

EasyTranslate A/S
Sundkaj 9
2150 Nordhavn
Business Registration No
33240562

Annual report 2017

The Annual General Meeting adopted the annual report on 19.06.2018

Chairman of the General Meeting

Name: Ida Anne-Mette Sølbeck

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Entity details

Entity

EasyTranslate A/S
Sundkaj 9
2150 Nordhavn

Central Business Registration No (CVR): 33240562

Founded: 01.10.2010

Registered in: København

Financial year: 01.01.2017 - 31.12.2017

Board of Directors

Ida Anne-Mette Sølbeck
Peter Ladegaard
Michael Kai Petersen

Executive Board

Peter Ladegaard
Frederik Nicolai Riskær Petersen

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
Postboks 1600
0900 København C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of EasyTranslate A/S for the financial year 01.01.2017 - 31.12.2017.

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 31.12.2017 and of the results of its operations for the financial year 01.01.2017 - 31.12.2017.

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.

Nordhavn, 19.06.2018

Executive Board

Peter Ladegaard

Frederik Nicolai Riskær
Petersen

Board of Directors

Ida Anne-Mette Sølbeck

Peter Ladegaard

Michael Kai Petersen

Independent auditor's report

To the shareholders of EasyTranslate A/S

Opinion

We have audited the financial statements of EasyTranslate A/S for the financial year 01.01.2017 - 31.12.2017, 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.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2017 and of the results of its operations for the financial year 01.01.2017 - 31.12.2017 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of 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 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, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements 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 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 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 judgement and maintain professional scepticism 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 Entity'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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion 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 audit 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 audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Independent auditor's report

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

Copenhagen, 19.06.2018

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No (CVR) 33963556

Thomas Hermann
State Authorised Public Accountant
Identification No (MNE) mne26740

Management commentary

Primary activities

The main activities of the Company are within translation and development of translation technologies including tools for fully automatic translation management with new technologies in quality assurance.

Development in activities and finances

The results from ordinary activities after tax are DKK -777 thousand against DKK 976 thousand last year.

The company's primary activities have resulted in a positive result of DKK 1.285 thousand against DKK 491 thousand, but a one-off write-off of activities in closed foreign subsidiaries have had a negative impact of DKK 863 thousand.

The management are pleased that both gross profit and profit from the primary activities have increased significantly in 2017 and the trend is expected to continue in 2018.

The management consider the results satisfactory.

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 2017

	<u>Notes</u>	<u>2017 DKK</u>	<u>2016 DKK</u>
Gross profit		12.323.453	8.460.902
Staff costs	1	(9.456.824)	(7.076.331)
Depreciation, amortisation and impairment losses	2	<u>(1.581.928)</u>	<u>(893.220)</u>
Operating profit/loss		1.284.701	491.351
Income from investments in group enterprises		(862.533)	606.067
Other financial income		427.007	42.621
Other financial expenses		<u>(1.360.846)</u>	<u>(253.061)</u>
Profit/loss before tax		(511.671)	886.978
Tax on profit/loss for the year	3	<u>(265.324)</u>	<u>89.488</u>
Profit/loss for the year		<u>(776.995)</u>	<u>976.466</u>
Proposed distribution of profit/loss			
Transferred to reserve for net revaluation according to the equity method		(838.164)	606.067
Retained earnings		<u>61.169</u>	<u>370.399</u>
		<u>(776.995)</u>	<u>976.466</u>

Balance sheet at 31.12.2017

	<u>Notes</u>	<u>2017 DKK</u>	<u>2016 DKK</u>
Completed development projects		4.510.018	2.884.612
Development projects in progress		<u>5.818.511</u>	<u>1.340.456</u>
Intangible assets	4	<u>10.328.529</u>	<u>4.225.068</u>
Other fixtures and fittings, tools and equipment		<u>2.050.131</u>	<u>2.557.181</u>
Property, plant and equipment	5	<u>2.050.131</u>	<u>2.557.181</u>
Investments in group enterprises		676.268	1.494.728
Deposits		<u>23.664</u>	<u>23.664</u>
Fixed asset investments	6	<u>699.932</u>	<u>1.518.392</u>
Fixed assets		<u>13.078.592</u>	<u>8.300.641</u>
Trade receivables		10.641.035	3.209.663
Receivables from group enterprises		0	2.428.737
Other receivables		31.610	27.605
Income tax receivable		1.038.120	354.911
Prepayments		<u>160.928</u>	<u>139.141</u>
Receivables		<u>11.871.693</u>	<u>6.160.057</u>
Cash		<u>770.725</u>	<u>596.741</u>
Current assets		<u>12.642.418</u>	<u>6.756.798</u>
Assets		<u>25.721.010</u>	<u>15.057.439</u>

Balance sheet at 31.12.2017

	<u>Notes</u>	<u>2017</u> <u>DKK</u>	<u>2016</u> <u>DKK</u>
Contributed capital		500.000	500.000
Reserve for net revaluation according to the equity method		427.130	1.214.636
Reserve for development expenditure		6.653.908	1.731.734
Retained earnings		<u>(6.502.677)</u>	<u>(1.641.672)</u>
Equity		<u>1.078.361</u>	<u>1.804.698</u>
Deferred tax		<u>2.174.274</u>	<u>883.998</u>
Provisions		<u>2.174.274</u>	<u>883.998</u>
Bank loans		6.518.482	3.073.468
Prepayments received from customers		108.875	0
Trade payables		11.896.632	4.227.760
Payables to group enterprises		195.369	1.874.021
Other payables		<u>3.749.017</u>	<u>3.193.494</u>
Current liabilities other than provisions		<u>22.468.375</u>	<u>12.368.743</u>
Liabilities other than provisions		<u>22.468.375</u>	<u>12.368.743</u>
Equity and liabilities		<u>25.721.010</u>	<u>15.057.439</u>
Unrecognised rental and lease commitments	7		
Assets charged and collateral	8		

