



Annual Report

2021

Nexcom A/S

Bredgade 23B,
1260 Copenhagen K
CVR No.: 20348046

Annual report 2021

The Annual General Meeting adopted
the annual report on April 8, 2022

Jens Folker Bruun

Chairman of the General Meeting



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Annual report 2021

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2021

Group Highlights

IPO completed with more than 2,000 new shareholders

Group Revenue Growth of 65%, DKK 8.1 to 13.4 mill.

EBITDA of DKK -13.5 mill.

Established global presence with 40,000 users

All existing contracts renewed, 100% retention

3 new contracts signed

RevealCX Boost - AI product completed and launched

Letter from the Chairman

When Nexcom was listed in January 2021 it was both an ending and a beginning.

Firstly, it was the ending of a short and hectic establishing phase where three companies were merged, a new executive management team assembled, and a new board was established in order to manage the IPO process and ensure a smooth start of the company. At the same time it marked the beginning of a new journey as a listed company with a newly formed team. We started 2021 with 5 employees and we are ending the year with 21 employees. Needless to state, it has been a very busy and transformational year with a steep learning curve in many areas.

The entire world was heavily impacted by Covid19, including the business world. This effected Nexcom in our ability to staff vacant positions in the United States as well as in Europe. This in turn impacted our ability to build our sales pipeline and sales cycles were delayed resulting in a lower group revenue than we anticipated for 2021. Despite the challenges and sales delays, we are reporting a group revenue growth of more than 65% and we maintained our customer attrition at 0%. It is a stellar performance by the team and we can be proud about the long term value we deliver to our customers. We are proud of having long and very strong relationships with our customers.

When a company is as young as Nexcom, we must move fast. The market is there to conquer, and we have a competitive advantage towards our much larger competitors when acting fast. Hence we must learn fast.

This is true when we talk about customers, employees, processes and investors. And for sure, 2021 was a learning year for us where we transitioned from a very small company to a listed stock company where expectations are high.

We cannot be satisfied with the share price development in 2021. After a very successful launch in January our share price has dropped from DKK 11.85 to DKK 2.60 resulting in a market cap drop from DKK 134 mill. to DKK 27 mill. While some of the decline can be contributed to our delayed sales performance and hence updated expectations to 2021, we must also conclude that the general First North stock market performance has given us some headwind. While we are not satisfied with the development, we remain truly focused on running the business and improving our operations.

As proud of our revenue growth as we are, equally disappointed are we with our profit performance. Missing our Group EBITDA guidance by approx. DKK 3.5 mill. We have had to take corrective action as part of our annual audit process and critically review the level of capitalization of software development used until now. We have corrected both 2020 and 2021, so we are sure that we moving forward are reporting a reliable level. The new AI software itself is now on the market and is deployed at our first customer as well as looking into a strong sales pipeline moving forward.

Letter from the Chairman

After a period of transition during 2021, we now look into 2022. The pandemic is slowly loosening its grip on the world, but the very unfortunate Russian invasion of Ukraine is creating continuous concern. While Nexcom is not exposed directly in neither Russia or Ukraine many of our large customers are. We hope for a fast and peaceful resolution for the people of Russia and Ukraine as we keep an eye on the development and possible impact for Nexcom.

For Nexcom, 2022 will be all about execution. We now have the right executive team and we have established a very forceful sales team. We have the right strategy, and our competitive solutions are ready to be deployed with our customers. On top of that we have a very strong and loyal customer base to grow from and based on these facts I am confident that 2022 will be a successful year for Nexcom.

Lastly I would like to thank the investors, customers, employess and the executive team for a good and fruitful co-operation in 2021, and looking forward to continued efforts and collaboration in the years to come.

Thomas Gregers Honoré
Chairman of the Board of Directors, Nexcom A/S

Letter from the CEO

2021 has been a significant year for many reasons

For Nexcom 2021 started with listing on the Nasdaq First North Growth Market as the first of many steps in executing our growth strategy and positioning Nexcom as specialists within customer experience software.

