relesys®

/ RELESYS ANNUAL REPORT 2020

Reach, engage, and unite the power of your workforce

About Relesys

At Relesys, we bridge the communication gap between HQ and non-desk workers through our unique communication platform for international industry-leading brands. Our platform gathers information, training, and operations in one place and makes it easily accessible to all employees.

Currently, the Relesys Platform is being used in 82 countries with more than 220,000 active users and supporting more than 17,000 stores globally.

/ Learn more at: relesys.net

The Company
Relesys ApS
Orient Plads 1
2150 Nordhavn
Denmark

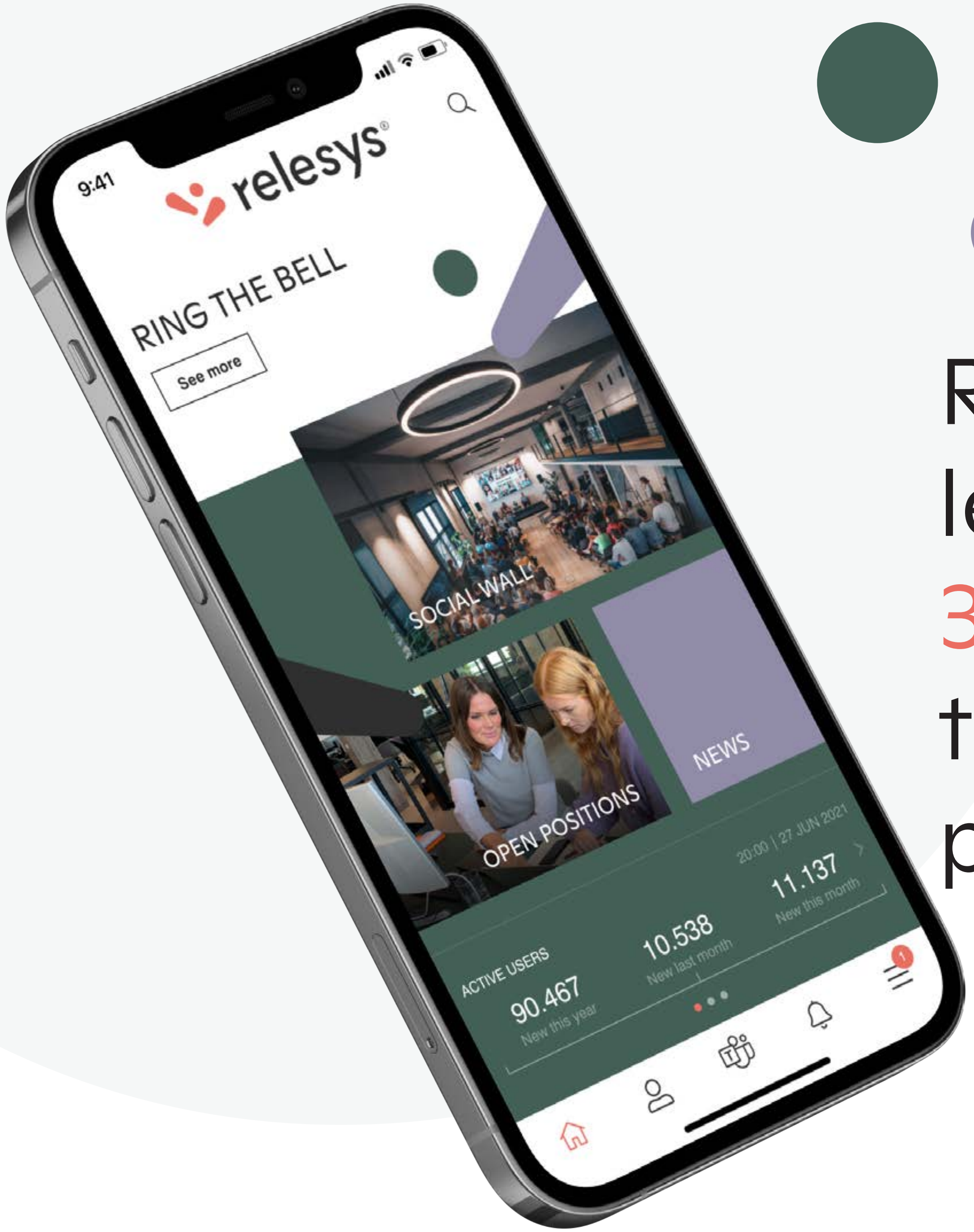
Business Registration No.:
36 43 27 72

Date of incorporation:
30.10.2014

Financial year:
01.01.2020 – 31.12.2020

Executive Board
Jens Ole Lebeck
Jesper Roesgaard

Auditors
Deloitte, Statsautoriseret
Revisionspartnerselskab



Relesys ARR[1] takes another leap forward, increasing by 32% to DKK 22,4m while the company remained profitable.

[1] Annual Recurring Revenue is defined on page 11

/ OUR CLIENTS

Relesys partnerships

Our core customer base lies in the retail sector, where Relesys has had a firm foothold from day one. Our oldest customers are market-leading, store-based retailers with organizational hierarchies and employees spread across countries, regions, cities and neighbourhoods

These businesses all face the same challenges in their internal communication, engagement levels and performance management: Physical distance causes a communication gap between headquarter and non-desk workers, which makes this kind of workforce one of the most difficult to engage.

We also see these challenges within a handful of other industries, which is why Relesys has subsequently extended its customer portfolio to include industries such as transport, manufacturing, service and hospitality.

Throughout the years, medium-sized companies have joined our customer community. Our business model has also shown its worth when scaling down to this segment – once again highlighting the benefits of our founding business plan.

Looking ahead to 2021, we can announce that we have welcomed Vestas and Fitness World as new Relesys customers.

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The level of engagement from our colleagues has been staggering, we’re up to over 90% of colleagues engaging with training monthly. It’s phenomenal.

— RICHARD OWENS,
RETAIL DIRECTOR OF SPECSAVERS, NORTHERN EUROPE

/ LETTER FROM THE CEO

Another year above expectations

Many companies worldwide were put on hold or limited in their operations in 2020, which resulted in a global communication crisis. Companies from all countries and in all markets were not prepared for several months of unknown working conditions and therefore struggled to keep their employees well informed and a part of their workplace. They needed a communication tool that could help them reach, engage, and connect their employees – which is why they reached out to us.

To me, 2020 does not have a COVID-19 headline. Instead, I will remember a year where the digital transformation moved up the corporate agenda for most companies, including our customers.

So, despite a 'fragile' first and second quarter, Relesys can look back at a year of growth and success. Thanks to an unrelenting effort from both employees and clients, we can once again present a solid EBIT result of DKK 1.9 m and further satisfactory growth rates of 32% in ARR.

2020 also marks the year where Relesys won the Danish business newspaper Børsen's 'Gazelle' prize for the first time. This makes me even more proud of running a healthy business in a market that is often characterized by high burn rates and unhealthy growth rates within subscription revenues.

Looking back over 2020 and the 'exploding' need for communication, it is evident to me that we need to look ahead. Relesys will experience accelerated growth in our markets, since companies have realized that a communication and performance platform is not an extra tool or temporary solution; it is fundamental for making internal communication and operations flow, and for keeping employees engaged.

We can meet these essential needs among global businesses due to our strong business model, which will make some of the largest retailers in Denmark, Sweden, and the Netherlands even more competitive and attractive workplaces.

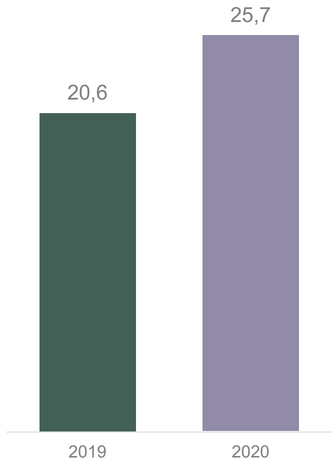
Last, but not least, we look forward to hiring more specialized sales and marketing people to strengthen our position in our current markets and to win new ones.

#GrowingPeopleGrowingBusiness

Co-founder and CEO,
Jesper Roesgaard

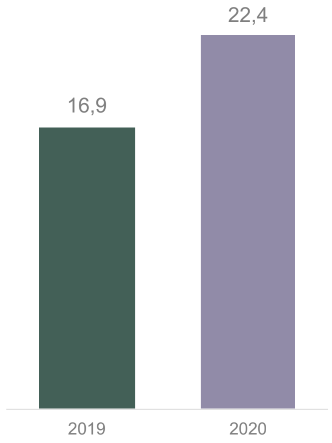
Highlights 2020

Relesys continued to deliver double-digit annual recurring revenue (ARR) growth in 2020 and continued to be profitable, also in a year that was dedicated to expansion outside of the company's home market.



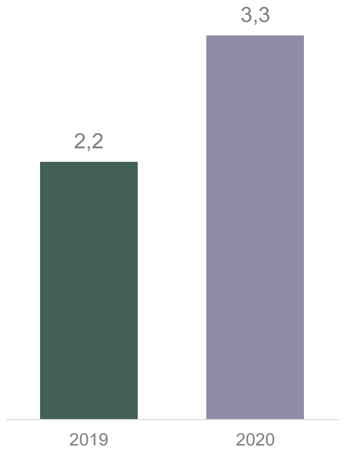
REVENUE

Growth in revenue of DKK 5.1m can mainly be attributed to growth in SaaS revenue, which in 2020 accounted for 80% of total revenue.



ANNUAL RECURRING REVENUE

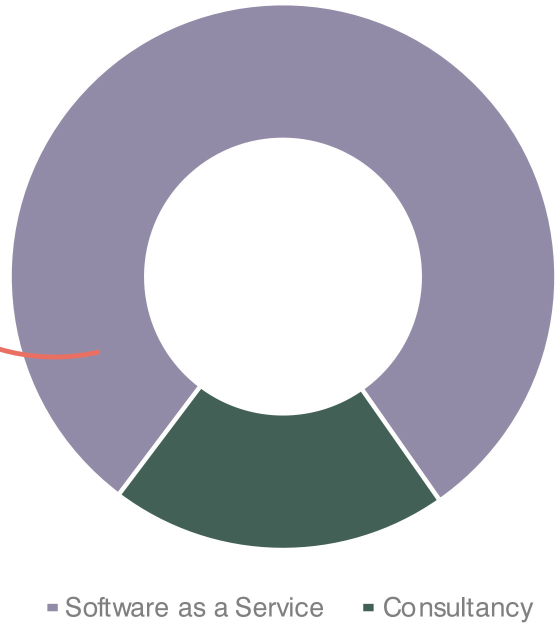
ARR reach a new all-time high at the end of 2020, when it exceeded more than DKK 22m. Average customer ARR remained unchanged at DKK 185k.



FREE CASH FLOW

2020 was another year with a strong free cash flow, mainly driven by change in working capital.

SaaS revenue accounted for 80% of revenue



The home market in Denmark (85%) continued to be the largest contributor of revenue, while both the Netherlands (11%) and Sweden (4%) showed strong growth rates.

/ THE BIG PICTURE

Financial review

Relesys delivered financial results above expectations, while also improving key SaaS metrics in all markets and within each of the industries where Relesys markets its product platform. In line with the company's growth strategy, Relesys expanded its local presence from two to three countries when Relesys AB was established in Stockholm in the beginning of 2020. The expansion into the Swedish market contributed positively to the consolidated profit for the year.

