

Challenging Learning Scandinavia ApS

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

Company reg. no. 36 68 67 90

Annual report

1 September 2021 - 31 August 2022

The annual report was submitted and approved by the general meeting on the 6 April 2023.

James Andrew Nottingham
Chairman of the meeting

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Notes:

- To ensure the greatest possible applicability of this document, IAS/IFRS 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 %.

Management's statement

Today, the Managing Director has approved the annual report of Challenging Learning Scandinavia ApS for the financial year 1 September 2021 - 31 August 2022.

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

I consider the chosen accounting policy to be appropriate, and in my opinion, the financial statements give a true and fair view of the financial position of the Company at 31 August 2022 and of the results of the Company's operations for the financial year 1 September 2021 – 31 August 2022.

At the general meeting held on 6 April 2023, a decision will be made not to have the financial statements audited as from 2022/23 onwards. The Managing Director consider the conditions for audit exemption to be met.

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

We recommend that the annual report be approved at the Annual General Meeting.

Copenhagen, 6 April 2023

Managing Director

James Andrew Nottingham

Independent auditor's report

To the Shareholder of Challenging Learning Scandinavia ApS

Opinion

We have audited the financial statements of Challenging Learning Scandinavia ApS for the financial year 1 September 2021 - 31 August 2022, which comprise income statement, balance sheet, statement of changes in equity, notes and a summary of significant accounting policies, for the Company. The financial statements are prepared under 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 August 2022, and of the results of the Company's operations for the financial year 1 September 2021 - 31 August 2022 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

Independent auditor's report

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

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.

Independent auditor's report

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 Financial Statements Act.

Based on the work we have performed, we conclude that 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 Management's Review.

Copenhagen, 6 April 2023

BUUS JENSEN

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

Michael Markussen

State Authorised Public Accountant
mne34295

Company information

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 2021 - 31 August 2022
Managing Director	James Andrew Nottingham
Auditors	BUUS JENSEN, Statsautoriserede revisorer
Parent company	Challenging Learning Ltd. (UK)
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

Income or loss from ordinary activities after tax totals DKK -323.000 against DKK 565.000 last year. Management considers the net profit or loss for the year as unsatisfactory.

Income statement 1 September - 31 August

All amounts in DKK.

<u>Note</u>	<u>2021/22</u>	<u>2020/21</u>
Other external costs	16.880	-16.240
Gross profit	16.880	-16.240
1 Staff costs	0	0
Operating profit	16.880	-16.240
Income from equity investments in subsidiaries	-318.868	582.573
Other financial income	2.824	0
2 Other financial costs	-23.649	-1.213
Pre-tax net profit or loss	-322.813	565.120
Tax on ordinary results	0	0
Net profit or loss for the year	-322.813	565.120
Proposed distribution of net profit:		
Reserves for net revaluation according to the equity method	-318.868	582.573
Allocated from retained earnings	-3.945	-17.453
Total allocations and transfers	-322.813	565.120

Balance sheet at 31 August

All amounts in DKK.

Assets			
<u>Note</u>		<u>2022</u>	<u>2021</u>
Non-current assets			
3	Investments in group enterprises	<u>2.264.413</u>	<u>2.297.180</u>
	Total investments	<u>2.264.413</u>	<u>2.297.180</u>
	Total non-current assets	<u>2.264.413</u>	<u>2.297.180</u>
Current assets			
	Income tax receivables	<u>9.058</u>	<u>141.056</u>
	Total receivables	<u>9.058</u>	<u>141.056</u>
	Available funds	<u>0</u>	<u>42.483</u>
	Total current assets	<u>9.058</u>	<u>183.539</u>
	Total assets	<u>2.273.471</u>	<u>2.480.719</u>

Balance sheet at 31 August

All amounts in DKK.

<u>Note</u>	<u>2022</u>	<u>2021</u>
Equity and liabilities		
Equity		
Contributed capital	50.000	50.000
Reserves for net revaluation as per the equity method	1.511.268	1.895.148
Results brought forward	270.576	274.521
Total equity	<u>1.831.844</u>	<u>2.219.669</u>
Provisions		
Provisions for investments in subsidiaries	351.113	0
Total provisions	<u>351.113</u>	<u>0</u>
Long term liabilities other than provisions		
Trade creditors	0	20.000
Debt to group enterprises	83.273	154.448
Other debts	7.241	86.602
Total short term liabilities other than provisions	90.514	261.050
Total liabilities other than provisions	<u>90.514</u>	<u>261.050</u>
Total equity and liabilities	<u>2.273.471</u>	<u>2.480.719</u>

4 Contingencies

Statement of changes in equity

All amounts in DKK.

