

EasyTranslate A/S
Sundkaj 153, 1.
2150 Nordhavn
Business Registration No
33240562

Annual report 2018

The Annual General Meeting adopted the annual report on 22.05.2019

Chairman of the General Meeting

Name: Ida Anne-Mette Sølbeck

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Entity details

Entity

EasyTranslate A/S
Sundkaj 153, 1.
2150 Nordhavn

Central Business Registration No (CVR): 33240562

Founded: 01.10.2010

Registered in: Copenhagen

Financial year: 01.01.2018 - 31.12.2018

Board of Directors

Ida Anne-Mette Sølbeck, Chairman

Peter Ladegaard

Frederik Nicolai Riskær Pedersen

Jesper Johansen

Joachim Snebang Vanggaard Jensen

Michael Kai Petersen

Executive Board

Peter Ladegaard

Frederik Nicolai Riskær Pedersen

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

PO Box 1600

0900 Copenhagen 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 01.01.2018 - 31.12.2018.

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 31.12.2018 and of the results of its operations for the financial year 01.01.2018 - 31.12.2018.

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, 22.05.2019

Executive Board

Peter Ladegaard

Frederik Nicolai Riskær
Pedersen

Board of Directors

Ida Anne-Mette Sølbeck

Peter Ladegaard

Frederik Nicolai Riskær
Pedersen

Chairman

Jesper Johansen

Joachim Snebang Vanggaard
Jensen

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 01.01.2018 - 31.12.2018, 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 31.12.2018 and of the results of its operations for the financial year 01.01.2018 - 31.12.2018 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, 22.05.2019

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 interpretation as well as development of supporting technologies, including tools for fully automatic translation and interpretation management with new technologies in quality assurance.

Development in activities and finances

Profit from ordinary activities after tax amounts to DKK 1,405 thousand against a loss of DKK 777 thousand last year.

The Company's primary activities have led to positive results of DKK 3,098 thousand against DKK 1,285 thousand last year.

Management is pleased that both the gross profit and the operation profit have increased significantly in 2018, and the trend is expected to continue in 2019.

Management considers the results satisfactory.

Events after the balance sheet date

In May 2019, the Company has received an investment which has strengthened the Company's equity significantly. No other events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Income statement for 2018

| | <u>Notes</u> | <u>2018 DKK</u> | <u>2017 DKK</u> |
|---|--------------|-------------------------|-------------------------|
| Gross profit | | 20.034.899 | 12.323.452 |
| Staff costs | 1 | (14.662.971) | (9.456.824) |
| Depreciation, amortisation and impairment losses | 2 | <u>(2.273.682)</u> | <u>(1.581.928)</u> |
| Operating profit/loss | | 3.098.246 | 1.284.700 |
| Income from investments in group enterprises | | (44.304) | (862.533) |
| Other financial income | | 482.414 | 427.007 |
| Other financial expenses | | <u>(1.739.036)</u> | <u>(1.360.845)</u> |
| Profit/loss before tax | | 1.797.320 | (511.671) |
| Tax on profit/loss for the year | 3 | <u>(392.795)</u> | <u>(265.324)</u> |
| Profit/loss for the year | | <u>1.404.525</u> | <u>(776.995)</u> |
| Proposed distribution of profit/loss | | | |
| Transferred to reserve for net revaluation according to the equity method | | (44.304) | (838.164) |
| Retained earnings | | <u>1.448.829</u> | <u>61.169</u> |
| | | <u>1.404.525</u> | <u>(776.995)</u> |

Balance sheet at 31.12.2018

| | <u>Notes</u> | <u>2018 DKK</u> | <u>2017 DKK</u> |
|--|--------------|---------------------|---------------------|
| Completed development projects | | 8.799.837 | 4.510.018 |
| Development projects in progress | | 10.678.893 | 5.818.511 |
| Intangible assets | 4 | 19.478.730 | 10.328.529 |
| Other fixtures and fittings, tools and equipment | | 1.542.589 | 2.050.131 |
| Property, plant and equipment | 5 | 1.542.589 | 2.050.131 |
| Investments in group enterprises | | 425.250 | 676.268 |
| Deposits | | 0 | 23.664 |
| Fixed asset investments | 6 | 425.250 | 699.932 |
| Fixed assets | | 21.446.569 | 13.078.592 |
| Trade receivables | | 12.423.709 | 10.641.036 |
| Other receivables | | 222.490 | 31.610 |
| Income tax receivable | | 1.543.563 | 1.038.120 |
| Prepayments | | 118.155 | 160.928 |
| Receivables | | 14.307.917 | 11.871.694 |
| Cash | | 3.729.775 | 770.725 |
| Current assets | | 18.037.692 | 12.642.419 |
| Assets | | 39.484.261 | 25.721.011 |

Balance sheet at 31.12.2018

| | <u>Notes</u> | <u>2018 DKK</u> | <u>2017 DKK</u> |
|--|--------------|--------------------------|--------------------------|
| Contributed capital | | 500.000 | 500.000 |
| Reserve for net revaluation according to the equity method | | 176.112 | 427.130 |
| Reserve for development expenditure | | 14.331.269 | 6.653.908 |
| Retained earnings | | <u>(12.731.209)</u> | <u>(6.502.677)</u> |
| Equity | | <u>2.276.172</u> | <u>1.078.361</u> |
| Deferred tax | | <u>4.110.632</u> | <u>2.174.274</u> |
| Provisions | | <u>4.110.632</u> | <u>2.174.274</u> |
| Subordinate loan capital | 7 | 1.100.000 | 0 |
| Other payables | | <u>3.885.440</u> | <u>0</u> |
| Non-current liabilities other than provisions | | <u>4.985.440</u> | <u>0</u> |
| Bank loans | | 7.172.602 | 6.518.482 |
| Prepayments received from customers | | 0 | 108.875 |
| Trade payables | | 16.134.211 | 11.896.632 |
| Payables to group enterprises | | 321.599 | 218.868 |
| Other payables | | <u>4.483.605</u> | <u>3.725.519</u> |
| Current liabilities other than provisions | | <u>28.112.017</u> | <u>22.468.376</u> |
| Liabilities other than provisions | | <u>33.097.457</u> | <u>22.468.376</u> |
| Equity and liabilities | | <u>39.484.261</u> | <u>25.721.011</u> |
| Unrecognised rental and lease commitments | 8 | | |
| Assets charged and collateral | 9 | | |

