

ANNUAL REPORT 2022

**1 JANUARY 2022 –
31 DECEMBER 2022**

Digizuite A/S
Østergade 61
5000 Odense C
Denmark

CVR.: 25499522

Chantal Pernille Patel Simonsen



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MANAGEMENT REVIEW

HIGHLIGHTS FROM 2022



**Annual Recurring
Revenue**

40.1 MDKK



**Annual Recurring
Revenue**

25% Growth



**Net Revenue
Retention**

110%



Revenue

39.5 MDKK



Profit / Loss

-35.3 MDKK



Churn

6 %

LETTER FROM THE CEO

Dear Shareholders,

I am pleased to present Digizuite's annual report for FY 2022. Throughout the year, we remained focused on our long-term strategy for annual recurring revenue (ARR) growth. We achieved significant milestones in customer acquisition and retention, which contributed to a 25% growth in ARR from DKK 32.1 million to DKK 40.1 million.

Our key results for FY 2022 were impressive. We recorded a 70% growth in new customer acquisitions, with more than 50% of new customers won through strategic partnerships. We also saw a significant growth in revenue from expansion to existing customers, and our net revenue retention rate was 110%, which demonstrates the high satisfaction level of our customers. Our leading indicators for pipeline growth and sales efficiency also showed positive development in line with our strategy.

Due to additional one-time cost to M&A related activity and reorganization the negative EBITDA of DKK -31.7 million, exceed our guidance of negative DKK 25 – 30 million. The negative EBITDA is otherwise in accordance with our plan and is due to significant investments in marketing, sales, and product. The results are considered satisfactory.

We faced some challenges in the US market, where growth from new customer acquisitions was below our expectations. Despite positive development in lead generation, our sales leads conversion rate decreased. We have taken several measures, including a reorganization of our North America sales team in the second half of 2022, to improve our performance in 2023.

“Our customer cohorts have shown retention and expansion rates of 100–167% since transitioning to a subscription model in 2017, making investments in new customer acquisition a promising opportunity.”

We also adjusted our strategy in December 2022 to increase our focus on improving earnings and achieving positive cash flow from the beginning of FY 2024. We have already taken the first step in this direction by implementing cost reductions from the first and second quarter of 2023 and later in 2023 we expect to optimize our product cloud operations, reducing direct cloud costs by more than 50%.

Our financial guidance for FY 2023 includes an ARR guidance of DKK 50–53 million, with an expected improvement in our negative EBITDA between DKK -9 to -12 million. We anticipate having negative cash flow in FY 2023 at approximately the same level as the guided EBITDA to ensure growth and a cash-positive business from 2024, in accordance with our adjusted strategy.

We remain committed to our long-term growth strategy and are confident in our ability to execute it successfully. We thank you for your continued support and look forward to delivering value to our shareholders.

STATEMENT FROM THE CHAIRMAN

After reaching the right momentum for accelerated growth by successful execution of the strategy, focus has shifted towards profitability.

Strategy execution

The strategy execution are following the plan with successfully achievements on almost all parts of the strategy. Digizuite's pipeline and product portfolio are stronger than ever before, and we can see the effect of the substantial investments in all parts of the business. We have now reached a point where the organization has the power and the capabilities to deliver on accelerated growth with less investments, which were one of the main goals from the IPO.

Strategy adjustment

That's why we adjusted the growth strategy from the IPO, late 2022, with significant cost savings and further product improvements, which will ensure a far more cost-effective cloud setup in 2023. By that we will accelerate profitability towards EBITDA neutral already before the end of 2023 on a monthly basis.

Challenging times

The world around us is still challenged by high inflation, the war in Ukraine and overall uncertainty, which among other things has caused a much more cautious capital market. Nevertheless, Digizuite has experienced a strong support from customers, partners, investors and from our financial partners.

Strong support from investors

As part of the adjusted strategy, it was important for us to improve our working capital. We have completed a capital increase in March 2023 of DKK 16 million and extended our credit limit in our bank. This put Digizuite in a strong position bridging the route to become EBITDA positive on a monthly basis before the end of 2023.

M&A to support the organically growth

Digizuite has gained a strong marked position and the right momentum to support the organically growth strategy with M&A-activities. We see an attractive opportunity in the marked to acquire a few companies within our digital value chain to bring an even stronger value proposition to our customers.

Thank you

Finally, I want to thank our highly skilled and passionate team, our fantastic customers and partners and our valued investors and other supporters.

We are ready to exploit the full potential of Digizuite.

GROWTH VIA PARTNER ECOSYSTEM

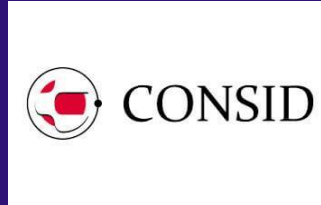
Growth fueled by both existing and new partnerships alongside direct GTM

- +50% of new logo's through partner ecosystem
- New customers acquired through experienced and certified long-term partners like Consid and Delaware.
- Newer partnerships with IMPACT and Epinova also contributed to new logo acquisition, through joint customers

We are committed to building and nurturing a strong partner ecosystem as a key strategy for growing our business.

- Established a team of Business Development Resources to support pursuit of joint opportunities
- Provide co-sell motion with sales and sales engineer team engaged with partner sales resources.
- We have made an investment in creating the Digizuite Academy, which offers training and certification programs for partners.

