



Reflectly ApS

Balticagade 14
8000 Aarhus C
CVR No. 38854992

Annual report 2021

The Annual General Meeting adopted the
annual report on 30.06.2022

Jakob Brøgger-Mikkelsen

Chairman of the General Meeting

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Entity details

Entity

Reflectly ApS

Balticagade 14

8000 Aarhus C

Business Registration No.: 38854992

Registered office: Aarhus

Financial year: 01.01.2021 - 31.12.2021

Executive Board

Jacob Harboe Kristensen

Daniel Vestergaard

Jakob Brøgger-Mikkelsen

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

2300 Copenhagen S

Statement by Management

The Executive Board has today considered and approved the annual report of Reflectly ApS for the financial year 01.01.2021 - 31.12.2021.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2021 and of the results of its operations for the financial year 01.01.2021 - 31.12.2021.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Aarhus, 30.06.2022

Executive Board

Jacob Harboe Kristensen

Daniel Vestergaard

Jakob Brøgger-Mikkelsen

Independent auditor's report

To the shareholders of Reflectly ApS

Opinion

We have audited the financial statements of Reflectly ApS for the financial year 01.01.2021 - 31.12.2021, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2021 and of the results of its operations for the financial year 01.01.2021 - 31.12.2021 in accordance with 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 financial statements" section of this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit conducted in accordance with ISAs and the 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 Entity'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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

Based on the work we have performed, we conclude that the management commentary 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 commentary.

København, 30.06.2022

Deloitte

Statsautoriseret Revisionspartnerselskab

CVR No. 33963556

Claus Jorch Andersen

State Authorised Public Accountant

Identification No (MNE) mne33712

Anders Theilgaard Iversen

State Authorised Public Accountant

Identification No (MNE) mne47797

Management commentary

Primary activities

The Company's primary activities revolve around buying and building consumer subscription apps within the segments of mental health, productivity and personal finance. The company is dedicated to helping consumers take back control of their digital wellbeing, effectively helping each individual to improve their understanding and relationship with themselves. Apart from being able to subscribe individually to each app - unlocking premium features for that given app - users are also offered one single subscription that grants premium access to all apps the company offers, through its app bundle the Growth Bundle.

The company has throughout 2021 focused on acquiring, integrating and developing consumer subscription apps to solidify the long term value of the Growth Bundle strategy, which is reflected in the company's loss amounting to DKK 7.009 K. The result last year was a loss amounting to DKK 5.874K. The company expects increased activity growth in 2022, with increase in both gross margin and total net cash flow from operations and investments.

The company's equity as of 31st december 2021 is amounting to DKK 16,729 K.

Changes in accounting policies

The Entity has changed its accounting policies with regard to revenue.

In previous years, revenue in the Company's was recognized in the income statement, when the delivery was made to the customer. With effect from the financial year 2021 the management has changed the accounting policies and is now interpret the recognition of revenue in accordance with IFRS 15 - "right to use". The recognition of revenue occurs now when the customer has made the purchase of the app. The reason for change in accounting policies is made to ensure a more fair view of the Entity's financial statement and in order to ensure more comparable financial statements to competitors in the same industry.

The change in accounting policies has affected results for the year positively by DKK 6,489 thousand. The balance sheet total is negatively affected by (6,489) thousand positively and the equity is positively affected by DKK 825 thousand.

The comparative figures have been restated following the change in accounting policies. Apart from the areas mentioned above, the annual report has been presented applying the accounting policies.

Unusual circumstances affecting recognition and measurement

The value of the recognized development projects and acquired intangible assets depends on the Company's ability to continue developing the apps the company uses in its operations, as well as attracting enough customers, who through the apps generate positive earnings that could yield the total investment. The management believes that the company will succeed in doing so in the coming years.

Events after the balance sheet date

No other events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Income statement for 2021

	Notes	2021 DKK	2020 DKK
Gross profit/loss		(2,049,849)	(2,304,509)
Staff costs	1	(790,350)	(1,443,506)
Depreciation, amortisation and impairment losses	2	(5,631,701)	(2,196,775)
Operating profit/loss		(8,471,900)	(5,944,790)
Income from investments in group enterprises		364,693	4,869
Other financial income	3	472,839	97,268
Other financial expenses	4	(414,459)	(976,292)
Profit/loss before tax		(8,048,827)	(6,818,945)
Tax on profit/loss for the year	5	1,039,492	944,908
Profit/loss for the year		(7,009,335)	(5,874,037)
Proposed distribution of profit and loss			
Retained earnings		(7,009,335)	(5,874,037)
Proposed distribution of profit and loss		(7,009,335)	(5,874,037)

