

H1 REPORT 2023

1 JANUARY 2023 –
30 JUNE 2023

Digizuite A/S
Østergade 61
5000 Odense C
Denmark

CVR.: 25499522



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MANAGEMENT REVIEW

A photograph of two women standing on a spiral staircase. The woman on the left has long blonde hair and is wearing a grey cardigan over a black top; she is holding a silver laptop. The woman on the right has dark hair and is wearing a tan jacket over a black top; she is holding a smartphone. The background shows the curved metal railings of the staircase. The entire image is overlaid with a semi-transparent blue filter.

LETTER FROM THE CEO

Dear Shareholders,

I am pleased to announce Digizuite's half-year report for FY 1H23. Throughout the first half of 2023, we remained committed to our long-term annual recurring revenue (ARR) growth, while diligently reducing operational costs with the goal of archiving cashflow neutrality in early 2024.

Our ARR has demonstrated robust growth, increased 17% over the past 12 months (25%, excluding the influence of currency fluctuations). This impressive expansion is attributed to a combination of increase in customer acquisition and continued expansion to existing customers. Significantly, our churn rate continues to be remarkably low at 6%, while Net Revenue Retention remains robust at 104% (107%, excluding the influence of currency fluctuations). Changes in currency dynamics, mainly related to USD and SEK, had an adverse impact on ARR by reducing it by DKK 1 million, reflecting our reporting in DKK.

Our strategic initiatives to decrease operational cost, while continuing to grow revenue, have yielded good results. We obtained an improvement in result before income tax by 36% and a significant increase in Gross profit by 46% for 1H23 compared to 1H22. Noteworthy is an 8% reduction in operating costs for 1H23, driven largely by a substantial 28% decrease in distribution costs, especially in sales and marketing.

In Europe, our markets have demonstrated promising growth, marked by increased customer acquisitions and strengthened partnerships. While our North American market has not yet met our expectations in terms of growth, we remain committed to enhancing our growth trajectory in this region as a top priority.

New horizon with new ownership.

We are excited for the next chapter in our growth journey, as we embark on a new chapter with our new owner Luxion Group.

Luxion Group has a unique market position in realm of 3D rendering, enabling manufactures to craft compelling product visuals, whether in 3D or 2D, from CAD content. Digizuite has a strong position in the Digital Asset Management (DAM) market, empowering enterprise marketing teams to seamlessly oversee and distribute rich media content across diverse omnichannel landscapes.

The convergence of these two cutting-edge technologies presents a compelling and unparalleled value proposition for enterprise organizations. Together, we wield the potential to forge a digital avenue for automating the creation of product content, facilitating its rapid dissemination across all channels, all while optimizing costs.

Together, we offer an unmatched solution for forward-thinking enterprises, which is exciting news for our dedicated employees, valued partners.

I eagerly anticipate leading the company into a bright and promising future, under new ownership and a visionary outlook.

STATEMENT FROM THE CHAIRMAN

Strategy execution

The strategy execution are still following the plan with organic growth, strong improvement on the multitenant- and product strategy and now also a successful achievement on the announced M&A-strategy. I am happy to confirm that we have got support and accept from more than 96% of our shareholders to sell Digizuite A/S to Luxion Group ApS based on the offer document from Luxion Group from July 7th 2023, where all shareholders were offered to sell their Digizuite shares at a price of DKK 8,73 per share.

The future of Digizuite

With the new Luxion Group ownership, Digizuite will be delisted from Nasdaq First North in September 2023 and the rest of the shareholders who have not yet accepted the offer will be redeemed. Digizuite is expected to continue as a subsidiary to Luxion Group, serving all existing and coming customers on the same high level. Digizuite will still have a strong focus on being one of the leading DAM partners in the world and with the world leading 3D- and rendering capabilities from Luxion Group this position is expected to be expanded. The combination of Digizuite and Luxion Group will give ambitious global companies a huge competitive advantage in their digitization. That's why we believe this will be very positive for customers, employees and partners.

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. Without you we would never have reached most of our goals and we would never have been so attractive for a world leading company, like Luxion Group. Thank you all for your trust.

COMPANY INFORMATION

ANNUAL RECURRING REVENUE

In the period HI 2022 to HI 2023, Digizuite has continued its focus on growing Annual Recurring Revenue (ARR). ARR grew by 6,3 MDKK from end of HI-2022 to HI-2023, equivalent to 17%.

ARR-growth was driven by a combination of acquiring new customers and sales to the existing customer base. Expansions, currency rates, and churn generated an ARR growth of 1,5 MDKK, resulting in a Net Revenue Retention Rate of 104%. The negative effect from currency rates was mainly driven by a lower USD rate. Digizuite achieved a churn rate of 6%, compared to 3% in the report HI 2022.

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.

The annual development represents the increase in Annual Recurring revenue from HI-2022 to HI-2023 and is measured on the last day of both periods.



ANNUAL RECURRING REVENUE

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.

New customers that Digizuite acquires in one specific financial period (customer cohorts) evolve and gradually contribute with additional ARR in subsequent years.

Our customers acquired in 2023-H1 has generated ARR of 2MDKK as in 2022-H1, building a solid base for expansion. Additionally, the ARR of customers acquired in 2021 has grown to 8MDKK, demonstrating a business model with potential of upscaling existing customers.

