# Elearningforce International ApS

Europaplads 16, 4., 8000 Aarhus C

CVR no. 32 13 97 28

## Annual report

for the year 1 January - 31 December 2017

Approved at the Company's annual general meeting on 15 March 2018

Chairman:

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Building a better
working world

## Contents

## Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Elearningforce International ApS for the financial year 1 January - 31 December 2017.

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 of the Company at 31 December 2017 and of the results of the Company's operations for the financial year 1 January - 31 December 2017.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the annual general meeting.

Aarhus, 15 March 2018
Executive Board:

Lars Vestergaard

Board of Directors:

| | | |
|---|---|---|
| Paul Ferdinand Andringa | Christopher Charles Ostler | Robert Nederby |
| Bjarne Holst Mortensen | Lars Damsgaard Andersen | |

# Independent auditor's report

## To the shareholders of Elearningforce International ApS

### Opinion

We have audited the financial statements of Elearningforce International ApS for the financial year 1 January - 31 December 2017, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2017 and of the results of the Company's operations for the financial year 1 January - 31 December 2017 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Independence*

We are independent of the Group 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.

### 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 as to 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 the 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.

## Independent auditor's report

- 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 note 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.

### Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the 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 the Management's review and, in doing so, consider whether the 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 the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Aarhus, 15 March 2018
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Henry Vesterholm

Henry Vesterholm
State Authorised Public Accountant
MNE no.: mne10157

# Management's review

## Company details

| | |
|---|---|
| Name | Elearningforce International ApS |
| Address, Postal code, City | Europaplads 16, 4., 8000 Aarhus C |
| CVR no. | 32 13 97 28 |
| Established | 23 April 2009 |
| Registered office | Aarhus |
| Financial year | 1 January - 31 December |
| Website | www.elearningforce.com |
| Telephone | +45 70 27 91 91 |
| Board of Directors | Paul Ferdinand Andringa<br>Christopher Charles Ostler<br>Robert Nederby<br>Bjarne Holst Mortensen<br>Lars Damsgaard Andersen |
| Executive Board | Lars Vestergaard |
| Auditors | Ernst & Young Godkendt Revisionspartnerselskab<br>Værkmestergade 25, P.O. Box 330, 8100 Aarhus C, Denmark |

## Management's review

### Business review

Elearningforce International ApS is a software company developing and marketing systems for Learning Management and related areas. The Company is also engaged in Professional Service Consulting activities.

Since 2009, SharePoint Learning Management System has been launched and sold directly through subsidiaries and agents to public and private enterprises on the global market. A new product line, LMS365, based on Microsoft Cloud Solution Office 365, was released in 2014. This new product line is expected to contribute to a continued positive development in the Company also i 2018.

The Company owns all shares in Elearningforce UK Limited, Elearningforce Corporation and SLIP Holding ApS.

### Financial review

The income statement for 2017 shows a profit of DKK 28,380 against a profit of DKK 1,219,665 last year, and the balance sheet at 31 December 2017 shows equity of DKK 8,836,101.

The Company has chosen to repay the subordinated loan capital before the ordinary maturity date, which has resulted in increased financial expenses in the financial year 2017. Moreover, provision for exit bonus in connection with transfer of equity investments has also resulted in increased financial expenses.

Overall, the two increased non-recurring financial expense items have affected the financial statements by DKK 1,356 thousand before tax.

The Company's sale of time limited licences has increased, which means that accrued revenue at 31 December 2017 amounts to approx. DKK 10,600 thousand against approx. DKK 7,200 thousand in the previous year. The accrued amount will be recognised as income over the next 1-3 years.

Management considers under those circumstances the Company's financial performance in the year satisfactory.

### Events after the balance sheet date

No events materially affecting the Company's financial position have occurred subsequent to the financial year-end.

### Outlook

The Company expects to report growth in 2018 and to enjoy satisfactory positive results.

# Financial statements 1 January - 31 December

## Income statement

| Note | DKK | 2017 | 2016 |
|---|---|---|---|
| | **Gross margin** | 15,607,949 | 14,565,455 |
| 3 | Staff costs | -9,706,119 | -9,101,309 |
| | Amortisation/depreciation and impairment of intangible assets and property, plant and equipment | -3,880,830 | -3,659,891 |
| | **Profit before net financials** | 2,021,000 | 1,804,255 |
| | Income from investments in group entities | 7,813 | 219,273 |
| 4 | Financial income | 243,495 | 294,700 |
| 5 | Financial expenses | -2,228,297 | -788,667 |
| | **Profit before tax** | 44,011 | 1,529,561 |
| 6 | Tax for the year | -15,631 | -309,896 |
| | **Profit for the year** | 28,380 | 1,219,665 |

| | 2017 | 2016 |
|---|---|---|
| **Recommended appropriation of profit** | | |
| Proposed dividend recognised under equity | 0 | 1,500,000 |
| Other statutory reserves | 2,565,308 | 2,616,369 |
| Retained earnings/accumulated loss | -2,536,928 | -2,896,704 |
| | 28,380 | 1,219,665 |

