Sønderup revisorer

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Area9 Lyceum ApS

Galionsvej 37

1437 København K

CVR No. 39079976

Annual Report 2023

The Annual Report was presented and
adopted at the Annual General Meeting of
the Company on 5 July 2024

Jakob Juul Christensen
Chairman

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Management's Statement

Today, the Supervisory Board and the Executive Board have considered and adopted the Annual Report of Area9 Lyceum ApS for the financial year 1 January 2023 - 31 December 2023.

The Annual Report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the assets, liabilities and financial position of the Company at 31 December 2023 and of the results of the Group's and the Company's operations and the Group's cash flows for the financial year 1 January 2023 - 31 December 2023.

In our opinion, the Management's Review includes a true and fair account of the matters addressed in the review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Copenhagen, 19 June 2024

Executive Board

Asger Kunuk Alstrup Palm
Manager

Board of Directors

Ulrik Juul Christensen Chairman	Asger Kunuk Alstrup Palm	Gajakarnan Vibushanan Kandiah
Paul Richard Willmott	Vanessa Gay Branson	Christian Madsen Motzfeldt
Sheela Maini Søgaard Christiansen	Jesper Lilledal Holmgaard	

Independent Auditors' Report

To the shareholders of Area9 Lyceum ApS

Opinion
We have audited the consolidated financial statements and the parent financial statements of Area9 Lyceum ApS for the financial year 1 January 2023 - 31 December 2023, which comprises an income statement, balance sheet, statement of changes in equity, cash flows and notes. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the Company's financial position at 31 December 2023 and of the results of its operations and cash flows for the financial year 1 January 2023 - 31 December 2023 in accordance with the Danish Financial Statements Act.

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

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

In preparing the consolidated financial statements and the parent company financial statements, Management is responsible for assessing the Group's and 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 consolidated financial statements and the financial statements unless Management either intends to either liquidate the Group and the Company or suspend operations, or has no realistic alternative but to do so.

Independent Auditors' Report

The auditor's responsibility for the audit of the consolidated financial statements and the parent financial statements

Our responsibility is to obtain reasonable assurance as to whether the consolidated financial statements and the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is no guarantee that an audit conducted in accordance with ISAs and additional requirements applicable in Denmark will always detect material misstatements. Misstatements can arise from fraud or error and can be considered material if it would be reasonable to expect that these - either individually or collectively - could influence the economic decisions taken by the users of financial statements on the basis of these consolidated financial statements and financial statements.

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

*Identify and assess the risk of material misstatements in the consolidated financial statements and 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 a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or 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 whether the accounting policies used are appropriate and whether the accounting estimates and the related disclosures made by Management are reasonable.

*Conclude on whether Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the financial statements is appropriate and, based on the audit evidence obtained, conclude on whether a material uncertainty exists relating to events or conditions, which could cast significant doubt on the Group's and 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 auditors' 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 auditors' report. However, future events or conditions may imply that the Group and the Company can no longer remain a going concern.

*Evaluate the overall presentation, structure and contents of the financial statements, including note disclosures, and whether the consolidated financial statements and the financial statements 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 internal control which we identify during our audit.

Independent Auditors' Report

Statement on Management's Review
Management is responsible for the Management's review.

Our opinion on the consolidated financial statements and the parent company financial statements does not cover the Management's review, and we do not express any form of opinion providing assurance regarding the Management's review.

Our responsibility in connection with our audit of the consolidated financial statements and the parent company financial statements is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the consolidated financial statements and the parent company financial statements or with the knowledge we have gained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review meets the disclosure requirements in the Danish Financial Statements Act.

Based on our procedures, we are of the opinion that the Management's review is in accordance with the consolidated financial statements and the parent company financial statements and has been prepared in accordance with the requirements in the Danish Financial Statements Act. In our opinion, the Management's review is not materially misstated.

Ringsted, 19 June 2024

Sønderup I/S
Statsautoriserede Revisorer
CVR-no. 31824559

Tom Sønderup
State Authorised Public Accountant
mne10489

Company details

Company	Area9 Lyceum ApS Galionsvej 37 1437 København K
Telephone	33110090
E-mail	accounting@area9.dk
CVR No.	39079976
Date of formation	6 November 2017
Financial year	1 January 2023 - 31 December 2023
Board of Directors	Ulrik Juul Christensen Asger Kunuk Alstrup Palm, Manager Gajakarnan Vibushanan Kandiah Paul Richard Willmott Vanessa Gay Branson Christian Madsen Motzfeldt Sheela Maini Søgaard Christiansen Jesper Lilledal Holmgaard
Executive Board	Asger Kunuk Alstrup Palm
Group enterprises	Area9 Labs ApS, Denmark, 100% Area9 Learning, Denmark, 100% Area9 Lyceum Inc, United States, 100% Area9 Lyceum GmbH, Germany, 67% Area9 Lyceum Ltd, United Kingdom, 100%
Auditors	Sønderup I/S Statsautoriserede Revisorer Jyllandsgade 7 4100 Ringsted CVR-no.: 31824559

Management's Review

The Group's principal activities
The company's activities include e-learning software platform licensing and services that provides remote, personalized adaptive learning to the corporate, K-12, Higher Education and government industries.

