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Classerium A/S

Forskerparken 10
5230 Odense M
CVR No. 41023414

Annual report 01.03.2023 - 29.02.2024

The Annual General Meeting adopted the annual report on 11.09.2024

Brian Piehl Jensen
Chairman of the General Meeting

Contents

Entity details

Entity

Classerium A/S
Forskerparken 10
5230 Odense M

Business Registration No.: 41023414
Registered office: Odense
Financial year: 01.03.2023 - 29.02.2024

Board of Directors

Brian Piehl Jensen
Niels Peter Holm
Gunna Graeser

Executive Board

Brian Piehl Jensen

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
City Tower, Værkmestergade 2
8000 Aarhus C

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Classerium A/S for the financial year 01.03.2023 - 29.02.2024.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 29.02.2024 and of the results of its operations for the financial year 01.03.2023 - 29.02.2024.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Odense, 11.09.2024

Executive Board

Brian Piehl Jensen

Board of Directors

Brian Piehl Jensen **Niels Peter Holm**

Gunna Graeser

Independent auditor’s extended review report

To the shareholders of Classerium A/S

Conclusion

We have performed an extended review of the financial statements of Classerium A/S for the financial year 01.03.2023 - 29.02.2024, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

Based on our extended review, in our opinion, the financial statements give a true and fair view of the Entity’s financial position at 29.02.2024 and of the results of its operations for the financial year 01.03.2023 - 29.02.2024 in accordance with the Danish Financial Statements Act.

Basis for conclusion

We conducted our extended review in accordance with the assurance engagement standard for small enterprises as issued by the Danish Business Authority and the standard on extended review of financial statements prepared in accordance with the Danish Financial Statements Act as issued by FSR - Danish Auditors. Our responsibilities under those standards and requirements are further described in the ”Auditor’s responsibilities for the extended review of the financial statements” section. We are independent of the Entity in accordance with the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Material uncertainty related to going concern

The financial statements have been presented on basis of the going concern principle. As stated in note 1 to the financial statements, there is insufficient funding at the time of signing the annual report, to ensure that the company can continue operations throughout the financial year 2024/25. In our opinion it is probable that Management will be able to secure necessary funding as the company will secure further loan and an investment or sale of the company's IP. Our opinion has not modified with respect to this matter but we emphasize the significant uncertainty related to this.

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 Entity’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the extended review of the financial statements

Our responsibility is to express a conclusion on the financial statements. This requires that we plan and perform procedures to obtain limited assurance about our conclusion on the financial statements and that we also perform specifically required supplementary procedures for the purpose of obtaining additional assurance about our conclusion.

An extended review consists of making inquiries, primarily of Management and, if appropriate, of other entity personnel, performing analytical and the specifically required supplementary procedures as well as evaluating the evidence obtained.

The procedures performed in an extended review are less in scope than in an audit, and accordingly we do not express an audit opinion on the financial statements.

Statement on the management commentary

Management is responsible for the management commentary.

Our conclusion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our extended review of the financial statements our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the extended review or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required by relevant law and regulations.

Based on the work we have performed, we conclude that the management commentary is in accordance with financial statements and has been prepared in accordance with the requirements in the relevant law and regulations. We did not identify any material misstatement of the management commentary.

Aarhus, 11.09.2024

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Jonas Thøstesen Svensson
State Authorised Public Accountant
Identification No (MNE) mne47824

Management commentary

Primary activities

The company's purpose is to run a development company of innovative digital learning products and platforms and thus related business.

Development in activities and finances

The result of the year is a loss of 3,206 TDKK, which by the management is considered unsatisfactory but in alignment with the current business plan.

Financing and going concern

The company is currently in dialogue with possible new shareholders for the purpose of securing the necessary liquidity for the company's continued operation. The company has also an dialogue with a potential buyer of the IP. Management expects that the company will be able to maintain the capital through a capital increase or from selling the IP.

Reference is made to note 1 in the financial statements.

Uncertainty relating to recognition and measurement

Based on sales dialogue, the management has assessed the need for write-downs of the company's development projects. This is due to the release of several AI platforms worldwide as free solutions, creating a need to adapt the current IP, just as the company's IP in a sales situation has lost some of its value.

The valuation of the company's IP is based on an potentiel sales of the company's IP.

