Lenus eHealth ApS

Dampfærgevej 28, 1. DK-2100 Copenhagen

CVR no. 38 16 84 95

Annual report for 2020

This annual report has been adopted at the company's annual general meeting on June 22, 2021

Chairman of the meeting:

Rasmus Ingerslev

Contents

Company information etc.

The Company
Lenus eHealth ApS
Dampfærgevej 28, 1.
DK-2100 Copenhagen
CVR no.: DK 38 16 84 95

Bord of Directors
Rasmus Elmann Esmaeilzadeh Ingerslev, Chair
Bertram Thorslund
Sebastian Glen Colsted
Jakob Nordenhof Jønck
Lars Mikael Bo Jörnow

Executive Management
Bertram Thorslund, CEO

Auditors
EY Godkendt Revisionspartnerselskab
Dirch Passers Allé 36
DK-2000 Frederiksberg
CVR no. 30 70 02 28

Management's review

FINANCIAL REVIEW

The net result for the financial year 2020 was a loss of DKK 1,7 million compared to a profit of DKK 0.6 million in 2019.

R&D
Research and development expenses totaled DKK 7.3 million in 2020 compared to DKK 2.0 million in 2019. The increase was mainly due to higher activity levels in 2020.

S&M
Sales and marketing expenses totaled DKK 25.9 million in 2020 compared to DKK 6.9 million in 2019. The increase was mainly due to higher activity levels in 2020, ramp up of the organisation and increased focus of commercialisation.

General and administrative expenses
General and administrative expenses totaled DKK 17.9 million in 2020 compared to DKK 6.5 million in 2019. The increase is mainly due to higher activity levels in 2020 and ramp up of the organization.

Financial items
Net financials totaled an expense of DKK 0.5 million in 2020 compared to DKK 0.1 million in 2019. Financial expenses primarily cover foreing exchange losses and interest expenses.

Income tax
Income tax totaled DKK 0.1 million in 2020 compared to DKK 0.3 million in 2019.

Statement of financial position
As of December 31, 2020, the group had a cash balance of DKK 27.2 million compared to DKK 9.0 million as of December 31, 2019. The increase in cash results from capital contributions less the cash burn during the year.

As of December 31, 2020, equity amounted to DKK 14.4 million compared with DKK 3.1 million as of December 31, 2019. The increase mainly reflects the capital increase during the year.

Cash flow
Net cash flow from operating activities amounted to an inflow of DKK 10.7 million in the year ended December 31, 2020 compared to DKK 3.1 million in the year ended December 31, 2019. Net cash flow from operating activities is attributable primarily to the initiation of sales and marketing activities, as well as general and administrative expenses.

Net cash outflow from investing activities amounted to an outflow of DKK 1.0 million in the year ended December 31, 2020 compared to DKK 3.6 million in the year ended December 31, 2019. Investing activities comprise investment in property plant and equipment. The net cash outflow in the year ended December 31, 2019 was impacted by the Company's purchase of own shares with an outflow of DKK 3.0 million.

Net cash inflow from financing activities amounted to DKK 8.4 million in the year ended December 31, 2020 compared to DKK 1.8 million in the year ended December 31, 2019. Financing activities comprise cash contributions from shareholders related to increase of share capital and lease payments.

Distribution of profit
The Board of Directors proposes that the loss for the year is transferred to retained earnings.

Subsequent events

In May 2021, new investors agreed on a capital increase of DKK 266.6 million and a funding round was completed with EQT of a DKK 387 million investment. The capital increase and investment were completed on May 28, 2021.

In general, the Company has achieved results that are in line with expectations in 2020. However, the worldwide Covid-19 outbreak will potentially affect the Company's results and financial position in 2021. It is not possible for the Company's Management at the time of financial reporting to quantify the effect, as it will depend on the duration and extent of the virus outbreak.

Other than the event disclosed above, there were no other events that were required to be reported or disclosed that have not already been included in these financial statements.

About Lenus eHealth ApS

Lenus eHealth is on a mission to make a substanstial inpact on global health. The company enables online coaches within fitness and health around the world to scale their businesses and help more people in their endeavors to live healtier lives. The average health and fitness coach today can help 20-30 clients simultaneously to get into shape. With the Lenus health and fitness platform, those same coaches can scale their impact significantly without sacrificing quality.

The scalability achieved through Lenus also means that coaches xan finally make a great living from their business, where their time is valued based on the impact of the hundreds of clients, instead of an hourly fee.

Today, hundreds of coaches are using the Lenus platform to help tens of thousands of people to get in shape. Lenus contunies expanding its services globally and works effortlessly to reverse the growth of lifestyles diseases.

Statement by the Board of Directors and Executive Management on the annual report

The Board of Directors and the Executive Management have today considered and adopted the Annual Report of Lenus eHealth ApS for the financial year January 1 – December 31, 2020 and the comparative figures for the financial year January 1 – December 31, 2019.

The consolidated financial statements and the parent company financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the European Union and additional disclosure requirements of the Danish Financial Statements Act. Management's Review has been prepared in accordance with 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 December 31, 2020 and the comparative figures at December 31, 2019 and of the results of the Group's and Parent Company's operations and cash flows for the financial year January 1 – December 31, 2020 and the comparative figures for the financial year January 1 – December 31, 2019.

In our opinion, the Management's Review includes a true and fair account of the development in the operations and financial circumstances of the Group and the Parent Company, of the results for the year and of the financial position of the Group and the Parent Company as well as a description of the most significant risks and elements of uncertainty facing the Group and the Parent Company.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Copenhagen, June 22, 2021

Executive Management

Bertram Thorslund

Board of Directors

Rasmus Elmann Esmaeilzadeh Ingerslev
Chair

Bertram Thorslund

Sebastian Glen Colsted

Jakob Nordenhof Jønck

Lars Mikael Bo Jörnow

Independent auditor's report

To the shareholders of Lenus eHealth ApS

Opinion

We have audited the consolidated financial statements and the parent company financial statements of Lenus eHealth ApS for the financial year 1 January – 31 December 2020, which comprise income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including accounting policies, for the Group and the Parent Company. The consolidated financial statements and the parent Company financial statements are prepared in accordance with International Financial Reporting 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 2020 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 2020 in accordance with International Financial Reporting 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' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

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.

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 International Financial Reporting 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.
- 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, June 22, 2021

EY
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Christian Schwenn Johansen State Authorised Public Accountant mne33234	Kennet Hartmann State Authorised Public Accountant mne40036

Consolidated income statement and statement of comprehensive income

Note		2020 TDKK	2019 TDKK
4	Revenue	53,577	18,575
	Costs of sales	-3,580	-2,192
	Gross profit	**49,996**	**16,383**
6, 7, 10	Research and development costs	-7,254	-2,032
6, 7, 10	Sales and marketing expenses	-25,869	-6,875
6, 7, 10	General and administrative expenses	-17,941	-6,547
	Operating profit/loss	**-1,067**	**929**
8	Financial income	201	7
9	Financial expenses	-714	-116
	Profit/loss before tax	**-1,581**	**819**
13	Tax for the year	-111	-268
	Net profit/loss for the period	**-1,691**	**551**
	Other comprehensive income to be reclassified to profit or loss in subsequent periods (net of tax):	0	0
	Exchange differences on the translation of foreign operations, net of tax	3	1
	Other comprehensive income for the year, net of tax	**3**	**1**
	Total comprehensive income	**-1,688**	**552**
	Net income attributable to:		
	Owners of the Parent Company	-1,691	551
	Total	**-1,691**	**551**
	Total comprehensive income attributable to:		
	Owners of the Parent Company	-1,688	552
	Total	**-1,688**	**552**

Consolidated balance sheet

Note		2020 TDKK	2019 TDKK	January 1, 2019 TDKK
	ASSETS			
	Non-current assets			
10	Property, plant and equipment	7,500	3,382	61
	Deposits	554	495	0
	Total non-current assets	**8,054**	**3,877**	**61**
	Current assets			
11	Trade receivables	3,988	1,164	1,471
13	Corporation tax receivable	244	100	0
	Other receivables	166	0	0
	Prepayments	87	218	0
	Cash and cash equivalents	27,164	9,028	7,681
	Total current assets	**31,649**	**10,510**	**9,152**
	TOTAL ASSETS	**39,703**	**14,387**	**9,213**
	EQUITY AND LIABILITIES			
	Equity			
12	Share capital	59	57	57
	Retained earnings	14,341	3,035	5,485
	Currency translation reserve	4	1	0
	Total equity	**14,404**	**3,093**	**5,542**
	Non-current liabilities			
14	Lease liabilities	3,688	1,781	0
	Other debt	0	1,027	0
	Other payables and accruals	0	239	0
	Total non-current liabilities	**3,688**	**3,047**	**0**
	Current liabilities			
14	Lease liabilities	4,027	1,623	0
	Other debt	0	1,000	0
	Provisions for deferred tax	8	8	6
	Trade payables	3,925	3,608	2,240
13	Corporation tax payable	129	17	439
	Other payables and accruals	13,522	1,991	986
	Total current liabilities	**21,611**	**8,247**	**3,671**
	Total liabilities	**25,299**	**11,294**	**3,671**
	TOTAL EQUITY AND LIABILITIES	**39,703**	**14,387**	**9,213**