Development in activities and the financial situation
The company has continued the development of existing products that are currently being rolled out for clients and partners in corporate and classic education. The company continues to invest in development of new products and commercialization of the current products and has therefore brought in additional investors to support the continued growth. Based on the feedback from the market and clients, there are positive expectations for both the existing products, the products to be released in the coming years and the markets relevant to the company in general.

Licensing and sale of Area9 Rhapsode licenses has continued in the period. The company's management believes that the company has liquidity preparedness that can form the basis for the future expected growth. Management expects a positive development and growth for the coming financial year.

The company has lost its capital during the year, and the management has taken the necessary steps in accordance with Section 119 of the Companies Act. Management expects the capital to be restored through normal operations in the coming years.

Expectations for the future
In 2024 the management will strive to realize continuing growth. The management expect a minor profit in 2024 but the company has a strong financial position.

Knowledge and know-how resources
The company's key asset is its employees, and the core team of the company combined with our R&D teams is important to ensure we maintain our market position.

Risks
The Company´s financial result and equity were effected by currency risk mainly related to changes in USD.

Environmental conditions
Area9 Lyceum ApS have a small footprint, but this is an area that we actively are working to reduce, including sourcing our hosting from providers that are carbon neutral or based on renewable energy.

Research and development activities
Development of additional features and functionalities to our Area9 Rhapsode**TM** platform.

Branches abroad
The company has no branches.

Net profit/loss for the year compared with expected developments in the most recently published annual report
Results are overall in line with expected developments during the year.

Post financial year events
After the end of the financial year, no events have occurred which may change the financial position of the Company substantially.

Key Figures and Financial Ratios

The development in the Company's key figures and financial ratios can be described as follows:

Key figures are in DKK thousands

	2023	**2022**	**2021**
Group			
Income Statement:			
Gross profit	85,933	48,870	26,070
Operating Profit (EBIT)	-28,336	-56,578	-24,244
Profit before tax	-36,832	-61,213	-26,994
Profit for the year	-39,553	-61,679	-27,001
Balance Sheet:			
Assets	211,724	223,093	229,393
Investments in fixed assets	17,100	17,136	9,855
Equity	-10,551	15,472	77,151
Financial Ratios:			
Return on equity (%)	-1,090	-57.93	-30.51
Return on investments (%) (ROI)	-10.14	-9.74	-9.75
Equity ratio (%)	-6.94	10.17	50.68
Average number of employees	192	217	218
Parent			
Income Statement:			
Gross profit	44,665	-2,456	-428
Operating Profit (EBIT)	-33,576	-63,289	-28,685
Profit before tax	-40,037	-62,335	-27,666
Profit for the year	-40,363	-62,624	-27,666
Balance Sheet:			
Assets	166,997	172,931	189,881
Investments in fixed assets	17,100	17,100	9,855
Equity	-11,285	15,322	77,946
Financial Ratios:			
Return on equity (%)	-1,069.96	-58.96	-30.83
Return on investments (%) (ROI)	-15.43	-14.52	-13.66
Equity ratio (%)	-27.63	41.58	210.55
Average number of employees	144	161	142

Income Statement

	Note	Group 2023 kr.	2022 kr.	Parent 2023 kr.	2022 kr.
Gross profit		**85,933,265**	**48,869,706**	**44,665,544**	**-2,452,980**
Staff costs	1	-100,821,329	-93,647,806	-65,048,858	-49,340,354
Depreciation		-13,447,437	-11,799,718	-13,193,048	-11,495,525
Profit from ordinary operating activities		**-28,335,501**	**-56,577,818**	**-33,576,362**	**-63,288,858**
Income from investments in group companies		0	0	845,198	1,027,466
Other finance income from group companies		0	0	47,685	216,789
Finance income		1,514,458	2,051,357	310,610	1,829,648
Finance expenses	2	-10,011,034	-6,686,359	-6,819,858	-2,120,079
Profit before tax		**-36,832,077**	**-61,212,820**	**-39,192,727**	**-62,335,035**
Tax expense on ordinary activities		-2,720,973	-177,168	0	0
Other tax expenses		0	-288,773	-325,890	-288,773
Profit	3	**-39,553,051**	**-61,678,761**	**-39,518,617**	**-62,623,808**