Balance sheet at 31.12.2021

Assets

	Notes	2021 DKK	2020 DKK
Completed development projects	7	7,779,834	5,029,317
Acquired intangible assets		19,581,695	9,474,893
Intangible assets	6	27,361,529	14,504,210
Investments in group enterprises		411,562	44,869
Receivables from group enterprises		1,450,856	1,219,075
Deposits		23,840	47,420
Financial assets	8	1,886,258	1,311,364
Fixed assets		29,247,787	15,815,574
Trade receivables		1,103,651	1,083,176
Other receivables		137,578	270,138
Income tax receivable		979,662	844,704
Joint taxation contribution receivable		59,830	0
Prepayments		0	6,339
Receivables		2,280,721	2,204,357
Cash		1,984,621	7,023,557
Current assets		4,265,342	9,227,914
Assets		33,513,129	25,043,488

Equity and liabilities

	Notes	2021 DKK	2020 DKK
Contributed capital	9	77,908	77,908
Reserve for net revaluation according to the equity method		371,200	6,869
Reserve for development expenditure		8,502,662	5,029,317
Retained earnings		7,777,491	18,624,502
Equity		16,729,261	23,738,596
Other payables		9,005,544	37,125
Non-current liabilities other than provisions		9,005,544	37,125
Bank loans		267,454	234,328
Trade payables		1,871,268	725,967
Other payables		5,639,602	307,472
Current liabilities other than provisions		7,778,324	1,267,767
Liabilities other than provisions		16,783,868	1,304,892
Equity and liabilities		33,513,129	25,043,488

Unrecognised rental and lease commitments

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Statement of changes in equity for 2021

	Contributed capital DKK	Reserve for net revaluation according to the equity method DKK	Reserve for development expenditure DKK	Retained earnings DKK	Total DKK
Equity beginning of year	77,908	6,869	5,029,317	11,968,269	17,082,363
Changes in accounting policies	0	0	0	6,656,233	6,656,233
Adjusted equity, beginning of year	77,908	6,869	5,029,317	18,624,502	23,738,596
Transfer to reserves	0	0	3,473,345	(3,473,345)	0
Profit/loss for the year	0	364,331	0	(7,373,666)	(7,009,335)
Equity end of year	77,908	371,200	8,502,662	7,777,491	16,729,261

For the purpose of offering incentive pay in the form of share options, the Company's Board of Directors are authorised for the period until 15 November 2029 once or several times to increase the Company's share capital with up to nominally 1.757 shares in total without pre-emption right for the Company's shareholders. The authorisation empowers the Board of Directors to determine the terms for the granted share options, including the exercise price.

Notes

1 Staff costs

	2021 DKK	2020 DKK
Wages and salaries	1,913,531	2,726,520
Other social security costs	17,321	40,987
Other staff costs	371,588	122,406
	2,302,440	2,889,913
Staff costs classified as assets	(1,512,090)	(1,446,407)
	790,350	1,443,506
Average number of full-time employees	6	6

2 Depreciation, amortisation and impairment losses

	2021 DKK	2020 DKK
Amortisation of intangible assets	4,726,521	2,196,775
Profit/loss from sale of intangible assets and property, plant and equipment	905,180	0
	5,631,701	2,196,775

3 Other financial income

	2021 DKK	2020 DKK
Financial income from group enterprises	93,527	0
Exchange rate adjustments	379,312	97,268
	472,839	97,268

4 Other financial expenses

	2021 DKK	2020 DKK
Other interest expenses	14,110	11,824
Exchange rate adjustments	220,594	964,468
Other financial expenses	179,755	0
	414,459	976,292

5 Tax on profit/loss for the year

	2021 DKK	2020 DKK
Current tax	(979,662)	(844,704)
Adjustment concerning previous years	0	(100,204)
Refund in joint taxation arrangement	(59,830)	0
	(1,039,492)	(944,908)

6 Intangible assets

	Completed development projects DKK	Acquired intangible assets DKK
Cost beginning of year	6,285,945	10,828,235
Additions	4,453,007	14,233,398
Disposals	0	(1,787,943)
Cost end of year	10,738,952	23,273,690
Amortisation and impairment losses beginning of year	(1,256,628)	(1,353,342)
Amortisation for the year	(1,702,490)	(3,024,031)
Reversal regarding disposals	0	685,378
Amortisation and impairment losses end of year	(2,959,118)	(3,691,995)
Carrying amount end of year	7,779,834	19,581,695

Acquired intangible assets consists of online applications, which is applicable for the Company's customers. The newly acquired online applications are additions to the Company's own developed application.

