


## Area9 Lyceum ApS

Galionsvej 37  
1437 Copenhagen K

CVR No. 39079976

## Annual Report 1 June 2021 - 31 December 2021

The Annual Report was presented and  
adopted at the Annual General Meeting of  
the Company on 1 July 2022



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Jakob Juul Christensen  
Chairman



**Area9 Lyceum ApS**

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## Area9 Lyceum ApS

### 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 June 2021 - 31 December 2021.

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 2021 and of the results of the Group's and the Company's operations and the Group's cash flows for the financial year 1 June 2021 - 31 December 2021.

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.

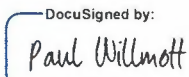
Copenhagen, 27 April 2022

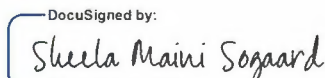
#### Executive Board

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Asger Kunuk Alstrup Palm  
Manager

#### Board of Directors

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Ulrik Juul Christensen  
Chairman

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Paul Richard Willmott

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Sheela Maini Sogaard Christiansen

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Asger Kunuk Alstrup Palm

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Vanessa Gay Branson

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## **Area9 Lyceum ApS**

### **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 June 2021 - 31 December 2021, 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 2021 and of the results of its operations and cash flows for the financial year 1 June 2021 - 31 December 2021 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.

## Area9 Lyceum ApS

### 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 parent company 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 the parent company 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 parent company 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 parent company 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 parent company 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.

**Area9 Lyceum ApS**

## **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, 27 April 2022

**Sønderup I/S**

**Statsautoriserede Revisorer**

CVR-no. 31824559



Tom Sønderup

State Authorised Public Accountant

mne10489

**Area9 Lyceum ApS**

**Company details**

<b>Company</b>	Area9 Lyceum ApS Galionsvej 37 1437 Copenhagen K
CVR No.	39079976
Date of formation	6 November 2017
<b>Board of directors</b>	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
<b>Executive Board</b>	Asger Kunuk Alstrup Palm, Manager
<b>Group enterprises</b>	Area9 Labs ApS, Denmark Area9 Learning, Denmark Area9 Lyceum Inc, United States Area9 Lyceum GmbH, Germany
<b>Auditors</b>	Sønderup I/S Statsautoriserede Revisorer Jyllandsgade 7 4100 Ringsted CVR-no.: 31824559

## **Area9 Lyceum ApS**

### **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 a strong liquidity preparedness that can form the basis for the future expected growth. Management expects a positive development and growth for the coming financial year.

#### **Expectations for the future**

In 2021/22 the management will strive to realize continuing high growth by investing into both the organization but also the development of software. The management expect a minor loss in 2021/22 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<sup>TM</sup> platform.

#### **Branches abroad**

The company has no branches.

#### **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.



**Area9 Lyceum ApS****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

	<b>2021</b>	<b>2020/21</b>
<b>Group</b>		
Income Statement:		
Gross profit	26.070	18.029
Operating Profit (EBIT)	-24.244	-31.260
Profit before tax	-26.994	-35.000
Profit for the year	-27.001	-25.512
Balance Sheet:		
Assets	229.393	241.868
Investments in fixed assets	9.855	17.440
Equity	77.151	99.856
Financial Ratios:		
Return on equity (%)	-30,51	-28,83
Return on investments (%) (ROI)	-9,75	-12,18
Equity ratio (%)	50,68	70,32
Average number of employees	218	186
<b>Parent</b>		
Income Statement:		
Gross profit	-428	407
Operating Profit (EBIT)	-28.685	-35.634
Profit before tax	-27.666	-37.827
Profit for the year	-27.666	-28.193
Balance Sheet:		
Assets	189.881	209.466
Investments in fixed assets	9.855	17.440
Equity	77.946	101.550
Financial Ratios:		
Return on equity (%)	-30,83	-31,41
Return on investments (%) (ROI)	-13,66	-16,89
Equity ratio (%)	210,55	293,35
Average number of employees	142	124

## **Area9 Lyceum ApS**

### **Accounting Policies**

#### **Reporting Class**

The Annual Report of Area9 Lyceum ApS for 2021 (7 mos) 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 Company has changed the financial year. Reporting date is now 31 December 2021. The reorientation of the financial year is due to adjustment to the Group's financial year.

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

## **Area9 Lyceum ApS**

### **Accounting Policies**

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.