Growing business with long standing partners



Leading digital transformation partner in Scandinavia
+1.500 employees
Digizuite partner since 2019



Digital agency in Texas with focus on homebuilders
Apx. 100 employees
Digizuite partner since 2018



Global digital transformation partner in +30 countries.
2.500 employees
Digizuite partner since 2019

New business with new partners



Leading retail eCommerce partner. Author of the OmniChannel Index research
+350 employees



Specialists web & eCommerce agency in Scandinavia
+90 employees

DIGIZUITE ACADEMY

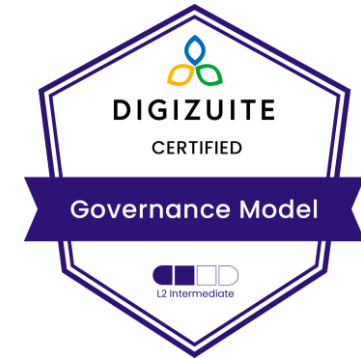
As our partner ecosystem are growing, we investing in partner enablement to support partners building a successful consultancy practice on our DAM technology.

Transitioning more partners from sales partners to solution partners with certified implementation and integration skills, will increase ecosystem and availability of expert services to customers across more markets.

Digizuite academy is a key part of our partner enablement strategy

- Training offerings for new and existing partners
- Provide certification option
- Additional revenue stream

Building training and certification paths also has positive impact on onboarding of our own employees, building required competences and capacity as we continue to grow our business.



NEW CUSTOMER ACQUISITION RECORD

Record number of new customers

- 70% growth in new customers acquisitions across all markets
- We are proud to welcome an impressive group of new customers, including some of the most well-known and respected brands in their respective industries

Multiple routes to market

- We prioritize scaling through our partner ecosystem, but also offer a direct engagement option for customers who prefer it and in markets where our partners may not yet be established.

Adoption of Digizuite across industries

- New customers span a wide variety of industries, showing the large addressable market for Digizuite technology.



LEADING NORDIC SUPPLIER
LEKOLAR SELECTS DIGIZUITE TO
BOOST DIGITAL EFFICIENCY AND
GDPR COMPLIANCE

[Read more](#)



SÆTHER SELECTS DIGIZUITE'S
DIGITAL ASSET MANAGEMENT
PLATFORM TO STREAMLINE
CONTENT OPERATIONS

[Read more](#)



DIGIZUITE WELCOMES SWEGON,
A MARKET-LEADING SUPPLIER IN
THE FIELD OF INDOOR
ENVIRONMENT

[Read more](#)



DIGIZUITE WELCOMES DANISH
AGRO, A LEADING
AGRICULTURAL COMPANY

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DIGIZUITE WELCOMES TWO NEW
GLOBAL CUSTOMERS – Beijer
Electronics and FOSS.

[Read more](#)

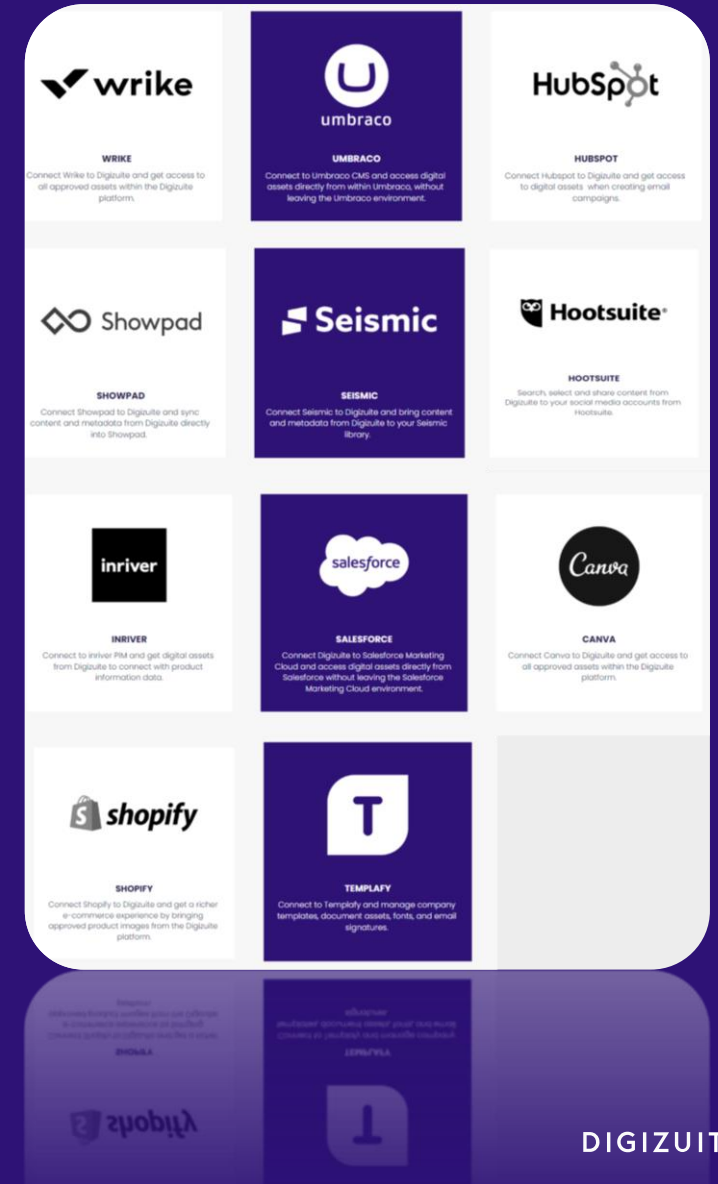
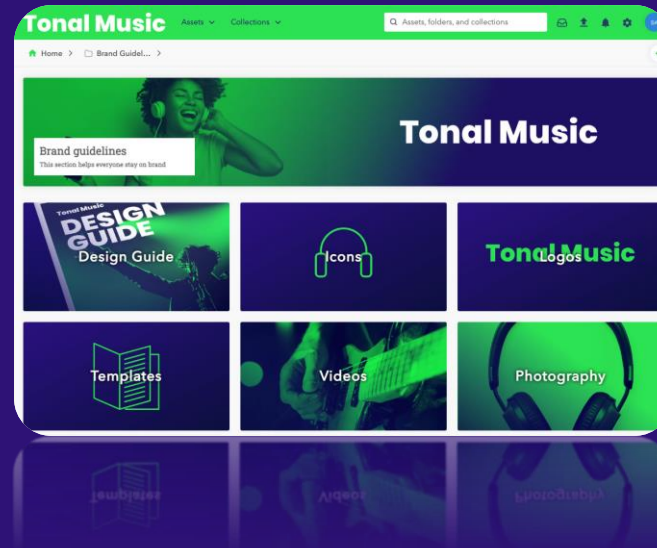


