Redia A/S

Kathrinebjergvej 115, 8200 Århus N

Annual report

2022

Company reg. no. 33 04 80 84

The annual report was submitted and approved by the general meeting on the 18 July 2023.

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Balasuthas Sundararajah
Chairman of the meeting

Contents

Notes to users of the English version of this document:

- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points remain unchanged from Danish version of the document. This means that DKK 146.940 corresponds to the English amount of DKK 146,940, and that 23,5 % corresponds to 23.5 %.

Management's statement

Today, the Board of Directors and the Managing Director have approved the annual report of Redia A/S for the financial year 2022.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

We consider the chosen accounting policy to be appropriate, and in our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2022 and of the results of the Company's operations for the financial year 1 January – 31 December 2022.

Further, in our opinion, the Management's review gives a true and fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the Annual General Meeting.

Aarhus, 18 July 2023

Managing Director

Balasuthas Sundararajah

Board of directors

Hans Anders Vigen	Lasse Madsen Nyrup	Balasuthas Sundararajah
Roger Großmann	Jörg Meyer	

Independent auditor's report

To the Shareholders of Redia A/S

Opinion

We have audited the financial statements of Redia A/S for the financial year 1 January - 31 December 2022, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes, for the Company. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2022, and of the results of the Company's operations for the financial year 1 January - 31 December 2022 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the “Auditor’s Responsibilities for the Audit of the Financial Statements” section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management’s Responsibilities for the Financial Statements

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

In preparing the financial statements, Management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Independent auditor's report

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism 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 Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on Management's Review
Management is responsible for Management's Review.

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

Independent auditor's report

In connection with our audit of the financial statements, our responsibility is to read Management's Review and, in doing so, consider whether 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 Management's Review provides the information required under the Danish Financial Statements Act.

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

Vejle, 18 July 2023

Martinsen
State Authorised Public Accountants
Company reg. no. 32 28 52 01

Jesper Hørby Jensen
State Authorised Public Accountant
mne34103

Company information

The company	Redia A/S Kathrinebjergvej 115 8200 Århus N	
	Company reg. no.	33 04 80 84
	Established:	15 June 2010
	Domicile:	Aarhus
	Financial year:	1 January 2022 - 31 December 2022 13th financial year
Board of directors	Hans Anders Vigen Lasse Madsen Nyrup Balasuthas Sundararajah Roger Großmann Jörg Meyer	
Managing Director	Balasuthas Sundararajah	
Auditors	Martinsen Statsautoriseret Revisionspartnerselskab Dandyvej 3 B 7100 Vejle	

Management´s review

The principal activities of the company

Primary activities for the Company are design and software development of professional library products and solutions having the objective to transform and shape future user experience to become more digital, user-orientated and support mobile solutions and interaction.

The company has a strong focus on having both customer and end-user interaction in product and solution development by working closely together and having engaged in dialogue with library employees and end-users.

Following strategic decisions on transforming the Company from being project based to becoming product and service driven the Company has in recent years been working on changing the organization and building skills to successfully obtain the strategic objectives and becoming a preferred product provider within the library market.

The company is still focused on investing heavily in good products and solutions for the libraries for the benefit of both the libraries and their users. The company is working to get the products scaled in other countries.

Development in activities and financial matters

The gross profit for the year totals DKK 8.024.198 against DKK 10.870.391 last year. Income or loss from ordinary activities after tax totals DKK -8.544.229 against DKK -2.436.249 last year. Management considers the net profit or loss for the year unsatisfactory.

Accounting policies

The annual report for Redia A/S has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises. Furthermore, the company has decided to comply with certain rules applying to reporting class C enterprises.

The accounting policies are unchanged from last year, and the annual report is presented in DKK.

Recognition and measurement in general

Income is recognised in the profit and loss account concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs, these including depreciation, amortisation, writedown, provisions, and reversals which are due to changes in estimated amounts previously recognised in the profit and loss account are recognised in the profit and loss account.

Assets are recognised in the balance sheet when the company is liable to achieve future, financial benefits and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the company is liable to lose future, financial benefits and the value of the liability can be measured reliably.

At the first recognition, assets and liabilities are measured at cost. Later, assets and liabilities are measured as described below for each individual accounting item.

At recognition and measurement, such predictable losses and risks are taken into consideration, which may appear before the annual report is presented, and which concern matters existing on the balance sheet date.

Foreign currency translation

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials. If currency positions are considered to hedge future cash flows, the value adjustments are recognised directly in equity in a fair value reserve.

Receivables, payables, and other foreign currency monetary items are translated using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or initial recognition in the latest financial statements of the receivable or payable is recognised in the income statement under financial income and expenses.

Fixed assets acquired and paid for in foreign currency are measured at the exchange rate prevailing at the date of the transaction.