### **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.

## Area9 Lyceum ApS

### Accounting Policies

#### Other external expenses

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

#### Staff expenses

Staff expenses comprises wages, salaries and other pay-related costs, such as sickness benefits for enterprise employees less wage/salary reimbursement, pensions and social security costs.

#### 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

## **Area9 Lyceum ApS**

### **Accounting Policies**

are taxed jointly. The Danish income tax is distributed between profit- and loss-making Danish enterprises in relation to their taxable income (full distribution).

### **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.

## **Area9 Lyceum ApS**

### **Accounting Policies**

#### **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.

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.

## **Area9 Lyceum ApS**

### **Accounting Policies**

#### **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.

#### **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.

**Area9 Lyceum ApS**

**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.

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

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

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

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



## Area9 Lyceum ApS

## Income Statement

	Note	Group 2021 (7 mos) kr.	2020/21 kr.	Parent 2021 (7 mos) kr.	2020/21 kr.
<b>Gross profit</b>		<b>26.069.511</b>	<b>18.028.920</b>	<b>-428.240</b>	<b>406.620</b>
Staff costs	1	-44.040.479	-41.387.309	-22.337.443	-28.259.073
Depreciation		-6.169.105	-7.901.892	-5.919.812	-7.781.133
Other operating expenses		-104.077	0	0	0
<b>Profit from ordinary operating activities</b>		<b>-24.244.149</b>	<b>-31.260.281</b>	<b>-28.685.495</b>	<b>-35.633.585</b>
Income from investments in group companies		0	-32.002	948.463	-647.495
Other finance income from group companies		0	0	81.830	142.885
Finance income		1.272.671	1.802.039	1.337.752	116.633
Finance expenses	2	-4.022.135	-5.509.317	-1.348.531	-1.805.909
<b>Profit before tax</b>		<b>-26.993.614</b>	<b>-34.999.561</b>	<b>-27.665.981</b>	<b>-37.827.471</b>
Tax expense on ordinary activities		-7.660	9.487.128	0	9.634.362
<b>Profit</b>	3	<b>-27.001.274</b>	<b>-25.512.433</b>	<b>-27.665.981</b>	<b>-28.193.109</b>

## Area9 Lyceum ApS

## Balance Sheet as of 31 December

	Note	Group 2021 (7 mos) kr.	2020/21 kr.	Parent 2021 (7 mos) kr.	2020/21 kr.
<b>Assets</b>					
Completed development projects	4	93.402.844	89.457.523	93.402.844	89.457.523
<b>Intangible assets</b>		<b>93.402.844</b>	<b>89.457.523</b>	<b>93.402.844</b>	<b>89.457.523</b>
Fixtures, fittings, tools and equipment	5	386.290	279.750	12.478	22.732
Leasehold improvements	6	153.023	195.800	0	0
<b>Property, plant and equipment</b>		<b>539.313</b>	<b>475.550</b>	<b>12.478</b>	<b>22.732</b>
Investments in group companies	7, 8	0	0	3.890.712	2.768.783
Participating interests		0	86.390	0	0
Deposits		673.591	673.591	0	0
<b>Investments</b>		<b>673.591</b>	<b>759.981</b>	<b>3.890.712</b>	<b>2.768.783</b>
<b>Fixed assets</b>		<b>94.615.748</b>	<b>90.693.054</b>	<b>97.306.034</b>	<b>92.249.039</b>
Manufactured goods and goods for resale		6.444.798	6.058.901	0	0
<b>Inventories</b>		<b>6.444.798</b>	<b>6.058.901</b>	<b>0</b>	<b>0</b>
Trade receivables		19.449.262	7.934.441	7.034.682	4.788.932
Receivables from group companies		0	0	4.000.595	7.554.703
Deferred tax	9, 10	44.745.706	44.746.128	27.807.280	27.807.280
Tax receivables		5.526.422	4.484.385	4.484.385	4.484.385
Other receivables		7.011.797	12.029.451	6.226.832	3.946.998
Prepayments	11	1.812.075	1.311.317	1.026.959	673.183
<b>Receivables</b>		<b>78.545.262</b>	<b>70.505.722</b>	<b>50.580.732</b>	<b>49.255.482</b>
<b>Cash and cash equivalents</b>		<b>49.787.367</b>	<b>74.609.946</b>	<b>41.993.795</b>	<b>67.961.094</b>
<b>Current assets</b>		<b>134.777.427</b>	<b>151.174.569</b>	<b>92.574.527</b>	<b>117.216.576</b>
<b>Assets</b>		<b>229.393.175</b>	<b>241.867.623</b>	<b>189.880.561</b>	<b>209.465.615</b>