# Financial statements 1 January - 31 December

## Balance sheet

| Note | DKK | 2017 | 2016 |
|---|---|---|---|
| | **ASSETS** | | |
| | **Fixed assets** | | |
| 7 | **Intangible assets** | | |
| | Completed development projects | 10,452,945 | 9,811,626 |
| | Acquired intangible assets | 129,997 | 216,667 |
| | Goodwill | 0 | 229,167 |
| | | 10,582,942 | 10,257,460 |
| 8 | **Property, plant and equipment** | | |
| | Other fixtures and fittings, tools and equipment | 12,826 | 21,883 |
| | | 12,826 | 21,883 |
| 9 | **Investments** | | |
| | Investments in group entities, net asset value | 3,299,596 | 3,411,888 |
| | | 3,299,596 | 3,411,888 |
| | **Total fixed assets** | 13,895,364 | 13,691,231 |
| | **Non-fixed assets** | | |
| | **Receivables** | | |
| | Trade receivables | 4,292,614 | 4,587,999 |
| | Receivables from group entities | 1,016,339 | 823,885 |
| | Income taxes receivable | 97,920 | 0 |
| | Other receivables | 97,195 | 91,738 |
| | Prepayments | 179,336 | 105,419 |
| | | 5,683,404 | 5,609,041 |
| | Cash | 6,497,713 | 6,084,041 |
| | **Total non-fixed assets** | 12,181,117 | 11,693,082 |
| | TOTAL ASSETS | 26,076,481 | 25,384,313 |

# Financial statements 1 January - 31 December

## Balance sheet

| Note | DKK | 2017 | 2016 |
|---|---|---|---|
| | **EQUITY AND LIABILITIES** | | |
| | **Equity** | | |
| | Share capital | 138,888 | 138,888 |
| | Reserve for development costs | 5,181,677 | 2,616,369 |
| | Retained earnings | 3,515,536 | 5,880,927 |
| | Dividend proposed for the year | 0 | 1,500,000 |
| | **Total equity** | 8,836,101 | 10,136,184 |
| | **Provisions** | | |
| | Deferred tax | 1,979,200 | 2,006,700 |
| | Other provisions | 1,938,599 | 355,439 |
| | **Total provisions** | 3,917,799 | 2,362,139 |
| | **Liabilities other than provisions** | | |
| | **Non-current liabilities other than provisions** | | |
| | Subordinate loan capital | 0 | 1,445,190 |
| | | 0 | 1,445,190 |
| | **Current liabilities other than provisions** | | |
| | Subordinate loan capital | 0 | 824,044 |
| | Trade payables | 627,762 | 686,916 |
| | Payables to group entities | 60,029 | 97,116 |
| | Other payables | 1,763,800 | 2,362,637 |
| | Deferred income | 10,870,990 | 7,470,087 |
| | | 13,322,581 | 11,440,800 |
| | **Total liabilities other than provisions** | 13,322,581 | 12,885,990 |
| | **TOTAL EQUITY AND LIABILITIES** | 26,076,481 | 25,384,313 |

1 Accounting policies
2 Special items
10 Contractual obligations and contingencies, etc.

## Financial statements 1 January - 31 December

### Statement of changes in equity

| DKK | Share capital | Reserve for development costs | Retained earnings | Dividend proposed for the year | Total |
|---|---|---|---|---|---|
| Equity at 1 January 2016 | 125,000 | 0 | -426,298 | 0 | -301,298 |
| Capital increase | 63,888 | 0 | 12,911,112 | 0 | 12,975,000 |
| Capital reduction | -50,000 | 0 | -3,950,000 | 0 | -4,000,000 |
| Transfer through appropriation of profit | 0 | 2,616,369 | -2,896,704 | 1,500,000 | 1,219,665 |
| Exchange adjustment | 0 | 0 | 242,817 | 0 | 242,817 |
| **Equity at 1 January 2017** | 138,888 | 2,616,369 | 5,880,927 | 1,500,000 | 10,136,184 |
| Transfer through appropriation of profit | 0 | 2,565,308 | -2,536,928 | 0 | 28,380 |
| Exchange adjustment | 0 | 0 | 171,537 | 0 | 171,537 |
| Dividend distributed | 0 | 0 | 0 | -1,500,000 | -1,500,000 |
| **Equity at 31 December 2017** | 138,888 | 5,181,677 | 3,515,536 | 0 | 8,836,101 |

# Financial statements 1 January - 31 December

## Notes to the financial statements

1 Accounting policies

The annual report of Elearningforce International ApS for 2017 has been prepared in accordance with the provisions applying to reporting class B enterprises under the Danish Financial Statements Act.

