

Responsive Learning Systems ApS

Orient Plads 1, 1, 2150 Nordhavn

Company reg. no. 36 43 27 72

Annual report

1 January - 31 December 2018

The annual report was submitted and approved by the general meeting on the 28 May 2019.

Jesper Roesgaard
Chairman of the meeting

Notes to users of the English version of this document:

- To ensure the greatest possible applicability of this document, British English terminology has been used.
- Please note that decimal points remain unchanged from the Danish version of the document. This means that for instance DKK 146,940 is the same as the English amount of DKK 146,940, and that 23,5 % is the same as the English 23.5 %.

Contents

	<u>Page</u>
Reports	
Management's report	1
Auditor's report on compilation of the annual accounts	2
Management's review	
Company data	3
Management's review	4
Annual accounts 1 January - 31 December 2018	
Accounting policies used	5
Profit and loss account	10
Balance sheet	11
Notes	13

Management's report

The executive board has today presented the annual report of Responsive Learning Systems ApS for the financial year 1 January to 31 December 2018.

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

We consider the accounting policies used appropriate, and in our opinion the annual accounts provide a true and fair view of the company's assets and liabilities and its financial position at 31 December 2018 and of the company's results of its activities in the financial year 1 January to 31 December 2018.

The executive board considers the requirements of omission of audit of the annual accounts for 2018 as met.

We are of the opinion that the management's review includes a fair description of the issues dealt with.

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

Nordhavn, 28 May 2019

Executive board

Jens Ole Lebeck

Jesper Roesgaard

Auditor's report on compilation of the annual accounts

To the shareholders of Responsive Learning Systems ApS

We have compiled the annual accounts of Responsive Learning Systems ApS for the period 1 January to 31 December 2018 based on the bookkeeping of the company and on further information you have provided.

The annual accounts comprise the accounting policies used, profit and loss account, balance sheet and notes.

We performed this engagement in accordance with ISRS 4410, Compilation Engagements.

We have applied our professional expertise to assist you in the preparation and presentation of the annual accounts in accordance with the Danish Financial Statements Act. We have complied with relevant requirements of the Danish Act on Approved Auditors and Audit Firms and with ethical requirements of the Danish Institute of State Authorised Public Accountants, including principles of integrity, objectivity, professional competence and due care.

The annual accounts and the accuracy and completeness of the information used to compile them are your responsibility.

Since a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the information you provided to us to compile the annual accounts. Accordingly, we do not express an audit opinion or a review conclusion on whether the annual accounts are prepared in accordance with the Danish Financial Statements Act.

Copenhagen, 28 May 2019

BUUS JENSEN

State Authorised Public Accountants
Company reg. no. 16 11 90 40

Arne Sørensen

State Authorised Public Accountant
mne27757

Company data

The company

Responsive Learning Systems ApS
Orient Plads 1, 1
2150 Nordhavn

Company reg. no. 36 43 27 72
Financial year: 1 January - 31 December

Executive board

Jens Ole Lebeck
Jesper Roesgaard

Auditors

BUUS JENSEN, Statsautoriserede revisorer

Management's review

About

Relesys is a software company delivering customized communication and performance apps with a mobile-first mindset targeting large retailers in Scandinavia, Holland, Germany and UK.

The Relesys App

We customize the Performance App to match our clients' needs, the existing flow of information and the visual identity of our clients' brand. By using features based on intelligent software and elements of gamification, the app motivates all employees towards better performance and a proactive mindset.

Annual report

2018 has been a year with outstanding growth. Relesys continues to be a rapidly growing company with a unique app concept and a strong client base. Even with massive investments in our development department and client service team, we sustain a healthy organic growth and are continuously profitable to the benefit of the company's equity.

Milestones

In November 2018 we turned the corner of 100.000 active users. Furthermore, we are proud to have launched apps benefitting the growth of companies such as DSV in Poland and South Africa, Laura Mercier in USA and Netto in Europe. With a retention rate of 97% we are just as proud of the success of our current collaborations as we are of welcoming new clients. We are now supporting over 10.000 stores in more than 60 countries.

What to expect in 2019

In 2018 we expect to extend our presence and explore the markets of Sweden, Germany and The United Kingdom. Another focal point is to excel at the Dutch market. We strive to reach 200.000 active users before the end of December 2019.