Accounting policies

Group enterprises abroad, associates, and equity investments are considered to be independent entities. The income statements are translated at an average exchange rate for the month, and the balance sheet items are translated at the closing rates. Currency translation differences, arising from the translation of the equity of group enterprises abroad at the beginning of the year to the closing rate and from the translation of income statements from average prices to the closing rate, are recognised directly in equity in the fair value reserve in the Consolidated Financial Statement. This also applies to differences arising from translation of income statements from average exchange rate to closing rate.

Translation adjustment of balances with group enterprises abroad that are considered part of the total investment in group enterprises are recognised directly in equity in the fair value reserve. Likewise, foreign exchange gains and losses on loans and derived financial instruments for currency hedging independent group enterprises abroad are recognised directly in equity.

When recognising foreign group enterprises which are integral units, the monetary items are translated using the closing rate. Non-monetary items are translated using the exchange rate prevailing at the time of acquisition or at the time of the subsequent revaluation or write-down for impairment of the asset. Income statement items are translated using the exchange rate prevailing at the date of the transaction. However, items in the income statement derived from non-monetary items are translated using historical prices.

Income statement

Gross profit

Gross profit comprises the revenue, changes in inventories of finished goods, and work in progress, own work capitalised, other operating income, and external costs.

The enterprise will be applying IAS 18 as its basis of interpretation for the recognition of revenue.

Revenue comprises the value of services provided during the year, including outlay for customers less VAT and price concessions directly associated with the sale.

Revenue is recognised in the income statement on the completion of sales. This is generally considered to be the case when:

- The service has been provided before the end of the financial year
- A binding sales agreement exists
- The sales price has been determined
- Payment has been received, or is anticipated with a reasonable degree of certainty.

This ensures that recognition does not take place until the total income and costs and stage of completion at the reporting date can be reliably validated and it seems probable that the economic benefits, including payments, will flow to the enterprise.

Accounting policies

Cost of sales include costs for the purchase of raw materials and consumables less discounts and changes in inventories.

Work performed for own account and capitalised

Work performed for own account and capitalised includes staff cost and other internal costs incurred during the financial year and recognised in the cost of proprietary intangible and tangible fixed assets.

Other operating income comprises items of a secondary nature as regards the principal activities of the enterprise, including profit from the disposal of intangible and tangible assets, operating loss and conflict compensation as well as salary reimbursements received. Compensation is recognized when it is overwhelmingly probable that the company will receive the compensation.

Other external expenses comprise expenses incurred for distribution, sales, advertising, administration, premises, loss on receivables, and operational leasing costs.

Staff costs

Staff costs include salaries and wages, including holiday allowances, pensions, and other social security costs, etc., for staff members.

Depreciation, amortisation and writedown

Depreciation, amortisation and writedown comprise depreciation on, amortisation of and writedown relating to intangible and tangible fixed assets respectively.

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, financial expenses from financial leasing, realised and unrealised capital gains and losses relating to securities, debt and transactions in foreign currency, amortisation of financial assets and liabilities as well as surcharges and reimbursements under the advance tax scheme, etc.

Tax of the results for the year

The tax for the year comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account with the share referring to the results for the year and directly in the equity with the share referring to entries directly on the equity.

The balance sheet

Intangible assets

Development projects, patents, and licences

Development costs include salaries that can be directly attributed to development activities.

Accounting policies

Development projects that are clearly defined and identifiable, where the technical feasibility sufficient resources and a potential future market or development opportunity in the company can be demonstrated and where the intention is to manufacture, market or use the project is recognized as intangible fixed assets, provided that the cost price can be calculated reliably and there is sufficient security so that future earnings can cover production, sales and administration costs. Other development costs are recognized in the income statement as the costs
held.

Development costs recognized in the balance sheet are measured at cost less accumulated depreciation and write-downs.

After the completion of the development work, capitalized development costs are depreciated on a straight-line basis the estimated economic useful life. The depreciation period is usually 3-5 years.

Property, plant, and equipment

Property, plant, and equipment are measured at cost less accrued depreciation and writedown for impairment.

The depreciable amount is cost less any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, the depreciation is discontinued.

If the amortisation period or the residual value is changed, the effect on amortisation will, in future, be recognised as a change in the accounting estimates.

The cost comprises acquisition cost and costs directly associated with the acquisition until the time when the asset is ready for use.

Depreciation is done on a straight-line basis according to an assessment of the expected useful life:

	Useful life
Other fixtures and fittings, tools and equipment	3-5 years

Minor assets with an expected useful life of less than 1 year are recognised as costs in the income statement in the year of acquisition.