Reference is made to note 7 in the financial statements.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Income statement for 2023/24

	Notes	2023/24 DKK	2022/23 DKK
Gross profit/loss		**235,186**	**(336,804)**
Staff costs	2	(547,797)	(453,479)
Depreciation, amortisation and impairment losses		(3,598,896)	(488,001)
Operating profit/loss		**(3,911,507)**	**(1,278,284)**
Other financial income	3	0	7
Other financial expenses	4	(214,588)	(90,736)
Profit/loss before tax		**(4,126,095)**	**(1,369,013)**
Tax on profit/loss for the year	5	920,046	380,157
Profit/loss for the year		**(3,206,049)**	**(988,856)**
Proposed distribution of profit and loss			
Retained earnings		(3,206,049)	(988,856)
Proposed distribution of profit and loss		**(3,206,049)**	**(988,856)**

Balance sheet at 29.02.2024

Assets

	Notes	2023/24 DKK	2022/23 DKK
Completed development projects	7	723,346	2,049,841
Development projects in progress	7	1,885,554	3,422,273
Intangible assets	6	**2,608,900**	**5,472,114**
Investments in group enterprises		673	673
Financial assets	8	**673**	**673**
Fixed assets		**2,609,573**	**5,472,787**
Trade receivables		9,325	0
Receivables from group enterprises		44,220	27,979
Other receivables		0	1,687
Income tax receivable	9	127,580	208,423
Joint taxation contribution receivable		33,467	56,734
Contributed capital in arrears		300,000	300,000
Prepayments		704	8,836
Receivables		**515,296**	**603,659**
Cash		**0**	**112,572**
Current assets		**515,296**	**716,231**
Assets		**3,124,869**	**6,189,018**

Equity and liabilities

	Notes	2023/24 DKK	2022/23 DKK
Contributed capital		100,000	100,000
Unpaid contributed capital		300,000	300,000
Reserve for development expenditure		2,034,944	4,268,249
Retained earnings		(2,566,229)	(1,593,485)
Equity		**(131,285)**	**3,074,764**
Deferred tax		167,000	926,000
Provisions		**167,000**	**926,000**
Debt to other credit institutions		1,116,042	996,294
Convertible and dividend-yielding debt instruments		500,000	500,000
Payables to group enterprises		524,101	528,750
Other payables		50,000	0
Non-current liabilities other than provisions	10	**2,190,143**	**2,025,044**
Bank loans		478,094	0
Trade payables		327,456	112,293
Payables to group enterprises		9,700	6,739
Other payables		83,761	44,178
Current liabilities other than provisions		**899,011**	**163,210**
Liabilities other than provisions		**3,089,154**	**2,188,254**
Equity and liabilities		**3,124,869**	**6,189,018**
Going concern	1		
Contingent liabilities	11		
Assets charged and collateral	12		

Statement of changes in equity for 2023/24

	Contributed capital DKK	Unpaid contributed capital DKK	Reserve for development expenditure DKK	Retained earnings DKK	Total DKK
Equity beginning of year	100,000	300,000	4,268,249	(1,593,485)	3,074,764
Transfer to reserves	0	0	(2,233,305)	2,233,305	0
Profit/loss for the year	0	0	0	(3,206,049)	(3,206,049)
Equity end of year	**100,000**	**300,000**	**2,034,944**	**(2,566,229)**	**(131,285)**

Notes

1 Going concern

The Company have not yet realised the expected revenue target and have hence failed to achieve a positive cash flow. Consequently, the company need to raise further liquidity through capital contributions or realize a sale of the IP to ensure the company's continued operation throughout the fiscal year 2024/25.

Initially, the Company need to maintain the existing loan facilities. The company have recieved a confirmation of the existing loan facilites for the Debt to other credit institutions until 28.02.2025. It is however not confirmed that the bank loan will be provided until at least 28.02.2025 but as there are no indications that the bankloan will be terminated at the time of signing the annual report, Management expect that the bank loan will remain available.

The company is in dialogue with potential buyers of the company's IP. Management considers it likely that the market value of the IP rights is in the level 2,500 t.DKK to 5,000 t.DKK.

Management considers an exit strategy as likely scenario. Along with the exit strategi the management work with a possible new investor who could secure the necessary liquidity.

At the time of signing the annual report, a cash injection of at least 187 t.DKK is required in addition to the company having to meet it's budget. To support the entity the management has signed an unlimited letter of support for the entity applicable until the end of the februray 2025, or until the entity have secured sufficient liquidity from a sale of the IP or from a capital increase. Management considers this likely and have therefore presented the annual report on basis of the going concern principle.

In conclusion, management consider it likely that it is possible to ensure the necessary liquidity throughout the fiscal year ending 28.02.2025 and have therefore presented the annual report on basis of the going concern principle. There is however significant uncertainty related to this judgment.

2 Staff costs

	2023/24 **DKK**	**2022/23** **DKK**
Wages and salaries	542,950	449,053
Other social security costs	4,847	4,426
	547,797	**453,479**

Average number of full-time employees	**1**	**1**

3 Other financial income

	2023/24 **DKK**	**2022/23** **DKK**
Other interest income	0	7
	0	**7**

4 Other financial expenses

	2023/24 DKK	2022/23 DKK
Other interest expenses	206,659	79,458
Exchange rate adjustments	176	1,773
Other financial expenses	7,753	9,505
	214,588	**90,736**

5 Tax on profit/loss for the year

	2023/24 DKK	2022/23 DKK
Current tax	(161,046)	(265,157)
Change in deferred tax	(759,000)	(115,000)
	(920,046)	**(380,157)**

