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Annual Report 2023

Adform A/S

Silkegade 3B
DK - 113 Copenhagen K
CVR no. 26 43 48 15

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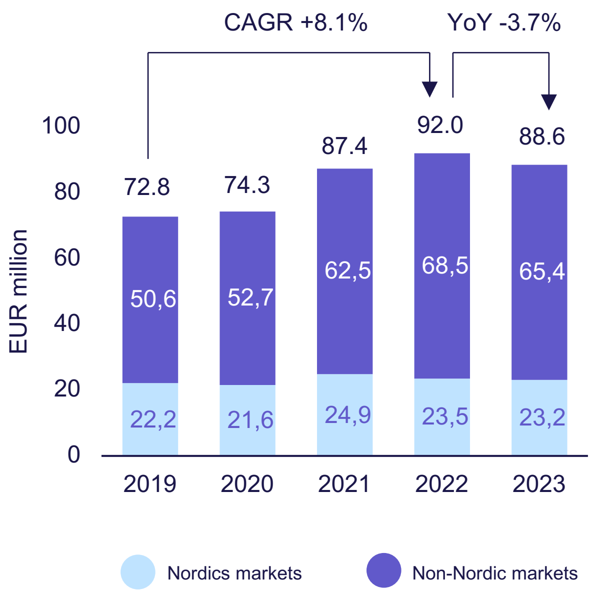
Management’s Review

Company Details

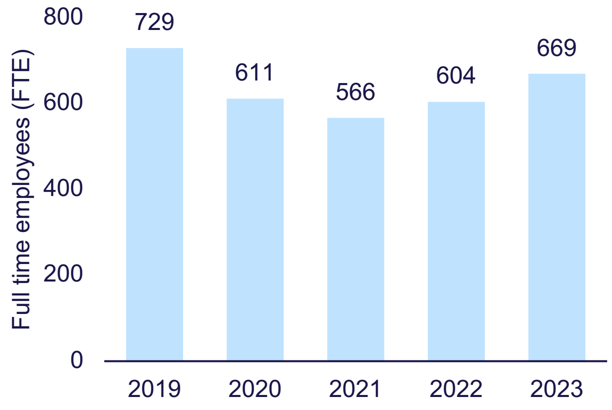
Name	Adform A/S
Address	Silkegade 3B, 1113 Copenhagen K, Denmark
CVR no.	26 43 48 15
Established	17 January 2002
Registered office	Copenhagen
Financial year	1 January – 31 December
Board of Directors	Torben Brandt Munch (Chair), Lars Dybkjær (Vice Chair), Barbara Daliri Freyduni, John Helmsøe-Zinck, Maria Hjorth, Gustav Mellentin
Executive Board	Troels Philip Jensen Lars Christian Salvador Duus
Auditors	EY Godkendt Revisionspartnerselskab Dirch Passers Allé 36, 2000 Frederiksberg, Denmark

Financial Highlights

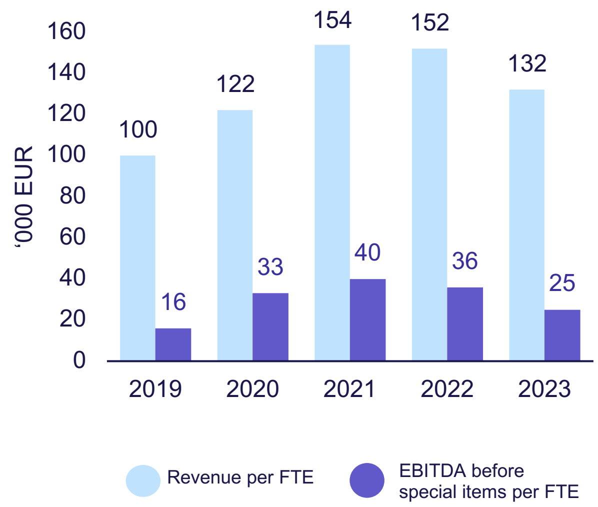
Revenues declined 3.7% in 2023 due to economic stagnation and lower advertising budgets



Adform operated with an average of 669 employees during 2023

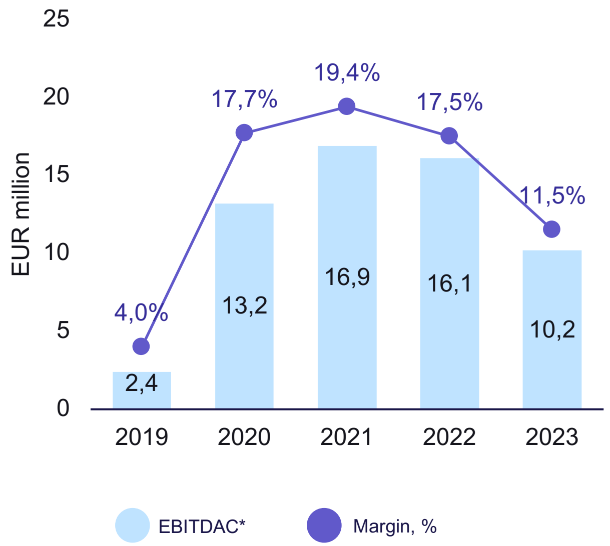


Revenues and EBITDA per employee decreased in 2023 due to upstaffing & lower revenues

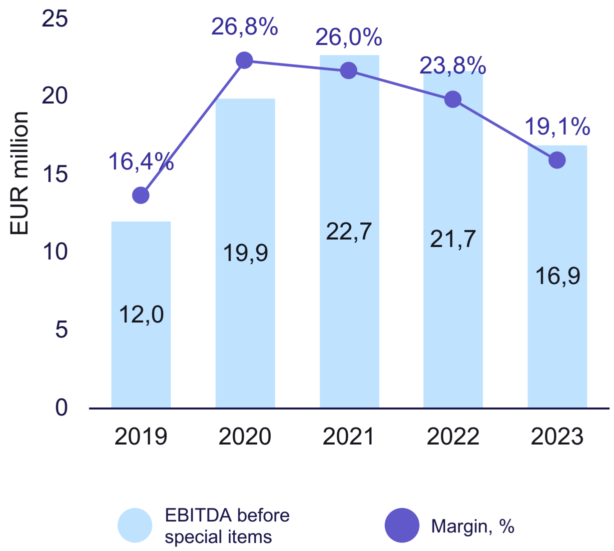


Financial Highlights - continued

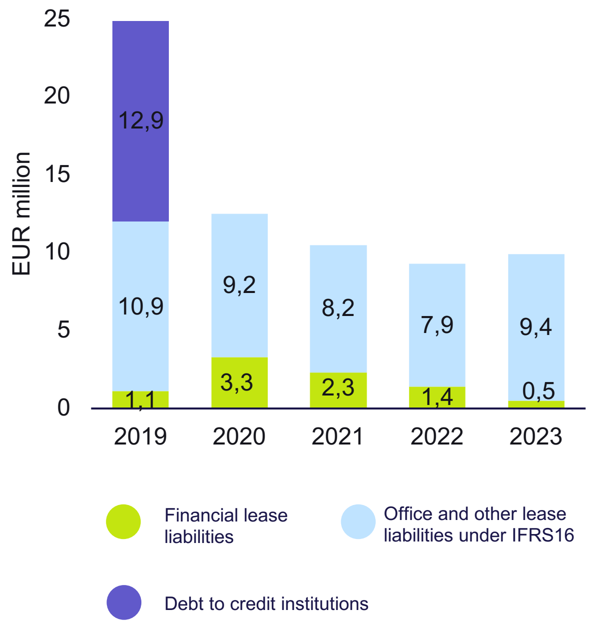
EBITDAC* decreased to EUR 10.2m resulting in a margin of 11.5%



EBITDA before special items decreased to EUR 16.9m resulting in a margin of 19.1%



All long-term debt was repaid in 2020 and Adform operates with no draw on credit facility



*** Note: EBITDAC refers to Earnings Before Interest, Taxes, Depreciation, Amortization, Special Items and Capitalization, and as such attempts to measure the earnings from operations on a cash basis**, when all incurred operating expenses are subtracted from revenue income. For sake of clarity, Adform's use of EBITDAC as a profitability measure predates the outbreak of the Corona pandemic and includes no adjustments to normalize earnings for the impact of Corona. For terms and definitions of financial ratios and alternative performance measures not defined by IFRS, refer to accounting policies note 29.)

2023 Group Performance

- Adform recorded EUR 88.6 million in revenues for 2023, a 3.7% decline compared to 2022. 2023 was a year characterized by high economic uncertainty resulting in reduced marketing spend by large advertisers across the globe and certainly in Europe, and Adform therefore recorded a decline in revenues in line with market contraction. The recording of Group revenues was also adversely impacted by depreciations in the Turkish Lira and Norwegian Krona.
- 73.8% of the Group revenues originated outside Nordics in 2023. Revenue from International markets decreased by 4.6% compared to 2022 driven by a weakened contribution from Americas, while revenues from Nordic markets only decreased by 1.1% due to strong performance in Denmark and Norway.
- In a year of economic and geo-political impacts on advertising budgets, Adform continues to benefit from (1) operating with a healthy diversification across geographies and industry verticals, (2) deriving value from a connected buy side and sell side business, and (3) strong long-term underlying market fundamentals in support of digital advertising.
- Despite sustained uncertainty among advertisers throughout 2023, Adform continued to successfully lock in new sales based on the FLOW product proposition (launched in 2020) surpassing the accomplishments in 2022 measured by 'won deal value' and 'converted sales'.
- During 2023 Adform continued to build on Adform FLOW and its product proposition with several significant technology enhancements. These included: (1) Adform's scaling of ID Fusion which provides the market with a scaled and proven first-party identity solution as an alternative to the third-party cookie. (2) A series of personalization-themed improvements to the platform that facilitate easier campaign setup and execution through powerful AI-driven recommendations and optimization (3) The addition of robust Retail Media capabilities to support a key area of industry disruption and innovation (4) Launching a first of its kind sustainability-focused optimization tool powered by Scope3 data directly in the DSP.
- As a testament to the strengths and benefits of FLOW's user experience and identity solution, Adform has been awarded a series of prestigious industry awards through time. These include the Red Dot award for Interface and User Experience (2021) and an iF Design Award (2022). Adform was named a "Strong Performer" in The Forrester Wave™: Omnichannel Demand-Side Platforms, Q3 2023 and a "Leader" in the 2023 SPARK Matrix for Ad Tech. In 2023 Adform also received a number of awards for its new Sustainability capabilities and was named a Programmatic Power Player.

"**73.8%** of the Group revenues originated **outside Nordics** in 2023"

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EBITDA before the special items

- EBITDAC, Management's primary measure of financial performance for the business, decreased from EUR 16.1 million in 2022 to 10.2 million in 2023. This resulted in a decrease of EBITDAC margin from 17.5% to 11.5%.
- The lower EBITDAC margin in 2023 was a result of revenues decreasing by 3.7% compared to 2022, while operational costs increased 4.2%.
- The decline in EBITDAC profitability is attributable to lower realized revenues than planned, while the company (1) absorbed inflation pressures in salary across own staff and contracted services, and (2) at the same time invested and increased overall staffing for parts of the year.
- Furthermore, Adform realized proportionally higher operational costs compared to 2022 in terms of (1) external marketing services, (2) contracted external services like legal, tax and payroll services, and (3) office rent and office administration costs.

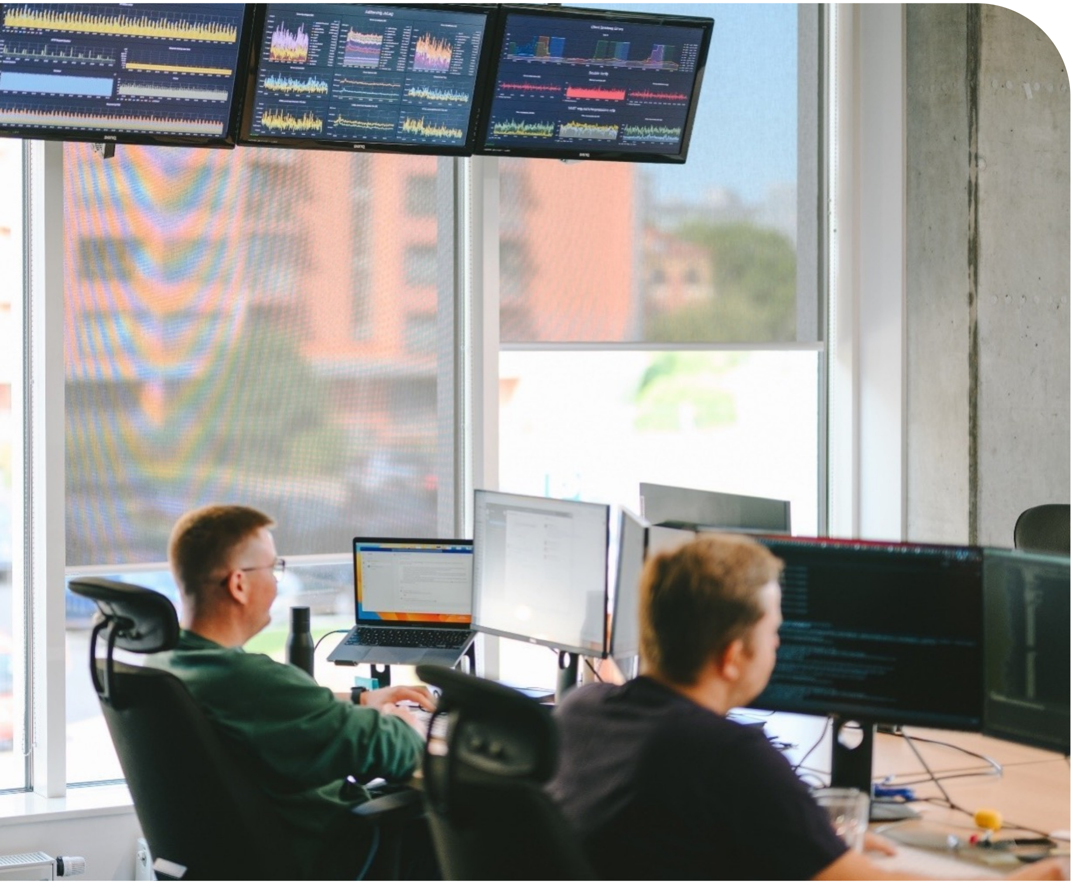
- Adform employed on average 669 FTEs through 2023, compared to 604 FTEs in 2022. Staffing levels varied significantly across the year, ending close to the same overall level as entering the year. Increases in staffing were primarily directed towards Sales & Services, Development and IT infrastructure in line with the growth strategy.
- Other departments maintained or reduced their staffing levels in efforts to realize efficiencies.
- During 2022 a third development site was established in Mumbai, India, with the aim of increasing overall capacity for software and product development and providing ongoing access to technical talent. By the end of 2023 Adform employed 60 FTEs in India, and plans for continued expansion in 2024.
- Adform recorded an EBIT result of EUR 5.1 million in 2023, which was a decrease of EUR 2.5 million compared to EUR 7.6 million recorded in 2022. EBIT was negatively affected by restructuring cost totally EUR 1.1 million recognized as Special Item.

- The Group realized a net profit for the year of EUR 3.4 million compared to EUR 5.9 million realized in 2022. The net profit result was negatively affected by currency exchange losses of EUR 0.6 million during 2023 (compared to gains of EUR 0.6 million in 2022), while benefitted from higher realized interest income than in 2022, supported by the Group's positive cash position.
- As result of the earnings generation for 2023, total equity for the Group increased by EUR 3.3 million from EUR 38.4 million in 2022 to EUR 41.7 million in 2023.
- The Group's net cash position improved from a net positive of EUR 36.2 million, 31 December 2022, to a net positive of EUR 44.5 million, 31 December 2023. The Group's net cash position improved as result of the positive earnings generation for the year. Additionally, DPO and DSO working capital positions continued to be well managed and contributed with EUR 5.2 million compared to 2022.
- Adform does not hold any long-term debt obligations to service, and finances daily operations out of own cash holdings. Considering this, in 2023 Adform cancelled a committed multicurrency cash pool facility of EUR 10.0 million which was available with its main bank provider.

"The Group realized an **EBIT result** for the year of EUR **5.1 million**"

2023 Group Performance

- Carrying amount of capitalized R&D projects on the balance sheet totaled EUR 7.0 million as of 31 December 2023. Amortization of intangible assets for the year amounted to EUR 4.1 million and superseded the amount of capitalized R&D costs for the year, which equaled EUR 3.1 million. The gradual reduction in capitalized R&D on the balance sheet across 2023 and past years, is in Management's view a positive development considering the maturity of the industry and the company.



Follow up on 2023 financial guidance

Management planned with achieving around 10% revenue growth in 2023, while delivering an EBITDAC margin around 10% and an EBIT margin around 6%.

The realized financial results for 2023 fell short of initial expectations for the year however mainly in terms of a revenue growth.

Annual revenues decreased from EUR 92.1 million to EUR 88.6 million, resulting in a 3.7% decline compared to 2022. Advertising budgets and digital ad expenditure contracted noticeably throughout the year due to increased macro-economic uncertainty and budgetary caution displayed by many marketers. This market contraction affected Adform and the adtech sector at large.

EBITDAC decreased from EUR 16.1 million in 2022 to EUR 10.2 million in 2023. This represents a 6% pts decline in EBITDAC margin from 17.5% in 2022 to 11.5% in 2023, however it still delivers on the margin target for the year.

The decline in EBITDAC profitability was largely an effect of lower revenues. While costs did increase from 2022 to 2023 by 4.2%, this increase was substantially less than budgeted, as cost efficiencies and controls were successfully implemented to mitigate the shortfall in revenues development.

EBIT declined from EUR 7.6 million in 2022 to EUR 5.1 million in 2023, which lowered the realized EBIT margin from 8.3% 2022 to 5.8% in 2023. The realized EBIT margin fulfills the margin target for the year and can be viewed as satisfactory given the unexpected decline in revenues. In addition, it should be noted, that EBIT was impacted negatively by Special Items amounting to 1.6 million and representing 1.8% pts in margin. The remaining margin decline can be attributed to operations and lower realized revenues than planned.

2023 Group Performance

Outlook for 2024

Adform has a declared goal of “growing profitably”. This means that Adform seeks to balance achievement of revenue growth with delivering meaningful profitability.

Management expects and plans with the goal of achieving revenue growth in the range of 10-14% in 2024, while delivering an EBITDAC margin around 15% and an EBIT margin around 12%.

The ranging of expectations for revenue growth reflects Management's view that revenue outlook will remain somewhat difficult to predict in the coming period. This is due to dependency on not only own sales achievement, but to a large degree, also on developments in the general economic sentiment and the pace at which growth returns to digital advertising budgets.

By realizing scale efficiencies and capitalizing on past resource investments, Management expects to achieve a step up in profitability in 2024 compared to 2023.

“Management plans with the goal of achieving **revenue growth in the range of 10-14% for 2024**, with a step-up in profitability margins driven by scale efficiencies”

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Financial Overview 2019-2023

Summary financials and key metrics are provided for the past five years for comparison:

EUR'000	2019	2020	2021	2022	2023
Key figures					
Gross billings	335,017	331,727	371,002	365,378	334,716
Revenue	72,780	74,328	87,440	92,055	88,613
EBITDAC [1,2]	2,428	13,173	16,928	16,149	10,162
EBITDA[1]	8,805	16,793	22,438	18,937	15,363
EBITDA before special items [1,2]	11,966	19,901	22,725	21,723	16,923
Operating profit/loss (EBIT)	-4,712	3,883	10,916	7,640	5,146
Net financials	-3,226	-2,456	-1,401	64	-328
Profit/loss for the year	-7,718	1,870	11,513	5,859	3,248
Total assets	135,527	127,837	140,314	128,630	133,613
Capitalised development projects for the year	6,054	3,492	2,616	2,273	3,092
Investments in tangible assets for the year	569	405	2,902	2,609	2,549
NIBD before IFRS16[1]	6,429	16,470	31,423	34,823	43,921
NIBD after IFRS16[1]	-4,423	7,242	23,265	26,916	34,563
Equity	21,085	22,774	32,494	38,411	41,709
Cash flow from operating activities	4,966	19,488	25,500	12,319	19,951
Cash flow from investing activities	-7,013	-3,945	-5,668	-5,297	-6,568
Cash flow from financing activities	4,897	-19,165	-5,805	-4,314	-4,907
Net cash flow	2,850	-3,622	14,027	2,708	8,476
Financial ratios					
Gross billings[1] growth, %	4.8%	-1.0%	11.8%	-1.5%	-8.4%
Revenue growth, %	7.2%	2.1%	17.6%	5.3%	-3.7%
Gross margin, %	91.8%	93.6%	92.9%	90.1%	94.3%
EBITDA[1] margin, %	12.1%	22.6%	25.7%	20.6%	17.3%
EBITDAC[1] margin, %	4.0%	17.7%	19.4%	17.5%	11.5%
EBIT margin, %	-6.5%	5.2%	12.5%	8.3%	5.8%
Equity ratio, %	14.8%	17.8%	23.2%	29.9%	31.3%
NIBD after IFRS 16 [1]/EBITDA[1]	-0.5	0.4	1.0	1.4	2.2
Earnings per share, basic, EUR	-0.11	0.03	0.17	0.08	0.05
Earnings per share, diluted, EUR	-0.10	0.03	0.15	0.08	0.04
Average number of employees	768	647	602	648	674
Average number of full-time equivalent employees	**729**	**611**	**566**	**604**	**669**

[1] For terms and definitions of financial ratios and alternative performance measures not defined by IFRS, refer to accounting policies note 29.