Profit or loss derived from the disposal of property, land, and equipment is measured as the difference between the sales price less selling costs and the carrying amount at the date of disposal. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

Accounting policies

Leases

Leases are regarded as operating leases. Payments in connection with operating leases and other lease agreements are recognised in the income statement for the term of the contract. The company's total liabilities concerning operating leases and lease agreements are recognised under contingencies, etc.

Impairment loss relating to non-current assets

The carrying amount of both intangible and tangible fixed assets are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets, respectively. Writedown for impairment is done to the recoverable amount if this value is lower than the carrying amount.

The recoverable amount is the higher value of value in use and selling price less expected selling cost. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the asset group and expected net cash flows from the sale of the asset or the asset group after the end of their useful life.

Previously recognised impairment losses are reversed when conditions for impairment no longer exist. Impairment relating to goodwill is not reversed.

Financial fixed assets

Deposits

Deposits are measured at amortised cost and represent lease deposits, etc.

Inventories

Inventories are measured at cost according to the FIFO method. In cases when the net realisable value of the inventories is lower than the cost, the latter is written down for impairment to this lower value.

Costs of goods for resale, raw materials, and consumables comprise acquisition costs plus delivery costs.

Costs of manufactured goods and work in progress comprise the cost of raw materials, consumables, direct wages, and indirect production costs. Indirect production costs comprise indirect materials and wages, maintenance and depreciation of machinery, factory buildings, and equipment used in the production process, and costs for factory administration and factory management. Borrowing expenses are not recognised in cost.

The net realisable value for inventories is recognised as the estimated selling price less costs of completion and selling costs. The net realisable value is determined with due consideration of negotiability, obsolescence, and the development of expected market prices.

Accounting policies

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value.

In order to meet expected losses, impairment takes place at the net realisable value. The company has chosen to use IAS 39 as a basis for interpretation when recognising impairment of financial assets, which means that impairments must be made to offset losses where an objective indication is deemed to have occurred that an account receivable or a portfolio of accounts receivable is impaired.If an objective indication shows that an individual account receivable has been impaired, an impairment takes place at individual level.

Impairment losses are calculated as the difference between the carrying amount of accounts receivable and the present value of the expected cash flows, including the realisable value of any securities received. The effective interest rate for the individual account receivable or portfolio is used as the discount rate.

Contract work in progress

Contract work in progress is measured at the selling price of the work performed. The selling price is measured on the basis of the stage of completion on the reporting date and the total expected income from the individual work in progress. The stage of completion is calculated as the share of costs incurred in proportion to the estimated total costs of the individual work in progress.

When the selling price of the individual work in progress cannot be determined reliably, the selling price is measured at the costs incurred or at net realisable value, if this is lower.

The individual work in progress is recognised in the statement of financial position under accounts receivables or liabilities. Net assets consist of the sum of the work in progress, where the selling price of the work performed exceeds invoicing on account. Net liabilities consist of the sum of the work in progress, where invoicing on account exceeds the selling price.

Costs in connection with sales work and the procurement of contracts are recognised in the income statement when incurred.

Prepayments

Prepaymentsrecognised under assets comprise incurred costs concerning the following financial year.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand.

Equity

Share premium

Share premium comprises premium payments made in connection with the issue of shares. Costs incurred for carrying through an issue are deducted from the premium.

Accounting policies

The premium reserve can be used for dividend, for issuing bonus shares, and for covering losses.

Reserve for development costs

The reserve for development costs comprises recognised development costs less related deferred tax liabilities.

The reserve cannot be used as dividends or for covering losses.

The reserve is reduced or dissolved if the recognised development costs are amortised or abandoned. This is done by direct transfer to the distributable reserves of the equity.

Income tax and deferred tax

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

Deferred tax assets, including the tax value of tax losses allowed for carryforward, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisable value.

Liabilities other than provisions

Other liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.

Accrued expenses and deferred income

Received payments concerning income during the following years are recognised under accrued expenses and deferred income.

Income statement 1 January - 31 December

All amounts in DKK.

Note		2022	2021
	Gross profit	**8.024.198**	**10.870.391**
1	Staff costs	-13.689.796	-11.130.230
	Depreciation, amortisation and writedown relating to tangible and intangible fixed assets	-3.920.539	-3.029.348
	Operating profit	**-9.586.137**	**-3.289.187**
	Other financial income	20.619	66.768
	Impairment of financial assets	-27.047	-40.875
	Other financial expenses	-443.206	-418.701
	Pre-tax net profit or loss	**-10.035.771**	**-3.681.995**
	Tax on ordinary results	1.491.542	1.245.746
	Net profit or loss for the year	**-8.544.229**	**-2.436.249**
	Proposed distribution of net profit:		
	Allocated from retained earnings	-8.544.229	-2.436.249
	Total allocations and transfers	**-8.544.229**	**-2.436.249**

Balance sheet at 31 December

All amounts in DKK.

