

CanopyLAB A/S

Filmbyen 24, 2650 Hvidovre

Company reg. no. 37 04 00 88

Annual report

2018

The annual report was submitted and approved by the general meeting on the 31 May 2019.

Eric Korre Horten
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 %.*

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Management's report

The board of directors and the managing director have today presented the annual report of CanopyLAB A/S for the financial year 1 January to 31 December 2018.

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

We consider the accounting policies used appropriate, and in our opinion the annual accounts provide a true and fair view of the company's assets and liabilities and its financial position at 31 December 2018 and of the company's results of its activities in the financial year 1 January to 31 December 2018.

The board of directors and the managing director considers the requirements of omission of audit of the annual accounts for 2018 as met.

We are 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.

Hvidovre, 31 May 2019

Managing Director

Sahra-Josephine Hjorth

Board of directors

Christian Mærsk Mc-Kinney Olufsen

Christian Skærm Juul Jensen

Sahra-Josephine Hjorth

Joachim Wiese Majholm

Eric Korre Horten

Jens-Peter Knud Poulsen

Auditor's report on compilation of the annual accounts

To the shareholders of CanopyLAB A/S

We have compiled the annual accounts of CanopyLAB A/S for the period 1 January to 31 December 2018 based on the bookkeeping of the company and on further information you have provided.

The annual accounts comprise the accounting policies used, profit and loss account, balance sheet and notes.

We performed this engagement in accordance with ISRS 4410, Compilation Engagements.

We have applied our professional expertise to assist you in the preparation and presentation of the annual accounts in accordance with the Danish Financial Statements Act. We have complied with relevant requirements of the Danish Act on Approved Auditors and Audit Firms and with ethical requirements of the Danish Institute of State Authorised Public Accountants, including principles of integrity, objectivity, professional competence and due care.

The annual accounts and the accuracy and completeness of the information used to compile them are your responsibility.

Since a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the information you provided to us to compile the annual accounts. Accordingly, we do not express an audit opinion or a review conclusion on whether the annual accounts are prepared in accordance with the Danish Financial Statements Act.

Copenhagen, 31 May 2019

Redmark

*State Authorised Public Accountants
Company reg. no. 29 44 27 89*

Connie Søbørg Hansen

*State Authorised Public Accountant
mne9402*

Company data

The company

CanopyLAB A/S
Filmbyen 24
2650 Hvidovre

Company reg. no. 37 04 00 88

Financial year: 1 January - 31 December
3rd financial year

Board of directors

Christian Mærsk Mc-Kinney Olufsen
Christian Skærm Juul Jensen
Sahra-Josephine Hjorth
Joachim Wiese Majholm
Eric Korre Horten
Jens-Peter Knud Poulsen

Managing Director

Sahra-Josephine Hjorth

Auditors

Redmark
Statsautoriseret Revisionspartnerselskab
Dirch Passers Allé 76
2000 Frederiksberg

Bankers

Danske Bank

Management's review

The principal activities of the company

The purpose of the company is to establish an innovative e-learning platform and other related business.

The company has since its was founded developed its own innovative e-learning platform, which has resulted in capitalization of development costs for a total of DKK 3.763.661. In order to meet the requirements for capitalization of development costs, the company has continuously recorded costs and hours on development projects.

Development in activities and financial matters

The results from ordinary activities after tax are DKK - 3.606.236 against DKK -1.410.686 last year.

The management consider the result to be satisfactory as it is according to forecast and planning for the year having in mind the company's development stage and market maturity with an early stage cyclus.

It is expected that the company's loss in 2019 will be lower than in 2018. From 2020 the company expects profits.

After the end of the financial year, the company received additional loan of DKK 1 million from Vækstfonden. In addition, the company has received a capital injection with total of DKK 1,4 million.

Events subsequent to the financial year

After the end of the financial year, no events have taken place that will significantly upset the company's financial postion.

Profit and loss account 1 January - 31 December

All amounts in DKK.

<u>Note</u>	<u>2018</u>	<u>2017</u>
Gross loss	-462.484	-406.406
1 Staff costs	-3.178.185	-1.541.123
Amortisation and writedown relating to intangible fixed assets	-773.619	0
Operating profit	-4.414.288	-1.947.529
Other financial income	1.121	0
Other financial costs	-221.015	-3.412
Results before tax	-4.634.182	-1.950.941
Tax on ordinary results	1.027.946	540.255
Results for the year	-3.606.236	-1.410.686
 Proposed distribution of the results:		
Allocated to other reserves	2.134.741	858.551
Allocated from results brought forward	-5.740.977	-2.269.237
Distribution in total	-3.606.236	-1.410.686

Balance sheet 31 December

All amounts in DKK.

