

ANNUAL REPORT
1 June 2018 - 31 May 2019

Area9 Lyceum ApS
Galionsvej 37
1437 København K

CVR nr. 39079976

Submitter:

Sønderup I/S
Statsautoriserede revisorer

**Presented and approved at the company's ordinary
general meeting 25. October 2019**

Chairman

Jakob Juul Christensen



Contents

| | |
|---|----|
| Management's Statement on the Annual Report | 3 |
| Independent Auditor's Report | 4 |
| Management's review | 7 |
| Accounting principles applied | 8 |
| Income statement 1 June - 31 May | 13 |
| Balance sheet 31 May | 14 |
| Noter | 16 |

Management's Statement on the Annual Report

The management have today considered and approved the annual report for Area9 Lyceum ApS for the financial year 1 June 2018 to 31 May 2019.

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

In the managements opinion, the financial statements give a true and fair view of the company's financial position at 31 May 2019 and of its financial performance for the financial year 1 June 2018 to 31 May 2019.

We recommend the annual report for approval at the annual general meeting.

Copenhagen, 11. October 2019

Executive Board

Asger Kunuk Alstrup Palm

Board of Directors:

Ulrik Juul Christensen

Jesper Lilledal Holmgaard

Christian Madsen Motzfeldt

Sheela Maini Søgaaard Christiansen

Asger Kunuk Alstrup Palm

Independent Auditor's Report

To the shareholders of Area9 Lyceum ApS

Auditor's Report on the Financial Statements

Opinion

We have audited the Financial Statements of Area9 Lyceum ApS for the financial year 1 June 2018 - 31 May 2019, which comprise income statement, balance sheet and notes, including a summary of significant accounting policies, for the Company. The Financial Statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the Company's financial position at 31 May 2019 and of the results of the Company's operations for the financial year 1 June 2018 - 31 May 2019 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' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements. 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 of accounting information 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.

Ringsted, 11. October 2019

SØNDERUP I/S
statsautoriserede revisorer
CVR 31824559

Tom Sønderup
State Authorised Public Accountant
mne10489

Management's review

Principal activities

The company's activity is the development and marketing of software solutions and related business.

Development in activities and financial position

The 2018/2019 fiscal year saw the continuous development of Area9 Rhapsode. The Area9 Lyceum platforms are now well positioned as one of the leading competitors to enter new markets with a distinct focus on expanding the abilities to serve more complex customers in the publishing market along with the sophisticated usage for complex corporate clients.

The global education market today represents a \$10.7 trillion dollar value of which \$31billion are spent on elearning alone.

Therefore, Area9 Lyceum continues to invest heavily in the development of the Area9 Rhapsode as well as sales and marketing efforts. The company has expanded the European team significantly resulting in several large clients and opportunities in the European markets.

Market uptake has been significant and the sales funnel grows rapidly supporting strong growth in recurring license revenue in the coming years.

Significant events after the end of the financial year

No events materially affecting the assessment of the annual report have occurred after the balance sheet date.

Accounting principles applied

The annual report for Area9 Lyceum ApS 2018/19 has been prepared in accordance with the Danish Financial Statements Act for class B companies with optional rules of class C.

The income statement is presented by type of expenditure and the balance sheet is presented in account from. The measurement currency used is Danish kroner. All other currencies are considered foreign currency.

The accounting principles were applied consistently with the principles of last year's financial reporting.

Changes to accounting estimates

The company has now recognised the entirety of its deferred tax assets related to tax losses, as compared to the previous recognition of only half of the deferred tax assets. The increase in activation of these deferred tax assets is due to the fact that it has been determined to be reasonably probable that the entirety of the tax assets can be used within a period of 1-3 years.

This revaluation has had the effect that assets have been increased by TDKK 1.471, the income statement has been increased by TDKK 1.471, and equity has been increased by TDKK 1.471.

Changes due to errors

The company has corrected errors in their financial statements, as the reserve for development costs was not booked as a part of the company's statutory reserves but instead as free reserves. This has now been booked correctly under statutory reserves for development costs. The correction has meant that the free reserves has been reduced by TDKK 6.862 and the statutory reserves for development costs has been increased by TDKK 6.862. The correction was made using start of year equity, and comparative figures have been adjusted.