DKK million	2020	2019	Growth
Revenue	25.7	20.6	25%
Direct cost	2.8	2.6	
Other external expenses	5.6	4.6	
Gross profit	**17.2**	13.5	28%
Gross margin	67%	65%	
Staff costs	13.6	9.1	
Other operating income	0.1	0.0	
Operating profit before amortisation and depreciation (EBITDA) before special items	**3.7**	4.4	
Amortization, depreciation and impairment	1.8	1.6	
Operating profit (EBIT) before special items	**1.9**	2.8	(31%)
Net financial expenses	0.2	0.1	
Profit before tax	1.7	2.7	
Tax on profit for the year	0.2	0.7	
Profit for the year	**1.5**	1.9	
OTHER KEY FIGURES			
Balance sheet total	19.8	10.4	
Investments in property, plant and equipment	3.1	1.6	
Equity	1.6	0.6	
Cash flow from operating activities	7.0	4.4	
Cash flow from investing activities	(3.7)	(2.2)	
SAAS KEY METRICS			
ARR (DKK millions)	22.4	16.9	32%
Customer retention	95%	92%	3pp
Number of customers	121	92	32%
Number of onboarded users (thousands)	90.5	71.1	27%

Income statement

REVENUE

Revenue growth was driven primarily by new customers (32%). The growth in customers was a result of growth in each of the three Relesys markets, Denmark, the Netherlands and Sweden, and a result of COVID-19 creating greater demand in industries such as manufacturing and transportation.

The Relesys Group has two categories of revenue generation: SaaS business and consultancy business. Relesys have a strong history of using consultancy services to create additional value for customers on the Relesys platform. Both categories grew in 2020 by 32% and 2% respectively. SaaS business accounted for 80% of revenue compared to 76% in 2019.

With reference to Note 1. Accounting Principles, on page 55, Relesys has made a correction to how revenue is recorded. The correction had a negative impact of DKK 0.9m on revenue in 2020 (DKK 0.6m in 2019) and an inverse impact on deferred revenue in each of the two years.

At the end of 2020 Relesys' ARR was DKK 22.4m, representing growth of 32% compared to 2019. Growth in ARR was mainly driven by growth in number of customers.

Relesys has always had a strategy of being customer centric regarding its solution, meaning that the Relesys platform is an integrated part of our customers' success. 2020 was another year proving the strategy right, with a customer retention rate of 94.6% and thus well above industry average, leading to a calculated theoretical customer lifetime of 18 years.

GROSS PROFIT

Like revenue, gross profit growth could be attributed to the growth in customers. The gross profit margin grew to 67% despite a negative impact from expansion into new markets. Adjusted for expansions gross profit margin was 70%.

STAFF COSTS

The increase in staff cost was primarily driven by Relesys welcoming new colleagues corresponding to 13 FTEs, including 9 FTEs in customer facing-roles. The increase in customer facing FTEs could be attributed to both existing and new markets and was one of the main initiatives in the growth strategy and in preparing the organization for further scalability.

AMORTIZATION, DEPRECIATION AND IMPAIRMENT

During 2020 management made a reassessment of intangible asset lifetime, resulting in a change of amortization period from three years to seven years for assets relating to the Relesys Platform and Relesys Core Modules and five years relating to the Relesys Pro-Modules. The change in assessed lifetime is supported by the fact that development projects from 2015 and onwards are all continuing to benefit Relesys financially. The change in assessment of lifetime had a positive effect on EBIT of DKK 0.9m.

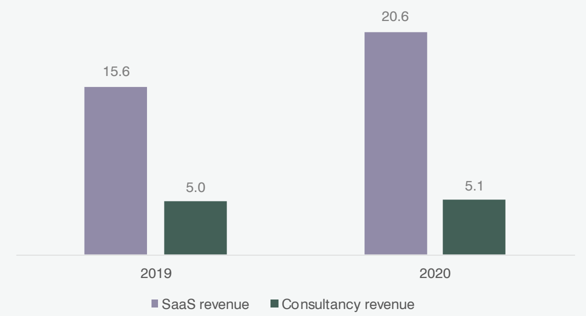
NET FINANCIAL EXPENSES

The increase in net financial expenses was driven by currency translation, which more than doubled, and bank interests, which increased by a third.

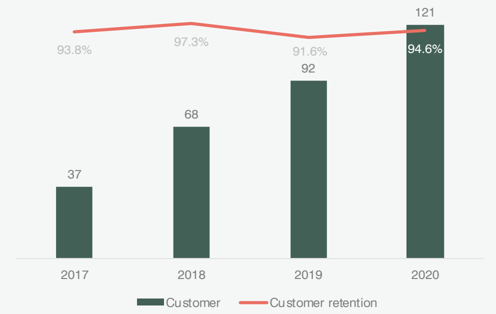
PROFIT FOR THE YEAR

With a growth headline in 2020 resulting in 32% ARR growth, Relesys continues to be able to also ensure a positive result for the year.

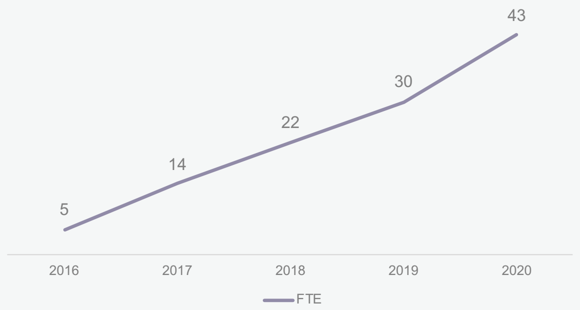
Revenue growth and composition



Customer growth and retention rates



Employee full-time equivalent



Cash flow statement

Relesys has a strong history of reinvesting its free cash flow into expanding the business, and this continued to be the case in 2020.

CASH FLOW FROM OPERATING ACTIVITIES

Cash flow from operating activities grew by DKK 2.6m, driven by a change in working capital of DKK 4.1m.

CASH FLOW FROM INVESTING ACTIVITIES

Relesys continuously invests in developing its product platform. During 2020, the Relesys platform, Relesys Core Modules and Relesys Pro Modules were enhanced at a cost of DKK 2.3m, which was also the main driver of cash flow from investing activities during 2020.

Outlook

The year 2020 showed that Relesys has a unique product platform and a strong go-to-market strategy. The recipe for future expansion is clearer than ever. COVID-19 furthermore fast-forwarded market demand for customized non-desk communication and performance solutions. To meet the increased demand of the Relesys platform, Relesys will seek to raise capital in order to strengthen the sales and other customer-facing teams in Denmark and abroad. Relesys expects to deliver double digit growth in both number of customers, revenue and ARR.

SaaS metrics definitions

ARR definition:

Annual recurring revenue (ARR) is the annualized value of subscriptions at a given date, entered into with the Relesys Group.

New subscriptions are included in ARR at the time of entering into a binding agreement, which would typically occur at the time of signing an agreement.

For changes to existing subscriptions, ARR is included at the time that the change enters into force.

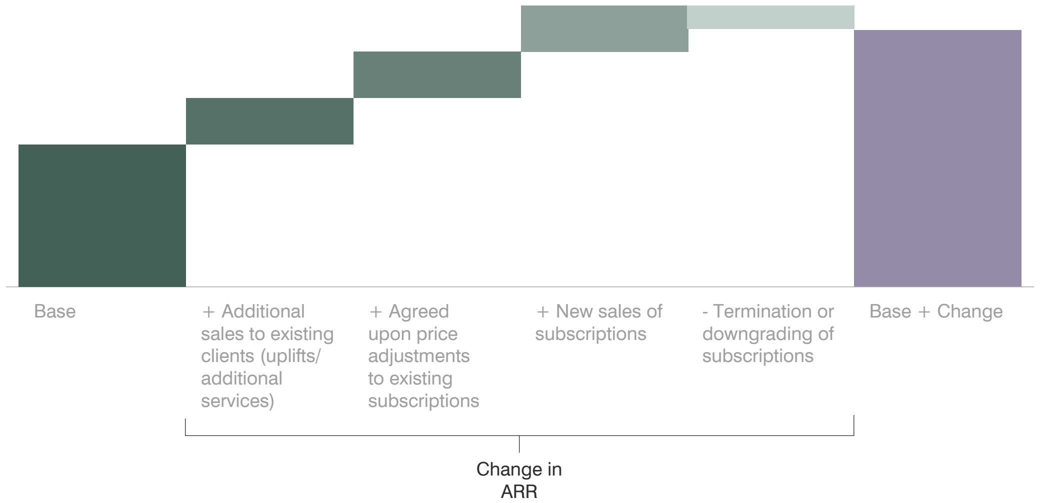
Subscriptions that are terminated or not renewed are reduced on ARR at the time that the agreement ceases to exist. Subscriptions are typically entered into with an irrevocable period of 12–36 months. Inclusion of ARR is conducted in the following manner:

- *For 12 month subscriptions, ARR is included as 1 times the value of the agreement.*
- *For 24 month subscriptions, ARR is included as ½ times the value of the agreement.*
- *For 36 month subscriptions, ARR is included as 1/3 times the value of the agreement.*
- *Monthly subscriptions are included in ARR as 12 times the actual monthly value of the subscription (MRR).*

The value of ARR from transaction-based use is calculated as the latest quarter's actual transaction-based use multiplied by 4.

The value of customer customization and integrations are included in ARR calculated as a prorated value over the subscription period.

The following elements are included in the calculation of the changes in ARR:



*The above chart is for illustrative purpose

ARR is calculated in Danish kroner. When entering into an agreement in a foreign currency, a currency translation is conducted at the time of entering into the agreement.

Other definitions:

Number of customers: We count customers by the number of groups/ companies with whom we have subscription agreements.

Number of onboarded users: We count number of onboarded users as the number of new users created in apps relating to new and existing customer agreements.

Customer churn rate: Number of customers at start of period that left during period/number of customers at start of period.

Customer retention: 100% - Churn %

Customer lifetime: 1 / Customer churn rate

We truly believe that happy and engaged employees are also more productive employees, which is why we are thrilled to be able to make data-driven decisions on how to continuously improve our communication.

— JULIE NILSSON BOUR-HIL,
COMMUNICATION & SUSTAINABILITY DIRECTOR, TELIA DENMARK

COVID-19: Accelerated communication and digital priorities

Digitization has occurred extremely quickly, changing the way we communicate in no time. Due to this, much attention has been paid to the downsides of digitization and how it disconnects and creates barriers between us, causes misunderstandings, and affects our relations. But in 2020, the picture changed.

Companies have realized that digitization supports their core business and paves the way to efficient and valuable internal communication.

Like many other countries, Denmark had the first lockdown in March 2020. Shortly after this was announced by the Danish government, Relesys' servers were overworked, since most of our clients needed to push out urgent information and updates, handle questions and concerns among the employees, and create a space where everyone could meet in uncertain times.

Besides the general examples above, Relesys experienced new tendencies and needs among specific markets and clients, both existing and new.

Helping existing customers

When the pandemic hit us all, Relesys paused all sales activities to focus fully on our existing clients and help them in times where they needed to react on very short notice. By offering a free corona app and onboarding within 24–48 hours, we gave several companies in European countries the possibility to send out business-critical communication to their employees. This included our supermarket customers, who were obliged to keep their stores open during the lockdown – and therefore keep their employees well-informed, equipped, and motivated during a crisis.

We also had a group of customers in the hospitality sector who were hit extra hard by the pandemic and had to shut down their daily operations for more than six months. Their communication platform made it possible for them to take care of questions and concerns about the future that existed among the many employees who were sent home.

“

During COVID-19, the Relesys App has been an invaluable communication tool to us. It has enabled us to communicate with our employees in a unique way.

