BookBoon ApS

Falkoner Alle 1, 2., DK-2000 Frederiksberg

Annual Report for 1 January - 31 December 2018

CVR No 28 85 24 44

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 24/6 2019

Niels Thomas Buus Madsen
Chairman of the General Meeting

Contents

Management’s Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of BookBoon ApS for the financial year 1 January - 31 December 2018.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2018 of the Company and of the results of the Company operations for 2018.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Frederiksberg, 24 June 2019

Executive Board

Niels Kristian Buus Madsen	Niels Thomas Buus Madsen

Board of Directors

Jesper Jarlbæk Chairman	Lars Fløe Nielsen	Jannick Birger Pedersen
Niels Thomas Buus Madsen	Thorsten Erik Ramsing	

Independent Auditor's Report

To the Shareholder of BookBoon ApS

Opinion
In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2018 and of the results of the Company's operations for the financial year 1 January - 31 December 2018 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of BookBoon ApS for the financial year 1 January - 31 December 2018, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

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 requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review
Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financials Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

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 misstate-

ment, 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 taken on the basis of these Financial Statements.

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

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

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

Hellerup, 24 June 2019
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Leif Ulbæk Jensen
State Authorised Public Accountant
mne23327

Jakob Thisted Binder
State Authorised Public Accountant
mne42816

Company Information

The Company	BookBoon ApS Falkoner Alle 1, 2. DK-2000 Frederiksberg Telephone: + 45 35433366 CVR No: 28 85 24 44 Financial period: 1 January - 31 December Incorporated: 1 January 2005 Municipality of reg. office: Frederiksberg
Board of Directors	Jesper Jarlbæk, Chairman Lars Fløe Nielsen Jannick Birger Pedersen Niels Thomas Buus Madsen Thorsten Erik Ramsing
Executive Board	Niels Kristian Buus Madsen Niels Thomas Buus Madsen
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup

Management's Review

Key activities

The key business of Bookboon is Digital Learning within Soft skills and Business Skills.

Development in 2018

The income statement of the Company for 2018 shows a loss of DKK 1,052,343, and at 31 December 2018 the balance sheet of the Company shows equity of DKK 11,661.

Capital resources

The Company has lost more than 50 % of the share capital and is therefore comprised by the Danish Companies Act's rules regarding loss of capital.

The ultimate shareholders have committed a capital contribution of DKK 7 million to the parent company BookBoon Corporate A/S to be made end June 2019. A capital contribution to BookBoon ApS will hereafter be made. The share capital of the company is hereafter re-established.

In addition here to the shareholders have under specific terms committed additional credit facilities or contribution by cash as basis for the continuously development of the company to be one of the leading digital publisher of B2B Corporate Learning.

Based hereon it is the assessment of Management that the company has sufficient capital resources to support the 2019 business initiatives and the activities of the company.

Changes in accounting policies

The company has changed it's accounting polices for revenue recognition and related costs. The comparison figures for 2017 have consequently been adjusted and the changed accounting policy for revenue recognition are stated in the accounting policy.

Unusual events

The financial position at 31 December 2018 of the Company and the results of the activities of the Company for the financial year for 2018 have not been affected by any unusual events.

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income Statement 1 January - 31 December

	Note	2018 DKK	2017 DKK
Gross profit/loss		**3.862.730**	**3.682.585**
Staff expenses	2	-4.462.555	-4.639.388
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	3	-286.363	-276.272
Profit/loss before financial income and expenses		**-886.188**	**-1.233.075**
Financial income	4	296.479	223.437
Financial expenses	5	-472.527	-445.222
Profit/loss before tax		**-1.062.236**	**-1.454.860**
Tax on profit/loss for the year	6	9.893	-251.469
Net profit/loss for the year		**-1.052.343**	**-1.706.329**

Distribution of profit

Proposed distribution of profit

Retained earnings	-1.052.343	-1.706.329
	-1.052.343	**-1.706.329**

Balance Sheet 31 December

Assets

	Note	2018	2017
		DKK	DKK
Completed development projects		0	205.323
Intangible assets	7	**0**	**205.323**
Other fixtures and fittings, tools and equipment		29.744	57.984
Leasehold improvements		133.179	185.979
Property, plant and equipment	8	**162.923**	**243.963**
Deposits		161.300	143.819
Fixed asset investments		**161.300**	**143.819**
Fixed assets		**324.223**	**593.105**
Trade receivables		3.699.233	1.452.551
Receivables from group enterprises		14.676.620	9.895.950
Other receivables		210.586	148.235
Deferred tax asset		261.362	251.469
Corporation tax		0	153.682
Corporation tax receivable from group enterprises		199.259	11.577
Prepayments		5.329.356	2.958.239
Receivables		**24.376.416**	**14.871.703**
Cash at bank and in hand		**2.485**	**3.233**
Currents assets		**24.378.901**	**14.874.936**
Assets		**24.703.124**	**15.468.041**