Development in the year – forming the foundation for growth

We started off strong when entering into a global agreement with the Telenor Group, who use our software to continuously improve the customer experience. Progressing our technology is imperative, the utilization of AI and Machine Learning is an important component of our strategy and with an agreement of co-development of the next generation of our AI, the following months we successfully developed our Machine Learning models and could present a functioning AI as promised in late 2021. An important step for our growth in 2022 and 2023. We developed the next generation of AI.

We also grew in numbers when recruiting the team who will secure the continued growth for Nexcom. A major task for a small team of 5 to grow to more than 20 in such a short period. Finding the right profiles, onboarding them while developing processes to support the onboarding – it has many times felt like building new wings for a plane in mid-air. We learnt a lot during this phase, also about how to change plans when the original plan doesn't work out.

Financial performance 2021

One of the most important factors for Nexcom in these years is to grow our revenue. In 2021 we managed to grow our group revenue to DKK 13.4 mill. with DKK 3 mill. of those being organic growth, as well as adding to our Annual Recurring Revenue. A significant lift from 2020's group revenue of DKK 8.1 mill.

Group key proforma figures	2021 DKK	2020 DKK	Guidance 2021 DKK
Revenue	13.4	8.1	14.0 to 15.2
EBITDA	-13.5	0.8	-9.9 to -8.3

At Company level, 2021 showed a revenue of DKK 11,0 mill., EBITDA was DKK -6,8 mill., the net result was DKK -10,5 mill. and at the end of 2021 the total equity amounted to DKK 22,2 mill.

Company key figures	2021 DKK	2020 DKK
Revenue	11.0	7.2
EBITDA	-6.8	1.2
Equity	22.2	4.5

Letter from the CEO

To secure our growth moving forward we also needed to secure existing customers were serviced and renew all contracts up for renewal in 2021. This was successfully done and we are proud that we have yet another year without customer churn, it is now more than 9 years ago we experienced a customer leaving Nexcom.

Follow-up on previously reported expectations for 2021

In August 2021 we communicated expected group revenue of DKK 14.0-15.2 mill. for 2021 and group EBITDA at a level between DKK -8.3 and -9.9 mill.

The total group revenue recognized for 2021 was DKK 13.4 mill.¹ and group EBITDA was DKK -13.5 mill.².

In regard to our group revenue, COVID-19 had an impact to our ability to recruit, suddenly the market for recruitment stood still. Relevant profiles would not change jobs in the middle of a pandemic, and we could not compromise on the quality of staff we needed. Delays in this area has affected our revenue outlook as we simply did not have staff to onboard and start working on our sales. This also increased costs as we had to use multiple recruitment agencies and increase advertising. The effect of this as been that we are around 6-7 months behind our plans to build up our sales pipeline in both Europe as the US.

About our group EBITDA, we have, as part of our end of year evaluation, revised the methodology used for assessing capitalization of our development costs.

The result of this is that we will end 2021 with a projected DKK -13.5 mill. in group EBITDA, against the announced DKK -8.3 and -9.9 mill., where the vast majority of the deviation is due to reassessment of our development costs. The remaining deviation is due to added consulting and advisory primarily regarding the development team, completing the AI development.

With these changes implemented we will be following what is considered good practice and will use the same methodology moving forward.

In 2021 we had a significant investment in our AI product. This product is now completed and implemented at a customer installation. Therefore, the extend of future capitalized development costs will be reduced.

Key financial activities 2022

Looking at Nexcom in 2022, we are now ready for the next steps in our journey with a complete team and a cutting-edge product offering. As part of the originally communicated plan from January 2020, we plan to raise further capital to enable the continued growth of the company. These efforts have commenced, and we are actively working towards executing a capital increase Q2 2022.

For more detailed information, please refer to Note 1 of the Financial Statement regarding Management's assessment of the going concern assumption. Furthermore, please refer to Note 2 regarding uncertainties and estimates in relation to the impairment tests made for non-current assets and tax asset.

Letter from the CEO

For 2022, we are predicting a group revenue within the range of DKK 19.5-23.5 mill. as a result of our investments in establishing a new sales force in 2021. For our group EBITDA range we expect to end the year between -7.7 and -5.7 mill. as we have concluded our major investments into our AI product during 2021.