Consolidated statement of changes in equity

	Note	Share capital TDKK	Share premium TDKK	Retained earnings TDKK	Currency translation reserve TDKK	Total TDKK
Equity as of January 1, 2019		**57**	**0**	**5,485**	0	**5,542**
Net profit/loss for the period		0	0	551	0	551
Other comprehensive income for the period		0	0	0	1	1
Total comprehensive income		0	0	551	1	552
Purchase of own shares		0	0	-3,001	0	-3,001
Share-based payment expense	7	0	0	0	0	0
Equity as of December 31, 2019		**57**	**0**	**3,035**	**1**	**3,093**

	Note	Share capital TDKK	Share premium TDKK	Retained earnings TDKK	Currency translation reserve TDKK	Total TDKK
Equity as of January 1, 2020		**57**	**0**	**3,035**	**1**	**3,093**
Net profit/loss for the period		0	0	-1,691	0	-1,691
Other comprehensive income for the period		0	0	0	3	3
Total comprehensive income		0	0	-1,691	3	-1,688
Capital increase, cash injection	12	2	12,997	0	0	12,999
Transfer to retained earnings		0	-12,997	12,997	0	0
Share-based payment expense	7	0	0	0	0	0
Equity as of December 31, 2020		**59**	**0**	**14,341**	**4**	**14,404**

Consolidated cash flow statement

	Note	2020 TDKK	2019 TDKK
Operating activities			
Profit/loss before tax		-1,581	819
Reversal of non-paid financial income	8	-201	-7
Reversal of non-paid financial expenses	9	714	112
Depreciation	10	3,420	333
Other non-cash items		-24	-272
Adjustments to reconcile loss before tax to cash flows from operating activities			
Share-based payment expense	7	0	0
Change in trade receivables		-2,824	307
Change in other receivables		-166	0
Change in prepayments		131	-218
Change in trade payables		317	1,368
Change in other payables and accruals		11,290	1,244
Cash flows from taxes	13	-143	-539
Interest paid	9	-242	-59
Net cash flow used in operating activities		**10,691**	**3,088**
Investing activities			
Investment in property, plant and equipment	10	-895	-63
Purchase of own shares		0	-3,001
Deposits		-59	-495
Net cash flow used in investing activities		**-954**	**-3,559**
Financing activities			
Capital contributions from shareholders	12	12,999	0
Change in other debts		-2,027	2,027
Lease payment		-2,594	-211
Net cash provided by financing activities		**8,378**	**1,816**
Net change in cash and cash equivalents		**18,115**	**1,345**
Net foreign exchange differences		21	2
Cash and cash equivalents at the beginning of the period		9,028	7,681
Cash and cash equivalents at the end of the period		**27,164**	**9,028**

Consolidated notes

1. Accounting policies
2. Significant accounting judgments, estimates and assumptions
3. Standards issued but not yet effective
4. Revenue from contracts with customers
5. Segment information
6. Employee benefit expenses
7. Share-based compensation expenses
8. Financial income
9. Financial expenses
10. Property, plant and equipment
11. Trade receivables
12. Shareholders’ Equity
13. Income tax and deferred tax
14. Leases
15. Capital management
16. Contractual obligations and contingencies
17. Related party disclosures
18. Subsequent events

Consolidated notes

Corporate information

Lenus eHealth ApS (the "Company") is a private limited liability company incorporated and domiciled in Denmark. The registered office of Lenus eHealth ApS is Dampfærgevej 28, 2100 Copenhagen.

The consolidated financial statements for the year end December 31, 2020 were authorised for approval at the Annual General Meeting to be held on June 22, 2021, with a resolution of the Board of Directors on June 22, 2021.

1. Accounting policies

Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards, or IFRS, as adopted by the European Union and further requirements in the Danish Financial Statements Act applying to reporting class B enterprises.

The consolidated financial statements have been prepared on a historical cost basis except for share-based payment.

The consolidated financial statements are presented in Danish Kroner, or DKK, which is the functional currency of the Parent Company based on facts and circumstances and the technical requirements of IFRS. All values are rounded to the nearest thousand DKK where indicated.

First consolidated financial statements in accordance with IFRS

The consolidated financial statements of Lenus eHealth ApS for 2020 are the first consolidated financial statements to be prepared in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act, as Lenus eHealth ApS previously only prepared separate financial statements according to the provisions of the Danish Financial Statements Act. Due to the fact that consolidated financial statements have not previously been prepared, this is the first consolidated IFRS financial statements and therefore not a transition from previous GAAP to IFRS. Hence, the consolidated financial statements do not include reconciliations from previous GAAP to IFRS. Please refer to the financial statements of the Parent Company, which contain information regarding the transition to IFRS of the Parent Company.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiary. Subsidiaries are those entities which are controlled by Lenus eHealth ApS. Lenus eHealth ApS controls an investment when Lenus eHealth ApS is exposed, or has rights, to variable returns from its involvement with the investment and has the ability to affect those returns through its power over the investment.

The financial statements of subsidiaries are consolidated from the date when control commences until the date when control ceases. The financial statements of subsidiaries are prepared for the same accounting period as Lenus eHealth uses consistent accounting policies.

On consolidation, intercompany balances, income, expenses, unrealized gains, and losses resulting from intercompany transactions are eliminated.

Foreign currency

Translation of foreign currency

On initial recognition, transactions denominated in foreign currencies are translated at the foreign exchange spot rate at the transaction date. Differences arising between the foreign exchange spot rates at the transaction date and the date of payment are recognized in the income statement as financial income or financial expenses.

Receivables, payables, and other monetary items denominated in foreign currencies are translated at the foreign exchange spot rates at the balance sheet date. The difference between the foreign exchange spot rates at the balance sheet date and the date at which the balance was recognized is recognized in the income statement as financial income or financial expenses.

Consolidated notes

1. Accounting policies – continued –

Group companies

The assets and liabilities of foreign operations are translated into the presentation currency at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at the monthly average exchange rates, unless the exchange rates fluctuate significantly in which case, the exchange rate at the date of transaction is applied. The exchange differences arising on translation for consolidation are recognized in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that foreign operation is recognized in the statement of profit or loss.

Financial instrument valuation hierarchy

Financial instruments recognized at fair value are allocated to one of the following valuation hierarchy levels:

- Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.
- Level 2: Other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3: Techniques that use inputs that have a significant effect on the recorded fair value and that are not based on observable market data.

Management assessed that cash and short-term deposits, trade receivables, trade payables, and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

Current versus non-current classification

The Group presents assets and liabilities in the balance sheet based on current/non-current classification. An asset is classified as 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
  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.

All other assets are classified as non-current.

A liability is classified as current when:

- it is expected to be settled in the normal operating cycle
- held primarily for the purpose of trading
- it is due to be settled within twelve months after the reporting period
  or
- there is an 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.

1. Accounting policies – continued –

Property, plant and equipment

Property, plant and equipment includes fixtures, fittings and right-of-use assets, and is measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use. Depreciation is calculated on a straight-line basis over the expected useful lives of the underlying assets. The residual values of equipment are not material. The useful life of and method of depreciation of equipment are reviewed by Management at least each year-end or more often based on changes in facts and circumstances. Changes in useful lives or residual values are adjusted prospectively as changes in accounting estimates.

Property, plant and equipment is required to be tested for impairment when there are indications of impairment. Impairment tests are conducted at the individual asset level, or at the lowest level for which separately identifiable cash flows for groups of assets exist. Impaired assets or asset groups are written down to their recoverable amount, which is the higher of the value in use and the net realizable value of the asset or asset group, with impairment charges allocated proportionately to the assets within the impaired asset group.

Leases

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group’s incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets in ’property, plant and equipment’ and lease liabilities in a separate line in the balance sheet.

Consolidated notes

1. Accounting policies – continued –

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Deferred tax

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities, with the exception of temporary differences occurring at the time of acquisition and liabilities neither effecting the result of operation nor the taxable income.

Deposits

Deposits for property leased by the Group are measured at amortized cost.

Financial assets

Classification and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Subsequently, the Group measures its financial assets held based on the following measurement categories:

- Those to be measured at fair value through profit or loss,
- Those to be measured at amortised cost, and
- Those to be measured at fair value through other comprehensive income.

