Sønderup revisorer

Jyllandsgade 9
DK-4100 Ringsted
T: +45 5761 1210

Korskildelund 4, 1.th.
DK-2670 Greve
T: +45 8844 2030

CVR nr.: 31824559
mail@sonderuprevisorer.dk
www.sonderuprevisorer.dk

ANNUAL REPORT
1 June 2017 - 31 May 2018

Area9 Labs ApS
Galionsvej 37
1437 København K

CVR nr. 25167406

Submitter:
Sønderup I/S
Statsautoriserede revisorer

Presented and approved at the company's ordinary generel meeting 13 November 2018

Chairman
Jakob Juul Christensen

Contents

Management's Statement on the Annual Report

The management have today considered and approved the annual report for Area9 Labs ApS for the financial year 1 June 2017 to 31 May 2018.

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

In the managements opinion, the financial statements give a true and fair view of the company's financial position at 31 May 2018 and of its financial performance for the financial year 1 June 2017 to 31 May 2018.

We recommend the annual report for approval at the annual general meeting.

Copenhagen, 31 October 2018

Executive Board

Asger Kunuk Alstrup Palm

Board of Directors:

Ulrik Juul Christensen   Asger Kunuk Alstrup Palm

Independent Auditor's Report

To the shareholders of Area9 Labs ApS

Auditor's Report on the Financial Statements

Opinion
We have audited the Financial Statements of Area9 Labs ApS for the financial year 1 june 2017 - 31 May 2018, which comprise income statement, balance sheet and notes, including a summary of significant accounting policies, for the Company. The Financial Statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the Company's financial position at 31 May 2018 and of the results of the Company's operations for the financial year 1 June 2017 - 31 May 2018 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 Financial Statements' section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for 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 rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

Independent Auditor's Report

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

* Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion forgery, intentional omissions, misrepresentations, or the override of internal control.

* Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

* Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

* Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

* Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Ringsted, 31 October 2018

SØNDERUP I/S
statsautoriserede revisorer
CVR 31824559

Tom Sønderup
State Authorised Public Accountant
mne10489

Accounting principles applied

The annual report for Area9 Labs ApS 2017/18 has been prepared in accordance with the Danish Financial Statements Act for class B companies with optional rules of class C.

The income statement is presented by type of expenditure and the balance sheet is presented in account from. The measurement currency used is Danish kroner. All other currencies are considered foreign currency.

The accounting principles were applied consistently with the principles of last year's financial reporting.

General information on recognition and measurement

Income is recognized in the income statement as earned, including any value adjustments of financial assets and liabilities. Furthermore, all costs, including amortisation/depreciation and write-downs, are recognized in the income statement.

Assets are recognized in the balance sheet when it is probable that future economic benefits will flow to the company, and the value of the assets can be measured reliably.

Liabilities are recognized in the balance sheet when it is probable that future economic benefits wil flow out of the company, and the value of the liabilities can be measured reliably.

The first recognition measures assets and liabilities at cost. Subsequently, assets and liabilities will be measured individually in respect of each accounting item as described below.

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

Income statement

Gross profit

In pursuance of section 32 (1) of the Danish Financial Statements Act, the first item in the income statement is the gross profit. The item gross profit is the result of revenue, cost of sales, other external cost and other operating income.

Revenue

Revenue from the sale of services is recognized in the income statement as performed, if the income can be determined reliably and is expected to be received. Revenue is recognized ex. VAT and net of discounts in connection with the sale. Revenue corresponds to the market value of the work in progress (production method).

Cost of goods sold

Cost of goods sold comprises the financial year's cost of sales measured to sales price, ajusted for ordinary inventory write-offs.

Accounting principles applied

Other operating income and expenses
Other operating income and expenses comprise items of a secondary nature in relation to the company's core business.

Other external costs
Other external cost comprise costs for distribution, sales, advertising, administration, premises, bad debts, operating leasing costs etc.

Staff expenses
Staff expenses contains salaries and wages, including holiday payment, pensions and other social security costs etc. to the company's employees. In staff expenses are received subsidies from public authorities, deducted.

Financial items
Financial income and expenses are regognized in the income statement with the amounts relating to the financial year. The financial items comprise interest income and expense, realized and unrealized exchange rate, gains and losses resulting from transactions in foreign currencies and surcharges and refunds regarding corporation tax.

Tax for the year
The company is jointly taxed with other group companies. The current corporation tax is divided between the jointly taxed companies pro rata to their taxable incomes. The parent company functions as the management company for the joint taxation and handles the tax payments to the danish tax authorities.

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

Balance sheet

Tangible fixed assets
Operating equipment, tools and fixtures as well as leasehold improvements are measured at cost price less accumulated depreciation and write-down.

Depreciation is based on cost price less expected residual value after end of service life. The cost price includes acquisition price and costs directly linked to the acquisition until the time when the asset is ready for commencement of use.