Events after the balance sheet date

No events materially affecting the assessment of the Annual report have occurred after the balance sheet date.

Thank you all for an eventful 2021.

Rolf Gordon Adamson
Chief Executive Officer, Nexcom A/S

Management Team



Rolf Adamson

Chief Executive Officer

Before founding Nexcom, Rolf was part of YouSee's Executive Board as Senior Vice President of TDC Group. Previously, he worked as Regional Director of COPC in Europe. Rolf is also member of the Board of Unisteel A/S.



Henrik Flintsø

Chief Financial Officer

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

The Board



Thomas Honoré

Chairman



Thomas has been CEO of IT consulting and software company Columbus. Prior to that, he was managing director of Oracle Denmark and Vice President, Fusion Middleware, EMEA North Region for Oracle, and director of IBM Software Group, Denmark. At Nexcom, he provides expertise in global growth, software as a service, business compliance and Strategic direction. Thomas also serves on the board of Ramboll A/S and Forenede A/S.

Peter Hauge Jensen

Vice-Chairman



Peter has been CEO of the companies GoExcellent Danmark A/S, 3x34 Transport, and Blue Vision A/S. Next to his role at Nexcom – where he's contributing with knowhow and skills in investments and acquisition – Peter is Chairman of the Board of Unisteel A/S.

Torjus Gylstorff

Member



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

Pia Riise

Member



Since 2022 Pia has been Finance Director for NNIT. Previously, she has been CFO for IBM, SONY, IKEA Food Supply, and Schneider Electric. Pia is a mentor for talented women in Technology and has been Chairman & Board Member of several legal entities of Schneider Electric. Pia brings significant international experience and adds value with her financial expertise.



Financial Statements Nexcom A/S

2021

Statement by Management

Copenhagen, 17 March 2022

Statement by management on the annual report

The supervisory board and executive board have today discussed and approved the annual report of Nexcom A/S for the financial year 1 January - 31 December 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 company's financial position at 31 December 2021 and of the results of the company's operations for the financial year 1 January - 31 December 2021.

In our opinion, management's review includes a fair review of the matters dealt with in the management's review.

Management recommends that the annual report should be approved by the company at general meeting.

Executive Board

Rolf Gordon Adamson
CEO

Board of Directors

Thomas Gregers Honoré
Chairman

Peter Miro Hauge Jensen
Vice-Chairman

Pia Gardø Riise

Torjus Vilhelm Gylstorff

Independent auditors report

Deloitte
Statsautoriseret
Revisionspartnerselskab

To the shareholder of Nexcom A/S

Opinion

We have audited the financial statements of Nexcom A/S for the financial year 01.01.2021 – 31.12.2021, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant 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 Entity's financial position at 31.12.2021 and of the results of its operations for the financial year 01.01.2021 – 31.12.2021 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of this auditor's report. We are independent of the Entity 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 IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

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

The going concern of the company is conditional on an assumption that the company in Q2 2022 will obtain an equity capital increase or external debt financing - or a combination hereof. The uncertainty related to the possibility to obtain either the equity capital increase or external debt financing, results in a situation where material uncertainty related to going concern exists. The equity capital increase or external debt financing is needed in order to repay debt in Q2 2022, and to secure sufficient liquidity for the company's ordinary activity in 2022.

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

Emphasis of matter

We would like to draw attention to the information contained in Notes 2, 7, 9 and 10 of the financial statements, which states that Management of the company has prepared an impairment test of the Company's two cash generating units eTray and RevealCX, covering the following non-current assets: intangible assets and investments/receivables in group enterprises of a total of DKK 29.2 million and a tax asset of DKK 2.2 million.

The impairment test's value in use of the tested non-current assets and tax asset is based on an assumption for significant growth in revenue and EBITDA for the newly developed software RevealCX and continuing activity for eTray. The current measurement of Nexcom A/S' non-current assets and tax asset is therefore subject to material uncertainty.