General information on recognition and measurement

Income is recognized in the income statement as earned, including any value adjustments of financial assets and liabilities. Furthermore, all costs, including amortisation/depreciation and write-downs, are recognized in the income statement.

Assets are recognized in the balance sheet when it is probable that future economic benefits will flow to the company, and the value of the assets can be measured reliably.

Liabilities are recognized in the balance sheet when it is probable that future economic benefits will flow out of the company, and the value of the liabilities can be measured reliably.

The first recognition measures assets and liabilities at cost. Subsequently, assets and liabilities will be measured individually in respect of each accounting item as described below.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Accounting principles applied

Income statement

Gross profit

In pursuance of section 32 (1) of the Danish Financial Statements Act, the first item in the income statement is the gross profit. The item gross profit is the result of revenue, cost of sales, other external cost and other operating income.

Revenue

Revenue from the sale of services is recognized in the income statement as performed, if the income can be determined reliably and is expected to be received. Revenue is recognized ex. VAT and net of discounts in connection with the sale. Revenue corresponds to the market value of the work in progress (production method).

Other external costs

Other external cost comprise costs for distribution, sales, advertising, administration, premises, bad debts, operating leasing costs etc.

Staff expenses

Staff expenses contains salaries and wages, including holiday payment, pensions and other social security costs etc. to the company's employees. In staff expenses are received subsidies from public authorities, deducted.

Financial items

Financial income and expenses are recognized in the income statement with the amounts relating to the financial year. The financial items comprise interest income and expense, realized and unrealized exchange rate, gains and losses resulting from transactions in foreign currencies and surcharges and refunds regarding corporation tax.

Tax for the year

The company is jointly taxed with other group companies. The current corporation tax is divided between the jointly taxed companies pro rata to their taxable incomes. The parent company functions as the management company for the joint taxation and handles the tax payments to the danish tax authorities.

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognized in the income statement by the portion attributable to the profit for the year and recognized directly on equity by the portion attributable to entries directly on equity.

Balance sheet

Intangible fixed assets

Development projects are measured at cost less accumulated depreciation and write-down. Development projects are amortized straight-line over its expected economical life which is estimated at 10 years.

Accounting principles applied

Tangible fixed assets

Operating equipment, tools and fixtures are measured at cost price less accumulated depreciation and write-down.

Depreciation is based on cost price less expected residual value after end of service life. The cost price includes acquisition price and costs directly linked to the acquisition until the time when the asset is ready for commencement of use.

Straight-line depreciation is based on the following assesment of the assets expected useful lives:

- Other fixtures and fittings, tools and equipment: Life cycle 2-10 years, residual value 0-20%.

Assets with a cost per unit under the tax threshold for small assets are recognized as expenses in the year of acquisition.

Profits or losses in connection with disposal of tangible fixed assets are calculated as the difference between the sales price less sales costs and the book value at the time of sale. Profits and losses are entered in the income statement under other operating income and -costs.

Leases

Rental and lease contracts is considered as operating leases. Payments in connection with operating lease and other rental agreements are recognized in the income statement over the lease term. The company's total liabilities concerning operating leases are disclosed in connection with contingent items etc.

Financial fixed assets

Investments in group companies and associates

Investments in associates are measured at cost. In cases where the cost exceeds net realizable value, it is written down to its recoverable amount.

Dividends from investments in associates are recognized in the parent company's income statement in the period in which the dividend is declared. To the extent that distributed dividends exceed the accumulated earnings after the transfer date, the dividend is recognized as a reduction of the investment cost.

The proportionate share of the group companies are recognized in the income statement. Investments from these companies are recognized in the balance sheet at the proportionate share of the net asset value.

Group companies with negative net asset values are recognized at DKK zero and any receivables from these enterprises are written down by the parent company's share of the negative equity to the extent it is deemed uncollectible. If the negative net book value exceeds the amount owed, the remaining amount is recognized under provisions to the extent that the parent has a legal or constructive obligation to cover the subsidiary's balance sheet.