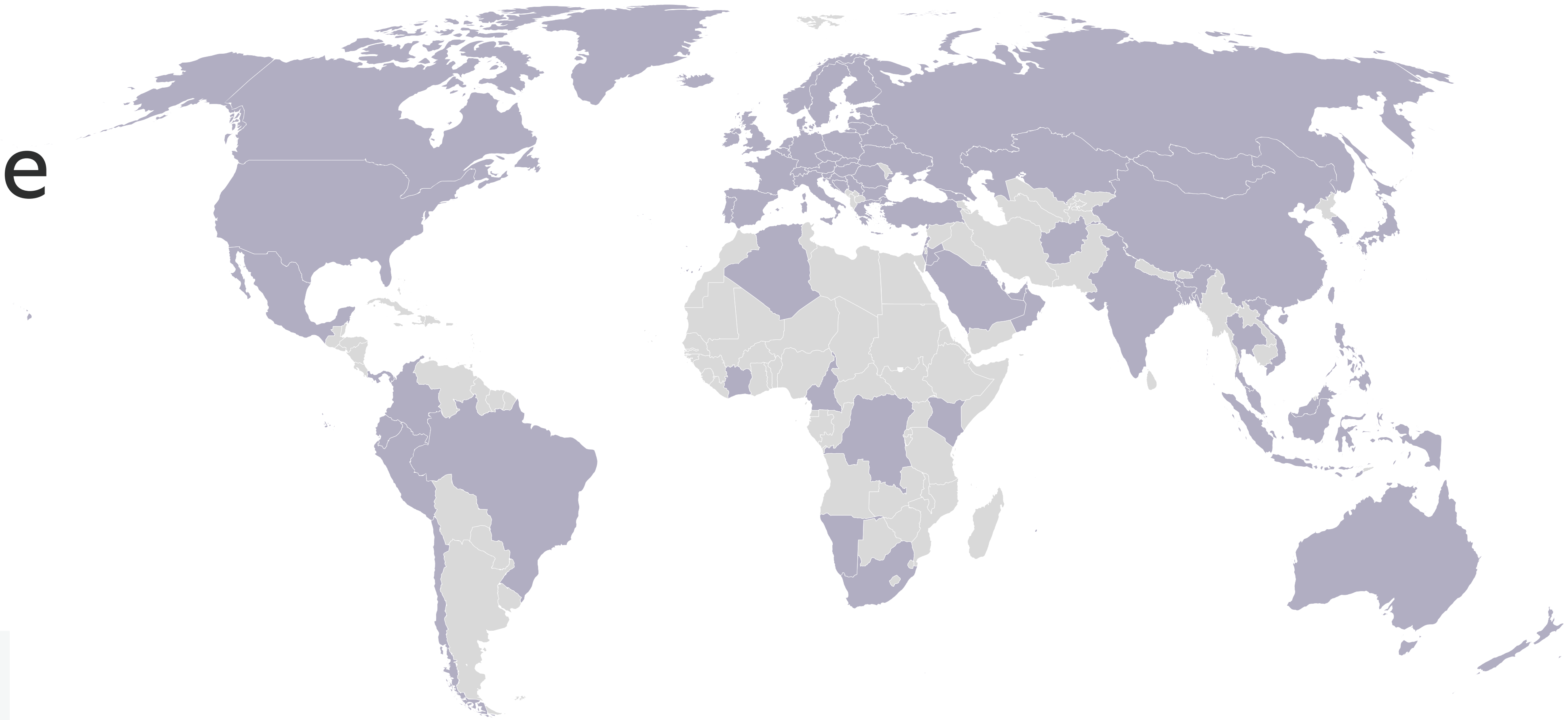
— MICHAEL LØVE, CEO OF NETTO GROUP.

Helping new customers

2020 was also a year where we welcomed customers operating in markets that had never been in our sights before. The common denominator for these clients was that they had to send their employees home to work but also had outdated and hard-to-adapt communication channels, like intranets and bulletin boards, that stayed in the office.

In conclusion, Relesys experienced growth and success in 2020, not in spite of COVID-19 but because COVID-19 accelerated the digital agenda. Since 2020 became an eye-opener for many companies in terms of communication, we see a lot of future potential for expanding our industries and markets and growing even more.

Global presence



+17,000
# of stores with active users

82
# of countries with active users

90,467
# of onboarded users in 2020

22
# of languages supported in apps

New markets

From day 1, we have followed a born global-approach due to the potential customers that we identified in the market – and now have in our portfolio. Our customers own store chains/ operations across markets, which means that we now have active users in 82 countries. The customers are based in Denmark, Sweden, the US, and the Netherlands, and run their operations from those markets.

2020, marks a year where we won new markets via both new customer acquisition and agreements reached with independent subsidiaries of existing customers. The new customers are located in Poland, Iceland, Switzerland, Germany, and Finland.

New clients

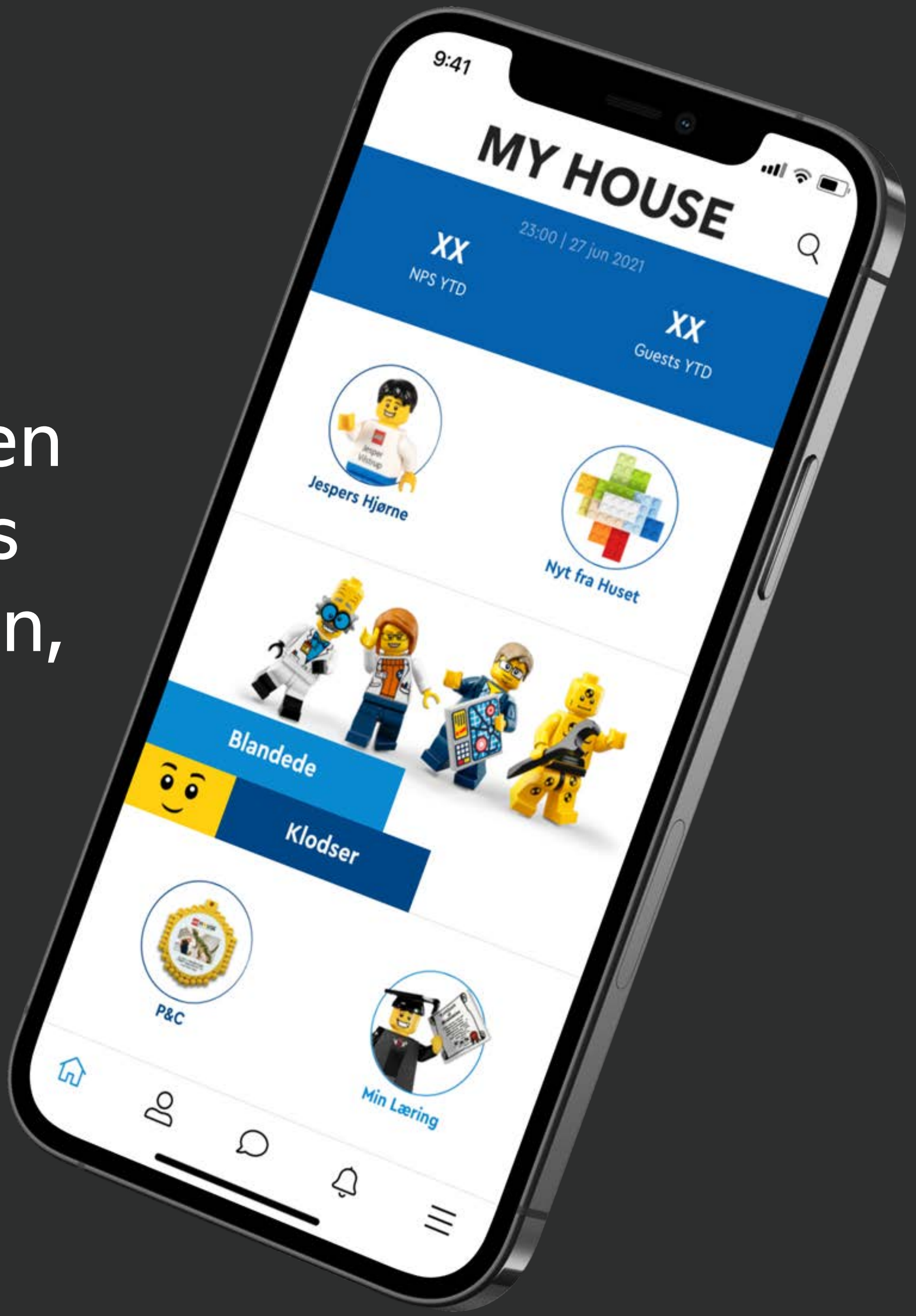
Since the importance of digital and seamless internal communication became clearer than ever in 2020, Relesys welcomed a long list of new customers. This meant that **Specsavers** (Northern Europe), **LEGO House, Dollarstore** in Sweden**, Scotch & Soda** and **Blokker** in the Netherlands, **Euromaster** in Germany, Sweden and Finland, among other Danish, Dutch, and Swedish companies, joined the Relesys tribe.

At the same time, we proved our product-market fit for supermarkets once again when **Dagrofa** and the Icelandic **Kronan** joined.

In November, we fully implemented the Relesys platform for the entire **Salling Group** – including **Starbucks, Netto, BR, Bilka, føtex**, and **Carl's Jr.** – which means that a total of 57,000 users are now onboarded.

Corona has accelerated the process when it comes to engagement with two years as a minimum – we would first have been, where we are now, in two years.

— SANNE LOUISE FORSBERG HOLM,
HEAD OF PEOPLE & CULTURE AT LEGO HOUSE



The Relesys mindset

The Relesys story is about an SaaS company following a gut feeling and inner values. It is about putting quick fixes and one-size-fits-all solutions aside – and instead going on a never-ending adventure, built on long-term strategies, to succeed with our number one passion and KPI: Employee engagement.

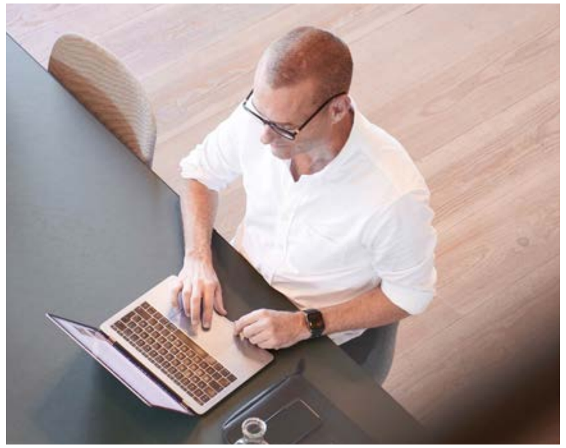
It's about sending our C-suite executives down to the local supermarket to run the cash register and learn out how to stack bananas so they don't turn brown. This helps us understand the employees' daily lives,

what makes them happy and committed to their workplace – and what does not. That is, after all, the only way we can customize our communication platform and help employees and businesses reach their full potential.

If we could write the ending of the first chapter now, we see ourselves planting a flag on the global map. This way, we ensure that we leave something valuable for the next generation. And the generation after that. Because everything starts and ends with people.

It's not without reason that we have had one simple, but unwavering mindset since our foundation in 2014: Growing people, growing business. And it's a mindset that also manifests itself behind the Relesys walls.

> *"We chose Relesys, firstly because there were some clear overlaps on the core values; the belief that is the engagement, motivation, and satisfaction that are the driving forces behind our product."*
>
> — SANNE LOUISE FORSBERG HOLM, HEAD OF PEOPLE & CULTURE AT LEGO HOUSE



Our people and culture

At the end of 2020, Relesys had 60 employees, where several started as sprouting talents and have been growing, moving up the career ladder, and adding more and more knowledge to the core business during the years. We have offices in Copenhagen, Aarhus, Stockholm, and Amsterdam to reflect our operating markets and being as close to our customers as possible. In addition, we have our development team and close colleagues working in Odense and Minsk.

Due to our geographical spread, we use our own platform to unite us all; to share news, knowledge, success stories, milestones, and small glimpses of our everyday lives. This is the reason why the platform is the foundation for our internal communication and ensures that we are all kept in the loop and uphold our strong community feeling.

Our biggest offices in Copenhagen (Nordhavn) and Aarhus are arranged as landscape offices to make sure that we literally are a part of each other's everyday lives. Therefore, we invest in people who bring good spirit to their workplace and are important culture carriers on a daily basis. The ones who are driven by professional pride, appreciate interdisciplinary collaboration, can spot a colleague who needs a helping hand – and offer it. They are also the ones you want to have a drink with after work.

To make people grow, we must also make sure that our employees have fun and are committed to their workplace. This cannot happen without a pleasant atmosphere and strong social ties. So don't be surprised to hear background music in our office, find us at our lunch spot in front-row seats by the harbor, or see us having a drink, mixed by our office assistant, on Friday afternoons.