As specified in Notes 2, 7, 9 and 10, it is Management's assessment that the assumptions used for the impairment test are achievable and therefore no impairment of the non-current assets and tax asset has been made. Our opinion has not been modified with respect to this matter.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of the financial statements that are free from Independent auditor's report material misstatement, whether due to fraud or error.

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

the basis of these financial statements.

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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the 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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures in the notes, 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 management commentary

Management is responsible for management commentary.

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

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

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

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

Copenhagen, 17 March 2022

Deloitte Statsautoriseret Revisionspartnerselskab

CVR no. 33 96 35 56

Eskild Nørregaard Jakobsen

State Authorised Public Accountant

MNE no. mne11681

Income statement

2021

1 January 2021 - 31 December 2021	Note	2021 DKK	2020 DKK
Revenue		10.964.303	7.210.614
Other external expenses		-7.773.374	-2.168.913
Gross profit/loss		3.190.929	5.041.701
Staff costs	3	-10.064.090	-3.812.934
Profit/loss before amortisation/depreciation and impairment losses		-6.873.161	1.228.767
Depreciation, amortisation and impairment losses		-2.986.579	-2.116.434
Profit/loss before net financials		-9.859.740	-887.667
Financial income	4	697.910	6.818
Financial costs	5	-4.379.384	-1.319.081
Profit/loss before tax		-13.541.214	-2.199.930
Tax on profit/loss for the year	6	3.012.026	209.992
Profit/loss for the year		-10.529.188	-1.989.938
Proposed distribution of profit and loss:			
Retained earnings		-10.529.188	-1.989.938
Proposed distribution of profit and loss		-10.529.188	-1.989.938

Balance sheet

at 31 December
2021

Assets	Note	2021 DKK	2020 DKK
Completed development projects		5.285.847	3.022.400
Acquired rights		541.125	641.025
Goodwill		7.249.185	8.699.022
Development projects in progress		495.892	376.580
Intangible assets	7	13.572.049	12.739.027
Other fixtures and fittings, tools and equipment		53.131	64.260
Tangible assets	8	53.131	64.260
Investments in group enterprises	9	5.685.018	5.685.018
Receivables in group enterprises	10	9.976.090	686.270
Deposits	10	79.826	137.970
Fixed asset investments		15.740.934	6.509.258
Total non current assets		29.366.114	19.312.545

Balance sheet

Assets	Note	2021 DKK	2020 DKK
Trade receivables		5.619.274	1.507.137
Contract assets	11	2.125.000	0
Other receivables		38.603	2.794
Deferred tax asset	12	2.184.528	8.738
Corporation tax		1.076.855	244.619
Joint taxation contributions receivable		15.334	0
Prepayments		642.805	81.486
Receivables		11.702.399	1.844.774
Cash at bank		2.761.312	12.186
Total current assets		14.463.711	1.856.960
Total assets		43.829.825	21.169.505

Equity and liabilities

Equity and liabilities	Note	2021 DKK	2020 DKK
Share capital		5.449.903	526.702
Reserve for development expenditure		4.509.757	2.651.205
Retained earnings		12.261.725	1.307.411
Equity	13	22.221.385	4.485.318

Credit institutions		2.498.620	3.687.606
Other credit institutions		3.277.950	4.516.084
Holiday allowance		176.285	245.484
Deferred income		0	27.103
Total non-current liabilities	14	5.952.855	8.476.277

Short term part of long term debt	14	2.454.491	1.943.574
Credit institutions	18	48.859	238.160
Other credit institutions	15	6.737.500	0
Prepayments received from customers		2.360.093	850.641
Trade payables		509.401	1.240.706
Payables to shareholders and management		872	1.607.762
Joint taxation contributions payable		0	431.426
Other payables		3.544.369	1.895.641
Total current liabilities		15.655.585	8.207.910

Total liabilities		21.608.440	16.684.187
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Total equity and liabilities		43.829.825	21.169.505
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Notes

1. Capital increase, financing and budget 2022 and 2023 (Going Concern)

The Annual Report for 2021 has been prepared based on the Going Concern principles. However, it is a precondition that the company will receive new capital or external debt financing or a combination during Q2 2022 corresponding to net DKK 12-15 mill. either in a direct or pre-emption share issue.

