

ANNUAL REPORT
1 June 2020 - 31 May 2021

Area9 Lyceum ApS

Galionsvej 37
1437 København K

CVR nr. 39079976

Submitter:

Sønderup I/S
Statsautoriserede revisorer

**Presented and approved at the company's ordinary
general meeting 30 October 2021**

Chairman

Jakob Juul Christensen



Contents

Management's Statement on the Annual Report	3
Independent Auditor's Report	4
Management's review	6
Accounting principles applied	7
Income statement 1 June 2020 - 31 May 2021	12
Balance sheet 31 May	13
Statement of changes in equity	15
Notes	16

Management's Statement on the Annual Report

The management have today considered and approved the annual report for Area9 Lyceum ApS for the financial year 1 June 2020 to 31 May 2021.

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

In the managements opinion, the financial statements give a true and fair view of the company's financial position at 31 May 2021 and of its financial performance for the financial year 1 June 2020 to 31 May 2021.

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

Copenhagen, 29 September 2021

Executive Board

Asger Kunuk Alstrup Palm

Board of Directors:

Ulrik Juul Christensen

Jesper Lilledal Holmgaard

Christian Madsen Motzfeldt

Sheela Maini Søggaard
Christiansen

Asger Kunuk Alstrup Palm

Vanessa Gay Branson

Gajakarnan Vibushanan Kandiah

Paul Richard Willmott

Independent Auditor's Report

To the shareholders of Area9 Lyceum ApS

Opinion

We have audited the Financial Statements of Area9 Lyceum ApS for the financial year 1 June 2020 - 31 May 2021, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Company. The Financial Statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the Company's financial position at 31 May 2021 and of the results of the Company's operations for the financial year 1 June 2020 - 31 May 2021 in accordance with the Danish Financial Statements Act.

Basis for Opinion

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

Management's Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

Independent Auditor's Report

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

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

Ringsted, 29 September 2021

SØNDERUP I/S
statsautoriserede revisorer
CVR 31824559

Tom Sønderup
State Authorised Public Accountant
mne10489

Management's review

Principal activities

The company's activities comprise development and licensing of software, within learning management and performance management.

Development in activities and financial position

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.

Area9 Rhapsode has finished research and development at the end of last year. Licensing and sale of these licenses has commenced. Depreciation of the activated development costs regarding research and development of Area9 Rhapsode has started this financial year.

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.

The company's management does not expect that the company will be significantly impacted by COVID-19.

Significant events after the end of the financial year

After the balance sheet date, the company has completed their funding round and received new capital of DKK 4 mio.

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

Accounting principles applied

The annual report for Area9 Lyceum ApS 2020/21 has been prepared in accordance with the Danish Financial Statements Act for class B companies with optional rules of class C.

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

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

General information on recognition and measurement

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

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

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

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

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

Income statement

Gross profit

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

Revenue

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

Other external costs

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

Accounting principles applied

Staff expenses

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

Financial items

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

Tax for the year

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

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

Balance sheet

Intangible fixed assets

Intangible fixed assets comprise 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 is not subject to depreciation.

Tangible fixed assets

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

Accounting principles applied

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

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

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

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

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

Leases

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

Financial fixed assets

Investments in group companies and associates

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

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

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

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

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

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

Accounting principles applied

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

Impairment of fixed assets

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

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

Receivables

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

Prepayments

Prepaid expenses are recorded as assets.

Cash funds

Cash funds are measured at nominal value.

Dividend

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

Tax payable and deferred tax

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

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

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

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

Liabilities

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

Accounting principles applied

Conversion of foreign currency

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

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

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

Income statement 1 June 2020 - 31 May 2021

Note	2020/21	2019/20
Gross profit	-10.916.773	-44.639.784
1. Staff costs	-16.935.679	-16.962.082
2. Depreciation and write-downs	-7.781.133	-309.337
OPERATING PROFIT	-35.633.585	-61.911.203
Income from investments in group companies	-647.495	331.262
Financial income from group companies	142.885	134.231
Other financial income	116.633	30.360
Financial expenses to group companies	-173.396	-210.076
Other financial costs	-1.632.513	-990.776
PROFIT/-LOSS BEFORE TAX	-37.827.471	-62.616.202
Tax for the year	9.634.362	15.680.490
NET PROFIT/-LOSS FOR THE YEAR	-28.193.109	-46.935.712
Appropriation of profit		
Reserve for development costs	7.611.980	25.389.730
Retained earnings	-35.805.089	-72.325.442
Total appropriation	-28.193.109	-46.935.712