Our culture of team spirit and belongingness does not 'only' show itself during success but also in times of adversity. This was clear during COVID-19. Like all companies worldwide, we were hit by uncertainty, especially during the first lockdown. Therefore, we had to cut our management's wages by 20% and our full-time employees' wages by 15% in April and May – a decision that was met with 100% support from all our employees. Since 2020 turned out to be a fruitful year for us, everyone went back on full salary from June and further compensated for the two months of wage cuts.

Our marriage strategy

We see our clients as co-developers. They have helped us to develop our platform and are part of the reason why we stand in a strong position today. It is, in other words, a common set of values that bring us and our customers together. To bring these values to life and to gain mutual benefit from each other, we at Relesys follow what we like to call a 'marriage strategy'.

The strategy orients us towards strong, long-lasting customer relations and, therefore, high customer retention. Our employees are people who deeply want to make a difference for our clients and help them succeed on their employee engagement. Our employees prioritize – and enjoy – their time and talks with our clients, and it is crucial that our customers are left with that exact experience when the meeting or phone call is over. For that reason, our Client Success Team is by far Relesys' biggest department to ensure that we divide our customers wisely between our Project Managers; the rule of thumb is that a Project Manager either has few big companies or several smaller companies to ensure quality and uphold their close, personal relation with the customer.

Relesys is thus living proof of our mindset, which we succeed with both internally as externally. And we look forward to continuing our journey of happy employees, happy customers, and growth.

Management team

The purpose of the management team is to successfully operate Relesys with all it entails as well as develop and execute a proper strategy for the future of Relesys. The Management Team is responsible for the day-to-day management of the operational activities of their department

The management team consists of Relesys' top-leaders of different functions:

Jesper Roesgaard

CEO / Co-Founder

Jesper Roesgaard has more than 18 years of management experience within different divisions, from the Danish daily newspaper Børsen. His experience ranges from fields of management, concept development, e-learning, to optimization of sales processes. In the daily operations, Jesper works relentlessly on the overall strategy for the commercial and strategic engagements within the organization.

Jens Ole Lebeck

CCO / Co-Founder

Jens Ole Lebeck has more than 20 years of experience in sales and management. Before co-founding Relesys, Jens Ole worked at the Danish daily newspaper Børsen, leading several teams as Head of Sales. In the daily operations, Jens Ole is responsible for leading the sales and marketing teams as he outlines the company's overall strategy together with Jesper.

Mads Stoffer Larsen

CFO

Mads Stoffer Larsen has more than 12 years of experience working with accounting, finance, and management. In addition to his experience working as an auditor with EY, and as a management consultant with Deloitte and KPMG. Mads was also Head of Finance for GN Hearings subsidiaries in Canada, where Mads demonstrated his ability to strengthen and streamline a finance function.

Martin Sørensen

CTO / Partner

Martin Sørensen has more than 20 years of experience in software development and IT project management. Before joining Relesys, he worked as a Chief Information Officer for 6 years and has held different positions within IT Project Management. In the daily operations, Martin leads the software teams, works on the development and implementation of new technologies. Martin is a true force of nature in leading his team of 15 developers and ensuring efficient operations.

Mie Brønnum Wiinberg

Head of Client Success

Mie Brønnum Wiinberg brings more than 5 years of experience from Lakrids by Bülow where she led the roll-out of new shops and was responsible for employee development. Today, Mie leads both the Client Success and Design team. Her thorough experience with onboarding and development of employees is of highest value, whenever she and the Team work with clients to ensure great internal communication, structured training procedures, and more efficient operations.

Consolidated financial statements

/ FINANCIAL STATEMENTS

Statement by management

The Executive Board has today considered and approved the Annual Report of Relesys ApS for the financial year 1 January 2020 to 31 December 2020.

The Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act, and the Parent Financial Statements have been prepared in accordance with the Danish Financial Statements Act. The Management Commentary has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Consolidated Financial Statements and the Parent Financial Statements give a true and fair view of the Group's and the Parent's financial position at 31 December 2020 and of their results and operations as well as the consolidated cash flows for the financial year 1 January to 31 December 2020.

In our opinion, the Management Commentary contains a fair review of the development in the operations and financial circumstances of the Group and the Parent, of the results for the year and of the financial position of the Group and the Parent as well as a description of the most significant risks and elements of uncertainty facing the Group and the Parent.
We recommend the Annual Report for adoption at the Annual General Meeting.

Nordhavn, 30 June 2021

Executive Board:

Co-founder and CEO
Jesper Roesgaard

Co-founder and CCO
Jens Ole Lebeck

Independent auditor's report

To the shareholders of Relesys ApS

OPINION

We have audited the consolidated financial statements and the parent financial statements of Relesys ApS for the financial year 01.01.2020 - 31.12.2020, which comprise the balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the income statement of the Parent and the statement of comprehensive income and cash flow statement of the Group. The consolidated 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, and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements give a true and fair view of the Group's financial position at 31.12.2020, and of the results of its operations and cash flows for the financial year 01.01.2020 - 31.12.2020 in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements under the Danish Financial Statements Act.

Further, in our opinion, the parent financial statements give a true and fair view of the Parent'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 the 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 financial statements section of this auditor's report. We are independent of the Group 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.

STATEMENT ON THE MANAGEMENT COMMENTARY

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent 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 consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent 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 consolidated financial statements and the parent 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.

MANAGEMENT'S RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS AND THE PARENT FINANCIAL STATEMENTS

Management is responsible for the preparation of consolidated 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 as well as the preparation of parent 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 consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group's and the Parent'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 consolidated financial statements and the parent financial statements unless Management either intends to liquidate the Group or the Entity or to cease operations, or has no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE PARENT FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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 consolidated financial statements and these parent 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 consolidated financial statements and the parent 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'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 consolidated financial statements and the parent 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'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 consolidated financial statements and the parent 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 Entity to cease to continue as a going concern.*
- *Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent 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, 30.06.2021

Deloitte
Statsautoriseret Revisionspartnerselskab
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relesys

Consolidated statement of profit or loss and other comprehensive income

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

DKK'000	Note	2020	2019
Revenue	5	25,698	20,633
Cost of sales		(2,712)	(2,571)
Other external expenses		(5,644)	(4,554)
Gross profit(loss)		**17,342**	**13,508**
Staff costs	6	(13,701)	(9,128)
Other operating income		57	0
Depreciation, amortisation, and impairment losses		(1,766)	(1,594)
Operating profit(loss)		**1,932**	**2,786**
Financial income	9	9	9
Financial expenses	10	(196)	(129)
Profit(loss) before tax		**1,745**	**2,666**
Tax for the year	11	(206)	(722)
Profit(loss) for the year		**1,539**	**1,944**

OTHER COMPREHENSIVE INCOME

(Other comprehensive income that may be reclassified to profit or loss in subsequent periods (net of tax)

DKK'000	Note	2020	2019
Exchange differences on translation of foreign operations		2	-
Other comprehensive income for the year, net of tax		**2**	**-**
Total comprehensive income for the year		**1,541**	**1,944**
PROFIT OR LOSS FOR THE PERIOD ATTRIBUTABLE TO:			
Non-controlling interests		121	(83)
Owners of the parent		1,418	2,027
		1,539	**1,944**
COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO:			
Non-controlling interests		121	(83)
Owners of the parent		1,420	2,027
		1,541	**1,944**
Earnings per share (DKK)	18	30.78	38.88
Earnings per share, diluted (DKK)	18	-	-

Consolidated statement of financial position

DKK'000	Note	31/12/20	31/12/19	01/01/19
Intangible assets	12	4,485	3,075	1,920
Property, plant and equipment	13	1,311	37	52
Contract costs	5	142	2	0
Right-of-use assets	14	1,838	1,589	1,584
Deposits	15	22	1	12
Deferred tax	11	0	32	0
Total non-current assets		**7,798**	**4,736**	**3,568**
Trade receivables	16	8,014	4,580	2,747
Contract costs	5	194	4	0
Income tax receivables		483	49	186
Other receivables		40	250	28
Prepayments		302	180	211
Cash		3,327	568	99
Total current assets		**12,360**	**5,631**	**3,271**
Total assets		**20,158**	**10,367**	**6,839**

DKK'000	Note	31/12/20	31/12/19	01/01/19
Share capital	18	50	50	50
Retained earnings		1,444	26	(1,201)
Translation reserve		2	0	0
Proposed dividend		0	600	0
Non-controlling interests		59	(62)	21
Total equity		**1,555**	**614**	**(1,130)**
Interest bearing liabilities		758	0	1,019
Deferred tax		1,027	528	449
Lease liabilities	14	1,058	1,099	1,085
Other provisions		25	35	0
Other payables	7	591	191	0
Total non-current liabilities		**3,459**	**1,853**	**2,553**
Interest bearing liabilities		118	0	0
Lease liabilities	14	872	542	499
Trade payables		1,605	871	680
Income tax payable		26	720	0
Deferred income		7,393	3,835	3,023
Payables to shareholders and management		0	0	58
Other payables	7	5,130	1,933	1,156
Total current liabilities		**15,144**	**7,901**	**5,416**
Total liabilities		**18,603**	**9,754**	**7,969**
Total equity and liabilities		**20,158**	**10,367**	**6,839**

Consolidated statement of changes in equity

2020

DKK'000	Share capital	Retained earnings	Trans-lation reserve	Pro-posed dividend	Total	Non-con-trolling interests	Total
Balance at 1 January	**50**	**26**	**-**	**600**	**676**	**(62)**	**614**
Net profit(loss) for the period		1,418			1,418	121	1,539
Other comprehensive income			2		2		2
Total comprehensive income		**1,418**	**2**			**121**	**1,541**
Paid dividend				(600)	(600)		(600)
Balance at 31 December	**50**	**1,444**	**2**	**-**	**1,496**	**59**	**1,555**

2019

DKK'000	Share capital	Retained earnings	Pro-posed dividend	Total	Non-con-trolling interests	Total
Balance at 1 January	**50**	**(1,201)**	**-**	**(1,151)**	**21**	**(1,130)**
Effect of initially applying IFRS	**-**	-	-	-	-	-
Adjusted equity at 1 January	**50**	**(1,201)**	**-**	**(1,151)**	**21**	**(1,130)**
Net profit(loss) for the period		1,427	600	2,027	(83)	1,944
Total comprehensive income		**1,427**	**600**	**2,027**	**(83)**	**1,944**
Extraordinary dividend paid		(200)		(200)		(200)
Balance at 31 December	**50**	**26**	**600**	**676**	**(62)**	**614**

Cash flow statement

DKK'000	Note	2020	2019
Operating profit		1,932	2,786
Depreciation, amortisation and impairment losses	8	1,766	1,594
Change in working capital	17	4,156	(32)
Income taxes received		(671)	186
Interest received		9	9
Interest paid		(196)	(129)
Cash flow from operating activities		**6,996**	**4,414**
Investments in intangible assets	12	(2,360)	(2,216)
Investments in tangible assets	13	(1,335)	(11)
Change in deposits		(21)	-
Cash flow from investing activities		**(3,716)**	**(2,227)**
Other loans raised		886	-
Repayment of borrowings		(10)	(1,019)
Payment of principal portion of lease liabilities	14	(797)	(499)
Payment of dividend		(600)	(200)
Cash flow from financing activities		**(521)**	**(1,718)**
Change in cash and cash equivalents			
Net cash flow		2,759	469
Cash at 1 January		568	99
Cash at 31 December		**3,327**	568

Notes to the consolidated financial statements

/ NOTE 1

Accounting policies

The Group's Consolidated Financial Statements have been prepared in accordance with International Fi-nancial Reporting Standards ("IFRS") as adopted by the EU and additional Danish disclosure require-ments for the financial statements of reporting class B enterprises with additions of certain provisions for reporting class C enterprises, cf. the Danish Executive Order on Adoption of IFRSs ("IFRS-bekendtgørelsen") issued in accordance with the Danish Financial Statements Act ("DFSA").

Basis of preparation

The Financial Statements are presented in Danish kroner (DKK). All amounts have been rounded to nearest DKK thousand, unless otherwise indicated.

The Financial Statements have been prepared on a going concern basis and in accordance with the historical cost convention, except where IFRS explicitly requires use of other values.