The proceeds will be used to support the future growth and payment of debt, DKK 7.140 mill. according to Note 15. The company expects to be cash positive in 2023 and is not planning for additional capital injections. The precondition is the fulfilment of the budgets and plans for 2022 and 2023. For 2022, a group revenue within the range of DKK 19.5 to 23.5 mill. is expected result of our investments in establishing a new sales force in 2021. For group EBITDA a range within -7.7 and -5.7 mill. is expected due to our major investments in to the AI-product during 2021.

The sales consist primarily of 3 years licenses which reduce the risk and uncertainty significantly but also results in an accelerating revenue and EBITDA due to the nature of Annual Recurring Revenue (ARR). Management considers budgets and plans for 2022 and 2023 for ambitious but achievable.

Management is in dialogue with investors and is working on several scenarios. Sydbank has accepted to handle the share issue process. Management has focus on closing an agreement about a direct share issue and considers it likely. However, this kind of processes includes uncertainty by nature. If an agreement would not be reached, the alternative will be a pre-emption share issue. In both cases the process will start up shortly after the Annual General meeting April 8, 2022.

Based on the above assumptions for capital financing and realization of the budget for 2022 as expected, Management has prepared the Annual Report for 2021 on the Going Concern principles.

2. Uncertainties and estimates (Non-current assets and tax asset)

In general, management makes judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. Management continuously reassesses these estimates and judgments based on several factors under the given circumstances. The value of all capitalized development costs is amortized over their useful lives. Every year, the management evaluates an impairment assessment based on both budgets and sensitivity scenarios to make sure the total value of the capitalized projects is fair. The estimated value of intangible assets is based on management estimates and assumptions and by nature subject to uncertainty. Reference is made to Notes 7, 9, 10 and 12 regarding non-current assets and tax asset.

Notes

3. Staff costs

	2021 DKK	2020 DKK
Wages and salaries	12.669.325	4.568.135
Pensions	56.669	84.000
Other social security costs	83.614	21.512
Other staff costs	61.638	124.648
	12.871.246	4.798.295
Transfer to capitalized development costs	-2.807.156	-985.361
	10.064.090	3.812.934
Average number of employees	10	4

According to section 98 B (3) of the Danish Financial Statements Act, remuneration to the Executive Management and Board of Directors has not been disclosed.

Notes

4. Financial income

	2021 DKK	2020 DKK
Interest received from subsidiaries	194.107	6.662
Other financial income	4	156
Exchange gains	503.799	0
	697.910	6.818

5. Financial costs

	2021 DKK	2020 DKK
Interest paid to subsidiaries	0	2.465
Costs related to IPO	3.463.572	775.374
Other financial costs	915.812	514.332
Exchange loss	0	26.910
	4.379.384	1.319.081

Costs related to IPO Amounts 3.463k and DKK 1.034k (note 13) in total DKK 4.497k.

6. Tax on profit/loss for the year

	2021 DKK	2020 DKK
Current tax for the year	-836.236	-190.807
Deferred tax for the year	-2.175.790	-19.185
	-3.012.026	-209.992

Notes

7. Intangible assets

	Completed developments project DKK	Acquired rights DKK	Goodwill DKK	Development projects in progress DKK
Cost at 1 January 2021	3.763.253	999.000	10.148.859	376.580
Additions for the year	0	0	0	3.801.074
Transfers for the year	3.681.762	0	0	-3.681.762
Cost at 31 December 2021	7.445.015	999.000	10.148.859	495.892
Impairment losses and amortisation at 1 January 2021	740.853	357.975	1.449.837	0
Amortisation for the year	1.418.315	99.900	1,449,837	0
Impairment losses and amortisation at 31 December 2021	2.159.168	457.875	2.899.674	0
Carrying amount end of year	5.285.847	541.125	7.249.185	495.892

Based on the impairment tests which have been carried out for the assets that related to the Company's two software products, Management has assessed that this implies that the recoverable amount for intangible assets exceeds the carrying value at 31.12.2021.

