Challenging Learning Scandinavia ApS

c/o BUUS JENSEN, Lersø Parkallé 112, 2100 Copenhagen

Company reg. no. 36 68 67 90

Annual report

1 September 2016 - 31 August 2017

The annual report have been submitted and approved by the general meeting on the 17 November 2017.

James Andrew Nottingham
Chairman of the meeting

Notes:
- To ensure the greatest possible applicability of this document, British English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Contents

Management's report

The managing director has today presented the annual report of Challenging Learning Scandinavia ApS for the financial year 1 September 2016 to 31 August 2017.

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

I consider the accounting policies used appropriate, and in my opinion the annual accounts provide a true and fair view of the company's assets and liabilities and its financial position as on 31 August 2017 and of the company's results of its activities in the financial year 1 September 2016 to 31 August 2017.

I am of the opinion that the management's review includes a fair description of the issues dealt with.

The annual report is recommended for approval by the general meeting.

Copenhagen, 17 November 2017

Managing Director

James Andrew Nottingham

To the shareholder of Challenging Learning Scandinavia ApS

Opinion

We have audited the annual accounts of Challenging Learning Scandinavia ApS for the financial year 1 September 2016 to 31 August 2017, which comprise accounting policies used, profit and loss account, balance sheet and notes. The annual accounts are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the annual accounts give a true and fair view of the company's assets, liabilities and financial position at 31 August 2017 and of the results of the company's operations for the financial year 1 September 2016 to 31 August 2017 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the below section "Auditor's responsibilities for the audit of the annual accounts". We are independent of the company in accordance with international ethics standards for accountants (IESBA's Code of Ethics) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these standards and requirements. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

The management's responsibilities for the annual accounts

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

In preparing the annual accounts, the management is responsible for evaluating the company's ability to continue as a going concern, and, when relevant, disclosing matters related to going concern and using the going concern basis of accounting when preparing the annual accounts, unless the management either intends to liquidate the company or to cease operations, or if it has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the annual accounts

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report including an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements may arise due to fraud or error and may be considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions made by users on the basis of the annual accounts.

Independent auditor's report

As part of an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark, we exercise professional evaluations and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the annual accounts, whether due to fraud or error, design and perform audit procedures in response 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 the risk of not detecting a misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of the 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 by the management and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of the management's preparation of the annual accounts being based on the going concern principle and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may raise significant doubt about 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 annual accounts 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 annual accounts, including the disclosures in the notes, and whether the annual accounts reflect 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 the internal control that we identify during our audit.

Statement on the management's review

The management is responsible for the management's review.

Our opinion on the annual accounts does not cover the management's review, and we do not express any kind of assurance opinion on the management's review.

Independent auditor's report

In connection with our audit of the annual accounts, our responsibility is to read the management’s review and in that connection consider whether the management’s review is materially inconsistent with the annual accounts or our knowledge obtained during the audit, or whether it otherwise appears to contain material misstatement.

Furthermore, 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 believe that the management's review is in accordance with the annual accounts and that it has been prepared in accordance with the requirements of the Danish Financial Statement Acts. We did not find any material misstatement in the management's review.

Copenhagen, 17 November 2017

BUUS JENSEN
State Authorised Public Accountants
Company reg. no. 16 11 90 40

Michael Markussen
State Authorised Public Accountant

Company data

The company	Challenging Learning Scandinavia ApS c/o BUUS JENSEN Lersø Parkallé 112 2100 Copenhagen
	Company reg. no. 36 68 67 90 Established: 18 March 2015 Domicile: Copenhagen Financial year: 1 September 2016 - 31 August 2017
Managing Director	James Andrew Nottingham
Auditors	BUUS JENSEN, Statsautoriserede revisorer
Subsidiaries	Challenging Learning ApS, Copenhagen, Denmark Challenging Learning Sweden AB, Malmö, Sweden Challenging Learning Norway AS, Oslo, Norway

Management's review

The principal activities of the company

The principal activity of the company is being a holding company.

Development in activities and financial matters

The results from ordinary activities after tax are DKK 1.182.000 against DKK 1.476.000 last year. The management consider the results satisfactory.