SENNHEISER BECOMES
NEWEST DIGIZUITE
MANUFACTURING CUSTOMER

[Read more](#)

POSITIVE IMPACT FROM PRODUCT INVESTMENTS

- New integration concept improved competitive position and enabled release of **+10 new connectors** to leading technology vendors like...
 - Salesfoce Marketing Cloud
 - InRiver
 - Hootsuite
 - Shopify
 - Umbraco
- New Brand Portals feature, provide companies with multiple brands to **customize the brand experience**.
- New product features contributed to growth in existing customer ARR expansion.
- Optimization of cloud operation, expected to **reduce cloud costs by 50% or more**, when customers are fully transitioned – starting 2H 2023.



DIGITAL ASSET MANAGEMENT

THE PURPOSE OF DIGIZUTE

Customers expect their customer experience to be synchronized and personalized across channels and tailored to their needs. To meet these needs and ensure growth in customer acquisition and revenue, many companies choose to implement an omnichannel strategy. This transformation to omnichannel requires efficient management of enormous amounts of content and various formats of content such as video, text, images, graphics, audio, and increasingly VR and AR files.

With Digizuite's DAM, global companies can manage and distribute content to multiple channels, such as websites, e-commerce sites, social media, customer portals, email, sales activation platforms, or stores, all from a central solution. This enables companies to streamline the entire content process (from production to distribution), improve their content governance, and ensure faster product launches and faster time to market.

But DAM is not "just" DAM. Three out of four companies want a specialized, high-performance, and fully open solution with the ability to handle large media files such as video, film, AR, and VR. For most larger companies, a dedicated DAM platform that seamlessly integrates with internal and external systems such as PIM, MDM, CMS is the preferred solution. A platform like Digizuite.

In The Forrester Wave™ 2022 for Digital Asset Management for Customer Experience (DAM), Forrester has recognized Digizuite as a "Strong Performer", which offers strong integrations. And another Forrester Total Economic Impact report from 2020 shows that Digizuite's customers achieve an ROI of 184%.

The Digizuite platform is so easy to use that it does not require programming or training beyond a simple demonstration. Additionally, the Digizuite platform is designed to serve and optimize large enterprise customer experiences across all their channels. Through this, Digizuite helps many large and global production companies make their omnichannel execution a competitive advantage.

The above focus, combined with over 20 years of DAM experience, makes it possible to educate, guide, and support large global companies in the rollout and application of the DAM platform.

COMPANY INFORMATION

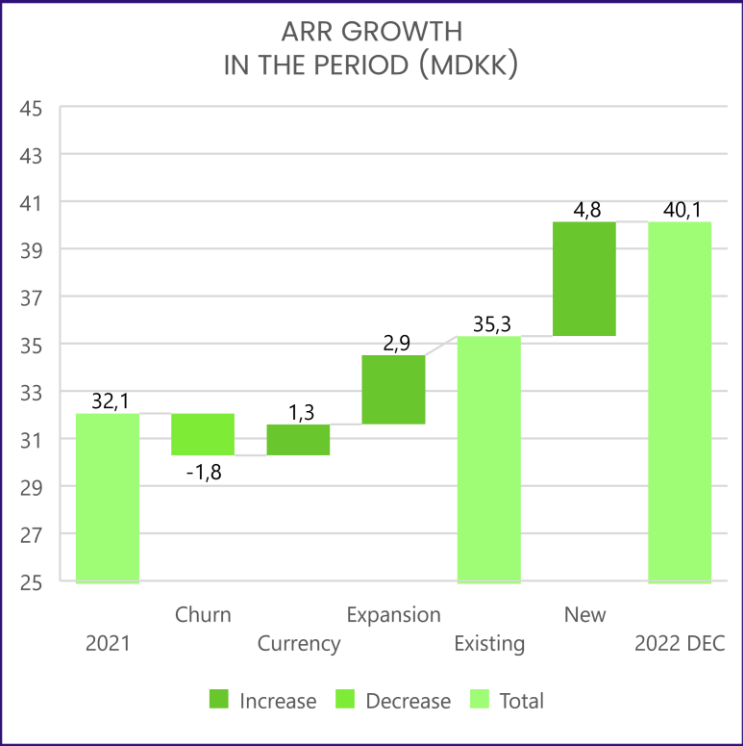
ANNUAL RECURRING REVENUE

During the fiscal year, Digizuite focused on expanding its Annual Recurring Revenue (ARR), which grew by 25% from 32.1 million DKK in 2021 to 40.1 million DKK in 2022. The growth was driven by a combination of sales to new customers, expansion and currency gains to existing customers, and low churn rates of only 6%.