The classification is based on the company business model for managing the assets and the contractual terms of the cash flows. The new classification and measurement of the Group's financial assets are, as follows:

Receivables
Receivables from customers and other receivables are designated as receivables and are initially measured at fair value or transaction price and subsequently measured in the balance sheet at amortized cost, which generally corresponds to nominal value less expected credit loss provision. This is consistent with prior periods' classification.

Impairment

The Group records an allowance for expected credit losses for all loans and other debt financial assets not held at fair value through profit and loss. Expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive.

For receivables from customers and other receivables, the Group has applied the standard simplified approach and has calculated expected credit losses based on lifetime expected credit losses. The provision for expected credit losses was not significant given that the Group has no history of credit losses and the nature of the Group's customers.

1. Accounting policies – continued –

Prepayments

Prepayments include expenditures related to future financial periods and are measured at nominal value.

Cash and cash equivalents

Cash includes cash at hand and in banks, as well as short-term marketable securities that are subject to an insignificant risk of changes in value.

Equity

Direct and incremental costs associated with capital increases are accounted for as a reduction in the proceeds from the capital increase and recognized in shareholders' equity.

The translation reserve in the consolidated financial statements comprises foreign-exchange differences arising on the translation of financial statements of group entities from their local foreign currencies to the presentation currency used by the Group (DKK). On the disposal, entirely or partially, of a Group entity, the exchange-rate adjustment is recognized in profit or loss as a portion of the gain/loss on the sale.

Financial liabilities

Historically, the Group's financial liabilities included lease liabilities, trade payables and other payables.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included as finance costs in the income statement.

Trade payables

Trade payables relate to the Group's purchase of products and services from various vendors in the normal course of business.

Other payables

Other payables are measured at net realizable value.

1. Accounting policies – continued –

Income Statement and Other Comprehensive Income

Revenue

IFRS 15 is applied using the full retrospective approach.

In general, the Group's revenue from contracts with customers is recognised when control is transferred to the customer at an amount that reflects the consideration to which Lenus eHealth expects to be entitled in exchange for those services. Revenue is recognised only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

If a contract contains more than one performance obligation, the transaction price is allocated to each performance obligation based on the relative standalone selling price. Taxes assessed by a governmental authority that are both imposed on, and concurrent with, a specific revenue producing transaction and collected by the Group from customers (for example, sales, use, value added, and some excise taxes) are not included in revenue.

Revenue is mainly derived from access to the LPS Platform, sale of services and sale of personalized websites.

<u>LPS Platform</u>
Lenus developed LPS, a digital platform, to support fitness coaches facilitate preparation and distribution of specific diet- and work-out plans, track and communicate with their customers

The Group's revenue is generated by selling a right to access the LPS Platform. The software of the LPS Platform is owned, delivered and managed by Lenus eHealth, and applied by users on a subscription basis. The customers never gain control over the LPS Platform but gain access to the LPS Platform.

Performance obligation for access to the LPS Platform is satisfied over time. The Company considers revenue to be highly probable, and therefore recognises revenue, once the performance obligation has been satisfied and payment has been received.

For products such as diet plans and workout plans sold to end users through independent fitness coaches, control is transferred upon delivery, based on the contract terms and legal requirements.

<u>Services</u>
Services include sales support to customers acting as agents and arranging for the provision of fitness services on behalf of customers. Therefore, Lenus eHealth's net revenue from services consists of the commission income, which is recognised in the income statement, when the service has been delivered.

Lenus eHealth determined that it is an agent in the contracts, as Lenus does not control the goods and service before they are being transferred to end users, and Lenus eHealth does not have discretion to set the prices for the goods and services.

<u>Personalised websites</u>
Sale of websites include development and personalization of websites for customers. The website is owned by Lenus eHealth during the development, but control and ownership are transferred to the customer, once the website is completed.

Lenus eHealth recognises revenue from the sale of websites at a point in time when the website is completed and ownership thereof is transferred to the customer.

Cost of sales

Cost of sales consists of direct costs associated with the offering, salaries and related expenses of operations and technical support personnel.

Employee benefits

Employee benefits primarily somprise salaries, share-based payment and pension. The cost of these benefits is recognized as an expense as services are delivered. The Group's contributions to the employee pension plan have not been material.

1. Accounting policies – continued –

Share-based payment

Management of the Group receives remuneration in the form of equity settled awards whereby services are rendered as consideration for warrants. The fair value of these equity-settled awards is determined at the date of grant resulting in a fixed fair value at grant date that is not adjusted for future changes in the fair value of the equity awards that may occur over the service period. Fair value of warrants is determined using the Black Scholes Model.

The cost of share-based payments is recognized as an expense together with a corresponding increase in equity over the period in which the performance and/or service conditions are fulfilled. In the event that equity instruments are granted conditionally upon an equal number of equity instruments granted in prior periods not being exercised, they are treated as a new grant for the current period and a modification of the equity instruments granted in the prior period.

The fair value of equity-settled awards is reported as compensation expense pro rata over the service period to the extent, such awards are estimated to vest. No cost is recognized for awards that do not ultimately vest.

When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the holder. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

Research and development costs

Research and development costs include salaries and costs arising from research and development activities and rent associated with facilities used for research and development purposes. The Group has expensed all such cost though the statement of loss and comprehensive loss for the periods presented.

Sales and marketing expenses

Sales and marketing expenses include salaries, costs arising from the distribution of the Group's services including expenses related to marketing activities and rent associated with facilities used for sales activities.

General and administrative expenses

General and administrative expenses include salaries for administrative staff and management, costs of share-based payment and rent associated with facilities not used for research purposes.

Financial income and expense

Financial income and expense include interest income and expense, gains and losses due to changes in foreign exchange rates, allowances and surcharges related to the advance payment of tax, and other miscellaneous items relating to financial income and expense.

Income tax benefit

The income tax for the period comprises current tax and deferred tax, including prior-year adjustments and changes in provisions for uncertain tax positions. Tax is recognized in the income statement, except to the extent that it relates to items recognized in equity or in other comprehensive income.

Current tax payables and receivables are recognized in the balance sheet as a receivable in the event of prepayments and amounts due.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. Where the tax value can be determined according to alternative tax rules, deferred tax is measured on the basis of the planned use of the asset or the settlement of the obligation.

Deferred tax assets are measured at the value at which they are expected to be utilized, either through elimination against tax on future earnings or through a set-off against deferred tax liabilities. Deferred tax assets are set off within the same legal tax entity and jurisdiction.

1. Accounting policies – continued –

Subsequent events

If the Group receives information after the reporting period, but prior to the date of the Board of Directors' approval of the financial statements, about conditions that existed at the end of the reporting period, the Group assesses whether the information affects the amounts recognised in the financial statements. The Group will adjust the amounts recognised in the financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in the light of the new information.

For non-adjusting events after the reporting period, the Group will not change the amounts recognised in the financial statements but will disclose the nature of the non-adjusting event and an estimate of its financial effect, or a statement that such an estimate cannot be made, if applicable.

Statement of cash flows

The statement of cash flows is presented using the indirect method and shows cash flows resulting from operating activities, investing activities, financing activities and the Group's cash and cash equivalents at the beginning and end of the year.

Cash flows used in operating activities primarily comprise the net profit for the year adjusted for non-cash items, such as foreign exchange gains and losses, depreciation, changes in working capital and cash received regarding interest and taxes.

Cash flows from investing activities primarily comprise investment in property, plant and equipment.

Cash flows from financing activities comprise repayment of debt and proceeds from capital increases net of transaction costs.

2. Significant accounting judgments, estimates and assumptions

The preparation of the financial statements requires Management to make judgments, estimates and assumptions that affect the reported amounts of income, expenses, assets and liabilities as well as the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Judgments made in applying accounting policies

In the process of applying the Group's accounting policies, Management has made the following judgments and estimates that have the most significant effect on the amounts recognized in the financial statements. Refer to the following notes for more details:

- Development projects
- Estimation of share-based compensation expenses (note 7)

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are listed below. The Group based its assumptions and estimates on information available when the financial statements were prepared.

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2. Significant accounting judgments, estimates and assumptions – continued –

Judgement regarding accounting for development costs

Intangible assets arising from development projects should be recognised in the balance sheet. The criteria that must be met for capitalisation are:

- The Group has the technical feasibility to complete the intangible asset so that it will be available for use or sale
- The Group intends to complete the intangible asset and use or sell it
- The Group has the ability to use or sell the intangible asset
- The intangible asset will generate probable future economic benefits. Among other things, the Group must demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset
- Adequate technical, financial and other resources must be available to complete the development and to use or sell the intangible asset
- The Group is able to reliably measure the expenditure attributable to the intangible asset during its development.

