



Reflective Technologies ApS

Balticagade 14 B
8000 Aarhus C
CVR No. 38854992

Annual report 2022

The Annual General Meeting adopted the
annual report on 07.07.2023

Jakob Brøgger-Mikkelsen
Chairman of the General Meeting

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Entity details

Entity

Reflective Technologies ApS

Balticagade 14 B

8000 Aarhus C

Business Registration No.: 38854992

Registered office: Aarhus

Financial year: 01.01.2022 - 31.12.2022

Executive Board

Jakob Brøgger-Mikkelsen, CEO

Jacob Harboe Kristensen, director

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

2300 Copenhagen S

Statement by Management

The Executive Board has today considered and approved the annual report of Reflective Technologies ApS for the financial year 01.01.2022 - 31.12.2022.

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 31.12.2022 and of the results of its operations for the financial year 01.01.2022 - 31.12.2022.

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, 07.07.2023

Executive Board

Jakob Brøgger-Mikkelsen
CEO

Jacob Harboe Kristensen
director

Independent auditor's report

To the shareholders of Reflective Technologies ApS

Opinion

We have audited the financial statements of Reflective Technologies ApS for the financial year 01.01.2022 - 31.12.2022, 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 31.12.2022 and of the results of its operations for the financial year 01.01.2022 - 31.12.2022 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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.

Copenhagen, 07.07.2023

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

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 that the company offers, through its app bundle "The Growth Bundle".

The company has throughout 2022 doubled down 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 7,291 K. The company launched growthbundle.com in late 2022 after acquiring leading consumer apps like Memorado, HabitMinder and Wefast.

The company expects increased activity growth in 2023, with increase in both gross margin and total net cash flow from operations and investments.

The company's equity as of 31st december 2022 is amounting to DKK 9,438 K.

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

After the balance sheet date the owners has decided to convert debt as per 31.12.2022 of DKK 22.1 million by issuing new shares. Further, the company raised a total of DKK 15.5 million in additional capital in May 2023.

In 2023 growthbundle.com has grown significantly which has led to the acquisition of one of the largest meditation and sleep apps in the Nordics — "The Mindfulness App" (MindApps AB). With this acquisition, the company is quickly becoming a significant global app developer within the health market. The acquisition is effective as of May 12, 2023. The acquisition has no further impact to the financial position for the Company.

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 2022

	Notes	2022 DKK	2021 DKK
Gross profit/loss	3	9,941,592	(1,169,027)
Staff costs	4	(4,785,206)	(1,671,172)
Depreciation, amortisation and impairment losses	5	(9,530,854)	(5,631,701)
Operating profit/loss		(4,374,468)	(8,471,900)
Income from investments in group enterprises		382,229	364,693
Other financial income	6	40,290	252,245
Impairment losses on financial assets		(100,000)	0
Other financial expenses	7	(3,377,960)	(193,865)
Profit/loss before tax		(7,429,909)	(8,048,827)
Tax on profit/loss for the year	8	139,024	1,039,492
Profit/loss for the year		(7,290,885)	(7,009,335)
Proposed distribution of profit and loss			
Retained earnings		(7,290,885)	(7,009,335)
Proposed distribution of profit and loss		(7,290,885)	(7,009,335)

Balance sheet at 31.12.2022

Assets

	Notes	2022 DKK	2021 DKK
Completed development projects	10	8,634,087	7,779,834
Acquired intangible assets		37,307,471	19,581,695
Intangible assets	9	45,941,558	27,361,529
Investments in group enterprises		793,791	411,562
Receivables from group enterprises		519,070	1,450,856
Other investments		0	0
Deposits		0	23,840
Financial assets	11	1,312,861	1,886,258
Fixed assets		47,254,419	29,247,787
Trade receivables		2,428,321	1,103,651
Other receivables		94,074	137,578
Income tax receivable		0	979,662
Joint taxation contribution receivable		139,024	59,830
Prepayments		103,290	0
Receivables		2,764,709	2,280,721
Cash		1,296,748	1,984,621
Current assets		4,061,457	4,265,342
Assets		51,315,876	33,513,129

Equity and liabilities

	Notes	2022 DKK	2021 DKK
Contributed capital	12	77,908	77,908
Reserve for net revaluation according to the equity method		753,791	371,200
Reserve for development expenditure		8,634,087	8,502,662
Retained earnings		(27,410)	7,777,491
Equity		9,438,376	16,729,261
Other payables		34,116,375	9,005,544
Non-current liabilities other than provisions	13	34,116,375	9,005,544
Bank loans		65,253	267,454
Trade payables		997,647	1,761,268
Other payables		6,698,225	5,749,602
Current liabilities other than provisions		7,761,125	7,778,324
Liabilities other than provisions		41,877,500	16,783,868
Equity and liabilities		51,315,876	33,513,129
Events after the balance sheet date	1		
Uncertainty relating to recognition and measurement	2		
Contingent liabilities	14		
Assets charged and collateral	15		

Statement of changes in equity for 2022

	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	371,200	8,502,662	7,777,491	16,729,261
Transfer to reserves	0	0	131,425	(131,425)	0
Profit/loss for the year	0	382,591	0	(7,673,476)	(7,290,885)
Equity end of year	77,908	753,791	8,634,087	(27,410)	9,438,376

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.