Balance Sheet as of 31 December

	Note	Group 2023 kr.	2022 kr.	Parent 2023 kr.	2022 kr.
Assets					
Completed development projects	4	102,926,748	99,019,795	102,926,748	99,019,796
Intangible assets		**102,926,748**	**99,019,795**	**102,926,748**	**99,019,796**
Fixtures, fittings, tools and equipment	5	458,035	348,838	0	0
Leasehold improvements	6	110,174	138,296	0	0
Property, plant and equipment		**568,209**	**487,134**	**0**	**0**
Investments in group companies	7, 8	0	0	7,361,668	6,259,691
Long-term receivables from group enterprises		0	0	48,269	0
Deposits		0	1,010,532	0	0
Investments		**0**	**1,010,532**	**7,409,937**	**6,259,691**
Fixed assets		**103,494,956**	**100,517,461**	**110,336,685**	**105,279,487**
Manufactured goods and goods for resale		6,295,086	6,779,816	0	0
Inventories		**6,295,086**	**6,779,816**	**0**	**0**
Trade receivables		37,642,195	46,991,173	20,200,974	25,721,714
Receivables from group companies		0	0	0	1,487,300
Deferred tax	9, 10	39,799,206	44,745,706	23,068,553	27,807,280
Other receivables		9,517,588	5,036,404	8,082,330	4,755,647
Prepayments	11	8,811,250	8,817,046	764,447	1,916,062
Receivables		**95,770,239**	**105,590,329**	**52,116,304**	**61,688,004**
Cash and cash equivalents		**6,163,484**	**10,205,884**	**5,646,290**	**5,963,159**
Current assets		**108,228,808**	**122,576,029**	**57,762,594**	**67,651,163**
Assets		**211,723,765**	**223,093,490**	**168,099,279**	**172,930,649**

Balance Sheet as of 31 December

	Note	Group 2023 kr.	2022 kr.	Parent 2023 kr.	2022 kr.
Liabilities and equity					
Share capital		71,611	70,893	71,611	70,893
Reserve for development expenditure		80,282,863	77,235,440	80,282,863	77,235,440
Retained earnings		-92,086,292	-61,984,461	-90,536,670	-61,984,461
Minority interests		1,181,066	150,471	0	0
Equity		**-10,550,752**	**15,472,343**	**-10,182,196**	**15,321,872**
Other provisions	12	0	0	78,276,219	78,019,440
Provisions		**0**	**0**	**78,276,219**	**78,019,440**
Debt to banks		0	9,531,555	0	9,531,555
Other credit institutions		19,966,075	21,610,644	19,963,584	21,610,644
Payables to group enterprises		149,955,396	112,012,839	35,831,219	0
Long-term liabilities	13	**169,921,471**	**143,155,038**	**55,794,803**	**31,142,199**
Short-term part of long-term liabilities		9,683,676	15,841,427	9,683,676	15,841,427
Other credit institutions		99,786	293,616	252,208	265,900
Debt to banks		0	0	987,235	0
Trade payables		4,635,633	22,697,224	3,693,185	5,777,855
Payables to group companies		0	0	18,532,759	17,273,006
Other payables		12,613,813	6,908,509	4,059,653	4,092,873
Deferred income, liabilities	14	25,320,138	18,725,333	7,259,234	5,196,077
Short-term liabilities other than provisions		**52,353,046**	**64,466,109**	**44,467,950**	**48,447,138**
Liabilities		**222,274,517**	**207,621,147**	**100,262,753**	**79,589,337**
Liabilities and equity		**211,723,765**	**223,093,490**	**168,356,776**	**172,930,649**

Significant events occurring after end of reporting period	15
Contingent liabilities	16
Collaterals and assets pledges as security	17
Related parties	18

Statement of changes in Equity

Parent

	Share capital	Share premium	Reserve for development cost	Retained earnings	Total
Equity 1 January 2023	70,893	0	77,235,440	-61,984,461	15,321,872
Increase of capital	718	13,756,334	0	0	13,757,052
Equity transfers to reserves	0	-13,756,334	0	13,756,334	0
Profit (loss)	0	0	3,047,423	-42,308,543	-39,261,120
Equity 31 December 2023	**71,611**	**0**	**80,282,863**	**-90,536,670**	**-10,182,196**

Parent

The share capital consists of 70.893 shares of DKK 1,00. The shares are distributed as follows:
50.000 A-shares, 13.553 B-shares and 7.340 C-shares.

The board of directors have been authorized to issue 3.400 warrants. The authorization has been exercised by 2.190 warrants.