Such an intangible asset should be recognised if sufficient certainty can be documented that the future income from the development project will exceed the aggregate cost of production, development, and sale and administration of the product. The Group expenses all development costs as incurred.

Accordingly, the Group has not recognised such assets at this time. The total research and development costs related to operations in the 12-months periods ended at December 31, 2020 and December 31, 2019 amounted to DKK 7.3 million and DKK 2.0 million, respectively.

Estimation of share-based compensation expenses

The calculated fair value and subsequent compensation expenses for the share-based compensation is subject to significant assumptions and estimates. The fair value of warrants granted is calculated using the Black-Scholes option pricing model.

The key assumptions applied in determining fair value have been:
- Expected volatility
- Estimated market share-price at grant year
- Expected future dividend yield per share
- Expected life of warrants in years
- Annual risk-free interest rate.

The expected volatility is based on peer group data and reflects the assumption that the historical volatility over a period similar to the life of the warrants is indicative of future trends, which may not necessarily be the actual outcome. The peer group consists of companies, which Management believes are similar to the Group in respect of similarity of product, geography and maturity.

The estimated market share-price at grant year has, wherever possible, been determined as the implied fair value, which can be derived from the subscription price in the most recent and relevant capital increase round prior to granting the warrants. Where no capital increase has been carried out, at grant date, a fair value was estimated by considering a number of factors such as inflection points, valuations between independent parties etc.

The Parent Company does not expect to pay dividend in the foreseeable future.

The annual risk-free interest rate is based on a Danish government bond with the same maturity as the expected life of the warrants.

Consolidated notes

2. Significant accounting judgments, estimates and assumptions – continued –

The fair value of each warrant is based on unobservable input (level 3). The assumptions applied in determining fair value have been:

	July 1, 2020	December 10, 2020
Key assumptions applied in Black-Scholes pricing model		
Expected volatility (%)	50%	50%
Expected future dividend yield per share (%)	-	-
Annual risk-free interest rate (%)	-0,5	-0,5

Estimated market share-price at grant year	**Share price (DKK)**	**Expected life of warrants in years***
July, 2020	4,550.8	2
December, 2020	24,467.6	10

** Expected life of warrants based on hold to maturity. If the Parent Company's shares are to be listed on a stock exchange or another regulated market, the warrants are exercisable prior to the listing.*

3. Standards issued but not yet effective

The IASB has issued, and the EU has endorsed, a number of new standards, amendments and interpretations that become effective for accounting periods beginning on January 1, 2021 or later. The 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 2020. The Group has assessed that the new or amended standards and interpretations have not had any material impact on the Group's Annual Report for 2020.

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 the Group's Annual Report for 2020.

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4. Revenue from contracts with customers

The Group's revenues are mainly derived from the LPS Platform and sale support services to fitness coaches. The Group's primary customers include fitness coaches.

Lenus eHealth ApS registered office is located in Denmark. The tables below present revenue by geographical areas:

	2020 TDKK	2019 TDKK
LPS Platform		
Denmark	40,324	17,439
Abroad	13,253	1,136
Total revenue	**53,577**	**18,575**

	2020 TDKK	2019 TDKK
Timing of revenue recognition		
Revenue recognised at a point in time	13,591	4,959
Revenue recognised over time	39,986	13,616
Total revenue	**53,577**	**18,575**

Summary of key performance obligations related to revenue streams

Below, the key performance obligations regarding the LPS Platform and sales support services are summarized.

Revenue streams	Performance obligations	When performance obligations are met and the timing of satisfaction of performance obligations	Significant payment terms	Nature of goods and services promised	The allocation of transaction price to performance obligations
LPS Platform access	The Group typically satisfies its performance obligation over time.	The Group considers revenue to be highly probable once the performance obligation has been satisfied and payment has been received.	The consideration is usually fixed.	Providing access to the LPS Platform.	The transaction prices are stand-alone selling prices of the respective promised access.
Sales support services	The Group typically satisfies its performance obligation upon delivery of the service.	The Group's net revenue from services consists of a commission income, which is recognized, when the service has been delivered.	The consideration is usually variable.	Sales support services to customers acting as agents and arranging for the provision of fitness service on behalf of customers.	The transaction prices are stand-alone selling prices of the respective promised service.
Sale of websites	The Group typically satisfies its performance obligation upon delivery of the website	The Group recognizes revenue from the sale of websites once control and ownership is transferred.	The consideration is usually fixed.	Sale of personalized websites to customers.	The transaction prices are stand-alone selling prices of the respective promised service.

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5. Information about geographical areas

The operating segments are defined based on the monthly reporting to the Executive Management, which is considered the Chief Operating Decision Makers (CODM).

The Group is managed and operated as one business unit, which is reflected in the organizational structure and internal reporting. No separate lines of business or separate business entities have been identified with respect to any of the product candidates or geographical markets and no segment information is currently disclosed in the internal reporting.

Accordingly, Lenus eHealth ApS only has one operating segment, which is also the only reportable segment. Information on profit/loss and total assets for the segment is given in the consolidated income statement and the consolidated balance sheet.

The table below illustrates revenue and non-current assets by geographical areas. Non-current assets consist of property, plant and equipment and deposits.

	2020 TDKK		2019 TDKK	
	Revenue	**Non-current assets**	**Revenue**	**Non-current assets**
Denmark	40,324	2,781	17,439	3,688
Abroad	13,253	5,273	1,136	189
Total	**53,577**	**8,054**	**18,575**	**3,877**

6. Employee benefit expenses

	2020 TDKK	2019 TDKK
Staff costs		
Wages/salaries	37,217	11,310
Share-based compensation expenses (note 7)	0	0
Pension costs	964	276
Other social security costs	417	81
Total staff costs	**38,598**	**11,667**
Average number of employees during the year	86	30
Total staff costs are included in the income statement as follows:		
Research and development costs	5,722	1,627
Sales and marketing expenses	19,377	4,995
General and administrative expenses	13,499	5,044
Total staff costs	**38,598**	**11,667**

The amounts disclosed in the table above are the amounts recognized as an expense during the reporting periods.

With reference to section 98b, (ii), of the Danish Financial Statements Act, remuneration to Management is not disclosed.

No remuneration was paid to the Board of Directors during the financial years 2020 and 2019.

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7. Share-based compensation expenses

The Group has issued warrants to a member of the Board of Directors and employees. The warrants can be settled by subscribing for shares of Lenus eHealth ApS at an exercise price of DKK 1 per share. Vesting period is in the range of 1 – 4 years.

The table below summarizes the activity related to the warrants for the 12-months period ended December 31, 2020 and the 12-months period ended December 31, 2019:

	Executive Management	Employees	Board of Directors	Total warrants
Outstanding at January 1, 2019	**0**	**0**	**0**	**0**
Granted	0	0	0	0
Outstanding at December 31, 2019	**0**	**0**	**0**	**0**
Granted	0	1,043	293	1,336
Outstanding at December 31, 2020	**0**	**1,043**	**293**	**1,336**

The weighted average remaining contractual life of the warrants outstanding as of December 31, 2020 was 8 years.

The weighted average exercise prices of the warrants outstanding as at December 31, 2020 were DKK 1.

Share-based compensation recognised in the income statement:

	2020 TDKK	2019 TDKK
Research and development costs	0	0
Sales and marketing expenses	0	0
General and administrative expenses	0	0
Total share-based compensation recognized in the income statement	**0**	**0**

For further details regarding significant estimates made by Management, while measuring the fair value of share-based compensation, reference is made to note 2.

8. Financial income

	2020 TDKK	2019 TDKK
Foreign exchange gain	201	7
Total financial income	**201**	**7**

9. Financial expenses

	2020 TDKK	2019 TDKK
Foreign exchange losses	226	31
Interest expenses, lease liabilities	243	23
Other	245	62
Total financial expenses	**714**	**112**

10. Property, plant and equipment

	Fixtures and fittings, other plant and equipment TDKK	Right-of-use assets TDKK	Total TDKK
Cost at January 1, 2019	65	0	65
Additions	63	3,592	3,655
Disposals	0	0	0
Cost at December 31, 2019	128	3,592	3,719
Exchange rate adjustment	0	0	0
Additions	893	6,652	7,545
Disposals	0	0	0
Cost at December 31, 2020	1,022	10,244	11,265
Accumulated depreciation at January 1, 2019	4	0	4
Depreciation expense	21	312	333
Accumulated depreciation at December 31, 2019	25	312	337
Exchange rate adjustment	0	0	0
Depreciation expense	162	3,266	3,428
Write-down	0	0	0
Disposals	0	0	0
Accumulated depreciation at December 31, 2020	187	3,578	3,765
Total net carrying value at:			
January 1, 2019	61	0	61
December 31, 2019	103	3,280	3,383
December 31, 2020	834	6,666	7,500

Right-of-use assets
The Group has entered into a lease agreement for its domiciles in Denmark, Sweden, Germany and the United Kingdom. At January 1, 2019, all right-of-use assets were either short-term or of low value and, therefore not recognized as part of the adoption of IFRS.

