% growth in ARR from clients in foreign markets and by 21% growth from clients in the Danish market. By the end of Q3 2023, 38% of ARR came from clients in foreign markets.

During Q3 2023, Relesys had a net ARR retention rate of 103% driven by a realised net ARR uplift of 4% from existing clients partly offset by two clients churning representing 1% ARR churn. Relesys realised an increase of DKKm 1.9 in ARR from existing clients. By the end of Q3 2023, the largest client represented 7% of ARR and 8% of total revenue.

In Q3 2023, Relesys signed with seven new clients adding a total of DKKm 1.4 to ARR, which was an average ARR of DKKk 227 from each new client. The average client ARR was DKKk 274 by the end of Q3 2023 compared to DKKk 240 by the end of Q3 2022.

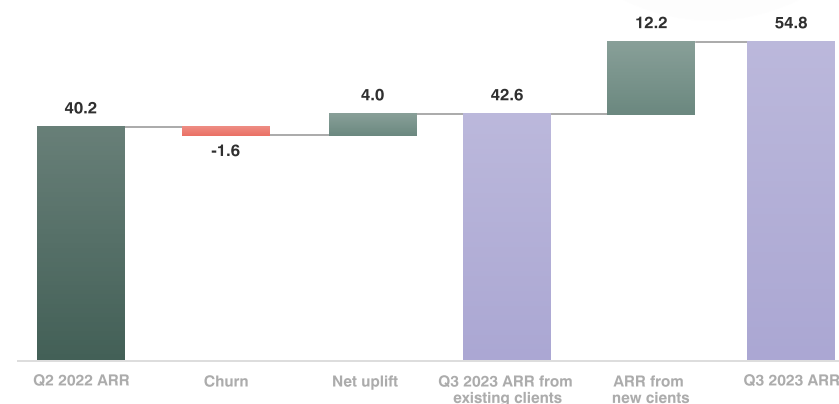
Development in annual recurring revenue, Q3 2023



REVENUE

Revenue was DKKm 14.5 in Q3 2023 (Q3 2022: DKKm 10.9), which was a year-on-year growth of 33%. The SaaS revenue grew by 41% year-on-year, whereas revenue from consultancy services showed a decline of 22% year-on-year. During Q3, Relesys delivered co-development projects to clients at a value of DKKk 735. As the projects deliverables fulfil the requirements of being recognized as intangible assets, the revenue from the co-development projects will be recognised over time in parallel with the amortisation of the corresponding intangible asset. The sum of consultancy revenue and co-development services delivered in Q3 2023, and recognised in future periods, is a growth of 33% compared to consultancy revenue in Q3 2022.

Development in annual recurring revenue, LTM



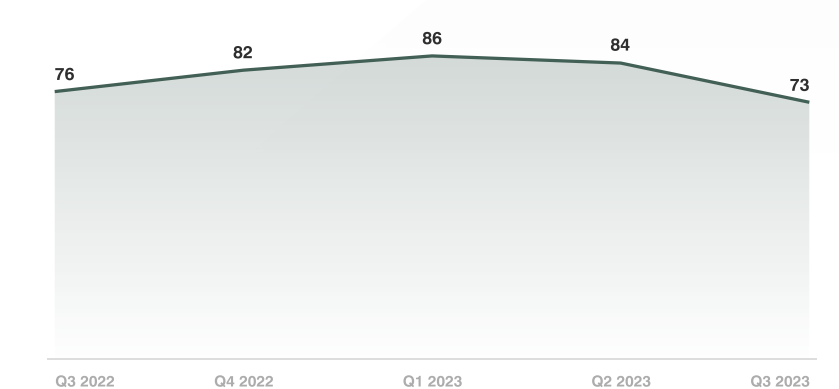
GROSS PROFIT

Gross profit was DKKm 13.2 in Q3 2023 (Q3 2022: DKKm 9.8), which was a year-on-year growth of 35%. Gross margin was 91% compared to 90% last year.