Accounting principles applied

The total net revaluation of investments in group companies are transferred to reserve for net revaluation according to the equity method under equity. The reserve is reduced by dividend payments to the parent company and by other changes in equity in group companies.

Newly acquired or established companies are recognized in the annual report from the acquisition date. Sold or divested companies are included up to the date of disposal.

Surcharge on acquisition of interests in relation to the actual net asset value is considered goodwill. This goodwill is amortized linearly over the estimated service life. The amortization period for goodwill is in the annual report incorporated with 10 years.

Impairment of fixed assets

The carrying value of intangible and tangible fixed assets and investments in subsidiaries are assessed annually for indications of impairment beyond what is expressed by depreciation.

If there are indications of impairment, an impairment test of each asset or group of assets will be made. Impairment will be made to its recoverable amount if this is lower than the carrying value.

Receivables

Receivables are measured at amortized cost, which usually corresponds to the nominal value. Value is reduced by provisions for bad debts.

Prepayments

Prepaid expenses are recorded as assets.

Cash funds

Cash funds are measured at nominal value.

Dividend

Proposed dividend for the financial year is recognized as a separate component of the equity. Proposed dividends are recognized as a liability at the time of adoption.

Tax payable and deferred tax

Current tax liabilities and current tax assets are recognized in the balance sheet as tax calculated on the taxable income allocated with the current tax rate, and adjusted for tax on prior years taxable income and prepaid taxes.

Deferred tax is measured by the liability method concerning temporary differences between the carrying value and tax value of assets and liabilities, calculated based on the planned use of the assets and settlement of the obligation, respectively.

Accounting principles applied

Deferred tax assets, including the tax value of tax losses allowed for carry-forward, are measured at the value at which the asset is expected to be realisable, either through elimination in tax on future earnings or through offsetting in deferred tax liabilities in the same legal tax unit. Any deferred net tax assets are measured at their net realisation values.

Deferred tax is measured based on the tax rules and tax rates applicable in pursuance of the legislation in force on the balance sheet date when the deferred tax is expected to become payable as current tax. Changes in deferred tax due to change in tax rates is recognized in the income statement.

Liabilities

Other liabilities are measured at amortised cost corresponding to the nominal value.

Conversion of foreign currency

Transactions in foreign currencies are converted at the rate of exchange on the transaction date. Exchange differences arising between the rate on the transaction date and the rate on the payment date are recognized in the income statement as a financial income or expense. If the foreign exchange position is considered to hedge future cash flows, the unrealised exchange adjustments are recognized directly in the equity.

Accounts receivable, payable and other monetary items in foreign currencies that are not settled on the balance sheet date are converted at the exchange rate on the balance sheet date. The difference between the exchange rate on the balance sheet date and the receivable or payable is recognized in the income statement as financial income or expenses.

Fixed assets acquired in foreign currencies are converted at the rate of exchange on the transaction date.

Income statement 1 June - 31 May

| Note | 2018/19 | 2017/18 |
|--|--------------------|--------------------|
| Gross profit | -71.306.104 | -26.668.195 |
| 1. Staff costs | -13.829.479 | -3.626.431 |
| 2. Depreciation and write-downs | -231.655 | -11.968 |
| OPERATING PROFIT | -85.367.238 | -30.306.594 |
| Income from investments in group companies | -6.430.235 | -67.364.441 |
| Financial income from group companies | 109.162 | 22.726 |
| Other financial income | 3.665 | 197.463 |
| Financial expenses to group companies | -74.882 | -1.004 |
| Other financial costs | -191.943 | -8 |
| PROFIT/-LOSS BEFORE TAX | -91.951.471 | -97.451.858 |
| Tax for the year | 19.741.438 | 5.020.124 |
| NET PROFIT/-LOSS FOR THE YEAR | -72.210.033 | -92.431.734 |
| Appropriation of profit | | |
| Reserve for development costs | 29.913.038 | 6.862.120 |
| Retained earnings | -102.123.071 | -99.293.854 |
| Total appropriation | -72.210.033 | -92.431.734 |