Balance Sheet 31 December

Liabilities and equity

	Note	2018	2017
		DKK	DKK
Share capital		178.571	178.571
Retained earnings		-166.910	885.433
Equity		**11.661**	**1.064.004**
Credit institutions		5.879.521	4.023.281
Trade payables		4.033.963	3.621.252
Payables to group enterprises		8.275.961	5.194.782
Other payables		572.440	605.188
Deferred income		5.929.578	959.534
Short-term debt		**24.691.463**	**14.404.037**
Debt		**24.691.463**	**14.404.037**
Liabilities and equity		**24.703.124**	**15.468.041**
Capital resources	1		
Contingent assets, liabilities and other financial obligations	9		
Accounting Policies	10		

Statement of Changes in Equity

	Share capital	Retained earnings	Total
	DKK	DKK	DKK
Equity at 1 January 2018	178.571	2.920.047	3.098.618
Net effect from change of accounting policy	0	-2.034.614	-2.034.614
Adjusted equity at 1 January 2018	178.571	885.433	1.064.004
Net profit/loss for the year	0	-1.052.343	-1.052.343
Equity at the end	**178.571**	**-166.910**	**11.661**

Notes to the Financial Statements

1 Capital resources

The ultimate shareholders have committed a capital contribution of DKK 7 million to the parent company BookBoon Corporate A/S to be made end June 2019. A capital contribution to BookBoon ApS will hereafter be made. The share capital of the company is hereafter re-established.

In addition hereto the shareholders have under specific terms committed additional credit facilities or contribution by cash as basis for the continuously development of the company to be one of the leading digital publisher of B2B Corporate Learning.

Based here on it is the assessment of Management that the company has sufficient capital resources to support the 2019 business initiatives and the activities of the company.

2 Staff expenses

	2018	2017
	DKK	DKK
Wages and salaries	4.255.404	4.410.064
Pensions	86.004	132.002
Other social security expenses	68.168	70.029
Other staff expenses	52.979	27.293
	4.462.555	**4.639.388**
Average number of employees	**8**	**9**

3 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment

	2018	2017
Amortisation of intangible assets	205.323	205.322
Depreciation of property, plant and equipment	81.040	70.950
	286.363	**276.272**

4 Financial income

	2018	2017
Interest received from group enterprises	296.463	222.829
Other financial income	16	608
	296.479	**223.437**

Notes to the Financial Statements

5 Financial expenses

	2018	2017
	DKK	DKK
Interest paid to group enterprises	182.289	121.095
Other financial expenses	206.876	58.252
Exchange adjustments, expenses	83.362	265.875
	472.527	**445.222**

6 Tax on profit/loss for the year

	2018	2017
Deferred tax for the year	-9.893	251.469
	-9.893	**251.469**

7 Intangible assets

	Completed development projects
	DKK
Cost at 1 January	1.026.611
Cost at the end	1.026.611
Impairment losses and amortisation at 1 January	821.288
Amortisation for the year	205.323
Impairment losses and amortisation at the end	1.026.611
Carrying amount at the end	**0**
Amortised over	5 years

Development projects consists of the development of new functions to the Company's existing products. The development was completed in 2014, and the development projects are used in connection with the servicing of the Company's customeres in the current market.

Notes to the Financial Statements

8 Property, plant and equipment

	Other fixtures and fittings, tools and equipment	Leasehold improvements	Total
	DKK	DKK	DKK
Cost at 1 January	494.774	211.202	705.976
Cost at the end	494.774	211.202	705.976
Impairment losses and depreciation at 1 January	436.790	25.223	462.013
Depreciation for the year	28.240	52.800	81.040
Impairment losses and depreciation at the end	465.030	78.023	543.053
Carrying amount at the end	**29.744**	**133.179**	**162.923**
Depreciated over	4 years	4 years	

Notes to the Financial Statements

	2018	2017
	DKK	DKK

9 Contingent assets, liabilities and other financial obligations

Charges and security

The following assets have been placed as security with for debt to credit institutions:

	2018	2017
Company charge of a total of TDKK 3,000, which provides security in receivables and property, plant and equipment at a total carrying amount of	3.862.156	1.901.837

Rental and lease obligations

The company has entered a rent agreement wih a total obligation of DKK 963,500 (2017: DKK 963,500) during the non-cancellation period.