Group

	Share Capital	Share premium	Reserve for development cost	Retained earnings	Minority interests	Total
Equity 1 January 2023	70,893	0	77,235,440	-61,984,228	150,238	15,472,343
Increase of capital	718	13,756,334	0	0	0	13,757,052
Change of investments through net exchange differences	0	0	0	-226,270	-826	-227,096
Equity transfers to reserves	0	-13,756,334	0	13,756,334	0	0
Profit (loss)	0	0	3,047,423	-43,632,128	1,031,654	-39,553,051
Equity 31 December 2023	**71,611**	**0**	**80,282,863**	**-92,086,292**	**1,181,066**	**-10,550,752**

Cash Flow Statement

	2023 kr.	2022 kr.
Profit from operating activities	-28,335,501	-56,577,818
Depreciation, amortisation expense and impairment losses of property, plant and equipment and intangible assets	13,447,437	11,799,718
Adjustments of interest and similar incomes	1,562,143	2,051,357
Adjustments of interest and similar expenses	-10,058,719	-6,686,359
Adjustments of tax expense	-2,720,973	-465,940
Adjustments for deferred tax	4,946,501	0
Decrease (increase) in inventories	484,730	-335,018
Decrease (increase) in receivables	5,113,192	-30,843,971
Decrease (increase) in trade payables	-5,761,476	9,874,141
Other adjustments for decrease (increase) in working capital	0	23,412,554
Cash flows from operating activities	**-21,322,666**	**-47,771,336**
Purchase of intangible assets	-17,100,000	-17,100,000
Sales of property, plant and equipment	0	-36,162
Cash flows from investing activities	**-17,100,000**	**-17,136,162**
Repayment of debt to participating interests		
Raising of debt to credit institutions	-23,853,355	25,977,651
Raising of debt to group enterprises	44,281,386	0
Raising of debt to participating interests	0	0
Cash capital increase	13,757,052	0
Cash flows from financing activities	**34,185,083**	**25,977,651**
Net increase (decrease) in cash and cash equivalents	**-4,237,583**	**-38,929,847**
Cash and cash equivalents, beginning balance	10,205,884	49,787,367
Exchange rate adjustments	195,183	-651,636
Cash and cash equivalents, ending balance	**6,163,484**	**10,205,884**

Notes

	Group		Parent	
	2023	2022	2023	2022

1. Staff Costs

Wages and salaries	96,603,701	85,624,421	63,460,783	47,559,548
Post-employement benefit expense	4,531,441	3,978,131	1,456,446	1,654,122
Social security contributions	4,692,154	4,045,254	131,629	126,684
	105,827,296	**93,647,806**	**65,048,858**	**49,340,354**
Average number of employees	192	195	144	161

During the financial year, no salary was paid to the management and the board of directors.

2. Finance expenses

Other finance expenses	10,011,034	6,686,359	6,352,826	1,928,732
Finance expenses arising from group enterprises	0	0	467,032	191,346
	10,011,034	**6,686,359**	**6,819,858**	**2,120,078**

3. Proposed distribution of results

Reserve for net revaluation of investment assets	3,047,423	4,381,222	3,047,423	4,381,222
Minority interests	1,031,654	1,071,044	0	0
Retained earnings	-43,632,128	-67,131,027	-42,308,543	-67,005,030
	-39,553,051	**-61,678,761**	**-39,261,120**	**-62,623,808**

4. Completed development projects

Cost at the beginning of the year	124,092,983	106,992,982	124,092,983	106,992,983
Addition during the year, incl. improvements	17,100,000	17,100,000	17,100,000	17,100,000
Cost at the end of the year	**141,192,983**	**124,092,982**	**141,192,983**	**124,092,983**
Depreciation and amortisation at the beginning of the year	-25,073,187	-13,590,139	-25,073,187	-13,590,139
Amortisation for the year	-13,193,048	-11,483,048	-13,193,048	-11,483,048
Impairment losses and amortisation at the end of the year	**-38,266,235**	**-25,073,187**	**-38,266,235**	**-25,073,187**
Carrying amount at the end of the year	**102,926,748**	**99,019,795**	**102,926,748**	**99,019,796**

The development costs are primarily attributable to the development of new educational software. 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.

Notes

	Group		Parent	
	2023	2022	2023	2022

5. Fixtures, fittings, tools and equipment

	Group 2023	Group 2022	Parent 2023	Parent 2022
Cost at the beginning of the year	1,386,810	1,389,184	676,242	676,243
Change due to a foreign currency translation adjustment	1,417	2,861	0	0
Addition during the year, incl. improvements	0	36,162	0	0
Cost at the end of the year	**1,388,227**	**1,428,207**	**676,242**	**676,243**
Depreciation and amortisation at the beginning of the year	-913,611	-1,002,894	-676,242	-663,765
Change due to foreign currency translation adjustment	2,748	0	0	0
Amortisation for the year	-19,329	-76,475	0	-12,478
Impairment losses and amortisation at the end of the year	**-930,192**	**-1,079,369**	**-676,242**	**-676,243**
Carrying amount at the end of the year	**458,035**	**348,838**	**0**	**0**