Statement of changes in equity for 2017

	Contributed capital DKK	Reserve for net revaluation according to the equity method DKK	Reserve for development expenditure DKK	Retained earnings DKK
Equity beginning of year	500.000	1.214.636	1.731.734	(1.641.672)
Exchange rate adjustments	0	50.658	0	0
Transfer to reserves	0	0	4.922.174	(4.922.174)
Profit/loss for the year	0	(838.164)	0	61.169
Equity end of year	500.000	427.130	6.653.908	(6.502.677)
				Total DKK
Equity beginning of year				1.804.698
Exchange rate adjustments				50.658
Transfer to reserves				0
Profit/loss for the year				(776.995)
Equity end of year				1.078.361

Notes

	2017	2016
	DKK	DKK
1. Staff costs		
Wages and salaries	14.448.411	9.712.084
Pension costs	379.306	202.623
Other social security costs	248.087	147.369
Staff costs classified as assets	(5.618.980)	(2.985.745)
	9.456.824	7.076.331
Average number of employees	38	21
	2017	2016
	DKK	DKK
2. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	826.692	270.162
Depreciation of property, plant and equipment	755.236	615.556
Profit/loss from sale of intangible assets and property, plant and equipment	0	7.502
	1.581.928	893.220
	2017	2016
	DKK	DKK
3. Tax on profit/loss for the year		
Current tax	(1.024.952)	(354.911)
Change in deferred tax	1.290.276	425.336
Adjustment concerning previous years	0	(159.913)
	265.324	(89.488)

Notes

	Completed develop- ment projects DKK	Develop- ment projects in progress DKK
4. Intangible assets		
Cost beginning of year	3.154.774	1.340.456
Additions	2.452.098	6.930.153
Disposals	0	(2.452.098)
Cost end of year	<u>5.606.872</u>	<u>5.818.511</u>
Amortisation and impairment losses beginning of year	(270.162)	0
Amortisation for the year	(826.692)	0
Amortisation and impairment losses end of year	<u>(1.096.854)</u>	<u>0</u>
Carrying amount end of year	<u>4.510.018</u>	<u>5.818.511</u>

Development projects

The aim of development projects is to develop the company's services and to create automatic working procedures. During the financial year, the company has completed a series of projects. It is expected that the development projects in progress are completed within 1 – 3 years.

	Other fixtures and fittings, tools and equipment DKK
5. Property, plant and equipment	
Cost beginning of year	3.861.137
Additions	248.186
Cost end of year	<u>4.109.323</u>
Depreciation and impairment losses beginning of year	(1.303.956)
Depreciation for the year	(755.236)
Depreciation and impairment losses end of year	<u>(2.059.192)</u>
Carrying amount end of year	<u>2.050.131</u>

Notes

	Invest- ments in group enterprises DKK	Deposits DKK
6. Fixed asset investments		
Cost beginning of year	280.092	23.664
Disposals	(30.954)	0
Cost end of year	249.138	23.664
Revaluations beginning of year	1.214.636	0
Exchange rate adjustments	50.658	0
Share of profit/loss for the year	(838.164)	0
Revaluations end of year	427.130	0
Carrying amount end of year	676.268	23.664

	Registered in	Corpo- rate form	Equity inte- rest %
Investments in group enterprises comprise:			
EasyTranslate AB	Sweden	AB	100,0
EasyTranslate GmbH	Germany	GmbH	100,0

	2017 DKK	2016 DKK
7. Unrecognised rental and lease commitments		
Liabilities under rental or lease agreements until maturity in total	581.153	1.041.200

8. Assets charged and collateral

Payment guarantee of DKK 685 thousand is secured by way of mortgage on cash deposit with banks of DKK 350 thousand at 31 December 2017.

Bank debt of DKK 6,518 thousand is secured by way of a company charge of DKK 6,000 thousand nominal. The carrying amount of mortgaged assets totals DKK 18.510 thousand at 31 December 2017.

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 certain provisions for reporting class C.

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

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.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, other operating income, cost of sales and 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.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

Accounting policies

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. This item also includes writedowns of receivables recognised in current assets.

Staff costs

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

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of intra-group profits or losses.

Other financial income

Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme 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.

Balance sheet

Intellectual property rights etc

Intellectual property rights etc comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

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

Accounting policies

statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs 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 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 5-20 years.

Property, plant and equipment

Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Other fixtures and fittings, tools and equipment	3-10 years
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Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises

Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus unamortised goodwill and plus or minus unrealised intra-group profits or losses. Refer to the above section on business combinations for more details about the accounting policies used on acquisitions of investments in group enterprises.

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation is imminent, a provision is recognised that is measured at present value of the costs deemed necessary to incur to settle the obligation.

Accounting policies

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to Reserve for net revaluation according to the equity method under equity.

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

Receivables

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

Income 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.

Prepayments

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

Cash

Cash comprises 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 or the planned settlement of each liability.

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.

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.