Accounting policies used

The annual report for Challenging Learning Scandinavia ApS is presented in accordance with those regulations of the Danish Financial Statements Act concerning companies identified as class B enterprises. Furthermore, the company has chosen to comply with some of the rules applying for class C enterprises.

The accounting policies used are unchanged compared to last year, and the annual accounts are presented in Danish kroner (DKK).

Recognition and measurement in general

Income is recognised in the profit and loss account concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs, these including depreciation, amortisation, writedown, provisions, and reversals which are due to changes in estimated amounts previously recognised in the profit and loss account are recognised in the profit and loss account.

Assets are recognised in the balance sheet when the company is liable to achieve future, financial benefits and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the company is liable to lose future, financial benefits and the value of the liability can be measured reliably.

At the first recognition, assets and liabilities are measured at cost. Later, assets and liabilities are measured as described below for each individual accounting item.

Certain fixed asset investments and liabilities are measured at amortised cost, by which method a fixed, effective interest is recognised during the useful life of the asset or the liability. Amortised cost is recognised as the original cost with deduction of any payments and additions/deductions of the accrued amortisation of the difference between cost and nominal amount. In this way capital losses and capital profits are spread over the useful life.

At recognition and measurement, such predictable losses and risks are taken into consideration, which may appear before the annual report is presented, and which concerns matters existing on the balance sheet date.

Translation of foreign currency

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials.

Debtors, creditors, and other monetary items in foreign currency are translated by using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or the recognition in the latest annual accounts of the amount owed or the liability is recognised in the profit and loss account under financial income and expenses.

In case the foreign group enterprises and associated enterprises meet the criteria for being independent units, the profit and loss accounts are translated by using an average exchange rate for the period in question, and the balance sheet items are translated by using the closing rate. Differences arising in connection with the translation of the equity of foreign group enterprises at the beginning of the year to the closing rate are recognised directly in the equity. The same goes for differences arising in connection with translation of the profit and loss accounts from average exchange rate to the closing rate.

At recognition of foreign group enterprises which are integrated units, the monetary items are translated by using the closing rate. Non monetary items are translated by using the exchange rate prevailing at the time of acquisition or at the time of the following depreciation or writedown of the asset. The items of the profit and loss account are translated by using the exchange rate prevailing at the date of the transaction. However, items in the profit and loss account deriving from non monetary items are translated by using historical prices.

Currency adjustment of balances with group enterprises abroad that are considered part of the total investment in group enterprises are recognised directly in the equity. Likewise, foreign exchange gains and losses on loans and derived financial instruments for currency hedging independent group enterprises abroad are recognised in the equity.

The profit and loss account

Other external costs

Other external costs comprise costs for administration.

Results from equity investments in group enterprises

After full elimination of intercompany profit or loss and deduction of amortisation of consolidated goodwill, the equity investment in the individual group enterprises are recognised in the profit and loss account at a proportional share of the group enterprises' results after tax.

Tax of the results for the year

The tax for the year comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account with the share referring to the results for the year and directly in the equity with the share referring to entries directly on the equity.

The company is subject to the Danish legislation concerning compulsory joint taxation with the Danish group enterprises. The company acts as an administration company in relation to the joint taxation. This means that the total Danish tax payable of the income of the Danish consolidated companies is paid to the tax authorities by the company.

The current Danish corporate tax is allocated among the jointly taxed companies in proportion to their respective taxable income (full allocation with reimbursement of tax losses).

The balance sheet

Financial fixed assets

Equity investments in group enterprises

Equity investments in group enterprises are recognised in the balance sheet at a proportional share under the equity method, the value being calculated on the basis of the accounting policies of the parent company by the deduction or addition of unrealised intercompany profits and losses, and with the addition or deduction of residual value of positive or negative goodwill measured by applying the acquisition method.

Group enterprises with negative equity are recognised without any value, and to the extent they are considered irrevocable, amounts owed by these companies are written down by the parent's share of the equity. If the negative equity exceeds the debtors, the residual amount is recognised under liability provisions to the extent the parent has a legal or actual liability to cover the negative equity of the subsidiary.