For the purpose of clarity, the Financial Statements and the notes to the Financial Statements are prepared using the concepts of materiality and relevance. This means that line items not considered material in terms of quantitative and qualitative measures or relevant to financial statement users are aggregated and presented together with other items in the Financial Statements. Similarly, information not considered material is not presented in the notes.

The accounting policies, except as described below, have been applied consistently during the financial year and for the comparative figures.

Basis of consolidation

The Consolidated Financial Statements comprise the Financial Statements of Relesys ApS (the Parent) and subsidiaries which are entities controlled by Relesys ApS. The Group controls an entity when it directly or indirectly owns more than 50% of the voting rights or may otherwise exercise a controlling influence.

Name	Country	Ownership
Relesys B.V	the Netherlands	51%
Relesys AB	Sweden	100%

Principles of consolidation

The Consolidated Financial Statements are prepared on the basis of the Financial Statements of the Parent and its subsidiaries.

The Consolidated Financial Statements are prepared by combining items of a uniform nature and subsequently eliminating intercompany transactions, internal shareholdings and balances and unrealised intercompany gains or losses. The Financial Statements used for consolidation are prepared in accordance with the Group's accounting policies.

The line items of subsidiaries are recognised 100% in the Consolidated Financial Statements. Investments in subsidiaries are offset by the interest's share of subsidiaries' net assets at the acquisition date at fair value.

Accounting policies are described in full in this note below.

First-time adoption of IFRS

The Group's Financial Statements have for the first time been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish requirements for the presentation of Financial Statements. In previous years, the Financial Statements were prepared in accordance with the Danish Financial Statements Act for reporting class B enterprises with additions of certain provisions for reporting class C enterprises. As a result of the transition to IFRS, IFRS 1 First-time Adoption of International Financial Reporting Standards has been applied.

In accordance with IFRS 1, the statement of financial position at 31 December 2019 and comparative figures for 2019 have been prepared in accordance with IFRS/IAS and IFRIC/SIC applicable at 31 December 2020. The statement of financial position at 1 January 2019 has been prepared in accordance with the same principles.

/ NOTE 1

Accounting policies (Continued)

Exemptions applied

In the preparation of these first IFRS Financial Statements, the following exemptions have been applied:

Leases

IFRS allows a first-time adopter to determine whether a contract existing at the date of transition to IFRS contains a lease on the basis of facts and circumstances existing at that date. Also IFRS 1 allows a first-time adopter, that is a lessee, to apply a single discount rate to a portfolio of leases with reasonably similar characteristics. We have utilised this exemption to our lease contracts.

Non-IFRS financial measures

The Group uses certain financial measures that are not defined in IFRS to describe the Group's financial performance. These financial measures may therefore be defined and calculated differently from similar measures in other companies, and thus not be comparable.

Changes in accounting policies

As a result of first time adoption of IFRS, the Group has changed its accounting policies for recognition of leases and revenue from contracts with customers. The Group has adjusted for the changes in accounting policies in the opening balance of equity at 1 January 2019.

A: Leases

Under DFSA, a lease is classified as a finance lease or an operating lease. Operating lease payments are recognised as an operating expense in the statement of profit or loss on a straight-line basis over the lease term. Under IFRS, a lessee applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets and recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

At the date of transition to IFRS, the Group applied the transitional provision and measured lease liabilities at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of transition to IFRS. Right-of-use assets were measured at the amount equal to the lease liabilities adjusted by the amount of any prepaid or accrued lease payments. As a result, the Group recognised an increase of DKK 1,641k of lease liabilities and DKK 1,589k of right-of-use assets at 31 December 2019. Additionally, depreciation increased by DKK 483k and financial expenses increased by DKK 67k in 2019.

B: Sales commissons

Under DFSA, sales commissions are expensed in the year they occurred. Under IFRS, these commissions are recognised as contract costs in the statement of financial position and amortised over a period between 12-36 months (based on the average duration of the underlying customer contracts). As a result, the Group recognised an increase of contract costs end of December 2019 of DKK 2k and a reduction in staff costs of DKK 6k in 2019.

C: Development costs

Under DFSA, development costs capitalized included indirect costs, which have to be expensed under IFRS. In 2019 other external expenses increased by DKK 133k and amortisation decreased by DKK 32k.

IMPACT ON STATEMENT OF PROFIT OR LOSS AND STATEMENT OF COMPREHENSIVE INCOME 2019:

DKK'000	Notes	2019 Parent as reported under DFSA	Impact from consolidated figures	Impact from adoption of IFRS	**IFRS for the year ended 31 December 2019**
Revenue		18,512	2,121	-	20,633
Cost of sales		(2,571)	-	-	(2,571)
Other external expenses	A,C	(3,322)	(1,598)	366	(4, 554)
Gross profit		**12,619**	**523**	**366**	**13,508**
Staff costs	B	(8,414)	(720)	6	(9,128)
Depreciation, amortisation and impairment losses	A,C	(1,129)	(14)	(451)	(1,594)
Operating profit		**3,076**	**(211)**	**(79)**	**2,786**
Net financials	A	(50)	(2)	(68)	(120)
Results before tas		**3,026**	**(213)**	**(147)**	**2,666**
Tax for the year	A,B,C	(799)	45	32	(722)
Profit/(loss) for the year		**2,227**	**(168)**	**(115)**	**1,944**
Other comprehensive income		-	-	-	-
Total comprehensive income		**2,227**	**(168)**	**(115)**	**1,944**

/ NOTE 1

Accounting policies (Continued)

IMPACT ON STATEMENT OF FINANCIAL POSITION 2019:

DKK'000	Notes	2019 parent as reported under DFSA	Impact from consolidated figures	Impact from adoption of IFRS	IFRS for the year ended 31 December 2019
Intangible assets	C	3,177	(1)	(101)	3,075
Property, plant and equipment		-	37	-	37
Contract costs	B	-	-	2	2
Right-of-use assets	A	-	-	1,589	1,589
Deposits		-	1	-	1
Investments in subsidiaries		74	(74)	-	-
Deferred tax	A,B,C	-	-	32	32
Total non-current assets		**3,251**	**(37)**	**1,522**	**4,736**
Trade receivables		4,246	334	-	4,580
Contract costs	B	-	-	4	4
Income tax receivables		-	49	-	49
Other receivables		222	28	-	250
Receivables from group enterprises		325	(325)	-	-
Prepayments		178	2	-	180
Cash		479	89	-	568
Total current assets		**5,450**	**177**	**4**	**5,631**
Total assets		**8,701**	**140**	**1,526**	**10,367**
Share capital		50	-	-	50
Share of equity attributable to minority interests		-	36	-	36
Dividend		600	-	-	600

IMPACT ON STATEMENT OF FINANCIAL POSITION 2019 (2/2):

DKK'000	Notes	2019 parent as reported under DFSA	**Impact from consolidated figures**	Impact from adoption of IFRS	**IFRS for the year ended 31 December 2019**
Retained earnings	A,B,C	(2,237)	552	(115)	(1,800)
Reserves		2,478	(751)	-	1,727
Total equity		**891**	**(163)**	**(115)**	**613**
Interest-bearing liabilities		-	-	-	-
Deferred tax		528	-	-	528
Lease liabilities	A	-	-	1,099	1,099
Other provisions		35	-	-	35
Other payables		191	-	-	191
Total non-current liabilities		**754**	**-**	**1,099**	**1,853**
Interest-bearing liabilities		-	-	-	-
Lease liabilities	A	-	-	542	542
Trade payables		618	253	-	871
Income tax payable		720	-	-	720
Deferred income		3,835	-	-	3,835
Other payables		1,883	50	-	1,933
Total current liabilities		**7,056**	**303**	**542**	**7,901**
Total liabilities		**7,810**	**303**	**1,641**	**9,754**
Total equity and liabilities		**8,701**	**140**	**1,526**	**10,367**

There were no impact on the equity 1 January 2019

Foreign currency translation

Transactions denominated in currencies other than the functional currency are considered transactions in foreign currency.

On initial recognition, transactions denominated in foreign currencies are translated to the functional currency at the exchange rates at the transaction date. Foreign exchange rate adjustments arising between the transaction date and the date of payment are recognised in the statement of profit or loss in financial income or financial expenses.

Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rates at the reporting date. The difference between the exchange rates at the reporting date and at the date of transaction or the exchange rate in the latest Financial Statements is recognised in the statement of profit or loss in financial income or financial expenses.

Cash flow statement

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

Cash flows from operating activities are calculated based on operating profit/loss, adjusted for the cash flow effect of non-cash operating items, working capital changes, financial expenses paid and income tax paid.

Cash flows from investing activities comprise payments in connection with the acquisition and sale of non-current intangible assets, property, plant and equipment, and financial assets.

Cash flows from financing activities comprise payments arising from changes in the size or composition of the Group's share capital and dividend paid. Cash and cash equivalents comprise cash at bank and in hand

Accounting policies (Continued)

Statement of profit or loss

Revenue

The Group recognises revenue from the following major sources being subscriptions, integrations & customizations and consultancy. Revenue mainly derives from subscription fees charged for the Group's software licences. For software contracts, which are comprised of several components, the total contract sum is allocated to the separate performance obligations for the purpose of revenue recognition.

Revenue recognition requires an agreement with the customer, which creates enforceable rights and obligations between the parties, has commercial substance, and identifies payment terms. In addition, it must be probable that the consideration determined in the contract will be collected.

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and exclude amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of the licence or service to a customer. All revenue is derived from contracts with customers.

SUBSCRIPTION FEES

Subscription fees cover licence, hosting and maintenance. The licence is not distinct from the hosting service, revenue is therefore recognised over time, as the customers are receiving and consuming the benefits of the Group's performance while performing. The hosting service and maintenance is therefore bundled to one performance obligation together with the licence.

INTEGRATIONS & CUSTOMIZATIONS

Fees to integrations and customizations include services related to installation, implementation and configuration. The services are not distinct from the subscription fee as the customer cannot benefit from the service on its own, and are not separately identifiable from other promises in the contract. Revenue is recognised over time, as the customers are receiving and consuming the benefits of the Group's performance while performing.

CONSULTANCY

Consultancy includes development of add-ons and customisation according to specific needs of the customers. The consultancy is distinct from the subscription fee as the customer can benefit from the service on its own and the promise to transfer the service to the customer is separately identifiable from other promises in the contract. Revenue is recognised over time as Relesys' performance does not create an asset with alternative use and the entity has a right to payment for performance completed to date.

Accounting policies (Continued)

Cost to obtain a contract

The Group pays sales commission to its employees for each contract that they obtain for sales of licences. The commissions are recognised as contract costs in the statement of financial position and amortised between 24 and 36 months.
Capitalised contract costs are subject to an impairment assessment at the end of each reporting period. Impairment losses are recognised in profit or loss as staff costs.

Other external expenses

Other external costs comprise costs incurred for distribution, sales, advertising, administration, premises, loss on receivables.

Staff costs

Staff costs include salaries and wages, including holiday allowances, pensions, and other social security costs, etc., for staff members.

Financial income and financial expenses

Financial income and expenses include interest income, interest expense, amortisation of borrowing costs and realised and unrealised exchange gains and losses.

Tax

Tax on the profit or loss for the year comprises the year's current tax and changes in deferred tax. The tax expense relating to the profit or loss for the year is recognised in the statement of profit or loss, and the tax expense relating to items recognised in other comprehensive income and directly in equity, respectively, is recognised in other comprehensive income or directly in equity. Exchange rate adjustments of deferred tax are recognised as part of the adjustment of deferred tax for the year.

Current tax payable and receivable is recognised in the statement of financial position as the expected tax on the taxable income for the year, adjusted for tax paid on account. The current tax charge for the year is calculated based on the tax rates and rules enacted at the statement of financial position date.

Deferred tax is calculated using the liability method on all temporary differences between the accounting and taxable values of assets and liabilities.