Balance sheet 31 May

| Note | 2018/19 | 2017/18 |
|--|-------------------|-------------------|
| ASSETS | | |
| 3. Development projects under construction and prepayments | 47.147.639 | 8.797.590 |
| Total intangible fixed assets | 47.147.639 | 8.797.590 |
| Other fixtures and fittings, tools and equipment | 375.452 | 307.960 |
| Total tangible fixed assets | 375.452 | 307.960 |
| 4. Financial fixed assets | | |
| Investments in group companies | 2.766.305 | 421.476 |
| Other receivables | 26.552 | 0 |
| Total financial fixed assets | 2.792.857 | 421.476 |
| TOTAL FIXED ASSETS | 50.315.948 | 9.527.026 |
| Receivables from sales and services | 2.299.443 | 150.560 |
| Receivables from group companies | 4.054.681 | 3.960.805 |
| Deferred tax assets | 13.033.525 | 0 |
| Other receivables | 13.459.385 | 8.687.173 |
| Prepayments | 544.688 | 866.483 |
| Total receivables | 33.391.722 | 13.665.021 |
| Cash funds | 14.946.528 | 7.324.685 |
| Total cash funds | 14.946.528 | 7.324.685 |
| TOTAL CURRENT ASSETS | 48.338.250 | 20.989.706 |
| TOTAL ASSETS | 98.654.198 | 30.516.732 |

Balance sheet 31 May

| Note | 2018/19 | 2017/18 |
|--|--------------------------|---------------------------|
| EQUITY AND LIABILITIES | | |
| 5. Equity | | |
| Share capital | 61.713 | 53.153 |
| Reserve for development costs | 36.775.158 | 6.862.120 |
| Retained earnings | -24.516.424 | -51.674.347 |
| TOTAL EQUITY | <u>12.320.447</u> | <u>-44.759.074</u> |
| | | |
| Provisions for deferred tax | 0 | 479.876 |
| Other provisions | 75.960.907 | 67.785.917 |
| TOTAL PROVISIONS | <u>75.960.907</u> | <u>68.265.793</u> |
| | | |
| Other credit institutions | 208.174 | 42.539 |
| Suppliers of goods and services | 4.408.922 | 4.661.719 |
| Payables to group companies | 4.267.905 | 1.181.699 |
| Other payables | 1.487.843 | 1.124.056 |
| Total short-term liabilities | <u>10.372.844</u> | <u>7.010.013</u> |
| | | |
| TOTAL LIABILITIES | <u>10.372.844</u> | <u>7.010.013</u> |
| | | |
| TOTAL EQUITY AND LIABILITIES | <u>98.654.198</u> | <u>30.516.732</u> |
| | | |
| 6. Uncertainty about the continued operation | | |
| 7. Contingencies | | |

Noter

| | 2018/19 | 2017/18 |
|-----------------------------|-------------------|------------------|
| 1. Staff costs | | |
| Salaries | 13.130.605 | 3.498.539 |
| Pension costs | 636.089 | 115.017 |
| Other social security costs | 62.785 | 12.875 |
| Total staff costs | 13.829.479 | 3.626.431 |

| | | |
|-----------------------------|----|---|
| Persons employed on average | 23 | 9 |
|-----------------------------|----|---|

2. Depreciation and write-downs

| | | |
|--|----------------|---------------|
| Depreciation and write-downs of fixed assets | 231.655 | 11.968 |
| Total depreciation and write-downs | 231.655 | 11.968 |

3. Development projects under construction and prepayments

The development costs are primarily attributable to the development of new educational software. This software is expected to be fully developed within 1-3 years, after which marketing, and sale of the software will commence. The new software is expected to give Area9 Lyceum ApS a significant competitive advantage, and consequently a significant increase in both revenue and profitability. The development costs have been booked under intangible assets.

