
BookBoon Corporate A/S

Falkoner Alle 1, 2., DK-2000 Frederiksberg

Annual Report for 1 January - 31 December 2018

CVR No 36 47 06 66

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



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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of BookBoon Corporate A/S 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 Thomas Buus Madsen

Niels Kristian 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 Shareholders of BookBoon Corporate A/S

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 Corporate A/S 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-

Independent Auditor's Report

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

Independent Auditor's Report

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 Corporate A/S
Falkoner Alle 1, 2.
DK-2000 Frederiksberg

CVR No: 36 47 06 66

Financial period: 1 January - 31 December

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 Thomas Buus Madsen
Niels Kristian Buus Madsen

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Management's Review

Key activities of the Group

The BookBoon Group consist of BookBoon Corporate A/S, BookBoon ApS and BookBoon.Com Ltd.

The key business of the BookBoon Group is Digital Learning within Soft skills and Business Skills. The main source of revenue is from B2B Corporate Learning.

The Bookboon eLibrary is a simple, easy-to-use and highly effective solution for improving employee soft-skills & business knowledge. Our eBooks 3.0 provides perfect 1-2 hour learning experiences for busy managers & professionals. High quality eBooks written by industry experts. Our extensive library of titles includes relevant titles for everyone from the CEO to the engineer and the assistant. Our eBooks are available in up to 8 languages.

For Corporate Learning the Bookboon eLibrary is often to referred to in the market as the “Netflix of eBook for corporate learning”. This is because of our consistent high focus on usability/ ease of use. Combined with our modern eBooks 3.0, we are setting new records for staff engagement in digital learning at companies around the world.

Primary Revenue Terms

Within Bookboon we operate with 2 primary Revenue Terms:

A: Booked Revenue = total contract revenue, irrespective of the contract duration, recorded in the month the contract is signed.

B: Recognized Revenue = accrued income, recognized on a straight-line basis, over the duration of the contract.

Future Recognized Revenue

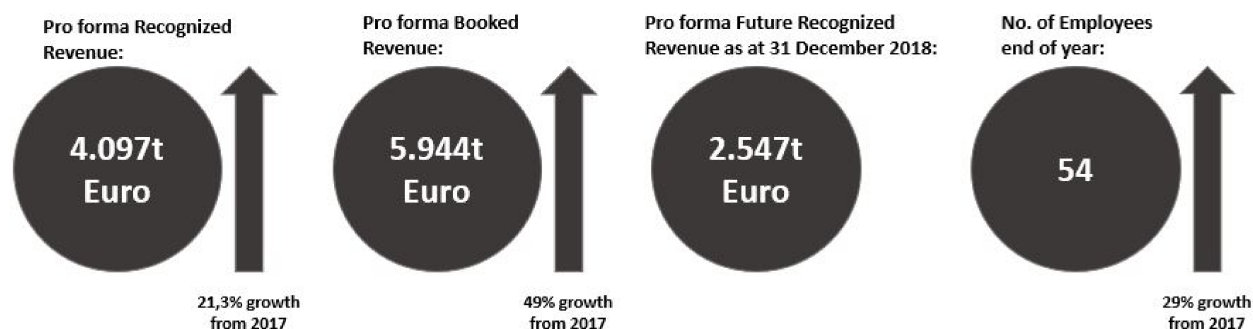
Due to multiyear contracts Bookboon had contracted commitments from customers of +2,547k EUR at 31 December 2018 in future Recognized Revenue for 2019 and the coming years.

Development in 2018

We are proud to present the 2018 result that marks yet another record-breaking year for the subsidiary companies BookBoon.Com Ltd and BookBoon ApS. Our core product is now used by more than 350 companies and organizations worldwide.

We achieved strong growth in 2018 and increased our 'Booked Revenue' by 49%. This was driven by continued strong demand for our product in established key markets within the EU, and with successful expansion into the US.

Management's Review



Our strong growth is a result of dedicated and passionate people and satisfied customers. In 2018, the number of people grew by 29% to 54 compared to 2017.

Meanwhile, our high customer satisfaction is demonstrated by an annualized customer retention rate of 87,5%.

The income statement for the parent company BookBoon Corporate A/S for 2018 shows a profit of DKK 43,829, and at 31 December 2018 the balance sheet of the Company shows equity of DKK 43,236,790.

Uncertainty relating to recognition and measurement

The investments in the subsidiaries and receivables from group enterprises are based on Managements assessment of its carrying value of the items based on the expectations to future growth within the e-book segment and the business case in general. If the market conditions changes or the Company and Group does not succeed with the business initiatives this can have a negative impact on the valuation of the company's investments in the subsidiaries and receivables from group enterprises.

Besides as mentioned in note 2 recognition and measurement in the Annual Report have not been subject to any uncertainty.

Subsequent events

After the balance sheet date the shareholders have committed a capital increase of DKK 7 million.

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 business strategy as one of leading digital publisher of B2B Corporate Learning.