Deferred tax assets are assessed yearly and only recognised to the extent that it is more likely than not that they can be utilised. Deferred tax assets, including the tax value of tax losses carried forward, are recognised as other non-current assets and measured at the amount at which they are expected to be realised, either by setting off deferred tax liabilities or by setting off tax on future earnings within the same legal entity or a jointly taxed entity.

Deferred tax is measured based on the tax legislation and statutory tax rates in the respective countries that will apply under

the legislation in force on the statement of financial position date when the deferred tax asset is expected to crystallise as current tax. Changes in deferred tax resulting from changes in tax rates are recognised in the statement of profit or loss.

The Group recognises deferred tax assets relating to losses carried forward when Management finds that these can be offset against taxable income in the foreseeable future. An assessment is made taking into consideration the effect of restrictions in utilisation in local tax legislation. Future taxable income is assessed based on budgets as well as Management's expectations regarding growth and operating margin in the coming years.

Accounting policies (Continued)

Balance sheet

Intangible assets

Intangible assets with determinable useful lives comprizing completed and in progress development projects are measured at cost less accumulated amortisation and impairment losses. Completed development projects by the Group are recognised as an asset if the cost of development is reliably measurable and an analysis shows that future economic benefits from using the software exceed the cost.

Cost is defined as development costs incurred to the development of projects and consists of direct salaries and other directly attributable costs.

Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the expected useful life on a straight-line basis. During the period of development, the asset is tested for impairment annually.

Amortisation and impairment charges are recognised in the statement of profit or loss.

Expected useful lives are reassessed regularly. The Group regularly reviews the carrying amounts of its finite-lived intangible assets to determine whether there is an indication of an impairment loss. Development projects are amortised on a straight-line basis over the remaining patent period and licenses are amortised over the contract period for a period of 5-7 years.

Property, plant and equipment

Property, plant and equipment comprise other fixtures and fittings, tool and equipment. Property, plant and equipment is measured at cost less accumulated depreciation and accumulated impairment losses. Property, plant and equipment are depreciated on a straight-line basis over the expected useful lives of the finite-lived assets, which are as follows:

Other fixtures and fittings, tools and equipment: 3-5 years.

Property, plant and equipment is tested for impairment if indications of impairment exist. Property, plant and equipment are written down to their recoverable amount if the carrying amount exceeds the higher of the fair value less costs to sell and the value in use. Depreciation and impairment charges are recognised in the statement of profit or loss.

Leases

When entering into an agreement, the Group assesses whether an agreement is a lease agreement or contains a lease element.

The right-of-use asset is measured at cost, which is calculated as the present value of the lease obligation plus any direct costs related to the entering into of the lease and prepaid lease payments.

The right-of-use asset is depreciated on a straight-line basis over the shorter of the lease term and the useful life of the asset.

The Group leases properties which include a service element in the payments to the lessor. This service is deducted from the lease payment when measuring the lease obligation.

Short-term leases with a maximum lease term of 12 months and leases where the underlying asset has a low value are not recognised in the statement of financial position.

The lease term is defined as the non-cancellable period of a lease together with periods covered by options to extend the lease if it is reasonably certain that the options will be exercised and periods covered by options to terminate the lease if it is reasonably certain that the options will not be exercised. A number of leases contain extension and termination options in order to guarantee operational flexibility in managing the leases.
The lease obligation, which is recognised in “Lease liabilities”, is measured at the present value of the remaining lease payments, discounted by the Group’s incremental loan interest rate if the implicit interest rate is not stated in the lease agreement or cannot reasonably be determined.
The lease obligation is subsequently adjusted if:

- The value of the index or interest rate on which the lease payments are based changes.
- There is a change in the expectations related to exercise of options to extend or shorten the lease period due to a material event or material change in circumstances which are within the control of the lessee.
- The lease term is changed as a result of exercising an option to extend or shorten the lease term.

Subsequent adjustments of the lease obligation are recognised as a correction to the right-of-use asset. However, if the right-of-use asset has a value of DKK 0, a negative reassessment of the right-of-use asset is recognised in the statement of profit or loss.

/ NOTE 1

Accounting policies (Continued)

Trade receivables

Provision for expected credit losses is made when the Group does not expect to collect all amounts due. The provision is determined by individually assessing them for likelihood of recovery. The provision reflects lifetime expected credit losses, i.e. possible default events over the expected life of the trade receivables, weighted by the probability of that default occurring. Judgement has been applied in determining the level of provision for expected credit losses, taking into account the credit risk characteristics of customers and the likelihood of recovery assessed on a combination of collective and individual basis as relevant. While the provision is considered appropriate, changes in estimation basis or in economic conditions could lead to a change in the level of provision recorded and consequently on the charge or credit to profit or loss.

For trade receivables relating to accounts which are long overdue with significant amounts or known insolvencies or non-response to collection activities, they are assessed individually for impairment allowance. The Group determines the provision for expected credit losses by evaluating each customer individually and assessing them for likelihood of recovery, taking into account prevailing economic conditions and forward-looking assumptions.

The Group measures the loss allowance for trade receivables at an amount equal to the lifetime expected credit losses. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to its recognised amount is recognised in profit or loss, as an impairment loss or a reversal of an impairment loss. Trade and other receivables are written off (either partially or in full) when there is no reasonable expectation of recovery.

However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

The costs of allowances for expected credit losses and write-offs for trade receivables are recognised in the statement of profit or loss in other external expenses.

The maximum exposure to credit risk at the reporting date is the carrying value of trade receivables in note 19. The Group does not hold collateral as security.

Deposits

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

Prepayments

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

Interest-bearing liabilities

Interest-bearing liabilities include bank loan and a credit facility. Interest-bearing liabilities are measured at amortised cost.

Trade payables and other payables

Other payables include bonus and commission accruals, holiday pay obligations, payroll taxes and VAT. Payables are measured at cost.

/ NOTE 2

Adoption of new and amended standards

The new and amended Standards and Interpretations that have been issued, but which are not yet effective, up to the date of issuance of the Group's Financial Statements have not been adopted by the Group. The Group intends to adopt these new and amended Standards and Interpretations, if applicable, when they become effective.

The adoption of these is not expected to have significant impact on the financial reporting for future periods.

/ NOTE 3

Critical accounting judgements and key sources of estimation uncertainty

As part of the preparation of the Financial Statements, Management makes a number of accounting estimates and assumptions as a basis for recognising and measuring the Group's assets, liabilities, income and expenses as well as judgements made in applying the entity's accounting policies. The estimates, judgements and assumptions made are based on experience gained and other factors that are considered prudent by Management in the circumstances, but which are inherently subject to uncertainty and volatility.

The assumptions may be incomplete or inaccurate, and unforeseen events or circumstances may occur, for which reason the actual results may differ from the estimates and judgements made. The accounting policies are described in detail in note 1 to the Financial Statements to which we refer.

Management considers the following accounting estimates and judgements to be significant in the preparation of the Financial Statements.

Estimates and assumptions

DEVELOPMENT COSTS

The Group capitalises costs for software development projects. Initial capitalisation of costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model.
In determining the amounts to be capitalised, Management makes assumptions regarding the expected future cash generation of the project and the expected period of benefits. At 31 December 2020, the carrying amount of capitalised development costs was DKK 4,485k (2019: DKK 3,076k).

/ NOTE 4

Segment information

For management purposes and based on internal reporting information, the Group is organised in only one operating segment, as the information reported includes operating results at a consolidated level only. The costs related to the main nature of the business are not attributable to any specific revenue stream or customer type and are therefore borne centrally. The results of the single reporting segment are shown in the statement of comprehensive income.

The Executive Management is the Chief Operating Decision Maker (CODM), which is made up of the senior leadership across the respective functional areas and is responsible for the strategic decision-making and for the monitoring of the operating results of the single operating segment for the purpose of performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the Financial Statements.

In 2020, one customer exceeded 10% of total revenue accumulated at 18% (2019: One customer with accumulated revenue of 19%).

/ NOTE 5

Revenue

REVENUE FROM EXTERNAL CUSTOMERS

DKK'000	2020	2019
SaaS Business	20,639	15,662
Consultancy	5,059	4,971
Total	**25,698**	**20,633**

EXTERNAL REVENUE BY TIMING

DKK'000	2020	2019
Services transferred over time	20,639	15,662
Services transferred at a point in time	5,059	4,971
Total	**25,698**	**20,633**

CONTRACT COSTS

DKK'000	2020	2019
Cost to obtain contracts	336	6
Non-current	142	2
Current	194	4

Cost to obtain contracts relates to sales commissions.

These costs are amortised on a straight-line basis over the period of the underlying contracts (in general 2-3 years). In 2020, amortisation amounting to DKK 93k (2019: DKK 2k) was recognised as part of cost of sales in the consolidated statement of profit or loss. There was no impairment in relation to the costs capitalised

/ NOTE 6

Staff costs

STAFF COSTS

DKK'000	2020	2019
Salaries and wages	11,770	7,248
Pension costs	742	454
Other social security costs	478	318
Other staff costs	711	1,108
Total	**13,701**	**9,128**
Average numbers of employees during the year	**43**	**27**

BOARD OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

DKK'000	2020		2019	
	Remuneration	**Pension**	Remuneration	Pension
Board of Directors and Key Management Personnel	**3,349**	**197**	2,862	187
Total	**3,349**	**197**	2,862	187

Employment contracts for members of the Key Management Personnel contain terms and conditions that are common to those of their peers in similar companies, including terms of notice and non-competitive clauses.

/ NOTE 7

Other payables

DKK'000	2020	2019
Accrued salaries	1,509	387
Holiday pay etc.	981	666
VAT payable	2,492	964
Other liabilities	739	107
Total	**5,721**	**2,124**

/ NOTE 8

Depreciation, amortisation and impairment losses

DKK'000	2020	2019
Amortisation of intangible assets	950	1,085
Depreciation of property, plant and equipment	61	26
Depreciation of right-of-use assets	755	483
Total	1,766	1,594

/ NOTE 9

Financial income

DKK'000	2020	2019
Foreign exchange income	9	7
Other financial income	0	2
Total	**9**	**9**

/ NOTE 10

Financial expenses

DKK'000	2020	2019
Interest expenses	44	38
Foreign exchange losses	70	24
Interest on lease liabilities	82	67
Total	**196**	**129**

/ NOTE 11

Tax for the year

THE MAJOR COMPONENTS OF INCOME TAX EXPENSE FOR THE YEARS ENDED 31 DECEMBER 2020 AND 2019 ARE

DKK'000	2020	2019
Current tax for the year	(263)	665
Changes in deferred tax	469	57
Income tax expense reported in the statement of profit or loss	**206**	**722**
Profit(loss) before tax	1,745	2,666
Tax calculated as 22% of profit(loss) before tax	(384)	(587)
Non-deductible expenses	23	27
Correction NL	56	-
Correction SE	14	-
Tax credit	513	-
Tax correction of development costs	(484)	(104)
Other	56	(58)
Effective Tax	**(206)**	**(722)**
Effective tax rate for the year (%)	12%	27%

DEFERRED TAX IS RECOGNISED IN THE STATEMENT OF FINANCIAL POSITION AS FOLLOWS:

DKK'000	2020	2019
Deferred tax (asset)	-	32
Deferred tax (liability)	(1,027)	(528)
Total	(1,027)	(496)

DEFERRED TAX CONCERNS

DKK'000	2020	2019
Intangible assets	(1,036)	(506)
Property, plant and equipment	9	10
Tax loss carried forward	-	-
Total	(1,027)	(496)

/ NOTE 12

Intangible assets

2020

DKK'000	Completed development projects	Development projects in progress	**Total**
Cost at 1 January	4,673	195	4,868
Additions	2,038	322	2,360
Transfer	144	(144)	0
Cost at 31 December	**6,855**	**373**	**7,228**
Amortisation and impairment losses at 1 January	(1,793)	0	(1,793)
Amortisation during the year	(899)		(899)
Impairment during the year		(51)	(51)
Amortisation and impairment losses at 31 December	**(2,692)**	**(51)**	**(2,743)**
Carrying amount at 31 December	**4,163**	**322**	**4,485**

2019

DKK'000	Completed development projects	Development projects in progress	**Total**
Cost at 1 January	2,602	51	2,653
Additions	2,071	144	2,215
Cost at 31 December	**4,673**	**195**	**4,868**
Amortisation and impairment losses at 1 January	(708)	0	(708)
Amortisation during the year	(1,085)	0	(1,085)
Amortisation and impairment losses at 31 December	**(1,793)**	**0**	**(1,793)**
Carrying amount at 31 December	**2,880**	**195**	**3,075**

Completed development projects relate to the further development of the Relesys platform, Relesys core modules and Relesys pro modules. Management has an expectation of positive earnings from each development project.