## Area9 Lyceum ApS

## Balance Sheet as of 31 December

	Note	Group 2021 (7 mos) kr.	2020/21 kr.	Parent 2021 (7 mos) kr.	2020/21 kr.
<b>Liabilities and equity</b>					
Share capital		70.893	70.681	70.893	70.681
Reserve for development expenditure		72.854.218	69.776.868	72.854.218	69.776.868
Retained earnings		5.155.220	31.702.354	5.020.569	31.702.354
Minority interests		-929.678	-1.693.945	0	0
<b>Equity</b>		<b>77.150.653</b>	<b>99.855.958</b>	<b>77.945.680</b>	<b>101.549.903</b>
Other provisions	12	0	0	74.915.419	73.298.011
<b>Provisions</b>		<b>0</b>	<b>0</b>	<b>74.915.419</b>	<b>73.298.011</b>
Other credit institutions		20.225.975	23.046.389	20.225.975	20.668.356
<b>Long-term liabilities other than provisions</b>	13	<b>20.225.975</b>	<b>23.046.389</b>	<b>20.225.975</b>	<b>20.668.356</b>
Short-term part of long-term liabilities		1.027.966	0	1.027.966	0
Other credit institutions		3.350.516	2.457.438	254.294	59.930
Trade payables		12.823.083	3.516.586	6.205.966	2.939.614
Payables to group companies		107.310.638	105.092.860	6.313.323	6.509.187
Other payables		7.504.344	7.898.392	2.991.938	4.440.613
<b>Short-term liabilities other than provisions</b>		<b>132.016.546</b>	<b>118.965.276</b>	<b>16.793.487</b>	<b>13.949.345</b>
<b>Liabilities other than provisions within the business</b>		<b>152.242.521</b>	<b>142.011.665</b>	<b>37.019.462</b>	<b>34.617.701</b>
<b>Liabilities and equity</b>		<b>229.393.175</b>	<b>241.867.623</b>	<b>189.880.561</b>	<b>209.465.615</b>
Significant events occurring after end of reporting period	14				
Contingent liabilities	15				
Collaterals and assets pledges as security	16				
Related parties	17				

**Area9 Lyceum ApS****Statement of changes in Equity****Parent**

	Share capital	Share premium	Reserve for development cost	Retained earnings	Total
Equity 1 June 2021	70.681	0	69.776.868	31.702.353	101.549.902
Increase of capital	212	4.061.547	0	0	4.061.759
Profit (loss)	0	0	3.077.350	-30.743.331	-27.665.981
Transferred from share premium	0	-4.061.547	0	4.061.547	0
<b>Equity 31 December 2021</b>	<b>70.893</b>	<b>0</b>	<b>72.854.218</b>	<b>5.020.569</b>	<b>77.945.680</b>

**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 2.110 warrants.

**Group**

	Share Capital	Share premium	Reserve for development cost	Retained earnings	Minority interests	Total
Equity 1 June 2021	70.681	0	69.776.868	31.702.354	-1.693.945	99.855.958
Increase of capital	212	4.061.547	0	0	0	4.061.759
Value adjustments of equity	0	0	0	234.209	0	234.209
Profit (loss)	0	0	3.077.350	-30.842.890	764.267	-27.001.273
Transferred from share premium	0	-4.061.547	0	4.061.547	0	0
<b>Equity 31 December 2021</b>	<b>70.893</b>	<b>0</b>	<b>72.854.218</b>	<b>5.155.220</b>	<b>-929.678</b>	<b>77.150.653</b>