Relesys will continue the massive investments in development to make sure the software is kept abreast to the value of our clients.

Growing People / Growing Business

Accounting policies used

The annual report for Responsive Learning Systems ApS is presented in accordance with those regulations of the Danish Financial Statements Act concerning companies identified as class B enterprises. Furthermore, the company has chosen to comply with some of the rules applying for class C enterprises.

The accounting policies used are unchanged compared to last year, and the annual accounts are presented in Danish kroner (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.

Certain fixed asset investments and liabilities are measured at amortised cost, by which method a fixed, effective interest is recognised during the useful life of the asset or the liability. Amortised cost is recognised as the original cost with deduction of any payments and additions/deductions of the accrued amortisation of the difference between cost and nominal amount. In this way capital losses and capital profits are spread over the useful life.

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

The profit and loss account

Gross profit

The gross profit comprises the net turnover, changes in inventories of finished goods and work in progress, work performed for own purposes and capitalised, other operating income, and external costs.

Accounting policies used

The net turnover is recognised in the profit and loss account if delivery and risk transfer to the buyer have taken place before the end of the year, and if the income can be determined reliably and is expected to be received. The net turnover is recognised exclusive of VAT and taxes and with the deduction of any discounts granted in connection with the sale.

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

Staff costs

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

Depreciation, amortisation and writedown

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

Net financials

Net financials comprise interest, realised and unrealised capital gains and losses concerning financial assets and liabilities, amortisation of financial assets and liabilities, additions and reimbursements under the Danish tax prepayment scheme, etc. Financial income and expenses are recognised in the profit and loss account with the amounts that concerns the financial year.

Dividend from equity investments is recognised in the financial year where the dividend is declared.

Interest and other costs concerning loans for financing the production of intangible and tangible fixed assets and concerning the production period are not recognised in the cost of the fixed asset.

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 company is subject to the Danish legislation concerning compulsory joint taxation with the Danish group enterprises.

The current Danish corporate tax is allocated among the jointly taxed companies in proportion to their respective taxable income (full allocation with reimbursement of tax losses).

Accounting policies used

The balance sheet

Intangible fixed assets

Development projects, patents, and licences

Development costs and internally generated rights are recognised in the profit and loss account as costs in the acquisition year.

Development costs include expenses for salaries and depreciation, directly or indirectly attributable to development costs.

Development projects are measured at cost with deduction of accrued depreciation and write-downs.

Development costs are amortised over 3 years.

Tangible fixed assets

Other tangible fixed assets are measured at cost with deduction of accrued depreciation and writedown.

The basis of depreciation is cost with deduction of 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 book value, the amortisation discontinues.

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

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

Depreciation takes place on a straight line basis and based on an evaluation of the expected useful life and the residual value of the individual assets:

	<i>Useful life</i>	<i>Residual value</i>
<i>Development projects</i>	<i>3 years</i>	<i>0 %</i>

Minor assets with an expected useful life of less than 1 year are recognised as costs in the profit and loss account in the year of acquisition.

Profit or loss deriving from the sales of tangible fixed assets is measured as the difference between the sales price reduced by the selling costs and the book value at the time of the sale. Profit or losses are recognised in the profit and loss account as other operating income or other operating expenses.

Accounting policies used

Leasing contracts

At the first recognition in the balance sheet, leasing contracts concerning tangible fixed assets by which the company holds all essential risks and advantages attached to the proprietary right (financial leasing) are measured either at fair value or at the present value of the future leasing services, whichever value is lower. When calculating the present value, the internal interest rate of the leasing contract or alternatively the borrowing rate of the enterprise is used as discount rate. Afterwards, financially leased assets are treated in the same way as other similar tangible assets.

The capitalised residual leasing liability is recognised in the balance sheet as a liability, and the interest part of the leasing contract is recognised in the profit and loss account over the term of the contract.

All other leasing contracts are considered operational leasing. Payments in connection with operational leasing and other rental agreements are recognised in the profit and loss account over the term of the contract. The company's total liabilities concerning operational leasing and rental agreements are recognised under contingencies etc.

Writedown of fixed assets

The book values of both intangible and tangible fixed assets as well as equity investments in subsidiaries and associated enterprises 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 takes place to the recoverable amount, if this value is lower than the book value.

The recoverable value is equal to the value of the net selling price or the value in use, whichever is higher. The value in use is determined as the present value of the expected net cash flow deriving from the use of the asset or the group of assets.