Straight-line depreciation is based on the following assesment of the assets expected useful lives:

- Other fixtures and fittings, tools and equipment: Life cycle 3-10 years, residual value 0-20%.
- Leasehold improvements: Life cycle 3-10 years, residual value 0-20%.

Accounting principles applied

Assets with a cost per unit under the tax threshold for small assets are recognized as expenses in the year of acquisition.

Profits or losses in connection with disposal of tangible fixed assets are calculated as the difference between the sales price less sales costs and the book value at the time of sale. Profits and losses are entered in the income statement under other operating income and -costs.

Financial fixed assets

Investments in group companies and associates
Investments in associates are measured at cost. In cases where the cost exceeds net realizable value, it is written down to its recoverable amount.

Dividends from investments in associates are recognized in the parent company's income statement in the period in which the dividend is declared. To the extent that distributed dividends exceed the accumulated earnings after the transfer date, the dividend is recognized as a reduction of the investment cost.

The proportionate share of the group companies are recognized in the income statement. Investments from these companies are recognized in the balance sheet at the proportionate share of the net asset value.

Group companies with negative net asset values are recognized at DKK zero and any receivables from these enterprises are written down by the parent company's share of the negative equity to the extent it is deemed uncollectible. If the negative net book value exceeds the amount owed, the remaining amount is recognized under provisions to the extent that the parent has a legal or constructive obligation to cover the subsidiary's balance sheet.

The total net revaluation of investments in group companies are transferred to reserve for net revaluation according to the equity method under equity. The reserve is reduced by dividend payments to the parent company and by other changes in equity in group companies.

Newly acquired or established companies are recognized in the annual report from the acquisition date. Sold or divested companies are included up to the date of disposal.

Surcharge on acquisition of interests in relation to the actual net asset value is considered goodwill. This goodwill is amortized linearly over the estimated service life. The amortization period for goodwill is in the annual report incorporated with 10 years.

Impairment of fixed assets
The carrying value of intangible and tangible fixed assets and investments in subsidiaries are assessed annually for indications of impairment beyond what is expressed by depreciation.

Accounting principles applied

If there are indications of impairment, an impairment test of each asset or group of assets will be made. Impairment will be made to its recoverable amount if this is lower than the carrying value.

Inventories
Inventories are valued at cost using the FIFO method. In cases where net realizable value is lower than cost, it will be written down to this lower value.

Cost of goods for resale, raw materials and consumables comprise of purchase price plus transportation costs.

The cost of finished goods and work in progress comprises raw materials, direct labor and direct production costs.

The net realizable value of inventories is calculated as the selling price less costs of completion and costs to be incurred to make the sale and is determined taking into account marketability, obsolescence and development in expected sales.

Receivables
Receivables are measured at amortized cost, which usually corresponds to the nominal value. Value is reduced by provisions for bad debts.

Prepayments
Prepaid expenses are recorded as assets.

Cash funds
Cash funds are measured at nominal value.

Dividend
Proposed dividend for the financial year is recognized as a separate component of the equity. Proposed dividends are recognized as a liability at the time of adoption.

Tax payable and deferred tax
Current tax liabilities and current tax assets are recognized in the balance sheet as tax calculated on the taxable income allocated with the current tax rate, and adjusted for tax on prior years taxable income and prepaid taxes.

Deferred tax is measured by the liability method concerning temporary differences between the caffying value and tax value of assets and liabilities, calculated based on the planned use of the assets and settlement of the obligation, respectively.

Deferred tax assets, including the tax value of tax losses allowed for carry-forward, are measured at the value at which the asset is expected to be realisable, either through elimanation in tax on future earnings or through offsetting in deferred tax liabilities in the same legal tax unit. Any deferred net tax assets are measured at their net realisation values.

Accounting principles applied

Deferred tax is measured based on the tax rules and tax rates applicable in pursuance of the legislation in force on the balance sheet date when the deferred tax is expected to become payable as current tax. Changes in deferred tax due to change in tax rates is recognized in the income statement.

Liabilities
Other liabilities are measured at amortised cost corresponding to the nominal value.

Conversion of foreign currency
Transactions in foreign currencies are converted at the rate of exchange on the transaction date. Exchange differences arising between the rate on the transaction date and the rate on the payment date are recognized in the income statement as a financial income or expence. If the foreign exchange position is considered to hedge future cash flows, the unrealised exchange adjustments are recognized directly in the equity.

Accounts receivable, payable and other monetary items in foreign currencies that are not settled on the balance sheet date are converted at the exchange rate on the balance sheet date. The difference between the exchange rate on the balance sheet date and the receivable or payable is recognized in the income statement as financial income or expenses.

Fixed assets acquired in foreign currencies are converted at the rate of exchange on the transaction date.