Digizuite has been able to maintain strong customer retention, with ARR from the company's existing customer base growing at a Net Revenue Retention rate of 110% by the end of 2022. Despite the uncertainties in 2022, the company has been able to retain its existing customers without significant negative impact.

Overall, the company is pleased to have achieved its ARR guidance for the year. Looking ahead, Digizuite remains focused on delivering value to its customers and investing in its product development and innovation to drive future growth.

The annual development represents the increase in Annual Recurring revenue from 2021 to 2022 and is measured on the last day of both periods.



ANNUAL RECURRING REVENUE

Although we are actively investing in customer acquisition, we place a strong emphasis on optimizing every step of the customer journey to ensure high retention rates and to support customer adoption and expansion, thereby increasing customer value.

As a result of these efforts, we achieved an impressive 94% customer retention rate and 110% net revenue retention in 2022. Even more notable is that we have successfully grown every yearly cohort since our transition to a subscription-based model in 2017, demonstrating the effectiveness of our approach to customer engagement and support.

Given that many of our customers are large global enterprises, there is significant potential for further adoption and expansion into additional use cases and business areas. This represents an important focus area and opportunity for future growth for our company.

New customers that Digizuite acquires in one specific financial period (customer cohorts) evolve and gradually contribute with additional ARR in subsequent years. When viewed individually, all cohorts are developing with a positive year-on-year growth.

The annual development represents the increase in Annual Recurring revenue from 2017 to 2022 and is measured on the last day of periods.



This chart shows net ARR growth development from customer cohorts in million DKK. Customer cohorts refer to groups of new customers that Digizuite has acquired in a 12-month financial period.



COMPANY INFORMATION

THE COMPANY

Digizuite A/S
Østergade 61
5000 Odense C
Denmark

CVR.: 25499522

Accounting period:
01.01.2022 – 31.12.2022



EXECUTIVE BOARD

Kim Wolters, CEO

MEMBERS OF THE BOARD OF DIRECTORS

Søren Skovbølling, CoB

Michael Koehn Milland
Annette Lang Skovbølling
Johan Jardevall
Line Christa Amanda Sørensen

CONTACTS

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Søren Skovbølling,
Chairman of the board
Tel: +45 25 31 07 20
ssk@digizuite.com

MEMBERS OF THE BOARD OF DIRECTORS



SØREN SKOVBØLLING

Chairman of the board

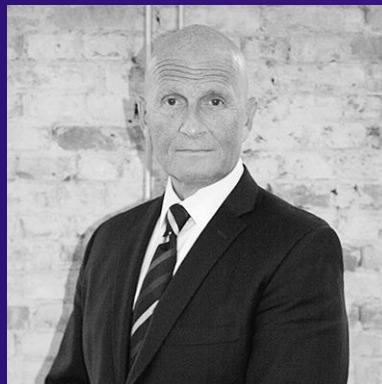
Experienced serial entrepreneur in the IT and software business, specialized in leadership, strategy, sales and business development. Has successfully executed sales of several companies.



**ANNETTE LANG
SKOVBØLLING**

Board member

Serial entrepreneur with investments in several IT and software companies for more than 20 years. Experienced manager within the shipping, medical, IT, and software industries, both start-ups and transformation of established companies.



**MICHAEL KOEHN
MILLAND**

Board member

25 years of international experience from top management positions in IT, communications and software companies, of which 2 are listed on Nasdaq USA. Have successfully completed several M&A's.



JOHAN JARDEVALL

Board member

15 years of experience from top management positions in consulting and software companies and has extensive knowledge of SaaS. Has been involved in several successful sales of software companies.



**LINE CHRISTA
AMANDA SØRENSEN**

Board member

International leader with 15 years of experience leadership from global companies. Focuses on Enterprise sales, digital innovation, marketing, product-management, acquisitions and business development.

FINANCIAL STATEMENTS

STATEMENT BY THE BOARD OF DIRECTORS AND THE EXECUTIVE BOARD

The board of directors and management have today considered and approved the annual report for Digizuite A/S for the financial year January 1st – December 31st, 2021.

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 financial position of the Company as of December 31st, 2022, and of the results of the company's operations and cash flows for the financial year January 1st – December 31st, 2022.

Odense, 17 April 2023

Kim Røtticher Wolters
CEO

Søren Skovbølling
Chairperson

Michael Koehn Milland

Johan Henrik Jardevall

Line Christa Amanda Sørensen

Furthermore, we believe that the management's review provides a true and fair presentation of the matters it covers.

The annual report is recommended for approval by the general meeting.



DIGIZUITE

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Digizuite A/S

Opinion

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

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2022 and of the results of the Company's operations 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company 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.

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 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.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to 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 the 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.

INDEPENDENT AUDITOR'S REPORT

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 note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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 the Management's review

Management is responsible for the Management's review.

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

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

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

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

Odense, 17 April 2023

EY Godkendt Revisionspartnerselskab

CVR no. 30 70 02 28

Brian Skovhus Jakobsen

State Authorised

Public Accountant

mne27701

MANAGEMENT REVIEW

The company's main activities include developing and selling a SaaS subscription to Digizuite™ DAM (Digital Asset Management), as well as consultancy services and support services. Digizuite SaaS is marketed globally, both directly and through partners, and the primary markets are Europe and North America.