The accounting policies applied by the Company are consistent with those of last year.

### Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement as financial income or financial expenses.

*Foreign group entities*

Foreign subsidiaries and associates are considered separate enterprises. Items in such enterprises' income statements are translated at the average exchange rates for the month, and their balance sheet items are translated at the exchange rates at the balance sheet date. Foreign exchange differences arising on translation of the opening equity of such enterprises at the exchange rates at the balance sheet date and on translation of the income statements from the average exchange rates to the exchange rates at the balance sheet date are recognised directly in equity.

## Income statement

### Revenue

Income from the sale of services, which comprises consultancy assistance, etc., is recognised in the income statement as the services are rendered.

Income from the sale of time-limited software licences is considered leasing of a right of use and is therefore recognised in line with the transfer of the right.

Income from the sale of indefinite software licences is recognised as sale of goods when delivery and transfer of risk to the buyer have taken place.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

### Gross margin

The items revenue, change in inventories of finished goods and work in progress, work performed for own account and capitalised, other operating income and external expenses have been aggregated into one item in the income statement called gross margin in accordance with section 32 of the Danish Financial Statements Act.

### Other operating income

Other operating income comprise items of a secondary nature relative to the entity's core activities, including gains or losses on the sale of non-current assets.

# Financial statements 1 January - 31 December

## Notes to the financial statements

1 Accounting policies (continued)

### Other external expenses

Other external expenses include the year's expenses relating to the entity's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, etc.

### Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

### Amortisation/depreciation

The item comprises amortisation/depreciation of intangible assets and property, plant and equipment.

The cost for completed development projects and acquired intangible assets are amortised over the expected useful life.

Goodwill is amortised over the expected economic life of the asset, measured by reference to Management's experience in the individual business segments.

The basis of depreciation for other fixtures and fittings, tools and equipment is based on the residual value of the asset and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

In case of changes in the depreciation period or the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

The basis of amortisation, which is calculated as cost less any residual value, is amortised on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

| | |
|---|---|
| Completed development projects | 5 years |
| Acquired intangible assets | 5 years |
| Goodwill | 5 years |
| Other fixtures and fittings, tools and equipment | 3 years |

Intangible assets as well as the amortisation method and period chosen should be reassessed regularly.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Residual values of property, plant and equipment are subject to annual reassessment. The Company has no significant residual values relating to property, plant and equipment other than those relating to the Company's land.

### Income from investments in subsidiaries

A proportionate share of the underlying entities' profit/loss after tax is recognised in the income statement according to the equity method. Shares of profit/loss after tax in subsidiaries are presented as separate line items in the income statement. Full elimination of intra-group gains/losses is made for equity investments in subsidiaries.

# Financial statements 1 January - 31 December

## Notes to the financial statements

1 Accounting policies (continued)

### Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that relate to the financial reporting period. The items comprise interest income and expenses, e.g. from group entities, transactions denominated in foreign currencies and amortisation of financial assets and liabilities.

### Tax

The Parent Company is subject to the Danish rules on mandatory joint taxation of the Group's Danish subsidiaries. Subsidiaries are included in the joint taxation arrangement from the date when they are included in the consolidated financial statements and up to the date when they are no longer consolidated.

The parent company acts as management company for the joint taxation arrangement and consequently settles all corporate income tax payments with the tax authorities.

On payment of joint taxation contributions, the Danish corporate income tax charge is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have been able to use the tax losses to reduce their own taxable income.

Tax for the year, which comprises the current income tax charge, joint taxation contributions and deferred tax adjustments, including adjustments arising from changes in tax rates, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

## Balance sheet

### Intangible assets

Development costs comprise expenses, salaries and amortisation directly or indirectly attributable to development activities.

Development projects that are clearly defined and identifiable, where the technical feasibility, sufficient resources and a potential future market or development opportunities are evidenced, and where the Company intends to produce, market or use the project, are recognised as intangible assets provided that the cost can be measured reliably and that there is sufficient assurance that future earnings can cover production costs, selling costs, administrative expenses and development costs. Other development costs are recognised in the income statement as incurred.