<u>Note</u>	<u>2018</u>	<u>2017</u>
Assets		
Fixed assets		
2 Acquired patents	61.730	0
3 Development projects in progress and prepayments for intangible fixed assets	2.993.292	858.551
<i>Intangible fixed assets in total</i>	<u>3.055.022</u>	<u>858.551</u>
4 Deposits	60.000	60.000
<i>Financial fixed assets in total</i>	<u>60.000</u>	<u>60.000</u>
Fixed assets in total	<u>3.115.022</u>	<u>918.551</u>
Current assets		
Trade debtors	680.205	245.730
Deferred tax assets	606.857	218.035
Receivable corporate tax	639.124	274.106
Other debtors	116.866	35.769
Deferred expenses	13.078	0
<i>Debtors in total</i>	<u>2.056.130</u>	<u>773.640</u>
Available funds	351.425	1.383.215
Current assets in total	<u>2.407.555</u>	<u>2.156.855</u>
Assets in total	<u>5.522.577</u>	<u>3.075.406</u>

Balance sheet 31 December

All amounts in DKK.

<u>Note</u>	<u>2018</u>	<u>2017</u>
Equity and liabilities		
Equity		
5 <i>Contributed capital</i>	600.363	540.401
6 <i>Share premium account</i>	0	0
7 <i>Other reserves</i>	2.993.292	858.551
8 <i>Results brought forward</i>	-1.433.245	762.903
Equity in total	<u>2.160.410</u>	<u>2.161.855</u>
Liabilities		
<i>Other debts</i>	2.000.000	0
<i>Long-term liabilities in total</i>	<u>2.000.000</u>	<u>0</u>
<i>Creditors</i>	527.047	283.885
<i>Other debts</i>	578.745	511.486
<i>Deferred income</i>	256.375	118.180
<i>Short-term liabilities in total</i>	<u>1.362.167</u>	<u>913.551</u>
Liabilities in total	<u>3.362.167</u>	<u>913.551</u>
Equity and liabilities in total	<u>5.522.577</u>	<u>3.075.406</u>

9 Mortgage and securities

Notes

All amounts in DKK.

	<u>2018</u>	<u>2017</u>
1. Staff costs		
Salaries and wages	2.944.773	1.479.786
Other costs for social security	58.777	20.211
Other staff costs	174.635	41.126
	<u>3.178.185</u>	<u>1.541.123</u>
Average number of employees	<u>7</u>	<u>4</u>
2. Acquired patents		
Additions during the year	<u>64.980</u>	<u>0</u>
Cost 31 December 2018	<u>64.980</u>	<u>0</u>
Amortisation for the year	<u>-3.250</u>	<u>0</u>
Amortisation and writedown 31 December 2018	<u>-3.250</u>	<u>0</u>
Book value 31 December 2018	<u>61.730</u>	<u>0</u>

Notes

All amounts in DKK.

	<u>31/12 2018</u>	<u>31/12 2017</u>
3. Development projects in progress and prepayments for intangible fixed assets		
Cost 1 January 2018	858.551	0
Additions during the year	<u>2.905.110</u>	<u>858.551</u>
Cost 31 December 2018	<u>3.763.661</u>	<u>858.551</u>
Amortisation for the year	<u>-770.369</u>	<u>0</u>
Amortisation and writedown 31 December 2018	<u>-770.369</u>	<u>0</u>
Book value 31 December 2018	<u>2.993.292</u>	<u>858.551</u>

Development costs are capitalized in the balance sheet when they have been used to develop software or improve existing software, which gives a real increased value in use for the customers.

The future of the development project and the sales potential follow the company's expectations. Since 2017 the software have been in such a condition, that several contracts has been initiated with customers who will purchase the software, and an implementation process has begun. It is the management's assessment that there is a market for the developed software that supports several languages and is therefore not limited to the Danish market.

The company's capitalized development project is reviewed on an ongoing basis for indications of impairment. If this is the case, write-down is made to a lower recoverable amount. The continuous measurement of the recoverable amount of the company's development projects is inherently subject to discretion. It is the management's assessment that per December 31, 2018 is not an impairment requirement.

	<u>31/12 2018</u>	<u>31/12 2017</u>
4. Deposits		
Cost 1 January 2018	60.000	21.081
Additions during the year	0	60.000
Disposals during the year	<u>0</u>	<u>-21.081</u>
Cost 31 December 2018	<u>60.000</u>	<u>60.000</u>
Book value 31 December 2018	<u>60.000</u>	<u>60.000</u>

Notes

All amounts in DKK.