For 2020 and 2019, the Group recognised an expense of DKK 655 thousand and DKK 588 respectively, relating to short-term leases and leases of low value assets.

Depreciation expense

Depreciation expense is included in the income statement as follows:

	2020 TDKK	2019 TDKK
Research and development costs	382	50
Sales and marketing expenses	2,145	127
General and administrative expenses	901	156
Total depreciation expense	**3,428**	**333**

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11. Trade receivables

The following table summarizes the Group's trade receivables:

	2020 TDKK	2019 TDKK	January 1, 2019 TDKK
Trade accounts receivables, customers	3,988	1,164	1,471
Total gross trade receivables	**3,988**	**1,164**	**1,471**
Provision for impairment of receivables	0	0	0
Total net trade receivables	**3,988**	**1,164**	**1,471**

	2020 TDKK	2019 TDKK	January 1, 2019 TDKK
Neither past due nor impaired	3,988	1,164	1,471
Past due but not impaired	0	0	0
- Overdue 1 to 30 days	0	0	0
- Overdue 31 to 60 days	0	0	0
- Overdue 61 to 90 days	0	0	0
- Overdue 91 to 360 days	0	0	0
- Overdue more than 1 year	0	0	0
Total gross trade receivables	**3,988**	**1,164**	**1,471**

The Group does not expect any losses on their trade receivables, hence no provision has been recognized in 2020. (2019: DKK 0).

12. Shareholders' equity

The following table summarizes the Company's share activity:

DKK	**Share capital TDKK**
January 1, 2019	**57**
Capital increase	0
December 31, 2019	**57**
Capital increase, cash injection	2
December 31, 2020	**59**

On December 31, 2020 and December 31, 2019, the share capital of the Company comprised 59,371 shares and 56,515 shares, respectively with a nominal value of DKK 1 each. Each share entitles the holder to cast one vote at general meetings in the Company.

On December 31, 2020 and December 31, 2019, Lenus eHealth ApS' holding of own shares constitutes 4,887 shares with a nominal value of DKK 1, equal to 8,23 % and 8,65 % of the share capital, respectively.

Own shares are acquired for use in the Group's incentive program.

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13. Income tax and deferred tax

	2020 TDKK	2019 TDKK
Current tax on net profit/loss before tax	348	-180
Adjustment to prior years	0	0
Provision for income tax	-111	-17
Other changes	0	-71
Change in unrecognized deferred tax	-348	0
Total income tax benefit for the period	**-111**	**-268**

Reconciliation of effective tax rate to Danish statutory tax rate

	December 31, 2020 TDKK	December 31, 2019 TDKK
Net profit/loss before tax	-1,581	819
Corporate income tax rate in Denmark	22%	22%
Computed income tax benefit	**348**	**-180**
Tax effect of:		
Effect of (higher)/lower tax rates in foreign subsidiaries	-16	-1
Other non-deductible expenses, including share-based compensation	-107	13
Deferred tax asset not recognized	-336	-100
Total income tax benefit for the period	**-111**	**-268**

	2020 TDKK	2019 TDKK
Corporation tax receivable at January 1	100	0
Received/paid corporate tax during the financial year	144	368
Calculated corporate tax current year	0	-268
Corporation tax receivable (current)	**244**	**100**

	2020 TDKK	2019 TDKK
Corporation tax payable at January 1	-17	-439
Received/paid corporate tax during the financial year	-1	422
Calculated corporate tax current year	-111	0
Corporation tax payable (current)	**-129**	**-17**

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13. Income tax and deferred tax – continued –

Deferred tax in the balance sheet

	December 31, 2020 TDKK	December 31, 2019 TDKK
Deductible tax losses	326	0
Other temporary differences	10	-8
	336	-8
Deferred tax asset not recognized	-336	0
Carrying amount	**0**	**-8**

The Company had net tax loss carry-forwards in Denmark for income tax purposes of DKK 326 thosuand and DKK 0 as of December 31, 2020 and December 31, 2019.

The tax loss carry-forwards have no expiry date. The Company's ability to utilise tax loss carry-forwards in any one year is limited to 100% of the first DKK 8.2 million of taxable income plus 60% of taxable income above DKK 8.2 million.

The Company recognizes deferred tax assets, including the tax base of tax loss carry-forwards, if Management assesses that these tax assets can be offset against positive taxable income within a foreseeable future. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. This judgment is made periodically after considering current facts and circumstances, budgets and business plans.

As of December 31, 2020, there are no ongoing tax audits nor has Management been notified of any pending tax audit. As of December 31, 2020, the tax years that remain open for audit by the Danish tax authorities include 2015 through 2020.

14. Leases

The Group's right-of-use assets comprise property, for which Lenus eHealth leases office premises in Denmark, Sweden, Germany and United Kingdom.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The weighted average incremental borrowing rate, which is the risk-free interest rate plus a credit spread to obtain external financing, was 4 % on 1 January 2019 for discounting the lease liabilities of the Group.

The following table shows the impact of IFRS 16 at the adoption date January 1, 2019:

Reconciliation between operating lease commitments at December 31, 2018 under IAS 17 and lease liability recognised at January 1, 2019 at adoption of IFRS 16	January 1, 2019 TDKK
Operating lease commitments at December 31, 2018 under IAS 17	36
Recognition exemption for short-term and low-value leases	-36
Lease liabilities at January 1, 2019 under IFRS 16	**0**

The following table summarizes the Group's lease liabilities:

Lease liabilities	2020 TDKK	2019 TDKK	January 1, 2019 TDKK
Non-current lease liabilities	3,688	1,781	0
Current lease liabilities	4,027	1,623	0
Total lease liabilities	**7,715**	**3,404**	**0**

The contractual and undiscounted cashflows of lease liabilities are disclosed in note 15.

15. Capital management

For purposes of the Group's capital management, capital includes issued capital and all equity reserves. The primary objective of the Group's capital management is to maximize shareholder value. The Board of Directors' policy is to maintain a strong capital base to maintain investor, creditor and market confidence, and a continuous advancement of the Group's intellectual property and business. Cash, cash equivalents and financial assets are monitored on a regular basis by Management and the Board of Directors in assessing current and long-term capital needs. As of December 31, 2020 the Group held cash and cash equivalents totaling DKK 27.2 million that together with funding from new investors in May 2021, will be sufficient to provide adequate funding to allow the Group to meet its planned operating activities in the normal course of business for the 12-months period ending December 31, 2021.

Through its activities the Group is exposed to a number of financial risks whereby future events, which can be outside the control of the Group, could have a material effect on the Group's financial position and results of operations. The known risks include foreign currency, interest, credit and liquidity risk and there could be other risks currently unknown to Management. Historically, the Group has not hedged its financial risks.

Foreign currency

The Group maintains operations in Denmark, Sweden, the United Kingdom and Germany and uses the DKK as its functional currency in Denmark, SWE in Sweden, GBP in the UK and EUR in Germany. The Group conducts cross-border transactions where the functional currency is not always used. Accordingly, future changes in the exchange rates of the DKK and/or the SEK, GBP and EUR will expose the Group to currency gains or losses that will impact the reported amounts of assets, liabilities, income and expenses and the impact could be material. For the years ended December 31, 2020 and December 31, 2019, the impact on the Group's income statement and equity of possible changes in the exchange rates against the Parent Company's functional currency of DKK would be as follows:

Currency	Possible change	2020 TDKK	2019 TDKK
SEK	+/-10%	+13 / (13)	+6 / (6)
GBP	+/-10%	+26 / (26)	+1 / (1)
EUR	+/-2%	+1 / (1)	+0 / (0)

Interest rate risk

In all material aspects, the Group's only interest-bearing debt is the lease liabilities.

15. Capital management – continued –

Credit risk

The Group's credit risk is associated with cash held in banks. The Group does not trade financial assets for speculative purposes and invests with the objective of preserving capital.

The Group's cash and cash equivalents are held at a bank with Moody's long-term credit rating exceeding A1.

Liquidity risk

The Group's liquidity risk covers the risk that the Group is not able to meet its liabilities as they fall due.

The maturities of the financial liabilities are stated in the tables below. All amounts are contractual cash flows, i.e. inclusive of interest.