[2] Special items include non-qualifying funding costs related to capital increase and IPO, restructuring costs, impairment charges of capitalized development costs and share based payment expenses (SBP).

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Business Overview

Adform operates in the Adtech sector where Adform's main business is to provide the software systems that buyers and sellers of digital advertising use to transact ad inventory and automate their advertising processes.

Adform's vision for the future of advertising technology centers on an integrated technology play that simplifies the barriers to success for advertisers, agencies, and publishers when realizing their overall marketing goals across media channels, whether branding or performance based. As such, Adform facilitates digital advertising across all major digital advertising channels including display, video and connected TV, mobile, in-app, audio, native, digital out of home, and gaming alongside other emergent channels.

Products

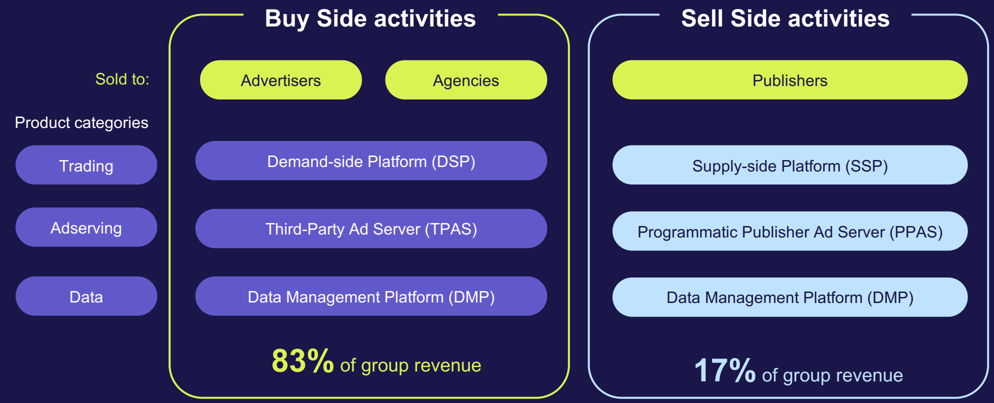
Adform offers a number of self-serve software solutions to both buy side customers (i.e. customers buying ad inventory, such as advertisers and agencies) and sell side customers (i.e. customers selling ad inventory, such as publishers). Each product plays a particular role in the digital advertising process.

Adform's buy side products allow agencies and advertisers to engage in bidding for advertising space, and to serve the right ads to users across a wide range of technologies including desktop and mobile, video and CTV, audio devices, gaming, and digital out of home screens. Adform's platform helps to ensure that targeting of the ad happens towards relevant user audiences based on available audience data and the user's profile. Similarly, Adform's sell side products allow publishers to sell ad inventory via real-time auctioning and to display the buyers' ads alongside their content. The programmatic trading of ad space and subsequent serving of ads performed through Adform's systems is highly automated and happens within fractions of a second.

Adform's products are modular and interoperable with other industry solutions and compete with point solutions on a standalone basis. However, clients enjoy a host of benefits by using the full product suite and extent of Adform's platform capabilities including but not limited to real-time activation, seamless and efficient user experience, zero data discrepancy, enhanced data-capabilities, and full fee transparency and reconciliation.

Adform continues to benefit from attractive industry fundamentals and continued digitalization of marketing channels and spend. Advertising on digital devices is increasingly traded 'programmatically' where advertising technology (adtech) solutions are used to buy and sell targeted advertising in real time. Already generating a significant part of its revenue from programmatic trading, Adform is well positioned to capture expanded revenue pools as the programmatic market grows and traditional media channels such as television, radio/audio and out-of-home become digitized and are integrated into the wider adtech ecosystem with standard trading protocols and practices. Adform sees excellent results and is able to create significant value for clients, as they transition from traditional television to connected TV while expanding their digital video buying. During 2023 Adform also increasingly focused on serving the expanding Retail Media market opportunity.

Overview of Adform's product categories



28 offices

24 countries

Sales presence

Adform has a sizeable sales and operations footprint counting 28 offices in 24 countries globally.

With a physical presence in 16 countries in Europe, Adform is well positioned with strong market positions across many European markets including Germany, the Nordics, Spain, Italy as well as Central and Eastern Europe.

Adform has been present in the US market since 2014 and continued to expand its commercial presence during 2023.

Furthermore, Adform has fast growing sales operations in MENA along with sales presence in Singapore, Australia and South Africa.

Adform has a comprehensive suite of services tailored to supporting a wide range of client needs and types which range from large national clients to global media agencies and multi-national brands. These include automated self-serve solutions like Adform Help and Adform Academy, as well as an extensive network of local and global teams capable of operational and strategic sales, service, and support. This includes managed service capabilities upon request, and more bespoke service solutions for large multi-national or multi-continent organizations.

The technically sophisticated nature of adtech, combined with the nuanced needs of individual markets, means Adform focuses on service differentiation through on-the-ground experts with local market knowledge and local language skills. These experts are paired with centralized global teams working in close contact with product development and engineering. As a result, Adform's sales, service, and support work together as part of a deeply integrated team able to onboard, inform, and service clients at each stage of their interest, onboarding, and usage of the product platform.

Operations

Adform is a technology and customer-focused company with the majority of its employees engaged in software development and customer centric roles. Through 2023 Adform employed on average 669 full time equivalents (FTEs), which is 65 more than in 2022.

While Adform is headquartered in Copenhagen, the majority of employees are located in the Group's offices in Central and Eastern Europe.

Adform's largest presence is in Lithuania where a software development site was set up in 2006 and where Adform is established as a well-reputed employer and brand name. Adform's Lithuanian operations have since matured and expanded to include business support functions, such as customer services, sales operations, finance, legal, and HR.

In 2014, Adform expanded its software development organization with an additional site in Warsaw. The Polish site has a particular important role in terms of data science expertise.

During 2022, a third development site was established in Mumbai, India, with the aim of increasing overall capacity for software and product development and providing ongoing access to technical talent.

With 7 data centers and supporting infrastructure located around the world, Adform is able to serve customers globally. As a testament, Adform transacted and served ads in more than 180 countries during 2023.

Adform's technical infrastructure and ongoing investments also serves a pivotal role in delivering on requirements towards regional data and privacy regulation, including GDPR and US privacy compliance.

"Adform transacted and served ads in **more than 180 countries** during 2023"

Group Legal Structure

The figure below provides an overview of the Group's legal structure totaling 18 entities.

All subsidiaries are 100% directly owned by Adform A/S except for Adform India LLP, where 99.98% is owned by Adform A/S due to a local Indian ownership requirement.

ADFORM A/S

ADFORM Lithuania UAB	2006
ADFORM London Ltd.	2009
ADFORM Norway AS	2011
ADFORM Sweden AB	2011
ADFORM Germany GMBH	2012
ADFORM Italy S.r.l.	2012
ADFORM Software Spain S.I.	2012
ADFORM Software Finland	2013
ADFORM Inc.	2014
ADFORM B.V.	2015
ADFORM Sp.zo.o	2015
ADFORM s.r.o	2016
ADFORM Technologies Pte.Ltd.	2016
ADFORM (Australiia) Pty Ltd.	2018
ADFORM (Pty) Ltd. (South Africa)	2018
ADFORM Software (Shanghai) Co. Ltd.	2018
ADFORM Technologies JSC	2018
ADFORM India LLP	2019

Year referenced in the above figure denotes year of incorporation.

Adform’s Product Proposition – 2023 Highlights

In 2023 Adform updated its tag line and go-to-market story, evolving it from "Enterprise technology built for Modern Marketing" to "Change the game". This evolution of the brand and product proposition focuses on better capturing the maturation of Adform’s FLOW platform and the value it unlocks. It further speaks directly to the possibilities and opportunities that Adform's combination of technology, transparency, and approach creates for the clients that choose Adform.

With Adform FLOW as the company’s lead product offering, Adform focuses on servicing the needs of advertisers, agencies, and data partners. Adform’s product platform aims to provide marketers with seamless management of the whole digital campaign’s life cycle across all digital channels.

As such, Adform FLOW offers an integrated advertising platform designed to solve for the inherent complexities and fragmentation of the adtech market. The benefits of this approach have been repeatedly validated:

PricewaterhouseCoopers has carried out three separate analyses in 2020, 2022 and 2023, focusing on transparency, pricing, and Adform’s identity solutions. The latest analysis conducted in 2023 focused on testing Adform’s first-in-market partnership with Utiq, the European Telco-powered authentic consent service launched by Telekom, Orange, Telefónica, and Vodafone.
https://site.adform.com/knowledge-center/pwc-2020
https://site.adform.com/knowledge-center/pwc-id-fusion
https://site.adform.com/solutions/identity/id-fusion-with-utiq/

The reimagined user experience and integrated interface developed as part of FLOW have been recognized in 2022 and 2023 with multiple industry awards focused on user experience, identity, and overall results (see pages 17-19)

Adform’s product proposition continued to evolve over the course of 2023 from the principles outlined in 2022. Our promise to customers builds on operational simplicity, seamless workflows, omnichannel support (also known as cross-media), and trusted solutions to the fragmented identifier landscape of programmatic advertising.

In 2023 key product and proposition enhancements included: (1) Adform’s scaling of ID Fusion which provides the market with a scaled, robust alternative to the third-party cookie‘s deprecation. (2) A series of personalization-themed improvements to the platform, that facilitate easier campaign creation and management, and continue to deliver on Adform’s commitment to a tailored User Experience with powerful AI-driven recommendations and optimization (3) The addition of robust Retail Media capabilities to support a key area of industry innovation and growing market opportunity. And (4) in partnership with Scope3, launched a first of its kind ad campaign emissions reduction tool within Adform's DSP, powered by Scope3.

As part of Adform’s strong commitment to driving transparency in the adtech industry, the company also participated and performed very well in both the ISBA I (2020) and ISBA II (2023) programmatic supply chain transparency reports. Further, Adform was one of only three DSPs to participate in the ANA Programmatic Media Supply Chain Transparency Study: Complete Report released in 2023.

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FLOW

Continued leadership in first-party identity solutions

Adform's identity solution, ID Fusion, has enabled Adform to be one of the first in the market with an end-to-end programmatic solution across trading, targeting, and attribution capable of operating entirely on first-party IDs. In 2023 a steadily increasing and considerable part of Adform's programmatic buying was enabled and aided by ID Fusion.

In 2019 Safari and Firefox web browsers discontinued the use of third-party cookies, a long-time essential part of the advertising technology ecosystem. Adform recognized this as the start of a pivot in the direction of the adtech ecosystem and began building alternatives to the third-party cookie. This further accelerated as GDPR renewed an industry-wide focus on potential alternatives to the third-party cookie. In 2022 ID Fusion moved out of beta and has since served as an industry-leading example of a novel and innovative solution to handle first-party identifiers in a complex and evolving multi-ID landscape.

Our identity solution was further enhanced during 2023 through a collaboration with Utiq, the Authentic Consent Service launched as an initiative between four of the world's largest Telcos. The value created to customers from this corporation was attested to by a comprehensive study carried out by PwC analyzing Adform and Utiq's initial test results.

Retail Media capabilities building momentum

With the increased interest globally in Retail Media advertising, Adform is well positioned to deliver novel solutions that utilize the company's extensive and modular technology stack, expertise in end-to-end solutions, and proven knowledge in first party identity.

In 2023 Adform onboarded key Retail Media clients while further tailoring its technology offering to unlock additional value for Retailers. This provides an interesting growth opportunity, where Adform is helping Retail Media clients activate the value of their audiences and through this unlock new revenue streams.

Powerful recommendations and a better campaign experience

Over the course of 2023 a series of product enhancements were released that focused on better client user experience, personalization and recommendation features. These included (1) a revamped and expanded Campaign Experience, (2) KPI-driven Campaign Goals, (3) User Recommendations and (4) support for Automated Budget Allocation.

Further work was completed in the on-going process of migrating legacy platform pieces onto the Adform FLOW user experience. These improvements significantly decrease user switching between platforms and provides a more uniform and efficient workflow for platform users.

Innovating tangible tools for more sustainable buying

In 2023 Adform was the first global DSP to offer a built-in solution in the buying platform, that give clients the ability to optimize advertising campaigns to reduce their carbon emission footprint. This is achieved by enabling a certain optimization feature, powered by Scope3, leveraging benchmark data from Scope3, the current leading global benchmarking solution for carbon emission reduction within Adtech.

This first-in-market capability was recognized with two first-place awards in 2023:

- The Drum Awards, Digital Industries: Digital Advertising Automotive Category with PhD, Scope3, and Adform.

- The IAB Europe Mixx awards: Digital MarTech - Best International Marketing Tool with A.S.Adventure, Scope3, and Adform.

Memberships, Accreditations and Certifications

Adform has a long-standing heritage of leading the industry and striving to deliver towards the highest standards. Adform's commitment extends to the industry's most important and trusted accreditations and certification programs including an annual Media Rating Council accreditation held since 2017. In 2023 the Media Rating Council accreditation was expanded to include display and video rendered ad impressions within CTV.

During 2023 Adform UK announced a strategic partnership with Ad Net Zero in the UK, which is one of the advertising industry's leading collaborations to address decarbonizing of ad operations and promote sustainable products and services.

Adform holds the ISO/IEC 27001 certificate for Information Security Management. Also, Adform is EDAA Trust Seal Certified, IAB Measurement Standards Certified, and IAB UK Gold 2.0 Standard Certified.

Adform is a TAG Platinum member and holds TAG Certified Against Fraud (CAF), Certified Against Malware (CAM), Brand Safety Certified (BSC), and Certified for Transparency (CAP) certifications in addition to membership in the Digital Advertising Alliance (DAA) and Network Advertising Initiative (NAI).

Find Adform's latest memberships, accreditations, and certifications on Adform.com.

Adform's commitment extends to the industry's most important and trusted accreditations and certifications programs:

Awards and Recognition

Adform is actively engaged in the digital advertising industry and with its clients to shape the future of adtech. The company's product strategy and focus on transparency has resulted in a large number of industry awards and recognitions from around the world.

In addition to these industry awards, Adform also performs well in leading industry analysts' reviews of the adtech industry and connected ecosystem. As such, Adform was named a "Strong Performer" in The Forrester Wave™: Omnichannel Demand-Side Platforms, Q3 2023 and a "Leader" in the 2023 SPARK Matrix for Ad Tech.

This follows being named a "Leader" in the most recent 2021 Gartner Magic Quadrant for Ad Tech. As reason for Adform's placement, Gartner's Magic Quadrant highlighted and pointed to (1) a Comprehensive Suite including an "uncommonly consistent UX", (2) Audited Performance including "cost savings compared with competitors", and (3) Privacy-driven identity solutions recognized as a "well-crafted pathway toward cookie independence."

Adform was further recognized as a 2022 Customers' Choice in the Gartner Voice of the Customer report.

Voted Best DSP

Adweek Best DSP 2022

iF Design Award 2022

Magic Quadrant for Ad Tech Leader 2018, 2019, 2020, and 2021

Highly Commended Best Marketing Technology Solution

Winner of Best Privacy Technology

Winner of Best Response to Change Using Tech 2022

Red Dot Award for User Experience

Financial Times Diversity Leaders List

Winner of Best Response to Change 2022

AdExchanger 2023

Strong Performer Forrester Omnichannel DSP Wave 2023

Leader SPARK Matrix for Ad Tech 2023

Gartner Customer Choice 2022

Winner of Best Identity Technology

Martech – Best International Marketing Tool 2023

Cynopsis - Winner Best DSP 2023

Winner Digital Advertising Automotive Category 2023

Group - Financial Review

Income statement

Revenues for the Group amounted to EUR 88.6 million in 2023, corresponding to a revenue decrease of 3.7% compared to EUR 92.1 million in 2022.

The decrease in Group revenues was mainly impacted by a decline in sales from International markets. In 2023 revenue from International markets decreased by 4.6% compared to 2022, while revenue from Nordic markets decreased by 1.1% compared to 2022.

Nordic revenues accounted for 26.2% of total revenue in 2023 compared to 25.5% in 2022, while International revenues accounted for 73.8% of total revenue in 2023 compared to 74.5% in 2022.

Revenues from Buy Side activities decreased by 5.2% in 2023 and accounted for 82.7% of Group revenues, whereas revenues from Sell Side activities increased by 4.1% in 2023 and accounted for 17.3% of total Group revenues.

The decrease in Buy Side revenue was caused by decreases in programmatic trading revenues earned through Adform's product platform, along with decreased revenues from data management. Revenues from ad serving activities was also marginally down compared to 2022.

EBITDAC, which is management's primary operational measure of earnings for the business, decreased from EUR 16.1 million in 2022 to 10.2 million in 2023, reducing the EBITDAC margin from 17.5% to 11.5%.

EBITDAC refers to Earnings Before Interest, Taxes, Depreciation, Amortization, Capitalization and Special Items, and as such measures the earnings from operations on a cash basis, when all the incurred operating expenses are subtracted from revenue income.

The decline in EBITDAC profitability is attributable to lower realized revenues than planned, while largely maintaining planned resources for the year and seeing operational costs increase by 4.2% compared to 2022.

Group - Financial Review

EBITDA in 2023 amounted to EUR 15.4 million corresponding to an EBITDA margin of 17.3%, compared to an EBITDA of EUR 18.9 million (and EBITDA margin of 20.6%) in 2022.

Below table explains how EBITDA and EBITDAC reconciles to the Operating Profit/Loss (EBIT) according to the consolidated financial statements:

EUR'000	2023	2022
Operating profit (EBIT)	5,146	7,640
Amortisation and depreciation (excl. R&D impairment)	10,217	11,297
EBITDA	15,363	18,937
Special items		
Non-qualifying funding income/costs regarding capital increase and financial related consultations (recognised in Administrations income/costs)	55	1,668
Share based payments (recognised in Operating expenses)	273	185
Expenses related to cash settlement of warrants	173	118
Restructuring costs (severance payments related to structural organization changes recognised in Operating expenses)	1,059	814
R&D impairment	0	0
EBITDA before special items	16,923	21,723
Office lease costs recognized under right-of-use of leased assets	-3,669	-3,300
Capitalised development projects for the year	-3,092	-2,273
EBITDAC	**10,162**	**16,149**

adform

EBIT in 2023 was a profit of EUR 5.1 million compared to a profit of EUR 7.6 million in 2022. As a result, EBIT margin declined from 8.3% in 2022 to 5.8% in 2023. EBIT was impacted negatively by Special Items amounting to EUR 1.6 million and representing 1.8% pts in margin. The remaining decline is attributable to lower realized revenues than planned, while largely maintaining resources planned for the year and absorbing general cost inflation.

Net financial items in 2023 amounted to EUR 0.33 million of expenses, compared to EUR 0.06 million of income in 2022. The negative change in net financial items was mainly a result of foreign exchange losses of EUR 0.6 million in 2023, compared to EUR 0.6 million foreign exchange gains in 2022. Adform benefitted in particular from USD currency movements through 2023 whilst realizing losses on TRY and on a number of other currencies.

Tax for the year in 2023 was an expense of EUR 1.6 million.

Net profit for the year in 2023 was EUR 3.2 million compared to profit of EUR 5.9 million in 2022.

Balance sheet

The balance sheet as of 31 December 2023 totaled EUR 133.6 million compared to EUR 128.6 million in 2022. The positive change was primarily due to a combination of (1) increase in Cash balances, and (2) increase in Right of use assets. Total equity as of 31 December 2023 was EUR 41.7 million, compared to EUR 38.4 million as of 31 December 2022. The change in Equity reflects the combined effect of the profit for the year and the Share Based Payments program.

Net interest-bearing debt (NIBD) was a surplus of EUR 34.6 million as of 31 December 2023, compared to EUR 26.9 million as of the 31 December 2022. NIBD was mainly impacted by positive cash generation from operating cash flow activities in 2023.

EUR'000	2023	2022
Cash	44,468	36,245
Interest-bearing loans and borrowings, non-current	-6,304	-5,350
Interest-bearing loans and borrowings, current	-3,601	-3,979
NIBD (Net Interest-Bearing Debt)	**34,563**	**26,916**

Cash flow

Cash flow from operating activities in 2023 was a total of EUR 20 million. The net change in working capital was of EUR 5.2 million. Cash flow from investing activities in 2023 was a negative of EUR 6.6 million compared to a negative EUR 5.3 million in 2022. Investment in intangible assets in 2023 was EUR 1.4 million higher than in 2022.