The impairment tests are calculated by using the discounted cash flow model over a budget period of ten years with a discount factor at 15 percentage. The impairment tests include completed development projects, acquired rights, goodwill, development projects in progress and investments in group enterprises according to note 9 as well as receivables from group enterprises according to note 10.

Special assumptions regarding development projects and tax assets

Development projects include the development of the eTray and RevealCX platform as well as AI modul to RevealCX. The development project essentially consists of costs in the form of direct salaries and other costs, which are registrered through the company's internal project module. The development projects are expected to bring significant competitive advantages and thus contribute to a significant increase in the activity level and future earnings for the company.

Notes

8. Tangible assets

	Other fixtures and fittings, tools and equipment
Cost at 1 January 2021	85.853
Additions for the year	7.398
Cost at 31 December 2021	93.251
Impairment losses and depreciation at 1 January 2021	21.593
Depreciation for the year	18.527
Impairment losses and depreciation at 31 December 2021	40.120
Carrying amount at 31 December 2021	53.131

Notes

9. Investments in group enterprises

	2021 DKK	2020 DKK
Cost at 1 January 2021	5.685.018	5.685.018
Carrying amount at 31 December 2021	5.685.018	5.685.018

Investments in group enterprises are specified as follows:

Name	Registered office	Ownership interest	Equity, DKK
RevealCX LLC	Delaware, USA	100%	-2.557.882

Based on the impairment test which has been carried out for RevealCX, Management has assessed that this implies that the recoverable amount for investments in group enterprises exceeds the carrying value at 31.12.2021, see note 7.

Notes

10. Fixed asset investments

	Receivables from group enterprises	Deposits
Cost at 1 January 2021	686.270	137.970
Exchange adjustment	511.507	0
Additions for the year	8.778.313	71.456
Disposals for the year	0	-129.600
Transfer for the year	0	0
Cost at 31 December 2021	9.976.090	79.826

Carrying amount at 31 December 2021	9.976.090	79.826
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Based on the impairment test which has been carried out for RevealCX, Management has assessed that this implies that the recoverable amount of receivables from group enterprises exceeds the carrying value at 31.12.2021, see note 7.

The amounts transferred to the group enterprise during 2021, DKK 8.778k, has primarily been used for building up the sales organization in the US. RevealCX LLC expects to be cash flow positive in 2023 where the repayment will start.

11. Contract assets

Contract assets, DKK 2.125k are due for payment in three equal installments, the last one in January 2023, amounting approx. DKK 700k.

Notes

12. Deferred tax asset

Deferred tax asset	2021	2020
Deferred tax asset at 1 January 2021	8.738	0
Change in year	2.175.790	8.738
Deferred tax asset at 31 December 2021	2.184.528	8.738

Deferred tax asset on:	2021	2020
Intangible assets	-1.187.742	-763.212
Property, plant and equipment	-1.807	-2.589
Tax loss carry forward	3.374.077	774.539
Carrying amount at 31 December 2021	2.184.528	8.738

The utilization of deferred tax is expected to be within the coming three years based on budgets for the years.

Notes

13. Equity

	Share capital	Share premium DKK	Reserve for development expenditure DKK	Retained earnings DKK	Total DKK
Equity at 1 January 2021	526.702	0	3.522.877	1.452.517	5.502.096
Net effect from adjustment of fundamental error	0	0	-871.672	-145.106	-1.016.778
Adjusted equity at 1 January 2021	526.702	0	2.651.205	1.307.411	4.485.318
Capital increase before IPO	3.686.914	0	0	-3.686.914	0
Capital increase IPO	1.236.287	28.063.704	0	0	29.299.991
Costs related to IPO	0	0	0	-1.034.736	-1.034.736
Transfers, reserves	0	0	1.858.552	-1.858.552	0
Net profit/loss for the year	0	0	0	-10.529.188	-10.529.188
Transfer from share premium account	0	-28.063.704	0	28.063.704	0
Equity at 31 December 2021	5.449.903	0	4.509.757	12.261.725	22.221.385

