

# **Responsive Learning Systems ApS**

**Orient Plads 1, 1, 2150 Nordhavn**

**Company reg. no. 36 43 27 72**

## **Annual report**

**1 January - 31 December 2019**

The annual report was submitted and approved by the general meeting on the 2 June 2020.

---

**Jesper Roesgaard**  
Chairman of the meeting

**Notes:**

- To ensure the greatest possible applicability of this document, IAS/IFRS British English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

## Contents

---

	<u>Page</u>
<b>Reports</b>	
Management's report	1
Independent auditor's report	2
<b>Management commentary</b>	
Company information	5
Management commentary	6
<b>Financial statements 1 January - 31 December 2019</b>	
Income statement	7
Statement of financial position	8
Notes	10
Accounting policies	15

## **Management's report**

---

Today, the executive board has presented the annual report of Responsive Learning Systems ApS for the financial year 1 January - 31 December 2019.

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

We consider the accounting policies appropriate and, in our opinion, the financial statements provide a fair presentation of the company's assets, equity and liabilities, and financial position at 31 December 2019 and of the company's results of activities in the financial year 1 January – 31 December 2019.

We are of the opinion that the management commentary presents a fair account of the issues dealt with.

We recommend that the annual report be approved by the general meeting.

Nordhavn, 28 May 2020

### **Executive board**

Jens Ole Lebeck

Jesper Roesgaard

## **Independent auditor's report**

---

### **To the shareholders of Responsive Learning Systems ApS**

#### **Opinion**

We have audited the financial statements of Responsive Learning Systems ApS for the financial year 1 January - 31 December 2019, which comprise accounting policies, income statement, statement of financial position and notes. The financial statements have been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements present a fair view of the company's assets, equity and liabilities, and financial position at 31 December 2019 and of the results of the company's activities for the financial year 1 January - 31 December 2019 in accordance with the Danish Financial Statements Act.

#### **Basis for opinion**

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the section "Auditor's responsibilities for the audit of the financial statements". We are independent of the company in accordance with international ethical requirements for auditors (IESBA's Code of Ethics), and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Responsibilities of management and those charged with governance for the financial statements**

Management is responsible for the preparation of financial statements that provide a fair view in accordance with the Danish Financial Statements Act. Management is also responsible for such internal control as the 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 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 including an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards on auditing, 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 international standards on auditing, and the additional requirements applicable in Denmark, we exercise professional judgment 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 the 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 preparation of the financial statements using the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists arising from 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 disclosures in notes, and whether the financial statements reflect the underlying transactions and events in a manner that presents a 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 the internal control that we identify during our audit.

### **Statement on the management commentary**

Management is responsible for the management commentary.

Our opinion on and the financial statements does not cover the management commentary, and we express no assurance opinion thereon.

## **Independent auditor's report**

---

In connection with our audit of the financial statements, it is our responsibility to read the management commentary and to consider whether the management commentary is materially inconsistent with the financial statements or the evidence obtained during the audit, or whether it otherwise appears to contain material misstatement.

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

Based on the work we have performed, we believe that management commentary is consistent with the financial statements and that it has been prepared in accordance with the provisions of the Danish Financial Statement Act. We did not discover any material misstatement in the management commentary.

Copenhagen, 29 May 2020

### **BUUS JENSEN**

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

**Arne Sørensen**

State Authorised Public Accountant  
mne27757

## Company information

---

### **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 commentary

---

### About

Relesys is a software company delivering a customized Communication & Performance Platform with a mobile-first mindset targeting large retailers in Scandinavia, Holland, Germany, and the US.

### The Relesys App

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

The Relesys Communication Platform is a work tool for business leaders to make more accurate and data-driven decisions based on business intelligence.

### Annual report

Relesys continues the success with an outstanding growth rate in the monthly subscription base. Most importantly, the company has made a profit with a 20,4% EBIT-margin, which is well over budget. The company's organic growth and its persistence to be profitable have benefitted its equity.