STAFF COSTS

Staff costs were DKKm 10.8 in Q3 2023 (Q3 2022: DKKm 11.3), which was a year-on-year decrease of 5%. The year-on-year decrease in staff costs was mainly driven by costs related to the decreased number of FTEs. The average number of FTEs decreased from 84 at the end of Q2 2023 to 73 by the end of Q3 2023. The decrease in FTEs is temporary and a result of changing focus to enterprise sales.

Development in average full-time equivalent employees



OTHER EXTERNAL EXPENSES

Other external expenses were DKKm 3.3 in Q3 2023 (Q3 2022: DKKm 4.4). The decrease compared to Q3 2022 can be attributed to expenses associated with the entry into the UK market in Q3 2022.

EBITDA

EBITDA was negative at DKKm 0.8 in Q3 2023 (Q3 2022: negative DKKm 5.9).

NET FINANCIAL ITEMS

Net financial items were DKKk 28 in Q3 2023 (Q3 2022: negative DKKk 395). The positive increase in the income statement can be attributed to 1) positive bank interest related to cash at banks, 2) foreign exchange gains, 3) lower interest on lease liabilities due to disposal of old lease assets and 4) absence of any bank debt.

DKK '000	Q3 2023	Q3 2022
Interest income	86	-
Interest expenses	-	(95)
Foreign exchange gains (losses)	35	(157)
Interest on lease liabilities	(61)	(94)
Other financial expenses	(32)	(49)
Total	28	(395)

CASH FLOWS FROM OPERATING ACTIVITIES

Cash flows from operating activities was an inflow of DKKm 2.6 in Q3 2023 (Q3 2022: outflow of DKKm 6.3). The positive change between the periods can be attributed to 1) an improvement in operating loss of DKKm 5.0 mainly driven by increased revenue which was partly offset by staff costs and 2) working capital of DKKm 2.7 mainly driven by a deferred deadline for July and August 2023 employee income taxes and a deferred revenue related to prepayments from both existing and new client subscriptions.

CASH FLOWS FROM INVESTING ACTIVITIES

Cash flows from investing activities was an outflow of DKKm 0.4 in Q3 2023 (Q3 2022: outflow of DKKm 0.5). During the period, Relesys continued to invest in its product platform (intangible assets). As in previous periods, Relesys invested in both the Relesys Core (Essentials) module as well as in each of the Relesys pro-modules.

CASH FLOWS FROM FINANCING ACTIVITIES

Cash flows from financing activities was an outflow of DKKm 0.8 in Q3 2023 (Q3 2022: outflow of DKKm 0.4) which was related to the payment of principal portion of lease liabilities. During Q3, there was no new debt or any pre-existing debts, and Relesys' cash reserves were DKKm 26.2 by the end of the period.

DKKm	Q3 2023	Q3 2022
Cash flow from operating activities	2.6	(6.3)
Cash flow from investing activities	(0.4)	(0.5)
Free cash flow	2.2	(6.8)
Cash flow from financing activities	(0.8)	(0.4)
Cash flow for the period	1.4	(7.2)

Quarterly highlights

QUARTERLY FIGURES (DKKm)	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021
Revenue	14.5	13.9	12.8	12.5	10.9	10.7	10.0	9.6	9.4	7.8	7.7
SaaS revenue	13.5	12.8	11.5	11.4	9.6	9.1	8.3	7.5	7.5	6.0	5.9
Consultancy revenue	1.0	1.1	1.3	1.1	1.3	1.6	1.7	2.1	1.9	1.8	1.8
SaaS share of revenue (%)	93%	92%	90%	91%	88%	85%	83%	78%	80%	77%	77%
Annual recurring revenue	54.8	51.8	49.4	45.2	40.2	38.2	33.8	31.3	29.6	27.4	25.5
ARR churn	(0.3)	(0.4)	-	(0.2)	(0.5)	(0.3)	(0.4)	(0.2)	(0.2)	(0.1)	(0.1)
ARR net uplift	1.9	1.6	1.7	1.3	1.0	2.9	1.3	0.6	0.7	0.5	0.5
ARR from new sales	1.4	1.2	2.5	4.0	1.5	1.8	1.6	1.3	1.7	1.5	2.8
Net ARR retention rate (quarter-on-quarter)	103%	102%	104%	103%	101%	108%	103%	101%	102%	102%	102%
ARR retention rate (year-on-year)	96%	95%	96%	95%	96%	96%	97%	97%	-	-	-
ARR expected lifetime (years)	27	21	23	22	25	25	29	38	-	-	-
Number of clients	200	195	188	182	173	171	163	161	160	146	133
Clients retention rate (year-on-year)	92%	92%	92%	93%	92%	93%	94%	94%	95%	95%	95%
Average clients ARR (DKKk)	274	266	263	248	232	223	207	194	185	188	192
Average full-time equivalents	73	84	86	82	76	81	69	56	53	51	49