	Within 1 year	1 – 2 year(s)	2 – 5 years	Over 5 years	Total
Liabilities as at December 31, 2020					
Lease liabilities	4,241	2,010	1,830	0	8,081
Trade payables	3,925	0	0	0	3,925
Total	**8,166**	**2,010**	**1,830**	**0**	**12,006**

	Within 1 year	1 – 2 year(s)	2 – 5 years	Over 5 years	Total
Liabilities as at December 31, 2019					
Lease liabilities	1,729	1,805	0	0	3,534
Trade payables	3,608	0	0	0	3,608
Total	**5,337**	**1,805**	**0**	**0**	**7,142**

	Within 1 year	1 – 2 year(s)	2 – 5 years	Over 5 years	Total
Liabilities as at January 1, 2019					
Lease liabilities	0	0	0	0	0
Trade payables	2,240	0	0	0	2,240
Total	**2,240**	**0**	**0**	**0**	**2,240**

Fair value

The carrying value of financial assets and financial liabilities measured at amortized cost is considered not to differ significantly from the fair value.

There were neither assets nor liabilities measured at fair value as of December 31, 2020 or December 31, 2019.

16. Contractual obligations and contingencies

Contingencies are assets and liabilities that arise from past events but whose existence will only be confirmed by the occurrence or non-occurrence of future events that in some situations are beyond the Group's control. As of December 31, 2020, and December 31, 2019 there are no contingent assets or liabilities.

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17. Related party disclosures

The Group's related parties comprise the subsidiary of the Parent Company, the significant shareholders of the Company and their subsidiaries, the Executive Management, the other key-management, the Board of Directors and close members of the families of these persons.

All intercompany transactions between the Parent Company and the subsidiaries have been eliminated in the consolidated financial statements.

The Group is not ultimately controlled by any of the investors. See note 6 for additional related party transactions related to the remuneration paid to the Executive Management. In addition, Thorslund Holding ApS, H&H Holding ApS, Ostra Invest ApS, Canei Investment Group LLC. and EQT Ventures II Investments S.á.r.l. all own more than 5%.

There have been no additional transactions between related parties in the 12-months period ended December 31, 2020 and the 12 months ended December 31, 2019 besides the capital increase as described in note 12.

Terms and conditions of transactions with related parties

Amounts due to related parties are uncollateralized and interest free. There have been no guarantees provided or received for any related party receivables or payables. For the 12-months period ended December 31, 2020 and the 12-months period ended December 31, 2019, the Group has not recorded any impairment of receivables relating to amounts owed by related parties. There are no related party receivables at any of the balance sheet dates.

Transactions with key management

The Group has not granted any loans, guarantees, or other commitments to or on behalf of any of the members of the Board of Directors or key management personnel.

Other than the remuneration described in note 6, no other significant transactions have taken place with key management personnel during the period presented herein.

Compensation paid to members of the Board of Directors

No compensation was paid to members of the Board of Directors in 2020 and 2019. Certain members of the Board of Directors have received warrants in the Parent Company (reference is made to note 7).

Transactions with shareholders and affiliates

There have been no transactions with shareholders or affiliates of shareholders during the 12-months period ending December 31, 2020.

In 2019, the Group acquired 4,887 own shares from a previous shareholder, Buffer Holding ApS, for a purchase price of DKK 3,000 thousand.

Consolidated notes

18. Subsequent events

In May 2021, new investors agreed on a capital increase of 266.6 million and a funding round was completed with EQT of a 387 million investment. The capital increase and investment were completed on May 28, 2021.

In general, the Company has achieved results that are in line with expectations in 2020. However, the worldwide Covid-19 outbreak will potentially affect the Company's results and financial position in 2021. It is not possible for the Company's Management at the time of financial reporting to quantify the effect, as it will depend on the duration and extent of the virus outbreak.

Other than the event disclosed above, there were no other events that were required to be reported or disclosed that have not already been included in these financial statements.

Parent company income statement and statement of comprehensive income

Note		2020 TDKK	2019 TDKK
	Revenue	53,577	18,575
	Costs of sales	-14,241	-3,350
	Gross profit	**39,336**	**15,225**
4, 7	Research and development costs	-7,254	-2,032
4, 7	Sales and marketing expenses	-16,181	-5,812
4, 7	General and administrative expenses	-17,692	-6,540
	Operating profit/loss	**-1,791**	**841**
5	Financial income	201	7
6	Financial expenses	-562	-112
	Profit/loss before tax	**-2,152**	**735**
10	Tax for the year	0	-251
	Net profit/loss for the period	**-2,152**	**484**
	Other comprehensive income to be reclassified to profit or loss in subsequent periods (net of tax):		
	Exchange differences on the translation of foreign operations, net of tax	0	0
	Other comprehensive income for the year, net of tax	**0**	**0**
	Total comprehensive income	**-2,152**	**484**
	Net income attributable to:		
	Shareholders of Lenus eHealth ApS	-2,152	484
	Total	-2,152	484
	Total comprehensive income attributable to:		
	Shareholders of Lenus eHealth ApS	-2,152	484
	Total	**-2,152**	**484**

Parent Company balance sheet

Note		2020 TDKK	2019 TDKK	January 1, 2019 TDKK
	ASSETS			
	Non-current assets			
7	Property, plant and equipment	2,422	3,382	61
8	Investments in group entities	226	39	0
	Deposits	358	306	0
	Total non-current assets	**3,006**	**3,727**	**61**
	Current assets			
9	Receivables from group entities	4,323	562	0
	Trade receivables	3,921	1,138	1,471
10	Corporation tax receivable	215	100	0
	Other receivables	30	0	0
	Prepayments	0	169	0
	Cash and cash equivalents	20,982	8,394	7,681
	Total current assets	**29,471**	**10,363**	**9,152**
	TOTAL ASSETS	**32,477**	**14,090**	**9,213**
	EQUITY AND LIABILITIES			
	Equity			
	Share capital	59	57	57
	Share premium	0	0	0
	Retained earnings	13,813	2,969	5,485
	Total equity	**13,872**	**3,026**	**5,542**
	Non-current liabilities			
11	Lease liabilities	136	1,781	0
	Other debt	0	1,027	0
	Other payables and accruals	0	239	0
	Total non-current liabilities	**136**	**3,046**	**0**
	Current liabilities			
	Payables to group entities	489	0	0
11	Lease liabilities	1,913	1,623	0
	Other debt	0	1,000	0
	Trade payables	3,831	3,560	2,240
	Other payables and accruals	12,228	1,827	986
10	Income tax payables	0	0	439
10	Provision for deferred tax	8	8	6
	Total current liabilities	**18,469**	**8,018**	**3,671**
	Total liabilities	**18,605**	**11,064**	**3,671**
	TOTAL EQUITY AND LIABILITIES	**32,477**	**14,090**	**9,213**

Parent Company statement of changes in equity

	Note	Share capital TDKK	Share premium TDKK	Retained earnings TDKK	Total TDKK
Equity as of January 1, 2019		**57**	**0**	**5,485**	**5,542**
Opening effects from conversion to IFRS	12	0	0	0	0
Equity as of January 1, 2019, restated		**57**	**0**	**5,485**	**5,542**
Net profit/loss for the period		0	0	484	**484**
Other comprehensive income for the period		0	0	0	**0**
Total comprehensive income		0	0	484	**484**
Purchase of own shares		0	0	-3,001	**-3,001**
Transfer to retained earnings		0	0	0	**0**
Equity as of December 31, 2019		**57**	**0**	**2,968**	**3,026**

	Note	Share capital TDKK	Share premium TDKK	Retained earnings TDKK	Total TDKK
Equity as of January 1, 2020		**57**	**0**	**2,968**	**3,026**
Net profit/loss for the period		0	0	-2,152	-2,152
Other comprehensive income for the period		0	0	0	0
Total comprehensive income		0	0	**-2,152**	**-2,152**
Capital increase, cash injection		2	12,997	0	**12,999**
Transfer to retained earnings		0	-12,997	12,997	**0**
Share-based payment expense		0	0	0	**0**
Equity as of December 31, 2020		**59**	**0**	**13,813**	**13,872**