To the extent the equity exceeds the cost, the net revaluation of equity investments in group enterprises are transferred to the reserves under the equity for net revaluation as per the equity method. Dividends from group enterprises expected to be decided before the approval of this annual report are not subject to a limitation of the revaluation reserves. The reserves are adjusted by other equity movements in group enterprises.

Newly taken over or newly established companies are recognised in the annual accounts as of the time of acquisition. Sold or liquidated companies are recognised at the time of cession.

Profit or loss in connection with the sale of group enterprises are measured as the difference between the sales amount and the book value of net assets at the time of the sale, inclusive of remaining consolidated goodwill and expected costs for sale and cession. Profit and loss are recognised in the profit and loss account under net financials.

In connection with the acquisition of new group enterprises, the acquisition method is applied, by which the acquirees' assets and liabilities are measured at fair value at the time of acquisition. Provisions for payment of costs for decided restructuring activities in the acquirees in relation to the acquisition are recognised. The tax effect of the revaluations carried out is taken into consideration.

Positive differences (goodwill) between cost and fair value of identifiable, acquired assets and liabilities, inclusive of liability provisions for restructuring, are recognised under equity investments in group enterprises, and they are amortised over their estimated useful life. The useful life is determined on the basis of the management's experience with the individual business areas. The amortisation period is maximum 20 years, being the longer for strategical acquirees with a strong market position and a long-range earnings potential. The book value of goodwill is evaluated currently and written down in the profit and loss account in those cases where the book value exceeds the expected future net income from the enterprise or the activity, to which the goodwill is attached.

Debtors

Debtors are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, writedown takes place at the net realisable value.

Available funds

Available funds comprise cash at bank.

Equity

Reserves for net revaluation as per the equity method

Reserves for net revaluation as per the equity method comprise net revaluation of equity investments in subsidiaries and associates in proportion to cost.

The reserves may be eliminated in case of losses, realisation of equity investments or changes in the financial estimates.

It is not possible to recognise the reserves with a negative amount.

Dividend

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

Corporate tax and deferred tax

Current tax receivable and tax liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on previous years' taxable income and prepaid taxes. Tax receivable and tax liabilities are set off to the extent that legal right of set-off exists and if the items are expected to be settled net or simultaneously.

Challenging Learning Scandinavia ApS is jointly taxed with the Danish group companies and acts in this respect as the administration company. According to the rules of joint taxation, Challenging Learning Scandinavia ApS is unlimited, jointly and severally liable towards the Danish tax authorities for the total corporation tax, including withholding tax on interest, royalties and dividends, arising within the jointly taxed group of companies.

Payable and receivable joint taxation contributions are recognised in the balance sheet as "Receivable corporate tax" or “Payable corporate tax".

Deferred tax is measured on the basis of all temporary differences in assets and liabilities with a balance sheet focus.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation on the balance sheet date and prevailing when the deferred tax is expected to be released as current tax.

Other provisions

If the negative equity exceeds the book value of the group enterprises, the residual amount is recognised under liability provisions to the extent the parent has a legal or actual liability to cover the negative equity of the subsidiary.

Liabilities

Liabilities are measured at amortised cost which usually corresponds to the nominal value.

Profit and loss account 1 September - 31 August

All amounts in DKK.

Note		2017	2016
	Other external costs	-19.476	-12.500
	Gross results	**-19.476**	**-12.500**
	Operating profit	**-19.476**	**-12.500**
	Income from equity investments in group enterprises	1.197.397	1.483.375
	Results before tax	**1.177.921**	**1.470.875**
1	Tax on ordinary results	4.287	5.060
	Results for the year	**1.182.208**	**1.475.935**
	Proposed distribution of the results:		
	Reserves for net revaluation as per the equity method	185.257	1.297.505
	Dividend for the financial year	650.000	0
	Allocated to results brought forward	346.951	178.430
	Distribution in total	**1.182.208**	**1.475.935**

Balance sheet 31 August

All amounts in DKK.