Cash flow from financing activities in 2023 was a total negative of EUR 4.9 million compared to negative of EUR 4.3 million in 2022.

Resulting Net Cash Flow in 2023 was combined positive EUR 8.5 million.

Equity

Adform holds a total of 5,307 B-shares as treasury shares at the end of 2023 (2022: 1,008), representing 0.01% of the total share capital (2022: 0 %) and 1.12% of the B-shares (2022: 0.21 %). All of Adform's ownership of B-shares stems from previous MIP-participants who have left the Adform Group.

Events after the balance sheet date

There are no events with a material effect on the financial position of the Company after the close of the balance sheet date.

There are in addition no other materials events after the reporting period to be disclosed.

Parent Company - Financial Review

Income Statement

The Parent Company administers a significant part of the Group's sales activities. Total revenues of the Parent Company in 2023 amounted to EUR 79 million, compared to EUR 79.3 million in 2022 and corresponding to a revenue decrease of 0.4%.

The decrease in revenues was driven by reduced sales in International and Nordic markets. In 2023 revenue from International markets declined by 0.3% compared to 2022, and revenue from Nordic markets decreased 0.8% compared to 2022. Nordic revenue accounted for 29.4% of total revenue in 2023 compared to 29.6% in 2022, while International revenue accounted for 70.6% of total revenue in 2023 compared to 70.4 % in 2022.

Revenues from Sell Side activities grew 1.2% in 2023 and accounted for 16.4% of total revenues, whereas revenues from Buy Side activities decreased by 0.7% in 2023 and accounted for 83.6% of total revenues. The decrease in Buy Side revenue was primary driven by ad serving activities.

EBIT in 2023 was a profit of EUR 1.5 million compared to a profit of EUR 3.9 million in 2022.

Net profit for the year in 2023 was EUR 3.5 million compared to a profit of EUR 5.1 million in 2022.

As of 31 December 2023, the Parent Company employed 31 individuals, primarily engaged with management, sales and local service activities. Other main activities such as operation of infrastructure and product platform, product development, billing, finance, legal and human resources are handled by subsidiaries of the Parent Company.

Balance sheet

The balance sheet as of 31 December 2023 totaled EUR 130.5 million compared to EUR 115.2 million in 2022. The increase was primarily due increase in Current Assets. Total equity as of 31 December 2023 was EUR 39.5 million, compared to EUR 35.9 million as of 31 December 2022. The change in Equity reflects the combined effect of the profit for the year and effects of Share Based Payments.

Cash flow

Cash flow from operating activities in 2023 was a total of EUR 13.5 million. The net change in working capital was positive of EUR 4.7 million. Cash flow from investing activities in 2023 was a negative of EUR 3.7 million compared to a negative EUR 2.4 million in 2022.

Cash flow from financing activities in 2023 was a total negative of EUR 1.9 million compared to negative of EUR 1.8 million in 2022.

Resulting Net Cash Flow in 2023 was combined positive EUR 7.9 million.

Risk Management

Adform's business entails a number of commercial, financial, regulatory and operational risks, which could potentially have a negative effect on the Group's future activities and results. To manage risk, principal factors categorized as potential risks are monitored, analyzed, and managed.

The Group's procedures and internal controls are planned and executed to ensure a sufficient level of comfort that the financial reporting is reliable and in compliance with internal policies, as well as gives a true and fair view of the Group's financial performance, the financial position and material risks. The procedures and controls are furthermore planned with a view to support the quality and efficiency of the Group's business processes and the safeguarding of the Group's assets.

Management's continuously monitors and evaluates operational, commercial, financial and regulatory risks across the business, including an assessment of the likelihood that an adverse effect will occur, and whether the financial impact of such adverse effect would be material. The design and degree of control activities are based upon such risk assessments.

The aim of the Group's control activities is to ensure that the objectives, policies, manuals and procedures of the Executive Board are fulfilled, as well as to prevent, detect and correct any errors, deviations and omissions in a timely manner. As part of this, the Executive Board has established coherent and transparent reporting systems that are easily accessible to the relevant levels in the Group. In addition, Adform has since 2018 had a Whistleblower Protection Policy whereby individuals are encouraged to report concerns regarding any questionable actions, activities or other matters, in an externally managed system to ensure confidentiality.

Main commercial risks:

Adform is dependent on the strength of its ongoing relationship with agencies and continued campaign activation using Adform's product platform. Adform does not have any exclusive relationships with any agency and agencies typically do not agree to any minimum spend or similar business volume guarantees towards Adform.

Adform is dependent on third-party providers, both within its ordinary business process and to ensure sufficient inventory is available, and on obtaining access and keeping access to such to third-party services and inventory at reasonable costs.

Adform faces potential liability and harm to its business based on human errors or connections to third party systems, which can lead to overspend or unintended spend on its platform.

Adform runs a sophisticated ad tech platform, and the ongoing maintenance and access hereto for Adform's customers is crucial. Consequently, ensuring that the platform is available 24/7 is important, and cyber security threats are therefore a risk.

The overall global and regional macroeconomic and political environment, including Russia's invasion of Ukraine, can cause risk to Adform's operations, especially considering Adform's large offices in Lithuania and Warsaw, due to its proximity to Ukraine, Belarus and Russia.

Adform's failure to meet content and ad inventory standards, customers' misuse of data or Adform's failure to prevent fraud and malware could harm its business. Hence, Adform may face legal claims or reputational damage due to actions of its customers inside Adform's self-serve platform.

Main financial risks:

Main financial risks including payment risk, credit risk, liquidity risk and currency risk are described in note 23 to the consolidated financial statement. 2023 further evidenced the materiality and impact of changing electricity prices on hosting costs. The uncertain geopolitical situation, increasing inflation and consequentially rising interest rates may have unpredictable impact on global advertising spend.

Main regulatory risks:

The regulatory landscape within the adtech industry is continuously evolving. The General Data Protection Regulation (GDPR) was introduced on 25 May 2018 in the EU, and in addition, further regulation is being introduced in the EU and other countries or states (e.g. the Digital Services Act in EU, the CCPA in California, USA and the upcoming NIS II Directive in the EU).

In general, all such privacy and security regulations significantly raise compliance obligations imposed on e.g. adtech companies, based, inter alia, on the principles of accountability, governance, transparency and which data can be leveraged by Adform and other ad tech companies, when providing its services. The GDPR also includes an enforcement regime that includes mandatory audit rights and fines of up to EUR 20 million or 4% of the total worldwide annual turnover of the preceding financial year of a company group (whichever is higher).

GDPR and other rules and regulations are aimed at safeguarding the interests of the consumers and will continue to have significant impact for adtech and other participants in the online advertising industry. Adform continues to spend significant time to adjust its policies and practices to comply with the ever-changing regulatory global landscape under these new regulations. These include, but are not limited to:

- revised or new data flows architectures have been developed to ensure privacy by design and default;
- revised and/or new legal framework to set up personal data controller/ processor and joint controller relationships
- Assessment on whether Adform or our clients are deemed “a business” and perform “sales” pursuant to the newly introduced privacy laws on a state level in the US
- Additional obligations and requirements levied on the security organization
- Robust technical means to establish consent protocols for certain types of activities and give the necessary control (e.g. right to information and access, right to be forgotten and data portability) to the consumers and ensuring that the industry has the technical setups to comply with the regulation, e.g. IAB’s transparency and consent framework and continued development of new legal frameworks and a comprehensive privacy center on http://www.adform.com.

Such and more developments will continue to unfold, and Adform will monitor these developments closely and analyze the effects and the need for changes following various guidance, decisions, new regulation as they are adopted and evolvement of the technical specifications as they are released.

In addition, as case law and the regulatory landscape evolves, Adform may risk losing access to valuable data on which they have previously relied to enhance the value of their offerings. The added costs, regulatory requirements and complexities caused by GDPR, ePrivacy, CCPA and other regulations, including the various new decision by courts, additional guidance by supervisory authorities and new regulations (e.g. CRPA in the California (US) and the Digital Services Act in the EU), will continue be rendered and released to Adform and the industry.

As reported in previous years’ annual report, in 2020, the Danish Data Protection Agency (*Datatilsynet)* decided, on its own initiative, to do an audit of Adform and its processing activities related to Adform’s products. Following Adform’s delivery of all requested material in 2020, the Danish Data Protection Agency (*Datatilsynet)* has in 2023 decided to close down the audit of Adform without any remarks.

Adform is subject to complex Danish and foreign direct or indirect tax laws as well as compliance and documentation requirements, and tax liabilities may therefore prove to be greater than anticipated.

Main operational risks:

Given the online nature of Adform’s business – being an online software platform - Adform's result of operations or business may be materially adverse affected by cyber-attacks, malicious actions or unintentional errors.

Given the nature of Adform’s business model (software online), Adform's result of operations or business may be adverse affected by technological errors and service disruptions.

Adform has an internal security council that meet on a regular basis to ensure a structured and unified approach to discuss the security roadmap and plans, and have a forum to discuss relevant security risks. In 2024, Adform has established a risk management committee with participants from senior leadership to maintain and keep a robust security setup that effectively manage the organizational and security risks.

Adform's execution capability and overall success heavily depends on its continued ability to hire, motivate and retain highly skilled employees.

Corporate Governance

The Company operates with a two-tiered governance structure consisting of the Board of Directors and the Executive Board. The two management bodies are separate and have no overlapping members.

The Board of Directors is responsible for the overall strategic direction of the Group, supervising the activities, management and organization, as well as ensuring that financial and managerial control of the Group is conducted adequately.

The Board of Directors serves as a highly qualified sparring partner to the Executive Management in relation to strategic initiatives and monitors the Group's financial condition, risk management and business activities on an ongoing basis.

The Executive Board has established a formal group reporting process to the Board of Directors, which covers monthly financial reporting comparing to budget and includes explanation of underlying business drivers and material deviances to budget and expectations. In addition to the reporting of earnings, the reporting covers balance sheet and cash flow statements, and supplementary information as needed from time to time. Reporting to the Board of Directors includes update of expectations and financial outlook for the year, when underlying business momentum indicates material shifts in the financial trajectory of the Group.

Board of Directors

The Board of Directors consists of six members:

- **Torben Brandt Munch, Chair**
- **Lars Dybkjær, Vice Chair**
- **Barbara Daliri Freyduni**
- **John Helmsøe-Zinck**
- **Maria Hjorth**
- **Gustav Mellentin**

The Board of Directors is elected at the Annual General Meeting; and all of its members are up for election each year.

Committees

The Board of Directors has established a formal Audit Committee under the supervision of the Company's Board of Directors. The Audit Committee tasks are to supervise the Group's audit, financial reporting, risk management and insurance matters, and further supervises the external auditor's independence of the Company. The Audit Committee consists of two members from the Board of Directors, and one member who is appointed by the shareholders.

The Audit Committee consists of three members:

- **Maria Hjorth** (appointed by the Board of Directors)
- **John Helmsøe-Zinck** (appointed by the Board of Directors)
- **Lars Lunde** (appointed by the shareholders)

No other formal board committees have been established.

Executive Board

The Executive Board consists of two members:

Troels Philip Jensen (born 1967, Danish nationality) joined Adform in April 2020 and serves as Chief Executive Officer. Troels brings more than 25 years of experience in advanced software and FinTech. Before joining Adform, Troels served as COO at Itiviti AB and as Managing Director Western Europe at SimCorp. Troels is elected to the Board of Directors for the Danish company, Ole Lynggaard A/S and is registered in the governing boards of the Adform Group entities. Troels holds a M.Sc. in Economics International Business from the Copenhagen Business School and Leuven Universiteit.

Lars Christian Salvador Duus (born 1974, Danish nationality) joined Adform in May 2015 and serves as Adform's Chief Financial Officer. Prior to acting as Adform's Chief Financial Officer, Christian Duus held the position of Senior Vice President of Corporate Development and Commercial Operations for Adform. Christian brings more than 20 years of experience working with corporate strategy, business development and digitalization, having worked for the management consulting firm Bain & Company, GN Store Nord and North Media. Christian is registered in the governing boards of the Adform Group entities. Christian holds a M.Sc. in Business Administration, Finance and Accounting from Copenhagen Business School.

ESG

At Adform our ESG strategy is embedded in our overall business strategy. As a Group, Adform wish to act responsibly in relation to our customers, employees, business partners and the outside world, and we are committed to acting in an ethical manner in respect of the use of data, and adhering to ethical, transparent, and forward-looking best practices.

To oversee the developments and progress in respect of all ESG related activities, in 2023 an ESG Steering Committee has been established by the Executive Leadership Team, which consists of the Chief Executive Officer (Troels Philip Jensen), the CHRO (Charlotte Kure Juul) and the COO (Oliver James Whitten).

ESG report and Data Ethics Policy

Adform has made public its' report on Corporate Social Responsibility (ESG), cf. section 99a of the Danish Financial Statement Act and our Data Ethics cf. section 99d of the Danish Financial Statement Act.

Both reports are available here on the Group's website, see here: https://site.adform.com/company/corporate-governance.

Gender Distribution in all management levels across the Group

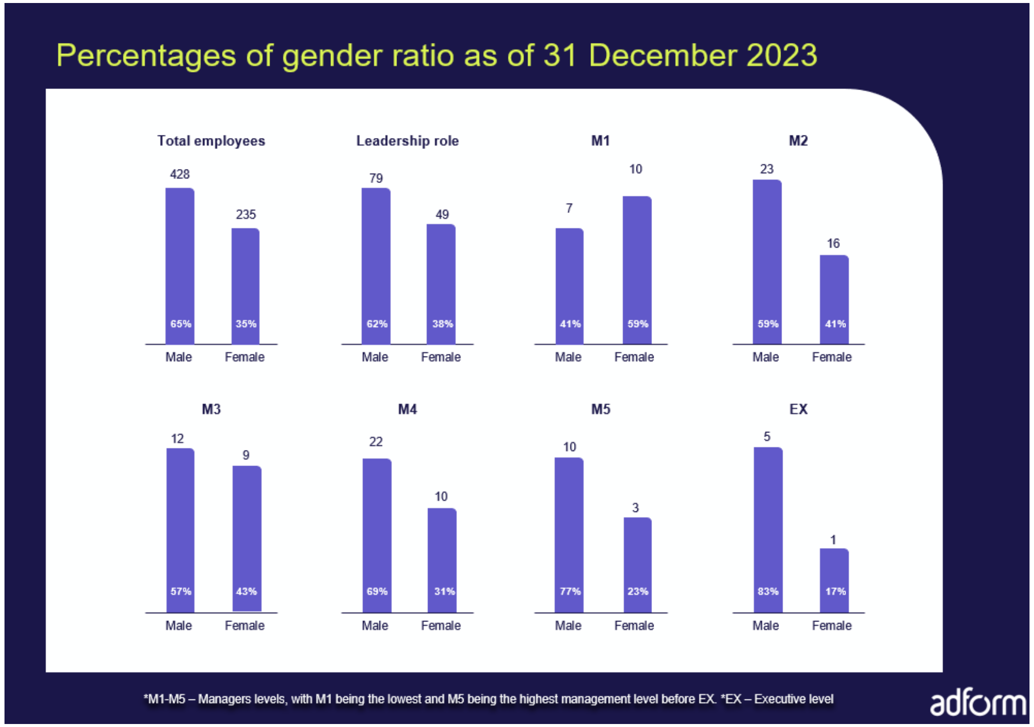
Adform is committed to adhering to ethical, transparent, and forward-looking best practices while providing an inclusive workplace. In alignment with Adform's guiding principles, Adform's belief in equal opportunity and fair treatment for all, whilst ensuring that we also hire and promote the best person for the positions available.

Since 2018, Adform has made public its annual gender diversity policy, which also has been completed for 2023 and can be found via this link: https://site.adform.com/company/corporate-governance.

Adform's primary focus in regard to diversity relates to gender, which serves as a measurable indicator of our progress, although we acknowledge that diversity extends beyond this.

We have set clear targets to increase representation of the underrepresented gender in leadership roles across the business.

In 2022, Adform set the ambition of having women in leadership positions to reflect the overall ratio between men and women across the organization. Adform reached this goal in the reporting for 2022 for the first time. In the policy for 2023, Adform has exceeded the goal, as overall 38% of all leadership positions within the Group is held by females, with females accounting for 35% of the overall work force.



New Gender Diversity Reporting Legislation

In 2022, the Danish Parliament passed new legislation on gender distribution. The new laws introduced stricter requirements around target figures and policies related to legal entities and contain a focus on gender balance among shareholder-elected members of company boards, and the two management levels below*.

For Adform, gender diversity reporting must now be included in our management report and should include a short summary of our gender diversity policy and targets, plus Adform's activities and developments in 2023 on the two management levels below the Board of Directors. The following constitute Adform' reporting in this respect, in accordance with section 99b of the Danish Financial Statements Act.

Adform has retroactively to the beginning of 2022 applied the new legislation from the Danish Parliament, to provide an overview of the gender diversity status within the Group as reflected in the table on the following page.

Summary of our gender distribution policy:
Adform's goals are to ensure that:

- Women in all leadership positions within the Group reflect the overall ratio between men and women employed within the Group, and
- Move towards an equal gender balance within the Group's top management levels*. This applies both to shareholder elected board members and to the two management levels below the Board of Directors.

Adform is committed to ensuring equal opportunity for all, both for current and future Adform employees, regardless of their gender, beliefs and background.

Board of Directors
Adform's Board of Directors consist of a total of 6 shareholder elected members, where four (4) are male and two (2) are female.

Both in 2022 and 2023, Adform has achieved equal gender distribution* within its Board of Directors and in Adform's Audit Committee.

Diversity in the two management levels below the Board of Directors
By the end of 2023, a total of 38 people were a part of the two management levels below the Board of Directors**, where twenty-five (25) were men, and thirteen (13) were female.

In 2022 and 2023, Adform's representation of the underrepresented gender in the two management levels below the Board of Directors has respectively been, 38% (2022) and 34% (2023).

By 2030, Adform strives for at least 40% representation of the underrepresented gender on an aggregate for all of Adform's management layers within the business, which also include a target of 40% by 2023 by the two management levels below the Board of Directors.

As the new legislation does not apply to Adform until 2024, Adform has not reported on its actions and reasons for not achieving the newly set target listed above.

Initiatives in 2023

- In 2023, Adform has continued to focus its effort on "Women Go Tech", to ensure that we encourage females to join universities in technology related fields, to increase awareness and get more females into the technology trade.
- Adform continued its various leadership (Leadership Potential and Leadership Fundamentals) launched in 2022, in which one of the focus areas is on equal opportunity for all.
- Adform launched a new Senior Leadership Program, where 14 senior leaders across the Group, amongst others were trained on development of leaders, organizational building and assessment and improvement of the performance of leaders.

Initiatives for 2024

- Outlined in Adform's new ESG strategy and our guiding principles, we will in 2024 launch a global respect policy.
- Further, Adform will launch a global bias training for all leaders, which will focus on both the recruitment of new employees and training on unconscious bias in general.
- Adform will initiate an assessment as to whether a gender pay cap exist within the Group and assess if the right advance metrics are in place to support promotional purposes.

Gender Diversity and Targets	2030 (target)	2023	2022
Overall distribution of men and female within the Group	60/40 split	M: 65% F: 35%	M: 63% F: 37%
Underrepresented gender across all employees	60/40 split	35%	37%
All management layers	60/40 split	38%	37%
Board of Directors			
Shareholder elected		6	6
Underrepresented gender (%)		33%	33%
Two Management levels below the Board**			
Members		38	47
Underrepresented gender (%)		34%	38%
Targets (%)	40%		

*See guidance from the Danish Business Authority here
**Consist of the CEO, the CEO direct reports, and all reporting into the CEO's direct reports

Management Statement

Management Statement

The Executive Board and Board of Directors have reviewed and approved the annual report of Adform A/S for the financial year 1 January to 31 December 2023.

The annual report has been prepared in accordance with IFRS Accounting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act applying to reporting class C, large enterprises.

In our opinion, the consolidated financial statements and the parent company financial statements provides a true and fair view of the Group’s and the Company's financial position as of 31 December 2023, and of the results of the Group’s and parent company’s operations and cash flows for the financial year 1 January – 31 December 2023.

Further, in our opinion, the Management's Review includes a true and fair review of the development in the Group’s operations and financial matters, as well as the financial results and financial position of the Group and the parent company.

We recommend the annual report to be approved at the annual general meeting.