6. Leasehold improvements

	Group 2023	Group 2022	Parent 2023	Parent 2022
Cost at the beginning of the year	2,135,430	2,120,910	0	0
Change due to a foreign currency translation adjustment	-7,963	9,862	0	0
Cost at the end of the year	**2,127,467**	**2,130,772**	**0**	**0**
Depreciation and amortisation at the beginning of the year	-1,997,133	-1,967,887	0	0
Change due to foreign currency translation adjustment	3,960	0	0	0
Amortisation for the year	-24,119	-24,589	0	0
Impairment losses and amortisation at the end of the year	**-2,017,292**	**-1,992,476**	**0**	**0**
Carrying amount at the end of the year	**110,175**	**138,296**	**0**	**0**

Notes

	Parent 2023	2022
7. Investments in group companies		
Cost at the beginning of the year	142,457	142,457
Cost at the end of the year	**142,457**	**142,457**
Fair value adjustments at the beginning of the year	6,117,234	3,748,255
Change due to change in accounting policies	0	-1,995,282
Change due to foreign currency translation adjustment	0	232,774
Adjustments for the year	845,198	1,027,466
Reversal of fair value adjustments of disposed assets	256,779	3,104,021
Fair value adjustments at the end of the year	**7,219,211**	**6,117,234**
Carrying amount at the end of the year	**7,361,668**	**6,259,691**

8. Financial fixed assets

Parent

Group enterprises

Name	Registered office	Share held in %	Equity	Profit
Area9 Labs ApS	Denmark	100.00	-78,311,377	-291,937
Area9 Lyceum Inc	USA	100.00	3,614,974	-2,116,148
Area9 Lyceum GmbH	Germany	67.00	3,393,373	3,126,225
Area9 Lyceum Ltd	England	100.00	91,089	91,900
			-71,211,941	**810,040**

9. Deferred Tax

Deferred tax, start	39,799,206	44,746,128	27,807,280	27,807,280
Deferred tax	**39,799,206**	**44,746,128**	**27,807,280**	**27,807,280**

Deferred tax is expected to be due after 1 year and before 5 years.

10. Uncertainty connected with recognition and measurement

The Group has recognized DKK 39.799 thousand as deffered tax assets. The value of the tax assets depends on the Company's ability to develop, market and sell its software licenses at a profitable level. Management believes that the Company will realize the implementation of its plans within a foreseeable future. Accordingly, Management has deemed the valuation sound. If the Company's sales and growth deviate significantly from the current plans, there may be uncertainty associated with the valuation.

11. Prepayments

Prepayments	8,811,250	8,817,046	764,447	1,916,062
Balance at the end of the year	**8,811,250**	**8,817,046**	**764,447**	**1,916,062**

Notes

	Group 2023	Group 2022	Parent 2023	Parent 2022
12. Other provisions				
Provisions of investments in group companies	0	0	78,276,219	78,019,440
Balance at the end of the year	**0**	**0**	**78,276,219**	**78,019,440**

13. Long-term liabilities

Group

	Due after 1 year	Due within 1 year	Due after 5 years
Other credit institutions	19,966,075	3,360,520	0
Payables to group enterprises	149,955,396	6,323,156	96,201,300
	169,921,471	**9,683,676**	**96,201,300**

Parent

	Due after 1 year	Due within 1 year	Due after 5 years
Debt to other credit institutions	19,966,075	3,360,520	0
Payables to group enterprises	35,831,219	6,323,156	10,538,594
	55,797,294	**9,683,676**	**10,538,594**

14. Deferred income

	Group 2023	Group 2022	Parent 2023	Parent 2022
Deferred revenue on license fees	25,320,138	18,725,333	7,259,234	5,196,077
Balance at the end of the year	**25,320,138**	**18,725,333**	**7,259,234**	**5,196,077**

15. Significant events occurring after end of reporting period

No events of material significance to the company's financials have occurred after the end of the financial year position.

Notes

16. Contingent

The company has entered into a lease with an annual rent cost of TDKK 1.248. Within the contract there is a clause stating that 6 months notice is required prior to termination of the lease.

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

The organisation has expressed that it wishes to provide liquidity to its subsidiaries, only for the necessary functions for continued operations. The statement is given to the next financial reporting period.

17. Collaterals and securities

Company mortgage Area9 Lyceum has granted SVB Bank a floating charge on unsecured claims arising from Goodwill, patent rights, other rights, trade recivables and fixtures and equiptment. The floating charge secures the operating credit line of DKK 55 million. In addition to the Company mortgage Area9 Lyceum ApS has a prohibition of pledging its assets.