Note	Assets	2017	2016
	Fixed assets		
2	Equity investments in group enterprises	2.599.565	1.634.259
	Financial fixed assets in total	2.599.565	1.634.259
	Fixed assets in total	**2.599.565**	**1.634.259**
	Current assets		
	Amounts owed by group enterprises	329.744	0
	Receivable corporate tax	0	5.060
	Debtors in total	329.744	5.060
	Available funds	17.705	37.080
	Current assets in total	**347.449**	**42.140**
	Assets in total	**2.947.014**	**1.676.399**

Balance sheet 31 August

All amounts in DKK.

Equity and liabilities

Note		2017	2016
	Equity		
3	Contributed capital	50.000	50.000
4	Reserves for net revaluation as per the equity method	1.460.989	1.269.399
5	Results brought forward	346.951	0
6	Proposed dividend for the financial year	650.000	0
	Equity in total	**2.507.940**	**1.319.399**
	Provisions		
7	Other provisions	111.576	0
	Provisions in total	**111.576**	**0**
	Liabilities		
	Trade creditors	10.101	10.000
	Debt to group enterprises	0	347.000
	Corporate tax	317.397	0
	Short-term liabilities in total	327.498	357.000
	Liabilities in total	**327.498**	**357.000**
	Equity and liabilities in total	**2.947.014**	**1.676.399**

8 Contingencies

Notes

All amounts in DKK.

		2017	2016
1.	**Tax on ordinary results**		
	Tax of the results for the year	-4.287	-5.060
		-4.287	**-5.060**

		2017	2016
2.	**Equity investments in group enterprises**		
	Acquisition sum, opening balance 1 September 2016	347.000	250.000
	Additions during the year	0	97.000
	Cost 31 August 2017	**347.000**	**347.000**
	Revaluations, opening balance 1 September 2016	1.287.259	-168.010
	Results for the year before goodwill amortisation	1.197.397	1.483.375
	Dividend	-350.000	0
	Translation by use of the exchange rate valid on balance sheet date	6.333	-28.106
	Revaluation 31 August 2017	**2.140.989**	**1.287.259**
	Transferred to provisions	111.576	0
	Set off against debtors and provisions for liabilities	**111.576**	**0**
	Book value 31 August 2017	**2.599.565**	**1.634.259**

The financial highlights for the enterprises according to the latest approved annual reports

	Share of ownership	**Equity DKK**	**Results for the year DKK**	**Book value at Challenging Learning Scandinavia ApS DKK**
Challenging Learning ApS, Copenhagen, Denmark	100 %	2.328.199	1.270.319	2.328.199
Challenging Learning Sweden AB, Malmö, Sweden	100 %	271.366	198.106	271.366
Challenging Learning Norway AS, Oslo, Norway	100 %	-111.576	-271.028	0
		2.487.989	**1.197.397**	**2.599.565**

Notes

All amounts in DKK.

		31/8 2017	31/8 2016
3.	**Contributed capital**		
	Contributed capital 1 September 2016	50.000	50.000
		50.000	**50.000**
4.	**Reserves for net revaluation as per the equity method**		
	Reserves for net revaluation 1 September 2016	1.269.399	0
	Share of results	185.257	1.297.505
	Exchange rate adjustments	6.333	-28.106
		1.460.989	**1.269.399**
5.	**Results brought forward**		
	Results brought forward 1 September 2016	0	-178.430
	Profit or loss for the year brought forward	346.951	178.430
		346.951	**0**
6.	**Proposed dividend for the financial year**		
	Dividend for the financial year	650.000	0
		650.000	**0**
7.	**Other provisions**		
	Provisions for group enterprises	111.576	0
		111.576	**0**

8. Contingencies

Joint taxation

The company is the administration company of the group of companies subject to the Danish scheme of joint taxation and unlimited jointly and severally liable with the other jointly taxed companies for the total corporation tax.

Notes

All amounts in DKK.

. **Contingencies (continued)**

Joint taxation (continued)

The company is unlimited jointly and severally liable with the other jointly taxed companies for any obligation to withhold tax on interest, royalties and dividends.

The liability relating to obligations in connection with withholding tax on dividends, interest and royalties represents an estimated maximum of DKK 0 thousand.

Any subsequent adjustments of corporate taxes or withheld taxes etc. may cause changes in the company's liabilities.