Copenhagen, April 5th of 2024

Executive Board:

Troels Jensen
CEO

Christian Duus
CFO

Board of Directors:

Torben Brandt Munch
Chair

Lars Dybkjær
Vice Chair

Barbara Daliri Freyduni

John Helmsøe-Zinck

Gustav Mellentin

Maria Hjorth

Independent Auditor's Report

Independent Auditor's Report

To the shareholders of Adform A/S

Opinion

We have audited the consolidated financial statements and the parent company financial statements of Adform A/S for the financial year 1 January – 31 December 2023, which comprise income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including material accounting policy information, for the Group and the Parent Company. The consolidated financial statements and the parent company financial statements are prepared in accordance with IFRS Accounting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2023 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January – 31 December 2023 in accordance with IFRS Accounting Standards as adopted by the EU and additional requirements of 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 consolidated financial statements and the parent company financial statements" (hereinafter collectively referred to as "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 Group 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.

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 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 our procedures, 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 Statements Act. We did not identify any material misstatement of the Management's review.

Independent Auditor's Report - Continued

Management's responsibilities for the financial statements

Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU and additional requirements of 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 Group's and the Parent 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 Group or the Parent 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 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 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 Group's and the Parent 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 Group's and the Parent 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 Group and the Parent Company to cease to continue as a going concern.

Independent Auditor's Report - Continued

- 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Copenhagen, April 5th of 2024
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Kennet Hartmann

State Authorised
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Consolidated Financial Statements

1 January – 31 December

Consolidated Financial Statements 1 January – 31 December

Consolidated income statement

Note	EUR'000	2023	2022
1	Revenue	88,613	92,055
	Cost of sales	-5,011	-9,135
	Gross profit/loss	**83,602**	**82,920**
2,3,4,6	Research and development costs	-23,511	-22,716
2,3,6	Sales and marketing expenses	-38,042	-35,347
2,3,6	Administrative expenses	-16,924	-17,256
7	Other operating income	21	39
	Operating profit/loss (EBIT)	**5,146**	**7,640**
8	Financial income	5,076	6,541
9	Financial expenses	-5,404	-6,477
	Profit/loss before tax	**4,818**	**7,704**
10	Tax for the year	-1,570	-1,845
	Profit/loss for the year	**3,248**	**5,859**
	Attributable to:		
	Shareholders of Adform A/S	3,248	5,859
19	Earnings per share, basic (EUR)	0.05	0.08
19	Earnings per share, diluted (EUR)	0.04	0.08

Consolidated statement of comprehensive income

Note	EUR'000	2023	2022
	Profit/loss for the year	**3,248**	5,859
	Other comprehensive income		
	Items that may be reclassified to the income statement in subsequent periods:		
	Exchange differences in translation	-73	203
	Other comprehensive income for the year, net of tax	-73	203
	Total comprehensive income for the year	**3,175**	**6,062**
	Attributable to:		
	Shareholders of Adform A/S	3,175	6,062

Consolidated Financial Statements 1 January – 31 December

Consolidated balance sheet

Note	EUR'000	2023	2022
	ASSETS		
	Non-current assets		
12	Intangible assets	8,005	8,304
13	Tangible assets	4,577	4,297
14	Right of use assets	9,440	8,471
15	Deferred tax assets	3,889	4,244
16	Other non-current assets	898	815
	Total non-current assets	**26,809**	**26,131**
	Current assets		
17,18	Trade receivables	58,252	62,747
18	Other receivables	1,339	1,435
	Income tax receivables	302	356
	Prepayments	2,443	1,716
18	Cash	44,468	36,245
	Total current assets	**106,804**	**102,499**
	TOTAL ASSETS	**133,613**	**128,630**

Note	EUR'000	2023	2022
	EQUITY AND LIABILITIES		
	Equity		
19	Share capital	94	94
19	Treasury shares	-9	-2
	Foreign currency translation reserve	68	141
	Retained earnings	41,556	38,178
	Total equity	**41,709**	**38,411**
	Non-current liabilities		
14,20,25	Lease liabilities	6,304	5,350
15	Deferred tax liabilities	234	24
	Total non-current liabilities	**6,538**	**5,374**
	Current liabilities		
14,20,25	Lease liabilities	3,601	3,979
21	Trade payables	70,576	71,912
	Income tax payables	174	579
	Prepayments from customers	4,007	2,285
22	Other liabilities	7,008	6,090
	Total current liabilities	**85,366**	**84,845**
	Total liabilities	**91,904**	**90,219**
	TOTAL EQUITY AND LIABILITIES	**133,613**	**128,630**

Consolidated Financial Statements 1 January – 31 December

Consolidated statement of changes in equity

2023

EUR'000	Share capital	Treasury shares	Foreign currency translation reserve	Retained earnings	Total equity
Equity 1 January 2023	**94**	**-2**	**141**	**38,178**	**38,411**
Profit for the year	0	0	0	3,248	3,248
Other comprehensive income					
Foreign currency translation	0	0	-73	0	-73
Total other comprehensive income	0	0	-73	0	-73
Total comprehensive income for the year	0	0	-73	3,248	3,175
Transactions with owners					
Share-based payments	0	0	0	273	273
Purchase of treasury shares	0	-7	0	0	-7
Settlement of warrants	0	0	0	-143	-143
Total transactions with owners	0	-7	0	130	123
Equity 31 December 2023	**94**	**-9**	**68**	**41,556**	**41,709**

2022

EUR'000	Share capital	Treasury shares	Foreign currency translation reserve	Retained earnings	Total equity
Equity 1 January 2022	**94**	**0**	**-62**	**32,462**	**32,494**
Profit for the year	0	0	0	5,859	5,859
Other comprehensive income					
Foreign currency translation	0	0	203	0	203
Total other comprehensive income	0	0	203	0	203
Total comprehensive income for the year	0	0	203	5,859	6,062
Transactions with owners					
Share-based payments	0	0	0	185	185
Purchase of treasury shares	0	-2	0	0	-2
Settlement of warrants	0	0	0	-328	-328
Total transactions with owners	0	-2	0	-143	-145
Equity 31 December 2022	**94**	**-2**	**141**	**38,178**	**38,411**

Consolidated Financial Statements 1 January – 31 December

Consolidated cash flow statement

Note	EUR'000	2023	2022
	Profit/loss before tax	4,818	7,704
6	*Adjustment for:*		
	Amortisation, depreciation and impairment	10,217	11,297
8,9	Financial items, net (financial income and expenses)	329	-64
	Other non-cash items	890	300
	Cash flow from operating activities before changes in working capital	16,254	19,237
	Changes in working capital	5,168	-6,314
	Cash flow from operations	21,422	12,923
	Financial costs, net	178	527
9	Payment of lease interest	-518	-463
	Income taxes paid	-1,131	-668
	Cash flow from operating activities	**19,951**	**12,319**
	Investments in intangible assets	-3,936	-2,503
13	Investments in tangible assets	-2,549	-2,609
16	Change in other non-current assets	-83	-185
	Cash flow from investing activities	**-6,568**	**-5,297**
25	Payment of lease commitments	-4,140	-4,311
3	Cash settlement of warrants	-760	-1
	Purchase of treasury shares	-7	-2
	Cash flow from financing activities	**-4,907**	**-4,314**
	Net cash flow	**8,476**	**2,708**
	Currency adjustments	-253	-143
	Cash, 1 January	36,245	33,680
	Cash[1] 31 December	**44,468**	**36,245**

The above cannot be derived directly from the income statement and the balance sheet.
Other non-cash items mainly relate to recognised costs from share-based payments.

1 Cash comprises cash at bank and in hand

Consolidated Financial Statements 1 January – 31 December

Notes to the consolidated financial statements

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5	Fees to independent auditors
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26	Commitments, contingencies, commitments and pledges etc.
27	Related parties
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Notes

1 Revenue

Adform's software platform consists of a number of individual products that each play a role in the digital advertising process.

The Executive Board monitors and operates the Group as one segment in respect of earnings, covering business activities with customers on both the buy side (advertisers and agencies) and the sell side (publishers).

Revenue allocation by region:

Revenue activities are monitored based on the location of respective customers. The revenue is attributed to the geographical market segment Nordic if it is generated by the offices in Denmark, Sweden, Norway and Finland. The revenue generated outside Nordic is reported as International.

EUR'000	2023	2022
Nordic	23,252	23,511
International	65,361	68,544
	88,613	**92,055**

Revenues per customer category:

EUR'000	2023	2022
Revenue from Buy Side (comprises the fees paid by agencies and advertisers)	73,298	77,344
Revenue from Sell Side (comprises the fees paid by publishers)	15,315	14,711
	88,613	**92,055**

Revenues per product category:

EUR'000	2023	2022
Trading platforms*	58,530	60,542
Ad serving	18,301	20,103
Data*	9,018	9,273
Other Services	2,764	2,137
	88,613	**92,055**

*For these product categories Adform recognizes revenue as an agent while the rest is recognized as the principal.

Non-current operating assets (intangible and tangible assets) by country:

EUR'000	2023	2022
Denmark	12,799	13,908
Lithuania	2,302	3,147
Other countries	6,921	4,017
Total non-current operating assets	**22,022**	**21,072**
Deferred tax assets and Other non-current assets	5,131	5,059
Total non-current assets	**27,153**	**26,131**

Notes

1 Revenue – continued

In 2023 and in 2022, no customer accounted for more than 10% of total revenue.

Adform has established normal bonus schedules with large customers, where bonuses are released on either a quarterly or an annual basis. Bonus schedules are generally based on total spend through the platform.

Adform does not incur material direct costs in obtaining contracts with customers.

Gross billings

Adform has several revenue streams that are based on different pricing models, including activity-based revenue, percent of media spend, revenue share and other fee models. Adform's gross billings include the value of clients' purchase of media through Adform's platform, plus platform and other fees. The value of media purchased, which is not attributable to Adform, is recognized as media costs and netted out from gross billings (non-IFRS) to revenue. Adform's revenue as a percentage of gross billings can fluctuate due to product mix, the types of services and features selected by clients through the Adform platform and certain volume discounts. Adform reviews gross billings for internal management purposes to assess underlying business momentum, market shares and trading scale as well as to adequately plan for working capital needs and monitor collection risk. Management believes that gross billings represent a good guide to the overall activity of the Group.

The following table provides a reconciliation of revenue as reported under IFRS to gross billings (non-IFRS):

EUR'000	2023	2022
Gross billings (non-IFRS)	334,716	365,378
Media costs (non-IFRS)	-246,103	-273,323
Reported revenue according to IFRS	**88,613**	**92,055**

Set out below is the disaggregation of the Group's revenue from contracts with customers.

Timing of revenue recognition from customers:

EUR'000	2023	2022
Services transferred at a point in time	88,613	92,055
Services transferred over time	0	0
	88,613	**92,055**

Adform has concluded that it transfers control over its services (i.e. advertisers and agencies buying of ad inventory, publishers selling ad inventory, and serving of the ad actual impression), at a point in time, because this is when the customer (publishers and advertisers) benefits from the automated ad trading and ad serving performed by the Group's software platform.

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Notes

2 Staff costs

EUR'000	2023	2022
Wages and salaries	48,267	42,874
Pensions (defined contribution plan)	607	451
Other expenses for social security	4,273	3,798
Share-based compensation expenses (refer to note 3)	273	185
Other employee expenses	72	51
	53,492	**47,359**
Development costs capitalised as intangible assets	-3,092	-2,273
	50,400	**45,086**
Average number of full time employees	669	604

Note staff costs are included in research and development costs, sales and marketing expenses as well as administrative expenses.

EUR'000	2023	2022
*Remuneration to the Executive Board**		
Wages and salaries	803	634
Pension	24	26
Share-based compensation expenses	74	74
	901	**734**
Compensation to the Board of Directors		
Compensation	234	223
Share-based compensation expenses	6	10
	240	**233**

*Recording of remuneration to the Executive Board consists of the remuneration to registered members of the Executive Board in the individual financial year. The remuneration for the financial year 2022 and 2023 includes the payments of full calendar year for Troels Philip Jensen and Lars Christian Salvador Duus.

Remuneration to the Board of Directors for the financial year 2023 consist of the paid board fee to Torben Brandt Munch (Chair), Barbara Daliri Freyduni (board member) and Maria Hjorth (board member).

The compensation to the Executive Board consists of base salary and customary benefits (free phone, computer and internet subscription) and the Executive Board participates in the short-term cash-based incentive programme to Executive Board and selected employees (STIP). Furthermore, the Executive Board participates in the long-term incentive programmes to Executive Board and selected employees (Warrant Programme).

The Company can terminate the employment of each member of the Executive Board for any reason upon at least 6 months advance notice. The CEO, Troels Philip Jensen, can terminate his employment with the Company for any reason upon at least 6 month's advance notice and the CFO, Lars Christian Salvador Duus can terminate his employment with the Company for any reason upon at least 3 month's advance notice.

Notes

3 Share-based payments

Adform A/S has established incentive programmes under which certain employees and board members of the Parent Company and its subsidiaries have been granted warrants or options to purchase shares. Warrants and share options can be exercised by the employees by cash purchase of shares only.

The valuation of the shares granted in 2023, 2022 and 2021 is based on the following assumptions:

	2023	2022	2021
Share price (EUR)	2.3 – 3.0	3.6 - 3.89	1.68 - 2.13
Volatility	41%	39%	39%
Risk-free interest rate	2.51% - 3.31%	-0.48% - 1.03%	-0.42% - -0.64%
Expected dividends	0%	0%	0%
Expected remaining life (years)	4.0	5.0	6.0

Current share option and warrant schemes

Scheme	Options and warrants granted	Granted	Exercise period	Exercise price (weighted average)	No. of employees	Market value at date of grant
2015	104,544	August	10 years after date of grant	4.3	1	34,401
2016	1,325,000	September	10 years after date of grant	3.3	2	534,958
2017	131,500	March and November	10 years after date of grant	3.1	2	55,663
2018	3,267,152	January, April, June, September	31-12-2025	0.2	105	6,843,341
2019	1,484,988	October, November	31-12-2027	0.7	59	626,892
2020	596,000	April, August	31-12-2027	1.7	29	226,937
2021	2,387,381	January, April, August, September	N/A.	1.0	83	432.762
2022	253,395	February, May	31-12-2027	3.3	23	221,408
2023	608,978	March, December	31-12-2027	3.3	70	307,239

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Notes

3 Share-based payments – continued

Scheme	Board of Directors	Executive Board	Senior staff	Total	Average price per option
2015	-	-	104,544	104,544	4.3
2016	-	-	1,325,000	1,325,000	3.3
2017	-	-	131,500	131,500	3.1
2018	-	85,403	3,181,749	3,267,152	0.2
2019	200,000	74,728	1,210,260	1,484,988	0.7
2020	-	-	596,000	596,000	1.7
2021	14,948	1,842,086	530,357	2,387,391	1.0
2022	14,948	-	238,447	253,395	0.9
2023	-	-	608,978	608,978	0.5
Granted at 31 December 2023	**229.896**	**2,002,217**	**7,926,835**	**10,158,948**	

Consolidated Financial Statements 1 January – 31 December

Notes

3 Share-based payments – continued

Outstanding share options

	Board of Directors	Executive Board	Senior Staff	Total	Average price per option
Outstanding at 1 January 2022	214,948	1,842,086	4,126,487	6,183,521	
Granted	14,948	-	238,447	253,395	0.9
Options waived/expired or exercised	-	-	-293,014	-293,014	1.0
Outstanding at 31 December 2022	**229,896**	**1,842,086**	**4,071,920**	**6,143,902**	
Outstanding at 1 January 2023	229,896	1,842,086	4,071,920	6,143,902	
Granted	-	-	608,978	608,978	0.5
Options waived/expired or exercised	-	-	-219,132	-219,132	0.3
Outstanding at 31 December 2023	**229,896**	**1,842,086**	**4,461,766**	**6,533,748**	

The table below shows the number of warrants and options granted and vested as of 31 December 2023 and the subscription price per share.

Incentive programme (shares)	Number	Vested as at 31 December 2023*	Subscription price per share of DKK 0.01
Warrants (Global programme), appendix 2	833,655	833,655	DKK 0.01-DK10.91
Warrants 2019, appendix 3	1,329,247	1,329,247	DKK 12.46
Warrants 2019, appendix 4	642,584	642,584	DKK 0.01
Warrants 2021, appendix 6	801,328	324,328	DKK 24.92
LTIP Options	250,000	250,000	EUR 3.00
LTIP Options	250,000	250,000	EUR 1.00
CSOP Options	152,703	152,703	DKK 0.80
CSOP Options	250,000	250,000	DKK 5.60
MIP Program	1,985,274	1,985,274	DKK 0.68-0.96
Phantom Stock Awards	38,957	38,957	DKK 0.01-DK10.91

* Vested as of 31 December 2023 due to fulfilment of service requirement by the employee. No exit has occurred.

Notes

3 Share-based payments – continued

Warrants (Global programme), appendix 2

In August 2018 and in September 2018 a warrant programme (on equal terms) was initiated under which a number of employees in the parent company and its subsidiaries were granted warrants. The warrant programme replaced a previous restricted stock unit program established in April 2018.

According to the warrant programme, participants can subscribe for new shares in the Company at a subscription price of DKK 0.01 - 10.91.

In 2019, a total number of 2,787,239 warrants was granted. In 2020 - 2023, no new warrants were granted under this program.

Under the terms of the warrant programme, it is a condition for exercising the warrants, that a) an exit as defined in appendix 2 to the Company's articles of association occurs no later than 31 December 2025 and b) provided that the individual participant's employment with parent or one of its subsidiaries has not ceased on each relevant vesting date.

Common good and bad leaver provisions are included in the terms and conditions of the warrant programs.

Based on the characteristics of the warrant programme, the likelihood of an exit has been assessed by Management and incorporated as part of valuation of fair value at grant date. The warrant value was calculated with a share price of approximately DKK 16.4.

For the twelve-month period ended 31 December 2023, EUR 0 (2022: income of EUR 4 thousand) has been recognised in the income statement and in equity.

Repurchase of warrants granted under appendix 2 in 2023

Former employees who were granted warrants under appendix 2 have in accordance with the agreement kept some or all of the vested warrants. In 2023, Adform repurchased warrants from a former employee who accepted the repurchase due to strategical reasons. The repurchase price for each warrant is agreed with the individual participant at DKK 24.91. The total amount paid by Adform to the former employee who accepted this repurchase amounts to EUR 312 thousand. Management treated the repurchase as an equity transaction as required by IFRS. Management concluded that the repurchase was a one-time event and do not plan to carry out any future settlement of active warrant programs in cash, hence it is management's assessment that the repurchase do not form precedents for settlement of warrant agreements in cash and therefore the current active warrant programs will continue to be treated as equity- settled program.

Warrants 2019, appendix 3

In October 2019, a new warrant programme was initiated under which a number of employees and board members in the parent company and its subsidiaries were granted warrants. According to the warrant programme, participants can subscribe for new shares in the Company at a subscription price of DKK 12.46.

In total, 1,667,867 warrants have been granted during the period from 2019 to 2021 (hereof 0 in 2023). From the beginning of the program 338,620 warrants were waived, hence the total net warrants granted amounts to 1,329,247

Notes

3 Share-based payments – continued

Under the terms of the warrant programme, it is a condition for exercising the warrants, that a) an exit as defined in appendix 3 to the Company's articles of association occurs no later than 31 December 2027 and b) provided that the individual participant's employment or engagement with parent or one of its subsidiaries has not ceased on each relevant vesting date.

Common good and bad leaver provisions are included in the terms and conditions of the warrant programs.

Based on the characteristics of the warrant programme, the likelihood of an exit has been assessed by Management and incorporated as part of valuation of fair value at grant date. The warrant value was calculated with a share price of DKK 12.46 – 14.36.

For the twelve-month period ended 31 December 2023, an expense of EUR 1 thousand has been recognised as cost in the income statement and in equity (2022: expense of EUR 46 thousand).

Repurchase of warrants granted under appendix 2, 3 in 2022

Former employee which was granted warrants under appendix 3 have in accordance with the agreement kept some or all of the vested warrants. In 2022, Adform repurchased warrants from a former employee who accepted the repurchase due to strategical reasons. The repurchase price for each warrant is agreed with the individual participants at DKK 24.92. The total amount paid by Adform to the former employee amounts to EUR 444 thousand. Management treated the repurchase as an equity and expense transaction as required by IFRS. Management concluded that the repurchase was a one-time event and do not plan to carry out any future settlement of active warrant programs in cash, hence it is management's assessment that the repurchase do not form precedents for settlement of warrant agreements in cash and therefore the current active warrant programs will continue to be treated as equity-settled program.

Warrants 2019, appendix 4

In November 2019, a new warrant programme was initiated under which a number of employees in the parent Company and its subsidiaries were granted warrants. According to the warrant programme, participants can subscribe for new shares in the Company at a subscription price of DKK 0.01.

In 2019, a total number of 762,533 warrants was granted. In 2020 – 2023 period, no new warrants were granted under this program.

In connection with the grant in November 2019, the previous warrant programme from 2 018 (Global programme) was not cancelled or modified.