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

Consolidated financial statements

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Statement by the Board of Directors and the Executive Management


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


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


Copenhagen, 29 November 2023

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

Executive Management


 **Jesper Roesgaard**
Co-founder and CEO


 **Jens Ole Lebeck**
Co-founder and COO


 **Mads Stoffer Larsen**
CFO


Board of Directors

 **Alexander T. Martensen-Larsen**
Chairman

 **Lars Kristian Runov**
Board Member

 **Thor Skov Jørgensen**
Board Member

 **Christian Lyng Hjorth**
Board Member

 **Annette Pryce**
Board Member

Consolidated income statement

DKK '000	Note	Q3 2023	Q3 2022	9M 2023	9M 2022
Revenue	2,3	14,512	10,863	41,220	31,602
Cost of sales		(1,284)	(1,063)	(3,698)	(2,783)
Gross profit		13,228	9,800	37,522	28,819
Other external expenses		(3,262)	(4,418)	(10,991)	(13,375)
Staff costs		(10,793)	(11,346)	(36,489)	(32,706)
Other operating income		39	65	121	65
Depreciation, amortisation and impairment		(973)	(873)	(2,814)	(2,605)
Operating loss		(1,761)	(6,772)	(12,651)	(19,802)
Financial income		86	-	149	-
Financial expenses		(58)	(395)	(391)	(1,124)
Loss before tax		(1,733)	(7,167)	(12,893)	(20,926)
Tax for the period		-	(51)	(331)	1,040
Loss for the period		(1,733)	(7,218)	(13,224)	(19,886)

Consolidated comprehensive income

DKK '000	Q3 2023	Q3 2022	9M 2023	9M 2022
Exchange differences on translation of foreign operations	5	5	91	20
Other comprehensive income for the period, net of tax	5	5	91	20
Total comprehensive income for the period	(1,728)	(7,213)	(13,133)	(19,866)
Loss for the period attributable to:				
Owners of the parent	(1,733)	(7,218)	(13,224)	(19,886)
Total comprehensive income for the period attributable to:				
Owners of the parent	(1,728)	(7,213)	(13,133)	(19,866)
Earnings per share (DKK)	(0.03)	(0.14)	(0.26)	(0.39)
Earnings per share, diluted (DKK)	(0.03)	(0.14)	(0.26)	(0.39)

Consolidated balance sheet

ASSETS

DKK '000	Note	30.09.2023	31.12.2022
Intangible assets	4	6,793	5,858
Property, plant and equipment		153	177
Contract costs	3	439	525
Right-of-use assets	5	4,481	4,753
Deposits		373	599
Total non-current assets		12,239	11,912
Trade receivables		6,091	4,922
Contract costs	3	449	454
Income tax receivables		196	402
Other receivables		159	144
Prepayments		967	1,039
Cash		26,208	31,333
Total current assets		34,070	38,294
Total assets		46,309	50,206