Development costs that are recognised in the balance sheet are measured at cost less accumulated amortisation and impairment losses.

Gains and losses on the sale of intangible assets are recognised in the income statement under "Other operating income" or "Other operating expenses", respectively. Gains and losses are calculated as the difference between the selling price less selling expenses and the carrying amount at the time of sale.

### Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

# Financial statements 1 January - 31 December

## Notes to the financial statements

### 1 Accounting policies (continued)

#### Investments in subsidiaries

Equity investments in subsidiaries and associates are measured according to the equity method.

On initial recognition, equity investments in subsidiaries are measured at cost, i.e. plus transaction costs. The cost is allocated in accordance with the acquisition method; see the accounting policies regarding business combinations.

The purchase method of accounting is applied to corporate acquisitions, according to which the acquired entity identifiable assets and liabilities are measured at fair value at the date of acquisition. Restructuring costs recognised in the acquired entity before the date of acquisition and not agreed as part of the acquisition are part of the acquisition balance sheet and, hence, the calculation of goodwill. Costs relating to restructuring decided by the acquiring entity must be recognised in the income statement. The tax effect of the restatement of assets and liabilities is taken into account.

Identified increases in value and goodwill, if any, compared to the underlying entity's net asset value are amortised in accordance with the accounting policies for the assets and liabilities to which they can be attributed. Negative goodwill is recognised in the income statement.

Dividend received is deduced from the carrying amount.

Equity investments in subsidiaries measured at net asset value are subject to impairment test requirements if there is any indication of impairment.

#### Impairment of fixed assets

Every year, intangible assets and property, plant and equipment as well as investments in subsidiaries are reviewed for impairment. Where there is indication of impairment, an impairment test is made for each individual asset or group of assets, respectively, generating independent cash flows. The assets are written down to the higher of the value in use and the net selling price of the asset or group of assets (recoverable amount) if it is lower than the carrying amount. Where an impairment loss is recognised on a group of assets, a loss must first be allocated to goodwill and then to the other assets on a pro rata basis.

#### Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

#### Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

# Financial statements 1 January - 31 December

## Notes to the financial statements

1 Accounting policies (continued)

### Cash

Cash and cash equivalents comprise cash.

### Equity

*Reserve for net revaluation according to the equity method*

The reserve comprises net revaluations of investments in subsidiaries compared to the cost price.

The reserve may be eliminated in case of losses, realisation of investments or a change in accounting estimates.

The reserve cannot be recognised at a negative amount.

*Reserve for development costs*

The reserve for development costs comprises recognised development costs. The reserve cannot be used to distribute dividends or cover losses. The reserve will be reduced or dissolved if the recognised development costs are no longer part of the Company's operations by a transfer directly to the distributable reserves under equity.

*Proposed dividends*

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

### Provisions

Provisions comprise anticipated expenses relating to contracts and liability for negative investments in subsidiaries. Provisions are recognised when the Company has a legal or constructive obligation at the balance sheet date as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Provisions are measured at net realisable value or at fair value if the obligation is expected to be settled far into the future.

### Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Joint taxation contribution payable and receivable is recognised in the balance sheet as "Income tax receivable" or "Income tax payable".

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

# Financial statements 1 January - 31 December

## Notes to the financial statements

### 1 Accounting policies (continued)

Deferred tax is measured according to the taxation rules and taxation rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the value at which they are expected to be utilised, either through elimination against tax on future earnings or through a set-off against deferred tax liabilities within the same jurisdiction.

#### Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Other liabilities are measured at net realisable value.

# Financial statements 1 January - 31 December

## Notes to the financial statements

1 Accounting policies (continued)

### Deferred income

Deferred income recognised as a liability comprises payments received concerning income in subsequent financial reporting years.

2 Special items

Special items for the year comprises interest regarding repayment of the subordinated loan and provision for exit bonus, total tDKK 1,356, recognised under financial expenses in the income statement.

| | DKK | 2017 | 2016 |
|---|---|---|---|
| 3 | **Staff costs** | | |
| | Wages/salaries | 8,774,864 | 8,211,148 |
| | Pensions | 728,593 | 695,430 |
| | Other social security costs | 185,217 | 179,489 |
| | Other staff costs | 17,445 | 15,242 |
| | | 9,706,119 | 9,101,309 |
| | Average number of full-time employees | 13 | 13 |
| 4 | **Financial income** | | |
| | Interest receivable, group entities | 185,873 | 211,341 |
| | Other interest income | 2,404 | 3,157 |
| | Exchange gain | 55,218 | 80,202 |
| | | 243,495 | 294,700 |
| 5 | **Financial expenses** | | |
| | Interest expenses | 1,584,585 | 334,054 |
| | Exchange adjustments | 382,372 | 360,269 |
| | Exchange losses | 261,340 | 94,344 |
| | | 2,228,297 | 788,667 |
| 6 | **Tax for the year** | | |
| | Deferred tax adjustments in the year | 15,631 | 309,896 |
| | | 15,631 | 309,896 |