Parent Company cash flow statement

	Note	2020 TDKK	2019 TDKK
Operating activities			
Profit/loss before tax		-2,152	735
Reversal of non-paid financial income	5	-201	-7
Reversal of non-paid financial expenses	6	562	112
Depreciation and amortization	7	2,049	333
Other non-cash items		-21	-272
Adjustments to reconcile loss before tax to cash flows from operating activities			
Share-based payment expense		0	0
Changes in receivables from group enterprises	9	-3,761	-562
Change in trade receivables		-2,784	333
Change in other receivables		-29	0
Change in prepayments		169	-169
Changes in payables to group enterprises		489	0
Change in trade payables		271	1,320
Change in other payables		10,162	1,080
Cash flows from taxes	10	-115	-539
Interest received	5	0	0
Interest paid	6	-228	-59
Net cash flow used in operating activities		**4,407**	**2,305**
Investing activities			
Purchase of own shares		0	-3,001
Deposits		-52	-306
Investment in property, plant and equipment	7	-801	-63
Investment in subsidiary	8	-187	-39
Net cash flow used in investing activities		**-1,040**	**-3,409**
Financing activities			
Capital contributions from shareholders		12,999	0
Change in other debts		-2,027	2,027
Lease payment		-1,751	-211
Net cash provided by financing activities		**9,221**	**1,816**
Net change in cash and cash equivalents		**12,588**	**713**
Cash and cash equivalents at the beginning of the period		8,394	7,681
Cash and cash equivalents at the end of the period		**20,982**	**8,394**

Parent Company notes

1. Accounting policies
2. Significant accounting judgments, estimates and assumptions
3. Standards issued but not yet effective
4. Employee benefit expenses
5. Financial income
6. Financial expenses
7. Property, plant and equipment
8. Investment in subsidiaries
9. Receivables from group entities
10. Income tax and deferred tax
11. Leases
12. Related party disclosures
13. First time adoption of IFRS

Parent Company notes

Corporate information

Lenus eHealth ApS (the "Parent Company") is a private limited liability company incorporated and domiciled in Denmark. The registered office of Lenus eHealth ApS is Dampfærgevej 28, 2100 Copenhagen. The financial statements for the year end December 31, 2020 were authorised for approval at the Annual General Meeting to be held on June 22, 2021, with a resolution of the Board of Directors on June 22, 2021.

1. Accounting policies

Basis of preparation

The financial statements of the Parent Company have been prepared in accordance with International Financial Reporting Standards, or IFRS, as adopted by the European Union. In prior years, the financial statements were prepared in accordance with the provisions applying to reporting class B enterprises under the Danish Financial Statements Act.

The parent company financial statements have been prepared on a historical cost basis except for share-based payment. The parent company financial statements are presented in Danish Kroner, or DKK, which is the functional and presentation currency of the Parent Company. Where indicated, amounts are rounded to the nearest thousand, or TDKK.

As applicable to the Group, the Parent Company applies the same accounting policies as disclosed in the consolidated financial statements. Therefore, only accounting policies specific to the Parent Company or that differ from the accounting policies applied by the Group are disclosed in these notes to the financial statements. If an accounting policy is not specifically mentioned, the Group accounting policy is applied.

Investment in group entities

Investments in subsidiaries are measured in the parent company financial statements at the lower of cost or recoverable amount. Any distributed dividends are recognized in the income statement of the Parent Company.

Parent company notes

The notes applicable to the financial statements of the Parent Company are the same as those presented in the consolidated financial statements, except for those notes presented in this section.

Parent Company notes

2. Significant accounting judgments, estimates and assumptions

A description of Management's key accounting estimates and judgements is disclosed in the consolidated financial statements (note 2) and also apply to the Parent Company.

3. Standards issued but not yet effective

A description of relevant new IFRS standards are disclosed in the consolidated financial statements (note 3) and also apply to the Parent Company.

4. Employee benefit expenses

	2020 TDKK	2019 TDKK
Staff costs		
Wages/salaries	30,174	10,599
Share-based compensation expenses	0	0
Pension costs	308	54
Other social security costs	214	126
Total staff costs	**30,696**	**10,779**
Average number of employees during the year	53	20
Total staff costs are included in the income statement as follows:		
Research and development costs	5,722	1,627
Sales and marketing expenses	11,475	4,107
General and administrative expenses	13,499	5,045
Total staff costs	**30,696**	**10,779**

Refer to the consolidated financial statements for information about Executive Management remuneration.

5. Financial income

	2020 TDKK	2019 TDKK
Foreign exchange gain	201	7
Total financial income	**201**	**7**

Parent Company notes

6. Financial expenses

	2020 TDKK	2019 TDKK
Foreign exchange losses	226	31
Interest expenses, lease liabilities	108	23
Other	228	58
Total financial expenses	**562**	**112**

7. Property, plant and equipment

	Fixtures and fittings, other plant and equipment TDKK	Right-of-use assets TDKK	Total TDKK
Cost at January 1, 2019	65	0	65
Additions	63	3,592	3,654
Disposals	0	0	0
Cost at December 31, 2019	128	3,592	3,719
Additions	801	289	1,090
Disposals	0	0	0
Cost at December 31, 2020	929	3,881	4,809
Accumulated depreciation at January 1, 2019	4	0	4
Depreciation expense	21	312	333
Accumulated depreciation at December 31, 2019	25	312	337
Depreciation expense	151	1,898	2,049
Write-down	0	0	0
Disposals	0	0	0
Accumulated depreciation at December 31, 2020	176	2,210	2,386
Total net carrying value at:			
January 1, 2019	61	0	61
December 31, 2019	102	3,280	3,382
December 31, 2020	752	1,670	2,422

Right-of-use assets

The Company has entered into a lease agreement for its offices in Copenhagen and Aarhus, Denmark. At January 1, 2019, all right-of-use assets were either short-term or of low value and, therefore not recognized as part of the adoption of IFRS.

For 2020 and 2019, the Company recognised an expense of DKK 270 thousand and DKK 470 respectively, relating to short-term leases and leases of low value assets.

Depreciation expense

Depreciation expense is included in the income statement as follows:

7. Property, plant and equipment – continued –

	2020 TDKK	2019 TDKK
Research and development costs	382	50
Sales and marketing expenses	766	127
General and administrative expenses	901	156
Total depreciation expense	**2,049**	**333**

8. Investment in subsidiaries

	2020 TDKK	2019 TDKK
Cost at January 1	39	0
Additions during the year	187	39
Cost at December 31	**226**	**39**
Impairment losses at January 1	0	0
Impairment losses during the year	**0**	0
Impairment losses at December 31, 2018	**0**	**0**
Total net carrying value at:		
January 1	39	0
December 31	226	39

Subsidiary	Registered office	Ownership interest (%)	Share capital	Equity	Profit/loss for the year
LPS eHealth Software AB	Sweden	100	50 (TSEK)	319 (TSEK)	188 (TSEK)
LPS eHealth Software Ltd.	UK	100	1 (TGBP)	33 (TGBP)	32 (TGBP)
LPS eHealth Software GmbH	Germany	100	25 (TEUR)	34 (TEUR)	9 (TEUR)

9. Receivables from group entities

	2020 TDKK	2019 TDKK
Receivables from group entities at January 1	562	0
Transactions during the year	3,761	562
Receivables from group entities at December 31	**4,323**	**562**
Impairment losses at January 1	0	0
Impairment losses during the year	0	0
Impairment losses at December 31	**0**	**0**
Total net carrying value at:		
January 1	562	0
December 31	4,323	562

Parent Company notes

9. Receivables from group entities -continued-

Impairment
Amounts due to related parties are uncollateralized and interest free. No guarantees have been provided or received for any related party receivables or payables. For the 12-months period ended December 31, 2020 and the 12-months period ended December 31, 2019, the Parent Company has not recorded any impairment of receivables relating to amounts owed by related parties.

10. Income tax and deferred tax

	2020 TDKK	**2019 TDKK**
Current tax on net profit/loss before tax	473	-162
Adjustment to prior years	0	0
Provision of income tax	0	0
Other changes	0	-89
Change in unrecognised deferred tax	-473	0
Total income tax benefit for the period	**0**	**-251**

Reconciliation of effective tax rate to Danish statutory tax rate

	December 31, 2020 TDKK	**December 31, 2019 TDKK**
Net profit/loss before tax	-2,152	735
Corporate income tax rate in Denmark	22%	22%
Computed income tax benefit	**473**	**-162**
Tax effect of:		
Adjustment to prior years	0	0
Other non-deductible expenses, including share-based compensation	-107	13
Deferred tax not recognised	-366	-102
Total income tax benefit for the period	**0**	**-251**

Parent Company notes

10. Income tax and deferred tax – continued-

	2020 TDKK	2019 TDKK
Corporation tax receivable at January 1	100	0
Received/paid corporation tax during the financial year	115	351
Calculated corporation tax current year	0	-251
Corporation tax receivable (current)	**215**	**100**

	2020 TDKK	2019 TDKK
Corporation tax payable at January 1	0	439
Received/paid corporation tax during the financial year	0	-439
Calculated corporation tax current year	0	0
Corporation tax payable (current)	**0**	**0**

Deferred tax in the balance sheet

	December 31, 2020 TDKK	December 31, 2019 TDKK
Deductible tax losses	326	0
Other temporary differences	40	-8
	366	-8
Deferred tax asset not recognized	-366	0
Carrying amount	**0**	**-8**

The Company had net tax loss carry-forwards in Denmark for income tax purposes of DKK 326 thousand and DKK 0 as of December 31, 2020 and December 31, 2019.