The development represents the increase in Annual Recurring revenue from 2017 to 2023-H1 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:
01.01.2023 – 30.06.2023



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

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MEMBERS OF THE BOARD OF DIRECTORS



SØREN SKOVBØLLING

Chairman of the board

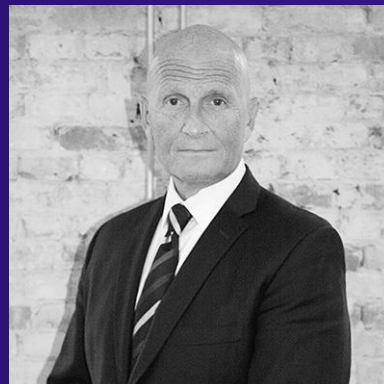
Experienced serial entrepreneur in the IT and software business, specialized in leadership, strategy, sales and business development. Has successfully executed sales of several companies.



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



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 4.3 million to DKK 23.7 million in H1 2023, corresponding to a growth of 22%. In accordance with the company's strategy, growth comes solely from subscriptions to new and existing customers. 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.

Even though the revenue has increased, the positive development in production costs is primarily due to decreased direct cost. The gross profit has increased from DKK 9.4 million to DKK 13.8 million in H1 2023, corresponding to a growth in the gross profit margin.

Distribution costs decreased by 4.4 million DKK to 11.0 million DKK. We are already seeing an effect of the changed strategy with a decreased team in sales and marketing.

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

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.

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.

INCOME STATEMENT

	2023 – H1 DKK	2022–H1 DKK
Revenue	23.734.448	19.484.856
Production costs	-9.957.038	-10.032.545
Gross profit	13.777.410	9.452.311
Distribution costs	-11.046.972	-15.471.331
Administration costs	-6.735.759	-6.876.578
Research and development costs	-7.293.423	-4.988.642
Profit/Loss before financials	-11.298.744	-17.884.240
Income from investments in subsidiaries	53.078	84.072
Financial income	11.514	102.950
Financial expenses	-69.866	-78.484
Profit/Loss before taxes	-11.304.018	-17.775.700
Income tax	0	0
Profit/Loss	-11.304.018	-17.775.700

BALANCE SHEET AT 31.12

	2023-HI DKK	2022-HI DKK
Development projects	18.717.256	17.992.386
Property, plant and equipment	26.182	95.418
Investments in subsidiaries	603.663	468.869
Deposits	512.000	0
Fixed assets	19.859.101	18.556.673
Trade receivables	8.861.528	7.735.600
Receivables from subsidiaries	866.516	1.046.464
Deferred tax	1.678.769	1.620.137
Income tax receivables	3.288.863	2.545.807
Other receivables	0	87.960
Prepayments	44.097	176.389
Receivables	14.739.773	13.212.357
Cash	1.146.560	4.656.656
Current assets	15.886.333	17.869.013
Assets	35.745.434	36.425.686

BALANCE SHEET AT 31.12

	2023-H1 DKK	2022-H1 DKK
Share capital	31.945.031	29.214.944
Net revaluation reserve according to the equity method	597.680	462.886
Reserve for development costs	14.599.460	14.034.062
Retained earnings	-57.620.523	-41.283.932
Equity	-10.478.352	2.427.960
Interest bearing liabilities	6.008.629	5.849.350
Other payables	1.700.851	1.700.851
Non-current liabilities	7.709.480	7.550.201
Bank debt	4.523.852	0
Deferred income	25.018.134	18.212.508
Work in progress	1.661.917	1.669.818
Trade payables	2.455.501	1.608.220
Other payables	4.854.902	4.956.979
Current liabilities	38.514.306	26.447.525
Equity and liabilities	35.745.434	36.425.686

CASH FLOW STATEMENT

	2023-H1 DKK	2022-H1 DKK
Operating profit/loss	-11.298.744	-17.884.240
Adjustments, interest and corporate tax	1.641.566	3.682.281
Changes in working capital	-562.692	4.144.516
Cash flow from operating activities	-10.219.870	-10.057.443
Investments in intangible assets	-4.807.943	-5.768.100
Investments in property plant and equipment	0	0
Deposits	0	-24.000
Cash flow from investing activities	-4.807.943	-5.792.100
Repayment of borrowings and bank debt	-861.780	0
Cash increase from capital	15.971.009	0
- Costs related to capital increase	0	0
Cash flow from financing activities	15.109.229	0
Net cash flow	81.416	-15.849.543
Cash and cash equivalents 1 January	1.065.144	20.506.199
Cash and cash equivalents 30 June	1.146.560	4.656.656

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 2022	29.214.944	0	378.814	12.352.401	-21.742.499	20.203.660
Capital increase	0	0	0	0	0	0
Net profit/loss for the period	0	0	84.072	1.681.661	-19.541.433	-17.775.700
Transfer to reserve	0	0	0	0	0	0
Equity 30 June 2022	29.214.944	0	462.886	14.034.062	-41.283.932	2.427.960
Equity 1 January 2023	29.214.944	0	544.602	14.192.633	-59.097.522	-15.145.343
Capital increase	2.730.087	13.240.922	0	0	0	15.971.009
Net profit/loss for the period	0	0	53.078	406.827	-11.763.923	-11.304.018
Transfer to reserve	0	-13.240.922	0	0	13.240.922	0
Equity 30 June 2023	31.945.031	0	597.680	14.599.460	-57.620.523	-10.478.352