Notes

18. Related parties

The company's related parties include the following:

Decisive influence :

Asger Kunuk Alstrup Palm
Frederiksberg, Denmark

Ulrik Juul Christensen
Massachusetts, USA

Tommy Højfeld Olesen
Denmark
Chaudhri Khurram Jamil
Hellerup, Denmark

Group Companies :

Area9 Inc.
Massachusetts, USA

Area9 Innovation Inc.
Massachusetts, USA

Area9 W126 Inc.
Massachusetts, USA

Area9 Challenger Inc.
Massachusetts, USA

Area9 Invest ApS (Ultimate parent company)
Copenhagen, Denmark

Area9 Technologies ApS
Copenhagen, Denmark

Area9 Innovation ApS,
Copenhagen, Denmark

Area9 C604 ApS,
Copenhagen, Denmark

Area9 H3 ApS,
Copenhagen, Denmark

Area9 Legal ApS,
Copenhagen, Denmark

Area9 Excellence Center Europe Oü
Vaarika tee, Estonia

Area9 Lycuem Ltd
London, England

Transactions:

Notes

Transactions with group companies bear interst on market terms.
Trading with group companies is done on market terms.

Accounting Policies

Reporting Class
The Annual Report of Area9 Lyceum ApS for 2023 has been presented in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The parent company has decided not to include a cash flow statement due to Danish Financial Statements Act §86, 4. The company will instead include in a cash flow statement for the group.

The accounting policies applied remain unchanged from last year.

The comparative figures in the annual report covers a 7 month period while the current annual report is for a 12 month period.

Reporting currency
The Annual Report is presented in Danish kroner.

Translation policies
On initial recognition, transactions in foreign currencies are translated at the exchange rates prevailing at the date of transaction. Gains and losses occurring due to differences between the transaction date rates and the rates at the date of payment are recognised as an item under Financial Income and Expenses in the Income Statement.

Receivables, debt and other monetary items denominated in a foreign currency are translated at the rate at the balance sheet date. The difference between the rate at the balance sheet date and the rate at the time when the receivable or payable occurred or was recognised in the latest Financial Statements is recognised in the Income Statement under Financial Income and Expenses.

Foreign subsidiaries and associates are considered separate entities. The income statements are translated into a monthly average rate of exchange and the balance sheet items are translated into the rates of exchange at the balance sheet date. Currency translation differences that occur when translating foreign subsidiaries' equity at the beginning of the year at the rates of exchange at the balance sheet date and when translating Income Statements from average rates at the rates of exchange at the balance sheet date are recognised directly in equity.

Translation adjustment of balances with separate foreign subsidiaries that is considered a part of the total investment in the subsidiary is recognised directly in equity. Similarly, foreign exchange gains and losses on loans and derivative financial instruments entered to assure net investments in foreign subsidiaries are recognised directly in equity.

Consolidated Financial Statements
The Consolidated Financial Statements comprise the parent company Area9 Lyceum ApS and subsidiaries in which Area9 Lyceum ApS directly or indirectly holds more than 50% of the voting rights or in other ways has control. Enterprises in which the Group holds between 20% and 50% of the voting rights and exercises significant but not controlling influence are considered associates, cf. Group chart.

For the consolidation, intercompany income and costs, shareholdings, intercompany balances and dividends as well as realised and unrealised profit and loss are eliminated in connection with transactions between the consolidated enterprises.

Equity investments in subsidiaries are eliminated by the proportionate share of the subsidiaries' market value of net assets and liabilities at the time of acquisition.

Newly acquired or established enterprises are recognised in the Consolidated Financial Statements from the date of acquisition. Enterprises sold or liquidated are recognised in the Consolidated Income Statement up to the date of disposal. Comparative figures are not corrected for enterprises newly acquired, sold or liquidated.

Minority Interests
Subsidiaries are recognised in the Consolidated Financial Statements by 100%. The minority interests' proportionate share of the subsidiaries results and equity is adjusted annually and are recognised as separate items under Income Statement and Balance Sheet.

Accounting Policies

General Information

Basis of recognition and measurement
Income is recognised in the Income Statement as it is earned, including value adjustments of financial assets and liabilities that are measured at fair value or amortised cost. Moreover, all expenses incurred during the year are recognised in the Income Statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the Income Statement.

Assets are recognised in the Balance Sheet when it is probable that future economic benefits attributable to the asset will accrue to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the Balance Sheet when it is probable that future economic benefits attributable to the asset will flow out of the Company, and the value of the liability can be measured reliably.

At initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the term. Amortised cost is calculated as original cost less repayments and with the addition/deduction of the accumulated amortisation of the difference between the cost and the nominal amount. This way, exchange losses and gains are allocated over the term.

In connection with recognition and measurement, consideration is given to predictable losses and risks occurring prior to the presentation of the Annual Report, i.e. losses and risks which prove or disprove matters which exist at the balance sheet date.

Income Statement

Gross profit/loss
The Company has decided to aggregate certain items of the Income Statement in accordance with the provisions of Section 32 of the Danish Financial Statements Act.