**Area9 Lyceum ApS****Cash Flow Statement**

	<b>2021 (7 mos)</b>	<b>2020/21</b>
	<b>kr.</b>	<b>kr.</b>
Profit from operating activities	-24.244.149	-31.260.281
Depreciation, amortisation expense and impairment losses of property, plant and equipment and intangible assets	6.169.105	7.901.892
Adjustments of interest and similar incomes	1.272.671	1.767.987
Adjustments of interest and similar expenses	-4.022.135	-5.507.267
Adjustments of tax expense	-762.758	9.487.128
Decrease (increase) in inventories	-385.897	1.125.732
Decrease (increase) in receivables	-7.953.148	-8.692.480
Decrease (increase) in trade payables	9.306.497	-956.449
Other adjustments for decrease (increase) in working capital	1.427.821	3.282.736
<b>Cash flows from operating activities</b>	<b>-19.191.993</b>	<b>-22.851.002</b>
Purchase of intangible assets	-9.854.877	-17.439.531
Sales of property, plant and equipment	-328.649	-83.750
<b>Cash flows from investing activities</b>	<b>-10.183.526</b>	<b>-17.523.281</b>
Raising of debt to credit institutions	675.893	21.658.922
Cash capital increase	4.061.759	86.237.029
<b>Cash flows from financing activities</b>	<b>4.737.652</b>	<b>107.895.951</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>-24.637.867</b>	<b>67.521.668</b>
Cash and cash equivalents, beginning balance	74.609.946	7.088.278
Exchange rate adjustments	-1.112.237	0
<b>Cash and cash equivalents, ending balance</b>	<b>48.859.842</b>	<b>74.609.946</b>

**Area9 Lyceum ApS****Notes**

	<b>Group</b>		<b>Parent</b>	
	<b>2021 (7 mos)</b>	<b>2020/21</b>	<b>2021 (7 mos)</b>	<b>2020/21</b>
<b>1. Staff Costs</b>				
Wages and salaries	40.509.599	38.531.356	21.466.271	27.289.690
Post-employment benefit expense	1.289.752	1.345.465	806.682	854.367
Social security contributions	2.241.128	1.510.488	64.490	115.016
	<b>44.040.479</b>	<b>41.387.309</b>	<b>22.337.443</b>	<b>28.259.073</b>
Average number of employees	218	186	142	124

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

**2. Finance expenses**

Other finance expenses	4.022.135	5.509.317	1.242.014	1.632.513
Finance expenses to group companies	0	0	106.517	173.396
	<b>4.022.135</b>	<b>5.509.317</b>	<b>1.348.531</b>	<b>1.805.909</b>

**3. Proposed distribution of results**

Reserve for net revaluation of investment assets	3.077.350	7.611.980	3.077.350	7.611.980
Minority interests	764.267	233.339	0	0
Retained earnings	-30.842.891	-33.357.752	-30.743.331	-35.805.089
	<b>-27.001.274</b>	<b>-25.512.433</b>	<b>-27.665.981</b>	<b>-28.193.109</b>

## Area9 Lyceum ApS

## Notes

	Group		Parent	
	2021 (7 mos)	2020/21	2021 (7 mos)	2020/21
<b>4. Completed development projects</b>				
Cost at the beginning of the year	97.138.105	0	97.138.105	0
Transferred from development projects under construction	0	79.698.574	0	79.698.574
Addition during the year, incl. improvements	9.854.877	17.439.531	9.854.877	17.439.531
<b>Cost at the end of the year</b>	<b>106.992.982</b>	<b>97.138.105</b>	<b>106.992.982</b>	<b>97.138.105</b>
Depreciation and amortisation at the beginning of the year	-7.680.582	0	-7.680.582	0
Amortisation for the year	-5.909.556	-7.680.582	-5.909.556	-7.680.582
<b>Impairment losses and amortisation at the end of the year</b>	<b>-13.590.138</b>	<b>-7.680.582</b>	<b>-13.590.138</b>	<b>-7.680.582</b>
<b>Carrying amount at the end of the year</b>	<b>93.402.844</b>	<b>89.457.523</b>	<b>93.402.844</b>	<b>89.457.523</b>

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.

## 5. Fixtures, fittings, tools and equipment

Cost at the beginning of the year	1.201.946	1.118.196	676.243	644.749
Change due to a foreign currency translation adjustment	28.884	0	0	0
Addition during the year, incl. improvements	328.649	83.750	0	31.494
Disposal during the year	-170.295	0	0	0
<b>Cost at the end of the year</b>	<b>1.389.184</b>	<b>1.201.946</b>	<b>676.243</b>	<b>676.243</b>
Depreciation and amortisation at the beginning of the year	-922.196	-773.853	-653.510	-552.960
Change due to foreign currency translation adjustment	-10.276	0	0	0
Amortisation for the year	-203.737	-148.343	-10.255	-100.550
Reversal of impairment losses and amortisation of disposed assets	133.315	0	0	0
<b>Impairment losses and amortisation at the end of the year</b>	<b>-1.002.894</b>	<b>-922.196</b>	<b>-663.765</b>	<b>-653.510</b>
<b>Carrying amount at the end of the year</b>	<b>386.290</b>	<b>279.750</b>	<b>12.478</b>	<b>22.733</b>