Statement of changes in equity for 2018

| | 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 | 427.130 | 6.653.908 | (6.502.677) |
| Exchange rate adjustments | 0 | (15.055) | 0 | 0 |
| Other entries on equity | 0 | (191.659) | 0 | 0 |
| Transfer to reserves | 0 | 0 | 7.677.361 | (7.677.361) |
| Profit/loss for the year | 0 | (44.304) | 0 | 1.448.829 |
| Equity end of year | 500.000 | 176.112 | 14.331.269 | (12.731.209) |
| | | | | Total DKK |
| Equity beginning of year | | | | 1.078.361 |
| Exchange rate adjustments | | | | (15.055) |
| Other entries on equity | | | | (191.659) |
| Transfer to reserves | | | | 0 |
| Profit/loss for the year | | | | 1.404.525 |
| Equity end of year | | | | 2.276.172 |

Notes

| | 2018 | 2017 |
|--|-------------------|------------------|
| | DKK | DKK |
| 1. Staff costs | | |
| Wages and salaries | 24.570.493 | 14.448.411 |
| Pension costs | 327.160 | 379.306 |
| Other social security costs | 344.211 | 248.087 |
| Staff costs classified as assets | (10.578.893) | (5.618.980) |
| | 14.662.971 | 9.456.824 |
| | | |
| Average number of employees | 66 | 38 |
| | | |
| | 2018 | 2017 |
| | DKK | DKK |
| 2. Depreciation, amortisation and impairment losses | | |
| Amortisation of intangible assets | 1.528.692 | 826.692 |
| Depreciation of property, plant and equipment | 728.500 | 755.236 |
| Profit/loss from sale of intangible assets and property, plant and equipment | 16.490 | 0 |
| | 2.273.682 | 1.581.928 |
| | | |
| | 2018 | 2017 |
| | DKK | DKK |
| 3. Tax on profit/loss for the year | | |
| Current tax | (1.543.563) | (1.024.952) |
| Change in deferred tax | 1.936.412 | 1.290.276 |
| Adjustment concerning previous years | (54) | 0 |
| | 392.795 | 265.324 |

Notes

| | Completed develop- ment projects DKK | Develop- ment projects in progress DKK |
|---|---|---|
| 4. Intangible assets | | |
| Cost beginning of year | 5.606.872 | 5.818.511 |
| Additions | 5.818.511 | 10.678.893 |
| Disposals | 0 | (5.818.511) |
| Cost end of year | 11.425.383 | 10.678.893 |
| Amortisation and impairment losses beginning of year | (1.096.854) | 0 |
| Amortisation for the year | (1.528.692) | 0 |
| Amortisation and impairment losses end of year | (2.625.546) | 0 |
| Carrying amount end of year | 8.799.837 | 10.678.893 |

Development projects

The aim of development projects is to further 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 | 4.109.323 |
| Additions | 237.448 |
| Disposals | (17.132) |
| Cost end of year | 4.329.639 |
| Depreciation and impairment losses beginning of year | (2.059.192) |
| Depreciation for the year | (728.500) |
| Reversal regarding disposals | 642 |
| Depreciation and impairment losses end of year | (2.787.050) |
| Carrying amount end of year | 1.542.589 |

Notes

| | Invest- ments in group enterprises DKK | Deposits DKK |
|------------------------------------|---|-------------------------|
| 6. Fixed asset investments | | |
| Cost beginning of year | 249.138 | 23.664 |
| Disposals | 0 | (23.664) |
| Cost end of year | 249.138 | 0 |
| Revaluations beginning of year | 427.130 | 0 |
| Exchange rate adjustments | (15.055) | 0 |
| Share of profit/loss for the year | (44.304) | 0 |
| Other adjustments | (191.659) | 0 |
| Revaluations end of year | 176.112 | 0 |
| Carrying amount end of year | 425.250 | 0 |

| | 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 |

7. Subordinate loan capital

The owners have agreed upon providing subordinated loan capital with no instalments until 31 December 2019, which is the due date of the agreed upon loans.

Notes

| | 2018 | 2017 |
|--|-------------------------|-------------------------|
| | DKK | DKK |
| 8. Unrecognised rental and lease commitments | | |
| Liabilities under rental or lease agreements until maturity in total | <u>1.639.191</u> | <u>2.691.857</u> |

9. Assets charged and collateral

A payment guarantee of DKK 685 thousand is secured by way of mortgage on cash deposit with banks of DKK 350 thousand at 31 December 2018.

Bank debt of DKK 7,173 thousand and non-current other payables of DKK 3,885 thousand are secured by way of company charges of DKK 6,000 thousand nominal and DKK 4,000 thousand nominal respectively. The carrying amount of mortgaged assets totals DKK 27,196 thousand at 31 December 2018.

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 |
|--|------------|

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.

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.

Accounting policies

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.