	Contributed capital	Reserve for net revalua-tion according to the eq-uity method	Retained earnings	Total
Equity 1 September 2020	50.000	1.295.310	291.974	1.637.284
Share of results	0	582.573	-17.453	565.120
Exchange rate adjustments	0	17.265	0	17.265
Equity 1 September 2021	50.000	1.895.148	274.521	2.219.669
Share of results	0	-318.868	-3.945	-322.813
Exchange rate adjustments	0	-65.012	0	-65.012
	50.000	1.511.268	270.576	1.831.844

Notes

All amounts in DKK.

	<u>2021/22</u>	<u>2020/21</u>
1. Staff costs		
Average number of employees	<u>0</u>	<u>0</u>
2. Other financial costs		
Other financial costs	<u>23.649</u>	<u>1.213</u>
	<u>23.649</u>	<u>1.213</u>

Notes

All amounts in DKK.

3. Investments in group enterprises

Acquisition sum, opening balance 1 September 2021	402.032	402.032
Cost 31 August 2022	402.032	402.032
Revaluations, opening balance 1 September 2021	1.895.148	1.295.310
Translation by use of the exchange rate valid on b	0	8.931
Results for the year before goodwill amortisation	-318.868	582.573
Translation by use of the exchange rate valid on balance sheet date	-65.012	8.334
Revaluation 31 August 2022	1.511.268	1.895.148
Transferred to provisions	351.113	0
Set off against debtors and provisions for liabilities	351.113	0
Carrying amount, 31 August 2022	2.264.413	2.297.180

Financial highlights for the enterprises according to the latest approved annual reports

	Equity interest	Equity DKK	Results for the year DKK	Carrying amount, Challenging Learning Scandinavia ApS DKK
Challenging Learning ApS, Copenhagen, Denmark	100 %	600.423	36.124	600.423
Challenging Learning Sweden AB, Malmö, Sweden	100 %	1.663.990	455.613	1.663.990
Challenging Learning Norway AS, Oslo, Norway	100 %	-351.113	-810.605	-351.113
		1.913.300	-318.868	1.913.300

4. Contingencies

Joint taxation

The company acts as administration company for the group of companies subject to the Danish scheme of joint taxation and is unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, to pay the total corporation tax.

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

Notes

All amounts in DKK.

4. Contingencies (continued)

Joint taxation (continued)

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

Any subsequent adjustments of corporate taxes or withholding taxes, etc., may result in changes in the company's liabilities.

Accounting policies

The annual report for Challenging Learning Scandinavia ApS has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises. Furthermore, the company has decided to comply with certain rules applying to reporting class C enterprises.

The accounting policies are unchanged from last year, and the annual report is presented in 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.

Foreign currency translation

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. If currency positions are considered to hedge future cash flows, the value adjustments are recognised directly in equity in a fair value reserve.

Receivables, payables, and other foreign currency monetary items are translated using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or initial recognition in the latest financial statements of the receivable or payable is recognised in the income statement under financial income and expenses.

Accounting policies

Fixed assets acquired and paid for in foreign currency are measured at the exchange rate prevailing at the date of the transaction.

Group enterprises abroad, associates, and equity investments are considered to be independent entities. The income statements are translated at an average exchange rate for the month, and the balance sheet items are translated at the closing rates. Currency translation differences, arising from the translation of the equity of group enterprises abroad at the beginning of the year to the closing rate and from the translation of income statements from average prices to the closing rate, are recognised directly in equity in the fair value reserve in the Consolidated Financial Statement. This also applies to differences arising from translation of income statements from average exchange rate to closing rate.

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

When recognising foreign group enterprises which are integral units, the monetary items are translated using the closing rate. Non-monetary items are translated using the exchange rate prevailing at the time of acquisition or at the time of the subsequent revaluation or write-down for impairment of the asset. Income statement items are translated using the exchange rate prevailing at the date of the transaction. However, items in the income statement derived from non-monetary items are translated using historical prices.