DAM is one of the fastest-growing marketing technologies, and the growth in the global DAM market is driven by organizations increasingly digitizing and investing in online presence and e-commerce. Digizuite helps companies manage and streamline large amounts of visual digital content, including marketing materials that help provide their customers with unique digital experiences. The technology is used to scale marketing operations, reduce costs, increase revenue, or develop new digital services. DAM technology is being adopted by an increasing number of industries as many organizations experience explosive growth in their digital materials. These materials are used in the company's digital processes for marketing, sales, customer and partner programs, support and service, internal communication, and more.

Development in activities and financial conditions

Digizuite has increased its revenue by DKK 5.0 million to DKK 39.4 million in 2022, corresponding to a growth of 14%. In accordance with the company's strategy, growth comes solely from subscriptions to new and existing customers, which collectively increased by 20%. Expectations for increased revenue in 2023 are maintained and supported by a strong growth in the number of qualified leads from the company's marketing activities.

The development in production costs is primarily due to increased direct cost from the increased revenue. The gross profit has increased from DKK 16,5 million to DKK 20.5 million in 2022, corresponding to a growth in the gross profit margin from 47.8% to 52.0% in 2022.

Distribution costs increased by 7.2 million DKK to 32.0 million DKK, corresponding to an increase of 29%. There have been significant investments in the sales and marketing organization again this year. Additionally, there was a need for a reorganization that has added extra costs to severance pay in 2022.

The company has experienced some challenges in the current market environment, which have led to increased administrative costs. In addition to the costs related to restructuring the Norwegian market and strategic projects, the company has also faced higher cost related to compliance and regulatory requirements.

Digizuite has increased its research and development costs to accelerate product development, resulting in the launch of several new products, integrations and features in 2022 and 2023.

The total cash balance as of December 31, 2022, is 1.1 million DKK. The negative development in cash flows is due to significant operating and investing activities in 2022. The development is in line with the strategy.

Income tax relates only to the expected refund through the Danish tax credit scheme, and no adjustment for deferred tax has been made. Based on this, the effective tax rate is 8.5%.

Subsequent events

As part of the adjusted strategy, Digizuite have completed a capital increase in March 2023 of DKK 16 million and extended and increased the company's credit in Danske Bank. This put Digizuite in a strong position bridging the route to become EBITDA positive on a monthly basis before the end of 2023.

There have been no other events of significant importance to the company's financial position after the balance sheet date.

Recognition and measurement

The annual report includes a deferred tax asset, which as of the balance sheet date amounts to 1.7 million DKK. The value is based on the company's expectations for future earnings in the period 2023-2027. Due to the fact that the value is based on future expectations, its utilization is naturally associated with uncertainty.

Expected development

The company expects continued positive development in its revenue, driven by both new customers and additional sales to existing customers. This is expected to result in a significant growth in ARR (Annual Recurring Revenue) in 2023, by 25-33%, corresponding to a set ARR guidance of 50-53 million DKK. The adjusted strategy has increased our focus on improving earnings and achieving positive cash flow from the beginning of FY 2024 and we expects a negative EBITDA of 9-12 million DKK in 2023.

INCOME STATEMENT

	Notes	2022 DKK	2021 DKK
Revenue		39.449.010	34.489.125
Production costs		-18.937.934	-18.003.994
Gross profit		20.511.076	16.485.131
Distribution costs		-31.970.774	-24.746.604
Administration costs		-15.711.259	-12.359.360
Research and development costs		-12.545.301	-11.625.153
Profit/Loss before financials		-39.716.258	-32.245.986
Income from investments in subsidiaries		165.788	153.368
Financial income		1.197.576	981.113
Financial expenses	3	-284.972	-207.013
Profit/Loss before taxes		-38.637.866	-31.318.518
Income tax	4	3.288.863	2.389.059
Profit/Loss		-35.349.003	-28.929.459
Recommended appropriation of profit			
Net revaluation reserve according to the equity method		165.788	153.368
Reserve for development costs		1.840.232	-249.450
Retained earnings/ accumulated loss		-37.355.023	-28.833.377
		-35.349.003	-28.929.459

BALANCE SHEET AT 31.12

	Notes	2022 DKK	2021 DKK
Development projects	5	18.195.684	15.836.411
Property, plant and equipment	6	52.872	142.571
Investments in subsidiaries	7	550.585	384.797
Deposits	7	512.000	0
Fixed assets		19.311.141	16.363.779
Trade receivables		12.691.893	12.395.418
Work in progress	9	63.586	180.817
Receivables from subsidiaries		501.758	4.720.978
Deferred tax	8	1.678.769	1.678.769
Income tax receivables		3.288.863	2.487.175
Other receivables		0	63.960
Prepayments		682.778	929.318
Receivables		18.907.647	22.456.435
Cash		1.065.144	20.506.199
Current assets		19.972.791	42.962.634
Assets		39.283.932	59.326.413

BALANCE SHEET AT 31.12

	Notes	2022 DKK	2021 DKK
Share capital	10	29.214.944	29.214.944
Net revaluation reserve according to the equity method		544.602	378.814
Reserve for development costs		14.192.633	12.352.401
Retained earnings		-59.097.522	-21.742.499
Equity		-15.145.343	20.203.660
Interest bearing liabilities		6.008.629	5.849.350
Other payables		1.700.851	1.700.851
Non-current liabilities	11	7.709.480	7.550.201
Bank debt		5.385.632	0
Deferred income		28.200.924	22.110.451
Work in progress	9	303.940	571.548
Trade payables		7.122.481	2.959.661
Other payables		5.706.818	5.930.892
Current liabilities		46.719.795	31.572.552
Equity and liabilities		39.283.932	59.326.413