# Financial statements 1 January - 31 December

## Notes to the financial statements

### 7 Intangible assets

| DKK | Completed development projects | Acquired intangible assets | Goodwill | Total |
|---|---|---|---|---|
| Cost at 1 January 2017 | 22,436,700 | 260,000 | 1,250,000 | 23,946,700 |
| Additions in the year | 4,197,256 | 0 | 0 | 4,197,256 |
| Cost at 31 December 2017 | 26,633,956 | 260,000 | 1,250,000 | 28,143,956 |
| Impairment losses and amortisation at 1 January 2017 | 12,625,074 | 43,333 | 1,020,833 | 13,689,240 |
| Amortisation in the year | 3,555,937 | 86,670 | 229,167 | 3,871,774 |
| Impairment losses and amortisation at 31 December 2017 | 16,181,011 | 130,003 | 1,250,000 | 17,561,014 |
| **Carrying amount at 31 December 2017** | 10,452,945 | 129,997 | 0 | 10,582,942 |

### 8 Property, plant and equipment

| DKK | Other fixtures and fittings, tools and equipment |
|---|---|
| Cost at 1 January 2017 | 21,883 |
| Cost at 31 December 2017 | 21,883 |
| Depreciation in the year | 9,057 |
| Impairment losses and depreciation at 31 December 2017 | 9,057 |
| **Carrying amount at 31 December 2017** | 12,826 |

# Financial statements 1 January - 31 December

## Notes to the financial statements

### 9 Investments

| DKK | Investments in group entities, net asset value |
|---|---|
| Cost at 1 January 2017 | 3,336,445 |
| Exchange adjustment | -292 |
| Cost at 31 December 2017 | 3,336,153 |
| Value adjustments at 1 January 2017 | 75,443 |
| Exchange adjustment | 171,750 |
| Dividend distributed | -200,000 |
| Share of the profit/loss for the year | 652,297 |
| Other adjustments, investments | -644,484 |
| Investments with negative net asset value written down over receivables | 1,740,927 |
| Reversal of prior year set of against receivables | -2,285,050 |
| Reversal of prior year negative net asset value transferred to provisions | -355,439 |
| Investments with negative net asset value tranferred to provisions | 807,999 |
| Value adjustments at 31 December 2017 | -36,557 |
| **Carrying amount at 31 December 2017** | 3,299,596 |

The total carrying amount comprise equity in associates, DKK 829 thousand, and goodwill amounting to DKK 2.471 thousand.

Investments with negative net asset value transferred to provisions amounts to DKK 808 thousand.

| Name | Domicile | Interest | Equity DKK | Profit/loss DKK |
|---|---|---|---|---|
| **Subsidiaries** | | | | |
| Elearningforce UK Limited | London | 100.00% | -1,654,443 | -29,520 |
| Elearningforce Corporation | New York | 100.00% | -894,485 | -50,375 |
| SLIP Holding ApS | Aarhus | 100.00% | 829,074 | 732,192 |

# Financial statements 1 January - 31 December

## Notes to the financial statements

### 10 Contractual obligations and contingencies, etc.

#### Other contingent liabilities

The Company is facing a potential tax assessment in the US regarding Elearningforce Corporation US. The potential assessment ranges from DKK 9 thousand to DKK 2,493 thousand in a worst case scenario. The Company does not expect the amounts to become payable.

The Company guarantees the liquidity required (up to DKK 81 thousand) for the day-to-day operation of subsidiaries up to the end of 2018, corresponding to the subsidiaries' maximum budgeted cash requirements for 2018.

The Company is jointly taxed with the Company's Danish group companies. As the administrative company, together with the group companies included in the joint taxation, the Company has joint and several unlimited liability for Danish income taxes, withholding taxes on dividends, interest and royalties. The jointly taxed companies' total known net liability in respect of income taxes and withholding taxes payable amounted to DKK 109 thousand at 31 December 2017. Any subsequent corrections of income subject to joint taxation and withholding taxes, etc. could entail an increase in the Company's tax liability.