Income statement

Other external costs

Other external costs comprise costs for administration.

Staff costs

Staff costs include salaries and wages, including holiday allowances, pensions, and other social security costs, etc., for staff members.

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, financial expenses from financial leasing, realised and unrealised capital gains and losses relating to securities, debt and transactions in foreign currency, amortisation of financial assets and liabilities as well as surcharges and reimbursements under the advance tax scheme, etc.

Results from investments in subsidiaries

After full elimination of intercompany profit or loss less amortised consolidated goodwill, the investment in the individual subsidiaries are recognised in the income statement as a proportional share of the subsidiaries' post-tax profit or loss.

Accounting policies

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

Investments in subsidiaries

Investments in subsidiaries are recognised and measured by applying the equity method. The equity method is used as a method of consolidation.

Investments in subsidiaries are recognised in the statement of financial position at the proportionate share of the enterprise's equity value. This value is calculated in accordance with the parent's accounting policies with deductions or additions of unrealised intercompany gains and losses as well as with additions or deductions of the remaining value of positive or negative goodwill calculated in accordance with the acquisition method. Negative goodwill is recognised in the income statement at the time of acquisition of the equity investment. If the negative goodwill relates to contingent liabilities acquired, negative goodwill is not recognised until the contingent liabilities have been settled or lapsed.

Consolidated goodwill is amortised over its estimated useful life, which is determined on the basis of the management's experience with the individual business areas. Consolidated goodwill is amortised on a straight-line basis over the amortisation period, which represent 5-20 years. The depreciation period is determined on the basis of an assessment that these are strategically acquired enterprises with a strong market position and a long-term earnings profile.

In relation to material assets and liabilities recognised in subsidiaries but are not represented in the parent, the following accounting policies have been applied.

Investments in subsidiaries with a negative equity value are measured at DKK 0, and any accounts receivable from these enterprises are written down to the extent that the account receivable is uncollectible. To the extent that the parent has a legal or constructive obligation to cover an negative balance that exceeds the account receivable, the remaining amount is recognised under provisions.

Accounting policies

To the extent the equity exceeds the cost, the net revaluation of equity investments in subsidiaries transferred to the reserve under equity for net revaluation according to the equity method. Dividends from subsidiaries expected to be adopted before the approval of this annual report are not subject to a limitation of the revaluation reserve. The reserve is adjusted by other equity movements in subsidiaries.

Newly acquired or newly established companies are recognised in the financial statement as of the time of acquisition. Sold or liquidated companies are recognised until the date of disposal.

On the acquisition of enterprises, the acquisition method, the uniting-of-interests method or the book value method is applied, cf. the above description under Business combinations.

Impairment loss relating to non-current assets

The carrying amount of subsidiaries are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets, respectively. Writedown for impairment is done to the recoverable amount if this value is lower than the carrying amount.

The recoverable amount is the higher value of value in use and selling price less expected selling cost. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the asset group and expected net cash flows from the sale of the asset or the asset group after the end of their useful life.

Previously recognised impairment losses are reversed when conditions for impairment no longer exist.

Available funds

Available funds comprise cash at bank.

Equity

Reserve for net revaluation according to the equity method

The reserve for net revaluation according to the equity method comprises net revaluation of equity investments in subsidiaries, associates and equity interests proportional to cost.

The reserve may be eliminated in the event of losses, realisation of equity investments, or changes in the accounting estimates.

The reserve cannot be recognised by a negative amount.

Income tax and deferred tax

As administration company, Challenging Learning Scandinavia ApS is liable to the tax authorities for the subsidiaries' corporate income taxes.

Accounting policies

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

The company is jointly taxed with consolidated Danish companies. The current corporate income tax is distributed between the jointly taxed companies in proportion to their taxable income and with full distribution with reimbursement as to tax losses. The jointly taxed companies are comprised by the Danish tax prepayment scheme.

Joint taxation contributions payable and receivable are recognised in the statement of financial position as "Tax receivables from group enterprises" or "Income tax payable to group enterprises"

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Adjustments take place in relation to deferred tax concerning elimination of unrealised intercompany gains and losses.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

Deferred tax assets, including the tax value of tax losses allowed for carryforward, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisable value.

Liabilities other than provisions

Other liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.