Note	Assets	2022	2021
	Non-current assets		
	Completed development projects, including patents and similar rights arising from development projects	8.026.011	7.171.482
	Development projects under construction and prepayments for intangible assets	6.032.989	4.630.271
	Total intangible assets	14.059.000	11.801.753
	Other fixtures and fittings, tools and equipment	391.515	137.612
	Total property, plant, and equipment	391.515	137.612
	Deposits	154.906	151.208
	Total investments	154.906	151.208
	Total non-current assets	**14.605.421**	**12.090.573**
	Current assets		
	Raw materials and consumables	1.869.508	1.739.299
	Total inventories	1.869.508	1.739.299
	Trade receivables	2.015.805	4.735.136
2	Contract work in progress	2.360.000	1.900.000
	Income tax receivables	1.491.542	1.245.746
	Other debtors	903.842	152.710
	Receivables from owners and management	21.500	21.500
	Prepayments	109.136	66.889
	Total receivables	6.901.825	8.121.981
	Cash and cash equivalents	585.050	423.626
	Total current assets	**9.356.383**	**10.284.906**
	Total assets	**23.961.804**	**22.375.479**

Balance sheet at 31 December

All amounts in DKK.

Note	Equity and liabilities	2022	2021
	Equity		
	Contributed capital	1.426.064	1.214.484
	Share premium	17.226.700	7.438.280
	Reserve for development expenditure	10.966.019	9.205.367
	Retained earnings	-25.385.274	-15.080.393
	Total equity	**4.233.509**	**2.777.738**
	Long term labilities other than provisions		
3	Other mortgage loans	6.622.836	6.314.437
4	Other payables	1.062.000	886.000
	Total long term liabilities other than provisions	7.684.836	7.200.437
	Trade payables	2.578.676	3.376.525
	Debt to shareholders and management	4.800.000	4.800.000
	Other payables	4.482.223	4.064.604
	Deferred income	182.560	156.175
	Total short term liabilities other than provisions	12.043.459	12.397.304
	Total liabilities other than provisions	**19.728.295**	**19.597.741**
	Total equity and liabilities	**23.961.804**	**22.375.479**

5 Charges and security

6 Contingencies

Statement of changes in equity

All amounts in DKK.

	Contributed capital	Share premium	Reserve for development costs	Retained earnings	Total
Equity 1 January 2021	713.032	4.189.732	7.816.513	-11.255.290	1.463.987
Cash capital increase	501.452	3.248.548	0	0	3.750.000
Profit or loss for the year brought forward	0	0	0	-2.436.249	-2.436.249
Transferred from results brought forward	0	0	1.388.854	-1.388.854	0
Equity 1 January 2022	1.214.484	7.438.280	9.205.367	-15.080.393	2.777.738
Cash capital increase	211.580	9.788.420	0	0	10.000.000
Profit or loss for the year brought forward	0	0	0	-8.544.229	-8.544.229
Transferred from results brought forward	0	0	1.760.652	-1.760.652	0
	1.426.064	**17.226.700**	**10.966.019**	**-25.385.274**	**4.233.509**

Notes

All amounts in DKK.

		2022	2021
1.	**Staff costs**		
	Salaries and wages	13.517.375	10.922.904
	Other costs for social security	172.421	207.326
		13.689.796	**11.130.230**
	Average number of employees	24	22
2.	**Contract work in progress**		
	Sales value of the production of the period	2.360.000	1.900.000
	Contract work in progress, net	**2.360.000**	**1.900.000**
3.	**Other mortgage loans**		
	Total other mortgage loans	6.622.836	6.314.437
	Share of amount due within 1 year	0	0
	Total other mortgage loans	**6.622.836**	**6.314.437**
	Share of liabilities due after 5 years	0	0
4.	**Other payables**		
	Total other payables	1.062.000	886.000
	Share of amount due within 1 year	0	0
	Total other payables	**1.062.000**	**886.000**
	Share of liabilities due after 5 years	0	886.000

Notes

All amounts in DKK.

5. Charges and security

For bank loans the company has provided security in company assets representing a nominal value of DKK 4.000.000 and DKK 5.950.000. This security comprises the assets below, stating the carrying amounts:

	DKK in thousands
Inventories	1.869
Trade receivables	2.016
Development costs	14.059
Other plant and equipment	392

6. Contingencies

Contingent liabilities

The company has entered into an agreement to rent premises. The premises have a notice period of 6 months, corresponding to a liability of DKK 398 thousand. pr. December 31, 2022.

The company has entered into an agreement on Exit scheme with a lender, where an amount must be paid to the lender if all or part of the company is sold for more than an assumed value. The amount 5% of the surplus value, however, amounts to a maximum of DKK 1,190 thousand.