If a participant has been granted warrants governed by the warrant programme from 2018 under appendix 2 (Global programme and U.S. employees) and warrants governed by the new appendix 4 warrant programme, then it follows that the participant shall not be entitled to exercise both warrants that are granted pursuant to both programmes. If a participant exercise warrants governed by one of these programmes, then participant will be considered to have waived all vested warrants governed by the other programme and these warrants will lapse.

As such, the new warrant programme from November 2019 (appendix 4) is considered a second award to the previous warrant programme from 2018 (Global programme and U.S. employees, appendix 2). Management has evaluated that the new warrant programme from November 2019 (appendix 4) cannot be designated as a replacement award, because the original award (previous warrant programme from 2018) is still in place and therefore Management has evaluated that Adform in regards to awards under appendix 2 and appendix 4 has two awards running 'in parallel'.

Management has assessed the fair value of the new warrant programme from November 2019 (appendix 4) and reassessed the fair value of the original award at the grant date of the new warrant programme. Based on the fair value assessment, the incremental fair value is expensed over the vesting period of the new warrant programme from November 2019 (appendix 4).

Notes

3 Share-based payments – continued

Based on the characteristics of the warrant programme, the likelihood of an exit has been assessed by Management and incorporated as part of valuation of fair value at grant date. The warrant value was calculated with a share price of DKK 12.46.

For the twelve-month period ended 31 December 2023, EUR 0 thousand has been recognised as income in the income statement and in equity (2022: income of EUR 4 thousand).

Warrants 2021, appendix 6

In September 2021, a new warrant programme was initiated under which a number of employees and board members in the parent company and its subsidiaries were granted warrants. According to the warrant programme, participants can subscribe for new shares in the Company at a subscription price of DKK 24.92.

In total, 1,130,716 warrants have been granted during the period from 2021 to 2023 (hereof 608,978 in 2023). From the beginning of the program 329,388 warrants were waived, hence the total net warrants granted amounts to 801,328.

Under the terms of the warrant programme, it is a condition for exercising the warrants, that a) an exit as defined in appendix 6 to the Company's articles of association occurs no later than 31 December 2027 and b) provided that the individual participant's employment or engagement with parent or one of its subsidiaries has not ceased on each relevant vesting date.

Common good and bad leaver provisions are included in the terms and conditions of the warrant programs.

Based on the characteristics of the warrant programme, the likelihood of an exit has been assessed by Management and incorporated as part of valuation of fair value at grant date. The warrant value was calculated with a share price of DKK 17.1-28.0.

For the twelve-month period ended 31 December 2023, an expense of EUR 190 thousand has been recognised as cost in the income statement and in equity (2022: an expense of EUR 71 thousand).

LTIP Options and CSOP options

The long-term stock option programme (LTIP Options) was granted in 2016. All LTIP options have been fully recognised prior to 2022.

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The main principles for the UK CSOP programme are overall in line with the terms and conditions of the options as described above. At 31 December 2023 EUR 0 thousand income in respect to the UK CSOP programme has been recognised in the financial statements (2022: an expense of EUR 5 thousand).

Based on the characteristics of the options programme, the likelihood of an exit has been assessed by Management and incorporated as part of valuation of fair value at grant date. The warrant value was calculated with a share price of DKK 12.46.

Notes

3 Share-based payments – continued

Management Incentive Program (MIP-Program)

In January 2021 and August 2021, a Management Incentive Program (the "MIP-Program") was agreed with Management and a few select employees in which the participants in the MIP-Program have acquired B-shares and warrants in the Company. As of 31 December 2023, the MIP-Program participants have aggregated subscribed for 474,277 class B-shares of DKK 0.01 nominal value each and the Company has issued in the aggregate 1,985,274 warrants of DKK 0.01 nominal value each. The warrants issued pursuant to the MIP-Program are divided equally into 3 classes pending on subscription price and all warrants will subscribe class B-shares. The purchase price per warrant in Series I is a DKK amount corresponding to 7,71% of the share price, the purchase price per warrant in Series II is a DKK amount corresponding to 6,33% of the share price and the purchase price per warrant in Series III is a DKK amount corresponding to 5,47% of the share price. The warrants can only be exercised in case of a sale or an IPO, as defined in the MIP-Program and related agreements.

The valuation of the MIP warrant program is based on simulations of the possibility of a sale or IPO occurs and the likelihood that the minimum IRR within each series are archived. In the consolidated financial statement, the MIP warrant program is treated as a equity settled program, hence the cost related to the vested warrants are booked directly against equity. The period over which the cost are recognised is based on management expectation of when an exit occurs. Upon issuance of the MIP warrant programme in the beginning of 2021, Management assessed the most likely Exit date to be 31 December 2024.

For the twelve-month period ended 31 December 2023, an expense of EUR 81 thousand has been recognised as cost in the income statement and in equity (2022: an expense of EUR 82 thousands)

Notes

4 Research and development costs

Adform's research and development activities focuses on the development of the Adform product platform. Research and development costs that are not eligible for capitalisation have been expensed in the period and they are recognised in research and development costs.

EUR'000	2023	2022
This year incurred research and development costs	20,056	17,255
Amortisation of intangible assets	4,167	5,723
Depreciation of tangible assets and right-of-use assets	2,380	2,011
Development costs recognised in intangible assets	-3,092	-2,273
Development costs recognised in research and development costs	**23,511**	**22,716**

5 Fees to independent auditors

EUR'000	2023	2022
Fee for statutory audit	186	253
Other assurance services	0	0
Total audit related services	**186**	**253**
Tax and VAT advisory services	30	16
Other services	10	144
Total non-audit services	**40**	**160**
Total fees to independent auditors	**226**	**413**

For 2023, expenses related to other non-audit services were mainly affected by tax consultations. For 2022, expenses related to non-audit services were significantly affected by financial related consultations.

Notes

6 Amortisation, depreciation and impairment

EUR'000	2023	2022
Amortisation of intangible assets	4,234	5,730
Depreciation of tangible assets	2,252	1,395
Depreciation of right-of-use assets	3,731	4,172
	10,217	**11,297**

Amortisation and impairment of intangible assets has been recognised in the income statement as follows:

EUR'000	2023	2022
Research and development costs	4,167	5,723
Sales and marketing expenses	51	7
General and administrative expenses	16	0
	4,234	**5,730**

7 Other operating income

In 2023 other operating income consists of income from resale of fixed assets amounting to EUR 21 thousands.

In 2022 other operating income consists of recognised insurance income amounting to EUR 39 thousands.

8 Financial income

EUR'000	2023	2022
Interest income	857	4
Foreign exchange gains and adjustments	4,219	6,537
	5,076	**6,541**

9 Financial expense

EUR'000	2023	2022
Foreign exchange losses and adjustments	4,796	5,933
Interest expenses from leases (right-of-use assets)	518	463
Other interest expenses	90	81
	5,404	**6,477**

Notes

10 Tax for the year

EUR'000	2023	2022
Current income tax charge for the year	-692	-1,083
Change in deferred tax	-417	-623
Adjustment to tax for prior years	-461	-139
Total tax for the year (positive amount = income, negative amount = expense)	**-1,570**	**-1,845**
Deferred tax on other comprehensive income	**0**	**0**

	2023		2022	
Tax reconciliation	**EUR '000**	**%**	**EUR '000**	**%**
Profit before tax	4,818		7,704	
Tax using the Danish corporation tax rate	-1,060	22 %	-1,680	22 %
Deviation in foreign subsidiaries' tax rates compared to the Danish rate	59	-1 %	77	-1 %
Adjustment for tax prior year	-461	10 %	-139	2 %
Non-taxable income	59	-1 %	269	-4 %
Non-deductible expenses	-167	3 %	-372	5 %
Effective tax / tax rate for the year	**-1,570**	**33 %**	**-1,845**	**24 %**

Non-taxable income primarily relates additional tax deduction from research and development activities.

Notes

11 Government grants

In 2023 Adform has not applied or received any government grants

Tax credit scheme in Denmark

Adform had recognised a tax asset related to negative taxable income from development costs due to the Danish tax credit scheme of total EUR 694 thousand as of 31 December 2021. In 2022, the payment from Danish tax authorities was received for this amount and tax asset was derecognized.

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12 Intangible assets

EUR'000	Completed development projects	Licenses	Total
Cost as at 1 January 2023	46,447	3,417	49,864
Foreign currency translation adjustments	0	-8	-8
Disposals	0	0	0
Additions	3,092	844	3,936
Cost as at 31 December 2023	**49,539**	**4,253**	**53,792**
Amortisation and impairment as at 1 January 2023	38,449	3,111	41,560
Foreign currency translation adjustments	0	-7	-7
Disposals	0	0	0
Amortisation	4,124	110	4,234
Amortisation and impairment as at 31 December 2023	**42,573**	**3,214**	**45,787**
Carrying amount 31 December 2023	**6,966**	**1,039**	**8,005**

EUR'000	Completed development projects	Licenses	Total
Cost as at 1 January 2022	44,145	3,269	47,414
Foreign currency translation adjustments	29	1	30
Disposals	0	-83	-83
Additions	2,273	230	2,503
Cost as at 31 December 2022	**46,447**	**3,417**	**49,864**
Amortisation and impairment as at 1 January 2022	32,820	3,093	35,913
Foreign currency translation adjustments	0	0	0
Disposals	0	-83	-83
Amortisation	5,629	101	5,730
Amortisation and impairment as at 31 December 2022	**38,449**	**3,111**	**41,560**
Carrying amount 31 December 2022	**7,998**	**306**	**8,304**

Completed development projects include costs related to the continued development of the Adform Platform, which is used by the customers. Development projects are amortised over 5-7 years.

The continued development of Adform's product platform is expected to result in a considerable competitive advantage and, hence, a significant increase in the level of activity and results of operations.

Notes

13 Tangible assets

Tangible assets consist of IT equipment, leasehold improvements and other fixtures and fittings.

EUR'000	2023	2022
Cost as at 1 January	17,811	16,263
Foreign currency translation adjustments	-86	41
Additions	2,549	2,609
Disposals	-11	-1,102
Cost as at 31 December	**20,263**	**17,811**
Depreciation and impairment losses as at 1 January	13,514	13,161
Foreign currency translation adjustments	-69	60
Disposals	-11	-1,102
Depreciation	2,252	1,395
Depreciation and impairment as at 31 December	**15,686**	**13,514**
Carrying amount 31 December	**4,577**	**4,297**

14 Leases

The main recognised right-of-use asset is property, for which Adform leases 37 office premises and data centres. Right-of-use assets specifies as highlighted in the following:

EUR'000	2023	2022
Carrying amount as of 1 January	8,471	9,193
Foreign currency translation adjustments	15	-53
Remeasurement	1,927	1,947
Additions for the year	2,758	1,556
Depreciations for the year	-3,731	-4,172
Carrying amount total right-of-use assets	**9,440**	**8,471**

The carrying amount of the total right-of-use assets can be specified in the following lease classes:

EUR'000	2023	2022
Property	8,805	7,546
IT and other fixtures and equipment	635	925
Carrying amount total right-of-use assets	**9,440**	**8,471**

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14 Leases – Continued

Analysis of lease liabilities, showing the remaining contractual maturities, is provided in the following table:

EUR'000	2023	2022
Less than one year	4,084	4,357
Between one and five years	6,310	5,060
More than five years	701	745
Total contractual cash flows	**11,095**	**10,162**
Carrying amount	**9,905**	**9,329**
Maturity of carrying amount		
Non-current	6,304	5,350
Current	3,601	3,979
Total lease liabilities	**9,905**	**9,329**

The profit or loss impact of leases recognised for the year are specified below:

EUR'000	2023	2022
Depreciations for the year	3,731	4,172
Interest expenses on lease liabilities	518	463
Total effect in the income statement	**4,249**	**4,635**

Total cash outflow relating to leases was EUR 4,658 thousand (2022: EUR 4,774 thousand) for the period.

Notes

15 Deferred tax

EUR'000	2023	2022
Deferred tax as at 1 January	4,219	5,467
Foreign currency translation adjustments	-8	0
Change in deferred tax	-417	-623
Utilisation of deferred tax assets	0	-739
Adjustment to tax for prior years	-139	114
Deferred tax 31 December	**3,655**	**4,219**
Recognised in the balance sheet as follows:		
Deferred tax assets	3,889	4,244
Deferred tax liabilities	-254	-25
Deferred tax, net	**3,655**	**4,219**
Specification of deferred tax:		
Temporary differences on assets and liabilities	-1,523	-1,069
Tax loss carry-forward	5,178	5,288
Deferred tax, net	**3,655**	**4,219**

As of 31 December 2023, the Management has assessed the extent to which tax profits under applicable tax legislation can be realised in the foreseeable future. On this basis, a deferred tax asset related to tax loss carry-forward of EUR 5,178 thousand has been recognised. The capitalisation has been made based on expected positive earnings over within the next 3-5 years.

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16 Other non-current assets

Other non-current assets consist of deposits.

EUR'000	2023	2022
Cost as at 1 January	815	630
Foreign currency translation adjustments	-15	1
Additions	272	285
Disposals	-174	-101
Cost as at 31 December	898	815
Value adjustments	0	0
Carrying amount 31 December	**898**	**815**

17 Trade receivables

The Company's trade receivables splits into (a) trade receivables and (b) receivables related to trading orders:

EUR'000	2023	2022
Trade receivables	15,422	15,809
Receivables related to trading orders	42,830	46,938
Carrying amount 31 December	**58,252**	**62,747**

Receivables related to trading orders represent receivables from agencies and advertisers, where Adform has processed transactions (equal in value to gross billings) on behalf of media agencies and advertisers.

The Group is exposed to credit risk associated with (a) trade receivables and (b) receivables related to trading orders. No significant losses were incurred in respect of individual trade receivables in 2022 and 2023. Credit risk and ageing analysis is further described in note 23.

Notes

18 Financial instruments by category

EUR'000	2023	2022
Financial assets measured at amortised cost		
Trade receivables	15,422	15,809
Receivables related to trading orders	42,830	46,938
Other receivables, current	1,339	1,435
Cash	44,468	36,245
	104,059	**100,427**
Financial liabilities measured at amortised cost		
Lease liabilities, non-current	6,304	5,350
Lease liabilities, current	3,601	3,979
Trade payables	4,986	6,348
Payables related to trading orders	65,590	65,564
Other liabilities[1]	78	77
	80,560	**81,318**

[1] Excludes non-financial instruments such as public debt and staff payables of EUR 6,818 thousand (2022: EUR 6,013 thousand).

The fair value of the assets and liabilities listed above is not materially different from the carrying amount. Management has assessed that cash, trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

Notes

19 Share capital

On December 2023, the share capital comprised 69,697,569 shares (2022: 69,697,569) with a nominal value of DKK 0.01 each. All shares are fully paid. The shares have been divided into classes:

- Class A: 69,223,292
- Class B: 474,277

One A-share holds one vote. B-shares have no voting rights.

EUR'000	2023	2022	2021
Share capital 1 January	94	94	93
Capital increase	0	0	1
Share capital 31 December	94	94	94

EUR'000	2023	2022
Treasury shares 1 January	2	0
Additions during the year	7	2
Treasury shares 31 December	9	2

During 2023, the Group purchased 4,299 number of B-shares for a total amount of EUR 7.2 thousand. The nominal amount of the purchased B-shares amounts to EUR 7.2 thousand. As of 31 December 2023 the Group holds 1.12 % of the B-shares and holds 0.01% of the total shares. The reason for acquiring treasury shares during 2023 is due to repurchase of B-shares from an employee who is no longer employed at Adform.

Earnings per share

EUR'000	2023	2022
Profit attributable to equity holders	3,248	5,859
Weighted average number of ordinary shares	69,692,262	69,697,146
Dilutive effect of share-based payments	3,728,914	5,462,361
	73,421,176	75,159,507
Weighted average number of ordinary shares adjusted for the effect of dilution		
Basic earnings per share, EUR	0.05	0.08
Diluted earnings per share, EUR	0.04	0.08

Notes

20 Interest-bearing loans and borrowings

EUR'000	2023	2022
Non-current borrowings		
Lease liabilities	6,304	5,350
	6,304	**5,350**
Current borrowings		
Lease liabilities	3,601	3,979
	3,601	**3,979**
Maturity of current and non-current borrowings		
Less than one year	3,601	3,979
Between one and five years	5,642	4,661
More than five years	662	689
	9,905	**9,329**

In 2023 Adform cancelled a committed multicurrency cash pool facility of EUR 10.0 million which was available with its main bank. Subsequently, an adjacent floating charge security of DKK 75,000,000 and a registered negative pledge will be released by the Adform's main bank provider in Q1, 2024.

21 Trade payables

The Group's trade payables split into (a) trade payables and (b) payables related to trading orders:

EUR'000	2023	2022
Trade payables	4,986	6,348
Payables related to trading orders	65,590	65,564
	70,576	**71,912**

Trade payables are non-interest-bearing and are normally settled on a 30-60-day term.

Payables related to trading orders represent payable amounts (media costs) to publishers, where Adform has processed transactions on behalf of agencies and advertiser. Payables related to trading orders represents the total costs invoiced by the

Notes

21 Trade payables – continued

publisher to Adform in connection with the order processing of transactions delivered by the Group on behalf of third party where the Group, as part of its activities, performs the order processing and holds the credit risk.

22 Other liabilities

EUR'000	2023	2022
Staff payables	4,963	4,346
Duties to public authorities	1,966	1,667
Other accrued expenses	78	77
	7,008	**6,090**

23 Credit risk, liquidity risk and currency risk

Adform's principal financial liabilities comprise trade payables and other liabilities. The main purpose of these financial liabilities is to finance the Group's operations. Hence, the Group has considerable amounts of trade and other receivables and cash that derive directly from its operations.

Adform is exposed to market risk, credit risk and liquidity risk. The Group is not materially exposed to interest rate risk as the Group has no loans or borrowings.

It is Adform's policy not to trade in derivatives for speculative purposes.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risks from its operating activities (primarily Trade receivables and Receivables related to trading orders), including deposits with banks and other financial instruments.

Credit risk relating to Trade receivables and Receivables related to trading orders

A limited number of Adform's contracts with media agencies provide that if the advertiser does not pay the agency, the agency is not liable to Adform, and Adform must seek payment solely from the advertiser, a type of arrangement called sequential liability. Despite Adform's process of taking out insurances on as many clients as possible, contracting with these agencies, which in some cases have or may develop higher-risk credit profiles, may subject Adform to greater credit risk than if Adform was to contract directly with advertisers. This credit risk may vary depending on the nature of a media agency's aggregated advertiser base. Adform may also be involved in disputes with agencies and their advertisers over the operation of Adform's platform, the terms of its agreements or its billings for purchases made by them through its platform.

Notes

23 Credit risk, liquidity risk and currency risk – continued

If Adform is unable to collect or make adjustments to bills to clients, Adform could incur credit losses, which could have a material adverse effect on its results of operations for the periods in which the credit loss occur. In the future, credit loss may exceed the allowance for expected credit losses and its credit loss exposure may increase over time. An increase in the allowance for expected credit losses could have a materially negative effect on the Group's business, financial condition and operating results. Even if Adform is not paid by its clients on time or at all, Adform may still be obligated to pay for the advertising Adform has purchased for the advertising campaign.

As of 31 December, the ageing analysis of Trade receivables and Receivables related to trading orders is as follows:

EUR'000				Past due, but not impaired					
	Total carrying amount	Allowance for expected credit loss	Neither past due nor impaired	< 30 days	31-60 days	61-90 days	91-180 days	181-360 days	>360 days
2023	58,252	-1,544	42,250	14,597	1,670	421	408	297	153
2022	62,747	-1,926	45,301	14,739	2,626	632	520	531	324

Generally, Adform takes out credit insurances to cover a part of its outstanding receivables, however it does not have 100% insurance coverage on all its customers, and consequently Adform is subject to credit risks on its customers. The insurance is waived on a customer balance if the customer has outstanding receivables past due over 90 days. As of 31 December 2023, the outstanding receivables covered by insurance amounted to 56%.

No significant losses were incurred in respect of individual trade receivables in 2022 and 2023 to date.

Analysis of movements in allowance for expected credit losses regarding Trade receivables and Receivables related to trading

EUR'000	2023	2022
Allowance for expected credit losses as at 1 January	-1,926	-1,876
Additions	-1,543	-1,926
Utilised	501	358
Unused amounts reversed	1,424	1,518
Allowance for expected credit losses as at 31 December	**-1,544**	**-1,926**

Adform uses a provision matrix to calculate the expected credit losses for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

In addition, Adform continuously conduct individual assessments to evaluate the need for allowances for expected credit losses. If this leads to an assessment that Adform will not be able to collect outstanding payment, an allowance for the expected credit loss is recognised immediately.