7 Development projects

Completed development projects relates to an online application, which is applicable for the Company's customers. The application is continuously developed by the company.

With reference to the Danish Act of Commercial Enterprises' Presentation of Financial Statements §83 (2), the deferred tax is deducted to the activated cost of development.

8 Financial assets

	Investments in group enterprises DKK	Deposits DKK
Cost beginning of year	38,000	47,420
Additions	2,000	0
Disposals	0	(23,580)
Cost end of year	40,000	23,840
Revaluations beginning of year	6,869	0
Addition through business combinations etc	362	0
Share of profit/loss for the year	364,331	0
Revaluations end of year	371,562	0
Carrying amount end of year	411,562	23,840

Investments in subsidiaries	Registered in	Equity interest %	Equity DKK	Profit/loss DKK
Reflectly X ApS	Copenhagen	100.00	411,562	364,331

9 Share capital

	Number	Par value DKK	Nominal value DKK
A-stock	75,765	1	75,765
B-stock	2,143	1	2,143
	77,908		77,908

10 Unrecognised rental and lease commitments

	2021 DKK	2020 DKK
Liabilities under rental or lease agreements until maturity in total	0	131,120

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of a few provisions for reporting class C.

Changes in accounting policies

The Entity has changed its accounting policies with regard to revenue.

In previous years, revenue in the Company's was recognized in the income statement, when the delivery was made to the customer. With effect from the financial year 2021 the management has changed the accounting policies and is now interpret the recognition of revenue in accordance with IFRS 15 - "right to use". The recognition of revenue occurs now when the customer has made the purchase of the app. The reason for change in accounting policies is made to ensure a more fair view of the Entity's financial statement and in order to ensure more comparable financial statements to competitors in the same industry.

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The comparative figures have been restated following the change in accounting policies. Apart from the areas mentioned above, the annual report has been presented applying the accounting policies.

Consolidated financial statements

Referring to section 110 of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction

date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, cost of sales and external expenses.

Revenue

Revenue from the sale of services is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed. External licenses are classified as on-premises software where the customer is provided with a right to use the software as it exists when made available to the customer. Revenue from distinct on-premise licenses is recognized upfront at the point in time when the software is made available to the customer and the right to use the software has commenced.

Cost of sales

Cost of sales comprises development costs consumed in the financial year.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs

Staff costs comprise salaries and wages, and social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to intangible assets comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of intangible assets.

Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of intra-group profits or losses.

Other financial income

Other financial income comprises interest income, including payables and transactions in foreign currencies.

Other financial expenses

Other financial expenses comprise interest expenses, payables and transactions in foreign currencies, amortisation of financial liabilities, and tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Entity is jointly taxed with Reflectly X ApS. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

Intellectual property rights etc

Intellectual property rights etc comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred less deferred tax is taken to equity under Reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Indirect production costs in the form of indirectly attributable staff costs and amortisation of intangible assets and depreciation of property, plant and equipment used in the development process are recognised in cost based on time spent on each project.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. If the useful life cannot be estimated reliably, it is fixed at 10 years. For development projects protected by intellectual property rights, the maximum period of amortisation is the remaining duration of the relevant rights. The amortisation periods used are 5 years.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised on a straight-line basis over their remaining duration which in the outset are 5 years, and licences are amortised over the term of the agreement.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises

Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus unamortised goodwill and plus or minus unrealised intra-group profits or losses. Refer to the above section on business combinations for more details about the accounting policies used on acquisitions of investments in group enterprises.

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation will involve a loss, a provision is recognised that is measured at present value of the costs necessary to settle the obligations at the balance sheet date.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to reserve

for net revaluation according to the equity method in equity.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value, less writedowns for bad and doubtful debts.

Tax payable or receivable

Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

Joint taxation contributions receivable or payable

Current joint taxation contributions payable or joint taxation contributions receivable are recognised in the balance sheet, calculated as tax computed on the taxable income for the year, which has been adjusted for prepaid tax. For tax losses, joint taxation contributions receivable are only recognised if such losses are expected to be used under the joint taxation arrangement.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.