The Company has entered leasing agreements with a total obligation of DKK 175,616 (2017: DKK 175,616).

Other contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of Bookboon Corporate A/S, which is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

Notes to the Financial Statements

10 Accounting Policies

The Annual Report of BookBoon ApS for 2018 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The Financial Statements for 2018 are presented in DKK.

Changes in accounting policies

The company has changed its accounting polices for recognition and related costs from contracts with customers. Revenue from contracts with customers are recognized based on transfer of control as interpretated based on IFRS 15 either at the point in time, where control transfers to the customer or over time as the control passes to the customer. Revenue is derived from customers on-line access to BookBoon eLibrary. Revenue and related costs regarding these services are recognized over time over the terms of the agreements.

The Management considers the application of the principles of IFRS 15 to give a more fair view.

The changes in accounting policies has been made according to the full retrospective method with the cumulative effect of initially applying IFRS 15 recognized on equity at the date of initial application of January 1, 2018 and consequently comparative information has been adjusted.

The change in accounting policy regarding revenue have had an negative impact on revenue in 2018 with DKK 4,970k and the cost has decreased with DKK 2,478k reducing the profit before tax with DKK 2,492k. The accumulated effect on the equity pr. 1 January 2018 is DKK -2,035k and per 31 December 2018 DKK -4,527k.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is 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 initially measured at cost. Subsequently, assets and liabilities are measured as

Notes to the Financial Statements

10 Accounting Policies (continued)

described for each item below.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Leases

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Company.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Income Statement

Revenue

Revenue is derived from customers on-line access to BookBoon eLibrary.

Revenue recognition requires an agreement with the client which creates enforceable rights and obligations between the parties, has commercial substance, and identifies payment terms. In addition, it

Notes to the Financial Statements

10 Accounting Policies (continued)

must be probable that the consideration determined in the contract will be collected.

For multi-element contracts, the basis for revenue recognition is an assessment of the standalone selling prices for the identified performance obligations, including rebates discounts and allowances.

Revenue from contracts with customers are recognized based on transfer of control either at the point in time, where control transfers to the customer or over time as the control passes to the customer.

Revenue from the sale of digital and audio books and advertisement is recognised when the control have been transferred to the purchaser.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Expenses for author's fee and others

Expenses for author's fee and others include royalties and other payments.

Other external expenses

Other external expenses comprise expenses for premises, sales and distribution as well as office expenses, etc.

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, expenses for author's fee and others and other external expenses.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Notes to the Financial Statements

10 Accounting Policies (continued)

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with wholly owned Danish and foreign subsidiaries. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Balance Sheet

Intangible assets

Development costs includes among other salaries, fees, depreciations which can both directly and indirectly be related to development activities.

Development projects, which are clearly identified and defined, where the technical execution, adequate resources, and the potential future market or company development can be demonstrated, and where it is the intention to develop, market and apply the project, will be recognized as intangible fixed assets, if the costs can be reliably measured, and there is adequate assurance that future earnings can cover the production, sales and administration costs. Other development costs are recognized in the income statement as and when incurred.

Development costs, which is recognized in the balance sheet, are measured at cost, with deduction for accumulated depreciation and impairment.

After the completion of the development work, it is depreciated on a straight-line basis over the estimated life span of the assets. The depreciation period is usually 5 years. Profits and losses on the sale of development projects, patents and licenses is calculated as the difference between selling price minus selling costs and the booked value the time of sale. Profits or losses are recognized in the income statement under other operating income.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Notes to the Financial Statements

10 Accounting Policies (continued)

Other fixtures and fittings, tools and equipment	4 years
Leasehold improvements	4 years

Depreciation period and residual value are reassessed annually.

Assets costing less than DKK 13,500 are expensed in the year of acquisition.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Fixed asset investments

Fixed asset investments consist of deposit regarding lease agreement.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts. Provisions for bad debts are determined on the basis of an individual assessment of each receivable, and in respect of trade receivables, a general provision is also made based on the Company's experience from previous years.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Notes to the Financial Statements

10 Accounting Policies (continued)

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

Debts are measured at amortised cost, substantially corresponding to nominal value.

Deferred income

Deferred income comprises payments received in respect of income in subsequent years.