It is Management's assessment that the expected useful lives of the finite-lived assets, as well as the expected future revenue streams from the assets, are sufficient to cover the value of recognised developed projects at the reporting date.

/ NOTE 13

Property, plant and equipment

2020

DKK'000	Other fixtures and fittings, tools and equipment	**Total**
Cost at January 1	107	107
Additions	1,335	1,335
Cost at 31 December	**1,442**	**1,442**
Depreciation at 1 January	(70)	(70)
Depreciation during the year	(61)	(61)
Depreciation at 31 December	**(131)**	**(131)**
Carrying amount at 31 December	**1,311**	**1,311**

2019

DKK'000	Other fixtures and fittings, tools and equipment	**Total**
Cost at January 1	97	97
Additions	10	10
Cost at 31 December	**107**	**107**
Depreciation at 1 January		
Depreciation during the year	(44)	(44)
Depreciation at 31 December	**(26)**	**(26)**
	(70)	**(70)**
Carrying amount at 31 December	**37**	**37**

/ NOTE 14

Leases

2020

DKK'000	Property	Cars	Equipment	Total
Cost at 1 January	1,386	258	428	2,072
Additions	851	170	-	1,021
Adjustments and revaluations	17	(34)	-	(17)
Cost at 31 December	**2,254**	**394**	**428**	**3,076**
Depreciation at 1 January	(299)	(65)	(119)	(483)
Depreciation during the year	(510)	(135)	(119)	(755)
Depreciation at 31 December	**(800)**	**(200)**	**(238)**	**(1,238)**
Carrying amount at 31 December	**1,454**	**194**	**190**	**1,838**

2019

DKK'000	Property	Cars	Equipment	Total
Cost at 1 January	1,082	74	428	1,584
Additions	-	170	-	170
Adjustments and revaluations	304	14	-	318
Cost at 31 December	**1,386**	**258**	**428**	**2,072**
Depreciation at 1 January	-	-	-	-
Depreciation during the year	(299)	(65)	(119)	(483)
Depreciation at 31 December	**(299)**	**(65)**	**(119)**	**(483)**
Carrying amount at 31 December	**1,087**	**193**	**309**	**1,589**

Carrying amounts of lease liabilities and movements during the period:

DKK'000	2020	2019
At 1 January	1,641	1,585
Additions	1,021	170
Accrual of interest	82	67
Payments	(797)	(499)
Adjustments	(17)	318
At 31 December	**1,930**	**1,641**
Non-current	**1,058**	**1,099**
Current	**872**	**542**

The maturity of lease liabilities is disclosed in note 19.

The following amounts have been recognised in the statement of profit or loss:

DKK'000	2020	2019
Depreciation of right-of-use assets	755	483
Interest on lease liabilities	82	67
Expense relating to short-term leases (included in other external expenses)	-	-
Total amount recognised in the statement of profit or loss	**837**	**550**

The Group had total lease cash outflow of DKK 1,327k (2019: DKK 1,051k).

The Group leases offices, and the lease terms are negotiated on an individual basis and contain different terms and conditions. As part of COVID-19, no rent concession has been received.

/ NOTE 15

Deposits

DKK'000	2020	2019
Cost at 1 January	1	12
Additions	21	-
Disposals	-	(11)
Cost at 31 December	**22**	**1**

/ NOTE 16

Trade receivables

DKK'000	31/12/20	31/12/19	01/01/19
Trade receiveables	8,014	4,580	2,747
Total	**8,014**	**4,580**	**2,747**

Expected credit loss

The below table details the maturity of trade receivables. Historical losses on trade receivables are limited, and the Group has deemed its expected lossess immaterial. The Group has assessed its expected credit losses on an individual level, for which reason no matrix for expected credit loss on groups of receivables is provided.

DKK'000	Not past due	Overdue by 0-30 days	Overdue by 31-60 days	Overdue by > 60 days	Write downs	Carrying amount of receiv-ables
31 December 2020						
Trade receivables	2,004	3,946	1,694	370	-	8,014
31 December 2019						
Trade receivables	2,607	1,137	801	35	-	4,580
1 January 2019						
Trade receivables	**1,550**	**1,009**	**165**	**23**	**-**	**2,747**

/ NOTE 17

Working capital changes

DKK'000	**2020**	2019
Change in inventory and prepayments	(453)	26
Change in receivables	(3,224)	(2,055)
Change in trade payables and other debt	7,833	1,997
	4,156	**(32)**

/ NOTE 18

Share capital and earnings per share

At 31 December 2020, the share capital consisted of 50,000 (2019: 50,000) shares with a nominal value of DKK 1 each.

The shares are not divided into classes and carry no right to fixed income.

DKK'000 (Issues and fully paid-up shares)	
At January 1 2019, 50,000 shares of DKK 1 each	**50,000**
Capital increase	0
At 31 December 2019	**50,000**
Capital increase	0
Share capital at 31 December 2020	**50,000**

EARNINGS PER SHARE

DKK'000	**2020**	2019
The calculation of earnings per share is based on the following:		
Profit(loss) for the year	1,539	1,944
Average umber of ordinary shares for calulation of basic earnings per share:	**50,000**	**50,000**
Average diluted effect of outstanding share options	-	-
Average number of shares for calculation of diluted earnings per share:		
Earnings per share, (EPS)	30.78	38.88
Earnings per share, diluted (DEPS)	-	-

/ NOTE 19

Financial risks

Capital management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balances. The capital structure of the Group consists of net debt and equity. Management reviews the capital structure continually to consider if the current capital structure is in accordance with the Group's and shareholders' interests.

Financial risk management

Due to the nature of its operations, investments, and financing, the Group is exposed to a number of financial risks. It is Group policy to operate with a low risk profile in order for currency risk, interest rate risk and credit risk only to occur in commercial relationships. The scope and nature of the Group's financial instruments appear from the statement of profit or loss and statement of financial position in accordance with the accounting policies applied. Provided below is information about factors that may influence amounts, time of payment, or reliability of future payments, where such information is not provided directly in the Financial Statements. This note addresses only financial risks directly related to the Group's financial instruments.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations towards the Group, resulting in a financial loss. The Group is exposed to credit risk primarily related to its trade receivables and receivables from group enterprises. The Group assesses default when the accounts receivable are due more than 90 days and the outstanding amount is written off, when there is a court order of bankruptcy from the counterparty. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of financial assets.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates.

The general objective of the Group's currency risk management is to limit and delay any adverse impact of exchange rate fluctuations on earnings and cash flows and thus increase the predictability of the financial results. The Group also aims at balancing incoming and outgoing payments in local currency as much as possible as well as monitoring the development in exchange rates and adjusting price lists when required.

The Group issues invoices in local currency, which is why the incoming cash flow reflects different currencies. Historically, DKK has been the predominant invoicing currency. The Group has in all material respects only transactions in DKK, EUR, USD and SEK. The foreign currency risk for EUR is limited due to a low volatility.

Going forward, Management expects higher frequency of foreign currencies in the incoming and out-going cash flow. Consequently, Management has established bank accounts for these currencies, to reduce costs and lower the risk.

SENSITIVITY TO A 10% INCREASE IN SEK EXCHANGE

DKK'000	2020	2019
Sensitivity to a 10% increase in SEK exchange rate		
Effect on profit before tax	39	78
Effect on pre-tax equity	42	78

DKK'000	2020	2019
Sensitivity to a 10% increase in USD exchange rate		
Effect on profit before tax	149	42
Effect on pre-tax equity	149	42

The carrying amounts of the Group's monetary assets and monetary liabilities denominated in foreign currency at the reporting date are as follows:

	Assets		Liabilities	
DKK'000	31/12/20	31/12/19	31/12/20	31/12/19
Currency SEK	858	162	297	0

Liquidity risk

The Group ensures sufficient liquidity resources by liquidity management. In order to limit the Group's counterparty risk, deposits are only made in well-reputed banks.

At 31 December 2020, the Group's cash and cash equivalents amounted to DKK 3,327k (2019: DKK 568k). The cash reserve, expected cash flow and investments from investors for 2021 are considered to be adequate to meet the obligations of the Group as they fall due.

/ NOTE 19

Financial risks (Continued)

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments which include estimated interest payments:

DKK'000 (Year ended 31 December 2020)	On demand	<1 year	1 to 5 years	> 5 years	Total
Interest-bearing liabilities	-	118	590	168	876
Lease liabilities	-	872	1,058	-	1,930
Trade and other payables	-	6,735	-	591	7,326
Total	**-**	**7,725**	**1,648**	**759**	**10,132**

DKK'000 (Year ended 31 December 2019)	On demand	<1 year	1 to 5 years	> 5 years	Total
Interest-bearing liabilities	-	-	-	-	-
Lease liabilities	-	542	1,099	-	1,641
Trade and other payables	-	2,804	-	191	2,995
Total		**3,346**	**1,099**	**191**	**4,636**

Management has assessed the carrying amount to be equivalent to the fair value of the liabilities.

Interest rate risk

Interest rate risk arises in relation to interest-bearing liabilities.

The Group's interest-bearing debt to credit institutions of DKK 867m at 31 December 2020 is related to loan and debt to credit institutions and is subject to a fixed interest rate between 2% and 5.25%. The Group does not hedge the interest rate risk.

If market interest rates increased by one percentage point, it would not affect the interest rate sensitivity.

FINANCIAL INSTRUMENTS

DKK'000	2020	2019
Financial assets measured at amortised cost		
Deposits	22	1
Trade receivables	8,014	4,580
Other receivables	40	250
Cash	3,327	568
Total	**11,403**	**5,399**

Financial liabilities measured at amortised cost		
Interest-bearing liabilities	876	0
Trade payables	1,605	871
Other payables	5,721	2,124
Total	**8,202**	**2,995**

Classification of financial assets measured at amortised cost

Since the Group's financial instruments measured at amortised cost are either short-term and/or exposed to floating interest rates, Management has assessed that the carrying amount is a reasonable approximation of fair value.

/ NOTE 20

Other disclosures relating to consolidated statement of cash flow

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following at 31 December:

DKK'000	31/12/20	31/12/19	01/01/19
Cash at banks and in hand	3,327	568	99
Bank overdrafts	-	-	-
Cash and cash equivalents	**3,327**	**568**	**99**

Additional information about the changes to liabilities arising from financing activities can be found in the below tables:

DKK'000	Other borrowings	Lease liabilities	Total
2020			
Liabilities at 1 January	0	1,641	1,641
Loans raised	886	-	886
New leases	-	1,021	1,021
Repayments	(10)	(797)	(807)
Other	-	65	65
Liabilities at 31 December	**876**	**1,930**	**2,806**
2019			
Liabilities at 1 January	1,019	1,585	2,604
Loans raised	-	-	-
New leases	-	170	170
Repayments	(1,019)	(499)	(1,518)
Other	-	385	385
Liabilities at 31 December	**0**	**1,641**	**1,641**

/ NOTE 21

Guarantees, contingent liabilities and collateral

The Company has pledged its assets as security for bank debts as a floating charge.

/ NOTE 22

Related parties

Shareholders	Registered office	**Basis of influence**
Roesgaard & Co Holding ApS	Holte	46%
Sejs & Co. ApS	Silkeborg	44%
Martin Langholm Sørensen Holding ApS	Odense SØ	10%

Other related parties of the Group with significant influence comprise the Board of Directors and the Executive Board and their related parties. The transactions with the Board of Directors and the Executive Board only consist of normal remuneration as disclosed in note 6, other than transactions mentioned below.