Notes

23 Credit risk, liquidity risk and currency risk – continued

The provision matrix is initially based on Adform's historical observed default rates. Adform will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults in the advertising sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The provision for expected credit losses as of 31 December 2023 amounts to EUR 1,544 thousand. The assessment of the correlation between historical observed default rates, forecast economic conditions and expected credit losses is a significant estimate. The amount of expected credit losses is sensitive to changes in circumstances and of forecast economic conditions. Adform's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. Management believes that the write-downs made for expected credit losses are adequate. However, the actual credit losses based on the outstanding balance may deviate from this and is dependent on Adform's ability to collect payments.

Credit risk from balances with banks and financial institutions

Credit risk from balances with banks and financial institutions is managed by Management on a regular basis. Based on external credit ratings, no material risk has been identified in respect to the Group's cash balances.

Liquidity risk

A substantial part of Adform's buy side business is from media agencies. Adform is generally contractually required to pay advertising inventory and data suppliers within a negotiated period of time, regardless of whether its clients pay Adform on time, or at all. Additionally, while Adform attempts to negotiate long payment periods with its suppliers and shorter periods from its clients, Adform is not always successful. As a result, Adform fairly often face a timing issue with its accounts payables vis-a-vis accounts receivables, requiring Adform to remit payments from its own funds, and accept the risk of bad debt, provided such risk is not covered by Adform's insurance scheme.

Notes

23 Credit risk, liquidity risk and currency risk – continued

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments

		Contractual maturity incl. interest (cash flow)			
EUR'000	**Carrying amount**	**Total**	**Within one year**	**1 to 5 years**	**> 5 years**
31 December 2023					
Lease liabilities, non-current	6,304	7,011	0	6,310	701
Lease liabilities, current	3,601	4,084	4,084	0	0
Trade payables	4,986	4,986	4,986	0	0
Payables related to trading orders	65,590	65,590	65,590	0	0
Other liabilities1	78	78	78	0	0
	80,559	**81,749**	**74,738**	**6,310**	**701**
31 December 2022					
Lease liabilities, non-current	5,350	5,805	0	5,060	745
Lease liabilities, current	3,979	4,357	4,357	0	0
Trade payables	6,348	6,348	6,348	0	0
Payables related to trading orders	65,564	65,564	65,564	0	0
Other liabilities[1]	77	77	77	0	0
	81,318	**82,151**	**76,346**	**5,060**	**745**

[1] Excluding non-financial instruments such as public debt and staff payables of EUR 6,818 thousand (2022: EUR 6,013 thousand).

Currency risk

The majority of the transactions through Adform's platform are denominated in EUR. Adform transacts in other currencies, including Danish Kroner, Norwegian Kroner, Swedish Krona, U.S. Dollars, British Pounds and in other countries local currencies in which the Group operates. Additionally, some transactions involve a mismatch between the currency in which Adform pays and the currency in which Adform invoices its clients. Adform expects the number of transactions in foreign currencies to continue to grow in the future. In addition, a large amount of Adform's expenses are in Danish Kroner and EUR, whilst some income stem from other currencies as mentioned above. Consequently, Adform is subject to risks associated with currency exchange rate fluctuations.

Adform does not hedge its exposure to foreign currency fluctuations. A hedging strategy might not be possible to execute as hedging instruments may not be available for all currencies or may not always offset losses resulting from currency exchange rate fluctuations. Moreover, the use of hedging instruments can itself result in losses if the Group is unable to structure effective hedges with such instruments. As a result of that, Adform seeks to mitigate currency risk by renegotiating invoicing currencies of clients and suppliers to ensure the currency inflows and outflows are balanced.(natural hedging).

Operating costs are also exposed to foreign currency exchange rates, albeit to a lower degree. Currency risks on items of the statement of financial position are monitored weekly.

The following table shows how a +10% change in the Group companies' functional currencies would affect the Group's pre-tax equity.
The Group's exposure to foreign currencies changes for all other currencies is not assessed material.

Notes

23 Credit risk, liquidity risk and currency risk – continued

The impact would have been opposite if the exchange rates had been decreasing with the identical percentages.

Sensitivity analysis, impact on equity as at 31 December:

EUR'000	2023	2022
NOK	110	199
SEK	357	526
GBP	300	220
USD	-516	-63

A sensitivity analysis of the transaction exposure shows the impact on pre-tax profit or loss of a +10% exchange rate change in Group receivables and liabilities and cash denominated in foreign currencies.

The Group's exposure to foreign currencies changes for all other currencies is not material.

The impact would have been opposite if the exchange rates had been decreasing with the identical percentages.

Sensitivity analysis, impact on pre-tax profit as at 31 December:

EUR'000	2023	2022
NOK	110	199
SEK	357	526
GBP	300	220
USD	-516	-63

24 Capital management

The primary objective of the Group's capital management is to maximise shareholder value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions. Cash and financial assets are monitored on a regular basis by Management and the Board of Directors in assessing current and long-term capital needs. To maintain or adjust the capital structure, the Group may adjust transactions to shareholders. There has not been paid any dividends to shareholders in previous years. Adform relies primarily on cash flow from operating activities to finance its operations.

The current debt consists of lease liabilities, which as per 31 December 2023 amounts to EUR 9.9 million.

In 2023, Adform cancelled a committed multicurrency cash pool facility of EUR 10.0 million, which was available with its main bank provider. Subsequently, an adjacent floating charge security of DKK 75,000,000 and a registered negative pledge will be released by the Adform's main bank provider in Q1, 2024.

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25 Changes in liabilities arising from financing activities

EUR'000	1 January 2023	Cash flows	New leases	Other	31 December 2023
Lease liabilities, non-current	5,350	0	2,001	-1,047	6,304
Lease liabilities, current	3,979	-4,140	765	2,997	3,601
Total liabilities from financing activities	**9,329**	**-4,140**	**2,766**	**1,950**	**9,905**

EUR'000	1 January 2022	Cash flows	New leases	Other	31 December 2022
Lease liabilities, non-current	6,684	0	508	-1,842	5,350
Lease liabilities, current	3,731	-4,311	469	4,090	3,979
Total liabilities from financing activities	**10,415**	**-4,311**	**977**	**2,248**	**9,329**

Other relates to rolled-up and accrued interest and reclassifications between current and non-current.

Notes

26 Commitments, contingencies, commitments and pledges etc.

Contingent liabilities

Litigation and claims

Adform is, due to its ordinary activity, part of various disputes. Management has assessed that these are not expected to have a material effect on the Group's financial position or future earnings.

As described in the management review (under the main regulatory risks section), in 2020 the Danish Data Protection Agency ("*Datatilsynet*") decided, on its own initiative, to do an audit of Adform and its processing activities related to Adform's products. Following Adform's delivery of all requested material in 2020, the Danish Data Protection Agency ("*Datatilsynet")* has in 2023 decided to close down the audit of Adform without any remarks.

Pledges and securities

In 2023 Adform cancelled a committed multicurrency cash pool facility of EUR 10.0 million which was available with its main bank provider. Subsequently, the adjacent floating charge security of DKK 75,000,000 and a registered negative pledge will be released by the Adform's main bank provider in Q1, 2024, such security still being in place as of 31 December 2023.

The carrying amounts of the assets are stated below:

EUR'000	2023	2022
Tangible assets	4,577	4,297
Trade receivables	58,252	62,747

Guarantees

Pursuant to a guarantee agreement entered into by the Parent company and its subsidiary, Adform Italy S.R.L., the Parent company has unconditionally and irrevocably guaranteed to a supplier as primary obligor the due and punctual performance by Adform Italy S.R.L of all its obligations arising in its ordinary course of business with this specific supplier. The guarantee was entered because it secured extended payment terms to the customer from 30 days to 45 days. The parent company has provided guarantees and a payment warranty. As at 31 December 2023, the balance towards the customer (supplier) amounted to EUR 2.11 million (2022: EUR 2.66 million).

Adform has provided guarantee of payments related to office rent of EUR 195 thousand.

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27 Related parties

Shareholders

Adform A/S has registered the following shareholders who hold 5% or more of the share capital:

- GCM Holding ApS, Copenhagen K, Denmark, 37.86%
- GRO Holding VIII ApS, Copenhagen K, Denmark, 27.06%
- VIA Equity Fund A K/S, Hellerup, Denmark, 22.52%

As a result of the shareholder agreement, share of voting rights do not necessarily in all instances correspond to share of ownership.

Salary for shareholders employed at Adform during 2023 amounts to EUR 0 thousand (2022: EUR 35 thousand).

Other related parties

Other related parties of Adform with significant influence include the Board of Directors, Executive Board and their close family members. Related parties also include companies in which the aforementioned persons have control or significant interests..

Transactions with related parties

No other transactions with related parties occurred in 2023 and in 2022 than disclosed transactions with Management.

Transactions with Management

In 2023, Adform did not enter into any transactions with members of the Board of Directors or the Executive Board, except for compensation and benefits received as a result of their membership of the Board of Directors, employment with Adform or shareholdings in Adform. Please refer to note 2 and 3.

28 Events after reporting period

There are no single events with a material effect on the financial position of the Company after the close of the balance sheet date.

There are in addition no other materials events after the reporting period to be disclosed.

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29 Accounting policies

Corporate information

Adform A/S is a public limited company with its registered office in Denmark. The consolidated financial statements of Adform A/S for the year ended 31 December 2023 were authorised for issue in accordance with a resolution of the Board of Directors as of [*] March 2024, with the aim to have shareholders approval on the annual general meeting scheduled for [*] March 2024.

Basis of preparation

The consolidated financial statements of Adform A/S (the Company or the parent company) and its subsidiaries have been prepared in accordance with IFRS Accounting Standards as adopted by the EU and additional Danish requirements applying to entities of reporting class C (large).

The consolidated financial statements are prepared based on the standards and interpretations that are effective as of 31 December 2023.

The consolidated financial statements have been prepared on a historical cost basis.

The accounting policies have been applied consistently in the financial year and for the comparative figures.

The consolidated financial statements are presented in EUR. All values are rounded to the nearest thousand (EUR'000), except when otherwise indicated.

Alternative performance measures

Adform presents financial measures in the annual report that are not defined according to IFRS. Adform believes these non- GAAP measures provide valuable information to Adform's management when evaluating performance. Since other companies may calculate these differently from Adform, they may not be comparable to the measures used by other companies. These financial measures should therefore not be considered to be a replacement for measures defined under IFRS.

For definitions of the performance measures used by Adform, refer to the section of financial definitions.

Notes

29 Accounting policies – continued

Consolidated financial statements

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2023. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets, liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

Notes

29 Accounting policies – continued

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Foreign currency translation

Items included in the financial statements of each of Adform entities are measured using the currency of the primary economic environment in which the entity operates (‘functional currency’). Adform is a Danish group, however the consolidated financial statements are presented in EUR (‘presentation currency’) representing the predominant currency within the Group.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency translation adjustments resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Group companies

The items of the income statements and balance sheets of foreign subsidiaries with a functional currency other than EUR are translated into the presentation currency as follows:

i. assets and liabilities are translated at the closing rate at the date of the balance sheet;
ii. income and expenses are translated at the rate of the transaction date or at an approximate average rate; and
iii. all resulting foreign currency translation adjustments are recognised as a separate component of equity.

When a foreign operation is disposed or a significant capital reduction in a foreign operation is effected, the Group’s share of accumulated foreign exchange adjustments are recycled from other comprehensive income and recognised in the income statement as part of the gain or loss on the sale.

Notes

29 Accounting policies – continued

Income statement

Revenue recognition

Adform is in the business of providing software systems that buyers and sellers of digital display advertising use to automate their advertising processes.

Adform's software platform consists of a number of individual products that each plays a role in the digital advertising process. These products are organised into two suites:

1) FLOW for buy side customers (i.e. customers buying ad inventory, such as advertisers and agencies), and
2) Publisher Suite for sell side customers (i.e. customers selling ad inventory, such as publishers).

The products in FLOW allow buy side customers to engage in bidding for advertising space and to serve the right ads to a user's browser based on available data. Similarly, Publisher Suite allows sell side customers to sell ad inventory via real-time auctioning and to display the buyers' ads in the right placements on the page.

In general, revenue from contracts with customers is recognised when control is transferred to the customer at an amount that reflects the consideration to which Adform expects to be entitled in exchange for those services.

Trading platforms

Under the contracts, the Adform provides the software system, i.e.,

- enables the advertisers access to planning and buying of ad inventory from a broad range of sources and channels that can be transacted via a number of buying and bidding options, or
- enables the publishers to sell their ad inventory in an automated way and offers flexibility around inventory and creative management as well as functionality for audience segmentation, sales channel management, yield optimisation and analytics).

The performance obligation is satisfied at the point in time when the actual buying and selling of ad inventory is completed, as this is when the customer (publishers and advertisers) benefits from the automated trading performed by the Group's software platform and the ad is shown.

Payment is generally due within 30-90 days from month end.

The Group has concluded that it for accounting purposes acts as an agent in relation to the transaction services (trading platforms), which is processed between an advertiser, media agency or publisher (e.g. the customers). Therefore, Adform's net revenue from transaction services consist of the commission income (the net amount from gross billings and media costs), which is recognised in the income statement, when the services have been delivered. All discounts and rebates granted are recognised in revenue. Revenue (gross billings and media costs) is based on the activity through the platform and thus no material uncertainty exist in respect of measuring of revenue.

Notes

29 Accounting policies – continued

The following factors indicate that Adform does not control the goods and services before they are being transferred to customers. Therefore, Adform determined that it is an agent in these contracts.

- Adform is not primarily responsible for fulfilling the promise to provide the specified ad.
- Adform does not have ad inventory risk before or after the specified ad inventory has been bought or sold through the Adform Platform and does not hold any ad inventory on its balance sheet.
- Adform has no discretion in establishing the price for the specified ad inventory. The Group's consideration in these contracts are typically charged as a percentage of the total media spend served through the platform.

Due to the activity, the Group is however subject to potential chargeback risk and other types of credit risk from transactions processed between an advertiser, media agency or publisher (e.g. the customers).

The Adform's invoicing of media costs to media agencies and advertisers is recognised as 'Receivables related to trading orders'. The receivable represents the total selling price ('gross billings') for transaction services delivered by the Group on behalf of third party where the Group, as part of its activities, performs the order processing and has the credit risk. The publisher's invoicing of media costs to Adform is recognised as 'Payables related to trading orders' in the primary financial statements until settled by Adform. Adform is responsible for the netting of these items.

Ad serving

Adform's Ad Serving enables customers to centrally host and deliver ads to digital screens and track and monitor their performance, allowing effective control of ads across multiple campaigns and publishers. Furthermore, the ad server has large amounts of features, options and automations that allow Adform's customers to run large global campaigns effectively.

The ad serving products are typically charged on a CPM basis (cost per mille (1,000) ad impressions served), except for few select geographies where third-party ad server services is charged as a percentage of ad spend similar to Trading platforms.

The Group has concluded that it for accounting purposes acts as the principal in relation to Ad Serving as Adform is responsible for making the platform available and deliver the services within to be used by the customers. In addition, no transactions is processed and therefore no direct media costs is involved in these services.

Therefore, Adform's revenue from Ad Serving consist of the total amount invoiced to customers, which is recognised in the income statement, when the services have been delivered.

The performance obligation is satisfied at a point in time in connection with hosting and delivering ads to digital screens as this is when the customer (publishers and advertisers) benefits from the Group's automate digital display software systems.

Notes

29 Accounting policies – continued

Data (Branded data marketplace and Enterprise DMP)

Under the contracts, the software system allows customers to capture, organise and activate their data assets as well as to merge and enhance them with third-party data sets.
In general, Adform charges customers on a revenue share model (branded data marketplace) or for pure data management (enterprise DMP), i.e. as a monthly fee based on the need for data storage, data updates etc.

Branded data marketplace

When third-party data is purchased by the customer through the Adform platform, the Group has concluded that it for accounting purposes acts as an agent, mainly as Adform is not primarily responsible for fulfilling the promise to provide the specified third party data, Adform does not independently buy and hold any third party data and Adform does not have the full discretion in establishing the price for the specified third party data. The consideration in these contracts are typically a revenue share model, which is based on the customers total data spend.

Due to the activity, the Group is however subject to potential chargeback risk and other types of credit risk as described previously.

Enterprise DMP

For enterprise DMP, the Group has concluded that it for accounting purposes acts as the principal in relation to the Data services. The services mainly relates to the customer's use of Adform's platform services for data storage, data updates etc.

Other services

Other services mainly comprise of creative production or consultancy services. These service accounts for a small part of total revenue.

The Group has concluded that it for accounting purposes acts as the principal in relation to these services because no direct media costs is involved in these services and Adform carries the risk for these services.

Cost of sales

Cost of sales mainly includes expenses for hosting of own and external data centres which are used when processing transactions, between an advertiser, media agency or publisher.

Research and development costs

Research and development expenses include costs associated with the development of new products, enhancements of existing products for which technological feasibility has not been achieved and quality assurance activities. This includes compensation and benefits, share-based compensation costs, consulting costs, depreciation and amortisation costs, the cost of software development equipment, and allocated overhead.

Sales and marketing expenses

Sales and marketing expenses include costs associated with sales, marketing and product marketing personnel and consist of compensation and benefits, commissions and bonuses, share-based compensation costs, depreciation and amortisation, promotional and advertising expenses, travel and entertainment expenses related to these personnel.

Notes

29 Accounting policies – continued

Administrative expenses

Administrative expenses include costs for executive, finance, human resources, information technology, legal and administrative support functions. This includes compensation and benefits, share-based compensation, professional services, depreciation and amortisation costs.

Other operating income

Other operating income comprise items of a secondary nature relative to the Group's core activities, including sublease income and insurance compensation.

Financial income and expenses

Financial income and expenses comprise interest income and expense, interest charges in respect of leases, realised and unrealised gains and losses on payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Corporation tax and deferred tax

The tax for the year consists of current tax and changes in deferred tax for the year. The tax for the year is recognised in the income statement, other comprehensive income or equity. Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- in respect of taxable temporary differences associated with investments in subsidiaries when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry-forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Notes

29 Accounting policies – continued

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same tax authority.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Statement of comprehensive income

Other comprehensive income consists of income and costs not recognised in the income statement, including exchange rate adjustment arising from the translation from functional currency to presentation currency.

In the event of the disposal of an entity, the accumulated exchange rate adjustment relating to the relevant entity is reclassified to the income statement.

Balance sheet

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Internally generated intangible assets, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

Adform’s useful lives of intangible assets are all finite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation

Notes

29 Accounting policies – continued

period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in Research and development cost. During the period of development, the asset is tested for impairment annually. The amortisation period is 5-7 years.

Licences

Licences with a definite useful life are measured at cost less accumulated amortisation and impairment losses. Amortisation is provided on a straight-line basis over the estimated useful lives of the assets. The amortisation period is 3-5 years.

Tangible assets

IT equipment, leasehold improvements and other fixtures and fittings are measured at cost less accumulated depreciation and impairment losses.

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

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

Depreciation is provided on a straight-line basis over the expected useful lives of the assets. The expected useful lives are 3-5 years.

Notes

29 Accounting policies – continued

The basis of depreciation is based on the residual value of the asset at the end of its useful life and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

In case of changes in the depreciation period or the residual value, the effect on the amortisation charges is recognised prospectively as a change in accounting estimates.

Depreciation is recognised in the income statement in the financial caption items "Research and development costs", "Sales and marketing expenses" and "Administrative expenses".

Gains and losses on the disposal of items of property, plant and equipment are calculated as the difference between the selling price less costs to sell and the carrying amount at the date of disposal. Gains or losses are recognised in the income statement as other operating income or other operating expenses, respectively.

Leases

Right-of-use assets are recognised at the commencement date of the lease when the asset is available for use. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, lease payments made at or before the commencement date, less any lease incentives received. Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. At each reporting date it is assessed whether there is any indication that a right-of-use asset may be impaired. If any such indication exists an impairment tests is conducted.

Lease liabilities is recognised at the commencement date of the lease, measured at the present value of lease payments to be made over the lease term. Lease payments include fixed payments less any lease incentives receivable. Some leases are exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. Payments relating to services are not included in lease liabilities.

In calculating the present value of lease payments, an incremental borrowing rate at the lease commencement date is used. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term or a change in the lease payments.

The short-term lease recognition exemption is applied to any short-term leases. Payments related to short-term leases and leases of low-value assets continue to be recognised on a straight-line basis as an expense in the income statement. Short-term leases are leases with a lease term of 12 months or less.

Notes

29 Accounting policies – continued

Other non-current assets

Other non-current assets comprise deposits, which are measured at cost.

Trade receivables

Trade receivables are recognised at the trade date, initially measured at fair value.

Adform holds trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

Adform applies the simplified approach to measure the expected credit loss and a lifetime expected loss allowance for all trade receivables.

Adform has established a provision matrix which is based on the historical credit loss experience, geographical location of the debtor, adjusted for forward-looking factors specific to the debtors and the economic environment.