Gross profit is a combination of the items of revenue cost of sales, other external expenses, other operating costs and other operating income.

Revenue
Revenue is recognised in the income statement if the goods have been delivered and the risk has passed to the buyer before year-end and if the revenue can be reliably calculated and expected to be received. Revenue is recognised excluding VAT and all discounts granted are recognised in revenue.

Income from delivery of services is recognised on a straight-line basis in net sales, as the service is delivered.

Other external expenses
Other external expenses include expenses for distribution, sales, advertising, administration, premises, bad debts, operating leasing expenses, etc.

Staff expenses
Staff costs include wages and salaries including compensated absence and pension to the Companies employees, as well as other social security contributions etc. The item is deducted from refunds from public authorities.

Accounting Policies

Amortisation of tangible and intangible assets
Amortisation and impairment of intangible and tangible assets has been performed based on a continuing assessment of the useful life of the assets in the Company. Non-current assets are amortised on a straight line basis, based on cost, on the basis of the following assessment of useful life and residual values:

	Useful life	Residual value
Completed development projects	10 years	0%
Other fixtures and fittings, tools and equipment	2-10 years	0-20%
Leasehold improvements	2-10 years	0-20%

Income from equity investments in group enterprises
Income from equity investments comprises the proportionate share of profit/loss after tax and any adjustment of internal profit/loss and less amortisation of consolidated goodwill.

Result of equity investments in subsidiaries
The proportionate share of the individual subsidiaries' profit/loss after tax is recognised in the parent company's Income Statement after full elimination of intercompany profit/loss.

Financial income and expenses
Financial income and expenses are recognised in the Income Statement based on the amounts that concern the financial year. Financial income and expenses include interest revenue and expenses, finance charges in respect of finance leases, accounts payable and transactions in foreign currencies, repayment on mortgage loans, and surcharges and allowances under the tax prepayment scheme.

Dividends equity investments are recognised as income in the financial year in which the dividends are declared.

Tax on net profit/loss for the year
The parent company is subjected to the Danish rules on compulsory joint taxation of the group's Danish subsidiaries. Subsidiaries are included in the joint taxation from the time when they are included in the consolidation in the Consolidated Financial Statement until they leave the consolidation.

The parent company is the administration company of the joint taxation and therefore settles all corporation tax payments with the tax authorities.

The current Danish corporation tax is distributed by settling the joint taxation contributions between the jointly taxed enterprises in proportion to their taxable income. In this connection, enterprises with tax losses receive joint taxation contributions from enterprises that have been able to use these losses to reduce their own tax profit.

Tax for the year which comprises the current corporation tax for the year and any changes in deferred tax, including as a consequence of a change to the tax rate, is recognised by the part attributable to the profit/loss for the year and directly in equity by the part attributable to items directly in equity.

Tax on net profit/loss for the year comprises current tax on expected taxable income of the year and the year's adjustment of deferred tax less the part of the tax of the year that relates to changes in equity. Current and deferred tax regarding changes in equity is recognised directly in equity. The Company and the Danish associates are taxed jointly. The Danish income tax is distributed between profit- and loss-making Danish enterprises in relation to their taxable income (full distribution).

Accounting Policies

Balance Sheet

Intangible assets
Intangible fixed assets comprises development projects completed and in progress with related intellectual property rights.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs less deferred tax incurred is taken to equity under Reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Completed development projects are measured at cost and amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. If the useful life cannot be estimated reliably, it is fixed at 10 years. Development projects in progress are not subject to depreciation.

Tangible assets
Tangible assets are measured at cost on initial recognition and subsequently at cost less accumulated depreciation and impairment losses.

The depreciable amount is calculated taking into consideration the residual value of the asset at the end of its useful life, reduced by impairment losses, if any. The depreciation period and the residual value are determined at the date of acquisition. If the residual value exceeds the carrying amount of the asset, depreciation is discontinued.

In case of changes in depreciation period or residual value, the effect of a change in depreciation period is recognised prospectively in accounting estimates.

Cost includes the purchase price and expenses directly related to the acquisition until the time when the asset is ready for use. The cost of self-constructed assets includes costs for materials, components, subcontractors, direct payroll costs and indirect production costs.

The cost of a composite asset is disaggregated into components, which are separately depreciated if the useful lives of the individual components differ.

The carrying amounts of intangible assets and property, plant and equipment are tested annually to determine whether there is any indication of impairment other than what is expressed by amortisation and depreciation. If so, the assets are tested for impairment to determine whether the recoverable amounts are lower than the carrying amounts and the relevant assets are written down to such lower recoverable amounts. An impairment test is carried out annually of ongoing development projects, whether or not there is any indication of impairment.

The recoverable amount of an asset is determined as the higher of the net sales price and the value in use. Where the recoverable amount of the individual assets cannot be determined, the assets are grouped together into the smallest group of assets that can be estimated to determine an aggregate reliable recoverable amount for those units.