4. Financial fixed assets

Specification of investments in group companies
Area9 Labs ApS, Copenhagen, 100%
Area9 Lyceum Inc., USA, 100%
Area9 Lyceum GmbH, 66%

Noter

| | 2018/19 | 2017/18 |
|--|--------------------|--------------------|
| 5. Equity | | |
| Share capital | | |
| Beginning of year | 53.153 | 53.153 |
| Cash capital increase | 8.560 | 0 |
| End of year | 61.713 | 53.153 |
| Share premium by emission | | |
| This years use of share premium | -129.280.996 | -47.619.506 |
| This years share premium | 129.280.996 | 47.619.506 |
| End of year | 0 | 0 |
| Reserve for development costs | | |
| Beginning of year | 6.862.120 | 0 |
| Additions during the year | 38.350.049 | 8.797.590 |
| Deferred taxation of the years movements | -8.437.011 | -1.935.470 |
| End of year | 36.775.158 | 6.862.120 |
| Retained earnings | | |
| Beginning of year | -51.674.348 | 0 |
| Transferred from net profit | -102.123.071 | -99.293.854 |
| Transferred from share premium | 129.280.995 | 47.619.507 |
| End of year | -24.516.424 | -51.674.347 |
| Equity end of year | 12.320.447 | -44.759.074 |

6. Uncertainty about the continued operation

The company's continued operation is subject to the retention of the credit available from suppliers and shareholders, under the current conditions, and that fresh capital is contributed if needed. There is nothing that indicates that the credits would not be available and that there should not be given additional credit for at least 12 months from the balance sheet date. There is delivered letter of intent about necessary credit from main shareholder until 31 May 2020. The annual report is prepared in accordance with the principle of continuous operation.

7. Contingencies

The company has entered into operating leases for 2 cars is 29 months and the total commitment amounts to DKK 304.100.

The company is liable for the total tax of jointly taxed Danish companies.

Dette dokument er underskrevet af nedenstående parter, der med deres underskrift har bekræftet dokumentets indhold samt alle datoer i dokumentet.

This document is signed by the following parties with their signatures confirming the documents content and all dates in the document.

Asger Kunuk Alstrup Palm

Som Direktør NEM ID
PID: 9208-2002-2-746386630577
Tidspunkt for underskrift: 07-11-2019 kl.: 12:56:18
Underskrevet med NemID

Asger Kunuk Alstrup Palm

Som Bestyrelsesmedlem NEM ID
PID: 9208-2002-2-746386630577
Tidspunkt for underskrift: 07-11-2019 kl.: 12:56:18
Underskrevet med NemID

Ulrik Juul Christensen

Som Bestyrelsesmedlem NEM ID
PID: 9208-2002-2-770528223622
Tidspunkt for underskrift: 06-11-2019 kl.: 18:51:33
Underskrevet med NemID

Jesper Lilledal Holmgaard

Som Bestyrelsesmedlem NEM ID
PID: 9208-2002-2-890732468873
Tidspunkt for underskrift: 09-11-2019 kl.: 08:09:55
Underskrevet med NemID

Christian Madsen Motzfeldt

Som Bestyrelsesmedlem NEM ID
PID: 9208-2002-2-528399805342
Tidspunkt for underskrift: 05-11-2019 kl.: 12:22:03
Underskrevet med NemID

Sheela Maini Søgaard Christiansen

Som Bestyrelsesmedlem NEM ID
PID: 9208-2002-2-441796250382
Tidspunkt for underskrift: 05-11-2019 kl.: 22:08:12
Underskrevet med NemID

Jakob Juul Christensen

Som Dirigent NEM ID
PID: 9208-2002-2-046549915951
Tidspunkt for underskrift: 05-11-2019 kl.: 13:04:38
Underskrevet med NemID

Tom Sønderup

Som Revisor NEM ID
RID: 1232019958738
Tidspunkt for underskrift: 10-11-2019 kl.: 16:47:57
Underskrevet med NemID

This document is signed with esignatur. Embedded in the document is the original agreement document and a signed data object for each signatory. The signed data object contains a mathematical hash value calculated from the original agreement document, which secures that the signatures is related to precisely this document only. Prove for the originality and validity of signatures can always be lifted as legal evidence.

The document is locked for changes and all cryptographic signature certificates are embedded in this PDF. The signatures therefore comply with all public recommendations and laws for digital signatures. With esignatur's solution, it is ensured that all European laws are respected in relation to sensitive information and valid digital signatures. If you would like more information about digital documents signed with esignatur, please visit our website at www.esignatur.dk.

This document has esignatur Agreement-ID: 3701c940STWn28808225