### Milestones

In November 2018, we reached 104.000 active users, which more than doubled in December 2019 to an impressive 220.000 active users. The main reason for this explosive growth rate is the successful launch of the Relesys Performance App to 5 of Denmark's biggest retailers.

Another significant achievement, we are especially proud of is to become one of the first Microsoft ISV Strategic Partners in Scandinavia. We hope that Microsoft will support Relesys to accelerate our growth and make our products even more intelligent with Azure Cognitive Services, such as AI + Machine Learning. This partnership will ready us for pursuing new co-sell and marketing opportunities in 2020.

### Covid-19

As a direct response to the COVID-19 pandemic, we have been providing companies with free access to The Relesys App. Our purpose is to give the app free of charge has been to create a better work-life for thousands of employees and support the organizations in these difficult times. Our app has helped many organizations create accessible communication between employers and employees, keeping everyone updated with governmental guidelines.

### What to expect in 2020

In 2020, we expect to continue our growth journey with new large retail clients in Scandinavia, and we are also increasing our activities in the US. In Sweden and Holland, we expect to consolidate our presence with our subsidiaries companies Relesys B.V. in Holland and Relesys AB in Sweden.

We are looking forward to exploring the new paths of 2020, pursue new customers and expanding in geographies. In general, we are very proud of the overall performance and profit of Relesys.

Growing People / Growing Business



## Income statement 1 January - 31 December

---

All amounts in DKK.

<u>Note</u>	<u>2019</u>	<u>2018</u>
<b>Gross profit</b>	<b>13.251.456</b>	<b>7.432.963</b>
1 Staff costs	-8.414.303	-6.260.874
Depreciation, amortisation, and impairment	<u>-1.128.891</u>	<u>-582.411</u>
<b>Operating profit</b>	<b>3.708.262</b>	<b>589.678</b>
Other financial income	8.839	5.416
2 Other financial costs	<u>-58.330</u>	<u>-69.517</u>
<b>Results before tax</b>	<b>3.658.771</b>	<b>525.577</b>
Tax on net profit or loss for the year	<u>-799.328</u>	<u>-158.403</u>
<b>Results for the year</b>	<b><u>2.859.443</u></b>	<b><u>367.174</u></b>
<b>Proposed appropriation of net profit:</b>		
Extraordinary dividend adopted during the financial year	200.000	200.000
Dividend for the financial year	600.000	0
Transferred to retained earnings	1.782.924	0
Transferred to other statutory reserves	276.519	904.398
Allocated from retained earnings	<u>0</u>	<u>-737.224</u>
<b>Total allocations and transfers</b>	<b><u>2.859.443</u></b>	<b><u>367.174</u></b>

## Statement of financial position at 31 December

All amounts in DKK.

<b>Assets</b>			
<u>Note</u>		<u>2019</u>	<u>2018</u>
<b>Non-current assets</b>			
3	Development projects in progress and prepayments for intangible assets	3.176.731	1.919.824
	Total intangible assets	3.176.731	1.919.824
4	Other fixtures and fittings, tools and equipment	0	12.073
	Total property, plant, and equipment	0	12.073
5	Other financial instruments and equity investments	73.948	37.982
6	Deposits	0	10.975
	Total investments	73.948	48.957
	<b>Total non-current assets</b>	<b>3.250.679</b>	<b>1.980.854</b>
<b>Current assets</b>			
	Trade receivables	4.570.645	2.644.545
	Receivables from associates	222.127	0
	Income tax receivables	37	179.300
	Prepayments and accrued income	178.052	182.547
	Total receivables	4.970.861	3.006.392
	Cash on hand and demand deposits	479.038	43.903
	<b>Total current assets</b>	<b>5.449.899</b>	<b>3.050.295</b>
	<b>Total assets</b>	<b>8.700.578</b>	<b>5.031.149</b>

## Statement of financial position at 31 December

All amounts in DKK.