**Area9 Lyceum ApS****Notes**

	<b>Group</b>		<b>Parent</b>	
	<b>2021 (7 mos)</b>	<b>2020/21</b>	<b>2021 (7 mos)</b>	<b>2020/21</b>
<b>6. Leasehold improvements</b>				
Cost at the beginning of the year	2.104.751	2.104.751	0	0
Change due to a foreign currency translation adjustment	16.158	0	0	0
<b>Cost at the end of the year</b>	<b>2.120.909</b>	<b>2.104.751</b>	<b>0</b>	<b>0</b>
Depreciation and amortisation at the beginning of the year	-1.908.951	-1.891.879	0	0
Change due to foreign currency translation adjustment	-3.123	0	0	0
Amortisation for the year	-55.812	-17.072	0	0
<b>Impairment losses and amortisation at the end of the year</b>	<b>-1.967.886</b>	<b>-1.908.951</b>	<b>0</b>	<b>0</b>
<b>Carrying amount at the end of the year</b>	<b>153.023</b>	<b>195.800</b>	<b>0</b>	<b>0</b>



**Area9 Lyceum ApS****Notes**

	<b>Parent</b>	
	<b>2021 (7 mos)</b>	<b>2020/21</b>
<b>7. Investments in group companies</b>		
Cost at the beginning of the year	142.457	142.457
<b>Cost at the end of the year</b>	<b>142.457</b>	<b>142.457</b>
Fair value adjustments at the beginning of the year	2.626.326	4.542.252
Adjustments for the year	1.121.929	-647.495
Reversal of fair value adjustments of disposed assets	0	-1.268.431
<b>Fair value adjustments at the end of the year</b>	<b>3.748.255</b>	<b>2.626.326</b>
<b>Carrying amount at the end of the year</b>	<b>3.890.712</b>	<b>2.768.783</b>

**8. Financial fixed assets****Parent***Group enterprises*

<b>Name</b>	<b>Registered office</b>	<b>Share held in %</b>	<b>Equity</b>	<b>Profit</b>
Area9 Labs ApS	Denmark	100,00	-74.915.419	-1.617.407
Area9 Lyceum Inc	USA	100,00	3.890.712	886.592
Area9 Lyceum GmbH	Germany	67,00	-2.789.033	2.343.984
			<b>-73.813.740</b>	<b>1.613.169</b>

**Area9 Lyceum ApS****Notes**

	<b>Group</b>		<b>Parent</b>	
	<b>2021 (7 mos)</b>	<b>2020/21</b>	<b>2021 (7 mos)</b>	<b>2020/21</b>
<b>9. Deferred Tax</b>				
Deferred tax, start	44.746.128	39.819.101	0	5.149.977
This years adjustment of Deferred tax	-422	4.927.027	27.807.280	22.657.303
<b>Deferred tax</b>	<b>44.745.706</b>	<b>44.746.128</b>	<b>27.807.280</b>	<b>27.807.280</b>

**10. Long-term receivables**

Long-term receivables consist of deferred tax that is expected to be due after 1 year and before 5 years.

**11. Prepayments**

Prepaid items	1.812.075	1.311.317	1.026.959	673.183
<b>Balance at the end of the year</b>	<b>1.812.075</b>	<b>1.311.317</b>	<b>1.026.959</b>	<b>673.183</b>

**12. Other provisions**

Provision of investments in group companies	0	0	74.915.419	73.298.011
<b>Balance at the end of the year</b>	<b>0</b>	<b>0</b>	<b>74.915.419</b>	<b>73.298.011</b>

**13. Long-term liabilities****Group**

	<b>Due after 1 year</b>	<b>Due within 1 year</b>	<b>Due after 5 years</b>
Other credit institutions	20.225.975	1.027.966	0
	<b>20.225.975</b>	<b>1.027.966</b>	<b>0</b>

## **Area9 Lyceum ApS**

### **Notes**

#### **14. 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.

#### **15. Contingent**

The company has entered into a lease with an annual rent cost of TDKK 1.230. 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.

#### **16. Collaterals and securities**

No securities or mortgages exist at the balance sheet date.

#### **17. 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 Lyceum ApS**

**Notes**

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

Transactions:

Transactions with group companies bear interest on market terms.

Trading with group companies is done on market terms.