Previously recognised writedown is reversed when the condition for the writedown no longer exist. Writedown relating to goodwill is not reversed.

Financial fixed assets

Other securities and equity investments

Other unlisted securities are measured at cost. Writedown takes place to the recoverable amount, if this value is lower than the book value.

Deposits

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

Debtors

Debtors are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, writedown takes place at the net realisable value.

Accounting policies used

Accrued income and deferred expenses

Accrued income and deferred expenses recognised under assets comprise incurred costs concerning the next financial year.

Available funds

Available funds comprise cash at bank and in hand.

Corporate tax and deferred tax

Current tax receivable and tax liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on previous years' taxable income and prepaid taxes. Tax receivable and tax liabilities are set off to the extent that legal right of set-off exists and if the items are expected to be settled net or simultaneously.

According to the rules of joint taxation, Responsive Learning Systems ApS is proportionally liable towards the Danish tax authorities for the total corporation tax, including withholding tax on interest, royalties and dividends, arising within the jointly taxed group of companies.

Deferred tax is measured on the basis of all temporary differences in assets and liabilities with a balance sheet focus.

Deferred tax assets, including the tax value of tax losses eligible for carry-over, 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.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation on the balance sheet date and prevailing when the deferred tax is expected to be released as current tax.

Liabilities

Other liabilities 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.

Profit and loss account 1 January - 31 December

All amounts in DKK.

Note	2018	2017
Gross profit	7.432.963	4.937.388
1 Staff costs	-6.260.874	-4.264.269
Depreciation, amortisation and writedown relating to tangible and intangible fixed assets	-582.411	-177.043
Operating profit	589.678	496.076
Other financial income	5.416	0
2 Other financial costs	-69.517	-50.532
Results before tax	525.577	445.544
3 Tax on ordinary results	-158.403	-126.823
Results from ordinary activities after tax	367.174	318.721
Results for the year	367.174	318.721
Proposed distribution of the results:		
Extraordinary dividend adopted during the financial year	200.000	0
Allocated to other statutory reserves	904.398	577.942
Allocated from results brought forward	-737.224	-259.221
Distribution in total	367.174	318.721

Balance sheet 31 December

All amounts in DKK.

Assets			
<u>Note</u>		<u>2018</u>	<u>2017</u>
Fixed assets			
4	Development projects in progress and prepayments for intangible fixed assets	1.919.824	740.952
	Intangible fixed assets in total	<u>1.919.824</u>	<u>740.952</u>
5	Other plants, operating assets, and fixtures and furniture	12.073	25.246
	Tangible fixed assets in total	<u>12.073</u>	<u>25.246</u>
6	Other securities and equity investments	37.982	37.982
7	Deposits	10.975	39.805
	Financial fixed assets in total	<u>48.957</u>	<u>77.787</u>
	Fixed assets in total	<u>1.980.854</u>	<u>843.985</u>
Current assets			
	Trade debtors	2.644.545	1.758.518
	Receivable corporate tax	179.300	42.850
	Accrued income and deferred expenses	182.547	-262.317
	Debtors in total	<u>3.006.392</u>	<u>1.539.051</u>
	Available funds	<u>43.903</u>	<u>592.687</u>
	Current assets in total	<u>3.050.295</u>	<u>2.131.738</u>
	Assets in total	<u>5.031.149</u>	<u>2.975.723</u>

Balance sheet 31 December

All amounts in DKK.

Equity and liabilities			
<u>Note</u>		<u>2018</u>	<u>2017</u>
Equity			
8	Contributed capital	50.000	50.000
9	Other statutory reserves	1.482.340	577.942
10	Results brought forward	-383.442	353.782
	Equity in total	<u>1.148.898</u>	<u>981.724</u>
Provisions			
	Provisions for deferred tax	449.368	163.673
	Provisions in total	<u>449.368</u>	<u>163.673</u>
Liabilities			
	Bank debts	1.040.713	135.768
	Trade creditors	543.490	435.277
	Debt to group enterprises	57.787	202.699
	Other debts	1.052.552	1.056.582
	Accrued expenses and deferred income	738.341	0
	Short-term liabilities in total	<u>3.432.883</u>	<u>1.830.326</u>
	Liabilities in total	<u>3.432.883</u>	<u>1.830.326</u>
	Equity and liabilities in total	<u>5.031.149</u>	<u>2.975.723</u>

12 Contingencies

Notes

All amounts in DKK.