<b>Equity and liabilities</b>		
<u>Note</u>	<u>2019</u>	<u>2018</u>
<b>Equity</b>		
7 Contributed capital	50.000	50.000
8 Other statutory reserves	1.758.859	1.482.340
9 Retained earnings	1.399.482	-383.442
Proposed dividend for the financial year	600.000	0
<b>Total equity</b>	<b>3.808.341</b>	<b>1.148.898</b>
<b>Provisions</b>		
Provisions for deferred tax	528.268	449.368
<b>Total provisions</b>	<b>528.268</b>	<b>449.368</b>
<b>Liabilities other than provisions</b>		
Deposits	35.000	0
Total long term liabilities other than provisions	35.000	0
Bank loans	52.814	1.040.713
Trade payables	565.228	543.490
Payables to group enterprises	0	57.787
Corporate tax	716.971	0
Tax payables to group enterprises	3.375	0
Other payables	2.072.736	1.052.552
Accruals and deferred income	917.845	738.341
Total short term liabilities other than provisions	4.328.969	3.432.883
<b>Total liabilities other than provisions</b>	<b>4.363.969</b>	<b>3.432.883</b>
<b>Total equity and liabilities</b>	<b>8.700.578</b>	<b>5.031.149</b>

## 10 Contingencies

## Notes

---

All amounts in DKK.

	2019	2018
	<hr/>	<hr/>
<b>1. Staff costs</b>		
Salaries and wages	7.776.524	5.799.910
Pension costs	454.351	307.954
Other costs for social security	183.428	153.010
	<hr/>	<hr/>
	<b>8.414.303</b>	<b>6.260.874</b>
	<hr/>	<hr/>
 Average number of employees	 24	 22
	<hr/>	<hr/>
<b>2. Other financial costs</b>		
Other financial costs	58.330	69.517
	<hr/>	<hr/>
	<b>58.330</b>	<b>69.517</b>
	<hr/>	<hr/>
<b>3. Development projects in progress and prepayments for intangible assets</b>		
Cost 1 January 2019	2.652.929	904.819
Additions during the year	2.373.725	1.748.110
	<hr/>	<hr/>
<b>Cost 31 December 2019</b>	<b>5.026.654</b>	<b>2.652.929</b>
	<hr/>	<hr/>
Amortisation and writedown 1 January 2019	-733.105	-163.867
Amortisation for the year	-1.116.818	-569.238
	<hr/>	<hr/>
<b>Amortisation and writedown 31 December 2019</b>	<b>-1.849.923</b>	<b>-733.105</b>
	<hr/>	<hr/>
 <b>Carrying amount, 31 December 2019</b>	 <b>3.176.731</b>	 <b>1.919.824</b>
	<hr/>	<hr/>

## Notes

---

All amounts in DKK.

	31/12 2019	31/12 2018
<b>4. Other fixtures and fittings, tools and equipment</b>		
Cost 1 January 2019	39.520	39.520
<b>Cost 31 December 2019</b>	<b>39.520</b>	<b>39.520</b>
Amortisation and writedown 1 January 2019	-27.447	-14.274
Depreciation for the year	-12.073	-13.173
<b>Amortisation and writedown 31 December 2019</b>	<b>-39.520</b>	<b>-27.447</b>
<b>Carrying amount, 31 December 2019</b>	<b>0</b>	<b>12.073</b>
<b>5. Other financial instruments and equity investments</b>		
Cost 1 January 2019	37.982	37.982
Additions during the year	35.966	0
<b>Cost 31 December 2019</b>	<b>73.948</b>	<b>37.982</b>
<b>Carrying amount, 31 December 2019</b>	<b>73.948</b>	<b>37.982</b>
<b>6. Deposits</b>		
Cost 1 January 2019	0	10.975
<b>Cost 31 December 2019</b>	<b>0</b>	<b>10.975</b>
<b>Carrying amount, 31 December 2019</b>	<b>0</b>	<b>10.975</b>
<b>7. Contributed capital</b>		
Contributed capital 1 January 2019	50.000	50.000
	<b>50.000</b>	<b>50.000</b>
<b>8. Other statutory reserves</b>		
Other statutory reserves 1 January 2019	1.482.340	577.942
Provisions of the results for the year	276.519	904.398
	<b>1.758.859</b>	<b>1.482.340</b>

## Notes

---

All amounts in DKK.