6 Intangible assets

	Completed development projects DKK	Development projects in progress DKK
Cost beginning of year	2,728,437	3,422,273
Additions	59,261	676,421
Cost end of year	**2,787,698**	**4,098,694**
Amortisation and impairment losses beginning of year	(678,596)	0
Impairment losses for the year	(849,020)	(2,213,140)
Amortisation for the year	(536,736)	0
Amortisation and impairment losses end of year	**(2,064,352)**	**(2,213,140)**
Carrying amount end of year	**723,346**	**1,885,554**

7 Development projects

Completed development projects include the development of new technology for handling information sharing and completed submodules. Development projects in progress include the development of new underlying modules to improve client experience and online solutions. The main moduels are completed and have been implemented in the company's techonology, while some supportering modules are under development and have not been implemented.

The development projects essentially consists of costs in the form of direct salaries and other costs, which are registered through the company’s internal project module. Management is of the opinion that it is technically possible to complete the development project during execution. In connection with the company initiating a sales process of the company's IP, the management has identified a need for writedowns of the company's development projects. The write-down takes into account the missing completion costs of the ongoing development projects to te desired stage for a new buyer.

8 Financial assets

	Investments in group enterprises DKK
Cost beginning of year	673
Cost end of year	**673**
Carrying amount end of year	**673**

Investments in subsidiaries	**Registered in**	**Corporate form**	**Equity interest %**
Classerium Ltd.	London	Ltd	100.00
CLSRM, INC.	Delaware	INC	100.00

9 Tax receivable

Corporate tax receivable recognized in the balance sheet relates to the application of the tax credit scheme under § 8X of the Tax Assesment law, whereby the company can obtain the tax value of tax losses resulting from costs to research and development.

Based on the examination of the criteria for the application of the scheme, management considers that the company is entitled to apply the scheme and the recognition has been based on this assessment.

However, whether the criteria for applying the scheme are met are based on a discretionary assessment. As a result, there may be a risk that the tax authorities will judge that the criteria have not been met. If so, the receivable will have to be fully or partially reversed from the profit and loss account in subsequent financial years.

10 Non-current liabilities other than provisions

	Due after more than 12 months 2023/24 DKK	Outstanding after 5 years 2023/24 DKK
Debt to other credit institutions	1,116,042	0
Convertible and dividend-yielding debt instruments	500,000	500,000
Payables to group enterprises	524,101	528,750
Other payables	50,000	0
	2,190,143	**1,028,750**

11 Contingent liabilities

The Entity participates in a Danish joint taxation arrangement where Inn8 ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc. for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

12 Assets charged and collateral

As security for debts to other credit institutions, a corporate mortgage nom. t.DKK 1,000 in simple receivables as well as intangible and tangible fixed assets.

The accounting value of the pledged assets amounts to a total of t.DKK 2,618.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of a few provisions for reporting class C.

The accounting policies applied to these financial statements are consistent with those applied last year.

Consolidated financial statements

Referring to section 110 of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

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 is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses. Intangible assets that have been purchased in foreign currencies are translated using historical rates.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, cost of sales and other external expenses.

Revenue

Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Own work capitalised
Own work capitalised comprises staff costs and other costs incurred in the financial year and recognised in cost for proprietary intangible assets and property, plant and equipment.

Cost of sales
Cost of sales comprises services consumed in the financial year measured at cost.

Other external expenses
Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc.

Staff costs
Staff costs comprise salaries and wages, and social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses
Depreciation, amortisation and impairment losses relating to intangible assets comprise depreciation.

Other financial income
Other financial income comprises interest income, net capital or exchange gains on securities etc.

Other financial expenses
Other financial expenses comprise interest expenses and transactions in foreign currencies, etc.

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

The Entity is jointly taxed with all Danish group enterprises. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

Intellectual property rights etc.
Intellectual property rights etc. comprise development projects 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 incurred less deferred tax is taken to equity in the 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 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. For development projects protected by intellectual property rights, the maximum period of amortisation is the remaining duration of the relevant rights. The amortisation periods used are 5-7 years.

Intellectual property rights etc. are written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises
Investments in group enterprises are measured at cost. Investments are written down to the lower of recoverable amount and carrying amount.

Contributed capital in arrears
Contributed capital in arrears consists of capital subscribed, but not paid up, which is recognised as a separate amount receivable in assets and a separate reserve in equity (gross method). The amount receivable is measured at amortised cost.

Receivables
Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Tax payable or receivable
Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

Joint taxation contributions receivable or payable
Current joint taxation contributions payable or joint taxation contributions receivable are recognised in the balance sheet, calculated as tax computed on the taxable income for the year, which has been adjusted for prepaid tax. For tax losses, joint taxation contributions receivable are only recognised if such losses are expected to be used under the joint taxation arrangement.

Prepayments
Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash
Cash comprises cash in bank deposits.

Deferred tax
Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

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