	<u>31/12 2018</u>	<u>31/12 2017</u>
5. Contributed capital		
Contributed capital 1 January 2018	540.401	808
Cash capital increase	59.962	40.249
Transferred from distributed reserves	0	499.344
	<u>600.363</u>	<u>540.401</u>
6. Share premium account		
Share premium account 1 January 2018	0	0
Share premium account for the year	3.544.829	2.209.751
Transferred to results brought forward	-3.544.829	-2.209.751
	<u>0</u>	<u>0</u>
7. Other reserves		
Other reserves 1 January 2018	858.551	0
Provisions of the results for the year	2.134.741	858.551
	<u>2.993.292</u>	<u>858.551</u>
8. Results brought forward		
Results brought forward 1 January 2018	762.903	1.321.733
Transferred from Share premium account	3.544.829	2.209.751
Transferred to contributed capital	0	-499.344
Profit or loss for the year brought forward	-5.740.977	-2.269.237
	<u>-1.433.245</u>	<u>762.903</u>
9. Mortgage and securities		
The company has issued floating charge at a total amount of DKK 3 mio. as security for "Other debts".		

Accounting policies used

The annual report for CanopyLAB A/S 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.

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.

Accounting policies used

The profit and loss account

Gross loss

The gross loss comprises the net turnover, changes in inventories of finished goods and work in progress, work performed for own purposes and capitalised, other operating income, and external costs.

The net turnover is recognised in the profit and loss account if delivery and risk transfer to the buyer have taken place before the end of the year, and if the income can be determined reliably and is expected to be received. The net turnover is recognised exclusive of VAT and taxes and with the deduction of any discounts granted in connection with the sale.

Costs of sales includes costs for the purchase of raw materials and consumables less discounts and changes in inventories.

Other external costs comprise costs for distribution, sales, advertisement, administration, premises, loss on debtors, and operational leasing costs.

Staff costs

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

Depreciation, amortisation and writedown

Depreciation, amortisation and writedown comprise depreciation on, amortisation of and writedown relating to intangible and tangible fixed assets respectively.

Net financials

Net financials comprise interest, realised and unrealised capital gains and losses concerning financial assets and liabilities, amortisation of financial assets and liabilities, additions and reimbursements under the Danish tax prepayment scheme, etc. Financial income and expenses are recognised in the profit and loss account with the amounts that concerns the financial year.

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.

Accounting policies used

The balance sheet

Intangible fixed assets

Development projects

Development costs include costs, including salaries and salaries, and depreciation directly attributable to development activities that meet the criteria for recognition.

Development projects that are clearly defined and identifiable where the technical feasibility, sufficient resources and a potential future market or development opportunity in the company can be demonstrated and where it is intended to manufacture, market or use the project are recognized as intangible assets if the cost can be calculated Reliable, and there is sufficient assurance that future earnings can cover production, sales and administration costs. Other development costs are recognized in the income statement as costs are incurred.

After completion of the development work, capitalized development costs are amortized on a straight-line basis over the estimated useful life. The amortization period is 3 years.

Patents

Patents are measured at cost with deduction of accrued amortisation. Patents are amortised on a straight-line basis over the remaining patent period, and licenses are amortised over the contract period, however, for a maximum of 10 years.

Gain and loss from the sale of development projects, patents, and licenses are measured as the difference between the sales price with deduction of sales costs and the book value at the time of the sale. Gain or loss are recognised in the profit and loss account as other operating income or other operating expenses respectively.

Goodwill

Acquired goodwill is measured at cost with deduction of accumulated amortisation. As it is not possible to determine a reliable estimate of the useful life, the amortisation period is set at 10 years.

Financial fixed assets

Deposits

Deposits are measured at amortised cost and represent rent deposits, etc.

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.

Accounting policies used

Accrued income and deferred expenses

Accrued income and deferred expenses recognised under assets comprise incurred costs concerning the next financial year.

Available funds

Available funds comprise cash at bank.

Equity

Share premium

Share premium comprises amounts paid as premium in connection with the issue of shares. Costs in connection with a carried through issue are deducted in the premium. The premium reserve may be utilised as dividend, issue of bonus shares, and for payment of losses.

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.

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

Deferred tax assets, including the tax value of tax losses eligible for carry-over, 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.

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.

Liabilities

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

Accrued expenses and deferred income

Received payments concerning income during the following years are recognised under accrued expenses and deferred income.