EQUITY AND LIABILITIES

DKK '000	Note	30.09.2023	31.12.2022
Share capital		510	510
Share premium		68,890	68,890
Retained earnings		(51,145)	(38,132)
Translation reserve		22	(69)
Total equity		18,277	31,199
Lease liabilities	5	4,613	4,365
Deferred income	3	5,044	3,140
Other payables		641	641
Total non-current liabilities		10,298	8,146
Lease liabilities	5	114	611
Trade payables		1,376	1,545
Income tax payables		41	21
Deferred income	3	9,892	5,107
Other payables		6,311	3,577
Total current liabilities		17,734	10,861
Total liabilities		28,033	19,007
Total equity and liabilities		46,309	50,206

Consolidated statement of changes in equity

30.09.2023

DKK '000	Share capital	Share premium	Retained earnings	Translation reserve	Total
Balance at 1 January	510	68,890	(38,132)	-69	31,199
Net loss for the period	-	-	(13,224)	-	(13,224)
Other comprehensive income	-	-	-	91	91
Total comprehensive income	-	-	(13,224)	91	(13,133)
Share-based payments	-	-	211	-	211
Total transactions with the owners	-	-	211	-	211
Balance at 30 September	510	68,890	(51,145)	22	18,277

30.09.2022

DKK '000	Share capital	Share premium	Retained earnings	Translation reserve	Total
Balance at 1 January	510	68,890	(12,345)	(58)	56,997
Net loss for the period	-	-	(19,886)	-	(19,886)
Other comprehensive income	-	-	-	20	20
Total comprehensive income	-	-	(19,886)	20	(19,886)
Share-based payments	-	-	547	-	547
Total transactions with the owners	-	-	547	-	547
Balance at 30 September	510	68,890	(31,684)	(38)	37,678

Consolidated cash flow statement

DKK '000	Q3 2023	Q3 2022	9M 2023	9M 2022
Operating loss	(1,761)	(6,772)	(12,651)	(19,802)
Depreciation, amortisation and impairment losses	973	873	2,814	2,605
Share-based payments expense	72	186	211	547
Change in working capital	3,131	379	7,993	1,075
Income taxes received (paid)	145	(991)	(164)	(859)
Interest received (paid)	89	69	(40)	(660)
Cash flows from operating activities	2,649	(6,256)	(1,837)	(17,094)
Investments in intangible assets	(611)	(561)	(1,958)	(1,435)
Changes in property, plant and equipment	-	187	(24)	(9)
Changes in other non-current assets	179	(161)	312	(392)
Cash flows from investing activities	(432)	(535)	(1,670)	(1,836)
Repayment of borrowings	-	(30)	-	(2,287)
Payment of principal portion of lease liabilities	(758)	(359)	(1,618)	(1,202)
Cash flows from financing activities	(758)	(389)	(1,618)	(3,489)
Change in cash and cash equivalents				
Cash at the beginning of the period	24,737	44,034	31,333	59,260
Net cash flow	1,459	(7,180)	(5,125)	(22,419)
Currency translation	12	(13)	-	-
Cash at 30 September	26,208	36,841	26,208	36,841

Notes to the consolidated financial statements

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

Accounting policies

The condensed interim report for Q3 2023 is presented in accordance with IAS 34 - Interim Financial Reporting as adopted by the EU and Danish disclosure requirements for interim reports.

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

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

Judgements and estimates

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

The most significant estimates made by management when using the group's accounting policies and the most significant judgement uncertainties related hereto are the same for the preparation of the interim report as for the preparation of the Annual Report for 2022.

New accounting standards

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

Non-IFRS financial measures

The Group uses certain financial measures that are not defined in IFRS to describe the Group's financial performance. These financial measures may therefore be defined and calculated differently from similar measures in other companies and thus not be comparable.

Annual recurring revenue: ARR is the annualised value of subscriptions at a given date entered into with Relesys.

New subscriptions are included in ARR at the time of entering into a binding agreement, which would typically occur at the time of signing an agreement.

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

Subscriptions that are terminated (ARR churn) are deducted from ARR at the time that the agreement ceases to exist. Subscriptions are typically entered into with an irrevocable period of 12–36 months.

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

ARR is calculated in Danish kroner. When entering into an agreement in a foreign currency, a currency translation is conducted at the time of entering into the agreement.

