



Reflectly ApS

Balticagade 14
8000 Aarhus C
CVR No. 38854992

Annual report 2020

The Annual General Meeting adopted the
annual report on 07.05.2021

Jakob Brøgger-Mikkelsen

Chairman of the General Meeting

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Entity details

Entity

Reflectly ApS

Balticagade 14

8000 Aarhus C

CVR No.: 38854992

Registered office: Aarhus

Financial year: 01.01.2020 - 31.12.2020

Executive Board

Jacob Harboe Kristensen, director

Daniel Vestergaard, director

Jakob Brøgger-Mikkelsen, director

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

2300 Copenhagen S

Statement by Management

The Executive Board have today considered and approved the annual report of Reflectly ApS for the financial year 01.01.2020 - 31.12.2020.

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 31.12.2020 and of the results of its operations for the financial year 01.01.2020 - 31.12.2020.

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.

Copenhagen, 07.05.2021

Executive Board

Jacob Harboe Kristensen
director

Daniel Vestergaard
director

Jakob Brøgger-Mikkelsen
director

Independent auditor's report

To the shareholders of Reflectly ApS

Opinion

We have audited the financial statements of Reflectly ApS for the financial year 01.01.2020 - 31.12.2020, 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 31.12.2020 and of the results of its operations for the financial year 01.01.2020 - 31.12.2020 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 of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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, 07.05.2021

Deloitte

Statsautoriseret Revisionspartnerselskab

CVR No. 33963556

Claus Jorch Andersen

State Authorised Public Accountant

Identification No (MNE) mne33712

Management commentary

Primary activities

The Company's primary activities revolve around the development and growth of their platform Reflectly – the world's first intelligent journal. Reflectly is dedicated to making reflection a daily self-care habit, effectively helping each individual to improve their understanding and relationship with themselves. Users of the platform also obtain the ability to purchase a premium subscription which allows them to access statistics and gain personal insights into their own wellbeing and lives.

Development in activities and finances

Reflectly has throughout 2020 focused on developing their product, which is reflected in the company's loss amounting to DKK 6,163K. The result last year was a loss amounting to DKK 7,342K. The company expects increased activity growth in 2021, with increase in both gross margin and total net cash flow from operations and investments.

The company's equity is amounting to DKK 17,082K

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 2020

	Notes	2020 DKK	2019 DKK
Gross profit/loss		(2,593,658)	(5,905,274)
Staff costs	1	(1,443,506)	(1,027,797)
Depreciation, amortisation and impairment losses	2	(2,196,775)	(343,816)
Operating profit/loss		(6,233,939)	(7,276,887)
Income from investments in group enterprises		4,869	0
Other financial expenses	3	(879,024)	(65,189)
Profit/loss before tax		(7,108,094)	(7,342,076)
Tax on profit/loss for the year	4	944,908	0
Profit/loss for the year		(6,163,186)	(7,342,076)
Proposed distribution of profit and loss			
Retained earnings		(6,163,186)	(7,342,076)
Proposed distribution of profit and loss		(6,163,186)	(7,342,076)

Balance sheet at 31.12.2020

Assets

	Notes	2020 DKK	2019 DKK
Completed development projects	6	5,029,317	2,062,985
Acquired intangible assets		9,474,893	1,758,144
Intangible assets	5	14,504,210	3,821,129
Investments in group enterprises		44,869	0
Receivables from group enterprises		1,219,075	0
Receivables from associates		0	6,000
Deposits		47,420	47,420
Deferred tax		0	285,367
Financial assets	7	1,311,364	338,787
Fixed assets		15,815,574	4,159,916
Trade receivables		1,083,176	1,828,311
Other receivables		270,138	32,327
Income tax receivable		844,704	0
Prepayments		6,339	0
Receivables		2,204,357	1,860,638
Cash		7,023,557	4,516,497
Current assets		9,227,914	6,377,135
Assets		25,043,488	10,537,051

Equity and liabilities

	Notes	2020 DKK	2019 DKK
Contributed capital	8	77,908	70,825
Reserve for net revaluation according to the equity method		6,869	0
Reserve for development expenditure		5,029,317	1,609,128
Retained earnings		11,968,269	1,294,270
Equity		17,082,363	2,974,223
Other payables		37,125	38,209
Non-current liabilities other than provisions		37,125	38,209
Bank loans		234,328	8,855
Prepayments received from customers		6,656,233	6,582,456
Trade payables		630,967	682,029
Other payables		402,472	251,279
Current liabilities other than provisions		7,924,000	7,524,619
Liabilities other than provisions		7,961,125	7,562,828
Equity and liabilities		25,043,488	10,537,051

Unrecognised rental and lease commitments

9

Statement of changes in equity for 2020

	Contributed capital DKK	Share premium DKK	Reserve for net revaluation according to the equity method DKK	Reserve for development expenditure DKK	Retained earnings DKK
Equity beginning of year	70,825	0	0	1,609,128	1,294,270
Increase of capital	7,083	20,694,387	0	0	0
Transferred from share premium	0	(20,694,387)	0	0	20,694,387
Costs related to equity transactions	0	0	0	0	(430,144)
Transfer to reserves	0	0	0	3,420,189	(3,420,189)
Profit/loss for the year	0	0	6,869	0	(6,170,055)
Equity end of year	77,908	0	6,869	5,029,317	11,968,269

	Total DKK
Equity beginning of year	2,974,223
Increase of capital	20,701,470
Transferred from share premium	0
Costs related to equity transactions	(430,144)
Transfer to reserves	0
Profit/loss for the year	(6,163,186)
Equity end of year	17,082,363

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

	2020 DKK	2019 DKK
Wages and salaries	2,726,520	1,957,891
Other social security costs	40,987	35,980
Other staff costs	122,406	144,808
	2,889,913	2,138,679
Staff costs classified as assets	(1,446,407)	(1,110,882)
	1,443,506	1,027,797
Average number of full-time employees	6	5

2 Depreciation, amortisation and impairment losses

	2020 DKK	2019 DKK
Amortisation of intangible assets	2,196,775	343,816
	2,196,775	343,816

3 Other financial expenses

	2020 DKK	2019 DKK
Other interest expenses	11,824	3,383
Exchange rate adjustments	867,200	61,806
	879,024	65,189

4 Tax on profit/loss for the year

	2020 DKK	2019 DKK
Current tax	(844,704)	0
Adjustment concerning previous years	(100,204)	0
	(944,908)	0

5 Intangible assets

	Completed development projects DKK	Acquired intangible assets DKK
Cost beginning of year	2,446,381	1,787,943
Additions	3,839,564	9,040,292
Cost end of year	6,285,945	10,828,235
Amortisation and impairment losses beginning of year	(383,396)	(29,799)
Amortisation for the year	(873,232)	(1,323,543)
Amortisation and impairment losses end of year	(1,256,628)	(1,353,342)
Carrying amount end of year	5,029,317	9,474,893

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.

6 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.

7 Financial assets

	Investments in group enterprises DKK
Additions	40,000
Disposals	(2,000)
Cost end of year	38,000
Share of profit/loss for the year	6,869
Revaluations end of year	6,869
Carrying amount end of year	44,869

Investments in subsidiaries	Registered in	Equity interest %	Equity DKK	Profit/loss DKK
Reflectly X ApS	Copenhagen	95	47,231	7,231

8 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

9 Unrecognised rental and lease commitments

	2020 DKK	2019 DKK
Liabilities under rental or lease agreements until maturity in total	131,120	866,060

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 certain provisions for reporting class C.

The accounting policies applied to these financial statements are consistent with those applied 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 in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration

fixed.

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 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.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

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.

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.

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.