Trade receivables related to trading orders

Receivables related to trading orders represent receivables from agencies and advertisers where Adform has processed transactions (gross billings) on behalf of media agencies and advertisers. The receivable represents the total selling price for processing of transactions on behalf of third party where the Group, as part of its activities, performs the order processing and has the credit risk.

Other receivables

Other Receivables consist of indirect tax receivables, which are measured at amortised cost.

Prepayments

Prepayments recognised under “Current assets” comprise expenses incurred concerning subsequent financial years.

Shareholders’ equity

Treasury shares

Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group’s own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in the share premium.

Foreign currency translation reserve

The exchange adjustment reserve in the consolidated financial statements comprises exchange differences arising on the translation of the financial statements of foreign enterprises from their functional currencies into EUR. On realisation, accumulated value adjustments are taken from equity to financial items in the income statement.

Liabilities

Provisions are recognised when Adform has a legal or constructive obligation as a result of past events and it is more probable than not that there will be an outflow of resources embodying economic benefits to settle the obligation. The amount recognised as a provision is Management’s best estimate of the present value of the amount at which the liability is expected to be settled.

Notes

29 Accounting policies – continued

Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value (typically the amount of the proceeds received) and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts. The Group has not designated any financial liability as at fair value through profit or loss.

After initial recognition, trade and other payables, loans and borrowings including bank overdrafts are subsequently measured at amortised cost. A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Payables related to trading orders

Payables related to trading orders represent payable amount (media costs) to publishers where Adform has processed transactions on behalf of media agencies and advertiser. Payables related to trading orders represents the total costs invoiced by the publisher to Adform in connection with the order processing of transactions delivered by the Group on behalf of third party where the Group, as part of its activities, performs the order processing and has the credit risk. As Adform is responsible for the netting of these items (Receivables related to trading orders and Payables related to trading orders), the individual working capital components increases to a level that does not directly relate to Adform's recognised net revenue.

Prepayments from customers

Prepayments recognised under "Current liabilities" comprise payments received from customers for services which are not yet delivered and are measured at amortised cost.

Fair value measurement

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants ("exit price"). The fair value is a market-based and not an entity specific measurement. Adform uses the assumptions that the market participants would use for the pricing of the asset or liability based on the current market conditions, including risk assumptions. Adform's purpose of holding the asset or settling the liability is thus not taken into account when the fair value is determined. The fair value measurement is based on the principal market. If a principal market does not exist, the measurement is based on the most advantageous market, i.e. the market that maximises the price of the asset or minimise the liability less transaction and transport costs.

Notes

29 Accounting policies – continued

All assets and liabilities measured at fair value, or in respect of which the fair value is disclosed, are classified based on the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2: Valuation techniques for which the lowest level of input significant to the fair value measurement is directly or indirectly observable

Level 3: Valuation techniques for which the lowest level of input that is significant to the fair value measurement is unobservable.

Share-based payments

Adform operates an equity-settled, share-based compensation plan. The value of services received in exchange for options granted is measured to the fair value at the grant date of the options granted using an appropriate valuation method. The fair value is recognised as costs in the income statement with a corresponding entry in equity, over the period in which the service conditions are fulfilled (the vesting period). At the initial recognition of the share options the number of options expected to vest are estimated. Subsequently, the amount is adjusted for changes in the estimate of the number of options ultimately vested.

Government Grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

Adform has not received grants related to capitalised assets.

Statement of cash flow

The cash flow statement shows the Group's cash flows from operating, investing and financing activities for the year, the year's changes in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year.

The cash flow effect of acquisitions and disposals of entities is shown separately in cash flows from investing activities. Cash flows from corporate acquisitions are recognised in the cash flow statement from the date of acquisition. Cash flows from disposals of entities are recognised up until the date of disposal.

Cash flows from operating activities

Cash flows from operating activities are calculated as the Group's share of the profit/loss adjusted for non-cash operating items, financial costs, net, payment of lease interests, changes in working capital and income taxes paid.

Cash flows from investing activities

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

Notes

29 Accounting policies – continued

Cash flows from financing activities

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

Cash flows from assets held under leases are recognised as payment of the lease principal.

Cash and cash equivalents

Cash and cash equivalents comprise cash in bank and in hand.

Segments

The Executive Board monitors and operates the Group as one segment in respect of earnings, covering business activities with customers on both the buy side (advertisers and agencies) and the sell side (publishers).

Adform markets two product suites: Adform FLOW for the buy side customers and Publisher Suite for the sell side customers. The products within each suite are fully competitive as stand-alone solutions.

Adform's products are delivered as a web service with online login and access to the product platform. Products are delivered with limited customisation to each customer however with individual configuration.

In order to support customer adoption of Adform's products, the Group offers a number of paid value-added services. This includes consulting on matters, such as data strategy and roll-out strategy. In addition, Adform offers a number of paid operational services including campaign management, creative solutions, team training and on-boarding. These services are typically used early in the customer lifecycle in order to facilitate platform self-serve adoption.

Product segmentation

Buy Side revenue represents the fees paid by agencies and advertisers. Sell Side revenue comprises the fees collected from publishers.

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29 Accounting policies – continued

Financial definitions

Key figures and financial ratios stated in the consolidated financial statements have been calculated as follows:

Total revenue growth, %:	$\frac{Revenue\ (last\ year) - Revenue\ (this\ year)}{Revenue\ (last\ year)}$
Gross margin, %:	Gross margin / revenue
EBITDAC margin, %:	EBITDAC / revenue
EBITDA margin, %:	EBITDA / revenue
EBIT margin, %:	EBIT / revenue
Equity ratio, %:	Equity / total assets
NIBD/EBITDA:	NIBD / EBITDA
EPS basic:	Net profit / average numbers of shares outstanding
EPS diluted:	Net profit / average numbers of shares outstanding, including the dilutive effect of share options

Adform presents the following alternative performance measures not defined according to IFRS (non-GAAP measures) in the annual report:

Gross Billings:	Gross billings include the value of clients' purchase of media through Adform's platform plus platform and other fees. The value of media purchased, not attributable to Adform, is recognised as media costs and netted out from gross billing to revenue.
EBITDAC :	Operating profit/loss (EBIT) before depreciation, amortisation, capitalization, deduction of office lease payments and special items
EBITDA:	Operating profit/loss (EBIT) before depreciation and amortisation
EBITDA before special items:	EBITDA excluding special items such IPO related costs, shared-based payments, restructuring costs and impairment
NIBD:	Cash less interest-bearing loans and borrowings (current and non-current)

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Notes

30 Significant accounting estimates and judgements

In connection with the preparation of the consolidated financial statements, Management has made accounting estimates and judgements affecting the assets and liabilities reported at the balance sheet date as well as the income and expenses reported for the financial period.

Management continuously reassess these estimates and judgements based on a number of factors in the given circumstances. The following accounting estimates are considered significant for the financial reporting.

Revenue and related balance sheet accounts

Adform has several revenue streams that are based on different pricing models, including volume-based revenue, percent of budget, revenue sharing and other fees. Adform has concluded that it for accounting purposes acts as an agent in relation to the transaction services, which is processed between an advertiser, media agency or publisher (i.e. the customers). Therefore, Adform's revenue from transaction services consist of the commission income, which is recognised in the income statement, when the services have been delivered.

Due to the activity, the Group is, however, subject to potential chargeback risk and other types of credit risk from transactions processed between an advertiser, media agency or publisher (i.e. the customers).

In the event that Adform is not able to collect a receivable related to the processed transactions, or if the third party refuses or is unable, due to closure, bankruptcy or any other reason, to reimburse Adform, Adform may in some situations bear the loss.

The invoicing to the media agencies is recognised as 'Receivables related to trading orders' in the primary financial statements until settled by payment. The receivable represents the total selling price for transaction services delivered by the Group on behalf of third party where the Group, as part of its activities, performs the order processing and has the credit risk. The invoicing from the Publisher is recognised as 'Payables related to trading orders' in the primary financial statements until settled by Adform. As Adform is responsible for the netting of these items, the individual working capital components come to a level that does not directly relate to Adform's recognised revenue. When seen as net working capital then the payables element has balanced the receivables.

Although Adform has put in place policies to manage this credit risk, it may experience losses in the future. Any increase in chargebacks not paid by Adforms' customers default on any other obligations to Adform could have a material adverse effect on the Group's business, financial condition and results of operation. Credit risk and ageing analysis is further described in note 23.

Development projects

For development projects, Management estimates on an ongoing basis whether this is likely to generate future economic benefits for the Group in order to qualify for recognition. The development projects are evaluated on technical as well as commercial criteria. The useful life of development projects is determined based on periodic assessments of actual useful life and the intended use for those assets. Such assessments are completed or updated when new events occur that have the potential to impact the determination of the useful life of the asset, i.e. when events or circumstances occur that indicate the carrying amount of the asset may not be recoverable and should therefore be tested for impairment. The development projects are disclosed in note 12.

Notes

30 Significant accounting estimates and judgements - continued

Share-based compensation

The calculated fair value and subsequent compensation expenses for Adform's share-based compensation are subject to significant assumptions and estimates. The variables and the pricing model are described in note 3.

Deferred tax asset

Deferred tax assets are recognised to the extent that it is considered likely that tax profits will be realised in the foreseeable future (three to five years) in which tax losses etc. can be offset. The amount that can be recognised as deferred tax assets shall be determined on the basis of an estimate of the likely timing and amount of future taxable profits and taking into account applicable tax legislation. Forecasts of future profits in companies where deficits can be used are updated annually. At the end of the financial year, Management shall assess the extent to which the tax profits under applicable tax legislation could be realised in the foreseeable future and the tax rates in force at the time of application. On this basis, the recognition of deferred tax assets is reassessed.

Non-capitalised tax asset in Adform relate to tax losses that can be carried forward. These can be capitalised when the group shows the necessary positive results. The deferred tax is calculated at the tax rates applicable in the respective countries from which the deferred tax originates. The deferred tax is disclosed in note 15.

Contingent liabilities

The IT security incident constituted a reportable event pursuant to the GDPR, and Adform has complied with all such notifications requirements to the Danish Data Protection Authority or/and the impacted data subjects being the current and previous employees of the Adform group. In this regard, Adform notes that the Danish Data Protection Authority has closed the case without any fines or warnings issued, and also that no data subjects have raised any claims towards Adform. Hence, also in this regard, to the best of Management's knowledge, the incident will not lead to any situations that would in the future will constitute a legal and/or financial liability for Adform. It is judgement of management that contingency occurrence is remote. As a result of that, no contingent liability have to be disclosed in the annual report.

31 New standards, interpretations and amendments adopted by the Group

Adform Group has adopted relevant new or amended standards and interpretations as adopted by the EU and which are effective for the financial year 1 January – 31 December 2023. Adform Group has assessed that the new or amended standards and interpretations have not had any material impact on Adform Group's Annual Report in 2023.

At the date of authorisation of these financial statements, the Group has assessed the new and revised IFRS Standards that have been issued but are not yet effective. Based on the current business setup, none of the new standards or interpretations are expected to have a material impact on Adform Group's Annual Report.

32 Application of materiality

The consolidated financial statements are a result of processing large numbers of transactions and aggregating those transactions into classes according to their nature or function. When aggregated, the transactions are presented in classes of similar items in the consolidated financial statements. If a line item is not individually material, it is aggregated with other items of a similar nature in the consolidated financial statements or in the notes. The disclosure requirements are substantial in IFRS and the Group provides these specific required disclosures unless the information is considered immaterial to the economic decision-making of the readers of the financial statements or not applicable.

Parent company financial statements

1 January – 31 December

Parent company financial statements 1 January – 31 December

Income statement

Note	EUR'000	2023	2022
1	Revenue	78,951	79,291
	Cost of sales	-2,122	-7,167
	Gross profit/loss	**76,829**	**72,124**
2,3,4,7	Research and development costs	-25,444	-24,805
2,3,6	Sales and marketing expenses	-31,355	-24,437
2,3,6	Administrative expenses	-18,588	-19,046
	Other operating income	21	49
	Operating profit/loss (EBIT)	**1,463**	**3,885**
	Income from subsidiaries	2,211	2,086
8	Financial income	5,006	6,445
9	Financial expenses	-4,830	-5,993
	Profit/loss before tax	3,850	6,423
10	Tax for the year	-327	-1,316
	Profit/loss for the year	**3,523**	**5,107**

Statement of comprehensive income

Note	EUR'000	2023	2022
	Profit/loss for the year	3,523	5,107
	Other comprehensive income		
	Items that may be reclassified to the income statement in subsequent periods:		
	Exchange differences in translation	-77	-1
	Other comprehensive income/loss for the year, net of tax	**-77**	**-1**
	Total comprehensive income for the year	**3,446**	**5,106**

Parent company financial statements 1 January – 31 December

Balance sheet

Note	EUR'000	2023	2022
	ASSETS		
	Non-current assets		
12	Intangible assets	8,557	8,958
13	Tangible assets	3,183	3,178
14	Right of use assets	1,612	2,426
15	Investment in subsidiaries	151	154
16	Deferred tax assets	3,822	4,175
17	Other non-current assets	153	134
	Total non-current assets	**17,478**	**19,025**
	Current assets		
18,19	Trade receivables	54,958	50,702
	Receivables from subsidiaries	12,357	8,705
19	Other receivables	870	776
	Prepayments	1,964	1,116
	Income tax receivable	117	0
19	Cash	42,790	34,895
	Total current assets	**113,056**	**96,194**
	TOTAL ASSETS	**130,534**	**115,219**

Note	EUR'000	2023	2022
	EQUITY AND LIABILITIES		
	Equity		
20	Share capital	94	94
	Foreign currency translation reserve	-46	31
	Reserve for development cost	6,230	7,079
20	Treasury shares	-9	-2
	Retained earnings	33,203	28,700
	Total equity	**39,472**	**35,902**
	Non-current liabilities		
21,26	Lease liabilities	351	1,333
	Total non-current liabilities	**351**	**1,333**
	Current liabilities		
21,26	Lease liabilities	1,182	1,516
22,26	Trade payables	62,346	62,372
	Income tax payable	0	518
	Payables to subsidiaries	22,285	10,484
	Prepayments from customers	3,709	2,082
23,26	Other liabilities	1,189	1,012
	Total current liabilities	**90,711**	**77,984**
	Total liabilities	**91,062**	**79,317**
	TOTAL EQUITY AND LIABILITIES	**130,534**	**115,219**

Parent company financial statements 1 January – 31 December

Statement of changes in equity

2023

EUR'000	Share capital	Foreign currency translation reserve	Treasury shares	Reserve for developent cost	Retained earnings	Total equity
Equity 1 January 2023	**94**	**31**	**-2**	**7,079**	**28,700**	**35,902**
Profit for the year	0	0	0	-849	4,372	3,523
Other comprehensive income						
Foreign currency translation	0	-77	0	0	0	-77
Total other comprehensive income	0	-77	0	0	0	-77
Total comprehensive income for the year	0	-77	0	-849	4,372	3,446
Transactions with owners						
Share-based payments	0	0	0	0	273	273
Purchase of treasury shares	0	0	-7	0	0	-7
Settlement of warrants	0	0	0	0	-142	-142
Total transactions with owners	0	0	-7	0	131	124
Equity 31 December 2023	**94**	**-46**	**-9**	**6,230**	**33,203**	**39,472**

2022

EUR'000	Share capital	Foreign currency translation reserve	Treasury shares	Reserve for developent cost	Retained earnings	Total equity
Equity 1 January 2022	**94**	**32**	**0**	**9,549**	**21,266**	**30,941**
Profit for the year	0	0	0	-2,470	7,577	5,107
Other comprehensive income						
Foreign currency translation	0	-1	0	0	0	-1
Total other comprehensive income	0	-1	0	0	0	-1
Total comprehensive income for the year	0	-1	0	-2,470	7,577	5,106
Transactions with owners						
Share-based payments	0	0	0	0	185	185
Purchase of treasury shares	0	0	-2	0	0	-2
Settlement of warrants	0	0	0	0	-328	-328
Total transactions with owners	0	0	-2	0	-143	-145
Equity 31 December 2022	**94**	**31**	**-2**	**7,079**	**28,700**	**35,902**

Parent company financial statements 1 January – 31 December

Cash flow statement

Note	EUR'000	2023	2022
	Profit/loss before tax	3,850	6,423
7	*Adjustment for:*		
	Amortisation, depreciation and impairment	7,363	9,051
	Dividends from subsidiaries	-2,211	-2,086
8,9	Financial items, net (financial income and expenses)	-176	-452
	Other non-cash items	446	300
	Cash flow from operating activities before changes in working capital	9,272	13,236
	Changes in working capital	4,729	1,419
	Cash flow from operations	14,001	14,655
	Financial costs, net	256	566
9	Payment of lease interest	-117	-113
10	Income taxes paid	-618	-50
	Cash flow from operating activities	**13,522**	**15,058**
12	Investments in intangible assets	-4,183	-2,686
13	Investments in tangible assets	-1,752	-1,776
15	Investments in subsidiaries	0	-31
17	Change in other non-current assets	-19	-34
	Dividends from subsidiaries	2,211	2,086
	Cash flow from investing activities	**-3,743**	**-2,441**
26	Payment of lease commitments	-1,561	-1,814
	Purchase of treasury shares	-7	-2
3	Cash settlement of warrants	-316	-1
	Cash flow from financing activities	**-1,884**	**-1,817**
	Net cash flow	**7,895**	**10,800**
	Currency adjustments	0	-172
	Cash, 1 January	34,895	24,267
	Cash[1] 31 December	**42,790**	**34,895**

The above cannot be derived directly from the income statement and the balance sheet.
Other non-cash items mainly relate to recognised costs from share-based payments.
[1] Cash comprises cash at bank and in hand

Parent company financial statements 1 January – 31 December

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Parent company financial statements 1 January – 31 December

Notes to the parent financial statements

1 Revenue

Adform's software platform consists of a number of individual products that each plays a role in the digital advertising process.

The Executive Board monitors and operates the Group as one segment in respect of earnings, covering business activities with customers on both the buy side (advertisers and agencies) and the sell side (publishers).

Revenue allocation by region:

Revenue activities are monitored based on the location of respective customers. The revenue is attributed to the geographical market segment Nordic if it is generated by the offices in Denmark, Sweden, Norway and Finland. The revenue generated outside Nordic is reported as International.

EUR'000	2023	2022
Nordic	23,236	23,431
International	55,715	55,860
Total revenue	**78,951**	**79,291**

Revenues per customer category:

EUR'000	2023	2022
Revenue from Buy Side (comprises the fees paid by agencies and advertisers)	65,977	66,472
Revenue from Sell Side (comprises the fees paid by publishers)	12,974	12,819
	78,951	**79,291**

Revenues per product category:

EUR'000	2023	2022
Trading platforms*	53,287	53,001
Ad serving	15,946	16,575
Data*	7,954	7,794
Other Services	1,764	1,921
	78,951	**79,291**

*For these product categories Adform recognizes revenue as an agent while the rest is recognized as the principal.

In 2023 and in 2022, no customers accounted for more than 10% of total revenue.

Adform has established normal bonus schedules with large customers, where bonuses are released on either a quarterly or an annual basis. Bonus schedules are generally based on total spend through the platform.

Adform does not incur material direct costs in obtaining contracts with customers.

Notes

1 Revenue – continued

Gross billings

Adform has several revenue streams that are based on different pricing models, including activity-based revenue, percent of media spend, revenue share, subscription-based and other fees models. Adform's gross billings includes the value of clients' purchase of media through Adform's platform plus platform and other fees. The value of media purchased, which is not attributable to Adform, is recognised as media costs and netted out from gross billings (non-IFRS) to revenue. Adform's revenue as a percentage of gross billings can fluctuate due to product mix, the types of services and features selected by clients through the Adform platform and
certain volume discounts. Adform reviews gross billings for internal management purposes to assess underlying business momentum, market shares and trading scale as well as to adequately plan for working capital needs and monitor collection risk. Management believes that gross billings represents a good guide to the overall activity of the company.

The following table provides a reconciliation of revenue as reported under IFRS to gross billings (non-IFRS):

EUR'000	2023	2022
Gross billings (non-IFRS)	316,016	334,911
Media costs (non-IFRS)	-237,065	-255,620
Reported revenue according to IFRS	**78,951**	**79,291**

Set out below is the disaggregation of the Group's revenue from contracts with customers.

Timing of revenue recognition from customers:

EUR'000	2023	2022
Services transferred at a point in time	78,951	79,291
Services transferred over time	0	0
	78,951	**79,291**

Adform has concluded that it transfers control over its services (i.e. advertisers and agencies buying of ad inventory, publishers selling ad inventory, and serving of the ad actual impression), at a point in time, because this is when the customer (publishers and advertisers) benefits from the automated ad trading and ad serving performed by the Group's software platform.