SaaS share of revenue: SaaS revenue / revenue

Annual recurring revenue (year-on-year growth): (ARR current year - ARR prior year) / ARR prior year

Net ARR retention rate: (Starting ARR + ARR net uplift of existing clients - ARR churn of existing clients) / starting ARR

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

Average ARR per client: (ARR / number of clients)

ARR churn rate: (ARR amount at beginning of period - ARR amount at end of period) / ARR amount at beginning of period

ARR retention: 100% - Churn %

ARR expected lifetime: 1 / ARR churn rate

Number of clients: Relesys counts clients by the number of groups/companies with whom Relesys has subscription agreements.

Client (year-on-year growth): (Clients current year - clients prior year) / clients prior year

Client churn rate: (Clients at beginning of period - clients at end of period) / clients at beginning of period

Client retention: 100% - Churn %

Client expected lifetime: 1 / client churn rate

Last Twelve Months (LTM): Last twelve months (LTM) refers to the timeframe of the immediately preceding 12 months.

Segment information

For management purposes and based on internal reporting information, the Group is organised in only one operating segment as the information reported includes operating results at a consolidated level only. The costs related to the main nature of the business are not attributable to any specific revenue stream or client type and are therefore borne centrally. The results of the single reporting segment are shown in the statement of comprehensive income.

The Executive Management is the Chief Operating Decision Maker (CODM), which is made up of the senior leadership across the respective functional areas, is responsible for the strategic decision-making and for the monitoring of the operating results of the single operating segment for the purpose of performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements.

In both Q3 2022 and Q3 2023, no individual client exceeded 10% of the total revenue.

EXTERNAL REVENUE BY GEOGRAPHY

DKK '000	Q3 2023	Q3 2022	9M 2023	9M 2022
Denmark	8,144	7,171	23,846	22,742
The Netherlands	1,775	763	4,855	1,536
Sweden	1,222	1,220	3,828	3,943
North America	684	1,347	1,936	1,896
Rest of the world	2,687	362	6,755	1,485
Total	14,512	10,863	41,220	31,602

NON-CURRENT ASSETS BY GEOGRAPHY

DKK '000	30.09.2023	31.12.2022
Denmark	10,946	11,080
Rest of the world	1,293	832
Total	12,239	11,912

Revenue

REVENUE FROM EXTERNAL CLIENTS

DKK '000	Q3 2023	Q3 2022	9M 2023	9M 2022
SaaS Business	13,466	9,559	37,801	26,931
Consultancy	1,046	1,304	3,419	4,671
Total	14,512	10,863	41,220	31,602

CONTRACT COSTS

DKK '000	30.09.2023	31.12.2022
Current	449	454
Non-current	439	525
Costs to obtain contracts	888	979

During the nine months, DKKk 91 was recognised in the income statement relating to contract costs from previous years and contract costs from sales during the period.

Deferred income primarily relates to advance consideration received from clients from the SaaS Business for which revenue will be recognised over time. The outstanding balance of deferred income increased from 31.12.2022 to 30.09.2023 was due to the continuous increase in the Group's client base.

DKK'000	30.09.2023	31.12.2022
Deferred income	14,936	8,247

The following table show the revenue recognised in the current reporting period relates to carried-forward deferred income:

DKK '000	Q3 2023	Q3 2022	9M 2023	9M 2022
Amounts included in the deferred income balance at the beginning of the year	1,840	519	3,021	2,466

The following table shows the transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) resulting from consulting contracts and the SaaS Business:

DKK '000	30.09.2023	31.12.2022
Part of the transaction price allocated to remaining performance obligations	74,615	28,428

Unsatisfied long-term contracts are included in the amount of remaining performance obligations that include considerations for the users in the remaining contract period. The amount disclosed above does not include variable considerations.

Management expects that 48% of the transaction price allocated to remaining performance obligations at 30 September 2023 will be recognised as revenue next year. The remaining 52% will be recognised in the financial years 2024 through 2026.