The tax loss carry-forwards have no expiry date. The Company's ability to use tax loss carry-forwards in any one year is limited to 100% of the first DKK 8.2 million of taxable income plus 60% of taxable income above DKK 8.2 million.

The Company recognizes deferred tax assets, including the tax base of tax loss carry-forwards, if Management assesses that these tax assets can be offset against positive taxable income within a foreseeable future. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. This judgment is made periodically after considering current facts and circumstances, budgets and business plans.

As of December 31, 2020, there are no ongoing tax audits nor has Management been notified of any pending tax audit. As of December 31, 2020, the tax years that remain open for audit by the Danish tax authorities include 2015 through 2020.

Parent Company notes

11. Leases

The Company's right-of-use assets comprise property, regarding which Lenus eHealth leases office premises in Denmark.

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The weighted average incremental borrowing rate, which is the risk-free interest rate plus a credit spread to obtain external financing, was 4 % on 1 January 2019 for discounting the lease liabilities of the Group.

The following table shows the impact of IFRS 16 at the adoption date January 1, 2019:

Reconciliation between operating lease commitments at December 31, 2018 under IAS 17 and lease liability recognised at January 1, 2019 at adoption of IFRS 16	**January 1, 2019 TDKK**
Operating lease commitments at December 31, 2018 under IAS 17	36
Recognition exemption for short-term and low-value leases	-36
Lease liabilities at January 1, 2019 under IFRS 16	**0**

The following table summarizes the Company's lease liabilities:

Lease liabilities	**2020 TDKK**	**2019 TDKK**	**January 1, 2019 TDKK**
Non-current lease liabilities	136	1,781	0
Current lease liabilities	1,913	1,623	0
Total lease liabilities	**2,049**	**3,404**	**0**

The contractual and undiscounted cashflows of lease liabilities can be specified as follows:

	Within 1 year	**1 – 2 year(s)**	**2 – 5 years**	**Over 5 years**	**Total**
December 31, 2020					
Lease liabilities	1,945	138	0	0	2,083

	Within 1 year	**1 – 2 year(s)**	**2 – 5 years**	**Over 5 years**	**Total**
December 31, 2019					
Lease liabilities	1,729	1,805	0	0	3,534

	Within 1 year	**1 – 2 year(s)**	**2 – 5 years**	**Over 5 years**	**Total**
January 1, 2019					
Lease liabilities	0	0	0	0	0

12. Related party disclosure

The Parent Company's related parties comprise the subsidiaries of the Parent Company, the significant shareholdes of the Company, the Executive Management, and the Board of Directors.

The subsidiaries in Sweden, Germany and the UK are considered sales service providers. For services provided by the sales service providers, the Parent Company pays a fee equivalent to an arm's length mark-up on the sales service providers' costs.
For the years 2020 and 2019, the Company recognised DKK 11,059 thousand and DKK 1,343 thousand respectively in cost of sales, for the services provided by the sales service providers.

Refer to note 9 for further information on impairment losses on receivables from group entities.

Refer to the consolidated financial statements for related party disclosure other than transactions with subsidiaries.

13. First time adoption of IFRS

First time adoption of IFRS

As of January 1, 2019, the accounting policies have been changed to comply with International Financial Reporting Standards (IFRS) as adopted by the EU. The date of transition is January 1, 2019 and all comparative figures for 2019 have been restated. Following IFRS 1, all standards and interpretations effective at December 31, 2020 have been applied.
IFRS 9, IFRS 15 and IFRS 16 are applied using the full retrospective approach. The cumulative effect of initially applying the standard has been recognised at January 1, 2019.

Besides adoption disclosures, the adoption of IFRS has resulted in changes to the accounting policies in the following areas:

a) **Revenue presentation** – in accordance with IAS 1, revenue must be disclosed as a separate line time. Under previous GAAP, the Company was exempted from disclosing revenue.

b) **Income statement presentation** has been changed in respect of analysis of expenses. The Company presents expenses using a classification based on their function within the entity as this information is reliable and more relevant to the readers of the financial statements, compared to the presentation under previous GAAP (based on the nature of the expenses)

c) **Leases** – in accordance with IFRS 16, right-of-use assets and lease liabilities are recognised in the balance sheet. Under previous GAAP, the Company was exempted from recognising leases in the balance sheet.

To illustrate the effect of adopting IFRS, the following reconciliations of the restated figures for 2019 under previous Danish GAAP to the IFRS figures have been prepared. As the Company has not previously disclosed a cash flow statement, the following reconciliations do not include the cash flow statement.

The letters a) to c) in the tables below refer to descriptions of the changes in accounting policies due to the IFRS adoption mentioned above.

Parent Company notes

12. First time adoption of IFRS – continued –

GAAP Change		January 1, 2019 reported under previous GAAP TDKK	Effect of first time IFRS adoption TDKK	January 1, 2019 reported under IFRS TDKK
	ASSETS			
	Non-current assets			
	Property, plant and equipment	61	0	61
	Deposits	0	0	0
	Total non-current assets	**61**	**0**	**61**
	Current assets			
	Trade receivables	1,471	0	1,471
	Cash and cash equivalents	7,681	0	7,681
	Total current assets	**9,152**	**0**	**9,152**
	TOTAL ASSETS	**9,213**	**0**	**9,213**
	EQUITY AND LIABILITIES			
	Equity			
	Share capital	57	0	57
	Retained earnings	5,485	0	5,485
	Total equity	**5,542**	**0**	**5,542**
	Current liabilities			
	Trade payables	2,240	0	2,240
	Other payables and accruals	986	0	986
	Income tax payables	439	0	439
	Provision for deferred tax	6	0	6
	Total current liabilities	**3,671**	0	**3,671**
	TOTAL EQUITY AND LIABILITIES	**9,213**	**0**	**9,213**

Parent Company notes

12. First time adoption of IFRS – continued –

GAAP Change		December 31, 2019 reported under previous GAAP TDKK	Effect of first time IFRS adoption TDKK	December 31, 2019 reported under IFRS TDKK
	INCOME STATEMENT			
a	Gross profit	11,742	-11,742	0
a	Revenue	0	18,575	18,575
a	Cost of sales	0	-3,350	-3,350
b	Staff costs	-10,779	10,779	0
b	Depreciation and writedown relating to fixed assets	-21	21	0
b, c	Research and development costs	0	-2,032	-2,032
b, c	Sales and marketing expenses	0	-5,812	-5,812
b, c	General and administrative expenses	0	-6,540	-6,540
	Operating profit	**942**	**-101**	**841**
	Financial income	7	0	7
c	Financial expenses	-89	-23	-112
	Profit before tax	**860**	**-124**	**735**
	Tax for the year	-251	0	-251
	Net profit for the period	**609**	**-124**	**484**
	Other comprehensive income	0	0	0
	Total comprehensive income	**609**	**-124**	**484**

Parent Company notes

12. First time adoption of IFRS – continued –

GAAP Change		December 31, 2019 reported under previous GAAP TDKK	Effect of first time IFRS adoption TDKK	December 31, 2019 reported under IFRS TDKK
	ASSETS			
	Non-current assets			
c	Property, plant and equipment	102	3,280	3,382
	Investments in group entreprises	39	0	39
	Deposits	306	0	306
	Total non-current assets	**448**	**3,280**	**3,727**
	Current assets			
	Receivables from group enterprises	562	0	562
	Trade receivables	1,138	0	1,138
	Corporation tax receivable	100	0	100
	Prepayments	169	0	169
	Cash and cash equivalents	8,394	0	8,394
	Total current assets	**10,363**	**0**	**10,363**
	TOTAL ASSETS	**10,810**	**3,280**	**14,090**
	EQUITY AND LIABILITIES			
	Equity			
	Share capital	57	0	57
c	Retained earnings	3,093	-124	2,969
	Total equity	**3,150**	**-124**	**3,026**
	Non-current liabilities			
c	Lease liabilities	0	1,781	1,781
	Other debt	1,027	0	1,027
	Other payables and accruals	239	0	239
	Total non-current liabilities	**1,265**	**1,781**	**3,046**
	Current liabilities			
c	Lease liabilities	0	1,623	1,623
	Other debt	1,000	0	1,000
	Trade payables	3,560	0	3,560
	Other payables and accruals	1,827	0	1,827
	Provision for deferred tax	8	0	8
	Total current liabilities	**6,395**	**1,623**	**8,018**
	Total liabilities	**7,660**	**3,404**	**11,064**
	TOTAL EQUITY AND LIABILITIES	**10,810**	**3,280**	**14,090**