CASH FLOW STATEMENT

	Notes	2022 DKK	2021 DKK
Operating profit/loss		-39.716.258	-32.245.986
Adjustments, interest and corporate tax	15	11.447.769	8.575.353
Changes in working capital	16	14.048.129	5.408.762
Cash flow from operating activities		-14.220.360	-22.981.993
Investments in intangible assets		-10.253.605	-6.639.147
Investments in property plant and equipment		0	-59.997
Deposits		-512.000	366.026
Cash flow from investing activities		-10.765.605	-6.333.118
Proceeds from borrowings og bank debt		5.544.960	1.450.000
Cash increase from capital		0	55.000.000
- Costs related to capital increase		0	-5.101.174
Cash flow from financing activities		5.544.960	51.348.826
Net cash flow		-19.441.055	22.033.715
Cash and cash equivalents 1 January		20.506.199	-1.527.516
Cash and cash equivalents 31 December		1.065.144	20.506.199

EQUITY

	Share capital DKK	Share premium account DKK	Net revaluation reserve according to the equity method DKK	Reserve for development DKK	Retained earnings DKK	Total DKK
Equity 1 January 2021	22.254.189	0	225.446	12.601.851	-40.564.192	-5.482.706
Debt conversion	4.750.000	0	0	0	0	4.750.000
Capital increase	2.210.755	52.789.245	0	0	-5.134.175	49.865.825
Net profit/loss for the period	0	0	153.368	-249.450	-28.833.377	-28.929.459
Transfer to reserve	0	-52.789.245	0	0	52.789.245	0
Equity 1 January 2022	29.214.944	0	378.814	12.352.401	-21.742.499	20.203.660
Net profit/loss for the period	0	0	165.788	1.840.232	-37.355.023	-35.349.003
Equity 31 December 2022	29.214.944	0	544.602	14.192.633	-59.097.522	-15.145.343

NOTES TO THE FINANCIAL STATEMENTS

Applied Accounting Principles

The annual report for Digizuite A/S for 2022 has been prepared in accordance with the provisions of the Danish Financial Statements Act for Class B companies with the election of certain provisions for Class C.

In accordance with Section 110(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

Presentation Currency

The financial statements are presented in Danish Kroner (DKK).

Foreign Currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment 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 rate 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 most recent financial statements is recognised in the income statement as financial income or financial expenses.

Net Revenue

The Company has chosen IAS 11/IAS 18 as interpretation for revenue recognition. Revenue from licenses and support contracts related to SLA agreements, hosting, other support, and various subscription services are recognized over the contract period. Revenue from the provision of services is recognized as revenue as the services are provided, and therefore, net revenue corresponds to the sales value of the services performed during the year (production method).

Net revenue is measured at the fair value of the agreed consideration, excluding VAT and taxes charges collected on behalf of third parties. All forms of discounts granted are included in net revenue.

Production Costs

Production costs include expenses incurred to obtain the year's net revenue. This includes costs for hosting, cloud services, etc., as well as costs for production staff.

Distribution Costs

Distribution costs include costs for sales personnel, advertising and exhibition expenses, as well as depreciation. Sales and marketing expenses are recognized in the income statement when the company obtains control of the sales or marketing product.

Administrative Costs

Administrative costs include expenses incurred during the year for the management and administration of the company, including costs for administrative personnel, management, office space and office expenses, as well as depreciation of assets used in administration.

Development Costs

This item includes research and development costs that do not meet the criteria for capitalization, costs for development staff, and depreciation of capitalized development costs.

Income from investments in Subsidiaries

Under the equity method, a proportionate share of after-tax results in the underlying companies is recognized in the income statement. Results after tax in subsidiaries are presented in the income statement as a separate line.

Financial income and expenses:

Financial income and expenses are recognized in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognized in the income statement, whereas the portion that relates to transactions taken to equity is recognized in equity.

Intangible Assets

Development projects that are clearly defined and identifiable, and where technical feasibility, sufficient resources, and a potential future market or development opportunity can be demonstrated, and where the intention is to manufacture, market or use the project, are recognized as intangible assets if the cost can be reliably determined, and there is sufficient assurance that future earnings will cover production, sales and administrative costs as well as development costs. Other development costs are recognized in the income statement as the costs are incurred.

Development costs recognized in the balance sheet are measured at cost less accumulated depreciation and impairment losses. After completion of the development work, development costs are depreciated on a straight-line basis over the estimated economic useful life. The depreciation period is usually 4 years.

NOTES TO THE FINANCIAL STATEMENTS

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. The cost includes the purchase price and costs directly related to the acquisition until the asset is ready for use.

Profit or loss is calculated as the difference between the selling price, net of selling expenses, and the book value at the time of sale. Gains and losses on the sale of tangible assets are recognized in the income statement as other operating income and other operating expenses, respectively. The depreciation period is usually 3–5 years.

Impairment of assets

The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries is assessed for impairment on an annual basis. If there are indications of impairment, impairment tests are performed on each individual asset or group of assets. Impairment is recognized when the recoverable amount is lower than the carrying amount. The recoverable amount is the higher of the net selling price and the value in use. The value in use is calculated as the present value of the expected future cash flows from the use of the asset or group of assets and expected future cash flows from the sale of the asset or group of assets after the end of their useful lives.

Receivables

Receivables are measured at amortized cost. The company has chosen IAS 39 as an interpretation for impairment of financial receivables. Impairment losses are recognized to offset losses when there is objective evidence that a receivable is impaired. If there is objective evidence that an individual receivable is impaired, impairment is recognized on an individual basis.