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 23 Juli 2031 once or several times to increase the Company's share capital with up to nominally 234 shares in the 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 Events after the balance sheet date

The company raised DKK 37.6 million in additional capital in May 2023.

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

2 Uncertainty relating to 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.

3 Gross profit/loss

Gross profit includes:

Own work capitalised for DKK 894 thousand (2021: DKK 881).

4 Staff costs

	2022 DKK	2021 DKK
Wages and salaries	4,356,066	1,913,531
Other social security costs	39,762	17,321
Other staff costs	389,378	(259,680)
	4,785,206	1,671,172
Average number of full-time employees	3	6

5 Depreciation, amortisation and impairment losses

	2022 DKK	2021 DKK
Amortisation of intangible assets	9,530,854	4,726,521
Profit/loss from sale of intangible assets and property, plant and equipment	0	905,180
	9,530,854	5,631,701

6 Other financial income

	2022 DKK	2021 DKK
Financial income from group enterprises	40,290	93,527
Exchange rate adjustments	0	158,718
	40,290	252,245

7 Other financial expenses

	2022 DKK	2021 DKK
Other interest expenses	245,556	14,110
Exchange rate adjustments	1,884,544	0
Other financial expenses	1,247,860	179,755
	3,377,960	193,865

8 Tax on profit/loss for the year

	2022 DKK	2021 DKK
Current tax	0	(979,662)
Refund in joint taxation arrangement	(139,024)	(59,830)
	(139,024)	(1,039,492)

9 Intangible assets

	Completed development projects DKK	Acquired intangible assets DKK
Cost beginning of year	10,738,952	23,273,690
Additions	3,335,604	24,775,279
Cost end of year	14,074,556	48,048,969
Amortisation and impairment losses beginning of year	(2,959,118)	(3,691,995)
Amortisation for the year	(2,481,351)	(7,049,503)
Amortisation and impairment losses end of year	(5,440,469)	(10,741,498)
Carrying amount end of year	8,634,087	37,307,471

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.

10 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.

11 Financial assets

	Investments in group enterprises DKK	Other investments DKK	Deposits DKK
Cost beginning of year	40,000	0	23,840
Additions	0	100,000	0
Disposals	0	0	(23,840)
Cost end of year	40,000	100,000	0
Revaluations beginning of year	371,562	0	0
Share of profit/loss for the year	382,229	0	0
Revaluations end of year	753,791	0	0
Impairment losses for the year	0	(100,000)	0
Impairment losses end of year	0	(100,000)	0
Carrying amount end of year	793,791	0	0

Investments in subsidiaries	Registered in	Equity interest %
Reflectly X ApS	Copenhagen	100.00

12 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

13 Non-current liabilities other than provisions

	Due after more than 12 months 2022 DKK	Outstanding after 5 years 2022 DKK
Other payables	34,116,375	2,230,950
	34,116,375	2,230,950

14 Contingent liabilities

The Entity serves as the administration company in a Danish joint taxation arrangement. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc. for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for these entities.

15 Assets charged and collateral

As security for debt obtained from Ark Capital, a company charge amounting to DKK 1,700 thousand has been provided. The security includes goodwill, intangible assets, operating equipment and fixtures and trade receivables. The carrying amount is DKK 39.736 thousand.

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 company have changed their accounting policies with regard to staff costs classified as assets.

An amount of DKK 894,000 has been reclassified so that the figures previously offset under "staff costs" (staff costs classified as assets) in the future will be recognized under the item "Own work capitalised". The change in classification has no effect on the net profit or loss for the year, only on the classification in the income statement for the current financial year and the previous financial year.

The comparative figures have been restated following the change in accounting policies with DKK 880,822.

Apart from the areas mentioned above, the annual report has been presented applying the accounting policies consistently with last year.

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.

Own work capitalised

Own work capitalised comprises staff costs and other costs incurred in the financial year and recognised in cost for proprietary intangible assets and property, plant and equipment.

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.

Impairment losses on financial assets

Impairment losses on financial assets comprise impairment losses on financial assets which are not measured at fair value on a current basis.

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.