	<u>31/12 2019</u>	<u>31/12 2018</u>
<b>9. Retained earnings</b>		
Retained earnings 1 January 2019	-383.442	353.782
Profit or loss for the year brought forward	1.782.924	-737.224
Extraordinary dividend adopted during the financial year	200.000	200.000
Distributed extraordinary dividend adopted during the financial year.	<u>-200.000</u>	<u>-200.000</u>
	<b><u>1.399.482</u></b>	<b><u>-383.442</u></b>

## Notes

---

All amounts in DKK.

### 10. Contingencies

#### Contingent liabilities

##### Lease liabilities

The company has entered into a lease agreement. The lease obligation amounts to DKK 464 thousand.

##### Rent contracts

The company has entered into a lease agreement. The lease obligation amounts to DKK 1.990 thousands and DKK 22 thousand.

##### Guarantee

The company has entered into a guarantee agreement covered by the bank, maximum DKK 673 thousand.

##### Mortgage and securities

For bank debts, DKK 0 the company has provided security in company assets representing a nominal value of t.DKK 1.000. This security comprises the below assets, stating the book values:

Receivables from sales and services t.DKK 4.571

#### Joint taxation

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

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

The liabilities amount to a maximum amount corresponding to the share of the company capital, which is owned directly or indirectly by the ultimate parent company.

The total tax payable under the joint taxation scheme totals DKK 720 thousand .

The liability relating to obligations in connection with withholding tax on dividends, interest, and royalties represents an estimated maximum of DKK 0.

Any subsequent adjustments of corporate taxes or withholding tax, etc., may result in changes in the company's liabilities.

## Notes

---

All amounts in DKK.

### **10. Contingencies (continued)**

#### **Joint taxation (continued)**

Company Roesgaard & Co. Holding ApS has withdrawn from joint taxation scheme as of 29 november 2019 and shall not be liable for any tax claims against the other jointly taxed companies from the time of withdrawal from the joint taxation scheme.



## Accounting policies

---

The annual report for Responsive Learning Systems ApS 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 income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, writedowns for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the company and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it is seems probable that future economic benefits will flow out of the company and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost, allowing a constant effective interest rate to be recognised during the useful life of the asset or liability. Amortised cost is recognised as the original cost less any payments, plus/less accrued amortisations of the difference between cost and nominal amount. In this way, capital losses and gains are allocated over the useful life of the liability.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

### Income statement

#### Gross profit

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

Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Recognition of revenue is exclusive of VAT and taxes and less any discounts relating directly to sales.

Cost of sales comprises costs concerning purchase of raw materials and consumables less discounts and changes in inventories.

## **Accounting policies**

---

Other external costs comprise costs 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. Staff costs are less government reimbursements.

### **Depreciation, amortisation, and writedown for impairment**

Depreciation, amortisation, and writedown for impairment comprise depreciation on, amortisation of, and writedown for impairment of intangible and tangible assets, respectively.

### **Financial income and expenses**

Financial income and expenses 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 income statement with the amounts concerning the financial year.

Interest and other costs concerning loans to finance the production of intangible assets and property, plant, and equipment, and relating to production periods are not recognised in the cost of non-current assets.

### **Tax on net profit or loss for the year**

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

The company is subject to Danish rules on compulsory joint taxation of Danish group enterprises.

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

## **Statement of financial position**

### **Intangible assets**

#### **Development projects, patents, and licences**

Development costs and internally generated rights are recognised in the income statement as costs in the acquisition year.