NOTE 4

Intangible assets

30.09.2023

DKK '000	Completed development projects	Development projects in progress	Total
Cost at 1 January	10,356	595	10,951
Additions	-	1,963	1,963
Transfers	2,182	(2,182)	-
Cost at 30 September	12,538	376	12,914
Amortisation and impairment losses at 1 January	(5,093)	-	(5,093)
Amortisation during the year	(1,028)	-	(1,028)
Amortisation and impairment losses at 30 September	(6,121)	-	(6,121)
Carrying amount at 30 September	6,417	376	6,793

Remaining years of amortisation: 1 - 7 years

Management has performed an impairment test on the development projects in progress which did not give any indications of impairment.

Completed development projects relate to the further development of the Relesys platform, Relesys core modules and Relesys pro modules. Management has an expectation of positive earnings from each development project.

It is management's assessment that the expected useful lives of the finite-lived assets as well as the expected future revenue streams from the assets, are sufficient to cover the value of recognised developed projects at the reporting date.

31.12.2022

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

NOTE 5

Leases

30.09.2023

DKK '000	Property	Cars	Equipment	Total
Cost at 1 January	6,629	466	430	7,525
Additions	1,127	537	-	1,654
Disposals	(270)	(136)	(69)	(475)
Cost at 30 September	7,476	867	361	8,704
Depreciation at 1 January	(2,329)	(224)	(219)	(2,772)
Depreciation during the year	(1,410)	(192)	(110)	(1,712)
Disposals	56	136	69	261
Depreciation at 30 September	(3,683)	(280)	(260)	(4,223)
Carrying amount at 30 September	3,793	587	101	4,481

31.12.2022

DKK '000	Property	Cars	Equipment	Total
Cost at 1 January	2,870	394	789	4,053
Adjustments to opening balance	859	-	-	859
Additions	-	242	-	242
Adjustments and revaluations	4,165 ¹	-	69	4,234
Disposals	(1,265)	(170)	(428)	(1,864)
Cost at 31 December	6,629	466	430	7,525
Depreciation at 1 January	(1,662)	(301)	(408)	(2,371)
Adjustments to opening balance	(83)	-	-	(83)
Depreciation during the year	(1,517)	(93)	(239)	(1,849)
Disposals	933	170	428	1,531
Depreciation at 31 December	(2,329)	(224)	(219)	(2,772)
Carrying amount at 31 December	4,300	242	211	4,753

CARRYING AMOUNTS OF LEASE LIABILITIES AND MOVEMENTS DURING THE PERIOD:

DKK '000	30.09.2023	31.12.2022
At 1 January	4,976	1,781
Adjustments to opening balance	-	839
Additions	1,598	242
Accrual of interest	200	200
Payments	(1,813)	(1,956)
Adjustments and revaluations	-	4,239
Disposals	(233)	(369)
At 30 September / 31 December	4,728	4,976
Non-current	4,613	4,365
Current	114	611

THE FOLLOWING AMOUNTS HAVE BEEN RECOGNISED IN THE INCOME STATEMENT:

DKK '000	30.09.2023	31.12.2022
Depreciation of right-of-use assets	1,712	1,849
Interest on lease liabilities	200	200
Expenses relating to short-term leases	680	801
Expenses relating to leases of low-value assets	295	1,130
Total amount recognised in the income statement	2,887	3,980

The Group had a total lease cash outflow of DKKk 1,813 (31.12.2022: DKKk 1,956).

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

1ST OF JANUARY 2023 - 30TH OF SEPTEMBER 2023

Interim Financial Report, Q3 2023



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Financial calendar

Annual Report 2023 – March 19, 2024
Annual General Meeting – April 10, 2024
Interim Financial Report (Q1 2024) – May 8, 2024
Interim Financial Report (H1 2024) – August 27, 2024
Interim Financial Report (Q3 2024) – November 12, 2024

Date of incorporation

30.10.2014

Financial year

01.01–31.12

Business Registration No.

36 43 27 72