Equity investments in group enterprises
Investments in group enterprises are recognised in the balance sheet at the proportionate share of the equity value of the enterprises, calculated according to the parents accounting policies with the deduction or addition of unrealised intercompany profits or losses and with the addition or deduction of the remaining value of positive or negative goodwill, calculated according to the purchase method.

Subsidiaries having a negative equity value are recognised at kr. 0, and any amounts receivable from those enterprises are written down by the parents share of the negative equity value to the extent that the amounts are deemed to be uncollectible.

Accounting Policies

If the negative equity value exceeds receivables, the remaining amount is recognised as a provision to the extent that the parent has a legal or constructive obligation to cover the negative balance of the relevant subsidiary.

Inventories
Inventories are measured at cost on the basis of the FIFO principle. Where the net realisable value is lower than cost, the inventories are written down to this lower value.

The net realisable value of inventories is calculated as the selling price less costs of completion and costs incurred to make the sale. The value is determined taking into account the negotiability of inventories, obsolescence and expected development in sales price.

Receivables
Receivables are measured at amortised cost which usually corresponds to the nominal value. The value is reduced by write-downs for expected bad debts.

Impairment of accounts receivables past due is established on individual assessment of receivables.

Accrued income
Accrued income recognised in assets comprises prepaid costs regarding subsequent financial years.

Cash and cash equivalents
Cash and cash equivalents comprise cash at bank which can be converted directly into cash at bank and in hand and involve only an insignificant risk of value changes.

Equity

Development cost reserve
Development cost reserve includes recognised development costs. The reserve is not available for the payment of dividends or losses. The reserve is deducted or dissolved by depreciation of the recognised costs or abandonment of the activity. Such reduction or dissolution is made by means of a transfer to distributable reserves.

Deferred tax
Deferred tax and the associated adjustments for the year are determined according to the balance-sheet liability method as the tax base of all temporary differences between carrying amounts and the tax bases of assets and liabilities.

Deferred tax assets, including the tax base of tax losses allowed for carryforward, are recognised at the value at which they are expected to be used, either by elimination in tax on future earnings or by set-off against deferred tax liabilities in enterprises within the same legal entity and jurisdiction.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax.

Current tax liabilities
Current tax liabilities and current tax receivables are recognised in the Balance Sheet as calculated tax on the expected taxable income for the year, adjusted for tax on taxable income for previous years as well as for tax prepaid.

Accounting Policies

Liabilities
Financial liabilities are recognised initially at the proceeds received net of transaction expenses incurred. In subsequent periods, financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest method, so that the difference between the proceeds and the nominal value is recognised in the Income Statement over the life of the financial instrument.

Mortgage debt is accordingly measured at amortised cost, corresponding to the outstanding balance in case of cash loans. In case of bond loans, amortised cost corresponds to the outstanding balance determined as the underlying cash value of the loans at the time of borrowing adjusted for amortisation of capital losses on the loans over the repayment period.

Other liabilities, comprising deposits, trade payables and other accounts payable, are measured at amortised cost, which usually corresponds to the nominal value.

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

Accruals and deferred income, equity and liabilities
Accruals and deferred income entered as liabilities consist of payments received regarding income in the subsequent financial years.

Contingent assets and liabilities
Contingent assets and liabilities are not recognised in the Balance Sheet but appear only in the notes.

Accounting policies Cash Flow Statement

The Cash Flow Statement shows the Company's cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Company's cash and cash equivalents at the beginning and end of the year.

Cash flow from the operating activity is determined as the profit/loss for the year adjusted for changes in working capital and non-cash income statement items such as amortisation and impairment losses and provisions. The working capital comprises current assets less short-term liabilities, exclusive of the items that are included in cash and cash equivalents.

Cash flow from the investing activity comprises cash flows from purchase and sale of intangible assets, tangible assets and investments.

Cash flow from the financing activity comprises cash flows from raising and repaying long-term liabilities and payments to and from the owners.

Methods of determining financial ratios that are included in the Management's Review
Key figures and financial ratios are determined based on the "Recommendations & Financial Ratios" issued by the Danish Society of Financial Analysts.

Accounting Policies

Explanation of financial ratios

Key figures and financial ratios are determined based on "Recommendations & Financial Ratios" issued by the Danish Society of Financial Analysts.

Return on equity (%) = $\frac{\text{Profit/loss for the year X 100}}{\text{Avg. equity}}$

Return on investments (ROI) (%) = $\frac{\text{(Operating profit + Financial income) X 100}}{\text{Avg. assets}}$

Equity interest (equity ratio) (%) = $\frac{\text{Total equity X 100}}{\text{Total liabilities}}$

In addition, the group has decided to follow the class C rules on cash flow statement.