All agreements relating to these transactions are based on market price (arm's length):

DKK'000	**2020**	2019
Roesgaard & Co Holding ApS		
Dividend and payments related to joint taxation	222	230
Sejs & Co. ApS		
Dividend and payments related to joint taxation	0	49

/ NOTE 23

Events after the reporting period

In support of Relesys' future growth strategy in the Netherlands, Management decided to acquire the remaining 49% of the shares of the subsidiary, Relesys B.V. The purchase agreement was signed in March 2021 and the acquisition date was 31 May 2021. No other events have occurred after the balance sheet date to this date which would influence the evaluation of this Annual Report.

Parent income statements

Parent income statement

DKK'000	Note	2020	2019
Gross profit(loss)		**14,887**	**12,619**
Staff costs	2	(12,623)	(8,414)
Depreciation, amortisation and impairment	3	(999)	(1,129)
Operating profit		**1,265**	**3,076**
Other financial income	4	49	9
Other financial expenses	5	(92)	(59)
Results before tax		**1,222**	**3,026**
Tax on net profit or loss for the year		(129)	(799)
Results for the year		**1,093**	**2,227**
PROPOSED APPROPRIATION OF NET PROFIT:			
Transferred to retained earnings		1,093	
Total allocations and transfers		**1,093**	

Parent balance sheet

DKK'000	Note	2020	2019
Development projects in progress and prepayments for intangible assets	6	322	196
Completed development projects		4,324	2,981
Total intangible assets		**4,646**	**3,177**
Other fixtures and fittings, tools and equipment	7	1,264	0
Total property, plant and equipment		**1,264**	**0**
Investments in subsidiaries	8	74	74
Deposits	9	20	0
Total investments		**94**	**74**
Total non-current assets		**6,004**	**3,251**
Trade receivables		7,038	4,246
Receivables from shareholders and management		0	222
Receivables from group enterprises		1,275	325
Income tax receivables		383	0
Prepayments and accrued income		296	178
Total receivables		**8,992**	**4,971**
Cash in hand and demand deposits		**2,045**	**479**
Total current assets		**10,654**	**5,450**
Total assets		**17,041**	**8,701**

DKK'000	Note	31/12/20	31/12/19
Contributed capital		50	50
Other statutory reserves		3,624	2,478
Proposed dividend for the financial year		0	600
Retained earnings		(2,290)	(2,237)
Total equity		**1,384**	**891**
Provisions for deferred tax		1,010	528
Total provisions		**1,010**	**528**
Debt to credit intitutions		758	0
Other payables		591	191
Deposits		25	35
Total long-term liabilities other than provisions		**1,374**	**226**
Bank loans		118	0
Trade payables		1,423	618
Deferred income		7,174	3,835
Income tax payable		0	720
Other payables		4,558	1,883
Total short-term liabilities other than provisions		**13,273**	**7,056**
Total liabilities other than provisions		**14,237**	**7,282**
Total equity and liabilities		**17,041**	**8,701**
Contingencies	10		

Statement of changes in equity

DKK'000	Contributed capital	Reserve for develop-ment cost	Retained earnings	Proposed dividend	**Total**
Equity beginning of the year	50	1,758	1,399	600	**3,807**
Correction	-	-	(2,916)	-	**(2,916)**
Transfer to reserves	-	720	(720)	-	**-**
Adjusted equity beginning of year	50	2,478	(2,237)	600	**891**
Ordinary dividend paid	-			(600)	**(600)**
Transfer to reserves	-	1,146	(1,146)	-	**-**
Net profit(loss) for the year	-	-	1,093	-	**1,093**
Equity end of year	**50**	**3,624**	**(2,290)**	**-**	**1,384**

Notes to the parent income statements

/ NOTE 1

Accounting policies

The Annual Report of Relesys ApS has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises. Furthermore, the company has decided to comply with certain rules applying to reporting class C enterprises. The accounting policies are unchanged from last year, and the Annual Report is presented in DKK.

Correction to revenue

The Company has recorded a correction to the revenue related to the onboarding process of the customers. Historically, this has been recorded when the onboarding was finalised and the licence period started, but now it is recorded over the full period from when the onboarding starts and to the end of the licence period. It has been corrected from 1 January 2019 and onwards with a total negative impact on equity of DKK 2,916k as of 1 January 2020 and no impact on total assets.

Change in amortisation period – development projects
Applied accounting estimates have been changed for the amortisation period on development projects from 3 years to 5-7 years. The changes in accounting estimates are due to Management's assessment that development projects have a longer lifetime, and therefore a change in accounting estimates has been implemented.
The change in accounting estimates has no result in the comparison period.

Change in amortisation period – development projects

Applied accounting estimates have been changed for the amortisation period on development projects from 3 years to 5-7 years. The changes in accounting estimates are due to Management's assessment that development projects have a longer lifetime, and therefore a change in accounting estimates has been im-plemented.

The change in accounting estimates has no result in the comparison period.

Basis of recognition and measurement

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciation, amortisation, write-downs for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

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

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

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

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

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

Foreign currency translation

Transactions denominated in currencies other than the functional currency are considered transactions in foreign currency.

On initial recognition, transactions denominated in foreign currencies are translated to the functional cur-rency at the exchange rates at the transaction date. Foreign exchange rate adjustments arising between the transaction date and the date of payment are recognised in the statement of profit or loss in financial in-come or financial expenses.

Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rates at the reporting date. The difference between the exchange rates at the reporting date and at the date of transaction or the exchange rate in the latest Financial Statements is recognised in the statement of profit or loss in financial income or financial expenses.

Accounting policies

Income Statement

Gross profit

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

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

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

Other external costs comprise costs incurred for distribution, sales, advertising, administration, premises, loss on receivables, and operational leasing costs.

Staff costs

Staff costs include salaries and wages, including holiday allowances, pensions, and other social security costs, etc. for staff members. Staff costs are less government reimbursements.

Depreciation, amortisation, and write-down for impairment

Depreciation, amortisation, and write-down for impairment comprise depreciation on, amortisation of, and write-down for impairment of intangible and tangible assets, respectively.

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

Financial income and expenses

Financial income and expenses comprise interest, realised and unrealised capital gains and losses concerning financial assets and liabilities, amortisation of financial assets and liabilities, additions and reimbursements under the Danish tax prepayment scheme, etc. Financial income and expenses are recognised in the income statement with the amounts concerning the financial year.

Tax on profit/loss for the year

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

The company is subject to Danish rules on compulsory joint taxation of Danish group enterprises.
The current Danish income tax is allocated among the jointly taxed companies proportional to their respective taxable income (full allocation with reimbursement of tax losses).

Accounting policies (Continued)

Balance Sheet

Development projects

Developments projects comprise development projects completed and in progress.

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 less deferred tax incurred 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. The amortisation period used is 5-7 years.

Property, plant and equipment

Other fixtures and fittings, tools and equipment are measured at cost less accrued depreciation and write-down for impairment.

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

If the amortisation period or the residual value is changed, the effect on amortisation will, in future, be recognised as a change in the accounting estimates.

The cost comprises acquisition cost and costs directly associated with the acquisition until the time when the asset is ready for use.

The cost of a total asset is divided into separate components. These components are depreciated separately when the useful lives of each individual components differ. The amortisation period used is 3-5 years.

Minor assets with an expected useful life of less than 1 year are recognised as costs in the income statement in the year of acquisition.

Leases

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

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

Leases are regarded as operating leases. Payments in connection with operating leases and other lease agreements are recognised in the income statement for the term of the contract. The company's total liabilities concerning operating leases and lease agreements are recognised under contingencies etc.

Impairment loss relating to non-current assets

The carrying amounts of both intangible and tangible assets as well as equity investments in subsidiaries and associates are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation, respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets, respectively. Write-down for impairment is done to the recoverable amount if this value is lower than the carrying amount.

The recoverable amount is equal to the value of the net selling price or the value in use, whichever is higher. The value in use is determined as the present value of the expected net cash flow derived from the use of the asset or group of assets.

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

Accounting policies (Continued)

Investments in subsidiaries

Investments in subsidiaries are measured at cost. Write-down for impairment is done to the recoverable amount if this value is lower than the carrying amount.

Deposits

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

Receivables

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

Prepayments and accrued income

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

Cash in hand and demand deposits

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

Equity

RESERVE FOR DEVELOPMENT COSTS

The reserve for development costs comprises recognised development costs less related deferred tax liabilities. The reserve cannot be used as dividend or for covering losses.

The reserve is reduced or dissolved if the recognised development costs are amortised or abandoned. This is done by direct transfer to the distributable reserves of the equity.

DIVIDEND

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

Income tax and deferred tax

Current tax receivables and tax liabilities are recognised in the statement of financial position with the amount calculated on the basis of the expected taxable income for the year adjusted for tax on previous years' taxable income and prepaid taxes. Tax receivables and tax liabilities are offset to the extent that a legal set-off right exists and the items are expected to be settled net or simultaneously.

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

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

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

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

Liabilities other than provisions

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

Accruals and deferred income

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

/ NOTE 2

Staff costs

DKK'000	2020	2019
Salaries and wages	10,967	6,668
Pensions costs	715	454
Other social security costs	236	183
Other staff costs	705	1,109
Total	**12,623**	**8,414**
Average numbers of employees	36	24

Please refer to the disclosure in note 6 in the Consolidated Financial Statements for management remuneration.

/ NOTE 3

Depreciation, amortisation and impairment losses

DKK'000	2020	2019
Amortisation of intangible assets	904	1,117
Impairment of intangible assets	51	0
Depreciation of property plant and equipment	44	12
Total	**999**	**1,129**

/ NOTE 4

Financial income

DKK'000	2020	2019
Financial income from group enterprises	40	0
Foreign exchange losses	9	7
Other financial income	0	2
Total	**49**	**9**

/ NOTE 5

Financial expenses

DKK'000	2020	2019
Interest expenses	38	35
Foreign exchange losses	54	24
Total	**92**	**59**

/ NOTE 6

Development projects in progress and prepayments for intangible assets

2020

DKK'000	Completed development projects	Development projects in progress	**Total**
Cost at 1 January	4,831	195	5,026
Additions	2,103	322	2,425
Transfer	144	(144)	0
Cost at 31 December	**7,078**	**373**	**7,451**
Amortisation and impairment losses at 1 January	(1,850)	0	(1,850)
Amortisation during the year	(904)		(904)
Impairment during the year		(51)	(51)
Amortisation and impairment losses at 31 December	**(2,754)**	**(51)**	**(2,805)**
Carrying amount at 31 December	**4,324**	**322**	**4,646**

Completed development projects relate to the further development of the Relesys platform, Relesys core modules and Relesys pro modules. Management has an expectation of positive earnings from each development project.

It is Management's assessment that the expected useful lives of the finite-lived assets, as well as the expected future revenue streams from the assets, are sufficient to cover the value of recognised developed projects at the reporting date.

/ NOTE 7

Other fixtures and fittings, tools and equipment

2020

DKK'000	**Other fixtures and fittings, tools and equipment**
Cost at 1 January	39
Additions	1,308
Cost at 31 December	**1,347**
Amortisation and write-down at 1 January	(40)
Depreciation during the year	(43)
Depreciation at 31 December	**(83)**
Carrying amount at 31 December	**1,264**

/ NOTE 8

Investments

INVESTMENTS IN SUBSIDIARIES

DKK'000	2020	2019
Cost at 1 January	74	38
Additions	0	36
Cost at 31 December	**74**	**74**

/ NOTE 9

Deposits

DKK'000	2020	2019
Cost at 1 January	0	11
Additions	20	0
Disposals	0	(11)
Cost at 31 December	**20**	**0**

/ NOTE 10

Contingencies

Contingent liabilities

LEASE LIABILITIES

The company has entered into a lease agreements and rent contracts. The obligation amounts to DKK 1,486k.

MORTGAGE AND SECURITIES

The Company has pledged its assets as security for bank debts.

RELESYS ANNUAL REPORT 2020

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