Work in progress

Ongoing deliveries of services are measured at the sales value of the work performed, less interim invoicing. The sales value is determined based on the completion status as of the balance sheet date and the total expected revenue for the individual ongoing work. The completion status is determined based on the incurred costs compared to the expected total costs for the individual ongoing work.

When the result of an ongoing contract cannot be reliably estimated, the sales value is measured at the costs incurred to the extent that they are expected to be covered by the buyer.

If the total costs of the ongoing work are expected to exceed the total sales value, the expected loss is recognized as a loss-making contract under provisions and expensed in the income statement.

The value of each ongoing work, net of interim invoicing, is classified as assets when the sales value exceeds interim invoicing and as liabilities when interim invoicing exceeds the sales value.

Investments in subsidiaries

Investments in subsidiaries are measured using the equity method. The cost is adjusted for the group's share of post-tax profits or losses calculated according to the group's accounting policies, plus or minus any unrealized intra-group profits or losses. Dividends received are deducted from the carrying amount.

Accruals

Accruals, recognized as assets, include prepaid expenses related to subsequent accounting years.

Equity

Reserve for net revaluation according to the equity method includes net revaluations of equity investments in subsidiaries relative to cost. The reserve can be eliminated in case of losses, realization of equity investments, or changes in accounting estimates. The reserve cannot be recognized as a negative amount.

Reserve for development costs includes development costs recognized as intangible assets. The reserve cannot be used for dividends or to cover losses. The reserve is reduced or dissolved when recognized development costs are depreciated or eliminated from the company's operations. This occurs by transferring amounts from the reserve directly to retained earnings.

Proposed dividends are recognized as a liability at the time of adoption at the annual general meeting (the declaration date). Dividends expected to be paid for the year are shown as a separate item under equity.

Corporate tax

Current tax liabilities and receivables for current tax are recognized in the balance sheet as calculated tax on the year's taxable income, adjusted for tax on previously taxable incomes and paid on-account taxes.

Deferred tax is measured using the balance sheet liability method for all temporary differences between the carrying amount and tax base of assets and liabilities. In cases where the calculation of the tax value can be made based on different taxation rules, deferred tax is measured based on the management's planned use of the asset or settlement of the liability.

NOTES TO THE FINANCIAL STATEMENTS

Deferred tax is measured based on the tax rules and tax rates that will be in effect under the legislation as of the balance sheet date when the deferred tax is expected to be triggered as current tax. Deferred tax assets are recognized at the value they are expected to be utilized, either by offsetting against future earnings or by offsetting against deferred tax liabilities within the same jurisdiction.

Changes in deferred tax as a result of changes in tax rates are recognized in the income statement.

Debt obligations

Financial debt obligations are recognized upon borrowing at the received proceeds net of transaction costs. In subsequent periods, the financial obligations are measured at amortized cost, equivalent to the capitalized value using the effective interest rate, so that the difference between the proceeds and the nominal value is recognized in the income statement over the loan period. Other debt obligations are measured at net realizable value.

Advances from customers

Advances from customers include prepayments and deferral of various subscription services that are deferred for recognition in the next financial year (deferred income).

Cash Flow statement

The cash flow statement shows the Company's net cash flows broken down according to operating, investing and financing activities, the year's changes in cash and cash equivalents as well as the cash and cash equivalents at the beginning and the end of the year.

Cash flows from operating activities are calculated as the profit/loss for the year adjusted for non-cash operating items, changes in working capital and paid corporate income tax.

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of entities and activities and of intangible assets, property, plant and equipment and investments.

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

Cash and cash equivalents comprise cash, and short term securities which are readily convertible into cash and which are subject only to insignificant risks of changes in value.

Annual Recurring Revenue

Annual Recurring Revenue (ARR) is a metric used to measure the recurring recognized revenue of a SaaS business on an annualized basis. The ARR is made up of subscription-based revenue of recurring nature and does not include one-time fees or other non-recurring items.

Based on this, ARR is calculated with the following formula: $ARR = \text{Monthly Recurring Revenue (MRR)} \times 12$. MRR is the most recently recognized total monthly recurring revenue from all customers measured in local currency at the reporting date.

Churn based on Annual Recurring Revenue

Churn is a metric that measures the lost ARR from the existing customer base over a rolling 12 months period, i.e. churned ARR over a 12 months period should be divided by the existing ARR customer base at the beginning of the period. Churned ARR (%) is recognized when a canceled contract expires or changes according to contractual terms. ARR churn rate (%) formula: $(\text{Lost ARR over the last 12 months period} / \text{ARR at the beginning of the period}) \times 100$

EBITDA

EBITDA, which stands for Earnings Before Interest, Taxes, Depreciation, and Amortization, is a financial measure used to evaluate a company's operating performance. It is calculated by subtracting the total depreciation from the company's Profit/Loss before financials.

NOTES TO THE FINANCIAL STATEMENTS

2022
DKK

2021
DKK

2 Subsequent events

As part of the adjusted strategy, Digizuite have completed a capital increase in March 2023 of DKK 16 million and extended and increased the company's credit in Danske Bank. This put Digizuite in a strong position bridging the route to become EBITDA positive on a monthly basis before the end of 2023.

There have been no other events of significant importance to the company's financial position after the balance sheet date.