Balance sheet 31 May

Note	2020/21	2019/20
ASSETS		
3. Completed development projects	89.457.523	0
Development projects under construction and prepayments	<u>0</u>	<u>79.698.574</u>
Total intangible fixed assets	<u>89.457.523</u>	<u>79.698.574</u>
Other fixtures and fittings, tools and equipment	<u>22.732</u>	<u>91.789</u>
Total tangible fixed assets	<u>22.732</u>	<u>91.789</u>
4. Financial fixed assets		
Investments in group companies	2.768.783	4.684.710
Other receivables	<u>0</u>	<u>6.050</u>
Total financial fixed assets	<u>2.768.783</u>	<u>4.690.760</u>
TOTAL FIXED ASSETS	<u>92.249.038</u>	<u>84.481.123</u>
Receivables from sales and services	4.788.932	3.044.890
Receivables from group companies	6.780.500	7.961.744
Deferred tax assets	27.807.280	22.657.303
Other receivables	5.482.754	7.126.071
Prepayments	<u>3.621.812</u>	<u>894.404</u>
Total receivables	<u>48.481.278</u>	<u>41.684.412</u>
Cash funds	<u>67.961.094</u>	<u>3.608.873</u>
Total cash funds	<u>67.961.094</u>	<u>3.608.873</u>
TOTAL CURRENT ASSETS	<u>116.442.372</u>	<u>45.293.285</u>
TOTAL ASSETS	<u>208.691.410</u>	<u>129.774.408</u>

Balance sheet 31 May

Note	2020/21	2019/20
EQUITY AND LIABILITIES		
Equity		
5. Share capital	70.681	66.175
Reserve for development costs	69.776.868	62.164.888
Retained earnings	31.702.354	-18.819.587
TOTAL EQUITY	<u>101.549.903</u>	<u>43.411.476</u>
Other provisions	73.298.011	74.167.573
TOTAL PROVISIONS	<u>73.298.011</u>	<u>74.167.573</u>
6. Long-term liabilities		
Other credit institutions	20.668.356	0
Total long-term liabilities	<u>20.668.356</u>	<u>0</u>
Other credit institutions	59.931	165.616
Suppliers of goods and services	2.939.613	3.642.020
Payables to group companies	5.734.983	5.987.736
Other payables	4.440.613	2.399.987
Total short-term liabilities	<u>13.175.140</u>	<u>12.195.359</u>
TOTAL LIABILITIES	<u>33.843.496</u>	<u>12.195.359</u>
TOTAL EQUITY AND LIABILITIES	<u>208.691.410</u>	<u>129.774.408</u>
7. Contingencies		

Statement of changes in equity

	2020/21	2019/20
Share capital		
Beginning of year	66.175	61.713
Cash capital increase	4.506	4.462
End of year	<u>70.681</u>	<u>66.175</u>
Share premium by emission		
This years use of share premium	-86.327.029	-78.022.278
This years share premium	86.327.029	78.022.278
End of year	<u>0</u>	<u>0</u>
Reserve for development costs		
Beginning of year	62.164.888	36.775.158
Additions during the year	9.758.949	32.550.935
Deferred taxation of the years movements	-2.146.969	-7.161.205
End of year	<u>69.776.868</u>	<u>62.164.888</u>
Retained earnings		
Beginning of year	-18.819.586	-24.516.423
Transferred from net profit	-35.805.089	-72.325.442
Transferred from share premium	86.327.029	78.022.278
End of year	<u>31.702.354</u>	<u>-18.819.587</u>
Equity end of year	<u>101.549.903</u>	<u>43.411.476</u>

Noter

	2020/21	2019/20
1. Staff costs		
Salaries	15.966.296	16.235.318
Pension costs	854.367	630.023
Other social security costs	115.016	96.741
Total staff costs	16.935.679	16.962.082
Persons employed on average	23	25
2. Depreciation and write-downs		
Depreciation and write-downs of fixed assets	7.781.133	309.337
Total depreciation and write-downs	7.781.133	309.337

3. Completed development projects

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.

4. Financial fixed assets

Specification of investments in group companies

Area9 Labs ApS, Copenhagen, 100%

Area9 Lyceum Inc., USA, 100%

Area9 Lyceum GmbH, 67%

5. Share capital

The share capital consists of 70.681 shares of DKK 1,00. The shares are distributed as follows:

50.000 A-shares, 13.553 B-shares and 3.916 C-shares

6. Long-term liabilities

DKK 2.768.190 of long-term debt are due after 5 years.

7. Contingencies

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.