	2018	2017
1. Staff costs		
Salaries and wages	5.215.354	3.607.100
Pension costs	307.954	82.814
Other costs for social security	153.010	80.351
Other staff costs	584.556	494.004
	6.260.874	4.264.269
 Average number of employees	 22	 13
2. Other financial costs		
Other financial costs	69.517	50.532
	69.517	50.532
3. Tax on ordinary results		
Tax of the results for the year, parent company	-127.292	-36.850
Adjustment for the year of deferred tax	285.695	163.673
	158.403	126.823
4. Development projects in progress and prepayments for intangible fixed assets		
Cost 1 January 2018	904.819	904.819
Additions during the year	1.748.110	0
Cost 31 December 2018	2.652.929	904.819
 Amortisation and writedown 1 January 2018	 -163.867	 0
Amortisation for the year	-569.238	-163.867
Amortisation and writedown 31 December 2018	-733.105	-163.867
 Book value 31 December 2018	 1.919.824	 740.952

Notes

All amounts in DKK.

	<u>31/12 2018</u>	<u>31/12 2017</u>
5. Other plants, operating assets, and fixtures and furniture		
Cost 1 January 2018	<u>39.520</u>	<u>39.520</u>
Cost 31 December 2018	<u>39.520</u>	<u>39.520</u>
Amortisation and writedown 1 January 2018	-14.274	-1.098
Depreciation for the year	<u>-13.173</u>	<u>-13.176</u>
Amortisation and writedown 31 December 2018	<u>-27.447</u>	<u>-14.274</u>
Book value 31 December 2018	<u>12.073</u>	<u>25.246</u>
6. Other securities and equity investments		
Cost 1 January 2018	<u>37.982</u>	<u>37.982</u>
Cost 31 December 2018	<u>37.982</u>	<u>37.982</u>
Book value 31 December 2018	<u>37.982</u>	<u>37.982</u>
7. Deposits		
Cost 1 January 2018	10.975	33.144
Additions during the year	<u>0</u>	<u>6.661</u>
Cost 31 December 2018	<u>10.975</u>	<u>39.805</u>
Book value 31 December 2018	<u>10.975</u>	<u>39.805</u>
8. Contributed capital		
Contributed capital 1 January 2018	<u>50.000</u>	<u>50.000</u>
	<u>50.000</u>	<u>50.000</u>
9. Other statutory reserves		
Other statutory reserves 1 January 2018	577.942	0
Provisions of the results for the year	<u>904.398</u>	<u>577.942</u>
	<u>1.482.340</u>	<u>577.942</u>

Notes

All amounts in DKK.

	<u>31/12 2018</u>	<u>31/12 2017</u>
10. Results brought forward		
Results brought forward 1 January 2018	353.782	613.003
Profit or loss for the year brought forward	-737.224	-259.221
Extraordinary dividend adopted during the financial year	200.000	0
Distributed extraordinary dividend adopted during the financial year.	<u>-200.000</u>	<u>0</u>
	<u>-383.442</u>	<u>353.782</u>
11. Proposed dividend for the financial year		
Dividend 1 January 2018	0	100.000
Distributed dividend	<u>0</u>	<u>-100.000</u>
	<u>0</u>	<u>0</u>

Notes

All amounts in DKK.

12. Contingencies

Joint taxation

Roesgaard & Co Holding ApS, company reg. no 37405299 being the administration company, the company is subject to the Danish scheme of joint taxation and it is proportionally liable for tax claims within the joint taxation scheme.

The company is proportionally liable for any obligation to withhold tax on interest, royalties and dividends of the jointly taxed companies.

The jointly taxed enterprises' total, known net liability to the Danish tax authorities appears from the annual accounts of the administration company.

Any subsequent adjustments of corporate taxes or withheld taxes etc. may cause changes in the company's liabilities.

Rent contracts

The company has entered into a lease agreements. The lease obligation amounts to DKK 2.786 thousand and DKK 26 thousand.

Leasing contracts

The company has entered into a lease agreement. The lease obligation amounts to DKK 590 thousand.

Guarantee

The company has entered into a guarantee agreement covered by the bank, maximum DKK 517 thousand.