Parent company financial statements 1 January – 31 December

Notes

2 Staff cost

EUR'000

	2023	**2022**
Wages and salaries	7,716	6,274
Other expenses for social security	378	239
Share-based payments (refer to note 3)	273	185
Other employee expenses	43	628
	8,409	**7,326**
Average number of full time employees	30	32
Remuneration to the Executive Board	803	634
Pension	24	26
Share-based compensation expenses	74	74
	901	**734**
Compensation to the Board of Directors		
Compensation	234	223
Share-based compensation expenses	6	10
	240	**233**

Further information about staff cost is disclosed in note 2 in the consolidated financial statements.

3 Share-based payments

The share option programmes are issued by the parent company. Information is disclosed in note 3 in the consolidated financial statements.

4 Research and development costs

Adform's research and development activities focuses on the development of the Adform product platform. Research and development costs that are not eligible for capitalisation have been expensed in the period and they are recognised in research and development costs.

EUR'000	**2023**	**2022**
This years incurred research and development costs	23,783	20,852
Amortisation of intangible assets	4,474	6,107
Depreciation of tangible assets and right-of-use assets	527	301
Development costs recognised in intangible assets	-3,339	-2,455
Development costs recognised in research and development costs	**25,444**	**24,805**

Parent company financial statements 1 January – 31 December

Notes

5 Fees to independent auditors

EUR'000	2023	2022
Fee for statutory audit	84	147
Total audit related services	84	147
Tax and VAT advisory services	30	16
Other services	10	144
Total non-audit services	40	160
Total fees to independent auditors	**124**	**307**

For 2023, expenses related to other non-audit services were mainly affected by tax consultations.

For 2022, expenses related to non-audit services were significantly affected by financial related consultations.

6 Other operating income

In 2023 other operating income consists mainly of recognised income from re-sale of fixed assets amounting to 21 thousand EUR.

In 2022 other operating income consists mainly of recognised insurance income amounting to 39 thousand EUR.

7 Amortisation, depreciation and impairment

EUR'000	2023	2022
Amortisation of intangible assets	4,563	6,182
Depreciation of tangible assets	1,740	1,105
Depreciation of right-of-use assets	1,060	1,764
	7,363	**9,051**

Amortisation and impairment of intangible assets has been recognised in the income statement as follows:

EUR'000	2023	2022
Research and development costs	4,474	6,107
Sales and marketing expenses	59	75
Administrative expenses	31	0
	4,563	**6,182**

Further information about the impairment is disclosed in note 6 in the consolidated financial statements.

8 Financial income

EUR'000	2023	2022
Interest income	844	3
Foreign exchange gains and adjustments	4,162	6,442
	5,006	**6,445**

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Parent company financial statements 1 January – 31 December

Notes

9 Financial expense

EUR'000	2023	2022
Foreign exchange losses and adjustments	4,670	5,857
Interest expenses from leases (right-of-use assets)	117	113
Other interest expenses	43	23
	4,830	**5,993**

Tax reconciliation	2023		2022	
	EUR '000	%	EUR '000	%
Profit/loss before tax	3,850		6,428	
Tax using the Danish corporation tax rate	-847	22 %	-1,414	22 %
Adjustment for tax prior year	-18	0 %	-138	2 %
Non-taxable dividend income	486	-13 %	459	-7 %
Non-capitalised income	146	-4 %	182	-3 %
Non-deductible expenses	-94	6 %	-405	6 %
Effective tax / tax rate for the year	**-327**	**9 %**	**-1,316**	**21 %**

10 Tax for the year

EUR'000	2023	2023
Current income tax charge for the year	0	-529
Tax credit research and development expenses	0	739
Change in deferred tax	-309	-1,388
Adjustment to tax for prior years	-18	-138
Total tax for the year (positive amount = income, negative amount =expense)	**-327**	**-1,316**
Deferred tax on other comprehensive income	0	0

Notes

11 Government grants

In 2023 Adform has not applied or received any government grants.

Tax credit scheme in Denmark

Adform have recognised a tax asset related to negative taxable income from development costs due to the Danish tax credit scheme of total EUR 694 thousand as of 31 December 2021. In 2022, the payment from Danish tax authorities was received for this amount and tax asset was derecognized.

12 Intangible assets

EUR'000	Completed development projects	Licenses	Total
Cost as at 1 January 2023	50,244	3,280	53,524
Foreign currency translation adjustments	-112	-8	-120
Additions	3,339	844	4,183
Cost as at 31 December 2023	53,471	4,116	57,587
Amortisation as at 1 January 2023	41,592	2,974	44,566
Foreign currency translation adjustments	-92	-7	-99
Amortisation	4,453	110	4,563
Amortisation as at 31 December 2023	45,953	3,077	49,030
Carrying amount 31 December 2023	**7,518**	**1,039**	**8,557**

EUR'000	Completed development projects	Licenses	Total
Cost as at 1 January 2022	47,788	3,049	50,837
Foreign currency translation adjustments	1	1	2
Additions	2,455	230	2,685
Cost as at 31 December 2022	50,244	3,280	53,524
Amortisation as at 1 January 2022	35,511	2,872	38,383
Foreign currency translation adjustments	-1	2	1
Amortisation	6,082	100	6,182
Amortisation as at 31 December 2022	41,592	2,974	44,566
Carrying amount 31 December 2022	**8,652**	**306**	**8,958**

Further information about intangible assets is disclosed in note 12 in the consolidated financial statements.

Notes

13 Tangible assets

Tangible assets consists of IT equipment, leasheold improvements and other fixtures and fittings.

EUR'000	2023	2022
Cost as at 1 January	13,616	11,840
Foreign currency translation adjustments	-31	0
Additions	1,752	1,776
Cost as at 31 December	15,337	13,616
Depreciation and impairment losses as at 1 January	10,438	9,333
Foreign currency translation adjustments	-24	0
Depreciation	1,740	1,105
Depreciation and impairment as at 31 December	12,154	10,438
Carrying amount 31 December	**3,183**	**3,178**

14 Leases

The main recognized right-of-use asset is property for which the parent company lease office premises and data centers.

Right-of use assets specifies as highlighted in the following:

EUR'000	2023	2022
Carrying amount as of 1 January	2,426	2,210
Foreign currency translation adjustments	-5	0
Remeasurement	251	1,020
Additions for the year	0	960
Depreciations for the year	-1,060	-1,764
Carrying amount total right-of-use assets	**1,612**	**2,426**

The carrying amount of the total right-of-use assets can be specified in the following lease classes:

EUR'000	2023	2022
Property	1,042	1,501
IT and other fixtures and equipment	570	925
Carrying amount total right-of-use assets	**1,612**	**2,426**

Parent company financial statements 1 January – 31 December

Notes

14 Leases – continued

Analysis of lease liabilities, showing the remaining contractual maturities, is provided in the following table:

EUR'000	2023	2022
Less than one year	1,246	1,624
Between one and five years	364	1,390
More than five years	0	0
Total contractual cash flows	**1,610**	**3,014**
Carrying amount	**1,533**	**2,849**
Maturity of carrying amount		
Non-current	351	1,333
Current	1,182	1,516
Total lease liabilities	**1,533**	**2,849**

The profit or loss impact of leases recognised for the year are specified below:

EUR'000	2023	2022
Depreciations for the year	1,060	1,764
Interest expenses on lease liabilities	117	113
Total effect in the income statement	**1,177**	**1,877**

Total cash outflow relating to leases was EUR 1,678 thousand for the period (2022: EUR 1,927 thousand).

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Parent company financial statements 1 January – 31 December

Notes

15 Investments in subsidiaries

EUR'000	2023	2022
Cost as at 1 January	154	128
Foreign currency translation adjustments	-3	-5
Additions	0	31
Cost as at 31 December	151	154
Carrying amount 31 December	**151**	**154**

Investments in subsidiaries increase is mainly related to paid Share capital for Adform India LLP entity.

Name	**Ownership**	Registered office
Adform Lithuania UAB	100 %	Lithuania
Adform London Ltd.	100 %	UK
Adform Sweden AB	100 %	Sweden
Adform Norway AS	100 %	Norway
Adform Italy S.r.l	100 %	Italy
Adform Germany GmbH	100 %	Germany
Adform Software Spain S.L	100 %	Spain
Adform Finland Oy	100 %	inland
Adform B.V.	100 %	Netherland
Adform Inc.	100 %	USA
Adform Sp.zo.o.	100 %	Poland
Adform s.r.o	100 %	Czech republic
Adform Technologies Pte Ltd. (Singapore)	100 %	Singapore
Adfrom (Australia) Pty Ltd.	100 %	Sydney
Adform (Pty) Ltd. (South Africa)	100 %	Johannesburg
Adform Technologies JSC (Turkey)	100 %	Istanbul
Adform Software (Shanghai) Co., Ltd.	100 %	Shanghai
Adform India LLP	99.98 %	Mumbai

Parent company financial statements 1 January – 31 December

Notes

16 Deferred tax

EUR'000	2023	2022
Deferred tax as at 1 January	4,175	5,702
Foreign currency translation adjustments	-8	1
Adjustment to prior year	-36	-140
Change in deferred tax	-309	-649
Utilisation of deferred tax assets	0	-739
Deferred tax 31 December	**3,822**	**4,175**
Recognised in the balance sheet as follows:		
Deferred tax assets	3,822	4,175
Deferred tax, net	**3,822**	**4,175**
Specification of deferred tax:		
Temporary differences on assets and liabilities, net	-1,356	-1,114
Tax loss carry-forwards	5,178	5,289
Deferred tax, net	**3,822**	**4,175**

In 2023, a deferred tax asset of total EUR 3,822 thousand mainly relates to tax losses carried forward of EUR 5,178 thousand offset by temporary differences on assets and liabilities EUR -1,356 thousand.

Information about the utilisation of the deferred tax asset recognised in 2023 is disclosed in note 15 in the consolidated financial statement.

17 Other non-current assets

Other non-current assets consist of deposits.

EUR'000	2023	2022
Cost as at 1 January	134	101
Foreign currency translation adjustments	-1	-1
Additions	20	51
Disposals	0	-17
Cost as at 31 December	153	134
Carrying amount 31 December	**153**	**134**

Notes

18 Trade receivables

EUR'000	2023	2022
Trade receivables	13,730	12,004
Receivables related to trading orders	41,228	38,698
	54,958	**50,702**

Further information about Trade receivables and Receivables related to trading orders is disclosed in note 17 in the consolidated financial statements. Credit risk and ageing analysis is further described in note 23.

19 Financial instruments by category

EUR'000	2023	2022
Financial assets measured at amortised cost		
Trade receivables	13,730	12,004
Receivables related to trading orders	41,228	38,698
Receivables from subsidiaries	12,357	8,705
Other receivables	871	776
Cash	42,790	34,895
	110,976	**95,078**
Financial liabilities measured at amortised cost		
Lease liabilities, non-current	351	1,333
Lease liabilities, current	1,182	1,516
Trade payables	3,029	4,749
Payables related to trading orders	59,317	57,623
Other liabilities[1]	41	29
	63,920	**65,250**

[1] Excludes non-financial instruments such as public debt and staff payables of EUR 1,148 thousand (2022: EUR 983 thousand).

Further information about Financial instruments by category is disclosed in note 18 in the consolidated financial statements.

Parent company financial statements 1 January – 31 December

Notes

20 Share capital

Please refer to note 19 in the consolidated financial statements.

21 Interest-bearing loans and borrowings

EUR'000	2023	2022
Non-current borrowings		
Lease liabilities	351	1,333
	351	**1,333**
Current borrowings		
Lease liabilities	1,182	1,516
	1,182	**1,516**
Maturity of current and non-current borrowings		
Less than one year	1,182	1,516
Between one and five years	351	1,333
More than five years	0	0
	1,533	**2,849**

22 Trade payables

The Company's trade payables split to trade payables and payables related to trading orders:

EUR'000	2023	2022
Trade payables	3,029	4,749
Payables related to trading orders	59,317	57,623
	62,346	**62,372**

Further information about Trade payables and Payables related to trading orders is disclosed in note 21 in the consolidated financial statements.

Notes

23 Other liabilities

EUR'000	2023	2022
Staff payables	895	891
Duties to public authorities	253	92
Other accrued expenses	41	29
	1,189	**1,012**

Further information about Other liabilities is disclosed in note 22 in the consolidated financial statements.

24 Credit risk, liquidity risk and currency risk

Adform A/S' financial risks and the management of these are in all material aspects identical to the disclosures made in note 23, Credit risk, liquidity risk and currency risk, to the consolidated financial statements, unless otherwise stated below.

Credit risk

The Company's credit risk also includes the risk related to receivables from subsidiaries.

As at 31 December, the ageing analysis of Trade receivables and Receivables related to trading orders is as follows:

EUR'000				Past due, but not impaired					
	Total carrying amount	Allowance for expected credit loss	Neither past due nor impaired	<30 days	31-60 days	61-90 days	91-180 days	181-360 days	>360 days
2023	54,958	-882	40,058	13,575	1,559	367	202	6	73
2022	50,702	-1,367	37,381	11,742	1,641	407	226	448	224

Generally, Adform A/S takes out credit insurances to cover a part of its outstanding receivables, however it does not have 100% insurance coverage on all its customers, and consequently Adform A/S is subject to credit risks on its customers. The insurance is waived on a customer balance if the customer has outstanding receivables past due over 90 days. As of 31 December 2023, the outstanding receivables covered by insurance amounted to 56%.

No significant losses were incurred in respect of individual trade receivables in 2022 and 2023 to date.

Parent company financial statements 1 January – 31 December

Notes

24 Credit risk, liquidity risk and currency risk – continued

Analysis of movements in allowance for expected credit losses regarding Trade receivables and Receivables related to trading orders:

EUR'000	2023	2022
Allowance for expected credit losses as at 1 January	-1,367	-1,680
Additions	-882	-1,367
Utilised	453	150
Unused amounts reversed	914	1,530
Allowance for expected credit losses 31 December	**-882**	**-1,367**

Further information is disclosed in note 23 in the consolidated financial statements.

Parent company financial statements 1 January – 31 December

Notes

24 Credit risk, liquidity risk and currency risk - continued

Liquidity risk

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

EUR'000	Carrying amount	Contractual maturity incl. interest (cash flow) Total	Within one year	1 to 5 years	> 5 years
31 December 2023					
Lease liabilities, non-current	351	364	0	364	0
Lease liabilities, current	1,182	1,246	1,246	0	0
Trade payables	3,029	3,029	3,029	0	0
Payables related to trading orders	59,317	59,317	59,317	0	0
Payables to subsidiaries	22,285	22,285	22,285	0	0
Other liabilities[1]	41	41	41	0	0
	86,206	**86,282**	**85,918**	**364**	**0**

[1] Excluding non-financial instruments such as public debt and staff payables of EUR 1,189 thousand (2022: EUR 983 thousand).

EUR'000	Carrying amount	Contractual maturity incl. interest (cash flow) Total	Within one year	1 to 5 years	> 5 years
31 December 2022					
Lease liabilities, non-current	1,333	1,390	0	1,390	0
Lease liabilities, current	1,516	1,624	1,624	0	0
Trade payables	4,002	4,002	4,002	0	0
Payables related to trading orders	58,370	58,370	58,370	0	0
Payables to subsidiaries	10,484	10,484	10,484	0	0
Other liabilities[1]	29	29	29	0	0
	75,734	**75,899**	**74,509**	**1,390**	**0**

25 Capital management

Please refer to note 24 in the consolidated financial statements.

Parent company financial statements 1 January – 31 December

Notes

26 Changes in liabilities arising from financing activities

EUR'000	1 January 2023	Cash flows	New leases	Other	31 December 2023
Lease liabilities, non-current	1,333	0	0	-982	351
Lease liabilities, current	1,516	-1,561	0	1,227	1,182
Total liabilities from financing activities	**2,849**	**-1,561**	**0**	**245**	**1,533**

EUR'000	1 January 2022	Cash flows	New leases	Other	31 December 2022
Lease liabilities, non-current	1,326	0	175	-168	1,333
Lease liabilities, current	1,676	-1,814	206	1,448	1,516
Total liabilities from financing activities	**3,002**	**-1,814**	**381**	**1,280**	**2,849**

Other relates to rolled-up and accrued interest, reclassification of maturity of liabilities and foreign currency translation adjustments.

27 Commitments, contingencies, commitments and pledges etc.

Litigation and claims

Please refer to note 26 in the consolidated financial statements.

Pledges and securities

Please refer to note 26 in the consolidated financial statements.

Guarantees

A joint and several guarantees have been provided as security for the account with Danske Bank relating to Adform Norway AS, Adform Sweden AB and Adform Germany GmbH. For further description, please refer to note 26 in the consolidated financial statements.

Adform has provided guarantee of payments related to office rent of EUR 80 thousands.

Parent company financial statements 1 January – 31 December

Notes

28 Related parties

Shareholders

Adform A/S has registered the following shareholders who hold 5% or more of the share capital:

- GCM Holding ApS, Copenhagen K, Denmark, 37.86%
- GRO Holding VIII ApS, Copenhagen K, Denmark, 27.06%
- VIA Equity Fund A K/S, Hellerup, Denmark, 22.52%

As a result of the shareholder agreement, share of voting rights do not necessarily in all instances correspond to share of ownership.

Other related parties

Other related parties of Adform with significant influence include the Board of Directors, Executive Board and their close family members. Related parties also include companies in which the aforementioned persons have control or significant interests.

Transactions with related parties and Management

Please refer to note 27 in the consolidated financial statements.

In addition to the description in note 27 to the consolidated financial statements of related parties and transactions with these, related parties of Adform A/S comprise its subsidiaries, reference is made to group structure in note 15. In 2023, Adform A/S had the following transactions with other related parties, which were all made on market terms:

- Internal revenue EUR 60 thousand (2022: EUR 220 thousand)
- Costs from subsidiaries for sales, back office, development, management and distribution services of EUR 75,023 thousand (2022: EUR 62,074 thousand)
- Dividends received from subsidiaries of EUR 2,211 thousand (2022: EUR 2,086 thousand)
- Receivables from subsidiaries of EUR 12,357 thousand (2022: EUR 8,705 thousand)
- Payables to subsidiaries of EUR 22,285 thousand (2022: EUR 10,484 thousand)

29 Events after reporting period

Please refer to note 28 in the consolidated financial statements.

Notes

30 Accounting policies

The parent company financial statements of Adform A/S have been prepared in accordance with IFRS Accounting Standards as adopted by the EU and additional Danish requirements applying to entities of reporting class C (large).

The parent company financial statements are prepared based on the standards and interpretations that are effective as of 31 December 2023.

The parent company financial statements have been prepared on a historical cost basis.

The parent company financial statements are presented in EUR. All values are rounded to the nearest thousand (EUR’000), except when otherwise indicated.

The parent company has the same accounting policies for recognition and measurement as Group. The parent company’s accounting policies deviate from the Group’s accounting policies as described below. For detailed description of the group’s accounting policies please refer to the consolidated financial statements, note 29.

Supplementary accounting policies for the Parent Company

Income statement

Income from investment in subsidiaries

Dividend from investments in subsidiaries is recognised in the income statement in the year of declaration. Distributions of dividend where the dividend exceeds the profit for the year or where the carrying amount of the Company's investments in the subsidiary exceeds the carrying amount of the subsidiary's net asset value will be evidence of impairment, meaning that an impairment test must be conducted.

Balance sheet

Investment in subsidiaries

Investments in subsidiaries are measured at cost. Cost includes the consideration measured at fair value plus direct purchase costs. In case of evidence of impairment, an impairment test must be conducted. Investments are written down to the lower of the carrying amount and the recoverable amount.

Impairment of assets

The carrying amount of investments in subsidiaries and associates are tested annually for impairment.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. Assets are written down to the lower of the carrying amount and the recoverable amount.

Notes

30 Accounting policies - continued

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the net present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists.

Equity

Reserve for development costs

The reserve for development costs comprises recognised development costs. The reserve cannot be used to distribute dividend or cover losses. The reserve will be reduced or dissolved if the recognised development costs are no longer part of the Company's operations by a transfer directly to the distributable reserves under equity.

31 Significant accounting estimates and judgements

In connection with the preparation of the parent company financial statements, Management has made accounting estimates and judgements that affect the assets and liabilities reported at the balance sheet date as well as the income and expenses reported for the financial period. Management continuously reassesses these estimates and judgements based on a number of other factors in the given circumstances.

Management assesses that, in respect of the financial reporting for the parent company, no accounting estimates or judgements are made when applying the parent company’s accounting policies, which are significant to the financial reporting apart from those disclosed in note 30 to the consolidated financial statements.

32 New standards, interpretations and amendments adopted by the company

The description in note 31 for the group regarding new standards issued but not yet effective, fully cover the parent company as well.

33 Application of materiality

Reference is made to note 32 in the consolidated financial statement for description of applying materiality to the financial statements.