3 Financial costs

Interest expenses to affiliated companies	0	18.047
Other interest costs	284.972	188.965
Financial costs	284.972	207.012

4 Tax on the year's results

Calculated tax on the year's taxable income	-3.288.863	-2.330.427
This year's adjustment of deferred tax	0	-58.632
Tax on the year's results	-3.288.863	-2.389.059

Income tax relates only to the expected refund through the Danish tax credit scheme, and no adjustment for deferred tax has been made. Based on this, the effective tax rate is 8.5% (2021: 7.6%).

NOTES TO THE FINANCIAL STATEMENTS

5 Intangible assets	Development project DKK
Cost as of 1 January	43.607.619
Additions	10.253.605
Cost as of 31 December	53.861.224
Amortisation and impairment as of 1 January	27.771.209
Amortisations during the year	7.894.332
Amortisations and impairment as of 31 December	35.665.540
Carrying amount as of 31 December	18.195.684
Amortisation period	4 years

Completed development projects comprise software development costs related to development of the existing software platform. The software is under continuous development for the use of customers and is sold as a licence to use the software for a given period. The user has access to upgrades and new functionalities during the contract period. Costs related to maintenance are expensed when incurred. Development costs for the year cover both development of the front-end and the back-end part of the software solution. Both parts to increase the user experience and functionalities within the software in order to increase Digizuite's revenue by maintaining existing clients and acquiring new clients. It is Management's assessment that the expected useful lives, as well as the expected future revenue streams from the assets are sufficient to cover the value of recognized developed software at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

6 Tangible assets

Property, plant and
equipment
DKK

Cost as of 1 January	296.201
Cost as of 31 December	296.201
Depreciation as of 1 January	153.630
Depreciation during the year	89.699
Depreciation as of 31 December	243.328
Carrying amount as of 31 December	52.873
Depreciation period	3–5 years

NOTES TO THE FINANCIAL STATEMENTS

7 Financial assets

	Investments in subsidiaries DKK	Deposit DKK	Total DKK
Cost as of 1 January	5.983	0	5.983
Additions	0	512.000	512.000
Cost as of 31 December	5.983	512.000	517.983
Value adjustments as of 1 January	378.814	0	378.814
Share of the annual result	165.788	0	165.788
Value adjustments as of 31 December	544.602	0	544.602
Carrying amount as of 31 December	550.585	512.000	1.062.585

Name	Ownership percentage
Subsidiaries	
Digizuite Inc	100%

NOTES TO THE FINANCIAL STATEMENTS

8 Deferred tax assets

In the annual report, a deferred tax asset has been recognized, which amounts to DKK 1.7 million as of the balance sheet date. The value is based on an updated business plan. The company expects to continue making losses in the coming year, after which positive pre-tax results are expected from 2024. Because the tax asset is based on future expectations, its utilization is associated with increased uncertainty. The unrecognized deferred tax asset amounts to DKK 6.1 million as of December 31, 2022. Management believes that the valuation of the company's deferred tax asset as of December 31, 2022, is reasonable.

9 Work in Progress

	2022 DKK	2021 DKK
Sales value of work performed	1.006.577	646.153
Payments in advance	-1.246.931	-1.036.884
Work in Progress	-240.354	-390.730
It is accounted for as follows		
Work in progress (assets)	63.586	180.818
Work in progress (liabilities)	-303.940	-571.548
Work in Progress	-240.354	-390.730

NOTES TO THE FINANCIAL STATEMENTS

10 Share capital

The company's capital has developed as follows in the last 5 years

	2022 DKK	2021 DKK	2020 DKK	2019 DKK	2018 DKK
Share capital as of 1 January	29.214.944	22.254.189	16.764.000	16.764.000	16.514.000
Capital increase	0	6.960.775	5.490.189	0	250.000
Share capital as of 31 December	29.214.944	29.214.944	22.254.189	16.764.000	16.764.000

11 Long-term debt obligations

Out of the long-term debt obligations, 0 DKK is due after 5 years.

NOTES TO THE FINANCIAL STATEMENTS

12 Staff costs

Staff costs are accounted for in the annual report as follows

	2022 DKK	2021 DKK
Production	5.212.270	7.832.276
Distribution	5.407.871	3.877.063
Administration	7.735.078	6.036.026
Development	9.344.560	8.099.712
Staff costs	27.699.779	27.419.251
 Average number of full-time employees	 42	 39

NOTES TO THE FINANCIAL STATEMENTS

13 Contractual obligations and contingencies, etc.

Other contingencies

	2022 DKK	2021 DKK
Other financial obligations	2.062.456	3.060.729
Lease and rental obligations	2.062.456	3.060.729

Rent and leasing obligations include commitments with a remaining contract period of 12–25 months.

14 Security interests

The company has established a business pledge with security in trade receivables, intangible and tangible fixed assets of TDKK 8.950. The accounting value of the assets provided as collateral amounts to TDKK 30.040.

NOTES TO THE FINANCIAL STATEMENTS

	2022 DKK	2021 DKK
15 Adjustments, interest and corporate tax		
Depreciation	7.984.031	7.054.056
Other non-liquid regulations	-101.829	205.240
Interest receipts and similar	1.197.576	981.113
Interest payments	-284.972	-207.013
Income from equity interests	165.788	153.368
Received corporate tax	2.487.175	2.000.426
Total of adjustments, interest and corporate tax	11.447.769	10.187.190
16 Change in working capital		
Accounts receivable	438.370	-726.632
Debt to associated companies	4.219.220	-4.849.338
Other long-term debt	0	147.573
Prepayments	6.090.474	1.911.570
Accounts payable, etc.	3.300.065	2.593.630
Total of Change in working capital	14.048.129	-923.197