The share capital has developed as follows:

	2021	2020	2019	2018	2017
Share capital at 1 January 2021	526.702	500.000	500.000	500.000	500.000
Additions for the year	4.923.201	26.702	0	0	0
Share capital at 31 December 2021	5.449.903	526.702	500.000	500.000	500.000

Notes

14. Long term debt

	Debt at 1 January 2021	Debt at 31 December 2021	Installment next year	Debt outstanding after 5 years
Credit institutions	4.962.498	3.708.111	1.209.491	0
Other credit institutions	5.486.214	4.522.950	1.245.000	0
Holiday allowance	245.484	176.285	0	0
Deferred income	27.103	0	0	0
	10.721.299	8.407.346	2.454.491	0

The debt to credit institutions with a balance of DKK 3.708k is split into two. Amounting DKK 2.200k with a quartely payment of DKK 200k running until September 2024 and amounting DKK 1.508k with a monthly payment of DKK 38k running until August 2025. We would like to draw attention to the information contained in note 18, where securities regarding credit institutions are described.

The debt to other credit institutions with a balance of DKK 4.523k is split into two. Amounting DKK 2.475k with a quartely payment of DKK 241k running until October 2024 and amounting DKK 2.048 with a quartely payment of DKK 153k running until October 2025. We would like to draw attention to the information contained in note 17 and 18, where securities regarding other credit institutions are described.

15. Other credit institutions

Short term debt to other credit institutions is due for payment on June 2022. The debt consits of principal DKK 7.000k deducted activated borrowing expenses DKK 263k. Futher more accrued interests of DKK 140k are included in other payables. We would like to draw attention to the information contained in note 17, where securities regarding other credit institutions are described.

16. Rent and lease liabilities

	2021	2020
Liabilities under rental or lease agreements until maturity:	71.456	129.600
In total	71.456	129.600

Notes

17. Contingent liabilities

	2021	2020
Other credit institutions - Debt conversion	7.140.000	-
Other credit institutions - Guarantee commitments	3.000.000	3.000.000
In total	10.140.000	3.000.000

In case of default of loan agreement debt conversion is an option for the lender regarding other credit institutions, DKK 7.140k presented as short term debt according to note 15. The conversion can be done based on a five day Volume Weighted Average Price (VWAP) minus ten percentage.

Third parties has assumed gurantee commitments totalling DKK 3.000k regarding other credit institutions with a balance of DKK 4.523k presented as short and long term debt according to note 14.

18. Mortgages and collateral

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

	2021	2020
Other fixtures and fittings, tools and equipment	53.131	64.260
Goodwill	7.249.185	8.699.022
Acquired rights	541.125	641.025
Trade receivables	5.619.274	1.507.137
Contract assets	2.125.000	0
In total	15.587.715	10.911.444

Debt to credit institutions with a balance of DKK 3.708k according to note 14 and short term debt to credit institutions with a balance of DKK 49k as well as debt to other credit institutions with a balance of DKK 4.423k according to note 14, are secured by a corporate mortgage limited to DKK 3.000k regarding credit institutions and DKK 3.300k regarding other credit institutions, totaling DKK 6.300k, with a mortgage on the equipment, inventories, goodwill, acquired rights and trade receivables.

The value of the pledged assets is DKK 15.588k.

Notes

Accounting policies

The annual report of Nexcom A/S for 2021 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B with addition of certain provisions for reporting class C.

The accounting policies applied are consistent with those of last year. The annual report for 2021 is presented in DKK.

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

Significant error previous years

Significant errors have been changed in the following two respects. The criteria for recognition and measurement as well as the amount calculation model regarding internal development has been changed. The significant errors regarding internal development is based on the split of internal development hours and billable development hours and the measuring of internal cost allocation regarding development. Due fee to Supervisory Board has not been expensed in the year to which the fee relates.

Comparatives have been restated to reflect the significant errors changes. The accumulated effect of the significant errors changes in 2020 reduce equity by DKK 1.017k. Certain reclassifications have been made compared to the Annual Report for 2020.