Patents and licenses are measured at cost less accrued amortisation. Patents are amortised on a straightline basis over the remaining patent period and licenses are amortised over the contract period, however, for a maximum of 10 years.

## Accounting policies

---

Profit and loss from the sale of development projects, patents, and licenses are measured as the difference between the sales price less sales costs and the carrying amount at the time of sale. Profit or loss are recognised in the income statement as other operating income or other operating expenses, respectively.

### Property, plant, and equipment

Property is measured at cost plus revaluations and less accrued depreciation and writedown for impairment. Land is not subject to depreciation.

Property is revaluated on the basis of regular, independent fair-value assessments. Net revaluation at fair value adjustment is recognised directly in equity less deferred tax and tied up in a particular revaluation reserve. Net impairment loss at fair value adjustment is recognised in the income statement.

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

Reversal of previous revaluations and recognised deferred taxes concerning revaluations are recognised directly in company equity.

Other 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.

The cost of a total asset is divided into separate components. These components are depreciated separately when the useful lives of each individual components differ.

Depreciation is done on a straight-line basis according to an assessment of the expected useful life and the residual value of the individual assets:

	Useful life	Residual value
Development projects	3-5 years	0%

## **Accounting policies**

---

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.

As regards self-constructed assets, the cost comprises direct costs for materials, components, deliveries from subsuppliers, payroll costs, and borrowing costs from specific and general borrowing concerning the construction of each individual asset.

### **Leases**

At their initial recognition in the statement of financial position, leases concerning property, plant, and equipment where the company holds all essential risks and advantages associated with the proprietary right (finance lease) are measured either at fair value or at the present value of the future lease payments, whichever value is lower. When calculating the present value, the discount rate used is the internal rate of return of the lease or, alternatively, the borrowing rate of the enterprise. Hereafter, assets held under a finance lease are treated in the same way as other similar property, plant, and equipment.

The capitalised residual lease commitment is recognised in the statement of financial position as a liability other than provisions, and the interest part of the lease is recognised in the income statement for the term of the contract.

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 assets as well as equity investments in subsidiaries and associates 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 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 derived from the use of the asset or group of assets.

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

## Accounting policies

---

### Investments

#### Other financial instruments and equity investments

Financial instruments and equity investments recognised under non-current assets comprise listed bonds and shares measured at fair value on the reporting date. Listed financial instruments are measured at market price.

Other unlisted financial instruments are measured at cost. Writedown for impairment is done to the recoverable amount if this value is lower than the carrying amount.

### Deposits

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

### Receivables

Receivables are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, they are written down for impairment to the net realisable value.

### Prepayments and accrued income

Prepayments and accrued income recognised under assets comprise incurred costs concerning the following financial year.

### Cash on hand and demand deposits

Cash on hand and demand deposits comprise cash at bank and on hand.

### Equity

#### 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.

### Dividend

Dividend expected to be distributed for the year is recognised as a separate item under equity. Proposed dividend is recognised as a liability at the time of approval by the annual general meeting (time of declaration).

### Income tax and deferred tax

Current tax receivables and tax liabilities are recognised in the statement of financial position with 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 receivables and tax liabilities are offset to the extent that a legal right of set-off exists and the items are expected to be settled net or simultaneously.

## **Accounting policies**

---

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

Deferred tax is tax on all temporary differences in the carrying amount and tax base of assets and liabilities measured on the basis of the planned application of the asset and disposal of the liability, respectively.

Deferred tax assets, including the tax value of tax losses eligible for carryforward, are recognised at their expected realisable value, either by settlement against tax of future earnings or by setoff in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisation value.

Deferred tax is measured on the basis of the tax rules and tax rates of applicable legislation at the reporting date and prevailing when the deferred tax is expected to be released as current tax.

### **Liabilities other than provisions**

Other liabilities other than provisions are measured at amortised cost which usually corresponds to the nominal value.

### **Accruals and deferred income**

Payments received concerning future income are recognised under accruals and deferred income.