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

Besides the above-mentioned no events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income Statement 1 January - 31 December

	<u>Note</u>	<u>2018</u> DKK	<u>2017</u> DKK
Gross profit/loss		-100.808	-143.000
Financial income	3	182.289	121.095
Financial expenses	4	<u>-37.652</u>	<u>0</u>
Profit/loss before tax		43.829	-21.905
Tax on profit/loss for the year		<u>0</u>	<u>0</u>
Net profit/loss for the year		<u>43.829</u>	<u>-21.905</u>

Distribution of profit

Proposed distribution of profit

Retained earnings		<u>43.829</u>	<u>-21.905</u>
		<u>43.829</u>	<u>-21.905</u>

Balance Sheet 31 December

	Note	2018 DKK	2017 DKK
Assets			
Investments in subsidiaries	5	38.000.000	38.000.000
Fixed asset investments		38.000.000	38.000.000
Fixed assets		38.000.000	38.000.000
Receivables from group enterprises		8.269.419	5.194.782
Corporation tax receivable from group enterprises		0	8.000
Receivables		8.269.419	5.202.782
Cash at bank and in hand		14.725	179
Currents assets		8.284.144	5.202.961
Assets		46.284.144	43.202.961
Liabilities and equity			
Share capital		558.350	558.350
Retained earnings		42.678.440	42.634.611
Equity	6	43.236.790	43.192.961
Trade payables		10.000	10.000
Other payables		3.037.354	0
Short-term debt		3.047.354	10.000
Debt		3.047.354	10.000
Liabilities and equity		46.284.144	43.202.961
Capital resources	1		
Uncertainty relating to recognition and measurement	2		
Contingent assets, liabilities and other financial obligations	7		
Accounting Policies	8		

Statement of Changes in Equity

	<u>Share capital</u> DKK	<u>Retained earnings</u> DKK	<u>Total</u> DKK
Equity at 1 January	558.350	42.634.611	43.192.961
Net profit/loss for the year	0	43.829	43.829
Equity at 31 December	558.350	42.678.440	43.236.790

Notes to the Financial Statements

1 Capital resources

The ultimate shareholders have committed a capital contribution of DKK 7 million to the Company to be made end June 2019. A capital contribution to BookBoon ApS will hereafter be made.

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 and the Group has sufficient capital resources to support the 2019 business initiatives and the activities of the Company and the Group.

2 Uncertainty relating to recognition and measurement

The investments in the subsidiaries and receivables from group enterprises are based on Managements assessment of its carrying value of the items based on the expectations to future growth within the e-book segment and the business case in general. If the market conditions changes or the Company and Group does not succeed with the business initiatives this can have a negative impact on the valuation of the company's investments in the subsidiaries and receivables from group enterprises.

3 Financial income

	<u>2018</u> DKK	<u>2017</u> DKK
Interest received from group enterprises	182.289	121.095
	<u>182.289</u>	<u>121.095</u>

4 Financial expenses

Interest paid to associates	25.489	0
Other financial expenses	<u>12.163</u>	<u>0</u>
	<u>37.652</u>	<u>0</u>

Notes to the Financial Statements

	2018 <u>DKK</u>	2017 <u>DKK</u>
5 Investments in subsidiaries		
Cost at 1 January	<u>38.000.000</u>	<u>38.000.000</u>
Cost at 31 December	<u>38.000.000</u>	<u>38.000.000</u>
Value adjustments at 1 January	<u>0</u>	<u>0</u>
Value adjustments at 31 December	<u>0</u>	<u>0</u>
Carrying amount at 31 December	<u>38.000.000</u>	<u>38.000.000</u>

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership
BookBoon ApS	Frederiksberg	DKK 178,571	100%
Bookboon.com Ltd.	London	GBP 100	100%

Notes to the Financial Statements

6 Equity

The share capital consists of 558,350 shares of a nominal value of DKK 1. No shares carry any special rights.

The share capital is broken down as follows:

	<u>Number</u>	<u>Nominal value</u> DKK
A-shares	500.000	500.000
B-shares	58.350	58.350
		<u>558.350</u>

The share capital has developed as follows:

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
	DKK	DKK	DKK	DKK
Share capital at 1 January	558.350	513.156	513.156	500.000
Capital increase	0	45.194	0	13.156
Capital decrease	0	0	0	0
Share capital at 31 December	<u>558.350</u>	<u>558.350</u>	<u>513.156</u>	<u>513.156</u>

7 Contingent assets, liabilities and other financial obligations

Contingent liabilities

The company has submitted a Letter of Financial Support for the subsidiary BookBoon ApS valid until 31 December 2019.

The company has provided at surety guarantee to Sydbank for all balances between the bank and BookBoon ApS.

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 by the Group amounts to DKK 0. 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

8 Accounting Policies

The Annual Report of BookBoon Corporate A/S 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 accounting policies applied remain unchanged from last year.

The Financial Statements for 2018 are presented in DKK.

Consolidated financial statements

With reference to section 110 of the Danish Financial Statements Act, no consolidated financial statements are prepared.

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 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.

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

Notes to the Financial Statements

8 Accounting Policies (continued)

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 from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

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

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 and other external expenses.

Financial income and expenses

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

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.

Notes to the Financial Statements

8 Accounting Policies (continued)

Balance Sheet

Investments in subsidiaries

Investments in subsidiaries are measured at cost. Where cost exceeds the recoverable amount, write-down is made to this lower value.

The carrying amounts of investments in subsidiaries 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.

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.

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.

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.