Basis of recognition and measurement

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

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

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

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

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

19 Accounting policies

Income statement

Revenue

Revenue derive from different sources. Revenue from subscription services and license agreements are recognized on a straight-line basis over the term of the subscriptions and license agreements. Revenue from sale of solutions are generally recognized upon finalization of the project and transfer of risk to the customer. Revenue from consulting services are generally recognized concurrently with the work being performed. Revenue is measured at fair value of the agreed consideration, net of VAT, duties and any sales discounts.

Other external costs

Other external costs include expenses relating to the corporate costs ordinary activities, including premises, it-costs, marketing costs, corporate costs ect.

Staff costs

Staff costs include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc. made to the entity's employees. The item is net of refunds made by public authorities.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses relating to plant and equipment and intangible assets comprise amortisation, depreciation and impairment losses for the financial year.

Financial income and expenses

Other financial income comprises interest income, including interest income on receivables from group enterprises, currency gains and tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, currency losses and tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

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

Balance sheet

Intangible assets

Goodwill

Gains or losses on disposal of subsidiaries, participating interests and associates are stated as the difference between the sales amount and the carrying amount of net assets at the date of disposal plus non-amortised goodwill and anticipated disposal costs.

Acquired goodwill is measured at cost less accumulated amortisation and impairment losses.

Goodwill is amortised over the expected economic life of the asset, measured by reference to management's experience in the individual business segments. Goodwill is amortised on a straight-line basis over the amortisation period, which is 7 years. The amortisation period is based on the assessment that the entities in question are strategically acquired entities with a strong market position and a long-term earnings profile.

19 Accounting policies

Development projects and acquired rights

Development projects and acquired rights comprise development projects completed and in progress with related acquired intellectual rights and prepayments for intangible assets.

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

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Indirect production costs in the form of indirectly attributable staff costs and amortisation of intangible assets and depreciation of property, plant and equipment used in the development process are recognised in cost based on time spent on each project.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. If the useful life cannot be estimated reliably, it is fixed at 10 years. For development projects protected by intellectual property rights, the maximum period of amortisation is the remaining duration of the relevant rights. The amortisation periods used are 5 years.

Development projects and acquired rights are measured at cost less accumulated amortisation.

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

Tangible assets

Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

The depreciable amount is cost less the expected residual value at the end of the useful life.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

Straight-line depreciation is provided on the basis of the following estimated useful lives of the assets:

Other fixtures and fittings, tools and equipment	Useful life	Residual value
	5 years	0%

The useful life and residual value are re-assessed annually. A change is accounted for as an accounting estimate, and the impact on amortisation/depreciation is recognised going forward.

Investments in group enterprises

Investment in group enterprises are measured at cost. If cost exceeds the recoverable amount, a write-down is made to this lower value.

19 Accounting policies

Other investments

Other financial assets, which consist of contract assets, are measured at nominal value.

Receivables

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

Prepayments

Prepayments recognised under 'Current assets' comprises expenses incurred concerning subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprise cash in bank deposits.

Equity

Reserve for development costs

An amount corresponding to capitalised development costs deducted deferred tax is recognised in the reserve. The reserve is reduced as development costs are amortised.

Income tax and deferred tax

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

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

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax adjustments resulting from changes in tax rates are recognised in the income statement, with the exception of items taken directly to equity.

Deferred tax assets, including the tax base of tax losses allowed for carry forward, are measured at the value to which the asset is expected to be realised, either as a set-off against tax on future income or as a set-off against deferred tax liabilities within the same legal tax entity. Any deferred net tax assets are measured at net realisable value.

Liabilities

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

Deferred income

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

Entity details

Entity

Nexcom A/S

Bredgade 23B, 4th floor
1260 Copenhagen K
CVR No.: 20348046
Registered office: Copenhagen K
Financial year: 2021



Board of Directors

Thomas Gregers Honoré, Chairman
Peter Miro Hauge Jensen
Torjus Vilhelm Gylstorff
Pia Gardø Riise



Executive Board

Rolf Gordon Adamson
Chief Executive Officer



Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
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nexcom.