Income statement 1 June - 31 May

Note		2017/18	2016/17
	Gross profit	1.285.804	9.537.153
1.	Staff costs	-4.808.701	-12.660.344
2.	Depreciation and write-downs	-158.829	-397.338
	OPERATING PROFIT	**-3.681.726**	**-3.520.529**
	Income from investments in group companies	-24.890.114	-28.285.050
	Financial income from group companies	1.815.392	942.875
	Other financial income	228.535	69.358
	Financial expenses to group companies	-2.458.165	-1.443.238
	Other financial costs	-111.759	-47.861
	PROFIT/-LOSS BEFORE TAX	**-29.097.837**	**-32.284.445**
	Tax for the year	49.244	780.355
	NET PROFIT/-LOSS FOR THE YEAR	**-29.048.593**	**-31.504.090**
	Appropriation of profit		
	Retained earnings	-29.048.593	-31.504.090
	Total appropriation	**-29.048.593**	**-31.504.090**

Balance sheet 31 May

Note		2017/18	2016/17
	ASSETS		
	Other fixtures and fittings, tools and equipment	38.709	90.226
	Leasehold improvements	122.420	173.862
	Total tangible fixed assets	**161.129**	**264.088**
3.	**Financial fixed assets**		
	Investments in group companies	0	371.457
	Investments in associates	1.000	1.000
	Other receivables	633.751	598.478
	Total financial fixed assets	**634.751**	**970.935**
	TOTAL FIXED ASSETS	**795.880**	**1.235.023**
	Finished goods and merchandise	7.080.683	7.469.371
	Total inventories	**7.080.683**	**7.469.371**
	Receivables from sales and services	25.994	0
	Receivables from group companies	7.986.033	13.859.156
	Receivables from associates	84.175	58.774
	Deferred tax assets	937.820	888.576
	Other receivables	7.611	150.000
	Prepayments	114.285	12.622
	Total receivables	**9.155.918**	**14.969.128**
	Cash funds	122.781	17.229
	Total cash funds	**122.781**	**17.229**
	TOTAL CURRENT ASSETS	**16.359.382**	**22.455.728**
	TOTAL ASSETS	**17.155.262**	**23.690.751**

Balance sheet 31 May

Note		2017/18	2016/17
	EQUITY AND LIABILITIES		
4.	**Equity**		
	Share capital	80.000	80.000
	Retained earnings	-84.812.396	-55.763.804
	TOTAL EQUITY	**-84.732.396**	**-55.683.804**
5.	**Long-term liabilities**		
	Payables to group companies	99.176.661	0
	Total long-term liabilities	**99.176.661**	**0**
	Other credit institutions	2.284.415	1.600.565
	Suppliers of goods and services	243.026	308.796
	Payables to group companies	0	74.588.163
	Other payables	182.921	2.877.031
	Debt to shareholders and management	635	0
	Total short-term liabilities	**2.710.997**	**79.374.555**
	TOTAL LIABILITIES	**101.887.658**	**79.374.555**
	TOTAL EQUITY AND LIABILITIES	**17.155.262**	**23.690.751**

6. Uncertainty about the continued operation
7. Main activity
8. Contingencies

Noter

	2017/18	2016/17
1. Staff costs		
Salaries	4.534.267	12.227.828
Pension costs	214.147	332.510
Other social security costs	60.287	100.006
Total staff costs	**4.808.701**	**12.660.344**
Persons employed on average	9	16
2. Depreciation and write-downs		
Depreciation and write-downs of fixed assets	158.829	397.338
Total depreciation and write-downs	**158.829**	**397.338**

3. Financial fixed assets

Specification of investments in group companies
Area9 Learning ApS, Copenhagen, 100%

Specification of investments in associated companies
Comapping A/S, Copenhagen, 47,5%

4. Equity

	2017/18	2016/17
Share capital		
Beginning of year	80.000	80.000
End of year	**80.000**	**80.000**
Retained earnings		
Beginning of year	-55.763.803	-24.259.714
Transferred from net profit	-29.048.593	-31.504.090
End of year	**-84.812.396**	**-55.763.804**
Equity end of year	**-84.732.396**	**-55.683.804**

5. Long-term liabilities

TDKK 99.177 of long-term debt are due after 5 years.

6. Uncertainty about the continued operation

The company's continued operation is subject to the retention of the credit available from suppliers and main shareholder, under the current conditions, and that fresh capital is contributed if needed. There is nothing that indicates that the credits would not be available and that there should not be given additional credit for at least 12 months from the balance sheet date. There is delivered letter of intent about necessary credit from main shareholder until 31 May 2019. The annual report is prepared in accordance with the principle of continuous operation.

Noter

7. Main activity

The company's main activity is the development and marketing of software solutions and related business.

8. Contingencies

The organization has not included a deferred tax asset due to unutilized tax losses. This deferred tax asset is not included on the balance sheet due to uncertainty regarding the possibility of use, and time of use.

The value of the tax asset amounts to TDKK 854.

The company has entered into a lease with an annual rent cost of TDKK 1.230. Within the contract there is a clause stating that 6 months notice is required prior to termination of the lease.

The company is liable for the total tax of jointly taxed Danish companies.

The organisation has expressed that it wishes to provide liquidity to its subsidiaries, only for the necessary functions for continued operations. The statement is given to the next financial reporting period.